

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

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

**STEPHANIE Z TAYLOR**

Claimant

**APPEAL NO. 08A-UI-07666-CT**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**NORTHWEST IOWA HOSPITAL CORP**

Employer

**OC: 07/20/08 R: 01  
Claimant: Appellant (2)**

Section 96.5(5) – Severance Pay

**STATEMENT OF THE CASE:**

Stephanie Taylor filed an appeal from a representative's decision dated August 14, 2008, reference 02, which held she was ineligible to receive job insurance benefits for the three weeks ending August 9, 2008 because of her receipt of severance pay from Northwest Iowa Hospital Corporation. After due notice was issued, a hearing was held by telephone on September 8, 2008. Ms. Taylor participated personally and Exhibits A and B were admitted on her behalf. The employer participated by Cindy Burtner, Human Resources Specialist.

**ISSUE:**

At issue in this matter is whether the severance and retention payments Ms. Taylor received are deductible from her job insurance benefits.

**FINDINGS OF FACT:**

Having heard the testimony of the witnesses and having reviewed all of the evidence in the record, the administrative law judge finds: Ms. Taylor and St. Luke's Regional Medical Center entered into an agreement on April 11, 2008 concerning payments she was to receive when her employment ended. She was to receive a payment of \$600.00 if she remained in the employment until June 30, 2008, which she did. She was also to receive her regular pay for the six-week period from July 1 through August 11, 2008.

In signing the agreement, Ms. Taylor agreed to waive any claims she might have against the employer as a result of her employment. The agreement stipulated, in part, that she waived her right to claim discrimination, fraud, invasion of privacy, breach of contract, or defamation. The agreement also stipulated that she waived her rights under the Family and Medical Leave Act, Americans with Disabilities Act, the Age Discrimination in Employment Act, and Title VII of the Civil Rights Act of 1964. Signing the agreement was a condition of Ms. Taylor's receipt of severance pay. She filed a claim for job insurance benefits effective July 20, 2008.

**REASONING AND CONCLUSIONS OF LAW:**

For reasons that follow, the administrative law judge concludes that neither Ms. Taylor's retention pay nor the severance pay are deductible from her job insurance benefits. The retention payment of \$600.00 was paid to Ms. Taylor because she remained on the job until June 30, 2008. The \$600.00 payment is best described as a bonus or incentive payment. The payment was earned by Ms. Taylor before she filed her claim for job insurance benefits effective July 20, 2008. Therefore, it is not deductible as an incentive payment (See 871 IAC 24.13(2)c) or as a bonus (See 871 IAC 24.13(4)b).

The payments made to Ms. Taylor for the period from July 1 through August 11, 2008 were characterized by the employer as severance pay. However, the payment was conditioned on Ms. Taylor waiving any and all legal rights or claims she might have arising out of her employment with the medical center. As such, the payments constituted consideration for the waiver of rights and not severance pay. Because the payments did not constitute severance pay, they are not deductible from job insurance benefits.

**DECISION:**

The representative's decision dated August 14, 2008, reference 02, is hereby reversed. The payments referred to herein that were received by Ms. Taylor from St. Luke's are not deductible from job insurance benefits. She is allowed job insurance benefits effective July 20, 2008, provided she satisfies all other conditions of eligibility.

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Carolyn F. Coleman  
Administrative Law Judge

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Decision Dated and Mailed

cfc/pjs