

What is Autoportability?

Many people who change jobs have less than \$5,000.00 in their retirement accounts. Under current law, these individuals have less than 60 days to move their account to their new employer. Otherwise, they have to either cash out their account, or it is rolled over into a Safe Harbor IRA account. This results in an estimated loss of up to \$105 billion each year of retirement savings. Further, this loss disproportionately affects minority groups - contributing to significant discrepancies in overall retirement savings. The Retirement Clearinghouse (RCH) has developed a plan to help stem this loss. It's called Autoportability.

Autoportability is: "The routine, standardized, and automated movement of an inactive participant's retirement account from a former employer's retirement plan to their active account in a new employer's plan." -RCH

How will autoportability affect me?

If Autoportability becomes standard in the United States, you would not have to cash out or do a lot of paperwork to move your small retirement account when you change jobs. It would also make you less likely to lose a retirement account. Your savings wouldn't be moved to a low-interest IRA and thus would earn more money. All of these would result in greater retirement savings.

The Advancing Autoportability Act of 2022

In June 2022, Senators Tim Scott (R-S.C.) and Sherrod Brown (D-O.H.) introduced the Advancing Auto-portability Act of 2022 to congress. This bill would provide employers that adopt autoportability with a \$500 credit to cover implementing the program. It also provides regulations that autoportability providers must meet. Employers participating in the program would need to provide advance notice to eligible participants and allow them to opt out. They (or the autoportability provider) would also need to provide information about the program to individuals who have participated in it.

This bill has most recently been referred to the Committee on Finance. You can sign up for alerts about this legislation by going to: [S.4406 - 117th Congress \(2021-2022\): Advancing Auto-Portability Act of 2022 | Congress.gov | Library of Congress](#) and selecting "Get Alerts".