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Appendix: Additional Data on IRA Ownership in 2015

"The Role of IRAs in U.S. Households' Saving for Retirement, 2015" (*ICI Research Perspective* 22, no. 1) reports on U.S. households' individual retirement account (IRA) ownership in mid-2015. 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 mid-2015, 40.2 million, or 32.3 percent of, U.S. households owned at least one type of IRA. Household ownership of IRAs has grown since 2000.³

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).⁴ 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. Changes in the survey design in 2014 likely resulted in lower incidence of IRA ownership (see callout box below).

FIGURE A1

U.S. Households Owning IRAs, 2000–2015

	Number of U.S. households <i>Millions</i>				Share of U.S. households <i>Percent</i>				Memo: total number of U.S. households ³ <i>Millions</i>
	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%	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	46.1	36.0	19.1	9.2	37.6	29.4	15.6	7.5	122.5
2014 ⁴	41.5	31.1	19.2	7.4	33.7	25.3	15.6	6.0	123.0
2015 ⁴	40.2	30.4	20.3	6.7	32.3	24.4	16.3	5.4	124.6

¹IRA ownership excludes ownership of Coverdell Education Savings Accounts, which were named Education IRAs prior to July 2001.

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

³The number of households is as of March of the year indicated.

⁴Lower incidence in 2014 and 2015 likely results in part from a revised sampling methodology. See Burham, Bogdan, and Schrass 2015.

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey (2000–2015) and U.S. Census Bureau

About the Annual Mutual Fund Shareholder Tracking Survey

ICI conducts the Annual Mutual Fund Shareholder Tracking Survey each year to gather information on the demographic and financial characteristics of mutual fund–owning households in the United States. The most recent survey was conducted from May to July 2015 and was based on a dual frame telephone sample of 6,000 U.S. households. Of these, 3,000 households were from a landline random digit dial (RDD) frame and 3,000 households were from a cell phone RDD frame. All interviews were conducted over the telephone with the member of the household who was either the sole or the co-decisionmaker most knowledgeable about the household’s savings and investments. The standard error for the 2015 sample of households is ± 1.3 percentage points at the 95 percent confidence level.

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Revisions to ICI's Annual Mutual Fund Shareholder Tracking Survey

In the usual course of household survey work, researchers periodically reexamine sampling and weighting methods to ensure that the results published are representative of the millions of households in the United States. ICI reexamined its Annual Mutual Fund Shareholder Tracking Survey in 2014, and the figures on incidence of IRA ownership presented in this paper for the 2015 survey reflect the revised sampling and weighting methodology that was adopted in 2014. In order to achieve a representative sample of U.S. households, the 2014 and 2015 Annual Mutual Fund Shareholder Tracking Survey is based on a dual frame sample of landline and cell phone numbers. The combined sample includes about 50 percent of households reached on a landline and about 50 percent of households reached on a cell phone. In previous years, the Annual Mutual Fund Shareholder Tracking Survey was based on a sample of landline phone numbers only. The change to a combined sample of cell and landline phone numbers improves the representativeness of the sample. For a detailed description of the survey methodology, see "Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2015," *ICI Research Perspective* 21, no. 5 (November), available at www.ici.org/pdf/per21-05.pdf.

About the IRA Owners Survey

ICI conducts the IRA Owners Survey each year to gather information on the characteristics and activities of IRA-owning households in the United States. The most recent survey was conducted from May to July 2015 and was based on a dual frame telephone sample of 3,200 randomly selected, representative U.S. households owning traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). The 2015 sample included 2,200 households from a landline RDD frame and 1,000 households from a cell phone RDD frame. 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 ± 1.7 percentage points at the 95 percent confidence level. IRA ownership does not include ownership of Coverdell Education Savings Accounts (formerly called education IRAs).

Revisions to ICI's IRA Owners Survey

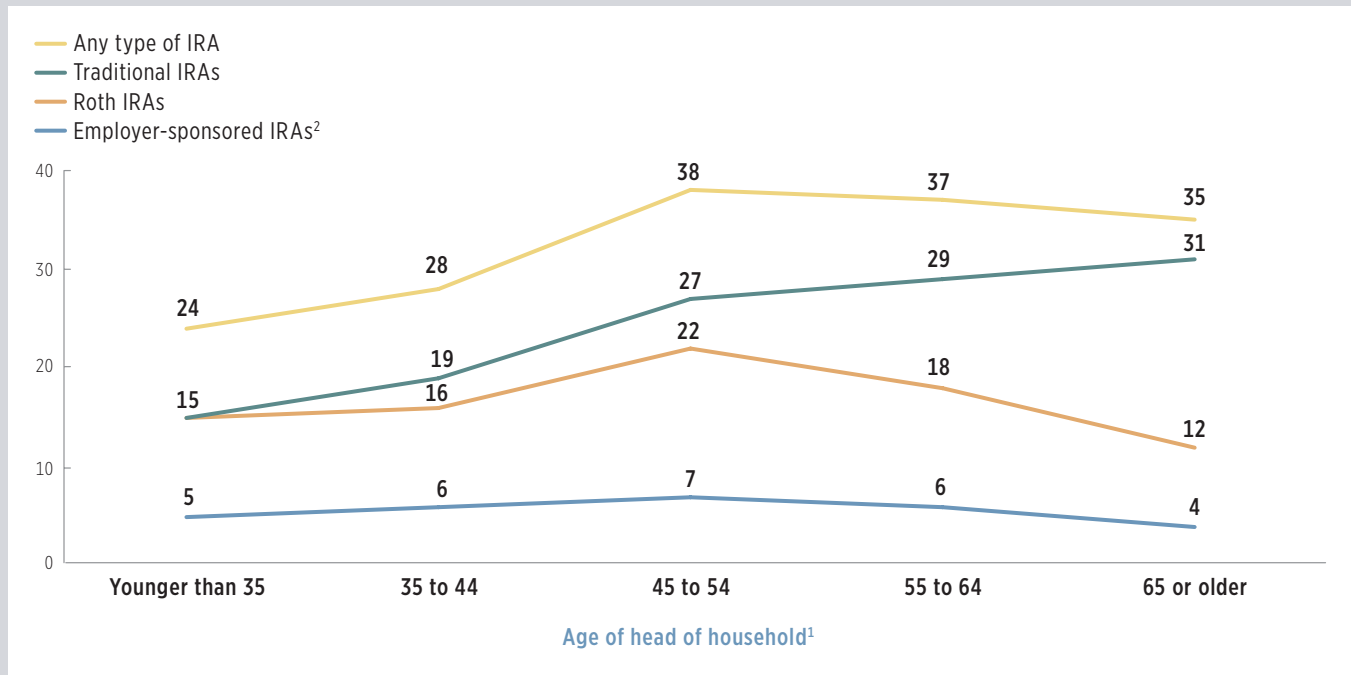
The IRA Owners Survey interviews a random sample of U.S. households owning traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs) to determine the demographic and financial characteristics of households owning IRAs. ICI reexamined its IRA Owners Survey in 2014, and the figures presented in this paper for the 2015 survey reflect the revised sampling and weighting methodology that was adopted in 2014. In order to achieve a representative sample of U.S. households owning IRAs, the 2014 and 2015 IRA Owners Survey is based on a dual frame sample of landline and cell phone numbers. The combined sample includes about 69 percent of households reached on a landline and about 31 percent of households reached on a cell phone. In previous years, the IRA Owners Survey was based on a sample of landline phone numbers only. The change to a combined sample of cell and landline phone numbers improves the representativeness of the sample.

