

## Sixth Circuit Holds No Fiduciary Breach in Transfer of Account Balances from Participant-Elected Fund to QDIA

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After enactment of the Pension Protection Act, a defined contribution plan administrator decided to change the default investment from a stable value fund to a target date fund. The fiduciary sent notices to all participants who were 100% invested in the stable value fund that, unless instructed otherwise, it intended to transfer their balances into the target date fund. Two participants who had actively elected to participate in the stable value claimed they did not receive the notice. Each suffered a loss when their account balances were subsequently transferred. The participants sued for fiduciary breach. The U.S. federal district court held that the plan administrator was not liable due to the Department of Labor safe harbor regulation. The U.S. Court of Appeals for the Sixth Circuit upheld the district court reasoning that the safe harbor for qualified default investments applies any time a participant fails to make an election, not just when a participant fails to make an initial election. Thus, because a notice was sent to the participants, and they failed to confirm their elections in the stable value fund, the safe harbor applied. *Bidwell v. Univ. Medical Ctr., Inc.*, No. 11-5493, 2012 U.S. App. LEXIS 13306 (6th Cir. June 29, 2012).