SUPREME COURT OF THE UNITED STATES

No. 99–1529

DONNA RAE EGELHOFF, PETITIONER *v.* SAMANTHA EGELHOFF, A MINOR, BY AND THROUGH HER NATURAL PARENT KATE BREINER, AND DAVID EGELHOFF

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF WASHINGTON

[March 21, 2001]

JUSTICE THOMAS delivered the opinion of the Court.

A Washington statute provides that the designation of a spouse as the beneficiary of a nonprobate asset is revoked automatically upon divorce. We are asked to decide whether the Employee Retirement Income Security Act of 1974 (ERISA), 88 Stat. 832, 29 U. S. C. §1001 *et seq.*, pre-empts that statute to the extent it applies to ERISA plans. We hold that it does.

I

Petitioner Donna Rae Egelhoff was married to David A. Egelhoff. Mr. Egelhoff was employed by the Boeing Company, which provided him with a life insurance policy and a pension plan. Both plans were governed by ERISA, and Mr. Egelhoff designated his wife as the beneficiary under both. In April 1994, the Egelhoffs divorced. Just over two months later, Mr. Egelhoff died intestate following an automobile accident. At that time, Mrs. Egelhoff remained the listed beneficiary under both the life insurance policy and the pension plan. The life insurance proceeds, totaling $46,000, were paid to her.

Respondents Samantha and David Egelhoff, Mr. Egelhoff's children by a previous marriage, are his statutory heirs under state law. They sued petitioner in Washington state court to recover the life insurance proceeds. Respondents relied on a Washington statute that provides:

> "If a marriage is dissolved or invalidated, a provision made prior to that event that relates to the payment or transfer at death of the decedent's interest in a nonprobate asset in favor of or granting an interest or power to the decedent's former spouse is revoked. A provision affected by this section must be interpreted, and the nonprobate asset affected passes, as if the former spouse failed to survive the decedent, having died at the time of entry of the decree of dissolution or declaration of invalidity." Wash. Rev. Code §11.07.010(2)(a) (1994).

That statute applies to "all nonprobate assets, wherever situated, held at the time of entry by a superior court of this state of a decree of dissolution of marriage or a declaration of invalidity." §11.07.010(1). It defines "nonprobate asset" to include "a life insurance policy, employee benefit plan, annuity or similar contract, or individual retirement account." §11.07.010(5)(a).

Respondents argued that they were entitled to the life insurance proceeds because the Washington statute disqualified Mrs. Egelhoff as a beneficiary, and in the absence of a qualified named beneficiary, the proceeds would pass to them as Mr. Egelhoff's heirs. In a separate action, respondents also sued to recover the pension plan benefits. Respondents again argued that the Washington statute disqualified Mrs. Egelhoff as a beneficiary and they were thus entitled to the benefits under the plan.

The trial courts, concluding that both the insurance policy and the pension plan "should be administered in accordance" with ERISA, granted summary judgment to petitioner in both cases. App. to Pet. for Cert. 46a, 48a. The Washington Court of Appeals consolidated the cases and reversed. *In re Estate of Egelhoff*, 93 Wash. App. 314, 968 P. 2d 924 (1998). It concluded that the Washington statute was not pre-empted by ERISA. *Id.*, at 317, 968 P. 2d, at 925. Applying the statute, it held that respondents were entitled to the proceeds of both the insurance policy and the pension plan. *Ibid.*

The Supreme Court of Washington affirmed. 139 Wash. 2d 557, 989 P. 2d 80 (1999). It held that the state statute, although applicable to "employee benefit plan[s]," does not "refe[r] to" ERISA plans to an extent that would require pre-emption, because it "does not apply immediately and exclusively to an ERISA plan, nor is the existence of such a plan essential to operation of the statute." *Id.*, at 574, 989 P. 2d, at 89. It also held that the statute lacks a "connection with" an ERISA plan that would compel pre-emption. *Id.*, at 576, 989 P. 2d, at 90. It emphasized that the statute "does not alter the nature of the plan itself, the administrator's fiduciary duties, or the requirements for plan administration." *Id.*, at 575, 989 P. 2d, at 90. Nor, the court concluded, does the statute conflict with any specific provision of ERISA, including the antialienation provision, 29 U. S. C. §1056(d)(1), because it "does not operate to divert benefit plan proceeds from distribution under terms of the plan documents," but merely alters "the underlying circumstances to which the distribution scheme of [the] plan must be applied." 139 Wash. 2d, at 578, 989 P. 2d, at 91.

