

Sixth Circuit Limits Reach of *Yard-Man* Inference on Vesting of Welfare Benefits

January 28, 2011

The U.S. Court of Appeals for the Sixth Circuit recently addressed the enforceability of a plan amendment limiting to a period of two years the duration of collectively-bargained occupational disability benefits under a pension plan. The opinion is notable because it distinguishes existing case law on the vesting of welfare benefits cited by both the participant and the plan. The plaintiff, a participant who was already receiving the disability benefits at issue, argued that the amendment violated ERISA because his benefits were vested as a matter of law. The district court agreed, relying on *Int'l Union, United Auto., Aerospace, & Agric. Implement Workers of Am. v. Yard-Man, Inc.*, 716 F.2d 1476, 1482 (6th Cir. 1983), under which an inference in favor of vesting is used to determine whether a right to retiree health benefits continues beyond the expiration of a collective bargaining agreement. The Sixth Circuit vacated the district court decision, holding that retiree health benefits were sufficiently different from disability benefits to make *Yard-Man* inapplicable. But, the Court of Appeals also declined to apply a line of cases under which, when a welfare benefit is unilaterally provided by an employer, the benefit is vested only if the plan document contains a clear and express statement of intent to vest. The court reasoned that those cases involved a unilateral offer by the employer, whereas the disability benefits at issue here had been collectively bargained. Finally, the Court of Appeals determined that the district court should have applied a deferential standard of review in determining whether the elimination of disability benefits was a permissible amendment and remanded the case to the district court for proper review of the decision. *Price v. Board of Trustees of the Indiana Laborer's Pension Fund*, Nos. 09-3897/4204 (6th Cir. 2011).