

With the processing of the 2009 IRA Owners Survey results, ICI revised the survey weighting methodology. Figures presented in this appendix have been updated to reflect that change. The revised data are available at www.ici.org/pdf/fm-v18n1_data.pdf.

Appendix: Additional Data on IRA Ownership in 2008

The January 2009 issue of *Fundamentals* covers U.S. households' Individual Retirement Account (IRA) ownership in 2008. The report highlights data collected by the Investment Company Institute in a recent survey of households owning IRAs.¹ This appendix provides supplementary tables with additional detail for the January 2009 *Fundamentals*.²

HOUSEHOLD OWNERSHIP OF IRAS

In 2008, 47.3 million U.S. households, or 40.5 percent, owned at least one type of IRA.³ Household ownership of IRAs has grown since 2000. The number of households with IRAs increased by 9.3 million between 2000 and 2008, or at a compounded average growth rate of 2.8 percent per year (Figure A1).

FIGURE A1

U.S. HOUSEHOLDS OWNING IRAS, 2000–2008

	Number of U.S. households (millions)				Share of U.S. households (percent)			
	Any type of IRA ¹	Traditional IRAs	Roth IRAs	Employer- sponsored IRAs ²	Any type of IRA ¹	Traditional IRAs	Roth IRAs	Employer- sponsored IRAs ²
2000	38.0	30.5	9.8	7.2	35.7%	28.7%	9.2%	6.8%
2001	39.2	31.3	10.6	8.7	36.2	28.9	9.8	8.0
2002	38.0	30.8	11.8	8.4	34.8	28.2	10.8	7.7
2003	40.8	32.9	13.9	8.3	36.7	29.6	12.5	7.5
2004	40.9	33.2	13.0	9.0	36.5	29.6	11.6	8.0
2005	43.0	34.0	14.5	8.4	37.9	30.0	12.8	7.4
2006	43.8	36.3	15.3	8.8	38.3	31.7	13.4	7.7
2007	46.2	37.7	17.3	9.2	39.8	32.5	14.9	7.9
2008	47.3	37.5	18.6	10.0	40.5	32.1	15.9	8.6

¹IRA ownership excludes ownership of Coverdell Education Savings Accounts, which were called Education IRAs before July 2001.

²Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey (2000 through 2008) and U.S. Census Bureau

GROWTH IN NUMBER OF IRA-OWNING HOUSEHOLDS

U.S. households most frequently owned traditional IRAs—the first type of IRA that Congress created (Figure A1).⁴ Roth IRAs were the second-most frequently held type of IRA, followed by employer-sponsored IRAs, which include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs. Household ownership of Roth IRAs grew the fastest, with the number of households owning Roth IRAs increasing 8.3 percent on average each year between 2000 and 2008. The number of households that owned traditional IRAs rose 2.6 percent on average each year, while the number of households with employer-sponsored IRAs grew at an average rate of 4.2 percent each year during this period.

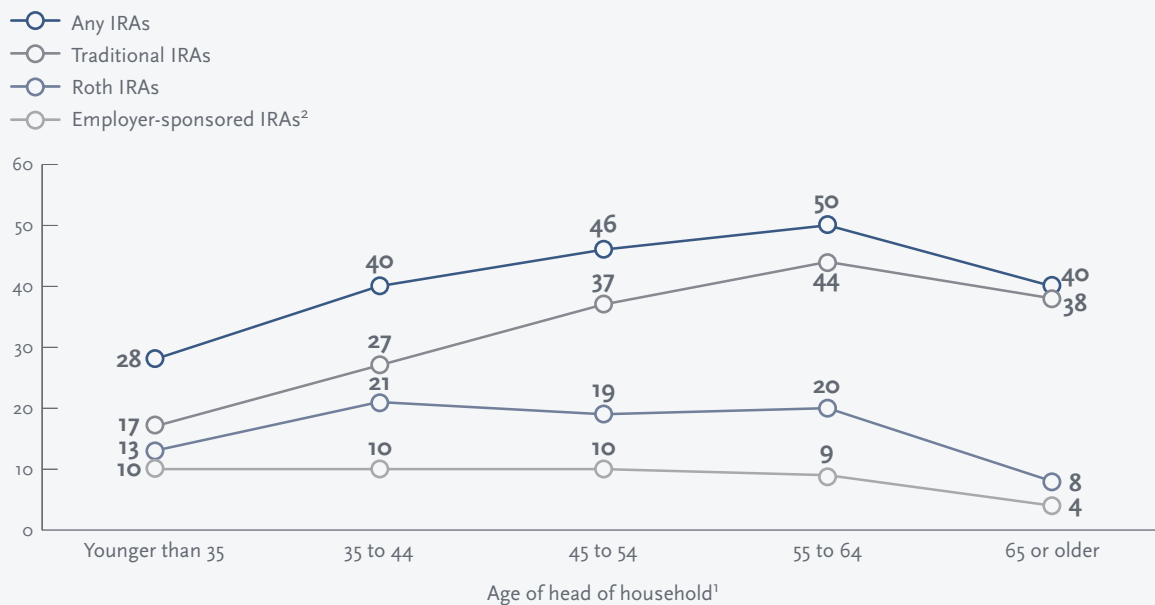
INCIDENCE OF IRA OWNERSHIP BY AGE

Households headed by older individuals tended to be more likely to own traditional IRAs. Forty-four percent of households headed by individuals aged 55 to 64 years old owned traditional IRAs, compared with only 17 percent of households headed by individuals younger than age 35 (Figure A2). Thirty-eight percent of households headed by individuals aged 65 or older had traditional IRAs, while Roth IRAs were rarely held by older households. One-fifth of households aged 35 to 64 had Roth IRAs, while Roth IRAs were rarely held by older households. One-fifth of households aged 35 to 64 had Roth IRAs.

