

The U.S. Retirement Market, Third Quarter 2008

KEY FINDINGS

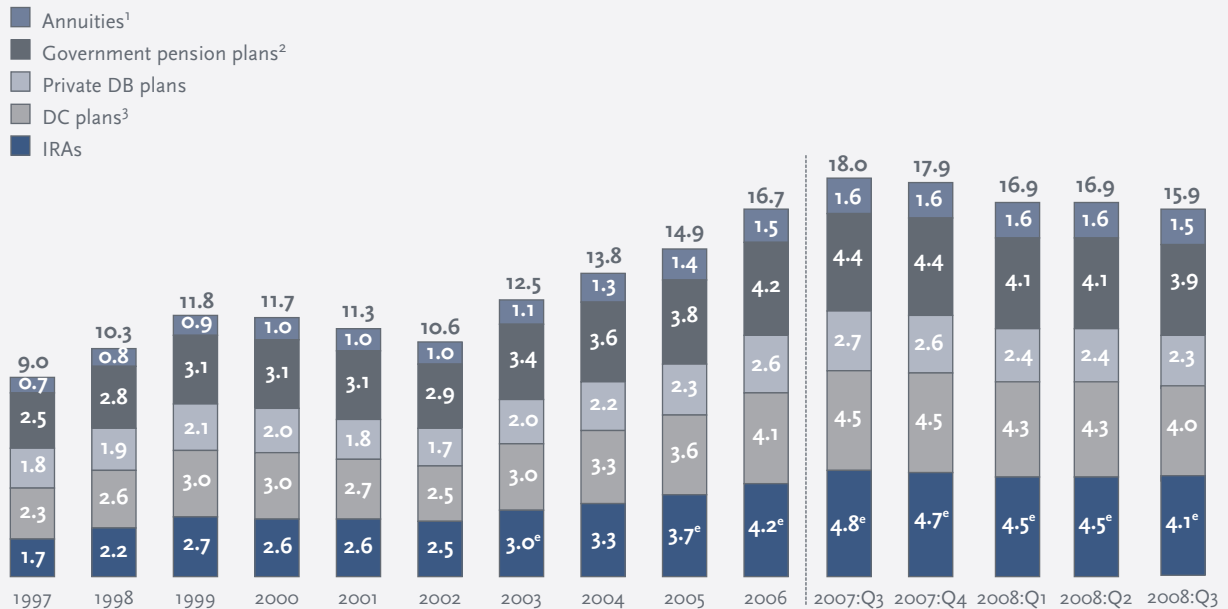
- **U.S. retirement assets totaled \$15.9 trillion as of September 30, 2008, down from \$16.9 trillion on June 30, 2008.** Retirement savings accounted for 35 percent of all household financial assets in the United States.
- **IRAs held \$4.1 trillion at the end of the third quarter of 2008.** Forty-six percent of IRA assets were invested in mutual funds.
- **Americans held \$4.0 trillion in all employer-based defined contribution retirement plans on September 30.** Of this amount, \$2.7 trillion was held in 401(k) plans.
- **Mutual funds accounted for \$1.9 trillion in assets in 401(k), 403(b), and other defined contribution plans at the end of the third quarter.** Forty-seven percent of defined contribution plan assets were invested in mutual funds.
- **Lifecycle funds managed \$187 billion at the end of the third quarter of 2008, compared with \$200 billion at the end of the second quarter.** Almost 90 percent of assets in lifecycle funds were held in retirement accounts.

Readers should refer to *The U.S. Retirement Market, 2007* at <http://www.ici.org/pdf/fm-v17n3.pdf> for detailed information on the methodology, data sources, and interpretation of the Institute's reports on retirement assets in Individual Retirement Accounts (IRAs), defined contribution (DC) plans, private-sector defined benefit (DB) plans, government pension plans, and annuities.

FIGURE 1

U.S. RETIREMENT ASSETS

Trillions of dollars, end-of-period, 1997–2008:Q3



e = estimated

¹Annuities include all fixed and variable annuity reserves at life insurance companies less annuities held by IRAs, 403(b) plans, 457 plans, and private pension funds (including 401(k) plans).

²Government pension plans include federal, state, and local pension plans. Federal pension plans include U.S. Treasury security holdings of the civil service retirement and disability fund, the military retirement fund, the judicial retirement funds, the Railroad Retirement Board, and the foreign service retirement and disability fund. These plans also include securities held in the National Railroad Retirement Investment Trust and Federal Employees Retirement System (FERS) Thrift Savings Plan (TSP).

³DC plans include 403(b) plans, 457 plans, and private employer-sponsored DC plans (including 401(k) plans).

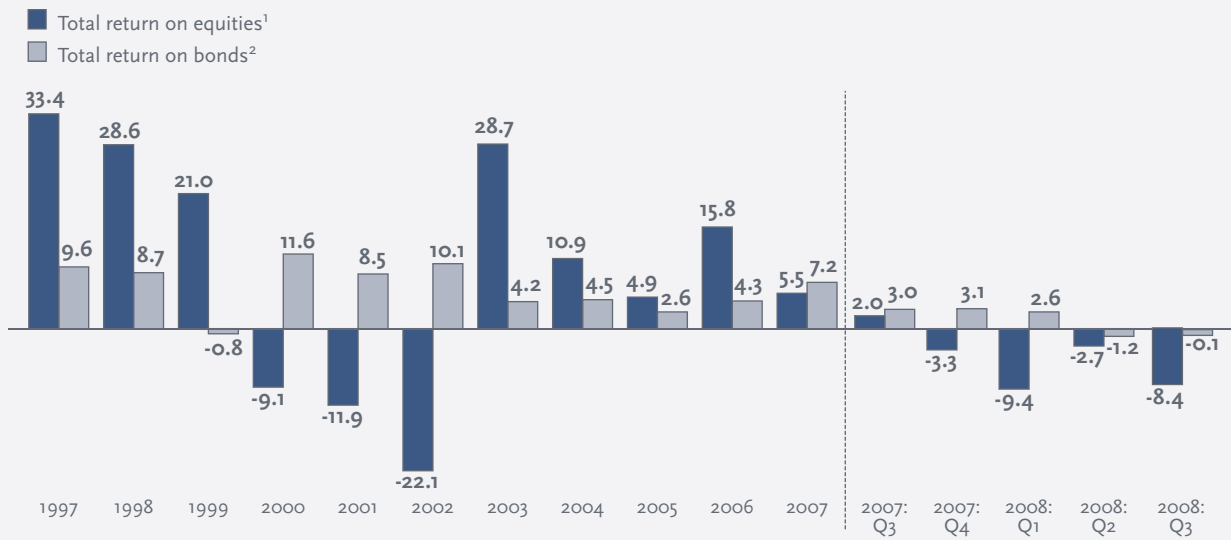
Note: Components may not add to the total because of rounding.

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

FIGURE 2

EQUITY AND BOND RETURNS NEGATIVE IN THE THIRD QUARTER

Percentage change in total return index, 1997–2007, 2007:Q3–2008:Q3



¹The total return on equities reported is the S&P 500 index, which consists of 500 U.S. stocks chosen for market size, liquidity, and industry group representation.

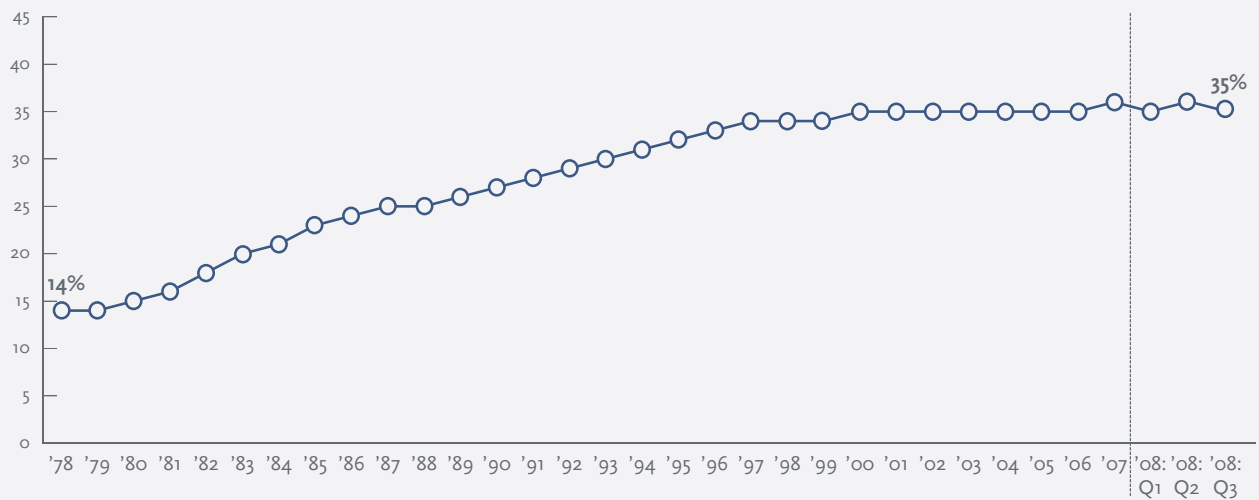
²The total return on bonds reported is the Citigroup Broad Investment Grade Bond Index, which is a broad U.S. index consisting of treasuries, agency debt, corporates, noncorporate credit, mortgage-backed securities, and asset-backed securities.

