

APPENDIX: Additional Data on the U.S. Retirement Market, 2007

The July 2008 issue of *Fundamentals* covers the U.S. retirement market in 2007. 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.^{1,2} This appendix provides supplementary tables and charts with additional detail for the July 2008 *Fundamentals*.

MUTUAL FUNDS AND THE U.S. RETIREMENT MARKET

Share of Total Retirement Market. Total U.S. retirement assets rose by 7 percent in 2007 to \$17.6 trillion (Figure A1). Mutual fund assets held by Individual Retirement Accounts (IRAs) and employer-sponsored defined contribution (DC) plans increased to represent 26 percent of the total U.S. retirement market in 2007 (Figures A2 and A3). Annuities (variable and fixed) not held in retirement savings accounts held \$1.7 trillion of the total U.S. retirement market (Figure A1). Variable annuity (VA) mutual fund assets outside of retirement accounts were \$1.0 trillion in 2007 (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.³ 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 32 percent.

Share of Total Mutual Fund Assets. IRAs and employer-sponsored DC plan accounts held 38 percent of the \$12.0 trillion in mutual fund assets in the United States at year-end 2007 (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 (12 percent). The bulk of retirement account mutual fund assets is actively managed; although, in 2007, \$376 billion were invested in index mutual funds (Figure A6).

Net New Cash Flow to Mutual Funds.⁴ Net new cash flow to long-term mutual funds from retirement accounts was \$130 billion in 2007, compared with \$114 billion in 2006 (Figures A7 and A8). These flows accounted for 58 percent of the total net new cash flow to long-term mutual funds last year. Flows from retirement accounts into hybrid funds, boosted by the popularity of lifestyle and lifecycle funds, were \$78 billion, nearly \$30 billion more than in 2006.⁵ Flows into equity funds decreased \$30 billion to \$26 billion in 2007, and flows into bond funds increased \$15 billion to \$25 billion. Flows into money funds were strong for the second straight year, with \$54 billion of inflows in 2007.

INDIVIDUAL RETIREMENT ACCOUNTS (IRAS)

Mutual Funds in IRAs. In 2007, \$2.2 trillion, or 47 percent, of IRA assets were invested in mutual funds.⁶ Nearly 65 percent 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 lifestyle and lifecycle funds) represented 14 percent of IRA mutual fund holdings in 2007. The remaining 21 percent of assets was split about evenly between bond funds and money market funds. Traditional IRAs hold the bulk of both total IRA assets⁷ and mutual fund assets in IRAs (Figure A10).^{8,9}

Traditional, Roth, and Employer-Sponsored IRAs.

Traditional IRAs held an estimated \$4.2 trillion in assets in 2007.¹⁰ 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 \$215 billion.¹¹ Roth IRAs held an estimated \$225 billion in 2007 (Figure A11).¹² Employer-sponsored IRAs¹³ held a total of \$314 billion in assets in 2007, with 56 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 (Figure A14).¹⁴

EMPLOYER-SPONSORED DEFINED CONTRIBUTION PLANS

Mutual Fund Assets in DC Plan Accounts. In 2007, \$2.3 trillion, or 52 percent, of employer-sponsored DC plan assets were invested in mutual funds.¹⁵ Seventy-one percent of those mutual fund assets were equity funds (Figure A15). Hybrid funds (which invest in a mix of equity and fixed-income securities and include lifestyle and lifecycle funds) represented 16 percent of DC plan mutual fund holdings in 2007. 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-one 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 assets¹⁶ make up 68 percent of the entire DC plan market (Figure A17). Mutual funds represent 54 percent of all 401(k) assets. In 2007, 403(b) plans¹⁷ held \$739 billion in assets, with 30 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.¹⁸ In 2007, 457 plans¹⁹ had accumulated \$173 billion in assets (Figure A17), of which \$78 billion (or 45 percent) were invested in mutual funds (Figure A16). Other DC plans—which include DC plans without 401(k) features and some Keoghs²⁰—held \$513 billion in assets in 2007 (Figure A17).

FIGURE A1

U.S. TOTAL RETIREMENT MARKET

Billions of dollars, end-of-period, 1985–2007:Q4

	IRAs	Defined Contribution Plans ¹	State and Local Government Pension Plans	Private Defined Benefit Plans	Federal Pension Plans ²	Annuities ³	Total
1985	\$241	\$509	\$405	\$813	\$172	\$181	\$2,321
1986	330	567	481	839	202	226	2,644
1987	405	654	537	827	233	234	2,890
1988	469	719	603	831	267	291	3,181
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 ^e	3,043	2,399	2,025	958	1,125	12,545
2004	3,299	3,335	2,626	2,162	1,023	1,332	13,778
2005	3,652 ^e	3,620	2,765	2,310	1,072	1,443	14,862
2006	4,220 ^e	4,119	3,087	2,397	1,141	1,545	16,509
2007:Q1	4,345 ^e	4,192	3,114	2,415	1,132	1,572	16,769
2007:Q2	4,598 ^e	4,412	3,248	2,475	1,133	1,630	17,496
2007:Q3	4,765 ^e	4,507	3,264	2,465	1,152	1,664	17,817
2007:Q4	4,747 ^e	4,472	3,186	2,360	1,197	1,658	17,619

*e=estimated*¹Defined contribution plans include private employer-sponsored defined contribution plan (including 401(k) plan), 403(b) plan, and 457 plan assets.²Federal 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).³Annuities 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

