

Judge Allows PRT Claims Against State Street, Dismisses Counts Against AT&T

In a ruling that could affect future pension risk transfer litigation, a U.S. district court judge ruled that a delegated fiduciary adviser should to face charges.

Reported by [VALENTINA BAEZ](#)

A Massachusetts federal judge on Monday ruled that claims against AT&T Inc. from a proposed class action lawsuit challenging the company's \$8.05 billion pension risk transfer to Athene Annuity and Life Assurance Co. should be dismissed.

U.S. District Judge Nathaniel Gorton followed the [report and recommendation](#) filed by Magistrate Judge Paul Levenson on August 31, which stated that claims against AT&T in the merged case *Piercy et al. v. AT&T Inc. et al.* should be dismissed on the grounds that the plaintiffs failed to demonstrate that AT&T was involved in the May 2023 selection of Athene as the annuity provider.

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In his order, Gorton wrote that, "aside from AT&T's purchase of annuities and knowledge of the price charged by Athene, plaintiffs do not allege sufficient facts to support an inference that AT&T influenced that decision."

Gorton also followed Levenson's proposal that claims against the fiduciary adviser selected by AT&T, known at the time as State Street Global Advisors Trust Co. and now known as State Street Corp., can proceed, since AT&T had delegated to the adviser the responsibility to select an annuity provider. Gorton's ruling allowed claims against State Street to continue, with the potential for the case to proceed to discovery.

"What the AT&T case said is, 'AT&T did not have knowledge of the alleged breach in choosing Athene, and they didn't participate in the selection of it; they outsourced that,'" says Kent Mason, a partner in Davis & Harman LLP who practices in employee benefits cases. "So they didn't have knowledge, they didn't participate. Therefore, they don't have liability."

Significance of the Outcome

The case combined separate class action complaints filed in [March 2024](#) against AT&T and State Street in U.S. District Court for the District of Massachusetts. The first suit was filed by [four former pension fund participants](#) represented by law firm Libby Hoopes Brooks & Mulvey P.C. Additional former participants represented by Schlichter Bogard LLP filed their own suit.

In [September 2025](#), after the defendants moved to dismiss the charges, Levenson issued his first report and recommendation in the case, which stated that the plaintiffs' complaints failed to state a claim of breach of fiduciary duty, and that the case lacked evidence that AT&T or State Street had any conflict of interests with Athene.

The plaintiffs filed an amended complaint in October 2025, which Gorton dismissed while ruling that the plaintiffs had standing to sue.

"As the magistrate judge found ... there are no allegations that AT&T: meddled in the selection process, ignored red flags, or failed in their monitoring obligations, or even knew that SSGA had breached its fiduciary duty in purchasing the annuity contracts from Athene," Gorton wrote at the time.

Judge's Order 'Just Wrong,' per Davis & Harman Partner

For plan sponsors moving forward, Gorton's order highlights the importance of due diligence in the selection of an adviser for pension risk transfers.

"It boils down to what their role is, not as a matter of contract, but as a matter of what's happening in practice," says Jordan Mamorsky, a partner in the Wagner Law Group. "If the plan sponsor engages an independent fiduciary and the independent fiduciary makes the choice in a pension risk transfer case, that plan sponsor would have the responsibility to prudently monitor that independent fiduciary. For a plaintiff to try and plausibly plead liability for the plan sponsor, they'd have to show that there were some red flags or something that should have alerted the plan sponsor, from a prudent process of monitoring, that the independent fiduciary was acting unreasonably."

Mason says he agrees with the court's decision to dismiss the claims against AT&T, but he said the claims against State Street should have also been dismissed.

"The decision to deny the motion to dismiss the suit altogether was just wrong," he says. "Unlike almost all the other judges in PRT cases, the magistrate and the judge incorrectly found that the Supreme Court decision in *Thole v. U.S. Bank* did not apply and thus plaintiffs had standing based on the very speculative possibility of future harm. Second, the magistrate and judge allowed the suit to move forward based on comparisons of Athene to other insurers that they admit may not be valid comparators. This approach makes the motion to dismiss almost illusory."

In [June 2020](#), the U.S. Supreme Court determined that pension plan participants who have not had their own benefit payments reduced or otherwise altered cannot sue their employer based on the whole pension plan failing to live up to the Employee Retirement Security Act's fiduciary duties.

Fewer Cases Being Filed

Piercy et al. v. AT&T Inc. et al. was one of nine PRT suits remaining in the court system. According to Davis & Harman LLP's PRT litigation tracker, updated earlier this month, 13 cases have been filed since 2024, of which three pairs of suits involving the same defendants were consolidated. A fourth case was dismissed with prejudice.

Twelve of the original 13 cases were filed in 2024, one was filed in 2025, and none have been filed this year, showing a slowdown in PRT litigation.

According to Mamorsky, the Department of Labor under the current administration has taken a stand in support of pension sponsors and fiduciaries, which he thinks has a role in the recent slowdown in litigation.

"Labor's leadership has changed in [President Donald Trump's] administration," Mamorsky says. "If you take a look at these [PRT] cases, it's interesting that the former [DOL] had taken a contrary position to the current labor leadership."

The DOL has [filed amicus briefs](#) twice this year supporting pension sponsors, with the briefs highlighting the department's litigation strategy. According to the briefs, the agency is taking an active role in defending pension risk transfers as lawful and subject to ERISA, pushing back against what it has characterized as "regulation by litigation."

"I do see a shift in risk litigation toward plan sponsors and plan fiduciaries having the upper hand," Mamorsky says. "Over the last 10 years, there's just been a wave of ERISA, hidden-fee and excessive-fee, litigation and there was a concern in the community of the volume of litigation ... but I think plan sponsors and fiduciaries have fought back, and there's been a number of overall resounding victories for plan sponsors and plan fiduciaries."

O'Melveny & Myers LLP and Nutter McClennen & Fish LLP represent AT&T. Goodwin Procter LLP represents State Street.

State Street declined to comment. PLANSPONSOR has not received a response from AT&T to a request for comment.

Tags

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