

Quarterly updates to the data in this report are available at [www.ici.org/pdf/retmrkt\\_update.pdf](http://www.ici.org/pdf/retmrkt_update.pdf).

## APPENDIX: Additional Data on the U.S. Retirement Market, 2006

The July 2007 issue of *Fundamentals* covers the U.S. retirement market in 2006. The report highlights data collected by the Investment Company Institute (ICI), government agencies, and other trade associations to characterize the U.S. retirement market and mutual funds' role in managing retirement assets.<sup>1,2</sup> This Appendix provides supplementary tables and charts with additional detail for the July 2007 *Fundamentals*.

### MUTUAL FUNDS AND THE U.S. RETIREMENT MARKET

**Share of Total Retirement Market.** Total U.S. retirement assets rose by 11 percent in 2006 to a record \$16.4 trillion (Figure A1). Mutual fund assets held by Individual Retirement Accounts (IRAs) and employer-sponsored defined contribution (DC) plans increased to represent 25 percent of the total U.S. retirement market in 2006 (Figures A2 and A3). Annuities (variable and fixed) not held in retirement savings accounts held \$1.6 trillion of the total U.S. retirement market (Figure A1). Variable annuity (VA) mutual fund assets outside of retirement accounts were \$924 billion in 2006 (Figure A4). Some of these VA mutual fund assets may be held in variable life insurance policies, which are not counted as part of the U.S. retirement market.<sup>3</sup> But, if one were to assume that all of these VA mutual funds are retirement savings, mutual funds' share of the total retirement market increases to 31 percent.

**Share of Total Mutual Fund Assets.** IRAs and employer-sponsored DC plan accounts held 39 percent of the \$10.4 trillion in mutual fund assets in the United States at year-end 2006 (Figure A5). Retirement savings accounts hold a significant share of long-term mutual fund assets (47 percent), but are a relatively minor component of money market fund assets (13 percent). The bulk of retirement account mutual fund assets is actively managed; although, in 2006, \$336 billion of retirement account mutual fund assets were invested in index mutual funds (Figure A6).

**Net New Cash Flow to Mutual Funds.**<sup>4</sup> Net new cash flow to long-term mutual funds from retirement accounts was \$98 billion in 2006, compared with \$132 billion in 2005 (Figures A7 and A8). These flows accounted for 43 percent of the total net new cash flow to long-term mutual funds last year. Although below the brisk pace set in 2005, flows from retirement accounts into hybrid funds remained strong, boosted by the popularity of lifestyle and lifecycle funds.<sup>5</sup> Flows into equity funds weakened and flows into bond funds were about unchanged. Money market funds had a net inflow of \$39 billion in 2006, topping the net inflow of \$35 billion recorded in 2001.

## INDIVIDUAL RETIREMENT ACCOUNTS (IRAs)

**Mutual Funds in IRAs.** In 2006, \$2.0 trillion, or 47 percent, of IRA assets were invested in mutual funds.<sup>6</sup> About two-thirds of those mutual fund assets were equity funds (Figure A9). Hybrid funds (which invest in a mix of equity and fixed-income securities and include most lifestyle and lifecycle funds) represented 14 percent of IRA mutual fund holdings in 2006. The remaining 20 percent of assets is split about evenly between bond funds and money market funds. Traditional IRAs represent the bulk of both total IRA assets<sup>7</sup> and mutual fund assets in IRAs (Figure A10).<sup>8,9</sup>

### **Traditional, Roth, and Employer-Sponsored IRAs.**

Traditional IRAs held an estimated \$3.8 trillion in assets in 2006.<sup>10</sup> Rollovers from employer-sponsored plans have contributed significantly to the growth in traditional IRA assets in recent years; in 2004 (the most recent data available), rollovers to traditional IRAs were \$214 billion.<sup>11</sup> Roth IRAs held an estimated \$178 billion in 2006 (Figure A11).<sup>12</sup> Employer-sponsored IRAs<sup>13</sup> held a total of \$270 billion in assets in 2006, with 57 percent invested in mutual funds (Figures A12 and A13). The relatively new SIMPLE IRA, which is designed for firms with 100 or fewer employees, has experienced steady growth since its introduction in 1998 (Figures A13 and A14).<sup>14</sup>

## EMPLOYER-SPONSORED DEFINED CONTRIBUTION (DC) PLANS

**Mutual Fund Assets in DC Plan Accounts.** In 2006, \$2.1 trillion, or 52 percent, of employer-sponsored DC plan assets were invested in mutual funds.<sup>15</sup> Nearly three-quarters of those mutual fund assets were invested in equity funds (Figure A15). Hybrid funds (which invest in a mix of equity and fixed-income securities and include most lifestyle and lifecycle funds) represented 14 percent of DC plan mutual fund holdings in 2006. Another 8 percent of assets were bond funds, and the remaining 5 percent were money market funds.

**401(k), 403(b), 457, and Other DC Plans.** Seventy percent of mutual fund DC plan assets are held by 401(k) plans (Figure A16). This is about in line with the share of total DC plan assets held by 401(k) plans: 401(k) plan assets<sup>16</sup> make up about two-thirds of the entire DC plan market (Figure A17). Mutual funds represent 55 percent of all 401(k) assets. In 2006, 403(b) plans<sup>17</sup> held \$680 billion in assets, with 31 percent invested in VA mutual funds, 23 percent in non-VA mutual funds, and the remaining 47 percent in annuity reserves at life insurance companies.<sup>18</sup> In 2006, 457 plans<sup>19</sup> had accumulated \$158 billion in assets (Figure A17), of which \$71 billion (or 45 percent) were invested in mutual funds (Figure A16). Other DC plans—which include DC plans without 401(k) features and some Keoghs<sup>20</sup>—held \$535 billion in assets in 2006 (Figure A17).

