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Lump-Sum Distribution Rollovers, by Age Group

WASHINGTON—When a worker changes jobs and receives a lump-sum distribution from his or her retirement plan, a key question is whether he or she will preserve the savings by “rolling over” the entire distribution to another tax-qualified savings vehicle. The age of the worker is a major factor in that decision.

Analysis shows that the likelihood of retirement assets being rolled over increases with the age of the person receiving the distribution. The highest rollover rate is among near-retirees (ages 61–64), 64.0 percent of whom used their most recent retirement distribution entirely for tax-qualified savings. That compares with 34.8 percent for those ages 21–30, according to the January 2009 *EBRI Notes*, available at www.ebri.org

As the January 2009 *EBRI Notes* points out, workers’ future financial adequacy in retirement can be profoundly affected by whether their lump-sum distributions are cashed out and used for consumer spending, or retained in another savings vehicle.

The numbers below provide a breakdown of the proportion of lump-sum recipients using the *entire portion* of their most recent distribution through 2006 for tax-qualified financial savings, such as individual retirement accounts (IRAs), individual annuities, and other employment-based retirement plans. The breakdowns are by age at the time of the most recent distribution, and show consistently higher savings of the lump-sum distribution up to retirement age.

Retirement Asset Rollover Rate, by Age

Age 16–20:	14.6 percent
Age 21–30:	34.8 percent
Age 31–40:	44.3 percent
Age 41–50:	47.4 percent
Age 51–60:	54.6 percent
Age 61–64:	64.0 percent
Age 65 and older:	40.7 percent

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