

***Austin Business Journal's "Ask the Experts"***  
***In light of recent court rulings, what should an employer know about age discrimination?***

**By**  
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On February 24, 2004, the U.S. Supreme Court in *General Dynamics v. Cline* held that it's lawful to favor older workers (over 40) over younger workers even if the younger workers are age 40 or above, and protected by the Age Discrimination in Employment Act ("ADEA"). The Court's decision means that employer's can implement age-based distinctions in employee benefits without violating the ADEA, as long as such distinctions benefit older employees within the protected age group. The Court's decision eliminates challenges (under ADEA) of age-based retiree medical distinctions favoring older workers. Therefore, ERISA and other legal questions aside, employers can limit retiree medical benefits to a subset of older employees without violating the ADEA. Furthermore, the ruling validates age-based distinctions favoring older workers (e.g., age 60 and above) in early retirement or exit incentive programs.

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