FIGURE A2

U.S. HOUSEHOLDS OWNING TRADITIONAL, ROTH, AND EMPLOYER-SPONSORED IRAS BY AGE

Percentage of U.S. households within each age group,¹ 2008



¹Age is based on the age of the sole or co-decisionmaker for household saving and investing.

²Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

INCIDENCE OF IRA OWNERSHIP BY INCOME

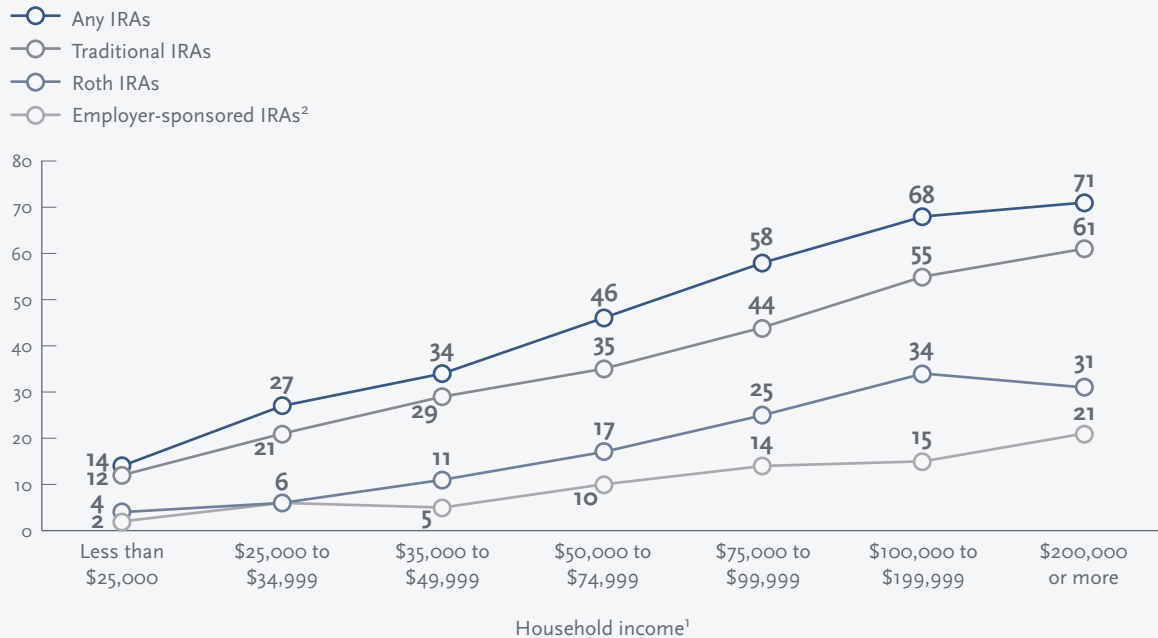
Household ownership of all types of IRAs also tends to increase with household income (Figure A3). Forty-five percent of households with incomes of \$50,000 or more owned traditional IRAs, compared with 19 percent of households with incomes of less than \$50,000. Twenty-five percent of households

with incomes of \$50,000 or more owned Roth IRAs, compared with 6 percent of households with incomes of less than \$50,000. Thirteen percent of households with incomes of \$50,000 or more owned employer-sponsored IRAs. Only 4 percent of households with incomes of less than \$50,000 owned employer-sponsored IRAs.

FIGURE A3

U.S. HOUSEHOLDS OWNING TRADITIONAL, ROTH, AND EMPLOYER-SPONSORED IRAs BY HOUSEHOLD INCOME

Percentage of U.S. households within each income group,¹ 2008



¹Total reported is household income before taxes in 2007.

²Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

IRA OWNERSHIP BY GENERATION

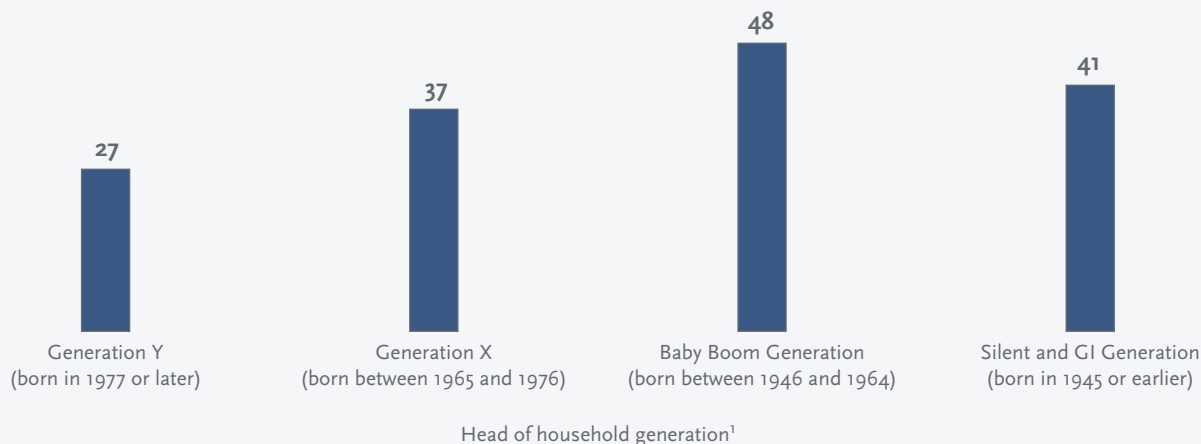
Multiple generations of Americans owned IRAs, but the incidence of IRA ownership was greatest among households headed by individuals that were members of the Baby Boom Generation. In 2008, nearly half of households headed by members of the Baby Boom

Generation owned IRAs (Figure A4). As a result, 44 percent of IRA-owning households were headed by individuals that were members of the Baby Boom Generation (Figure A5). Forty percent of households headed by members of the Baby Boom Generation owned traditional IRAs; one-fifth owned Roth IRAs;

FIGURE A4

INCIDENCE OF IRA OWNERSHIP GREATEST AMONG THE BABY BOOM GENERATION

Percentage of U.S. households within each generation group that own IRAs,^{1, 2} 2008



¹Generation is based on the age of the sole or co-decisionmaker for household saving and investing.

