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## **Mercatus/FRC Study Sizes Retirement Money-in-Motion**

***Mass Affluent consumers moved \$420bn in retirement assets; study identifies net gainers and losers of retirement assets and the key drivers of retirement money flows in 2008 - 2009***

**Boston, MA, October 22, 2009** – Financial Research Corporation (FRC) Mercatus LLC today announced the release of a new study entitled Retirement Money in Motion: Capitalizing on IRA, Rollover & Taxable Money Movement. Based on a comprehensive national survey of more than 2,000 mass affluent consumers, the study examined these individuals' recent retirement asset transfers and the reasons for changing providers, as well as purchase pathway behaviors and engagement preferences. The analysis of the data showed that contrary to popular opinion, mass affluent consumers were not passive during the difficult financial environment of 2008-2009. Rather, they moved significant amounts of retirement money, including taxable assets, over the past year, in search of better value, personalized advice and guidance, and a financially sound provider.

"While many mass affluent consumers didn't wait out the recent turmoil in financial markets, most recognize that they still need professional investment advice. That's good news for asset management firms and large banks," said Lawrence Petrone, FRC's Director of Research and author of the study. "Another finding that bodes well for asset management firms and top banks is that many of these investors have earmarked a significant portion of their taxable assets for retirement. That opens up lots of new business potential in long-term asset allocation, tax management and other areas. But to win that business, institutions need to understand these customers more fully, leverage existing relationships, and not overlook customers' assets because of how those assets are presently designated."

"While financial soundness concerns drove over a third of retirement money movement, the desire for advice, whether packaged or personalized, was a much more influential driver," said Teresa Epperson, a partner at Mercatus. "The winners in the fight for Retirement Money-in-

Motion were those players with very clear and compelling value propositions in the market around advice and guidance."

This major, in-depth study was conducted by Mercatus and FRC in May of 2009 and covered the prior 12-month period. Respondents were from most U.S. states, ranged in age from 35 to 70, and had an average of \$614,000 in investable assets. In addition, participants had to have completed at least one of the following transactions within the past year: rolled assets over from the employer-sponsored retirement plan to an IRA account, transferred assets from an IRA account with one firm to an IRA at another firm, or transferred taxable assets designated for retirement from one firm to another.

Topics covered in the study include an overview of mass affluent consumers' retirement money movement decisions relative to their retirement assets, as well as their age, income and investing experience. The study also explores consumers' preferences regarding reliance on financial professionals, their purchase pathway behaviors, and their perceptions of the financial soundness of institutions. Some of the key findings include:

- The desire to consolidate accounts was the number one driver of Retirement Money in Motion decisions - but a minimum, pre-existing 20% wallet-share capture was required to win this business.
- Financial soundness perceptions (and realities) drove a third of retirement money movement decisions
- Prior to age 65, the frequency and size of money movements generally increased with experience and income
- A large percentage of Mass Affluent self-identify as "beginners," recognizing the fact that they need professional financial advice
- Personalized investment advice, provided in-person, was a critical driver of retirement money movement decisions.

More information about this new study is available on FRC's website ([www.frcnet.com](http://www.frcnet.com)). The study's author, Lawrence Petrone, and Teresa Epperson, are available for comment on *Retirement Money in Motion: Capitalizing on IRA, Roll-over & Taxable Money Movement*.

### **About Financial Research Corporation**

Financial Research Corporation (FRC) provides the knowledge to build stronger relationships through product development and management, distribution solutions, and marketing strategies. For more than 20 years, our insightful research and consulting services have been assisting marketing, product development, and strategic planning professionals in the creation of innovative products and services. Based in Boston, FRC is at the forefront of assisting its clients to comprehend and respond to the rapid changes occurring in the manufacture and distribution of investment products. Our more than 200 clients include the world's leading asset managers and distributors. For more information, visit the FRC Web site at [www.frcnet.com](http://www.frcnet.com).

**About Mercatus**

Mercatus LLC is a boutique strategic consulting and investment firm focused on the retail financial services space with strong expertise in the retirement industry. We work with industry executives and private equity investors to make business growth and investment decisions. Mercatus is dedicated to delivering the insights, innovative thinking, and analytics required by our clients. We place a premium on analytical rigor and intensity, innovation and discipline, and a resolute focus on the customer.

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