Figure 10

Traditional IRAs Preserve Assets from Employer-Sponsored Retirement Plans

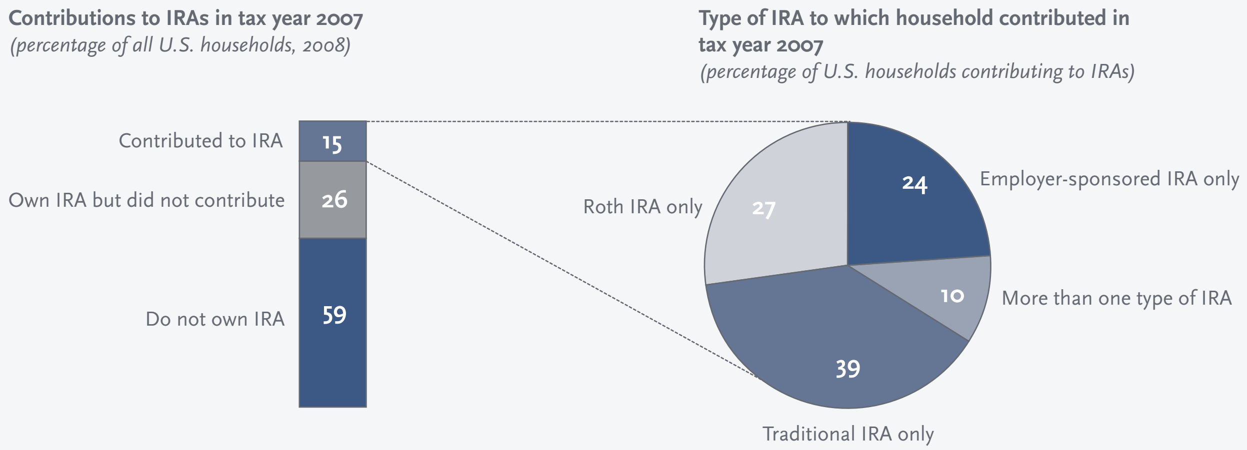
Traditional IRA assets by employer-sponsored retirement plan rollover activity, 2008

	Traditional IRA includes rollover from employer-sponsored retirement plan[1]	Traditional IRA does not include rollover from employer-sponsored retirement plan[2]
Traditional IRA assets		
Mean	$149,500	$92,900
Median	$62,500	$30,000
Household financial assets[3]		
Mean	$374,600	$363,900
Median	$250,000	$250,000

[1] Fifty-two percent of households owning traditional IRAs have traditional IRAs that include rollovers from employer-sponsored retirement plans.
[2] Forty-eight percent of households owning traditional IRAs have traditional IRAs that do not include rollovers from employer-sponsored retirement plans.
[3] 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 11

Few Households Contribute to IRAs

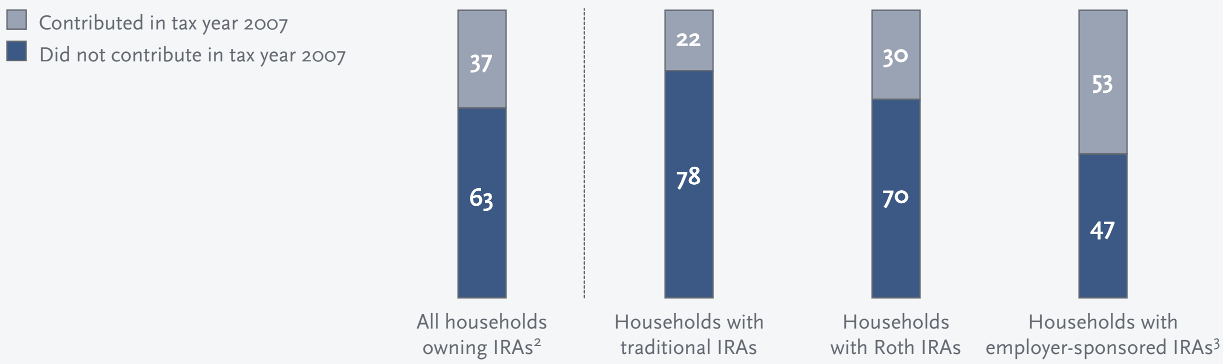


Note: Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.
Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and Investment Company Institute IRA Owners Survey

Figure 12

Contribution Activity to Roth, Employer-Sponsored IRAs Outpaces Contribution Activity to Traditional IRAs in Tax Year 2007

Percentage of U.S. households owning each type of IRA[1] by contribution status in tax year 2007



	All households owning IRAs[2]	Households with traditional IRAs	Households with Roth IRAs	Households with employer-sponsored IRAs[3]
Median contribution per household to type of IRA indicated	$4,000	$3,500	$4,000	$2,000

[1] Households may hold more than one type of IRA. Contribution activity reported is for type of IRA indicated. Some of these households may have been ineligible to make contributions.
[2] IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs).
[3] Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.
Source: Investment Company Institute IRA Owners Survey

Figure 13

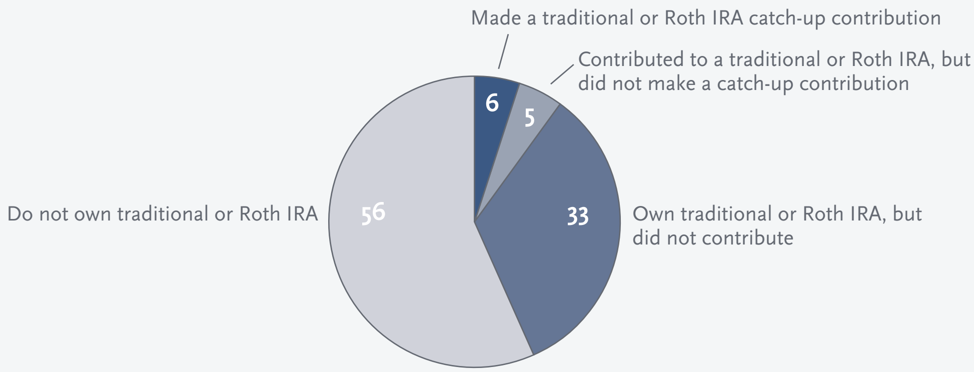
Internal Revenue Code Traditional and Roth IRA Contribution Limits, 2001–2009

**After 2008, traditional IRA contributions are indexed for inflation in $500 increments. IRA catch-up contributions are not indexed for inflation.*
Source: ICI summary of U.S. Internal Revenue Code

Figure 14

Traditional and Roth IRA Catch-Up Contributions Are Infrequent

Percentage of U.S. households with individuals aged 50 or older by contribution status in tax year 2007



