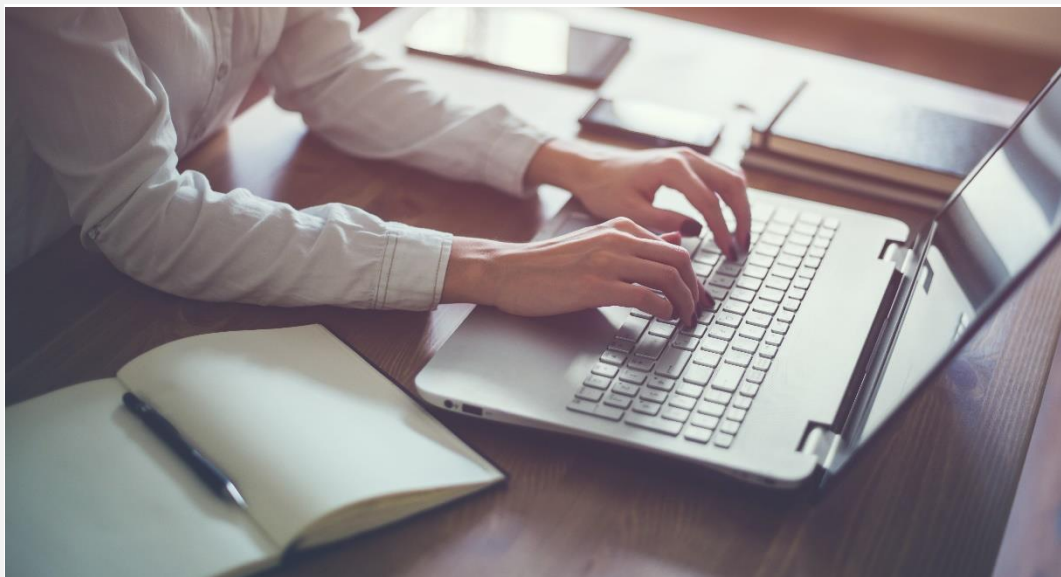




Rewards Policy Insider 2026-07



In this Issue:

1. [Department of Labor Reinstates Original Fiduciary Test After Court Rulings Strike Down Biden-Era Fiduciary Regulation](#)
2. [Class Action Lawsuit Against Employer Utilizing PBM Can Proceed, District Court Rules](#)
3. [IRS Releases First Round of Proposed Regulations on Trump Accounts](#)

Upcoming Compliance Reminders for Calendar Year Employee Benefit Plans

April 2026

15th: 1st Quarterly Defined Benefit Plan Funding Instalment Due

30th: Defined Benefit Plan Annual Funding Notice Deadline

June 2026

1st: Prescription Drug Data Collection Reporting Deadline

Note: This is meant to be a reminder of certain upcoming compliance deadlines for employee benefit plans operating on a calendar year basis. It is not an exhaustive list of compliance obligations. Specific plans may be subject to different obligations and deadlines depending upon a variety of factors, including the plan type, plan year, and whether or not the plan is subject to ERISA, among other things.

Department of Labor Reinstates Original Fiduciary Test After Court Rulings Strike Down Biden-Era Fiduciary Regulation

Following a years-long court saga, in March, two district courts officially struck down the Biden Administration's "fiduciary rule," which determined whether a person is considered an investment advice fiduciary under ERISA. Shortly thereafter, the Department of Labor ("DOL") announced that it was reinstating the agency's original regulation governing investment advice fiduciaries.

Background

In April 2024, the Biden Administration's DOL issued a regulation updating the definition of who is considered a fiduciary for purposes of ERISA – and therefore subject to ERISA's stringent fiduciary duties – by reason of providing investment advice. This is commonly called the "fiduciary rule." The fiduciary rule updated a 1975 DOL regulation that created a five-part test to determine fiduciary status. Because the 2024 fiduciary rule had a much broader application than the five-part test, it raised concerns that investment professionals would be treated as fiduciaries more frequently when providing investment advice and that they would need to adhere to strict standards when providing advice to retirement investors.

