

Appendix: Additional Data on IRA Ownership in 2007

The January 2008 issue of *Fundamentals* covers Individual Retirement Account (IRA) ownership in 2007. The report highlights data collected by the Investment Company Institute in a recent survey of households owning IRAs.¹ This Appendix provides supplementary tables with additional detail for the January 2008 *Fundamentals*.²

HOUSEHOLD OWNERSHIP OF IRAS

In 2007, 46.2 million U.S. households, or 39.8 percent, own at least one type of IRA.³ Household ownership of IRAs has grown since 2000. The number of households with IRAs increased by 8.2 million between 2000 and 2007, or at an average growth rate of 2.8 percent per year (Figure A1).

FIGURE A1
HOUSEHOLDS OWNING IRAS, 2000–2007

	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%

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

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

sources: Investment Company Institute (Annual Mutual Fund Shareholder Tracking Survey (2000 through 2007)) and U.S. Bureau of the Census

Revision to Incidence of IRA Ownership

The number and percentage of households owning IRAs in 2007 are based on ICI's Mutual Fund Shareholder Tracking Survey conducted in May 2007 of 3,977 randomly selected, representative U.S. households (the standard error for the total sample is ± 1.6 percentage points at the 95 percent confidence level). The incidence estimates presented here for 2007 and previous years are calculated using a revised estimation procedure. As is usual in the course of household survey work, researchers periodically

re-examine the estimation procedures used to ensure that results published are representative of the millions of households in the United States. ICI engaged in such a process this past year and the IRA incidence figures here reflect a new weighting procedure.⁴ The new weights, which match the census region, age distribution, income distribution, and educational attainment of the U.S. population, slightly reduced the incidence of ownership of IRAs and therefore the number of households owning IRAs (Figure A2).

FIGURE A2

COMPARISON OF INCIDENCE OF HOUSEHOLDS OWNING IRAS BY OLD AND NEW WEIGHTING CALCULATIONS, 2000–2007

	Number of U.S. Households (millions)							
	Any Type of IRA ¹		Traditional IRAs		Roth IRAs		Employer-Sponsored IRAs ²	
	Old Weight	New Weight	Old Weight	New Weight	Old Weight	New Weight	Old Weight	New Weight
2000	42.3	38.0	34.2	30.5	10.7	9.8	7.7	7.2
2001	43.0	39.2	35.1	31.3	12.2	10.6	8.3	8.7
2002	43.2	38.0	35.7	30.8	13.2	11.8	8.5	8.4
2003	46.1	40.8	37.1	32.9	16.2	13.9	8.3	8.3
2004	45.2	40.9	36.7	33.2	14.3	13.0	9.6	9.0
2005	46.9	43.0	37.6	34.0	16.1	14.5	8.8	8.4
2006	48.6	43.8	39.8	36.3	17.7	15.3	8.9	8.8
2007	49.4	46.2	40.3	37.7	19.3	17.3	9.5	9.2
	Share of U.S. Households (percent)							
	Any Type of IRA ¹		Traditional IRAs		Roth IRAs		Employer-Sponsored IRAs ²	
	Old Weight	New Weight	Old Weight	New Weight	Old Weight	New Weight	Old Weight	New Weight
2000	39.7%	35.7%	32.1%	28.7%	10.1%	9.2%	7.2%	6.8%
2001	39.7%	36.2%	32.4%	28.9%	11.3%	9.8%	7.7%	8.0%
2002	39.5%	34.8%	32.7%	28.2%	12.1%	10.8%	7.8%	7.7%
2003	41.4%	36.7%	33.3%	29.6%	14.6%	12.5%	7.5%	7.5%
2004	40.4%	36.5%	32.8%	29.6%	12.8%	11.6%	8.6%	8.0%
2005	41.4%	37.9%	33.2%	30.0%	14.2%	12.8%	7.8%	7.4%
2006	42.5%	38.3%	34.8%	31.7%	15.5%	13.4%	7.8%	7.7%
2007	42.6%	39.8%	34.7%	32.5%	16.6%	14.9%	8.2%	7.9%

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

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

sources: Investment Company Institute (Annual Mutual Fund Shareholder Tracking Survey (2000 through 2007)) and U.S. Bureau of the Census

