

Third Circuit Prevents Plan Sponsor from Terminating Contractually Amendable Retiree Health and Welfare Benefits

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In a recent controversial decision, *In re Visteon Corp.*, the U.S. Court of Appeals for the Third Circuit ruled that a debtor must comply with the stringent procedural and substantive requirements of 11 U.S.C. § 1114 to terminate retiree health and welfare benefits that the debtor contractually retained the right to modify at will. In a lengthy decision, the Third Circuit overruled the district and bankruptcy courts, broke with the majority of courts across the country that have addressed this issue (including, most recently, the decision of Judge Robert D. Drain of the U.S. Bankruptcy Court for the Southern District of New York in *In re Delphi Corporation*) and reached the opposite result.

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