



When to do a rollover from a retirement plan

During the Department of Labor fiduciary debate, one of the biggest issues was that of the benefits and drawbacks of rolling employer-sponsored retirement plans into individual retirement accounts.

The government made the argument that many rollovers were unnecessary, and some people moved from low-cost employer plans to much higher-cost IRAs. According to the government, the DOL rule had the

potential to alleviate nearly \$17 billion in extra fees.

Full disclosure: I was a proponent of the DOL fiduciary rule. While it was flawed in many ways, I believe the intent was on point.

REASONED DECISION

Currently, advisers largely start from the standpoint that money should always be rolled over unless there is some issue or overt reason to leave it where it is. But advisers should start with the status quo and make reasoned and educated decisions for why change should occur. If the new IRA will offer more investment options, lower fees and more access to your funds, a rollover could make sense. In the process of the switch, advisers can review their client's employer-sponsored retirement accounts more closely and help them document the reasons for such a recommendation.

Now for the bad news. If we start with the presumption that an ac-

count should be left where it is, will there be fewer rollovers? The answer is almost certainly yes. Why is this bad news? Because of narrow fram-



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ing bias, which can trick investors into ignoring their total financial picture when making investment choices.

One easy way to fall into this trap is to have too many retirement or investment accounts. By splitting money among a variety of accounts, an investor might only make decisions based on that particular account. This can cause any attempts to diversify across assets to not really create diversification.

In order to help clients see their total retirement picture, there is a strong case for account consolidation. This also could help keep the

conversation with clients focused on long-term goals. If we do plan to do a rollover in the future, we might maintain our view of the account as a short-term rather than long-term retirement vehicle.

This is not to say that all plans should be rolled into IRAs. The employer plan is still sometimes the best option available.

In this case, technology might defeat the need to do a rollover solely to avoid narrow framing bias. As aggregation software, such as tools from Orion and Quovo, allow advisers to pull a client's various investments into one portal, planning software or experience, narrow framing could be overcome without having to do a rollover. Clients will be able to see their entire investment picture in one place.

Jamie Hopkins is director of retirement research and vice president of private client services at Carson Group.

For individuals with spotty work histories that contain some zero-earnings years, continuing to work beyond traditional retirement age can substantially boost future Social Security benefits. But for workers with more than 35 years of covered earnings, particularly long-time high-income earnings, continued employment may not make a huge difference in future benefits.

Want to see how much you know about Social Security retirement benefits? Here are the latest MassMutual quiz questions and results.

- Under current Social Security law, my benefits will not be reduced if I claim them at age 65. False; 49% answered correctly.

- My spouse is eligible to receive Social Security retirement benefits,

even if he or she has no individual earnings history. True; 54% answered correctly.

- If my spouse dies, I will continue to receive both my own benefit and my deceased spouse's benefit; the total Social Security benefits I receive will not change. False; 80% answered correctly.

- Social Security retirement benefits are based on my earnings history. I'll receive the same monthly benefit amount whether I start collecting before or after my full retirement age. False; 83% answered correctly.

- If I am still working when I claim my Social Security, my benefit might be reduced, depending on my earnings and my age. True; 85% answered correctly.

What else has changed since MassMutual's last nationwide poll, in 2015? The Social Security Administration stopped mailing statements to those under age 60, which means the only way to access information is online.

To see whether near-retirees were paying attention, MassMutual asked: "Have you created an account

on the Social Security Administration website to view your earnings history to ensure it is accurate, now that the administration no longer mails statements to people under the age of 60?"

A whopping 86% of those ages 50 to 59 who are affected by this change answered "no." Of the total pool surveyed of those age 50-plus, the majority (60%) have not created an account yet.

So what's the risk? Not only can establishing an account help ensure that your Social Security retirement benefit calculations are accurate, it can also help with identity theft protection because only one account per Social Security number is allowed.

"Near-retirees have the power and responsibility to ensure that

they protect and receive every dollar they deserve in Social Security retirement benefits when the time comes," Mr. Fanning said.

Once you create a Social Security account online, you can check your estimated retirement benefits at various claiming ages and verify that your earnings history, which is the basis for those future benefits, is accurate and up to date.

(Questions about Social Security rules? Find the answers in my new ebook at [InvestmentNews.com/mbfebook](#).)

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86%

RESPONDENTS AGES 50 TO 59 WHO HAVEN'T CREATED A SOCIAL SECURITY ACCOUNT ONLINE