

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

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

ROBERT M HEISE
Claimant

APPEAL NO. 19A-UI-01614-S1-T

**ADMINISTRATIVE LAW JUDGE
DECISION**

EQUIFAX INC
Employer

OC: 01/20/19
Claimant: Appellant (2)

Iowa Code § 96.5(5) – Severance Pay

STATEMENT OF THE CASE:

Robert Heise (claimant) appealed a representative's February 19, 2019 decision (reference 02) that concluded he was not eligible to receive unemployment insurance benefits for the two-week period ending February 2, 2019, due to the receipt of vacation pay, paid time off, wages, holiday pay, or severance pay from Equifax (employer). After hearing notices were mailed to the parties' last-known addresses of record, a telephone hearing was scheduled for March 8, 2019. The claimant participated personally. The employer did not provide a telephone number where it could be reached and therefore, did not participate in the hearing. Exhibit D-1 was received into evidence. The claimant offered and Exhibit A was received into evidence.

ISSUE:

The issue is whether the claimant received severance pay and, therefore, is not eligible to receive unemployment insurance benefits for the two-week period ending February 2, 2019.

FINDINGS OF FACT:

The administrative law judge, having heard the testimony and considered all of the evidence in the record, finds that: The claimant was separated on January 2, 2019, and received severance pay in the amount of \$3,500.00 based upon a rate of pay at \$12.50 per hour. The claimant signed a separation agreement forfeiting certain rights in exchange for the severance pay.

The claimant filed his claim for unemployment insurance benefits with an effective date of January 20, 2019.

REASONING AND CONCLUSIONS OF LAW:

For the reasons that follow, the administrative law judge concludes the severance pay was incorrectly deducted from the claimant's unemployment insurance benefits.

Iowa Code section 96.5(5) provides:

An individual shall be disqualified for benefits, regardless of the source of the individual's wage credits:

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, this subparagraph shall only be applicable if the base period employer has made one hundred percent of the contribution to the plan.

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. 871-24.13(3)c provides:

(3) Fully deductible payments from benefits. The following payments are considered as wages; however, such payments are fully deductible from benefits on a dollar-for-dollar basis:

c. Wages in lieu of notice, separation allowance, severance pay and dismissal pay.

A payment after separation which is conditioned upon execution of a release or waiver of claims is not "severance pay" as contemplated by the statute. It is more aptly characterized as consideration given by the employer to the claimant for waiver of possible causes of action against the employer and not simply payment for prior years of service to the employer. The payment was in exchange for the claimant's signing of the release, thus it cannot be considered

severance pay that is deductible from the claimant's unemployment insurance benefits. None of the severance pay should have been deducted from the claimant's unemployment insurance benefits.

DECISION:

The February 19, 2019, reference 02, decision is reversed. None of the severance pay should have been deducted from the claimant's unemployment insurance benefits for the two-week period ending February 2, 2019.

Beth A. Scheetz
Administrative Law Judge

Decision Dated and Mailed

bas/rvs