

# 2026 Employee Benefits Webinar



HansonBridgett

## Private Sector Employers

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# Agenda

**Fringe Benefits and Tax Reporting Update**

**Health and Welfare Plan Update**

**Qualified Plan Update**

# **Fringe Benefits and Tax Reporting Update**

# New OBBBA Overtime Deduction

- Above-the-line federal *income tax deduction* for qualified OT compensation
- Effective 2025-2028, up to \$12,500 (\$25,000 if joint return) w/ phase-out
- Qualified OT compensation- required under the FLSA & exceeds regular rate
- Applies only .5 portion of 1.5 times pay beyond a 40-hour workweek
- Does not apply to:
  - Overtime required only by state law or paid voluntarily
  - Employment taxes – employers must still withhold federal income tax
- Employers must report qualified OT compensation separately on Form W-2
  - 2025 transition rule – may reasonably approximate separate accounting
  - No changes to 2025 Form W-2; draft 2026 Form W-2 – use Box 12, Code TT

# New OBBBA Overtime Deduction (con't)



## **FLSA rules for calculating overtime apply:**

Applies only to non-exempt employees

Determination must be based on workweek

DOL rules re regular rate and hours worked apply



## **Notice 2025-62 – IRS guidance re employer overtime reporting**

Relief from failure to file/furnish penalties for 2025 if no separate accounting

IRS encourages employers to provide separate accounting via box 14 or statement



## **Notice 2025-69 – IRS guidance re employee claim for overtime deduction**

If no separate accounting, must make reasonable effort to determine amount

Provides reasonable methods, depending on circumstances, employees can use

# OBBA Fringe Benefit Impact

- **Qualified Transportation Fringe Benefits (OBBA, Section 70112)**
  - Tax-free employer-provided reimbursements for qualifying commuter bicycle expense – frozen in 2018
  - Reinstatement of tax-free benefit was expected starting 2026
  - Effective January 1, 2026: OBBA permanently eliminates tax-free treatment of employer-provided bicycle expense reimbursements
- **Employer Provided Moving Expenses (OBBA, Section 70113)**
  - Income Exclusion frozen in 2018
  - Effective January 1, 2026: Favorable tax treatment permanently eliminated
    - Limited exception for U.S. Armed Forces and Intelligence Community

# OBBBA Tax Reporting Threshold Changes

- **Increased Payment Threshold for Information Reporting Payments to Certain Payees (OBBBA, Section 70433)**
  - Applies to payments reported on Form 1099-MISC, Form 1099-NEC and Form W-2G
  - Effective January 1, 2026, reporting thresholds are increased as follows:
    - Form 1099-MISC and 1099-NEC: \$600 → \$2,000
    - Form W-2G: \$1,200/\$1,500 → \$2,000 for W-2G
  - New built-in annual inflation adjustment



# Permanent extension of tax-free employer student loan repayment assistance



- Employers can directly or indirectly pay for its employees' student loan up to \$5,250 and recipient employee will not recognize income up to the limit if Code section 127 requirements are satisfied
- Effective for payments made after December 31, 2025
- Adjusted for inflation for payments made in any taxable year beginning after 2026

# Excessive Employee Remuneration

- Publicly-traded companies only, the \$1 million cap on deductible executive compensation now applies across the controlled group, not just the public company entity
- A specified covered employee may be employed by any controlled group member, including non-public subsidiaries and affiliates
- All compensation paid to a specified covered employee by controlled group members is aggregated and if aggregate compensation exceeds \$1M, the deduction disallowance applies across the controlled group
- Applies to taxable years beginning after December 31, 2025

# Excise Tax Applicable to Tax-Exempt Entities

- OBBBA expanded Code Section 4960 21% excise tax on tax-exempt entities for compensation paid in excess of \$1 million
- Expanded definition of “Covered Employee”
  - Any employee (not just top 5) employed after 2016
  - Once covered, always covered
- Any compensation paid by related organizations is aggregated
- Effective after December 31, 2025

# Health and Welfare Plan Update

# One Big Beautiful Bill Act – HSA Relief

- Individuals maintain HSA eligibility when HDHP provides first-dollar telehealth and remote care services coverage
- Direct primary care (DPC) service arrangements are excluded from being HSA disqualifying coverage and DPC fees are a qualified medical expense
- IRS Notice 2026-5 provides guidance on these changes

