SUPREME COURT OF GEORGIA

Appleton v. Alcorn

291 Ga. 107 (2012) · Decided May 29, 2012

SUMMARY

The Supreme Court of Georgia held that a surviving spouse's receipt of ERISA-governed retirement and life insurance benefits did not bar the decedent's children from pursuing a state-law breach of contract claim based on an alleged waiver in a separation agreement. ERISA's protections applied while the benefits were under the plan administrator's control, but did not preclude claims against the beneficiary after distribution. The court affirmed the Court of Appeals' reversal of the trial court's dismissal.

CASE DETAILS

COURT	Supreme Court of Georgia
WRITING FOR THE COURT	Benham, Justice
JURISDICTION	Georgia
DECIDED	May 29, 2012
DISPOSITION	affirmed
PROCEDURAL POSTURE	The Supreme Court of Georgia granted Appleton's petition for certiorari to review the Court of Appeals' reversal of a trial-court dismissal of appellees' breach-of-contract claim.
STANDARD OF REVIEW	De novo review of the dismissal; the Court of Appeals treated the partial dismissal as a partial grant of summary judgment because the trial court considered matters outside the pleadings.
PRECEDENTIAL VALUE	Published Georgia Supreme Court opinion; precedential.
PARTIES	Bonnie Ann Appleton v. Tiffany Marie Alcorn, as executrix of the estate of Richard Alcorn, Amy Darlene Alcorn

TOPICS

breach of contract · employee benefits · contracts · appellate procedure · standard of review

PRACTICE AREAS

contract law · employee benefits · ERISA · appellate procedure

QUESTIONS PRESENTED

1. Whether ERISA precludes a state-law breach-of-contract action against a beneficiary to recover ERISA-governed benefits after the plan administrator has distributed the benefits to that beneficiary.
2. Whether Kennedy v. Plan Administrator for DuPont Savings & Investment Plan required dismissal of the appellees' state-law claim because the settlement-agreement waiver was not an ERISA-compliant waiver or qualified domestic relations order.

HOLDINGS

1. ERISA does not preclude a state-law breach-of-contract claim against the beneficiary to recover ERISA-covered benefits after the benefits have been paid out and are no longer under the control of the plan administrator.
2. Kennedy v. Plan Administrator for DuPont Savings & Investment Plan did not require dismissal of the appellees' state-law claim against Appleton because Kennedy addressed claims against the employer and plan administrator before or in connection with distribution, while expressly reserving whether an action could be brought against the beneficiary after distribution.

KEY QUOTATIONS

> *"Accordingly, the judgment of the Court of Appeals is affirmed."* (291 Ga. at 110)

> *"ERISA 'is concerned not so much with what the beneficiary does with his pension checks or how they are spent but whether those in charge actually deliver the benefits.'"* (291 Ga. at 109)

FACTUAL BACKGROUND

Richard Alcorn's employer-provided 401(k) and life-insurance benefits were paid to his surviving spouse, Bonnie Ann Appleton, in accordance with the benefit-plan terms. Before Richard's death, Appleton and Richard had executed a settlement agreement incorporated into an order of separate maintenance in which each purported to waive rights to the other's retirement benefits and life-insurance proceeds. Richard's daughters, Tiffany Alcorn and Amy Alcorn, sued Appleton for breach of contract, asserting that the agreement required her to relinquish the proceeds after receiving them.

PROCEDURAL HISTORY

The appellees sued Appleton, alleging that she waived her right to retain proceeds from the decedent's employer-provided 401(k) plan and life-insurance policy through a settlement agreement. The trial court partially dismissed the breach-of-contract claim under OCGA § 9-11-12(b)(6), reasoning that ERISA barred the claim because the waiver was not ERISA-compliant. The Court of Appeals reversed, and the Supreme Court of Georgia affirmed that reversal.

DISPOSITION

affirmed

CASES CITED

- Kennedy v. Plan Administrator for DuPont Savings & Investment Plan, 555 U.S. 285, 129 S. Ct. 865, 172 L. Ed. 2d 662 (2009)
- Boggs v. Boggs, 520 U.S. 833, 845-846, 117 S. Ct. 1754, 138 L. Ed. 2d 45 (1997)
- Pardee v. Pardee, 112 P.3d 308, 313 (Okla. Civ. App. 2004)
- Eickhoff v. Eickhoff, 263 Ga. 498, 503-504, 435 S.E.2d 914 (1993)
- Lee v. Green Land Co., 272 Ga. 107, 527 S.E.2d 204 (2000)
- Fernandez v. Bank of Dahlonega, 217 Ga. App. 739, 459 S.E.2d 424 (1995)
- Estate of Kensinger v. URL Pharma, Inc., 674 F.3d 131, 137 (3d Cir. 2012)
- NCNB Financial Services v. Shumate, 829 F. Supp. 178, 180 (W.D. Va. 1993)
- Staelens v. Staelens, 677 F. Supp. 2d 499, 508-509 (D. Mass. 2010)
- Alcorn v. Appleton, 308 Ga. App. 663, 708 S.E.2d 390 (2011)
- Sweebe v. Sweebe, 474 Mich. 151, 156, 712 N.W.2d 708 (2006)