

Appendix: Additional Data on IRA Ownership in 2010

“The Role of IRAs in U.S. Households’ Saving for Retirement, 2010” (*Investment Company Institute Fundamentals* 19, no. 8) covers U.S. households’ individual retirement account (IRA) ownership in 2010. 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 main report.²

HOUSEHOLD OWNERSHIP OF IRAS

In 2010, 48.6 million U.S. households, or 41.4 percent, owned at least one type of IRA. Household ownership of IRAs has grown since 2000. The number of households with IRAs increased by 10.6 million between 2000 and 2010, or at a compound average growth rate of 2.5 percent per year (Figure A1).

FIGURE A1
U.S. HOUSEHOLDS OWNING IRAS, 2000–2010

	Number of U.S. households Millions				Share of U.S. households Percent				Memo: total U.S. households ¹ Millions
	Any type of IRA ²	Traditional IRAs	Roth IRAs	Employer- sponsored IRAs ³	Any type of IRA ²	Traditional IRAs	Roth IRAs	Employer- sponsored IRAs ³	
2000	38.0	30.5	9.8	7.2	35.7%	28.7%	9.2%	6.8%	106.4
2001	39.2	31.3	10.6	8.7	36.2	28.9	9.8	8.0	108.2
2002	38.0	30.8	11.8	8.4	34.8	28.2	10.8	7.7	109.3
2003	40.8	32.9	13.9	8.3	36.7	29.6	12.5	7.5	111.3
2004	40.9	33.2	13.0	9.0	36.5	29.6	11.6	8.0	112.0
2005	43.0	34.0	14.5	8.4	37.9	30.0	12.8	7.4	113.3
2006	43.8	36.3	15.3	8.8	38.3	31.7	13.4	7.7	114.4
2007	46.2	37.7	17.3	9.2	39.8	32.5	14.9	7.9	116.0
2008	47.3	37.5	18.6	10.0	40.5	32.1	15.9	8.6	116.8
2009	46.1	36.6	17.0	9.6	39.3	31.2	14.5	8.2	117.2
2010	48.6	38.5	19.5	9.4	41.4	32.8	16.6	8.0	117.5

¹The number of households is as of March of the year indicated.

²IRA ownership excludes ownership of Coverdell Education Savings Accounts (formerly called Education IRAs).

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey (2000 through 2010) 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).³ Roth IRAs were the second-most frequently held type of IRA, followed by employer-sponsored IRAs, which include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs. Household ownership of Roth IRAs grew the fastest, with the number of households owning Roth IRAs increasing 7.1 percent on average each year between 2000 and 2010. The number of households that owned traditional IRAs rose 2.4 percent on average each year, while the number of households with employer-sponsored IRAs grew at an average rate of 2.7 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-three percent of households headed by individuals aged 55 to 64 owned traditional IRAs, compared with only 21 percent of households headed by individuals younger than age 35 (Figure A2).⁴ Thirty-seven 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.

ABOUT THE ANNUAL MUTUAL FUND SHAREHOLDER TRACKING SURVEY

ICI conducts the Mutual Fund Shareholder Tracking Survey each spring to gather information on the demographic and financial characteristics of U.S. households. The most recent survey was conducted in May 2010 and was based on a sample of 4,200 U.S. households selected by random digit dialing, of which 1,738 households, or 41.4 percent, owned IRAs. All interviews were conducted over the telephone with the member of the household who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments. The standard error for the 2010 sample of households is ± 1.5 percentage points at the 95 percent confidence level.

