Protect Your 401K When You Leave Your Job

Have a 401(k)? Leaving your job? Don’t become one of the millions of Americans who lose track of their 401(k) before they retire. Take these important steps to hold on to your money:

- Give your current mailing address, email, and phone number to your old employer and to the financial company that holds your 401(k).

- Make sure you have a recent statement that shows the account number and the amount of money in the account. In most cases, 401(k) providers don’t send statements in the mail anymore. You have to go to a website to view and print your statements. You also have the right to ask for paper copies of the statements.

- If you can’t find your statements, don’t wait! Call your former employer or 401(k) provider right away to see what’s going on.

- Changing your email address, or mobile number? Moving to a new address? Share your new contact information with the company that holds your 401(k) each time the information changes.
Why is it important to keep track of my 401(k)?
When you are ready to retire, finding your account may not be as easy as calling your old employer. Employers and financial companies change names, go out of business, and merge with other companies. And these companies may not be able to keep track of where you are, either, if you move, change your email address, or get a new cell phone number.

If your employer changes names or goes out of business, or if your 401(k) account moves to a new provider, you probably will learn about it through an email or text message telling you to go to a website to read an online notice. In most cases, employers are not required to send a hard-copy notice through the mail.

What happens if I lose track of my 401(k)?
It can be very hard to find a lost 401(k) account from a former employer. Employers can move 401(k) balances to an IRA at a different financial institution if the balance is less than $5,000 and they cannot find you to get your consent. If the balance is less than $1,000, your employer may cash out the account entirely and send a check to the address they have on file for you, even if that address is out of date.

I’ve already lost my 401(k)—what should I do?
Don’t delay—track down that account! There are steps you can take on your own to find your money. You also can contact the Pension Counseling and Information Program for free answers and assistance.

Won’t the company come find me when I’m 65?
No. In most cases, you will need to contact the company to access your money.

Do I have to keep my money in my 401(k) when I leave my job?
Typically, you have several options for what to do with your 401(k) when you leave a job, including: (1) leaving the 401(k) with your old employer; (2) moving the money into your new employer’s retirement plan; or (3) moving the money into an IRA. A fourth option is taking an early withdrawal, but if you’re younger than 59 1/2, you may need to pay a penalty, as well as taxes on the withdrawal. And you’ll lose the progress you’ve made saving for retirement.

More questions?
The Pension Action Center serves people who live or work, or who lived or worked, in Massachusetts, Connecticut, Rhode Island, New Hampshire, Vermont, Maine, and Illinois. Our website is www.umb.edu/pensionaction. Our phone number is 888.425.6067.

About This Fact Sheet
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