



Investment Advice Helps Boost 401(k) Participant Returns

May 15, 2006 (PLANSPONSOR.com) – A study sponsored by Carroll College of Waukesha, Wisconsin has found that employees who received face-to-face investment advice for their retirement accounts achieved an annual investment return 2.5 percentage points greater than those employees who did not receive any education or advice.

"Over two extra percentage points of return per year is significant over the long run," says Kelli Send, who conducted the study as part of a thesis for a Master of Education degree, in a press release. "We're talking about plan balances at retirement being potentially 50% greater due to the improved long-term returns."

The study also found that employees who participated in group retirement sessions and received individual investment advice invested in a total of 7.8 mutual funds, compared to 5.6 mutual funds for those employees who utilized group retirement education alone, according to the release. Those employees that did not receive any education or advice invested in 5.3 mutual funds.

The diversification resulted in reduced portfolio volatility for those employees who received investment advice. The participants with the larger number of funds experienced less variance in returns (0.19%) than their counterparts who received only group education (5.6 funds with a variance of 0.26%) or those who received no education or advice (5.3 funds with a variance of 0.27%).

The research was a group comparison study with participation from two Midwest-based employers. One organization was largely professional, the other a unionized manufacturing group. For a copy of the study results or to speak with Kelli Send, contact: Stephanie Truog, Francis Investment Counsel LLC (262) 367-8401.

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