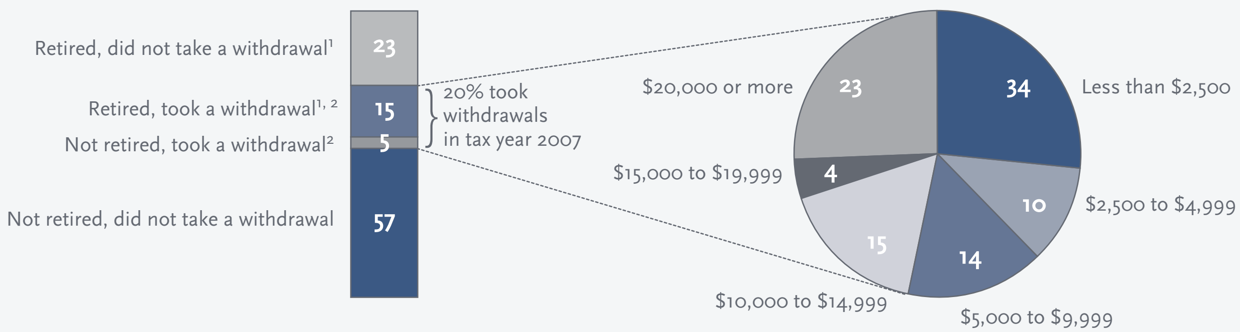
Note: Catch-up contribution activity is identified if an individual's contribution is greater than the $4,000 limit in tax year 2007.
Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and Investment Company Institute IRA Owners Survey

Figure 15

Withdrawals from Traditional IRAs Are Infrequent

U.S. households with traditional IRAs in 2008
(percentage)

Amount withdrawn in tax year 2007
(percentage of traditional IRA–owning households that made withdrawals)



Number of respondents: 636

Mean = $14,100
Median = $7,000

[1]The household was considered retired if either the head of household or spouse responded affirmatively to "are you retired from your lifetime occupation?"
[2]Households that closed and no longer owned traditional IRAs were not included.
Source: Investment Company Institute IRA Owners Survey

Figure 16

Most Traditional IRA–Owning Households That Take Withdrawals Are Headed by Individuals Aged 70 or Older

Percentage of traditional IRA–owning households, 2007 and 2008

	Traditional IRA–owning households	
	2007	2008
Age of head of household* *(percentage of U.S. households owning traditional IRAs)*		
Younger than 59	64	62
59 to 69	20	22
70 or older	16	16
Traditional IRA withdrawal activity by age* *(percentage of U.S. households owning traditional IRAs)*		
Younger than 59, did not take a withdrawal	61	59
Younger than 59, took a withdrawal	3	4
Aged 59 to 69, did not take a withdrawal	15	17
Aged 59 to 69, took a withdrawal	6	5
Aged 70 or older, did not take a withdrawal	6	4
Aged 70 or older, took a withdrawal	9	11
Memo: Percentage of traditional IRA–owning households with withdrawals	18	20
Incidence of withdrawal activity by age* *(percentage of traditional IRA–owning households by age*)*		
Younger than 59	4	6
59 to 69	27	24
70 or older	59	73
Age composition of households with withdrawals *(percentage of traditional IRA–owning households with withdrawals)*		
Younger than 59	16	18
59 to 69	31	26
70 or older	53	56

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

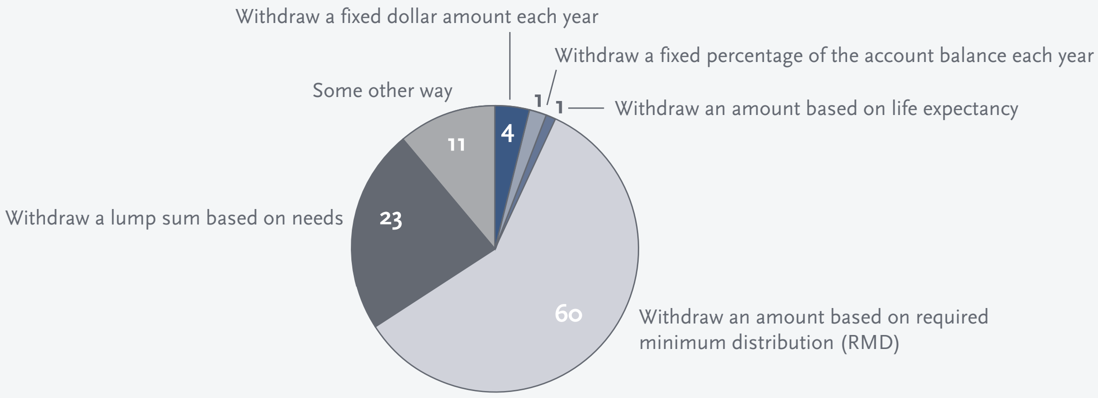
Note: For traditional IRA–owning households in 2007, figure reports tax year 2006 withdrawal activity. For traditional IRA–owning households in 2008, figure reports tax year 2007 withdrawal activity.

Source: Investment Company Institute IRA Owners Survey, 2007 and 2008

Figure 17

How Traditional IRA Withdrawals Are Determined

Percentage of traditional IRA–owning households with withdrawals in tax year 2007



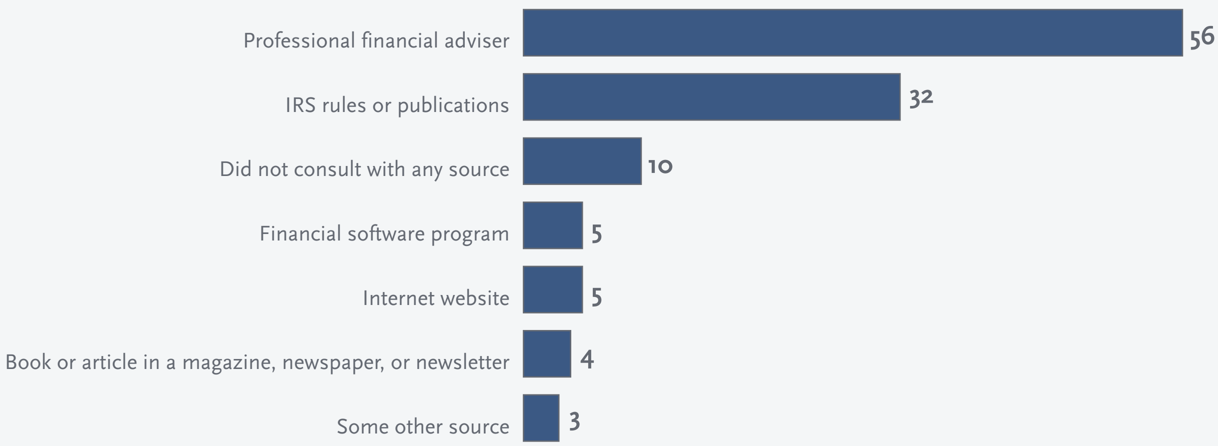
Number of respondents: 116

Source: Investment Company Institute IRA Owners Survey

Figure 18

The Majority of Households Consult with a Professional Financial Adviser to Determine the Amount of Traditional IRA Withdrawals

