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Another Suit on 401(k) Fees Is Settled

By Liz Moyer



Ameriprise Financial was challenged on its 401(k) fees and practices.

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[Ameriprise Financial](#) agreed to pay \$27.5 million to settle a lawsuit that claimed the Minneapolis financial-services company breached its fiduciary duty to 24,000 current and former employees who participate in its 401(k) retirement-savings plan.

It's another victory for a lawyer who has brought such issues to the attention of the U.S. Supreme Court.

The suit focused on fees, including Ameriprise's alleged failure to ensure the reasonableness of fees for administrative services charged to the plan. It also raised questions about Ameriprise's use of investment options managed by a subsidiary. Ameriprise denied the allegations. The case had been set to go to trial next month.

"We have a strong 401(k) plan that is administered for the sole interests of participants," Ameriprise said in a statement. "The settlement does not require any changes to our plan, which will maintain the existing broad and competitive selection of investment options and features. The plan has always included funds we manage, as well as funds from other companies and a brokerage window that offers participants additional choice."

As part of the settlement, Ameriprise agreed to put its plan's record-keeping functions out for bidding—which the company says it hasn't done before—and to pay a flat or per-participant fee for such services. It also agreed to certain fee disclosures and to seek the lowest-cost investment options.

This is one of more than a dozen lawsuits involving 401(k) fees and practices that St. Louis attorney Jerome Schlichter has filed against large U.S. companies in the last eight years.

Last month the Supreme Court heard arguments in another one of his cases—one that could have [broad implications for the way millions of Americans save for retirement](#). Recently, the Obama administration has placed a [heightened scrutiny on retirement plans](#).

Eight of 13 lawsuits have settled so far, with Bethesda, Md., defense firm [Lockheed Martin](#) paying the biggest amount, some \$62 million.

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