Growth in Number of IRA-Owning Households

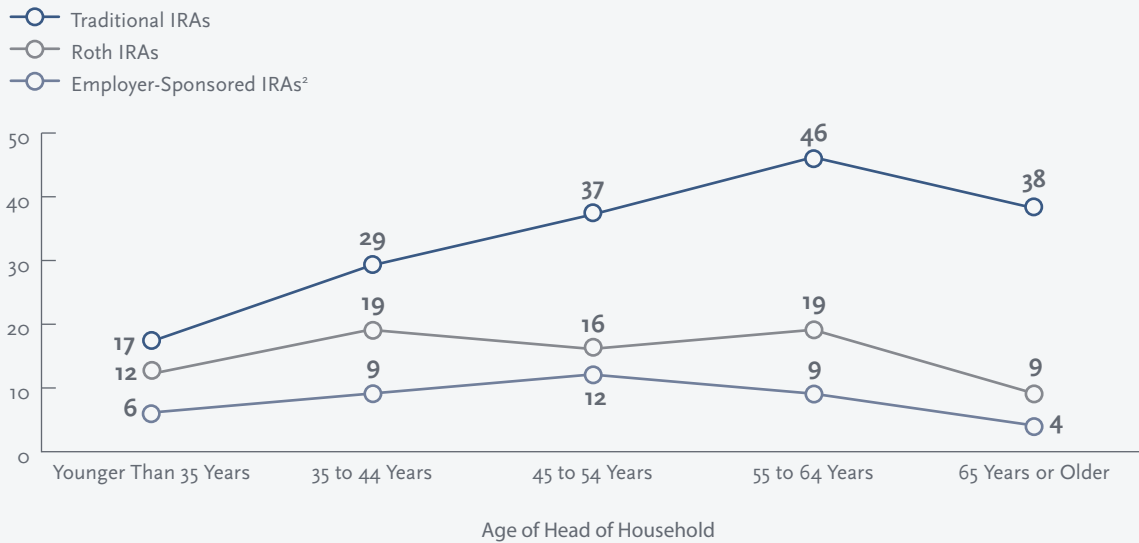
U.S. households most frequently own traditional IRAs—the first type of IRA that Congress created (Figure A1). Roth IRAs are the second-most frequently held type of IRA, followed by employer-sponsored IRAs, which include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs. Household ownership of Roth IRAs has grown the fastest, with the number of households owning Roth IRAs increasing 8.5 percent on average each year between 2000 and 2007. The number of households owning traditional IRAs rose 3.1 percent on average each year, while the number of households with

employer-sponsored IRAs grew at a 3.6 percent annual rate during this period.

Households headed by older individuals are more likely to own traditional IRAs. Forty-six percent of households headed by individuals age 55 to 64 years old own traditional IRAs (Figure A3). Only 17 percent of households headed by individuals younger than age 35 have traditional IRAs. Thirty-eight percent of households headed by individuals younger than age 35 have traditional IRAs. Thirty-eight percent of households headed by individuals age 65 or older have traditional IRAs, while Roth IRAs are rarely held by such older households. Nearly one-fifth of households age 35 to 64 have Roth IRAs.

FIGURE A3

U.S. HOUSEHOLDS OWNING TRADITIONAL, ROTH, AND EMPLOYER-SPONSORED IRAS, BY AGE,¹ 2007 Percent



¹Age is based on the individual heading the household.

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

note: Number of respondents varies.

source: Investment Company Institute (Annual Mutual Fund Shareholder Tracking Survey) and U.S. Bureau of the Census

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 A4).

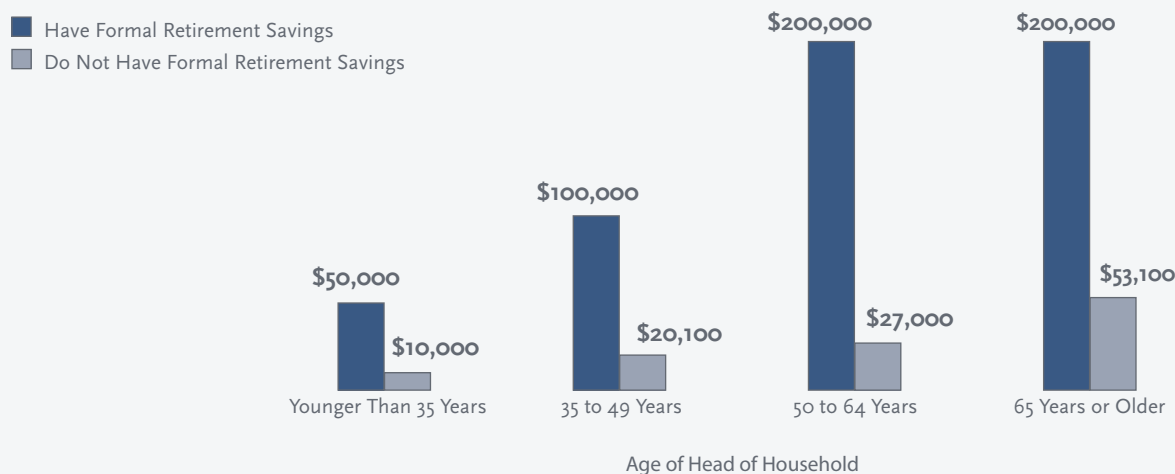
IRA ACCOUNT BALANCES AND INVESTMENTS

Among households with traditional or Roth IRAs, median household financial assets in all types of IRAs are \$50,000 in 2007 (Figure A5). Household financial assets in traditional IRAs tend to be greater than assets in Roth IRAs.⁵ 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