Sources: Investment Company Institute, Bloomberg, Standard & Poor's, and Citigroup

FIGURE 3

RETIREMENT ASSETS REPRESENT 35 PERCENT OF HOUSEHOLD ASSETS

Retirement assets as a percentage of household financial assets, end-of-period, 1978–2008:Q3



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

FIGURE 4

46 PERCENT OF IRA ASSETS WERE INVESTED IN MUTUAL FUNDS

IRA assets by type of institution, end-of-period, 1990–2008:Q3

	Mutual funds		Bank and thrift deposits ¹		Life insurance companies ²		Securities held in brokerage accounts ³		Total assets (billions)
	Assets (billions)	Share ⁴ (percentage)	Assets (billions)	Share ⁴ (percentage)	Assets (billions)	Share ⁴ (percentage)	Assets (billions)	Share ⁴ (percentage)	
1990	\$138	22%	\$266	42%	\$40	6%	\$192	30%	\$637
1991	185	24	283	36	45	6	263	34	776
1992	233	27	275	31	50	6	316	36	874
1993	315	32	263	26	62	6	353	36	993
1994	342	32	255	24	70	7	390	37	1,056
1995	464	36	261	20	81	6	482	37	1,288
1996	582	40	259	18	92	6	534	36	1,467
1997	763	44	254	15	136	8	575	33	1,728
1998	961	45	249	12	157	7	783	36	2,150
1999	1,257	47	243	9	203	8	949	36	2,651
2000	1,231	47	250	10	203	8	945	36	2,629
2001	1,166	45	255	10	211	8	987	38	2,619
2002	1,043	41	263	10	268	11	959	38	2,533
2003	1,309	44	268	9	285	10	1,131 ^e	38	2,993 ^e
2004	1,491	45	269	8	282	9	1,257	38	3,299
2005	1,664	46	278	8	308	8	1,402 ^e	38	3,652 ^e
2006	1,977	47	313	7	318	8	1,612 ^e	38	4,220 ^e
2007:Q1	2,041	47	320	7	318 ^e	7	1,666 ^e	38	4,345 ^e
2007:Q2	2,173	47	328	7	325 ^e	7	1,773 ^e	39	4,598 ^e
2007:Q3	2,258	47	333	7	327 ^e	7	1,847 ^e	39	4,765 ^e
2007:Q4	2,244	47	340	7	325 ^e	7	1,838 ^e	39	4,747 ^e
2008:Q1	2,113	47	351	8	324 ^e	7	1,733 ^e	38	4,521 ^e
2008:Q2	2,104	47	359	8	325 ^e	7	1,725 ^e	38	4,514 ^e
2008:Q3	1,884	46	370	9	327 ^e	8	1,545 ^e	37	4,126 ^e

*e = estimated*¹Bank and thrift deposits include Keogh deposits.²Life insurance company IRA assets are annuities held by IRAs, excluding variable annuity mutual fund IRA assets, which are included in mutual funds.³Securities held in brokerage accounts exclude mutual fund assets held through brokerage accounts, which are included in mutual funds.⁴Share is the percentage of total IRA assets.

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

Sources: Investment Company Institute, Federal Reserve Board, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division

FIGURE 5

MILLIONS OF HOUSEHOLDS OWN IRAS

	Year created	Number of U.S. households with type of IRA, 2008	Percentage of U.S. households with type of IRA, 2008
Traditional IRA	1974 (Employee Retirement Income Security Act)	37.5 million	32.1%
SEP IRA	1978 (Revenue Act)	} 10.0 million	8.6%
SAR-SEP IRA	1986 (Tax Reform Act)		
SIMPLE IRA	1996 (Small Business Job Protection Act)		
Roth IRA	1997 (Taxpayer Relief Act)	18.6 million	15.9%
Any IRA		47.3 million	40.5%

Note: Multiple responses are included.

Sources: Investment Company Institute and U.S. Census Bureau (Fundamentals, "The Role of IRAs in U.S. Households' Saving for Retirement, 2008" [www.ici.org/pdf/fm-v18n1.pdf])

FIGURE 6

MOST IRA ASSETS HELD IN TRADITIONAL IRAS

IRA assets by type, year-end, 1997–2007

	Traditional ¹		SEP and SAR-SEP		Roth ²		SIMPLE		Total assets ⁴ (billions)
	Assets (billions)	Share ³ (percentage)	Assets (billions)	Share ³ (percentage)	Assets (billions)	Share ³ (percentage)	Assets (billions)	Share ³ (percentage)	
1997	\$1,642	95%	\$85	5%	–	–	\$1	(*)	\$1,728
1998	1,974	92	115	5	\$57	3%	4	(*)	2,150
1999	2,423	91	143	5	76	3	9	(*)	2,651
2000	2,407	92	134	5	78	3	10	(*)	2,629
2001	2,395	91	131	5	79	3	14	1%	2,619
2002	2,322	92	117	5	78	3	16	1	2,533
2003	2,719 ^e	91	145 ^e	5	106 ^e	4	23 ^e	1	2,993 ^e
2004	2,957	90	169	5	140	4	34	1	3,299
2005	3,259 ^e	89	191 ^e	5	160 ^e	4	42 ^e	1	3,652 ^e
2006	3,749 ^e	89	223 ^e	5	195 ^e	5	53 ^e	1	4,220 ^e
2007	4,208 ^e	89	253 ^e	5	225 ^e	5	61 ^e	1	4,747 ^e

e = estimated

¹Traditional IRAs includes contributory and rollover IRAs.

²Roth IRAs includes contributory and conversion Roth IRAs.

³Share is the percentage of total IRA assets.

⁴Education IRAs were renamed Coverdell Education Savings Accounts (ESAs) in July 2001 and are not included in total IRA assets.

(*) = less than ½ percent

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

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

FIGURE 7

ROLLOVERS GENERATE A SIGNIFICANT PORTION OF FLOWS INTO TRADITIONAL IRAS

Billions of dollars, 1996–2007

Traditional IRAs					
	Contributions ¹	Rollovers ²	Withdrawals ³	Total assets ⁴ (year-end)	Of which: assets held in mutual funds (year-end)
1996	\$14.1	\$114.0	\$45.5	N/A	\$550
1997	15.0	121.5	55.2	\$1,642 ^e	718
1998	11.9	160.0	74.1	1,974	871
1999	10.3	199.9	87.1	2,423	1,123
2000	10.0	225.6	99.0	2,407	1,096
2001	9.2	187.8	94.3	2,395	1,036
2002	12.4	204.4	88.2	2,322	919
2003	12.3 ^e	205.0 ^e	88.3	2,719 ^e	1,140
2004	12.6	214.9	101.7	2,957	1,290
2005	N/A	N/A	112.3	3,259 ^e	1,429
2006	N/A	N/A	124.7	3,749 ^e	1,690
2007	N/A	N/A	N/A	4,208 ^e	1,909

e = estimated

N/A = not available

¹Contributions includes both deductible and nondeductible contributions to traditional IRAs.

²Rollovers are primarily from employer-sponsored retirement plans.

³Withdrawals consist of taxable IRA distributions reported on Form 1040, which have been primarily from traditional IRAs.

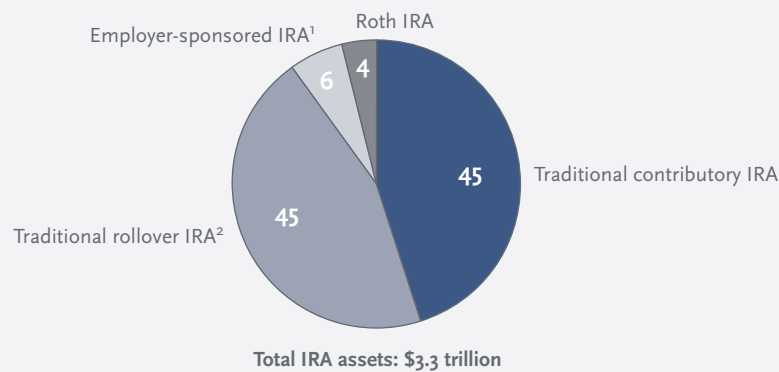
⁴Total assets is the fair market value of assets at year-end.

