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Appendix: Additional Data on IRA Ownership in 2013

"The Role of IRAs in U.S. Households' Saving for Retirement, 2013" (*ICI Research Perspective* 19, no. 11) reports on U.S. households' individual retirement account (IRA) ownership in 2013. The study highlights data collected by the Investment Company Institute in an annual survey of households owning IRAs.¹ This appendix provides supplementary tables, which contain additional detail for the main report.²

Household Ownership of IRAs

In 2013, 46.1 million, or 37.6 percent of, U.S. households owned at least one type of IRA. Household ownership of IRAs has grown since 2000. The number of households with IRAs increased by 8.1 million between 2000 and 2013, or at a compound average growth rate of 1.5 percent per year (Figure A1).

Growth in Number of IRA-Owning Households

U.S. households most commonly owned traditional IRAs—the first type of IRA that Congress created (Figure A1).³ Roth IRAs were the second most commonly

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 5.3 percent on average each year between 2000 and 2013. The number of households that owned traditional IRAs rose 1.3 percent on average each year, while the number of households with employer-sponsored IRAs grew at an average rate of 1.9 percent each year during this period.

Incidence of IRA Ownership by Age

Households headed by older individuals were more likely to own traditional IRAs. In 2013, 37 percent of households headed by individuals aged 55 to 64 owned traditional IRAs, compared with only 17 percent of households headed by individuals younger than 35 (Figure A2).⁴ Thirty-four percent of households headed by individuals aged 65 or older had traditional IRAs, while Roth IRAs were rarely held by older households. Twenty-one percent of households aged 35 to 64 had Roth IRAs.

FIGURE A1

U.S. Households Owning IRAs, 2000–2013

	Number of U.S. households <i>Millions</i>				Share of U.S. households <i>Percent</i>				Memo: total number of U.S. households ¹ <i>Millions</i>
	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
2011	46.5	37.4	18.8	9.0	38.8	31.2	15.7	7.5	119.9
2012	48.9	39.4	20.3	9.2	40.4	32.5	16.8	7.6	121.1
2013 ⁴	46.1	36.0	19.1	9.2	37.6	29.4	15.6	7.5	122.5

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

² IRA ownership excludes ownership of Coverdell Education Savings Accounts, which were named education IRAs prior to July 2001.

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

⁴ Lower IRA incidence in 2013 likely results in part from a change in the survey question wording. See Burham, Bogdan, and Schrass 2013.

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey (2000–2013) and U.S. Census Bureau

About the Annual Mutual Fund Shareholder Tracking Survey

ICI conducts the Annual 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 2013 and was based on a sample of 4,001 U.S. households selected by random digit dialing, of which 1,504 households, or 37.6 percent, owned IRAs. All interviews were conducted over the telephone with the member of the household aged 18 or older who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments. The standard error for the 2013 sample of households is ± 1.6 percentage points at the 95 percent confidence level.

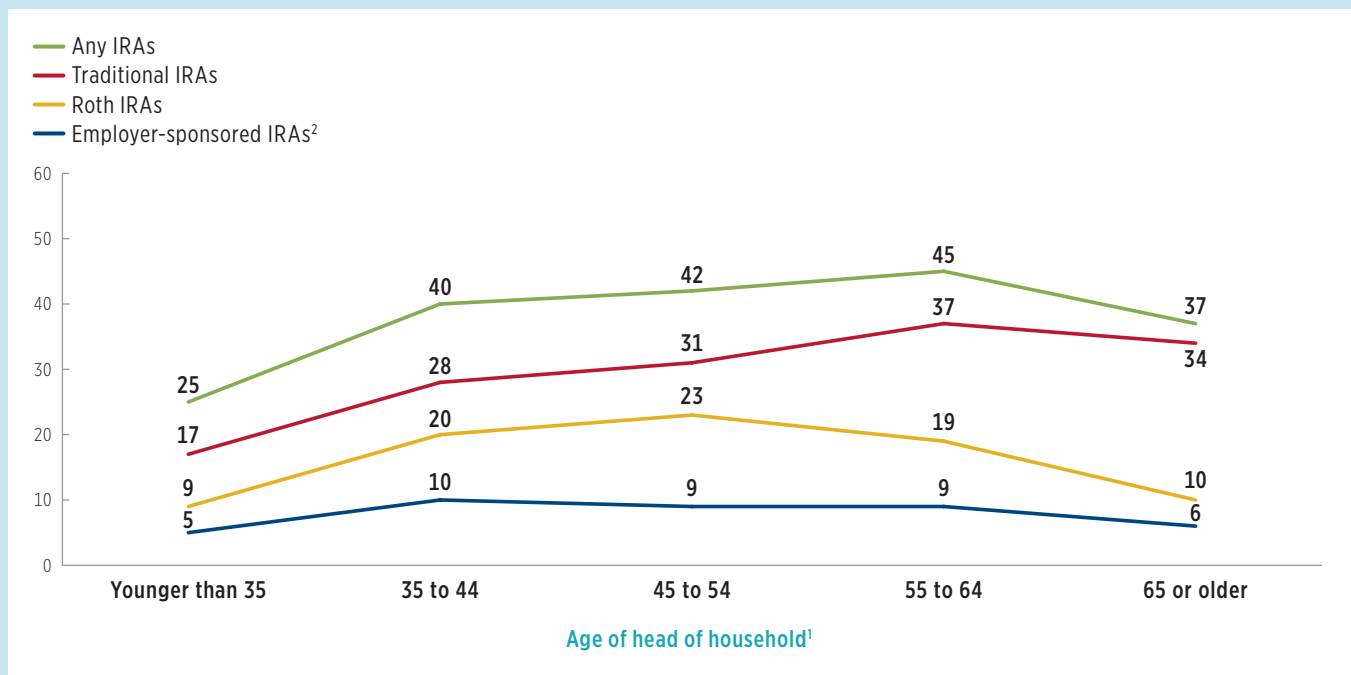
About the IRA Owners Survey

ICI conducts the IRA Owners Survey each spring to gather information on characteristics and activities of IRA-owning households in the United States. The most recent survey was conducted in May 2013 and was based on a sample of 3,006 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 aged 18 or older who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments. The standard error for the total sample is ± 1.8 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, and Employer-Sponsored IRAs by Age