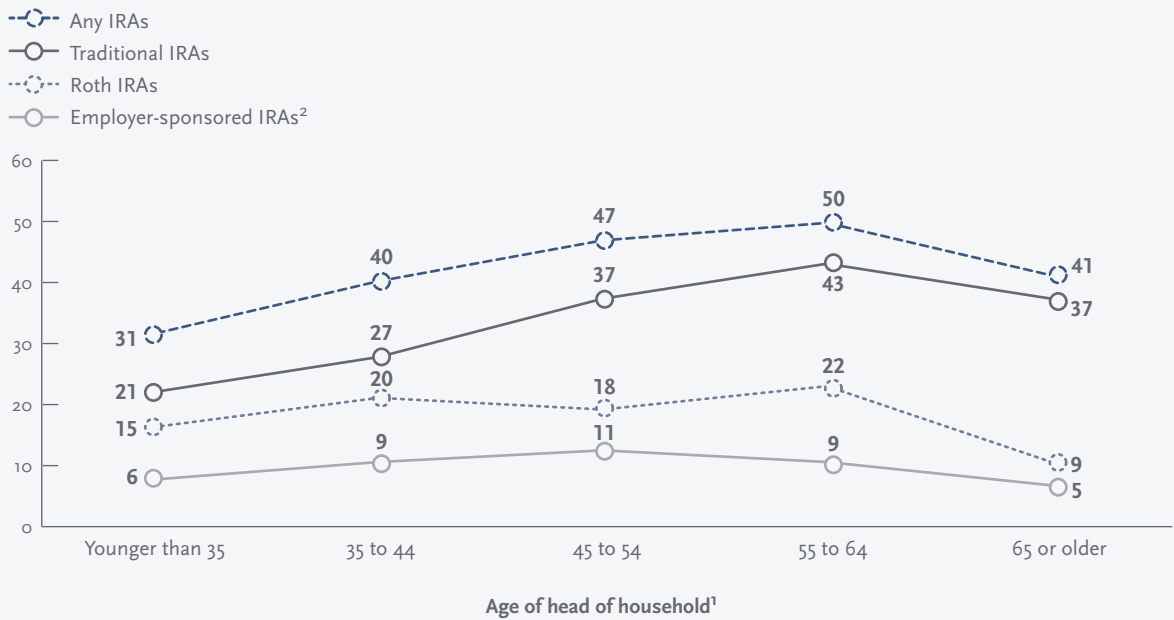
ABOUT THE IRA OWNERS SURVEY

ICI typically conducts the IRA Owners Survey each spring to gather information on characteristics and activities on IRA owning households in the United States. The most recent survey was conducted in May 2010 and was based on a sample of 1,800 randomly selected, representative U.S. households owning traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). All interviews were conducted over the telephone with the member of the household who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments. The standard error for the total sample is ± 2.3 percentage points at the 95 percent confidence level. IRA ownership does not include ownership of Coverdell Education Savings Accounts (formerly called Education IRAs).

FIGURE A2

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

Percentage of U.S. households within each age group,¹ 2010



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

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE 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-six percent of households with incomes of \$50,000 or more owned traditional IRAs, compared with 20 percent of households with incomes of less than \$50,000. Twenty-six percent of households

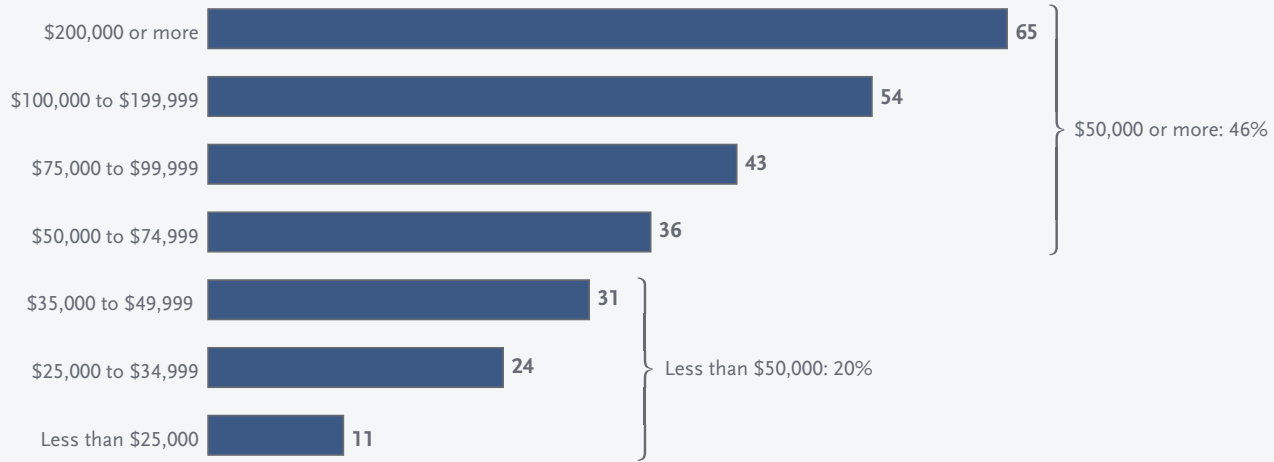
with incomes of \$50,000 or more owned Roth IRAs, compared with 8 percent of households with incomes of less than \$50,000. Thirteen percent of households with incomes of \$50,000 or more owned employer-sponsored IRAs. Only 3 percent of households with incomes of less than \$50,000 owned employer-sponsored IRAs.

FIGURE A3

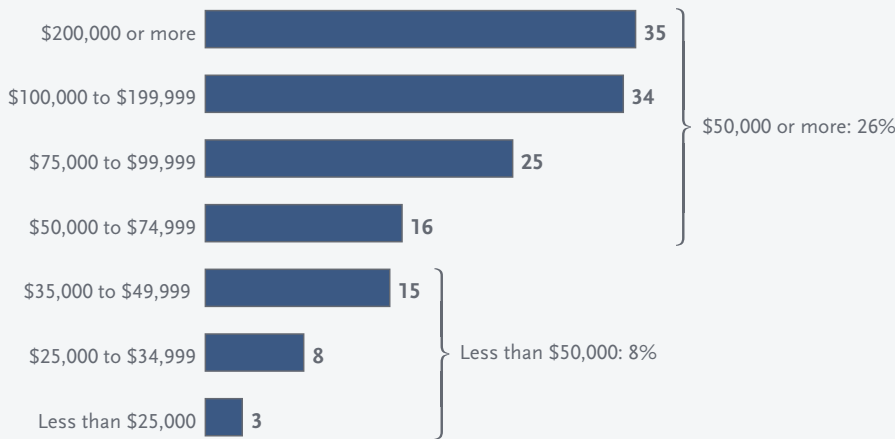
U.S. HOUSEHOLDS OWNING TRADITIONAL, ROTH, OR EMPLOYER-SPONSORED IRAs BY HOUSEHOLD INCOME

Percentage of U.S. households within each income group that own type of IRA indicated,¹ 2010

