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Appendix: Additional Data on IRA Ownership in 2012

"The Role of IRAs in U.S. Households' Saving for Retirement, 2012" (*ICI Research Perspective* 18, no. 8) reports on U.S. households' individual retirement account (IRA) ownership in 2012. The study highlights data collected by the Investment Company Institute in an annual survey of households owning IRAs.¹ This appendix provides supplementary tables with additional detail for the main report.²

Household Ownership of IRAs

In 2012, 48.9 million U.S. households, or 40.4 percent, owned at least one type of IRA. Household ownership of IRAs has grown since 2000. The number of households with IRAs increased by 10.9 million between 2000 and 2012, or at a compound average growth rate of 2.1 percent per year (Figure A1).

Growth in Number of IRA-Owning Households

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

held type of IRA, followed by employer-sponsored IRAs, which include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs. Household ownership of Roth IRAs grew the fastest, with the number of households owning Roth IRAs increasing 6.3 percent on average each year between 2000 and 2012. The number of households that owned traditional IRAs rose 2.2 percent on average each year, while the number of households with employer-sponsored IRAs grew at an average rate of 2.1 percent each year during this period.

Incidence of IRA Ownership by Age

Households headed by older individuals were more likely to own traditional IRAs. Forty-two percent of households headed by individuals aged 55 to 64 owned traditional IRAs, compared with only 19 percent of households headed by individuals younger than 35 (Figure A2).⁴ Thirty-five percent of households headed by individuals aged 65 or older had traditional IRAs, while Roth IRAs were rarely held by older households. Twenty percent of households aged 35 to 64 had Roth IRAs.

FIGURE A1

U.S. Households Owning IRAs, 2000–2012

| | Number of U.S. households <i>Millions</i> | | | | Share of U.S. households <i>Percent</i> | | | | Memo: total number of U.S. households ¹ <i>Millions</i> |
|------|--|---------------------|--------------|---|--|---------------------|--------------|---|---|
| | Any type of IRA ² | Traditional IRAs | Roth IRAs | Employer- sponsored IRAs ³ | Any type of IRA ² | Traditional IRAs | Roth IRAs | Employer- sponsored IRAs ³ | |
| 2000 | 38.0 | 30.5 | 9.8 | 7.2 | 35.7% | 28.7% | 9.2% | 6.8% | 106.4 |
| 2001 | 39.2 | 31.3 | 10.6 | 8.7 | 36.2 | 28.9 | 9.8 | 8.0 | 108.2 |
| 2002 | 38.0 | 30.8 | 11.8 | 8.4 | 34.8 | 28.2 | 10.8 | 7.7 | 109.3 |
| 2003 | 40.8 | 32.9 | 13.9 | 8.3 | 36.7 | 29.6 | 12.5 | 7.5 | 111.3 |
| 2004 | 40.9 | 33.2 | 13.0 | 9.0 | 36.5 | 29.6 | 11.6 | 8.0 | 112.0 |
| 2005 | 43.0 | 34.0 | 14.5 | 8.4 | 37.9 | 30.0 | 12.8 | 7.4 | 113.3 |
| 2006 | 43.8 | 36.3 | 15.3 | 8.8 | 38.3 | 31.7 | 13.4 | 7.7 | 114.4 |
| 2007 | 46.2 | 37.7 | 17.3 | 9.2 | 39.8 | 32.5 | 14.9 | 7.9 | 116.0 |
| 2008 | 47.3 | 37.5 | 18.6 | 10.0 | 40.5 | 32.1 | 15.9 | 8.6 | 116.8 |
| 2009 | 46.1 | 36.6 | 17.0 | 9.6 | 39.3 | 31.2 | 14.5 | 8.2 | 117.2 |
| 2010 | 48.6 | 38.5 | 19.5 | 9.4 | 41.4 | 32.8 | 16.6 | 8.0 | 117.5 |
| 2011 | 46.5 | 37.4 | 18.8 | 9.0 | 38.8 | 31.2 | 15.7 | 7.5 | 119.9 |
| 2012 | 48.9 | 39.4 | 20.3 | 9.2 | 40.4 | 32.5 | 16.8 | 7.6 | 121.1 |

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

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

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

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey (2000–2012) and U.S. Census Bureau

About the Annual Mutual Fund Shareholder Tracking Survey

ICI conducts the Mutual Fund Shareholder Tracking Survey each spring to gather information on the demographic and financial characteristics of U.S. households. The most recent survey was conducted in May 2012 and was based on a sample of 4,019 U.S. households selected by random digit dialing, of which 1,622 households, or 40.4 percent, owned IRAs. All interviews were conducted over the telephone with the member of the household who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments. The standard error for the 2012 sample of households is ± 1.6 percentage points at the 95 percent confidence level.