Percentage of U.S. households within each age group,¹ 2013



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

² Employer-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

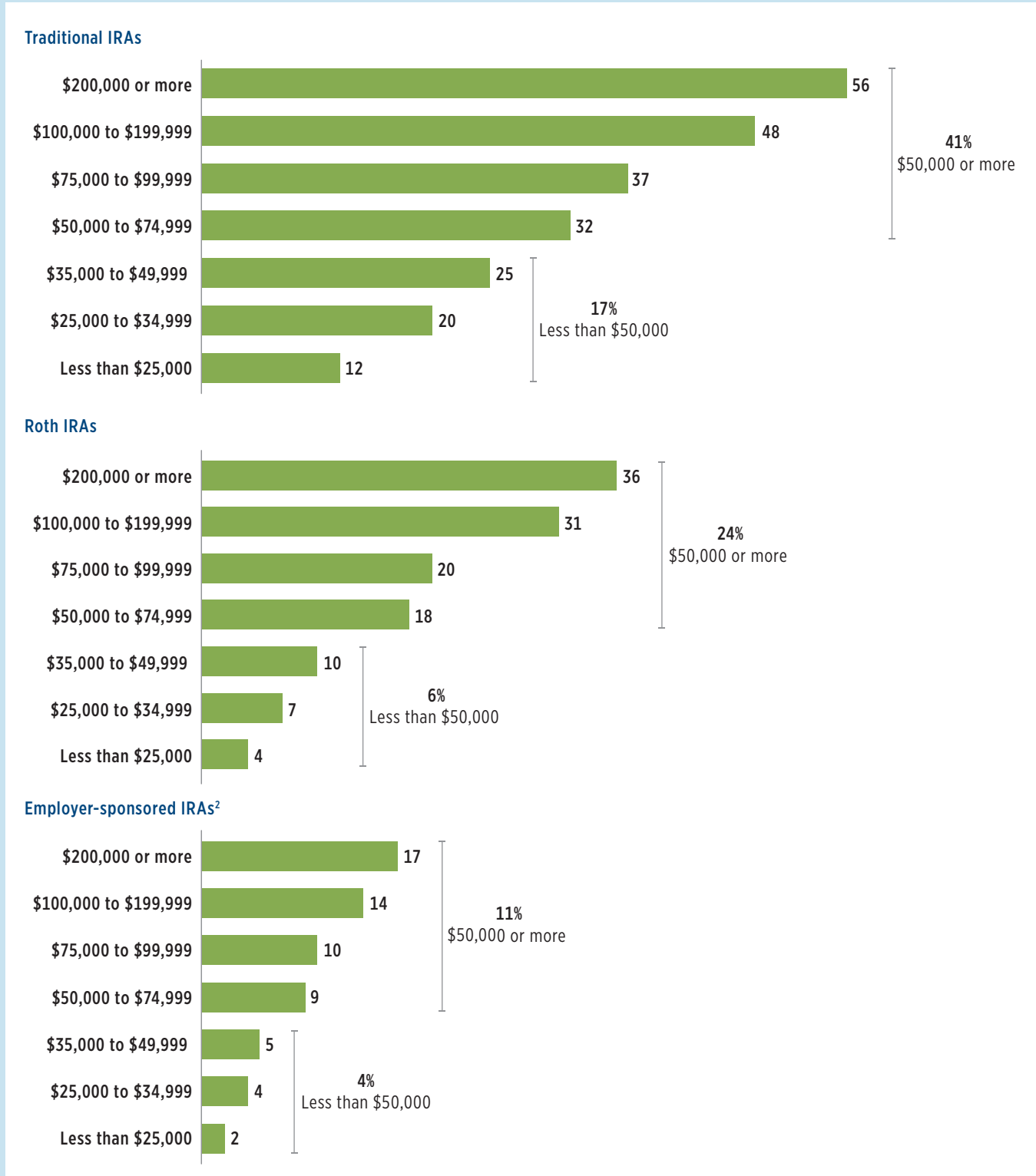
Household ownership of all types of IRAs also tends to increase with household income (Figure A3). In 2013, 41 percent of households with incomes of \$50,000 or more owned traditional IRAs, compared with 17 percent of households with incomes of less than \$50,000. Nearly one-quarter of households with incomes of \$50,000 or more owned Roth IRAs, compared with 6 percent of households with incomes of less than \$50,000. Eleven percent of households with incomes of \$50,000 or more owned employer-sponsored IRAs, whereas only 4 percent of households with incomes of less than \$50,000 owned employer-sponsored IRAs.

IRA Ownership by Generation

IRA ownership occurs across all generations, but the incidence of IRA ownership was greatest among households headed by members of the Baby Boom Generation. In 2013, 43 percent of households headed Baby Boomers owned IRAs (Figure A4). As a result, 42 percent of IRA-owning households were headed by individuals who were members of the Baby Boom Generation (Figure A5).

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 2013



¹ Total reported is household income before taxes in 2012.