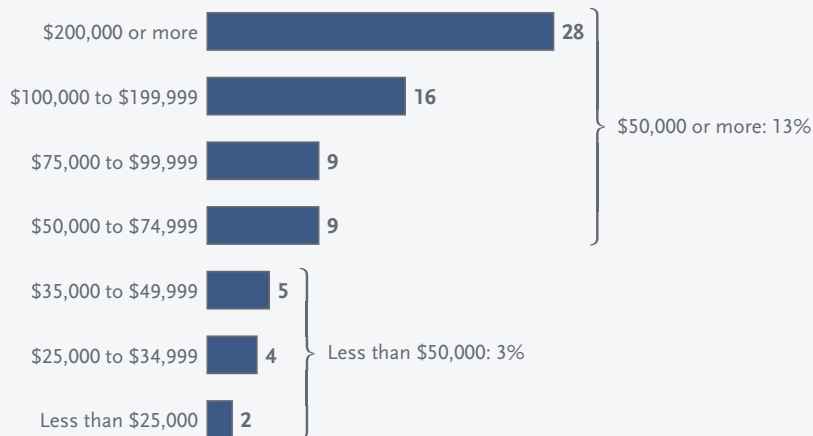
Traditional IRAs



Roth IRAs



Employer-sponsored IRAs²



¹Total reported is household income before taxes in 2009.

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

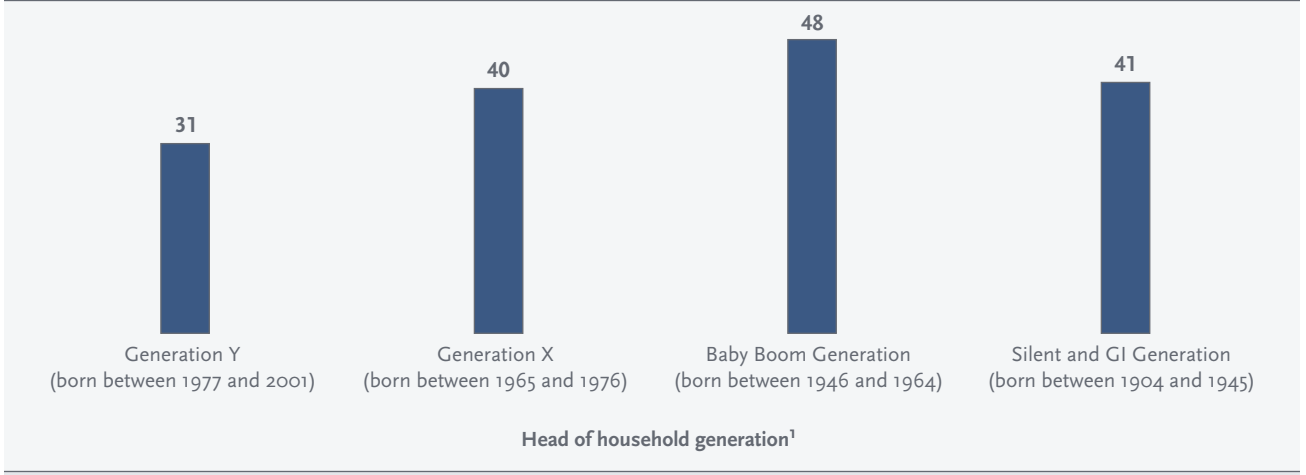
Note: For incidence of any IRA ownership by household income, see Figure 5 in the main report.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

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} 2010



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 (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

IRA OWNERSHIP BY GENERATION

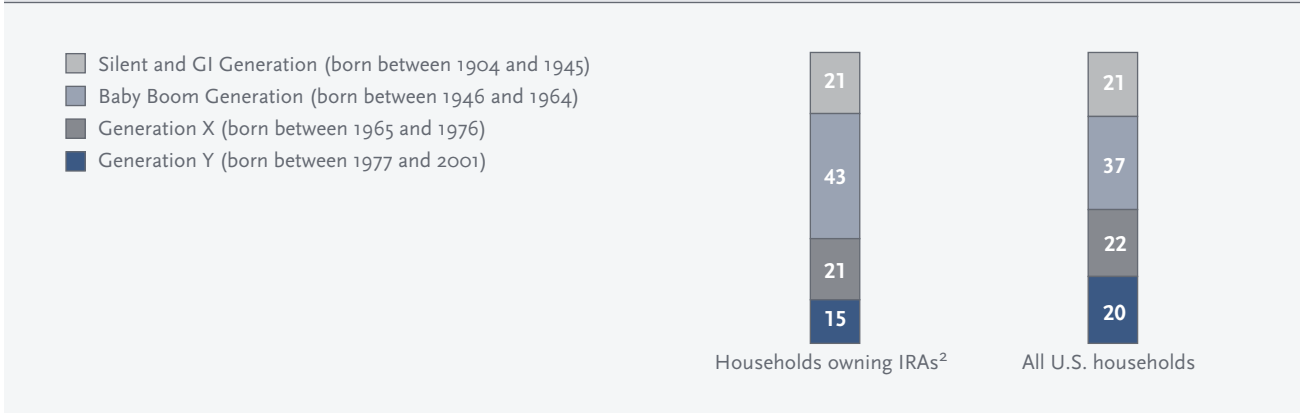
Multiple generations of Americans owned IRAs, but the incidence of IRA ownership was greatest among households headed by members of the Baby Boom Generation. In 2010, 48 percent of households headed by members of the Baby Boom Generation owned IRAs (Figure A4). As a result, 43 percent of IRA-owning households were headed by individuals who 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; and one in 10 owned employer-sponsored IRAs (Figure A6). In 2010, households headed by individuals who were members of the Baby Boom Generation held a significant portion of total IRA assets. Fifty-four percent of all IRA assets were held by households headed by individuals who were members of this generation.⁵

