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ERISA Anti-Retaliation Claim Over Termination of Employment Moves Forward

A federal district court in South Carolina has ruled that a former employee of an electric utility company has plausibly alleged that her employer violated ERISA Section 510 by terminating her employment of 30 years prior to the vesting of certain ERISA-protected benefits, thereby disqualifying her from continued participation in the company's group health insurance plan after retirement. Consequently, the employee's claim may proceed.

The utility company's group health insurance plan provided retiree medical benefits for employees who retired at or after the age of 62. The plan pays 100% of a retired employee's health insurance costs until qualifying for Medicare upon reaching age 65. After that, it pays for all Medicare premiums and Medicare Part D coverage for the remainder of the retiree's life.

In September 2021, the company issued a blanket two percent minimum pay increase, with some employees receiving pay raises of up to ten percent. Due to the employee's position within the company, however, she became aware that she was the only employee who did not receive a pay raise. Rather than raising the issue with her immediate supervisor or the plant manager, the employee sent an email to two members of the company's board of directors to ask why she alone was excluded from the company-wide pay raise. Because of this, the company terminated her employment at age 61, just 15 months before her intended retirement date.

The employee sued, alleging that her termination disqualified her from participating in the company's retiree medical plan, in violation of ERISA Section 510. Under ERISA Section 510, "it shall be unlawful for any person to discharge, fine, suspend, expel, discipline, or discriminate against a participant or beneficiary for exercising any right to which he is entitled under the provisions of an employee benefit plan … or for the purpose of interfering with the attainment of any right to which such participant may become entitled under the plan."

The company moved to dismiss the claim, arguing that the employee failed to set forth sufficient factual allegations to establish a facially plausible claim of ERISA interference because the 15-month time frame following the employee's termination was too attenuated to support such a claim. The company also contended that the employee's communication with the two members of the board of directors served as a lawful basis for her termination.

In order to survive a motion to dismiss, the court noted, the employee must present "enough facts to state a claim . . . that is plausible on its face." After consideration of the arguments, the court found that the employee has sufficiently stated a claim against the company for a violation of ERISA Section 510. Specifically, the court observed, the employee was 61 years old and would have become eligible to receive ERISA-protected retiree medical benefits after retiring from the company at age 62, which was expected to occur approximately 15 months after she was terminated. The employee further asserted that the company's true reason for terminating her employment was to avoid any financial obligation that would be owed to her upon retirement. Taking all of the employee's allegations as true and drawing all reasonable inferences in the employee's favor, the court found that the employee has plausibly alleged that the company violated ERISA Section 510. Accordingly, the company’s motion to dismiss was denied and the employee’s claim may proceed.

Full text of Minton v. Little River Electric Cooperative, 8:22-cv-00161 (D.S.C. July 19, 2022) (Google Scholar)

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