Because the sample methodology for the IRA Owners Survey was changed to a dual frame RDD survey to include cell phones starting in 2014, it was necessary to adjust the weighting methodology for the survey. In order to combine the landline and cell phone samples, an initial base weight was created to adjust for households that could have been in both the landline and cell phone sample frames. A second stage of weighting included the standard raking to control totals based on census region, householder age, household income, educational attainment, and household telephone status of U.S. households owning 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 2015



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 Age

Households headed by older individuals were more likely to own traditional IRAs. In mid-2015, 29 percent of households headed by individuals aged 55 to 64 owned traditional IRAs, compared with only 15 percent of households headed by individuals younger than 35 (Figure A2).⁵ Thirty-one percent of households headed by individuals aged 65 or older had traditional IRAs, while Roth IRAs were rarely held by older households. Nineteen percent of households aged 35 to 64 had Roth IRAs.

Incidence of IRA Ownership by Income

Household ownership of all types of IRAs also tends to increase with household income (Figure A3). In mid-2015, 34 percent of households with incomes of \$50,000 or more owned traditional IRAs, compared with 13 percent of

households with incomes of less than \$50,000. 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. Eight percent of households with incomes of \$50,000 or more owned employer-sponsored IRAs, whereas only 2 percent of households with incomes of less than \$50,000 owned employer-sponsored IRAs.

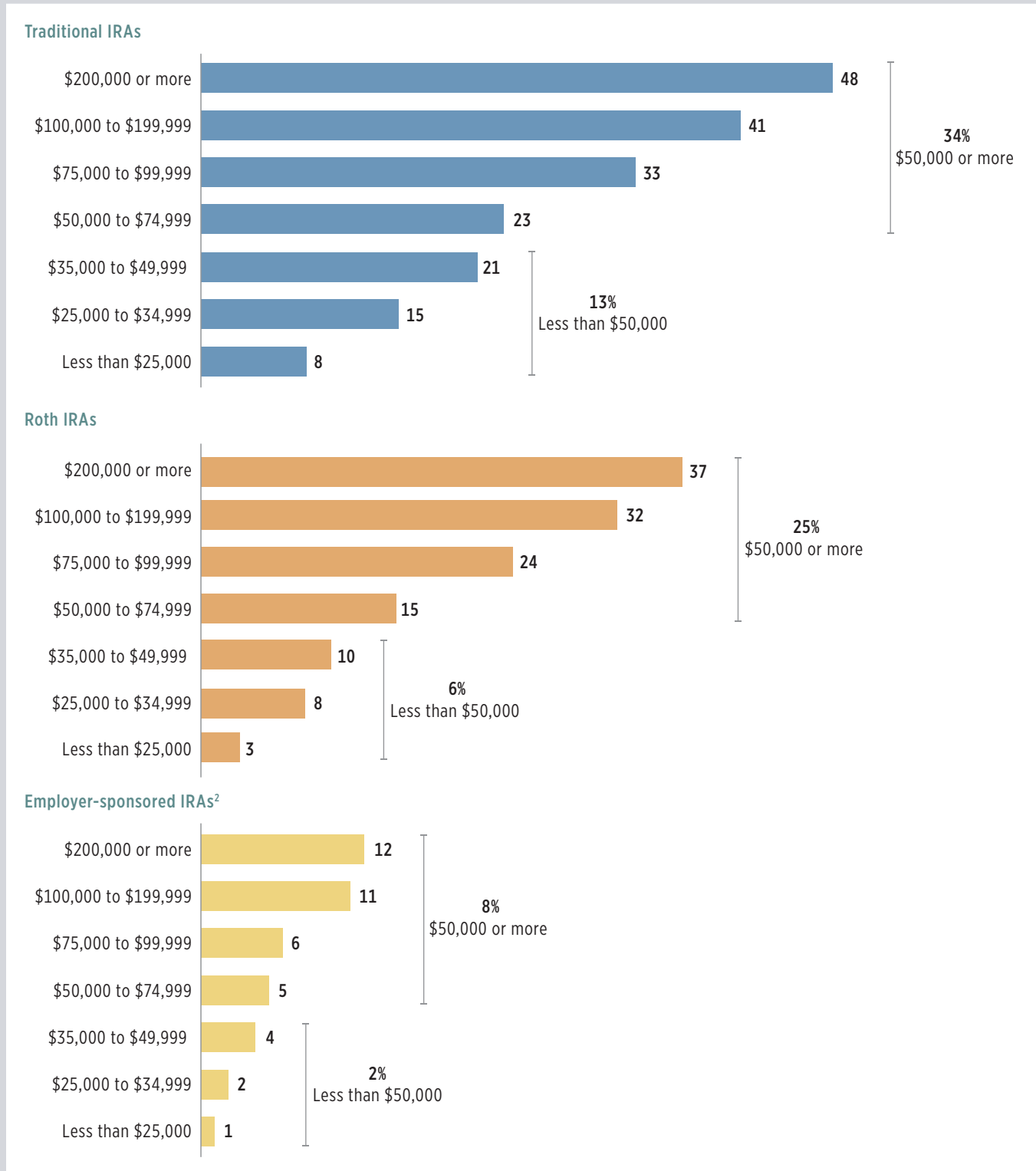
IRA Ownership by Generation

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 mid-2015, 37 percent of households headed by Baby Boomers owned IRAs (Figure A4). As a result, 41 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 2015



¹Total reported is household income before taxes in 2014.