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

FIGURE 8

EMPLOYER-BASED SAVINGS ARE THE SOURCE OF HALF OF IRA ASSETS

Percentage of total IRA assets, year-end, 2004



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

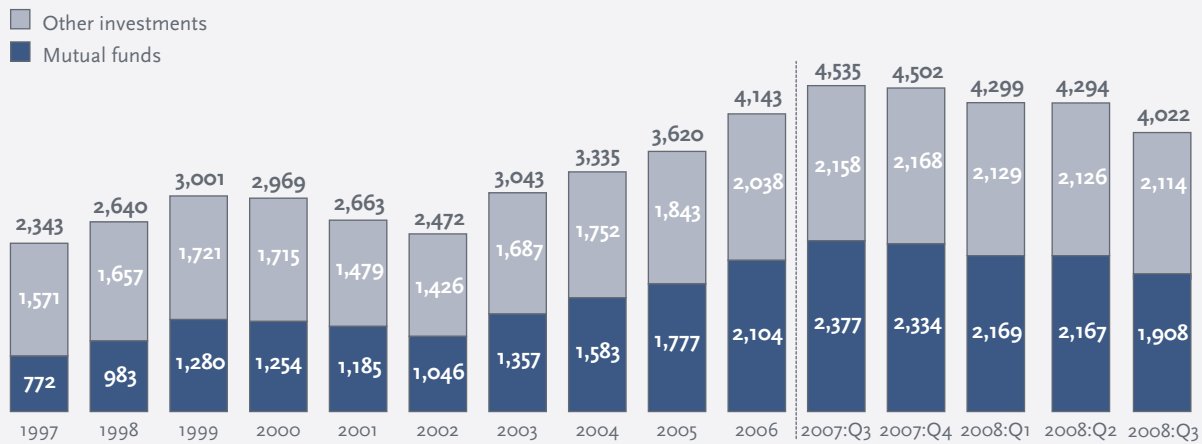
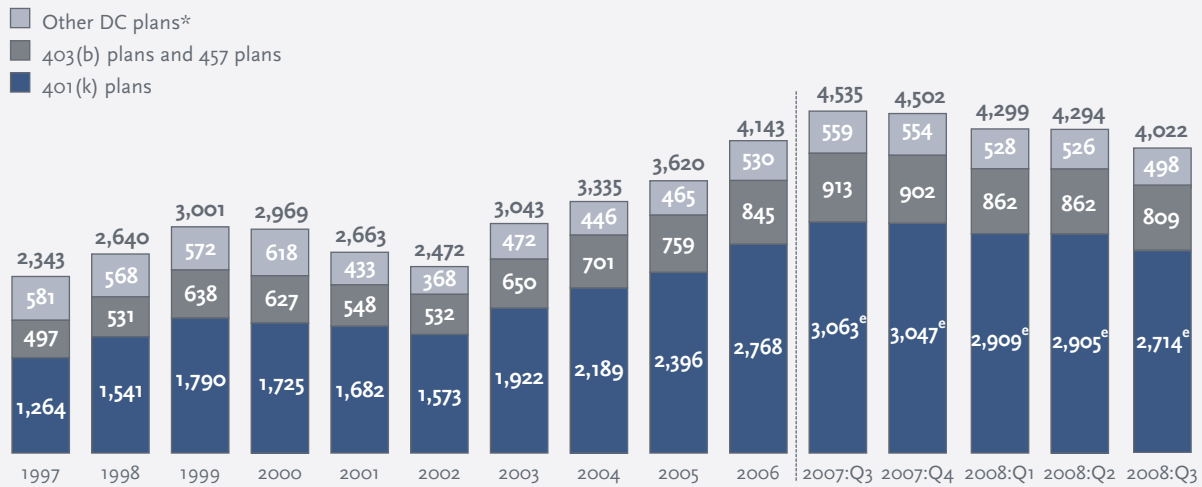
²Traditional rollover IRA assets include all assets contained in IRA accounts classified as rollover IRAs as estimated from the Survey of Consumer Finances.

Sources: Internal Revenue Service Statistics of Income Division and Investment Company Institute tabulations of Survey of Consumer Finances

FIGURE 9

DEFINED CONTRIBUTION PLAN ASSETS AND AMOUNTS HELD IN MUTUAL FUNDS

Billions of dollars, end-of-period, 1997–2008:Q3



e = estimated

*Other DC plans include Keoghs and other DC plans (profit-sharing, thrift-savings, stock bonus, and money purchase) without 401(k) features. Note: Components may not add to the total because of rounding.

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

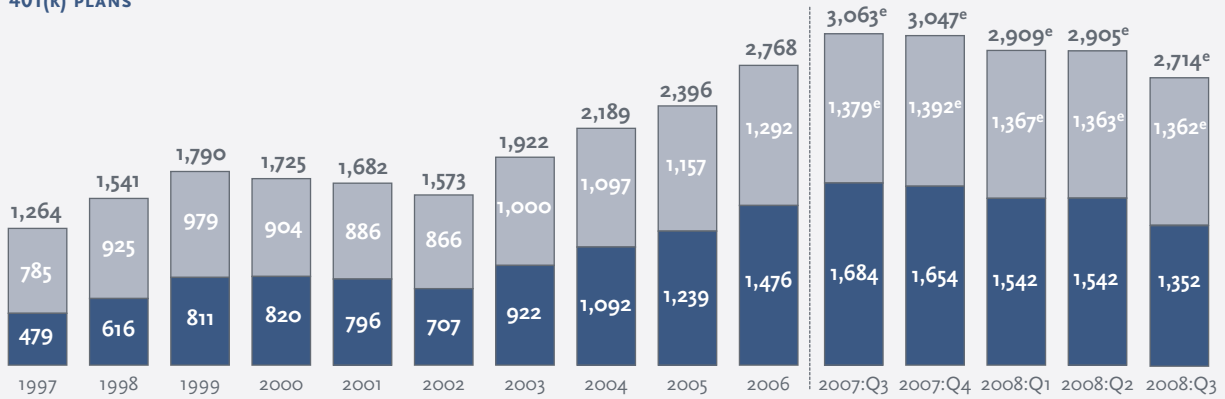
FIGURE 10

DEFINED CONTRIBUTION PLANS HOLD SIGNIFICANT MUTUAL FUND ASSETS

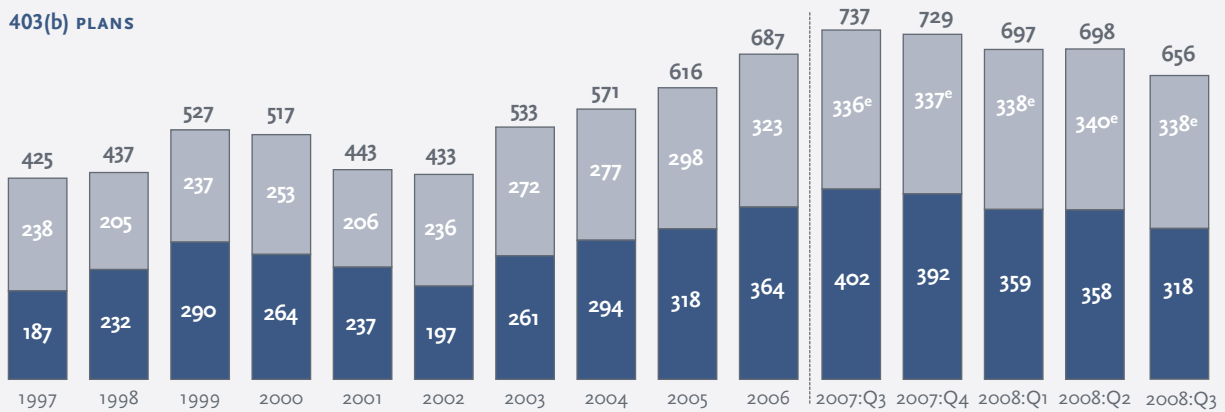
Billions of dollars, end-of-period, 1997–2008:Q3

Other investments
Mutual funds

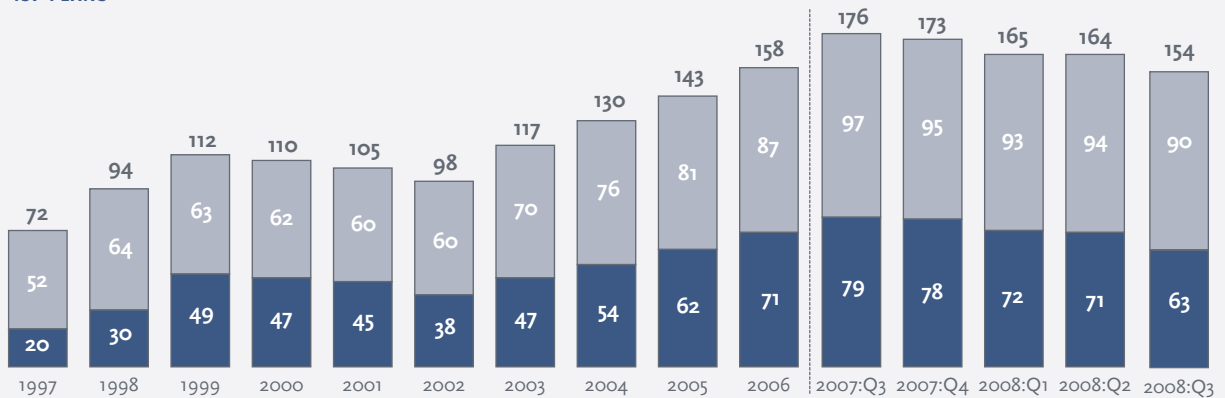
401(k) PLANS



403(b) PLANS



457 PLANS



e = estimated

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

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

FIGURE 11

403(b) PLAN ASSETS AND SHARE OF TOTAL 403(b) PLAN ASSETS BY INSTITUTION

End-of-period, 1996–2008:Q3

	Life insurance companies ¹		VA mutual funds		Non-VA mutual funds		Total assets (billions)
	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	
1996	\$208 ^e	58%	\$103	29%	\$45	13%	\$356
1997	238 ^e	56	129	30	59	14	425
1998	205	47	158	36	75	17	437
1999	237	45	190	36	100	19	527
2000	253	49	173	33	91	18	517
2001	206	47	149	34	88	20	443
2002	236	54	120	28	78	18	433
2003	272	51	157	29	104	20	533
2004	277	48	175	31	119	21	571
2005	298	48	185	30	133	22	616
2006	323	47	210	31	153	22	687
2007:Q1	324 ^e	47	215	31	157	23	696
2007:Q2	332 ^e	46	225	31	168	23	725
2007:Q3	336 ^e	46	229	31	173	23	737
2007:Q4	337 ^e	46	221	30	171	23	729
2008:Q1	338 ^e	48	202	29	157	23	697
2008:Q2	340 ^e	49	199	29	158	23	698
2008:Q3	338 ^e	52	178	27	140	21	656

*e = estimated*¹Annuities held by 403(b) plans exclude VA mutual fund 403(b) assets.²Share is the percentage of total 403(b) plan assets.