Percentage of traditional IRA–owning households that made a withdrawal in tax year 2007



Number of respondents: 100

Note: Multiple responses are included.
Source: Investment Company Institute IRA Owners Survey

Figure 19

Traditional IRA Withdrawals Often Used to Pay for Living Expenses

Percentage of traditional IRA–owning households[1] in which either the head of household or spouse is retired, 2008

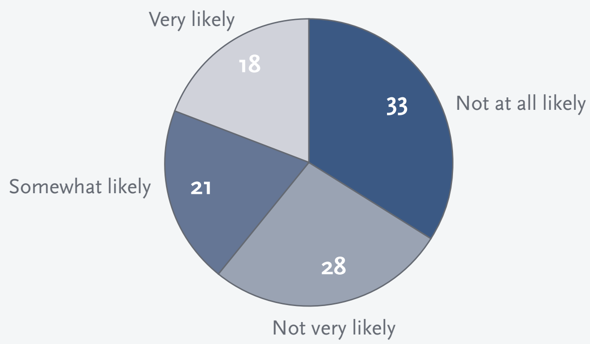
Purpose of traditional IRA withdrawal in retirement[2]	
Took withdrawals to pay for living expenses	52
Spent it on a car, boat, or big-ticket item other than a home	4
Used it for an emergency, such as a healthcare expense	6
Used it for home purchase, repair, or remodeling	14
Reinvested or saved it in another account[3]	28
Some other purpose	9
Number of respondents	*97*

[1] The base of respondents includes the 15 percent of traditional IRA–owning households who were retired and took withdrawals reported in Figure 15.
[2] Multiple responses are included.
[3] Among the 28 percent of households that reported reinvesting or saving in another account, 85 percent reported withdrawing the amount based on RMD.
Source: Investment Company Institute IRA Owners Survey

Figure 20

Likelihood of Withdrawing from Traditional IRA Before Age 70½

Percentage of traditional IRA–owning households that did not take a withdrawal in tax year 2007



Number of respondents: 480

Source: Investment Company Institute IRA Owners Survey

Figure 21

Expected Role of Traditional IRA Withdrawals in Retirement

Percentage of traditional IRA–owning households,[1] excluding retiree households with withdrawals, 2008

Plan for future traditional IRA withdrawals in retirement[2]	
Take withdrawals to pay for living expenses	64
To spend it on a car, boat, or big-ticket item other than a home	12
To use it for an emergency, such as a healthcare expense	52
To use it for home purchase, repair, or remodeling	23
To reinvest or save it in another account	47
Some other plan	11
Primary plan for future traditional IRA withdrawals in retirement	
Take withdrawals to pay for living expenses	58
To spend it on a car, boat, or big-ticket item other than a home	3
To use it for an emergency, such as a healthcare expense	14
To use it for home purchase, repair, or remodeling	6
To reinvest or save it in another account	15
Some other plan	5
Number of respondents	*539*

[1]The base of respondents includes the 23 percent of traditional IRA–owning households who were retired but did not take withdrawals (who were asked about their future plans), the 5 percent of nonretired households that took withdrawals, and the 57 percent of nonretired households that did not take withdrawals reported in Figure 15.

[2]Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

Figure 22

Expected Plans for Roth IRA Withdrawals in Retirement

Percentage of Roth IRA–owning households,[1] 2008

Plan for future Roth IRA withdrawals in retirement[2]	
Take withdrawals to pay for living expenses	67
To spend it on a car, boat, or big-ticket item other than a home	11
To use it for an emergency, such as a healthcare expense	55
To use it for home purchase, repair, or remodeling	19
To reinvest or save it in another account	41
Some other plan	8
Primary plan for future Roth IRA withdrawals in retirement	
Take withdrawals to pay for living expenses	67
To spend it on a car, boat, or big-ticket item other than a home	1
To use it for an emergency, such as a healthcare expense	13
To use it for home purchase, repair, or remodeling	2
To reinvest or save it in another account	11
Some other plan	5
Number of respondents	*310*

[1]The base of respondents includes the 24 percent of Roth IRA–owning households who were retired but did not take withdrawals (who were asked about their future plans), the 2 percent of nonretired households that took withdrawals, and the 73 percent of nonretired households that did not take withdrawals.

[2]Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

Figure A1

U.S. Households Owning IRAs, 2000–2008

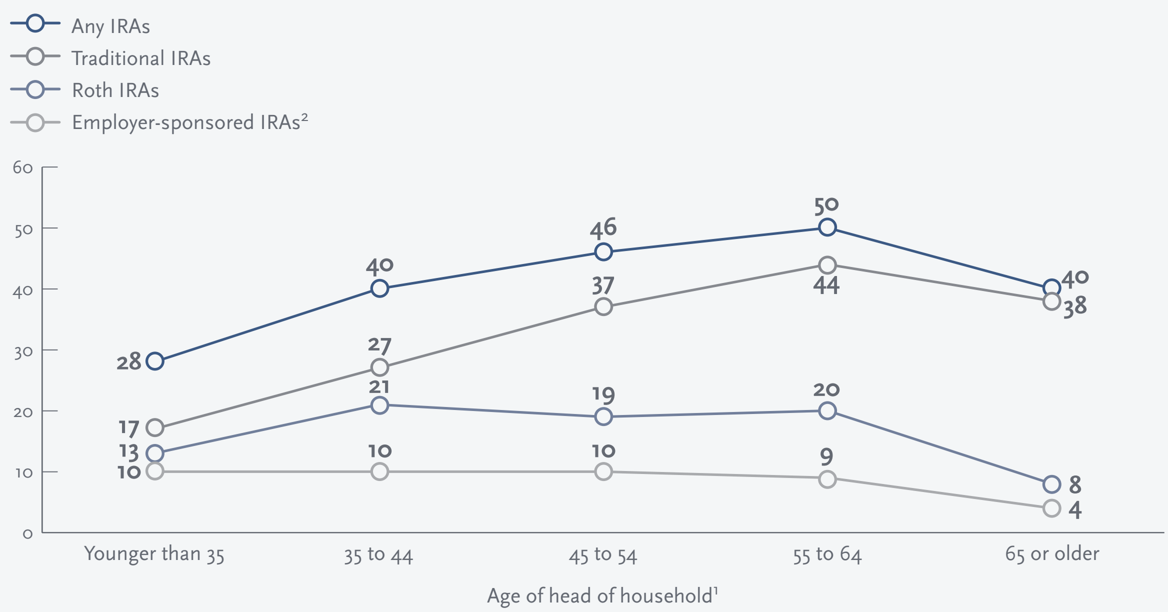
	Number of U.S. households (millions)				Share of U.S. households (percent)			
	Any type of IRA[1]	Traditional IRAs	Roth IRAs	Employer-sponsored IRAs[2]	Any type of IRA[1]	Traditional IRAs	Roth IRAs	Employer-sponsored IRAs[2]
2000	38.0	30.5	9.8	7.2	35.7%	28.7%	9.2%	6.8%
2001	39.2	31.3	10.6	8.7	36.2	28.9	9.8	8.0
2002	38.0	30.8	11.8	8.4	34.8	28.2	10.8	7.7
2003	40.8	32.9	13.9	8.3	36.7	29.6	12.5	7.5
2004	40.9	33.2	13.0	9.0	36.5	29.6	11.6	8.0
2005	43.0	34.0	14.5	8.4	37.9	30.0	12.8	7.4
2006	43.8	36.3	15.3	8.8	38.3	31.7	13.4	7.7
2007	46.2	37.7	17.3	9.2	39.8	32.5	14.9	7.9
2008	47.3	37.5	18.6	10.0	40.5	32.1	15.9	8.6

