



SENIORS ADVOCATE



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Legislative Efforts Move Forward

By Edward Stone, Special Counsel

October 1, 2015 shaped up to be a watershed moment for ProtectSeniors. Connecticut Public Act 15-167 became the law of the land in Connecticut and retirees will no longer have to worry about creditors attacking their retirement annuities.

What ProtectSeniors.Org was able to accomplish in Connecticut is very significant and it's a great start. However, the risks of de-risking remain little known and worthy of more public attention.

In particular, protections are needed to make sure that well-capitalized insurance companies can't transfer liabilities to companies that are not in such great shape. Right now, the rules across our land on transferring group annuity contracts from one insurance company to the next are murky and vary from state to state. Unfortunately, insurance company insolvencies can and do occur and that's what we are most concerned about.

Our strategic focus for 2015 and beyond includes continuing efforts to educate lawmakers about the risks of de-risking from the retiree perspective and promoting legislation to address three key concerns: creditor protections, restrictions on subsequent transfers and disclosures both before and after companies shed their defined benefit plan obligations.



CT Governor signing retiree legislation into law.

Plans are underway to re-introduce legislation in New York where ProtectSeniors.Org has already made headway on both sides of the aisle thanks to the tireless support of Senator Tony Avella and Assemblyman Peter Abbate, both of whom have championed our efforts in the past.

Pension de-risking is very much in the news these days, with Lincoln Electric, an Ohio based manufacturing company transferring 1,900 retirees into a group annuity contract with the Principal Financial Group. We will be sure to let the Ohio legislature know about ProtectSeniors.org and our experiences in Connecticut and beyond. Stayed tuned and be on the lookout for the ProtectSeniors.Org pension de-risking White Paper for Legislators in coming months.

Busy On Capitol Hill: Fighting for Earned Healthcare Benefits

By Paul Miller, Executive Director

While Congress has been in recess for the past six weeks, our champion for retirees, Congresswoman Louise Slaughter (D-NY) has not been resting and enjoying the summer. She has been working hard on



U.S. Representative Louise Slaughter (D-NY)

our behalf! In addition to working her colleagues to support our legislation, H.R. 1856, the Employee Benefits Protection Act of 2015, the Congresswoman has been hard at work on a key piece of the bill.

H.R. 1856 contains language that states that within 180 days of this legislation passing, the Comptroller General of the United States shall submit to Congress a report on the strategies that corporations use to avoid obligations to pay promised employee and retiree benefits. This report will include:

- 1) The use of spin-offs, mergers, subsidiaries, bankruptcies, asset sales, and other strategies to avoid obligations to pay promised employee and retiree benefits;
- 2) The impact of such avoidance on the financial, physical, and mental well-being of employees and retirees;
- 3) The impact on Federal and State budgets when employers terminate or reduce the benefits of employees and retirees, including the costs that are incurred when employees and retirees seek assistance from Federal and State government programs and services as a result of the termination or reduction of their employment-related benefits; and
- 4) Recommendations to prevent corporations from evading contractual obligations to pay employee and retiree benefits.

We want and need this information now and this is why Congresswoman Slaughter is jump-starting the process and not waiting until this legislation to pass before getting these answers. Congresswoman Slaughter has asked the Government Accountability Office (GAO) to begin looking into these questions and providing her office a response.

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2015 Editorial Campaigns Gain in 14 States

ProtectSeniors.Org has long conducted editorial campaigns asking our members to share opinions with their regional news editorial pages consisting of opinion editorials and letters to the editor informing readers, editors and your local representatives about issues affecting retirees such as the importance of passing retiree-friendly legislation, pension de-risking and more.

So far in 2015 these ongoing efforts have netted attention in 14 different states, consisting of some 50 editorials and letters published.

Major news outlets include some of the nation's biggest media outlets: the Star Ledger (NJ), Chicago Sun Times (IL), the Miami Herald (FL), Democrat and Chronicle (NY) and the Telegram & Gazette (MA).

WORCESTER
TELEGRAM & GAZETTE

The
Miami
Herald
CHICAGO
SUN-TIMES

The Star-Ledger

All ProtectSeniors.Org members can play a more significant role by participating in these various letter and editorial page campaigns and illustrate that readers care about these key topics.

We thank all retirees who have written to their local newspapers. If you submitted a letter that was not published, do not get discouraged, please keep submitting them and calling your local media.

If you have not participated yet, it's not too late to start submitting them now to your local newspaper. You just have to sign your name and perhaps add a bit of personal touch to content we continually draft for member submission.

For more information please email us at info@protectseniors.org or call at 1-800-398-3044.

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More Warnings About Pension De-Risking

The International Monetary Fund (IMF) has released a report saying that the increasing practice of pension de-risking may actually threaten the stability of the entire U.S. financial system. The IMF is the international financial body whose purpose is to ensure the stability of the international monetary system. It was created after WWII to prevent another global depression.

