



Pension and Employee Benefit Law
Toll Free (888) 489-9904

Plansponsor Magazine

August 31, 1999

Lawsuit Rings SBC Over Retirement Benefits

By Eric Hazard

editors@plansponsor.com

January 27, 2004 (PLANSPPONSOR.com) – Former employees of an SBC Communications Inc subsidiary have filed suit against the telecommunications giant and its Cingular Wireless joint venture alleging they are owed about \$123 million in retirement benefits.

In the suit, the group contends the two telecommunications companies failed to honor agreements to protect older workers when their employer at the time, Southern New England Telephone Co, converted their traditional defined benefit pension to a cash balance plan in 1995. SBC acquired the telephone company in 1998, according to news sources.

The suit alleges those commitments awarded long-serving employees, like the group filing the legal action, who have not yet retired the full pensions they would receive at age 65. Those commitments enticed workers into an early retirement arrangement with the promise of a lump sum payment.

Thomas Moukawsher the attorney representing the 16 former workers, said a benefits calculation for a sample of 12 workers found that the average loss of benefits was more than \$243,000 a person. "The typical person worked over 30 years and a lump sum payment would be \$500,000," Moukawsher told the New Haven (Connecticut) Register.

The group is seeking class-action status on behalf of 500 workers in their suit filed in US District Court in Hartford.