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Appendix: Additional Data on IRA Ownership in 2011

"The Role of IRAs in U.S. Households' Saving for Retirement, 2011" *ICI Research Perspective* 17, no. 8) reports on U.S. households' individual retirement account (IRA) ownership in 2011. 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 2011, 46.1 million U.S. households, or 38.8 percent, owned at least one type of IRA. Household ownership of IRAs has grown since 2000. The number of households with IRAs increased by 8.1 million between 2000 and 2011, or at a compound average growth rate of 1.8 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 6.0 percent on average each year between 2000 and 2011. The number of households that owned traditional IRAs rose 1.8 percent on average each year, while the number of households with employer-sponsored IRAs grew at an average rate of 2.0 percent each year during this period.

Incidence of IRA Ownership by Age

Households headed by older individuals tended to be more likely to own traditional IRAs. Forty-three percent of households headed by individuals aged 55 to 64 owned traditional IRAs, compared with only 15 percent of households headed by individuals younger than 35 (Figure A2).⁴ Forty percent of households headed by individuals aged 65 or older had traditional IRAs, while Roth IRAs were rarely held by older households. One-fifth of households aged 35 to 64 had Roth IRAs.

FIGURE A1

U.S. Households Owning IRAs, 2000–2011

	Number of U.S. households <i>Millions</i>				Share of U.S. households <i>Percent</i>				Memo: total number of U.S. households ³ <i>Millions</i>
	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%	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	46.1	37.0	18.6	8.9	38.8	31.2	15.7	7.5	118.7

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

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

³ The number of households is as of March of the year indicated.

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey (2000 through 2011) 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 2011 and was based on a sample of 4,216 U.S. households selected by random digit dialing, of which 1,636 households, or 38.8 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 2011 sample of households is ± 1.5 percentage points at the 95 percent confidence level.

