



Nov 01, 2009

**Categories:**  
[Experience](#)

## Bidwell, et al v University Medical Center, et al

---

The United District Court for the Western District of Kentucky has issued one of the first opinions in the nation addressing the Department of Labor's 2007 regulations on qualified default investment alternatives ("QDIA"). Judge Thomas B. Russell ruled that University Medical Center, Inc. ("UMC") did not breach its fiduciary duties to UMC retirement plan participants when it moved participants' balances into a QDIA established under the regulations without actual consent.

In 2007, the Department of Labor ("DOL") issued regulations applicable to QDIAs. The regulations' intent is to exclude or minimize the use of funds seeking only to preserve capital, such as money market and stable value funds. To comply with the new regulations, UMC's retirement plans changed their default investment vehicle from a stable value fund to a retirement date model.

UMC was unable to determine which participants had invested in the stable value fund by specific election versus a default election, so UMC mailed notices to the plans' participants, informing them that their accounts would be reinvested in the new QDIA unless they elected to keep their present allocation within 30 days.

Two participants whose assets were moved into the new QDIA brought this action against UMC. The participants claimed they never received the notice, and had they known of the election, would have elected to maintain their investments in the stable value fund. The plaintiffs argued that UMC had to prove actual receipt of the mailed notices to rely on them, violated its fiduciary duty because UMC's decision to transfer their investment funds was in direct contradiction of the summary plan descriptions for the plans, UMC failed to abide by the conditions of the DOL's regulations, and UMC was without authority to alter the plaintiffs' prior investment decisions without their consent.

The court determined during discovery that UMC's use of U.S. First Class mail was sufficient to prove actual mailing of the notices,

which was all ERISA required. In its judgment, the court found UMC's actions were both predicated upon and within the parameters of the plans' governing documents. It found that UMC had made a reasonable interpretation of the plans' documents with regards to DOL's regulations. The court also found UMC complied with every requirement of the regulations relating to DOL's QDIA process and UMC was authorized to choose the plaintiffs' investment elections when participants failed to make an affirmative election.

In light of these findings, the court held that UMC did not breach its fiduciary duty under ERISA and ruled against the plaintiffs on all counts.

The third party administrator for the UMC's retirement plans, Lincoln Retirement Services Company, LLC ("Lincoln"), was also named in the suit. The court dismissed the allegations against Lincoln finding it was not a fiduciary with respect to the plans.

© 2026 FBT Gibbons LLP. May be considered attorney advertising in some jurisdictions.