[1] IRA ownership excludes ownership of Coverdell Education Savings Accounts, which were called Education IRAs before July 2001.
[2] Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.
Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey (2000 through 2008) and U.S. Census Bureau

Figure A2

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

Percentage of U.S. households within each age group,[1] 2008

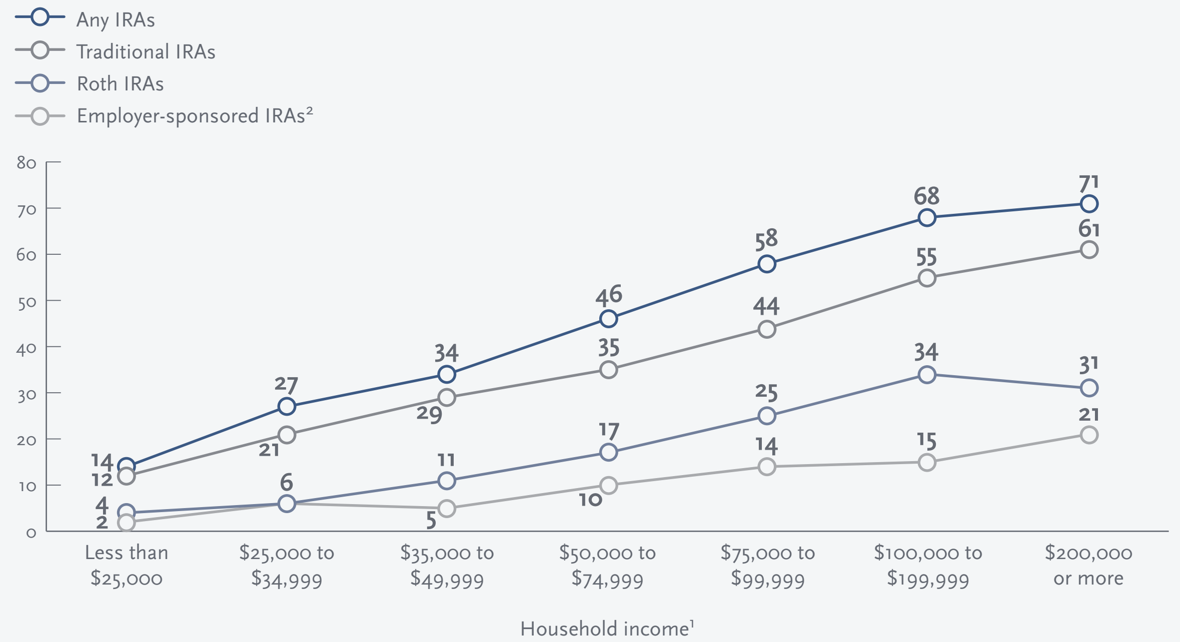


[1] Age is based on the age of the sole or co-decisionmaker for household saving and investing.
[2] Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.
Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

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] 2008

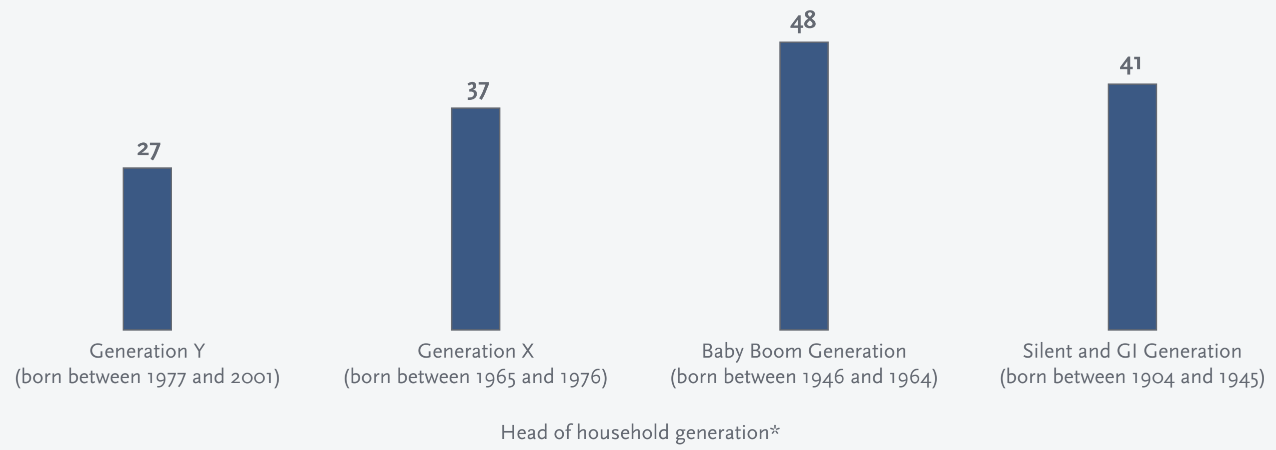


[1] Total reported is household income before taxes in 2007.
[2] Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.
Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

Figure A4

Incidence of IRA Ownership Greatest Among the Baby Boom Generation

Percentage of U.S. households within each generation group, 2008*

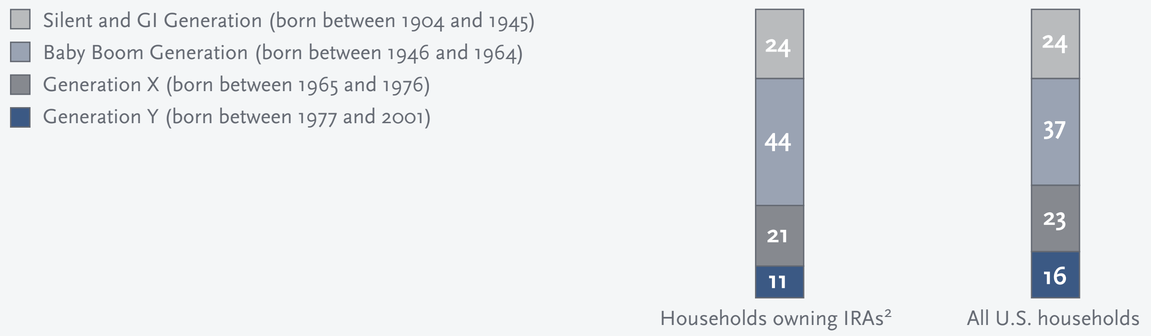


**Generation is based on the age of the sole or co-decisionmaker for household saving and investing.*
Note: IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs).
Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