FIGURE A1

**U.S. TOTAL RETIREMENT MARKET***Billions of dollars, year-end, 1985–2006*

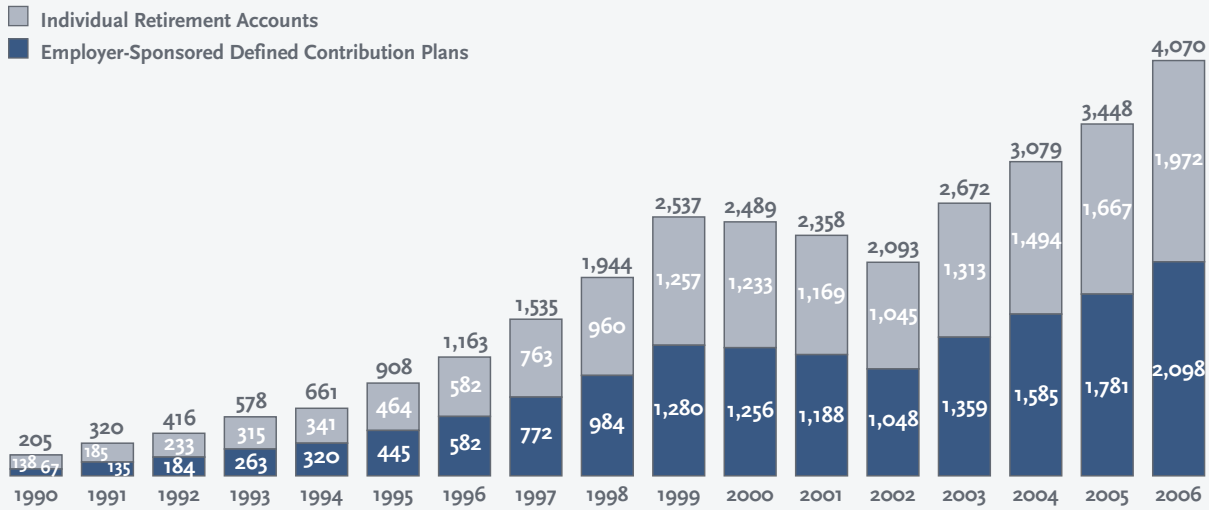
	IRAs	Defined Contribution Plans <sup>1</sup>	State and Local Government Pension Plans	Private Defined Benefit Plans	Federal Pension Plans <sup>2</sup>	Annuities <sup>3</sup>	Total
1985	\$241	\$508	\$405	\$813	\$172	\$181	\$2,321
1986	329	567	481	839	202	226	2,643
1987	404	654	537	827	233	234	2,889
1988	468	719	603	831	267	291	3,180
1989	546	855	706	945	304	338	3,694
1990	637	892	739	922	340	391	3,921
1991	776	1,060	862	1,073	382	423	4,576
1992	874	1,161	948	1,098	426	473	4,980
1993	993	1,319	1,054	1,212	468	522	5,569
1994	1,056	1,406	1,107	1,303	512	526	5,911
1995	1,288	1,717	1,344	1,496	541	582	6,968
1996	1,467	1,961	1,529	1,623	606	626	7,811
1997	1,728	2,343	1,819	1,798	659	658	9,005
1998	2,150	2,640	2,062	1,948	716	818	10,334
1999	2,651	3,001	2,361	2,117	774	928	11,833
2000	2,629	2,969	2,335	2,009	797	951	11,690
2001	2,619	2,663	2,254	1,845	860	1,041	11,281
2002	2,533	2,472	1,980	1,670	894	1,001	10,550
2003	2,993 <sup>e</sup>	3,043	2,394	2,025	958	1,125	12,540
2004	3,284 <sup>p</sup>	3,335	2,620	2,162	1,023	1,332	13,757
2005	3,632 <sup>e</sup>	3,600	2,745	2,178	1,074	1,446	14,676
2006	4,232 <sup>e</sup>	4,070	3,017	2,311	1,142	1,578	16,350

*e=estimated**p=preliminary*<sup>1</sup>*Defined contribution plans include private employer-sponsored defined contribution plan (including 401(k) plan), 403(b) plan, and 457 plan assets.*<sup>2</sup>*Federal pension plans include U.S. Treasury security holdings of the civil service retirement and disability fund, the military retirement fund, the judicial retirement funds, the Railroad Retirement Board, and the foreign service retirement and disability fund. These plans also include securities held in the National Railroad Retirement Investment Trust and Federal Employees Retirement System (FERS) Thrift Savings Plan (TSP).*<sup>3</sup>*Annuities include all fixed and variable annuity reserves at life insurance companies less annuities held by IRAs, 403(b) plans, 457 plans, and private pension funds. Some of these annuity reserves represent assets of individuals held outside retirement plan arrangements and IRAs; however, information to separate out such reserves is not available.**note: Components may not add to the total because of rounding.**sources: Investment Company Institute, Federal Reserve Board, National Association of Government Defined Contribution Administrators, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division*

FIGURE A2

DC PLAN AND IRA ASSETS INVESTED IN MUTUAL FUNDS

Billions of dollars, year-end, 1990–2006



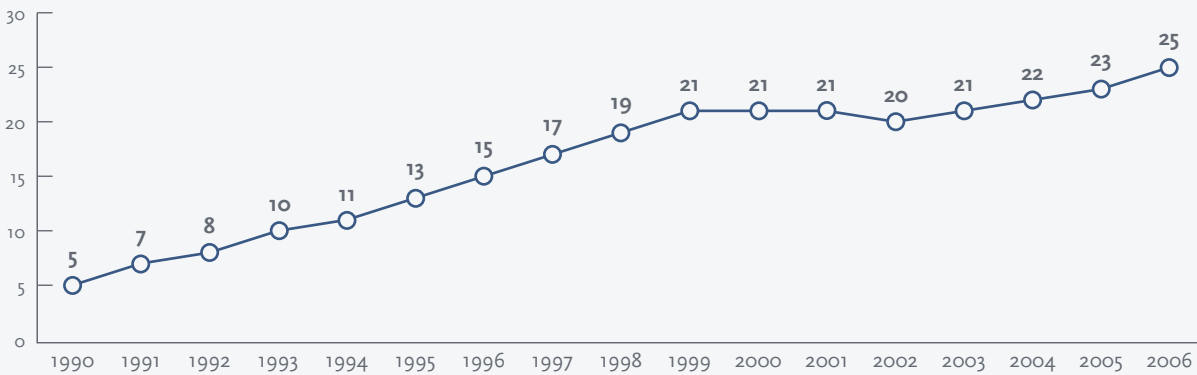
note: Components may not add to the total because of rounding.

source: Investment Company Institute

FIGURE A3

MUTUAL FUNDS' SHARE OF U.S. RETIREMENT ASSETS<sup>1,2</sup>

Percent, year-end, 1990–2006



<sup>1</sup>U.S. retirement assets include IRAs, annuities, and employer-sponsored defined benefit and defined contribution pension plans. Pension plans are sponsored by employers such as businesses; federal, state, and local governments; and nonprofit organizations.

