UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Williams v. Interpublic Severance Pay Plan and The Management Human Resources Committee

523 F.3d 819 (7th Cir. 2008) · No. No. 07-3146 · Decided April 29, 2008

SUMMARY

The Seventh Circuit affirmed summary judgment for the Interpublic Severance Pay Plan in Mark Williams's ERISA action seeking severance benefits after a change in corporate ownership. The court held that the Plan granted its administrator discretionary interpretive authority, warranting deferential review, but concluded that Williams would lose even under de novo review. The offered position was comparable and its $169,000 salary exceeded Williams's prior $167,000 salary; the Plan required comparison of salary rather than total compensation.

CASE DETAILS

COURT	United States Court of Appeals for the Seventh Circuit
WRITING FOR THE COURT	Frank H. Easterbrook, Chief Judge; William J. Bauer, Circuit Judge; Terence T. Evans, Circuit Judge
JURISDICTION	Federal
DECIDED	April 29, 2008
DOCKET	No. 07-3146
DISPOSITION	affirmed
PROCEDURAL POSTURE	Williams brought an action under ERISA seeking severance benefits after resigning following a change in control. The district court granted summary judgment for the defendants, and Williams appealed.
STANDARD OF REVIEW	Because the plan expressly granted its administrator broad authority to interpret the plan, make factual findings, and decide matters arising under it, judicial review ordinarily is deferential. The court nevertheless concluded that Williams would lose even under de novo review.
PRECEDENTIAL VALUE	Published Seventh Circuit opinion; precedential
PARTIES	Mark H. Williams v. The Interpublic Severance Pay Plan, The Management Human Resources Committee

TOPICS

severance agreements | erisa | employee benefits | employment contracts

PRACTICE AREAS

ERISA | employee benefits | employment law | severance agreements

QUESTIONS PRESENTED

1. Whether the plan administrator's decision was subject to deferential or de novo judicial review despite the plan being unfunded and the employer potentially having a financial conflict of interest.
2. Whether the position offered to Williams after the change in control was comparable to his former position.
3. Whether the offered salary satisfied the plan's requirement that the new position provide a salary at least equal to the former salary, considering the value of fringe benefits.

HOLDINGS

1. A plan provision granting the administrator broad authority to interpret the plan, make factual findings, and decide matters arising under the plan requires deferential judicial review under ERISA.
2. The position offered by GreenHouse was comparable to Williams's former position because it preserved the same general role, and differences in the employers' size, prestige, clientele, or business operations did not make the positions noncomparable under the plan.
3. The offered salary satisfied the plan because $169,000 exceeded Williams's former $167,000 salary; the plan required comparison of salary, not total compensation or fringe benefits.

KEY QUOTATIONS

> *"A broader grant of discretionary authority is hard to imagine. Language such as this requires deferential judicial review."* (at 821)

> *"Our task, like the Plan's administrator, is to apply the Plan's actual language rather than the provision that Williams wishes the Plan had contained."* (at 823)

> *"A court can no more rewrite a severance-benefits plan to be more favorable to employees than it could direct GreenHouse to give its executives eight rather than four weeks of vacation."* (at 823)

FACTUAL BACKGROUND

Mark Williams was paid $167,000 as Senior Vice President, Account Management and Development at Campbell Mithun's Chicago office. After GreenHouse Communications bought the Chicago office, it offered Williams a position as Senior Vice President, Account Management at a salary of $169,000. Williams rejected the offer, resigned, and sought severance benefits under the Interpublic Severance Pay Plan, which conditioned benefits on the absence of a comparable position at the same or higher salary.

PROCEDURAL HISTORY

After GreenHouse Communications acquired Campbell Mithun's Chicago office, Williams rejected a position offered by the new owner and sought benefits under the Interpublic Severance Pay Plan. The plan administrator denied the claim. The district court granted the defendants summary judgment, and the Seventh Circuit affirmed.

DISPOSITION

affirmed

CASES CITED

- Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101 (1989)
- Diaz v. Prudential Insurance Co., 424 F.3d 635 (7th Cir. 2005)
- Killian v. Healthsource Provident Administrators, Inc., 152 F.3d 514 (6th Cir. 1998)
- Perlman v. Swiss Bank Corp., 195 F.3d 975 (7th Cir. 1999)
- Van Boxel v. Journal Co. Employees' Pension Trust, 836 F.2d 1048 (7th Cir. 1987)
- MetLife v. Glenn, 128 S. Ct. 1117 (2008)
- Dabertin v. HCR Manor Care, Inc., 373 F.3d 822 (7th Cir. 2004)
- Bowles v. Quantum Chemical Co., 266 F.3d 622 (7th Cir. 2001)