PROTECTING EARNED BENEFITS

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ProtectSeniors Achieves Landmark Consensus Regarding Protections from De-Risking Transactions

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2015 is off to a great start for retirees as bills were introduced in New York and Connecticut to offer protections to retirees in pension de-risking transfers. These are based upon a "best practices resolution" we were involved with negotiating last November with the American Council of Life Insurers (ACLI) before the Financial Services Committee of the National Council of Insurance Legislators (NCOIL). Whew – that's a lot of acronyms!

ACLI
Financial Security...for Life.

The efforts of ProtectSeniors.Org last fall at NCOIL's Annual Meeting led to an "agreement in principal" with the ACLI and the insurance legislators from NCOIL to support state legislation that would replace certain protections for retirees that would otherwise be lost in a pension de-risking transaction. This landmark "agreement in principal" paved the way for the introduction of legislation in Connecticut and New York.

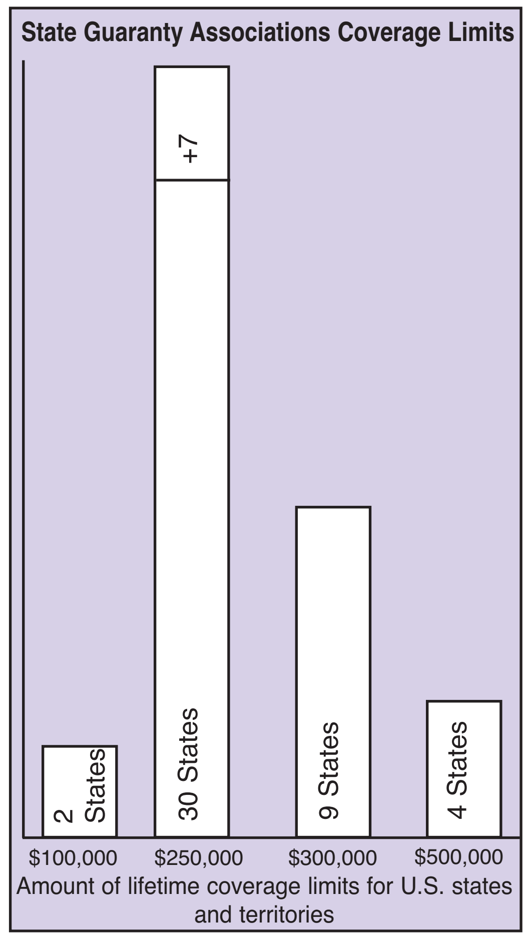
While there is much work still to be done, if the Connecticut and New York bills become law, retirees in those states will no longer need to worry about creditors garnishing their payments.

In addition, the proposed bills are designed to prevent insurance companies from transferring liabilities to companies that are not well capitalized. Our plan is to use this landmark "agreement in principal" and the ground breaking New York and Connecticut bills as a basis for similar legislation in other states throughout the U.S. during the coming year.

These are very major accomplishments for ProtectSeniors.Org, but we need your help to support these efforts – both your financial contributions and your time. Stay tuned for the "call to arms" from your fearless leaders at ProtectSeniors.Org.

7 States Increase Annuity Protection Limits Following ProtectSeniors.Org Push

Seven U.S. states have taken action and raised their Guaranty Association lifetime coverage maximum from $100,000 to $250,000 following a national campaign by ProtectSeniors.Org.



ProtectSeniors.Org's efforts led to this change by educating elected officials about the perils of pension de-risking and the impact of the loss of federal ERISA and PBGC protections for retirees. Once a company de-risks its defined benefit pension obligations to an insurance company, those pension assets become group annuities, no longer protected under ERISA or the PBGC but instead by the individual state guaranty association.

Because of efforts by ProtectSeniors.Org, seven states have increased minimum protection levels for retirees including: Alaska, Arizona, Indiana, Massachusetts, Mississippi, Missouri and Nevada. Currently, only New Hampshire and Puerto Rico remain with guaranty association coverage limits of only $100,000.

A "pension" is exempt from creditor attachment in the event of an indebtedness crisis on the part of the retiree. A "group annuity" might not be exempt depending upon the state of residency.

Another concern under guaranty associations is that they are not set up to handle potential failures of large insurers or annuity providers, and standards are not nationally uniform. Across the United States, state guaranty association coverage limits vary from $100,000 to $500,000. Thanks to ProtectSeniors.Org, residents in these seven states are no longer subject to the lowest guaranty association lifetime caps.

