MINNESOTA STATE AGENCIES' EARLY INCENTIVE RETIREMENT PLANS DISCRIMINATORY

The Minnesota Board of Public Defense (BOPD) will be paying 53,000 dollars to settle an age discrimination lawsuit. Four former employees had been denied employer contributions for retiree health and dental insurance because they had been over the age of 55 at the time of retirement. The BOPD will also pay future premium costs for one of the employees who would still be entitled for the premiums but for the allegedly unlawful early retirement provision. The suit, brought against the BOPD by the U.S. Equal Employment Opportunity Commission (EEOC), is the last in a series of cases against Minnesota state agencies concerning early retirement incentive plans. These plans, contained in collective bargaining agreements, provided that the employee must retire by the age of 55 to receive the incentive. Moreover, the employee would lose said incentive if he/she worked longer than the specified age limit. If an employee retired by age 55, the employer would continue to pay its share of the insurance premiums – anywhere from 85 to 100 percent of the premium total – until the retiree reached the age of 65. For any of the employees who retired after age 55, the employer paid nothing, and all of the cost fell onto the retiree. "Not retiring by age 55 was like stepping off a cliff as far [as] retiree medical insurance was concerned, and the parties to the collective bargaining agreements referred to the provision as the 'Age 55 Cliff,'" said EEOC Senior Trial Attorney Laurie Vasichek. The EEOC asserted that the reputed "Age 55 Cliff" was discrimination on the basis of age. A district court concurred, ruling that early retirement incentives were discriminatory. This decision was upheld by the U.S. Eighth Circuit Court of Appeals. In all, the EEOC brought cases against six separate agencies in Minnesota. Through court judgments and consent decrees, the Commission obtained just under two million dollars in lost premium contributions, which affected nearly 85 people. The state likewise paid the employers' part of health and dental insurance to the persons who were eligible but for their age. "As the courts recognized, it is arbitrary and unlawful for employers to maintain incentive plans that explicitly reduce benefits as people grow older," said EEOC Regional Attorney John Hendrickson. "Paying benefits for younger retirees while not paying the same benefits for other retirees – merely because the latter were older at the time of retirement – is pure and simple age discrimination, and it is unlawful." Hendrickson was optimistic with regard to the outcome, adding that "the situation has now been corrected, and we commend the state of Minnesota for working with the EEOC to resolve these cases." The EEOC's Chicago District Office is responsible for processing discrimination charges, administrative enforcement and conducting agency litigation in Minnesota, as well as other states such as Illinois, Iowa and North and South Dakota, with Area Offices in Milwaukee and Minneapolis.