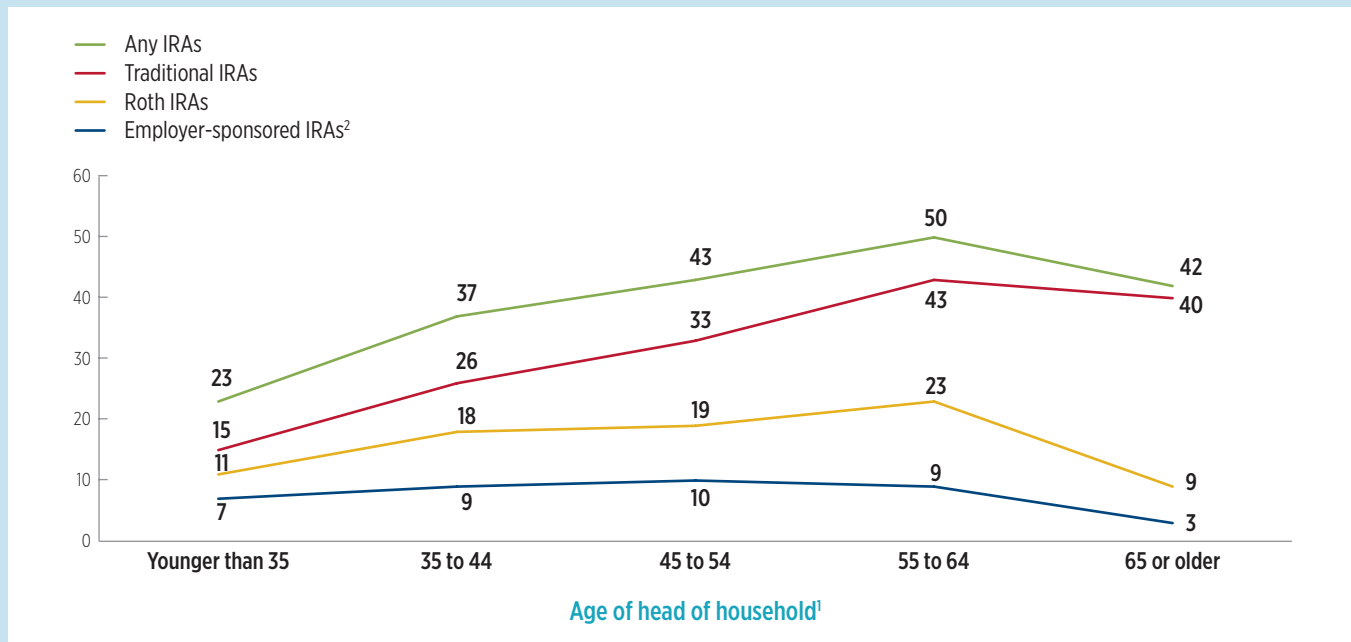
About the IRA Owners Survey

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 2011 and was based on a sample of 2,300 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 ± 2.0 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 2011



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-four percent of households with incomes of \$50,000 or more owned traditional IRAs, compared with 18 percent of households with incomes of less than \$50,000.

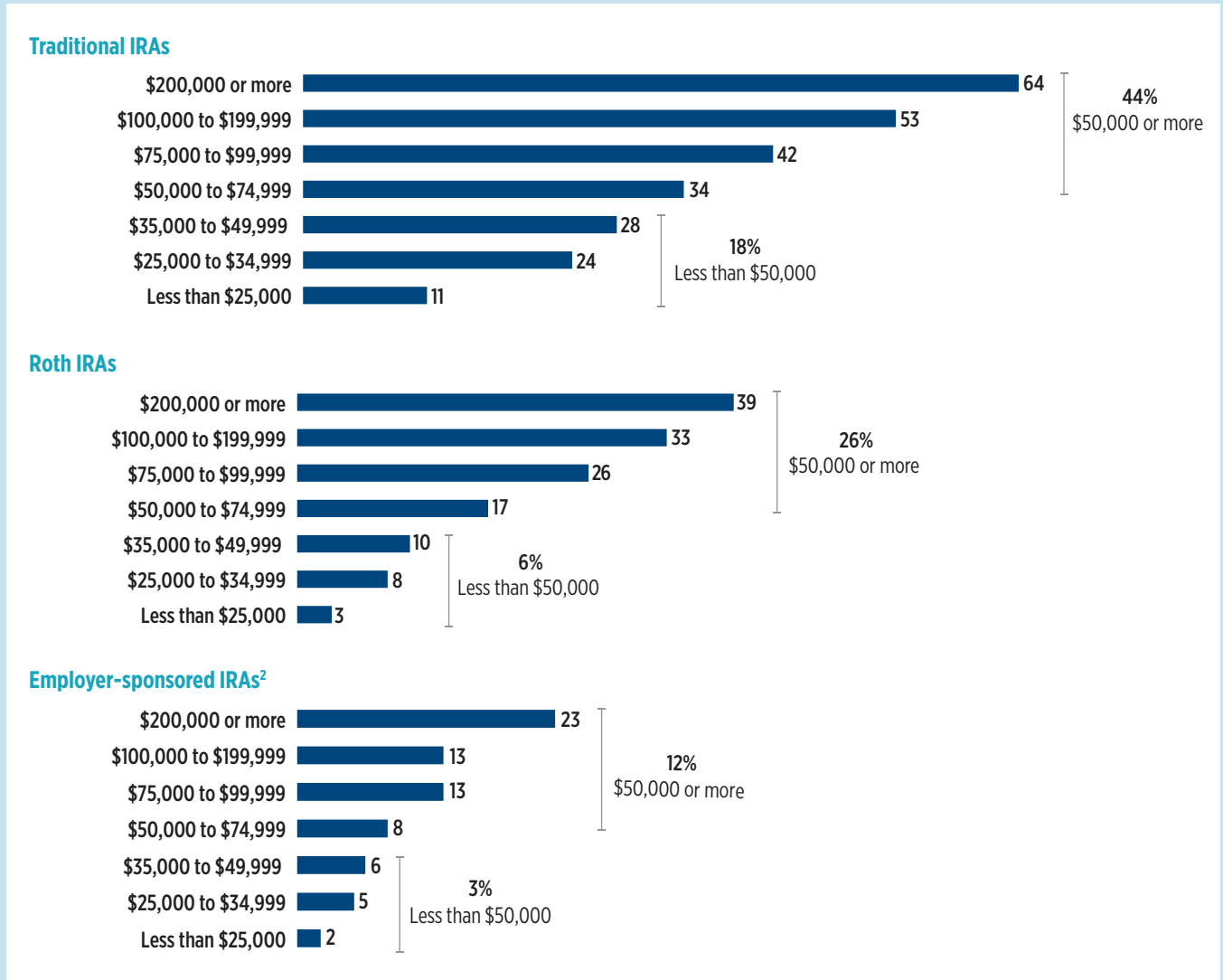
Twenty-six percent of households with incomes of

