

U.S. Supreme Court Sets Standard for Vesting of Retiree Health Benefits

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Resolving a more than 30-year split among the circuit courts, a unanimous Supreme Court rejected the U.S. Sixth Circuit Court of Appeals' "Yard-Man standard" governing claims for retiree medical benefits arising from a collective bargaining agreement ("CBA") under which retiree medical benefits are presumed to be vested. In *Tackett*, the Supreme Court ruled there is no inference that parties to a CBA intend to vest retirees with lifetime medical coverage in the absence of an express contractual provision or other evidence to the contrary, and thus ordinary contract principles should govern interpretation of a CBA. Applying ordinary contract principles, the Supreme Court held that retiree medical benefits established by a CBA with a fixed duration are only guaranteed for the duration of the CBA, absent express language in the CBA or health plan stating otherwise. *M&G Polymers USA, LLC v. Tackett*, 574 U.S. ____ (2015). A copy of the opinion can be found [here](#).