FIDELITY: Baby Boomers own too much stock

By Corey Stern 2 hours ago 7/30/2016

(AP Images) Pedestrians stop and view the electronic display of the New York Street exchange activity in the window of Fidelity Investments at Park Avenue and 51st Street after the opening of the NYSE in New York, on Tuesday, Oct. 20, 1987.

The youngest of the Baby Boomers will soon be able to start withdrawing from their 401(k)s without penalty. But Fidelity has a warning for those over 50 who want to make their retirement funds last: **cut down on stocks.**

On Thursday, the financial services company [released its quarterly analysis of its 401(k)s and IRAs].

Among Fidelity's findings is that many Boomers have 401(k)s with stock allocations beyond what is recommended, potentially exposing them to excess risk — especially in the case of a market downturn.

"Fidelity compared average asset allocations to an age-based target date fund and found **18% of people 50-54 had a stock allocation at least 10 percentage points or higher than recommended, and for people ages 55-59, that figure increased to 27%**," the report said. In addition to this, 11% of people ages 50-54 and 10% of people ages 55-50 had their entire 401(k) invested in stocks.

"One thing we learned from the last recession is that having too much stock, based on your target retirement age, in your retirement account can expose your savings to unnecessary risk — it's the hidden danger that many workers are unaware of," said Jim MacDonald, who runs Fidelity's Workplace Investing. "This is especially true among workers nearing retirement, who should be taking steps to protect what they've worked so hard to save."