FIGURE A4

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 2007



¹ Formal retirement savings include IRAs or employer-sponsored retirement plans, or both.
source: Investment Company Institute

FIGURE A5

HOUSEHOLD FINANCIAL ASSETS IN IRAS, BY TYPE OF IRA, 2007

Percent

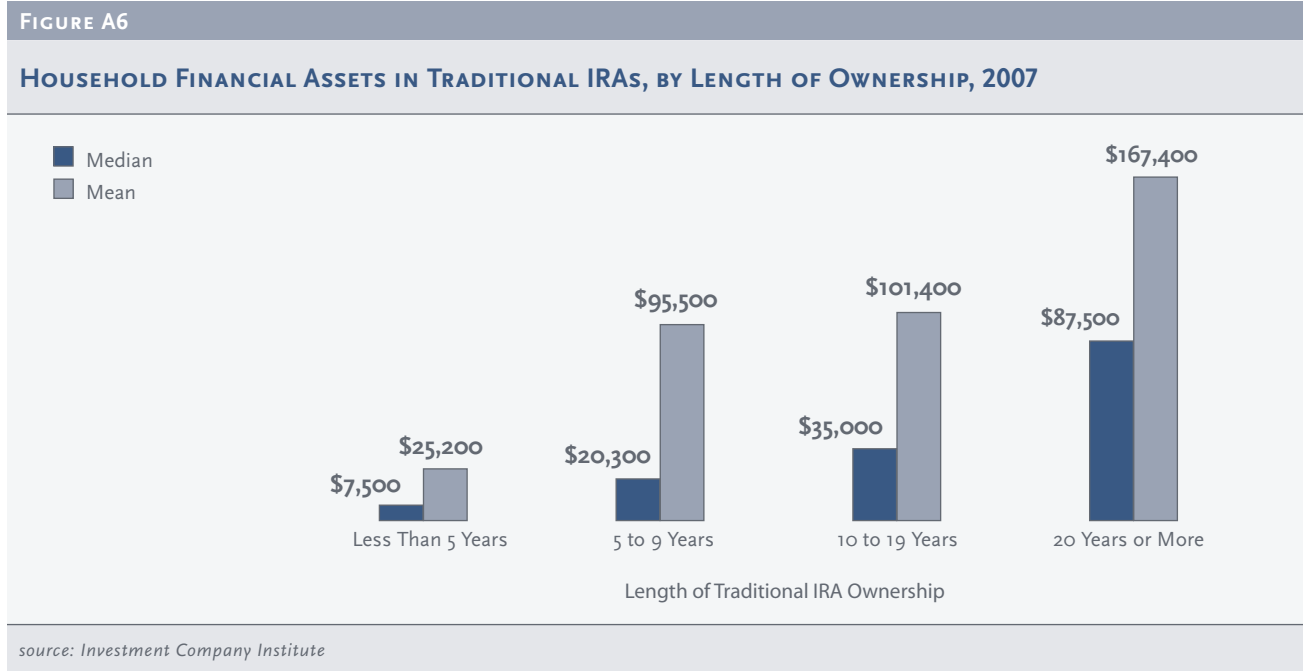
Assets in Type of IRA	Total Household Financial Assets in IRAs	Type of IRA Owned	
		Traditional IRAs	Roth IRAs
Less Than \$10,000	17	17	38
\$10,000 to \$24,999	16	18	27
\$25,000 to \$49,999	16	18	16
\$50,000 to \$99,999	16	15	11
\$100,000 to \$249,999	18	16	5
\$250,000 or More	17	16	3
Mean	\$134,600	\$124,600	\$41,400
Median	\$50,000	\$42,500	\$14,500

note: Number of respondents varies. Total IRA assets are reported by households owning traditional and/or Roth IRAs in 2007. Households owning only employer-sponsored IRAs are not included.
source: Investment Company Institute

IRAs have been available since 1998 and have only had very limited opportunity to receive rollovers from employer-sponsored retirement plans.⁶ The median amount in Roth IRAs is \$14,500 in 2007, compared with median traditional IRA holdings of \$42,500.

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 five years have median traditional IRA holdings of \$7,500, while households owning traditional IRAs for 20 years or more have median traditional IRA holdings of \$87,500 (Figure A6). Mean traditional IRA holdings, while higher than the median values, exhibit a similar pattern.



Mutual funds are the most common IRA investment (Figure A7).⁷ In 2007, almost three-quarters of traditional or Roth IRA-owning households have IRA assets invested in mutual funds, usually stock mutual funds. Two-fifths hold individual stocks in their traditional or Roth IRAs. One-third of households

owning traditional or Roth IRAs hold annuities and about three out of 10 hold bank deposits in their IRAs. On average, households with traditional IRAs hold three types of investments in their traditional IRAs, while Roth IRA-owning households, on average, hold two types of investments.