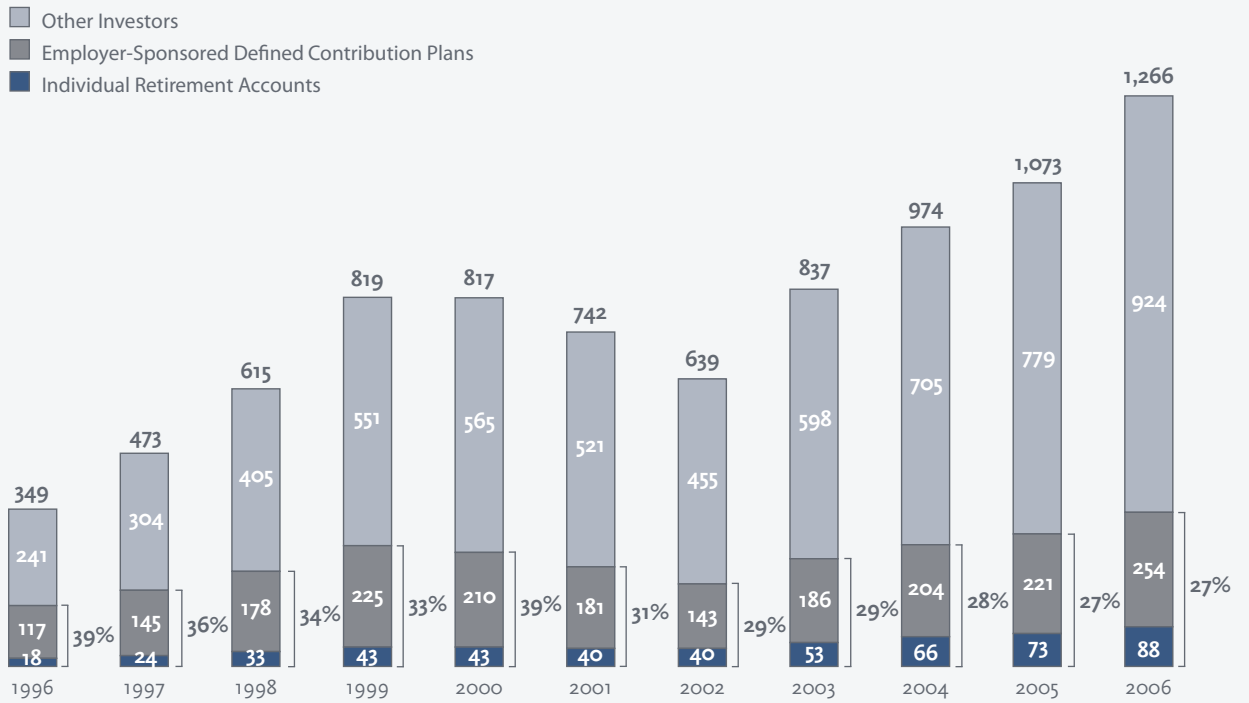
<sup>2</sup>Mutual fund retirement assets exclude defined benefit plans' mutual fund holdings, which amount to about 1½ percent of the U.S. retirement market. VA mutual fund assets held outside of retirement accounts also are excluded. Included are mutual fund assets held by IRAs and employer-sponsored defined contribution plans.

sources: Investment Company Institute, Federal Reserve Board, National Association of Government Defined Contribution Administrators, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division

FIGURE A4

**VARIABLE ANNUITY MUTUAL FUND ASSETS**

Billions of dollars, year-end, 1996–2006



note: Components may not add to the total because of rounding.

