

Judge Sides With Knight-Swift in ERISA 401(k) Forfeiture Case

The district court decision is the latest action in a flurry of cases concerning the alleged mismanagement of forfeited assets.

Reported by [JAMES VAN BRAMER](#)

A federal judge in Arizona has dismissed a class action lawsuit accusing Knight-Swift Transportation Holdings Inc. of misusing forfeited assets in its 401(k) retirement plan, rejecting claims that the truck-loading company violated the Employee Retirement Income Security Act by using the funds to offset company contributions, rather than to pay down plan expenses.

In *Jason Sievert et al., v. Knight-Swift Transportation Holdings Inc.*, U.S. District Judge Steven P. Logan, presiding in U.S. District Court for the District of Arizona, ruled Tuesday that the plaintiffs—three current and former plan participants—failed to state a viable ERISA claim. The workers alleged Knight-Swift's handling of forfeited assets breached its fiduciary duties and violated ERISA's prohibited transaction rules.

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A core issue in the case was whether Knight-Swift was bound by statements in its annual Form 5500 filings to the Department of Labor that forfeited assets “shall be used” to pay plan expenses.

The plaintiffs argued that those filings committed the company to covering administrative costs with forfeitures, and that by instead applying them to reduce employer contributions while charging expenses to participant accounts, Knight-Swift harmed employees.

But Logan sided with the company, finding that under ERISA, a written plan document, not external filings like a Form 5500, governs fiduciary obligations. The court held that the plan gave Knight-Swift broad discretion over how to allocate forfeited assets and that its actions complied with the plan's terms and federal regulations.

“Plaintiffs simply have not shown that the Form 5500s created any binding legal obligation,” Logan wrote, emphasizing that enforcement over alleged inaccuracies in such filings falls to the Department of Labor, not private litigants.

Logan dismissed the case with prejudice, denying the plaintiffs an opportunity to amend their complaint.

The decision is “comforting to plan sponsors,” as it affirms their ability to continue longstanding administrative practices without fear that using forfeitures to offset contributions violates fiduciary duties, says Andrew Oringer, a partner in and the general counsel of the Wagner Law Group, whose practice includes fiduciary compliance.

However, Oringer notes that while the ruling is favorable to plan sponsors, it is only a district court opinion, with the potential for appeals and inconsistency across courts in different parts of the country.

“This is the kind of ruling that the defense bar, fiduciaries and plan sponsors will want,” Oringer says. “But what they really want is for this to become the trend in the courts.”

The ruling is part of a string of recent similar ERISA lawsuits challenging employers' use of 401(k) forfeitures.

Employers brought [litigation against Capital One in November 2024](#), accusing the bank of breaching its duties under ERISA by allegedly improperly using participant-forfeited funds.

Meanwhile, in March, UnitedHealth Group settled for \$69 million a class action lawsuit involving fund selection for its 401(k) Savings Plan.

"If you get a settlement, if you get a decision or two on your side, that's emboldening," Oringer says. "But the moment the trend starts to go in the other direction, it starts to reverse that emboldening and to cause plaintiffs' lawyers to move on to the next idea."

Knight-Swift did not immediately respond to a request for comment, nor did counsel for the plaintiffs.

Tags

[ERISA](#), [fiduciary duty](#)

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