FIGURE A5

BABY BOOMERS ARE 43 PERCENT OF ALL IRA-OWNING HOUSEHOLDS

Percentage distribution of households owning IRAs and all U.S. households by generation,¹ 2010



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

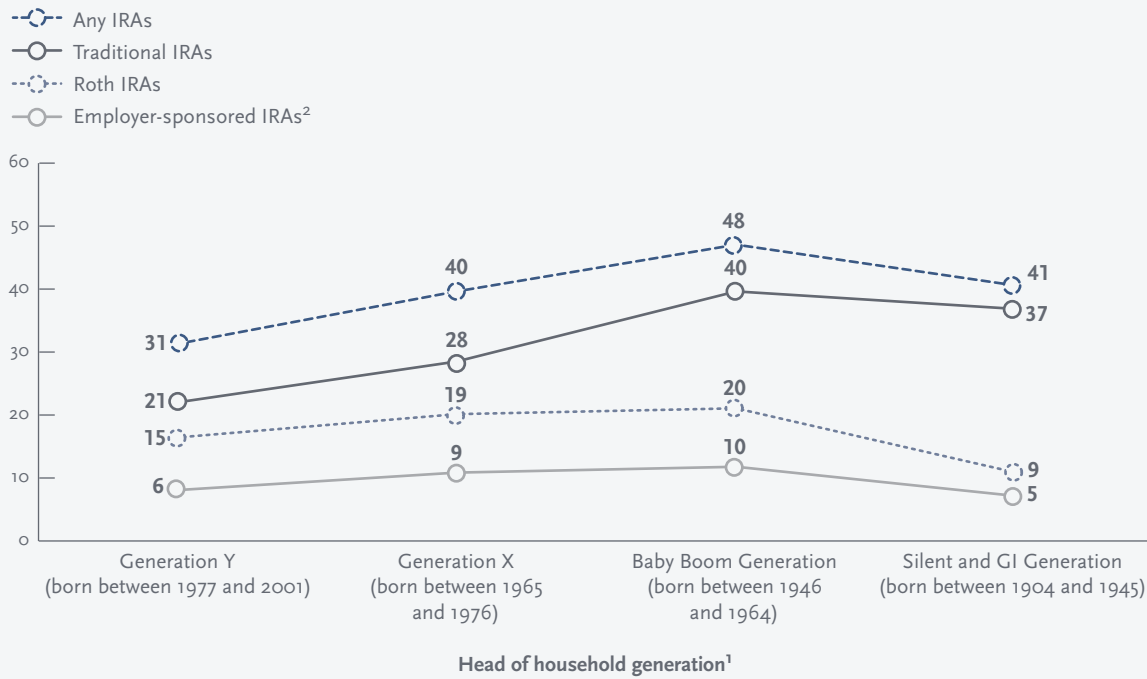
²IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

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

FIGURE A6

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

Percentage of U.S. households within each generation group,¹ 2010



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

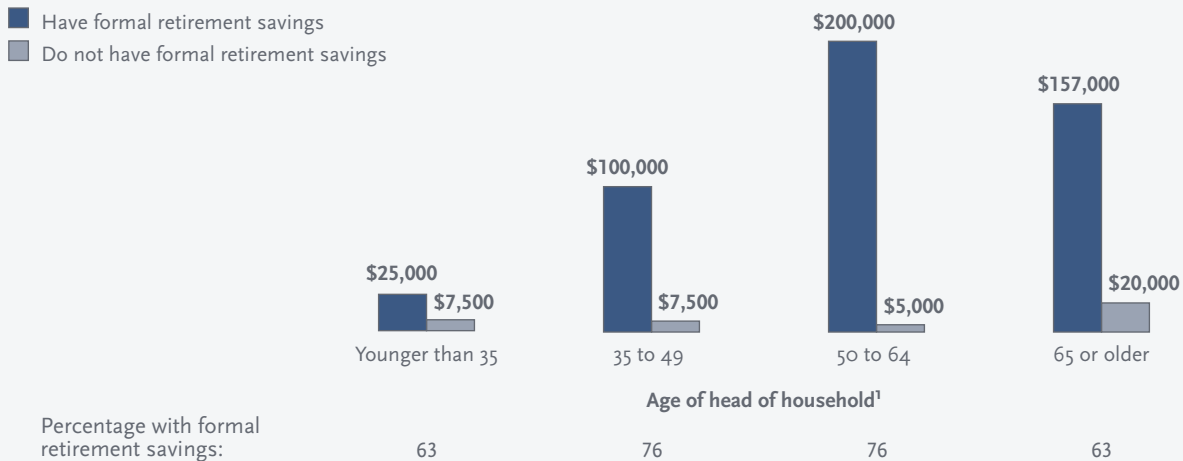
²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

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, 2} 2010



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

²Formal retirement savings include IRAs or employer-sponsored retirement plans (DB or DC plans) or both.

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 was \$36,000 in 2010 (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 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.⁶ In 2010, the median amount in Roth IRAs was \$14,000, and the median amount in employer-sponsored IRAs was \$16,000. The median household financial assets in traditional IRAs was \$40,000.

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 \$18,000, while households owning traditional IRAs for 20 years or more had median traditional IRA holdings of \$80,000 (Figure A9). Mean traditional IRA holdings, while higher than the median values, exhibited a similar pattern.