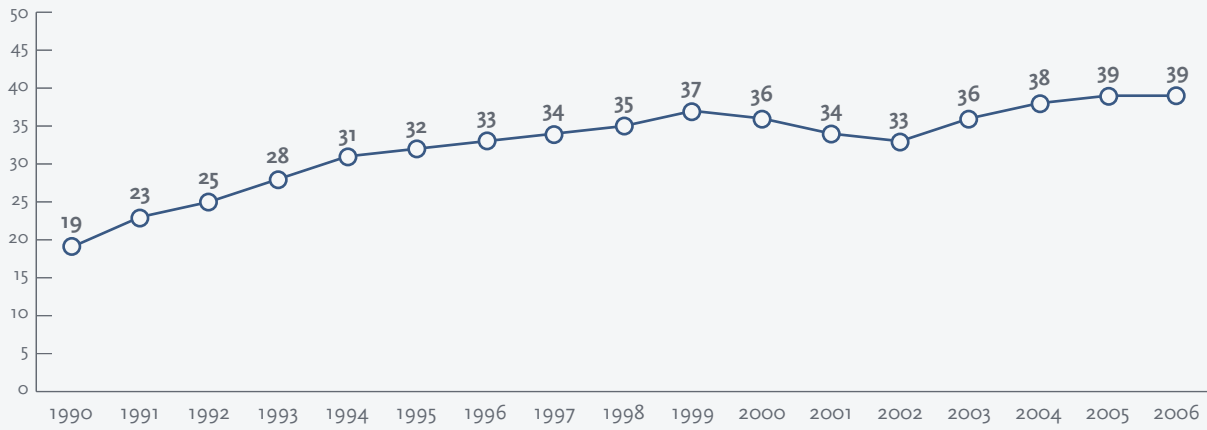
source: Investment Company Institute

FIGURE A5

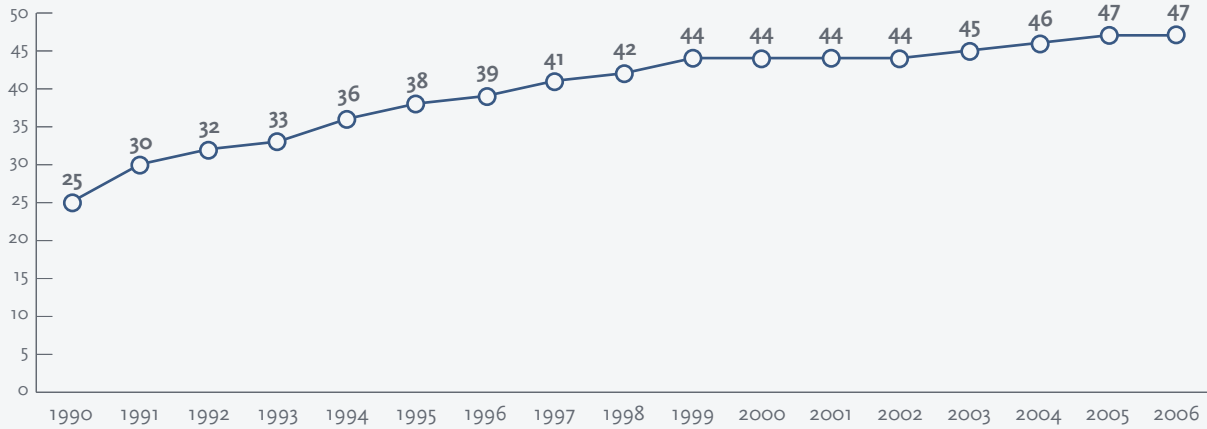
SHARE OF MUTUAL FUND ASSETS HELD IN RETIREMENT ACCOUNTS

Percent, year-end, 1990–2006

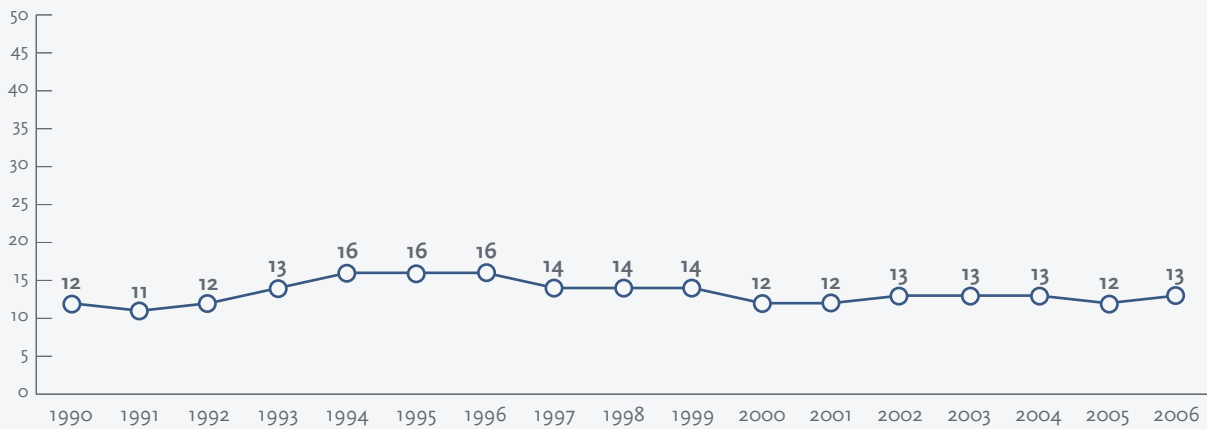
ALL FUNDS



LONG-TERM FUNDS\*



MONEY MARKET FUNDS



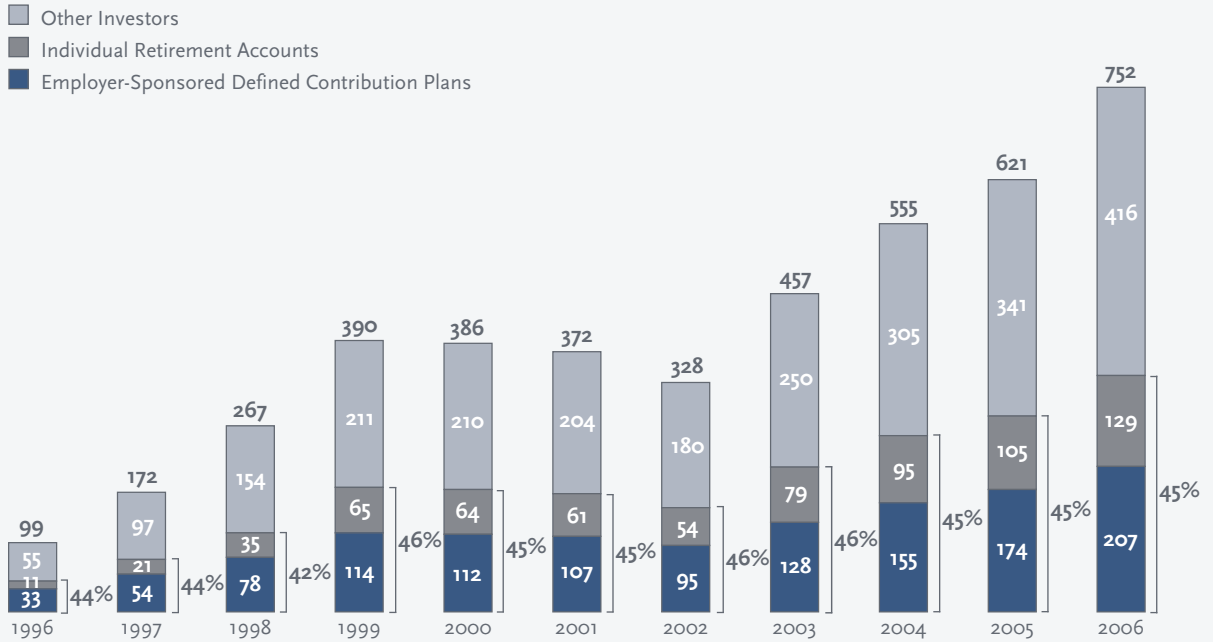
\*Long-term funds include equity, hybrid, and bond mutual funds.

source: Investment Company Institute

FIGURE A6

INDEX MUTUAL FUND ASSETS\* AND RETIREMENT ACCOUNTS

Billions of dollars, year-end, 1996–2006



\*Index mutual funds are equity, bond, and hybrid funds that target specific market indexes with the general objective of meeting the performance of that index. Equity index funds are the most common type of index funds, accounting for 90 percent of the \$752 billion of index fund assets at year-end 2006.

note: Components may not add to the total because of rounding.