\$50,000 or more owned Roth IRAs, compared with 6 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 group¹ that own the type of IRA indicated, 2011



¹ Total reported is household income before taxes in 2010.

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

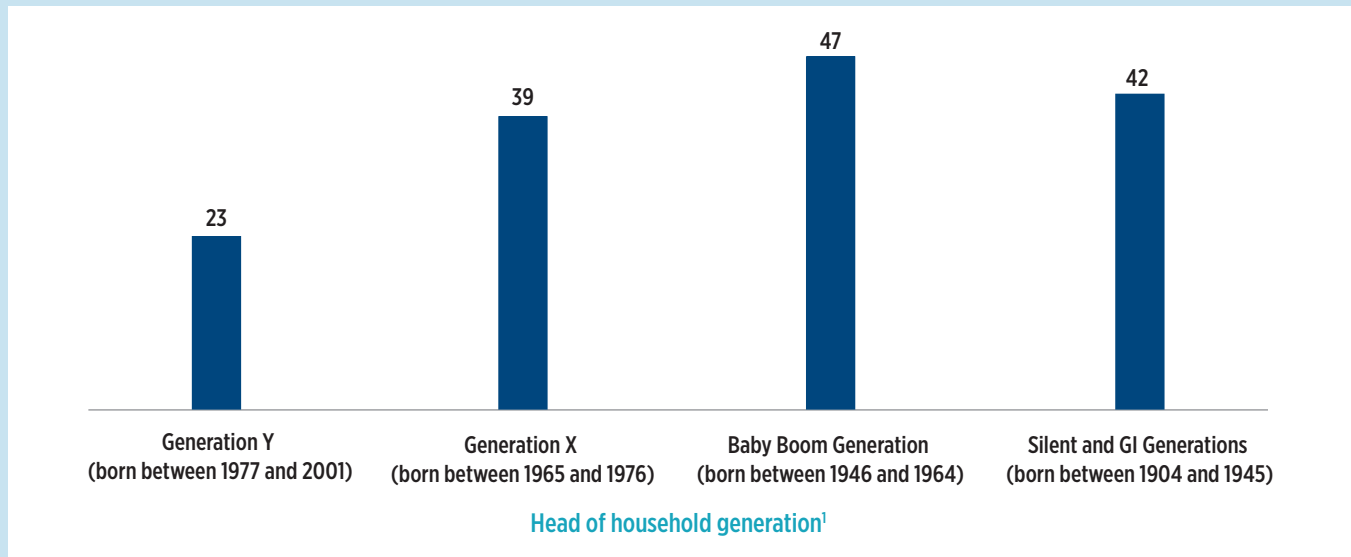
Multiple generations of Americans owned IRAs, but the incidence of IRA ownership was greatest among households headed by members of the Baby Boom Generation. In 2011, 47 percent of households headed by members of

the Baby Boom Generation owned IRAs (Figure A4). As a result, 44 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 Greatest Among the Baby Boom Generation

