

When Retirement Isn't Really Retirement: Pennsylvania Supreme Court Finds Early Retirees Eligible for Unemployment Compensation Benefits

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In *Diehl v. Unemployment Compensation Board of Review*, the Pennsylvania Supreme Court recently ruled that early retirees are eligible for unemployment compensation benefits, reversing over 30 years of case law on the subject. In this case, Howard Diehl, a 63 year-old shipping clerk, accepted an early retirement package his employer offered as part of a program to avoid layoffs. The package included continuation of health insurance benefits and payment of unused vacation leave. Subsequently, Diehl filed for unemployment compensation benefits, but his claim was denied because Diehl voluntarily resigned without a necessitous and compelling reason. The Unemployment Compensation Board of Review and the Commonwealth Court upheld the denial.

On appeal, the Pennsylvania Supreme Court reversed, holding that the Unemployment Compensation Law's definition of "layoff" could be interpreted to include the voluntary acceptance of an early retirement package. Consequently, employers considering early retirement programs should now factor in the costs of unemployment compensation claims. Employers can no longer defend claims by early retirees on the basis that they voluntarily left employment.

Barley Snyder's Employment Law Group frequently counsels employers on early retirement programs and incentives. Please contact a member of our Employment Law Group if you would like assistance in structuring legally compliant retirement programs and incentives.

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