Figure A5

Baby Boomers Are 44 Percent of All IRA-Owning Households

Percentage distribution of households owning IRAs and all U.S. households by generation,[1] 2008

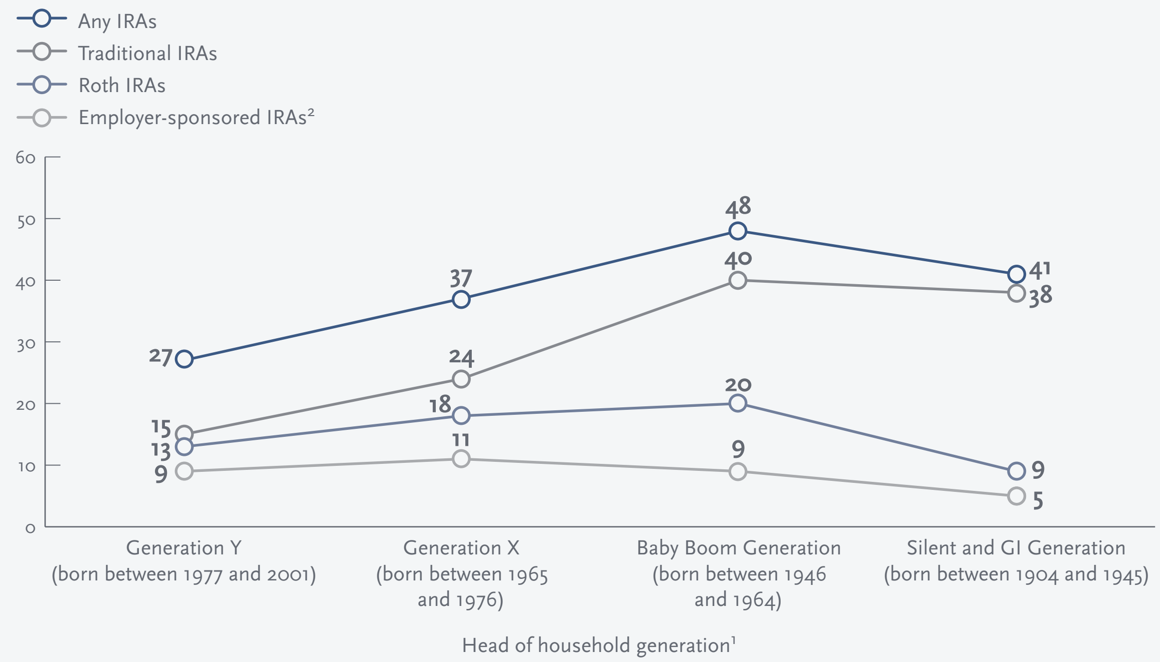


[1] *Generation is based on the age of the sole or co-decisionmaker for household saving and investing.*
[2] *IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs).*
Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and U.S. Census Bureau

Figure A6

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

Percentage of U.S. households within each generation,[1] 2008

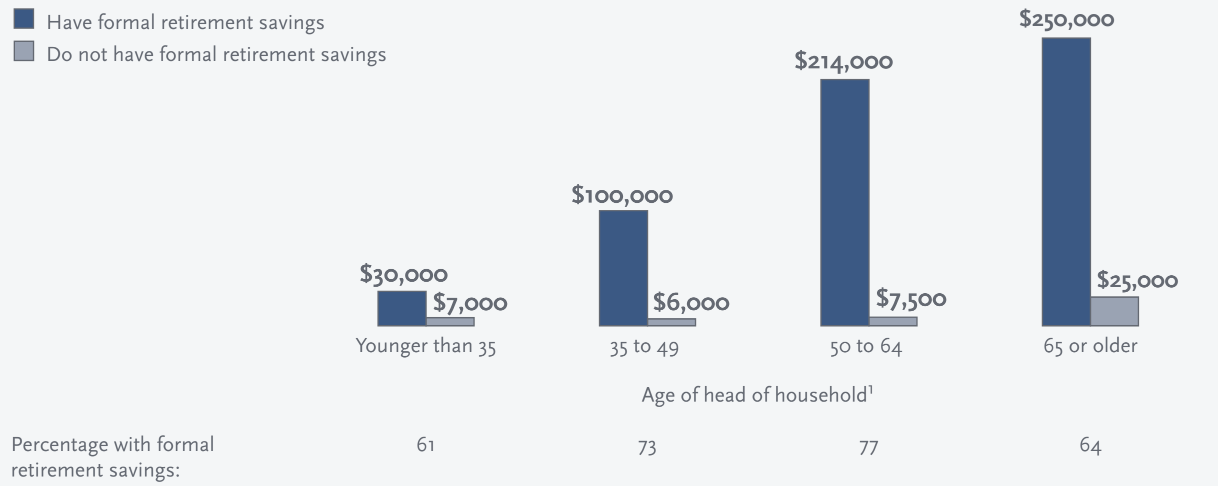


[1] *Generation is based on the age of the sole or co-decisionmaker for household saving and investing.*
[2] *Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.*
Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

Figure A7

Households with Formal Retirement Savings Have Greater Total Financial Assets

Median total household financial assets by age of head of household and formal retirement savings coverage,[1, 2] 2008



[1] Age is based on the age of the sole or co-decisionmaker for household saving and investing.
[2] 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 U.S. households with IRA assets in specified ranges, 2008

	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	19	19	31	33
$10,000 to $24,999	19	17	26	30
$25,000 to $49,999	17	15	19	15
$50,000 to $99,999	14	17	13	7
$100,000 to $249,999	18	18	8	11
$250,000 or more	13	14	3	4
Mean	$117,700	$121,000	$48,300	$48,300
Median	$40,000	$46,000	$20,000	$13,000

**Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.*
Source: Investment Company Institute IRA Owners Survey

Figure A9

Households' Financial Assets in Traditional IRAs by Length of Ownership, 2008

Source: Investment Company Institute IRA Owners Survey

Figure A10

Types of Investments Held in IRAs

Percentage of households with type of IRA indicated,[1] 2008

IRA investments	Any type of IRA	Type of IRA owned: Traditional IRAs	Roth IRAs	Employer-sponsored IRAs[2]
Mutual funds (total)	68	66	69	57
Stock funds	56	54	54	43
Bond funds	34	33	26	18
Hybrid funds	19	18	19	12
Money market funds	32	29	22	28
Individual stocks	40	38	26	31
Annuities (total)	33	34	18	16
Fixed annuities	20	21	9	8
Variable annuities	22	22	13	12
Bank savings accounts, money market deposit accounts, or certificates of deposit	29	30	11	21
Individual bonds (not including U.S. savings bonds)	11	11	7	7
U.S. savings bonds	12	10	5	14
ETFs	9	8	7	6
Other	8	6	3	6
Mean number of investment types held in IRA	3 types of investments	3 types of investments	3 types of investments	3 types of investments

[1] Multiple responses are included.

