

AT&T Ameritech /SBC Retirees - We are AASBCR®

Blue Bulletin

VOL 018 NO 04
May, 2023

Bulletins and the website are paid for by AASBCR® members. Please do not share with non-members. Instead encourage retiree friends to join and support AASBCR®.

AT&T Sells Pensions for 96,000 Retirees to Athene

Effective with their August pension payment, about 25% of AT&T's pensioners will receive their checks as part of an annuity administered by Athene, a large international insurance company. AT&T announced this deal in a letter to the affected retirees -- those with monthly pensions of less than \$2200 and no survivor option. If you did not receive such a letter from AT&T, you are not affected at this time.

The pensioners' income does not change, but they will need to make separate payment arrangements for retiree health coverage, CarePlus, and any Medicare Part B reimbursement. Instructions for doing so are said to be coming soon.

This is "pension-de-risking," which was explained in a Bulletin we issued in April. You can find that by logging on to AASBCR.org, selecting the Info for Members tab, and clicking on Blue Bulletins.

All retirees who receive a pension from AT&T should be concerned about this move, because if this was in the company's interest today, they can be expected to do more of it tomorrow. Other retiree pensions could be sold.



The overriding cause for concern is that the sold pensions no longer enjoy the protections of the federal law known as ERISA – the Employee Retirement Income Security Act. If Athene fails to pay the pensions as agreed, retirees are not insured by the federal Pension Benefit Guaranty Corporation (PBGC).

AASBCR© asked AT&T whether it made reinsurance for these obligations part of the deal. They did not.

Then we asked if they at least required Athene to keep these obligations in a separate account, so funding adequacy could be visible and so they would be insulated from "raids" to satisfy Athene's other financial obligations. They replied that Athene IS holding them in a separate account, so that's good.

PO Box 110355 Cleveland OH 44111-0355 Phone/FAX (312) 962-2770 <http://aasbcr.org/>

This communication is Private and Confidential. It is intended only for viewing by AASBCR® Members. Copying or forwarding of this communication is not authorized by AASBCR®.

AT&T says “you’ve got protection from a state guaranty association with coverage determined by where you live.” We checked to see the limits on such coverage in several states. It’s \$250K in IL, FL, MI, and OH, \$300K in WI, and \$100K in IN.

Those limits are a concern, because if Athene fails to pay as agreed, the state association limit of \$250K is worth only about ten years of pension income for these folks, and less than that for those with higher pensions that may be sold in coming years. After that, their pension is *gone*.

Note: You can check your state’s limit by accessing nolhga.com, select “policyholder information,” use the arrow down to select “choose your state association” and hit GO, and then select the FAQ tab, and click on a question that reads something like “Are all policies fully protected.” Look at the coverage maximum on annuities.

Perhaps AT&T could still require reinsurance for these pensions, but what would make them willing to do so?

Athene could change its mind about using a separate account for these pensions. So maybe your state insurance commissioner will *require* a separate account, because that is the recommendation of the National Association of Insurance Commissioners (see <https://content.naic.org/cipr-topics/pension-risk-transfer>).

One action we can all take is to support the National Retiree Legislative Network (NRLN) as it encourages Congress to pass a law requiring both reinsurance and a separate account for this type of pension de-risking, as called for in our April Bulletin.

You can do this by accessing NRLN.org online, scroll down the left column until you find “READ MORE” under the donation rectangle. Click on READ MORE for The President’s Forum 144, and then click on ACTION ALERTS on the right.

Proudly working on behalf of retirees of the Bell System and successor companies of the New AT&T, located worldwide

PO Box 110355 Cleveland OH 44111-0355 Phone/FAX (312) 962-2770 <http://aasbcr.org/>

This communication is Private and Confidential. It is intended only for viewing by AASBCR® Members. Copying or forwarding of this communication is not authorized by AASBCR®.