Courts have disagreed about whether statutes like that of Washington are pre-empted by ERISA. Compare, *e.g.*, *Manning* v. *Hayes*, 212 F. 3d 866 (CA5 2000) (finding pre-emption), cert. pending, No. 00–265, and *Metropolitan Life Ins. Co.* v. *Hanslip*, 939 F. 2d 904 (CA10 1991) (same), with, *e.g.*, *Emard* v. *Hughes Aircraft Co.*, 153 F. 3d 949 (CA9 1998) (finding no pre-emption), and 139 Wash. 2d, at

557, 989 P. 2d, at 80 (same). To resolve the conflict, we granted certiorari. 530 U. S. 1242 (2000).

II

Petitioner argues that the Washington statute falls within the terms of ERISA's express pre-emption provision and that it is pre-empted by ERISA under traditional principles of conflict pre-emption. Because we conclude that the statute is expressly pre-empted by ERISA, we address only the first argument.

ERISA's pre-emption section, 29 U. S. C. §1144(a), states that ERISA "shall supersede any and all State laws insofar as they may now or hereafter relate to any employee benefit plan" covered by ERISA. We have observed repeatedly that this broadly worded provision is "clearly expansive." *New York State Conference of Blue Cross & Blue Shield Plans* v. *Travelers Ins. Co.,* 514 U. S. 645, 655 (1995); see, *e.g., Morales* v. *Trans World Airlines, Inc.,* 504 U. S. 374, 384 (1992) (listing cases in which we have described ERISA pre-emption in broad terms). But at the same time, we have recognized that the term "relate to" cannot be taken "to extend to the furthest stretch of its indeterminacy," or else "for all practical purposes pre-emption would never run its course." *Travelers, supra,* at 655.

We have held that a state law relates to an ERISA plan "if it has a connection with or reference to such a plan." *Shaw* v. *Delta Air Lines, Inc.,* 463 U. S. 85, 97 (1983). Petitioner focuses on the "connection with" part of this inquiry. Acknowledging that "connection with" is scarcely more restrictive than "relate to," we have cautioned against an "uncritical literalism" that would make pre-emption turn on "infinite connections." *Travelers, supra,* at 656. Instead, "to determine whether a state law has the forbidden connection, we look both to 'the objectives of the ERISA statute as a guide to the scope of the state law that

Congress understood would survive,' as well as to the nature of the effect of the state law on ERISA plans." *California Div. of Labor Standards Enforcement* v. *Dillingham Constr., N. A., Inc.,* 519 U. S. 316, 325 (1997), quoting *Travelers, supra,* at 656 (citation omitted).

Applying this framework, petitioner argues that the Washington statute has an impermissible connection with ERISA plans. We agree. The statute binds ERISA plan administrators to a particular choice of rules for determining beneficiary status. The administrators must pay benefits to the beneficiaries chosen by state law, rather than to those identified in the plan documents. The statute thus implicates an area of core ERISA concern. In particular, it runs counter to ERISA's commands that a plan shall "specify the basis on which payments are made to and from the plan," §1102(b)(4), and that the fiduciary shall administer the plan "in accordance with the documents and instruments governing the plan," §1104(a)(1)(D), making payments to a "beneficiary" who is "designated by a participant, or by the terms of [the] plan." §1002(8).[1] In other words, unlike generally applicable

[1] One can of course escape the conflict between the plan documents (which require making payments to the named beneficiary) and the statute (which requires making payments to someone else) by calling the statute an "invalidation" of the designation of the named beneficiary, and by observing that the plan documents are silent on whether "invalidation" is to occur upon divorce. The dissent employs just such an approach. See *post,* at 3–4 (opinion of BREYER, J.). Reading a clear statement as an ambiguous metastatement enables one to avoid all kinds of conflicts between seemingly contradictory texts. Suppose, for example, that the statute required that all pension benefits be paid to the Governor of Washington. That seems inconsistent with the plan documents (and with ERISA), but the inconsistency disappears if one calls the statute an "invalidation" of the principal and alternate beneficiary designations. After all, neither the plan nor ERISA actually *says* that beneficiaries *cannot* be invalidated in favor of the Governor. This approach exploits the logical inability of any text to contain a complete

laws regulating "areas where ERISA has nothing to say," *Dillingham*, 519 U. S., at 330, which we have upheld notwithstanding their incidental effect on ERISA plans, see, *e.g.*, *ibid.*, this statute governs the payment of benefits, a central matter of plan administration.