Percentage of U.S. households within each generation group that own IRAs,^{1,2} 2011



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

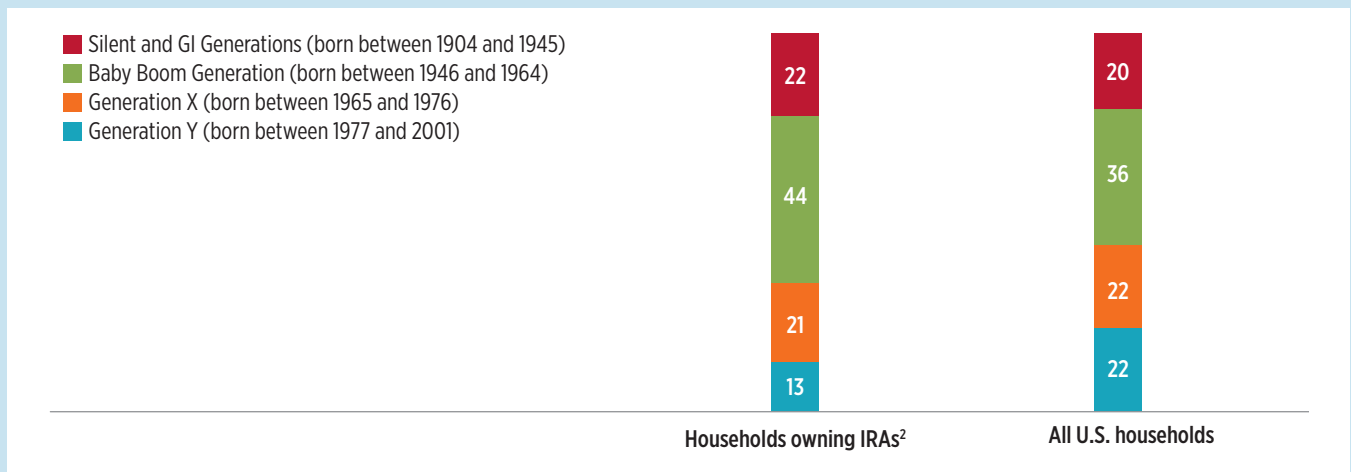
² IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE A5

Baby Boomers Are 44 Percent of All IRA-Owning Households

Percent distribution of households owning IRAs and all U.S. households by generation,¹ 2011



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

Thirty-eight percent of households headed by members of the Baby Boom Generation owned traditional IRAs; 21 percent owned Roth IRAs; and 9 percent owned employer-sponsored IRAs (Figure A6). In 2011, households headed by individuals who were members of the Baby Boom Generation held a significant portion of total IRA assets. Fifty-five 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 \$42,500 in 2011 (Figure A8). Household financial assets in traditional IRAs tended to be greater than assets in Roth or employer-sponsored IRAs.