source: Investment Company Institute

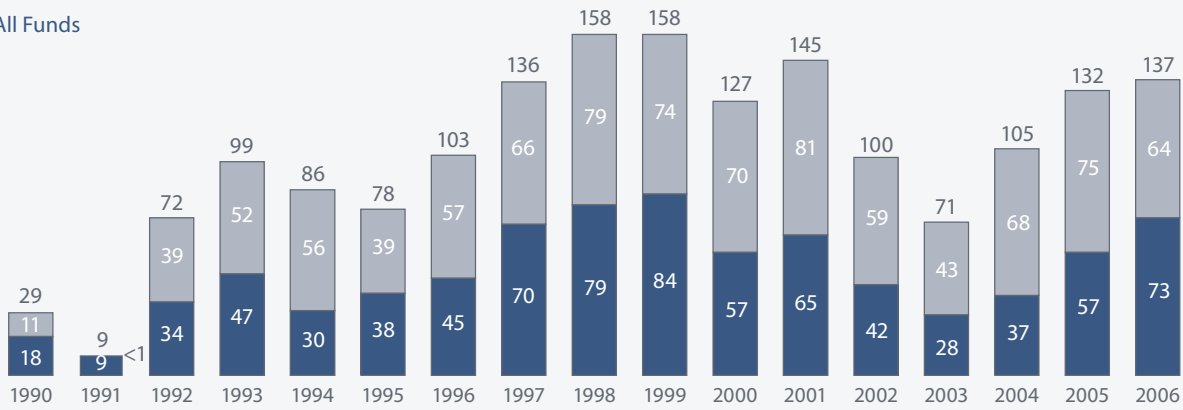
FIGURE A7

**ESTIMATED NET NEW CASH FLOW<sup>1</sup> TO MUTUAL FUNDS FROM RETIREMENT ACCOUNTS**

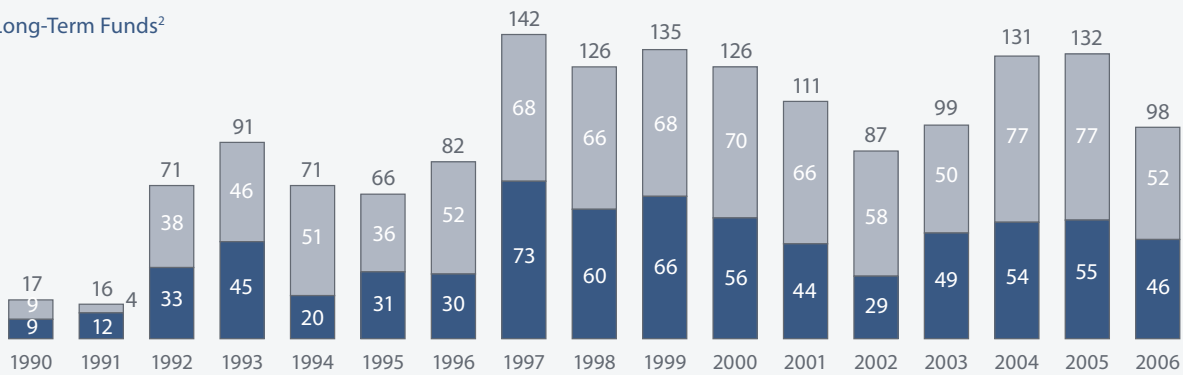
Billions of dollars, 1990–2006

Employer-Sponsored Defined Contribution Plans  
 Individual Retirement Accounts

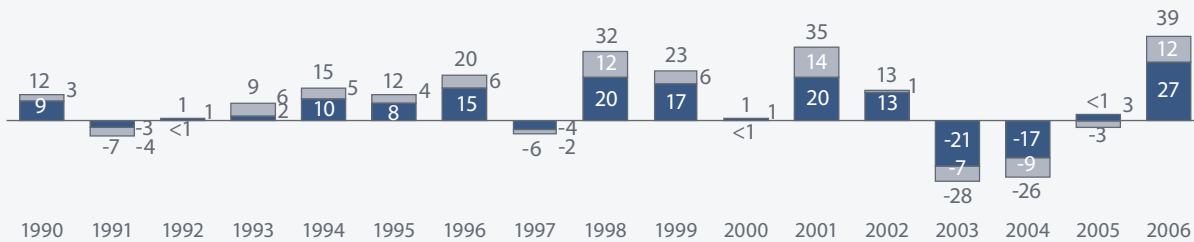
All Funds



Long-Term Funds<sup>2</sup>



Money Market Funds



<sup>1</sup>See text endnote 4 for an explanation of the procedure used to estimate net new cash flows.

<sup>2</sup>Long-term funds include equity, hybrid, and bond mutual funds.

note: Components may not add to the total because of rounding.

source: Investment Company Institute



FIGURE A8

ESTIMATED NET NEW CASH FLOW<sup>1</sup> TO MUTUAL FUNDS FROM RETIREMENT ACCOUNTS BY TYPE OF FUND

Billions of dollars, 1997–2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Total Retirement<sup>2</sup></b>	\$136	\$158	\$158	\$127	\$145	\$100	\$71	\$105	\$132	\$137
IRAs	70	79	84	57	65	42	28	37	57	73
Defined Contribution Plans	66	79	74	70	81	59	43	68	75	64
<b>Long-Term Funds</b>	142	126	135	126	111	87	99	131	132	98
IRAs	73	60	66	56	44	29	49	54	55	46
Defined Contribution Plans	68	66	68	70	66	58	50	77	77	52
Equity Funds	123	100	131	147	53	22	67	82	57	44
IRAs	66	48	66	71	22	-4	29	27	24	22
Defined Contribution Plans	57	51	65	75	31	26	38	54	34	22
Hybrid Funds <sup>3,4</sup>	13	8	(*)	-6	20	13	30	44	66	46
IRAs	4	2	-2	-7	6	6	18	25	30	20
Defined Contribution Plans	8	7	1	1	14	7	12	19	36	26
Bond Funds	6	18	4	-14	37	52	1	5	8	8
IRAs	3	10	2	-9	16	28	2	1	1	4
Defined Contribution Plans	3	8	2	-6	21	25	-1	4	7	4
<b>Money Market Funds</b>	-6	32	23	1	35	13	-28	-26	(*)	39
IRAs	-4	20	17	1	20	13	-21	-17	3	27
Defined Contribution Plans	-2	12	6	(*)	14	1	-7	-9	-3	12
<b>Memo:</b>										
<b>Industry Net New Cash Flow<sup>2</sup></b>	375	477	363	388	504	74	-43	53	255	474
Long-Term Funds	272	242	170	229	129	121	216	210	192	227
Equity Funds	227	157	188	309	32	-28	152	178	136	159
Hybrid Funds <sup>3</sup>	16	10	-14	-31	10	8	32	43	25	7
Bond Funds	28	75	-4	-50	88	141	32	-11	31	61
Money Market Funds	103	235	194	159	375	-46	-258	-157	63	247

<sup>1</sup>See text endnote 4 for an explanation of the procedure used to estimate net new cash flows to mutual funds from retirement accounts.

<sup>2</sup>Retirement flows to fund of funds are counted in the investment objective of the fund of funds. Industry flows to fund of funds are counted in the investment objectives of the underlying funds.

<sup>3</sup>Hybrid funds invest in a mix of equities and fixed-income securities.

<sup>4</sup>The bulk of lifecycle and lifestyle funds are counted in this category.

(\*)=between \$500 million and -\$500 million

note: Components may not add to the total because of rounding.

source: Investment Company Institute

FIGURE A9

## IRA HOLDINGS OF MUTUAL FUNDS BY TYPE OF FUND

Year-end, 1990–2006

	Domestic Equity		Foreign Equity		Hybrid <sup>1</sup>		Bond		Money Market		Total Assets (billions)
	Assets (billions)	Share <sup>2</sup> (percent)	Assets (billions)	Share <sup>2</sup> (percent)	Assets (billions)	Share <sup>2</sup> (percent)	Assets (billions)	Share <sup>2</sup> (percent)	Assets (billions)	Share <sup>2</sup> (percent)	
1990	\$52	38%	\$5	4%	\$9	7%	\$31	23%	\$40	29%	\$138
1991	80	43	8	4	14	8	43	23	40	21	185
1992	106	46	10	4	20	9	54	23	42	18	233
1993	143	45	23	7	37	12	65	20	48	15	315
1994	153	45	31	9	41	12	55	16	61	18	341
1995	236	51	31	7	57	12	66	14	74	16	464
1996	293	50	63	11	66	11	76	13	85	15	582
1997	434	57	75	10	83	11	85	11	87	11	763
1998	569	59	88	9	94	10	98	10	111	12	960
1999	792	63	131	10	99	8	101	8	135	11	1,257
2000	782	63	121	10	93	8	96	8	142	12	1,233
2001	693	59	98	8	96	8	115	10	168	14	1,169
2002	535	51	81	8	95	9	151	14	184	18	1,045
2003	733	56	113	9	135	10	166	13	166	13	1,313
2004	842	56	149	10	177	12	176	12	150	10	1,494
2005	914	55	195	12	218	13	182	11	159	10	1,667
2006	1,040	53	272	14	270	14	198	10	192	10	1,972

