

Participant "Reasonably Interpreted" Exhaustion Requirement

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The United States Court of Appeals for the Second Circuit recently held that a participant was not required to exhaust her administrative remedies when she reasonably interpreted a plan's terms not to require exhaustion of her administrative remedies, and as a result, did not exhaust her remedies. The plaintiff, a participant in the plan, believed that she lost an early retirement subsidy as a result of the plan sponsor's sale of a subsidiary. She sent letters to the benefits department, which did not respond, and received a confusing response when she called. She then received a letter with a pension quote that was lower than her pension quote from five years prior. She then filed a lawsuit. The U.S. federal district court dismissed the plaintiff's lawsuit reasoning she had failed to exhaust her administrative remedies under the plan. The Second Circuit Court of Appeals vacated. The relevant part of the plan's claims procedure begins with the words, "To file a benefit claim under the Plan." When the employer had sent plaintiff the pension quote, the cover letter described the enclosed claims form as an "Application for Retirement Benefits." Because the plaintiff was not seeking to retire immediately but only wanted to know what her benefits would be if and when she chose to pursue early retirement, she was reasonable in thinking the claims procedure did not apply and thus she did not have to exhaust her administrative remedies. *Kirkendall v. Halliburton, Inc.*, No. 11-2733-cv (2d Cir. Jan. 29, 2013).