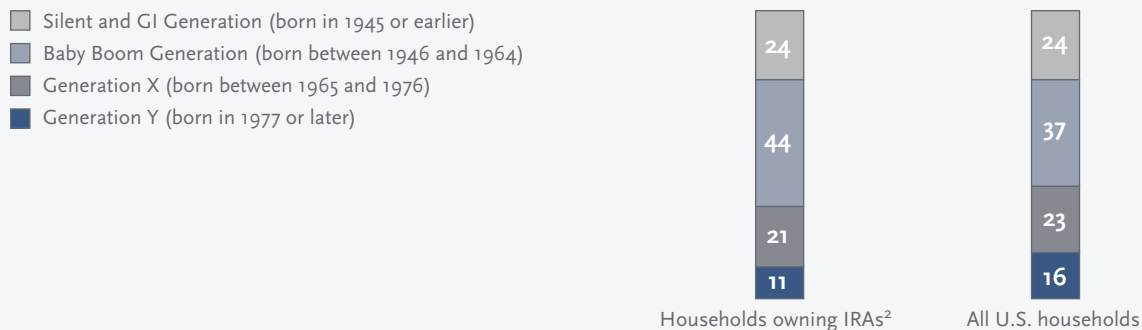
²IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs).

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE A5

BABY BOOMERS ARE 44 PERCENT OF ALL IRA-OWNING HOUSEHOLDS

Percentage distribution of households owning IRAs and all U.S. households by generation,¹ 2008



¹Generation is based on the age of the sole or co-decisionmaker for household saving and investing.

²IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs).

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and U.S. Census Bureau

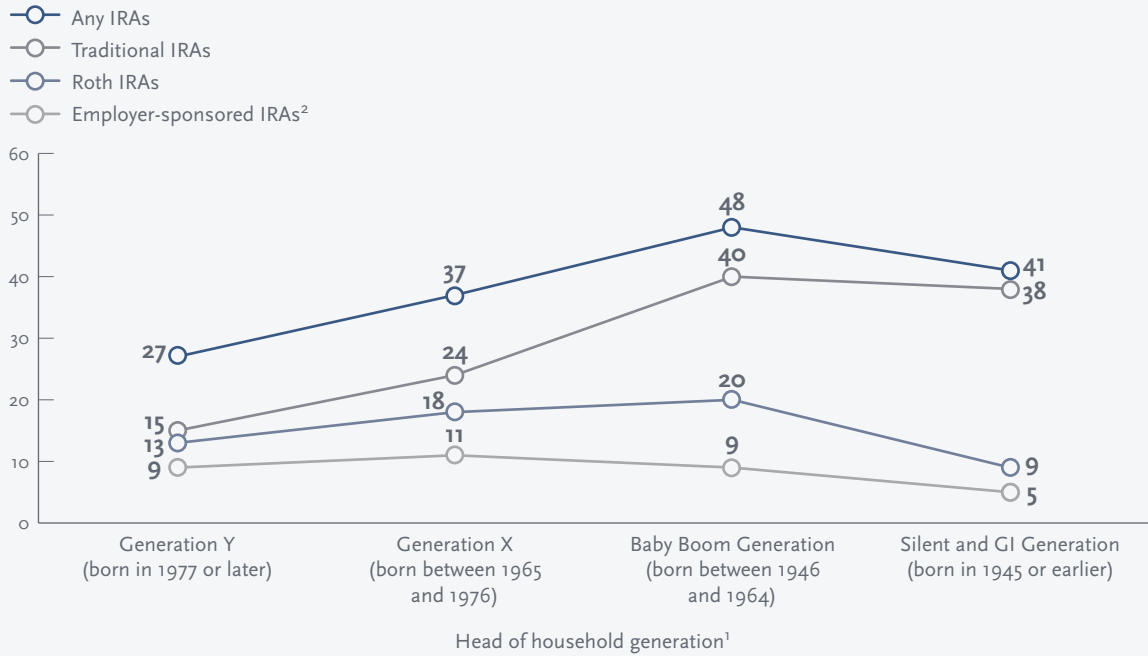
nearly one in 10 owned employer-sponsored IRAs (Figure A6). In 2008, households headed by individuals that were members of the Baby Boom Generation held a significant portion of total IRA assets.

Forty-seven percent of all IRA assets were held by households headed by individuals that were members of the Baby Boom Generation.

FIGURE A6

U.S. HOUSEHOLDS OWNING TRADITIONAL, ROTH, AND EMPLOYER-SPONSORED IRAs BY GENERATION

Percentage of U.S. households within each generation group,¹ 2008



¹Generation is based on the age of the sole or co-decisionmaker for household saving and investing.

²Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

HOUSEHOLDS WITH IRAS HAVE MORE SAVINGS THAN OTHER HOUSEHOLDS

Both IRAs and employer-sponsored retirement plans provide workers the opportunity to set aside assets for retirement on a tax-advantaged basis. Households with these formal retirement savings arrangements generally have accumulated greater household financial assets compared with households without these arrangements (Figure A7).

