



Eleventh Circuit Eliminates Exhaustion Requirement for Statutory ERISA Claims

The U.S. Court of Appeals for the Eleventh Circuit recently issued a significant ERISA decision that removes a longstanding procedural barrier for participants bringing statutory claims under the Employee Retirement Income Security Act (ERISA).

In *Bolton v. Inland Fresh Seafood Corp. of America, Inc.*, the court, sitting en banc, overruled nearly four decades of precedent requiring claimants to exhaust a plan's internal administrative remedies before pursuing certain ERISA claims in federal court. For plan sponsors, fiduciaries, and participants in Alabama, Florida, and Georgia, the decision marks an important shift in the ERISA litigation landscape.

A Departure from Longstanding Precedent

In its 1985 decision in *Mason v. Continental Group, Inc.*, the Eleventh Circuit imposed a judicially created exhaustion requirement for statutory ERISA claims. Although the court acknowledged that ERISA itself contains no such requirement, it reasoned that administrative exhaustion would reduce frivolous lawsuits and promote judicial efficiency.

Over time, however, the Eleventh Circuit became increasingly isolated in its approach. Most federal appellate courts declined to require exhaustion of administrative remedies for statutory ERISA claims, emphasizing that Congress did not include such a requirement in the statute.

In *Bolton*, the Eleventh Circuit revisited its prior reasoning and concluded that *Mason* rested on policy considerations rather than the statutory text. Highlighting principles of separation of powers, the court noted that courts may not impose procedural requirements that Congress did not enact.

Why the Decision Matters

ERISA governs employee benefit plans and provides causes of action for issues such as breaches of fiduciary duty, misuse of plan assets, stock valuation disputes, and other statutory violations. Historically, litigants in the Eleventh Circuit often faced dismissal if they failed to first complete a plan's internal review process before filing suit.

The *Bolton* decision changes that framework for statutory claims.

Participants alleging fiduciary breaches or other statutory violations may now proceed directly to court without first navigating administrative review procedures. According to the court, requiring exhaustion in these circumstances may be particularly problematic when the individuals responsible for reviewing the claim are the same fiduciaries suspected of wrongdoing.

Practical Implications for Employers and Fiduciaries

The ruling removes a defense on which plan sponsors and fiduciaries have relied for decades and may result in:

- More statutory ERISA claims reaching federal court at an earlier stage;
- Fewer opportunities to resolve certain disputes through internal plan procedures;
- Increased litigation costs associated with defending claims sooner in the process; and
- Greater emphasis on maintaining strong fiduciary governance and documentation practices.

Importantly, the decision does **not** eliminate exhaustion requirements for all ERISA-related disputes. Participants pursuing claims for benefits under the terms of a plan generally must still complete the plan's administrative appeal procedures before filing suit.

Looking Ahead

The *Bolton* decision brings the Eleventh Circuit into alignment with the majority of federal appellate courts and reinforces a text-focused approach to ERISA

interpretation. While the practical effects will continue to develop as courts apply the ruling, employers, plan sponsors, fiduciaries, and benefits professionals should be aware that statutory ERISA claims may now move to litigation more quickly than before.

For participants, the courthouse doors may open sooner. For fiduciaries and plan sponsors, a familiar procedural safeguard has disappeared.

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