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

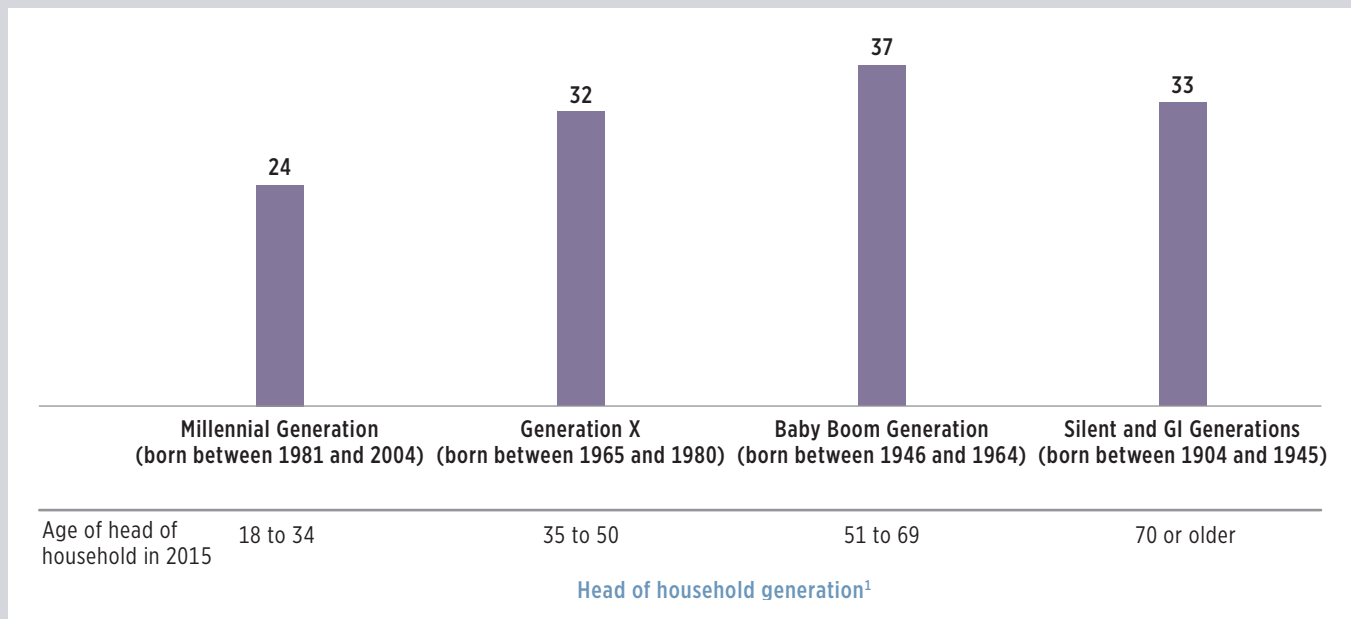
Note: For incidence of any IRA ownership by household income, see Figure 5 in the main report.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE A4

Incidence of IRA Ownership Is Greatest Among the Baby Boom Generation

Percentage of U.S. households within each generation group that own IRAs,^{1,2} 2015



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).

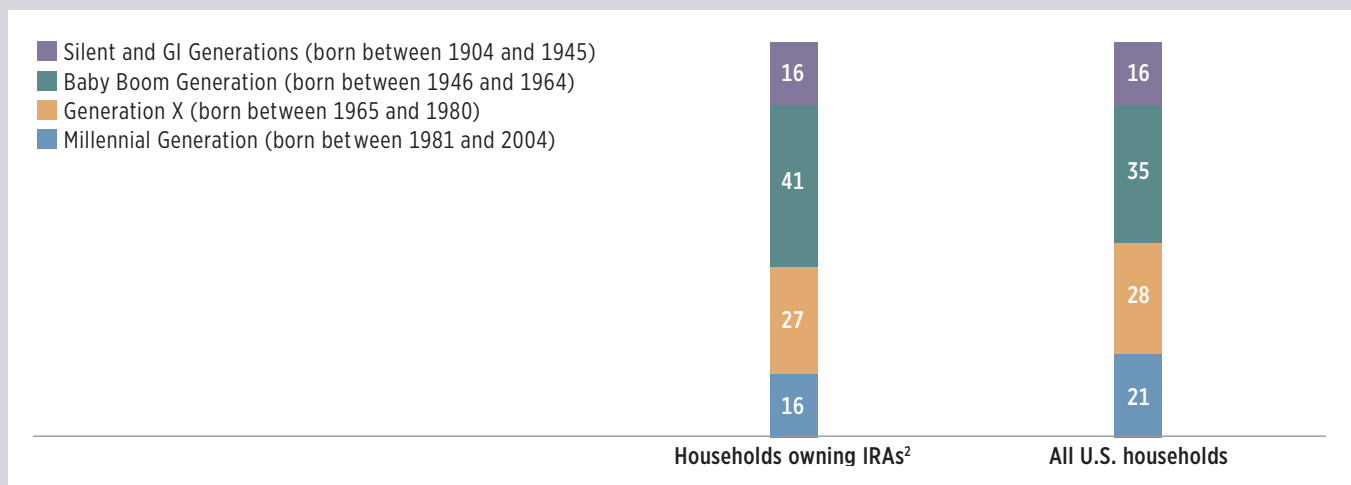
Note: Survey participants must be 18 or older and be the most knowledgeable about the household's savings and investments; so although people born between 1981 and 2004 are members of the Millennial Generation, only those born between 1981 and 1997 are included in this survey.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE A5

Baby Boomers Make Up 41 Percent of All IRA-Owning Households

Percent distribution of households owning IRAs and all U.S. households by generation,¹ 2015



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 1981 and 2004 are members of the Millennial Generation, only those born between 1981 and 1997 are included in this survey.

