Retirement Income
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Many job-changers unsure what to do with savings: Fidelity

By Editor Test *Wed, May 18, 2011*

Separately, the Boston-based firm reported that the average 401(k) balance rose to $74,900 at the end of 1Q 2011, an all-time high since Fidelity began tracking balances in 1998.

A survey by Fidelity Investments, the largest provider of IRAs and workplace retirement savings plans, has found that 30% of its plan participants who made a job transition are unsure of what to do with their savings.

In a separate announcement, the Boston-based firm reported that the average 401(k) balance rose to $74,900 at the end of the first quarter, marking an all-time high since Fidelity began tracking account balances in 1998.

This also represents a nearly 12% increase from a year ago and a 58% jump from the same time period in 2009. Nearly 10% of participants increased their deferral rate in the first quarter of 2011, the largest percentage taking such action since Fidelity started tracking the figure in 2006.

Regarding separations from plans, about one-third of participants move their money from a former employer's plan within four months after a job transition. Those who remain in their plan do so for several reasons:

- 71% said they are consciously keeping their assets in an old plan for the time being; of those 59% were satisfied with the plan features, services or investments.
- 27% said that a lack of time or "mind share" has prevented them from taking any action.

When respondents were asked if they are planning to take any action within the next year, 24% were not sure, and 18% were going to move the money to an IRA or their current employer's workplace savings plan. But 57% intended to keep their investments in their old plan for the next 12 months.

While consolidation and control of assets (35%), more investment options (26%) and lower fees (37%) were the top reasons they would move their former workplace plan assets to an IRA or new workplace plan, the decision overwhelms many investors, the plan provider said.

"Quite often when an investor leaves a job, they have a significant portion of their retirement savings in that former employer's plan," said Walsh. "This is why it's critical for investors to consider their options carefully. Fidelity has trained representatives that can educate investors and then help them determine which option may make sense based on their individual needs."