



Retiree Committees

As healthcare costs continue to soar, companies increasingly turn to bankruptcy as a way to reduce debt by eliminating benefits they have promised retirees: healthcare insurance, life insurance, Medicare contributions, and pension benefits, for example. The lawyers in Stahl Cowen's Retiree Committees practice fight to preserve those benefits.

We know that any reduction in benefits can trigger a significant hardship to retirees, their spouses, and their dependents. We aggressively enforce the protections provided by Section 1114 of the Bankruptcy Code to fight for retiree rights and access to benefits they have earned. For example, in the bankruptcy of one of the world's largest automotive suppliers, we turned – on the eve of trial – the employer's initial offer of "zero" into a settlement for retirees valued at more than \$90 million.

In another case, we forced a conglomerate of steel companies fighting to terminate all benefits for retired employees to instead guarantee a lump-sum cash distribution, lifetime distributions, and other benefits exceeding \$30 million in value. In yet another case, we successfully preserved benefits that were slated to be eliminated when a multinational automobile parts manufacturer closed and liquidated a subsidiary. Using aggressive legal arguments, we obtained lifetime monthly benefits for the retirees, a lump-sum payout and other benefits. Retiree committees are relatively rare in bankruptcy cases, and Stahl Cowen has represented more retiree committees than any other law firm in the Country.

Comprehensive Advice

In addition, our lawyers provide retiree committees, also known as 1114 Committees, with unparalleled access to up-to-date tax and coverage resources – including financial advisors and other experts – to understand and account for the short- and long-term implications of the benefit plans we obtain: options for healthcare coverage, advantages and disadvantages of using trusts to reduce the tax burden of their benefits, and other tools to assist retirees.

Our bankruptcy retiree committee clients appreciate, in particular, our ability to spring into action because we are often appointed well after the bankruptcy process had begun. In the Patriot Coal Chapter 11 bankruptcy, the Debtor waited nearly seven months after filing for Chapter 11



protection before seeking to terminate all non-union retiree benefits. Stahl Cowen was ready to litigate on behalf of our newly formed 1114 Committee within a week.

Additional information can be found our Retiree Committee Representation primer. Contact practice group leader Jon Cohen for more.

Key Contacts

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