MUTUAL FUND RETIREMENT ACCOUNT ASSETS

Billions of dollars, end-of-period, 1990–2007:Q4

	Total Mutual Fund Retirement Assets	Employer-Sponsored Defined Contribution Plan Mutual Fund Assets*	IRA Mutual Fund Assets
1990	\$205	\$67	\$138
1991	320	135	185
1992	416	184	233
1993	578	263	315
1994	661	320	342
1995	909	445	464
1996	1,163	581	582
1997	1,535	772	763
1998	1,943	983	961
1999	2,536	1,280	1,257
2000	2,485	1,254	1,231
2001	2,351	1,185	1,166
2002	2,089	1,046	1,043
2003	2,666	1,357	1,309
2004	3,074	1,583	1,491
2005	3,441	1,777	1,664
2006	4,081	2,104	1,977
2007:Q1	4,215	2,174	2,041
2007:Q2	4,487	2,314	2,173
2007:Q3	4,637	2,379	2,258
2007:Q4	4,578	2,335	2,243

*Defined contribution plans include 401(k) plans, 403(b) plans, 457 plans, Keoghs, and other defined contribution plans without 401(k) features.

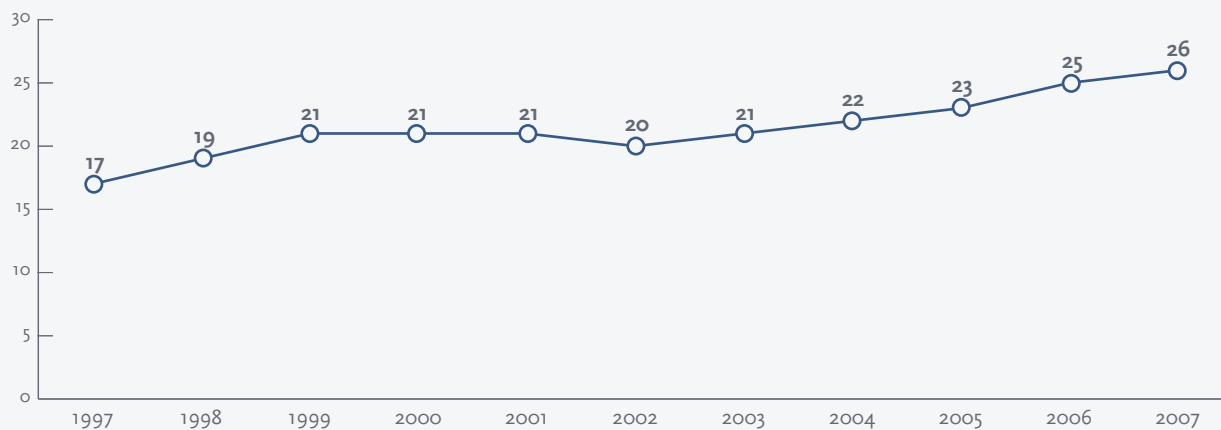
Note: Components may not add to the total because of rounding.

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

FIGURE A3

MUTUAL FUNDS' SHARE OF U.S. RETIREMENT ASSETS^{1,2}

Percent, year-end, 1990–2007



¹U.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.

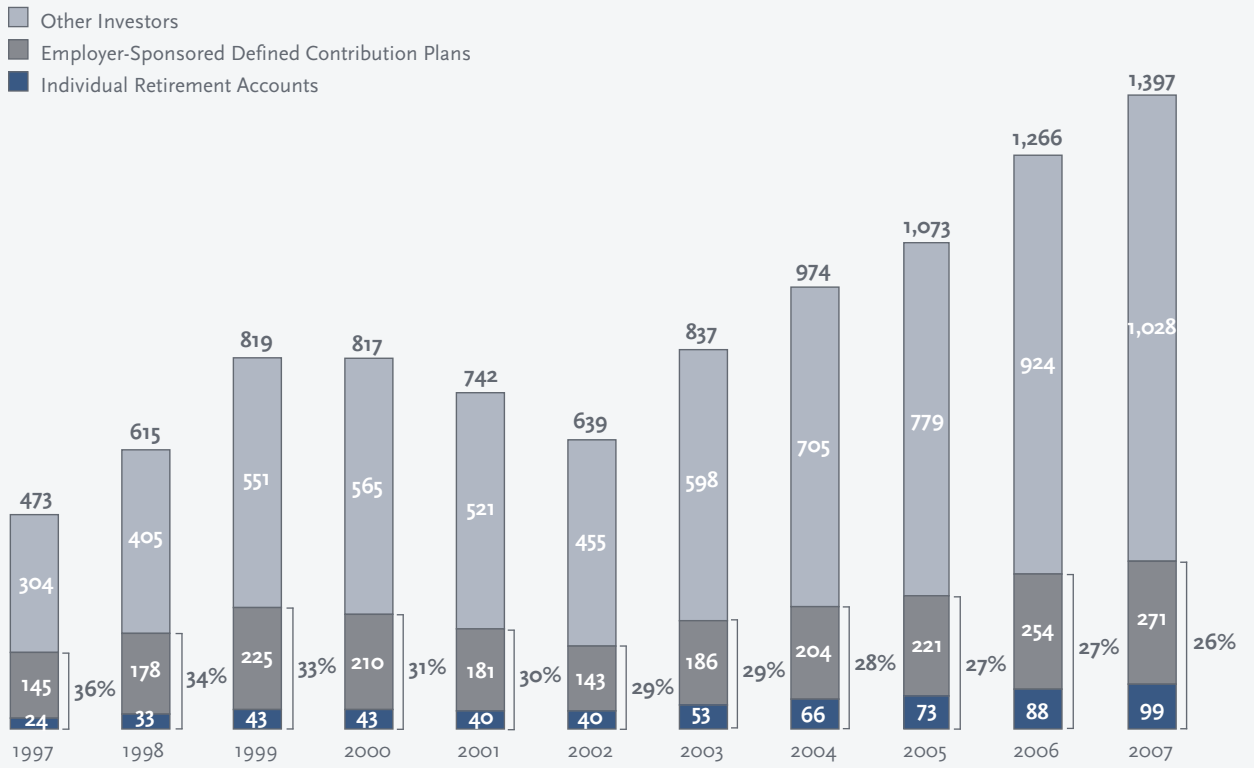
²Mutual fund retirement assets exclude defined benefit plans' mutual fund holdings, which amount to about 1½ percent of the U.S. retirement market. VA mutual fund assets held outside of retirement accounts also are excluded. Included are mutual fund assets held by IRAs and employer-sponsored defined 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, 1997–2007



