117 T.C. 220 (2001)

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A cost-of-living adjustment (COLA) added to a pension plan after an employee's retirement is not an accrued benefit for that retiree under Section 411(d)(6) of the Internal Revenue Code, and its subsequent removal does not violate the anti-cutback rule.

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Summary

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The Board of Trustees of the Sheet Metal Workers' National Pension Fund sought a declaratory judgment regarding the qualification of their pension plan under Section 401 of the Internal Revenue Code. The central issue was whether amendments eliminating cost-of-living adjustments (COLAs) for pre-1991 retirees violated the anti-cutback rule of Section 411(d)(6). The Tax Court held that the amendments did not violate the anti-cutback rule because COLAs added post-retirement are not accrued benefits for those retirees. The court reasoned that ERISA protects benefits "stockpiled" during employment, not those added after retirement.

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Facts

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The Sheet Metal Workers' National Pension Fund (the Plan) was established in 1966. In 1985, a separate fund (COLA Fund) was created to provide 3% COLAs. The COLA Fund's assets were often insufficient, leading the Plan to make

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