

Retirement Savings Lost and Found Act of 2018

Sponsored by Senators Elizabeth Warren and Steve Daines

As employers have shifted from defined benefit pensions to individualized retirement plans such as 401(k)s, workers have become responsible for tracking, managing, and consolidating multiple retirement accounts as they move from job to job. Moving an account from an employer to employer is not easy, so many workers never get around to it.

As a result the investment management company TIAA estimated that by 2015, 30% of employees—tens of millions of Americans—had left a retirement account at their previous employer.¹ And according to the Government Accountability Office, millions more have left two or more accounts behind.²

This problem is only expected to grow in the coming years for two reasons:

1. Young workers today switch jobs at much higher rates than their older counterparts. The median job tenure for workers between 25 and 34 is just 3 years, so workers could potentially accumulate dozens of different employer-sponsored retirement accounts throughout their working careers.³
2. The increase in employers' use of auto enrollment since the passage of the 2006 Pension Protection Act has resulted in a significant increase in the number of small accounts – sometimes without employees even realizing they have one. Not surprisingly, many of these small accounts are lost or neglected.

The proliferation of small accounts is costing Americans tens of billions of dollars every year in lost savings because of cash-outs and redundant fees, and that doesn't include lost savings from missing accounts.⁴ And this is at a time when Americans are already \$7.7 trillion short on what they need for their retirement.⁵

Bipartisan Retirement Savings Lost and Found Act of 2018

Creates a national lost and found for retirement accounts. Uses data employers are *already* required to report to the Treasury Department to create a national, online, lost and found for Americans' retirement accounts. This means that with the click of a button, any worker can locate **all** of their former employer-sponsored retirement accounts. No more lost accounts—ever.

Ensures that the lost and found is always up-to-date. Keeps all information current by requiring plan administrators to electronically notify the lost and found whenever a plan participant's savings are moved out of their plan.

Maximizes investment earnings. The act also makes it easier for plan sponsors to move small accounts into age-appropriate target-date funds so that workers can maximize their investment returns.

Reinvests small cashed-out accounts. Requires plan sponsors to send lost, uncashed checks of less than \$1,000 to Treasury so that individuals can locate this money and continue to save for their retirement.

The bipartisan **Retirement Savings Lost and Found Act of 2018** is one of those common-sense moves that we can make to help hard-working Americans build a little more security so they can retire with the dignity they deserve.

This bill is supported by the AARP and the ERISA Industry Committee (ERIC).

¹ TIAA-CREF, *TIAA-CREF IRA Survey Executive Summary* (March 18, 2015) (online at https://www.tiaa.org/public/pdf/C22552_2015_IRA_Survey-Executive_Summary-FINAL.pdf), p. 5.

² Government Accountability Office, *401(k) Plans: Greater Protections Needed for Forced Transfers and Inactive Accounts* (November 2014) (online at <http://www.gao.gov/assets/670/667151.pdf>), p. 23.

³ U.S. Department of Labor, Bureau of Labor Statistics, “Economic News Release: Employee Tenure Summary (UDL-14-1714)” (September 18, 2014) (online at <http://www.bls.gov/news.release/tenure.nr0.htm>).

⁴ Government Accountability Office, *401(k) Plans: Greater Protections Needed for Forced Transfers and Inactive Accounts* (November 2014) (online at <http://www.gao.gov/assets/670/667151.pdf>).

⁵ Pension Rights Center, “Nation’s Retirement Income Deficit Now \$7.7 Trillion” (March 12, 2015) (online at <http://www.pensionrights.org/newsroom/releases/nations-retirement-income-deficit-now-77-trillion>).