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

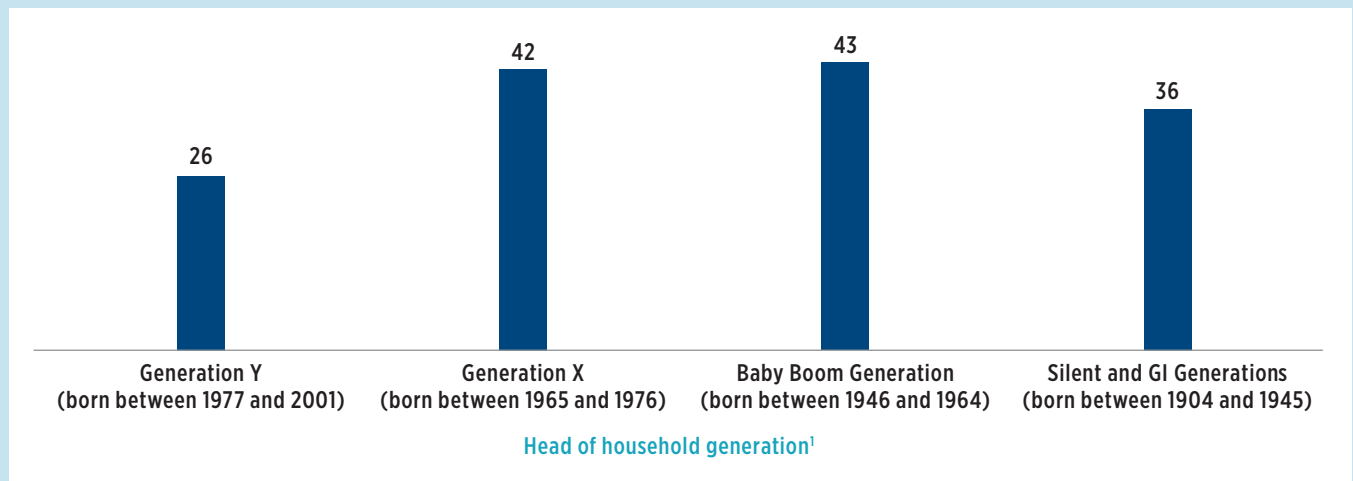
Note: For incidence of any IRA ownership by household income, see Figure 5 in the main report.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE A4

Incidence of IRA Ownership Is Greatest Among the Baby Boom Generation

Percentage of U.S. households within each generation group that own IRAs,^{1,2} 2013



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

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

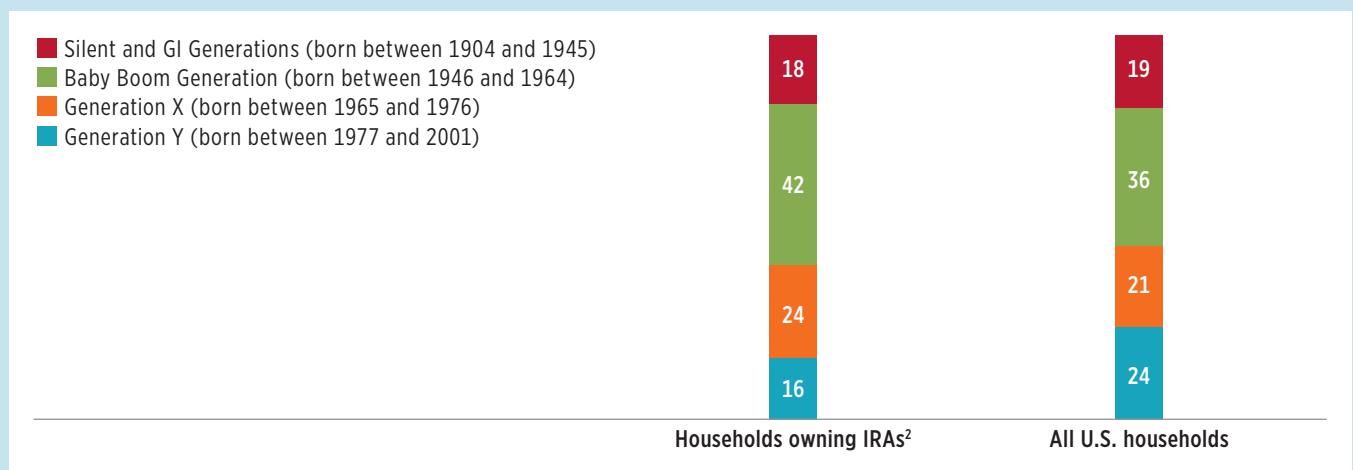
Note: Survey participants must be 18 or older and be the most knowledgeable about the household's savings and investments; so although people born between 1977 and 2001 are members of Generation Y, only those born between 1977 and 1995 are included in this survey.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE A5

Baby Boomers Make Up 42 Percent of All IRA-Owning Households

Percent distribution of households owning IRAs and all U.S. households by generation,¹ 2013



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

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

Note: Survey participants must be 18 or older and be the most knowledgeable about the household's savings and investments; so although people born between 1977 and 2001 are members of Generation Y, only those born between 1977 and 1995 are included in this survey.

