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Eliminating Friction and Leaks in America's Defined Contribution System

Fixing the Systemic Breakdowns That Impact Every Sponsor, Participant and Provider

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Executive Summary

Problem

The defined contribution (DC) system breaks down at a critical moment in the participant lifecycle – at job change – with deleterious consequences for each of the system's main constituencies:

- **Plan sponsors** face increased costs, risks and potential liability resulting from cash-outs, stranded accounts and missing participants. According to surveys, sponsors are concerned about the gap and would welcome a solution.
- **Participants** – facing the "friction" that results from complex rollover procedures and an absence of assistance – take the path of least resistance and prematurely cash out at alarming rates, depleting their retirement savings and often regretting their decisions in hindsight. "Stranded" accounts cost them time & money and complicate their retirement planning.
- **Providers** lose revenues as $1.3 trillion in assets over 10 years "leak" from the system.
- **Policymakers** are pressured to consider regulatory fixes in an effort to fix breakdowns and address short-comings.

Solution

A utility that facilitates the movement of participant savings from a DC plan to other retirement savings vehicles, particularly other 401(k) plans, is a proven, "in plan" solution to the system's friction and leakage challenges. As demonstrated in the BRG case study below, a utility of this nature that involves programs supporting participant decision-making at job change results in better outcomes for all parties. Implemented system-wide by plan sponsors and recordkeepers, such a utility would eliminate systemic breakdowns by providing:

- **Roll-in programs**, offered by plan sponsors to all new hires and/or to participants who are automatically rolled out which are proven to reduce stranded accounts and promote savings consolidation. In particular, this step would respond to the recommendations of a recent General Accountability Office study ("401(k) Plans: Labor and IRS Could Improve the Rollover Process for Participants," March 2013), which calls on "Labor and IRS (to) take certain steps to reduce obstacles and disincentives to plan-to-plan rollovers."
- **Automatic rollover (ARO) programs** *with* human intervention, which are demonstrated to minimize cash-outs.
- **Periodic, proactive address searches,** which minimize lost/missing participants and un-cashed checks.

A Scalable, Functioning Savings-Transition Utility: A Case Study

Transaction engines, or money-transition utilities, are common in the financial services industry, particularly in the banking, brokerage and payments sectors. In the retirement savings system, such a utility would need to:

1. Facilitate intra-system transactions by serving as a trusted intermediary between participants, plan sponsors, record keepers and other parties
2. Address the consolidation needs of incoming, existing and separating employees
3. Operate on a "pass-through" services/ transaction model. The utility's primary goal would be to facilitate the movement of money within the system, not to build and retain assets
4. Serve the interests of all participants, regardless of size of their account balances
5. Incorporate person-to-person assistance, as needed, to navigate complicated transactions and to address the behavioral dimension of job-changing that results in excessive cash-outs

On this last point, it is important to note that behaviorally, the retirement savings system unintentionally encourages participants to take paths of least resistance (cashouts and stranded accounts) by:

- requiring ARO participants to make a decision in a fixed 30- to 60-day time frame;
- asking participants to make decisions at separation, a point at which they are highly emotional and uncertain about their futures;
- presenting them with complex options about which they are uninformed; and
- not providing sufficient personalized decision-making help, particularly to lower-balance participants, at separation.

By providing person-to-person assistance at the exact moment participants are being required to act, the system can encourage decision-making with "tomorrow" in mind.

Furthermore, a savings-transition utility has the benefit of being a private market solution that can be implemented quickly, addressing the gaps in question and providing requisite guidance to participants as they make decisions. By contrast, a recent General Accountability Office report on the state of rollovers recommended a governmental solution to these challenging issues that would involve multiple agencies and the provision of more information and disclosure to participants when transitioning. While commendable in spirit, the suggestions would likely take significant time to implement and would still leave participants in need of just-in-time help to make optimal decisions at separation.

In an attempt to identify potential private sector solutions, Boston Research Group recently examined a unique model that addresses friction and leakage at job change. In addition to examining extensive data, we listened to 15 telephone conversations between transitioning employees and the service provider in question, which made clear that participants at transition often are in "crisis mode" when making decisions.

