UNITED STATES DISTRICT COURT
DISTRICT OF KANSAS

Kevin McFadden, David Schmidt and Peter Doncevic on behalf of himself and all others similarly situated, Plaintiff, v. Sprint Communications, LLC, The Sprint Communications Employee Benefits Committee and John/Jane Does 1-5, Defendants.	Case No. 2:22-cv-02464-DDC-GEB

DEFENDANTS SPRINT COMMUNICATIONS, LLC AND THE SPRINT COMMUNICATIONS EMPLOYEE BENEFITS COMMITTEE'S
ANSWER TO AMENDED CLASS ACTION COMPLAINT AND AFFIRMATIVE DEFENSES

Defendants Sprint Communications, LLC ("Sprint") and the Sprint Communications Employee Benefits Committee (the "Committee") (collectively "Defendants"), by and through their undersigned attorneys, respectfully submit their answer to the Amended Complaint filed by Plaintiffs Kevin McFadden, David Schmidt and Peter Doncevic ("Plaintiffs") as follows:

The Amended Complaint names the individual members of the Committee responsible for administering the Plan during the putative Class Period as John/Jane Does 1-5. Those unidentified individuals cannot respond unless named and served.

Unless expressly admitted, Defendants deny each and every allegation in the Amended Complaint, including any allegations in unnumbered and numbered paragraphs, titles, headings, subheadings, Footnotes, exhibits, charts, graphs, and tables — and incorporate that denial into each and every response below. An admission to a portion of an allegation does not constitute an admission to the remainder of the allegation. Paragraph headings and titles are included for the

purposes of organization and reference only. Any statutes, regulations, case law, documents, or data cited in the Amended Complaint speak for themselves.

Plaintiffs' inclusion of Footnotes throughout the Amended Complaint does not comply with Federal Rule of Civil Procedure 10(b), requiring that allegations be stated "in numbered paragraphs, each limited as far as practicable to a single set of circumstances." As such, no response is required. To the extent a response is required, each Footnote is discussed in the relevant numbered paragraph below.

Defendants reserve the right to amend and supplement their Answer as appropriate or necessary.

INTRODUCTION

1. This is a class action against Sprint Communications, LLC ("Sprint"), Sprint's Employee Benefits Committee (the "Committee"), and the Committee's individual members (collectively, "Defendants") concerning the failure to pay joint and survivor annuity ("JSA") benefits under the Sprint Retirement Pension Plan (the "Plan") in amounts that satisfy the actuarial equivalence requirements in the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001, *et seq.* ("ERISA"). By failing to pay JSA benefits in amounts that are actuarially equivalent to the single life annuities offered to participants under the Plan, Defendants have and will continue to cause retirees to lose part of their vested retirement benefits in violation of ERISA.

ANSWER: Defendants admit only that Plaintiffs have brought a putative class action against them. Defendants deny that that this litigation can or should be maintained as a class action, that Defendants have violated ERISA, and that Plaintiffs are entitled to any relief. Defendants deny and disagree with Plaintiffs' definition of "Committee" because Plaintiffs fail to distinguish between the current and former members of the Employee Benefits Committee, instead referring

to them collectively as the "Committee." Defendants deny any remaining allegations in Paragraph 1.

2. Sprint sponsors the Plan. Participants earn retirement benefits under the Plan in the form of a single life annuity ("SLA"). An SLA provides participants with monthly payments for the rest of their lives when they retire.

ANSWER: Defendants admit only that Sprint sponsors the Plan. The remaining allegations in Paragraph 2 purport to summarize or paraphrase terms of written Plan documents. Defendants deny that Plaintiffs have accurately or completely summarized the terms of the Plan documents and deny any allegations inconsistent with the Plan documents.

3. The Plan also offers participants several joint and survivor ("JSA") options. A JSA is an annuity for the participant's life with a contingent annuity payable to the participant's beneficiary (usually a spouse) for the life of the beneficiary, which is expressed as a percentage of the amount paid during the participant's life. The Plan offers 33, 50, 75 and 100 percent JSAs. The 33 1/3% JSA pays the spouse one-third of the amount that was paid to the participant before the participant's death; the 50% JSA pays the spouse one-half; the 75% JSA pays the spouse three quarters; and a 100% JSA pays the same amount. Mr. Schmidt is receiving a 50% JSA. Messers. [*sic*] McFadden and Doncevic are each receiving a 100% JSA.

ANSWER: Defendants admit only that the Plan offers 33 1/3, 50, 75 and 100 percent JSAs as payment options, that Mr. Schmidt is receiving a 50 percent JSA, and Messrs. Doncevic and McFadden are receiving a 100 percent JSA. The remaining allegations in Paragraph 3 purport to summarize or paraphrase terms of written Plan documents. Defendants deny that Plaintiffs have accurately or completely summarized the terms of the Plan documents and deny any allegations inconsistent with the Plan documents. Defendants deny the remaining allegations in Paragraph 3.

4. The monthly benefit payable as a JSA, regardless of the percentage, will be less than the amount payable as an SLA because the JSA accounts for the likelihood that the Plan will have to pay benefits for a longer period if a participant dies before the spouse. ERISA limits the extent to which a plan can reduce certain JSA benefits below a participant's SLA benefits. Under ERISA § 205(d), JSAs between 50% and 100% must be at least the actuarial equivalent of the participant's SLA. Two benefit options are actuarially equivalent when they have the same present value, calculated using the same, reasonable actuarial assumptions.

ANSWER: Paragraph 4 purports to summarize or paraphrase ERISA § 205(d), 29 U.S.C. § 1055(d). Defendants deny that Plaintiffs have accurately summarized the law. Defendants deny the remaining allegations in Paragraph 4.

5. Calculating present value requires inputting actuarial assumptions concerning projected mortality and interest rates. Mortality tables for the participant (and, in the case of a JSA, the participant's beneficiary) predict how long the participant and beneficiary will live to account for the likelihood of each future benefit payment being made. Over the last several decades, mortality rates have generally improved with advances in medicine and better collective lifestyle habits. People who retired recently are expected to live longer than those who retired in previous generations. Older mortality tables predict that people near (and after) retirement age will die at a faster rate than current mortality tables. As a result, using an older mortality table decreases the present value of a JSA and — interest rates being equal — the monthly payments retirees receive.

ANSWER: Defendants admit only that calculation of present values can involve assumptions as to projected mortality and interest rates. Defendants deny the remaining allegations in Paragraph 5.

6. The interest rate assumption accounts for the time value of money — the idea that a dollar in hand today is worth more than a dollar paid in a year, or in ten years — and discounts the value of expected future payments to the present. Like mortality, the interest rate affects the calculation. Using lower interest rates — mortality rates being equal — decreases the present value of JSA benefits.

ANSWER: Defendants admit that an interest rate assumption accounts for the concept of the time value of money. Defendants cannot respond to the second sentence of Paragraph 6 because Plaintiffs have not specified which calculation is being discussed. Defendants deny the remaining allegations in Paragraph 6.

7. To determine the amount of a benefit, mortality and interest rate assumptions, ***together***, generate a "conversion factor," which is expressed as a percentage of the benefit being compared. Accordingly, the actuarial assumptions used to generate the conversion factor directly impact the amount of benefits that participants and their beneficiaries receive each month.

ANSWER: Defendants admit that when mortality and interest rate assumptions are used to compute conversion factors, the assumptions work together. Defendants admit that conversion factors can affect the amount of benefits that participants and their beneficiaries receive each month. Defendants deny the remaining allegations in Paragraph 7.

8. The conversion factor can also be calculated by dividing the actual amounts payable under the plan. For example, if a JSA benefit pays $900 a month and the SLA pays $1,000 a month, the conversion factor would be .90. If the conversion factor between a JSA and an SLA is lower than the conversion factor that would be generated using reasonable mortality and interest rate assumptions, then the JSA will not be "actuarially equivalent" to the SLA. Accordingly, the

conversion factor (and the actuarial assumptions used to generate it) determine whether two benefit forms are actuarially equivalent.

ANSWER: Defendants deny that a conversion factor between a JSA and SLA benefit can be determined using relative payment amounts. Defendants deny that a conversion factor determines whether two benefit forms are actuarially equivalent. Defendants deny the remaining allegations in Paragraph 8.

9. Plans can also use fixed tabular factors to calculate JSA benefits. Tabular factors are the conversion factors presented in table format to distinguish between the factors that apply for different forms (e.g., 50% JSA, 100% JSA, etc.) and at different ages (e.g., age 55, 65, etc.).The Plan uses tabular factors to calculate JSAs. For example, the Plan multiplies the participant's SLA by 0.87 to calculate a 50% JSA and a factor of .77 to calculate a 100% JSA for 65-year-old participants. If the participant was entitled to an SLA of $1,000 per month, he or she would receive $870 per month as a 50% JSA and $770 a month as a 100% JSA under the Plan.

ANSWER: The allegations in Paragraph 9 purport to summarize or paraphrase terms of written Plan documents. Defendants deny that Plaintiffs have accurately summarized the terms of the Plan documents and deny any allegations inconsistent with the Plan documents. Defendants deny the remaining allegations in Paragraph 9.

10. The Plan's tabular factors for JSAs were determined using the UP 1984 mortality table (the "UP-84") with a 7-year setback for beneficiaries and a 6.5% interest rate. The UP-84 overstates mortality rates because it is based on data that is 50 years old. The 7-year setback further reduces the conversion factors because it treats beneficiaries as being younger than their actual age (e.g., age 58 instead of age 65). These assumptions produce conversion factors that generate JSAs that are lower than those generated by reasonable actuarial assumptions. Indeed, Sprint has not

changed the Plan's conversion factors for the 50% or 100% JSAs that the Plaintiffs are receiving in at least twenty years.

ANSWER: The allegations in Paragraph 10 purport to summarize or paraphrase terms of written Plan documents. Defendants deny that Plaintiffs have accurately or completely summarized the terms of the Plan documents and deny any allegations inconsistent with the Plan documents. Defendants deny the remaining allegations in Paragraph 10.

