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Judge rules against PwC in cash balance suit

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PricewaterhouseCoopers' motion to dismiss a ruling in a long-standing ERISA lawsuit was denied by Judge George B. Daniels of the U.S. District Court in New York.

The plaintiffs, former employees of PwC, claimed their accrued benefits upon withdrawing from the firm's cash balance plan before age 65 were not calculated properly under the Employee Retirement Income Security Act and the tax code and they were entitled to larger payments. They asserted that under ERISA, the firm should have used a “whipsaw calculation” of between 9% and 10% to project their benefits to age 65 and not the 30-year Treasury rate the firm used.

Judge Michael B. Mukasey had ruled in September 2006 that PwC must perform a whipsaw calculation. PwC filed a motion to dismiss that ruling, which was denied Aug. 15.

“Although the court was unwilling to rule for PwC as a matter of law at this time, we continue to believe PwC appropriately computed amounts owed to participants who took lump-sum distributions from its cash balance plan,” said Robert Kopecky of Kirkland and Ellis, counsel for PwC.

Efforts to reach Eli Gottesdiener, attorney for the plaintiffs, were unsuccessful.

The case, Laurent vs. PricewaterhouseCoopers LLP, was originally filed in the U.S. District Court in East St. Louis, Ill., in November 2004 by Timothy D. Laurent, a former employee who alleged that PwC violated ERISA law in the design of the cash balance plan.

The case was refiled in the U.S. District Court in New York in March 2006 and two former employees were added as plaintiffs.

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