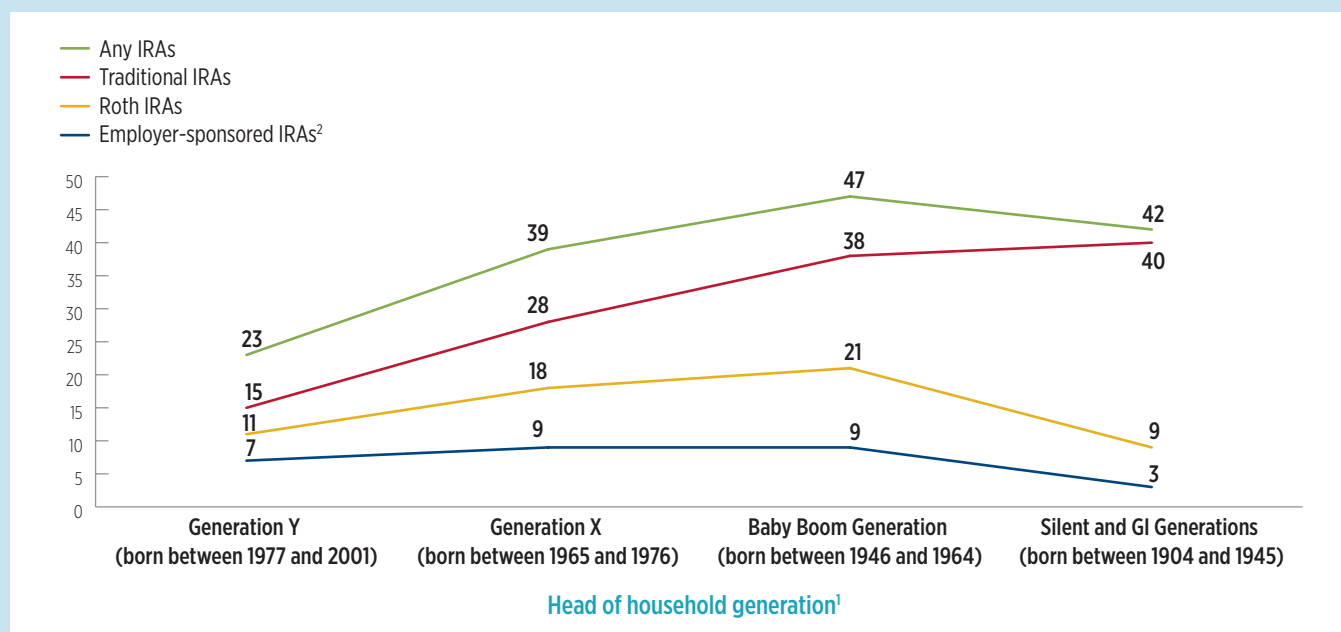
Traditional IRAs have been in existence for a greater number of years than the other types of IRAs, and many households' traditional IRAs contain employer-sponsored retirement plan rollovers. Roth IRAs have been available since 1998 and have only had very limited opportunity to receive rollovers from employer-sponsored retirement plans.⁶ In 2011, the median amount in Roth IRAs was \$20,000, and the median amount in employer-sponsored IRAs was \$21,000. The median household financial assets in traditional IRAs was \$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

FIGURE A6

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

Percentage of U.S. households within each generation group,¹ 2011



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

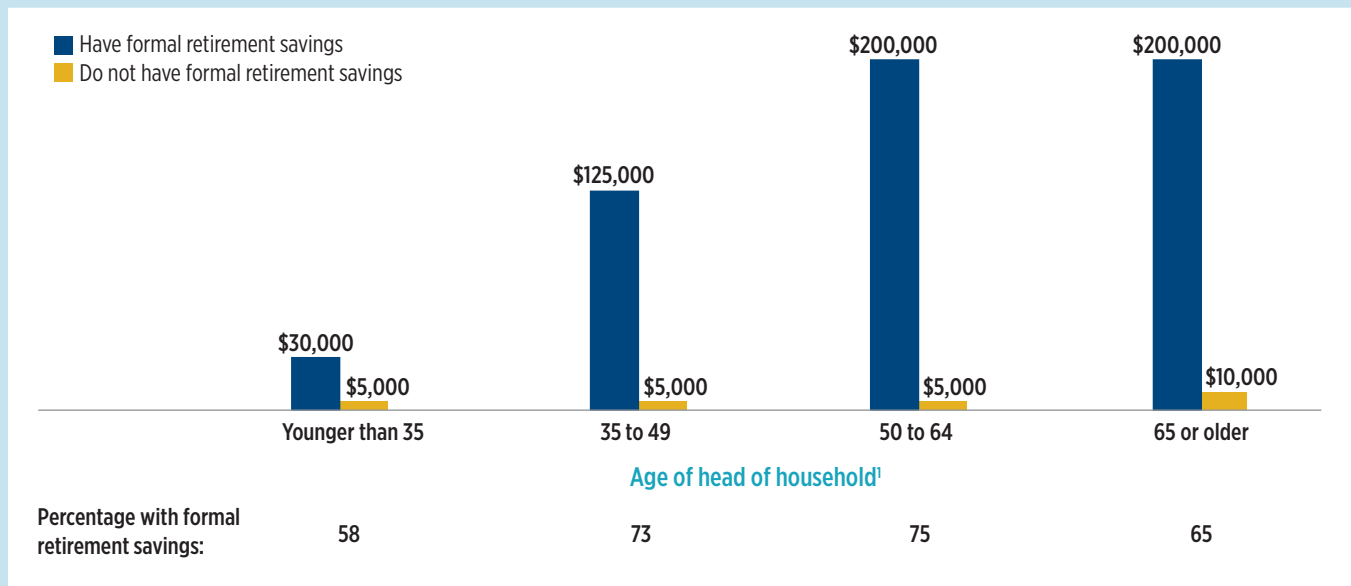
² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

