Are Your Retirement Investments Too Spread Out?

As retirement age nears, many investors find themselves in the position of having 401k and IRA funds spread across multiple companies and accounts. It's an easy position to find yourself in, especially if you've changed jobs a couple of times, or set up new accounts when you changed insurance companies or banks. As tempting as it may be to just leave your accounts where they are, there can be serious pitfalls to doing nothing – and significant benefits to getting all your retirement funds in one place.

If these issues sound familiar to you, it may be time to think about consolidating your retirement accounts:

Your plans have changed. Setting up your first 401k in your 20s is a very smart investment move, thanks to the miracle of compound interest. But if your life and retirement plans have changed since then, have your accounts changed with them? It can be enough of a hassle just remembering to review your asset allocation every year on a single account – trying to do it for multiple past accounts, plus updating beneficiaries and addresses every time something in your life changes is more than most investors want to deal with. Consolidation gives you a single place to make all your changes.

Your money isn't working for you. Retirement accounts typically come with a lot of extra rules and regulations about how much money you can put in, when you can take it out, and what you can use it for. With the advice of a trusted financial advisor, it's not difficult to make sure you're maximizing the benefits and minimizing the frustrations of your 401k or IRA. However, trying to do the same thing yourself across multiple accounts is almost certain to result in unforeseen penalties and missed opportunities.

You aren't getting the best fees. A 401k set up as a part of your corporate benefits package gives you exactly one provider option: the one your company chose. And their criteria may be very different from yours. As you approach retirement age, consolidating your accounts lets you choose an investment advisor who will look out for your best interests, and a financial firm that won't charge an arm and a leg to manage your retirement accounts.

You can't see the big picture. With your retirement accounts spread across multiple locations and firms, it's very difficult to get a good sense of your current financial situation. If you want to make sure you're fully prepared to retire on your own timeline, your financial advisor needs to have a complete picture of what's going on with your retirement accounts. Instead of juggling several statements, passwords, and account numbers, consolidation gives you a single, easy-to-analyze snapshot of what your money is doing for you.

Luckily, all of these issues have a simple solution: Getting all your retirement accounts in one place. And with a trusted financial advisor, making the switch doesn't have to be complicated at all.

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