

Actionable Insights for The Mobile Workforce

The Distribution Decision – Generational & Gender Differences



an RLJ company

Retirement Clearinghouse
Moving Retirement Forward

About the Study

- First of its kind research that looks beyond the statistics to understand participant behavior and psychology associated with the retirement plan distribution decision
- BRT conducted the study in collaboration with Retirement Clearinghouse
- 5,000 participants in a retirement plan were surveyed
- Survey conducted from April 13 – April 24



BOSTON RESEARCH TECHNOLOGIES

About Boston Research Technologies (BRT)

BRT uses a unique mix of Qualitative and Quantitative Market Research, Behavioral Economics, Business Strategy and Advanced Analytical Modeling to uncover deep embedded insights and shape winning business strategies and tactics. We've spent over three decades evolving and innovating market research methodologies, coupling them with business strategy, to drive highly successful initiatives for many clients.

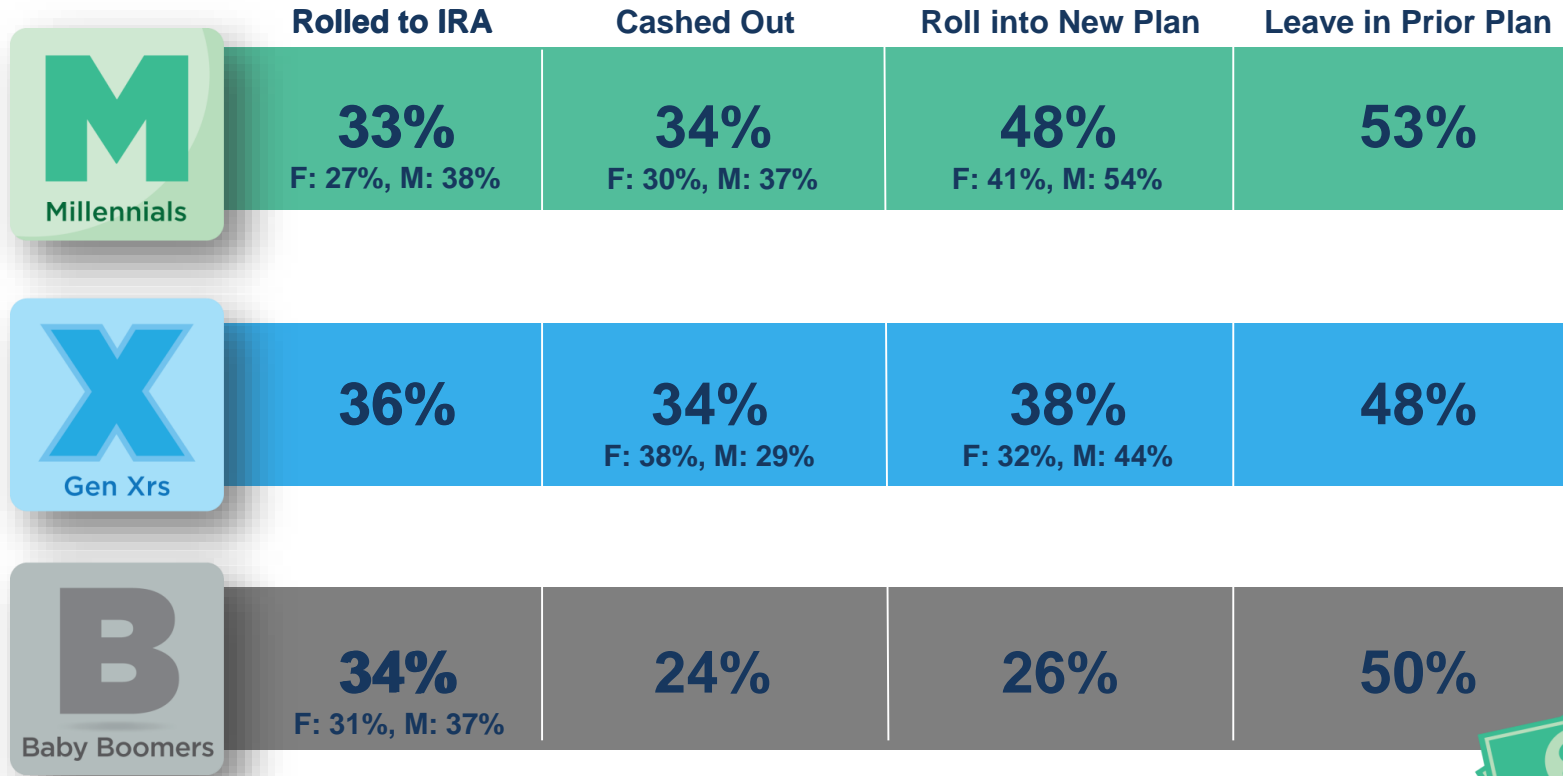


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Women Tend to Perform Fewer Actions That Require Additional Effort, vs. Men

When changing jobs, respondents did this at least once.

