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based retirement savings? That's a question of increasing interest and concern to policymakers and employers alike.

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When a worker changes jobs, what do they do with their 401(k) or other employer-

However, the EBRI analysis found that a number of other factors also play a role in influencing the choice. For example, the decision to take a cash withdrawal of accumulated savings declined with higher account balances, higher incomes, existing ownership of an individual retirement account (IRA), and higher financial wealth, while the decision to take a cash withdrawal rose with debt levels.

In contrast, the decision to rollover a defined contribution (DC) distribution (typically from a 401(k) to an IRA) is the mirror image of the characteristics influencing cash withdrawals: Rollover decisions increased with higher account balance, higher income, previous ownership of an IRA account, and greater financial wealth. They also declined with higher debt.

Sudipto Banerjee, EBRI research associate and author of the report, cautioned, however, that there is no clear trend with respect to those variables and whether workers decide to leave their retirement balances in the prior employer plans. “This suggests that there may be behavioral factors—such as inertia—driving what in some cases might be seen as a ’non-decision.’ Additionally, those who are postponing the distribution may simply be deferring the decision until they need the money,” he said.

As the report points out, one of the most important decisions that workers with 401(k)-type retirement plans face is what to do with the money in their account when they switch jobs or retire. A poor decision—for example, withdrawing the money prior to age 59-½, which results in a 10 percent penalty in addition to income tax on that distribution—could reduce their retirement assets significantly. Rolling over the assets to an IRA is a common way to preserve the savings, even though doing so may also bring higher investment and/or administrative costs than a 401(k) plan.

EBRI's analysis is based on 2008 and 2010 data from the Health and Retirement