



## 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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