

Transamerica settles 401(k) excessive-fee lawsuit with its employees for \$3.8 million

The retirement plan provider joins a list of other firms such as MassMutual, Fidelity and Ameriprise that have settled lawsuits with their own 401(k) participants

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By [Greg Iacurci](#)

Transamerica Corp. has agreed to settle an excessive-fee lawsuit with participants in its own 401(k) plan for \$3.8 million.

Plaintiffs in the suit, *Lequita Dennard et al v. Transamerica Corp. et al*, allege breach of fiduciary duty under the Employee Retirement Income Security Act of 1974 by Transamerica and affiliated companies for charging excessive administrative and investment management fees.

Transamerica, which serves as record keeper and investment manager for its [\\$1.6 billion 401\(k\) plan](#), allegedly administered the plan “for the benefit of Aegon” (the firm's parent company) and reaped excess fees for itself through revenue sharing payments, according to the complaint, originally filed in February 2015.

Judge Edward McManus of the U.S. District Court for the Northern District of Iowa, Cedar Rapids Division, granted preliminary approval of the nearly \$4 million settlement on June 24.

The settlement includes several non-monetary provisions as well, including: capping fees on a bond index mutual fund, S&P 500 fund and separate account investments; hiring a third-party investment consultant; and continuing to rebate all mutual fund revenue sharing to the plan, to rebate any sub-adviser fees for affiliated sub-advisers to the plan, and to provide record-keeping services to the plan at no cost.

"Although we have maintained that these allegations are unfounded, we have agreed in principle to settle the case in order to avoid the time and expense of litigation," Transamerica spokesman Gregory Tucker said in an e-mailed statement. "The bulk of the settlement proceeds will be distributed to Transamerica's current and former employees who were participants in the plan ... Class members will also have an opportunity to provide comments on the settlement to the court, prior to final approval."

Plaintiffs' counsel Gregory Porter, partner at law firm Bailey & Glasser, didn't return a request for comment.

Transamerica joins a **growing list of retirement plan service providers** that have been targeted in similar excessive-fee lawsuits by their plan participants. Earlier in June, **Massachusetts Mutual Life Insurance Co.** agreed to **settle with its employees for \$31 million**.

Fidelity Investments and **Ameriprise Financial** have paid out hefty sums as well in the last few years — **\$12 million** and **\$27.5 million**, respectively.

The largest settlement ever reached in lawsuits alleging excessive 401(k) fees was **\$62 million**, paid by Lockheed Martin Corp.