

There have been two notable (and related) changes in retirement planning over the last few decades. One has been the demise of defined benefit plans (pensions) and their frequent replacement with defined contribution (such as 401(k)s, 403(b) and 457 plans. A second shift has been the mobility of workers. In the first shift, workers have become responsible for (burdened by?) the management of their financial assets and associated longevity planning. In the second shift, many individuals have multiple employers over their lifetime and as such may accumulate 401(k), 457 or other retirement plans at each of their past employers. While any opportunity to participate in an employer's retirement savings plan should be welcomed, repeated job changes can leave an individual with a trail scattered with accounts at multiple custodians where they continue to pay high fees and lack a cohesive and integrated structure across the plans. For context, the Bureau of Labor Statistics reported in March 2015 that those born between 1957 and 1964 (deemed "younger baby boomers") held an average 11.7 jobs from ages 18 to 48.

Tax and retirement planning rules allow individuals a chance to take control of these retirement assets - while maintaining their tax advantages - through a process known as a *rollover*.

One of the advantages of the rollover process is that it allows individuals with multiple "orphaned" accounts at different locations to consolidate them into a single individual retirement account that can then be managed using a comprehensive approach. The consolidation of accounts allows the investor or their advisor to analyze the construction of the portfolio and its ability to meet the needs of the owner. An integrated view can also help identify any holes, undue concentrations or inconsistencies across portfolios.

A second benefit of unifying the accounts is the possible savings in fees. It is likely that each of the custodians or trustees of the various individual accounts is assessing a separate fee that could be minimized if using a consolidated approach. A different, but possibly more critical fee relates to charges at the fund level. Like the administrative fees, these asset level fees are often difficult to detect and are typically not set in a competitive environment **as it pertains to the individual employee/investor**. It is not uncommon to see **net expense ratios of 1.10% to 1.60% at the fund level**.

A final point of consideration for 401(k) / 403(b) / 457 rollovers is the breadth of investment choice. Reasonably, many employers outsource the administration of retirement savings plans. Such outside parties may have vested interests in the brand, cost or range of investment choices offered. Self-directed IRA plans may provide much more attractive options.

Individuals need to be concerned with the complexity of the rollover process and Shannon Investment Management can serve as a resource for analyzing and managing the process.