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

Sources: Investment Company Institute, American Council of Life Insurers, and Federal Reserve Board

FIGURE 12

MAJORITY OF MUTUAL FUND RETIREMENT ASSETS INVESTED IN STOCKS

Mutual fund retirement assets by type of fund, billions of dollars, 2008:Q3

	Equity			Hybrid ¹	Bond	Money market	Total
	Total	Domestic	Foreign				
Retirement accounts	\$2,331	\$1,830	\$501	\$616	\$428	\$417	\$3,792
IRAs	1,086	848	238	280	235	282	1,884
DC plans	1,244	981	263	336	193	135	1,908
401(k) plans	865	663	202	268	136	83	1,352
403(b) plans	234	205	29	33	27	23	318
457 plans	43	34	8	11	7	2	63
Other DC plans ²	102	80	23	23	23	27	175
VA mutual funds (outside of retirement accounts)³	671	532	140	69	161	42	944
Total	3,002	2,362	640	685	590	459	4,735

¹Hybrid funds invest in a mix of equities and fixed-income securities. The bulk of lifecycle and lifestyle funds is counted in this category.²Other DC plans include Keoghs and other DC plans without 401(k) features.³Some of the VA mutual fund assets may be assets held in variable life insurance policies, which are not counted as part of the U.S. retirement market. ICI is not able to separately identify the portion of VA mutual fund assets contained in these policies.

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

Source: Investment Company Institute

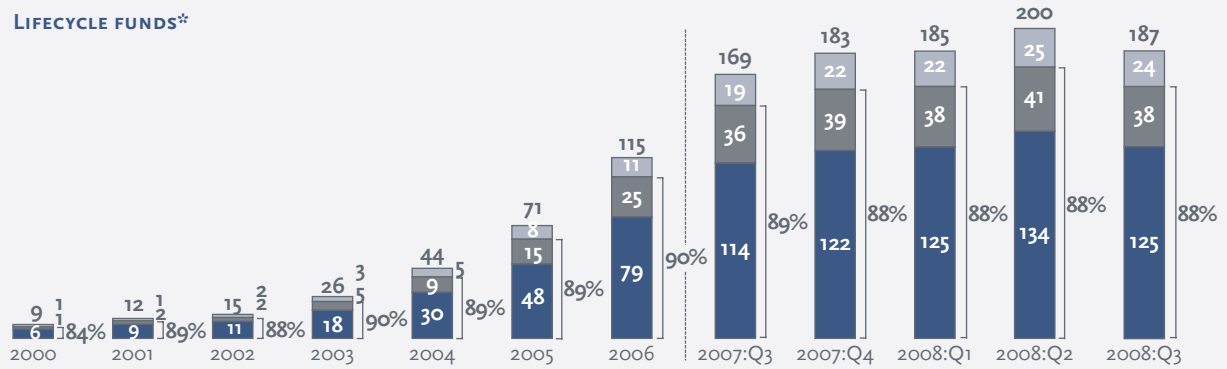
FIGURE 13

LIFECYCLE AND LIFESTYLE FUND ASSETS

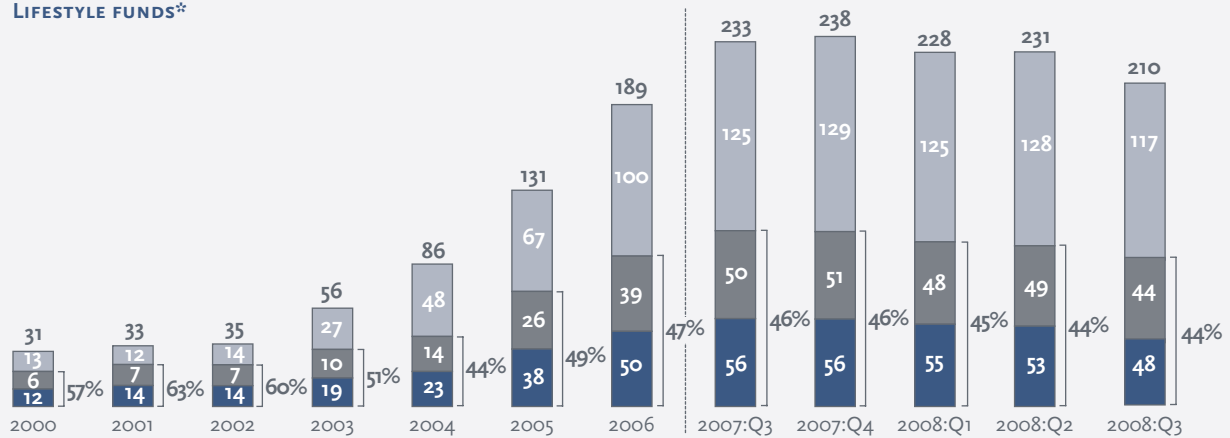
Billions of dollars, end-of-period, 2000–2008:Q3

- Other investors
- IRAs
- Employer-sponsored DC plans

LIFECYCLE FUNDS*



LIFESTYLE FUNDS*



*A lifestyle mutual fund maintains a predetermined risk level and generally contains “conservative,” “aggressive,” or “moderate” in the fund’s name. A lifecycle mutual fund is a hybrid fund that typically rebalances to an increasingly conservative portfolio as the target date of the fund (mentioned in its name) approaches.

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

Source: Investment Company Institute

FIGURE A1

U.S. TOTAL RETIREMENT MARKET*Billions of dollars, end-of-period, 1985–2008:Q3*

	IRAs	DC plans ¹	State and local government pension plans	Private DB plans	Federal pension plans ²	Annuities ³	Total
1985	\$241	\$509	\$405	\$813	\$172	\$181	\$2,321
1986	330	567	481	839	202	226	2,644
1987	405	654	537	827	233	234	2,890
1988	469	719	603	831	267	291	3,181
1989	546	855	706	945	304	338	3,694
1990	637	892	739	922	340	391	3,921
1991	776	1,060	862	1,073	382	423	4,576
1992	874	1,161	948	1,098	426	473	4,980
1993	993	1,319	1,054	1,212	468	522	5,569
1994	1,056	1,406	1,107	1,303	512	526	5,911
1995	1,288	1,717	1,344	1,496	541	582	6,968
1996	1,467	1,961	1,529	1,623	606	626	7,811
1997	1,728	2,343	1,819	1,798	659	658	9,005
1998	2,150	2,640	2,062	1,948	716	818	10,334
1999	2,651	3,001	2,361	2,117	774	928	11,833
2000	2,629	2,969	2,335	2,009	797	951	11,690
2001	2,619	2,663	2,254	1,845	860	1,041	11,281
2002	2,533	2,472	1,980	1,670	894	1,001	10,550
2003	2,993 ^e	3,043	2,399	2,025	958	1,125	12,545
2004	3,299	3,335	2,626	2,162	1,023	1,332	13,778
2005	3,652 ^e	3,620	2,765	2,310	1,072	1,443	14,862
2006	4,220 ^e	4,143	3,087	2,559	1,141	1,521	16,671
2007:Q1	4,345 ^e	4,213	3,114	2,584	1,132	1,537	16,925
2007:Q2	4,598 ^e	4,436	3,248	2,658	1,133	1,584	17,658
2007:Q3	4,765 ^e	4,535	3,264	2,681	1,152	1,607	18,005
2007:Q4	4,747 ^e	4,502	3,186	2,638	1,197	1,592	17,863
2008:Q1	4,521 ^e	4,299	2,945	2,443	1,171	1,551	16,930
2008:Q2	4,514 ^e	4,294	2,907	2,415	1,179	1,556	16,864
2008:Q3	4,126 ^e	4,022	2,751	2,259	1,188	1,517	15,862

*e = estimated*¹DC plans include 403(b) plans, 457 plans, and private employer-sponsored DC plans (including 401(k) plans).²Federal pension plans include U.S. Treasury security holdings of the civil service retirement and disability fund, the military retirement fund, the judicial retirement funds, the Railroad Retirement Board, and the foreign service retirement and disability fund. These plans also include securities held in the National Railroad Retirement Investment Trust and Federal Employees Retirement System (FERS) Thrift Savings Plan (TSP).³Annuities include all fixed and variable annuity reserves at life insurance companies less annuities held by IRAs, 403(b) plans, 457 plans, and private pension funds. Some of these annuity reserves represent assets of individuals held outside retirement plan arrangements and IRAs; however, information to separate out such reserves is not available.

