
More Assets Moving From 401(k)s to IRAs

By Editor Test Thu, Mar 25, 2010

"We are definitely seeing an uptick in the number of 401(k) plan participants who choose to roll over plan assets," a Charles Schwab executive said.

More people are rolling over their 401(k) savings into IRAs when they leave their jobs or retire, according to research published today by Charles Schwab, *Pensions & Investments* reported.

The research found 69% of assets held by 401(k) participants were distributed from former employers' plans within 12 months of leaving a job, confirmed Eric Hazard, a spokesman for Schwab. Thirty-one percent kept their money in their former employer's 401(k) plan.

Of the assets that were moved, 80% were rolled over into IRAs, 10% were taken in cash distributions, 8% were moved into new employer plans and 2% were taken in other forms of distributions, according to a Schwab news release on the report.

The research was based on records of 12,198 employees who left jobs in the fourth quarter of 2008; Schwab then checked where the employees had distributed their 401(k) assets by the end of 2009. The data were obtained from a database of 1.5 million participants in Schwab-administered 401(k) plans, Mr. Hazard said.

"We are definitely seeing an uptick in the number of 401(k) plan participants who choose to roll over plan assets instead of cashing out or leaving savings with a previous employer," Catherine Golladay, vice president of 401(k) advice and education at Schwab, said in the release.

In an earlier study, Schwab found that among participants who left an employer in the first quarter of 2008, 57% of assets were moved out a former employer's plan by the first quarter of 2009, while 43% of assets remained in the plan, the news release said.

Of those distributed assets, 75% were rolled over into IRAs, 14% were taken as cash distributions, 7% were transferred to new employer's plans and 4% were taken in other forms of distributions, Mr. Hazard said.

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