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

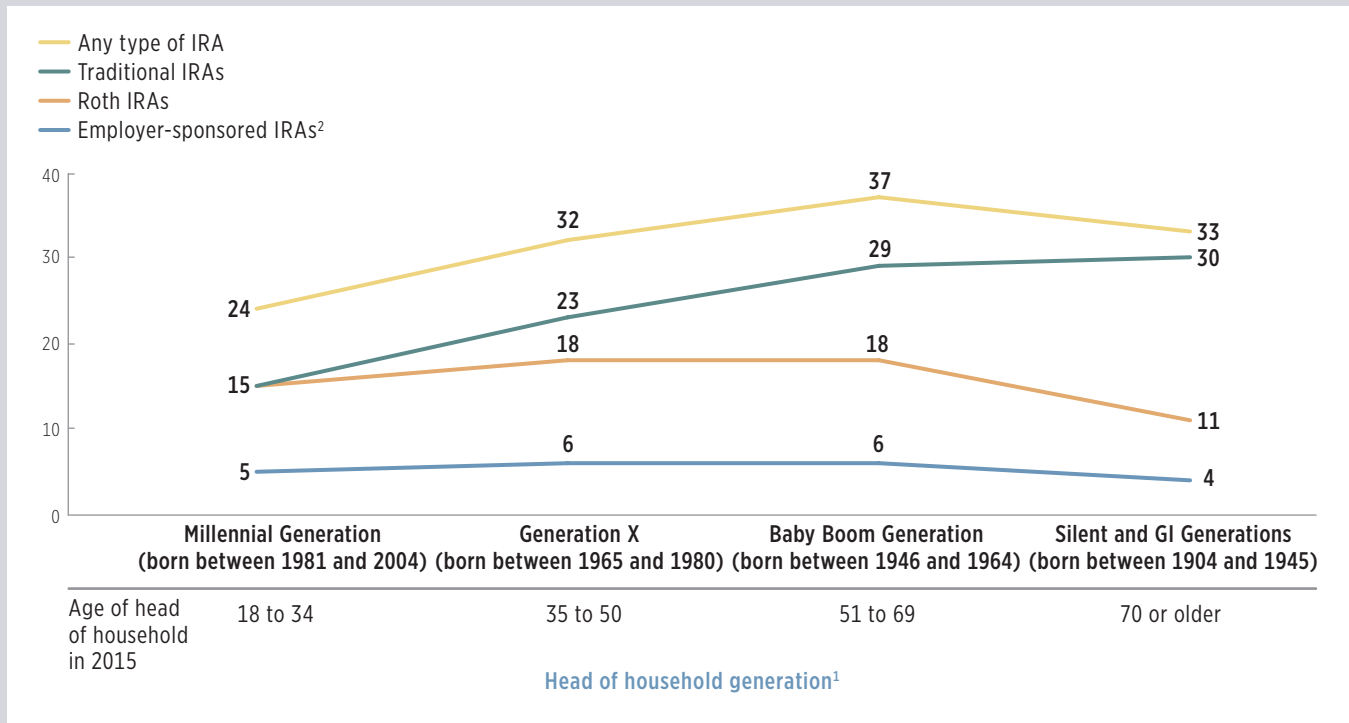
In mid-2015, 29 percent of households headed by members of the Baby Boom Generation owned traditional IRAs; 18 percent owned Roth IRAs; and 6 percent owned employer-sponsored IRAs (Figure A6). In mid-2015,

households headed by Baby Boomers held a significant portion of total IRA assets. Fifty-seven percent of all IRA assets were held by households headed by members of this generation.⁶

FIGURE A6

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

Percentage of U.S. households within each generation group,¹ 2015



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.

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 1981 and 2004 are members of the Millennial Generation, only those born between 1981 and 1997 are included in this survey.

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 Balances and Investments

Median household financial assets in all types of IRAs were \$50,000 in mid-2015 (Figure A8). Household financial assets in traditional IRAs tended to be greater than assets in Roth or employer-sponsored IRAs.

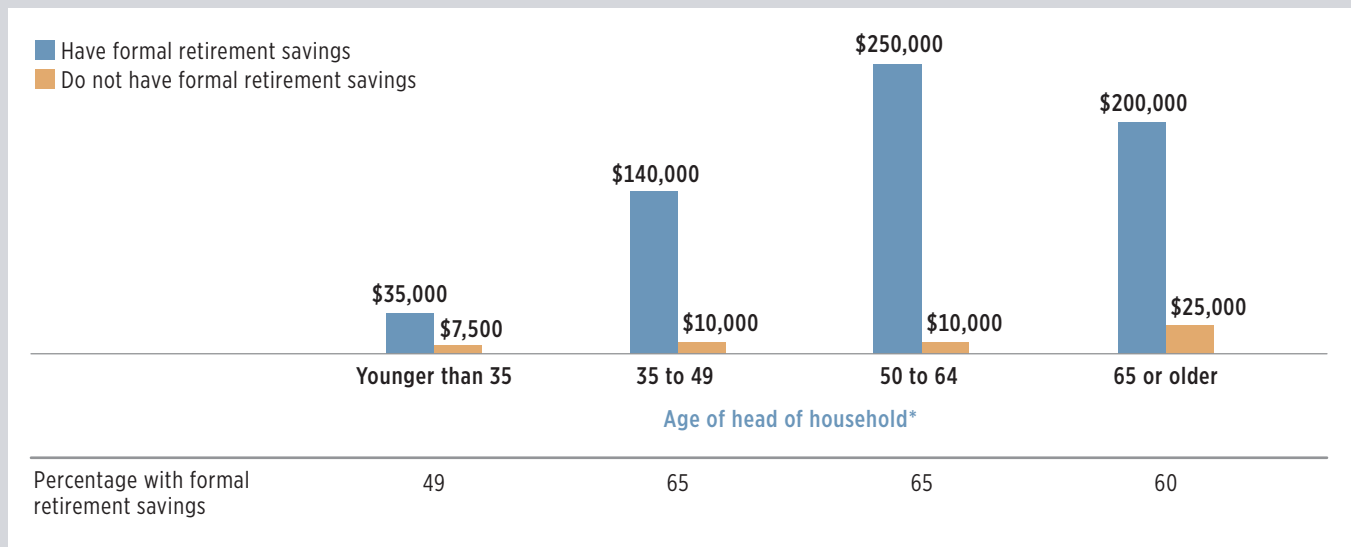
Traditional IRAs have been available longer than the other types of IRAs, and many households' traditional IRAs contain employer-sponsored retirement plan rollovers. Roth IRAs have been available since 1998 and have had only very limited opportunity to receive rollovers from employer-sponsored retirement plans.⁷

