

FOR IMMEDIATE RELEASE

Media Contact: Michelle Curtis
The RLJ Companies
(301) 280-7701
press@rljcompanies.com

Robert L. Johnson Welcomes Department of Labor’s Advisory Opinion on Auto Portability and Its Impact on Retirement Savings

Johnson States That Auto Portability Will Benefit Millions of Workers, Especially Minority-Americans

BETHESDA, MD—November 12, 2018—**Robert L. Johnson, Founder and Chairman of The RLJ Companies and majority owner of Retirement Clearinghouse**, applauds the U.S. Department of Labor for providing guidance to retirement plan sponsors, clearing the path to widespread adoption of auto portability and enabling millions of Americans to effortlessly preserve their hard-earned retirement savings as they change jobs.

“The Department of Labor’s Advisory Opinion is a crucial step towards closing a gaping hole in the infrastructure of the U.S. retirement system,” said **Robert L. Johnson**. “Today’s announcement—the culmination of years-long sponsorship and innovative initiative by my company, Retirement Clearinghouse combined with bipartisan efforts—is an exceptional example of how policymakers in Washington, D.C. can facilitate a private sector innovation that will produce benefits for millions of workers, especially the acutely under-saved segments of America’s minority population.”

The U.S. retirement system is facing a cash-out crisis. Every year, millions of people—particularly those with modest accounts—cash out their 401(k) savings, due in large part to the complexity of the processes required to take their accounts with them when they change jobs. Workers that cash out not only incur penalties and taxes, but also forfeit the long-term growth of their 401(k) savings that would have occurred had they remained invested. The cash-out crisis is exacerbated by the fact that the [American workforce is more mobile than ever](#), with the Employee Benefit Research Institute (EBRI) estimating that the average American will hold almost 10 jobs before retirement.

The cash out crisis is particularly acute in America’s minority communities. Research shows that African-American are 61.5% more likely to cash out their retirement savings than the broader population. And for African-Americans that have less than \$20,000 in household income, the rate of cash outs soars to 134%. Even at higher levels of income, African-American workers have retirement savings that are significantly lower than those of the broader population. These troubling statistics point to the dire need for African Americans, and all workers, to avoid cashing out and preserve their retirement savings when they change jobs.

Auto portability proactively closes the savings gap caused by the cash-out crisis by facilitating the streamlined movement of a worker’s retirement savings from an account in a former employer’s 401(k) into their current employer’s retirement plan.

The DOL Advisory Opinion is the culmination of a wide-ranging effort to secure bipartisan policy support in Washington, D.C. with support from a broad coalition that advocated for the legal guidance needed to fast-track widespread adoption of auto portability. [In June 2017](#), Senator Tim Scott (R-SC) sent a letter to Secretary of Labor Alexander Acosta, co-signed by 10 Republican Senators, urging that DoL issue guidance on auto portability. [In November 2015](#), a bicameral group of Congress members led by Senator

Patty Murray (D-Wash.) sent a letter to the Employee Benefits Security Administration urging the agency to issue guidance on auto portability for plan sponsors. Senator Scott's letter also received the backing of many retirement-focused trade organizations, including the American Benefits Council, the American Retirement Association, the U.S. Chamber of Commerce, the Investment Company Institute, the Securities Industry and Financial Markets Association, the Defined Contribution Institutional Investment Association, the Women's Institute for a Secure Retirement, the Financial Services Roundtable, the Insured Retirement Institute, and the Society of Professional Asset-Managers and Recordkeepers (SPARK).

"I commend the Department of Labor for recognizing that initiatives to prevent 401(k) cash-outs and preserve hard-earned retirement savings are vital for helping millions of Americans achieve a financially secure retirement," said **Mr. Johnson**. "I look forward to working with leaders in the retirement services industry to rapidly adopt this indispensable public policy benefit."

About The RLJ Companies

The RLJ Companies, founded by Robert L. Johnson, is an innovative business network that provides strategic investments in a diverse portfolio of companies. Within The RLJ Companies portfolio, Johnson owns or holds interests in businesses operating in a publicly traded hotel real estate investment trust, Q a publicly traded content streaming company, private equity, automobile dealerships, and sports betting and video lottery terminal (VLT) gaming. The RLJ Companies is headquartered in Bethesda, MD, with affiliate operations in Charlotte, NC; Little Rock, AR; and San Juan, PR. Prior to founding The RLJ Companies, Johnson was founder and chairman of Black Entertainment Television (BET). For more information, visit www.rljcompanies.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, record-keepers 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 metrics, and enable participants, regardless of account balance, to seamlessly transport their retirement savings through every phase of their careers.

Retirement Clearinghouse's portability solutions have been proven to cut cash-outs by over 50% and significantly increase average account balances. The firm's portability solutions include a domestic call center providing specialized assistance designed to enable end-to-end portability and account consolidation; automatic rollover and terminating plan services: uncashed check services; and the capability to search for lost and missing participants.

Originally established as RolloverSystems in 2001, Charlotte, N.C.-based Retirement Clearinghouse works with more than 24,000 retirement plans and has helped guide over 1.3 million plan participants with more than \$19 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.rchl.com.

###