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

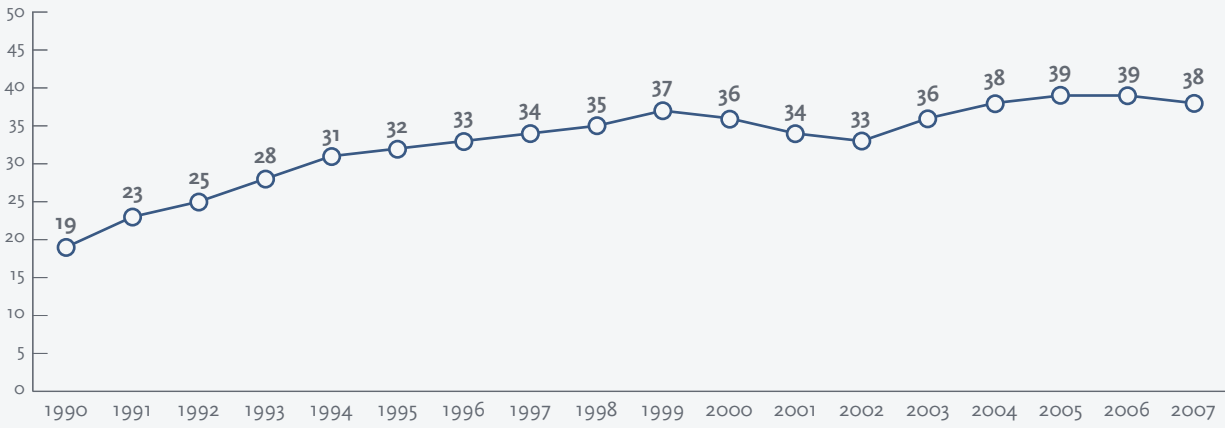
Source: Investment Company Institute

FIGURE A5

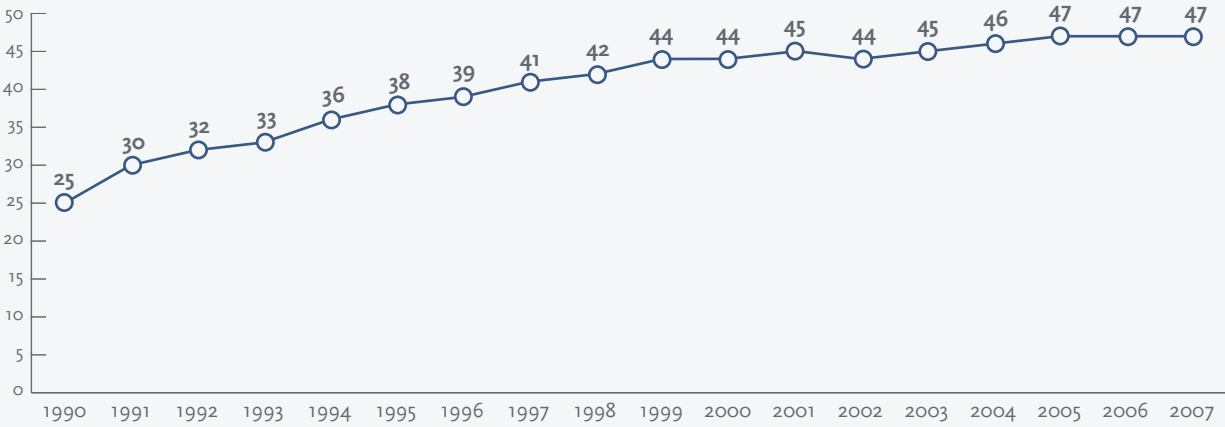
SHARE OF MUTUAL FUND ASSETS HELD IN RETIREMENT ACCOUNTS

Percent, year-end, 1990–2007

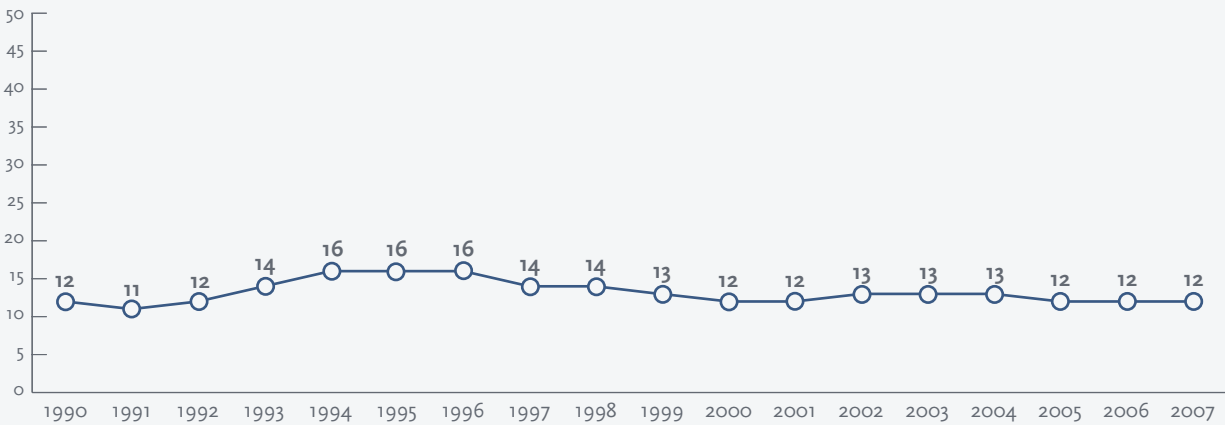
ALL FUNDS



LONG-TERM FUNDS*



MONEY MARKET FUNDS



