

Sears abruptly slashes life insurance coverage for 90,000 retirees

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3 April 2019

Beginning March 15, thousands of retired Sears employees were informed via a form letter that their life insurance benefits had been eliminated. Retirees were given two options—either convert all or a portion of the previously held policy into a new plan, and begin making payments, or watch it evaporate. As of this writing, it is unknown how many will be affected; however, the previous policies covered approximately 90,000 retirees across Sears and Kmart.

Sears is at the center of the “retail apocalypse,” which has led to mass layoffs and downsizings throughout the country. In 2019, it is estimated that more than 6,300 stores across the US will close, with tens of thousands of employees losing their jobs. With their employers failing to meet projected profits, workers, pitted against top-performing stores and each other, have been forced to accept wage freezes and benefit cuts, while investors on Wall Street have remunerated themselves fabulously.

Sears staved off liquidation earlier this year in a \$5.2 billion February bankruptcy sale to current chairman Edward Lampert, who was also the company’s largest creditor. The sale transferred ownership of Sears Holding Corp. to Lampert and the hedge fund he founded, ESL Investments, which completed the sale. The infamous asset-stripper sold his plan to New York bankruptcy judge Robert Drain as an opportunity to “save jobs,” while operating a “leaner” Sears. This “leaner” Sears has an estimated 40,000 employees today, down from 355,000 in 2006.

The ones made to tighten their belts are not billionaires like Lampert, however. Instead, retirees will be left in the lurch, swindled out of a previously promised benefit, unable to afford a new plan on the “free market.” Life insurance policies increase in monthly premiums as a person ages. This means that a

majority of those affected, who are already well into retirement, will be unable to afford a new plan. A vast majority of the 90,000 retirees potentially impacted have been retired for years and are on a fixed income. The previously earned policies ranged in coverage from \$5,000 to \$10,000.

Ron Olbrysh, chairman of the National Association of Retired Sears Employees (NARSE), told CBS News that for many former employees life insurance was “the last benefit they had.” And while these “last benefits” were eliminated on the 15th, many have yet to receive a letter. Olbrysh himself didn’t receive notification until five days later.

In an interview with the *Chicago Tribune*, former employee Tom Dowd, 76, explained that he was hurt not only by the loss of benefits, but also in how the message was delivered. “I spent my adult life there,” Dowd told the paper, “and if nothing else, that requires a little bit of dignity as opposed to a letter saying your benefits are gone, and here’s how much you can pay to get them back.”

According to NARSE, the average policy is between \$8,000 and \$10,000 in coverage, while the average policy holder is 80 years old. Continuing his interview with CBS News, Olbrysh detailed the plight of a 91-year-old former employee of 37 years whose benefits were arbitrarily cancelled. To maintain his coverage, he would have had to pay more than \$3,000 a year. Already saddled with exorbitant out-of-pocket costs for health coverage, an average of \$4,300 a year, according to the Center for Retirement Research at Boston College, this added unexpected expense is a cruel insult to retirees who dedicated the best parts of their lives to the massive corporation.

This cost-cutting measure, in the name of maintaining profitability, will no doubt be used to further enrich

Lampert and “key personnel” occupying top positions in the company. According to Olbrysh, under the previously held life insurance policies, Sears paid approximately \$16.6 million in premiums for eligible retirees for the year that ended Dec. 31, 2017. Meanwhile, as part of the court-approved bankruptcy sale, up to \$25.3 million in bonuses were made available to executives and high-ranking employees in December 2018.

Senator and 2020 Democratic Party presidential candidate Bernie Sanders sent out a perfunctory tweet chastising the company for its “greed,” while offering no perspective or solutions for those affected. Likewise Olbrysh, who previously served for more than a decade as assistant general counsel for Sears, conceded that while NARSE could take Sears to court, he is already tempering expectations of winning back benefits, pointing out that the company is “dying.”

The choice for workers and youth is clear, the financial aristocracy and the courts that legalize theft cannot be used to win back what was earned or promised. The continued pilfering of pensions, benefits and wages will only stop once workers and retirees take the conduct of the struggle into their own hands and out of the hands of duplicitous capitalist politicians and company lawyers.



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