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

In 2013, 35 percent of households headed by members of the Baby Boom Generation owned traditional IRAs; 19 percent owned Roth IRAs; and 9 percent owned employer-sponsored IRAs (Figure A6). In 2013, households headed by Baby Boomers held a significant portion of total IRA assets. Fifty-one percent of all IRA assets were held by households headed by individuals who were members of this generation.⁵

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 Balances and Investments

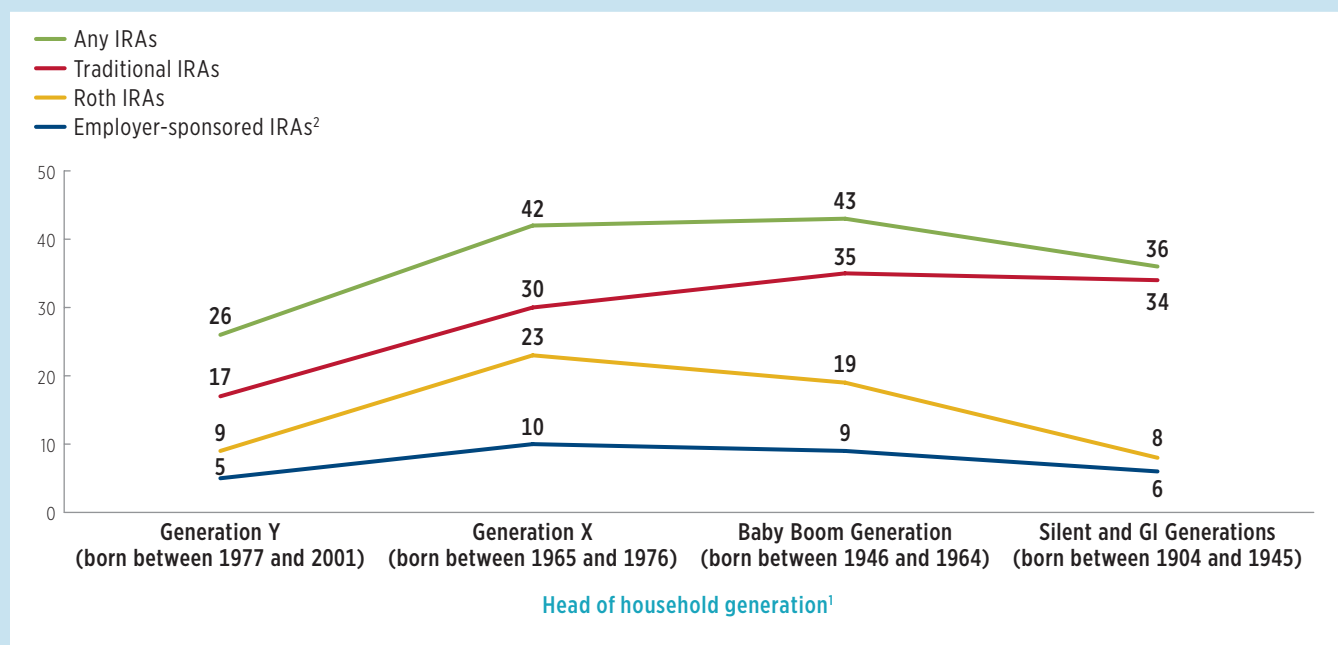
Median household financial assets in all types of IRAs were \$50,000 in 2013 (Figure A8). Household financial assets in traditional IRAs tended to be greater than assets in Roth or employer-sponsored IRAs.

Traditional IRAs have been available longer 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 had only very limited opportunity to receive rollovers from employer-sponsored retirement plans.⁶ In 2013, the median amount in Roth IRAs was \$20,000, and the median amount in employer-sponsored IRAs was \$30,000. The median household financial assets in traditional IRAs were \$50,000.

FIGURE A6

U.S. Households Owning Traditional, Roth, and Employer-Sponsored IRAs by Generation

Percentage of U.S. households within each generation group,¹ 2013



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

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

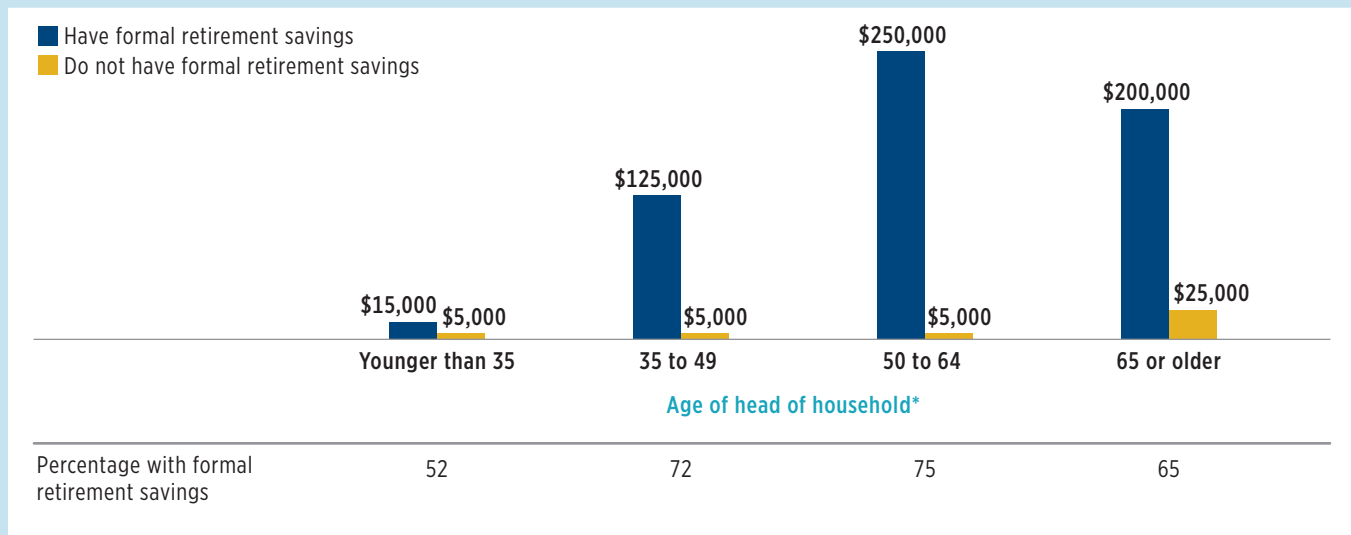
Note: Survey participants must be 18 or older and be the most knowledgeable about the household's savings and investments; so although people born between 1977 and 2001 are members of Generation Y, only those born between 1977 and 1995 are included in this survey.