FIGURE A7

TYPES OF INVESTMENTS HELD IN IRAs, 2007

Percent of households with type of IRA indicated¹

IRA Investments	Traditional and/or Roth IRAs	Type of IRA Owned	
		Traditional IRAs	Roth IRAs
Mutual Funds (total)	73	70	70
Stock Mutual Funds	60	56	59
Bond Mutual Funds	30	29	19
Hybrid Mutual Funds	29	27	23
Money Market Mutual Funds	29	29	21
Individual Stocks	40	39	31
Annuities (total)	33	32	23
Fixed Annuities	20	19	14
Variable Annuities	22	21	15
Bank Savings Accounts, Money Market Deposit Accounts, or Certificates of Deposit	29	31	11
Individual Bonds (not including U.S. Savings Bonds)	11	11	5
U.S. Savings Bonds	11	11	4
Other	3	2	4
Mean Number of Investment Types Held in IRA	3	3	2

¹Multiple responses included.

note: Number of respondents varies.

source: Investment Company Institute

CONTRIBUTIONS TO TRADITIONAL AND ROTH IRAS

Twenty-eight percent of traditional IRA households—an estimated 10.6 million—contributed to their traditional IRAs in tax-year 2006, with a median contribution of \$2,900 per household (Figure A8). Those who contributed to their traditional IRAs typically are

younger and have higher household incomes but lower household financial assets than non-contributors.

Forty-five percent of households owning Roth IRAs—an estimated 7.8 million—contributed to these IRAs in tax-year 2006, with a median contribution to their Roth IRAs of \$4,000 per household.

FIGURE A8

CHARACTERISTICS OF HOUSEHOLDS OWNING TRADITIONAL OR ROTH IRAS, BY CONTRIBUTION STATUS IN TAX-YEAR 2006

	Traditional IRA Households		Roth IRA Households	
	Contributed to Traditional IRA in Tax-Year 2006 ¹	Did Not Contribute to Traditional IRA in Tax-Year 2006 ²	Contributed to Roth IRA in Tax-Year 2006 ³	Did Not Contribute to Roth IRA in Tax-Year 2006 ⁴
Median Per Household				
Age of Household Sole or Co-Decisionmaker for Investing	52 years	59 years	50 years	51 years
Household Income	\$85,100	\$70,000	\$88,400	\$84,900
Household Financial Assets ⁵	\$250,000	\$300,000	\$288,700	\$300,000
Household Financial Assets in All Types of IRAs	\$50,000	\$60,000	\$51,300	\$51,200
Amount Contributed Per Household to Each Type of IRA in Tax-Year 2006	\$2,900	N/A	\$4,000	N/A
Percent of Households				
Household Sole or Co-Decisionmaker for Investing:				
Married	60	61	68	75
College or Postgraduate Degree	59	56	67	65
Employed Full- or Part-Time	83	61	91	75
Household Has Defined Contribution Retirement Plan Account	79	65	80	80

N/A = not applicable

¹Twenty-eight percent of households owning traditional IRAs contributed to them in tax-year 2006.

²Includes all households owning traditional IRAs that did not contribute to them in tax-year 2006. Some of these households may have been ineligible to make deductible contributions.

³Forty-five percent of households owning Roth IRAs contributed to them in tax-year 2006.

⁴Includes all households owning Roth IRAs that did not contribute to them in tax-year 2006. Some of these households may have been ineligible to contribute to Roth IRAs in tax-year 2006.

⁵Household financial assets include assets in employer-sponsored retirement plans but exclude primary residence.

note: Number of respondents varies.

source: Investment Company Institute

Very few U.S. households with individuals age 50 or older made catch-up contributions to Roth or traditional IRAs in tax-year 2006. Fifty-six percent of U.S. households with individuals age 50 or older do not own traditional or Roth IRAs in 2007, but 28 percent

own such IRAs and did not contribute in tax-year 2006.⁸ The remaining 16 percent of these households made contributions. Among households contributing to traditional or Roth IRAs in tax-year 2006, about one-third made catch-up contributions (Figure A9).

FIGURE A9

CATCH-UP CONTRIBUTIONS AMONG IRA OWNERS

	Tax-Year 2002	Tax-Year 2003	Tax-Year 2004	Tax-Year 2006
Catch-Up Contributions to Traditional IRAs¹ <i>(percent of households owning traditional IRAs that qualified to make catch-up contributions)</i>				
Made a Catch-Up Contribution	12	13	16	11
Contributed, But Did Not Make a Catch-Up Contribution	14	21	18	24
Did Not Contribute ²	74	66	66	65
Catch-Up Contributions to Roth IRAs³ <i>(percent of households owning Roth IRAs that qualified to make catch-up contributions)</i>				
Made a Catch-Up Contribution	16	25	32	20
Contributed, But Did Not Make a Catch-Up Contribution	14	22	23	26
Did Not Contribute	70	53	45	54