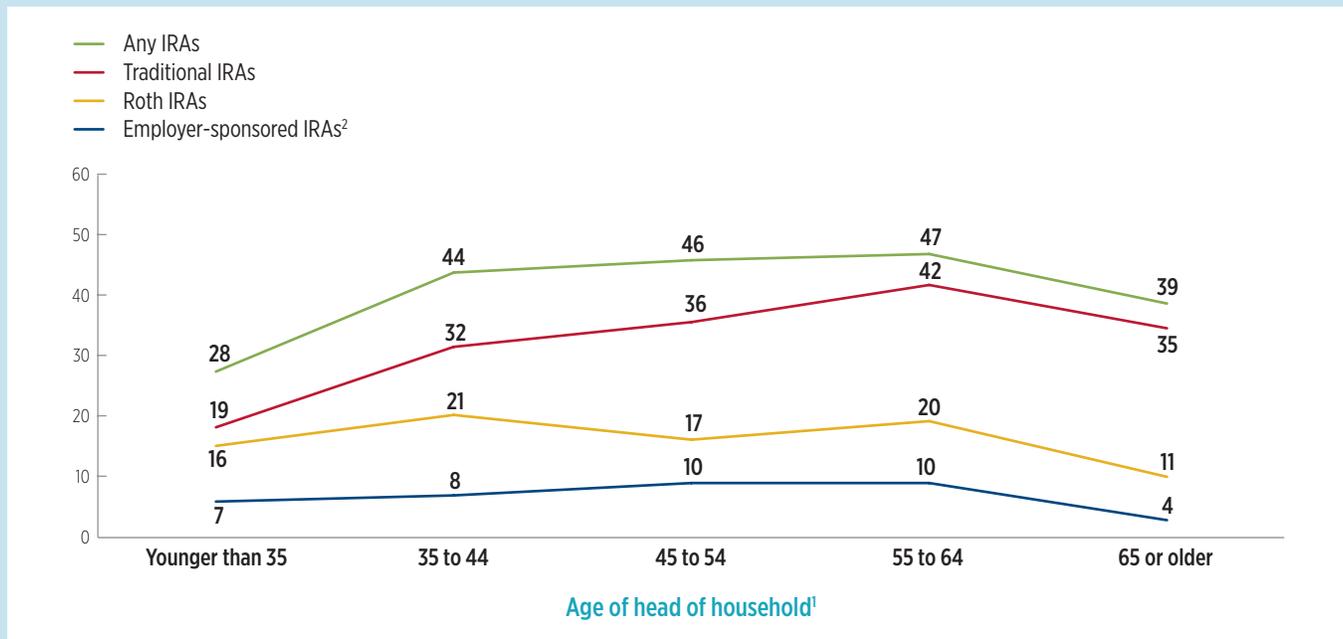
About the IRA Owners Survey

ICI conducts the IRA Owners Survey each spring to gather information on characteristics and activities on IRA-owning households in the United States. The most recent survey was conducted in May 2012 and was based on a sample of 2,801 randomly selected, representative U.S. households owning traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). All interviews were conducted over the telephone with the member of the household who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments. The standard error for the total sample is ± 1.9 percentage points at the 95 percent confidence level. IRA ownership does not include ownership of Coverdell Education Savings Accounts (formerly called Education IRAs).

FIGURE A2

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

Percentage of U.S. households within each age group,¹ 2012



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

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

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

Incidence of IRA Ownership by Income

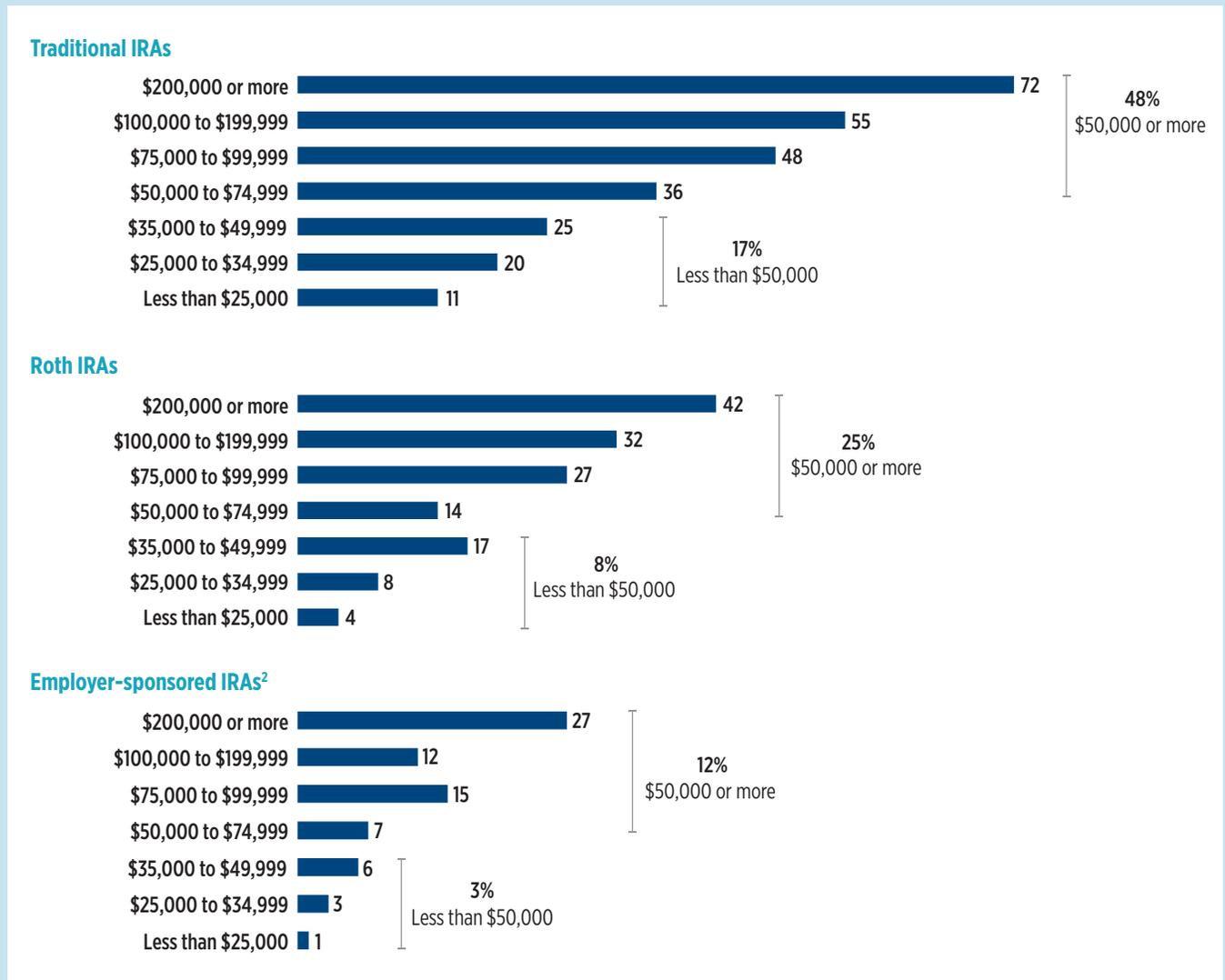
Household ownership of all types of IRAs also tends to increase with household income (Figure A3). Forty-eight percent of households with incomes of \$50,000 or more owned traditional IRAs, compared with 17 percent of households with incomes of less than \$50,000. One-quarter

of households with incomes of \$50,000 or more owned Roth IRAs, compared with 8 percent of households with incomes of less than \$50,000. Twelve percent of households with incomes of \$50,000 or more owned employer-sponsored IRAs. Only 3 percent of households with incomes of less than \$50,000 owned employer-sponsored IRAs.

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 2012



¹ Total reported is household income before taxes in 2011.

