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Colgate Strikes Deal To End Lengthy Battle Over Pension Pay

By **Grace Elletson**

Law360 (June 6, 2025, 4:55 PM EDT) -- Colgate-Palmolive Co. has agreed to settle a long-running class action from pensioners who claimed the company underpaid them $300 million in miscalculated retirement benefits, after the Second Circuit twice knocked down bids from the company to overturn judgments in the workers' favor.

In a **joint letter** filed in New York federal court Thursday, Colgate and the group of pension plan members told the court that they had reached a deal to resolve the Employee Retirement Income Security Act suit after holding a mediation session on June 2.

"The parties have established the target date of Friday, August 15, 2025, by which to conclude and execute a formal settlement agreement," the letter said. "Accordingly, the parties request that the court order plaintiffs to file by Monday, August 18, their motion for preliminary approval."

The workers sued Colgate in 2016, claiming the company stiffed them on retirement benefits after an amendment to the pension plan in 2005 went awry. They claimed the company improperly calculated residual annuities that would be provided to plan members who selected lump-sum payments, to address concerns that the benefits were not actuarially equivalent to other payouts in the plan.

The 1,200-member class secured certification in 2017, and while Colgate successfully trimmed some of their claims during the course of litigation, U.S. District Judge Lorna G. Schofield granted the pensioners a key win in a **2020 ruling**. The judge handed the pensioners partial summary judgment, finding that "unambiguous" language in the plan entitled the workers to a higher payout.

The judge found Colgate failed to properly use two different and clearly specified interest rates when converting benefits through its 2005 amendment to the plan, while also faulting the company for applying a preretirement mortality discount when calculating residual annuities.

The Second Circuit affirmed the ruling in a **March 2023 opinion**, saying it agreed with the lower court's conclusion that the plan's language owed the pensioners larger payouts. Colgate brought the case back to the Second Circuit to challenge a subsequent trial court ruling outlining the methodology the company must use to recalculate the workers' retirement benefits.

In an April ruling, the Second Circuit **knocked down** Colgate's contentions with the calculation strategy, stating it raised its arguments challenging the methods too late given that the issues it contested were largely resolved in prior rulings.

Representatives of Colgate and the pensioners did not immediately respond to requests for comment.

The pension plan members are represented by Eli Gottesdiener and Albert Huang of Gottesdiener Law Firm PLLC.

Colgate-Palmolive is represented by Robert S. Newman and Nicholas O. Pastan of Covington & Burling LLP.

The case is McCutcheon et al. v. Colgate-Palmolive Co. et al., case number 1:16-cv-04170, in the U.S. District Court for the Southern District of New York.

--Editing by Amy Rowe.