
Rollovers will reach \$382bn in 2015: Cogent Reports

By Editorial Staff *Fri, Feb 13, 2015*

The distributor firms best positioned to capture and retain these rollover assets are Vanguard, Charles Schwab and Fidelity Investments, the report said.

More than half (51%) of affluent investors with a balance in a former employer- sponsored retirement plan (ESRP) expects to roll that money to an IRA within the next year, in a wave that will transfer \$382 billion into the retail investments market, according to a recent Cogent Report from Market Strategies International (MSI).

The distributor firms best positioned to capture and retain these rollover assets are Vanguard, Charles Schwab and Fidelity Investments, the report said. Affluent investors were defined as those with investable household assets of at least \$100,000.

“Providers vying to capture these assets in flux would be well served to target Gen X and Gen Y investors, who are the most amenable to taking action,” according to an MSI release regarding its 2014 annual Investor Rollover Assets in Motion study.

According to the report, Gen X and Gen Y investors with at least \$100,000 in investable assets hold the largest proportion of their assets in former ESRPs and cite the highest likelihood of moving those assets into a Rollover IRA in the near future.

“As a result of early-career exploration and job switching, younger investors have accrued a sizeable balance in former retirement plans. The younger the investor, the more receptive and ready they are in terms of taking action,” the release said, adding that “61% of Gen X investors and 74% of Gen Y investors with former ESRPs intend to roll funds into a rollover IRA within the next year.”

The release said that Vanguard, Schwab and Fidelity “have established themselves for offering low fees and expenses and have strong brand reputations, key factors Gen X and Gen Y investors cite when selecting a rollover IRA destination. Softer, more personal outreach is also influential among these younger investors, who also consider providers they have established relations with—especially firms that make them feel like a valued customer.”