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

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

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

IRA Ownership by Generation

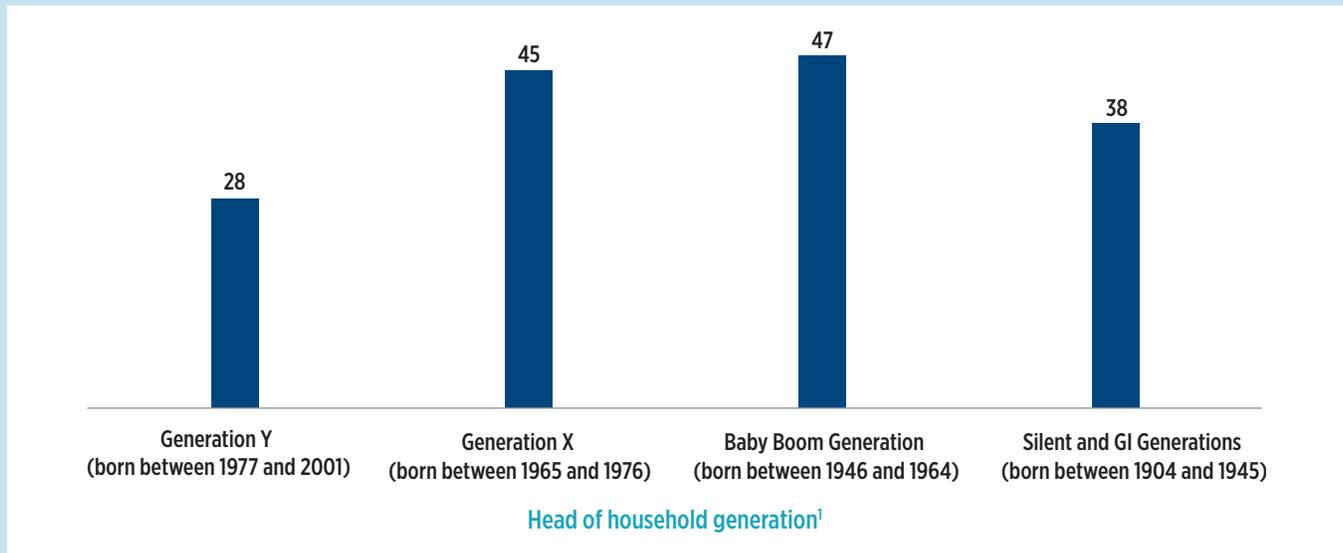
Multiple generations of Americans owned IRAs, but the incidence of IRA ownership was greatest among households headed by members of the Baby Boom Generation. In 2012, 47 percent of households headed by members

of the Baby Boom Generation owned IRAs (Figure A4). As a result, 43 percent of IRA-owning households were headed by individuals who were members of the Baby Boom Generation (Figure A5).

FIGURE A4

Incidence of IRA Ownership Is Greatest Among the Baby Boom Generation

Percentage of U.S. households within each generation group that own IRAs,^{1,2} 2012



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

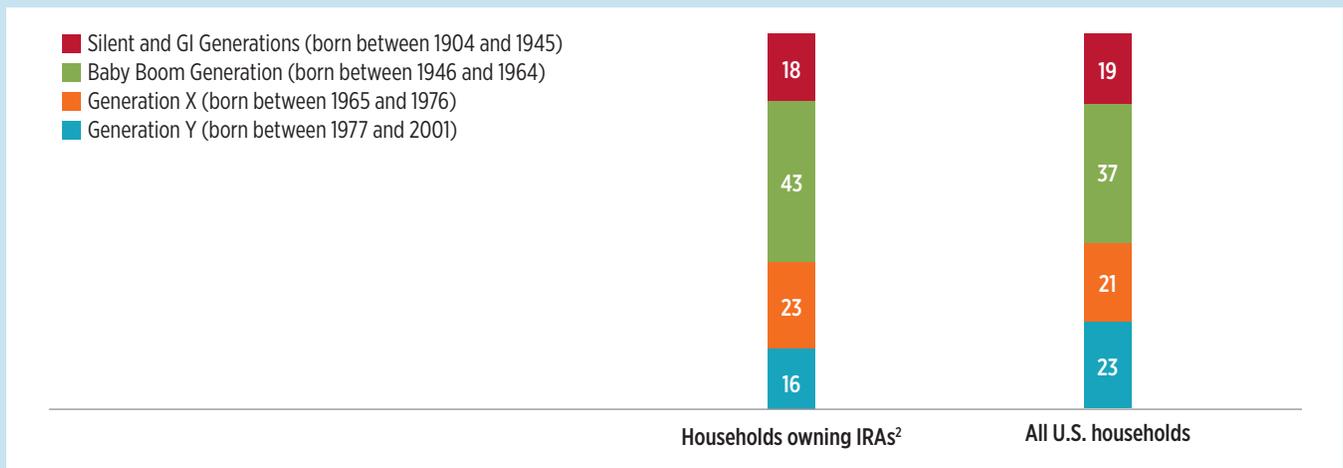
² IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE A5

Baby Boomers Are 43 Percent of All IRA-Owning Households

Percent distribution of households owning IRAs and all U.S. households by generation,¹ 2012



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

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

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

Forty percent of households headed by members of the Baby Boom Generation owned traditional IRAs; 19 percent owned Roth IRAs; and 9 percent owned employer-sponsored IRAs (Figure A6). In 2012, households headed by individuals who were members of the Baby Boom Generation held a significant portion of total IRA assets. Fifty-three percent of all IRA assets were held by households headed by individuals who were members of this generation.⁵

Households with IRAs Have More Savings Than Other Households

Both IRAs and employer-sponsored retirement plans provide workers the opportunity to set aside assets for retirement on a tax-advantaged basis. Households with these formal retirement savings arrangements generally have accumulated greater household financial assets compared with households without these arrangements (Figure A7).

IRA Balances and Investments

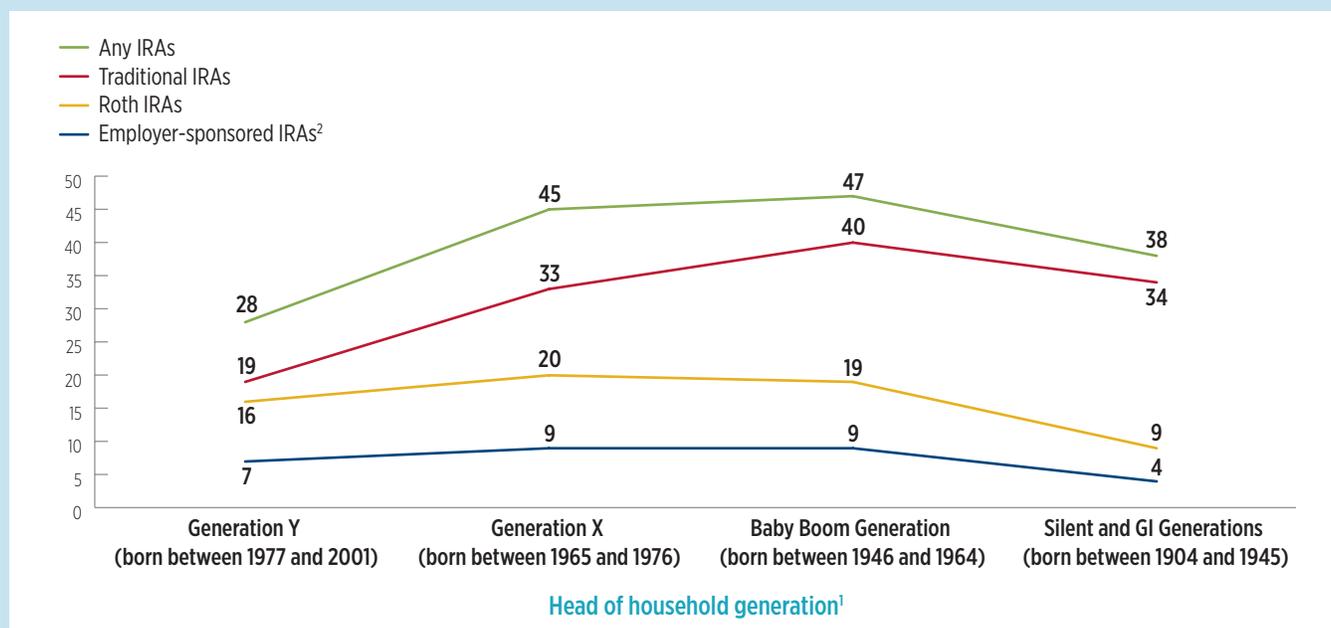
Median household financial assets in all types of IRAs was \$45,000 in 2012 (Figure A8). Household financial assets in traditional IRAs tended to be greater than assets in Roth or employer-sponsored IRAs.