# Employer Credit for Paid Family and Medical Leave (OBBA § 70304)

- Tax credit made permanent effective January 1, 2026
- Changes to terms and conditions of the tax credit:
  - Definition of eligible employer
  - Credit is limited to employees who work at least 20-hours per week
  - Expands availability to employees with at least 6-months of service rather than at least 1-year of service
  - Additional method for calculating the tax credit
- Credit amount = 12.5% to 25% of wages paid to qualifying employee during family and medical leave
- Paid family medical leave < 50% of the wage normally paid = No Tax Credit

# Affordable Care Act Updates

# Executive Order 14216

## Fertility Benefits

- Executive Order 14216, issued February 18, 2025, establishes a federal policy to expand access to in vitro fertilization (IVF) and reduce cost barriers to treatment
- The DOL, HHS and IRS issued FAQs clarifying how fertility benefits may be offered as excepted benefits
  - Independent, non-coordinated excepted benefits
  - Limited excepted benefits



# Independent, Non-coordinated Excepted Benefits

- Three requirements

Benefits are offered under a separate insurance arrangement

Benefits are not coordinated with any group health plan from the same plan sponsor, and

Benefits are paid without regard to whether other health coverage applies

- An employer is not required to offer a traditional group health plan
- Because the benefits must be provided under a separate policy of insurance to fit within this exception, **the coverage cannot be offered as a self-insured arrangement**

# Limited Excepted Benefits

- Under existing regulations, an employer may offer an excepted benefit HRA (EBHRA) that reimburses an employee's out-of-pocket costs related to fertility benefits as a "limited excepted benefit"
  - The benefits cannot be an integral part of a group health plan and must comply with the limit on the amount that can be made newly available to each participant for each plan year and other EBHRA qualification rules
- An employer may offer benefits for coaching and navigator services to help employees understand their fertility options under an EAP that otherwise qualifies as a limited excepted benefit

# ***Faulk Co. v. Kennedy, 5th Cir., No. 25-10773***

- ACA imposes a penalty (ERSP) when
  - An employer does not offer minimum essential coverage for substantially all full-time employees and
  - At least one employee is enrolled in coverage in the marketplace – such enrollment is certified to the employer under ACA section 1141
- Certification is made on IRS Letter 226-J
- Faulk Co. argued certification must be made by HHS not IRS and the Fifth Circuit agreed
- Are all IRS Letters 226-J now invalidated? Employers can argue yes

# IRS Notice 2025-15: Form 1095-B and Form 1095-C

- Employers may post a notice that is clear, conspicuous and accessible that employees may request a copy of Form 1095-C
- Similar rule for insurers with respect to fully-insured plans
- Notice must be posted by January 31, plus the automatic 30-day extension
- Notice must be furnished on request no later than the January 31 due date or thirty days after the employee's request



# ***Kennedy v. Braidwood Management, Inc., 606 U. S. \_\_ (2025)***

- Employers challenged the appointment of members to the US Preventive Services Task Force by the Secretary of HHS and argued Task Force members must be appointed by the President with the advice and consent of the Senate
- Specifically, employers wanted to avoid covering preventive services at no cost as required by the ACA
- US Supreme Court held that Task Force members are “inferior officers” and as such may be appointed by the Secretary
- Thus, leaving in place the authority of the Task Force to determine preventive services under the ACA

# 2026 Affordability Percentage Adjustment

Code Section	4980H(a)	4980H(b)	36B(b)(3)(A)(i)
Description	Coverage not offered to 95% of (or all but 5) full-time employees: No offer penalty	Coverage offered, but unaffordable or is not minimum value: Affordability penalty	Premium credits and affordability safe harbors
2026	\$3,340	\$5,010	9.96%
2025	\$2,900	\$4,350	9.02%

# No Surprises Act Updates

# No Surprises Act Update

- Recent victories for plans and insurers in provider lawsuits to vacate IDR awards
  - Last November, the 11<sup>th</sup> Circuit Court of Appeals rejected an air ambulance company's bid to vacate NSA IDR award. See *Reach Air Med. Servs. LLC v. Kaiser Found. Health Plan Inc.*, 2025 WL 3222820 (11<sup>th</sup> Cir. 2025)
  - Last June, the 5<sup>th</sup> Circuit Court of Appeals rejected an air ambulance company's bids to overturn IDR awards in two consolidated SB disputes. See *Guardian Flight, LLC v. Medical Evaluators ASO LLC*, No. 24-20051 (5<sup>th</sup> Cir. 2025); Guardian Flight, LLC v. Aetna Health, Inc., No. 24-20204 (5<sup>th</sup> Cir. 2025); in January SCOTUS declined to review
- Recent victory for providers in lawsuit to overturn HHS QPA regs
  - Last May, the 5<sup>th</sup> Circuit Court of Appeals granted TMA's motion for en banc hearing vacating 2024 panel decision upholding QPA methods
- Tri-agencies issue guidance extending enforcement discretion re QPA
  - FAQs About Consolidated Appropriations Act, 2021 and Affordable Care Act Implementation Part 71

