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For Immediate Release:

## U.S. Supreme Court hands Verizon retirees victory, vacates decision in pension spin-off case

*Decision by nation's highest court gives shot in the arm to federal litigation about \$8.5 billion telecom de-risking of 41,000 pensions*

In a significant victory for a group of Verizon retirees whose pensions were spun off by the company, the U.S. Supreme Court vacated a lower court decision and sent the case back to be re-evaluated, giving the class action suit, advanced by the Association of BellTel Retirees Inc (BellTel), a significant shot in the arm.

The case, 15-785 Pundt, Edward v. Verizon Communications, et al, centers on whether retirees can seek relief over Verizon's decision to sell off their defined benefit pension assets to an insurance company and use pension fund money to effectively pay for corporate expenses.

The retirees, represented by attorneys Curtis L. Kennedy of Denver and Robert E. Goodman, Jr. of Dallas, on behalf of the BellTel Retirees, argue that the original court decision allowing the company to go forward with the pension transaction was in violation of the federal ERISA law of 1974. That law was authorized by Congress and signed into law by President Gerald Ford.

The Fifth Circuit Court of Appeals originally ruled in favor of Verizon but on May 23 the U.S. Supreme Court vacated that decision and granted the plaintiffs' petition for a writ of certiorari. In its decision, the High Court ordered the Fifth Circuit to reconsider its reasoning, particularly in light of another recent case that was remanded to the lower courts, *Robins v. Spokeo*.

At issue in both cases is whether the plaintiffs can show they suffered "concrete harm" as a result of the company's actions. The Verizon retirees argue that the company, in selling off pension assets to Prudential Insurance Company as a group annuity, is putting all retiree pensions at risk. In question is the use of an approximate additional \$1 billion of pension assets, used to pay expenses related to the \$7.5 billion spin-off transaction.

Also being reviewed in the Pundt case is the statute of limitation on proof of harm. Currently a person would have no recourse if their pension assets were lost or severely damaged, beyond two years after the pension spinoff transaction occurs.

"The order by the U.S. Supreme Court to vacate the lower court decision and send it back to be completely re-evaluated is a huge vindication of our argument," said **BellTel Chairman Jack Cohen**. "The court has sent a powerful message that Verizon retirees – and, by extension, millions of others whose pensions have been de-risked – cannot simply be dismissed. When our assets were sold off without

our consent we sought relief through the federal judicial system and now, the highest court in the land, said that our concerns have standing and we must continue to be heard. On behalf of our 134,000 members, we will not stop the fight for our retirement security.”

“Retirees were made a promise by their former employers and by Congress through ERISA that our pensions would be protected. In many cases, we accepted lower salaries throughout our working lives in exchange for that guarantee,” said **BellTel President Jack Brennan**. “Now those protections are at risk and we remain vigilant in our pursuit of every remedy, including this potentially momentous case, to ensure America’s retirees are not left abandoned and destitute by the current pension stripping craze.”

“This case is very important not only for this group of retirees but for potentially millions of other Americans who have defined benefit pension protections,” said **Kennedy**. “All of corporate America is closely watching the impact of this case and now it is clear that the Justices of the United States Supreme Court will also be watching. We look forward to once again making our case.”

The Washington D.C. based national Pension Rights Center has filed an [amicus brief](#) in support of the pensioners. Last summer and [again](#) in April 2016, the International Monetary Fund (IMF) expressed serious [concern](#) about the U.S. and global economy from pension de-risking, if so much pension risk is heaped onto just a few too-big-to-fail insurers.

Retirees are concerned that if Prudential or a successor experiences a default or asset shortfall, the previous ERISA guaranteed federal Pension Board Guaranty Corporation (PBGC) protection to which pensioners were entitled, has been replaced by a patchwork of insurance industry regulations controlled state guaranty associations, which are not pre-funded in the case of catastrophic financial loss. Insurance annuities are backed only by varying coverage – determined by state of residence – from \$100,000-\$500,000 in lifetime per person cap.

The retirees also argue that Verizon did not adequately refute the claim that the pension plan transfer was highly discriminatory, nor did the lower court compel the corporation to address the argument that retirees were not consulted and given a fair choice in the matter. Other companies transacting similar de-risking lift-outs, such as General Motors and Ford, gave their retirees notice and a choice of accepting a lump sum before they transferred their pension plans to Prudential.

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