Traditional IRAs have been in existence for a greater number of years than the other types of IRAs, and many households' traditional IRAs contain employer-sponsored retirement plan rollovers. Roth IRAs have been available since 1998 and have had only very limited opportunity to receive rollovers from employer-sponsored retirement plans.⁶ In 2012, the median amount in Roth IRAs was \$20,000, and the median amount in employer-sponsored IRAs was \$25,000 (Figure A8). The median household financial assets in traditional IRAs was \$42,500.

FIGURE A6

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

Percentage of U.S. households within each generation group,¹ 2012



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

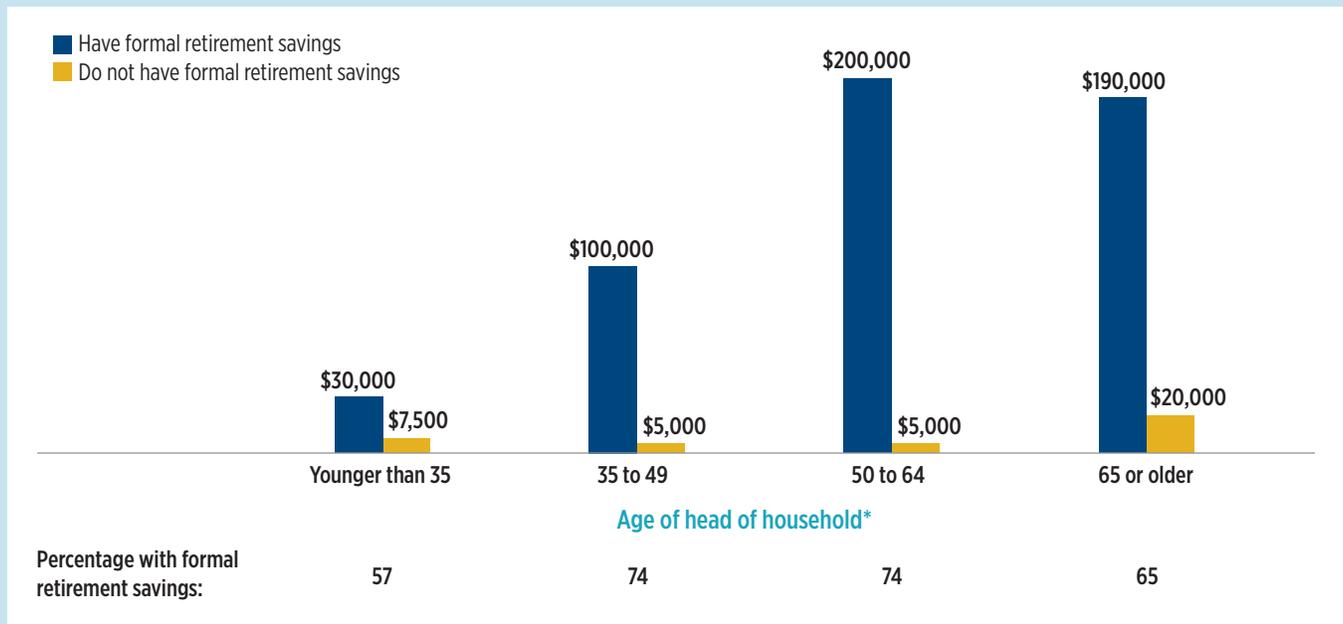
² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

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, 2012



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

Note: Formal retirement savings include IRAs, employer-sponsored retirement plans (DB or DC plans), or both.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE A8

Household Financial Assets in IRAs by Type of IRA

Percentage of households with IRA assets in specified ranges, 2012

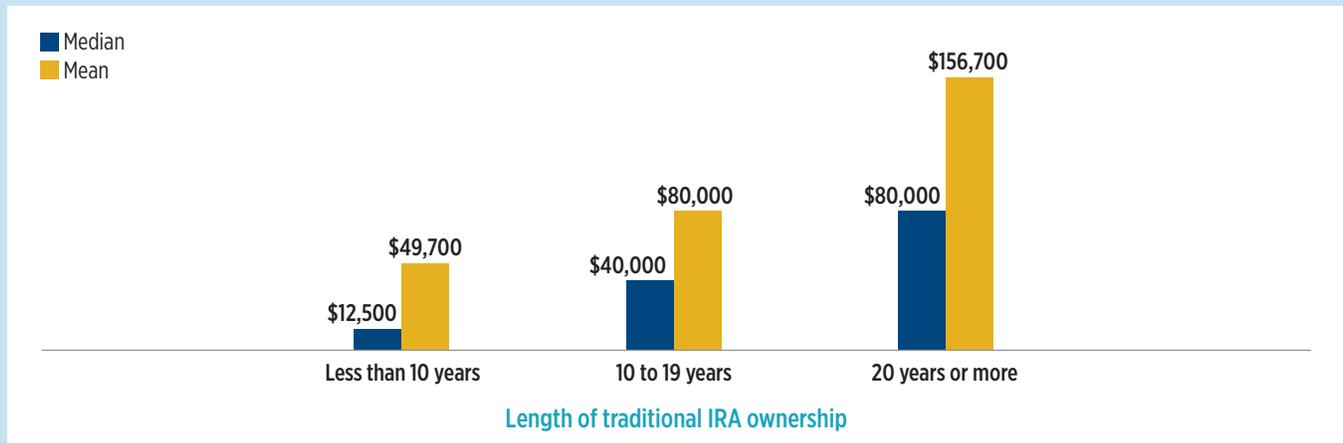
| Assets in type of IRA | Total household financial assets in IRAs | Type of IRA owned | | |
|------------------------|--|-------------------|-----------|--------------------------|
| | | Traditional IRAs | Roth IRAs | Employer-sponsored IRAs* |
| Less than \$10,000 | 15 | 18 | 30 | 25 |
| \$10,000 to \$24,999 | 18 | 18 | 27 | 24 |
| \$25,000 to \$49,999 | 17 | 15 | 17 | 15 |
| \$50,000 to \$99,999 | 18 | 19 | 15 | 18 |
| \$100,000 to \$249,999 | 18 | 17 | 8 | 13 |
| \$250,000 or more | 14 | 13 | 3 | 5 |
| Mean | \$116,000 | \$110,000 | \$43,600 | \$63,900 |
| Median | \$45,000 | \$42,500 | \$20,000 | \$25,000 |

