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Retiree Benefits

Gerdau Reaches \$16M Deal With Retirees Over Health-Care Cuts



By Carmen Castro-Pagan

Gerdau Ameristeel US Inc. agreed to pay more than \$16 million to steelworker retirees who were affected by the company's 2013 decision to cut health-care benefits for them and their dependents (*Comer v. Gerdau Ameristeel US, Inc.*, M.D. Fla., No. 8:14-cv-00607-SDM-EAJ, *plaintiff's memorandum in support of final approval of settlement* 8/25/17).

The settlement would provide benefits to at least 456 retirees from the steel mill in Sand Springs, Okla., the retirees said Aug. 25 in a memorandum requesting final approval of the class settlement. The settlement was preliminarily approved June 15 by the U.S. District Court for the Middle District of Florida.

If given final approval, the settlement would provide nearly all class members with health-care benefits for the remainder of their lives, the retirees said. In addition, retirees and dependents would share equally \$225,000, a payment Gerdau would make to partially reimburse them for the amounts they paid for health-care coverage since January 2013. Each retiree and dependent would receive \$493.

Settlement Details

For all eligible retirees, Gerdau would continue to fund a health reimbursement account for the remainder of their lives, the memorandum said. Gerdau's annual contributions to these accounts would range from \$1,800 to \$8,820 depending on a retiree's age and eligibility for Medicare.

Gerdau would continue offering basic life insurance of \$3,000, \$3,500, or \$20,000 to retirees, and keep it in place, without modification, for the remainder of their lives.

Under the settlement, Gerdau agreed to pay no more than \$725,000 in attorneys' fees, costs, and expenses.

In recent years, retirees across the nation have sued a number of companies for allegedly breaking their promise to offer lifetime health-care benefits. Several major companies have successfully defended these challenges, with judges ruling in favor of General Electric Co., Johnson Controls Inc., BorgWarner Inc., Moen Inc., and Weyerhaeuser Co. Other companies, including FreightCar America Inc. and Edgewell Personal Care LLC, have reached settlements with retirees.

Sugarman & Susskind PA and Feinstein Doyle Payne & Kravec LLC represent the retirees. Hill Ward Henderson PA represents Gerdau.

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For More Information

Text of the memorandum is at

http://www.bloomberglaw.com/public/document/Comer_v_Gerdau_Ameristeel_US_INC_et_al_Docket_No_814cv00607_MD_FI/1?doc_id=X1Q6NT4SUMO2&imagenname=146-1.pdf.

Snapshot

- Steel company will pay more than \$16 million to cover retirees' health-care costs if deal gets final approval
- Gerdau would continue to fund health reimbursement accounts for retirees' lifetime
- Gerdau would pay no more than \$725,000 in attorneys' fees and costs

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