

Get expert legal help when drafting retirement offers that include health benefits

A federal court has granted a temporary injunction in a case involving continued health insurance coverage. The court concluded that a group of retired workers would likely succeed on the merits of their case.

Recent case: When Honeywell offered select Minnesota workers the opportunity to retire early with reduced monthly pension checks, the company sweetened the deal by promising to continue health insurance coverage for the retirees and their families until the retirees reached age 65 and became eligible for Medicare coverage.

The agreement the workers signed included language that limited the total cost per retiree.

In late 2017, the company announced it was terminating insurance coverage for retirees.

A group of the former workers sued, asking the court to order continued payments while the case worked its way through the system. They argued they would be irreparably harmed without the order, as the case could take years and they needed health coverage now. Honeywell argued that the agreements should be interpreted differently—not as a promise of continued coverage.

But the court ordered the company to keep paying, concluding the agreement would likely prove binding on the former employer. (*Pacheco v. Honeywell*, DC MN, 2018)

Final note: Make sure you carefully consider the long-term implications of any early retirement offer. Get expert actuarial and legal help before making an offer. The lifetime cap on claims costs may be the only thing that saves Honeywell in this case.