

# How to Find Lost Retirement Assets

*Leftover money from old workplace retirement plans remains the responsibility of the plan participant. Here is the good news, though.*

By some industry estimates, last year more than \$1 trillion worth of assets were left behind in old 401(k) plan accounts. Some of this money, say plan researchers, came from departing U.S. workers who switched jobs. Others left the workforce and didn't remember to check to see if their retirement funds had been completely drained.

It might seem like common sense to check your brokerage account just before or soon after moving to a new job. However, more than 25 million 401(k) accounts were "forgotten" or left behind in 2021 alone, estimates retirement savings market tracker Capitalize. That represented some 20% of all defined contribution plan assets. <sup>1</sup>

Through last May, the firm's researchers found that U.S. workers left more than \$1.35 trillion in old retirement plan assets after changing employers. In any given year, they figure at least 2.8 million in 401(k) accounts are forgotten by retirement savers.

American society is certainly more mobile these days. As researchers at financial brokerage Charles Schwab have concluded after reviewing the situation:

"It's easy to understand why some workers might lose track of an old 401(k): Those born between 1957 and 1964 held an average of 12.4 jobs before the age of 54, according to the Bureau of Labor Statistics. The more accounts you acquire, the more challenging it is to keep track of them all." <sup>2</sup>

Still, according to the U.S. Government Accountability Office (GAO), when participants leave savings in a 401(k) or similar retirement plan after separating from a job, "the onus is on them to update former employers with their new address and to respond to their former employer's communications." <sup>3</sup>

Here's the good news: That money is likely to legally still be yours to claim, no matter how much time has passed. It's just going to take some sleuthing on your part. And considering that it could've been left sitting in a mutual fund and/or exchange-traded fund, those assets might well be worth more than when you last checked.

## Where Your Abandoned Money Goes

Leftover assets aren't necessarily going to stay in your old account forever. Veteran personal financial journalist Dayana Yochim figures that if you've left \$5,000 or more, chances are greater that plan sponsors won't choose to make any big moves, at least for the time being. Keep in mind, however, that at some point after retiring IRS rules might require you to start taking distributions or make other tax-relevant decisions about where to keep your savings.

For balances abandoned less than \$5,000, Yochim points out at Nerdwallet.com that employers can "simply cut a check for the total and send it to your last known address, leaving you to deal with any tax consequences." <sup>4</sup>

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In some cases, abandoned retirement plan money has been rolled over to Individual Retirement Accounts on the past participant's behalf, she adds. Others have simply decided to deposit such money in a separate bank account or left it in a state's unclaimed property fund.

### Where to Start

Let's assume a former employer tried to reach out to let you know a retirement account under your name still has money in it. If your contact information isn't up to date, the plan's administrators are going to be at a loss.

The Department of Labor has issued guidance to plan sponsors on searching for participants when plans are terminating, according to the GAO. But such regulatory advice is less concrete about what actions ongoing plan sponsors should take to keep track of separated participants. In practical terms, this means you can't take it for granted that a past employer will be able to contact you about leaving retirement plan money on the table.

Besides outdated personal information left behind, companies often face changing legal and business conditions that can lead to changes in administration of retirement plans. Mergers, buyouts and bankruptcies can also muddy the process of a past employer with good intentions trying to track you down.

So, if you suspect some of your retirement money has been left behind, it's probably wise to proactively initiate such a search. A good place to start is to contact your former employer's human resources and benefits staff, or whoever is in-charge of such matters.

### Resources to Aid in Your Search

Plan participants who find themselves in such situations can also tap into databases set up to track abandoned retirement assets and plans that've been shuttered.

Such free resources include sites maintained by The U.S. Pension Guaranty Corp. and FreeERISA. You might also be listed in the National Registry of Unclaimed Retirement Benefits. This is a national database of retirement plan accounts which have gone unclaimed.

Another potential source to check is the "Abandoned Plan Search" offered by the Employee Benefits Security Administration, which is part of the Department of Labor. The database tracks plans that've been terminated, or are in the process of being closed. It can also provide contact information about who's taken over administration duties.

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#### Footnotes:

1. Capitalize, "The True Cost of Forgotten 401(k) Accounts," June 2, 2021.
2. Charles Schwab & Co., "Tracking Down a Lost 401(k)," Nov. 18, 2021.
3. The U.S. Government Accountability Office, Report to the Ranking Member, Committee on Finance United States Senate, "Workplace Retirement Accounts: Better Guidance and Information Could Help Plan Participants at Home and Abroad Manage Their Retirement Savings," January 2018.
4. Nerdwallet.com, "How to Find an Old 401(k) -- and What to Do with It," Feb. 27, 2019.