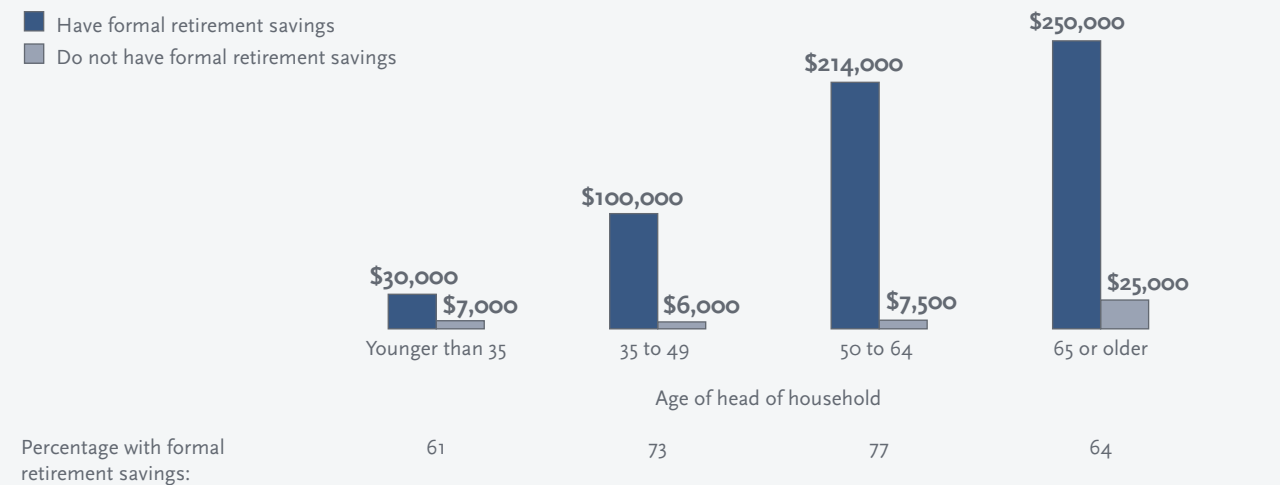
IRA ACCOUNT BALANCES AND INVESTMENTS

Median household financial assets in all types of IRAs were \$55,000 in 2008 (Figure A8). Household financial assets in traditional IRAs tended to be greater than assets in Roth or employer-sponsored IRAs. Traditional IRAs have been in existence for a greater number of years than the other types of IRAs, and many households' traditional IRAs contain

FIGURE A7

HOUSEHOLDS WITH FORMAL RETIREMENT SAVINGS HAVE GREATER TOTAL FINANCIAL ASSETS

Median total household financial assets by age of head of household and formal retirement savings coverage,¹ 2008



¹ Formal retirement savings include IRAs, employer-sponsored retirement plans, or both.
Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE A8

HOUSEHOLD FINANCIAL ASSETS IN IRAs BY TYPE OF IRA

Percentage of U.S. households with IRA assets in specified ranges, 2008

Assets in type of IRA	Total household financial assets in IRAs	Type of IRA owned		
		Traditional IRAs	Roth IRAs	Employer-sponsored IRAs ¹
Less than \$10,000	16	16	30	28
\$10,000 to \$24,999	14	14	24	23
\$25,000 to \$49,999	17	14	20	17
\$50,000 to \$99,999	17	19	14	9
\$100,000 to \$249,999	20	20	10	16
\$250,000 or more	16	17	3	7
Mean	\$140,000	\$136,400	\$51,500	\$69,000
Median	\$55,000	\$60,000	\$20,000	\$22,000

¹ Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.
Source: Investment Company Institute IRA Owners Survey

employer-sponsored retirement plan rollovers. Roth IRAs have been available since 1998 and have only had very limited opportunity to receive rollovers from employer-sponsored retirement plans.⁵ In 2008, the median amount in Roth IRAs was \$20,000, and the median amount in employer-sponsored IRAs was \$22,000. The median household financial assets in traditional IRAs were \$60,000.

IRAs help individuals and families accumulate savings over time. This is particularly evident when traditional IRA holdings are grouped according to the length of time households have owned traditional IRAs. For example, households owning traditional IRAs for less than 10 years had median traditional IRA holdings of \$20,000, while households owning traditional IRAs for 20 years or more had median traditional IRA holdings of \$90,000 (Figure A9). Mean traditional IRA holdings, while higher than the median values, exhibited a similar pattern.



Mutual funds were the most common IRA investment (Figure A10).⁶ In 2008, nearly three-quarters of IRA-owning households had IRA assets invested in mutual funds, usually stock mutual funds. More than two-fifths held individual stocks in their IRAs. Thirty-four percent of households owning IRAs held

annuities, and nearly three out of 10 held bank deposits in their IRAs. On average, households with traditional or employer-sponsored IRAs held three types of investments in those IRAs, while households with Roth IRAs held two types of investments in their Roth IRAs.

FIGURE A10

TYPES OF INVESTMENTS HELD IN IRAS

Percentage of households with type of IRA indicated,¹ 2008

IRA investments	Any type of IRA	Type of IRA owned		
		Traditional IRAs	Roth IRAs	Employer-sponsored IRAs
Mutual funds (total)	73	71	69	61
Stock mutual funds	61	60	55	47
Bond mutual funds	37	36	25	22
Hybrid mutual funds	22	20	20	16
Money market mutual funds	33	31	21	28
Individual stocks	42	41	27	31
Annuities (total)	34	34	19	16
Fixed annuities	21	22	10	8
Variable annuities	23	23	13	12
Bank savings accounts, money market deposit accounts, or certificates of deposit	28	28	12	17
Individual bonds (not including U.S. savings bonds)	13	12	8	7
U.S. savings bonds	10	9	5	9
ETFs	8	7	7	8
Other	7	6	3	6
Mean number of investment types held in IRA	3 types of investments	3 types of investments	2 types of investments	3 types of investments

¹Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

CONTRIBUTIONS TO TRADITIONAL AND ROTH IRAs

Twenty-one percent of traditional IRA-owning households—an estimated 7.9 million—contributed to their traditional IRAs in tax-year 2007, with a median contribution of \$4,000 per household (Figure A11).

Those who contributed to their traditional IRAs typically

were younger and had higher household incomes but lower household financial assets than noncontributors.

Thirty-one percent of households owning Roth IRAs—an estimated 5.8 million—contributed to their Roth IRAs in tax-year 2007, with a median contribution of \$4,000 per household.