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

Source: Investment Company Institute IRA Owners Survey

FIGURE A9

Household Financial Assets in Traditional IRAs by Length of Ownership, 2012



Source: Investment Company Institute IRA Owners Survey

IRAs help individuals and families accumulate savings over time. This is particularly evident when traditional IRA holdings are grouped according to the length of time households have owned traditional IRAs. For example, households owning traditional IRAs for less than 10 years had median traditional IRA holdings of \$12,500, while households owning traditional IRAs for 20 years or more had median traditional IRA holdings of \$80,000 (Figure A9). Mean traditional IRA holdings, while higher than the median values, exhibited a similar pattern.

Mutual funds were the most common IRA investment (Figure A10).⁷ In 2012, 68 percent of IRA-owning households had IRA assets invested in mutual funds, usually stock funds. Forty-one percent held individual stocks in their IRAs. Thirty-five percent of households owning IRAs held annuities, and 25 percent held bank deposits in their IRAs. On average, households with traditional, Roth, or employer-sponsored IRAs held three types of investments in those IRAs.

FIGURE A10

Types of Investments Held in IRAs

Percentage of households with type of IRA indicated,¹ 2012

| IRA investments | Type of IRA owned | | | |
|--|------------------------|------------------------|------------------------|--------------------------------------|
| | Any type of IRA | Traditional IRAs | Roth IRAs | Employer-sponsored IRAs ² |
| Mutual funds (total) | 68 | 65 | 65 | 53 |
| Stock funds | 55 | 53 | 49 | 37 |
| Bond funds | 35 | 35 | 24 | 24 |
| Hybrid funds | 31 | 28 | 27 | 23 |
| Money market funds | 31 | 30 | 20 | 24 |
| Individual stocks | 41 | 40 | 30 | 26 |
| Annuities (total) | 35 | 34 | 23 | 27 |
| Fixed annuities | 24 | 22 | 15 | 21 |
| Variable annuities | 22 | 22 | 14 | 13 |
| Bank savings accounts, money market deposit accounts, or certificates of deposit | 25 | 26 | 13 | 15 |
| Individual bonds (not including U.S. savings bonds) | 15 | 14 | 10 | 12 |
| U.S. savings bonds | 12 | 10 | 8 | 9 |
| ETFs | 10 | 8 | 9 | 7 |
| Other | 3 | 3 | 3 | (*) |
| Mean number of investment types held in IRA | 3 types of investments |

¹ Multiple responses are included.

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

Note: Number of respondents varies.

(*) = less than 0.5 percent

Source: Investment Company Institute IRA Owners Survey

Contributions to Traditional IRAs and Roth IRAs

Twenty-eight percent of traditional IRA-owning households—an estimated 11 million—contributed to their traditional IRAs in tax year 2011, with a median contribution of \$4,000 per household (Figure A11).

Those who contributed to their traditional IRAs typically were younger and had higher household incomes than non-contributors (Figure A11). Thirty-seven percent of households owning Roth IRAs—an estimated 7.5 million—contributed to

their Roth IRAs in tax year 2011, with a median contribution of \$3,000 per household. Since tax year 2002, individuals aged 50 or older are eligible to make catch-up contributions to their IRAs.⁸ In tax year 2011, 29 percent of traditional IRA-owning households with individuals aged 50 to 70 contributed to their IRAs; 48 percent of these contributing households made catch-up contributions (Figure A12). Thirty-nine percent of Roth IRA-owning households with individuals aged 50 to 70 contributed to their IRAs in tax year 2011; 49 percent of these contributing households made catch-up contributions.

FIGURE A11

Characteristics of Households Owning Traditional IRAs or Roth IRAs in 2012 by Contribution Status in Tax Year 2011

| | Traditional IRA-owning households | | Roth IRA-owning households | |
|---|--|---|---|--|
| | Contributed to traditional IRA in tax year 2011 ¹ | Did not contribute to traditional IRA in tax year 2011 ² | Contributed to Roth IRA in tax year 2011 ³ | Did not contribute to Roth IRA in tax year 2011 ⁴ |
| Median per household | | | | |
| Age of household sole or co-decisionmaker for saving and investing | 47 years | 57 years | 42 years | 49 years |
| Household income ⁵ | \$82,000 | \$72,000 | \$87,500 | \$90,000 |
| Household financial assets ⁶ | \$175,000 | \$250,000 | \$155,000 | \$250,000 |
| Household financial assets in all types of IRAs | \$50,000 | \$61,500 | \$40,000 | \$51,000 |
| Amount contributed per household to each type of IRA in tax year 2011 | \$4,000 | N/A | \$3,000 | N/A |
| Percentage of households | | | | |
| Household sole or co-decisionmaker for saving and investing: | | | | |
| Married or living with a partner | 79 | 72 | 79 | 76 |
| College or postgraduate degree | 49 | 46 | 58 | 57 |
| Employed full- or part-time | 78 | 58 | 82 | 70 |
| Household has DC retirement plan account | 80 | 69 | 86 | 75 |

¹ Twenty-eight percent of households owning traditional IRAs contributed to them in tax year 2011.

² Includes all households owning traditional IRAs that did not contribute to them in tax year 2011. Some of these households may have been ineligible to make deductible contributions.

³ Thirty-seven percent of households owning Roth IRAs contributed to them in tax year 2011.

⁴ Includes all households owning Roth IRAs that did not contribute to them in tax year 2011. Some of these households may have been ineligible to contribute to Roth IRAs in tax year 2011.

⁵ Total reported is household income before taxes in 2011.