# **Mental Health Parity and Addiction Equity Act (MHPAEA)**

# Enforcement of MHPAEA Stayed

ERISA Industry Advisory Committee (ERIC) challenged the enforcement of the final rule under the MHPAEA as arbitrary capricious

The Department of Justice announced on May 12, 2025 that enforcement of the MHPAEA final rule would be stayed pending reconsideration

# Update HIPAA Privacy Notice by February 16, 2026

- All HIPAA Privacy Notices should be updated to include Part 2 Rules related to information regarding protection of substance-use disorder records
- Revised Privacy Notice should be distributed within 60 days by mailing or by posting
- HHS has not posted a sample revised notice

# Proposed Healthcare Plan

- The White House announced a healthcare plan, which would require action by Congress
  - Lower drug prices
  - Lower insurance premiums
  - Hold insurance companies accountable
  - Maximize price transparency



# Excise Tax Applicable to Tax-Exempt Entities

- OBBBA expanded Code Section 4960 21% excise tax on tax-exempt entities for compensation paid in excess of \$1 million
- Expanded definition of "Covered Employee"
  - Any employee (not just top 5) employed after 2016
  - Once covered, always covered
- Any compensation paid by related organizations is aggregated
- Effective after December 31, 2025

# **Health and Welfare Plan Limits**

# Increased Dependent Care Assistance Program (DCAP) Limit

- Code section 129 is amended to increase the dependent care FSA limit to \$7,500 (or \$3,750 for married couples filing separately) from \$5,000 (or \$2,500 for married couples filing separately)
- The new limit is not indexed for inflation
- The first time the DCAP limit was increased since its inception in 1986

# 2026 Health & Welfare Plan Limits

## Health FSAs, EBHRA, Qualified Transportation Fringe Benefit & Qualified Parking Limits

Health Flexible Spending Accounts	2025	Trend	2026
Maximum salary deferral limit	\$3,300	Up	\$3,400
Health FSA Carryover limit	\$660	Up	\$680
Dependent Care Flexible Spending Accounts – Annual Contribution Limits	2025	Trend	2026
Maximum salary deferral (single taxpayers and married couples filing jointly)	\$5,000	Up	\$7,500
Maximum salary deferral (married couples filing separately)	\$2,500	Up	\$3,750
EBHRA; Qualified Transportation & Parking Limits	2025	Trend	2026
Maximum amount made newly available for the plan year for Excepted Benefit Health Reimbursement Arrangements (EBHRA)	\$2,150	Up	\$2,200
Qualified mass transportation fringe benefit & Qualified commuter parking (monthly limit)	\$325	Up	\$340

# 2026 Health & Welfare Plan Limits

## High Deductible Health Plans (HDHP) and Health Savings Accounts (HSA)

<b>HDHP – Maximum annual out-of-pocket limit (excluding premiums)</b>	<b>2025</b>	<b>Trend</b>	<b>2026</b>
Self-only coverage	\$8,300	Up	\$8,500
Family coverage	\$16,600	Up	\$17,000
<b>HDHP – Minimum annual deductible</b>	<b>2025</b>	<b>Trend</b>	<b>2026</b>
Self-only coverage	\$1,650	Up	\$1,700
Family coverage	\$3,300	Up	\$3,400
<b>HSA – Annual contribution limit</b>	<b>2025</b>	<b>Trend</b>	<b>2026</b>
Self-only coverage	\$4,300	Up	\$4,400
Family coverage	\$8,550	Up	\$8,750
Catch-up contributions (age 55 or older by the end of the year)	\$1,000	Same	\$1,000

# Qualified Plan Updates

# **SECURE 2.0 Act**

# Qualified Plan Updates – SECURE 2.0 ACT

- **Super Catch-Up (SECURE 2.0 Act, Section 109)**
  - Effective January 1, 2025, higher catch-up limit applies at Age 60 through 63
  - Optional Feature – 401(k), 403(b) and governmental 457(b) plans
- **Mandatory Roth Catch-Up Contributions (SECURE 2.0 Act, Section 603)**
  - Age-50 Catch-Ups & Super Catch Catch-Ups made by higher paid participants must be made as designated Roth contributions
    - FICA “wages” greater than \$145,000 for the preceding calendar year
  - Notice 2023-62 – 2-year freeze on original effective date (January 1, 2024).
  - Rules Apply to 401(k), 403(b) and governmental 457(b) plans