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

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

FIGURE A2

MUTUAL FUND RETIREMENT ACCOUNT ASSETS*Billions of dollars, end-of-period, 1990–2008:Q3*

	Total mutual fund retirement assets	Employer-sponsored DC plan mutual fund assets*	IRA mutual fund assets
1990	\$205	\$67	\$138
1991	320	135	185
1992	416	184	233
1993	578	263	315
1994	661	320	342
1995	909	445	464
1996	1,163	581	582
1997	1,535	772	763
1998	1,943	983	961
1999	2,536	1,280	1,257
2000	2,485	1,254	1,231
2001	2,351	1,185	1,166
2002	2,089	1,046	1,043
2003	2,666	1,357	1,309
2004	3,074	1,583	1,491
2005	3,441	1,777	1,664
2006	4,081	2,104	1,977
2007:Q1	4,215	2,174	2,041
2007:Q2	4,487	2,314	2,173
2007:Q3	4,635	2,377	2,258
2007:Q4	4,578	2,334	2,244
2008:Q1	4,282	2,169	2,113
2008:Q2	4,271	2,167	2,104
2008:Q3	3,792	1,908	1,884

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

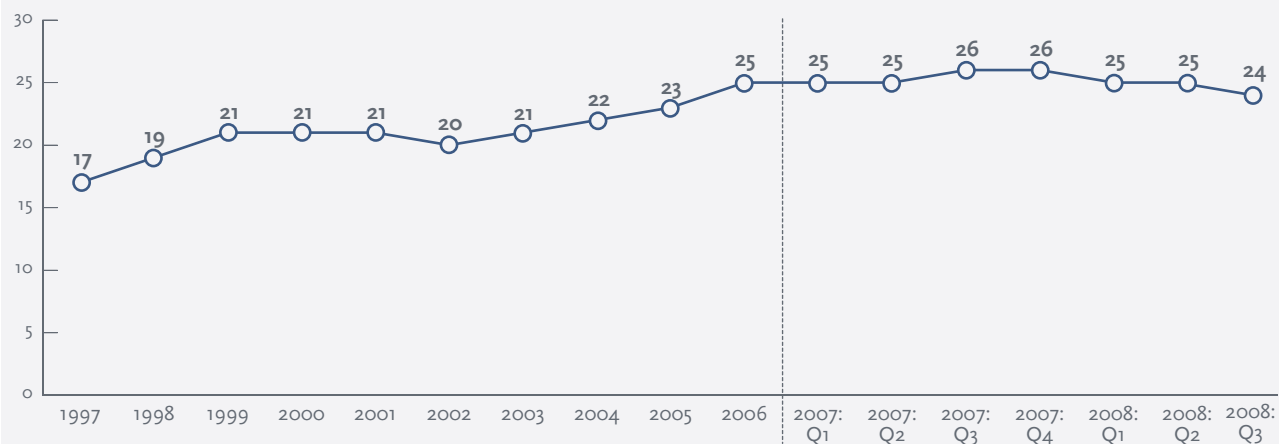
Note: Components may not add to the total because of rounding.

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

FIGURE A3

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

Percentage, end-of-period, 1997–2008:Q3



¹U.S. retirement assets include IRAs, annuities, and employer-sponsored DB and DC pension plans. Pension plans are sponsored by employers such as businesses; federal, state, and local governments; and nonprofit organizations.

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

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

FIGURE A4

VARIABLE ANNUITY MUTUAL FUND ASSETS

End-of-period, 1996–2008:Q3

	IRAs		Employer-sponsored DC plans		Other investors		Total assets (billions)
	Assets (billions)	Share* (percentage)	Assets (billions)	Share* (percentage)	Assets (billions)	Share* (percentage)	
1996	\$18	5%	\$117	33%	\$214	61%	\$349
1997	24	5	145	31	304	64	473
1998	33	5	178	29	405	66	615
1999	43	5	225	27	551	67	819
2000	43	5	210	26	565	69	817
2001	40	5	181	24	521	70	742
2002	40	6	143	22	455	71	639
2003	53	6	186	22	598	71	837
2004	66	7	204	21	705	72	974
2005	73	7	221	21	779	73	1,073
2006	88	7	254	20	924	73	1,266
2007:Q1	91	7	260	20	940	73	1,291
2007:Q2	97	7	273	20	999	73	1,369
2007:Q3	100	7	279	20	1,038	73	1,417
2007:Q4	99	7	271	19	1,028	74	1,397
2008:Q1	92	7	247	19	949	74	1,287
2008:Q2	92	7	244	19	944	74	1,280
2008:Q3	82	7	215	19	836	74	1,133

*Share is the percentage of total VA mutual fund assets.