11. By using flawed formulas for calculating JSA benefits — based on antiquated, unreasonable actuarial assumptions — Defendants depress the present value of JSAs, resulting in monthly payments that are materially ***lower*** than they would be if Defendants used conversion factors based on up-to-date, reasonable actuarial assumptions. In sum, Defendants are causing Plaintiffs and Class Members to receive less than they should in pension benefits each month, which will continue to affect them throughout their retirements.

ANSWER: Defendants deny the allegations in Paragraph 11.

12. Accordingly, Plaintiffs seek an order from the Court (1) declaring that the conversion factors used to determine JSA benefits under the Plan produce benefits that are less than the actuarial equivalent of the SLA offered to participants; (2) requiring Defendants to pay all amounts improperly withheld in the past and to be withheld in the future; (3) requiring Defendants to recalculate Plaintiffs' JSA benefits in a manner consistent with ERISA's actuarial equivalence requirements; (4) requiring Defendants to increase the amounts of Plaintiffs' future benefit payments; and (5) such other relief as the Court determines to be just and equitable.

ANSWER: Defendants admit only that Plaintiffs seek various forms of relief with their Amended Complaint. However, Defendants deny the allegations in Paragraph 12 and deny that Plaintiffs or any putative class members are entitled to any such relief.

JURISDICTION AND VENUE

13. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331 because it is a civil action arising under the laws of the United States, and pursuant to 29 U.S.C. § 1332(e)(1), which provides for federal jurisdiction of actions brought under Title I of ERISA.

ANSWER: Defendants admit only that this Court has federal jurisdiction pursuant to 28 U.S.C. § 1331 and 29 U.S.C. § 1332(e)(1) with respect to claims that arise under the laws of the United States and are brought under Title I of ERISA. Defendants lack knowledge and information sufficient to form a belief about Plaintiffs' standing under Article III of the U.S. Constitution to bring their claims and, therefore, deny that this Court has subject matter jurisdiction over this action.

14. This Court has personal jurisdiction over Defendants because they each transact business in, or reside in, and have significant contacts with this District, and because ERISA provides for nationwide service of process. Defendant Sprint is headquartered in this District, and, upon information and belief, the Committee and its members are also based in this District.

ANSWER: Defendants admit that this Court has personal jurisdiction over Defendants.

15. Venue is proper in this District pursuant to ERISA § 502(e)(2), 29 U.S.C. § 1132(e)(2), because some or all the violations of ERISA occurred in this District and Defendants may be found in this District. Venue is also proper in this District pursuant to 28 U.S.C. § 1391 because Sprint does business in this District and a substantial part of the events or omissions giving rise to the claims asserted herein occurred within this District.

ANSWER: Defendants admit that Plaintiffs purport to sue under ERISA. Defendants, admit venue is proper in this District. Defendants deny that this litigation can or should be

maintained as a class action, that Defendants have violated ERISA, and that Plaintiffs or any putative class members are entitled to any relief.

PARTIES

Plaintiff

16. Plaintiff Kevin McFadden is a Plan participant who worked for Sprint for over 26 years. Mr. McFadden began receiving his Plan benefits as a 100% JSA, with his spouse as the beneficiary, in 2017.

ANSWER: Defendants admit that Mr. McFadden worked for Sprint for over 26 years. Defendants admit Mr. McFadden receives Plan benefits as a 100 percent JSA with his spouse as the beneficiary. Defendants deny the remining allegations in Paragraph 16.

17. Plaintiff David Schmidt is a Plan participant who worked for Sprint for 45 years. Mr. Schmidt began receiving his Plan benefits as a 50% JSA, with his spouse as the beneficiary, in 2022.

ANSWER: Defendants admit the allegations in Paragraph 17.

18. Plaintiff Peter Doncevic is a Plan participant who worked for Sprint for 19 years. Mr. Doncevic began receiving his Plan benefits as a 100% JSA, with his spouse as the beneficiary, in 2021.

ANSWER: Defendants admit that Mr. Doncevic began receiving his Plan benefits as a 100% JSA, with his spouse as the beneficiary in 2021. Defendants deny the remaining allegations in Paragraph 18.

Defendants

19. Sprint is a limited liability company that is headquartered and has its principal place of business in Overland Park, Kansas. Sprint is a wholly-owned subsidiary of T-Mobile US, Inc. Sprint sponsors the Plan and has the right to amend or terminate the Plan.

ANSWER: Defendants admit the allegations in Paragraph 19.

20. Upon information and belief, the Committee is an unincorporated association based in Overland Park, Kansas. The Committee is the Plan's "named fiduciary" and is the "Plan Administrator" under ERISA §§ 402(a)(2) and 3(16)(A), 29 U.S.C. §§1102(a)(2) and 1002(16)(A).

ANSWER: Defendants admit the Committee is a "named fiduciary" for the Plan and the Plan's "Administrator" under ERISA §§ 402(a)(2) and 3(16)(A), 29 U.S.C. §§1102(a)(2) and 1002(16)(A). Defendants deny the remaining allegations in Paragraph 20.

21. John/Jane Does 1-5 are the individual members of the Committee responsible for administrating the Plan during the Class Period. Their names and identities are not currently known.

ANSWER: Defendants admit that the Committee is comprised of individual members who have changed from time to time. Defendants admit that Plaintiffs may not know the names and identifies of the individuals who served as Committee members during the putative class period. Such unnamed individuals cannot respond to the Amended Complaint unless they are named and served. Except as expressly admitted herein, Defendants deny all remaining allegations in Paragraph 21.

APPLICABLE ERISA REQUIREMENTS

Pension Benefit Options Must Be Actuarially Equivalent

22. ERISA requires that defined benefit plans pay married participants and their beneficiaries in the form of a qualified JSA (a "QJSA") unless the participant, with the consent of his or her spouse, elects an alternative form of payment. This makes the QJSA the default benefit for employees who are married. *See* ERISA § 205(a) and (b), 29 U.S.C. § 1055(a) and (b).

ANSWER: Paragraph 22 purports to summarize or paraphrase 29 U.S.C. § 1055(a) and (b). Defendants deny that Plaintiffs have accurately or completely summarized the law. Defendants deny the remaining allegations in Paragraph 22.

23. ERISA defines a QJSA as an annuity for the life of the participant with a survivor benefit for the life of the spouse that is not less than 50%, and not greater than 100% of the annuity payable during the joint lives of the participant and the spouse. ERISA § 205(d)(1), 29 U.S.C. § 1055(d)(1). A QJSA includes "any annuity in a form having the effect of an annuity" described in ERISA § 205(d)(1). *Id.* Accordingly, a plan can offer multiple QJSA options; that is, JSAs that pay survivor benefits between 50% to 100%. *Id.* A QJSA must be actuarially equivalent to an SLA. *Id.*

ANSWER: Paragraph 23 purports to summarize or paraphrase 29 U.S.C. § 1055(d)(1). Defendants deny that Plaintiffs have accurately or completely summarized the law. Defendants deny that there can be multiple QJSA options. Defendants deny the remaining allegations in Paragraph 23.

24. Pension plans must also offer participants at least one other form of survivor annuity, known as a qualified optional survivor annuity ("QOSA"). *See* ERISA § 205(d)(2), 29 U.S.C. § 1055(d)(2). A QOSA is similar to a QJSA, except that the QOSA's survivor annuity percentage must be: (a) greater than 75% if the QJSA's survivor annuity percentage is less than 75%; and (b) 50% if the QJSA's survivor annuity percentage is greater than 75%. The definition of a QOSA includes "any annuity in a form having the effect of an annuity" described in ERISA

§ 205(d)(2). ERISA requires that QOSAs be actuarially equivalent to an SLA. *See* ERISA § 205(d)(2)(A)(ii), 29 U.S.C. § 1055(d)(2)(A)(ii).

ANSWER: Paragraph 24 purports to summarize or paraphrase 29 U.S.C. § 1055(d)(2). Defendants deny that Plaintiffs have accurately or completely summarized the law. Defendants deny the remaining allegations in Paragraph 24.

25. ERISA also requires that defined benefit plans provide a qualified pre-retirement survivor annuity ("QPSA"). ERISA § 205(a)(2), 29 U.S.C. § 1055(a)(2). A QPSA is an annuity for the life of the vested participant's surviving spouse (*i.e.*, a beneficiary) if the participant dies before reaching the plan's normal retirement age. ERISA § 205(e), 29 U.S.C. § 1055(e). A QPSA must be actuarially equivalent to the benefit the surviving spouse would have received under the plan's QJSA. *See* ERISA § 205(e)(1)(A), 29 U.S.C. § 1055(e)(1)(A).

ANSWER: Paragraph 25 purports to summarize or paraphrase 29 U.S.C. §§ 1055(a)(2) and (e). Defendants deny that Plaintiffs have completely and accurately summarized the law. Defendants deny the remaining allegations in Paragraph 25.

26. Reorganization Plan No. 4 of 1978 transferred authority to the Secretary of the Treasury to issue regulations for several provisions of ERISA, including § 205, which concerns alternative forms of benefits. *See* 92 Stat. 3790 (Oct. 17, 1978), codified at 29 U.S.C. § 1001.

ANSWER: Paragraph 26 purports to summarize or paraphrase 29 U.S.C. § 1001. Defendants deny that Plaintiffs have accurately or completely summarized the law. Defendants deny the remaining allegations in Paragraph 26.

27. The Treasury regulations for the Internal Revenue Code (the "Tax Code") provision corresponding to ERISA § 205 (26 U.S.C. § 401(a)(11)) provide that a QJSA "must be at least the actuarial equivalent of the normal form of life annuity or, if greater, of any optional form of life

annuity offered under the plan." 26 C.F.R. § 1.401(a)-11(b)(2). Indeed, a QJSA "must be as [*sic*] least as valuable as any other optional form of benefit under the plan at the same time." 26 C.F.R. § 1.401(a)-20 Q&A 16. Accordingly, if a plan offers other benefit options that are more valuable than the SLA, the QJSA must be at least as valuable as the most valuable form of those benefit options. The regulations regarding QJSAs apply "when the participant attains the earliest retirement age under the plan." 26 C.F.R. § 1.401(a)-20 Q&A 17.

