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Ninth Circuit Rules Beneficiary Designation Forms Are Not Documents and Instruments Governing the Plan

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In ***Becker v. Mays-Williams***, 13-35069-cv, 2015 WL 348872 (9th Cir. Jan 28, 2015), the ***Ninth Circuit*** – in a matter of first impression – concluded that beneficiary designation forms were not "documents and instruments governing" an ***ERISA*** plan, as described in Section 404(a)(1)(d) of ERISA. A participant called the plan office and telephonically re-designated his son as his beneficiary under the various plans in which he was a participant, rather than his ex-wife.

Although the beneficiary designation forms used by the plans were mailed to the participant, he never executed and returned those forms. Upon the participant's death, both the ex-wife and the son claimed that they were entitled to the participant's benefits. The plans then filed an interpleader action in federal court to determine the proper beneficiary.

The district court ruled that the ex-wife was the proper beneficiary, reasoning that because the participant did not complete and return the beneficiary designation forms, which were "plan documents," he did not properly designate his son as the new beneficiary, thus, leaving the ex-wife as the beneficiary of record.

The Ninth Circuit reversed and remanded, holding that beneficiary designation forms were not "documents and instruments governing the plan." The Ninth Circuit reasoned that "only those that provide information as to 'where [the participant] stands with respect to the plan,' such as an SPD or trust agreement…could qualify as documents with which a plan administrator must comply in awarding benefits…" Here, the Ninth Circuit concluded that because the designation forms contained no such information, and only served to confirm the participant's desire to change his beneficiary, the forms were not governing plan documents. Furthermore, the Court noted that actual plan documents (SPD and Trust) do not require participants to use a beneficiary designation form to change their beneficiaries.

Lastly, the Court rejected the ex-wife's argument that the plan administrator was vested with the discretion to require the use of the beneficiary designation forms under the plans, ruling that the plan administrator explicitly refused to exercise his discretion in favor of using the beneficiary designation forms by filing the interpleader action. As a result, the Court looked to state law to determine if the participant strictly or substantially complied with the governing plan documents in changing his beneficiary. The Court ultimately concluded that because a reasonable trier of fact could find that there was substantial compliance, the granting of summary judgment to the ex-wife must be overturned.

Sam Margolis also contributed content for this article.

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