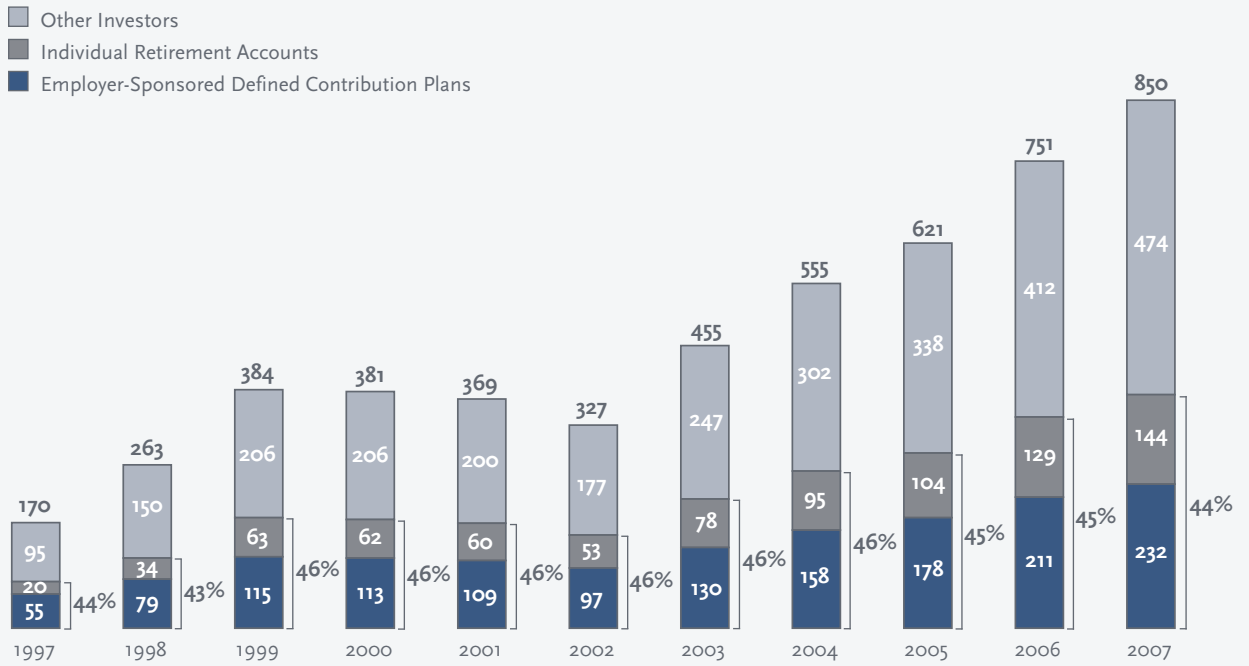
*Long-term funds include equity, hybrid, and bond mutual funds.

Source: Investment Company Institute

FIGURE A6

INDEX MUTUAL FUND ASSETS* AND RETIREMENT ACCOUNTS

Billions of dollars, end-of-period, 1997–2007



*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 87 percent of the \$850 billion of index fund assets at the end of 2007.