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

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

³Households 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 age 50 or older.

note: Number of respondents varies.

source: Investment Company Institute

FIGURE A10

ROLLOVERS ARE OFTEN A SOURCE OF ASSETS FOR TRADITIONAL IRAS

Households with Traditional IRAs That Include Rollovers

(percent of households owning traditional IRAs, 2007)

Traditional IRA Includes Rollover	59
Traditional IRA Does Not Include Rollover	41

Traditional IRA Rollover Activity

(percent of households owning traditional IRAs that include rollovers, 2007)

Traditional IRA Rollover(s) Due to:¹	
Job Change, Lay Off, or Termination	68
Retirement	29
Other	12

Amount of Most Recent Traditional IRA Rollover:

All Assets in Employer-Sponsored Retirement Plan Were Rolled Over	86
Some Assets in Employer-Sponsored Retirement Plan Were Rolled Over	14

Contributions to Traditional IRA Other Than Rollover:

Have Made Contribution Other Than Rollover	61
Have Never Made Contribution in Addition to Rollover	39

¹Multiple responses are included.

note: Number of respondents varies.

source: Investment Company Institute

ROLLOVERS TO TRADITIONAL IRAS

Rollovers from employer-sponsored retirement plan accounts are an important source of funding for traditional IRAs.⁹ Fifty-nine percent of households owning traditional IRAs—an estimated 22.2 million—have traditional IRAs that include assets “rolled over” from employer-sponsored retirement plans (Figure A10). Among households whose traditional IRAs include rollovers, 61 percent have made contributions to their traditional IRAs in addition to their rollovers.

Among households with traditional IRAs funded with rollover assets, two-thirds conducted rollovers because of job change and 29 percent conducted rollovers at retirement. Most households (86 percent) rolling over retirement plan assets indicated they rolled over the entire account balance. Households with traditional IRAs that include rollover assets typically have greater IRA assets, including traditional IRA assets, than households whose traditional IRAs do not include rollovers (Figure A11).

FIGURE A11

CHARACTERISTICS OF HOUSEHOLDS OWNING TRADITIONAL IRAS WITH AND WITHOUT ROLLOVERS FROM EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	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 Investing	54 years	57 years
Household Income	\$83,200	\$68,400
Household Financial Assets ³	\$287,000	\$300,000
Household Financial Assets in All Types of IRAs	\$66,400	\$44,000
Amount in Traditional IRAs	\$61,000	\$30,000
Number of Traditional IRAs Owned	2	1
Percent of Households		
Household Sole or Co-Decisionmaker for Investing:		
Married	66	56
Widowed	8	12
College or Postgraduate Degree	58	57
Employed Full- or Part-Time	68	66
Retired from Lifetime Occupation	32	35
Where Traditional IRAs Are Held: ⁴		
Professional Financial Adviser (total)	80	76
Full-Service Brokerage	39	28
Independent Financial Planning Firm	26	27
Bank or Savings Institution	26	29
Insurance Company	13	9
Direct Market (total)	37	33
Mutual Fund Company	32	29
Discount Brokerage (total)	10	7
Discount Brokerage with Walk-In Offices	9	6
Discount Brokerage Firm That Is Only Available Online	3	1

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

²Forty-one percent of households owning traditional IRAs have traditional IRAs that do not include rollovers from employer-sponsored retirement plans.

³Household financial assets include assets in employer-sponsored retirement plans but exclude primary residence.

⁴Multiple responses are included.

note: Number of respondents varies.

source: Investment Company Institute

ROTH IRAS FUNDED BY CONVERSIONS FROM TRADITIONAL IRAS

Although conversions of traditional IRAs to Roth IRAs are allowed, only 24 percent of Roth IRA households—an estimated 4.2 million—have Roth IRAs that include assets converted from traditional IRAs. Forty-two percent of these households initially opened Roth

IRAs in 1998, the first year Roth IRAs were available (Figure A12). Households with conversions in their Roth IRAs have median total Roth IRA assets of \$28,900, compared with a median of \$10,000 among households with Roth IRAs that do not include assets converted from traditional IRAs.

FIGURE A12

CHARACTERISTICS OF HOUSEHOLDS OWNING ROTH IRAS, BY SOURCE OF FUNDING OF ROTH IRA, 2007

	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 Investing	50 years	51 years
Household Income	\$70,000	\$90,000
Household Financial Assets ³	\$293,200	\$300,000
Household Financial Assets in All Types of IRAs	\$81,600	\$45,100
Amount in Roth IRAs	\$28,900	\$10,000
Number of Roth IRAs Owned	2	1
Percent of Households		
Household Sole or Co-Decisionmaker for Investing:		
Married	64	73
Widowed	6	1
College or Postgraduate Degree	60	68
Employed Full- or Part-Time	77	83
Retired from Lifetime Occupation	21	20
Year First Roth IRA Was Opened:		
1998	42	30
1999 Through 2000	33	21
2001 Through 2002	13	15
2003 Through 2004	7	17
2005 Through May 2007	5	17
Contributed to a Roth IRA in Tax-Year 2006	48	44

¹Twenty-four percent of households owning Roth IRAs have Roth IRAs funded by conversions from traditional IRAs. The sample size is small.

