

# Judge Approves \$11 Million Settlement With Principal Financial in ERISA Class Action

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*A class-action lawsuit accused the insurance company of overcharging employees for retirement investments in its own funds.*

On November 18, U.S. District Judge John Jarvey granted final approval to a settlement negotiated with Principal Financial, which had been accused of violating its fiduciary obligations by charging excessive administrative fees to employees investing their retirement plans in Principal funds in violation of the Employee Retirement Income Security Act (ERISA).

Employees of Principal only had the option of investing in Principal-branded funds for their company-sponsored retirement plans. More than 15,000 employees were invested in these funds, which had nearly \$2 billion in assets.

These plans paid much higher investment management and advisor fees than other defined-contribution funds of similar size. Because of this settlement, Principal employees will have broader options and pay lower fees moving forward. Retirement money that had been lost to excessive fees will instead earn returns on investment.

The settlement involves a payout of \$3 million into a settlement fund and an agreement by Principal to slash such fees going forward by at least \$8.1 million – though the employees will most likely save even more as their plans gain value. They will also be able to invest in non-Principal funds.

The lawsuit was brought by Bailey Glasser partner Gregory Porter of the firm's Washington, D.C., office on behalf of Krystal Anderson and other class members.

The negotiated settlement in this complex case came after nearly 18 months of active litigation.

JUDGE APPROVES \$11 MILLION SETTLEMENT WITH PRINCIPAL FINANCIAL IN ERISA  
CLASS ACTION

## **Attorneys**

Gregory Y. Porter

## **Practice Areas**

ERISA, Employee Benefits & Trust Litigation