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,^{1,2} 2011



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

² Formal retirement savings include IRAs, employer-sponsored retirement plans (DB or DC plans), or both.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE A8

Household Financial Assets in IRAs by Type of IRA

Percentage of households with IRA assets in specified ranges, 2011

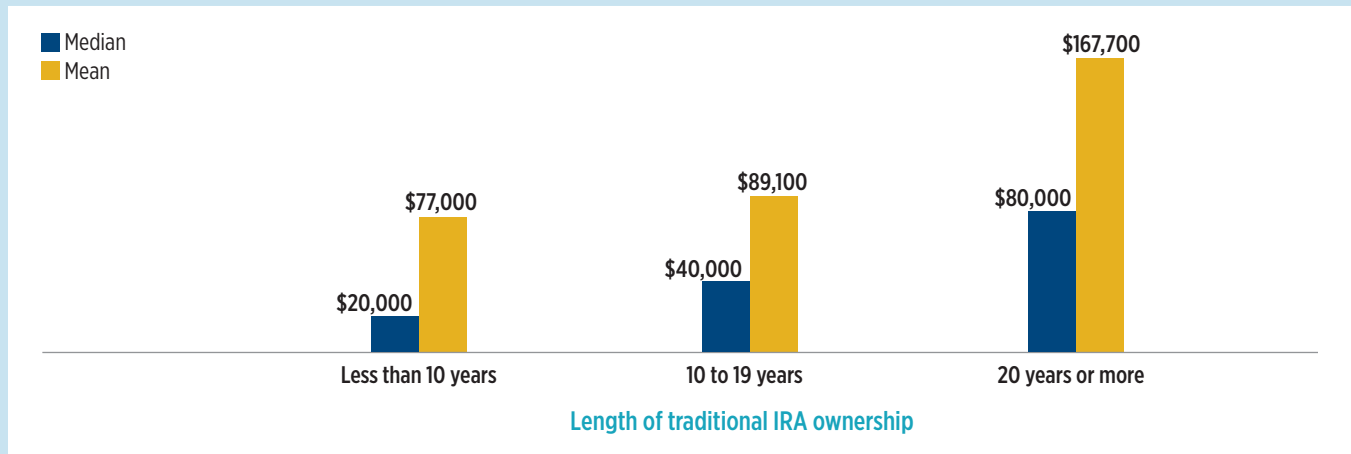
	Total household financial assets in IRAs	Type of IRA owned		
		Traditional IRAs	Roth IRAs	Employer-sponsored IRAs*
Assets in type of IRA				
Less than \$10,000	18	18	33	20
\$10,000 to \$24,999	20	20	27	30
\$25,000 to \$49,999	14	14	15	15
\$50,000 to \$99,999	15	16	13	16
\$100,000 to \$249,999	18	19	10	11
\$250,000 or more	15	13	2	8
Mean	\$122,100	\$118,000	\$44,100	\$66,400
Median	\$42,500	\$42,500	\$20,000	\$21,000

*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, 2011



Source: Investment Company Institute IRA Owners Survey

households have owned traditional IRAs. For example, households owning traditional IRAs for less than 10 years had median traditional IRA holdings of \$20,000, 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 2011, 68 percent of IRA-owning households had IRA assets invested in mutual funds, usually stock funds. Thirty-eight percent held individual stocks in their IRAs. Thirty-six percent of households owning IRAs held annuities, and 28 percent held bank deposits in their IRAs. On average, households with traditional or employer-sponsored IRAs held three types of investments in those IRAs, while households with Roth IRAs held two types of investments in their Roth IRAs.