²Seventy-six percent of households owning Roth IRAs have Roth IRAs that are not funded by conversions from traditional IRAs.

³Household financial assets include assets in employer-sponsored retirement plans but exclude primary residence.

note: Number of respondents varies.

source: Investment Company Institute

DEMOGRAPHIC CHARACTERISTICS OF IRA OWNERS

Saving activity tends to increase with age, educational attainment, and household income, and married people tend to save more than single persons.¹⁰ Households that own IRAs typically have greater

financial assets and higher incomes than households without IRAs (Figure A13). In addition, the financial decisionmakers in households with IRAs generally are older and more likely to be married, employed, and have college or postgraduate degrees.

FIGURE A13

CHARACTERISTICS OF U.S. HOUSEHOLDS OWNING IRAs, 2007

	Households Owning Traditional or Roth IRAs ¹	Type of IRA Owned		Households Not Owning IRAs ²
		Traditional IRA	Roth IRA	
Median Per Household				
Age of Household Sole or Co-Decisionmaker for Investing	54 years	56 years	50 years	46 years
Household Income	\$80,000	\$78,000	\$87,500	\$34,000
Household Financial Assets ³	\$250,000	\$300,000	\$300,000	\$40,000
Household Financial Assets in All Types of IRAs	\$50,000	\$50,700	\$50,100	N/A
Share of Household Financial Assets in Type of IRA Indicated	27%	27%	6%	N/A
Percent of Households				
Household Sole or Co-Decisionmaker for Investing:				
Married	62	61	71	44
College or Postgraduate Degree	58	57	66	19
Employed Full- or Part-Time	70	67	82	57
Self-Employed ⁴	17	17	21	N/A
Retired from Lifetime Occupation	30	34	19	28
Household Has Defined Contribution Account or Defined Benefit Plan Coverage (total) ⁵				
Defined Contribution Retirement Plan Account	70	69	80	42
Defined Benefit Plan Coverage	47	47	50	22
Types of IRAs Owned:^{5,6}				
Traditional IRA	87	100	68	N/A
Roth IRA	40	31	100	N/A
Employer-Sponsored IRA ⁷	15	15	16	N/A

N/A = not applicable or not asked

¹Households owning IRAs include households that own Traditional or Roth IRAs. Households owning only employer-sponsored IRAs are not included.

²Households not owning IRAs exclude households with traditional, Roth, or employer-sponsored IRAs.

³Household financial assets include assets in employer-sponsored defined contribution retirement plans but exclude primary residence.

⁴Self-employed is reported as a percentage of household primary or co-decisionmakers who are employed.

⁵Multiple responses are included.

⁶Data are from ICI's 2007 Mutual Fund Shareholder Tracking Survey.

⁷Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs. Among households owning employer-sponsored IRAs, 63 percent have traditional IRAs and 31 percent have Roth IRAs.

note: Number of respondents varies. Data for households owning IRAs are from ICI's May 2007 IRA Owners Survey.

Data for households not owning IRAs are from ICI's Annual Mutual Fund Shareholder Tracking Survey.

source: Investment Company Institute (2007 Mutual Fund Shareholder Tracking Survey and 2007 IRA Owners Survey)

Traditional IRAs. Nearly 38 million U.S. households, or about one-third, own traditional IRAs in 2007 (Figure A1). The financial decisionmakers of households with traditional IRAs tend to be older; about one-third are retired from their lifetime occupations (Figure A13). Nearly 70 percent of households with traditional IRAs also have defined contribution plan accounts. Thirty-one percent of households with traditional IRAs also own Roth IRAs and 15 percent also own employer-sponsored IRAs.

Households owning traditional IRAs have median assets of \$42,500 in these IRAs, typically held in two accounts (Figure A14). About seven out of 10 traditional IRA-owning households opened their first traditional IRA in 1997 or earlier. Households with traditional IRAs hold them through a wide array of financial institutions,

with 78 percent holding traditional IRAs through professional financial advisers and 35 percent holding traditional IRAs directly at mutual fund companies or discount brokers. Households with multiple traditional IRAs tend to hold them at different financial services firms. Among households with multiple traditional IRAs, 43 percent report holding each IRA at a different type of financial services firm (Figure A15). Another 21 percent of households with multiple traditional IRAs report that some of their IRAs are at the same type of financial services firms. The remaining 36 percent indicate that all of their IRAs are at the same type of financial services firm, but this does not necessarily mean that they hold their multiple IRAs at the same firm (merely the same type of firm).