ANSWER: Paragraph 27 partially quotes 26 C.F.R. §§ 1.401(a)-11(b)(2) and 1.401(a)-20 Q&A 16-17. Defendants admit only that Plaintiffs have quoted portions of 26 C.F.R. §§ 1.401(a)-11(b)(2) and 1.401(a)-20 Q&A 16-17. However, Defendants aver that Plaintiffs have omitted significant context. Defendants deny Plaintiffs' characterization of 26 C.F.R. §§ 1.401(a)-11(b)(2) and 1.401(a)-20 Q&A 16-17 in Paragraph 27, and Defendants otherwise deny the contents of Paragraph 27.

28. ERISA does not require that pension plans offer lump sum distributions of vested benefits to retirees upon their retirement. *See* ERISA § 205(g), 29 U.S.C. § 1055(g). But if they do, ERISA § 205(g)(3), 29 U.S.C. § 1055(g)(3), requires that the present value of the lump sum be at least equal to the present value of the participant's benefits determined using the applicable mortality table (the "Treasury Mortality Table")[1]and applicable interest rates (the "Treasury Interest Rate")[2](collectively, the "Treasury Assumptions"). The Treasury Assumptions are set by the Secretary of the Treasury (the "Secretary") pursuant to IRC §§ 417(e) and 430(h) and are based on current market rates and mortality assumptions. *See* 29 U.S.C. § 1055(g)(3)(B); 29 U.S.C. § 1083(h), 26 U.S.C. §§ 417(e) and 430(h).

[1] *See* 26 C.F.R. § 1.430(h)(2)-1.
[2] *See* 26 C.F.R. § 1.430(h)(3)-1.

ANSWER: Defendants admit only that "ERISA does not require that pension plans offer lump sum distributions of vested benefits to retirees upon their retirement." Defendants deny the remaining allegations in Paragraph 28.

29. ERISA § 203(a), 29 U.S.C. § 1053(a), provides that an employee's right to the vested portion of his or her normal retirement benefit is non-forfeitable.

ANSWER: Paragraph 29 purports to summarize or paraphrase 29 U.S.C. § 1053(a). Defendants deny that Plaintiffs have completely or accurately summarized the law. Defendants deny the remaining allegations in Paragraph 29.

30. The Treasury regulation for the Tax Code provision corresponding to ERISA § 203 (26 U.S.C. § 411), states that "adjustments in excess of reasonable actuarial reductions, can result in rights being forfeitable." 26 C.F.R. § 1.411(a)-4(a).

ANSWER: Paragraph 30 partially quotes 26 C.F.R. § 1.411(a)-4(a). Defendants admit only that Plaintiffs have quoted a portion of 26 C.F.R. § 1.411(a)-4(a). However, Defendants aver that Plaintiffs have omitted significant context. Defendants deny the remaining allegations in Paragraph 30.

Reasonable Factors Must Be Used When Calculating Actuarial Equivalence

31. "Two modes of payment are actuarially equivalent when ***their present values are equal*** under a given set of assumptions." *Stephens v. US Airways Group, Inc.*, 644 F.3d 437, 440 (D.C. Cir. 2011) (emphasis added) (citing Jeff L. Schwartzmann & Ralph Garfield, Education and Examination Comm. of the Society of Actuaries, Actuarially Equivalent Benefits 1, EA1 -24-91 (1991) ("Schwartzmann & Garfield")[3].

[3] According to Merriam Webster: "Equivalent" means "equal." *See* https://www.merriam-webster.com/dictionary/equivalent. "Equal" means the "same." https://www.merriam-webster.com/dictionary/equal.

ANSWER: Paragraph 31 and Footnote 3 purport to quote *Stephens v. US Airways Group, Inc.*, 644 F.3d 437, 440 (D.C. Cir. 2011) and the Merriam-Webster dictionary. Defendants admit only that Plaintiffs have quoted a portion of *Stephens v. US Airways Group* and the Merriam-Webster dictionary. Defendants deny that Plaintiffs accurately quote the Merriam-Webster dictionary for the definition of "equivalent" and "equal." Defendants also aver that Plaintiffs have omitted significant context. Therefore, to the extent a response is required, Defendants deny Plaintiffs' characterization of *Stephens v. US Airways Group* and the Merriam-Webster dictionary in Paragraph 31 and Footnote 3.

32. Under ERISA, "present value" must "reflect anticipated events." Present value adjustments "shall conform to such regulations as the Secretary of the Treasury may prescribe." ERISA § 3(27), 29 U.S.C. § 1002(27). The Secretary has prescribed several Regulations describing how present value should reasonably reflect anticipated events, including:

(a) The Regulation concerning QJSAs provides that "[e]quivalence may be determined, on the basis of consistently applied ***reasonable actuarial factors,*** for each participant or for all participants or reasonable groupings of participants." 26 C.F.R. § 401(a)-11(b)(2) (emphasis added).

(b) A plan must determine optional benefits using "a single set of ***interest and mortality assumptions that are reasonable*** . . . ." 26 C.F.R. § 1.417(a)(3)-1(c)(2)(iv) (emphasis added).

(c) The term actuarial present value means "actuarial present value (within the meaning of § 1.401(a)(4)-12) determined using ***reasonable actuarial assumptions***." 26 C.F.R. §1.411(d)-3(g)(1) (emphasis added).

(d) With respect to benefits under a lump sum-based formula, any optional form of benefit must be "at least the actuarial equivalent, using ***reasonable actuarial assumptions*** . . . ." 26 C.F.R. § 1.411(a)(13)-1(b)(3) (emphasis added).

ANSWER: Paragraph 32 purports to quote from 29 U.S.C. § 1002(27) and 26 C.F.R. §§ 401(a)-11(b)(2), 1.411(a)(13)-1(b)(3), 1.411(d)-3(g)(1), 1.417(a)(3)-1(c)(2)(iv). Defendants admit only that Plaintiffs have quoted sentence fragments of U.S.C. § 1002(27) and 26 C.F.R. §§ 1.411(a)(13)-1(b)(3), 1.411(d)-3(g)(1), 1.417(a)(3)-1(c)(2)(iv). However, Defendants aver that Plaintiffs have omitted significant portions of the relevant sentences, as well as significant context. Defendants deny that Plaintiffs have quoted from 26 C.F.R. § 401(a)-11(b)(2), which does not exist. Defendants deny Plaintiffs' characterizations of 29 U.S.C. § 1002(27) and 26 C.F.R. §§ 1.411(a)(13)-1(b)(3), 1.411(d)-3(g)(1), and 1.417(a)(3)-1(c)(2)(iv) in Paragraph 32.

33. The Regulations also rely on the standards of the Society of Actuaries (the "SOA") for determining the present value of pension liabilities. *See, e.g.*, [*sic*] 26 C.F.R. § 1.430(h)(3)-1(a)(2)(C); IRS Notices: 2008-85, 2013-49, 2015-53, 2016-50, 2018-02, [*sic*] 82 Fed. Reg. 46388-01 (Oct. 5, 2017) ("Mortality Tables for Determining Present Value Under Defined Benefit Plans"), 72 Fed. Reg. 4955-02 (Feb. 2, 2007) ("Updated Mortality Tables for Determining Current Liability").

ANSWER: Defendants deny that Paragraph 33 accurately describes the contents of the regulations and notices cited. Defendants deny the allegations in Paragraph 33.

34. Like the Regulations and ERISA's definition of " present value," [*sic*] the Actuarial Standards of Practice ("ASOPs") issued by the Actuarial Standards Board ("ASB")[4]of the

[4] The ASB, an independent entity created by the Academy in 1988, serves as the single board promulgating standards of practice for the entire actuarial profession in the United States. The

American Academy of Actuaries (the "Academy"), require actuaries to use "reasonable assumptions." *See* ASOP No. 2 7 [*sic*], § 3.6 ("each economic assumption used by an actuary should be reasonable"); *see also* ASOP No. 35, § 3.3.5 ("Each demographic assumption selected by the actuary should be reasonable").

ANSWER: Defendants deny that the ASOPs cited provide guidance as to the present value determinations at issue in this Amended Complaint. Defendants deny that Paragraph 34 accurately quotes ASOP No. 27, § 3.6 and deny that ASOP No. 35, § 3.3.5 exists. Defendants deny the remaining allegations in Paragraph 34 and in Footnote 4. Specifically, Defendants deny that the ASB serves to promulgate standards of practice for actuaries enrolled by the Joint Board for the Enrollment of Actuaries (the government agency which regulates pension actuaries) to practice as pension actuaries, and therefore deny that the ASB promulgates standards for the "entire" actuarial profession. Defendants deny that the ASB was given "sole authority" with respect to standards of practice for the actuarial profession.

35. Courts interpreting ERISA's actuarial equivalence requirements when calculating benefits have stated that "***special attention must be paid to the actuarial assumptions underlying the computations***." *Pizza Pro Equip. Leasing v. Comm. of Revenue*, 147 T.C. 394, 411 (emphasis added), *aff'd*, 719 Fed. Appx. 540 (8th Cir. 2018). As the Ninth Circuit stated in *McDaniel v. Chevron Corp.*, 203 F.3d 1099, 1110 (9th Cir. 2000):

> The most important consideration in preparing and selecting a mortality table to be used in calculating pension benefits is whether the population from whom the mortality experience is developed is sufficiently broad and has characteristics that are typical of the plan's participants.

ASB was given sole authority to develop, obtain comment upon, revise, and adopt standards of practice for the actuarial profession.