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

Source: Investment Company Institute

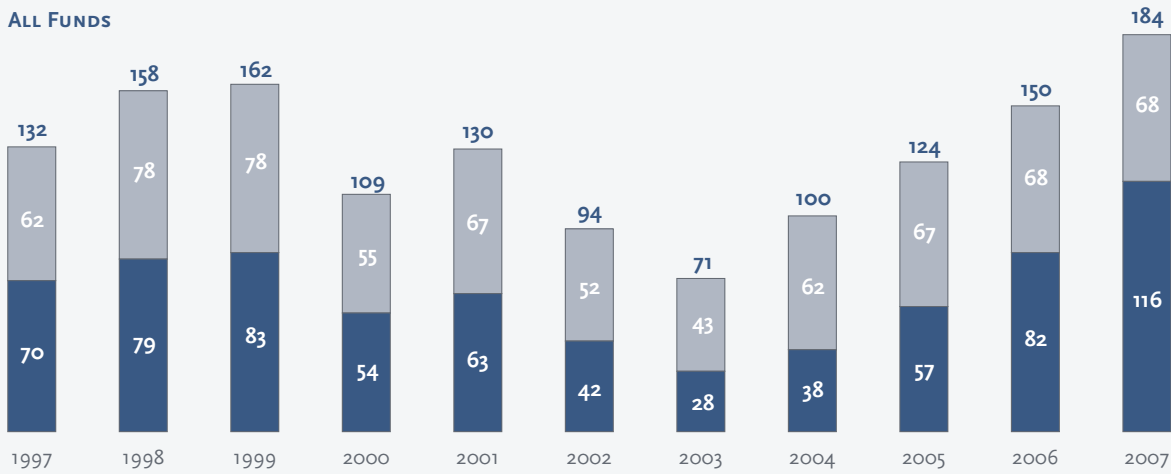
FIGURE A7

ESTIMATED NET NEW CASH FLOW¹ TO MUTUAL FUNDS FROM RETIREMENT ACCOUNTS

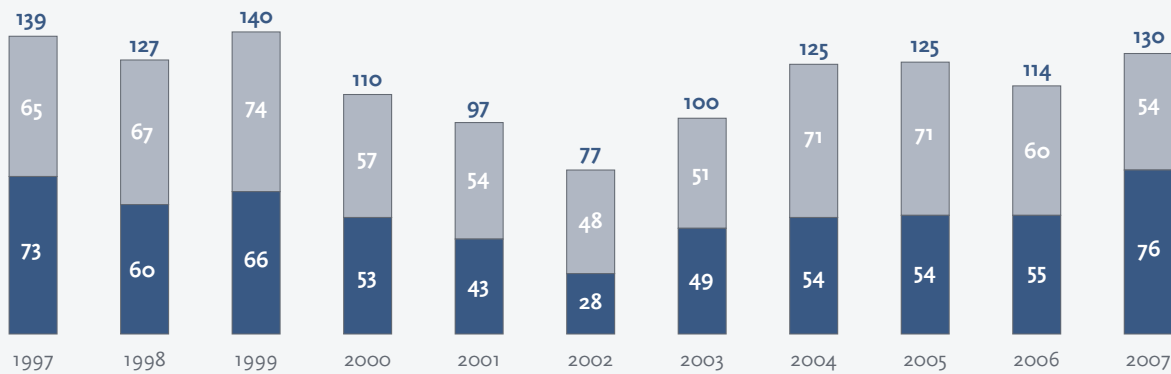
Billions of dollars, 1997–2007

- Employer-Sponsored Defined Contribution Plans
- Individual Retirement Accounts

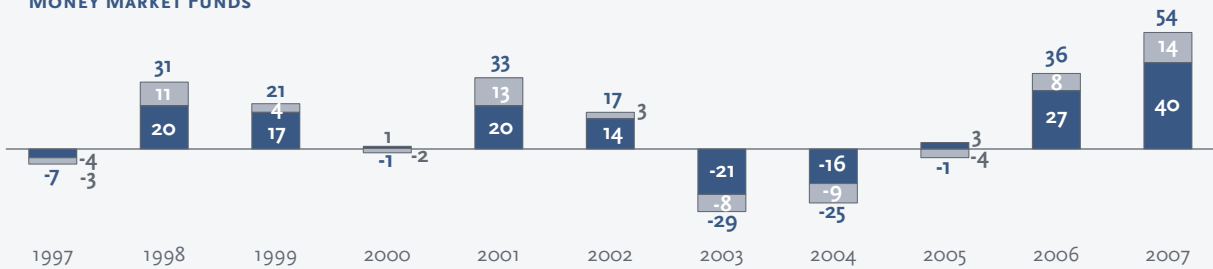
ALL FUNDS



LONG-TERM FUNDS²



MONEY MARKET FUNDS



¹See endnote 4 for an explanation of the procedure used to estimate net new cash flows.

²Long-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 FLOW¹ TO MUTUAL FUNDS FROM RETIREMENT ACCOUNTS BY TYPE OF FUND

