

## Why GAO Did This Study

Investing in employer-sponsored 401(k) plans has become the most common way for American workers to save for retirement. But plan participants can face challenges when they change jobs and with tracking their accounts. 401(k) savings can sometimes be accessed in emergencies. The CARES Act created additional options for participants to temporarily access their plan savings.

GAO was asked to review access to 401(k) plan savings during the pandemic in 2020 and challenges participants have rolling over their retirement savings from one plan to another, both abroad and in the U.S. This report examines: (1) access to and use of the CARES Act 401(k) plan options; (2) approaches other countries use to help workers track, manage, and consolidate their plan savings; and (3) challenges with 401(k) plan-to-plan rollovers and federal actions that can improve the process.

GAO's review included a non-representative survey of 401(k) companies and interviews with stakeholders representing different roles in the retirement industry about the CARES Act access options; interviews with experts from six selected countries that have: (1) a pension dashboard, (2) portable workplace retirement savings, and (3) other approaches to help workers track and consolidate their retirement savings; and a nationally-representative survey of 401(k) participants about their recent experience with plan-to-plan rollovers.

View [GAO-24-103577](#). For more information, contact Tranchau (Kris) T. Nguyen at (202) 512-7215 or [nguyent@gao.gov](mailto:nguyent@gao.gov).

## 401(k) PLANS

### Additional Federal Actions Would Help Participants Track and Consolidate Their Retirement Savings

## What GAO Found

The CARES Act temporarily expanded access to 401(k) retirement savings for plan participants who were impacted by the COVID-19 pandemic. GAO surveyed 14 selected companies that manage participant account data and transactions for 401(k) plans. GAO found that less than one-third of the plans covered by the surveyed companies offered the CARES Act options. Industry stakeholders GAO interviewed said larger plans and plans in industries subject to furloughs at the beginning of the pandemic, such as airlines and hospitality, were more likely to offer the CARES Act options to participants. The CARES Act options generally allowed participants to access their 401(k) plan savings in two ways in 2020:

- Participants younger than 59½ could withdraw up to \$100,000 from their plan savings without facing an additional 10 percent tax for early withdrawals; they could also choose to repay the amount within 3 years.
- Between March 27 and September 22, participants could borrow up to \$100,000 from their savings as a loan and delay some payments a year.

The 401(k) plans covered by the 14 companies GAO surveyed represented about 64 percent of all active 401(k) participants. Of those represented participants, GAO found that about 80 percent of them had access to the CARES Act options through their plan. Of these participants with access, 6 percent took a Coronavirus-Related Distribution and less than 1 percent took a CARES Act loan. Based on GAO's survey, the amounts of withdrawals and loans were higher during the pandemic in 2020 as compared with 2019 (see table). Industry stakeholders pointed out that workers with the greatest need for emergency funds during the pandemic in 2020—such as lower and middle-income workers—likely did not have a 401(k) plan and, thus, could not take advantage of the CARES Act options.

**Comparison of Average and Median Hardship Withdrawals and Plan Loans in 2019 with CARES Act Options in 2020**

	2019 Hardship Withdrawals	2020 Coronavirus-Related Distributions	2019 Plan Loans	2020 CARES Act Loans
Average Amount	\$6,913	\$18,344	\$9,564	\$33,793
Median Amount	\$3,144	\$9,000	\$5,097	\$11,998