<sup>1</sup>Hybrid funds invest in a mix of equities and fixed-income securities.<sup>2</sup>Share is the percent of total mutual fund assets in IRAs.

note: Components may not add to the total because of rounding.

source: Investment Company Institute

FIGURE A10

## IRA HOLDINGS OF MUTUAL FUNDS BY TYPE OF IRA

Year-end, 1992–2006

	Traditional <sup>1</sup>		SEP and SAR-SEP		Roth <sup>2</sup>		SIMPLE		Education <sup>3</sup>		Total Assets (billions)
	Assets (billions)	Share <sup>4</sup> (percent)	Assets (billions)	Share <sup>4</sup> (percent)	Assets (billions)	Share <sup>4</sup> (percent)	Assets (billions)	Share <sup>4</sup> (percent)	Assets (billions)	Share <sup>4</sup> (percent)	
1992	\$226	97%	\$7	3%	–	–	–	–	–	–	\$233
1993	303	96	13	4	–	–	–	–	–	–	315
1994	328	96	14	4	–	–	–	–	–	–	341
1995	441	95	23	5	–	–	–	–	–	–	464
1996	550	95	32	5	–	–	–	–	–	–	582
1997	718	94	44	6	–	–	(*)	(**)	–	–	763
1998	870	91	56	6	\$31	3%	\$3	(**)	(*)	(**)	960
1999	1,123	89	73	6	54	4	7	(**)	\$1	(**)	1,257
2000	1,097	89	70	6	56	5	9	1%	1	(**)	1,233
2001	1,037	89	65	6	54	5	11	1	2	(**)	1,169
2002	919	88	58	6	53	5	13	1	2	(**)	1,045
2003	1,140	87	75	6	74	6	21	2	3	(**)	1,313
2004	1,290	86	84	6	90	6	27	2	3	(**)	1,494
2005	1,428	86	95	6	106	6	33	2	4	(**)	1,667
2006	1,680	85	111	6	134	7	42	2	5	(**)	1,972

<sup>1</sup>Traditional IRAs include contributory and rollover IRAs.<sup>2</sup>Roth IRAs include contributory and conversion Roth IRAs.<sup>3</sup>Education IRAs were renamed Coverdell Education Savings Accounts (ESAs) in July 2001.<sup>4</sup>Share is the percent of total mutual fund assets in IRAs.

(\*)=less than \$500 million

(\*\*)=less than 1/2 percent

note: Components may not add to the total because of rounding.

source: Investment Company Institute

FIGURE A11

## ROTH IRAs

Billions of dollars, 1998–2006

	Contributions	Conversions	Total Assets (year-end)	Of Which: Assets Held in Mutual Funds (year-end)
1998	\$8.6	\$39.3	\$56.8	\$31
1999	10.7	3.7	76.2	54
2000	11.6	3.2	77.6	56
2001	11.0	3.1	79.3	54
2002	13.2	3.3	77.6	53
2003	13.4 <sup>p</sup>	2.4 <sup>p</sup>	105.8 <sup>p</sup>	74
2004	14.9 <sup>p</sup>	2.8 <sup>p</sup>	126.0 <sup>e</sup>	90
2005	N/A	N/A	147.0 <sup>e</sup>	106
2006	N/A	N/A	178.0 <sup>e</sup>	134

e=estimated

p=preliminary

N/A=not available

sources: Investment Company Institute and Internal Revenue Service Statistics of Income Division

FIGURE A12

**SEP AND SAR-SEP IRAS**

Billions of dollars, 1997–2006

	Contributions	Total Assets (year-end)	Of Which: Assets Held in Mutual Funds (year-end)
1997	\$6.9	\$84.7	\$44
1998	8.7	115.4	56
1999	9.1	142.9	73
2000	10.1	134.0	70
2001	10.1	131.3	65
2002	10.3	117.0	58
2003	11.7 <sup>P</sup>	145.0 <sup>e</sup>	75
2004	13.6 <sup>P</sup>	165.0 <sup>e</sup>	84
2005	N/A	185.0 <sup>e</sup>	95
2006	N/A	219.0 <sup>e</sup>	111

*e=estimated**p=preliminary**N/A=not available*

sources: Investment Company Institute and Internal Revenue Service Statistics of Income Division

FIGURE A13

**SIMPLE IRAS**

Billions of dollars, 1997–2006

	Contributions	Total Assets (year-end)	Of Which: Assets Held in Mutual Funds (year-end)
1997	\$0.6	\$0.6	(*)
1998	2.2	3.6	\$3
1999	3.4	9.1	7
2000	4.7	10.4	9
2001	5.5	13.6	11
2002	6.3	16.1	13
2003	6.5 <sup>e</sup>	23.5 <sup>P</sup>	21
2004	7.6 <sup>P</sup>	31.0 <sup>e</sup>	27
2005	N/A	40.0 <sup>e</sup>	33
2006	N/A	51.0 <sup>e</sup>	42

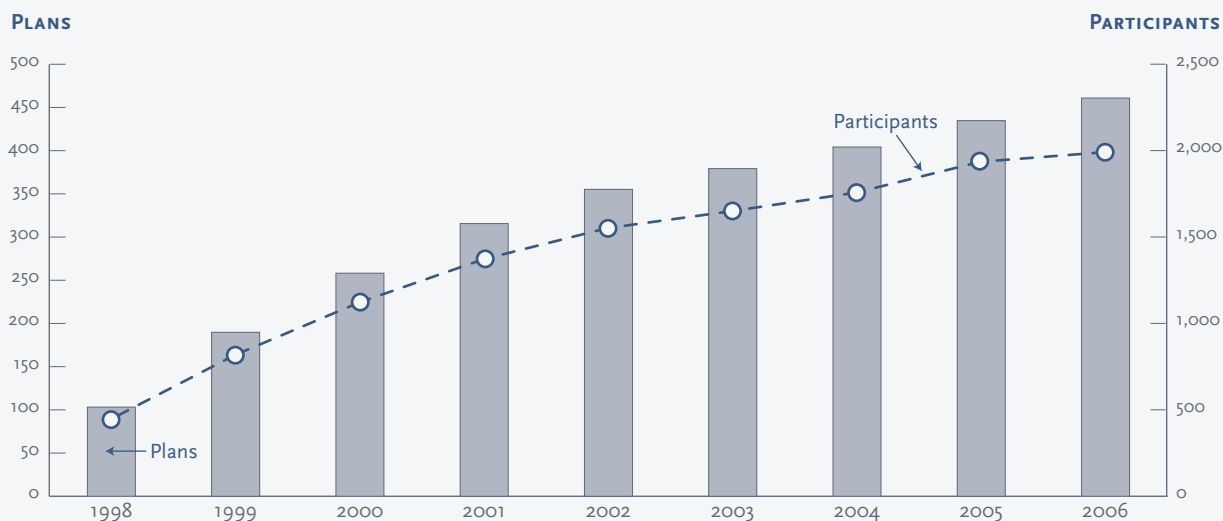
*e=estimated**p=preliminary**N/A=not available**(\*)=less than \$500 million*

sources: Investment Company Institute and Internal Revenue Service Statistics of Income Division

