

Retirement Clearinghouse receives investment from billionaire John C. Malone

By Editorial Staff Wed, Dec 2, 2020

Malone, chairman of Liberty Media, says that RCH majority owner Robert L. Johnson, founder of Black Entertainment Television, convinced him of the importance of reducing leakage from qualified plans.



John C. Malone, chairman of Liberty Media Group, has purchased an unspecified minority stake in Retirement Clearinghouse LLC (RCH), the 401(k) account portability firm. RCH is majority-owned by Robert L. Johnson, chairman of the RLJ Companies and founder of Black Entertainment Television.



John C. Malone

RCH previously announced that [Alight Solutions](#) will lead the nationwide launch of the RCH Auto Portability Program. The program is designed to help plan participants move their savings to their new employers' plans when they change jobs.

"Doing so enables them to avoid cashing out, paying taxes, and being subject to penalties. Every year, \$92 billion leaves the U.S. retirement system when job-changing participants prematurely cash out their 401(k) savings accounts, and pay related taxes and penalties, based on data from the nonpartisan Employee Benefit Research Institute (EBRI), the retirement services industry's gold-standard research provider, an RCH release said.

Black and Hispanic workers are said to be hurt most by this phenomenon—63% of Black and

57% of Hispanic workers cash out upon job-change, according to EBRI. Low-income and younger workers also have high cash-out rates. Half of workers earning \$20,000 to \$30,000 and 44% of workers ages 20 to 29 cash out within a year of switching jobs.



Robert L. Johnson

The major cause of cash-out leakage is the lack of seamless plan-to-plan asset portability in the U.S. retirement system, according to RCH. RCH defines “auto portability” as “the routine, standardized, and automated movement of a worker’s 401(k) savings account from their former employer’s plan to an active account in their current employer’s plan.”

The U.S. Department of Labor (DOL) cleared the way for plan sponsors and recordkeepers to adopt the technology enabling auto portability by issuing regulatory guidance in July 2019 and November 2018.

RCH completed the first fully automated, end-to-end transfer of retirement savings from a safe-harbor IRA into a worker’s active account in July 2017, on behalf of a large plan sponsor in the health services sector. Since then, more than 1,600 workers have consented to have their former-employer plan accounts transferred into their current employers’ plans.

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