



Participants with Lifestyle Funds Outdo Do-it-Yourselfers

October 8, 2007 (PLANSPONSOR.com) - Participants investing in a single lifestyle fund had ending account balances that were 11% higher than those not using the funds over a 10-year period, according to a recent study by John Hancock.

According to the study, this is the fifth consecutive year that lifestyle fund participants came out better than those 401(k) participants who picked their own investments.

John Hancock did a five year and 10-year analysis on how lifestyle investors fared against non-lifestyle participants.

In a five-year span, 80.9% of non-lifestyle participants would have garnered a higher ending balance if they invested in a single lifestyle portfolio that corresponded to their risk score; their average annual returns would have been 1.9% higher.

The 10-year analysis showed 84.2% of non-lifestyle participants would have accumulate a higher ending balance if they had invested in a single lifestyle portfolio that corresponded to their risk score; their average annual returns would have been 1.9% higher as well.

"This study proves that asset allocation works," said Bob Boyda, Senior Vice President of Investment Management Services, said in an interview. "No matter how you break the numbers down, lifestyle participants as a whole will always come out ahead of those picking their own investments."

Broken down in terms of risk scores, lifestyle participant accounts outdid non-lifestyle accounts in every risk category (conservative, moderate, balanced, growth and aggressive).

Boyda said the study showed that "John Hancock lifestyle participants had , as a group, an ending balance that was 11% higher than the non-Lifestyle invested participants."

The study was conducted by Burgess + Associates and looked at the performance of portfolios of 200,467 retirement plan participants for the five-year study and 14,487 plan participants for the 10-year study.