

## Eighth Circuit Affirms Dismissal of Plan Forfeitures Claim for Lack of Standing

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We previously reported on the wave of plan forfeiture litigation [here](#). Since that report, the United States Court of Appeals for the Eighth Circuit has issued the first federal appellate court ruling in this line of cases, affirming the district court's dismissal of the claim for lack of standing.

In *Matula v. Wells Fargo & Company*, the plaintiff filed a complaint against the plan sponsor of a 401(k) plan, alleging that the plan's use of forfeitures to offset its employer matching contributions, rather than to pay plan expenses or make corrective adjustments to participant accounts, violated ERISA's fiduciary duty and prohibited transaction rules. The district court dismissed the complaint after concluding that the plaintiff lacked standing to sue the plan sponsor, because such plaintiff had not suffered a "particularized injury" from the plan sponsor's use of forfeitures that affected him "in a personal and individual way." On appeal, the Eighth Circuit agreed that the plaintiff lacked standing and affirmed the dismissal.

While the result is favorable for plan sponsors, potential plaintiffs may attempt to cure the standing deficiency by alleging a particularized individual injury in future complaints. We will continue to monitor these cases and any further developments in this area.

In the meantime, plan sponsors should continue to review their plan documents to confirm that the plan authorizes the use of forfeitures for employer contributions, ensure that any ordering rules or administrative procedures set forth in the plan document are followed, and consider whether plan-level expenses could give rise to potential individualized harm arguments.

The case is *Matula v. Wells Fargo & Company*, No. 25-2441, in the United States Court of Appeals for the Eighth Circuit. The opinion is available [here](#).