# Qualified Plan Updates – SECURE 2.0 ACT

- **Final Catch-Up Regulations Address Unanswered Questions (TD 10033)**
  - Clarifies “FICA wages” means Form W-2, Box 3
  - “Deemed Election” concept added to facilitate compliance
  - Correcting violations of the mandatory Roth Catch-Up requirements:
    - Correct using EPCRS correction method available for elective deferral errors
    - Two additional correction methods available to plans that implement deemed elections (Form W-2 method and Roth In-Plan Rollover method)
    - Consistency requirements for choice of correction methods
  - Coordination with special catch-ups in 403(b) and governmental 457(b) plans
  - 403(b) Plan Universal Availability and Super Catch-Ups (Age 60 through 63)

# Qualified Plan Updates – SECURE 2.0 ACT

- Effective Dates for Operational Compliance:
  - Super Catch-Ups for Age 60 through 63 available as of January 1, 2025
  - Mandatory Roth Catch-Up Rules – Effective as of January 1, 2026
  - Final Regulations – Effective as of January 1, 2027
    - Good faith compliance required in 2026
- Plan Amendment Deadlines:
  - Most Plans – December 31, 2026
  - Plans Subject to Collective Bargaining – December 31, 2028
  - Governmental Plans – December 31, 2029 (later date may apply)

# Qualified Plan Updates – SECURE 2.0 ACT

- **DOL FAB 2025-02 (April 3, 2025): Annual Funding Notices for Defined Benefit Pension Plans**
  - Provides guidance regarding certain SECURE 2.0 Act modifications to the ERISA § 101(f) annual funding notice requirements
    - Report funding level using percentage of plan liabilities funded instead of funding target attainment percentage
    - Report demographic data as of the last day of the notice year and preceding two years
    - Average return on assets for the notice year.
  - Provides model notices for Single Employer and Multiemployer Defined Benefit Pension Plans

# Qualified Plan Updates – SECURE 2.0 ACT

- **Notice 2026-13 (January 15, 20206) – Updated 402(f) Rollover Notices**
  - IRS Updates 402(f) Safe Harbor Rollover Notices for SECURE 2.0 Act Changes:
    - Includes list of exemptions from the 10% early distribution penalty
    - Reflect new RMD rules for surviving spouses; eliminate reference to specific RMD age; clarify RMD rules don't apply to distributions from designated Roth accounts
    - Increases the automatic cash-out threshold and auto-rollover cap to (\$7,000)
    - Addresses tax treatment of distributions from governmental plans to eligible public safety retirees to pay for health and long-term care insurance
    - Address Pension-linked Emergency Savings Accounts (PLESAs) distributions
  - Important to update existing rollover notices to reflect Notice 2026-13 guidance

# Qualified Plan Updates – SECURE 2.0 ACT

- **IRS Required Amendments Lists (Notice 2024-82 and 2025-60)**
- Notice 2024-82 Required Amendments List
  - Required Law Changes:
    - Code § 415 limit for certain employees of a rural electric cooperative plan
    - Family attribution changes for controlled group/ affiliated services group test
  - Plans with the following optional plan features:
    - SECURE Act (§102, §103 and §113) – Safe harbor plan auto-enrollment changes, qualified birth/ adoption distributions,
    - American Miners Act (§104) - Age 59 ½ distributions from pension plans
    - CARES Act (§2022 & §2023) – Covid-related distributions, 2020 RMD waivers

# Qualified Plan Updates – SECURE 2.0 ACT

- Notice 2024-82 Required Amendments List (con't)
  - SECURE 2.0 Act (§ 311, §401, §604, §348, §127, §115 and §314) – limit repayment of qualified birth/ adoption distributions to 3-years, allows employer matching and NEC to be made as Roth contributions, technical amendment to 401(k) safe harbor rules, cash balance plan pay credits/ variable interest rate credits, pension-linked emergency savings accounts, and emergency personal expense and domestic abuse victim distributions
  - Amendment Deadlines
    - Most Plans – December 31, 2026
    - Collectively Bargained Plans – December 31, 2028
    - Governmental Plans – December 31, 2029



