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FOR IMMEDIATE RELEASE

Verizon Retirees Speak Out Following \$5.9 Billion Pension Spinoff Impacting 56,000 Former Employees

Advocates Say Telecom Firm 'Has Shamefully Discarded 97,000 Loyal Retirees'

Following a March 2024 announcement by Verizon (VZ) Communications Inc. that it has completed a \$5.9 billion transfer of 56,000 union and management retirees' pensions to Prudential Financial Inc. and Reinsurance Group of America Inc. (RGA), leaders of the Association of BellTel Retirees are calling for renewed protection of Americans' pension assets.

Under terms of its agreement, Verizon purchased a single-premium group annuity contract for 56,000 retirees or their beneficiaries, all of whom retired prior to Jan. 1, 2023. The third-party pension annuity transfer payments are scheduled to begin July 1, 2024.

This is the second multibillion-dollar incident of pension stripping to target Verizon retirees.

In 2012 the telecom provider paid \$8.4 billion to Prudential and transferred 41,000 management retirees' pension assets. A [lawsuit](#) challenging the move's legality, [brought by the Association of BellTel Retirees](#), grew into a class-action case and [rose all the way to the United States Supreme Court](#).

The process of offloading defined benefit pension obligations to insurance companies and private equity investors, [known as pension risk transfer \(PRT\) or pension stripping](#), allows corporations to move away from their fiduciary responsibilities to retired employees who earned the right to a pension.

Pension annuity transfers effectively strip retirees of their rights and protections under the [Employment Retirement Income Security Act of 1974 \(ERISA\)](#), in addition to removing the pension backstop of the federally run [Pension Benefit Guaranty Corporation \(PBGC\)](#).

"Corporations frame this as a benign way to reduce costs, but pension stripping presents multiple risks and no upside to the retirees," **said Thomas Steed, Chairman of the Association of BellTel Retirees**. "Verizon and other corporations are stripping millions of vulnerable American retirees of their safety net. They're cutting the legs out from under the strong federal protections guaranteed by ERISA law, along with protections from the PBGC."

Since Verizon's 2012 pension asset transfer, [over \\$300 billion in retiree assets have been offloaded](#) to insurance annuity providers and private equity investors by American corporations.

With this latest pension asset transfer to Prudential and RGA, retirees assert that Verizon has now collectively expelled 97,000 defined benefit pensioners from the safety of the company's pension umbrella for a total exceeding \$14.3 billion.

"Insurance companies are not regulated by the federal government but are overseen by individual state regulatory bodies under the [McCarran-Ferguson Act](#)," **said BellTel Board Secretary Donald Kaufmann**, who recently [provided testimony](#) to the Department of Labor ERISA Advisory Council. "With group

annuity contracts governed by individual state laws, retirees are no longer under ERISA's uniform federal protections. This is why BellTel has been working to enact de-risking controls at the state levels. We recognize the risk inherent in insurance subsidiaries or offshore private equity affiliates controlling billions of retiree pension funds. We must fight to strengthen ERISA.”

Pension annuity transfers have been the subject of [2023 federal scrutiny and public hearings](#) brought on by the [Secure Act 2.0](#), concerning the threats posed to America's retirement security by the growing volume and dollar amount of pension-stripping transactions.

Retiree advocates say these transactions lead retirees to assume greater risk, leaving them exposed in case of default, bankruptcy or legal judgement. Defined benefit pensions are shielded from these instances, while annuity contracts may not be depending on which state law applies.

According to **Edward Stone, special counsel to the Association of BellTel Retirees and Executive Director of the non-profit Retirees for Justice**, Verizon's deal raises red flags. He asserts that “Prudential Insurance Company of America (PICA), a licensed and regulated subsidiary of Prudential Financial Inc., is heavily dependent on Arizona-based captive reinsurance companies that do not file publicly available financial statements under Statutory Accounting Principles.”

“Arizona is a ‘regulation light’ jurisdiction where reinsurance captives are allowed to maintain secret books and records,” Stone said. “Given how much retirees lose in these pension risk transfer deals, it's a shame that companies like Verizon cannot be more transparent and accountable when it comes to retirees and their livelihoods.”

[The Association of BellTel Retirees](#) is a 134,000-member non-profit advocacy group that works for the protection of retirees' pensions and benefits of the former Bell System and its current and former affiliates.

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