

# Employees Sue Four More Universities Over Retirement Plan Fees



Employees have filed lawsuits against Duke, in Durham, N.C., above, Johns Hopkins, the University of Pennsylvania and Vanderbilt. Credit...Jim R. Bounds/Bloomberg

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More leading universities have been sued on claims that their retirement plans charged employees excessive fees, following a [series of similar suits](#) filed earlier this week.

In the latest round, complaints were filed in various federal courts on behalf of employees at Duke, Johns Hopkins, the University of Pennsylvania and Vanderbilt. The earlier lawsuits were filed against the [Massachusetts Institute of Technology](#), [New York University](#) and [Yale](#) on Tuesday. All of the complaints seek class-action status.

Jerome J. Schlichter, a lawyer well known for his pioneering litigation in the world of 401(k) retirement plans, is representing the plaintiffs. But with these suits, the spotlight has shifted to a more obscure corner of the retirement savings market, 403(b) plans, which are similar to 401(k) plans but are typically offered by public schools and nonprofit institutions like universities and hospitals.

All of the suits, including the latest four, share similar overarching themes: The universities all used more than one provider, known as a record keeper, to operate their plans and perform the administrative services to keep them running. Had they consolidated to one provider, the plaintiffs claim, they could have used their bargaining power to negotiate much lower fees. Instead, the suits allege, the plans overpaid millions of dollars each year.

The complaints also argue that the plans sponsored by the universities offered far too many investment options — many of which were too expensive — when cheaper alternatives were available. It also argued that the long lists of investments served only to confuse investors.

For instance, Duke, which had \$4.7 billion in assets held by nearly 38,000 participants at the end of 2014, used four providers (TIAA, Vanguard, Fidelity and Valic), offering 400 investment choices.

In response to the suit, Michael J. Schoenfeld, Duke's vice president for public affairs and government relations, said the university offered a range of options to give employees more flexibility. Those investments, he added, "are reviewed and carefully managed in accord with federal law to provide low costs and good outcomes."

Vanderbilt, which had \$3.4 billion in assets and nearly 42,000 participants at the end of 2014, used the same four providers, offering 340 investment options, until April 2015. At that time, it consolidated to Fidelity and shrank its plan menu to a core set of 14 investment options, according to the suit, which argues that the changes should have come many years earlier. In addition, the complaint claims that the university continues to pay too much for record keeping.

The suit also notes that Vanderbilt admitted that its older plan structure had caused employees to pay unreasonable record-keeping and investment fees.

Beth Fortune, Vanderbilt's vice chancellor for public affairs, said that the university had not yet been served with the complaint and needed more time to respond.

Johns Hopkins, with \$4.3 billion in assets, offered more than 440 funds from its plan's five record keepers. In January, it reduced the number to three; the complaint argues that the changes did not go far enough.

A spokeswoman said the university offers its employees "a generous and carefully managed benefits program, including for retirement," and is in the process of reviewing the lawsuit.

A spokeswoman for the University of Pennsylvania, with \$3.8 billion in assets at year-end 2014, said it employed a rigorous process to review all investment options, and ensured they were administered with the highest degree of care and prudence; she said the university planned to defend itself vigorously.

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