The Washington statute also has a prohibited connection with ERISA plans because it interferes with nationally uniform plan administration. One of the principal goals of ERISA is to enable employers "to establish a uniform administrative scheme, which provides a set of standard procedures to guide processing of claims and disbursement of benefits." *Fort Halifax Packing Co.* v. *Coyne,* 482 U. S. 1, 9 (1987). Uniformity is impossible, however, if plans are subject to different legal obligations in different States.

The Washington statute at issue here poses precisely that threat. Plan administrators cannot make payments simply by identifying the beneficiary specified by the plan documents.[2] Instead they must familiarize themselves with

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set of instructions for its own interpretation. It has the vice– or perhaps the virtue, depending upon one's point of view– of draining all language of its meaning.

[2] Respondents argue that in this case, the disposition dictated by the Washington statute is consistent with that specified in the plan documents. Because Mr. Egelhoff designated "Donna R. Egelhoff Wife" as the beneficiary of the life insurance policy, they contend that once the Egelhoffs divorced, "there was no such person as 'Donna R. Egelhoff *Wife*'; the designated person had definitionally ceased to exist." Brief for Respondents 44 (emphasis in original); see also *post,* at 3 (BREYER, J., dissenting). In effect, respondents ask us to infer that what Mr. Egelhoff meant when he filled out the form was not "Donna R. Egelhoff, who is my wife," but rather "a new legal person– 'Donna as spouse.'" Brief for Respondents 44. They do not mention, however, that below the "Beneficiary" line on the form, the printed text reads, "First Name [space] Middle Initial [space] Last Name [space] Relationship." See Appendix to opinion of BREYER, J., *post.* Rather than impute to Mr. Egelhoff the unnatural (and indeed absurd) literalism suggested by

state statutes so that they can determine whether the named beneficiary's status has been "revoked" by operation of law. And in this context the burden is exacerbated by the choice-of-law problems that may confront an administrator when the employer is located in one State, the plan participant lives in another, and the participant's former spouse lives in a third. In such a situation, administrators might find that plan payments are subject to conflicting legal obligations.

To be sure, the Washington statute protects administrators from liability for making payments to the named beneficiary unless they have "actual knowledge of the dissolution or other invalidation of marriage," Wash. Rev. Code §11.07.010(3)(a) (1994), and it permits administrators to refuse to make payments until any dispute among putative beneficiaries is resolved, §11.07.010(3)(b). But if administrators do pay benefits, they will face the risk that a court might later find that they had "actual knowledge" of a divorce. If they instead decide to await the results of litigation before paying benefits, they will simply transfer to the beneficiaries the costs of delay and uncertainty.[3] Requiring ERISA administrators to master the relevant laws of 50 States and to contend with litigation would undermine the congressional goal of "minimiz[ing] the administrative and financial burden[s]" on plan administrators— burdens ulti-

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respondents, we conclude that he simply provided all of the information requested by the form. The happenstance that "Relationship" was on the same line as the beneficiary's name does not, we think, evince an intent to designate "a new legal person."

[3] The dissent observes that the Washington statute permits a plan administrator to avoid resolving the dispute himself and to let courts or parties settle the matter. See *post*, at 6. This observation only presents an example of how the costs of delay and uncertainty can be passed on to beneficiaries, thereby thwarting ERISA's objective of efficient plan administration. Cf. *Fort Halifax Packing Co.* v. *Coyne,* 482 U. S. 1, 9 (1987).

mately borne by the beneficiaries. *Ingersoll-Rand Co.* v. *McClendon,* 498 U. S. 133, 142 (1990).