Four states: New York, Connecticut, New Jersey and Washington have lifetime coverage caps reaching $500,000. Eight states and the District of Columbia have coverage limits of $300,000 including Arkansas, Florida, Georgia, North Carolina, Oklahoma, Pennsylvania, South Carolina and Wisconsin.

Other concerns include the possible resale of pension assets by the insurance company as well as a carrier taking on too much liability adding to the financial risk of the carrier and indirectly, existing group annuities. Retirees, through ProtectSeniors.Org are seeking both state and federal remedies for the many valid issues.

21,000 More Retirees' Pensions Stripped (De-Risked)

Kimberly-Clark, maker of Huggies diapers and numerous paper products, is the latest company to sell its retiree pension plans, transferring them to Prudential and Massachusetts Mutual Life Insurance Co. for $2.5 billion.

Prudential and Mass Mutual will start making payments to Kimberly-Clark retirees on June 1, 2015. There are 21,000 Kimberly-Clark retirees impacted by the transfer.

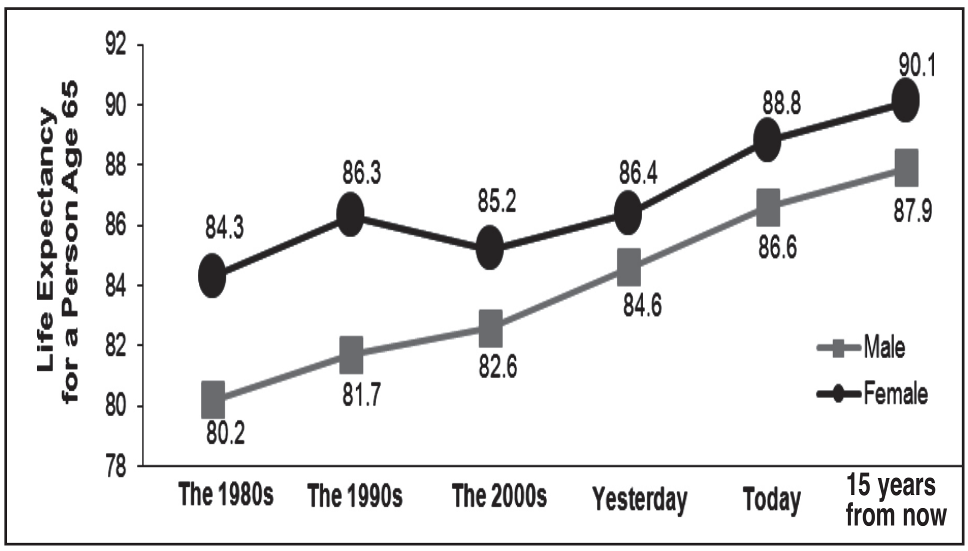
According to the Wall Street Journal, "to support the transfer, Kimberly-Clark said it plans to make a $400 million to $475 million contribution to its U.S. pension plan. It also expects to incur a second quarter charge of $800 million related to the transfer."

Other companies transferring pension obligations include:

- Timken – in early 2015, the vehicle component maker announced its transfer of 5,000 retiree pensions to Prudential, effective April 2015.
- Bristol Myers Squibb – in 2014, the company sold off 8,000 retirees' pensions.
- Motorola – in 2014, sold off 30,000 pensions.
- Verizon – in 2013, the telecom transferred 41,000 management retirees' pensions.
- General Motors – in 2012, the company transferred 76,000 retirees to Prudential. However, in this case retirees had the option to take a lump sum instead of the annuity.

Americans Longer Lifespans Lead To Deeper Pension Obligations

There is good news from the Society of Actuaries, people 65 and older are living two-years longer than they were just 15 years ago. It is estimated that the average 65-year old man will now live 86.6 years and the average 65-year old woman will live to 88.8 years of age. This also means companies and municipalities must add more money to defined benefit pension plans.



courtesy of Aon Hewitt

According to benefits consulting firm Aon Hewitt, the increased U.S. life expectancy will add about 7% to most corporate balance sheets. When AT&T announced its 4th quarter results, it recorded pre-tax loss of $7.9 billion for pension-related costs because of higher life expectancy.

According to the Wall Street Journal, at the end of 2011, AT&T's pension fund was underfunded by more than $10 billion and had $56.1 billion in pension obligations.

Other companies are blaming longer life expectancy on their losses. General Motors said mortality rates caused the funding of its pension plans to fall short by $2.2 billion. General Electric also estimated its retiree obligations to rise by $5 billion.

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