

# Publications

December 16, 2025 • Updates

## Court Dismisses ERISA Fee Suit Against Kellogg, Reinforcing Pleading Standards for Plan Sponsors

### Key Takeaways

- **Michigan federal court dismisses ERISA fee claims against Kellogg with prejudice.** The court held that the plaintiff failed to plausibly allege fiduciary breaches tied to 401(k) recordkeeping fees, ending the multi-year litigation effort.
- **Generalized fee comparisons remain insufficient to plead imprudence.** The decision reinforces that ERISA plaintiffs must allege specific, like-for-like comparisons to survive a motion to dismiss.
- **Documented oversight remains key to early dismissal.** For plan sponsors, the ruling underscores that well-documented, routine recordkeeping arrangements and monitoring processes can help defeat speculative ERISA fee litigation at the pleading stage.

A recent federal court dismissal reaffirms the Sixth Circuit's strict standards for pleading fiduciary breach. For plan sponsors, the case is a reminder that strong fiduciary documentation can help prevent weak claims from advancing to discovery.

On Dec. 8, 2025, Judge Jane M. Beckering of the Western District of Michigan dismissed *Fleming v. Kellogg Co.*, a putative ERISA class action claim challenging the recordkeeping fees associated with Kellogg's 401(k) plan. The ruling ends a multi-year litigation effort in which the plaintiff alleged fiduciary breaches, prohibited transactions and failures to monitor plan committees. Despite several opportunities to amend the complaints, Judge Beckering ultimately held that the claims could not proceed under established ERISA pleading requirements.

### Plaintiff Challenged 401(k) Fees and Fiduciary Oversight

Fleming, as plaintiff, alleged that the plan's recordkeeping and administrative fees were excessive and that Kellogg's plan fiduciaries failed to act prudently in overseeing those arrangements. Although Fleming won an appeal in the Sixth Circuit pertaining to dismissal of his claims due to an arbitration clause in the plan documents, the case returned to the Western District of Michigan to evaluate the sufficiency of the plaintiff's pleadings under ERISA's fiduciary standards.

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## **Court Rejected Flawed Comparisons**

Applying the Sixth Circuit's framework for ERISA fee litigation, the court found that the complaint lacked sufficiently pled facts to render the fiduciary-breach theory plausible. The plaintiff's reliance on comparisons to other retirement plans was deficient because it did not establish (1) that the comparator plans were actually comparable, (2) that the participants in those plans received substantially similar services or (3) that any comparisons were made across the same time periods. The court concluded that without such information, it could not infer that the plan fiduciaries acted imprudently.

The Court further dismissed the prohibited-transaction claim, explaining that the pleadings did not plausibly establish that the challenged fee payments constituted prohibited transactions under ERISA. Moreover, the Court held that the plaintiff's allegations that Transamerica was a "party in interest" at the time of the challenged transactions were conclusory. The Court emphasized that routine payments under an existing services contract do not, without more, state a prohibited-transaction claim. The failure-to-monitor claim, being derivative of the other theories, also failed.

## **Dismissal Affirms ERISA Claims Need Specific, Real-Time Facts**

In dismissing the case with prejudice, the court noted that the plaintiff had already amended the complaint multiple times and had not requested further leave to amend. The Court reaffirmed that ERISA fee litigation cannot proceed on generalized or speculative allegations. The ruling underscores that plaintiffs cannot meet their pleading burdens without facts showing that fiduciaries acted imprudently in real time. The Court's decision further affirms that routine recordkeeping arrangements and standard fee payments do not, without more, give rise to plausible ERISA violations.

## **What It Means for Plan Sponsors and Fiduciaries**

For plan sponsors and fiduciaries, the outcome reinforces the strength of well-documented fiduciary processes and signals that courts in the Sixth Circuit will continue to act as an important gatekeeper, preventing meritless claims from advancing to costly discovery.