# Qualified Plan Updates – SECURE 2.0 ACT

- Notice 2025-60 Required Amendments List
  - Required Law Changes:
    - SECURE Act (§114 and §401) – Increase RBD age and Modification to RMD rules for designated beneficiaries
      - » Amendment Deadline – Same as deadlines in prior slide
    - Extension of partnership and trust attribution rules to Parent-Sub controlled group rules
      - » December 31, 2027, for most plans
  - No discretionary law changes listed

# **Defined Contribution Plan Investment Issues**

# Alternative Plan Investments

- **2020 – (Trump 1.0) DOL Information Letter re Private Equity**
  - Nothing per se impermissible by offering private equity in QDIAs (managed funds)
- **2021 – (Biden) Supplemental Statement**
  - **Discouraged** fiduciaries from using private equity
- **2022 – (Biden) Compliance Assistance Release 2022-01 re Cryptocurrency**
  - **Warns** fiduciaries must exercise “extreme care” before offering crypto options
- **2025 – (Trump 2.0) Compliance Assistance Release 2025-01 re Crypto...**
  - Eliminates prior warning & advises risks and benefits are like any other investment
- **2025 – (Trump 2.0) Administration Rescission of Supplemental Statement**
  - Effectively rescinds 2021 Supplemental Statement discouraging private equity

# Alternative Plan Investments (cont.)

- **August 2025 - Executive Order**

- Proposes to broaden investment opportunities for retirement plans that lack access to investments available to wealthy investors
- Directs DOL and SEC to issue guidance that safely bolsters such opportunities
- **Encourages** retirement plans to consider offering:



- **January 2026 - Proposed DOL Rule re Alternative Investments Sent to White House**

- Refresher on fiduciary duties as applied to alternative investments

# **DOL Advisory Opinion 2025-04A**

# DOL Advisory Opinion 2025-04A

- DOL Advisory Opinion re how a guaranteed lifetime income product can be used as QDIA
- At issue was a custom target date fund that starts with a typical diversified investment allocation strategy and then shifts assets into secure income using variable annuities that offer guaranteed lifetime payments
- DOL concludes this a GLI strategy can qualify as a QDIA as long as it otherwise satisfies the requirements of QDIA, like any other qualified custom target date fund

# Executive Order 14366

# Proxy Voting and ESG Updates

- **December 2025 Executive Order 14366**
  - Directs DOL to rewrite proxy voting rules
  - Instructs the DOL to consider issuing rules to limit the use of ESG and DEI considerations in fiduciary decision making for retirement plans, including proxy voting
  - May require fiduciaries to justify proxy votes more explicitly based on financial returns, not social or political considerations
- **2026 Proposed Legislation re ESG Investing**
  - Severely restrict fiduciaries from considering ESG factors unless they directly affect financial performance
  - Passed the House on January 15, 2026, by a 213–205 vote

# **DOL Drops Appeal Defending 2024 Fiduciary Rule**

# DOL Drops Appeal Defending 2024 Fiduciary Rule

- Effectively halts Biden-era effort to expand when financial professionals are treated as ERISA fiduciaries
- In brief, as a reminder, the 2024 rule would have broadened the definition of fiduciary to include:
  - Investment Broker advice
  - Insurance Agent advice
  - Rollover advice
  - Annuity purchase advice



# **Qualified Plan Updates - Miscellaneous**

# Rev. Rul. 2025-15 (July 16, 2025): Tax Reporting Uncashed Benefits Checks

- Must report the distribution on Form 1099-R in the year the check was issued (even if goes uncashed)
- No correction is made to the original Form 1099-R if the check is reissued and cashed in a subsequent year
- No tax withholding or reporting obligation if the subsequently issued check is less than or equal to the amount of the original distribution
- If subsequent check is a larger amount (e.g., due to accrued earnings), perform ITW on the difference between the two checks
  - Report the difference on Form 1099-R if  $> \$10$
  - If  $< \$10$ , no Form 1099-R reporting requirement

# Retirement Plan Litigation

# 401(k) Forfeiture Litigation

- **Background.** Since Fall 2023, just over 30 class action lawsuits alleging that an employer's use of 401(k) forfeitures to offset future employer contributions (which benefits the employer/plan sponsor by reducing future contributions) rather than to offset plan administrative expenses (which would benefit plan participants) violates ERISA.
- **Most common theories of liability.**
  - Fiduciary breach: using forfeited funds to offset company contributions rather than pay plan expenses otherwise paid by plan participants.
  - Prohibited transaction: using forfeitures to offset future employer contributions amounts to self-dealing by reducing the contributions an employer must make to that plan.
  - Anti-inurement: using forfeitures to offset future employer contributions causes plan assets to "inure" to the benefit of the employer, not participant