ANSWER: Paragraph 35 selectively quotes portions of *Pizza Pro Equip. Leasing v. Comm. of Revenue*, 147 T.C. 394, 411, aff'd, 719 Fed. Appx. 540 (8th Cir. 2018) and *McDaniel v. Chevron Corp.*, 203 F.3d 1099, 1110 (9th Cir. 2000). Defendants admit only that Plaintiffs have quoted portions of *Pizza Pro Equip. Leasing v. Comm. of Revenue* and *McDaniel v. Chevron Corp.* However, Defendants aver that Plaintiffs have omitted significant context. Therefore, to the extent a response is required, Defendants deny Plaintiffs' characterizations of *Pizza Pro Equip. Leasing v. Comm. of Revenue* and *McDaniel v. Chevron Corp.*

36. The court explained in *Dooley v. Am. Airlines, Inc.* that each assumption used in an actuarial equivalence determination must be reasonable:

> When the terms of a plan subject to ERISA provide that plan participants may opt to receive their accrued pension benefits in forms other than as a single life annuity, the amount payable to the plan participant under such circumstances must be "actuarially equivalent" to the participant's accrued benefits when calculated as a single life annuity. The term actuarially equivalent means equal in value to the present value of normal retirement benefits, ***determined on the basis of actuarial assumptions with respect to mortality and interest which are reasonable in the aggregate***.

Dooley v. Am. Airlines, Inc., 1993 WL 460849, at * 10 (N.D. Ill. Nov. 4, 1993) (emphasis added); *see also Dooley v. Am. Airlines, Inc.*, 797 F.2d 1447, 1453 (7th Cir. 1986) (citing expert testimony that "actuarial equivalence must be determined on the basis of reasonable actuarial assumptions.").

ANSWER: Paragraph 36 selectively quotes portions of *Dooley v. Am. Airlines, Inc.*, 1993 WL 460849, at *10 (N.D. Ill. Nov. 4, 1993) ("Dooley I") and *Dooley v. Am. Airlines, Inc.*, 797 F.2d 1447, 1453 (7th Cir. 1986) ("Dooley II"). Defendants admit only that Plaintiffs have quoted portions of *Dooley I* and *Dooley II*. However, Defendants aver that Plaintiffs have omitted significant context. Therefore, to the extent a response is required, Defendants deny Plaintiffs' characterizations of *Dooley I* and *Dooley II*.

37. Actuarial equivalence should be "cost-neutral," meaning that neither the plan nor participants should be better or worse off if participants select an SLA or a JSA. *See Bird v. Eastman Kodak Co.*, 390 F.Supp.2d 1117, 1118–19 (M.D. Fla. 2005).

ANSWER: Defendants deny the allegations in Paragraph 37.

38. "Periodically, the assumptions used [for actuarial equivalence] must be reviewed and modified so as to insure that they continue to fairly assess the cost of the optional basis of payment." Schwartzmann & Garfield at 11; *see also Smith v. Rockwell Automation*, No. 19-CV-0505, 2020 WL 620221, * 7 (E.D. Wisc. Jan. [*sic*] 10, 2020) ("plans must use the kind of actuarial assumptions that a reasonable actuary would use at the time of the benefit determination.").

ANSWER: Defendants admit only that Plaintiffs purport to quote Jeff L. Schwartzmann & Ralph Garfield, Education and Examination Comm. of the Society of Actuaries, Actuarially Equivalent Benefits 1, EA1 -24-91 (1991) and partially quote *Smith v. Rockwell Automation*. Defendants deny the remaining allegations in Paragraph 38.

SUBSTANTIVE ALLEGATIONS

I. The Plan

39. The Plan provides retirement benefits to full and part-time employees of Sprint (and certain affiliated companies) who were employed on or before August 10, 2005. The Plan has been closed to new participants since August 11, 2005, and benefit accruals have been frozen since December 31, 2005.

ANSWER: Defendants admit the allegations in Paragraph 39.

40. The Plan is an "employee pension benefit plan" within the meaning of ERISA § 3(2)(A), 29 U.S.C. § 1002(2)(A), and a "defined benefit plan" within the meaning of ERISA § 3(35), 29 U.S.C. § 1002(35).

ANSWER: Defendants admit the allegations in Paragraph 40.

41. Under the Plan, participants accrue benefits in the form of an SLA based on their average compensation and years of service during designated periods. When they retire, participants can also receive their benefits as a JSA in percentages of 33 1/3, 50%, 75%, and 100%. The 50%, 75%, and 100% JSAs are subject to the actuarial equivalence requirement in ERISA § 205(d), 29 U.S.C. § 1055(d).

ANSWER: The allegations in Paragraph 41 purport to summarize or paraphrase terms of written Plan documents and 29 U.S.C. § 1055(d). Defendants deny that Plaintiffs have accurately or completely summarized the terms of the Plan documents or 29 U.S.C. § 1055(d), and Defendants deny any allegations inconsistent with the Plan documents. The allegations in Paragraph 41 also include legal conclusions to which no response is required. To the extent a response is required, Defendants deny the remaining allegations in Paragraph 41.

42. The Plan uses tabular factors to convert a participant's SLA to a JSA based on the participant's age and the percentage of survivorship benefit that the JSA provides. The Plan's tabular factors for JSAs were calculated using the UP-84 mortality table with a 7-year setback for beneficiaries (the "UP-84 with setbacks") and a 6.5% interest rate. Sprint represents that the JSA benefits produced by the Plan's factors provide an "Equivalent Actuarial Value" and that JSAs are "determined in such a way that the total benefit is of equivalent value to the [SLA]." Chart 1, below, shows the factors that Defendants use to calculate JSAs at various participant ages:

Chart 1: Sample of the Plan's Tabular Factors Used to Calculate JSAs

Participant Age	50% JSA	75% JSA	100% JSA
55	0.91	0.86	0.83
60	0.89	0.84	0.80
65	0.87	0.81	0.77

ANSWER: The allegations in Paragraph 42 purport to summarize or paraphrase terms of written Plan documents. Defendants deny that Plaintiffs have accurately or completely summarized the terms of the Plan documents and deny any allegations inconsistent with the Plan documents. Defendants deny the remaining allegations in Paragraph 42.

43. As shown in Chart 1, the Plan applies a 0.87 factor to a 65-year-old's SLA to calculate a 50% JSA and a .77 factor to calculate the same participant's 100% JSA. If that participant's SLA was $1,000 per month, his 50% JSA would be $870 and his 100% JSA would be $770 per month. The factors applied to the SLA are also adjusted based on the beneficiary's age. For each year in excess of five that the beneficiary is younger (older) than the employee, half a percentage is subtracted (added).

ANSWER: The allegations in Paragraph 43 purport to summarize or paraphrase terms of written Plan documents. Defendants deny that Plaintiffs have accurately or completely summarized the terms of the Plan documents and deny any allegations inconsistent with the Plan documents. Defendants deny the remaining allegations in Paragraph 43.

II. The Plan's JSAs Do Not Satisfy ERISA's Actuarial Equivalence Requirements

ANSWER: Defendants deny the allegations in Heading II.

A. Actuarial Assumptions Used to Determine Actuarial Equivalence Must Be Reasonable as of the Date Benefits Are Calculated

ANSWER: Defendants deny the allegations in Heading II(A).

44. As discussed above, to compare the present values of two benefit options offered to a plan participant at the time she begins collecting benefits, it is necessary to determine the present values of the ***aggregate*** (*i.e.,* total) future benefits the participant (and, if applicable, the beneficiary) is expected to receive under each form using actuarial assumptions that are reasonable

as of that date. There are two main components of these present value calculations: (1) an interest rate and (2) the mortality table applied to participants and beneficiaries.

ANSWER: Defendants deny the allegations in Paragraph 44.

45. An interest rate is used to determine the present value of each future payment. This is based on the time value of money, meaning that money available now is worth more than the same amount in the future due to the ability to earn investment returns. The rate is often called a "discount rate" because it discounts the value of a future payment. *Berger v. Xerox Corp. Retirement Income Guar. Plan*, 338 F.3d 755, 759 (7th Cir. 2003). ("A discount rate is simply an interest rate used to shrink a future value to its present equivalent.").

ANSWER: Defendants admit that an interest rate may be used in the calculation of a conversion factor, but deny that Paragraph 45 accurately describes the way the interest rate is determined or used in the calculation of a conversion factor. Defendants admit that the term "discount rate" has, on occasion, been used colloquially in place of the term "interest rate" but deny any implications drawn therefrom.

46. The interest rate used by a defined benefit plan to calculate present value must be reasonable based on prevailing market conditions, which "reflect anticipated events." *See* 29 U.S.C. § 1002(27). The interest rate may be broken into segments of short-term, medium-term and long-term expectations pertaining to each future payment. *See, e.g.*, ERISA §§ 205(g)(3)(B)(iii) and 303(h)(2), 29 U.S.C. §§ 1055(g)(3)(B)(iii) and 1083(h)(2).

ANSWER: Defendants deny the first sentence of Paragraph 46. Defendants admit that it is possible to define an interest rate in segments. Defendants deny the remaining allegations in Paragraph 46.

47. As alleged above, under § 3.6 of ASOP No. 27,[5] "each economic assumption used by an actuary should be reasonable."[6] An assumption is deemed "reasonable" if it "takes into account historical and current economic data that is relevant as of the **measurement date**," and "reflects the actuary's estimate of future experience." *See* ASOP No. 27, § 3.6 (emphasis in original). The Treasury Interest Rates are reasonable because they are updated to reflect current economic conditions.

ANSWER: Defendants deny that Section 3.6 of ASOP No. 27 contains the language that Plaintiffs purport to quote, or any similar language with the same meaning. Defendants deny Plaintiffs' characterization of ASOP No. 27 and deny that Plaintiffs have accurately or completely summarized the terms of ASOP No. 27. Defendants deny that the ASOP cited provides guidance as to the conversion factors at issue in this Amended Complaint. Defendants deny the remaining allegations in Paragraph 47.

48. A mortality table is a series of rates which predict how many people at a given age will die before attaining the next higher age.

ANSWER: Defendants deny that mortality tables make predictions, but admit that a mortality table reflects an assumption as to the percentage of people fitting into a particular classification who will die before reaching the next annual age. Defendants deny the remaining allegations in Paragraph 48.

