Ruling May Help Employers Reduce Union Retiree Health Benefits

Courts weighing whether union retirees have vested lifetime health-care benefits should apply ordinary contract principles, rather than special inferences or presumptions, the U.S. Supreme Court ruled, Bloomberg BNA reports.

The unanimous Jan. 26 opinion by Justice Clarence Thomas is largely a win for employers, which may now have more freedom to alter, reduce or eliminate the health-care benefits they provide to retired union workers.

Bloomberg BNA says the court invalidated what has become known as the *Yard-Man* inference, a judicial inference applied by the retiree-friendly U.S. Court of Appeals for the Sixth Circuit to find that retiree health-care benefits are vested for life in the absence of specific language to the contrary in a plan document or collective bargaining agreement.

Read the story.