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, 2013



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

Note: Formal retirement savings include IRAs, employer-sponsored retirement plans (DB or DC 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 households with IRA assets in specified ranges, 2013

	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	18%	17%	30%	25%
\$10,000 to \$24,999	17	18	25	16
\$25,000 to \$49,999	14	14	16	20
\$50,000 to \$99,999	18	17	15	14
\$100,000 to \$249,999	17	18	9	18
\$250,000 or more	16	16	5	7
Mean	\$135,000	\$132,600	\$58,400	\$74,000
Median	\$50,000	\$50,000	\$20,000	\$30,000

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

Source: Investment Company Institute IRA Owners Survey

IRAs help individuals and families accumulate savings over time. This is particularly evident when traditional IRA holdings are grouped by length of household ownership. 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 \$100,000 (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).⁷ In 2013, 63 percent of IRA-owning households had IRA assets invested in mutual funds, usually equity funds. Forty percent held individual equities in their IRAs. Thirty-three percent of households owning IRAs held annuities, and 24 percent held bank deposits in their IRAs. On average, households with traditional, Roth, or employer-sponsored IRAs held three types of investments in those IRAs.

FIGURE A9

Household Financial Assets in Traditional IRAs by Length of Ownership, 2013



Source: Investment Company Institute IRA Owners Survey

FIGURE A10

Types of Investments Held in IRAs

Percentage of households with type of IRA indicated,¹ 2013

IRA investments	Any type of IRA	Type of IRA owned		
		Traditional IRAs	Roth IRAs	Employer-sponsored IRAs ²
Mutual funds (total)	63%	62%	62%	47%
Equity funds	53	51	52	37
Bond funds	34	34	27	16
Balanced funds	28	27	27	17
Money market funds	27	27	18	19
Individual equities	40	40	31	27
Annuities (total)	33	34	22	21
Fixed annuities	22	22	14	14
Variable annuities	22	22	14	12
Bank savings accounts, money market deposit accounts, or certificates of deposit	24	24	12	19
Individual bonds (not including U.S. savings bonds)	13	13	8	6
U.S. savings bonds	11	11	7	4
ETFs	10	10	9	7
Other	5	5	5	0
Mean number of investment types held in IRA	3 types	3 types	3 types	3 types

¹ Multiple responses are included.

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

Source: Investment Company Institute IRA Owners Survey

Contributions to Traditional IRAs and Roth IRAs

Twenty-six percent of traditional IRA-owning households—an estimated 9.4 million—contributed to their traditional IRAs in tax year 2012, 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 than non-contributors (Figure A11). Thirty-eight percent of households owning Roth IRAs—an estimated 7.3 million—contributed to

their Roth IRAs in tax year 2012, with a median contribution of \$4,000 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 2012, 29 percent of traditional IRA-owning households with individuals aged 50 to 70 contributed to their IRAs; 45 percent of these contributing households made catch-up contributions (Figure A12). Thirty-four percent of Roth IRA-owning households with individuals aged 50 to 70 contributed to their IRAs in tax year 2012; 47 percent of these contributing households made catch-up contributions.

FIGURE A11

Characteristics of Households Owning Traditional IRAs or Roth IRAs in 2013 by Contribution Status in Tax Year 2012

	Traditional IRA-owning households		Roth IRA-owning households	
	Contributed to traditional IRA in tax year 2012 ¹	Did not contribute to traditional IRA in tax year 2012 ²	Contributed to Roth IRA in tax year 2012 ³	Did not contribute to Roth IRA in tax year 2012 ⁴
Median per household				
Age of household sole or co-decisionmaker for saving and investing	48 years	57 years	43 years	50 years
Household income ⁵	\$87,500	\$75,000	\$100,000	\$87,500
Household financial assets ⁶	\$150,000	\$250,000	\$200,000	\$300,000
Household financial assets in all types of IRAs	\$55,000	\$65,000	\$50,000	\$64,250
Amount contributed per household to each type of IRA in tax year 2012	\$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	78%	68%	79%	75%
College or postgraduate degree	46	50	60	60
Employed full- or part-time	82	59	85	74
Household has DC retirement plan account	80	70	87	78

¹ Twenty-six percent of households owning traditional IRAs contributed to them in tax year 2012.

² Includes all households owning traditional IRAs that did not contribute to them in tax year 2012. Some of these households may have been ineligible to make deductible contributions.

³ Thirty-eight percent of households owning Roth IRAs contributed to them in tax year 2012.

⁴ Includes all households owning Roth IRAs that did not contribute to them in tax year 2012. Some of these households may have been ineligible to contribute to Roth IRAs in tax year 2012.

⁵ Total reported is household income before taxes in 2012.

⁶ Household 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

FIGURE A12

Catch-Up Contributions Among IRA Owners

	Tax year									
	2002	2003	2004	2006	2007	2008	2009	2010	2011	2012
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%	14%	14%	13%
Contributed, but did not make a catch-up contribution	17	20	20	23	10	14	17	14	15	16
Did not contribute ²	74	67	64	65	75	73	72	72	71	71
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%	19%	19%	16%
Contributed, but did not make a catch-up contribution	12	21	25	28	14	19	23	17	20	18
Did not contribute	73	51	42	51	69	58	62	64	61	66

¹ Households may make catch-up contributions to traditional IRAs if a household member is at least 50 years old but younger than 70½ years old.

