

Testimony for Public Hearing  
Labor and Public Employees Committee

*Written  
order*

Good afternoon members of the Labor and Public Employees Committee. My name is Gerry Basile. I am here today to ask you to support the proposed House Bill 6148 introduced by Representative Fox of the 146th District, entitled "An Act Providing Protection to Retirees from Discrimination in Pension De-Risking Transactions." This proposed bill is important to me as a retiree residing in Connecticut, as it is to many others. In December 1997, I retired from NYNEX/Bell Atlantic, now Verizon, and have been a member of the Association of Bell Tel Retirees since 1998.

I joined the Association because I felt the behavior of upper management was increasingly self-focused on whatever action provided the best outcome for their yearly bonus rather than on long term strategies for the business or obligations to employees, retirees and shareholders. The transfer of pension assets to Prudential that removed my pension from the protection of ERISA occurred without fair notice and an opportunity to voice an opinion or the opportunity to "opt out" of this transaction prior to its consummation. As I understand it, I will never have an opportunity to transfer my hard-earned benefits to an investment manager of my choosing and I am stuck with Prudential forever or until they become insolvent. The Verizon transaction validated my concerns about corporate greed. Verizon selected 41,000 management retirees because they were easy prey. Verizon did not transfer the pension assets of the union-represented retirees or executive retirees both of which have strong representation. The Association's efforts (on behalf of those 41,000 retirees) to stop the Transfer of Pension Assets to Prudential failed. I am appealing to you to help protect our rights. We should be entitled to the same protection we earned in our ERISA-protected plan; and we should be afforded the right to choose alternatives and not forced to accept the self-serving decisions of Verizon.

Most of my employment was in the Benefits and Compensation areas. I worked on cost of living increases to Pensioners to insure they did not lose the purchasing power their pension provided upon retirement and I saw those cost of living increases end, not because it was no longer important for retirees to keep up with expenses but because it was better for the bottom line. I also worked on determining the level of increase in base salary that employees should receive and it was always determined as part of Total Compensation. Pension, health benefits, vacation, company contributions to 401(k) were always a part of the Total Compensation we earned. Verizon expected us to take smaller pay increases because of our valuable pensions. Now, after the fact, they're washing their hands of their promises.

In the 1990's Verizon offered a number of "buyouts" to facilitate workforce reduction. One or more of these provided a lump sum payment rather than monthly payments for life. I felt monthly payments were a more secure option (as ERISA requires a plan to be fully funded) and chose accordingly. I had full confidence that Verizon would not break its contract and that in the unlikely but possible event they went bankrupt, I had the security of the PBGC (Pension Benefit Guaranty Corporation). With Prudential, I no longer feel secure because I did not have a 32 year relationship with them as I did with Verizon. Prudential isn't required to provide me with an Annual Funding Notice as Verizon was. In the event Prudential becomes insolvent (not so unbelievable in our times), I will no longer receive the protections of the PBGC. Further, the lump sum payments provided by the Guaranty Association is dependent upon what state I reside at the time of the insolvency. While the State of Connecticut Guaranty Association provides a benefit that should cover me for a dozen years (at my current pension amount and if the insurer-provided amount doesn't change), I would be less fortunate in other states. And, can I be assured that Connecticut's Guaranty Association is viable? Again, where I live would not have been a factor if my pension remained a Qualified Benefit Plan of Verizon or if I was given the option to rollover whatever was an actuarially appropriate amount to a personal IRA.

As corporations increasingly seek to eliminate their pension obligations to retired employees, it is necessary for Connecticut laws to provide protection to retirees impacted by de-risking. I hope that Connecticut will be a leader for the nation in protecting its senior citizens. If Prudential should falter, retirees could lose their hard-earned benefits. If this happens, the State of Connecticut will have to pick up the costs.

I am concerned about my future. I was brought up in the business to think of my retirement income as a three legged stool. I may soon be collecting social security and I did my part to ensure I saved money for my future - that takes care of two "legs". Please support House Bill 6148 to secure my pension.

Thank you for your time and consideration.

Sincerely,



*Gerry Basile*

254-D Seaside Avenue, Stamford, CT 06902  
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