FIGURE A8

HOUSEHOLD FINANCIAL ASSETS IN IRAs BY TYPE OF IRA

Percentage of U.S. households with IRA assets in specified ranges, 2010

	Total household financial assets in IRAs	Type of IRA owned		
		Traditional IRAs	Roth IRAs	Employer-sponsored IRAs*
Assets in type of IRA				
Less than \$10,000	21	20	36	39
\$10,000 to \$24,999	20	20	29	22
\$25,000 to \$49,999	15	16	14	14
\$50,000 to \$99,999	17	17	12	8
\$100,000 to \$249,999	17	16	7	10
\$250,000 or more	10	11	2	7
Mean	\$100,800	\$102,000	\$39,700	\$60,400
Median	\$36,000	\$40,000	\$14,000	\$16,000

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

Source: Investment Company Institute IRA Owners Survey

FIGURE A9

HOUSEHOLD FINANCIAL ASSETS IN TRADITIONAL IRAS BY LENGTH OF OWNERSHIP, 2010



Source: Investment Company Institute IRA Owners Survey

FIGURE A10

TYPES OF INVESTMENTS HELD IN IRAS

Percentage of households with type of IRA indicated,¹ 2010

IRA investments	Any type of IRA	Type of IRA owned		
		Traditional IRAs	Roth IRAs	Employer-sponsored IRAs ²
Mutual funds (total)	63	62	60	51
Stock funds	48	48	47	40
Bond funds	30	29	22	16
Hybrid funds	26	25	21	20
Money market funds	27	26	18	18
Individual stocks	36	36	24	27
Annuities (total)	28	29	19	15
Fixed annuities	19	19	13	8
Variable annuities	19	19	10	13
Bank savings accounts, money market deposit accounts, or certificates of deposit	25	26	16	11
Individual bonds (not including U.S. savings bonds)	11	10	7	7
U.S. savings bonds	11	10	7	9
ETFs	8	6	7	5
Other	5	4	3	5
Mean number of investment types held in IRA	3 types of investments	3 types of investments	2 types of investments	3 types of investments

¹ Multiple responses are included.

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

Note: Number of respondents varies.

Source: Investment Company Institute IRA Owners Survey

Mutual funds were the most common IRA investment (Figure A10).⁷ In 2010, 63 percent of IRA-owning households had IRA assets invested in mutual funds, usually stock funds. Thirty-six percent held individual stocks in their IRAs. Twenty-eight percent of households owning IRAs held annuities, and 25 percent 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.

CONTRIBUTIONS TO TRADITIONAL AND ROTH IRAs

Twenty-four percent of traditional IRA-owning households—an estimated 9.2 million—contributed to their traditional IRAs in tax year 2009, with a median contribution of \$3,500 per household (Figure A11). Those who contributed to their traditional IRAs typically

FIGURE A11

CHARACTERISTICS OF HOUSEHOLDS OWNING TRADITIONAL OR ROTH IRAs BY CONTRIBUTION STATUS IN TAX YEAR 2009

	Traditional IRA-owning households		Roth IRA-owning households	
	Contributed to traditional IRA in tax year 2009 ¹	Did not contribute to traditional IRA in tax year 2009 ²	Contributed to Roth IRA in tax year 2009 ³	Did not contribute to Roth IRA in tax year 2009 ⁴
Median per household				
Age of household sole or co-decisionmaker for saving and investing	49 years	55 years	42 years	49 years
Household income ⁵	\$87,000	\$65,000	\$87,500	\$85,000
Household financial assets ⁶	\$150,000	\$200,000	\$150,000	\$200,000
Household financial assets in all types of IRAs	\$48,000	\$50,000	\$35,000	\$50,000
Amount contributed per household to each type of IRA in tax year 2009	\$3,500	N/A	\$3,000	N/A
Percentage of households				
Household sole or co-decisionmaker for saving and investing:				
Married or living with a partner	78	71	82	78
College or postgraduate degree	40	46	56	52
Employed full- or part-time	84	62	88	74
Household has DC retirement plan account	79	68	78	76

¹Twenty-four percent of households owning traditional IRAs contributed to them in tax year 2009.

²Includes all households owning traditional IRAs that did not contribute to them in tax year 2009. Some of these households may have been ineligible to make deductible contributions.

³Thirty-seven percent of households owning Roth IRAs contributed to them in tax year 2009.

⁴Includes all households owning Roth IRAs that did not contribute to them in tax year 2009. Some of these households may have been ineligible to contribute to Roth IRAs in tax year 2009.

⁵Total reported is household income before taxes in 2009.

⁶Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

N/A = not applicable

Source: Investment Company Institute IRA Owners Survey

were younger and had higher household incomes but lower household financial assets than noncontributors. Thirty-seven percent of households owning Roth IRAs—an estimated 7.2 million—contributed to their Roth IRAs in tax year 2009, with a median contribution of \$3,000 per household.

Since tax year 2002, individuals aged 50 or older are eligible to make “catch-up” contributions to their IRAs.⁸ In tax year 2009, 28 percent of traditional IRA-owning households with individuals aged 50 or older contributed to their IRAs; 39 percent of these contributing households made catch-up

contributions (Figure A12). Thirty-eight percent of Roth IRA-owning households with individuals aged 50 or older contributed to their IRAs; 39 percent of these contributing households made catch-up contributions.