FIGURE A11

CHARACTERISTICS OF HOUSEHOLDS OWNING TRADITIONAL OR ROTH IRAs BY CONTRIBUTION STATUS IN TAX-YEAR 2007

	Traditional IRA households		Roth IRA households	
	Contributed to traditional IRA in tax-year 2007 ¹	Did not contribute to traditional IRA in tax-year 2007 ²	Contributed to Roth IRA in tax-year 2007 ³	Did not contribute to Roth IRA in tax-year 2007 ⁴
Median per household				
Age of household sole or co-decisionmaker for saving and investing	53 years	58 years	47 years	53 years
Household income	\$92,000	\$80,000	\$86,000	\$90,000
Household financial assets ⁵	\$250,000	\$300,000	\$200,000	\$250,000
Household financial assets in all types of IRAs	\$58,000	\$75,000	\$50,000	\$57,000
Amount contributed per household to each type of IRA in tax-year 2007	\$4,000	N/A	\$4,000	N/A
Percentage of households				
Household sole or co-decisionmaker for saving and investing:				
Married or living with a partner	81	74	80	77
College or postgraduate degree	60	60	74	67
Employed full- or part-time	82	59	88	76
Household has DC retirement plan account	77	68	82	78

N/A = not applicable

¹Twenty-one percent of households owning traditional IRAs contributed to them in tax-year 2007.

²Includes all households owning traditional IRAs that did not contribute to them in tax-year 2007. Some of these households may have been ineligible to make deductible contributions.

³Thirty-one percent of households owning Roth IRAs contributed to them in tax-year 2007.

⁴Includes all households owning Roth IRAs that did not contribute to them in tax-year 2007. Some of these households may have been ineligible to contribute to Roth IRAs in tax-year 2007.

⁵Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.

Source: Investment Company Institute IRA Owners Survey

Since tax-year 2002, individuals aged 50 or older are eligible to make “catch-up” contributions to their IRAs.⁷ In tax-year 2007, one-quarter of traditional IRA-owning households with individuals aged 50 or older contributed to their IRAs; three-fifths of these contributing households made catch-up contributions (Figure A12). Thirty-two percent of Roth IRA-owning households with individuals aged 50 or older contributed to their IRAs; 53 percent of these contributing households made catch-up contributions.

DEMOGRAPHIC CHARACTERISTICS OF IRA OWNERS

Saving activity tends to increase with age, educational attainment, and household income, and married people tend to save more than single persons.⁸ Households that owned IRAs typically had greater financial assets and higher incomes than households without IRAs (Figure A13). In addition, the financial decisionmakers in households with IRAs generally were older and more likely to be married, employed, and have college or postgraduate degrees, compared with households not owning IRAs.

FIGURE A12

CATCH-UP CONTRIBUTIONS AMONG IRA OWNERS

	Tax-year 2002	Tax-year 2003	Tax-year 2004	Tax-year 2006	Tax-year 2007
Catch-up contributions to traditional IRAs¹ <i>(percentage of households owning traditional IRAs that qualified to make catch-up contributions)</i>					
Made a catch-up contribution	12	13	16	11	15
Contributed, but did not make a catch-up contribution	14	21	18	24	10
Did not contribute ²	74	66	66	65	75
Catch-up contributions to Roth IRAs³ <i>(percentage of households owning Roth IRAs that qualified to make catch-up contributions)</i>					
Made a catch-up contribution	16	25	32	20	17
Contributed, but did not make a catch-up contribution	14	22	23	26	15
Did not contribute	70	53	45	54	68

¹Households that may make catch-up contributions to traditional IRAs are those in which a household member is at least age 50 years old, but younger than 70½ years old.

²This group may include households ineligible to make deductible contributions to traditional IRAs.

³Households that may make catch-up contributions to Roth IRAs are those with incomes within the limits to contribute to a Roth IRA and in which a household member is aged 50 or older.

Source: Investment Company Institute IRA Owners Survey

FIGURE A13

CHARACTERISTICS OF U.S. HOUSEHOLDS OWNING IRAs, 2008

	Households owning IRAs	Type of IRA owned			Households not owning IRAs
		Traditional IRAs	Roth IRAs	Employer- sponsored IRAs ¹	
Median per household					
Age of household sole or co-decisionmaker for saving and investing	51 years	53 years	47 years	45 years	47 years
Household income ²	\$75,000	\$75,000	\$87,500	\$80,100	\$35,000
Household financial assets ³	\$200,000	\$250,000	\$214,000	\$200,000	\$32,000
Household financial assets in all types of IRAs	\$55,000	\$75,000	\$55,000	\$65,000	N/A
Share of household financial assets in type of IRA indicated	31%	25%	10%	10%	N/A
Percentage of households					
Household sole or co-decisionmaker for saving and investing:					
Married or living with a partner	74	73	77	82	54
College or postgraduate degree	44	43	54	44	20
Employed full- or part-time	71	68	81	82	58
Retired from lifetime occupation	27	32	18	15	25
Household has DC account or DB plan coverage (total) ⁴					
DC retirement plan account	70	69	77	69	40
DB plan coverage	44	46	46	33	24
Types of IRAs owned: ⁴					
Traditional IRA	79	100	68	54	N/A
Roth IRA	39	34	100	28	N/A
Employer-sponsored IRA ¹	21	14	15	100	N/A
N/A = not applicable					
¹ Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.					
² Total reported is household income before taxes in 2007.					
³ Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.					
⁴ Multiple responses are included.					
Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and Investment Company Institute IRA Owners Survey					

Traditional IRAs. Nearly 38 million U.S. households, or about one-third, owned traditional IRAs in 2008 (Figure A1). The financial decisionmakers of households with traditional IRAs tended to be older; one-third were retired from their lifetime occupations (Figure A13). Sixty-nine percent of households with traditional IRAs also had defined contribution (DC)

plan accounts. Thirty-four percent of households with traditional IRAs also owned Roth IRAs, and 14 percent also owned employer-sponsored IRAs. Households owning traditional IRAs had median assets of \$60,000 in these IRAs, typically held in two accounts (Figure A14). Households with traditional IRAs that included rollover assets typically had greater

