Opinions expressed are those of the author alone, and they do not necessarily reflect the views of the Board of Governors of the Federal Reserve System or its staff.
Survey of Consumer Finances

- Triennial survey of households sponsored by the Federal Reserve Board
  - Focus on household balance sheets
    - Income, employment, credit use, financial institutions, attitudes
  - Comparable surveys since 1989
- Dual sample design
  - 4,000-6,500 households per survey
- “Gold standard” for household wealth data
- 2010 SCF being processed now
2007-09 SCF Panel

- April 2009, FRB gave support for re-interview of 2007 SCF
- In the field July 2009 into early January 2010
- Sample: ‘09 household of the ‘07 respondent

Representativeness:
- 89% of eligible cases re-interviewed
- Changes in household composition
- Measurement error
- Panel aging
The big picture

Changes in retirement assets, 2007-09

<table>
<thead>
<tr>
<th></th>
<th>% in 2007</th>
<th>% in 2009</th>
<th>Median 2007</th>
<th>Median 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement assets</td>
<td>55.6</td>
<td>56.2</td>
<td>$50,600</td>
<td>$48,000</td>
</tr>
<tr>
<td>IRA</td>
<td>31.1</td>
<td>31.7</td>
<td>$35,700</td>
<td>$30,000</td>
</tr>
<tr>
<td>IRA withdrawal</td>
<td>19.2</td>
<td>20.1</td>
<td>$4,300</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

IRA withdrawals are for 2006 and 2008

- Median changes
  - Retirement assets = -$300, -3.4%
  - IRA = -$1,000, -9.5%
IRA ownership

Age of head in '07

Less than 50
50 to 61
61 or older

Percent

2007: 24.7, 40.4, 36.6
2009: 25.4, 41.2, 36.7
Conditional median IRA balances

![Bar chart showing conditional median IRA balances by age and year.

- Less than 50: 2007 - 18.6, 2009 - 20.0
- 50 to 61: 2007 - 51.8, 2009 - 40.0
- 61 or older: 2007 - 62.1, 2009 - 60.0]
## Change in IRA balances

For households with an IRA in 2007 or 2009

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Median $ ch</th>
<th>Median % ch</th>
</tr>
</thead>
<tbody>
<tr>
<td>61 or older</td>
<td>$9</td>
<td>0.6</td>
</tr>
<tr>
<td>50 to 61</td>
<td>-$2,900</td>
<td>-14.6</td>
</tr>
<tr>
<td>Less than 50</td>
<td>-$3,400</td>
<td>-16.0</td>
</tr>
</tbody>
</table>
IRA owners with withdrawals

<table>
<thead>
<tr>
<th>Age of head in 07</th>
<th>Percent 2006</th>
<th>Percent 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 50</td>
<td>3.6</td>
<td>4.3</td>
</tr>
<tr>
<td>50 to 61</td>
<td>7.3</td>
<td>9.1</td>
</tr>
<tr>
<td>61 or older</td>
<td>55.1</td>
<td>59.1</td>
</tr>
</tbody>
</table>

Moore ICI IRA Research & Policy Summit
Conditional median IRA withdrawals

Less than 50 | 50 to 61 | 61 or older
--- | --- | ---
4.1 | 6.5 | 4.3
5.0 | 10.0 | 5.0

Age of head in 07

Thousand of 2009 $
Pre-retirement households

- Increase in fraction taking a withdrawal and median size of withdrawal
- Tapping accounts prior to retirement?
- Focus on two subgroups:
  - Have IRA in both years, at least a withdrawal in 2008
    - 7.8% of 2007 IRA owners
  - Have IRA in 2007, no IRA in 2009
    - 14.2% of 2007 IRA owners
Pre-retirement households

- IRA in 2007 and 2009, at least a withdrawal in 2008
  - Median $ change in IRA balance = -$27,100
  - Median % change in IRA balance = -25.6%
  - Median 2008 withdrawal = $10,000
  - Median IRA balance in 2009 = $57,000
Pre-retirement households

- IRA in 2007 and 2009, at least a withdrawal in 2008
  - How different from households without a withdrawal in 2008?
    - Lower wealth
    - IRA larger share of retirement assets
    - More of portfolio in equity in 2007
    - More had low income in 2009
    - More had payments to income ratio > 40% or late payments in 2009
    - More likely to be at or above 90% of credit card limit in 2009
    - More likely to have defined benefit pension
  - Withdrawals used to smooth income and shift to retirement
    - 15% retired in 2009, 6% retired over the period
Pre-retirement households

- IRA in 2007, but no IRA in 2009
  - Median IRA balance in 2007 = $18,600
  - Median retirement assets in 2007 = $65,200
  - Median retirement assets in 2009 = $10,000
Pre-retirement households

- IRA in 2007, but no IRA in 2009
  - How different from households with IRA in 2007 and 2009
    - Twice as likely to have switched from homeowner to renter
    - Lower wealth and income
    - More likely to have had unusually high expenses in 2009
    - More likely turned down for credit in both years
    - More likely to be at or above 90% of credit card limit in 2009
    - More likely to have defined benefit pension
  - Shocks seem to be most of the story
    - Emptying of small accounts
Conclusions

- Overall changes in IRA balances and withdrawals were small
- Biggest changes for pre-retirement households in 2007
- Small fraction of pre-retirement households:
  - Taking withdrawals – smoothing income
  - Emptying accounts – shocks
- Accessing IRA for legitimate reasons (short-run)
- Long-term issues – future research