FIGURE A14

**SIMPLE IRA PLANS AND PARTICIPANTS FOR A SAMPLE OF MUTUAL FUND COMPANIES**

Thousands, year-end, 1998–2006



note: The firms surveyed held about 75 percent of all SIMPLE IRA mutual fund assets at year-end 2006.

source: Investment Company Institute, Survey of a Segment of Member Mutual Fund Companies

FIGURE A15

**DEFINED CONTRIBUTION PLAN HOLDINGS OF MUTUAL FUNDS BY TYPE OF FUND**

Year-end, 1992–2006

	Domestic Equity		Foreign Equity		Hybrid <sup>1</sup>		Bond		Money Market		Total Assets (billions)
	Assets (billions)	Share <sup>2</sup> (percent)	Assets (billions)	Share <sup>2</sup> (percent)	Assets (billions)	Share <sup>2</sup> (percent)	Assets (billions)	Share <sup>2</sup> (percent)	Assets (billions)	Share <sup>2</sup> (percent)	
1992	\$132	72%	\$5	3%	\$8	4%	\$16	9%	\$22	12%	\$184
1993	178	68	14	6	17	6	24	9	30	11	263
1994	211	66	24	7	22	7	26	8	37	12	320
1995	308	69	32	7	31	7	29	7	44	10	445
1996	384	66	39	7	57	10	43	7	59	10	582
1997	532	69	54	7	77	10	50	6	60	8	772
1998	690	70	64	6	95	10	60	6	75	8	984
1999	923	72	105	8	105	8	62	5	84	7	1,280
2000	893	71	108	9	107	9	60	5	87	7	1,256
2001	791	67	90	8	119	10	84	7	104	9	1,188
2002	630	60	79	8	115	11	116	11	107	10	1,048
2003	862	63	116	9	153	11	127	9	102	7	1,359
2004	1,007	64	157	10	192	12	136	9	93	6	1,585
2005	1,090	61	210	12	241	14	146	8	94	5	1,781
2006	1,224	58	303	14	302	14	158	8	110	5	2,098

<sup>1</sup>Hybrid funds invest in a mix of equities and fixed-income securities.

<sup>2</sup>Share is the percent of total mutual fund assets in defined contribution plans.

note: Components may not add to the total because of rounding.

source: Investment Company Institute

FIGURE A16

**DEFINED CONTRIBUTION PLAN HOLDINGS OF MUTUAL FUNDS BY TYPE OF PLAN***Billions of dollars, year-end, 1992–2006*

	401(k) Plans	403(b) Plans	457 Plans	Other Defined Contribution Plans*	Total
1992	\$82	\$74	\$3	\$25	\$184
1993	140	86	4	33	263
1994	184	93	6	37	320
1995	266	120	9	50	445
1996	350	148	13	69	582
1997	479	187	20	85	772
1998	617	232	30	104	984
1999	812	290	49	130	1,280
2000	823	264	47	122	1,256
2001	800	237	45	107	1,188
2002	709	198	38	104	1,048
2003	924	261	47	127	1,359
2004	1,094	294	54	143	1,585
2005	1,242	318	62	159	1,781
2006	1,474	363	71	190	2,098

\*Other defined contribution plans include Keoghs and defined contribution plans (profit-sharing, thrift-savings, stock bonus, and money purchase) without 401(k) features.

note: Components may not add to the total because of rounding.

sources: Investment Company Institute, Federal Reserve Board, and Department of Labor

FIGURE A17

**DEFINED CONTRIBUTION PLAN ASSETS BY TYPE OF PLAN***Billions of dollars, year-end, 1994–2006*

	401(k) Plans	403(b) Plans	457 Plans	Other Defined Contribution Plans*	Total
1994	\$675	\$271	\$34	\$426	\$1,406
1995	864	319	42	492	1,717
1996	1,061	356	52	492	1,961
1997	1,264	425	72	581	2,343
1998	1,541	437	94	568	2,640
1999	1,790	526	112	572	3,001
2000	1,725	517	110	617	2,969
2001	1,682	443	105	433	2,663
2002	1,573	433	98	368	2,472
2003	1,922	533	117	472	3,043
2004	2,189	571	130	446	3,335
2005	2,336 <sup>e</sup>	616	143	506	3,600
2006	2,698 <sup>e</sup>	680	158	535	4,070

*e=estimated*

\*Other defined contribution plans include Keoghs and defined contribution plans (profit-sharing, thrift-savings, stock bonus, and money purchase) without 401(k) features.

note: Components may not add to the total because of rounding.

sources: Investment Company Institute, Federal Reserve Board, Department of Labor, National Association of Government Defined Contribution Administrators, and American Council of Life Insurers

## NOTES

<sup>1</sup> Based on data from ICI's Annual Questionnaire for Retirement Statistics. The 2006 survey gathered data from 17,179 mutual fund share classes representing approximately 84 percent of mutual fund industry assets. Assets were estimated for all nonreporting funds. Data before 2006 reflect revisions to previously reported data.

Estimates of retirement assets in broker street name and omnibus accounts were derived from data reported on the Annual Questionnaire for Retirement Statistics and the Annual Questionnaire for Classification of Shareholder Assets.

<sup>2</sup> In this report, estimates of mutual fund assets in private defined benefit plans have been excluded because of incomplete reporting. Federal Reserve Board, *Flow of Funds Accounts, Z.1 Release* (June 7, 2007) data indicate that mutual fund assets held in private defined benefit plans accounted for about 1½ percent of the U.S. retirement market at year-end 2006.

<sup>3</sup> ICI is unable to separately identify the type of variable product in which variable annuity mutual fund shares are held. Estimates from Federal Reserve Board staff, based on tabulation of AM Best data, are that approximately 15 percent of all (mutual fund plus non-mutual fund) assets in life insurance company separate accounts were in variable life insurance policies in 2005. Separate account assets back variable life insurance products (which include both variable life insurance and variable annuities).