Jim Casey, president of ProtectSeniors.Org said, "Since 2013, ProtectSeniors.Org has drafted and lobbied for legislation to protect retirees from the dangers of de-risking. We just achieved a new law in Connecticut but retirees cannot stop the fight yet."

As pensions are de-risked they become annuities, which are not protected under the Pension Benefit Guaranty Corporation or the ERISA federal law.



Pension-replacing group insurance annuities are instead subject to state guaranty associations, which are not uniform and rules governing retirement assets vary by state of residence. What's more, guaranty associations are not set up with pre-funding to handle the potential major financial failures, and that is what concerns the IMF.

Global accounting regulators previously exempted pension funds from inclusion in their overall analysis of what kinds of financial institutions could be considered "too big to fail." According to the IMF, non-banks now account for 70% of all financial sector assets. This includes insurance companies, hedge funds, and other managed funds, which all contribute to financial system risks.

Additionally in May, the International Organization for Economic Cooperation and Development (OECD) said that pension fund investments moving toward a riskier asset class, could result in compromising their solvency. The OECD is made up of more than 30 nations working to stimulate economies and world trade.

More retirees need to play a more active role in addressing how seriously hurt retirees are by de-risking.

We need you to play a role and we ask for financial support to enable ProtectSeniors.Org, an all-volunteer organization, to continue making an impact. If you have not participated this year, these latest warnings should be a wake-up call.

The IMF report can be found at: <http://bit.ly/1MsZmDW>

Retired Labor Chief of G.E. Sues over Healthcare Cuts

Two General Electric (GE) retirees are seeking class action status for a lawsuit against the company regarding cuts to their healthcare coverage.

"This is another example of a company trying to evade their fiduciary duty to retirees. It is more important than ever for retirees to begin their own form of a political revolution and tell their elected officials that we are really fed up and how the loss of company sponsored healthcare truly affects all retirees. We urgently need legislation that prevents retiree healthcare from being cut before more companies slam that door shut," said Jim Casey.

The plaintiffs Dennis Rocheleau, a retired labor chief of GE, and Evelyn Kaufman filed the motion in the U.S. District Court in Milwaukee.

The company previously sent out a letter saying that effective January 1, 2016 retirees who turn 65 by the start of 2018 will be cut from GE's health plans. GE plans to give retirees and spouses \$1,000 a year to buy a health plan through the private healthcare exchange. Current employees who retire by June 23, 2019, will be offered the same reimbursement.

The decision to file for class action happened after federal Judge Lynn Adelman denied GE's request to dismiss the lawsuit based on a statement in its handbook saying "GE expects and intends to continue the GE Medicare Benefit Plans describes in this handbook indefinitely."

The retirees' case is based on whether GE violated ERISA, by breaking a commitment implied in the handbook, although the handbook also noted that GE reserved the right to end the policies at any time.

As of press time, the amount of GE retirees this affects had not been disclosed.



Busy on Capitol Hill

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This is a significant step forward in our efforts to protect your earned healthcare benefits. For too long we have had to listen to some call these legacy benefits or use the excuse that this would force companies into bankruptcy if this legislation passed. These are myths perpetuated by the companies you once worked for. The reality is, today we have a champion in the House of Representatives who is committed to passing this new bill. She is not waiting until Congress actually passes it, but is moving ahead independently on pieces she can so that when it does pass, we won't have to wait for answers, we will already have them.

She is also working with the Ranking Member of the House Education & Workforce Committee, Congressman Bobby Scott (D-VA) on crafting a request to the Congressional Research Service (CRS) to supply Congressional offices with more data that shows the impact losing these much needed earned health care benefits has had on retirees.

The Congresswoman has been working hard on your behalf over the congressional recess to protect benefits you EARNED. Here at ProtectSeniors.Org we have been equally busy making our rounds on Capitol Hill educating members of both sides of the aisle on the importance of these benefits and contracts you had with your company. It doesn't end there. In addition to our work with Congress we are now taking our message to all the candidates running for President in 2016. We want to educate them on this issue, but also stress to them just how critical the retiree and senior vote is to them becoming the next President of the United States. The simple facts are retirees and seniors are the only population to vote in large numbers in elections. It is also fact that you cannot win the White House without winning the majority of the retiree and senior vote. This is why you are all so critical to this effort.

We need you to stay involved and work with us and Congresswoman Slaughter on ensuring we get this legislation to the President's desk for his signature.

Here is How to Sign Up For ProtectSeniors.Org

Name _____

Address _____

Phone _____ E-mail _____

Suggested Contribution Amount \$100 \$50 \$36.50* \$ _____ Method of Payment: Check

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Three digit security code: _____ Signature _____

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