

News

Altering Vested Retiree Benefits Found to be Unlawful by Arbitrator

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A recent arbitration decision serves as an important reminder that if an employer wishes to negotiate changes to retiree benefit entitlements in a unionized workplace for employees who have already retired, it can only do so where the applicable collective agreement contains clear and unambiguous language allowing for such changes.

In this case, the employer successfully bargained for changes to vested retiree benefits with the union. The union, however, asserted that it only agreed to the changes after the employer threatened to close one of its plants. Also, from the onset of collective bargaining, the union objected to the employer's legal ability to make the changes under the collective agreement. At arbitration, the arbitrator agreed with the union, and found that there was no language in the collective agreement which clearly reserved a right for the parties to make the negotiated changes to the vested retiree benefits. Also, the arbitrator emphasized that, although the union did agree to the changes, it voiced its concerns from the beginning that these changes were unlawful under the collective agreement. This decision, which was clearly decided in the context of very specific facts, including particular collective agreement language, was upheld on judicial review.

For a detailed discussion of this case, see our blog post entitled "[Arbitrator Considers Employer's Ability to Collectively Bargain Changes to Retiree Benefits](#)".