

Posted on
Thu, Apr.
06, 2006

FleetBoston pension lawsuit is cut back

A U.S. District Court judge in Connecticut last week dismissed three of six counts in a pension lawsuit filed against the former FleetBoston Financial Corp., but also granted class-action certification in the case. The suit alleges Fleet, acquired by Charlotte-based Bank of America Corp. in 2004, violated federal pension laws by converting to a "cash-balance" pension plan without notifying participants that the change reduced benefits.

Bank of America spokeswoman Shirley Norton said the bank was pleased three counts were dismissed and plans to defend the remaining claims. "We believe the FleetBoston plan provides significant benefits to our associates and complies with applicable laws," she said.

Bank of America's own cash-balance pension plan also faces scrutiny from the Internal Revenue Service and is the subject of a lawsuit filed by plan participants.

In a securities filing last month, the company said the Internal Revenue Service had informed the bank that it violated tax rules when employees voluntarily transferred assets from the company's 401(k) plan to its pension plan in 1998 and 1999. The bank is in administrative proceedings over an ongoing audit.

The lawsuit in U.S. District Court for the Western District of North Carolina alleges the asset transfers violated federal pension laws. It is set to go to trial in September. -- *rick rothacker*

BofA's 'change' program growing

Bank of America Corp.'s "Keep the Change" savings program, six months old, has drawn 2 million participants who have accumulated some \$60 million in savings, the bank said Wednesday.

The amount participants spend on their Bank of America debit cards is rounded up to the nearest whole dollar, and the difference is transferred from a checking account into an interest-earning saving account each evening.

The Charlotte bank matches 100 percent of the savings in the first 90 days and 5 percent thereafter, up to \$250 a year. The matching funds are credited annually.

Diane Morais, a deposits and debit executive at the bank, likens the program to "an electronic change jar," the equivalent of a glass jar that people throw their spare change into at home.

The bank hopes the program will help to lure new customers. Some 20 percent to 30 percent of participants are new, Morais said.

It also hopes to encourage people to save. According to government figures, the nation's savings rate was a negative 0.5 percent in February -- and the rate has been negative or at zero for 11 consecutive months. -- *associated press*