

STATEMENT OF THE PENSION RIGHTS CENTER

IN SUPPORT OF

**PROPOSED HOUSE BILL 6145, AN ACT PROVIDING PROTECTION TO
RETIREES FROM DISCRIMINATION IN PENSION DE-RISKING
TRANSACTIONS**

**BEFORE THE
COMMITTEE ON LABOR AND PUBLIC EMPLOYEES
OF THE
CONNECTICUT GENERAL ASSEMBLY**

February 26, 2013

Mr. Chairman, Members of the Committee, My name is Karen Friedman, and I am the Executive Vice President and Policy Director of the Pension Rights Center, a national consumer organization working exclusively to protect and promote the retirement rights of workers, retirees, and their families. We commend you for holding a hearing on Proposed House bill 6145, "An Act Providing Protection to Retirees from Discrimination in Pension De-Risking Transactions."

The Employee Retirement Income Security Act, which Congress enacted in 1974, was meant to protect the pensions promises made to workers and retirees. ERISA requires protective measures and minimum standards for promised benefits. It also established the Pension Benefit Guarantee Corporation, the federal private pension insurance program that back-stops pension plans when companies go bankrupt and can't afford to pay their pension liabilities.

Now tens of thousands of retirees – from such companies as GM and Verizon—are losing their federal protections, including the PBGC insurance, because their companies have off-loaded their pensions on to an insurance company – in both of these cases, Prudential.

The Center has called for a national moratorium on this practice until the impact on retirees can be determined and protections are in place. Our position is that once individuals have retired and are receiving a pension check, companies should not be able to transfer their obligations to insurance companies that will not provide employees with the same legal and insurance protections that ERISA guaranteed them. We have heard from scores of retirees who do not understand and are scared of these changes at a time when they are supposed to be enjoying their retirement. We think their fears, concerns and anger are justified.

While private pensions are under the jurisdiction of federal private pension law, states generally have authority to regulate insurance and thus can help protect pension benefits when companies offload them to insurance companies. We encourage Connecticut to continue to explore how to ease the concerns of retirees by improving disclosure, and helping restore the protections that employers are trying to shed in these so-called de-risking transactions.