
Capitalize, a new fintech firm, wants to expedite rollovers

By Editorial Staff Thu, Oct 1, 2020

The firm's platform, according to the release, helps 'Americans easily locate and roll over their legacy 401k accounts... [It] instantly locates former 401k accounts, matches users to individual retirement accounts at leading financial institutions, and initiates rollovers on their behalf.'

Capitalize, a fintech start-up that aims to help Americans consolidate their 401(k) accounts, has received \$2 million in a seed funding round led by Bling Capital, an early-stage San Francisco venture fund. Greycroft, RRE Ventures and Walkabout Ventures have also invested in Capitalize, according to a release.

The company appears to be pursuing the same market as **Retirement Clearinghouse**, which has been working on creating an electronic recordkeeper-to-recordkeeper “auto-portability” network for 401(k) rollovers for several years.

“Over time, Capitalize intends to help users manage all of their employer-sponsored and individual retirement accounts as they move throughout their career,” the release said.

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The service, “a streamlined alternative to the historically complicated process of rolling over retirement accounts,” will be free to plan participants. The service is intended to help people keep their retirement savings in one place and avoid cashing out of small accounts—and sometimes forgetting about them altogether.

“As fintech companies have digitized across various industries, we noticed a gap in the retirement savings market to improve how legacy accounts are transferred and managed,” said Gaurav Sharma, CEO of Capitalize. “With Capitalize, we’re empowering Americans to consolidate their 401k assets and make the most of their money as they move throughout their careers.”

Due to the lack of clarity on how to handle employer-sponsored accounts at the time of job change, many are unable to maximize their retirement benefits. Almost five million Americans cash out up to \$100 billion of assets from their 401(k) accounts each year when

changing jobs and millions more leave their assets behind, according to Capitalize. An additional five million Americans are estimated to have rolled over more than \$500 billion of 401k assets into an IRA in 2019 through complex, manual processes.

Capitalize was founded by co-founded Sharma, who began his career in investment banking before transitioning to hedge fund Greenlight Capital. His co-founder and chief technology officer, Chris Phillips, previously served as CTO of IAC's Applications group. Capitalize said it will use the new funding to add functionality to its rollover platform and hire operations, product, and engineering personnel.

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