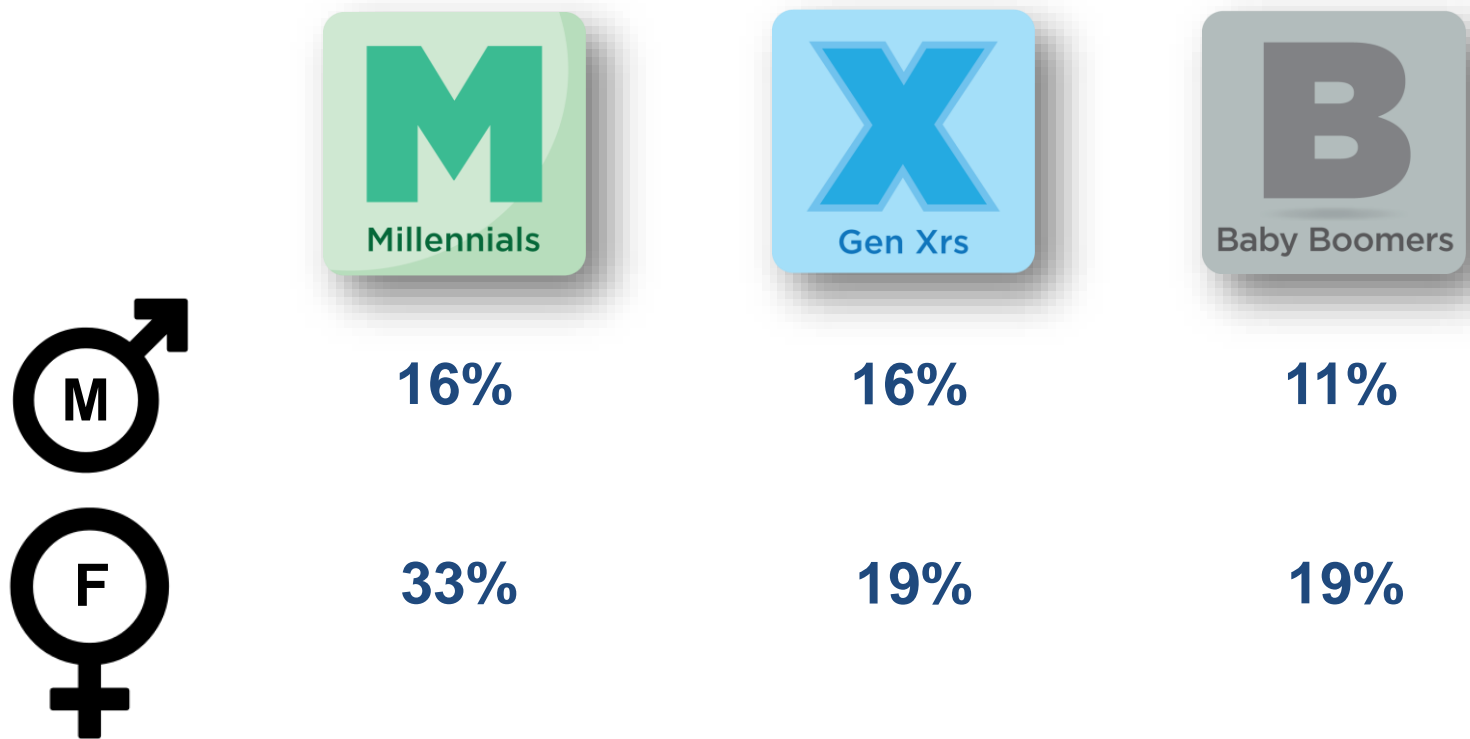


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Women Less Likely to Be Aware of Distribution Options Than Men -- Particularly Millennials