The results of this model, the efficacy of which we have validated, are shown in Table 1 on the next page.

We believe this model is worthy of industry review given the results achieved. It is reasonable to conclude that the model described in the BRG case study, if scaled and extended to the entire DC industry, could meet the goal of a 50 percent reduction in leakage/cash-outs that the Employee Benefit Research Institute (EBRI) has targeted, thus having the potential to add $1.3 trillion to DC retirement savings over 10 years.

Table 1: Summary of Boston Research Group Case Study (2007-2012)

CASE STUDY

Size/Industry:	One of the Nation's Large Healthcare Providers
Location/Geography:	Multi-regional
No. of Employees:	190,000+
	Average new hires/year: 38,000; Average separations/year: 43,000
Other:	Aggressive growth via acquisition/traditionally high-turnover industry
Timeframe of Case Study:	2007-2012

DC-Related Issues:

1. High level of participant cash-outs:
    - 40%-56% of separated participants cashing out annually, 2002-2006
    - 16-18% of balances cashed out annually, 2002-2006
2. Cost, risk and potential liabilities resulting from:
    - Large numbers of stranded, small-balance accounts
    - High volume of missing participants and un-cashed checks
3. No practical way to encourage employees to consolidate account balances - upon hire or at separation

Best Practices Applied

Name	Serves	How it Works
1. Assisted Roll-In	New and Existing Employees	• All new employees offered the opportunity to "roll-in" their IRA and previous DC balances into plan • Initial mail campaign conducted • Participant assigned solution provider case manager, who provides end-to-end assistance • All forms, paperwork & signatures completed & obtained, tracked by workflow system • Conduit IRA utilized to clear funds from source plan into new employer's plan
2. Automatic Rollover (ARO)	Exiting Employees with less than $5k balances	• All terminating employees with less than $5,000 subject to ARO • 60-day "timer" cycle • All participants have access to licensed counselors, regardless of balance • Name, address searches initiated prior to ARO campaign • Low-cost "safe harbor" IRA established at end-of-timer • No cost to plan sponsor
3. Assisted Rollover	Exiting Employees with greater than $5k balances	• Campaign conducted for all separated participants with balances > $5,000 • Includes outbound mail and outbound calling campaign • Participants can create a new IRA, consolidate their balances to an existing IRA or new employer's plan, or stay in-plan • No cost to plan sponsor
4. Annuity	Employees at- or near-retirement	• New program initiated in 2012 • Allows participants to annuitize some or all of plan balances • Choice of providers • No cost to plan sponsor

All services above supported with participant address search & verification utilities, executed prior to transactions.

Key Outcome 1: Participant Data Validated & Corrected

Measure	Participants	Comment
Participants Address Updates Updates Performed	207,800	Updates resulting from participant address searches
Missing Participant Searches	7,200	Annual amount reflects 2012 data

Key Outcome 2: Cash Out Levels Halved

Measure	Baseline	Study	Percent Improved	Comment
Case Study vs. Prior	47%	23%	+51%	Reduced Cashouts 51%, vs. pre-Case Study
Case Study vs. Industry				
a. Overall	48%	23%	+52%	Reduced Cashouts 52% overall, vs. industry
b. By Balance				
<$1k	64%	21%	+67%	
$1k - $5k	47%	32%	+31%	
$5k - $10k	41%	32%	+23%	
$10k - $30k	29%	19%	+36%	
$30k - $50k	19%	10%	+49%	
$50k - $100k	12%	6%	+55%	
$100k+	7%	2%	+74%	

Key Outcome 3: "Stranded" Accounts Dramatically Reduced Through Consolidation

Measure	Accounts	Balances	Comment
Incoming Employees			
From DC Plan	3,620	$55,290,905	
From IRAs	570	$10,156,500	
Subtotal	4,190	$65,447,405	Generated by Assisted Roll-in Program
Separated Employees			
To New DC Plans	12,373	$203,240,960	
To Existing IRAs	55,443	$1,772,228,621	
Subtotal	67,816	$1,975,469,581	Generated by ARO, Assisted Rollover Programs
Total Consolidated	72,006	$2,040,916,986	
Potential Savings Through Consolidation		$6,239,072	Accounts consolidated "out" * industry avg. recordkeeping, custody & admin fee of $92/yr

Solution Provider: Retirement Clearinghouse (RCH), formerly known as RolloverSystems, a Charlotte, NC-based company offering employee transition (job changing) services for plan sponsors.