49. More recent mortality tables are "two-dimensional" in that the rates are based not only on the age of the individual but the year of birth. The SOA, an independent actuarial group,

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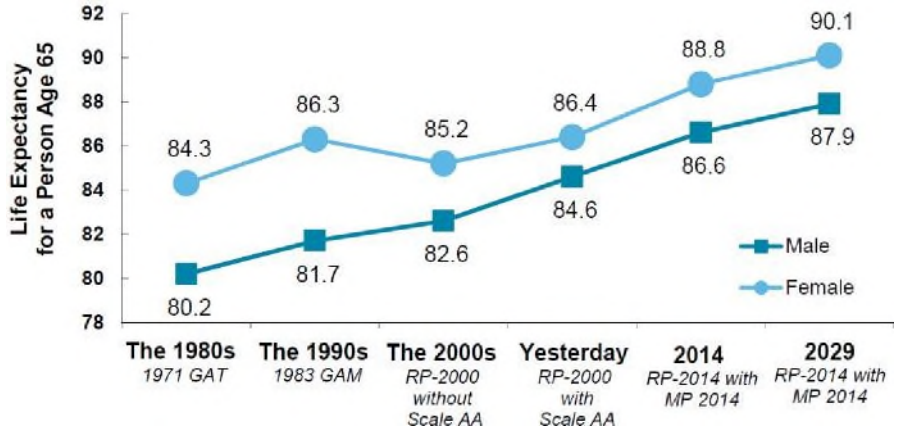
[5] Courts look to professional actuarial standards as part of this analysis. *See, e.g. Stephens*, 644 F.3d at 440 (citing Schwartzmann & Garfield); *see also McDaniel*, 203 F.3d at 1110 (citing American Academy of Actuaries' publication).

[6] Available at: https://www.actuarialstandardsboard.org/asops/selection-economic-assumptions-measuring-pension-obligations/.

publishes the mortality tables that are the most widely used by defined benefit plans when doing these calculations. The SOA published mortality tables in 1971 (the "1971 GAM"), 1976 (the "UP 1984"), 1983 (the "1983 GAM"), 1994 (the "1994 GAR"), 2000 (the "RP-2000"), 2014 ("RP-2014"), and 2019 (the "Pri-2012") to account for changes to the population's mortality experience.

ANSWER: Defendants admit that the Society of Actuaries ("SOA") published mortality tables in or around 1971, 1976, 1983, 1994, 2000, 2014, and 2019, but deny Plaintiffs' characterization that it was to account for changes to a population's mortality experience. Defendants admit that some mortality tables are two dimensional but deny the inference that such tables are widely used for the purpose of calculating conversion factors. Defendants deny the remaining allegations in Paragraph 49.

50. Since at least the 1980s, the life expectancies in mortality tables have been on an upward trend as shown below:



Source: Aon Hewitt, *Society of Actuaries Finalizes New Mortality Assumptions: The Financial and Strategic Implication for Pension Plan Sponsors* (November 2014), at 1. According to this paper, there have been "increasing life expectancies over time" and just moving from the 2000 mortality table to the 2014 table would substantially increase projected morality and, therefore, increase pension liabilities by 7%.

ANSWER: Defendants deny that life expectancies in mortality tables have been on an upward trend. Defendants deny that the table in Paragraph 50 accurately depicts events that have not yet occurred, going as far into the future as 2029. Defendants deny that Paragraph 50 or the referenced publication accurately predicts the effect on the Plan of a change in mortality tables. Paragraph 50 purports to summarize a chart from an Aon Hewitt publication. Defendants deny the characterizations of the chart and the allegations in Paragraph 50.

51. Under § 3.5.3 of ASOP 35, mortality tables must be adjusted on an ongoing basis to reflect improvements in mortality.[7]

ANSWER: Defendants deny that ASOP No. 35 requires adjustment for mortality improvement. Defendants deny that § 3.5.3 of ASOP No. 35 relates to mortality at all. Defendants deny that ASOP No. 35 relates to the calculation of actuarial equivalent factors at issue in this lawsuit. Defendants deny the remaining allegations in Paragraph 51.

52. Accordingly, in the years between the publication of a new mortality table, mortality rates are "projected" to future years to account for expected improvements in mortality.[8] For example, in 2017, the Treasury Mortality Table was the RP-2000 mortality table adjusted for mortality improvement using Projection Scale AA to reflect the impact of expected improvements in mortality since publication of the table. IRS Notice 2016-50.[9] In 2018, the Treasury Mortality Table was the RP-2014 mortality table projected to account for additional improvement in mortality rates that have occurred since 2014. IRS Notice 2017-60.[10]

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[7] *See* http://www.actuarialstandardsboard.org/asops/selection-of-demographic-and-other-noneconomic-assumptions-for-measuring-pension-obligations/#353-mortality-and-mortality-improvement.

[8] Life expectancies with a projection scale assume a generational projection of future mortality improvements (i.e., life expectancies increase with year of birth).

[9] *See* https://www.irs.gov/pub/irs-drop/n-16-50.pdf.

[10] *See* https://www.irs.gov/pub/irs-drop/n-17-60.pdf.

ANSWER: Defendants deny that Paragraph 52 accurately describes the construction of the Treasury Mortality Table. Defendants deny the characterizations and the remaining allegations in Paragraph 52.

53. For purposes of the present value analysis under ERISA, the mortality table must be updated and reasonable "to reflect anticipated events." 29 U.S.C § 1002(27). The Treasury Mortality Tables are updated to reflect recent mortality data from participants in private pension plans. *See* 26 C.F.R. § 1.417(a)(3)-1(c)(2)(iv). Accordingly, the Treasury Assumptions are reasonable.

ANSWER: Paragraph 53 purports to quote from 29 U.S.C. § 1002(27). Defendants admit only that Plaintiffs have quoted a portion of the definition in 29 U.S.C. § 1002(27). Defendants deny that 29 U.S.C. § 1002(27) stands for the proposition for which Plaintiffs have quoted it. Defendants aver that Plaintiffs omit significant context. Defendants deny the remaining allegations in Paragraph 53.

54. Using a reasonable interest rate and mortality table, the present values of the SLA and the other forms of benefit can be compared to determine whether those forms of benefit are actuarially equivalent to the SLA. Pension plans must use reasonable interest rates and mortality tables to evaluate whether the present values of benefit options produce actuarially equivalent benefits for participants and beneficiaries.

ANSWER: Defendants deny the allegations in Paragraph 54.

B. The Plan's Formulae Do Not Produce Actuarially Equivalent JSA Benefits in Violation of ERISA.

ANSWER: Defendants deny the allegations in Heading II(B).

1. The Plan Uses Unreasonable Conversion Factors to Calculate JSAs

ANSWER: Defendants deny the allegations in Heading II(B)(2).

55. The Plan's tabular factors — based on the UP-84 with setbacks and 6.5% — do ***not*** produce QJSAs or QOSAs that are actuarially equivalent to the SLA offered to participants when they commence benefits under the Plan because the present values of the JSAs are lower than the present values of the SLAs.

ANSWER: Defendants deny the allegations in Paragraph 55.

56. Defendants' use of factors based on these actuarial assumptions was unreasonable because the UP-84 is outdated and does not "reflect anticipated events" (i.e., the anticipated mortality rates of participants). The UP-84 was published in 1976 and is based on data from the 1960s that does not incorporate improvements in life expectancy that have occurred since that time. For example, a 65-year-old male is expected to live an additional 15.4 years (i.e., until age 80.4) under the UP-84 but an additional 21.6 years (i.e., until age 81.6) under the RP-2014. Thus, the average employee expects to receive, and the average employer expects to pay, benefits for a substantially longer period given the improvements in mortality that have occurred since the UP-84 was published. Because the UP-84 overstates mortality rates, it results in lower conversion factors than those produced using a reasonable mortality assumption. The setbacks that Sprint used to generate the Plan's tabular factors fails to incorporate the improvements in mortality that have occurred and artificially reduces the conversion factor by using an age that is lower than the beneficiary's actual age.

ANSWER: Defendants admit that the UP-84 mortality table was published in 1976. Defendants deny that the UP-84 mortality table does not incorporate improvements in mortality after the collection of data. Defendants deny the remaining allegations in Paragraph 56.

57. The Plan's conversion factors used to calculate 50% and 100% JSAs have not been changed in at least twenty years and the factors used to calculate the Plan's 75% JSA are based on

the same outdated assumptions. Each of the factors used to calculate JSAs is unreasonably low compared to those generated using reasonable actuarial assumptions. These factors produce benefits that are not actuarially equivalent to the amount of the SLA benefit. This is true for each participant that selects a 50%, 75% or 100% JSA under the Plan, regardless of the participant's age or when benefits commenced.

ANSWER: Defendants deny the allegations in Paragraph 57.

58. Chart 2, below, compares the benefits for a 60-year-old with an SLA of $1,000 per month to various forms of JSA benefits using the Plan's tabular factors and factors generated using the Treasury Assumptions that applied in 2017.

Chart 2: 60-Year-Old at Benefit Commencement Date

Benefit Form	Monthly Benefit Under the Plan	Conversion Factors Using Treasury Assumptions	Benefit Amount Using Treasury Assumptions	Monthly Difference	Percent Difference
50% JSA	$890	.93754	$937.54	$47.54	5.34%
75% JSA	$840	.90914	$909.14	$69.14	8.23%
100% JSA	$800	.88242	$882.42	$82.42	10.30%

ANSWER: Defendants deny the allegations in Paragraph 58.

59. Chart 3, below, compares the benefits produced by the Plan's factors to the factors generated by the Treasury Assumptions that applied in 2017 for a 65-year old that earned an SLA of $1,000 a month.

Chart 3: 65-Year-Old at Benefit Commencement Date

Benefit Form	Monthly Benefit Under the Plan	Conversion Factors Using Treasury Assumptions	Benefit Amount Using Treasury Assumptions	Monthly Difference	Percent Difference
50% JSA	$870.00	.92300	$923.00	$53.00	6.09%
75% JSA	$810.00	.88879	$888.79	$78.79	9.73%
100% JSA	$770.00	.85702	$857.05	$87.02	11.30%

ANSWER: Defendants deny the allegations in Paragraph 59.