DEMOGRAPHIC CHARACTERISTICS OF IRA-OWNING HOUSEHOLDS

Saving activity tends to increase with age, educational attainment, and household income, and married people tend to save more than single persons.⁹ Households that owned IRAs typically had greater financial assets and higher incomes than households without IRAs (Figure A13). In addition, the financial

FIGURE A12

CATCH-UP CONTRIBUTIONS AMONG IRA OWNERS

	Tax year 2002	Tax year 2003	Tax year 2004	Tax year 2006	Tax year 2007	Tax year 2008	Tax year 2009
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	9	13	16	12	15	13	11
Contributed, but did not make a catch-up contribution	17	20	20	23	10	14	17
Did not contribute ²	74	67	64	65	75	73	72
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	15	28	33	21	17	23	15
Contributed, but did not make a catch-up contribution	12	21	25	28	14	19	23
Did not contribute	73	51	42	51	69	58	62

¹Households that may make catch-up contributions to traditional IRAs are those in which a household member is at least 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

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.

Traditional IRAs. More than 38 million U.S. households, or about 33 percent, owned traditional IRAs in 2010 (Figure A1). The financial decisionmakers of households with traditional IRAs tended to be older; 30 percent were retired from their lifetime occupations

(Figure A13). Seventy-one percent of households with traditional IRAs also had defined contribution (DC) plan accounts. Thirty-two 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 \$40,000 in these IRAs, typically held in one account (Figure A14). Households with traditional IRAs that included rollover assets typically had greater IRA assets, including

FIGURE A13					
CHARACTERISTICS OF U.S. HOUSEHOLDS OWNING IRAs, 2010					
	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	47 years	47 years
Household income ²	\$73,000	\$75,000	\$87,000	\$78,000	\$35,000
Household financial assets ³	\$150,000	\$200,000	\$200,000	\$200,000	\$25,000
Household financial assets in all types of IRAs	\$36,000	\$50,000	\$40,000	\$50,000	N/A
Share of household financial assets in type of IRA indicated	34%	27%	10%	10%	N/A
Percentage of households					
Household sole or co-decisionmaker for saving and investing:					
Married or living with a partner	74	73	79	83	56
College or postgraduate degree	43	44	54	38	21
Employed full- or part-time	70	67	80	76	55
Retired from lifetime occupation	26	30	16	19	29
Household has DC account or DB plan coverage (total) ⁴					
DC retirement plan account	70	71	77	70	41
DB plan coverage	47	50	49	36	23
Types of IRAs owned: ⁴					
Traditional IRA	79	100	63	58	N/A
Roth IRA	40	32	100	38	N/A
Employer-sponsored IRA ¹	19	14	18	100	N/A
¹ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.					
² Total reported is household income before taxes in 2009.					
³ Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.					
⁴ Multiple responses are included.					
N/A = not applicable					
Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and Investment Company Institute IRA Owners Survey					

FIGURE A14

CHARACTERISTICS OF U.S. HOUSEHOLDS OWNING TRADITIONAL IRAs, 2010

Median per household owning traditional IRAs	
Amount in traditional IRAs	\$40,000
Amount contributed to traditional IRAs in tax year 2009 ¹	\$3,500
Number of traditional IRAs owned	1
Percentage of households owning traditional IRAs	
Traditional IRA includes rollover from an employer-sponsored retirement plan	55
Contributed to a traditional IRA in tax year 2009	24
Deducted a traditional IRA contribution in tax year 2009 ²	29
Made a withdrawal from a traditional IRA in tax year 2009	15
Own traditional IRA: ³	
Respondent	85
Spouse	43
Dependent children	3
Number of traditional IRAs owned:	
One	57
Two	29
Three or more	14
Year first traditional IRA was opened:	
1974 through 1981	16
1982 through 1986	12
1987 through 1991	16
1992 through 1996	13
1997 through 2001	17
2002 through 2004	9
2005 through 2007	10
2008 through May 2010	7
Where traditional IRAs are held: ³	
Professional financial adviser (total)	78
Full-service brokerage	34
Independent financial planning firm	23
Bank or savings institution	30
Insurance company	9
Direct sources (total)	28
Mutual fund company	24
Discount brokerage (total)	9
Discount brokerage firm with walk-in offices	6
Discount brokerage firm that is only available online	3

¹ Figure reports median among households that contributed to traditional IRAs in tax year 2009.

² Figure reports percentage among households that contributed to traditional IRAs in tax year 2009.

³ Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

traditional IRA assets, than households whose traditional IRAs did not include rollovers (Figure A15). Fifty-seven percent 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 28 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, 2010

	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	53 years	53 years
Household income ³	\$80,000	\$70,000
Household financial assets ⁴	\$200,000	\$150,000
Household financial assets in all types of IRAs	\$62,500	\$30,000
Amount in traditional IRAs	\$54,000	\$20,000
Number of traditional IRAs owned	1	1
Percentage of households		
Household sole or co-decisionmaker for saving and investing:		
Married or living with a partner	76	70
Widowed	6	10
College or postgraduate degree	45	41
Employed full- or part-time	64	71
Retired from lifetime occupation	31	29
Where traditional IRAs are held: ⁵		
Professional financial adviser (total)	81	75
Full-service brokerage	39	27
Independent financial planning firm	26	21
Bank or savings institution	28	32
Insurance company	9	10
Direct market (total)	29	28
Mutual fund company	23	25
Discount brokerage (total)	9	8
Discount brokerage with walk-in offices	7	5
Discount brokerage firm that is only available online	3	3

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

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

³ Total reported is household income before taxes in 2009.

