

UNDER EMBARGO UNTIL 10/5 at 12:01am ET

America's Leading 401(k) Providers & Retirement Clearinghouse Collaborate to Implement a Nationwide Network for Auto Portability

Fidelity®, Vanguard, Alight, and Retirement Clearinghouse Establish First-Ever Industry Consortium to Help Improve Retirement Outcomes of America's Under-Served and Under-Saved Workers

CHARLOTTE, October 5, 2022—Fidelity Investments®, Vanguard, and Alight Solutions announce that they have collaborated with Retirement Clearinghouse, LLC (RCH) to create a consortium of workplace retirement plan recordkeepers, Portability Services Network, LLC, to accelerate the nationwide adoption of auto portability to help America's under-served and under-saved workers improve their retirement outcomes. With this historic development, American workers who change employers can have their workplace retirement savings automatically move to their new retirement plans. Automating the process of moving 401(k), 401(a), 403(b), and 457 account balances from plan to plan when workers change jobs will help mitigate cash-out leakage and preserve trillions of dollars in savings in the U.S. retirement system, particularly benefiting minorities, women, and low-income workers.

"I am delighted to see the leaders in the retirement services industry come together to accelerate nationwide adoption of Retirement Clearinghouse's auto portability solution as part of our vision for helping under-served and under-saved Americans achieve financial security," said **Robert L. Johnson, Founder and Chairman of The RLJ Companies and Chairman of Retirement Clearinghouse**. "This is truly a historic moment for the industry, as well as our country."

The need for auto portability has been driven by the lack of seamless plan-to-plan savings portability amid a highly mobile workforce. Approximately \$92 billion in savings leaves the U.S. retirement system every year because Americans who switch jobs prematurely cash out their workplace retirement accounts and pay taxes and penalties on those cash-outs, according to the Employee Benefit Research Institute (EBRI)ⁱ Workers with less than \$5,000—the focus of the auto portability service—cash out at the time of their job change at much higher rates than all job-changing workers.

Cashing out has traditionally been seen as an easier option than the current manual, often cumbersome and time-consuming process of transferring from plan-to-plan—and cash-out rates for job-changing minorities, low-income workers, and women are also higher than average. Retirement Clearinghouse developed its auto portability solution in conjunction with the private and public sectors to reverse this trend. EBRI estimates that if auto portability was broadly adopted, over the course of a 40-year period an additional [\\$1.5 trillion in savings](#) would be preserved in the U.S. retirement system.ⁱⁱ Auto portability will help:

- 67 million Black and minority workers save \$619 billion
- 42 million women workers of all ethnicities save \$365 billion

"As a leader in the workplace benefits industry, Fidelity is committed to improving the private retirement system to benefit all American workers," said **Kevin Barry, President of the Workplace Investing Division at Fidelity Investments**. "We are excited about the opportunity to work with RCH and other leaders in our industry to focus squarely on 'connecting and protecting' workers' retirement savings, thereby improving retirement outcomes, particularly those for under-served and under-saved workers."

“We were honored to be [the first 401\(k\) plan recordkeeper to implement auto portability](#) for our clients,” said **Alison Borland, Executive Vice President of Wealth Solutions at Alight**. “Two years later, industry awareness and the momentum behind this vital solution have grown significantly, and we look forward to working with our fellow industry leaders to reduce our country’s retirement-savings shortfall.”

“As an industry, we have a responsibility to American workers to remove barriers to retirement preparedness and increase their chances for investment success,” said **John James, Managing Director and Head of Vanguard Institutional Investor Group**. “The formation of this consortium directly complements Vanguard’s ongoing efforts to simplify investing and drive positive participant outcomes.”

The consortium currently represents approximately 43.8 million workers across more than 48,000 employer-sponsored retirement plans, based on data published by *Pensions & Investments*. Its members have established an independent entity, Portability Services Network, LLC (PSN), which will utilize [Retirement Clearinghouse’s auto portability solution](#) to build a nationwide digital hub connecting workplace retirement plan recordkeepers and the plan sponsors they serve. PSN will act as a clearinghouse for automatically locating a participant’s active workplace retirement account in their current employer’s plan and transferring the same participant’s account from their prior employer’s plan into their active account.

In addition to Alight, Vanguard, and Fidelity, the Portability Services Network will be majority owned by RCH with Mr. Johnson as its chairman, and is designed to include up to three additional major recordkeepers as owners. PSN’s owners will govern the network as an industry utility designed with the goal of operating at the lowest cost to workers participating in auto portability. PSN is open to all recordkeepers to connect. The recordkeepers that own or participate in PSN will not receive any compensation for facilitating auto portability transactions from participants. For more information, please visit <https://info.rchl.com/request-psn-info> or email sales@RCH.com.

About Retirement Clearinghouse

Retirement Clearinghouse, LLC is the leading provider of portability and consolidation services for defined contribution plans, acting as a trusted, unbiased intermediary between plan sponsors, participants, recordkeepers and other parties. Retirement Clearinghouse’s integrated financial technology, data and information solutions facilitate automated consolidation of small, redundant accounts for sponsors to improve plan performance, and enable participants, regardless of account balance, to seamlessly transport their retirement savings through every phase of their careers. These solutions include a domestic call center providing specialized assistance designed to enable end-to-end portability and account consolidation; uncashed check services; and the capability to search for lost and missing participants.

Retirement Clearinghouse works with more than 34,000 retirement plans and has helped guide over 1.8 million plan participants with more than \$28 billion in retirement savings. Retirement Clearinghouse is a portfolio company of The RLJ Companies, founded by Robert L. Johnson. For more information, please visit www.rchl.com.

About Alight Solutions

Alight is a leading cloud-based human capital technology and services provider that powers confident health, wealth and wellbeing decisions for 36 million people and dependents. Our Alight Worklife® platform combines data and analytics with a simple, seamless user experience. Supported by our global delivery capabilities, Alight Worklife is transforming the employee experience for people around the world. With personalized, data-driven health, wealth, pay and wellbeing insights, Alight brings people the security of better outcomes and peace of mind throughout life’s big moments and most important decisions. Learn how Alight unlocks growth for organizations of all sizes at alight.com.

About Fidelity Investments

Fidelity's mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. With assets under administration of \$9.9 trillion, including discretionary assets of \$3.7 trillion as of June 30, 2022, we focus on meeting the unique needs of a diverse set of customers. Privately held for over 75 years, Fidelity employs more than 58,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit <https://www.fidelity.com/about-fidelity/our-company>.

About Vanguard

Founded in 1975, Vanguard is one of the world's leading investment management companies. The firm offers investments, advice, and retirement services to individual investors, institutions, and financial professionals. Vanguard operates under a unique, investor-owned structure where Vanguard fund shareholders own the funds, which in turn own Vanguard. As such, Vanguard adheres to a simple purpose: To take a stand for all investors, to treat them fairly, and to give them the best chance for investment success. For more information, visit vanguard.com.

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ⁱ [Employee Benefits Research Institute](#)

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