FIGURE A14

CHARACTERISTICS OF U.S. HOUSEHOLDS OWNING TRADITIONAL IRAs, 2007

Median Per Household	
Amount in Traditional IRAs	\$42,500
Amount Contributed to Traditional IRAs in Tax-Year 2006 ¹	\$2,900
Number of Traditional IRAs Owned	2
Percent of Households	
Traditional IRA Includes Rollover from an Employer-Sponsored Retirement Plan	59
Contributed to a Traditional IRA in Tax-Year 2006	28
Deducted a Traditional IRA Contribution in Tax-Year 2006 ²	21
Made a Withdrawal from a Traditional IRA in Tax-Year 2006	19
Own Traditional IRA:³	
Respondent	89
Spouse	45
Dependent Children	3
Number of Traditional IRAs Owned:	
One	47
Two	31
Three or More	22
Year First Traditional IRA Was Opened:	
1974 Through 1981	19
1982 Through 1986	18
1987 Through 1992	20
1993 Through 1997	14
1998 Through 2001	15
2002 Through 2004	7
2005 Through May 2007	7
Where Traditional IRAs Are Held:³	
Professional Financial Adviser (total)	78
Full-Service Brokerage	34
Independent Financial Planning Firm	26
Bank or Savings Institution	27
Insurance Company	12
Direct Sources (total)	35
Mutual Fund Company	31
Discount Brokerage (total)	9
Discount Brokerage Firm with Walk-In Offices	7
Discount Brokerage Firm That Is Only Available Online	2

¹ Figure reports median among households that contributed to traditional IRAs in tax-year 2006.

² Figure reports percentage among households that contributed to traditional IRA in tax-year 2006.

³ Multiple responses are included.

note: Number of respondents varies.

source: Investment Company Institute

Roth IRAs. More than 17 million U.S. households, or 14.9 percent, own Roth IRAs in 2007 (Figure A1). The financial decisionmakers of Roth IRA households have a median age of 50 years and are the most likely of all IRA household decisionmakers to have college or postgraduate degrees (Figure A13). Two-thirds of Roth IRA-owning households also own traditional IRAs and 80 percent have defined contribution plan accounts.

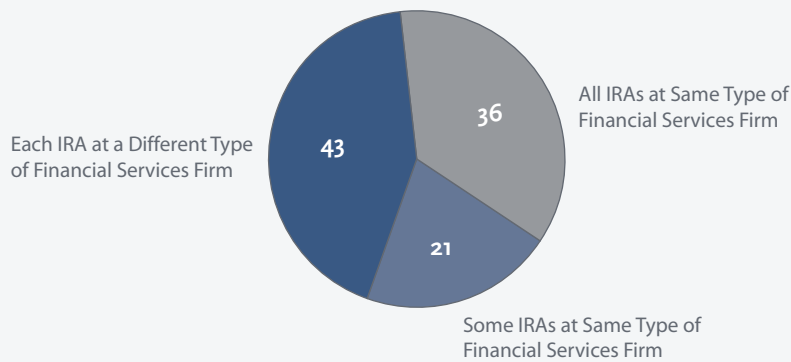
Households owning Roth IRAs typically own one Roth IRA account, with a median balance of \$14,500

(Figure A16). One-third of Roth IRA 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.¹¹ Another one-quarter opened their Roth IRAs between 1999 and 2000, and the remaining 42 percent opened their first Roth IRAs in 2001 or later. Twenty-six percent of households owning Roth IRAs opened a Roth IRA as their first IRA. Roth IRA households most often hold Roth IRAs at mutual fund companies, full-service brokerages, or independent financial planning firms.

FIGURE A15

HOUSEHOLDS HOLD TRADITIONAL IRAs AT DIFFERENT TYPES OF FINANCIAL SERVICES FIRMS

Percent of traditional IRA-owning households with multiple traditional IRAs, 2007



source: Investment Company Institute

FIGURE A16

CHARACTERISTICS OF U.S. HOUSEHOLDS OWNING ROTH IRAs, 2007

Median Per Household	
Amount in Roth IRAs	\$14,500
Amount Contributed to Roth IRAs in Tax-Year 2006 ¹	\$4,000
Number of Roth IRAs Owned	1
Percent of Households	
Roth IRA Was First IRA Owned	26
Roth IRA Was Funded by a Conversion from a Traditional IRA	24
Contributed to a Roth IRA in Tax-Year 2006	45
Roth IRA Assets Include Assets Initially from an Employer-Sponsored Retirement Plan	15
Made a Withdrawal from a Roth IRA in Tax-Year 2006	2
Own Roth IRA:²	
Respondent	86
Spouse	47
Dependent Children	5
Number of Roth IRAs Owned:	
One	56
Two	35
Three or More	9
Year First Roth IRA Was Opened:	
1998	33
1999 Through 2000	25
2001 Through 2002	14
2003 Through 2004	14
2005 Through May 2007	14
Where Roth IRAs Are Held:²	
Professional Financial Adviser (total)	71
Full-Service Brokerage	31
Independent Financial Planning Firm	25
Bank or Savings Institution	17
Insurance Company	10
Direct Sources (total)	38
Mutual Fund Company	32
Discount Brokerage (total)	9
Discount Brokerage Firm with Walk-In Offices	8
Discount Brokerage Firm That Is Only Available Online	2

¹ Figure reports median among households that contributed to Roth IRAs in tax-year 2006.