60. As Charts 2 and 3 demonstrate above, the Plan's conversion factors are ***substantially lower*** (i.e., worse for participants) than those generated using reasonable actuarial assumptions such as the applicable Treasury Assumptions. While the amount of the loss suffered will vary depending on the ages of the participant and beneficiary at the time of retirement, and on the percentage of the JSA, all participants receiving 50%, 75%, and 100% JSAs under the Plan are not receiving actuarially equivalent forms of benefit because the present values of those benefits are not equal to the present values of the SLAs they could have taken at the times they retired.

ANSWER: Defendants deny the allegations in Paragraph 60.

61. By applying these factors — based on unreasonable, antiquated actuarial assumptions (i.e., the UP-84 with setbacks and the 6.5% interest rate) — to calculate participants' JSAs, Defendants are causing participants to receive lower monthly payments than they should be receiving had reasonable formulae, based on contemporary conditions at the time participants retired, were used.

ANSWER: Defendants deny the allegations in Paragraph 61.

62. Defendants exacerbated the differences between mortality rates in the UP-84 and current mortality tables by using a 7-year setback for participants, which further decreases the conversion factor.

ANSWER: Defendants deny the allegations in Paragraph 62.

63. A "setback" subtracts a specified number of years from a standard mortality table for purposes of calculating benefits. For example, if there is a 65-year-old retiree who has a spouse that is also 65, but the plan states that there is a 5-year setback for beneficiaries, then, for purposes of calculating benefits, the plan uses age 60 for the beneficiary's age.

ANSWER: Defendants deny that Plaintiffs have accurately explained an actuarial "setback." To the extent a response is required, Defendants deny the remaining allegations in Paragraph 63.

64. The Plan's 7-year setback for beneficiaries reduces the conversion factor below what it would have been if no setback had been applied. The "setback" modification, accordingly, exacerbates the injury caused by using the antiquated UP-84.

ANSWER: Defendants deny the allegations in Paragraph 64.

65. The 7-year setback is not reasonable because the age difference between Plan participants and their spouses is typically less than 7 years and does not reflect participants' spouses' anticipated mortality when used with the UP-84. If Sprint had used a reasonable mortality assumption, such as the one it uses to calculate the Plan's liabilities, it would not need to use a setback, especially an unreasonable one like the 7-year setback that the Plan uses.

ANSWER: Defendants deny the allegations in Paragraph 65.

2. Sprint Regularly Updated the Actuarial Assumptions Used to Calculate the Plan's Liabilities

66. For purposes of its filings with the U.S. Securities and Exchange Commission ("SEC"), Sprint used reasonable, contemporary actuarial assumptions to calculate the present value of its benefit obligations under the Plan. Specifically, Sprint's audited financial statements are prepared in accordance with the Generally Accepted Accounting Principles ("GAAP"), pursuant to which, actuarial assumptions must reflect the "best estimate" for that assumption as of the current measurement date.[11]

ANSWER: Paragraph 66 and Footnote 11 purport to summarize, paraphrase or quote from Generally Accepted Accounting Principles, Sprint's 10-K filing with the SEC, and a Deloitte Financial Reporting Alert. Defendants admit only that Sprint uses actuarial assumptions for purposes of its filings with the SEC that are appropriate for that purpose. Defendants aver that Plaintiffs omit significant context. Defendants deny the remaining allegations in Paragraph 66 and Footnote 11.

[11] For example, as noted in a "Financial Reporting Alert" by Deloitte:

> This publication highlights some of the important accounting considerations related to the calculations and disclosures entities provide under U.S. GAAP in connection with their defined benefit pension and other postretirement benefit plans.
> ***
>
> Mortality Assumption
>
> ...Frequently, actuaries recommend published tables that reflect broad-based studies of mortality. Under ASC11 715-30 and ASC 715-60, each assumption should represent the "best estimate" for that assumption as of the current measurement date. Entities should consider whether the mortality tables used and adjustments made (e.g., for longevity improvements) are appropriate for the employee base covered under the plan.

See Deloitte, Financial Reporting Considerations Related to Pension and Other Postretirement Benefits, Financial Reporting Alert 21-3, December 3, 2021, at 6 (emphasis added).

67. During all relevant times, Sprint used reasonable mortality tables to calculate its pension liabilities. For example, in 2014, the SOA released updated mortality tables labeled the RP-2014, which Sprint immediately adopted, along with the MP-2014 improvement scale.[12] Similarly, in 2019, when the SOA released the Pri-2012 morality tables, Sprint adopted those tables to calculate the Plan's liabilities.[13]

ANSWER: Defendants admit only that Sprint uses mortality tables to calculate its pension liabilities that are appropriate to that purpose. The remaining allegations in Paragraph 67 purport to summarize portions of certain SEC filings. Defendants aver that Plaintiffs omit significant context. Defendants deny the characterizations of the SEC filings, and the allegations in Paragraph 67.

68. Sprint consistently updated the mortality assumptions used to calculate the projected benefits costs associated with the Plan based on the SOA's current publications. In sharp contrast, for participants that select JSAs, Sprint continued to (and still does) use formulae based on the UP-84 with setbacks to determine actual benefits.

ANSWER: Defendants deny the allegations in Paragraph 68.

69. Sprint's methodology for determining the discount rate used to calculate the actuarial present value of benefit obligations under the Plan also reflects current economic conditions. When determining the appropriate discount rate, the SEC staff guidance recommends that plans "use discount rates to measure obligations for pension benefits . . . ***that reflect the then current level of interest rates***."[14] The discount rates that Sprint used to calculate the actuarial present value of the Plan's liabilities since 2012 are shown below.

[12] *See* the Plan's Notes to Financial Statements as of November 30, 2014, at 7.
[13] *See* the Plan's Notes to Financial Statements as of November 30, 2019, at 7.
[14] *See* Deloitte, Financial Reporting Considerations, at 3 (emphasis added).

Year (ending March 31)	Discount Rate
2012	4.3%
2013	5.3%
2014	4.9%
2015	4.2%
2016	4.3%
2017	4.3%
2018	4.1%
2019	4.1%

ANSWER: Paragraph 69 purports to summarize or quote from Sprint's SEC filings and Deloitte Financial Reporting Alert. Defendants admit only that Sprint uses discount rates that are appropriate to the purpose when calculating the present value of its benefit obligations under the Plan for purposes of SEC filings, and that Plaintiffs have quoted a portion of the Deloitte Financial Reporting Alert. Defendants aver that Plaintiffs omit significant context of the SEC filings and the Deloitte Financial Reporting Alert. Defendants deny the remaining allegations in Paragraph 69.

70. Throughout the relevant period, Sprint used updated actuarial assumptions in its financial statements to report a greater liability for the benefits the Plan paid out to participants than those used in the formulae for determining the JSA benefits that were actually paid to participants. There is no reasonable justification for Defendants to use the UP-84 with setbacks and a 6.5% interest rate, which produce conversion factors that generate unfairly low JSA benefits actually paid to participants, while at the same time using up-to-date, reasonable actuarial assumptions that reflect the contemporary conditions for projecting benefit costs in annual financial reporting. Because these two analyses — determining Plan liabilities and determining plan benefits actually paid to participants — measure the payment of the same benefit streams over the length of the same lives, they should be determined using the same actuarial assumptions.

ANSWER: Defendants deny the allegations in Paragraph 70.

71. "ERISA did not leave plans free to choose their own methodology for determining the actuarial equivalent of the accrued benefit . . . 'If plans were free to determine their own assumptions and methodology, they could effectively eviscerate the protections provided by ERISA's requirement of actuarial equivalence.'" *Laurent v. PriceWaterhouseCoopers LLP*, 794 F.3d 272 (2d Cir. 2015) *quoting*, *Esden v. Bank of Boston*, 229 F.3d 154, 164 (2d Cir. 2000). The Plan's formulae for determining JSA benefits do ***not*** reflect "characteristics that are typical of the plan's participants." *McDaniel*, 203 F.3d at 1110.

ANSWER: Paragraph 71 selectively quotes *Laurent v. Price WaterhouseCoopers LLP*, 794 F.3d 272 (2d Cir. 2015). Defendants admit only that Plaintiffs have quoted a portion of *Laurent v. Price WaterhouseCoopers* but aver that Plaintiffs have omitted significant context. Defendants deny Plaintiffs' characterization of *Laurent v. Price WaterhouseCoopers* in Paragraph 71. Defendants deny the remaining allegations in Paragraph 71.

72. During the relevant period, Defendants used fixed factors, based on antiquated and unreasonable actuarial assumptions, to generate JSA benefits that were lower than the factors generated by reasonable actuarial assumptions. Had the Plan used factors based on reasonable actuarial assumptions, such as the Treasury Assumptions, that Sprint used to calculate the Plan's liabilities, or a combination of the two, Plaintiffs and the Class would have received, and would continue to receive, actuarially equivalent benefits that are greater than the benefits they currently receive.

ANSWER: Defendants deny the allegations in Paragraph 72.

73. Discovery will likely show that Defendants' use of unreasonable factors to generate JSA benefits deprived retirees and their spouses of millions of dollars.

ANSWER: Defendants deny the allegations in Paragraph 73.

74. Plaintiff Kevin McFadden started receiving benefits at age 64 and his wife was age 57. He selected a 100% JSA, which pays $876.47 a month. His benefits were calculated by multiplying the SLA he was offered, $1,135.77, by 0.7717, the result of the Plan's factor for a 64-year-old receiving a 100% JSA (.78) and the age difference between Mr. McFadden and his wife (minus .0083). However, the conversion factor, and resulting benefit, produced by the Plan's formulae are lower than compared to those produced by reasonable actuarial assumptions. For example, using the factor produced by the Treasury Assumptions that were current when he retired (0.8073), Mr. McFadden's benefit would be $916.91 per month, $40.44 more than he is receiving, an increase of 4.61%. Through their use of unreasonable factors to determine JSA benefits, Defendants reduced the present value of Mr. McFadden's pension benefits by more than $8,000.

ANSWER: Defendants admit that Mr. McFadden elected to receive a 100 percent JSA paying $876.47 per month when he was 64. Defendants admit that the SLA Mr. McFadden was offered in 2017 was $1,135.77 per month. Defendants deny that Mr. McFadden first started receiving benefits under the Plan at age 64. Defendants deny the remaining allegations in Paragraph 74.