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

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

Note: Data are not available for tax year 2005.

Source: Investment Company Institute IRA Owners Survey

Demographic Characteristics of IRA-Owning Households

Saving activity tends to increase with age, educational attainment, and household income; in addition, 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 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. In 2013, 36.0 million, or 29.4 percent of, U.S. households owned traditional IRAs (Figure A1). The financial decisionmakers of households with traditional IRAs tended to be older—34 percent were retired from their lifetime occupations (Figure A13). Seventy-three 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.

FIGURE A13

Characteristics of U.S. Households Owning IRAs, 2013

	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	52 years	54 years	47 years	52 years	50 years
Household income ²	\$80,000	\$80,000	\$90,000	\$80,000	\$37,300
Household financial assets ³	\$200,000	\$200,000	\$250,000	\$200,000	\$25,000
Household financial assets in all types of IRAs	\$50,000	\$62,500	\$60,000	\$75,000	N/A
Share of household financial assets in type of IRA indicated	32%	30%	12%	17%	N/A
Percentage of households					
Household sole or co-decisionmaker for saving and investing					
Married or living with a partner	72%	70%	76%	80%	55%
College or postgraduate degree	49	49	60	48	23
Employed full- or part-time	68	65	78	75	52
Retired from lifetime occupation	31	34	21	27	30
Household has DC account or DB plan coverage (total) ⁴					
DC retirement plan account	72	73	82	63	39
DB plan coverage	45	46	45	39	24
Types of IRAs owned ⁴					
Traditional IRA	78	100	64	55	N/A
Roth IRA	42	34	100	31	N/A
Employer-sponsored IRA ¹	20	14	15	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 2012.

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

Households owning traditional IRAs had median assets of \$50,000 in their traditional IRAs, typically held in one account (Figure A14). Households with traditional IRAs that included rollover assets typically had greater IRA assets, including traditional IRA assets, than households whose traditional IRAs did not include rollovers (Figure A15).¹⁰ Forty-nine 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. In 2013, 76 percent of traditional IRA-owning households held traditional IRAs through investment professionals, and 29 percent held traditional IRAs directly at mutual fund companies or discount brokers (Figure A14).

FIGURE A14

Characteristics of U.S. Households Owning Traditional IRAs, 2013

Median per household owning traditional IRAs	
Amount in traditional IRAs	\$50,000
Amount contributed to traditional IRAs in tax year 2012 ¹	\$4,000
Number of traditional IRAs owned	1
Percentage of households owning traditional IRAs	
Traditional IRA includes rollover from an employer-sponsored retirement plan	49%
Contributed to a traditional IRA in tax year 2012	26
Deducted a traditional IRA contribution in tax year 2012 ²	24
Made a withdrawal from a traditional IRA in tax year 2012	21
Own traditional IRA³	
Respondent	86
Spouse	41
Dependent children	3
Number of traditional IRAs owned	
One	53
Two	33
Three or more	14
Year first traditional IRA was opened	
1974 through 1981	14
1982 through 1986	11
1987 through 1991	12
1992 through 1996	12
1997 through 2001	18
2002 through 2006	16
2007 through 2009	10
2010 through May 2013	7

Continued on the next page

FIGURE A14 CONTINUED

Characteristics of U.S. Households Owning Traditional IRAs, 2013

Where traditional IRAs are held ³	
Investment professional (total)	76%
Full-service brokerage	33
Independent financial planning firm	26
Bank or savings institution	28
Insurance company	9
Direct sources (total)	29
Mutual fund company	22
Discount brokerage (total)	10
Discount brokerage firm with walk-in offices	7
Discount brokerage firm that is only available online	4

¹ Figure reports median among households that contributed to traditional IRAs in tax year 2012.

² Figure reports percentage among households that contributed to traditional IRAs in tax year 2012.

³ 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. In 2013, 47 percent 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 were at the same type of financial services firm. The remaining 39 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 2013, 19.1 million, or 15.6 percent of, U.S. households 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). Sixty-four percent of Roth IRA-owning households also owned traditional IRAs, and 82 percent had DC plan accounts.

FIGURE A15

Characteristics of Households Owning Traditional IRAs With and Without Rollovers from Employer-Sponsored Retirement Plans, 2013

	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	54 years
Household income ³	\$90,000	\$70,000
Household financial assets ⁴	\$275,000	\$200,000
Household financial assets in all types of IRAs	\$87,500	\$40,000
Amount in traditional IRAs	\$70,000	\$30,000
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	76%	65%
Widowed	7	12
College or postgraduate degree	53	45
Employed full- or part-time	66	64
Retired from lifetime occupation	33	36
Where traditional IRAs are held⁵		
Investment professional (total)	77	76
Full-service brokerage	38	29
Independent financial planning firm	27	25
Bank or savings institution	25	30
Insurance company	9	9
Direct market (total)	32	26
Mutual fund company	25	20
Discount brokerage (total)	10	10
Discount brokerage with walk-in offices	8	6
Discount brokerage firm that is only available online	3	4

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

² Fifty-one 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 2012.