² Multiple responses are included.

note: Number of respondents varies.

source: Investment Company Institute

IRA WITHDRAWALS MOSTLY MADE BY OLDER OWNERS

Households making IRA withdrawals in tax-year 2006 tend to be older and retired. The median age of the household decisionmaker surveyed among households taking withdrawals is 71 years, compared with 53 years

among households not taking distributions (Figure A17). Seventy-two percent of households taking withdrawals are retired. The most commonly cited reason for taking withdrawals in tax-year 2006 is to meet required minimum distributions.

FIGURE A17

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 2006

	Made a Withdrawal from a Traditional IRA in Tax-Year 2006 ¹	Did Not Make a Withdrawal from a Traditional IRA in Tax-Year 2006 ²
Median Per Household		
Age of Household Sole or Co-Decisionmaker for Investing	71 years	53 years
Household Income	\$60,000	\$80,300
Household Financial Assets ³	\$316,100	\$250,000
Household Financial Assets in All Types of IRAs	\$129,100	\$50,000
Percent of Households		
Household Sole or Co-Decisionmaker for Investing:		
Married	52	63
Widowed	27	6
Employed	27	75
Retired from Lifetime Occupation	72	25
Reasons for Withdrawal(s):⁴		
Take a Required Minimum Distribution	62	N/A
Pay Bills or Other Living Expenses	32	N/A
Pay for Travel	9	N/A
Pay for an Unexpected Medical Illness	9	N/A
Make a Large Purchase	7	N/A
Purchase Investments Outside of an IRA	8	N/A
Other Reason	13	N/A

N/A = not applicable

¹Nineteen percent of households owning traditional IRAs withdrew money from them in tax-year 2006. The sample size is small.

²Eighty-one percent of households owning traditional IRAs did not withdraw money from them in tax-year 2006.

³Household financial assets include assets in employer-sponsored retirement plans but exclude primary residence.

⁴Multiple responses are included.

note: Number of respondents varies.

source: Investment Company Institute

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NOTES

¹ The demographic and financial characteristics of IRA owners are based on data from a May 2007 IRA Owners Survey of 599 randomly selected, representative U.S. households owning traditional or Roth IRAs (the standard error for the total sample is ± 4.0 percentage points at the 95 percent confidence level). IRA ownership does not include ownership of Coverdell Education Savings Accounts (formerly called Education IRAs) or households whose only IRAs are employer-sponsored IRAs (SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs).

² For the rules governing IRAs, see IRS *Publication 590*. For a brief history of IRAs and a discussion of the various features of the different types of IRA, see Holden, Ireland, Leonard-Chambers, and Bogdan (February 2005). For definitions of key terms related to IRAs and retirement saving see page 2 of the Holden and Bogdan (January 2008).

³ The number of U.S. households owning IRAs in 2000 through 2007 is based on the following U.S. Census Bureau's total U.S. household estimates: 106.4 million in 2000; 108.2 million in 2001; 109.3 million in 2002; 111.3 million in 2003; 112.0 million in 2004; 113.3 million in 2005; 114.4 million in 2006; and 116.0 million in 2007 (see U.S. Bureau of Census Current Population Reports, Series P60-233, *Income Poverty, and Health Insurance Coverage in the United States: 2006*, August 2007).

⁴ For a discussion of the new weighting methodology, see Holden and Bogdan (November 2007).

⁵ The 2005 IRA Owners Survey reported account balances for employer-sponsored IRAs. Traditional IRA balances tend to be larger than employer-sponsored IRA balances as well (see West and Leonard-Chambers (January 2006)).

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 IRS *Publication 590*.

⁷ In aggregate, 47 percent of the \$4.6 trillion in IRAs at mid-year 2007 was invested in mutual funds (see ICI (December 2007) and Brady and Holden (July 2007)).

⁸ See discussion and Figure 9 in Holden and Bogdan (January 2008).

⁹ In 2004 (most recent data available) rollovers to traditional IRAs were \$214 billion (see ICI (December 2007)).

¹⁰ See Holden, Ireland, Leonard-Chambers, and Bogdan (February 2005) for a discussion of the relationship between demographic characteristics and the propensity to save.

¹¹ For data on aggregate Roth IRA assets, contributions, and conversions, see ICI (December 2007). For reference on rules governing IRAs, see IRS *Publication 590*.

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