Enhanced Savings-Transition Utility: The Introduction of Automatic Roll-In Programs

> *Since BRG conducted this case study, the solution provider has taken the utility concept one step further. Beginning January 1, 2013, the company launched an automatic roll-in program – which actively seeks to move, or "roll in" the 104,000 safe harbor IRAs on its books into eligible 401(k) or 403(b) retirement savings accounts, if they exist.*

The automatic roll-in program thus enables low-balance job-changers to automatically consolidate their retirement savings, which can then be managed more easily and with less cost, leaving them better prepared for retirement. Program enrollment is automatic, and there is only a fee paid by the accountholder if the Safe Harbor IRA savings are successfully rolled in to an eligible 401(k) or 403 (b) account.

> *This approach is in-line with the principle that a savings-transition utility should not be primarily an asset-gatherer: rather, it should facilitate consolidation of accounts for participants and reduce friction between the primary industry players.*

In BRG's opinion, this innovation, if adopted by enough plan sponsors and recordkeepers, could revolutionize the DC system for frequent job-changers.

Components of a Savings-Transition Utility

A savings-transition utility serving the defined contribution industry could be constructed in a framework similar to Figure 1 on the next page, which represents the model of our case study's service provider. In Figure 1, the utility acts as a "pass-through" for all existing and in-transition employees for the purposes of handling DC transactions that arise from job-changing. The types of transactions that can occur include:

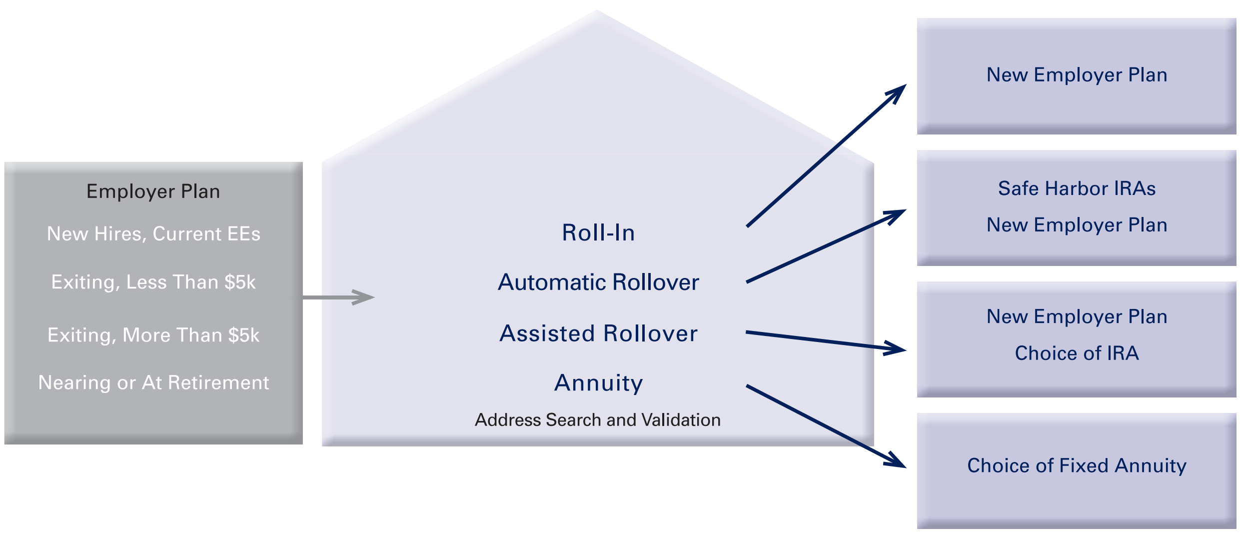
1. **Roll-In:** For new and existing employees, the utility would facilitate the consolidation of participants' former plan balances (from IRAs or previous employer plans) into existing employers' plans, providing end-to-end transaction support. In our case study, approximately one-third of eligible participants took advantage of this service; by contrast, roll-in rates in typical plans are approximately 10 percent or lower, according to the GAO. Ideally, the roll-in process would become automated once the industry coalesces around transaction standards.
2. **Automatic Rollover:** For exiting employees with less than a $5,000 balance, the utility would provide ARO services *with* sufficient human intervention to reduce unnecessary and ill-considered cash-outs. The utility also could promote automatic roll-in programs such as the one noted above.
3. **Assisted Rollover:** For exiting employees with greater than $5,000, the utility