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

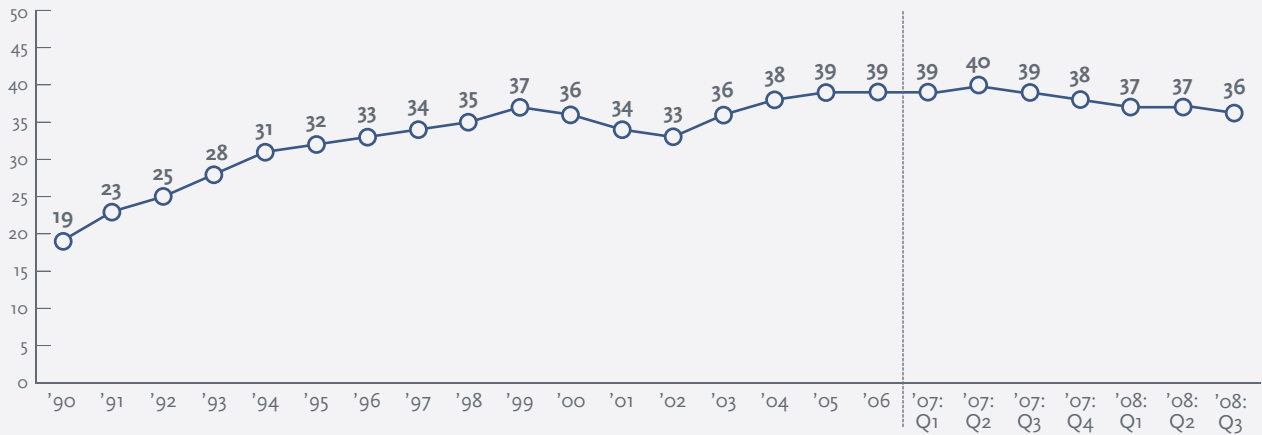
Source: Investment Company Institute

FIGURE A5

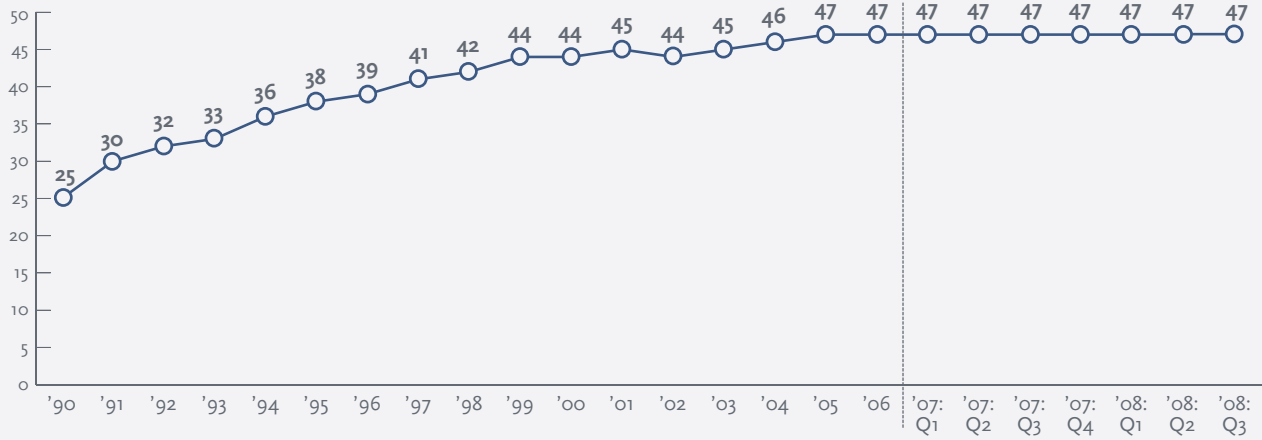
SHARE OF MUTUAL FUND ASSETS HELD IN RETIREMENT ACCOUNTS

Percentage, end-of-period, 1990–2008:Q3

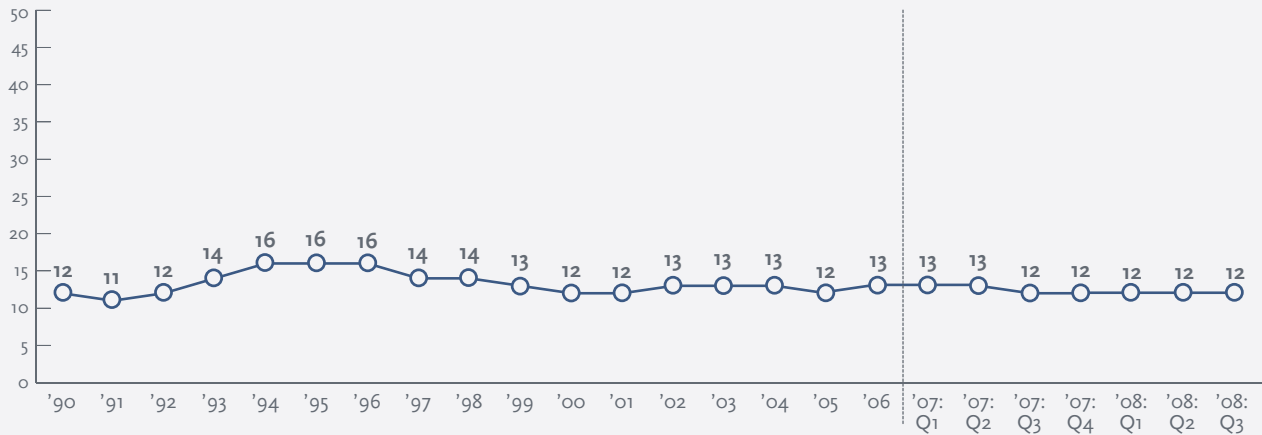
ALL FUNDS



LONG-TERM FUNDS*



MONEY MARKET FUNDS



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

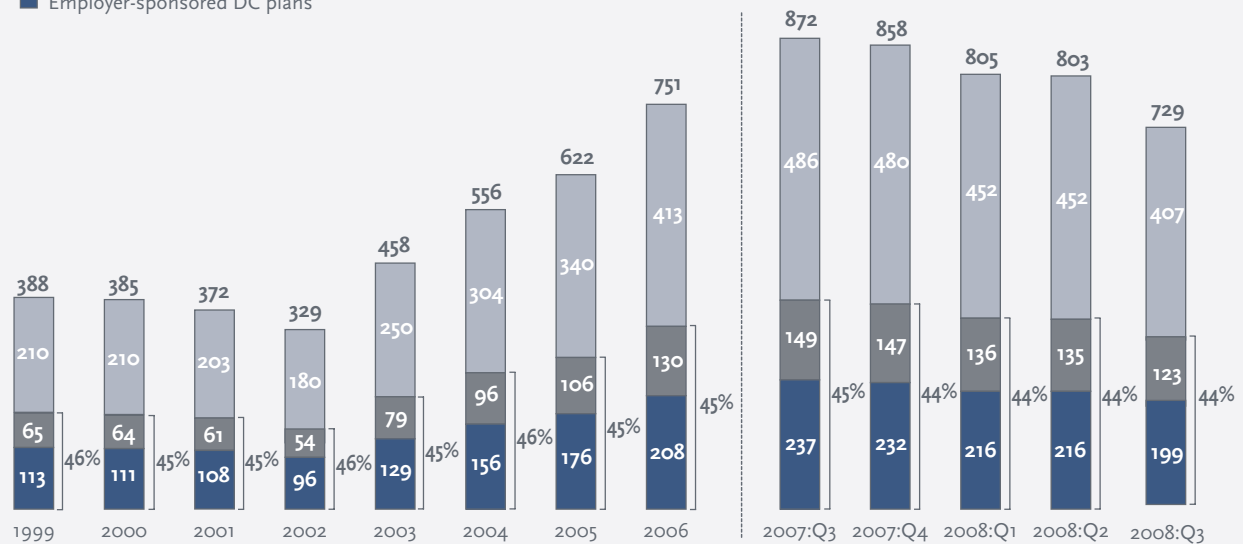
Source: Investment Company Institute

FIGURE A6

INDEX MUTUAL FUND ASSETS* AND RETIREMENT ACCOUNTS

Billions of dollars, end-of-period, 1999–2008:Q3

- Other investors
- IRAs
- Employer-sponsored DC plans



*Index mutual funds are equity, bond, and hybrid funds that target specific market indexes with the general objective of meeting the performance of that index. Equity index funds are the most common type of index funds, accounting for 84 percent of the \$729 billion of index fund assets at the end of the third quarter of 2008.

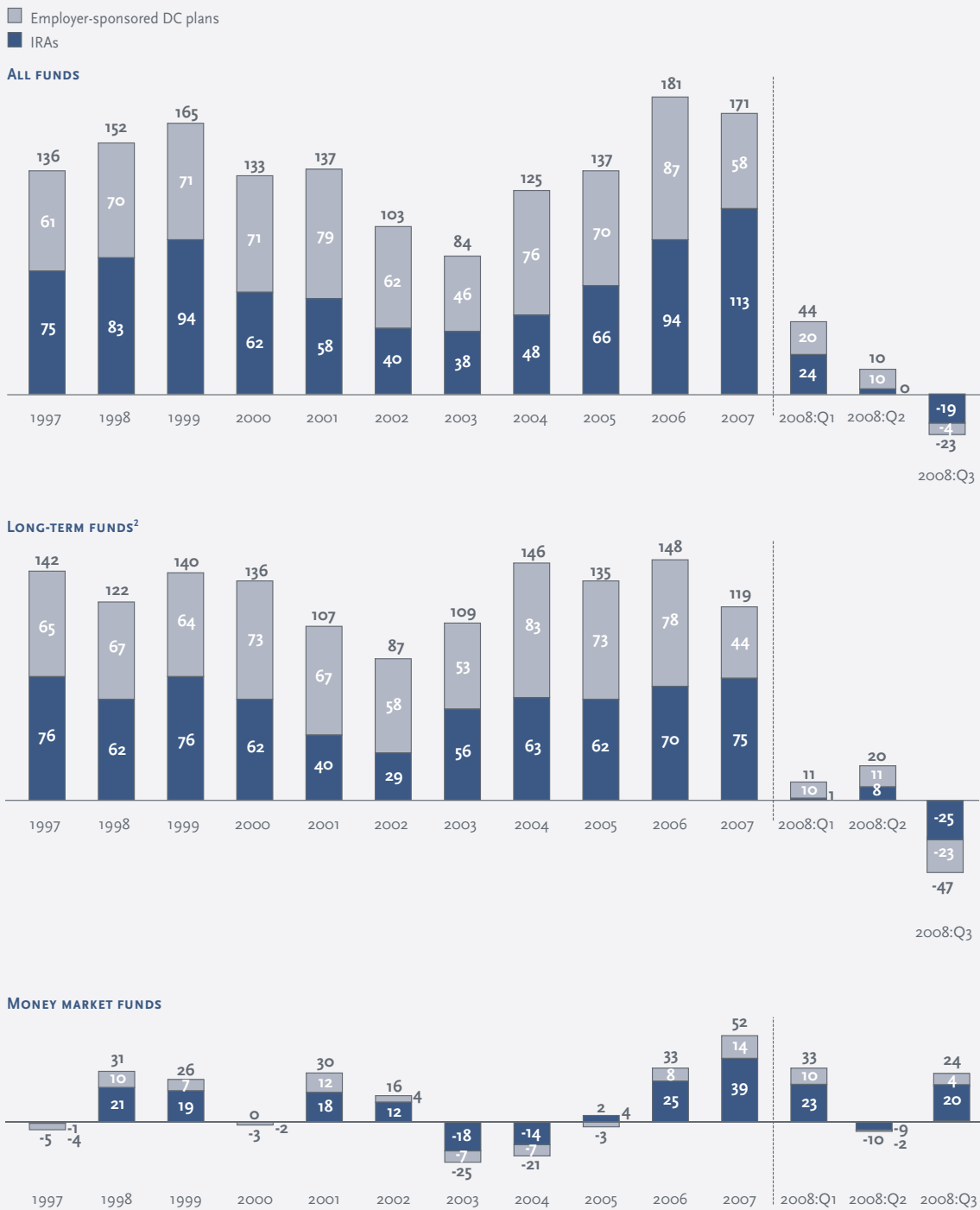
Note: Components may not add to the total because of rounding.

Source: Investment Company Institute

FIGURE A7

ESTIMATED NET NEW CASH FLOW¹ TO MUTUAL FUNDS FROM RETIREMENT ACCOUNTS

Billions of dollars, 1997–2008:Q3



¹See "Appendix: Additional Data on the U.S. Retirement Market, 2007," Investment Company Institute Fundamentals 17, no. 3a, July 2008, endnote 4, for an explanation of the procedure used to estimate net new cash flows.

²Long-term funds include equity, hybrid, and bond mutual funds.

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

Source: Investment Company Institute

FIGURE A8

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

Billions of dollars, 1990–2001

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Total retirement²	\$29	\$9	\$73	\$99	\$86	\$78	\$102	\$136	\$152	\$165	\$133	\$137
IRAs	18	9	34	47	30	38	45	75	83	94	62	58
DC plans	11	(*)	39	52	56	39	57	61	70	71	71	79
Long-term funds	17	16	71	91	71	66	83	142	122	140	136	107
IRAs	9	12	33	45	20	31	31	76	62	76	62	40
DC plans	9	4	38	46	51	36	52	65	60	64	73	67
Equity funds	12	10	50	63	63	57	81	121	94	133	155	54
IRAs	5	3	21	29	21	24	39	67	49	73	75	18
DC plans	7	7	29	34	42	33	42	53	45	61	81	35
Hybrid funds ^{3,4}	3	2	9	17	12	6	1	13	8	2	-7	18
IRAs	2	3	5	11	6	3	-6	5	3	1	-6	6
DC plans	1	-1	4	6	6	3	7	8	6	2	-2	12
Bond funds	2	4	12	12	-4	3	1	8	19	4	-13	35
IRAs	2	7	7	6	-7	3	-2	4	11	2	-7	15
DC plans	(*)	-3	5	6	3	(*)	4	4	9	2	-6	20
Money market funds	12	-7	1	9	15	12	20	-5	31	26	-3	30
IRAs	9	-3	1	2	10	8	15	-1	21	19	(*)	18
DC plans	3	-4	(*)	6	5	4	5	-4	10	7	-2	12
Memo:												
Industry net new cash flow²	44	112	156	228	84	212	321	375	477	363	388	504
Long-term funds	21	106	172	242	75	122	232	272	242	170	229	129
Equity funds	13	40	79	127	115	124	217	227	157	188	309	32
Hybrid funds ³	1	7	22	44	23	4	12	16	10	-14	-31	10
Bond funds	7	59	71	71	-62	-6	3	28	75	-4	-50	88
Money market funds	23	6	-16	-14	9	89	89	103	235	194	159	375