The 2024 rule was challenged in court in two separate cases. In July 2024, the two district courts issued rulings that paused the fiduciary rule nationwide while

the litigation continued. The federal government quickly appealed to the Fifth Circuit Court of Appeals. While that appeal was pending, however, President Trump began his second term. As a result, the federal government chose to drop the appeal. The cases were then sent back to the district courts.

District Courts Officially Strike Down Fiduciary Rule; DOL Reinstates Original Regulation

In March 2026, both district courts entered final judgments vacating the 2024 fiduciary rule in its entirety.

That same week, DOL announced that, in light of the courts' rulings, DOL had [eliminated](#) the 2024 fiduciary rule and restored the original, narrower five-part test. Generally, the five-part test provides that a person is an investment advice fiduciary under ERISA if they (1) provide investment advice or recommendations to a retirement investor (2) on a regular basis (3) under a mutual agreement that (4) serves as a primary basis for investment decisions, and (5) the advice is individualized based on the particular needs of the plan.

DOL has indicated that it has no intention to engage in a rulemaking process in relation to the status of investment advice fiduciaries. This will come as welcome news to many, as various presidential administrations over the past decade have become mired in developing fiduciary rule proposals, which are then challenged in court.

Class Action Lawsuit Against Employer Utilizing PBM Can Proceed, District Court Rules

A series of class action lawsuits challenging employers' arrangements with pharmacy benefit managers (PBMs) have mostly been dismissed on procedural grounds, until now. On March 9, the district court for the Southern District of New York allowed one of the cases to continue over the employer's objections that the plaintiffs lacked standing to sue. Because most employers use PBMs to design and/or manage their prescription drug benefits, the district court's decision may result in more lawsuits of this type being filed.

Background

In the PBM-related cases filed against employers to date, the basic arguments are that the employers violated their ERISA fiduciary duties with respect to selecting and monitoring the PBMs, and also caused the plans to enter into prohibited transactions by retaining the PBMs to provide services to the plans. One of the earlier cases focused on how the employer used drug manufacturer rebates that the PBM passed through to the plan. Others feature examples of alleged substantial overpayments for specific prescription drugs.

A threshold issue in every case has been standing. In order to sustain a lawsuit, the plaintiffs must plausibly allege they experienced actual harm resulting from the defendant's conduct. According to the plaintiffs in these cases, they have standing because they suffered economic harm in the form of higher premium contributions and out-of-pocket expenses due to the plan's over-payment for prescription drugs.

Every district court so far has concluded the claims of higher premium contributions are too speculative to confer standing. There are too many factors that go into how much employers require their employees to contribute to the cost of health insurance to make a direct connection to how much a plan pays for certain prescription drugs.

Three of the four district courts have reached a similar conclusion with respect to the higher out-of-pocket claim. But in this most recent case, the Southern District of New York decided differently.

What is Different About this Case?

The Southern District of New York's opinion included a thoughtful and thorough discussion of why it believed this case was different than the other three. Unlike in the other cases, where the plaintiffs presented a limited example of alleged plan overpayments, the district court was impressed that the plaintiffs "analyzed every one of the 404 generic drugs contained in the Plan's two formularies" and computed an average markup of over 200% for 366 of the 404. For this and other reasons, the Southern District of New York concluded the plaintiffs had carried their burden of establishing standing – even though the court acknowledged that "on the merits, Plaintiffs' allegations that they overpaid for their prescriptions fall apart on closer inspection."

Fiduciary Breach and Prohibited Transaction Claims

Next, the district court turned to the motions to dismiss the plaintiffs' substantive claims – a step none of the previous courts had taken because they ruled the plaintiffs lacked standing to sue.

On the fiduciary breach claims, the court concluded the allegations did not involve any fiduciary activity. As a result, the court dismissed the plaintiffs' fiduciary breach claims.

But the plaintiffs also claimed the plan engaged in an ERISA prohibited transaction when it hired the PBM. In general, ERISA prohibits transactions between plans and "parties in interest," which includes PBMs and other service providers. There is an exception, however, if the service provider's compensation is "reasonable."