would provide services through licensed counselors who would offer pure account consolidation services without the potential competing objective of asset gathering.

4. **Annuity:** For employees at or nearing retirement, the utility could convert some or all of a participant's balance into a stream of lifetime income, with a range of providers and choices.

Finally, given the transient nature of the American worker, as well as the disaggregated structure of the DC industry, a generic address search and update facility would underpin all of the above services, resulting in a solid foundation of participant data that enables successful service delivery.

Figure 1: Savings utility transition model used by service provider at large healthcare company



Background and Analysis

Job Changing, Leakage and Friction

The major cause of leakage and friction in the retirement savings system is the mobility of the American workforce. If participants were "employees for life," we could consider the DC system as meeting the tests of a "complete" retirement savings system, one that:

- is easy to enter
- promotes saving
- protects against premature exits, and
- facilitates efficient management of retirement savings through consolidation.

> *But American workers are highly mobile, changing jobs 7.4 times in a 40-year career, on average (source: EBRI). It's precisely at these points-of-change in employment that the DC system fails to meet two important tests:*
>
> - *safeguarding participants from prematurely exiting (i.e., cashing out) and*
> - *providing an efficient means to manage retirement savings.*

There is ample evidence supporting this premise. At change of employment:

- A staggering 45 percent of DC participants will cash out their DC plan balances despite having to pay steep penalties and taxes. Surveys indicate it's a decision most will make hastily and regret later. These DC system "drop outs" will needlessly remove trillions of dollars from America's retirement savings over time.
- Those remaining in-plan or rolling over their balances to new IRAs will find that their retirement picture – while brighter than their drop-out counterparts – will be freighted down by unnecessary cost and complexity. As they continue to change jobs, their patchwork of "stranded" accounts will grow, costing time and money. Over 10 years, job-changers will pay almost $44 billion to support the DC accounts that they've stranded along the way.
- Many participants with nominal DC account balances will simply move on, abandoning small-balance accounts by virtue of incorrect addresses and un-cashed checks, placing burdens upon their former employers' plans through excess cost, risk and potential liability. Automatic rollover (ARO) to a Safe Harbor IRA can help address some of these issues for the plan sponsor, but the issues of cost and complexity for the low-balance participant are left unsolved by the DC system.

These outcomes describe a DC system that is both leaky and laden with friction, and that encounters these problems repetitively with each participant's job change.

The Magnitude of Cash-Outs – A National Crisis

For American workers, it's never been easier to enroll in an employer-sponsored defined contribution plan. Public policy has helped in this regard: automatic enrollment of participants was encouraged by provisions in the Pension Protection Act of 2006, specifically to overcome the drawbacks of voluntary enrollment and to get more workers to save in their workplace retirement plan. Auto-enrollment for 401(k) plans has been demonstrated by EBRI research to have substantial potential benefits for employees.

Two statistics underscore the success the DC system has had in attracting participation:

- **55 percent**: the percentage of the workforce that has access to the tax deferral benefits provided by DC plans
- **70,000,000**: the number of workers participating in a DC plan

However, ease of entry and participation levels are not the sole criteria for judging the success of the DC system. Judged by another set of criteria – the ease with which a participant can consolidate savings when exiting a plan - the system is less successful.

Consider that the American workforce is highly mobile, changing jobs 7.4 times, on average, in a 40-year career. Extrapolating those figures, each year, on average there will be approximately 9.5 million job-changing DC participants.

Job-changers in the DC system will face a decision at every change-of-job: what to do with the thousands – and sometimes tens or hundreds of thousands – of dollars they've saved in their DC plans.