75. Plaintiff David Schmidt started receiving benefits when he and his wife were both age 65. He selected a 50% JSA, which pays $1,725.01 a month. His benefits were calculated by multiplying the SLA he was offered, $1,982.77, by .87, the Plan's conversion factor for a 65-year-old participant receiving a 50% JSA. However, the conversion factor, and the resulting benefit, produced by the Plan's formulae are lower than compared to those produced by reasonable actuarial assumptions. For example, using the factor produced by the Treasury Assumptions that were current when he retired (.9224), Mr. Schmidt's benefit would be $1,829.05per month, $104.04 more than he is receiving, an increase of 6.03%. Through their use of unreasonable factors

to determine JSA benefits, Defendants reduced the present value of Mr. Schmidt's pension benefits by more than $21,000.

ANSWER: Defendants admit that Mr. Schmidt started to receive a 50 percent JSA paying Mr. Schmidt a monthly benefit of $1725.01 when he and his wife were both age 65. Defendants admit that the SLA Mr. Schmidt was offered was $1,982.77 per month and that the conversion factor was .87. Defendants deny the remaining allegations in Paragraph 75.

76. Plaintiff Peter Doncevic started receiving benefits at age 61 and his wife was age 62. He selected a 100% JSA, which pays him $274.00 a month. His benefits were calculated by multiplying the SLA he was offered, $342.50, by 0.80, the result of the Plan's factor for a 61-year-old receiving a 100% JSA (.80). However, the conversion factor, and resulting benefit, produced by the Plan's formulae are lower than compared to those produced by reasonable actuarial assumptions. For example, using the factor produced by the Treasury Assumptions that were current when he retired (.8747), Mr. Doncevic's benefit would be $299.59 per month, $25.59 more than he is receiving, an increase of 9.34%. Through their use of unreasonable factors to determine JSA benefits, Defendants reduced the present value of Mr. Doncevic's pension benefits by more than $6,000.

ANSWER: Defendants admit that Mr. Doncevic started to receive a 100 percent JSA paying $274.00 per month when he was age 61 and his wife was age 62. Defendants admit that the SLA Mr. Doncevic was offered was $342.50 per month and that the conversion factor was .80. Defendants deny the remaining allegations in Paragraph 76.

77. Because their benefits were calculated using formulae based on the UP-84 with setbacks and a 6.5% interest rate, each of the Plaintiffs have been harmed. They are each receiving less each month than he would have received if the Plan used conversion factors based on

reasonable, up-to-date actuarial assumptions, like ERISA requires. Plaintiffs, along with each other class member, has been substantially damaged as a result of receiving benefits below an actuarially equivalent amount in violation of ERISA.

ANSWER: Defendants deny the allegations in Paragraph 77.

78. In short, Defendants failed to provide JSAs that were actuarially equivalent to the SLA that participants were entitled to receive when they retired as required by ERISA § 205(d), 29 U.S.C. § 1055(d). By using unreasonable formulas based on antiquated actuarial assumptions, Defendants have materially reduced the monthly benefits that participants and beneficiaries under the Plan receive in comparison to the monthly benefits they would receive if Defendants used factors based on updated, reasonable actuarial assumptions.

ANSWER: Defendants deny the allegations in Paragraph 78.

CLASS ACTION ALLEGATIONS

79. Plaintiffs bring this class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of himself [*sic*] and the class (the "Class") defined as follows:

> All participants and beneficiaries of the Plan who began receiving a 50%, 75% or 100% JSA or a QPSA on or after November 11, 2016, whose benefits had a present value that was less than the present value of the SLA they were offered using the applicable Treasury Assumptions as of each participant's Benefit Commencement Date. Excluded from the Class are Defendants and any individuals who are subsequently to be determined to be fiduciaries of the Plan.

ANSWER: Defendants admit only that Plaintiffs have brought a putative class action against them. Defendants deny that this litigation can or should be maintained as a class action, that Defendants have violated ERISA, and that Plaintiffs or the putative class are entitled to any relief.

80. The members of the Class are so numerous that joinder of all members is impractical. Upon information and belief, the Class includes thousands of persons. According to the Plan's most recent Form 5500, there are over 11,000 retired participants receiving benefits.

ANSWER: Defendants deny that the most recent Form 5500 shows over 11,000 retired participants receiving benefits. Defendants deny that the purported class includes "thousands" of persons. The remaining allegations in Paragraph 80 consist of legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 80.

81. Plaintiffs' claims are typical of the claims of the members of the Class because Plaintiffs' claims, and the claims of all Class members, arise out of the same policies and practices as alleged herein, and all members of the Class are similarly affected by Defendants' wrongful conduct.

ANSWER: The allegations in Paragraph 81 consist of legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 81.

82. There are questions of law and fact common to the Class and these questions predominate over questions affecting only individual Class members. Common legal and factual questions include, but are not limited to:

A. Whether the Plan's existing formulae provide 50%, 75% and 100% JSAs and QPSA benefits that are actuarially equivalent to the SLA participants could have selected;

B. Whether the Plan's formulae for calculating JSA benefits are reasonable;

C. Whether Plaintiffs and Class members should have their benefits recalculated to conform with ERISA's actuarial equivalence requirements; and

D. Whether Plaintiffs and Class members should receive payments to compensate them for past and future benefit payments that did not and will not satisfy ERISA's actuarial equivalence requirements.

ANSWER: The allegations in Paragraph 82 consist of legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 82.

83. Plaintiffs will fairly and adequately represent the Class and has retained counsel experienced and competent in the prosecution of ERISA class actions. Plaintiffs have no interests antagonistic to those of other members of the Class. He is committed to the vigorous prosecution of this action and anticipates no difficulty in the management of this litigation as a class action.

ANSWER: The allegations in Paragraph 83 consist of legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 83.

84. This action may be properly certified under either subsection of Federal Rule of Civil Procedure 23(b)(1). Class action status is warranted under Rule 23(b)(1)(A) because prosecution of separate actions by the members of the Class would create a risk of establishing incompatible standards of conduct for Defendants. Class action status also is warranted under Rule 23(b)(1)(B) because prosecution of separate actions by the members of the Class would create a risk of adjudications with respect to individual members of the Class that, as a practical matter, would be dispositive of the interests of other members not parties to this action, or that would substantially impair or impede their ability to protect their interests.

ANSWER: The allegations in Paragraph 84 consist of legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 84.

85. In the alternative, certification under Rule 23(b)(2) is warranted because Defendants have acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final injunctive, declaratory, or other appropriate equitable relief with respect to the Class as a whole.

ANSWER: The allegations in Paragraph 85 consist of legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 85.

86. If the Class is not certified under Rule 23(b)(1) or (b)(2), then certification under Rule 23(b)(3) is appropriate because the questions of law or fact common to the members of the Class predominate over any questions affecting only individual members, and a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

ANSWER: The allegations in Paragraph 86 consist of legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 86.

FIRST CLAIM FOR RELIEF
Declaratory and Equitable Relief
(ERISA § 502(a)(3), 29 U.S.C. § 1132(a)(3))

87. Plaintiffs re-allege and incorporate by reference all prior allegations in this Amended Complaint.

ANSWER: Defendants hereby incorporate their answers to Paragraphs 1 through 86 of the Amended Complaint as if fully stated herein.

88. Defendants have improperly reduced JSAs for participants and beneficiaries of the Plan below the amounts that they would receive if those benefits were actuarially equivalent to an SLA in violation of ERISA § 205(d), 29 U.S.C. § 1055(d).

ANSWER: Defendants deny the allegations in Paragraph 88.

89. As a result, Defendants have caused a forfeiture of benefits for participants and beneficiaries of the Plan in violation of ERISA § 203(a), 29 U.S.C. § 1053(a).

ANSWER: Defendants deny the allegations in Paragraph 89.

90. ERISA § 502(a)(3), 29 U.S.C. § 1132(a)(3), authorizes a participant or beneficiary to bring a civil action to: "(A) enjoin any act or practice which violates any provision of this title or the terms of the plan, or (B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this title or the terms of the plan."

ANSWER: Defendants admit only that Paragraph 90 quotes a portion of 29 U.S.C. § 1132(a)(3). Defendants aver that Plaintiffs have omitted significant context. Defendants deny that Plaintiffs have completely or accurately summarized the law.

91. Pursuant to this provision, 28 U.S.C. §§ 2201 and 2202, and Federal Rule of Civil Procedure 57, Plaintiffs seek declaratory relief, determining that the methodologies used by Defendants for calculating the actuarial equivalence of JSAs violate ERISA because they do not provide an actuarially equivalent benefit, as required by ERISA § 205(d), 29 U.S.C. § 1055(d), and deprived Plaintiffs of their vested benefits in violation of ERISA § 203(a), 29 U.S.C. 29 U.S.C. § 1053(a).

ANSWER: Defendants admit only that Plaintiffs seek declaratory relief. Defendants deny that Plaintiffs are entitled to any such relief and deny the remaining allegations in Paragraph 91.

92. Plaintiffs seek an order from the Court providing a full range of equitable relief, including but not limited to:

(a) re-calculation, correction, and payment of JSA and QPSA benefits previously paid under the Plan;

(b) an "accounting" of all prior benefits and payments;

(c) an equitable surcharge;

(d) disgorgement of amounts wrongfully withheld;

(e) disgorgement of profits earned on amounts wrongfully withheld;

(f) a constructive trust;

(g) an equitable lien;

(h) an injunction against further violations; and

(i) other relief the Court deems just and proper.

ANSWER: Defendants admit only that Plaintiffs seek equitable relief from the Court. Defendants deny that Plaintiffs are entitled to any such relief and deny all remaining allegations in Paragraph 92 and its subparts.

SECOND CLAIM FOR RELIEF
Breach of Fiduciary Duty
(ERISA §§ 404 and 502(a)(3), 29 U.S.C. §§ 1104 and 1132(a)(3))

93. Plaintiffs re-allege and incorporate by reference all prior allegations in this Amended Complaint.

ANSWER: Defendants hereby incorporate their answers to Paragraphs 1 through 92 of the Amended Complaint as if fully stated herein.