In mid-2015, 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 \$62,500 (Figure A8). 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 \$30,000, while households owning traditional IRAs for 20 years or more had median traditional IRA holdings of \$125,000 (Figure A9). Mean traditional IRA holdings, though higher than the median values, exhibited a similar pattern.

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, 2015



* 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, 2015

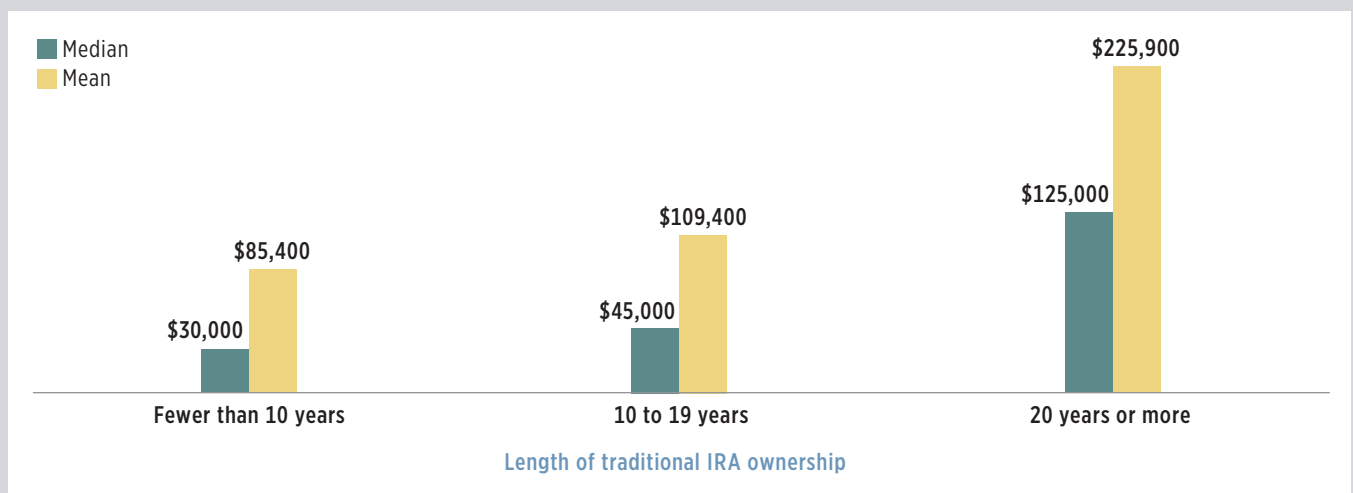
	Total household financial assets in IRAs	Type of IRA owned		
		Traditional IRAs	Roth IRAs	Employer-sponsored IRAs*
Assets in type of IRA				
Less than \$10,000	15%	14%	26%	24%
\$10,000 to \$24,999	19	15	28	22
\$25,000 to \$49,999	13	14	12	17
\$50,000 to \$99,999	16	17	18	16
\$100,000 to \$249,999	19	20	11	14
\$250,000 or more	18	20	5	7
Mean	\$140,800	\$149,800	\$61,800	\$82,600
Median	\$50,000	\$62,500	\$20,000	\$30,000

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

Source: Investment Company Institute IRA Owners Survey

FIGURE A9

Household Assets in Traditional IRAs by Length of Ownership, 2015



Source: Investment Company Institute IRA Owners Survey

Mutual funds were the most common IRA investment (Figure A10).⁸ In mid-2015, 64 percent of IRA-owning households had IRA assets invested in mutual funds, usually equity funds. Forty-two 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 A10

Types of Investments Held in IRAs

Percentage of households with type of IRA indicated,¹ 2015

IRA investments	Type of IRA owned			
	Any type of IRA	Traditional IRAs	Roth IRAs	Employer-sponsored IRAs ²
Mutual funds (total)	64%	64%	59%	51%
Equity funds	46	46	38	37
Bond funds	26	26	18	18
Balanced funds	34	32	27	22
Money market funds	30	30	21	21
Individual equities	42	42	31	29
Annuities (total)	33	34	19	24
Fixed annuities	22	22	12	13
Variable annuities	22	22	13	17
Bank savings accounts, money market deposit accounts, or certificates of deposit	24	24	14	15
Individual bonds (not including U.S. savings bonds)	15	14	9	10
U.S. savings bonds	17	16	11	12
ETFs	13	13	11	8
Other	7	6	5	2
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.

Note: Number of respondents varies.

Source: Investment Company Institute IRA Owners Survey

Contributions to Traditional IRAs and Roth IRAs

Thirty percent of traditional IRA-owning households—an estimated 9.1 million—contributed to their traditional IRAs in tax year 2014, with a median contribution of \$5,000 per household (Figure A11). Those who contributed to their

traditional IRAs typically were younger and had higher household incomes than non-contributors (Figure A11). Forty-five percent of households owning Roth IRAs—an estimated 9.1 million—contributed to their Roth IRAs in tax year 2014, with a median contribution of \$4,500 per household. Since tax year 2002, individuals aged 50 or older are eligible to make catch-up contributions to their

FIGURE A11

Characteristics of Households Owning Traditional IRAs or Roth IRAs in 2015 by Contribution Status in Tax Year 2014

	Traditional IRA-owning households		Roth IRA-owning households	
	Contributed to traditional IRA in tax year 2014 ¹	Did not contribute to traditional IRA in tax year 2014 ²	Contributed to Roth IRA in tax year 2014 ³	Did not contribute to Roth IRA in tax year 2014 ⁴
Median per household				
Age of household sole or co-decisionmaker for saving and investing	51 years	60 years	45 years	52 years
Household income ⁵	\$100,000	\$87,500	\$100,000	\$95,000
Household financial assets ⁶	\$300,000	\$300,000	\$240,000	\$300,000
Household financial assets in all types of IRAs	\$90,000	\$60,000	\$50,000	\$50,000
Amount contributed per household to each type of IRA in tax year 2014	\$5,000	N/A	\$4,500	N/A
Percentage of households				
Household sole or co-decisionmaker for saving and investing				
Married or living with a partner	79%	70%	75%	73%
College or postgraduate degree	64	50	60	59
Employed full- or part-time	83	56	89	70
Household has DC retirement plan account	82	69	84	76

¹ Thirty percent of households owning traditional IRAs contributed to them in tax year 2014.

