

The Supreme Court - January 24, 2022

by Ian Blodger

Today, the Supreme Court of the United States issued the following decision:

Hughes v. Northwestern University, No. 19-1401: This case concerns the proper pleading standard for certain breach of fiduciary duty claims brought under the Employee Retirement Income Security Act (“ERISA”). The plaintiffs, participants in defined-contribution retirement plans sponsored by Northwestern University, brought a putative class action alleging that the plans’ administrators breached their fiduciary duties under ERISA by, among other things, (1) failing to monitor the plans’ recordkeeping fees and (2) offering needlessly expensive investment options. The District Court granted the defendants’ motion to dismiss, and the Seventh Circuit affirmed, reasoning in part that the defendants had provided an adequate array of investment choices, including the types of funds plaintiffs wanted (low-cost index funds). Today, in an 8-0 opinion authored by Justice Sotomayor, the Supreme Court reversed. The Court held the “Seventh Circuit erred in relying on the participants’ ultimate choice over their investments to excuse allegedly imprudent decisions by respondents.” The Court remanded the case to the Seventh Circuit to “consider whether [the plaintiffs] have plausibly alleged a violation of the duty of prudence as articulated in” *Tibble v. Edison Int’l*, 575 U. S. 523 (2015).

View the Court's [decision](#).

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