



SECURE ACT 2.0

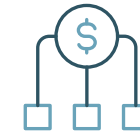
AUTO-PORTABILITY

Auto-portability has existed for years but lacked a permanent legal foundation. SECURE Act 2.0 provides legislative support for plan sponsors to automatically transfer small balances of former employees to a new employer's plan.



AUTO-PORTABILITY KEY TAKEAWAYS

- The primary objective of auto-portability is to reduce assets leaving employer-sponsored plans.
- SECURE Act 2.0 increases the threshold for small balance force outs from \$5,000 to \$7,000, effective January 1, 2024.
- Auto-portability requires a technology network to connect recordkeeping platforms, track participants, and transfer assets.
- The most notable auto-portability network is the Portability Services Network Consortium founded by Retirement Clearinghouse, Vanguard, Fidelity, and Alight. Empower, Principal, and TIAA are also members.
- There is a fee to the participant for the automatic transfer.
- Other provisions in SECURE Act 2.0, such as mandatory auto-enrollment and long-term part-time employee participation, could lead to a greater number of participants with small balances in plans.



OPTIONS FOR IMPACTED PARTICIPANTS