Billions of dollars, 1990–2000

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total Retirement²	\$29	\$9	\$73	\$99	\$86	\$78	\$102	\$132	\$158	\$162	\$109
IRAs	18	9	34	47	30	38	45	70	79	83	54
Defined Contribution Plans	11	(*)	39	52	56	39	57	62	78	78	55
Long-Term Funds	17	16	71	91	71	66	83	139	127	140	110
IRAs	9	12	33	45	20	31	31	73	60	66	53
Defined Contribution Plans	9	4	38	46	51	36	52	65	67	74	57
Equity Funds	12	10	50	63	63	57	81	120	101	136	137
IRAs	5	3	21	29	21	24	39	66	49	66	72
Defined Contribution Plans	7	7	29	34	42	33	42	54	52	70	65
Hybrid Funds^{3,4}	3	2	9	17	12	6	1	13	8	(*)	-10
IRAs	2	3	5	11	6	3	-6	4	2	-2	-8
Defined Contribution Plans	1	-1	4	6	6	3	7	8	6	2	-2
Bond Funds	2	4	12	12	-4	3	1	6	17	4	-16
IRAs	2	7	7	6	-7	3	-2	3	9	2	-10
Defined Contribution Plans	(*)	-3	5	6	3	(*)	4	3	8	2	-6
Money Market Funds	12	-7	1	9	15	12	20	-7	31	21	-1
IRAs	9	-3	1	2	10	8	15	-4	20	17	1
Defined Contribution Plans	3	-4	(*)	6	5	4	5	-3	11	4	-2
Memo:											
Industry Net New Cash Flow²	44	112	156	228	84	212	321	375	477	363	388
Long-Term Funds	21	106	172	242	75	122	232	272	242	170	229
Equity Funds	13	40	79	127	115	124	217	227	157	188	309
Hybrid Funds ³	1	7	22	44	23	4	12	16	10	-14	-31
Bond Funds	7	59	71	71	-62	-6	3	28	75	-4	-50
Money Market Funds	23	6	-16	-14	9	89	89	103	235	194	159

Continued on next page

FIGURE A8 CONTINUED

ESTIMATED NET NEW CASH FLOW¹ TO MUTUAL FUNDS FROM RETIREMENT ACCOUNTS BY TYPE OF FUND

Billions of dollars, 2001–2007, 2007:Q1–2007:Q4

	2001	2002	2003	2004	2005	2006	2007	2007:Q1	2007:Q2	2007:Q3	2007:Q4
Total Retirement²	\$130	\$94	\$71	\$100	\$124	\$150	\$184	\$53	\$45	\$46	\$40
IRAs	63	42	28	38	57	82	116	25	27	34	29
Defined Contribution Plans	67	52	43	62	67	68	68	28	18	12	10
Long-Term Funds	97	77	100	125	125	114	130	49	33	27	22
IRAs	43	28	49	54	54	55	76	23	18	20	15
Defined Contribution Plans	54	48	51	71	71	60	54	25	15	7	7
Equity Funds	40	12	67	77	52	56	26	14	5	6	1
IRAs	21	-5	29	27	24	28	25	7	4	10	5
Defined Contribution Plans	19	17	38	50	29	28	1	7	1	-4	-4
Hybrid Funds ^{3,4}	20	13	30	44	65	49	78	25	19	17	17
IRAs	6	6	18	25	29	21	34	11	8	8	7
Defined Contribution Plans	14	7	12	18	36	28	45	15	11	9	10
Bond Funds	37	51	3	4	8	10	25	9	9	3	4
IRAs	16	27	2	1	1	7	17	6	6	2	3
Defined Contribution Plans	21	24	1	3	6	4	9	4	3	2	(*)
Money Market Funds	33	17	-29	-25	-1	36	54	4	12	19	18
IRAs	20	14	-21	-16	3	27	40	2	9	15	15
Defined Contribution Plans	13	3	-8	-9	-4	8	14	3	3	5	3
Memo:											
Industry Net New Cash Flow²	504	74	-43	53	255	474	883	167	150	303	264
Long-Term Funds	129	121	216	210	192	227	223	119	69	14	20
Equity Funds	32	-28	152	178	136	159	93	64	21	4	3
Hybrid Funds ³	10	8	32	43	25	7	22	10	6	3	4
Bond Funds	88	141	32	-11	31	61	109	45	42	7	14
Money Market Funds	375	-46	-258	-157	63	247	660	48	80	289	243

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

²Retirement 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.

³Hybrid funds invest in a mix of equities and fixed-income securities.

⁴The 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

End-of-period, 1990–2007:Q4

	Domestic Equity		Foreign Equity		Hybrid ¹		Bond		Money Market		Total Assets (billions)
	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (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	43	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	342
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	961
1999	792	63	131	10	99	8	101	8	134	11	1,257
2000	781	63	120	10	93	8	95	8	141	11	1,231
2001	691	59	98	8	96	8	115	10	167	14	1,166
2002	534	51	81	8	94	9	150	14	184	18	1,043
2003	730	56	113	9	135	10	166	13	166	13	1,309
2004	839	56	148	10	177	12	175	12	151	10	1,491
2005	910	55	195	12	217	13	182	11	160	10	1,664
2006	1,041	53	272	14	270	14	200	10	193	10	1,977
2007:Q1	1,059	52	288	14	287	14	209	10	197	10	2,041
2007:Q2	1,123	52	321	15	307	14	215	10	208	10	2,173
2007:Q3	1,147	51	343	15	321	14	223	10	224	10	2,258
2007:Q4	1,106	49	345	15	322	14	230	10	240	11	2,243

¹Hybrid funds invest in a mix of equities and fixed-income securities. The bulk of lifecycle and lifestyle funds is counted in this category.