At the time of leaving your last job, were you aware of the options regarding what you could do with the money in your workplace retirement savings account?

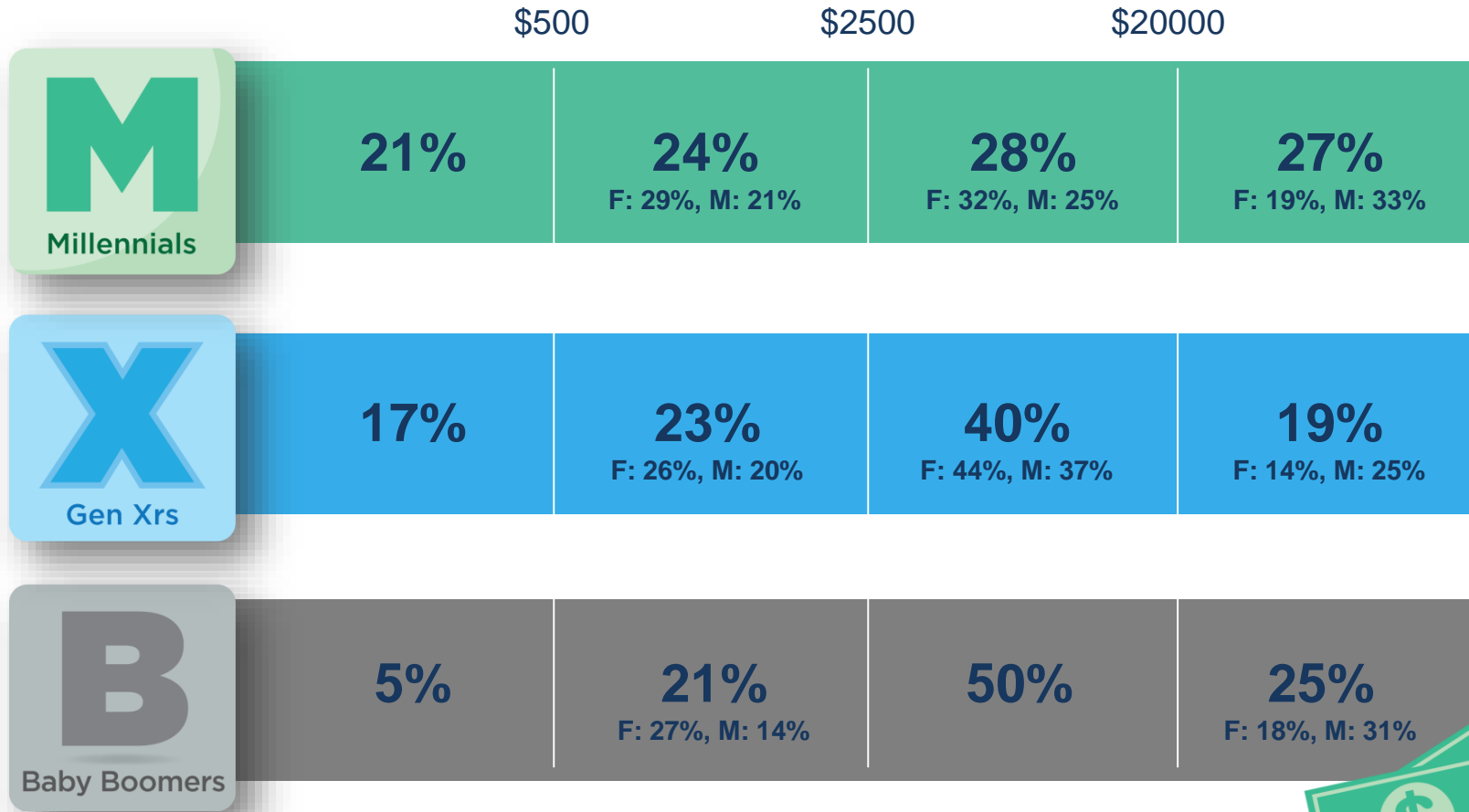
Percent answering “no”



