ProtectSeniors.Org

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For Immediate Release

New legislation to provide retirees' disclosures in annuity plans

New legislation has been introduced into the Connecticut State Assembly that would protect the nutmeg state's retirees. The new legislation would require that companies who convert its retirees' pensions to annuities, must provide proper disclosures related to the transaction for all impacted retirees. The new bill, H.B. 6772 was introduced by Rep. Robert Megna (D-97), the Chair of the State Insurance Real Estate Committee.

This bill comes at a time when more and more companies have been offloading their pension obligations to investors, primarily insurers. Companies that have sold off their pension plans in recent years include: Verizon, Motorola, General Motors, Bristol Myers Squibb, Kimberly Clark, and Timken, an auto parts supplier.

When companies transfer pension obligations to insurance companies, the practice is known as pension de-risking or pension stripping. In these transactions, the new group annuitants lose certain federal protections, under the ERISA law and the Pension Benefit Guaranty Corporation.

James Casey, President of ProtectSeniors.Org, a Washington, D.C. based non-profit, advocating for retirees from 392 different companies, 45 unions and 98 municipal retiree groups, said, "This legislation now in Hartford, ensures that retirees are given full disclosures and informed of any shortfalls of receiving their retirement benefit payments as annuities instead of pensions. Many retirees are simply unaware of the risk associated with pension stripping."

The Connecticut legislation requires that any insurer that issues an annuity contract must provide the plan participant with such disclosures within 15 days after the annuity contract. It mandates:

- A statement that would provide creditor protection for the plan participants even though the group annuity contracts fall outside ERISA.
- Informing plan participants that they no longer have federal ERISA law and the PBGC protections.
- Information regarding the financial status of the insurers' assets.
- Prohibits insurers from divesting or selling off these particular group annuity contracts without the approval of the state insurance commissioner, to guarantee a new company has adequate financial capacity to fulfill financial obligations to retirees under the annuity contract.

The link to the legislation is below:

https://legiscan.com/CT/research/HB06772/2015