Last year, the U.S. Supreme Court ruled in a different case that plaintiffs need to do little more than plead that a plan hired a service provider in order to overcome a motion to dismiss a prohibited transaction claim. Based on that, the Southern District of New York concluded the plaintiffs' prohibited transaction claim could proceed. The employer still might prevail if it can show the PBM's compensation was reasonable, but it will have to wait for a trial to make that case.

IRS Releases First Round of Proposed Regulations on Trump Accounts

The Internal Revenue Service (“IRS”) released its first set of proposed regulations addressing a narrow set of issues regarding Trump accounts, such as the details of opening an account. The IRS is expected to release additional proposed regulations in the future addressing, among other issues, employer contributions to such accounts.

Background

The One Big Beautiful Bill Act (“OBBBA”) created a starter IRA called a “Trump account,” which is intended to encourage individuals to start saving at a young age. Trump accounts may be established only for “eligible individuals,” meaning individuals (1) under age 18; (2) who have a Social Security Number; and (3) for whom the Treasury Department certifies that the individual meets the first two requirements or someone else (such as a parent) elects to establish an account for the child.

For certain children born in the years 2025 through 2028, the federal government will make a one-time “seed” contribution of \$1,000 to a Trump account for the child. No distributions may be taken from a Trump account before the child reaches age 18.

Trump accounts are expected to officially start accepting contributions in July 2026. In the meantime, the IRS has been working to develop guidance addressing how these accounts will function, as the OBBBA leaves many questions unanswered. The IRS provided preliminary guidance in [Notice 2025-68](#), which was released in December 2025. (See [Rewards Policy Insider 2025-26](#) for a discussion of the Notice.)

Proposed Regulations Address High-Level Issues

On March 6, 2026, the IRS released two sets of proposed regulations on Trump accounts (available [here](#) and [here](#)).

Key takeaways from the proposals include:

- **Opening an Account.** The proposed regulations provide that an election to open a Trump account is made on Form 4547 (developed by the Treasury Department) or through a similar electronic application. The election must be made on or before December 31st of the calendar year in which the eligible individual reaches age 17.
- **No Automatic Enrollment.** The IRS explains that the Treasury Department may not simply open a Trump account on behalf of an eligible child, meaning that no “automatic enrollment” in Trump accounts is expected to be implemented. Thus, an authorized adult will need to open a Trump account on behalf of a child.
- **Government Contribution.** The proposed regulations clarify some of the rules surrounding the \$1,000 government contribution to certain Trump accounts. For example, such contributions must be made (1) no earlier than the day the eligible child meets the definition of an eligible child, as outlined in the proposed regulations (generally, children born in 2025–2028) and (2) no later than December 31st of the calendar year in which the child reaches age 17.

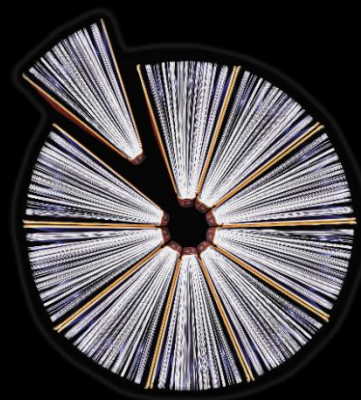
Perhaps most notably, the proposed regulations do not provide any guidance on employer contributions to Trump accounts. As a reminder, the OBBBA provides that an employer may contribute up to \$2,500 on an annual basis to an employee's Trump account or that of an employee's dependent. The IRS explained in Notice 2025-68 that employer contributions could be offered via salary reduction under a section 125 cafeteria plan, provided that the contributions are made to a Trump account of the employee's dependent (not an employee's own Trump account). Regulations addressing this important issue are expected later in the year.

Visit the Archive

All previous issues of the Rewards Policy Insider are archived on Deloitte.com and can be accessed [here](#).

Don't forget to bookmark the page for quick and easy reference!

Upcoming editions will continue to be sent via email and will be added to the site on a regular basis.



[Get in touch](#)

[Subscribe/Unsubscribe](#)

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organization") serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 330,000 people make an impact that matters at www.deloitte.com.

None of DTTL, its member firms, related entities, employees or agents shall be responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2026 Deloitte Consulting LLP

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.