
Retirement Clearinghouse gathers allies for its 'auto-portability' solution

By Editorial Staff Thu, Apr 6, 2017

At a forum called 'Retirement Plan Portability & Public Policy: Unlocking the Potential in Portability' in Washington, D.C. on March 30, a panel representing EBRI, Groom Law Group, and Retirement Clearinghouse made a case for automatic forwarding of 401(k) accounts.

First there was auto-enrollment, then auto-escalation. The latest proposal on the table, one that's waiting for the government to approve it as a qualified plan default for automatically enrolled qualified plan participants, is "auto-portability."

Auto portability is described by its creator, [Retirement Clearinghouse](#) (RCH), as the "routine, standardized and automated movement of a retirement plan participant's 401(k) savings account from their former employer's plan to an active account in their current employer's plan."

Auto-portability is "designed to work within the existing platforms and data flows of the country's qualified 401(k) plan system," according to a release that followed a presentation on the subject in Washington, D.C. last week. The system was conceived by RCH, which is owned by Charlotte, NC, billionaire entrepreneur Robert L. Johnson.

The main purpose of auto-portability is to prevent "leakage"—that is, the tendency of job changers with small 401(k) balances to spend their modest savings before they have a chance to amount to much. If auto-portability were fully implemented and if future leakage were limited to "hardship" withdrawals, current and future retirement savers would save \$2 trillion more, in today's dollars, by age 65, according to data presented by the Employee Benefit Research Institute.

Jack VanDerhei, Research Director at EBRI, presented these [findings](#) at "Retirement Plan Portability & Public Policy: Unlocking the Potential in Portability," a forum hosted by the Financial Services Roundtable on March 30, 2017 in Washington, D.C.

Other speakers at the meeting were RCH president and CEO Spencer Williams, former Sen. Kent Conrad (D-ND), representing the Bipartisan Policy Institute, and Steve Saxon, principal and chairman of Groom Law Group, who is RCH's legal advisor.

In June 2016, the Bipartisan Policy Center's commission recommended the establishment of

a nationwide retirement account clearinghouse, operated by the private sector, to make sure that retirement savings account balances follow workers from job to job.

Retirement Clearinghouse, LLC is a provider of portability and consolidation services for defined contribution plans, receiving transfers of small-balance 401(k) accounts that former participants have left behind and providing them with rollover IRA custody services until the owners claim them.

Retirement Clearinghouse's portability solutions include a domestic call center providing specialized assistance designed to enable end-to-end portability and account consolidation; uncashed check services; and the capability to search for lost and missing participants.

Established as RolloverSystems in 2001, Retirement Clearinghouse serves some 20,100 retirement plans with more than 1.1 million plan participants and more than \$16 billion in retirement savings.

© 2017 RIJ Publishing LLC. All rights reserved.