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

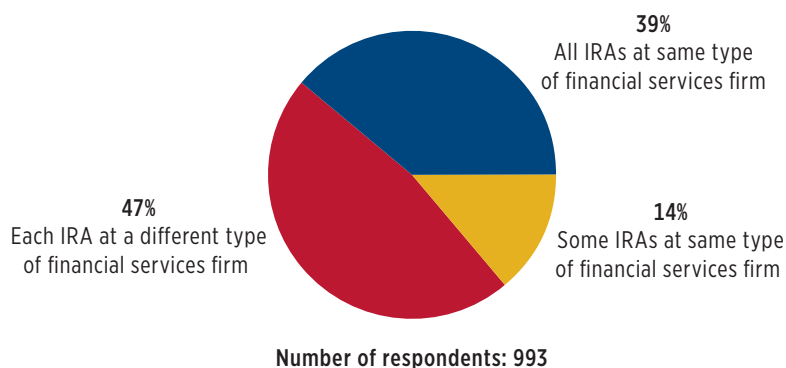
⁵ Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

FIGURE A16

Households Hold Traditional IRAs at Different Types of Financial Services Firms

Percentage of traditional IRA-owning households with multiple traditional IRAs, 2013



Source: Investment Company Institute IRA Owners Survey

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 conversions from traditional IRAs typically had greater IRA assets, including Roth IRA assets, than households whose Roth IRAs were not funded by conversions from traditional IRAs (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).¹¹ Another 20 percent opened their Roth IRAs between 1999 and 2001, and the remaining 58 percent opened their first Roth IRAs in 2002 or later.¹² Forty percent of households owning Roth IRAs opened a Roth IRA as their first IRA. Roth IRA-owning households mostly held Roth IRAs at mutual fund companies, full-service brokerages, or independent financial planning firms.

Traditional IRA Withdrawals Mostly Were Made by Older Owners

Households making traditional IRA withdrawals tend to be older and retired. In tax year 2012, the median age of the household decisionmaker surveyed among households that took traditional IRA withdrawals was 72, compared with a median age of 51 among households not taking distributions (Figure A19). Seventy-two percent of households that took withdrawals were headed by retired individuals in tax year 2012. Typically, withdrawals from traditional IRAs were taken to fulfill required minimum distributions (RMDs). Sixty-six percent of households owning traditional IRAs in 2013 and making withdrawals in tax year 2012 calculated their withdrawal amount based on the RMD.¹³ Twenty-three percent of traditional IRA-owning households taking withdrawals reported they withdrew lump sums based on needs in tax year 2012.

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 2012, 38 percent reported using traditional IRA withdrawals to pay for living expenses (Figure A19). Thirty-one percent of households making withdrawals in tax year 2012 reinvested or saved the withdrawal amount in another account.

FIGURE A17

Characteristics of U.S. Households Owning Roth IRAs, 2013

Median per household owning Roth IRAs	
Amount in Roth IRAs	\$20,000
Amount contributed to Roth IRAs in tax year 2012 ¹	\$4,000
Number of Roth IRAs owned	1
Percentage of households owning Roth IRAs	
Roth IRA was first IRA owned	40%
Roth IRA was funded by a conversion from a traditional IRA	19
Contributed to a Roth IRA in tax year 2012	38
Roth IRA assets include assets initially from an employer-sponsored retirement plan	17
Made a withdrawal from a Roth IRA in tax year 2012	3
Own Roth IRA²	
Respondent	87
Spouse	42
Dependent children	3
Number of Roth IRAs owned	
One	59
Two	33
Three or more	8
Year first Roth IRA was opened	
1998	22
1999 through 2001	20
2002 through 2004	13
2005 through 2007	16
2008 through 2009	10
2010	9
2011 through May 2013	10
Where Roth IRAs are held²	
Investment professional (total)	75
Full-service brokerage	35
Independent financial planning firm	25
Bank or savings institution	22
Insurance company	6
Direct sources (total)	30
Mutual fund company	22
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 2012.

² Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

FIGURE A18

Characteristics of Households Owning Roth IRAs With and Without Conversions, 2013

	Roth IRA was funded by a conversion from a traditional IRA¹	Roth IRA was not funded by a conversion from a traditional IRA²
Median per household		
Age of household sole or co-decisionmaker for saving and investing	52 years	45 years
Household income ³	\$100,000	\$90,000
Household financial assets ⁴	\$300,000	\$210,000
Household financial assets in all types of IRAs	\$90,000	\$50,000
Amount in Roth IRAs	\$42,500	\$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%	76%
Widowed	4	4
College or postgraduate degree	68	58
Employed full- or part-time	73	79
Retired from lifetime occupation	31	18
Year first Roth IRA was opened		
1998	41	18
1999 through 2001	19	20
2002 through 2004	10	13
2005 through 2007	10	17
2008 through 2009	7	11
2010	6	10
2011 through May 2013	7	11

¹ Nineteen percent of households owning Roth IRAs have Roth IRAs funded by conversions from traditional IRAs.

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

³ Total reported is household income before taxes in 2012.

⁴ Household 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 year 2012

	Made a withdrawal from a traditional IRA in tax year 2012 ¹	Did not make a withdrawal from a traditional IRA in tax year 2012 ²
Median per household		
Age of household sole or co-decisionmaker for saving and investing	72 years	51 years
Household income ³	\$55,000	\$87,500
Household financial assets ⁴	\$250,000	\$200,000
Household financial assets in all types of IRAs	\$85,000	\$60,000
Percentage of households		
Household sole or co-decisionmaker for saving and investing:		
Married or living with a partner	57%	74%
Widowed	24	6
College or postgraduate degree	40	51
Employed full- or part-time	28	75
Retired from lifetime occupation	72	24
How withdrawal was determined		
Withdraw to meet the IRS's required minimum distribution	66	N/A
Withdraw a lump sum based on needs	23	N/A
Withdraw a regular dollar amount	5	N/A
Withdraw a fixed percentage of the account balance	2	N/A
Withdraw an amount based on life expectancy	1	N/A
Some other way	3	N/A
Purpose of traditional IRA withdrawal in retirement^{5, 6}		
Took withdrawals to pay for living expenses	38	N/A
Spent it on a car, boat, or big-ticket item other than a home	6	N/A
Spent it on a healthcare expense	12	N/A
Used it for an emergency	9	N/A
Used it for home purchase, repair, or remodeling	16	N/A
Reinvested or saved it in another account	31	N/A
Paid for education	3	N/A
Some other purpose	14	N/A

¹ Twenty-one percent of households owning traditional IRAs withdrew money from them in tax year 2012.