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

Source: Investment Company Institute IRA Owners Survey

Figure A11

Characteristics of Households Owning Traditional or Roth IRAs by Contribution Status in Tax Year 2007

	Traditional IRA households		Roth IRA households	
	Contributed to traditional IRA in tax year 2007[1]	Did not contribute to traditional IRA in tax year 2007[2]	Contributed to Roth IRA in tax year 2007[3]	Did not contribute to Roth IRA in tax year 2007[4]
Median per household				
Age of household sole or co-decisionmaker for saving and investing	47 years	54 years	45 years	49 years
Household income[5]	$87,500	$75,000	$87,500	$90,000
Household financial assets[6]	$200,000	$250,000	$180,000	$250,000
Household financial assets in all types of IRAs	$43,000	$62,500	$42,500	$43,000
Amount contributed per household to each type of IRA in tax year 2007	$3,500	N/A	$4,000	N/A
Percentage of households				
Household sole or co-decisionmaker for saving and investing:				
Married or living with a partner	81	72	81	78
College or postgraduate degree	43	45	63	53
Employed full- or part-time	82	64	90	79
Household has DC retirement plan account	76	69	82	76

[1]Twenty-two percent of households owning traditional IRAs contributed to them in tax year 2007.

[2]Includes all households owning traditional IRAs that did not contribute to them in tax year 2007. Some of these households may have been ineligible to make deductible contributions.

[3]Thirty percent of households owning Roth IRAs contributed to them in tax year 2007.

[4]Includes all households owning Roth IRAs that did not contribute to them in tax year 2007. Some of these households may have been ineligible to contribute to Roth IRAs in tax year 2007.

[5]Total reported is household income before taxes in 2007.

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

N/A = not applicable

Source: Investment Company Institute IRA Owners Survey

Figure A12

Catch-Up Contributions Among IRA Owners

	Tax year 2002	Tax year 2003	Tax year 2004	Tax year 2006	Tax year 2007
Catch-up contributions to traditional IRAs[1] *(percentage of households owning traditional IRAs possibly qualified to make catch-up contributions)*					
Made a catch-up contribution	9	13	16	12	15
Contributed, but did not make a catch-up contribution	17	20	20	23	10
Did not contribute[2]	74	67	64	65	75
Catch-up contributions to Roth IRAs[3] *(percentage of households owning Roth IRAs possibly qualified to make catch-up contributions)*					
Made a catch-up contribution	15	28	33	21	17
Contributed, but did not make a catch-up contribution	12	21	25	28	14
Did not contribute[4]	73	51	42	51	69

[1]Households that may make catch-up contributions to traditional IRAs are those in which a household member is at least 50 years old by the end of the year, but younger than 70½ years old by the end of the year.

[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.

[4]This group may include households ineligible to make contributions to Roth IRAs.

Source: Investment Company Institute IRA Owners Survey

Figure A13

Characteristics of U.S. Households Owning IRAs, 2008

	Households owning IRAs	Type of IRA owned: Traditional IRAs	Type of IRA owned: Roth IRAs	Type of IRA owned: Employer-sponsored IRAs[1]	Households not owning IRAs
Median per household					
Age of household sole or co-decisionmaker for saving and investing	51 years	53 years	48 years	48 years	47 years
Household income[2]	$75,000	$80,000	$90,000	$75,000	$35,000
Household financial assets[3]	$200,000	$250,000	$200,000	$250,000	$32,000
Household financial assets in all types of IRAs	$40,000	$60,000	$43,000	$25,000	N/A
Share of household financial assets in type of IRA indicated	29%	22%	10%	8%	N/A
Percentage of households					
Household sole or co-decisionmaker for saving and investing:					
Married or living with a partner	73	74	79	74	54
College or postgraduate degree	44	44	56	39	20
Employed full- or part-time	72	68	82	84	58
Retired from lifetime occupation	28	33	19	15	25
Household has DC account or DB plan coverage (total)[4]	78	79	83	80	49
DC retirement plan account	69	71	78	71	40
DB plan coverage	40	41	43	35	24
Types of IRAs owned:[4]					
Traditional IRA	79	100	68	54	N/A
Roth IRA	39	34	100	28	N/A
Employer-sponsored IRA[1]	21	14	15	100	N/A

[1] Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.
[2] Total reported is household income before taxes in 2007.
[3] Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.
[4] Multiple responses are included.
N/A = not applicable
Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and Investment Company Institute IRA Owners Survey

Figure A14

Characteristics of U.S. Households Owning Traditional IRAs, 2008

Median per household owning traditional IRAs	
Amount in traditional IRAs	$46,000
Amount contributed to traditional IRAs in tax year 2007[1]	$3,500
Number of traditional IRAs owned	2
Percentage of households owning traditional IRAs	
Traditional IRA includes rollover from an employer-sponsored retirement plan	52
Contributed to a traditional IRA in tax year 2007	22
Deducted a traditional IRA contribution in tax year 2007[2]	38
Made a withdrawal from a traditional IRA in tax year 2007	20
Own traditional IRA:[3]	
Respondent	87
Spouse	49
Dependent children	4
Number of traditional IRAs owned:	
One	46
Two	36
Three or more	18
Year first traditional IRA was opened:	
1974 through 1981	21
1982 through 1986	12
1987 through 1992	17
1993 through 1996	9
1997 through 1999	13
2000 through 2002	10
2003 through 2005	8
2006 through May 2008	10
Where traditional IRAs are held:[3]	
Professional financial adviser (total)	79
Full-service brokerage	38
Independent financial planning firm	27
Bank or savings institution	31
Insurance company	9
Direct sources (total)	35
Mutual fund company	27
Discount brokerage (total)	12
Discount brokerage firm with walk-in offices	9
Discount brokerage firm that is only available online	3

[1] Figure reports median among households that contributed to traditional IRAs in tax year 2007.
[2] Figure reports percentage among households that contributed to traditional IRAs in tax year 2007.
3 Multiple responses are included.
Source: Investment Company Institute IRA Owners Survey

Figure A15

Characteristics of Households Owning Traditional IRAs With and Without Rollovers from Employer-Sponsored Retirement Plans, 2008

