Contract Principles Apply to Lifetime Contribution-Free Retiree Health Care Question

Applying ordinary principles of contract law, a unanimous U.S. Supreme Court vacated the Sixth Circuit's ruling that provisions in expired collective bargaining agreements created a right to lifetime contribution-free health care benefits for retirees, their surviving spouses, and their dependents, according to a paper posted by Wolters Kluwer Law & Business.

The court disapproved of the reasoning in the Sixth Circuit's 2009 decision in *International Union, United Auto, Aerospace, & Agricultural Implement Workers of Am. v. Yard-Man, Inc.* (Yard-Man).

The report says that retirees brought a class action against the employer after it announced that they would be required to make health care contributions. The retirees contended that the promise of "full Company contribution towards the cost of [health care] benefits" in collective bargaining agreements provided them with a vested right to receive lifetime health care benefits in retirement without any contributions.

Read the report.