# 401(k) Forfeiture Litigation (cont.)

- **About 80% (26 of 31) of the written decisions to-date have favored employer/plan-sponsors.**
- **Some initial decisions favored plaintiffs, but last 14 decisions have favored defendants.**
  - Fiduciary breach. Theory generally rejected as overbroad and “implausible”.
    - » ERISA does not require fiduciaries to “maximize pecuniary benefits” or “resolve every issue of interpretation in favor of plan participants.”
    - » One court observed that plaintiffs were essentially asking the court to read a new benefit into their plan’s own terms: “paying [p]laintiffs’ administrative costs.”
    - » Many courts have also pointed to informal Treasury Department Guidance as well a proposed Treasury Regulation applicable to defined benefit plans on the use of forfeitures.
  - Prohibited transaction: Except for two early-2024 decisions, courts have rejected (generally) on ground that reallocation of forfeited funds within a plan to offset employer contributions does not constitute a “transaction” as that term is used in Sections 406(a) or 406(b) of ERISA
  - Anti-inurement: Except for two early decisions, courts have rejected (generally) on ground that anti-inurement claim requires plaintiffs to allege plan assets reverted back to the plan sponsor.

# 401(k) Forfeiture Litigation (cont.)

- **Clarity in the form of Circuit Precedent (likely) coming very soon.**
  - At least six active appeals in forfeiture cases in Third, Eighth, and Ninth Circuit.
  - All six appeals arise from decisions in favor of employers/plan-sponsors.
  - Briefing complete in December 2026 in two appeals.
  - DOL files amicus brief in support of employer/plan-sponsor in one of the Ninth Circuit appeals.
- **Future Expectations.**
  - Absent Supreme Court decision, forfeiture lawsuits will likely continue to be filed in district courts in Circuits where there is not clear precedent.
    - ✓ **Some cases have settled.** At least seven cases with forfeiture claims have been settled, with the four announced settlements ranging from \$1.15M to almost \$10M.
    - ✓ **Early settlements generally embolden ERISA plaintiff firms.**

# Voluntary Benefit Program Litigation

- **Background.** Three late-2025/early-2026 lawsuits allege that employers breached their fiduciary duties under ERISA by allowing excessive commissions, failing to monitor insurers and brokers, and engaging in conflicted arrangements within employer-sponsored voluntary benefits programs.
- **Fiduciary Theory.** Complaints are designed to undermine employer reliance on DOL's voluntary plan safe harbor and aim to establish fiduciary status under ERISA § 3(21) through allegations that employers:
  - Selected insurers and brokers, controlled enrollment/eligibility, and played active role in plan administration
  - Filed Form 5500s acknowledging ERISA coverage
  - Allowed embedded commissions and revenue sharing
- **Theory of Liability.** Breach allegations are compelling and may support breaches of duties of loyalty and prudence and prohibited transactions (e.g., failure to monitor insurance loss ratios, failure to benchmark premiums, failure to evaluate reasonableness of compensation/potential conflicts related to commission-based compensation).
- **What does the future hold?**
  - No written decisions have issued yet.
  - Expect more copycat lawsuits to follow in Q1 2026.

# 2026 plan limits

# 2026 Qualified Plan Limits

Retirement Plan Limits	2025	Trend	2026
Elective deferral limit for 401(k), 403(b), and eligible 457(b) plans	\$235000	Up	\$24,500
The catch-up contribution limit for those aged 50 or older	\$7,500	Up	\$8,000
Optional catch-up contributions for those aged 60-63	\$11,250	Same	\$11,250
Dollar limit on annual benefit under a defined benefit plan	\$280,000	Up	\$290,000
Dollar limit on annual allocations under a defined contribution plan	\$70,000	Up	\$72,000
Annual compensation limit	\$350,000	Up	\$360,000
Threshold for "highly compensated employee" status used in nondiscrimination testing	\$160,000	Same	\$160,000
Threshold for "key employee" status for officers used in performing "top-heavy" testing	\$230,000	Up	\$235,000

Social Security Wage Base	2025	Trend	2026
Social Security Maximum Taxable Earnings	\$176,100	Up	\$184,500

# Thank You!

