



# Security Matters

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## Lost and Found: Claiming Behavior in Abandoned Retirement Accounts

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### Summary

As people move to a new employer over the course of their working years, individual retirement savings are increasingly spread across multiple accounts. As a result, they are at risk of going “unclaimed.” This study examines and evaluates the claiming patterns of these accounts after they are reported as unclaimed. Many of these patterns are contingent upon individual state procedures, creating significant variation. This paper builds on prior research that in 2016 Americans held an estimated 70,000 unclaimed retirement accounts totaling \$38 million. This study utilizes data from Massachusetts’ and Wisconsin’s unclaimed property databases.

### Key Findings

- In the state of Massachusetts, where owners must initiate claims, only 3.4% of unclaimed retirement accounts were reclaimed within two years.
- In the state of Massachusetts, over 80% of funds remain unclaimed ten years later. Meaning many unclaimed accounts are permanently lost.
- In the state of Wisconsin, the state automatically matches unclaimed funds with owners based on social security numbers. This has resulted in 67% of funds being reclaimed by their owners within two years.
- States without an auto matching process (like Wisconsin’s) are more likely to reflect Massachusetts’ trends.
- Unclaimed accounts with higher balances are more likely to be reclaimed over the years than lower balance accounts.
- Reducing obstacles in tracking and claiming accounts by using state programs like auto match, dramatically increases the rate of reclaimed accounts.
- Greater knowledge of rollover rules may help people consolidate retirement accounts.

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## Practitioner Ideas

In the United States, individuals are responsible for planning and managing any supplemental retirement savings. This becomes complicated when employees have several different employers over their working life. About one in three workers leave their retirement savings with their former employer, with half giving the reason that it was the easiest thing to do. Unfortunately, the easiest thing to do may not always be in a person's best interest. A quarter of individuals also reported that they don't know how to roll over their funds or didn't know that was an option and could benefit from additional information.

For financial professionals who do not have expertise in retirement planning, there are several steps and resources that counselors and coaches can review with their clients.

- Encourage clients to develop a list of previous employers. Keeping track of work history helps with resume writing and tracking Social Security earnings, in addition to retirement contributions made with their current or previous employers. Some individuals may not recall making monthly automatic contributions, so it can be helpful to look at past check stubs if available. Clients can also reach out to previous their employer's human resources.
- Help individuals understand retirement savings options. Whether a client has held multiple jobs or is starting their first job, retirement savings, the types of accounts, and the tax implications or advantages can be confusing. Provide fact sheets or links to videos from trusted resources, such as the Internal Revenue Service or the Department of Labor.
- Suggest clients check their State's unclaimed property database. Individuals can look for themselves – and their loved ones – under a State's unclaimed property at [missingmoney.com](https://missingmoney.com) or [unclaimed.org](https://unclaimed.org). You may need to look up a name under several states if a person has moved around and worked in various states.

No one wants to walk away from their hard-earned money, or be penalized for mishandling their retirement accounts. Refer to community partners, such as legal advocates or tax professionals, to learn more about your states unclaimed property procedures and client's rights to reclaim escheated accounts.

## Key Resources

### **US Department of Labor – Employee Benefits Security Administration**

<https://www.dol.gov/agencies/ebsa/workers-and-families/preparing-for-retirement>

### **US Internal Revenue Service – Tax Information for Retirement Plans**

<https://www.irs.gov/retirement-plans>

### **National Association of Unclaimed Property Administrators**

<https://unclaimed.org/>

**US Bureau of the Fiscal Services** – databases for unclaimed government assets, such as matured savings bonds, HUD/FHA mortgage insurance refunds, and Credit Union unclaimed shares

<https://www.fiscal.treasury.gov/unclaimed-assets.html>

*Readers may also be interested in the first part in this series, [Unclaimed Retirement Accounts](#) (February 2020).*