²Share is the percentage 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

End-of-period, 1992–2007:Q4

	Traditional ¹		SEP and SAR-SEP		Roth ²		SIMPLE		Total Assets (billions)	Education ³ Assets (billions)
	Assets (billions)	Share ⁴ (percent)	Assets (billions)	Share ⁴ (percent)	Assets (billions)	Share ⁴ (percent)	Assets (billions)	Share ⁴ (percent)		
1992	\$226	97%	\$7	3%	–	–	–	–	\$233	–
1993	303	96	13	4	–	–	–	–	315	–
1994	328	96	14	4	–	–	–	–	342	–
1995	441	95	23	5	–	–	–	–	464	–
1996	550	95	32	5	–	–	–	–	582	–
1997	718	94	44	6	–	–	(*)	(**)	763	–
1998	871	91	56	6	\$31	3%	\$3	(**)	961	(*)
1999	1,123	89	73	6	54	4	7	(**)	1,257	\$1
2000	1,096	89	70	6	56	5	9	1%	1,231	1
2001	1,036	89	65	6	54	5	11	1	1,166	2
2002	919	88	58	6	53	5	13	1	1,043	2
2003	1,140	87	75	6	74	6	21	2	1,309	3
2004	1,290	87	84	6	90	6	27	2	1,491	3
2005	1,429	86	95	6	106	6	33	2	1,664	4
2006	1,690	85	111	6	135	7	42	2	1,977	5
2007:Q1	1,742	85	114	6	141	7	44	2	2,041	5
2007:Q2	1,851	85	122	6	153	7	47	2	2,173	6
2007:Q3	1,922	85	127	6	160	7	49	2	2,258	6
2007:Q4	1,909	85	126	6	160	7	49	2	2,243	6

¹Traditional IRAs include contributory and rollover IRAs.²Roth IRAs include contributory and conversion Roth IRAs.³Education IRAs were renamed Coverdell Education Savings Accounts (ESAs) in July 2001 and are not included in total IRA assets.⁴Share is the percent of total mutual fund IRA assets.

(*)=Less than \$500 million.

(**)=Less than ½ percent.

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

Source: Investment Company Institute

FIGURE A11

ROTH IRAS

Billions of dollars, 1998–2007

	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	13.5 ^e	3.0	105.8 ^e	74
2004	14.7	2.8	139.9	90
2005	N/A	N/A	160.0 ^e	106
2006	N/A	N/A	195.0 ^e	135
2007	N/A	N/A	225.0 ^e	160

^e=estimated

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, 1997–2007

	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	78
2000	10.1	134.0	70
2001	10.1	131.3	65
2002	10.3	117.0	58
2003	11.7 ^e	145.0 ^e	75
2004	13.8	168.7	84
2005	N/A	191.0 ^e	95
2006	N/A	223.0 ^e	111
2007	N/A	253.0 ^e	126

e=estimated

N/A=not available

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

FIGURE A13

SIMPLE IRAs

Billions of dollars, 1997–2007

	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	23.5 ^e	21
2004	7.6	34.0	27
2005	N/A	42.0 ^e	33
2006	N/A	53.0 ^e	42
2007	N/A	61.0 ^e	49

e=estimated

N/A=not available

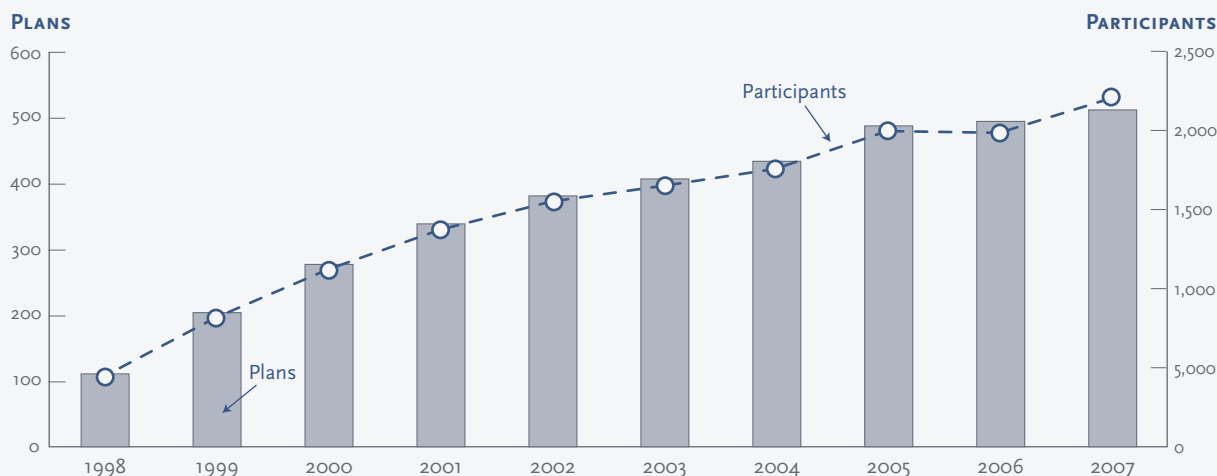
()=less than \$500 million*

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, 1998–2007



Note: The firms surveyed held about 75 percent of all SIMPLE IRA mutual fund assets at year-end 2007.

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

End-of-period, 1992–2007:Q4

	Domestic Equity		Foreign Equity		Hybrid ¹		Bond		Money Market		Total Assets (billions)
	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (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	385	66	39	7	57	10	43	7	58	10	581
1997	532	69	54	7	77	10	50	6	59	8	772
1998	690	70	64	7	95	10	60	6	73	7	983
1999	925	72	105	8	106	8	62	5	82	6	1,280
2000	895	71	108	9	107	9	60	5	84	7	1,254
2001	792	67	90	8	119	10	84	7	99	8	1,185
2002	631	60	79	8	115	11	116	11	104	10	1,046
2003	863	64	116	9	153	11	127	9	98	7	1,357
2004	1,008	64	157	10	191	12	136	9	90	6	1,583
2005	1,090	61	210	12	240	14	146	8	90	5	1,777
2006	1,233	59	308	15	304	14	158	8	101	5	2,104
2007:Q1	1,253	58	325	15	326	15	165	8	106	5	2,174
2007:Q2	1,326	57	360	16	351	15	167	7	110	5	2,314
2007:Q3	1,342	56	379	16	368	15	174	7	116	5	2,379
2007:Q4	1,284	55	381	16	372	16	178	8	120	5	2,335

¹Hybrid funds invest in a mix of equities and fixed-income securities. The bulk of lifecycle and lifestyle funds is counted in this category.