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 | Tax year 2008 | Tax year 2009 | Tax year 2010 | Tax year 2011 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Catch-up contributions to traditional IRAs¹ | | | | | | | | | |
| <i>Percentage of households owning traditional IRAs that qualified to make catch-up contributions</i> | | | | | | | | | |
| Made a catch-up contribution | 9 | 13 | 16 | 12 | 15 | 13 | 11 | 14 | 14 |
| Contributed, but did not make a catch-up contribution | 17 | 20 | 20 | 23 | 10 | 14 | 17 | 14 | 15 |
| Did not contribute ² | 74 | 67 | 64 | 65 | 75 | 73 | 72 | 72 | 71 |
| Catch-up contributions to Roth IRAs³ | | | | | | | | | |
| <i>Percentage of households owning Roth IRAs that qualified to make catch-up contributions</i> | | | | | | | | | |
| Made a catch-up contribution | 15 | 28 | 33 | 21 | 17 | 23 | 15 | 19 | 19 |
| Contributed, but did not make a catch-up contribution | 12 | 21 | 25 | 28 | 14 | 19 | 23 | 17 | 20 |
| Did not contribute | 73 | 51 | 42 | 51 | 69 | 58 | 62 | 64 | 61 |

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

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

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

Note: Data are not available for tax year 2005.

Source: Investment Company Institute IRA Owners Survey

Demographic Characteristics of IRA-Owning Households

Saving activity tends to increase with age, educational attainment, and household income; in addition married people tend to save more than single persons.⁹ Households that owned IRAs typically had greater financial assets and higher incomes than households without IRAs (Figure A13). In addition, the financial decisionmakers in households with

IRAs generally were older and more likely to be married, employed, and have college or postgraduate degrees, compared with households not owning IRAs.

Traditional IRAs. In 2012, 39.4 million U.S. households, or 32.5 percent, owned traditional IRAs (Figure A1). The financial decisionmakers of households with traditional IRAs tended to be older; 31 percent were retired from their

FIGURE A13

Characteristics of U.S. Households Owning IRAs, 2012

| | Households owning IRAs | Type of IRA owned | | | Households not owning IRAs |
|--|------------------------|-------------------|-----------|--------------------------------------|----------------------------|
| | | Traditional IRAs | Roth IRAs | Employer-sponsored IRAs ¹ | |
| Median per household | | | | | |
| Age of household sole or co-decisionmaker for saving and investing | 52 years | 54 years | 45 years | 50 years | 49 years |
| Household income ² | \$75,000 | \$75,000 | \$90,000 | \$75,000 | \$35,000 |
| Household financial assets ³ | \$200,000 | \$200,000 | \$200,000 | \$160,000 | \$25,000 |
| Household financial assets in all types of IRAs | \$45,000 | \$60,000 | \$48,000 | \$65,000 | N/A |
| Share of household financial assets in type of IRA indicated | 34% | 29% | 12% | 18% | N/A |
| Percentage of households | | | | | |
| Household sole or co-decisionmaker for saving and investing: | | | | | |
| Married or living with a partner | 73 | 74 | 77 | 80 | 52 |
| College or postgraduate degree | 47 | 47 | 58 | 39 | 21 |
| Employed full- or part-time | 67 | 64 | 75 | 81 | 52 |
| Retired from lifetime occupation | 28 | 31 | 19 | 16 | 31 |
| Household has DC account or DB plan coverage (total) ⁴ | 83 | 82 | 85 | 84 | 47 |
| DC retirement plan account | 73 | 72 | 79 | 76 | 38 |
| DB plan coverage | 46 | 47 | 47 | 38 | 22 |
| Types of IRAs owned: ⁴ | | | | | |
| Traditional IRA | 80 | 100 | 67 | 64 | N/A |
| Roth IRA | 42 | 35 | 100 | 35 | N/A |
| Employer-sponsored IRA ¹ | 19 | 15 | 16 | 100 | N/A |

¹ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

² Total reported is household income before taxes in 2011.

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, 2012

| Median per household owning traditional IRAs | |
|--|----------|
| Amount in traditional IRAs | \$42,500 |
| Amount contributed to traditional IRAs in tax year 2011 ¹ | \$4,000 |
| Number of traditional IRAs owned | 1 |
| Percentage of households owning traditional IRAs | |
| Traditional IRA includes rollover from an employer-sponsored retirement plan | 51 |
| Contributed to a traditional IRA in tax year 2011 | 28 |
| Deducted a traditional IRA contribution in tax year 2011 ² | 31 |
| Made a withdrawal from a traditional IRA in tax year 2011 | 21 |
| Own traditional IRA:³ | |
| Respondent | 85 |
| Spouse | 48 |
| Dependent children | 4 |
| Number of traditional IRAs owned: | |
| One | 50 |
| Two | 37 |
| Three or more | 13 |
| Year first traditional IRA was opened: | |
| 1974 through 1981 | 15 |
| 1982 through 1986 | 14 |
| 1987 through 1991 | 15 |
| 1992 through 1996 | 13 |
| 1997 through 2001 | 15 |
| 2002 through 2006 | 13 |
| 2007 through 2009 | 8 |
| 2010 through May 2012 | 7 |

Continued on the next page

FIGURE A14 CONTINUED

Characteristics of U.S. Households Owning Traditional IRAs, 2012

| Where traditional IRAs are held:³ | |
|---|----|
| Investment professional (total) | 75 |
| Full-service brokerage | 33 |
| Independent financial planning firm | 24 |
| Bank or savings institution | 29 |
| Insurance company | 11 |
| Direct sources (total) | 33 |
| Mutual fund company | 26 |
| Discount brokerage (total) | 11 |
| Discount brokerage firm with walk-in offices | 8 |
| Discount brokerage firm that is only available online | 4 |

¹ Figure reports median among households that contributed to traditional IRAs in tax year 2011.

² Figure reports percentage among households that contributed to traditional IRAs in tax year 2011.

³ Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

lifetime occupations (Figure A13). Seventy-two percent of households with traditional IRAs also had defined contribution (DC) plan accounts. Thirty-five percent of households with traditional IRAs also owned Roth IRAs, and 15 percent also owned employer-sponsored IRAs.

Households owning traditional IRAs had median assets of \$42,500 in their traditional IRAs, typically held in one account (Figure A14). Households with traditional IRAs that included rollover assets typically had greater IRA assets, including traditional IRA assets, than households whose

traditional IRAs did not include rollovers (Figure A15). Fifty-seven percent of traditional IRA-owning households opened their first traditional IRA in 1996 or earlier (Figure A14).

Households with traditional IRAs held them through a wide array of financial institutions. Seventy-five percent of traditional IRA-owning households held traditional IRAs through investment professionals, and 33 percent held traditional IRAs directly at mutual fund companies or discount brokers (Figure A14).

FIGURE A15

Characteristics of Households Owning Traditional IRAs With and Without Rollovers from Employer-Sponsored Retirement Plans, 2012

| | 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 | 55 years |
| Household income ³ | \$80,000 | \$70,000 |
| Household financial assets ⁴ | \$220,000 | \$200,000 |
| Household financial assets in all types of IRAs | \$75,000 | \$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 | 71 |
| Widowed | 7 | 11 |
| College or postgraduate degree | 49 | 44 |
| Employed full- or part-time | 63 | 64 |
| Retired from lifetime occupation | 29 | 34 |
| Where traditional IRAs are held:⁵ | | |
| Investment professional (total) | 78 | 73 |
| Full-service brokerage | 38 | 28 |
| Independent financial planning firm | 27 | 21 |
| Bank or savings institution | 25 | 32 |
| Insurance company | 11 | 11 |
| Direct market (total) | 38 | 27 |
| Mutual fund company | 28 | 24 |
| Discount brokerage (total) | 14 | 7 |
| Discount brokerage with walk-in offices | 10 | 5 |
| Discount brokerage firm that is only available online | 5 | 2 |

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

² Forty-nine 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 2011.

