

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

ALLEN S MCNEIL
Claimant

INLAND MEDIA COMPANY
Employer

APPEAL 17A-UI-01447-H2T

**ADMINISTRATIVE LAW JUDGE
DECISION**

**OC: 11/27/16
Claimant: Appellant (1)**

Iowa Code § 96.5(5) Severance Pay

STATEMENT OF THE CASE:

The claimant filed an appeal from the January 20, 2017, (reference 02) unemployment insurance decision that deducted severance pay from the claimant's unemployment insurance benefits. The parties were properly notified about the hearing. A telephone hearing was held on March 1, 2017. Claimant participated. Employer participated through Ann Campbell, Secretary/Treasurer. Department's Exhibit D-1 was entered and received into the record.

ISSUE:

Was the severance pay deducted for the correct period?

FINDINGS OF FACT:

Having reviewed all of the evidence in the record, the administrative law judge finds: Claimant was separated from employment on November 30, 2016. Claimant filed a claim for benefits with an effective date of November 27, 2016. After the claimant was separated, he was paid for 16 hours or two days of accrued vacation time at the rate of \$19.60 per hour. He was also paid wages for time worked during the week in the amount of \$1,097.60. The employer designated the vacation time as through the period ending November 30, 2016. The claimant correctly reported receipt of vacation pay and wages for the week ending December 31, 2016.

After separation the claimant also was paid \$3,140.00 in severance pay. The severance pay represented four weeks of pay at 40 hours per week. The claimant was paid severance pay for the four week period ending December 31, 2016.

REASONINGS AND CONCLUSION OF LAW:

For the reasons that follow, the administrative law judge concludes the claimant did receive severance pay, which was correctly deducted from benefits.

Iowa Code § 96.5(5) provides:

An individual shall be disqualified for benefits:

5. Other compensation.

a. For any week with respect to which the individual is receiving or has received payment in the form of any of the following:

(1) Wages in lieu of notice, separation allowance, severance pay, or dismissal pay.

(2) Compensation for temporary disability under the workers' compensation law of any state or under a similar law of the United States.

(3) A governmental or other pension, retirement or retired pay, annuity, or any other similar periodic payment made under a plan maintained or contributed to by a base period or chargeable employer where, except for benefits under the federal Social Security Act or the federal Railroad Retirement Act of 1974 or the corresponding provisions of prior law, the plan's eligibility requirements or benefit payments are affected by the base period employment or the remuneration for the base period employment. However, if an individual's benefits are reduced due to the receipt of a payment under this subparagraph, the reduction shall be decreased by the same percentage as the percentage contribution of the individual to the plan under which the payment is made.

b. Provided, that if the remuneration is less than the benefits which would otherwise be due under this chapter, the individual is entitled to receive for the week, if otherwise eligible, benefits reduced by the amount of the remuneration. Provided further, if benefits were paid for any week under this chapter for a period when benefits, remuneration or compensation under paragraph "a", subparagraph (1), (2), or (3), were paid on a retroactive basis for the same period, or any part thereof, the department shall recover the excess amount of benefits paid by the department for the period, and no employer's account shall be charged with benefits so paid. However, compensation for service-connected disabilities or compensation for accrued leave based on military service by the beneficiary with the armed forces of the United States, irrespective of the amount of the benefit, does not disqualify any individual otherwise qualified from any of the benefits contemplated herein. A deduction shall not be made from the amount of benefits payable for a week for individuals receiving federal social security pensions to take into account the individuals' contributions to the pension program.

Iowa Admin. Code r. 871-24.16(3) provides:

(3) If the employer fails to properly notify the department within ten days after the notification of the filing of the claim that an amount of vacation pay, either paid or owed, is to be applied to a specific vacation period, the entire amount of the vacation pay shall be applied to the one-week period starting on the first workday following the last day worked as defined in subrule 24.16(4). However, if the individual does not claim benefits after layoff for the normal employer workweek immediately following the last day worked, then the entire amount of the vacation pay shall not be deducted from any week of benefits.

The claimant received four weeks of severance pay that represent wage replacement. The claimant was not required to sign any type of release or settlement agreement in order to receive his severance pay. All of the severance pay is deductible from his unemployment insurance benefits on a dollar per dollar basis. Therefore, the entire amount of severance pay was correctly deducted for the four week period ending December 31, 2016.

DECISION:

The January 20, 2017, (reference 02), decision is affirmed. The severance pay was deducted for the correct period.

Teresa K. Hillary
Administrative Law Judge

Decision Dated and Mailed

tkh/rvs