America's stockpile of left-behind 401(k)s keeps growing. The accounts inside it may be shrinking.

As more Americans save for retirement through 401(k)s and 403(b)s, a growing number of accounts get left-behind. There are now more than 30 million left-behind 401(k) accounts holding about $2 trillion in assets. **At any given point, approximately one-third of all employment-based retirement accounts have balances of $7,000 or less.**

Leaving behind a small 401(k) is not the same as parting ways with a larger balance: any forgotten balances under $7,000 can be moved without employee consent into **an Automatic Rollover IRA.**

Expectation vs. reality

Following a 2001 legislative change, employers have used Automatic Rollover IRAs, also called Safe Harbor IRAs, to provide safe and temporary housing for former employees' small, left-behind retirement accounts. But the expectation no longer matches reality.

- **The intention.** Allow employers to park left-behind 401(k)s under $7,000 in **'ultra-safe'**, cash-equivalent accounts for **short durations** until employees can claim them.
- **The reality.** Left-behind balances are rarely recovered and a majority sit for years in cash-heavy products with fees that can erode savings.

Last year, PensionBee's inaugural report, "How Junk IRAs Are Destroying the American Dream," revealed the rapid growth of the Automatic Rollover IRA market.

In 2026, we again worked with data from the Employee Benefit Research Institute's (EBRI) database, which holds account-level data from 2010 to 2023 on up to 20 million accounts, to understand how forced-out balances fare over eight years.

Why 'junk' ?

- **Short-term stays become long-term traps.** Rather than month-long transitions, EBRI data shows that 75% of accounts are still there after three years, and over half (52%) haven't moved by year eight.
- **Cash-heavy defaults.** Yields of 0.5%-2% cap growth potential, while high fixed fees work against small balances.
- **Balances erode.** Excluding balances already drained to $0, four in ten (39.4%) Automatic Rollover IRAs were worth less after eight years than when they were first left-behind with the former employer.

The problem for retirement savers

Savers who miss the notification letter may never realize their money moved. Many don't know to go looking for old balances, and new providers do little to engage former employees. Some providers charge additional flat fees as high as $20 for every attempt to make contact.

Only 35% of savers with a left-behind 401(k) know it can be moved without their consent.

As a result, the majority of small, stranded balances remain where they were moved. And each year the number of new accounts forced out into Automatic Rollover IRAs grows.

By 2030, an estimated 13 million accounts holding $43 billion of retirement assets will sit in Automatic Rollover IRAs. That year, employers will automatically roll over 2.2 million former employee accounts, double the 1.1 million forced out in 2022.

Please note that these findings draw on data from the Employee Benefits Research Institute (EBRI) and incorporate PensionBee's proprietary research and modeling to provide additional context and anal