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# News from EBRI

1100 13th St. NW • Suite 878 • Washington, DC 20005
(202) 659-0670 • www.ebri.org • Fax: (202) 775-6312

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Contact: Stephen Blakely, EBRI: 202/775-6341, blakely@ebri.org
Craig Copeland (author): 202/775-6356, copeland@ebri.org

***New Research from EBRI:***

# More Job Changers Holding on to Retirement Savings

WASHINGTON—When workers change jobs, an increasing number appear to be leaving their retirement savings intact, according to new research by the nonpartisan Employee Benefit Research Institute (EBRI).

The EBRI analysis finds that preservation of retirement benefits appears to have improved after 1986, with some evidence it has continued to improve through 2012. Also, more of those who spent their retirement savings at job change used it to improve or enhance their financial situation, choosing to pay down debt or buy a home, rather than on pure consumption.

Using recently released U.S. Census Bureau data, EBRI analyzed the prevalence of how workers take "lump-sum distributions" (LSDs) from their retirement plans when they change jobs.

When retiring or changing jobs, a person generally has several options for their retirement account:

- Leave the money in their current plan.
- Roll it over to another tax-qualified savings vehicle (another employment-based plan or an individual retirement account (IRA)).
- Cash it out (to spend it or to invest/save it in a different manner than through a tax-qualified savings vehicle).
- Some combination of the above.

"What workers choose to do with their retirement plan assets upon job change can profoundly affect their financial resources in retirement, particularly in the case of younger workers and those with large balances," said Craig Copeland, senior research associate at EBRI and author of the report. "While improvement has been made in the percentage of employment-based retirement plan participants rolling over all of their balances on job change, this behavior varied significantly across participants' ages at the point of distribution and the amount of the distribution."

EBRI notes that the percentage of lump-sum recipients who used the entire amount of their most recent distribution for tax-qualified savings has increased sharply since 1993; well over 4 in 10 (45.2 percent) of those who received their most recent distribution through 2012 did so, compared with 19.3 percent of those who received their most recent distribution through 1993 and 35.4 percent through 1998.

Furthermore, just 7.5 percent of recipients whose most recently received distribution through 2012 was entirely spent on consumption, compared with 22.7 percent for those who received a distribution through 1993 and 15.1 percent through 2003.

The full article, "Lump-Sum Distributions at Job Change, Distributions Through 2012," appears in the November *EBRI Notes,* online at www.ebri.org

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