FIGURE A14

CHARACTERISTICS OF U.S. HOUSEHOLDS OWNING TRADITIONAL IRAs, 2008

Median per household owning traditional IRAs	
Amount in traditional IRAs	\$60,000
Amount contributed to traditional IRAs in tax-year 2007 ¹	\$4,000
Number of traditional IRAs owned	2
Percentage of households owning traditional IRAs	
Traditional IRA includes rollover from an employer-sponsored retirement plan	52
Contributed to a traditional IRA in tax-year 2007	21
Deducted a traditional IRA contribution in tax-year 2007 ²	40
Made a withdrawal from a traditional IRA in tax-year 2007	22
Own traditional IRA:³	
Respondent	87
Spouse	51
Dependent children	3
Number of traditional IRAs owned:	
One	45
Two	36
Three or more	19
Year first traditional IRA was opened:	
1974 through 1981	25
1982 through 1986	15
1987 through 1992	17
1993 through 1996	9
1997 through 1999	11
2000 through 2002	9
2003 through 2005	7
2006 through May 2008	7
Where traditional IRAs are held:³	
Professional financial adviser (total)	78
Full-service brokerage	39
Independent financial planning firm	28
Bank or savings institution	28
Insurance company	10
Direct sources (total)	36
Mutual fund company	29
Discount brokerage (total)	11
Discount brokerage firm with walk-in offices	8
Discount brokerage firm that is only available online	3

¹Figure reports median among households that contributed to traditional IRAs in tax-year 2007.

²Figure reports percentage among households that contributed to traditional IRAs in tax-year 2007.

³Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

IRA assets, including traditional IRA assets, than households whose traditional IRAs did not include rollovers (Figure A15). Nearly two-thirds of traditional IRA-owning households opened their first traditional IRA in 1996 or earlier (Figure A14). Households with traditional IRAs held them through a wide array

of financial institutions. Seventy-eight percent of traditional IRA-owning households held traditional IRAs through professional financial advisers and 36 percent held traditional IRAs directly at mutual fund companies or discount brokers.

FIGURE A15

CHARACTERISTICS OF HOUSEHOLDS OWNING TRADITIONAL IRAS WITH AND WITHOUT ROLLOVERS FROM EMPLOYER-SPONSORED RETIREMENT PLANS, 2008

	Traditional IRA includes rollover from employer-sponsored retirement plan ¹	Traditional IRA does not include rollover from employer-sponsored retirement plan ²
Median per household		
Age of household sole or co-decisionmaker for saving and investing	56 years	58 years
Household income ³	\$90,000	\$75,000
Household financial assets ⁴	\$300,000	\$270,000
Household financial assets in all types of IRAs	\$87,500	\$50,000
Amount in traditional IRAs	\$75,000	\$40,000
Number of traditional IRAs owned	2	1
Percentage of households		
Household sole or co-decisionmaker for saving and investing:		
Married or living with a partner	79	72
Widowed	7	12
College or postgraduate degree	61	59
Employed full- or part-time	67	61
Retired from lifetime occupation	35	40
Where traditional IRAs are held: ⁵		
Professional financial adviser (total)	80	77
Full-service brokerage	45	34
Independent financial planning firm	28	26
Bank or savings institution	24	32
Insurance company	10	9
Direct market (total)	41	32
Mutual fund company	33	26
Discount brokerage (total)	13	9
Discount brokerage with walk-in offices	10	6
Discount brokerage firm that is only available online	3	4

¹Fifty-two percent of households owning traditional IRAs have traditional IRAs that include rollovers from employer-sponsored retirement plans.

²Forty-eight percent of households owning traditional IRAs have traditional IRAs that do not include rollovers from employer-sponsored retirement plans.

³Total reported is household income before taxes in 2007.

⁴Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.

⁵Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

Households with multiple traditional IRAs tended to hold them at different financial services firms. Half of households with multiple traditional IRAs held each IRA at a different type of financial services firm (Figure A16). Fourteen percent of households with multiple traditional IRAs reported that some of their IRAs are at the same type of financial services firms. The remaining 36 percent indicated that all of their IRAs were at the same type of financial services firm, but this does not necessarily mean that they held their multiple IRAs at the same firm (merely the same type of firm).

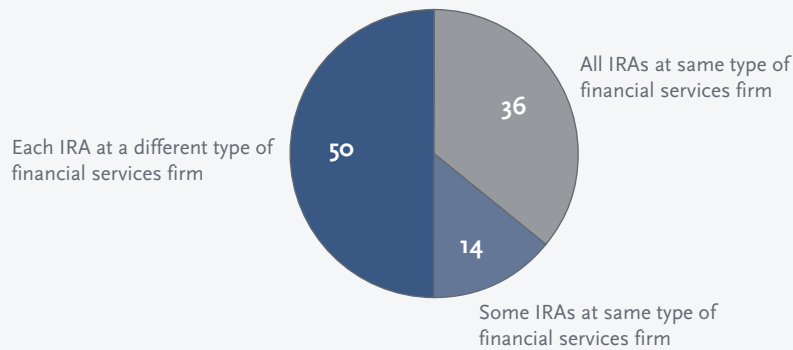
Roth IRAs. In 2008, 18.6 million U.S. households, or 15.9 percent, owned Roth IRAs (Figure A1). The financial decisionmakers of Roth IRA households had a median age of 47 years and were the most likely of all IRA household decisionmakers to have college or postgraduate degrees (Figure A13). More than two-thirds of Roth IRA-owning households also owned traditional IRAs, and 77 percent had DC plan accounts.

