

# FRIDAY ALERT



**Alliance for Retired Americans**

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**March 20, 2008**

## **Retirement Security of Bear Stearns Employees Up in the Air**

Sunday's sale of Bear Stearns, the nation's fifth largest investment bank, to J.P. Morgan Chase for \$2 per share has not only shaken financial markets, but also left the retirement of many of the company's 14,000 employees up in the air. According to *The New York Times*, Bear Stearns employees own approximately 30% of the firm. As many as one third could lose their jobs if the purchase is approved, and many have little retirement investments outside of company stock. Shares of Bear Stearns traded at \$132 last fall, and the \$2 offered by J.P. Morgan represented less than one-tenth of their value on Friday. Many employees are now hoping to ruin the deal in order to sell their stock at a higher price. Former CEO **James E. Cayne**, who was paid more than \$232 million between 1993 and 2006, is expected to receive around \$13.4 million in the deal. "Loyal employees who gave decades of their lives to this company are about to walk away with nothing," said **George J. Kourpias**, President of the Alliance. "Corporate executives must be held accountable and subject to the same pension deals and retirement benefits as their employees."

## **Pfizer Executives Rake in \$56.8 Million for Retirement**

While pharmaceutical companies have recently sought to justify rising drug prices by claiming an industry-wide decline, two Pfizer executives also retired in 2007 with sweet deals - a combined \$56.8 million in compensation. Research Chief **John LaMattina** left the company with a departure package worth \$22.6 million, which included \$3.3 million in severance pay, \$13.5 million through a Pfizer retirement plan, and \$5.3 million as a "pension enhancement." Former CFO and Vice Chairman **David Shedlarz** retired with \$34.2 million in compensation, largely invested in the Pfizer plan. Company CEO **Jeff Kindler**, who remains in place, received \$9.5 million as part of his regular package. "These golden parachutes are paid for on the backs of seniors struggling to afford their medicines. I am appalled at the unchecked power and greed of these companies," said **Edward Coyle**, Executive Director of the Alliance.

## **Plans for New Votes in Florida and Michigan "Dead" and "All But Dead"**

Senator **Hillary Rodham Clinton**'s hopes of ending the Democratic presidential primaries with dramatic victories in Florida and Michigan grew dim this week, as Florida officially scuttled plans for a new vote and Michigan lawmakers appeared far from a deal. *The Washington Post* reported that Florida Democrats on Monday had declared dead their plans to hold a do-over presidential primary to settle the dispute over whether their delegation to the national convention in Denver will be seated. **Karen Thurman**, Democratic Party chair in Florida, announced the decision, saying thousands of people had responded negatively to her proposal for a vote-by-mail primary in early June. That leaves the fate of the state's delegation in the hands of the Democratic National Committee and the campaigns of Sens. Clinton, who captured the most votes when Florida held a primary on Jan. 29, and Obama. Similarly, Michigan State Senate Democrats emerged from a

closed-door caucus on Tuesday morning and proclaimed that an idea floated by top Michigan Democrats to create a special June 3 primary election is all but dead. The Michigan Legislature, which would vote on approving a new election, is deeply torn because of cost, legal questions and logistical difficulties. Some party officials voiced guarded hope that a deal could be reached before the week ends, when lawmakers start a two-week recess. Florida and Michigan were stripped of their delegates for violating party rules when they held their contests in January.

### **Workers Raid Their 401(k) Accounts in Effort to Stem Foreclosures**

Struggling to save their homes from foreclosure, more Americans are raiding their 401(k) retirement accounts to pay their bills — and getting slammed with taxes and penalties in the process, according to retirement plan administrators. Rather than borrow money from their 401(k) accounts, which would have to be paid back, a growing number of beleaguered families have been cashing out. According to *USA Today*, new figures from plan administrators show the number of 401(k) "hardship withdrawals" is up in early 2008 compared with the same period last year. During the first month of the year, as the economic slowdown tightened pressure on mortgage holders, hardship withdrawals rose 23% at plans that Merrill Lynch administers, compared with the same period in 2007. Merrill Lynch found that the primary reason for the rise in hardship withdrawals was to prevent foreclosure or eviction. Likewise, in the first month of the year, compared with January 2007, Great-West Retirement Services saw a 20% increase in hardship withdrawals to save a home. For workers, the consequences of raiding a 401(k) plan can be severe. About 85% of employers bar employees from making contributions for six months after taking a hardship withdrawal. Worse, employees who pull money out of tax-deferred 401(k) plans before age 59 1/2 generally must pay a 10% penalty on top of the taxes owed. "The repercussions of the housing crisis are all around us, including in depleted 401(k) plans," said **Ruben Burks**, Secretary-Treasurer of the Alliance.

### **Western Regional Conference is This Monday**

Starting in just four days – March 24-26 – the Alliance will hold its first regional conference of 2008 in Las Vegas, NV. Featuring speakers such as U.S. Rep. **Shelley Berkley** (NV-01), the Western Regional Conference will provide a forum for activists to work together and prepare for November's Presidential election. Attendees will learn how to get seniors and other retirees registered and voting, increase grassroots advocacy and educate federal, state and local legislators on issues like Medicare, Social Security, prescription drugs, and retirement security. Locations and dates for later conferences are: Northeastern Regional Conference, April 17-18, 2008 in Philadelphia, PA; Midwestern Regional Conference, April 28-29, 2008 in St. Louis, MO; and Southern Regional Conference, June 4-5, 2008 in Orlando, FL. For copies of the official registration form for any of the four regional conferences, call 1-888-373-6497, email **Joni Jones** at [jjones@retiredamericans.org](mailto:jjones@retiredamericans.org), or visit our website at [www.retiredamericans.org](http://www.retiredamericans.org).

### **Did You Know...**

Wholesale prices for the top-selling 50 brand-name medications rose by about 6% in 2005, 7% in 2006, and 8% in 2007 (*Los Angeles Times*).