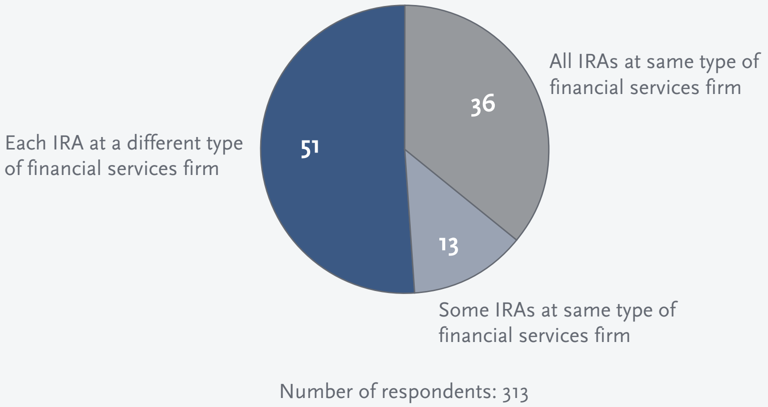
	Traditional IRA includes rollover from employer-sponsored retirement plan[1]	Traditional IRA does not include rollover from employer-sponsored retirement plan[2]
Median per household		
Age of household sole or co-decisionmaker for saving and investing	53 years	54 years
Household income[3]	$87,500	$65,000
Household financial assets[4]	$250,000	$250,000
Household financial assets in all types of IRAs	$79,000	$42,500
Amount in traditional IRAs	$62,500	$30,000
Number of traditional IRAs owned	2	1
Percentage of households		
Household sole or co-decisionmaker for saving and investing:		
Married or living with a partner	77	73
Widowed	7	13
College or postgraduate degree	47	42
Employed full- or part-time	70	67
Retired from lifetime occupation	30	35
Where traditional IRAs are held:[5]		
Professional financial adviser (total)	82	78
Full-service brokerage	45	32
Independent financial planning firm	26	28
Bank or savings institution	27	35
Insurance company	9	8
Direct market (total)	40	32
Mutual fund company	33	22
Discount brokerage (total)	12	12
Discount brokerage with walk-in offices	10	8
Discount brokerage firm that is only available online	3	4

[1] Fifty-two percent of households owning traditional IRAs have traditional IRAs that include rollovers from employer-sponsored retirement plans.
[2] Forty-eight percent of households owning traditional IRAs have traditional IRAs that do not include rollovers from employer-sponsored retirement plans.
[3] Total reported is household income before taxes in 2007.
[4] Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.
[5] Multiple responses are included.
Source: Investment Company Institute IRA Owners Survey

Figure A16

Households Hold Traditional IRAs at Different Types of Financial Services Firms

Percentage of traditional IRA–owning households with multiple traditional IRAs, 2008



Source: Investment Company Institute IRA Owners Survey

Figure A17

Characteristics of U.S. Households Owning Roth IRAs, 2008

Median per household owning Roth IRAs	
Amount in Roth IRAs	$20,000
Amount contributed to Roth IRAs in tax year 2007[1]	$4,000
Number of Roth IRAs owned	1
Percentage of households owning Roth IRAs	
Roth IRA was first IRA owned	31
Roth IRA was funded by a conversion from a traditional IRA	20
Contributed to a Roth IRA in tax year 2007	30
Roth IRA assets include assets initially from an employer-sponsored retirement plan	16
Made a withdrawal from a Roth IRA in tax year 2007	3
Own Roth IRA:[2]	
Respondent	80
Spouse	47
Dependent children	3
Number of Roth IRAs owned:	
One	57
Two	34
Three or more	9
Year first Roth IRA was opened:	
1998	37
1999 through 2000	14
2001 through 2002	12
2003 through 2004	14
2005 through 2006	17
2007 through May 2008	6
Where Roth IRAs are held:[2]	
Professional financial adviser (total)	70
Full-service brokerage	32
Independent financial planning firm	26
Bank or savings institution	20
Insurance company	5
Direct sources (total)	33
Mutual fund company	27
Discount brokerage (total)	9
Discount brokerage firm with walk-in offices	7
Discount brokerage firm that is only available online	3

[1] *Figure reports median among households that contributed to Roth IRAs in tax year 2007.*
[2] *Multiple responses are included.*
Source: Investment Company Institute IRA Owners Survey

Figure A18

Characteristics of Households Owning Roth IRAs by Source of Funding of Roth IRA, 2008

	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	51 years	46 years
Household income[3]	$81,000	$90,000
Household financial assets[4]	$200,000	$200,000
Household financial assets in all types of IRAs	$50,000	$42,500
Amount in Roth IRAs	$30,000	$18,000
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	76	79
Widowed	5	5
College or postgraduate degree	54	58
Employed full- or part-time	76	84
Retired from lifetime occupation	25	17
Year first Roth IRA was opened:		
1998	45	35
1999 through 2000	12	15
2001 through 2002	8	14
2003 through 2004	8	14
2005 through 2006	21	17
2007 through May 2008	6	5
Contributed to a Roth IRA in tax year 2007	29	32

[1] Twenty percent of households owning Roth IRAs have Roth IRAs funded by conversions from traditional IRAs. The sample size is small.
[2] Eighty 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 2007.
[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 2007

	Made a withdrawal from a traditional IRA in tax year 2007[1]	Did not make a withdrawal from a traditional IRA in tax year 2007[2]
Median per household		
Age of household sole or co-decisionmaker for saving and investing	72 years	49 years
Household income[3]	$50,000	$85,000
Household financial assets[4]	$350,000	$225,000
Household financial assets in all types of IRAs	$62,500	$58,000
Percentage of households		
Household sole or co-decisionmaker for saving and investing:		
Married or living with a partner	63	77
Widowed	26	6
College or postgraduate degree	24	50
Employed full- or part-time	31	77
Retired from lifetime occupation	71	23
How withdrawal was determined:		
Withdraw to meet the IRS's required minimum distribution	60	N/A
Withdraw a lump sum based on needs	23	N/A
Withdraw a fixed dollar amount each year	4	N/A
Withdraw a fixed percentage of the account balance each year	2	N/A
Withdraw an amount based on life expectancy	1	N/A
Some other way	11	N/A
Purpose of traditional IRA withdrawal in retirement[5, 6]		
Took withdrawals to pay for living expenses	52	N/A
Spent it on a car, boat, or big-ticket item other than a home	4	N/A
Used it for an emergency, such as a healthcare expense	6	N/A
Used it for home purchase, repair, or remodeling	14	N/A
Reinvested or saved it in another account	28	N/A
Some other purpose	9	N/A

[1] Twenty percent of households owning traditional IRAs withdrew money from them in tax year 2007. The sample size is small.
[2] Eighty percent of households owning traditional IRAs did not withdraw money from them in tax year 2007.
[3] Total reported is household income before taxes in 2007.
[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 in tax year 2007 and either the head of household or spouse was retired.
[6] Multiple responses are included.
N/A = not applicable
Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and Investment Company Institute IRA Owners Survey