Households owning Roth IRAs typically owned one Roth IRA account, with a median balance of \$20,000 (Figure A17). Households with Roth IRAs that were funded by a conversion from a traditional IRA typically had greater IRA assets, including Roth IRA assets, than households whose Roth IRAs were not funded by a conversion from a traditional IRA (Figure A18). Thirty-eight percent of Roth IRA-owning households initially opened their Roth IRAs in 1998, the first year they were offered and the only year in which taxes on conversions could be spread over four years (Figure A17).⁹ Another 15 percent opened their Roth IRAs between 1999 and 2000, and the remaining 47 percent opened their first Roth IRAs in 2001 or later. Twenty-eight percent of households owning Roth IRAs opened a Roth IRA as their first IRA. Roth IRA households mostly held Roth IRAs at mutual fund companies, full-service brokerages, or independent financial planning firms.

FIGURE A16

HOUSEHOLDS HOLD TRADITIONAL IRAs AT DIFFERENT TYPES OF FINANCIAL SERVICES FIRMS

Percentage of traditional IRA-owning households with multiple traditional IRAs, 2008



Number of respondent: 341

Source: Investment Company Institute IRA Owners Survey

FIGURE A17

CHARACTERISTICS OF U.S. HOUSEHOLDS OWNING ROTH IRAs, 2008

Median per household owning Roth IRAs	
Amount in Roth IRAs	\$20,000
Amount contributed to Roth IRAs in tax-year 2007 ¹	\$4,000
Number of Roth IRAs owned	1
Percentage of households owning Roth IRAs	
Roth IRA was first IRA owned	28
Roth IRA was funded by a conversion from a traditional IRA	22
Contributed to a Roth IRA in tax-year 2007 ²	31
Roth IRA assets include assets initially from an employer-sponsored retirement plan	15
Made a withdrawal from a Roth IRA in tax-year 2007	3
Own Roth IRA: ³	
Respondent	82
Spouse	47
Dependent children	3
Number of Roth IRAs owned:	
One	57
Two	34
Three or more	9
Year first Roth IRA was opened:	
1998	38
1999 through 2000	15
2001 through 2002	12
2003 through 2004	14
2005 through 2006	16
2007 through May 2008	5
Where Roth IRAs are held: ³	
Professional financial adviser (total)	70
Full-service brokerage	35
Independent financial planning firm	25
Bank or savings institution	17
Insurance company	6
Direct sources (total)	35
Mutual fund company	29
Discount brokerage (total)	10
Discount brokerage firm with walk-in offices	8
Discount brokerage firm that is only available online	3

¹Figure reports median among households that contributed to Roth IRAs in tax-year 2007.

²Figure reports percentage among households that contributed to Roth IRAs in tax-year 2007.

³Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

FIGURE A18

CHARACTERISTICS OF HOUSEHOLDS OWNING ROTH IRAs BY SOURCE OF FUNDING OF ROTH IRA, 2008

	Roth IRA was funded by a conversion from a traditional IRA ¹	Roth IRA was not funded by a conversion from a traditional IRA ²
Median per household		
Age of household sole or co-decisionmaker for saving and investing	54 years	50 years
Household income ³	\$87,500	\$90,000
Household financial assets ⁴	\$250,000	\$250,000
Household financial assets in all types of IRAs	\$62,500	\$50,000
Amount in Roth IRAs	\$35,000	\$20,000
Number of Roth IRAs owned	1	1
Percentage of households		
Household sole or co-decisionmaker for saving and investing:		
Married or living with a partner	78	77
Widowed	4	6
College or postgraduate degree	66	70
Employed full- or part-time	71	82
Retired from lifetime occupation	30	20
Year first Roth IRA was opened:		
1998	45	37
1999 through 2000	14	15
2001 through 2002	8	13
2003 through 2004	8	15
2005 through 2006	17	16
2007 through May 2008	8	4
Contributed to a Roth IRA in tax-year 2007	31	33

¹Twenty-two percent of households owning Roth IRAs have Roth IRAs funded by conversions from traditional IRAs. The sample size is small.

²Seventy-eight percent of households owning Roth IRAs have Roth IRAs that are not funded by conversions from traditional IRAs.

³Total reported is household income before taxes in 2007.

⁴Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.

Source: Investment Company Institute IRA Owners Survey

TRADITIONAL IRA WITHDRAWALS MOSTLY MADE BY OLDER OWNERS

Households making traditional IRA withdrawals in tax-year 2007 tended to be older and retired. The median age of the household decisionmaker surveyed among households that took traditional IRA withdrawals was 72 years, compared with 51 years among households not taking distributions (Figure A19). Sixty-nine

percent of households that took withdrawals were headed by retired individuals. Most households that took traditional IRA withdrawals in tax-year 2007 did so to fulfill required minimum distributions (RMDs). Households that were retired and took traditional IRA withdrawals usually took withdrawals to pay for living expenses or to reinvest or save the withdrawal amount in another account.

FIGURE A19

MOST TRADITIONAL IRA WITHDRAWALS ARE MADE TO MEET REQUIRED MINIMUM DISTRIBUTIONS

Characteristics of U.S. households owning traditional IRAs by withdrawal status in tax-year 2007

	Made a withdrawal from a traditional IRA in tax-year 2007 ¹	Did not make a withdrawal from a traditional IRA in tax-year 2007 ²
Median per household		
Age of household sole or co-decisionmaker for saving and investing	72 years	51 years
Household income ³	\$50,000	\$80,000
Household financial assets ⁴	\$300,000	\$230,000
Household financial assets in all types of IRAs	\$87,500	\$73,000
Percentage of households		
Household sole or co-decisionmaker for saving and investing:		
Married or living with a partner	63	76
Widowed	23	6
Employed	31	77
Retired from lifetime occupation	69	22
How withdrawal was determined:		
Withdraw to meet the IRS's required minimum distribution	64	N/A
Withdraw a lump sum based on needs	18	N/A
Withdraw a fixed dollar amount each year	4	N/A
Withdraw a fixed percentage of the account balance each year	2	N/A
Withdraw an amount based on life expectancy	1	N/A
Some other way	11	N/A
Purpose of traditional IRA withdrawal in retirement: ^{5, 6}		
Took withdrawals to pay for living expenses	47	N/A
Spent it on a car, boat, or big ticket item other than a home	5	N/A
Used it for an emergency, such as a healthcare expense	8	N/A
Used it for home purchase, repair, or remodeling	15	N/A
Reinvested or saved it in another account	33	N/A
Some other purpose	7	N/A

N/A = not applicable

¹Twenty-two percent of households owning traditional IRAs withdrew money from them in tax-year 2007.