² Includes all households owning traditional IRAs that did not contribute to them in tax year 2014. Some of these households may have been ineligible to make deductible contributions.

³ Forty-five percent of households owning Roth IRAs contributed to them in tax year 2014.

⁴ Includes all households owning Roth IRAs that did not contribute to them in tax year 2014. Some of these households may have been ineligible to contribute to Roth IRAs in tax year 2014.

⁵ Total reported is household income before taxes in 2014.

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

IRAs.⁹ Twenty-seven percent of traditional IRA-owning households with individuals aged 50 to 70 in mid-2015 contributed to their traditional IRAs in tax year 2014; 67 percent of these contributing households made catch-up contributions (Figure A12). Thirty-six percent of Roth IRA-owning households with individuals aged 50 or older in mid-2015 contributed to their Roth IRAs in tax year 2014; 61 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; in addition, married people tend to save more than single persons.¹⁰ 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	2003	2004	2006	2007	2008	2009	2010	2011	2012	2013	2014
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%	14%	18%
Contributed, but did not make a catch-up contribution	17	20	20	23	10	14	17	14	15	16	10	9
Did not contribute ²	74	67	64	65	75	73	72	72	71	71	76	73
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%	16%	22%
Contributed, but did not make a catch-up contribution	12	21	25	28	14	19	23	17	20	18	12	14
Did not contribute	73	51	42	51	69	58	62	64	61	66	72	64

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 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.

Note: Data are not available for tax year 2005.

Source: Investment Company Institute IRA Owners Survey

Traditional IRAs. In mid-2015, 30.4 million, or 24.4 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. Forty-one percent of households with traditional IRAs also owned Roth IRAs, and 12 percent also owned employer-sponsored IRAs.

Households owning traditional IRAs had median assets of \$62,500 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).¹¹ Forty-six percent of traditional IRA-owning households opened their first traditional IRA in 1996 or earlier (Figure A14).

FIGURE A13

Characteristics of U.S. Households Owning IRAs, 2015

	Type of IRA owned				Households not owning IRAs
	Households owning IRAs	Traditional IRAs	Roth IRAs	Employer-sponsored IRAs ¹	
Median per household					
Age of household sole or co-decisionmaker for saving and investing	54 years	56 years	49 years	53 years	49 years
Household income ²	\$87,500	\$90,000	\$100,000	\$87,500	\$40,000
Household financial assets ³	\$300,000	\$300,000	\$300,000	\$250,000	\$30,000
Household financial assets in all types of IRAs	\$50,000	\$65,000	\$50,000	\$62,500	N/A
Share of household financial assets in type of IRA indicated	32%	31%	13%	15%	N/A
Percentage of households					
Household sole or co-decisionmaker for saving and investing					
Married or living with a partner	71%	72%	74%	72%	52%
College or postgraduate degree	54	54	60	57	24
Employed full- or part-time	69	65	79	74	56
Retired from lifetime occupation	30	34	20	27	27
Household has DC account or DB plan coverage (total) ⁴					
DC retirement plan account	75	73	80	73	33
DB plan coverage	43	44	43	41	19
Types of IRAs owned ⁴					
Traditional IRA	75	100	61	53	N/A
Roth IRA	50	41	100	44	N/A
Employer-sponsored IRA ¹	17	12	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 2014.

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 with traditional IRAs held them through a wide array of financial institutions. In mid-2015, 80 percent of traditional IRA-owning households held traditional IRAs

through investment professionals, and 33 percent held traditional IRAs directly at mutual fund companies or discount brokers (Figure A14).

FIGURE A14

Characteristics of U.S. Households Owning Traditional IRAs, 2015

Median per household owning traditional IRAs	
Amount in traditional IRAs	\$62,500
Amount contributed to traditional IRAs in tax year 2014 ¹	\$5,000
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 2014	30
Deducted a traditional IRA contribution in tax year 2014 ²	26
Made a withdrawal from a traditional IRA in tax year 2014	22
Own traditional IRA³	
Respondent	84
Spouse	45
Dependent children	3
Number of traditional IRAs owned	
One	52
Two	34
Three or more	14
Year first traditional IRA was opened	
1974 through 1981	12
1982 through 1986	12
1987 through 1991	9
1992 through 1996	13
1997 through 2001	15
2002 through 2006	15
2007 through 2009	8
2010 through mid-2015	16

Continued on the next page

FIGURE A14 CONTINUED

Characteristics of U.S. Households Owning Traditional IRAs, 2015

Where traditional IRAs are held³	
Investment professional (total)	80%
Full-service brokerage	57
Independent financial planning firm	18
Bank or savings institution	22
Insurance company	8
Direct sources (total)	33
Mutual fund company	13
Discount brokerage (total)	23
Discount brokerage firm with walk-in offices	17
Discount brokerage firm that is only available online	8

¹ Figure reports median among households that contributed to traditional IRAs in tax year 2014.

² Figure reports percentage among households that contributed to traditional IRAs in tax year 2014.

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 mid-2015, 55 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 31 percent indicated that all of their IRAs were at the same type of financial services firm, although not necessarily the same firm.

