# Lawsuit over Verizon Pensions Goes Class Action

Associated Press

Retirees have gained class action status for a suit against Verizon Communications Inc. over the transfer of its pension obligations to Prudential Insurance.

A federal judge in Dallas on Friday ruled that the lawsuit met the conditions for a class action.

In December, New York-based Verizon transferred the obligation to pay pensions for 41,000 retirees to Prudential, along with $7.5 billion in funds. The Association of BellTel Retirees tried to stop the deal, on the grounds that it would weaken the legal protections for retirees. It effectively turned the company's defined-benefit pensions into annuities to be paid by Prudential. Annuities aren't covered by the federal Pension Benefit Guaranty Corp. or the Employee Retirement Income Security Act. A federal court ruled then that the retirees had failed to show that they were likely to be harmed by the deal.

Verizon had no comment on Friday's class action ruling. The Association of BellTel Retirees welcomed it, saying the case could set an important precedent.

"This case is likely to be closely watched by employee benefits leaders at thousands of companies across America, with the outcome impacting the management of trillions of dollars in ERISA protected pension assets, clarifying plan sponsor and plan fiduciary obligations, and underscoring the rights of plan participants." said Curtis Kennedy, a lawyer for the plaintiffs, in a statement.

Defined-benefit plans, which guarantee company-paid monthly retirement payments, are dwindling. Only 15 percent of private-sector workers participate in such plans, according to the Employee Benefit Research Institute. That 2008 figure was down from 38 percent in 1979.

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