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*DOL Advisory Committee*
*Testimony Outline – Lifetime Plan Participation*

**Executive Summary**

The barriers to efficient transfer of defined contribution retirement plan account balances from one employer to another are many. In our experience as ERISA plan recordkeeper, fund administrator, trustee, independent fiduciary and technology architect, the effort to effectively transact a movement from one plan to another calls for an involved, motivated facilitator. This function can serve to launch and coordinate a rollover process for the “average” former participant that diffuses new employer anxiety, participant frustration and invites retirement services vendors to plug-in to a platform without significant investment or protocol changes foreign to their IT model.

Banks are motivated to actively assist in the transfer of checking account balances for new depositors with no heavy lifting for the account holder. Why can’t the retirement plan product work that way? The ERISA DC world needs a “middleware” solution that will act as a transfer station for the movement of all money types, temporarily take over loan repayments and effectively cleanse the plan-to-plan transfer process for employers and employees alike.

## *I. NRS Background*

a. Strong ERISA legacy
b. Supports plan recordkeepers, custodians and investment managers
c. Works closely with the DOL (Boston and NY) on many ERISA cases involving abandoned plans, plan workouts and litigation support

## II. The Problem from Our Perspective

a. An issue primarily with smaller account balances
b. Prior employer may or may not be motivated
c. New employer is not motivated to assist in the transaction
    1. Plan may not allow immediate transfer of rollovers
    2. Plan design may not include all money types
    3. Concerns over qualification of transferring plan
    4. Accepting loan liability out of the question
d. Two sets of forms – outbound and inbound
e. Outstanding loans – a major form of leakage

## III. ***A Utility to Facilitate a Plan-to-Plan Transaction***

*a. What Would a Middleware Solution Look Like?*

1. Accepts all money types (traditional and Roth) and holds those types not accepted by new employer
2. Verifies qualification of prior plan
3. Accepts loan repayments (via automatic monthly invoicing or via electronic funds transfer) until loan is paid in full and then performs secondary transfer
4. Temporary investment for accumulating loan repayments (Safe Harbor or QDIA type option)
5. Standardizes secure data exchange and money transfer
6. Simple file format for recordkeepers and custodians
7. Launched via simplified, secure app.
8. Profitable business case for service without any material impact to account balance (fees should be easy to disclose and logical to length of transition service)

*b. Other Factors*

1. This might be considered a "Transition" IRA
2. Self Directed Brokerage assets could be reregistered to new employer plan if they offer such an option
3. Regulations would have to be changed to allow an intelligent, logical approach that has two goals – supporting the spirit of current well intended rules – yet - simplifying the process to preserve retirement assets