FIGURE A15

Characteristics of Households Owning Traditional IRAs With and Without Rollovers from Employer-Sponsored Retirement Plans, 2015

	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	57 years	55 years
Household income ³	\$100,000	\$87,500
Household financial assets ⁴	\$350,000	\$250,000
Household financial assets in all types of IRAs	\$100,000	\$45,000
Amount in traditional IRAs	\$100,000	\$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	77%	67%
Widowed	6	9
College or postgraduate degree	57	52
Employed full- or part-time	63	66
Retired from lifetime occupation	36	33
Where traditional IRAs are held⁵		
Investment professional (total)		
Full-service brokerage	60	54
Independent financial planning firm	19	17
Bank or savings institution	21	23
Insurance company	8	8
Direct market (total)		
Mutual fund company	14	11
Discount brokerage (total)		
Discount brokerage with walk-in offices	20	14
Discount brokerage firm that is only available online	7	8

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

²Fifty-one 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 2014.

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

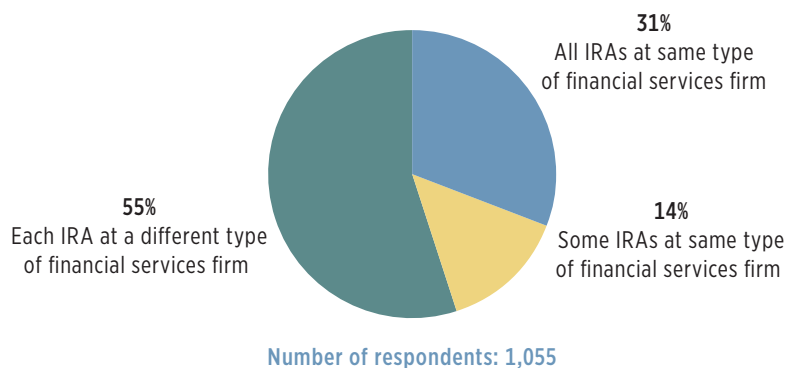
⁵Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

FIGURE A16

Households Hold Traditional IRAs at Different Types of Financial Services Firms

Percentage of traditional IRA-owning households with multiple traditional IRAs, 2015



Source: Investment Company Institute IRA Owners Survey

Roth IRAs. In mid-2015, 20.3 million, or 16.3 percent of, U.S. households owned Roth IRAs (Figure A1). The financial decisionmakers of Roth IRA households had a median age of 49 years and were the most likely of all IRA household decisionmakers to have college or postgraduate degrees (Figure A13). Sixty-one percent of Roth IRA-owning households also owned traditional IRAs, and 80 percent had DC plan accounts.

Households owning Roth IRAs typically owned one Roth IRA, 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).¹² Fourteen 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).¹³ Another 17 percent opened their Roth IRAs between 1999 and 2001, and the remaining 69 percent opened their first Roth IRAs in 2002 or later.¹⁴ Forty-seven percent of households owning Roth IRAs opened one as their first IRA. Roth IRA-owning households mostly held Roth IRAs at full-service brokerages, banks or savings institutions, 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 2014, among households that took traditional IRA withdrawals, the median age of the household decisionmaker surveyed was 71, compared with a median age of 53 among households not taking distributions (Figure A19). Seventy percent of households owning traditional IRAs in mid-2015 and taking withdrawals in tax year 2014 were headed by retired individuals. Typically, withdrawals from traditional IRAs were taken to fulfill required minimum distributions (RMDs). Sixty-one percent of households owning traditional IRAs in mid-2015 and making withdrawals in tax year 2014 calculated their withdrawal amount based on the RMD.¹⁵ Twenty-four percent of traditional IRA-owning households taking withdrawals reported they withdrew lump sums based on needs in tax year 2014.

Households that were retired and took traditional IRA withdrawals usually did so to pay for living expenses or to reinvest or save the withdrawal amount in another account. In tax year 2014, 48 percent reported using traditional IRA withdrawals to pay for living expenses (Figure A19). Thirty-seven percent of households making withdrawals in tax year 2014 reinvested or saved the withdrawal amount in another account.¹⁶

FIGURE A17

Characteristics of U.S. Households Owning Roth IRAs, 2015

Median per household owning Roth IRAs	
Amount in Roth IRAs	\$20,000
Amount contributed to Roth IRAs in tax year 2014 ¹	\$4,500
Number of Roth IRAs owned	1
Percentage of households owning Roth IRAs	
Roth IRA was first IRA owned	47%
Roth IRA was funded by a conversion from a traditional IRA	16
Contributed to a Roth IRA in tax year 2014	45
Roth IRA assets include assets initially from an employer-sponsored retirement plan	22
Made a withdrawal from a Roth IRA in tax year 2014	4
Own Roth IRA²	
Respondent	86
Spouse	40
Dependent children	3
Number of Roth IRAs owned	
One	63
Two	29
Three or more	8
Year first Roth IRA was opened	
1998	14
1999 through 2001	17
2002 through 2004	11
2005 through 2007	16
2008 through 2009	9
2010	6
2011 through mid-2015	27
Where Roth IRAs are held²	
Investment professional (total)	77
Full-service brokerage	60
Independent financial planning firm	14
Bank or savings institution	16
Insurance company	5
Direct sources (total)	27
Mutual fund company	9
Discount brokerage (total)	20
Discount brokerage firm with walk-in offices	14
Discount brokerage firm that is only available online	7

¹ Figure reports median among households that contributed to Roth IRAs in tax year 2014.

² Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

FIGURE A18

Characteristics of Households Owning Roth IRAs With and Without Conversions, 2015

	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	57 years	47 years
Household income ³	\$100,000	\$100,000
Household financial assets ⁴	\$400,000	\$250,000
Household financial assets in all types of IRAs	\$87,500	\$45,000
Amount in Roth IRAs	\$50,000	\$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	77%	73%
Widowed	6	3
College or postgraduate degree	65	59
Employed full- or part-time	68	81
Retired from lifetime occupation	32	17
Year first Roth IRA was opened		
1998	21	13
1999 through 2001	23	16
2002 through 2004	13	11
2005 through 2007	15	16
2008 through 2009	5	10
2010	4	6
2011 through mid-2015	19	28

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

² Eighty-four 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 2014.