We recognize that all state laws create some potential for a lack of uniformity. But differing state regulations affecting an ERISA plan's "system for processing claims and paying benefits" impose "precisely the burden that ERISA pre-emption was intended to avoid." *Fort Halifax, supra,* at 10. And as we have noted, the statute at issue here directly conflicts with ERISA's requirements that plans be administered, and benefits be paid, in accordance with plan documents. We conclude that the Washington statute has a "connection with" ERISA plans and is therefore pre-empted.

III

Respondents suggest several reasons why ordinary ERISA pre-emption analysis should not apply here. First, they observe that the Washington statute allows employers to opt out. According to respondents, the statute neither regulates plan administration nor impairs uniformity because it does not apply when "[t]he instrument governing disposition of the nonprobate asset expressly provides otherwise." Wash. Rev. Code §11.07.010(2)(b)(i) (1994). We do not believe that the statute is saved from pre-emption simply because it is, at least in a broad sense, a default rule.

Even though the Washington statute's cancellation of private choice may itself be trumped by specific language in the plan documents, the statute does "dictate the choice[s] facing ERISA plans" with respect to matters of plan administration. *Dillingham, supra,* at 334. Plan administrators must either follow Washington's beneficiary designation scheme or alter the terms of their plan so as to indicate that they will not follow it. The statute is not any less of a regulation of the terms of ERISA plans simply because there are two ways of complying with it.

Of course, simple noncompliance with the statute is not one of the options available to plan administrators. Their only choice is one of timing, *i.e.*, whether to bear the burden of compliance *ex post*, by paying benefits as the statute dictates (and in contravention of the plan documents), or *ex ante*, by amending the plan.[4]

Respondents emphasize that the opt-out provision makes compliance with the statute less burdensome than if it were mandatory. That is true enough, but the burden that remains is hardly trivial. It is not enough for plan administrators to opt out of this particular statute. Instead, they must maintain a familiarity with the laws of all 50 States so that they can update their plans as necessary to satisfy the opt-out requirements of other, similar statutes. They also must be attentive to changes in the interpretations of those statutes by state courts. This "tailoring of plans and employer conduct to the peculiarities of the law of each jurisdiction" is exactly the burden ERISA seeks to eliminate. *Ingersoll-Rand, supra,* at 142.

Second, respondents emphasize that the Washington statute involves both family law and probate law, areas of traditional state regulation. There is indeed a presumption against pre-emption in areas of traditional state regulation such as family law. See, *e.g.*, *Hisquierdo* v. *Hisquierdo,* 439 U. S. 572, 581 (1979). But that presumption can be overcome where, as here, Congress has made clear its desire for pre-emption. Accordingly, we have not

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[4] Contrary to the dissent's suggestion that the resolution of this case depends on one's view of federalism, see *post,* at 8–9, we are called upon merely to interpret ERISA. And under the text of ERISA, the fiduciary "shall" administer the plan "in accordance with the documents and instruments governing the plan," 29 U. S. C. §1104(a)(1)(D). The Washington statute conflicts with this command because under this statute, the only way the fiduciary can administer the plan according to its terms is to change the very terms he is supposed to follow.

hesitated to find state family law pre-empted when it conflicts with ERISA or relates to ERISA plans. See, *e.g.*, *Boggs* v. *Boggs,* 520 U. S. 833 (1997) (holding that ERISA pre-empts a state community property law permitting the testamentary transfer of an interest in a spouse's pension plan benefits).

Finally, respondents argue that if ERISA pre-empts this statute, then it also must pre-empt the various state statutes providing that a murdering heir is not entitled to receive property as a result of the killing. See, *e.g.*, Cal. Prob. Code Ann. §§250–259 (West 1991 and Supp. 2000); 755 Ill. Comp. Stat., ch. 755, §5/2–6 (1999). In the ERISA context, these "slayer" statutes could revoke the beneficiary status of someone who murdered a plan participant. Those statutes are not before us, so we do not decide the issue. We note, however, that the principle underlying the statutes— which have been adopted by nearly every State— is well established in the law and has a long historical pedigree predating ERISA. See, *e.g.*, *Riggs* v. *Palmer*, 115 N. Y. 506, 22 N. E. 188 (1889). And because the statutes are more or less uniform nationwide, their interference with the aims of ERISA is at least debatable.

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The judgment of the Supreme Court of Washington is reversed, and the case is remanded for further proceedings not inconsistent with this opinion.

It is so ordered.