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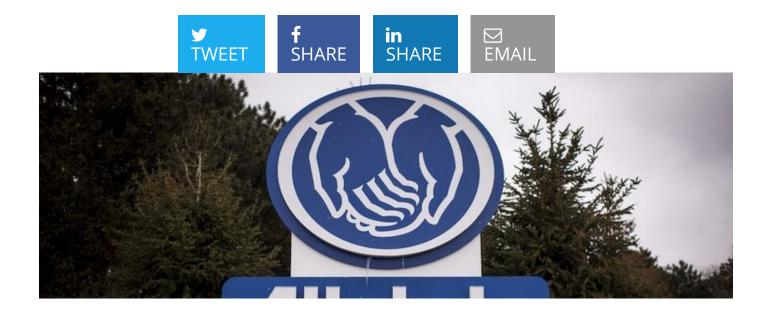
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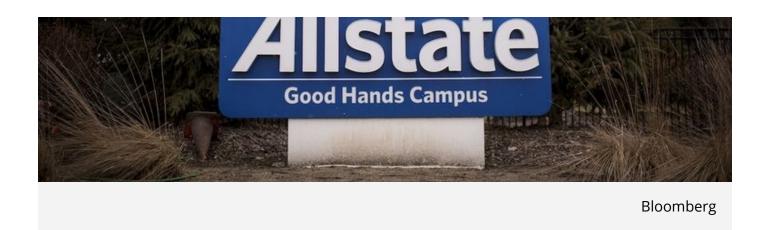
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Federal judge affirms 401(k) lawsuit against Allstate

By ROBERT STEYER 🕑 🖂





A federal court judge in Chicago refused to dismiss an ERISA complaint against Allstate Corp. and 401(k) plan fiduciaries by current and former plan participants.

The plaintiffs contended that plan executives failed to monitor investments, choose poor-performing investments and failed to drop these investments in favor of similar products with better results.

The defendants responded that the plaintiffs lacked a legal standing to sue, an argument rejected by U.S. District Judge Manish S. Shah in a Tuesday ruling.

"What matters is whether the plaintiffs sufficiently allege that they paid excessive fees, thereby diminishing their retirement accounts, due to the defendants' imprudence and unlawful transactions," the judge wrote. "They have." The judge rebuffed several claims by the defendants concerning the legal standing to sue in the case of Cutrone et al. vs. The Allstate Corp. et al. The complaint represents the consolidation of two lawsuits against the defendants — one in October 2020 and the other in January 2021 — making similar allegations.

"Plaintiffs claim that they lost retirement savings because defendants breached their fiduciary duties, either by selecting and retaining the suite of Northern Trust funds or by causing the plan to pay excessive fees," the judge wrote, referring to a Northern Trust target-date series. Northern Trust is not a defendant.

"Plaintiffs allege breaches of duty that harmed them, and that opens the courthouse door," the judge wrote.

"The standing inquiry is about whether a plaintiff brings a real dispute to court," the judge wrote. "Defendants do not contest that plaintiffs have done so. Once that threshold is crossed, the proper scope of plaintiffs' claims become a matter for the merits, not whether there's a case or controversy."

According to a Form 5500, the Allstate 401(k) Savings Plan had \$5.9 billion in assets as of Dec. 31, 2019.

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