Source: GAO survey of 14 selected 401(k) plan record keepers. | GAO-24-103577

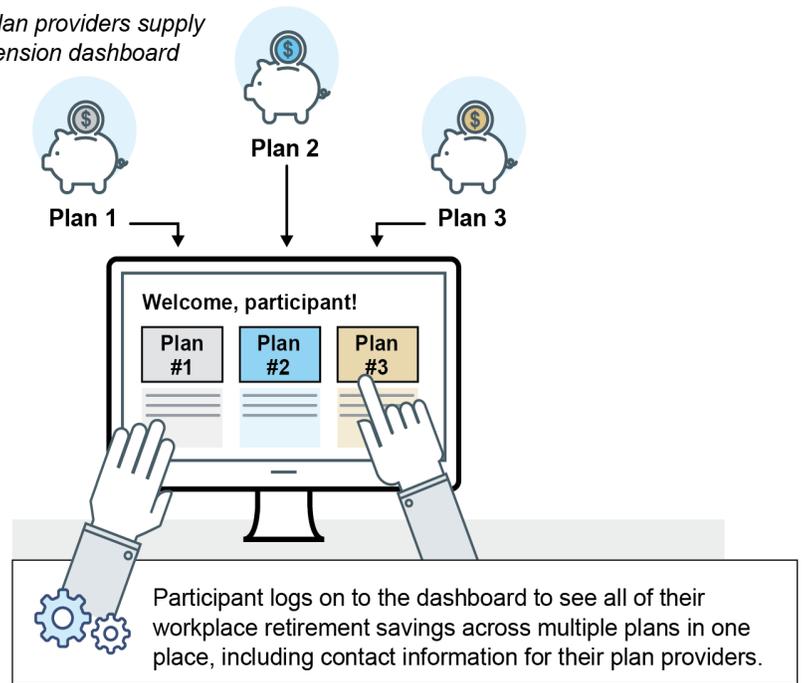
GAO also examined how six selected countries—Australia, Belgium, Denmark, the Netherlands, Norway, and Sweden—help retirement plan participants manage their savings. GAO found that all six countries use pension dashboards and other approaches to help plan participants track, manage, and consolidate their plan savings and reduce fees. For example, all six countries established a centralized pension dashboard that allows participants to view their retirement savings securely online and at no charge. According to experts from the countries, the dashboards help participants keep track of their various workplace retirement accounts as they change jobs.

## What GAO Recommends

GAO recommends that Congress consider granting authority to a federal agency to (1) establish a pension dashboard and (2) establish a system for automatic plan-to-plan rollovers. GAO is also making four recommendations to federal agencies to help 401(k) participants, including improving the information participants receive about options for their plan savings and the process they must undergo to consolidate their savings after changing jobs.

### Pension Dashboards Allow Participants to Track Their Plan Savings in One Place

*Retirement plan providers supply data to the pension dashboard*



Source: GAO interviews with experts from selected countries and analysis of written materials they provided. | GAO-24-103577

To increase the likelihood that participants' savings will be consolidated after a job change, three of the six selected countries allow automatic savings transfers, according to experts GAO interviewed. For example, Australia, Norway, and the Netherlands allow a participant's inactive retirement plan savings from older workplace plans, to be transferred to the participant's current, active plan without the participant's consent. In Australia, plan providers must transfer savings from small inactive accounts to a government agency. The agency then holds the savings until the participant claims them, the agency transfers them to an active account, or the participant is eligible to receive the savings. Australian officials said close to 4.7 million accounts valued at \$7.11 billion AUD (about \$4.61 billion USD) have been reunited with participants between late 2019 and the end of 2022, helping them consolidate savings into their active accounts.

In the U.S., 401(k) participants face challenges tracking and consolidating their accounts. However, federal action could mitigate these challenges. Federal data show that more than 92 million Americans participate in and have saved more than \$7 trillion in 401(k) plans. Yet, GAO's nationally-representative survey of 401(k) participants found that participants continue to encounter challenges in managing and tracking their accounts as they move from one job to another. According to GAO's survey, two-thirds of 401(k) participants would find a comprehensive pension dashboard, where they can see all of their current and old plan savings in one place, to be a useful resource. However, no federal agency has statutory authority to establish a pension dashboard.

GAO's survey also found that 401(k) participants who recently completed a plan-to-plan rollover faced challenges understanding and complying with their plans' requirements. For example, 25 percent of participants indicated that there were too many steps to follow in the process and 22 percent said they were unclear about questions or information in the rollover form. Allowing plans to automatically roll over participants' savings to their new plan after they change jobs can be beneficial for participants—particularly those unengaged with their plan—because they can benefit from account consolidation without navigating a challenging manual process. However, no federal agency has the statutory authority to establish a system to facilitate automatic plan-to-plan rollovers.