<sup>4</sup> ICI does not collect sales or net new cash flow information for retirement plans on its Annual Retirement Questionnaire. Net new cash flow is sales of shares (other than reinvested distributions) less redemptions plus net exchanges. Net new cash flow was estimated by assuming that retirement assets within an investment objective category had the same investment performance as all mutual fund assets in that category. Investment performance for each investment objective was calculated by taking the total change in assets and adjusting for total net new cash flow during the year. Retirement assets were adjusted by investment performance. The residual change in assets was attributable to net new cash flow. The formula for the flow calculation is:

$$RF_t = \frac{TF_t(RA_{t-1} + RA_t) + 2(RA_t)(TA_{t-1}) - 2(TA_t)(RA_{t-1})}{(TA_t + TA_{t-1})}$$

For a given investment objective, RF represents retirement net new cash flow, TA represents total assets, TF represents total net new cash flow, and RA represents retirement assets.

<sup>5</sup> Retirement flows to funds of funds are counted in the investment objective of each fund of funds. Industry flows to funds of funds are counted in the investment objective of the underlying funds.

<sup>6</sup> See Figure 3 in the July 2007 *Fundamentals*.

<sup>7</sup> See Figure 4 in the July 2007 *Fundamentals*.

<sup>8</sup> The Employee Retirement Income Security Act of 1974 (ERISA) created traditional IRAs. In 2006, approximately 34.8 million, or 30.4 percent of, U.S. households had traditional IRAs (see 2007 *Investment Company Fact Book*, Washington, DC: Investment Company Institute, 2007 ([www.icifactbook.org](http://www.icifactbook.org))). For a history of IRAs, see Sarah Holden, Kathy Ireland, Vicky Leonard-Chambers, and Michael Bogdan, "The Individual Retirement Account at Age 30: A Retrospective," *ICI Perspective*, Vol. 11, No. 1, February 2005 ([www.ici.org/pdf/per11-01.pdf](http://www.ici.org/pdf/per11-01.pdf)).

<sup>9</sup> Education IRAs, which were created under the Taxpayer Relief Act of 1997 and renamed Coverdell Education Savings Accounts (ESAs) in July 2001, are included in the total IRA assets (see Figure 3 in the July 2007 *Fundamentals*). The IRS Statistics of Income (SOI) Division reporting of Education IRAs undercounts those assets because typically only Education IRAs owned by filing dependents are included. Data for tax-year 2000 indicate that filing dependents held \$0.3 billion in Education IRAs, while counting nonfiling dependents brings the total up to \$1.1 billion (see Peter

J. Sailer and Sarah E. Nutter, "Accumulation and Distribution of Individual Retirement Arrangements, 2000," *SOI Bulletin*, Washington, DC: Internal Revenue Service Statistics of Income Division, Spring 2004: pp. 121–134). Mutual fund holdings in Education IRAs were \$5 billion in 2006 (Figure A10).

<sup>10</sup> Total IRA market assets are derived from tabulations of total IRA assets provided by the IRS SOI Division for tax-years 1989, 1993, and 1996 through 2004. These tabulations are based on a sample of IRS returns. For a description of the SOI estimation techniques, see Peter J. Sailer, Michael E. Weber, and Kurt S. Gurka, "Are Taxpayers Increasing the Buildup of Retirement Assets? Preliminary Results from a Matched File of Tax Year 1999 Tax Returns and Information Returns," *National Tax Association, Proceedings, Ninety-Fifth Annual Conference*, 2002, Orlando, Florida, Washington, DC: National Tax Association, 2003; pp. 364–369. (See Figure 4 in the July 2007 *Fundamentals*.)

<sup>11</sup> See Figure 5 in the July 2007 *Fundamentals*. Data from the Federal Reserve Board's Survey of Consumer Finances (SCF) indicates that about half of all traditional IRA assets in 2004 were held in rollover IRAs (see Figure 6 in the July 2007 *Fundamentals*).

<sup>12</sup> Roth IRAs were created in the Taxpayer Relief Act of 1997 and were first available in 1998. In 2006, approximately 14.4 million, or 12.6 percent of, U.S. households had Roth IRAs (see 2007 *Investment Company Fact Book*).

<sup>13</sup> The SEP (Simplified Employee Pension) IRA was created under the Revenue Act of 1978. The salary reduction (SAR) SEP IRA was created under the Tax Reform Act of 1986. The Small Business Job Protection Act of 1996 prohibited the formation of new SAR-SEP IRAs after December 31, 1996, but introduced SIMPLE (Savings Incentive Match Plan for Employees) IRAs, which were first available in 1997. In 2006, approximately 7.9 million, or 6.9 percent of, U.S. households had employer-sponsored IRAs (see 2007 *Investment Company Fact Book*).

<sup>14</sup> Based on semi-annual surveys of 24 ICI member firms that hold about three-quarters of the SIMPLE IRA assets invested in mutual funds in 2006.

<sup>15</sup> See Figure 7 in the July 2007 *Fundamentals*.

<sup>16</sup> Assets in 401(k) plans refer to private DC plans with 401(k) features (e.g., salary deferral feature). However, 401(k) plan assets reported for mutual funds and the 401(k) market may include some DC plan assets purchased in the plans prior to the addition of 401(k) features. For the years 1990 through 1999, total 401(k) asset data are from *Private Pension Plan Bulletin: Abstract of 1999 Form 5500 Annual Reports*, U.S. Department of Labor, Employee Benefits Security Administration (EBSA), No. 12, Summer 2004. Data for 2000 through 2004 are from *Private Pension Plan Bulletin: Abstract of 2000 Form 5500 Annual Reports*, and subsequent annual reports up to *Private Pension Plan Bulletin: Abstract of 2004 Form 5500 Annual Report*, which are available on the Department of Labor's website (for example, 2003 data are available at [www.dol.gov/ebsa/pdf/2003pensionplanbulletin.pdf](http://www.dol.gov/ebsa/pdf/2003pensionplanbulletin.pdf); and 2004 data are available at [www.dol.gov/ebsa/pdf/2004pensionplanbulletin.pdf](http://www.dol.gov/ebsa/pdf/2004pensionplanbulletin.pdf)). Data after 2004 are estimated by ICI.

<sup>17</sup> These tax-deferred retirement plans are available to employees of educational institutions and certain nonprofit organizations.

<sup>18</sup> See Figure 9 in the July 2007 *Fundamentals*.

<sup>19</sup> These plans allow deferred compensation by employees of state and local governments and certain tax-exempt organizations.

<sup>20</sup> Keogh plans (also know as H.R. 10 plans) cover self-employed individuals, partners, and owners of unincorporated businesses. Created by Congress in 1962, these plans were at one time governed by their own set of rules. However, subsequent legislation eliminated differences between Keoghs and other types of pension plans. They are now designated as a specific type of pension plan—i.e., a profit-sharing Keogh, a 401(k) Keogh, etc.—and governed by the rules of such plans.

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