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

⁵ Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

Households with multiple traditional IRAs tended to hold them at different financial services firms. Forty-three percent of households with multiple traditional IRAs held each IRA at a different type of financial services firm (Figure A16). Sixteen percent of households with multiple traditional IRAs reported that some of their IRAs were at the same type of financial services firms. The remaining 41 percent indicated

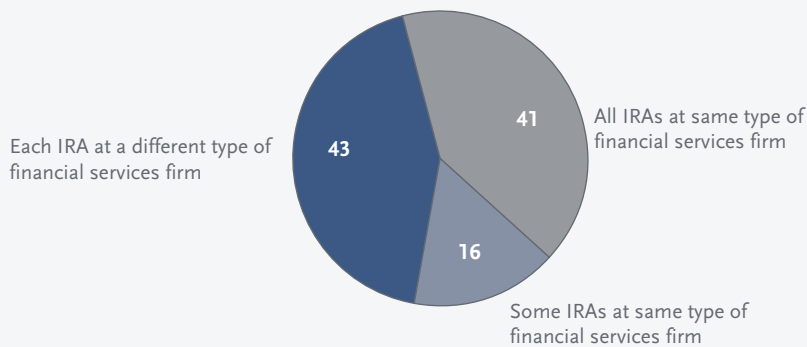
that all of their IRAs were at the same type of financial services firm, but this does not necessarily mean that they held their multiple IRAs at the same firm (merely the same type of firm).

Roth IRAs. In 2010, 19.5 million U.S. households, or 16.6 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

FIGURE A16

HOUSEHOLDS HOLD TRADITIONAL IRAs AT DIFFERENT TYPES OF FINANCIAL SERVICES FIRMS

Percentage of traditional IRA-owning households with multiple traditional IRAs, 2010



Number of respondents: 571

Source: Investment Company Institute IRA Owners Survey

all IRA household decisionmakers to have college or postgraduate degrees (Figure A13). Sixty-three percent 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 \$14,000 (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). Twenty-two 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).^{10, 11} Another 28 percent opened their Roth IRAs between 1999 and 2001, and the remaining 50 percent opened their first Roth IRAs in 2002 or later. Thirty-seven 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.

TRADITIONAL IRA WITHDRAWALS MOSTLY MADE BY OLDER OWNERS

Households making traditional IRA withdrawals in tax years 2008 and 2009 tended to be older and retired. In tax year 2009, the median age of the household decisionmaker surveyed among households that took traditional IRA withdrawals was 71, compared with 51 among households not taking distributions (Figure A19). In tax year 2008, the median age was 74 for households taking traditional IRA withdrawals and 50 for households not taking distributions. Seventy-one percent of households that took withdrawals were headed by retired individuals in tax year 2009, compared with 79 percent in tax year 2008. Typically, withdrawals from traditional IRAs were taken to fulfill RMDs. Although RMDs were suspended in tax year 2009, some households chose to receive their regular RMD.¹² Forty-eight percent of households owning traditional IRAs in 2010 and making withdrawals in tax year 2009 calculated their withdrawal amount based on RMD, compared to 64 percent in tax year 2008. Twenty-nine percent of traditional IRA–owning households

FIGURE A17

CHARACTERISTICS OF U.S. HOUSEHOLDS OWNING ROTH IRAs, 2010

Median per household owning Roth IRAs

Amount in Roth IRAs	\$14,000
Amount contributed to Roth IRAs in tax year 2009 ¹	\$3,000
Number of Roth IRAs owned	1

Percentage of households owning Roth IRAs

Roth IRA was first IRA owned	37
Roth IRA was funded by a conversion from a traditional IRA	23
Contributed to a Roth IRA in tax year 2009	37
Roth IRA assets include assets initially from an employer-sponsored retirement plan	19
Made a withdrawal from a Roth IRA in tax year 2009	3

Own Roth IRA:²

Respondent	86
Spouse	41
Dependent children	2

Number of Roth IRAs owned:

One	64
Two	30
Three or more	6

Year first Roth IRA was opened:

1998	22
1999 through 2001	28
2002 through 2004	16
2005 through 2006	12
2007 through 2008	15
2009 through May 2010	7

Where Roth IRAs are held:²

Professional financial adviser (total)	74
Full-service brokerage	32
Independent financial planning firm	26
Bank or savings institution	22
Insurance company	7
Direct sources (total)	30
Mutual fund company	24
Discount brokerage (total)	10
Discount brokerage firm with walk-in offices	7
Discount brokerage firm that is only available online	3

¹ Figure reports median among households that contributed to Roth IRAs in tax year 2009.

² Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

taking withdrawals reported they withdrew lump sums based on needs in tax year 2009, compared to 19 percent in tax year 2008.

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. In tax year 2009, half

reported using traditional IRA withdrawals to pay for living expenses, compared to 44 percent in tax year 2008 (Figure A19). Twenty-eight percent of households making withdrawals in tax year 2009 reinvested or saved the withdrawal amount in another account, compared with 31 percent in tax year 2008.

FIGURE A18

CHARACTERISTICS OF HOUSEHOLDS OWNING ROTH IRAs BY SOURCE OF FUNDING, 2010

	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	50 years	45 years
Household income ³	\$80,000	\$87,500
Household financial assets ⁴	\$200,000	\$200,000
Household financial assets in all types of IRAs	\$65,000	\$35,000
Amount in Roth IRAs	\$32,000	\$10,000
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	80	79
Widowed	6	3
College or postgraduate degree	63	51
Employed full- or part-time	73	82
Retired from lifetime occupation	24	14
Year first Roth IRA was opened:		
1998	28	20
1999 through 2001	18	32
2002 through 2004	16	15
2005 through 2006	12	12
2007 through 2008	13	16
2009 through May 2010	13	5
Contributed to a Roth IRA in tax year 2009	37	38

¹Twenty-three percent of households owning Roth IRAs have Roth IRAs funded by conversions from traditional IRAs.

