

Recovering Lost Retirement Plan Money

Any money left in old workplace plans or associated brokerage accounts remains the responsibility of the plan participant.

According to the U.S. Government Accountability Office, 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.”¹

It might seem like common sense to check your brokerage account just before or soon after moving to a new job. GAO officials, however, warn that more than 25 million workers left behind assets in at least one retirement account after separating from their jobs. And that was just from 2004 through 2013.

In 2015 alone, departing U.S. workers left more than \$7.7 billion in old retirement plan accounts after changing employers, estimates the National Association of Unclaimed Property Administrators.²

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.

Where Your Abandoned Money Goes

Leftover assets aren’t necessarily going to stay in your old account forever. Veteran personal finance 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.”³

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

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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.

More generic online resources are available at sites such as missingmoney.com and unclaimed.org. These databases allow you to search for assets in any states in which you've worked.

Footnotes:

1. 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.
2. USA Today, "Left your 401(k) at an old job?" Feb. 25, 2018.
3. Nerdwallet.com, "How to Find an Old 401(k) -- and What to Do with It," Feb. 27, 2019.