



Investors Closing More Accounts, Study Says

By Cinthia Murphy | December 14, 2010

Fund providers face stiffer competition, as investors appear to be more willing than before to consolidate accounts, roll over 401(k)s into IRAs or close accounts to meet their cash needs, according to a recent Cogent Research survey.

The 2011 Investor Brandscape report shows 13 percent of Americans with at least \$100,000 in investable assets closed at least one of their investment accounts in 2010, twice as many as in the last five years. The Cambridge, Mass.-based research firm surveyed 4,000 investors for the survey.

While fees motivated some of the account closings, three times as many investors than in 2009 cited a need to access the funds in these accounts as the reason for shutting them down. The number of closures attributed to rollovers doubled in the year, Cogent said.

“These numbers are a result of a confluence of events,” Meredith Lloyd Rice, senior research director with Cogent, said in a press release. “With Boomers['] retirement now hitting full stride, economic conditions forcing some investors to liquidate accounts and an all-out price war among several key distributors, investors certainly have plenty of good reasons to reevaluate their current account options.”

The data showed that the total number of accounts per household dropped from 3.54 in 2009 to 3.29 in 2010.

Fidelity Investments led the losses, with 15 percent of investors surveyed saying they closed a Fidelity account. Wells Fargo/Wachovia had 11 percent of the pie, followed by Merrill Lynch and E-Trade at 10 percent each, according to the report.

“Providers have long known that they would need to step-up their game if they hoped to keep their fair share of the billions of dollars in retirement assets about to become untethered,” Rice said. “Well, the game is not only on, the competition just got tougher given that fewer accounts are up for grabs.”

For four years running, the report looks at brand preference and product usage among affluent investors and aims to help drive marketing strategies and product development, according to Cogent’s website.