Syllabus

SUPREME COURT OF THE UNITED STATES

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CENTRAL LABORERS' PENSION FUND *v.* HEINZ ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

No. 02–891. Argued April 19, 2004—Decided June 7, 2004

Respondents (collectively, Heinz) are retired participants in a multiemployer pension plan (hereinafter Plan) administered by petitioner. Heinz retired from the construction industry after accruing enough pension credits to qualify for early retirement payments under a "service only" pension scheme that pays him the same monthly benefit he would have received had he retired at the usual age. The Plan prohibits such beneficiaries from certain "disqualifying employment" after they retire, suspending monthly payments until they stop the forbidden work. When Heinz retired, the Plan defined "disqualifying employment" to include a job as a construction worker but not as a supervisor, the job Heinz took. In 1998, the Plan expanded its definition to include any construction industry job and stopped Heinz's payments when he did not leave his supervisor's job. Heinz sued to recover the suspended benefits, claiming that the suspension violated the "anti-cutback" rule of the Employee Retirement Income Security Act of 1974 (ERISA), which prohibits any pension plan amendment that would reduce a participant's "accrued benefit," ERISA §204(g), 29 U. S. C. §1054(g). The District Court granted the Plan judgment on the pleadings, but the Seventh Circuit reversed, holding that imposing new conditions on rights to benefits already accrued violates the anti-cutback rule.

Held: ERISA §204(g) prohibits a plan amendment expanding the categories of postretirement employment that triggers suspension of the payment of early retirement benefits already accrued. Pp. 3–11.

(a) The anti-cutback provision is crucial to ERISA's central object of protecting employees' justified expectations of receiving the benefits that they have been promised, see *Lockheed Corp.* v. *Spink,* 517 U. S.

882, 887. The provision prohibits plan amendments that have "the effect of . . . eliminating or reducing an early retirement benefit." 29 U. S. C. §1054(g)(2). The question here is whether the Plan's amendment had such an effect. Although the statutory text is not as helpful as it might be, it is clear as a matter of common sense that a benefit has suffered under the amendment. Heinz accrued benefits under a plan allowing him to supplement his retirement income, and he reasonably relied on that plan's terms in planning his retirement. The 1998 amendment undercut that reliance, paying benefits only if he accepted a substantial curtailment of his opportunity to do the kind of work he knew. There is no way that, in any practical sense, this change of terms could not be viewed as shrinking the value of Heinz's pension rights and reducing his promised benefits. Pp. 3–5.

(b) The Plan's technical responses are rejected. To give the anti-cutback rule the constricted reading urged by the Plan—applying it only to amendments directly altering the monthly payment's nominal dollar amount and not to a suspension when the amount that would be paid is unaltered—would take textual *force majeure,* and certainly something closer to irresistible than language in 29 U. S. C. §1002(23)(A) to the effect that accrued benefits are ordinarily "expressed in the form of an annual benefit commencing at normal retirement age." And the Plan's argument that §204(g)'s "eliminat[e] or reduc[e]" language does not apply to mere suspensions misses the point. ERISA permits conditions that are elements of the benefit itself but the question here is whether a new condition may be imposed after a benefit has accrued. The right to receive certain money on a certain date may not be limited by a new condition narrowing that right. Pp. 5–6.

(c) This Court's conclusion is confirmed by an Internal Revenue Service regulation that adopts the reading of §204(g) approved here. Pp. 6–9.

(d) ERISA §203(a)(3)(B), 29 U. S. C. §1053(a)(3)(B)—which provides that the right to an accrued benefit "shall not be treated as forfeitable solely because the plan" suspends benefit payments when beneficiaries like respondents are employed in the same industry and the same geographic area covered by the plan—is irrelevant to the question here. Section 203(a) addresses the entirely distinct concept of benefit forfeitures. And read most simply and in context, §203(a)(3)(B) is a statement about the terms that can be offered to plan participants up front, not as an authorization to adopt retroactive amendments. Pp. 9–11.

303 F. 3d 802, affirmed.

SOUTER, J., delivered the opinion for a unanimous Court. BREYER, J., filed a concurring opinion, in which REHNQUIST, C. J., and O'CONNOR and GINSBURG, JJ., joined.