

Settlement Announced in Raytheon Pension Suit

02.13.2021

Raytheon Technologies Corporation and attorneys seeking to represent participants and beneficiaries in some of its Raytheon Company retirement plans have agreed to settle their two-year dispute over the calculation of Joint and Survivor Annuities (JSAs) and Preretirement Survivor Annuities (PSAs). The parties have submitted the proposed settlement, valued at approximately \$60 million, to U.S. District Judge Saris for approval. The lawsuit is *Cruz v. Raytheon Co.*, No. 1:19-cv-11425, pending in the U.S. District Court for the District of Massachusetts.

The participants' claim centers on allegations that several Raytheon-sponsored pension plans were providing JSAs and PSAs that were not the actuarial equivalent of a single-life annuity, in violation of the Employee Retirement Income Security Act of 1974 ("ERISA").

Raytheon denies any wrongdoing or liability and believes that no participants or beneficiaries in the challenged pension plans are receiving a benefit amount that is less than he or she is entitled to under applicable law.

The lawsuit alleged that the actuarial assumptions and factors used by some Raytheon-sponsored pension plans to calculate JSAs and PSAs did not provide participants with "actuarially equivalent" benefits and asserted that the plans should instead have calculated benefits using different actuarial assumptions. The intent of the Settlement is to provide Class members with increases in their benefits equal to 40% of the increase, if any, that they would have received had their monthly pension benefits been calculated in the manner suggested by Plaintiff (less attorneys' fees and costs).

Robert Izard, counsel for the Plaintiff, indicated that the Plaintiff believes that the settlement is "an excellent result for the class." In addition to Mr. Izard, Plaintiffs are represented by Mark Kindall, Douglas Needham and Oren Faircloth, also of Izard, Kindall & Raabe, LLP, and Gregory Porter, Mark Boyko and Alexandra Serber of Bailey Glasser, LLP.

The five Raytheon-sponsored pension plans that are involved in the case are (a) the Raytheon Company Pension Plan for Hourly Employees; (b) the Raytheon Company Pension Plan for Salaried Employees; (c) the Raytheon Non-Bargaining Retirement Plan; (d) the Raytheon Bargaining Retirement Plan; and (e) the Raytheon Retirement Plan for Engineers & Constructors and Aircraft Credit Employees. The Settlement affects participants and beneficiaries in one of these plans, where

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the participant began receiving a JSA benefit after June 27, 2013, and either the participant or his or her beneficiary was still receiving benefits in December of 2020. The Settlement also affects surviving spouses who began receiving a PSA benefit after June 27, 2013, and who were still receiving benefits in December of 2020.

The lawsuit has no impact on any other pension plan of Raytheon Company or Raytheon Technologies Corporation, formerly known as United Technologies Corporation.

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Practice Areas

ERISA, Employee Benefits & Trust Litigation