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Supreme Court Upholds ERISA Limitation Periods

The U.S. Supreme Court in a unanimous decision has ruled that contractual limitations periods in ERISA plans are enforceable. The only two qualifications that such limitation periods must satisfy is that they must be reasonable in length and not prohibited by another applicable statute.

In the instant case, the Supreme Court dealt with a disability plan that contained a 3-year limitations period. The 3-year limitations period began on the day the person became disabled, not on the day that the final appeal was denied. The court said that beginning the limitations period on the date of disability was appropriate. ERISA's claim and appeal procedures are established to last about 1 year, giving a person in a typical case 2 years to file suit in court. In the instant case, the person's claim and appeal process lasted longer than normal and she only had 1 year to file a claim after her final appeal. Again the Supreme Court indicated that this was sufficient time to file suit.

Even though this case dealt with a disability plan, the case applies to any employee benefit plan governed by ERISA.

http://www.supremecourt.gov/opinions/13pdf/12-729_q8l1.pdf