Continued on next page

FIGURE A8 CONTINUED

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

Billions of dollars, 2002–2007, 2007:Q1–2008:Q3

	2002	2003	2004	2005	2006	2007	2007:Q1	2007:Q2	2007:Q3	2007:Q4	2008:Q1	2008:Q2	2008:Q3
Total retirement²	\$103	\$84	\$125	\$137	\$181	\$171	\$57	\$42	\$40	\$32	\$44	\$10	-\$23
IRAs	40	38	48	66	94	113	27	26	33	27	24	(*)	-4
DC plans	62	46	76	70	87	58	30	16	7	5	20	10	-19
Long-term funds	87	109	146	135	148	119	51	31	21	16	11	20	-47
IRAs	29	56	63	62	70	75	24	18	19	14	1	8	-25
DC plans	58	53	83	73	78	44	26	13	3	3	10	11	-23
Equity funds	23	76	92	58	79	14	16	3	1	-5	-32	-2	-57
IRAs	-5	36	34	27	38	22	7	3	8	3	-14	-1	-28
DC plans	27	40	58	31	41	-8	8	(*)	-8	-8	-18	-1	-29
Hybrid funds ^{3, 4}	13	29	49	67	52	78	25	18	17	17	18	15	1
IRAs	6	17	28	31	21	35	11	8	8	7	5	6	-1
DC plans	7	12	22	36	31	43	14	10	9	10	13	9	3
Bond funds	51	4	4	10	17	27	10	9	4	4	25	7	8
IRAs	27	3	1	3	11	18	6	6	2	4	10	4	5
DC plans	24	1	3	6	6	9	4	3	2	1	15	3	4
Money market funds	16	-25	-21	2	33	52	6	12	18	16	33	-10	24
IRAs	12	-18	-14	4	25	39	3	8	14	13	23	-9	20
DC plans	4	-7	-7	-3	8	14	3	3	4	3	10	-2	4
Memo:													
Industry net new cash flow²	75	-48	53	254	472	878	165	145	305	263	316	-11	-77
Long-term funds	121	216	210	192	227	223	119	69	14	20	4	69	-101
Equity funds	-28	152	178	136	159	93	64	21	4	3	-44	24	-102
Hybrid funds ³	8	32	43	25	7	22	10	6	3	4	2	6	-8
Bond funds	141	32	-11	31	61	109	45	42	7	14	46	39	-9
Money market funds	-46	-263	-157	62	245	654	46	75	291	243	312	-79	24

¹See "Appendix: Additional Data on the U.S. Retirement Market, 2007," Investment Company Institute Fundamentals 7, no. 3a, July 2008, endnote 4, for an explanation of the procedure used to estimate net new cash flows to mutual funds from retirement accounts.

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

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

⁴The bulk of lifecycle and lifestyle funds are counted in this category.

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

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

Source: Investment Company Institute

FIGURE A9

IRA HOLDINGS OF MUTUAL FUNDS BY TYPE OF FUND

End-of-period, 1990–2008:Q3

	Domestic equity		Foreign equity		Hybrid ¹		Bond		Money market		Total assets (billions)
	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	
1990	\$52	38%	\$5	4%	\$9	7%	\$31	23%	\$40	29%	\$138
1991	80	43	8	4	14	8	43	23	40	21	185
1992	106	46	10	4	20	9	54	23	43	18	233
1993	143	45	23	7	37	12	65	20	48	15	315
1994	153	45	31	9	41	12	55	16	61	18	342
1995	236	51	31	7	57	12	66	14	74	16	464
1996	293	50	63	11	66	11	76	13	85	15	582
1997	434	57	75	10	83	11	85	11	87	11	763
1998	569	59	88	9	94	10	98	10	111	12	961
1999	792	63	131	10	99	8	101	8	134	11	1,257
2000	781	63	120	10	93	8	96	8	141	11	1,231
2001	691	59	98	8	96	8	115	10	167	14	1,166
2002	534	51	81	8	94	9	150	14	184	18	1,043
2003	730	56	113	9	135	10	166	13	166	13	1,309
2004	839	56	148	10	178	12	175	12	151	10	1,491
2005	910	55	195	12	218	13	181	11	160	10	1,664
2006	1,041	53	272	14	271	14	200	10	193	10	1,977
2007:Q1	1,059	52	288	14	287	14	209	10	197	10	2,041
2007:Q2	1,123	52	321	15	307	14	215	10	208	10	2,173
2007:Q3	1,147	51	343	15	321	14	223	10	224	10	2,258
2007:Q4	1,106	49	345	15	323	14	230	10	240	11	2,244
2008:Q1	988	47	311	15	308	15	238	11	267	13	2,113
2008:Q2	984	47	307	15	311	15	242	11	260	12	2,104
2008:Q3	848	45	238	13	280	15	235	12	282	15	1,884

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

²Share is the percentage of total mutual fund assets in IRAs.

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

Source: Investment Company Institute

FIGURE A10

IRA HOLDINGS OF MUTUAL FUNDS BY TYPE OF IRA

End-of-period, 1992–2008:Q3

	Traditional ¹		SEP and SAR-SEP		Roth ²		SIMPLE		Total	Memo: education ³
	Assets (billions)	Share ⁴ (percentage)	Assets (billions)	Share ⁴ (percentage)	Assets (billions)	Share ⁴ (percentage)	Assets (billions)	Share ⁴ (percentage)	Assets (billions)	Assets (billions)
1992	\$226	97%	\$7	3%	-	-	-	-	\$233	-
1993	303	96	13	4	-	-	-	-	315	-
1994	328	96	14	4	-	-	-	-	342	-
1995	441	95	23	5	-	-	-	-	464	-
1996	550	95	32	5	-	-	-	-	582	-
1997	718	94	44	6	-	-	(*)	(**)	763	-
1998	871	91	56	6	\$31	3%	\$3	(**)	961	(*)
1999	1,123	89	73	6	54	4	7	(**)	1,257	\$1
2000	1,096	89	70	6	56	5	9	1%	1,231	1
2001	1,036	89	65	6	54	5	11	1	1,166	2
2002	919	88	58	6	53	5	13	1	1,043	2
2003	1,140	87	75	6	74	6	21	2	1,309	3
2004	1,290	87	84	6	90	6	27	2	1,491	3
2005	1,429	86	95	6	106	6	33	2	1,664	4
2006	1,690	85	111	6	135	7	42	2	1,977	5
2007:Q1	1,742	85	114	6	141	7	44	2	2,041	5
2007:Q2	1,851	85	122	6	153	7	47	2	2,173	6
2007:Q3	1,923	85	127	6	160	7	49	2	2,258	6
2007:Q4	1,909	85	126	6	160	7	49	2	2,244	6
2008:Q1	1,800	85	118	6	149	7	46	2	2,113	6
2008:Q2	1,792	85	117	6	149	7	46	2	2,104	5
2008:Q3	1,608	85	104	6	131	7	40	2	1,884	5

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

(*) = less than \$500 million

(**) = less than ½ percent

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

Source: Investment Company Institute

FIGURE A11

ROTH IRAS

Billions of dollars, 1998–2007

	Contributions	Conversions	Total assets (year-end)	Of which: assets held in mutual funds (year-end)
1998	\$8.6	\$39.3	\$56.8	\$31
1999	10.7	3.7	76.2	54
2000	11.6	3.2	77.6	56
2001	11.0	3.1	79.3	54
2002	13.2	3.3	77.6	53
2003	13.5 ^e	3.0 ^e	105.8 ^e	74
2004	14.7	2.8	139.9	90
2005	N/A	N/A	160.0 ^e	106
2006	N/A	N/A	195.0 ^e	135
2007	N/A	N/A	225.0 ^e	160

e = estimated

N/A = not available

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

FIGURE A12

SEP AND SAR-SEP IRAS

Billions of dollars, 1997–2007

	Contributions	Total assets (year-end)	Of which: assets held in mutual funds (year-end)
1997	\$6.9	\$84.7	\$44
1998	8.7	115.4	56
1999	9.1	142.9	78
2000	10.1	134.0	70
2001	10.1	131.3	65
2002	10.3	117.0	58
2003	11.7 ^e	145.0 ^e	75
2004	13.8	168.7 ^e	84
2005	N/A	191.0 ^e	95
2006	N/A	223.0 ^e	111
2007	N/A	253.0 ^e	126

e = estimated

N/A = not available

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

FIGURE A13

SIMPLE IRAs

Billions of dollars, 1997–2007

	Contributions	Total assets (year-end)	Of which: assets held in mutual funds (year-end)
1997	\$0.6	\$0.6	(*)
1998	2.2	3.6	\$3
1999	3.4	9.1	7
2000	4.7	10.4	9
2001	5.5	13.6	11
2002	6.3	16.1	13
2003	6.5 ^e	23.5 ^e	21
2004	7.6	34.0	27
2005	N/A	42.0 ^e	33
2006	N/A	53.0 ^e	42
2007	N/A	61.0 ^e	49