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

Households with multiple traditional IRAs tended to hold them at different financial services firms. In 2012, 49 percent of households with multiple traditional IRAs held each IRA at a different type of financial services firm (Figure A16). Twelve percent of households with multiple traditional IRAs reported that some of their IRAs were at the same type of financial services firm. The remaining 39 percent indicated that all of their IRAs were at the same type of financial services firm, but this does not necessarily mean that they held their multiple IRAs at the same firm (merely the same type of firm).

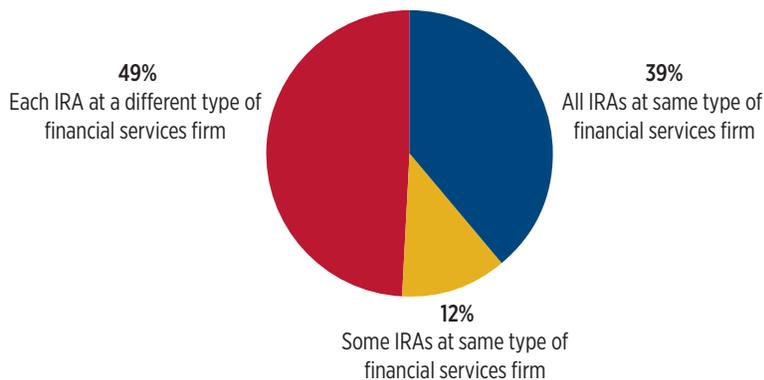
Roth IRAs. In 2012, 20.3 million U.S. households, or 16.8 percent, owned Roth IRAs (Figure A1, page 2). The financial decisionmakers of Roth IRA households had a median age of 45 years and were the most likely of all IRA household decisionmakers to have college or postgraduate degrees (Figure A13). Sixty-seven percent of Roth IRA-owning households also owned traditional IRAs, and 79 percent had DC plan accounts.

Households owning Roth IRAs typically owned one Roth IRA account, with a median balance of \$20,000 (Figure A17). Households with Roth IRAs that were funded by conversions from traditional IRAs typically had greater IRA assets, including Roth IRA assets, than households whose Roth IRAs were not funded by conversions from traditional IRAs (Figure A18). One-quarter of Roth IRA-owning households initially opened their Roth IRAs in 1998, the first year they were offered and the only year in which taxes on conversions could be spread over four years (Figure A17).^{10, 11} Another 20 percent opened their Roth IRAs between 1999 and 2001, and the remaining 55 percent opened their first Roth IRAs in 2002 or later. Thirty-seven percent of households owning Roth IRAs opened a Roth IRA as their first IRA. Roth IRA-owning households mostly held Roth IRAs at mutual fund companies, full-service brokerages, or independent financial planning firms.

FIGURE A16

Households Hold Traditional IRAs at Different Types of Financial Services Firms

Percentage of traditional IRA-owning households with multiple traditional IRAs, 2012



Number of respondents: 1,003

Source: Investment Company Institute IRA Owners Survey

FIGURE A17

Characteristics of U.S. Households Owning Roth IRAs, 2012

| Median per household owning Roth IRAs | |
|---|----------|
| Amount in Roth IRAs | \$20,000 |
| Amount contributed to Roth IRAs in tax year 2011 ¹ | \$3,000 |
| Number of Roth IRAs owned | 1 |
| Percentage of households owning Roth IRAs | |
| Roth IRA was first IRA owned | 37 |
| Roth IRA was funded by a conversion from a traditional IRA | 21 |
| Contributed to a Roth IRA in tax year 2011 | 37 |
| Roth IRA assets include assets initially from an employer-sponsored retirement plan | 22 |
| Made a withdrawal from a Roth IRA in tax year 2011 | 4 |
| Own Roth IRA:³ | |
| Respondent | 85 |
| Spouse | 43 |
| Dependent children | 24 |
| Number of Roth IRAs owned: | |
| One | 61 |
| Two | 31 |
| Three or more | 8 |
| Year first Roth IRA was opened: | |
| 1998 | 25 |
| 1999 through 2001 | 20 |
| 2002 through 2004 | 19 |
| 2005 through 2007 | 16 |
| 2008 through 2009 | 10 |
| 2010 through May 2012 | 10 |
| Where Roth IRAs are held:² | |
| Investment professional (total) | 74 |
| Full-service brokerage | 37 |
| Independent financial planning firm | 26 |
| Bank or savings institution | 21 |
| Insurance company | 7 |
| Direct sources (total) | 31 |
| Mutual fund company | 25 |
| Discount brokerage (total) | 11 |
| Discount brokerage firm with walk-in offices | 7 |
| Discount brokerage firm that is only available online | 5 |

¹ Figure reports median among households that contributed to Roth IRAs in tax year 2011.

² Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

FIGURE A18

Characteristics of Households Owning Roth IRAs With and Without Conversions, 2012

| | Roth IRA was funded by a conversion from a traditional IRA¹ | Roth IRA was not funded by a conversion from a traditional IRA² |
|--|---|---|
| Median per household | | |
| Age of household sole or co-decisionmaker for saving and investing | 50 years | 44 years |
| Household income ³ | \$88,000 | \$90,000 |
| Household financial assets ⁴ | \$330,000 | \$180,000 |
| Household financial assets in all types of IRAs | \$77,500 | \$40,000 |
| Amount in Roth IRAs | \$35,000 | \$15,000 |
| 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 | 75 | 78 |
| Widowed | 6 | 3 |
| College or postgraduate degree | 57 | 59 |
| Employed full- or part-time | 65 | 77 |
| Retired from lifetime occupation | 25 | 17 |
| Year first Roth IRA was opened: | | |
| 1998 | 41 | 21 |
| 1999 through 2001 | 16 | 21 |
| 2002 through 2004 | 16 | 20 |
| 2005 through 2007 | 11 | 17 |
| 2008 through 2009 | 10 | 10 |
| 2010 through May 2012 | 6 | 11 |

¹ Twenty-one percent of households owning Roth IRAs have Roth IRAs funded by conversions from traditional IRAs.

² Seventy-nine 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 2011.

