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Governor Malloy Signs Retiree Pension De-Risking Protection into Law

In July, Governor Dannel Malloy signed retiree pension de-risking protection legislation into law. The new law, Public Act 15-167, will restore creditor protections to retirees in the state who lost those protections because of pension de-risking transfers and forever protect Connecticut retirees from creditor claims in the future.

Pension de-risking occurs when a company transfers its pension obligations to an insurance company or alternative benefit provider, often by purchasing a group annuity contract. Without the protections afforded under the new law, creditors could have garnished retirees' annuity payments even if they were formerly protected under ERISA.

The law comes at a time when more and more U.S. companies have been offloading their pension obligations to investors, primarily U.S. based insurers. In these de-risking transactions, it is retirees who lose uniform pension protections intended by Congress under ERISA and backstopped by the federal Pension Benefit Guaranty Corporation.

Public Act 15-167 protects retirees from creditor claims.

"This is an important and historic win for Connecticut retirees," said Edward Stone Special Counsel for the non-profit ProtectSeniors.Org which championed passage of the legislation. "This law restores creditor protection for Connecticut retirees and hopefully paves the way for other states to follow suit. Our thanks go out to the Connecticut Legislature for taking this bold and historic step, particularly Representative Robert Megna, Senator Joseph Crisco and Governor Dannel Malloy. Something that started as a grassroots effort by ProtectSeniors.Org is now the law of the land in Connecticut."

"Pension and retiree income will be further protected now that creditors cannot make claims to annuity dollars in Connecticut," said Connecticut State Rep. Robert Megna, (D-New Haven) House Co-chair of the Insurance & Real Estate Committee.

"I'm proud that Connecticut is leading the way in restoring creditor protections to retirees," said State Senator Joseph J. Crisco, Jr. (D-Woodbridge), Senate Chair of the Connecticut General Assembly's Insurance and Real Estate Committee. "Many retirees are simply unaware of the risk that pension stripping can pose to them, and they deserve to know whether their retirement is truly secure."

James Casey, President of Washington, D.C. based ProtectSeniors.Org said, "On behalf of thousands of Connecticut retirees, we thank Governor Malloy and State Legislative leaders for taking swift action by making this measure law in the Nutmeg State. Restoring creditor protections for retirees' that are victims of pension de-risking is a major accomplishment."

John Brennan, President of the 130,000 member Association of BellTel Retirees including 361 in Connecticut, said, “This is a major accomplishment for our members in Connecticut. We hope and expect other states to soon follow suit and pass laws to protect retirees impacted by the unfortunate growing trend of corporate pension spin-off transactions.” In January 2013, Verizon Communications spun off 41,000 management retiree pensions to Prudential, converting those pensions to annuities. The Association has been fighting along with ProtectSeniors.Org to protect these retirement assets.

The law goes into effect October 2015. The link to Public Act 15-167 can be found at:

<http://www.cga.ct.gov/2015/ACT/PA/2015PA-00167-R00HB-06772-PA.htm>

ProtectSeniors.Org is a non-profit retiree advocacy organization fighting to protect the benefits of millions of retirees across the United States. Its membership includes retirees from 392 companies, 45 labor unions, 98 municipal, state and federal retiree groups, and 16 retiree associations.

The Association of BellTel Retirees is a 130,000 member non-profit advocacy group that works for the protection of retirees’ pensions and benefits of the following companies of the old Bell System. They include: NYNEX, New York Telephone, New Jersey Bell and Bell Atlantic, Bell of Pennsylvania, Chesapeake and Potomac Telephone, Diamond State Telephone, New England Telephone, MCI and GTE, as well as the Verizon spin-off DexMedia.

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