

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

68-0157 (9-06) - 3091078 - EI

**KATHERINE M HEDGES**  
Claimant

**APPEAL NO. 12A-UI-03137-AT**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**MCGRAW-HILL INC**  
Employer

**OC: 02/12/12**  
**Claimant: Appellant (1)**

Section 96.5-5 – Severance Pay

**STATEMENT OF THE CASE:**

Katherine M. Hedges filed a timely appeal from an unemployment insurance decision dated March 20, 2012, reference 02, that ruled she was ineligible for unemployment insurance benefits for the 17 weeks ending June 30, 2012 upon a finding that she was entitled to receive severance pay attributed to each of these weeks. After due notice was issued, a telephone hearing was held on a consolidated record with 12A-UI-03136-AT and 12A-UI-03138-AT on April 12, 2012.

**ISSUE:**

Did the claimant receive deductible severance pay for the 17 weeks ending June 30, 2012?

**FINDINGS OF FACT:**

Katherine M. Hedges was laid off by McGraw-Hill in February 2012. In connection with her separation from employment, McGraw-Hill, Inc. voluntarily paid her severance pay of \$8,732.68 for 17.24 weeks. She received an amount equal to an additional 17.24 weeks in return for her promise not to sue the company as a result of the separation.

**REASONING AND CONCLUSIONS OF LAW:**

Iowa Code section 96.5-5 requires that severance pay given freely by an employer to a departing employee be deducted from unemployment insurance benefits dollar for dollar for the week or weeks to which the severance pay is attributed. The evidence in this record establishes that Ms. Hedges received 17 and a fraction weeks of severance pay given freely by the employer. This severance pay must be deducted from unemployment insurance benefits.

The remaining amount represents consideration paid by the employer for the claimant's promise not to sue the employer in connection with the separation. This contractual payment is not severance pay.

**DECISION:**

The unemployment insurance decision dated March 20, 2012, reference 02, is affirmed. The claimant is ineligible to receive unemployment insurance benefits for the 17 weeks ending June 30, 2012.

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Dan Anderson  
Administrative Law Judge

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Decision Dated and Mailed

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