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

Traditional IRA Withdrawals Mostly Were Made by Older Owners

Households making traditional IRA withdrawals tend to be older and retired. In tax year 2011, the median age of the household decisionmaker surveyed among households that took traditional IRA withdrawals was 72, compared with a median age of 52 among households not taking distributions (Figure A19). Seventy-three percent of households that took withdrawals were headed by retired individuals in tax year 2011. Typically, withdrawals from traditional IRAs were taken to fulfill required minimum distributions (RMDs). Sixty-five percent of households owning traditional IRAs in 2012 and making withdrawals in tax year 2011 calculated their withdrawal amount based on the RMD, compared with 61 percent in tax year 2010, and 48 percent in tax year 2009.¹² Some of the increase

in withdrawal activity in tax year 2010 and tax year 2011 resulted from the return of RMDs, which were suspended in tax year 2009.¹³ Twenty-two percent of traditional IRA-owning households taking withdrawals reported they withdrew lump sums based on needs in tax year 2011.

Households that were retired and took traditional IRA withdrawals usually took withdrawals to pay for living expenses or to reinvest or save the withdrawal amount in another account. In tax year 2011, 35 percent reported using traditional IRA withdrawals to pay for living expenses (Figure A19). Thirty-two percent of households making withdrawals in tax year 2011 reinvested or saved the withdrawal amount in another account.

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 2011

| | Made a withdrawal from a traditional IRA in tax year 2011 ¹ | Did not make a withdrawal from a traditional IRA in tax year 2011 ² |
|---|--|--|
| Median per household | | |
| Age of household sole or co-decisionmaker for saving and investing | 72 years | 52 years |
| Household income ³ | \$60,000 | \$82,000 |
| Household financial assets ⁴ | \$300,000 | \$200,000 |
| Household financial assets in all types of IRAs | \$75,000 | \$51,300 |
| Percentage of households | | |
| Household sole or co-decisionmaker for saving and investing: | | |
| Married or living with a partner | 60 | 77 |
| Widowed | 26 | 5 |
| College or postgraduate degree | 37 | 49 |
| Employed full- or part-time | 26 | 73 |
| Retired from lifetime occupation | 73 | 21 |
| How withdrawal was determined: | | |
| Withdraw to meet the IRS's required minimum distribution | 65 | N/A |
| Withdraw a lump sum based on needs | 22 | N/A |
| Withdraw a regular dollar amount | 6 | N/A |
| Withdraw a fixed percentage of the account balance | 2 | N/A |
| Withdraw an amount based on life expectancy | 2 | N/A |
| Some other way | 3 | N/A |
| Purpose of traditional IRA withdrawal in retirement^{5, 6} | | |
| Took withdrawals to pay for living expenses | 35 | N/A |
| Spent it on a car, boat, or big-ticket item other than a home | 9 | N/A |
| Spent it on a healthcare expense | 15 | N/A |
| Used it for an emergency | 7 | N/A |
| Used it for home purchase, repair, or remodeling | 16 | N/A |
| Reinvested or saved it in another account | 32 | N/A |
| Paid for education | 4 | N/A |
| Some other purpose | 16 | N/A |

¹ Twenty-one percent of households owning traditional IRAs withdrew money from them in tax year 2011.

² Seventy-nine percent of households owning traditional IRAs did not withdraw money from them in tax year 2011.

³ Total reported is household income before taxes in tax year 2011.

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

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

⁶ Multiple responses are included.

N/A = not applicable

Source: Investment Company Institute IRA Owners Survey

Notes

- ¹ Data in this appendix on the number and percentage of households owning IRAs are based on ICI's Annual Mutual Fund Shareholder Tracking Survey conducted in May 2012 of 4,019 randomly selected, representative U.S. households. The standard error for the total sample is ± 1.6 percentage points at the 95 percent confidence level. For further discussion and additional results from this survey, see Schrass, Bogdan, and Holden 2012. The demographic and financial characteristics of IRA owners are derived from a separate May 2012 IRA Owners Survey of 2,801 representative U.S. households owning traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). The standard error for the total sample is ± 1.9 percentage points at the 95 percent confidence level. IRA ownership does not include ownership of Coverdell Education Savings Accounts (formerly called Education IRAs).
- ² For the rules governing IRAs, see Internal Revenue Service 2011. For a brief history of IRAs and a discussion of the various features of the different types of IRAs, see Holden et al. 2005. For definitions of key terms related to IRAs and retirement saving, see pages 30–31 of Holden and Schrass 2012.
- ³ See Holden et al. 2005 for a discussion of the history of IRAs. For a discussion of the evolving role of IRAs in U.S. retirement planning, see Sabelhaus and Schrass 2009.
- ⁴ For a discussion of age and cohort effects, see Sabelhaus and Schrass 2009.
- ⁵ In 2012, 24 percent of all IRA assets were held by households headed by members of the Silent and GI Generations. Households headed by members of Generation X held 18 percent of IRA assets and households headed by members of Generation Y held 5 percent of all IRA assets.
- ⁶ Prior to 2006, Roth IRAs could not directly accept rollovers from employer-sponsored retirement plans. Starting in 2006, Roth accounts in 401(k) and 403(b) plans could be rolled over to Roth IRAs. The Pension Protection Act of 2006 allows direct rollovers of non-Roth amounts in qualified employer-sponsored retirement plans to Roth IRAs starting in 2008. For a complete discussion of the specific rules, see Internal Revenue Service 2011. Twenty-two percent of Roth IRA-owning households in 2012 reported that their Roth IRAs contained assets that were initially from an employer-sponsored retirement plan (see Figure A17).
- ⁷ In aggregate, 46 percent of the \$5.1 trillion in IRAs at the end of the second quarter of 2012 was invested in mutual funds (see Investment Company Institute 2012). For more information on the asset allocation of individual traditional IRA investors, see Holden and Bass 2011.
- ⁸ See discussion and Figure 20 in Holden and Schrass 2012.
- ⁹ See Holden et al. 2005 for a discussion of the relationship between demographic characteristics and the propensity to save. For discussion of how saving goals vary over the life cycle and with income, see Brady, Burham, and Holden 2012. For additional discussion, see also Brady and Bogdan 2012 and Sabelhaus, Bogdan, and Schrass 2008.
- ¹⁰ For data on aggregate Roth IRA assets, contributions, and conversions, see Investment Company Institute 2012. For reference on rules governing IRAs, see Internal Revenue Service 2011.
- ¹¹ In 2010, taxpayers who made conversions to Roth IRAs had the option of paying the taxes over two years (2011 and 2012). For additional detail, see Internal Revenue Service 2011.
- ¹² See Figure 25 in Holden and Schrass 2012.
- ¹³ In 2008, the Worker, Retiree, and Employer Recovery Act suspended RMDs from traditional IRAs and other retirement accounts for tax year 2009. For additional information on the 2009 suspension of RMDs, see Internal Revenue Service 2010.

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