Should they:

1. Cash out in full or in part, suffering tax penalties and other negative consequences?
2. Keep their savings in the plan of the employer they're leaving?
3. Move their funds into their next employer-sponsored DC plan?
4. Rollover into an IRA?

According to the previously-mentioned GAO study, "401(k) plan processes for handling separating participants' accounts create barriers for participants to roll their savings to a new plan, making IRA rollovers an easier and faster choice for those who want to consolidate their savings in a new account after they separate from an employer." 401(k) service providers and asset gatherers often encourage rollovers into IRAs while discouraging roll-ins to new plans, according to the report, and often provide insufficient information to enable participants to make fully-informed decisions. Few provide participants with assistance in rolling from plan to plan; in fact, of 30 providers reviewed, the GAO found only one did so. Meanwhile, plan designs often discourage roll-ins, and plan sponsors often have little incentive to complete the extensive paperwork required to enable participants to move between plans.

"… Only 10 to 15 percent of participants who separate from the plan move their savings to a new employer's plan because of barriers in the process, including many paper forms and the involvement of both plan administrators," according to the GAO report.

The utility model in the BRG case study succeeded in moving approximately 30 percent of its participants into their new 401(k) plans.

By contrast, it's much easier for participants to simply cash out. For reasons we'll shortly address, a staggering 45 percent of participants facing this decision choose to cash out their accounts and drop out of the DC system entirely. For the job-changers with balances less than $5,000, that cash-out percentage soars to 55 percent.

Excessive cash-outs (i.e., those not required for hardship purposes) will remove $1.3 trillion from the system's collective future retirement income streams over 10 years (source: EBRI).

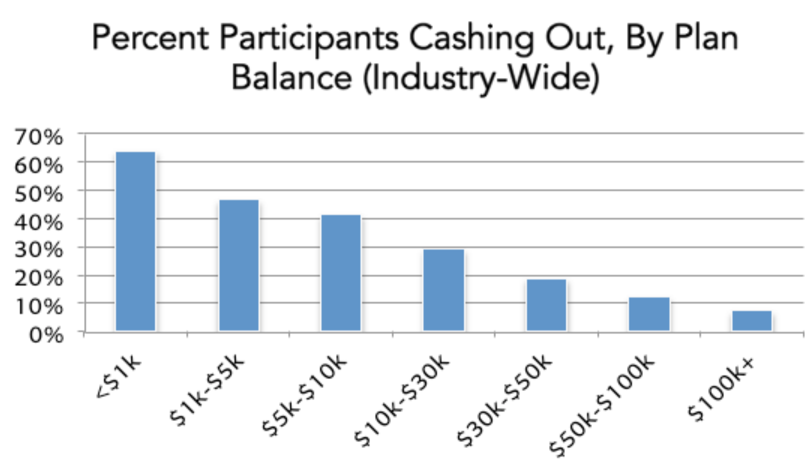
To put $1.3 trillion into perspective, it's over one-third of the federal government's annual budget, and almost 10 percent of America's annual gross domestic product. This figure alone should interest policy makers and serve as a rallying point for DC industry action.

Who Cashes Out?

Industry statistics show that the cash-out crisis disproportionately impacts participants with lower plan balances. By implication, this is the lower wage earner, the more-frequent job changer, or both.

As Figure 2 below indicates, the percentage of participants cashing out is highest among those with balances less than $1,000 (64 percent) and then declines steadily as plan balances increase.

Figure 2: Percentage Participants Cashing Out at Separation (Industry Data)



Why Cash Out?

Ultimately, cash-outs represent individual choices that are heavily-influenced by both circumstance and prevailing mind-set at the time of job-change, as well as external factors that tend to drive many towards an outcome with long lasting negative impacts.

Internal Factors: The Behavioral Dimension of Cashing Out

Job change, loss of a job and retirement are among the most stressful and emotional inflection points faced in life (AARP study with BRG). From a physical perspective, neuroscience describes a "lateralization of brain function" model: one that strongly suggests that when we are placed under stress, our left-brained, logical thinking process is suppressed and our right-brained, more-emotional processes tend to take over.

