

US sends 'myRA' accounts to Retirement Clearinghouse

By Editorial Staff Thu, Aug 9, 2018

The Treasury Department will transfer the remaining unclaimed IRA assets in the canceled Obama-era workplace savings program from Comerica Bank, the original custodian.

The Trump administration is about to finish shutting down one of the Obama administration's key responses to the lack of retirement plans at tiny companies—the *myRA* program of auto-enrolled Roth IRAs—and is moving any remaining IRAs set up under the plan to a new custodian.

A notice on the Treasury Department's *myRA* homepage warned *myRA* owners who have not yet moved their *myRAs* to a new custodian that the "open account in your name will be closed in September 2018 and the balance moved to a new Roth IRA in your name at Retirement Clearinghouse, LLC (RCH), a private sector IRA provider located in Charlotte, NC. The previous custodian was Comerica Bank.

Information on the number or combined dollar value of the accounts was not available.

RCH, formerly Rollover Systems, has for several years been seeking regulatory approval for a clearing system that would automatically transfer 401(k) assets from a former employer's plan to a current employer's plan whenever a participant changes jobs. Between plans, the assets would be warehoused at RCH. RCH says such a system would support continuity of saving and increase retirement security.

The *myRA* program grew out of an idea, developed more than a decade ago by David John (now of AARP) and J. Mark Iwry (now at Brookings Institution; a Treasury Department official under Obama), to create a workplace retirement savings program for employees at companies where no 401(k) or other savings program existed.

With no requirements for employers except to accommodate employee contributions through their payroll systems, the program offered employees a chance to begin saving in a Roth IRA. Initial contributions to the accounts had to be invested in U.S. Treasury securities to avoid volatility; when the accounts reached a value of \$15,000, they could be transferred to a brokerage IRA at a private fund company and the assets diversified.

Before it was abruptly canceled in 2017, the *myRA* program was also expected to be used as a transition tool during the roll-out of state-sponsored auto-enrolled Roth IRA programs,

such as OregonSaves and the California Secure Choice Retirement Plan. Those program resemble the *myRA* program, but at state level instead of a national level.

According to the notice:

"If you would prefer to withdraw your *myRA* account balance or transfer your account balance to another Roth IRA instead of having your account balance moved to RCH, you must act soon. The deadline for completing these actions is August 31, 2018. Because there is lead time needed to complete certain actions, in some cases the deadline for submitting action to *myRA* is August 17, 2018.

"For two years, there will be no account maintenance fees or fees associated with withdrawals, transfers, or the closure of your RCH account. RCH will also take over customer service responsibilities related to your soon-to-be closed *myRA* account, such as providing you with applicable tax forms, even if you close your account prior to the transition to RCH.

"Treasury announced the phase-out of the *myRA* program in July 2017, and stopped accepting new enrollments at that time. In December 2017, the program stopped accepting contributions (deposits). On a recurring basis, *myRA* account holders have been sent emails and letters to notify them that the program is being phased out and that they have the option to transfer their account balance to a private sector Roth IRA of their choosing.

Closing the remaining accounts and transitioning the balances to RCH will bring the program to an end. After the transition of your funds to a new Roth IRA with RCH, your funds will no longer remain in an investment issued by the Treasury, and Comerica Bank (the current Treasury-designated custodian) will no longer be custodian of your account. The new accounts with RCH will not be *myRA* accounts.

A Treasury press release from July 2017 set out the reasons for why the *myRA* program is ending. As noted in that statement, "The U.S. Department of the Treasury today announced that it will begin to wind down the *myRA* program after a thorough review by Treasury that found it not to be cost effective. This review was undertaken as part of the Administration's effort to assess existing programs and promote a more effective government."

Headquartered in Charlotte, NC, Retirement Clearinghouse, LLC (RCH) is a financial services organization that works with Individual Retirement Account holders, retirement plan service providers and investment providers. RCH has two wholly-owned subsidiaries: RCH Securities, LLC, a member of FINRA and RCH Shareholder Services, LLC a registered

transfer agent with the U.S. Securities and Exchange Commission.

© 2018 RIJ Publishing LLC. All rights reserved.