



Principal® Joins Industry Consortium to Support Automatic Portability of U.S. Retirement Accounts

July 6, 2023

DES MOINES, Iowa--(BUSINESS WIRE)-- [Principal Financial Group®](#) today announced it joined the [Portability Services Network, LLC](#) (PSN), a consortium of retirement plan service providers focused on helping America's under-served and under-saved workers improve their retirement outcomes by making it easier to transfer their workplace retirement accounts when changing employers. Principal® is a board member and one of seven owning members of PSN, which utilizes the auto-portability solution created by [Retirement Clearinghouse, LLC](#) (RCH).

“As a retirement leader, it’s our responsibility and commitment to help create the best possible retirement outcomes for America’s workers, including making it easy for their retirement savings to move with them,” said Teresa Hassara, senior vice president for Retirement and Income Solutions at Principal. “Being a part of the Portability Services Network adds another tool to the toolbox we have at Principal to support individuals on their paths to achieving financial security.”

“We are excited to have Principal join the consortium of recordkeepers that are working together with Portability Services Network to improve workers’ retirement security. The company’s leadership, action, and progress to increase financial access and inclusion will help more people benefit from auto-portability – in particular people of color, lower-income workers, and women, who have higher than average cash-out rates,” said Robert L. Johnson, chairman of The RLJ Companies and chairman of Portability Services Network and Retirement Clearinghouse.

According to RCH, employees changing jobs more frequently and a limited ability to match participant accounts across plan provider systems have increased the need for auto-portability – defined as automatically transferring an employee’s retirement savings from their prior employer’s plan to their new employer’s plan. Approximately \$92 billion in savings is prematurely cashed out of workplace retirement accounts every year¹, leading to additional tax implications and early withdrawal penalties for workers. This disproportionately impacts those with lower retirement account balances – typically less than \$5,000.

PSN will assist workers with lower balances who change employers by automatically matching and moving their workplace retirement savings to their new retirement plans. Its goal is to establish a nationwide, digital hub connecting workplace retirement plan recordkeepers and the employers they serve. The automation process will help workers avoid unnecessary complications as they move assets into 401(k), 401(a), 403(b), and 457 accounts, which could mitigate early plan cash-outs and enable financial security for more American workers.

The consortium currently represents approximately 82 million workers across more than 185,000 employer-sponsored retirement plans, based on data published by *Pensions & Investments*. As the latest owning member to join PSN, Principal adds approximately 11 million retirement plan participants and more than 46,000 plans to the coalition.² The new service is expected to go live for participants in plans with administrative services provided by Principal in early 2025.

About Principal Financial Group®

Principal Financial Group® (Nasdaq: PFG) is a global financial company with 19,000 employees³ passionate about improving the wealth and well-being of people and businesses. In business for more than 140 years, we’re helping more than 62 million customers⁴ plan, protect, invest, and retire, while working to support the communities where we do business, and build a diverse, inclusive workforce. Principal® is proud to be recognized as one of the 2023 World’s Most Ethical Companies[®] by Ethisphere⁵, a member of the Bloomberg Gender Equality Index, and a “Best Place to Work in Money Management⁶.” Learn more about Principal and our commitment to building a better future at principal.com.

About Portability Services Network

Portability Services Network, LLC (PSN) is an independent, industry-led utility which utilizes the Retirement Clearinghouse (RCH) auto portability solution to build a nationwide, digital hub connecting workplace retirement plan recordkeepers and the plan sponsors they serve that elect the auto portability service. For PSN member recordkeepers and the plans that have elected the auto portability solution, PSN acts as a clearinghouse for automatically locating a participant’s active 401(k), 401(a), 403(b) or 457 account in their current employer’s plan and transferring the same participant’s account (under \$5,000) from their prior employer’s plan into their active account. For more information, please visit <https://psn1.com/>.

About Retirement Clearinghouse

Retirement Clearinghouse, LLC is the leading provider of portability and consolidation services for defined contribution plans, acting as a trusted, unbiased intermediary between plan sponsors, participants, recordkeepers and other parties. Retirement

Clearinghouse's integrated financial technology, data and information solutions facilitate automated consolidation of small, redundant accounts for sponsors to improve plan performance, and enable participants, regardless of account balance, to seamlessly transport their retirement savings through every phase of their careers. These solutions include a domestic call center providing specialized assistance designed to enable end-to-end portability and account consolidation; uncashed check services; and the capability to search for lost and missing participants.

Retirement Clearinghouse works with more than 35,000 retirement plans and has helped guide over 1.9 million plan participants with more than \$29 billion in retirement savings. Retirement Clearinghouse is a portfolio company of The RLJ Companies, founded by Robert L. Johnson. For more information, please visit www.rch1.com.

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¹ According to [Employee Benefit Research Institute \(EBRI\) data](#) cited by RCH

² As of December 31, 2022

³ As of March 31, 2023

⁴ As of March 31, 2023

⁵ Ethisphere, 2023

⁶ Pensions & Investments, 2022



Phillip Nicolino, 515-362-0239, nicolino.phillip@principal.com

Source: Principal Financial Group