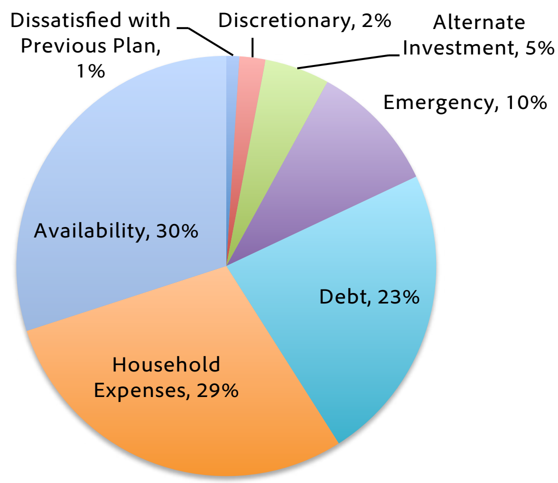
In short, the long-term rational thinking process that was predominant at the more-optimistic, stress-free time of our DC enrollment is replaced with a less-rational and more-emotional process at the time of our separation.

To better understand the rationale for cashing out, Boston Research Group asked the service provider in our case study, Retirement Clearinghouse (RCH), to conduct a phone survey of recently separated and/or retired employees who elected specific distribution transactions from retirement plans offered by their previous employer. The subjects were transitioning workers who called RCH to receive assistance in moving their assets into either an existing IRA, a new IRA, their new employer's DC plan, or into their personal bank accounts (i.e., a cash-out).

Three hundred (300) of the survey respondents expressed an interest in cashing out their retirement account balances. Participants who made a final decision to cash out were asked why they intended to do so. The most commonly cited reason was simply the availability of the money (30 percent), followed by a need for the money to cover household expenses (29 percent), and to pay off debt (23 percent).

Interestingly, very few (10 percent) said decision to cash out was due to an emergency.

Figure 3: Reasons Cited for Cashing Out (BRG Study)



External Factors:

Clear, rational, long-term thinking is what's needed most at job change. Unfortunately, when needed the most, the DC industry provides little, if any, support for these critical decision-making faculties. Although employers might believe that their current recordkeepers will dispense such help, these providers typically do not offer the one-on-one, start-to-finish support that employees require to ensure successful decision-making and administrative follow-through. With little to gain from offering such assistance, it's simply not in recordkeepers' interest. Printed materials, however well written, are typically not enough to discourage participants from pursuing tantalizing cashouts. Confused and intimidated, and lacking human intervention that clearly communicates the need for prudence, job-changers can succumb easily to the temptation of "easy money."

Those with plan balances less than $10,000 face another dilemma – not only will they receive little or no guidance but also their balance levels are unlikely to attract the interest of IRA product providers.

Finally, participants with balances less than $5,000 may be subject to plan provisions dictating an automatic rollover (ARO), by which – if no action is taken at the expiration of an ARO "timer" (typically 45 days) – their funds will be moved from their former plan and placed into a Safe Harbor IRA. The process represents a call-to-action, one that – behaviorally speaking – a job-changer may be highly prone to answer by choosing to cash out.

However, depending upon how the ARO provider conducts the process, job-changers may be more-or-less at risk of cashing out. If no assistance is offered to complete the process successfully, then participants are highly likely to opt out of the ARO and simply cash out. This tendency may be further reinforced by ARO providers who not only provide little assistance but also promote the use of DC accounts as "ATMs" via issuance of cash-outs on debit cards, facilitating a quick-and-easy spending spree of now-penalized and taxed DC balances.

Taking several forms, the post-separation process can add fuel to the cash-out bonfire.

The Impact of Cashing Out on Individuals' Retirement Income

A decision to cash out can be a financial catastrophe, jeopardizing a participant's chances for a secure retirement.

In Table 2 below, Boston Research Group modeled six hypothetical cash-out scenarios in which individuals aged 30, 40 and 50 years of age take the net proceeds of either a $1,000 or $5,000 cash-out from their DC plan. Against the net proceeds, lost value can be demonstrated in two ways: as a lump sum upon reaching age 65 or as a lost stream of retirement income if annuitized.

