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Portability Services Network Expands Impact



According to a recent release, the Portability Services Network (PSN), which began with three of the biggest recordkeepers in the country just over a year ago, has now grown to include three additional providers, covering over 15,000 retirement plans and 5 million members.

For employees with balances under \$7,000, PSN, led by Robert L.

Johnson's Retirement Clearinghouse

LLC, allows the automated transfer of retirement funds. The savings from an employee's prior workplace defined contribution plan or safe harbor IRA are automatically moved to their new plan if they change jobs and their new employer's plan is included in the network.

The goal of this approach is to decrease the number of cash-outs and keep investors from losing sight of their retirement assets. According to Retirement Clearinghouse research, auto-portability for all plans and recordkeepers could save the retirement system \$1.6 trillion over the course of 40 years.

The PSN currently works with Alight, Vanguard, and Fidelity Investments as active recordkeepers. TIAA and Principal Financial Group are scheduled to begin servicing plans later in 2025, while Empower is set to join in January. The network is actively encouraging additional plan sponsors to participate.

In a statement, Johnson, chairman of Retirement Clearinghouse and PSN, stated, "Auto-portability was conceived as an innovation to benefit minority and women savers, and it is immensely gratifying to witness its coming to fruition."

As of December 1st, PSN has finished 549 auto-portability transactions, while 7,841 more are still pending. After a match is confirmed, the auto-portability process takes roughly 60 days, and participants usually become eligible for required dividends 30 to 90 days after being terminated from their jobs.



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The network serves as a clearinghouse by linking users' active accounts with other tax-advantaged accounts with less than \$7,000 and transferring the funds to the active account. Although they profit from keeping assets on their platforms, PSN recordkeepers do not charge participants for enabling these transactions.

The Investment Company Institute reports that as of June 30, \$11.3 trillion was held in U.S. defined contribution plans. The PSN is a big step in simplifying retirement savings management and protecting members' financial futures.

Sources:

<https://www.plansponsor.com/workplace-plan-portability-network-supports-5m-participants/>

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