Figure A20

Traditional IRA Withdrawal Activity by Age of Head of Household

Percentage of traditional IRA–owning households taking withdrawals,[1] 1999–2007

	Households with traditional IRA withdrawals	Age of head of household		
		Younger than 59	59 to 69	70 or older
Reason for withdrawal[2]				
To take a required minimum distribution	49	11	13	78
To pay living expenses	21	28	37	12
To pay for healthcare	9	13	11	6
To reinvest the money[3]	7	7	10	5
To buy a home	2	5	3	1
To make a large purchase	8	10	16	4
To pay for education	3	9	2	1
Other reason	15	24	22	9
Age of head of household				
Younger than 59	23	100	0	0
59 to 69	21	0	100	0
70 or older	56	0	0	100
Amount withdrawn				
Less than $2,500	28	26	15	34
$2,500 to $4,999	16	16	11	18
$5,000 to $9,999	18	22	17	17
$10,000 to $24,999	23	22	30	20
$25,000 to $49,999	8	7	15	7
$50,000 or more	7	7	12	4
Mean	$14,800	$15,000	$21,000	$12,200
Median	$6,000	$6,000	$10,000	$4,000
Full or partial withdrawal from traditional IRA				
Withdrew some, but not all money	86	69	86	93
Withdrew all money	14	31	14	7

[1]Twenty percent of households either still holding traditional IRAs in the year of the survey and having withdrawn some of the assets (16 percent) or having liquidated (4 percent) their traditional IRA during the year prior to the survey are counted as having withdrawals.

[2]The denominator includes households still holding traditional IRAs and those households whose withdrawals in the previous year closed their traditional IRAs. Results are pooled over 2000 to 2008 survey years covering withdrawal activity in 1999 to 2007.

[3]Households indicating they were buying investments outside IRAs and/or buying another type of IRA.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Surveys, 2000 to 2008

Glossary

catch-up contribution: Individuals aged 50 or older are permitted to make contributions to an IRA or employer-sponsored retirement savings plan in excess of the annual contribution limit. In 2009, the catch-up limit was $1,000 for IRAs, $2,500 for SIMPLE plans, and $5,500 for 401(k) plans.

contribution limit: Federal law establishes limits for the amount an individual may contribute to an IRA, 401(k), or other retirement savings plan in any given year. In 2009, the annual employee contribution limit for 401(k)s and similar employer-sponsored retirement plans was $16,500; the annual limit for traditional and Roth IRAs was $5,000; and the annual limit for SIMPLE IRAs was $11,500. The limit on the sum of employee and employer contributions for DC plans in 2009 was $49,000. Individuals aged 50 or older can make additional "catch-up" contributions. The contribution limits are unchanged for 2010.

defined benefit (DB) plan: An employer-sponsored pension plan where the amount of future benefits an employee will receive from the plan is defined, typically by a formula based on salary history and years of service. The amount of contributions the employer is required to make will depend on the investment returns experienced by the plan and the benefits promised.

defined contribution (DC) plan: An employer-sponsored retirement plan, such as a 401(k) plan or a 403(b) plan, in which contributions are made to individual participant accounts. Depending on the type of DC plan, contributions may be made by the employee, the employer, or both. The employee's benefits at retirement or termination of employment are based on the employee and employer contributions and earnings and losses on those contributions.

conversion: The movement of assets in a traditional IRA to a Roth IRA, done either through a transfer of assets from a traditional IRA to a Roth IRA or by redesignating a traditional IRA as a Roth IRA. Assets in a 401(k) or other tax-advantaged employer-sponsored retirement plan may also be converted to a Roth IRA. Generally the assets converted are taxable in the year of the conversion to the Roth IRA.

distribution: Individuals may take distributions (that is, withdraw funds) from their IRAs prior to retirement, but distributions may be subject to federal income tax, a tax penalty, or both. Withdrawals from traditional IRAs before age 59½ are subject to income tax and may be subject to a 10 percent early withdrawal penalty. The earnings portion of withdrawals from Roth IRAs made within five years of contribution or made before age 59½ are generally subject to income tax and may be subject to the 10 percent penalty (along with the after-tax contribution portion in some circumstances). For both traditional IRAs and Roth IRAs, the 10 percent penalty does not apply to withdrawals made in cases of death or disability, or if used for certain medical expenses, first-time homebuyer expenses, qualified higher-education expenses, health insurance expenses of unemployed individuals, or as part of a series of substantially equal periodic payments made for the life or over the life expectancy of the individual. In addition, provided the five-year holding period is satisfied, the earnings portion of early withdrawals from a Roth IRA made in cases of death, disability, or first-time homebuyer expenses are not subject to income tax.

401(k) plan: A type of DC plan that allows employees to choose to contribute a portion of their salaries into the plan, which defers income taxes on the amounts contributed. Like a traditional IRA, no taxes are due until distributions are taken from the account. In 2006, plans could choose to allow employees to make Roth contributions to a 401(k) plan. These contributions are claimed as taxable income in the year of the contribution, but no taxes are due on qualified distributions. Most 401(k) plans also allow employees to choose how they wish to invest their accounts.

individual retirement account (IRA): A tax-deferred or tax-free retirement account that allows contributions of a limited yearly sum. Congress initially designed IRAs to have two roles: (1) to give individuals not covered by a retirement plan at work a tax-advantaged retirement savings plan, and (2) to play a complementary role to the employer-sponsored retirement system by preserving rollover assets at job separation or retirement. The term IRA is also applied to *individual retirement annuities*, which receive similar tax treatment.

Roth IRA: An individual retirement account, first available in 1998, that permits only after-tax (nondeductible) contributions. Earnings on investments in this IRA are not taxed. Distributions of both principal and earnings are generally not subject to federal income tax if taken after age 59½. Distributions of principal before age 59½ are not subject to tax, but investment earnings are generally subject to tax and a 10 percent penalty if taken before age 59½. There are no required distributions during the account holder's lifetime.

SIMPLE IRA (Savings Incentive Match Plan for Employees): A tax-favored retirement plan, created in 1996, that small employers can set up for the benefit of their employees. Both employer and employee contributions are allowed in a SIMPLE IRA plan.

Simplified Employee Pension Plan (SEP) IRA: A retirement program in which an employer makes contributions to the IRAs on behalf of employees. A *Salary Reduction SEP* (or "*SAR-SEP*") IRA is a SEP IRA that allows employees to contribute their own compensation into the IRA. When Congress created the SIMPLE IRA in 1996, it provided that an employer could not establish a new SAR-SEP plan after 1996.

traditional IRA: The first type of IRA, created in 1974. Individuals may make tax-deductible and nondeductible contributions to these IRAs. Taxes on IRA investment earnings are deferred until they are distributed. Upon distribution, both principal and earnings are subject to federal income tax. Generally, distributions before age 59½ are subject to income tax and a 10 percent penalty.