Our assumptions were:

- Taxes of 20 percent and a penalty of 10 percent upon cash-out
- 5 percent growth of assets between age of job change and age 65
- Retirement at age 65
- Annuitization at age 65 with 5 percent return on balances
- Payments until age 85

If a participant at age 30 cashes out $1,000 and nets $700, they will forego a lump-sum value of $5,516 by age 65. The same participant could have enjoyed $9,403 in total retirement income from that $1,000 by age 85. The same analysis is provided for $5,000 cash-outs at ages 30, 40, and 50.

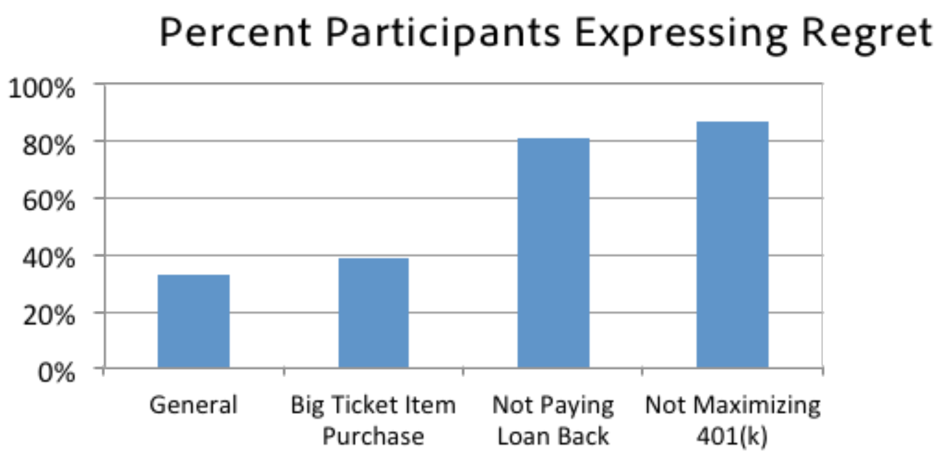
Table 2: Effects of Low-Balance Cash-Outs on Retirement Assets and Income, By Age

Measure	Age 30	Age 40	Age 50
$1,000 Cash-Out Proceeds	$700	$700	$700
Lost value at age 65	$5,516	$3,386	$2,079
Lost Retirement Income	$9,403	$5,877	$3,609
$5,000 Cash-Out Proceeds	$3,500	$3,500	$3,500
Lost value at age 65	$27,580	$16,932	$10,395
Lost Retirement Income	$47,877	$29,393	$18,045

Participants Regret Their Actions

In addition to the financial toll exacted by the decision to cash out, there is also emotional suffering. Data from a joint study by Boston Research Group and BlackRock indicate that many who cash out regret having done so. In fact, many participants regret taking money out of the DC system by any means (cash-out, unpaid loans or hardship withdrawals).

Figure 4: The Emotional Toll of Participant Cash Outs



Plan Sponsors Want to Play a Role

Concern and regret about cashouts are not limited to participants. In the same BRG/BlackRock study of 118 large DC plan sponsors, we saw that large plan sponsors (most over $1B in DC assets) agreed they are part of the solution and want to help, suggesting that employers would welcome actions by DC industry providers to address the issue of cash-outs and more broadly, leakage.

Figure 5: Plan Sponsor Concern Over Cash-Outs

Cost of Stranded & Missing Accounts – Hidden Impact on Plan Sponsors and Participants

Stranded Accounts

While the cash-out represents the right brain-driven temptation to enjoy easy money, and especially to enjoy easy money during hard times, leaving money in-plan is a more prudent path of least resistance. Doing so requires no initial effort, but as we shall see, is not without its costs in terms of both time and money.

By recent estimates, there are almost 38 million "stranded" accounts in the DC system (source: Cerrulli). Combined with 25 million IRAs with less than $25,000 (source: EBRI), the numbers suggest a "Balkanized" retirement savings system.

