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HEADLINE: Americans dropping large 401(k) contributions into stocks risk losing much of their retirement

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BODY:

JOHN SEIGENTHALER, anchor:

Now to the financial concerns of Americans who were counting on stock market investments to fund their retirement dreams. As CNBC's Sharon Epperson reports, too much of a good thing can sometimes be disastrous.

SHARON EPPERSON reporting:

For many American, it's a favorite way to build retirement nest eggs. About 42 million workers contribute to 401(k) plans, more than 327,000 different plans overseeing nearly \$1.8 trillion in retirement assets. The most popular investment choice is their employer's stock. And with more firms matching those employee contributions, financial planners are concerned that 401(k) participants may be overdoing it.

Mr. MICHAEL KRESH (Financial Planner): Any one stock, regardless of how good, can become volatile. And if it becomes the cornerstone of your 401 (k) plan, your retirement, if it's volatile at the wrong time, it's going to have an enormous negative impact.

EPPERSON: One example, Enron, the energy trading company, which has filed for bankruptcy protection and laid off more than 4,000 employees this week. Enron's stock has plunged from \$90-a-share in August 2000 to just 75 cents when the stock market closed yesterday.

Mr. JOE RINARD (Enron 401(k) Participant): Helpless; I felt like I was on a sinking ship.

EPPERSON: Joe and Diane Rinard, who work for a subsidiary of Enron in Portland, Oregon, have lost hundreds of thousands of dollars from their 401(k) savings. Some employees are suing the company, charging it froze their 401(k) assets during a crucial period when information regarding Enron's financial problems was disclosed. And the company's stock price was plummeting. And what employees and other companies don't realize is that employers have a legal right to freeze 401 (k) assets for a variety of reasons.

Mr. ELI GOTTESDIENER (Attorney): So this could happen to anybody. That's the lesson here.

EPPERSON: Gottesdiener has filed a suit against Enron on behalf of employees in its 401(k) plan.

Mr. JOHN REKENTHALER (Morningstar Associates): Even the safest company stock tends to be riskier than the riskiest of mutual funds.

EPPERSON: The advice: don't put too many retirement nest eggs in any one basket. Sharon Epperson, for NBC News, New York.