



Few Plan Providers Manage to Satisfy a Majority of Plan Participants

Cambridge, Mass., (May 11, 2011) – According to a new report released by Cogent Research, less than half of affluent investors are satisfied with their current employer-sponsored retirement plan (ESRP) provider. However, four firms have managed to surpass their industry peers, placing them in an enviable position to capture more of the nearly \$350 billion affluent investors from those who say they plan to rollover assets from former ESRPs into IRAs. These and other findings are contained in the report, “Investor Assets in Motion™ 2011,” released by Cogent Research last week. The report is based on a survey among a nationally representative sample of over 4,000 investors with \$100,000 or more in investable assets, excluding real estate.

On average, only 45% of affluent investors say they are satisfied with the provider their employer has chosen to run their retirement plan, with nearly as many (43%) saying they are only somewhat satisfied, and about one in ten (12%) expressing dissatisfaction. Satisfaction levels are lowest among Gen X investors (40% on average), with Baby Boomers being only slightly more satisfied (48%).

Four retirement plan providers, including TIAA-CREF, Vanguard, Fidelity and T. Rowe Price, fare better than other firms, all of which succeed at satisfying a majority of their affluent plan participants. TIAA-CREF tops the list with a resounding 63% of their affluent plan participants being satisfied with the recordkeeper. Vanguard comes in a close second, with nearly six in ten (59%) of their affluent plan participants expressing satisfaction. Fidelity and T. Rowe vie for the third spot, with both firms exceeding a majority (55% and 54%, respectively).

“Keeping plan participants happy can have a multiplier effect,” said David Feltman, Managing Director of Cogent Research. “Satisfied plan participants are three times more likely to roll dollars into an IRA with their current 401(k) or 403(b) provider than are those that are not happy,” he adds.

Potential rollover dollars from ESRPs with former employers represents a sizeable opportunity for plan providers. This year, Cogent Research found that 25% of affluent Americans have assets sitting in former employer's retirement plans, about half of whom (42%) say they are likely to rollover the assets into an IRA sometime within the next year (representing approximately \$350 billion from affluent investors alone).

When affluent investors are asked where they would be most likely to rollover former employer plan dollars, Fidelity not only tops the list, it is the only firm to reach double digits (20%). Vanguard comes in a close second, being identified by nearly one in ten affluent investors (7%). Wells Fargo (5%), Charles Schwab (5%) and Merrill Lynch (3%) round out the top 5 destinations for IRA Rollover money.

“Fidelity hits this one out of the park – deep penetration in the 401k market, highly satisfied participants, and a strong retail brand – all of which predispose large numbers of affluent investors to roll their assets to the firm,” says Feltman.

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, life sciences, and consumer goods 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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