



Rollover funds go a-begging

Workers often leave 401(k) accounts with former employers for no good reason, survey finds; advisers missing a trick

The firm conducted a survey of around 1,100 participants who remain in an employer-sponsored retirement plan administered by Fidelity at least four months after leaving, and found nearly one-third said they didn't even know what their options were for disposing of the account.

Sarah Walsh, a Fidelity vice president, called it one of the “most surprising things” to come out of the survey. “There is a need for educating people,” she said in an interview. “There is an opportunity for providing people guidance.”

Fidelity said its data show that only about one-third of participants move their money from a former employer's plan within four months after leaving. Nearly three-quarters of those leaving the money there said they did so on purpose. Asked why, 59% said it was because of plan features, services or access to specific investments. But 27% of those surveyed said the money was still sitting in the former employer's plan simply because they hadn't gotten around to doing anything about it. All the survey respondents had at least \$50,000 in the old employer's plan.

Advising investors on managing their rollovers is an area where many advisers come up short, said John Meunier, chief marketing officer at Cogent Research LLC, which reported last month on the rollover market.

“We have found that more than half of all advisers are either not focused on, or not fully engaged in pursuing, IRA rollover assets,” Mr. Meunier said in commentary on the report. “But something is apparently getting lost in translation” and some advisers are not getting much of the business.

Cogent's research found that around half of the advisers it studied paid little attention to the rollover market and converted \$3 million or less in 2010. Those that focused on the market picked up three times that amount.