

October 28, 2014

GE retirees file lawsuit contesting GE decision to drop post-65 health plans

Waupaca, Wis. -- Two GE salaried retirees today filed a lawsuit against General Electric Company (GE) in Federal District Court in Milwaukee, Wis., challenging GE's elimination of post-65 health care plans for salaried retirees that the company has provided for many decades.

"We believe GE has violated provisions of the Employee Retirement Income Security Act (ERISA) in decisions made in 2012 and 2014 to end this coverage effective January 1, 2015," said Dennis Rocheleau of Waupaca, Wis., a plaintiff in the suit. "The company acted illegally in deciding to strip salaried retirees of this valuable supplemental health coverage which they earned over long, productive careers with GE. GE told retirees they would have this coverage when they reached age 65. Tens of thousands of retirees and their spouses are affected by this unilateral company action."

In September 2012 GE sent letters to salaried retirees informing them that those who had not reached age 65 by the end of 2014 would lose eligibility for the coverage. Those over age 65 already enrolled in the plans were told their coverage would continue with some being required to pay substantial increases in premiums for the coverage. The changes in the 2012 announcement reduced GE's post-retirement benefit liability by \$832 million according to GE's 2012 Annual Report. "This \$832 million reduction trickles down to improved earnings," said Rocheleau. "GE investors are looking for earnings growth through better operating performance, not from renegeing on commitments at the expense of retirees."

In September 2014 salaried retirees over age 65 received another letter from GE informing them of the company's decision to end their coverage under the supplemental health plans at the end of 2014. Retirees are being transferred to coverage offered through a "private exchange" and will receive a modest, fixed company payment of \$1,000 a year, which is significantly less than GE is currently spending per retiree each year. Retirees will be responsible for most other premiums, costs, and related risks that are currently covered under the company-sponsored plans. GE has not yet released information on its savings and liability reduction from the change announced last month.

In both the 2012 and 2014 letters, the company gave no substantial specific reason for the eligibility changes and for discontinuing coverage under the post-65 plans.

The suit asks the court to find that the GE actions are violations of ERISA and in breach of the company's plan provisions as described in the summary plan document. The suit also seeks an injunction from the court to stop GE from ending plan coverage at the end of 2014 and to maintain plan coverages under current terms.

"We hope GE will reconsider these decisions and adhere to the company's corporate integrity policy fulfilling both the spirit and letter of the commitments it made over many years to long-service retirees," Rocheleau said.

Rocheleau retired from GE in 2004. He was GE's corporate manager of union relations.

Evelyn Kauffman of Schenectady, NY is the other plaintiff. She was a senior corporate benefits professional when she retired from GE in 2011.

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