



Supreme Court Shifts Burden to Defendants on ERISA Prohibited Transaction Claims

What Happened

On April 17, 2025, in a [unanimous opinion](#), the Supreme Court found that, in order to bring a prohibited transaction claim under the Employee Retirement Income Security Act of 1974 (ERISA), plaintiffs need only to allege a prohibited transaction occurred.

Why It Matters

Some are concerned this framework could allow plaintiffs to easily move past the motion-to-dismiss stage, which could create costly and time-intensive discovery processes for defendants.

- The Court acknowledged these concerns and was sympathetic to the argument that its ruling could increase litigation.

Weeding Out Meritless Claims

In its decision, the Court highlighted specific tools that district courts could use to dismiss and discourage meritless claims.

- The tools identified are not commonly used today, so it will be interesting to see how the litigation space evolves based on the Court's recommendations.

What's Next for Plan Sponsors

If defendants believe the prohibited transaction claimed by a plaintiff falls within one of the stated exemptions, they must show that an exemption applies.



- Going forward, when a PT claim is brought against an ERISA plan's fiduciaries, those fiduciaries will have to show that a prohibited transaction did not occur, or affirmatively plead that the PT was covered under a prohibited transaction exemption (PTE).

For more information, please contact your CAPTRUST Financial Advisor.

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