
How to attract IRA asset transfers: LIMRA SRI

By Editorial Staff *Thu, Sep 21, 2017*

People ages 45 and older were significantly less likely than people ages 40 to 44 (29% vs. 11%) to move their IRAs recently, according to research by the LIMRA Secure Retirement Institute.

Yeah, we know about rollovers. But what about IRA asset transfers?

With some \$8 trillion in IRAs, there's plenty of interest among brokers in attracting IRA assets from other custodians. But how volatile is the IRA transfer market? What is IRA owner behavior with respect to transfers? What does it take to put their assets into play?

It turns out that IRA owners aren't very fickle. New research from LIMRA Secure Retirement Institute suggests that only about 9% of IRA owners have moved their accounts from one broker or custodian to another in the past two years. And retirees, who have the biggest accounts, are least likely to change horses.

Indeed, the IRA custodial relationship gets stickier with age. Far fewer retirees than workers (18% vs. 82%) executed IRA transfers in the past two years. People ages 45 and older were significantly less likely than people ages 40 to 44 (29% vs. 11%) to move their IRAs recently. Gender-wise, men were much more likely than women to do so (63% vs. 37%).

Of those who moved their accounts, people with the largest IRAs—as common sense might suggest—were the most likely to seek lower fees when changing custodians. For IRA owners in general, however other factors mattered more, indicating that fees aren't everything. "IRA companies that focus heavily on their low-cost offerings may be missing a substantial portion of the IRA-to-IRA transfer market," an SRI release said.

By the same token, companies that do not (or cannot) compete on fees alone should highlight their brand and overall customer services, SRI advised. They should emphasize the prestige of their brand or mind their customer service manners more astutely.

Predictably, people who moved their IRAs to companies where they already did business cited "relationships" as their top reason for choosing their new custodians. People who moved their IRAs to firms where they had no prior relationship listed "recommendations" as the determining factor in their selection.

Referrals evidently matter, especially with men. Sixteen percent of IRA owners said they changed to a firm recommended by a family member or friend. Nearly a third of men (32%) said a recommendation played a role in their decisions to move their assets compared with about one in four women (24%).

In other findings by LIMRA SRI:

- A company's investment choices and services are more important to younger IRA owners than older IRA owners (12% vs. 7%).
- 10% of IRA owners ages 60 and older who switched firms said the new company offered to help them throughout the transfer process.
- Half of older IRA owners (ages 50-75) who transferred their retirement assets from one investment firm to another discussed the decision with an advisor. Of those, 60% said the advisor's intervention was the most influential factor in the decision to move their money.
- Nearly a third of IRA owners ages 40-49 said they discussed their decision with call center reps from one of the companies. Of those, 22% said the decision to move their money was most influenced by the call center rep from their former IRA firm.

"Companies should ensure that their representatives are well-versed on the features offered by their company and are able to share these with clients when they call," the release said.

LIMRA members can read the full report by visiting: [*Money in Motion: Understanding the Dynamics of Rollovers, Roll-ins, and IRA Transfers \(2017\)*](#).

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