Older Participants Are Cashing Out Larger Balances

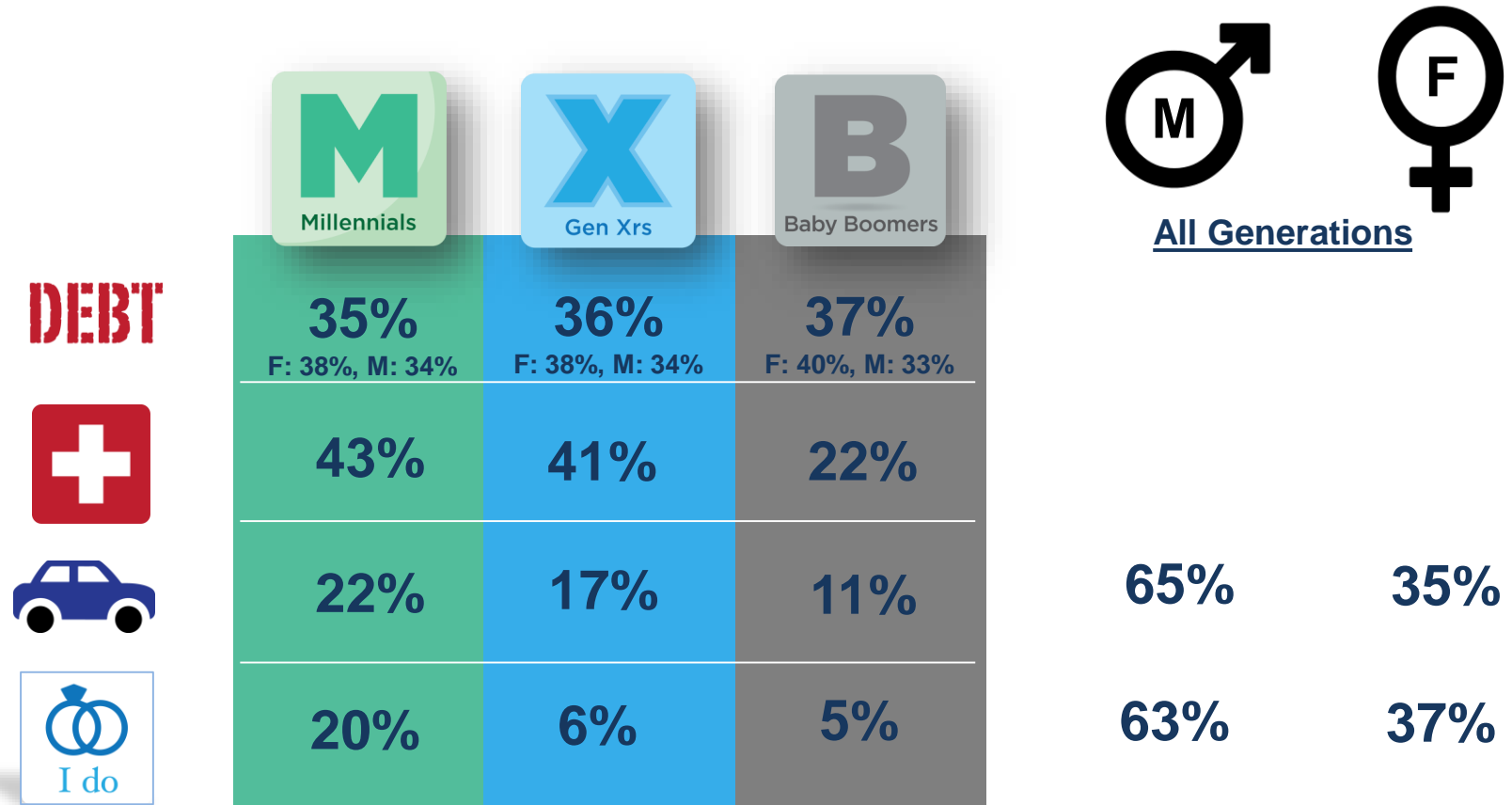
Women More Likely to Cash Out Smaller Balances Than Men

