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## **Advisors See Opportunities In 401(k)s**

Investment advisors increasingly want a bigger piece of the pie in the 401(k) plan management business, according to Cogent Research.

Although the 401(k) market is dominated by a few advisors and retirement plan consultants who have a large number of multi-million-dollar plans, it's those advisors who oversee smaller plans who are aiming for bigger increases in the 401(k) market in the coming months, according to Cogent's recently released 2011 Retirement Plan Advisor Trends.

Slightly less than half (47%) of the retail investment advisors in the U.S. are serving two or more 401(k) plans. The Cogent study put those folks into three categories: heavy plan advisors with an average of 30 plans totaling \$25 million or more in assets; moderate advisors with an average of 11 plans worth between \$5 million and \$25 million; and light producers with an average of five plans worth less than \$5 million.

Those advisors in the "heavy" category want to boost their 401(k) business by about six plans in the next year. Moderate advisors want to grow the number of plans they advise from 11 to 14, while light advisors want to increase their activity from five plans to seven. On percentage terms, the latter two groups represent higher growth rates.

"In order to gain a share of this business, advisors need to educate themselves about what is available in the market and they need to approach employers directly instead of waiting for an employee they are dealing with as an individual to be ready to roll over a 401(k)," says John Meunier, Cogent principal. "There is a great opportunity and a lot of money to be made in dealing with this market,"

Only 7% of the more than 300,000 investment advisors in the United States are now categorized as heavy plan advisors. Those advisors present an average of 3.5 plans to an employer, while moderate and light users present fewer.

Advisors say the support provided by the plan sponsor and the ease of dealing with problem resolution and the use of the web site are the key factors in deciding which plans to present to an employer for his or her choice.

Cogent's survey canvassed 523 advisors with a minimum of 4% of their total AUM invested in 401(k)

plans.

—Karen DeMasters