² Seventy-nine percent of households owning traditional IRAs did not withdraw money from them in tax year 2012.

³ Total reported is household income before taxes in tax year 2012.

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

⁵ Figure reported for traditional IRA-owning households that took a withdrawal and either the head of household or spouse is retired.

⁶ Multiple 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 of 4,001 randomly selected, representative U.S. households conducted in May 2013. The standard error for the total sample is ± 1.6 percentage points at the 95 percent confidence level. For further discussion and additional results from this survey, see Burham, Bogdan, and Schrass 2013. The demographic and financial characteristics of IRA owners are derived from a separate May 2013 IRA Owners Survey of 3,006 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 ± 1.8 percentage points at the 95 percent confidence level. IRA ownership does not include ownership of Coverdell Education Savings Accounts (formerly called education IRAs).

The incidence of IRA ownership is calculated from the ICI Annual Mutual Fund Shareholder Tracking Survey, which collects information on retirement and other investment account ownership among U.S. households headed by individuals aged 18 or older. The survey questionnaire for 2013 changed the order of the account type choices in the question regarding ownership of retirement and other savings accounts. This change was made primarily to avoid possible confusion between individual accounts in 401(k) and other employer-sponsored DC plan accounts versus IRAs. In 2013, respondents were asked if they own a 401(k) and other employer-sponsored DC retirement plans, then if they own a traditional IRA or a Roth IRA, then if they own an employer-sponsored IRA, and finally, if they own a 529 plan or Coverdell Education Savings Account (ESA). In prior years, respondents were asked first if they own a traditional IRA or Roth IRA, then if they own a Coverdell ESA, then if they own an employer-sponsored IRA, and finally, if they own a 401(k) or other employer-sponsored plan account (529 plan ownership was a separate question). In previous years, respondents were asked separately if they

have an employer-sponsored IRA and about the size of their employer. In 2013, these questions were not asked separately. When asked what type of employer-sponsored IRA they own, respondents were told that a SIMPLE IRA has employer and employee contributions and is offered by businesses with fewer than 100 employees, a SAR-SEP includes only employee contributions, and a SEP IRA includes only employer contributions. Perhaps partly because of the reordering of the account types, incidence of IRA ownership in 2013 is lower than in 2012. See Figure A1 for the complete time series on IRA incidence. See Burham, Bogdan, and Schrass 2013 for details on the changes to the ICI Annual Mutual Fund Shareholder Tracking Survey.

² For the rules governing IRAs, see Internal Revenue Service 2013. For a brief history of IRAs and a discussion of the various features of the different types of IRAs, see Holden et al. 2005. For definitions of key terms related to IRAs and retirement saving, see pages 32–33 of Holden and Schrass 2013.

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. For analysis of traditional IRA investors' activities during and in the wake of the financial crisis, see Holden and Bass 2013.

⁴ For a discussion of age and cohort effects on traditional IRA ownership, see Sabelhaus and Schrass 2009.

⁵ In 2013, 22 percent of all IRA assets were held by households headed by members of the Silent and GI Generations. Households headed by members of Generation X held 20 percent of IRA assets and households headed by members of Generation Y held 7 percent of all IRA assets. Survey participants must be 18 or older and be the most knowledgeable about the household's savings and investments; so although people born between 1977 and 2001 are members of Generation Y, only those born between 1977 and 1995 are included in this survey.

- 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 2013. Seventeen percent of Roth IRA-owning households in 2013 reported that their Roth IRAs contained assets that were initially from an employer-sponsored retirement plan (see Figure A17).
- ⁷ In aggregate, 46 percent of the \$5.7 trillion in IRAs at the end of the second quarter of 2013 was invested in mutual funds (see Investment Company Institute 2013). For more information on the asset allocation of individual traditional IRA investors, see Holden and Bass 2011 and Holden and Bass 2013.
- ⁸ See discussion and Figures 20 and 21 in Holden and Schrass 2013.
- ⁹ See Holden et al. 2005 for a discussion of the relationship between demographic characteristics and the propensity to save. For how saving goals vary over the life cycle and with income, see Brady, Burham, and Holden 2012. For additional discussion, see also Brady and Bogdan 2013 and Sabelhaus, Bogdan, and Schrass 2008.
- ¹⁰ Analysis of 10.2 million traditional IRA investors aged 25 or older in 2011 finds that recent rollovers provide a significant boost to traditional IRA balances. See Holden and Bass 2013.
- ¹¹ For data on aggregate Roth IRA assets, contributions, and conversions, see Investment Company Institute 2013. For reference on rules governing IRAs, see Internal Revenue Service 2013.
- ¹² In 2010, taxpayers who made conversions to Roth IRAs had the option of paying the taxes over two years (2011 and 2012). For additional detail, see Internal Revenue Service 2013.
- ¹³ This is similar to 65 percent in tax year 2011 and 61 percent in tax year 2010 (see Holden and Schrass 2013). In 2009, with the temporary suspension of RMDs, 48 percent of traditional IRA-owning households with withdrawals took the RMD amount (see Figure 25 in Holden and Schrass 2013). In addition, withdrawal activity was lower in 2009 (see Figure 22 in Holden and Schrass 2013).

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