²Share is the percentage 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, end-of-period, 1992–2007:Q4*

	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	581
1997	479	187	20	85	772
1998	616	232	30	104	983
1999	811	290	49	130	1,280
2000	820	264	47	122	1,254
2001	796	237	45	107	1,185
2002	707	197	38	104	1,046
2003	922	261	47	127	1,357
2004	1,092	294	54	143	1,583
2005	1,239	318	62	158	1,777
2006	1,476	364	71	194	2,104
2007:Q1	1,534	372	73	196	2,174
2007:Q2	1,636	393	78	206	2,314
2007:Q3	1,686	402	79	212	2,379
2007:Q4	1,656	392	78	210	2,335

*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, end-of-period, 1994–2007:Q4*

	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	527	112	572	3,001
2000	1,725	517	110	618	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	2,396	616	143	465	3,620
2006	2,770 ^e	687	158	503	4,119
2007:Q1	2,826 ^e	699	161	506	4,192
2007:Q2	2,989 ^e	730	174	519	4,412
2007:Q3	3,063 ^e	745	176	523	4,507
2007:Q4	3,047 ^e	739	173	513	4,472

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

- ¹ Based on data from ICI's Annual Questionnaire for Retirement Statistics. The 2007 survey gathered data from 18,306 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.
- ² 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 5, 2008) 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. In addition, state and local DB plans held about 1½ percent of total retirement assets.
- ³ ICI is unable to separately identify the type of variable product in which variable annuity mutual funds 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 policies in 2005. Separate account assets back variable life insurance products (which include both variable life insurance and variable annuities).
- ⁴ 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.
- ⁵ 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 objective of the underlying funds.
- ⁶ See Figure 3 in the July 2008 *Fundamentals*.
- ⁷ See Figure 6 in the July 2008 *Fundamentals*.
- ⁸ The Employee Retirement Income Security Act of 1974 (ERISA) created traditional IRAs. In 2007, approximately 37.7 million, or 32.5 percent of, U.S. households had traditional IRAs (see Figure 5 in the July 2008 *Fundamentals*). For a history of IRAs, see Holden, Ireland, Leonard-Chambers, and Bogdan, "The Individual Retirement Account at Age 30: A Retrospective," *Perspective*, Vol. 11, No. 1, February 2005.
- ⁹ Education IRAs, created under the Taxpayer Relief Act of 1997 and renamed Coverdell Education Savings Accounts (ESAs) in July 2001, are not included in the total IRA assets. Mutual fund holdings in Education IRAs were \$6 billion in 2007 (Figure A10).
- ¹⁰ Total IRA market assets are derived from tabulations of total IRA assets provided by the IRS Statistics of Income (SOI) Division for tax-years 1989, 1993, 1996 through 2002, and 2004. These tabulations are based on a sample of IRS returns. For a description of the SOI estimation techniques, see Sailer, Weber, and Gurka, "Are Taxpayers Increasing the Buildup of Retirement Assets? Preliminary Results from a Matched File of Tax Year 1999 Tax Returns and Information Returns," 2003.
- ¹¹ See Figure 7 in the July 2008 *Fundamentals*. Data from the Federal Reserve Board's Survey of Consumer Finances (SCF) indicate that about half of all traditional IRA assets in 2004 were held in rollover IRAs (see Figure 6 in the July 2008 *Fundamentals*).
- ¹² Roth IRAs were created in the Taxpayer Relief Act of 1997 and were first available in 1998. In 2007, approximately 17.3 million, or 14.9 percent of, U.S. households had Roth IRAs (see See Figure 5 in the July 2008 *Fundamentals*).
- ¹³ 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 2007, approximately 9.2 million, or 7.9 percent of, U.S. households had employer-sponsored IRAs (see See Figure 5 in the July 2008 *Fundamentals*).
- ¹⁴ 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 2007.
- ¹⁵ See Figure 7 in the July 2008 *Fundamentals*.
- ¹⁶ 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. U.S. Department of Labor. Data for 2000 through 2005 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 2005 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; and 2005 data are available at www.dol.gov/ebsa/PDF/2005pensionplanbulletin.PDF). Data after 2005 are estimated by ICI.
- ¹⁷ These tax-deferred retirement plans are available to employees of educational institutions and certain nonprofit organizations.
- ¹⁸ See Figure 11 in the July 2008 *Fundamentals*.
- ¹⁹ These plans allow deferred compensation by employees of state and local governments and certain tax-exempt organizations.
- ²⁰ Keogh plans (also know as H.R. 10 plans) cover self-employed individuals, partners, and owners of unincorporated business. Created by Congress in 1962, these plans were at one time governed by their own set of rules. However, over time, 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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