²Seventy-eight percent of households owning traditional IRAs did not withdraw money from them in tax-year 2007.

³Total reported is household income before taxes in 2007.

⁴Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.

⁵Figure reported for traditional IRA-owning households that took a withdrawal in tax-year 2007 and either the head of household or spouse was retired.

⁶Multiple responses are included.

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and Investment Company Institute IRA Owners Survey

The reasons cited for traditional IRA withdrawals also vary by age of the head of household. Looking over a longer time horizon (1999 through 2007), households headed by individuals younger than 69 were more likely

to report taking withdrawals to pay for living expenses, while more than three-quarters of households headed by individuals aged 70 or older reported taking withdrawals to meet RMDs (Figure A20).

FIGURE A20

TRADITIONAL IRA WITHDRAWAL ACTIVITY BY AGE OF HEAD OF HOUSEHOLD

Percentage of traditional IRA-owning households taking withdrawals,¹ 1999–2007

	Households with traditional IRA withdrawals	Age of head of household		
		Younger than 59	59 to 69	70 or older
Reason for withdrawal²				
To take a required minimum distribution	49	11	13	78
To pay living expenses	21	28	37	12
To pay for healthcare	9	13	11	6
To reinvest the money ³	7	7	10	5
To buy a home	2	5	3	1
To make a large purchase	8	10	16	4
To pay for education	3	9	2	1
Other reason	15	24	22	9
Age of head of household				
Younger than 59	23	100	0	0
59 to 69	21	0	100	0
70 or older	56	0	0	100
Amount withdrawn				
Less than \$2,500	28	26	15	34
\$2,500 to \$4,999	16	16	11	18
\$5,000 to \$9,999	18	22	17	17
\$10,000 to \$24,999	23	22	30	20
\$25,000 to \$49,999	8	7	15	7
\$50,000 or more	7	7	12	4
Mean	\$14,800	\$15,000	\$21,000	\$12,200
Median	\$6,000	\$6,000	\$10,000	\$4,000
Full or partial withdrawal from traditional IRA				
Withdrew some, but not all money	86	69	86	93
Withdrew all money	14	31	14	7

¹Twenty percent of households either still holding traditional IRAs in the year of the survey and having withdrawn some of the assets (16 percent) or having liquidated (4 percent) their traditional IRA during the year prior to the survey are counted as having withdrawals.

²The denominator includes households still holding traditional IRAs and those households whose withdrawals in the previous year closed their traditional IRAs. Results are pooled over 2000 to 2008 survey years covering withdrawal activity in 1999 to 2007.

³Households indicating they were buying investments outside IRAs and/or buying another type of IRA.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Surveys, 2000 to 2008

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NOTES

- ¹ The demographic and financial characteristics of IRA owners are derived from the May 2008 IRA Owners Survey of 800 randomly selected, representative U.S. households owning traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs). The standard error for the total sample is ± 3.5 percentage points at the 95 percent confidence level. IRA ownership does not include ownership of Coverdell Education Savings Accounts (formerly called Education IRAs).
- ² For the rules governing IRAs, see Internal Revenue Service 2007. For a brief history of IRAs and a discussion of the various features of the different types of IRA, see Holden, Ireland, Leonard-Chambers, and Bogdan 2005. For definitions of key terms related to IRAs and retirement saving, see page 2 of Holden and Schrass 2009.
- ³ The number of U.S. households owning IRAs in 2000 through 2008 is based on the following U.S. Census Bureau's total U.S. household estimates: 106.4 million in 2000; 108.2 million in 2001; 109.3 million in 2002; 111.3 million in 2003; 112.0 million in 2004; 113.3 million in 2005; 114.4 million in 2006; 116.0 million in 2007; and 116.8 million in 2008 (see U.S. Census Bureau 2008).
- ⁴ See Holden, Ireland, Leonard-Chambers, and Bogdan 2005 for a discussion of the history of IRAs.
- ⁵ Prior to 2006, Roth IRAs could not directly accept rollovers from employer-sponsored retirement plans. Starting in 2006, Roth accounts in 401(k) and 403(b) plans could be rolled over to Roth IRAs. The Pension Protection Act of 2006 allows direct rollovers of non-Roth amounts in qualified employer-sponsored retirement plans to Roth IRAs starting in 2008. For a complete discussion of the specific rules, see Internal Revenue Service 2007. Among Roth IRA-owning households in 2008, 15 percent reported that their Roth IRAs contained assets that were initially from an employer-sponsored retirement plan (see Figure A17).
- ⁶ In aggregate, 47 percent of the \$4.5 trillion in IRAs at mid-year 2008 was invested in mutual funds (see Investment Company Institute 2008 and Brady and Holden 2008).
- ⁷ See discussion and Figure 13 in Holden and Schrass 2009.
- ⁸ See Holden, Ireland, Leonard-Chambers, and Bogdan 2005 for a discussion of the relationship between demographic characteristics and the propensity to save. For additional discussion, see also Brady and Sigrist 2008 and Sabelhaus, Bogdan, and Schrass 2008.
- ⁹ For data on aggregate Roth IRA assets, contributions, and conversions, see Investment Company Institute 2008. For reference on rules governing IRAs, see Internal Revenue Service 2007.

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