

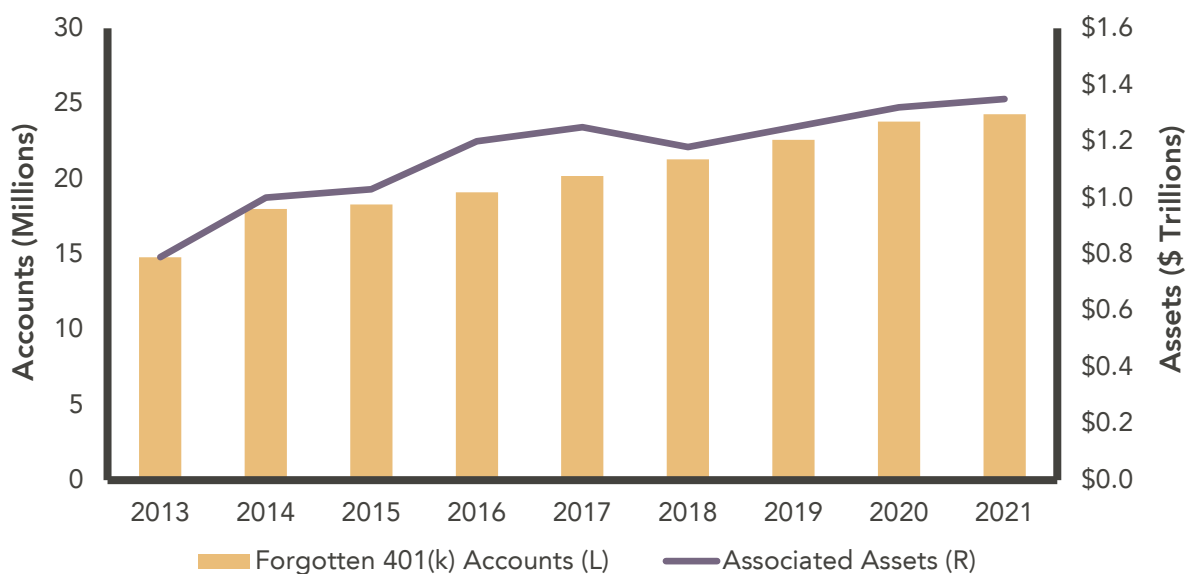
Chart of the Week

December 8, 2021

Don't Forget About Those Old 401(k) Accounts!

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As 2021 draws to a close, plan sponsors should look to begin the new year by helping employees consolidate retirement accounts



Source: Capitalize Money, Inc., *The True Cost of Forgotten 401(k) Accounts*; data as of May 31, 2021

According to a recent study conducted by Capitalize, \$1.35 trillion worth of assets were held in forgotten 401(k) accounts as of May 31st, 2021. This figure is based on estimates of 24.3 million retirement accounts with an average balance of \$55,400 per account. Based on this study, it is evident that millions of participants are missing out on additional retirement savings each year their old accounts are left behind with previous employer plans, since holding multiple accounts often leads to investors incurring higher fees. To that point, Capitalize estimates that an individual could experience up to \$700,000 in foregone retirement savings as a result of forgotten 401(k) accounts. As 2021 draws to a close, plans sponsors should look to begin the new year by helping employees consolidate retirement accounts, which could lead to cost savings and the accumulation of plan assets, by utilizing the following tactics:

- Confirm participant data, including email and mailing addresses, is up to date to ensure communications will be received
- Collaborate with the relationship manager of your retirement plan recordkeeper to develop a targeted participant communication strategy (email, hard copy mail, or onsite visits) that highlights the benefits of consolidating retirement accounts from previous employers

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- Ensure communications clearly explain the process for rolling over outside retirement assets
 - Paperwork required to effectuate rollovers can be confusing to many participants, however the majority of recordkeepers employ support teams available to assist individuals with transfers
 - The phone numbers and email addresses of these support teams should be clearly identified in communications to participants
 - To increase the chances of success when it comes to participant rollovers, communication campaigns should be continued throughout the entire year

Finally, technological developments and the reporting capabilities of retirement plan recordkeepers will allow plan sponsors to measure the effectiveness of these campaigns. By the end of 2022, sponsors should review results related to the number of rollovers completed, the amount of assets gained, and the extent to which employees were actively engaged with the topic during the year. This may help plans delineate future goals and better understand the most effective ways to communicate to participants.

If this is of interest to your plan, please contact your Marquette consultant for additional information. ■

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