Amounts Taken (cashed out of a previous plan)



Use of Cash Out Proceeds – Generational & Gender Differences

Women More Likely to Pay Off Debt; Men More Likely to Splurge

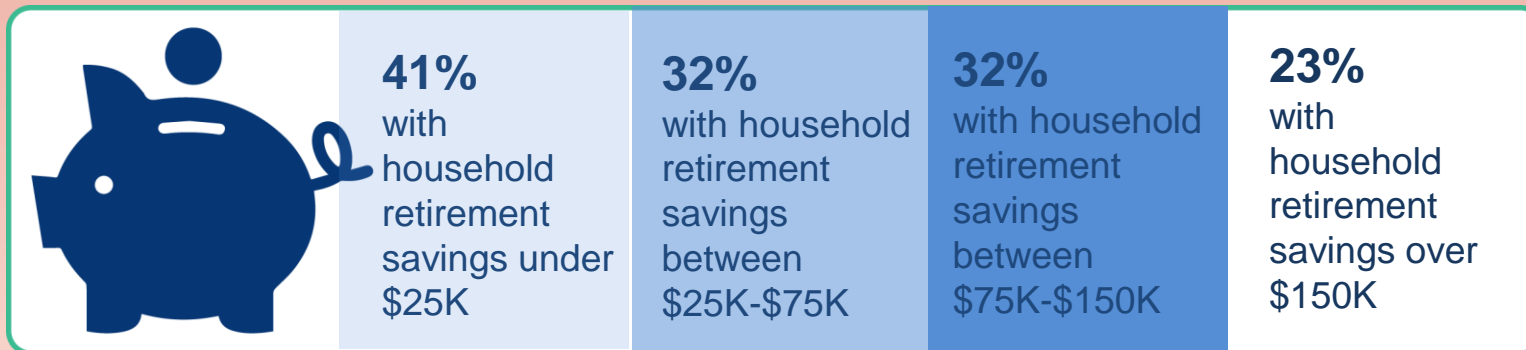


Cash Outs A Function of Wealth, Not Income

This Data is Consistent Across Both Age & Gender

Cash Outs Lower at Higher Wealth Levels

At least one account cashed out over working lifetime



Cash Outs Occur Across All Income Levels

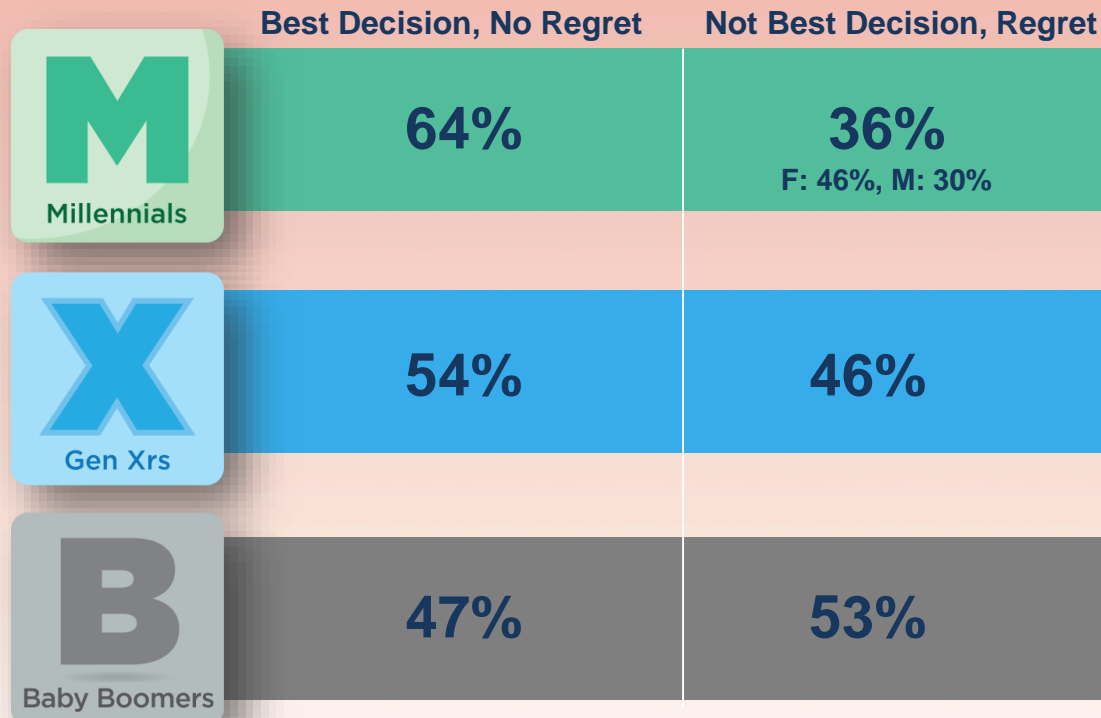
At least one account cashed out over working lifetime



Cash Out Regret – Grows Over Time

Women Regret Cash Outs Earlier, More Than Men

Looking back, how do you feel about the cash out decision?



Distribution Decision Opportunity

Key Findings

- Women are not as aware of distribution options
- Males are more likely to take action, vs. leaving accounts behind
- Cash out rates are high among all generations and genders
- Men cash out larger balances and tend to “splurge”, while women tend to pay down debt
- Majority of cash outs not used for emergencies
- Cash out rates influenced by wealth, not income
- Cash out regret increases with age, and is particularly acute among women

Implications for Plan Sponsors

- Cash outs putting retirement at risk across all age groups
- Your plan’s new hires are permanently harming their retirement readiness by prematurely cashing out
- Women and younger participants require more information and support to make better distribution choices

Action Items

- ✓ Change participants’ reference points -- penalties and taxes don’t appear to be enough of a “loss”
- ✓ Translate the impact of a cash out decision into longer term values (i.e., help them understand the true loss)
- ✓ Implement portability solutions (facilitated movement of balances in/out of plans) to reduce friction and prevent cash outs
- ✓ Age-, wealth- and gender-based communications are critical to reaching key participant populations



Thank You



Retirement Clearinghouse (RCH) is the leading specialist in retirement savings portability services, with best practices designed to address the problems caused by small accounts. RCH provides plan sponsors with services that *move retirement savings forward* as participants change jobs, solving the small account problem. RCH's solutions deliver plan-to-plan portability, improve participant outcomes, increase average balances and promote retirement readiness.

Based in Charlotte, NC, RCH is on the web at www.RCH1.com

For more information, contact RCH at (866) 827-9608, or via e-mail at sales@RCH1.com



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