

The Mobile Workforce's Missing Participant Problem

A Study by Boston Research Technologies
and Retirement Clearinghouse

March 2018



Methodology

About the Study

- First of its kind research that explores the scope of the mobile workforce missing participant problem with retirement plans
- BRT conducted the study in collaboration with Retirement Clearinghouse
- 1,000 consumers who had participated in at least one retirement plan in the past were surveyed
- Survey conducted from February 8 – February 9



About Boston Research Technologies (BRT)

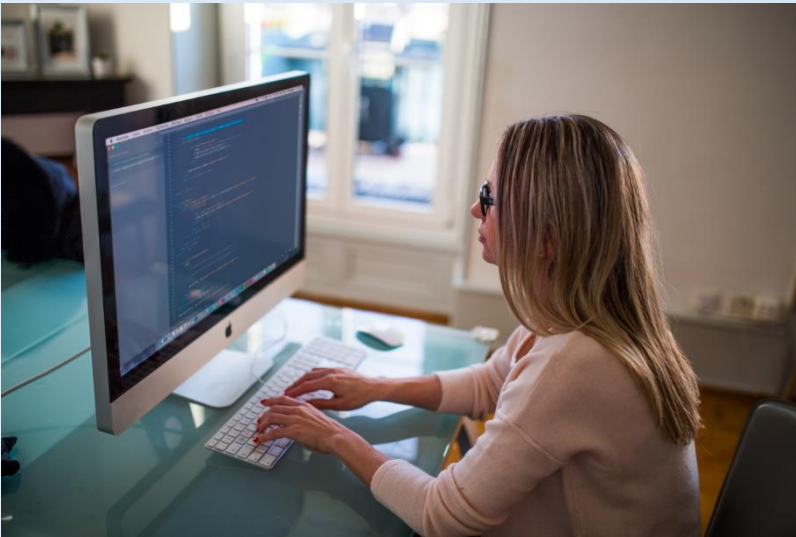
BRT uses a unique mix of Qualitative and Quantitative Market Research, Behavioral Economics, Business Strategy and Advanced Analytical Modeling to uncover deep embedded insights and shape winning business strategies and tactics. We have spent over three decades evolving and innovating market research methodologies, coupling them with business strategy, to drive highly successful initiatives for many clients.

Key Findings

- 11% of all terminated account records had a stale address ("missing")
- 1 out of every 5 job changer relocations results in a missing participant
- The probability of locating a missing participant with an active participant address record is 67%
- 9% of participants would not verify their address if asked by a former employer
- One third of participants learned of a retirement account with a previous employer they did not realize they had
- 60% of participants preferred an automated process to update address or consolidate accounts

Stranded Account Profile

Mobile Workforce Leaving 401(k) Accounts Behind



- 11% of stranded accounts had a stale address
- 1.42 stranded accounts per participant
- 31% of stranded accounts had balance less than \$10,000
 - 73% of accounts < \$100,000
- 33% of participants in survey learned of an account they did not realize they had
 - 50% of Millennials

The strongest predictor of the account not being lost was the respondent's knowledge of how to contact the company holding the account - accounts held by respondents who reported being able to do this were almost 7 times less likely to be lost

Missing Participant Profile



Lower Income

- 36% of missing participant account holders had household income below \$50,000, 31% from \$50,000-\$100,000, 33% over \$100,000.
- Low income households twice as likely to have stale address: 18.7% of terminated participant accounts associated with participants with household income below \$50,000 had a stale address, compared with 9.1% of accounts of participants with household income above \$50,000

Missing Participant Profile



Younger

- 66% of missing participant account holders are Millennials (15.6% Millennial stranded accounts had stale address), 20% are Gen Xers (8.5% of Gen X stranded accounts had stale address), and 14% are Baby Boomers (5.9% of Baby Boomer stranded accounts had stale address)

Missing Participant Profile



Employed

- 78% of missing participant account holders are employed, 17% unemployed, 5% retired

Participant Behavior



Receive Information Through Channels That Can Become Stale Upon Move

How do you receive information about this (previous employer) account?

- 51% from U.S. Postal Service
- 15% from a work email
- 26% from a personal email
- 7% do not receive information

Participant Attitudes



Prefer Automation

- 60% of participants in survey would prefer an automated process to update address or consolidate their stranded accounts in their active plan
- 23% would utilize a lost & found database
- 9% would not verify their address if asked by a former employer

The Solution?

Active Participant Data

- 67%: Probability of locating a missing participant with an active participant record
- 92%: Probability the active participant record has a current address

What This Means for Plan Sponsors

- Demographic trends suggest the missing participant problem will grow worse before it gets better
- A well structured missing participant search program should be dynamic
 - **Periodic:** As records grow stale quickly, implement a periodic program to update mailing addresses
 - **Event Driven:** When large planned distributions are to occur, a more rigorous search is prudent
- As a best practice, encourage retirement account consolidation to eliminate redundant accounts that can go stale quickly

Thank You!

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MOVING RETIREMENT FORWARD

Retirement Clearinghouse Overview

- Founded in 2001 as RolloverSystems, based in Charlotte, NC. First automatic rollover funded in 2005.
- Restructured as Retirement Clearinghouse in 2013 to focus more broadly on portability.
- Privately held - RLJ Companies majority financial backer since inception. Profitable and self-funding, with strong balance sheet.
- Comprehensive suite of portability solutions proven to improve plan success metrics.