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 2014

	Made a withdrawal from a traditional IRA in tax year 2014 ¹	Did not make a withdrawal from a traditional IRA in tax year 2014 ²
Median per household		
Age of household sole or co-decisionmaker for saving and investing	71 years	53 years
Household income ³	\$75,000	\$100,000
Household financial assets ⁴	\$400,000	\$300,000
Household financial assets in all types of IRAs	\$100,000	\$55,000
Percentage of households		
Household sole or co-decisionmaker for saving and investing:		
Married or living with a partner	63%	74%
Widowed	18	5
College or postgraduate degree	46	57
Employed full- or part-time	34	73
Retired from lifetime occupation	70	24
How withdrawal was determined		
Withdraw to meet the IRS's required minimum distribution	61	N/A
Withdraw a lump sum based on needs	24	N/A
Withdraw a regular dollar amount	9	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	48	N/A
Spent it on a car, boat, or big-ticket item other than a home	12	N/A
Spent it on a healthcare expense	36	N/A
Used it for an emergency	23	N/A
Used it for home purchase, repair, or remodeling	25	N/A
Reinvested or saved it in another account	37	N/A
Paid for education	8	N/A
Some other purpose	11	N/A

¹ Twenty-two percent of households owning traditional IRAs withdrew money from them in tax year 2014.

² Seventy-eight percent of households owning traditional IRAs did not withdraw money from them in tax year 2014.

³ Total reported is household income before taxes in tax year 2014.

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 in which 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 conducted from May to July 2015. This survey was based on a dual frame random digit dial (RDD) telephone sample and included 6,000 randomly selected, representative U.S. households. The standard error for the total sample is ± 1.3 percentage points at the 95 percent confidence level. For further discussion and additional results from this survey, see Burham, Bogdan, and Schrass 2015. The demographic and financial characteristics of IRA owners are derived from a separate IRA Owners Survey of 3,200 representative U.S. households owning traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). The 2015 IRA Owners Survey was based on a dual frame telephone sample with 2,200 households from a landline RDD frame and 1,000 households from a cell phone RDD frame. The standard error for the total sample is ± 1.7 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. Starting in 2013, the order of the account type choices in the question regarding ownership of retirement and other savings accounts was changed. This change was made to avoid confusion between individual accounts in 401(k) and other employer-sponsored DC plan accounts versus IRAs. Beginning 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 2014 and 2015, the incidence of IRA ownership is lower than in previous years, possibly due to the reordering of questions regarding retirement and other savings accounts in the questionnaire (introduced in 2013), as well as a sampling and weighting methodology change introduced in 2014. See Figure A1 in this appendix for the complete time series on IRA incidence. See Burham, Bogdan, and Schrass 2015 for details on the changes to the ICI Annual Mutual Fund Shareholder Tracking Survey.

- ² For the rules governing IRAs, see Internal Revenue Service 2015a and 2015b. 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 33–34 of Holden and Schrass 2016.
- ³ See note 1 for a discussion of changes in IRA incidence in ICI's surveys. The ICI Annual Mutual Fund Shareholder Tracking Survey results in higher incidence of IRA ownership than the Federal Reserve Board's Survey of Consumer Finances. For example, ICI tabulations of the 2013 Survey of Consumer Finances indicate that 22.2 percent of U.S. households owned traditional IRAs and 10.5 percent of U.S. households owned Roth IRAs. The ICI Annual Mutual Fund Shareholder Tracking Survey finds that 29.4 percent of U.S. households in 2013, 25.3 percent in 2014, and 24.4 percent in 2015 owned traditional IRAs; in addition, 15.6 percent of U.S. households in 2013, 15.6 percent in 2014, and 16.3 percent in 2015 owned Roth IRAs (see Figure A1 in this appendix). For a description of the Survey of Consumer Finances, see Bricker et al. 2014.
- ⁴ 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 2015. For analysis of Roth IRA investors' activities during and in the wake of the financial crisis, see Holden and Schrass 2015.
- ⁵ For a discussion of age and cohort effects on traditional IRA ownership, see Sabelhaus and Schrass 2009.
- ⁶ In mid-2015, 19 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 16 percent of IRA assets and households headed by members of the Millennial Generation held 8 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 1981 and 2004 are members of the Millennial Generation, only those born between 1981 and 1997 are included in this survey.
- ⁷ 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 2015a. Twenty-two percent of Roth IRA-owning households in mid-2015 reported that their Roth IRAs contained assets that were initially in an employer-sponsored retirement plan (see Figure A17).

- ⁸ In aggregate, 47 percent of the \$7.3 trillion in IRAs at the end of the third quarter of 2015 was invested in mutual funds (see Investment Company Institute 2015). For more information on the asset allocation of individual traditional IRA investors, see Holden and Bass 2011 and Holden and Bass 2015. For more information on the asset allocation of individual Roth IRA investors, see Holden and Schrass 2015.
- ⁹ See discussion and Figures 19 and 20 in Holden and Schrass 2016.
- ¹⁰ 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 2014 and Sabelhaus, Bogdan, and Schrass 2008.
- ¹¹ Analysis of 9.8 million traditional IRA investors aged 25 or older in 2013 finds that recent rollovers provide a significant boost to traditional IRA balances. See Holden and Bass 2015.
- ¹² Analysis of 5.2 million Roth IRA investors aged 18 or older in 2013 finds that recent conversions provide a significant boost to Roth IRA balances. See Holden and Schrass 2015.
- ¹³ For data on aggregate Roth IRA assets, contributions, and conversions, see Investment Company Institute 2015. For reference on rules governing IRAs, see Internal Revenue Service 2015a and 2015b.
- ¹⁴ 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 2010.
- ¹⁵ This is similar to 65 percent in tax year 2013 and 66 percent in tax year 2012 (see Figure 24 in Holden and Schrass 2016). In 2009, with the temporary suspension of RMDs, 48 percent of traditional IRA-owning households with withdrawals took the RMD amount (see Figure 24 in Holden and Schrass 2016). In addition, withdrawal activity was lower in tax year 2009 (see Figure 21 in Holden and Schrass 2016).
- ¹⁶ Among the 37 percent of households that reported reinvesting or saving the amount of the traditional IRA withdrawal into another account (Figure A19), 82 percent reported withdrawing the amount based on the RMD.

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