

THE WALL STREET JOURNAL

June 4, 2011 – GETTING GOING By Karen Blumenthal

Don't Play Dead With Your Rollover



There are some good reasons to roll your money into a new IRA account: You may want a clean break from your old company. You may not like your 401(k) investment options. You may want to consolidate several retirement accounts into one. Or you may feel like you need more help in managing your accounts.

Here are some other things those folks who want your rollover money should tell you—but may not:

"I'm not acting in your best interest." Typically, the people who send letters and call you to discuss rolling over your workplace plan are sales representatives and brokers. **Unlike registered investment advisers, who, as "fiduciaries," must put their clients' best interests first, these reps only must offer investments that are "suitable," which can cover a wide range of less-than-ideal products.**

Comments June 4, 2011

Not only are investors disappointed with the risk profile of their 401(k) portfolios, but they are also disappointed with their performance. Having a disappointing portfolio risk profile is oftentimes attributed to a lack of investment vehicles required to design a proper asset allocation, which is the primary factor driving disappointing performance.

Many 401(k) plans lack important fund choices, such as: inflation protected bonds, international developed market bonds, emerging market bonds, high yield bonds, convertible bonds, mid-cap stocks and emerging market stocks. Although a limited number of 401(k) plans offer a smattering of these choices, investors are forced to pick the one or two funds the plan offers for that type of investment objective – even if those funds are mediocre.

Once you rollover your assets to an IRA you have access to thousands of investment choices without the trading restrictions often found in 401(k) plans. If you are not happy with the high yield bond funds you selected in your IRA you can change them to other high yield bond funds the very next day.

When selecting a Registered Investment Advisory firm to manage your IRA, verify the firm is privately owned. Privately owned Registered Investment Advisory firms are obligated by law to place your interests before any other party – without conflicts of interest. Unfortunately, many of the largest Registered Investment Advisory firms are publicly owned by their shareholders. And, like all publicly owned companies, they are obligated by law to place their shareholders' interests before any other party – including their clients.

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www.skloff.com/services-401k-403b-457.htm

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