²Seventy-seven 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 2009.

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

Source: Investment Company Institute IRA Owners Survey

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 years 2008 and 2009*

	Made a withdrawal from a traditional IRA in tax year 2008 ¹	Did not make a withdrawal from a traditional IRA in tax year 2008 ²	Made a withdrawal from a traditional IRA in tax year 2009 ³	Did not make a withdrawal from a traditional IRA in tax year 2009 ⁴
Median per household				
Age of household sole or co-decisionmaker for saving and investing	74 years	50 years	71 years	51 years
Household income ⁵	\$45,000	\$84,000	\$50,000	\$80,000
Household financial assets ⁶	\$200,000	\$150,000	\$220,000	\$200,000
Household financial assets in all types of IRAs	\$62,500	\$35,000	\$94,000	\$42,500
Percentage of households				
Household sole or co-decisionmaker for saving and investing:				
Married or living with a partner	63	71	61	75
Widowed	24	5	20	6
College or postgraduate degree	32	47	37	45
Employed full- or part-time	29	73	31	74
Retired from lifetime occupation	79	22	71	23
How withdrawal was determined:				
Withdraw to meet the IRS's required minimum distribution	64	N/A	48	N/A
Withdraw a lump sum based on needs	19	N/A	29	N/A
Withdraw a regular dollar amount	8	N/A	16	N/A
Withdraw a fixed percentage of the account balance	2	N/A	3	N/A
Withdraw an amount based on life expectancy	1	N/A	2	N/A
Some other way	6	N/A	2	N/A
Purpose of traditional IRA withdrawal in retirement: ^{7, 8}				
Took withdrawals to pay for living expenses	44	N/A	50	N/A
Spent it on a car, boat, or big-ticket item other than a home	6	N/A	6	N/A
Spent it on a healthcare expense	19	N/A	16	N/A
Used it for an emergency	14	N/A	9	N/A
Used it for home purchase, repair, or remodeling	15	N/A	14	N/A
Reinvested or saved it in another account	31	N/A	28	N/A
Paid for education	3	N/A	2	N/A
Some other purpose	12	N/A	11	N/A

¹Nineteen percent of households owning traditional IRAs withdrew money from them in tax year 2008.²Eighty-one percent of households owning traditional IRAs did not withdraw money from them in tax year 2008.³Fifteen percent of households owning traditional IRAs withdrew money from them in tax year 2009.⁴Eighty-five percent of households owning traditional IRAs did not withdraw money from them in tax year 2009.⁵Total reported is household income before taxes in tax year specified.⁶Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.⁷Figure reported for traditional IRA-owning households that took a withdrawal and either the head of household or spouse is retired.⁸Multiple responses are included.

N/A = not applicable

Source: Investment Company Institute IRA Owners Survey

NOTES

¹ Data in this appendix on the number and percentage of households owning IRAs are based on ICI's Annual Mutual Fund Shareholder Tracking Survey conducted in May 2010 of 4,200 randomly selected, representative U.S. households. The standard error for the total sample is ± 1.5 percentage points at the 95 percent confidence level. For further discussion and additional results from this survey, see Bogdan, Sabelhaus, and Schrass 2010.

The demographic and financial characteristics of IRA owners are derived from a separate May 2010 IRA Owners Survey of 1,800 representative U.S. households owning traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). The standard error for the total sample is ± 2.3 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 2009. For a brief history of IRAs and a discussion of the various features of the different types of IRA, see Holden et al. 2005. For definitions of key terms related to IRAs and retirement saving, see pages 22 and 23 of Holden and Schrass 2010.

³ See Holden et al. 2005 for a discussion of the history of IRAs. For a discussion of the evolving role of IRAs in U.S. retirement planning, see Sabelhaus and Schrass 2009.

⁴ For a discussion of age and cohort effects, see Sabelhaus and Schrass 2009.

⁵ In 2010, 28 percent of all IRA assets were held by households headed by members of the Silent and GI Generation. Households headed by members of Generation X held 13 percent of IRA assets and households headed by members of Generation Y held 5 percent of all IRA assets.

⁶ 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 2009. Among Roth IRA-owning households in 2010, 19 percent reported that their Roth IRAs contained assets that were initially from an employer-sponsored retirement plan (see Figure A17).

⁷ In aggregate, 45 percent of the \$4.2 trillion in IRAs at mid-year 2010 was invested in mutual funds (see Brady, Holden, and Short 2010).

⁸ See discussion and Figure 15 in Holden and Schrass 2010.

⁹ See Holden et al. 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.

¹⁰ For data on aggregate Roth IRA assets, contributions, and conversions, see Brady, Holden, and Short 2010. For reference on rules governing IRAs, see Internal Revenue Service 2009.

¹¹ In 2010, taxpayers making conversions to Roth IRAs will have the option of paying the taxes over two years (2011 and 2012). For additional detail, see Internal Revenue Service 2009.

¹² In 2008, the Worker, Retiree, and Employer Recovery Act suspended RMDs from traditional IRAs and other retirement accounts for tax year 2009. For additional information on the suspension of RMDs, see Internal Revenue Service 2009.

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