



**Supreme Court rejects the  
*Yard-Man* presumption of lifetime retiree  
health benefit vesting**

On January 26, 2015, the U.S. Supreme Court held in *M&G Polymers, LLC v. Tackett*, that a collective bargaining agreement (CBA) containing ambiguous terms regarding the intended duration of retiree health benefits is not subject to a mandatory inference that those benefits vest for the life of the retiree (i.e., the *Yard Man* inference). The Court noted that the *Yard Man* inference “violates ordinary contract principles by placing a thumb on the scale in favor of vested retiree benefits in all collective-bargaining agreements. That rule has no basis in ordinary principles of contract law. And it distorts the attempt to ascertain the intention of the parties.” The Court vacated the Sixth Circuit’s opinion, and remanded the case for determination under ordinary contract principles.

*M&G Polymers* provides guidance to employers when determining whether retiree health benefits vest for the life of the retiree. While the Court did not ultimately decide this issue, it explained that a CBA should be interpreted like any other contract, and retirees should not benefit from an inference that such benefits vest for the life of the retiree.

In light of *M&G Polymers*, employers should analyze their past and present CBAs to determine whether retirees have a vested right to receive health benefits for life. For more information and guidance on this subject, please contact a member of our Labor and Employment Law Practice Group.

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