



Online Providers Are Likely to Beat out Full-Service Investment Firms for Rollover Assets

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CAMBRIDGE, Mass., Jun 11, 2009 (BUSINESS WIRE) -- In the midst of one of the worst economic cycles, many affluent and high net-worth (HNW) investors are ready to rollover assets from former employer-sponsored retirement accounts to investment providers that they perceive as providing superior retirement planning and income solutions.

In a newly released report, *Assets In Motion: The Rollover IRA & Retirement Income Market Opportunity*, Cogent Research has identified that one in three (32%) affluent and HNW investors have assets currently sitting in former employer retirement plans like 401(k), 403(b), and 457 plans. Among investors that hold dollars in former employer plans, four in ten (39%) say they are likely to roll their assets into an IRA within the next 12 months. This equates to 12% of the affluent population who have and are willing to roll over accounts. With an average account balance of nearly \$200,000, this puts about \$450 billion dollars of retirement assets potentially in play over the next 12 months.

Interestingly, it is the online investment providers, as opposed to the full-service advisory practices, that are most likely to be the beneficiaries of these rollover assets in motion. Four of the top five rollover IRA destinations are firms that are traditionally known as online or discount brokers, many of which also have substantial 401(k) plan franchises.

"Online brokers have spent a lot of time and money encouraging investors to use their rollover services, and it's working. Not only are they the most likely to be successful at migrating client assets from the institutional-side to the retail-side of the house, online brokerages are also the most likely to bring in new dollars at the expense of full-service providers," said Christy White, Principal of Cogent Research.

The "top tier" destinations for rollover IRA assets include: -- Fidelity Investments -- Vanguard -- Charles Schwab -- Merrill Lynch -- USAA With the exception of Merrill Lynch, many full-service firms find themselves in the bottom tier in terms of being a destination for rollovers assets, including some well-known firms such as T. Rowe Price, Bank of America, JPMorgan Chase, Wells Fargo, Edward Jones, and Smith Barney. While most investors know which firms they will turn to for their rollover IRA, nearly 20% have yet to decide where they will put their dollars, reflecting a significant opportunity for full-service providers to increase their share of rollover assets.

The Cogent Research study also finds that most affluent and HNW investors are woefully unprepared for retirement. Close to half (46%) have yet to create a detailed financial plan. "Overall, investors appear to need more, not less hand-holding when it comes to retirement planning accumulation and distribution strategies. This is an opportunity for the full-service

providers to add value for their clients, while also opening the door to a conversation about legacy ESRP assets," added Ms. White.

About Cogent Research Cogent Research helps clients gain clarity, obtain perspective, and formulate direction on critical business issues. Founded in 1996, Cogent provides custom research, syndicated research products, and evidence-based consulting to leading organizations in the financial services and life sciences industries. Through quality research, advanced analytics, and deep industry knowledge, Cogent Research delivers data-driven solutions and strategies that enable clients to better understand customers, define products, and shape market opportunities in order to increase revenues and grow the value of their products and brands.

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