

\$300 Billion, Up for Grabs

By Editor Test Tue, Jan 31, 2012

Cogent Research's new 2012 Assets in Motion study can help you understand and benefit from the rising flow of money from qualified plans to rollover IRAs.

REASONS FOR SELECTING PROVIDER AS PREFERRED ROLLOVER IRA DESTINATION	
	Total
They make it easy	33%
Low fees and expenses	31%
Range of investment options	31%
It's my financial services company or bank account provider	31%
Investment performance	29%
It's my current 401(k) provider	22%
Offers retirement planning guidance/advice	19%
Website tools and resources	18%
Recommendation from a friend or colleague	13% ▲
Recommendation from my advisor	12%
Educational materials	11%
It's my former 401(k) provider	10%
Provider proactively called me	9%
Recommendation from my employer	8% ▲
Other	3%

Base=Have a former ESRP and likely to roll assets into Rollover IRA in next 12 months
▲/▼ = Significant change 2010 to 2011

With \$300 billion up for grabs from affluent investors planning to roll over assets from former employer-sponsored retirement plans (ESRPs) into IRAs, 2012 is proving to be anyone's game.

Having spent a number of years growing their DC plan balances, investors are reviewing their options carefully to ensure their retirement dollars continue to flourish – or at least stay intact.

With this in mind, [Cogent Research®](#) recently investigated where the rollover opportunity lies within this segment of the market in its [2012 Investor Assets in Motion™](#) study.

What follows is a summary of key findings and related implications for financial professionals, distributors, and asset managers.

Key Findings

1. The Rollover IRA consideration pool has widened dramatically and now comprises more full-service providers than in previous years. While traditional online distributors are poised to retain the greatest percentage of their current ESRP assets, investors are warming up to more full-service providers, indicating a need for added support navigating the current marketplace.
 - Full-service advisory firms across the National, Regional, and Independent channels are making significant in-roads with one-quarter or more of their respective customers planning to roll internally.
 - As this momentum builds, traditional 'discount' providers must step-up their guidance and 'advice' offerings to ensure retirement assets remain in their coffers.
2. Rollover-related research is on the rise. Within the past 12 months, there has been an uptick in the amount of rollover research being conducted.
 - More investors are researching rollover options online, contacting their former providers to inquire about rollover solutions, and contacting former employers for rollover kits.
 - As investors become more knowledgeable, providers need to clearly demonstrate why their rollover solutions are best and equip plan sponsors with educational materials.
3. Ease of doing business and third-party recommendations are increasingly vital to Rollover IRA provider

selection. When asked, ease of doing business is a key reason for selecting a rollover provider, particularly among unadvised investors. (Exhibit 1)

- Interestingly, alongside the greater adoption of social media, recommendations from friends, colleagues, and employers have grown in importance among all investors.
- Since many investors are choosing to bypass provider information and ask a trusted individual about their rollover experience with a particular provider, providers must ensure that the rollover process is efficient and error-free.

(Exhibit 1)

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Overall, investors continue to have a healthy appetite for Rollover IRAs and the opportunity remains strong. However, as more full-service providers gain share, distributors and asset managers will need to work even harder to gain the attention of potential Rollover IRA candidates. The combination of product differentiation, unparalleled service, and a concerted effort to reach rollover candidates is the ticket to the big game.

About the Study

Investor Assets in Motion™ study was conducted by Cogent Research last November, surveying over 4,000 investors with at least \$100,000 in investable assets, excluding real estate. The primary objective of the report is to help distributors and asset managers evaluate and maximize Rollover IRA opportunities.

The study investigates:

- Opportunities to gain Rollover IRA assets at the industry, asset manager, and distributor level
- Investors' likelihood to roll assets from ESRPs held with former employers into Rollover IRAs
- Usage of and allocation to ESRPs and IRAs at the household level
- Specific steps investors have taken to get ready for retirement

About Cogent Research

Cogent Research helps clients gain clarity, obtain perspective, and formulate direction on critical business issues. Founded in 1996, Cogent Research 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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