e = estimated

N/A = not available

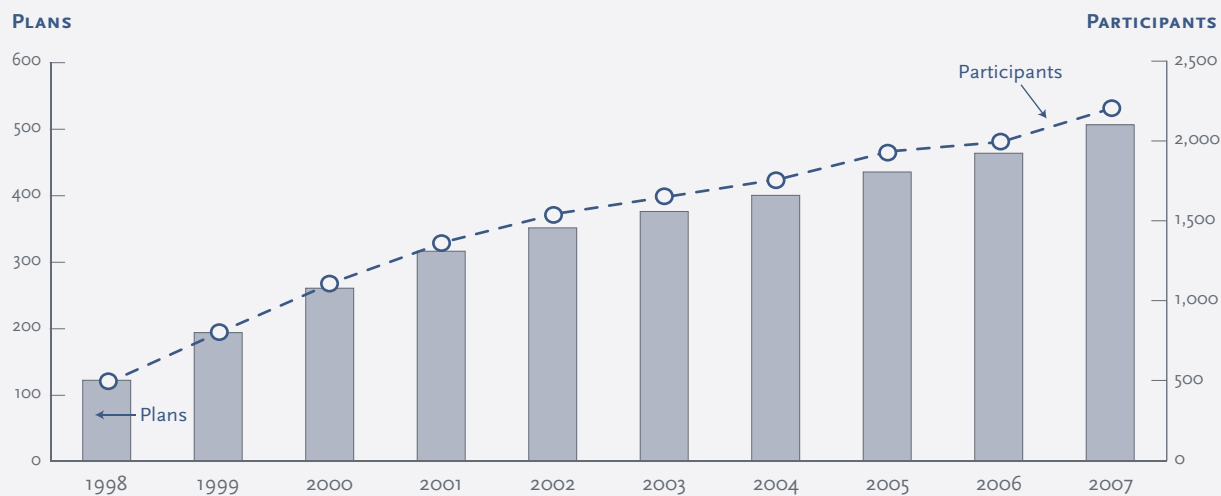
(*) = less than \$500 million

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

FIGURE A14

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

Thousands, year-end, 1998–2007



Note: The firms surveyed held about 80 percent of all SIMPLE IRA mutual fund assets at year-end 2007.

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

FIGURE A15

DEFINED CONTRIBUTION PLAN HOLDINGS OF MUTUAL FUNDS BY TYPE OF FUND

End-of-period, 1992–2008:Q3

	Domestic equity		Foreign equity		Hybrid ¹		Bond		Money market		Total assets (billions)
	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	
1992	\$132	72%	\$5	3%	\$8	4%	\$16	9%	\$22	12%	\$184
1993	178	68	14	6	17	6	24	9	30	11	263
1994	211	66	24	7	22	7	26	8	37	12	320
1995	308	69	32	7	31	7	29	7	44	10	445
1996	385	66	39	7	57	10	43	7	58	10	581
1997	532	69	54	7	77	10	50	6	59	8	772
1998	690	70	64	7	95	10	60	6	73	7	983
1999	925	72	105	8	106	8	62	5	82	6	1,280
2000	895	71	108	9	107	9	60	5	84	7	1,254
2001	792	67	90	8	119	10	84	7	99	8	1,185
2002	631	60	79	8	115	11	116	11	104	10	1,046
2003	863	64	116	9	153	11	127	9	98	7	1,357
2004	1,008	64	157	10	191	12	136	9	90	6	1,583
2005	1,090	61	210	12	240	14	146	8	90	5	1,777
2006	1,233	59	308	15	304	14	158	8	101	5	2,104
2007:Q1	1,253	58	325	15	326	15	165	8	106	5	2,174
2007:Q2	1,326	57	360	16	351	15	167	7	110	5	2,314
2007:Q3	1,342	56	379	16	367	15	173	7	116	5	2,377
2007:Q4	1,284	55	381	16	372	16	177	8	120	5	2,334
2008:Q1	1,141	53	342	16	360	17	194	9	131	6	2,169
2008:Q2	1,137	52	337	16	368	17	196	9	130	6	2,167
2008:Q3	981	51	263	14	336	18	193	10	135	7	1,908

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

²Share is the percentage of total mutual fund assets in DC.

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

Source: Investment Company Institute

FIGURE A16

DEFINED CONTRIBUTION PLAN HOLDINGS OF MUTUAL FUNDS BY TYPE OF PLAN

Billions of dollars, end-of-period, 1992–2008:Q3

	401(k) plans	403(b) plans	457 plans	Other DC plans*	Total
1992	\$82	\$74	\$3	\$25	\$184
1993	140	86	4	33	263
1994	184	93	6	37	320
1995	266	120	9	50	445
1996	350	148	13	69	581
1997	479	187	20	85	772
1998	616	232	30	104	983
1999	811	290	49	130	1,280
2000	820	264	47	122	1,254
2001	796	237	45	107	1,185
2002	707	197	38	104	1,046
2003	922	261	47	127	1,357
2004	1,092	294	54	143	1,583
2005	1,239	318	62	158	1,777
2006	1,476	364	71	194	2,104
2007:Q1	1,534	372	73	196	2,174
2007:Q2	1,636	393	78	206	2,314
2007:Q3	1,684	402	79	212	2,377
2007:Q4	1,654	392	78	210	2,334
2008:Q1	1,542	359	72	197	2,169
2008:Q2	1,542	358	71	197	2,167
2008:Q3	1,352	318	63	175	1,908

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

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

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

FIGURE A17

DEFINED CONTRIBUTION PLAN ASSETS BY TYPE OF PLAN*Billions of dollars, end-of-period, 1994–2008:Q3*

	401(k) plans	403(b) plans	457 plans	Other DC plans*	Total
1994	\$675	\$271	\$34	\$426	\$1,406
1995	864	319	42	492	1,717
1996	1,061	356	52	492	1,961
1997	1,264	425	72	581	2,343
1998	1,541	437	94	568	2,640
1999	1,790	527	112	572	3,001
2000	1,725	517	110	618	2,969
2001	1,682	443	105	433	2,663
2002	1,573	433	98	368	2,472
2003	1,922	533	117	472	3,043
2004	2,189	571	130	446	3,335
2005	2,396	616	143	465	3,620
2006	2,768	687	158	530	4,143
2007:Q1	2,826 ^e	696	161	531	4,213
2007:Q2	2,989 ^e	725	174	548	4,436
2007:Q3	3,063 ^e	737	176	559	4,535
2007:Q4	3,047 ^e	729	173	554	4,502
2008:Q1	2,909 ^e	697	165	528	4,299
2008:Q2	2,905 ^e	698	164	526	4,294
2008:Q3	2,714 ^e	656	154	498	4,022

*e = estimated***Other DC plans include Keoghs and DC plans (profit-sharing, thrift-savings, stock bonus, and money purchase) without 401(k) features.**Note: Components may not add to the total because of rounding.**Sources: Investment Company Institute, Federal Reserve Board, Department of Labor, National Association of Government Defined Contribution Administrators, and American Council of Life Insurers*

FIGURE A18

LIFECYCLE FUND ASSETS

End-of-period, 1996–2008:Q3

	Lifecycle assets ¹						Total assets (billions)
	IRAs		Employer-sponsored DC plans		Other investors		
	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	
1996	(*)	34%	(*)	2%	\$1	64%	\$1
1997	\$1	34	(*)	13	1	52	1
1998	1	20	\$3	56	1	24	5
1999	1	16	5	65	1	19	7
2000	1	16	6	68	1	16	9
2001	2	16	9	73	1	11	12
2002	2	15	11	74	2	12	15
2003	5	20	18	70	3	10	26
2004	9	21	30	68	5	11	44
2005	15	22	48	68	8	11	71
2006	25	22	79	69	11	10	115
2007:Q1	29	21	91	68	14	11	134
2007:Q2	33	21	103	67	17	11	153
2007:Q3	36	21	114	67	19	11	169
2007:Q4	39	21	122	67	22	12	183
2008:Q1	38	21	125	67	22	12	185
2008:Q2	41	20	134	67	25	12	200
2008:Q3	38	20	126	67	24	13	187

¹A lifecycle mutual fund is a hybrid fund that typically rebalances to an increasingly conservative portfolio as the target date of the fund (mentioned in its name) approaches.

²Share is the percentage of total assets.

(*) = less than \$500 million

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

Source: Investment Company Institute

FIGURE A19

LIFESTYLE FUND ASSETS

End-of-period, 1996–2008:Q3

	Lifestyle assets ¹						Total assets (billions)
	IRAs		Employer-sponsored DC plans		Other investors		
	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	Assets (billions)	Share ² (percentage)	
1996	\$1	25%	\$2	39%	\$2	37%	\$6
1997	3	23	5	38	5	39	13
1998	5	22	8	36	9	42	21
1999	6	21	10	37	12	42	28
2000	6	20	12	37	13	43	31
2001	7	20	14	42	12	37	33
2002	7	20	14	40	14	40	35
2003	10	17	19	34	27	49	56
2004	14	17	23	27	48	56	86
2005	26	20	38	29	67	51	131
2006	39	21	50	26	100	53	189
2007:Q1	44	22	53	26	107	52	204
2007:Q2	48	22	56	25	117	53	221
2007:Q3	50	22	58	25	125	54	233
2007:Q4	51	21	58	24	129	54	238
2008:Q1	48	21	55	24	125	55	228
2008:Q2	49	21	53	23	128	56	231
2008:Q3	44	21	48	23	117	56	210

¹A lifestyle mutual fund maintains a predetermined risk level and generally contains “conservative,” “aggressive,” or “moderate” in the fund’s name.

²Share is the percentage of total assets.

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

Source: Investment Company Institute