


AUTO PORTABILITY UPDATE

PENSION RIGHTS CENTER

November 13, 2023

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AUTO PORTABILITY UPDATE

1. Identifying the Problem
2. Auto Portability Overview
3. Portability Services Network (PSN)
4. Portability Network Value Proposition

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THE PROBLEM

Today's workforce is mobile. The retirement system makes it **difficult and burdensome** for job changers to transfer their **retirement savings** to their new employer's plan, resulting in ~\$92B annual leakage¹. Workers with small account balances (less than \$5k) are the most adversely impacted by mandatory distributions.

Cash outs threaten all American's retirement security. 55% of job changers with small balances cash out. These cash outs disproportionately affect minorities, lower-income and younger age segments

Potential Savings Preserved

\$1.5 Trillion²
Over 40 yr. period
could be saved
with auto
portability

INCREMENTAL SAVINGS

- \$619B³ in savings for 67M minority savers
- \$191B⁴ in savings for 21M Black Americans
- \$365B⁵ in savings for 42M women

Millions of Participants (approx)

Account Balance	Fast Leakage	Preserved for Retirement
<\$5k	2.4	0.8
\$5k-\$15k	1.4	0.4
>\$15k	0.1	0.2
All Balances	3.9	1.4

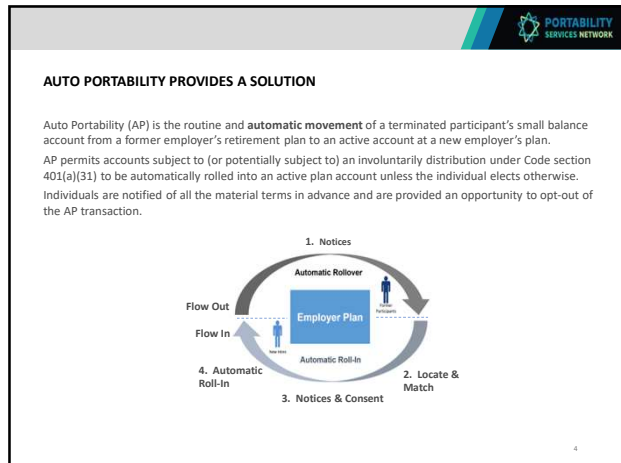
Cash Out Rates / All Balances
Participants Cash Out Up to One Year After Leaving a Job⁶

Age Group	Cash Out Rate
18-24	25%
25-34	35%
35-44	45%
45-54	55%
55-64	65%
65+	75%

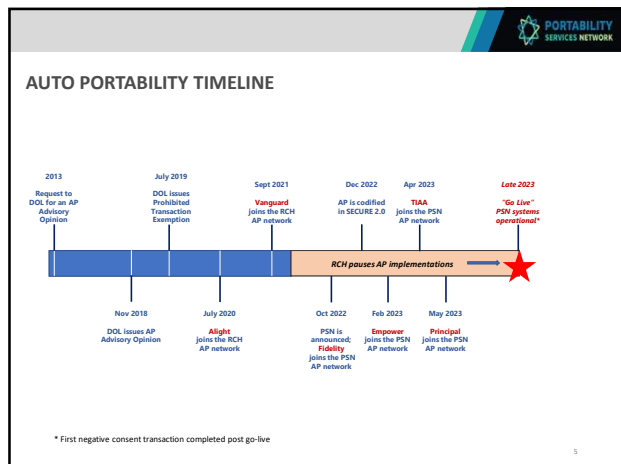
Fast Leakage **Preserved for Retirement**

¹ Vanguard Research Institute (2020) "Retirement Mobility: The Retirement System's Challenge" ² Vanguard Research Institute (2020) "Retirement Mobility: The Retirement System's Challenge" ³ Vanguard Research Institute (2020) "Retirement Mobility: The Retirement System's Challenge" ⁴ Vanguard Research Institute (2020) "Retirement Mobility: The Retirement System's Challenge" ⁵ Vanguard Research Institute (2020) "Retirement Mobility: The Retirement System's Challenge" ⁶ Vanguard Research Institute (2020) "Retirement Mobility: The Retirement System's Challenge"

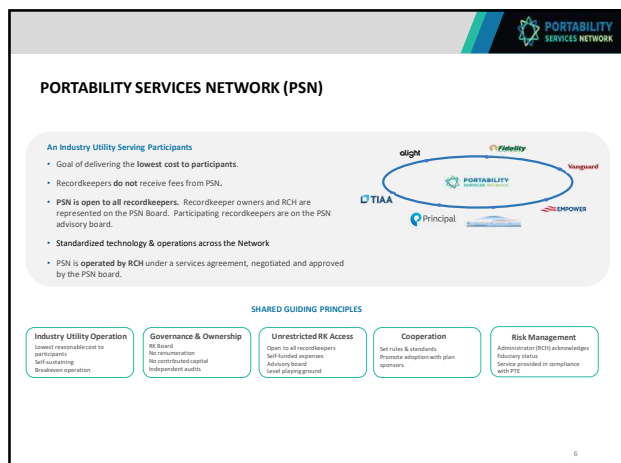
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THE PORTABILITY NETWORK*

A Consortium of the Recordkeeping Industry

- Recordkeeper owners represent 64% of defined contribution accounts. In discussions with additional recordkeepers.
- The portability network affords seamless access to plan sponsors and their participants
- The portability network has automated locate and match technology
- A secure technology solution that delivers efficient error-free transfers

Plan Sponsors Participants

Launched October 1, 2023

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PORTABILITY NETWORK VALUE PROPOSITION

- Technology-driven process designed to perform efficiently
 - Millions of accounts involved, all of which are small
 - Searches conducted across the network of plan sponsors
- Systems designed with IT and data security at the forefront
 - Comprehensive controls to protect data that are no less rigorous than accepted industry practices
 - ISO 27001 review in process

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PORTABILITY SERVICES NETWORK

CLOSING SLIDE

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