94. The Committee is a named fiduciary of the Plan.

ANSWER: Defendants admit the allegation in Paragraph 94.

95. ERISA treats as fiduciaries not only persons explicitly named as fiduciaries under § 402(a)(1), 29 U.S.C. § 1102(a)(1), but also any other persons who in fact perform fiduciary functions. Thus, a person is a fiduciary to the extent that person "(i) exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management or disposition of its assets, (ii) renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of such plan, or has any authority or responsibility to do so, or (iii) has any discretionary authority or discretionary responsibility in the administration of such plan." ERISA § 3(21)(A), 29 U.S.C. § 1002(21)(A). This is a functional test. As such, neither "named fiduciary" status, nor formal delegation is required for a finding of fiduciary status, and contractual agreements, such as the governing Plan documents, cannot override a finding of fiduciary status when the statutory test is met.

ANSWER: Paragraph 95 purports to summarize or paraphrase 29 U.S.C. §§ 1102(a)(1) and 1002(21)(A), and the law interpreting same. Defendants deny that Plaintiffs have accurately or completely summarized the law. Defendants deny the remaining allegations in Paragraph 95.

96. The Committee and its members are fiduciaries for the Plan because throughout the Class Period they have been named fiduciaries of the Plan, and/or exercised discretionary authority or control respecting the management of the Plan, and/or exercised authority or control over the management or disposition of the Plan's assets, and/or have had discretionary authority or discretionary responsibility in the administration of the Plan. Among other things, during the Class Period, the Committee had authority or control over the determination of the amount and payment of benefits from the Plan.

ANSWER: Defendants admit only that the Committee is a named fiduciary of the Plan. Defendants deny the remaining allegations in Paragraph 96.

97. Sprint is a fiduciary of the Plan, within the meaning of ERISA Section 3(21)(A), 29 U.S.C. § 1002(21)(A), because it exercised discretionary authority or control with respect to the management of the Plan, and/or exercised authority or control over management or disposition of the Plan's assets, and/or has discretionary authority or discretionary responsibility in the administration of the Plan, including, but not limited to, its duty to appoint and monitor members of the Committee.

ANSWER: Defendants deny the allegations in Paragraph 97.

98. ERISA § 404(a)(1)(D), 29 U.S.C. § 1104(a)(1)(D) requires Defendant-fiduciaries to discharge their duties with respect to the Plan "in accordance with the documents and instruments governing the plan[s] insofar as such documents and plan instruments are consistent with" ERISA.

ANSWER: Defendants admit that Paragraph 98 partially quotes from 29 U.S.C. § 1104(a)(1)(D) but aver that this Paragraph omits significant context. Defendants deny that Paragraph 98 fully and accurately summarizes the law.

99. The Plan's terms are not consistent with ERISA because the Plan uses unreasonable formulae to calculate JSAs and QPSAs that do not provide actuarially equivalent benefits. As a result, participants and beneficiaries do not receive actuarially equivalent benefits, like ERISA requires, and lose vested benefits in violation of ERISA.

ANSWER: Defendants deny the allegations in Paragraph 99.

100. Here, Defendants breached their fiduciary duties by following the Plan terms which violate ERISA because those terms result in participants receiving less than the actuarial equivalent of their vested accrued benefits.

ANSWER: Defendants deny the allegations in Paragraph 100.

101. ERISA further imposes on fiduciaries that appoint other fiduciaries the duty to monitor the actions of those appointed fiduciaries to ensure compliance with ERISA. In allowing the Committee to pay benefits that were not actuarially equivalent, in violation of ERISA, Defendant Sprint breached its fiduciary duty to supervise and monitor the Committee.

ANSWER: Defendants deny that Paragraph 101 fully and accurately summarizes the law. Defendants deny the remaining allegations in Paragraph 101.

102. As a direct and proximate result of the Defendants' fiduciary breaches, participants in the Plan have lost, and are continuing to lose, millions of dollars in vested accrued pension benefits.

ANSWER: Defendants dent the allegations in Paragraph 102.

103. Sprint and the Committee are jointly liable for the acts of the other as co-fiduciaries for the Plan.

ANSWER: Defendants deny the allegations in Paragraph 103.

104. ERISA § 502(a)(3), 29 U.S.C. § 1132(a)(3), authorizes a participant or beneficiary to bring a civil action to: "(A) enjoin any act or practice which violates any provision of this title or the terms of the plan, or (B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this title or the terms of the plan."

ANSWER: Defendants admit that Paragraph 104 quotes a portion of 29 U.S.C. § 1132(a)(3) but aver that this Paragraph omits significant context. Defendants aver that Plaintiffs

have omitted significant context. Defendants deny that Plaintiffs have completely or accurately summarized the law.

105. Pursuant to this provision, 28 U.S.C. §§ 2201 and 2202, and Federal Rule of Civil Procedure 57, Plaintiffs seek declaratory relief, determining that the Plan's established methodologies for calculating JSAs and QPSAs do not provide actuarially equivalent benefits because they do not provide benefits with an equal present value to the SLA as required under ERISA.

ANSWER: Defendants admit only that Plaintiffs seek declaratory relief. Defendants deny that Plaintiffs are entitled to any such relief and deny the remaining allegations in Paragraph 105.

106. Plaintiffs further seek orders from the Court providing a full range of equitable relief including but not limited to:

(a) re-calculation, correction, and payment of actuarially equivalent JSA and QPSA benefits previously paid under the Plan;

(b) an "accounting" of all prior benefits and payments;

(c) an equitable surcharge;

(d) disgorgement of amounts wrongfully withheld;

(e) disgorgement of profits earned on amounts wrongfully withheld;

(f) a constructive trust;

(g) an equitable lien;

(h) an injunction against further violations; and

(i) other relief the Court deems just and proper.

ANSWER: Defendants admit only that Plaintiffs seek equitable relief from the Court. Defendants deny that Plaintiffs are entitled to any such relief and deny the remaining allegations in Paragraph 106.

PRAYER FOR RELIEF

Defendants deny that Plaintiffs are entitled to any relief sought in the Prayer for Relief.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

Plaintiffs fail to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred and must be dismissed, in whole or in part, because Plaintiffs failed to exhaust administrative remedies under the Plan or to satisfy the statutory conditions precedent for their claims.

THIRD AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the applicable statute of limitations and/or the doctrine of laches.

FOURTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the doctrine of waiver.

FIFTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the doctrine of estoppel.

SIXTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, by release or payment.

SEVENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, by their lack of standing.

EIGHTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the terms of the Plan.

NINTH AFFIRMATIVE DEFENSE

Plaintiffs' claims in Count II are barred, in whole or in part, because the acts upon which the Amended Complaint is based are not fiduciary in nature, Defendants served no fiduciary function for the actions complained of and otherwise violated no fiduciary standard.

TENTH AFFIRMATIVE DEFENSE

To the extent any Defendant was acting as a fiduciary with respect to allegations in the Amended Complaint, the Defendant reasonably construed the terms of the Plan and acted consistent with the Plan and ERISA, including all fiduciary requirements thereto.

ELEVENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, because the Amended Complaint seeks relief that is not appropriate equitable relief under ERISA § 502(a)(3), 29 U.S.C. § 1132(a)(3).

TWELFTH AFFIRMATIVE DEFENSE

Plaintiffs' claims for reformation under ERISA § 502(a)(3), 29 U.S.C. § 1132(a)(3) are barred because there has been no fraud or mutual mistake.

THIRTEENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred because Plaintiffs have not sustained any cognizable injury attributable to Defendants' conduct.

FIFTEENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred by the doctrine of accord and satisfaction because Plaintiffs have been provided all of the benefits due to them under the terms of the Plan.

SIXTEENTH AFFIRMATIVE DEFENSE

Plaintiffs are not entitled to proceed on behalf of all Plan participants and/or beneficiaries, nor are they entitled to certification of this action as a class action because they cannot satisfy the requirements of Federal Rule of Civil Procedure 23.

SEVENTEENTH AFFIRMATIVE DEFENSE

Plaintiffs are not entitled to any retroactive relief, including ongoing or future changes to their benefit amounts based on benefit calculations that were performed in the past.

EIGHTEENTH AFFIRMATIVE DEFENSE

Any additional benefits that might be due to Plaintiffs under the Plan are subject to limitations, offsets, deductions, or adjustments.

NINETEENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims fail to the extent that they seek to be unjustly enriched.

TWENTIETH AFFIRMATIVE DEFENSE

Plaintiffs' claims fail to the extent that they are barred, in whole or in part, by application of ERISA § 409(b), 29 U.S.C. § 1109(b).

TWENTY-FIRST AFFIRMATIVE DEFENSE

Plaintiffs' alleged damages and prayers for relief are speculative and, in many instances, are unavailable as a matter of law.

TWENTY-SECOND AFFIRMATIVE DEFENSE

All Defendants acted consistently with any and all applicable laws, regulations, and guidance.

TWENTY-THIRD AFFIRMATIVE DEFENSE

Defendants reserve the right to assert, and hereby give notice they intend to rely upon, any other defense that may become available or appear during discovery proceedings or otherwise in this case, and hereby reserve the right to amend their Answer to assert any such defense.

WHEREFORE, having fully answered the Amended Complaint, Defendants request that the Court dismiss the same and enter judgment in their favor on all counts and claims in the Amended Complaint, and Defendants further request an order awarding their costs and attorney fees pursuant to 29 U.S.C. § 1132(g), and such other relief as the Court deems proper.

Respectfully submitted this 1 day of February, 2023.

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Counsel for Sprint Communications, LLC and the Sprint Communications Employee Benefits Committee

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of February, 2023, a true and accurate copy of the DEFENDANTS SPRINT COMMUNICATIONS, LLC AND THE SPRINT COMMUNICATIONS EMPLOYEE BENEFITS COMMITTEE'S ANSWER AND AFFIRMATIVE DEFENSES was filed electronically via the Court's CM/ECF electronic filing system which will send a notice of electronic filing to the following counsel of record:

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