To understand the cost of stranded accounts from a DC system perspective, simply apply the average recordkeeping, custody and administration fee of $92 per year (source: NEPC) to the 38 million stranded DC accounts, yielding an annual cost of $3.46 billion. Assuming growth of 5 percent in stranded accounts (about 1/3 the annual turnover rate in the job market) and flat annual recordkeeping costs, this number grows to $43.5 billion over a 10-year period. These are excessive costs that result from system friction – i.e., the cumulative decisions of job-changers to take the path-of-least resistance and to leave their funds in-plan.

From a plan sponsor perspective, the decision by separated employees to leave funds in-plan also exacts a toll, adding significant cost, risk and potential liability. From a job-changer's perspective, the decision to leave funds in-plan results in multiple accounts with duplicative fees and the added complication of managing multiple retirement accounts over time.

Missing Accounts

Traditionally, cash-outs result when a participant, by default or by proactive action, chooses to have his or her account balance sent to them in a check. In this case, they receive reduced balances after paying taxes and penalties. However, there are hidden forms of cash-out that penalize participants even more and by which they lose 100 percent of their balances:

- Missing accounts for which the recordkeeper or plan sponsor cannot distribute cash-out proceeds due to bad addresses. Eventually, these balances are turned over by the recordkeeper to the participant's state of residence, where the entire amount is absorbed into the state's general fund.
- Checks sent to the correct address are never processed by participants due to inattention, forgetfulness, and/or uncertainty. Although the funds are technically not "lost," they are never translated into current income or retirement income.

Moving forward, plan sponsors will have to play a much more proactive role in searching for – and finding – lost or missing participants.

In September 2012, the IRS announced that it would no longer continue to forward letters on behalf of plan sponsors or administrators for abandoned plans under the Department of Labor's Abandoned Plan Program. The rationale for this action was the widespread availability of missing participant locator services to assist a plan sponsor in this task.

The most effective approach, however, is not to wait for participants to become "lost" but to implement a program that periodically validates and updates participant data before participants' current addresses become outdated. This requires an ongoing and proactive level of address search, validation and update that is consistent with the savings-transition utility model advocated earlier in this document.

Conclusion and Recommendations

Research shows that there are proven solutions to the issues of leakage and friction in the DC system, and that these solutions produce better results for all parties. The industry's challenge is one of agreement, adaptation, adoption and scale, hurdles that can and should be overcome given the magnitude of the problem and the stakes involved.

BRG suggests the following, high-level plan to identify and implement industry-wide best practices and provide support to strengthen the system and change behaviors.

All players – plan sponsors, record keepers, consultants/advisors and policymakers – should:

- **Acknowledge** the problem and commit to fixing it
- **Adopt** steps to facilitate retirement savings account consolidation
- **Address** the problem holistically – including both behavioral and system/process components
- **Establish** a representative working group under the aegis and coordination of industry groups, involving key players, including:
  - Plan Sponsors
  - Recordkeepers
  - Consultants / Advisors
  - Public Policy Makers
  - Participant Representatives
- **Identify** industry standards and best practices based on a savings-transition utility model, particularly for plan-to-plan roll-ins.
- **Refine** the conceptual model
- **Conduct** a pilot program
- **Expand** the program system-wide if the pilot program proves successful

About the Author

Warren Cormier is founder and President of Boston Research Group. He has more than twenty-five years of quantitative and qualitative experience in the areas of workplace culture, employee engagement, and employee benefits. Mr. Cormier's clients are concentrated in financial services, specifically investment companies (both retail and institutional clients), banks, and insurance companies.

Mr. Cormier is also recognized as the market research leader in the Defined Contribution industry. From 2006-2013, he has been voted by DC professionals onto the Top 50 Most Influential People in the Industry. Mr. Cormier is the author of the DCP 2000 - 2013 plan sponsor satisfaction and market dynamics studies which have become the standard for service quality and trend measurement in the 401(k) arena. He also created similar DCP studies in the advisor and participant channels.

In 2006, he co-founded the Behavioral Finance Forum with Dr. Shlomo Benartzi of UCLA. The mission of the forum is to foster collaboration between the world's leading behavioral finance academics and leading financial institutions to help consumers make better financial decisions.

Mr. Cormier is frequently interviewed by the press and asked to share his views on dynamic trends and the future of the investment industry at national industry conferences.

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