In my opinion, brokerage windows or self-directed brokerage accounts do not help employees save for retirement. Most retirement plan lineups do a commendable job of giving a menu of core, diversified investment choices for plan participants to invest in. While self-directed brokerage accounts could potentially be used in the correct manner by sophisticated plan participants, it presents a potentially hazardous situation for less-sophisticated participants. While staying invested in the plan’s core lineup can provide some safeguards against a participant taking a concentrated position in an individual stock, no such protection exists in a self-directed brokerage account. Giving participants this type of flexibility also has the potential to encourage investment speculation among plan participants, as they have the ability to invest in leveraged exchange-traded funds or to invest a large portion of their retirement savings in a single company.

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