FIGURE A10

Types of Investments Held in IRAs

Percentage of households with type of IRA indicated,¹ 2011

IRA investments	Type of IRA owned			
	Any type of IRA	Traditional IRAs	Roth IRAs	Employer-sponsored IRAs ²
Mutual funds (total)	68	67	59	54
Stock funds	54	53	46	41
Bond funds	33	33	20	20
Hybrid funds	30	27	23	23
Money market funds	28	29	16	19
Individual stocks	38	37	28	34
Annuities (total)	36	35	22	30
Fixed annuities	24	24	14	20
Variable annuities	24	22	14	19
Bank savings accounts, money market deposit accounts, or certificates of deposit	28	28	13	19
Individual bonds (not including U.S. savings bonds)	14	13	8	13
U.S. savings bonds	10	8	6	13
ETFs	10	8	6	11
Other	4	3	3	0
Mean number of investment types held in IRA	3 types of investments	3 types of investments	2 types of investments	3 types of investments

¹ Multiple responses are included.

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

Source: Investment Company Institute IRA Owners Survey

Contributions to Traditional and Roth IRAs

Twenty-three percent of traditional IRA-owning households—an estimated 8.5 million—contributed to their traditional IRAs in tax year 2010, with a median contribution of \$4,500 per household (Figure A11).

Those who contributed to their traditional IRAs typically were younger and had higher household incomes than non-contributors. Thirty-four percent of households owning Roth IRAs—an estimated 6.3 million—contributed to their Roth IRAs in tax year 2010, with a median contribution of \$4,000

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 2010, 28 percent of traditional IRA-owning households with individuals aged 50 to 70 contributed to their IRAs; half of these contributing households made catch-up contributions (Figure A12). Thirty-six percent of Roth IRA-owning households with individuals aged 50 to 70 contributed to their IRAs; 53 percent of these contributing households made catch-up contributions.

FIGURE A11

Characteristics of Households Owning Traditional or Roth IRAs in 2011 by Contribution Status in Tax Year 2010

May 2011

	Traditional IRA-owning households		Roth IRA-owning households	
	Contributed to traditional IRA in tax year 2010 ¹	Did not contribute to traditional IRA in tax year 2010 ²	Contributed to Roth IRA in tax year 2010 ³	Did not contribute to Roth IRA in tax year 2010 ⁴
Median per household				
Age of household sole or co-decisionmaker for saving and investing	52 years	57 years	45 years	51 years
Household income	\$87,500	\$75,000	\$89,000	\$92,000
Household financial assets ⁵	\$250,000	\$200,000	\$200,000	\$250,000
Household financial assets in all types of IRAs	\$61,000	\$52,000	\$42,500	\$48,750
Amount contributed per household to each type of IRA in tax year 2010	\$4,500	N/A	\$4,000	N/A
Percentage of households				
Household sole or co-decisionmaker for saving and investing:				
Married or living with a partner	82	69	79	78
College or postgraduate degree	48	45	51	54
Employed full- or part-time	76	56	83	70
Household has DC retirement plan account	80	68	76	77

¹ Twenty-three percent of households owning traditional IRAs contributed to them in tax year 2010.

² Includes all households owning traditional IRAs that did not contribute to them in tax year 2010. Some of these households may have been ineligible to make deductible contributions.

³ Thirty-four percent of households owning Roth IRAs contributed to them in tax year 2010.

⁴ Includes all households owning Roth IRAs that did not contribute to them in tax year 2010. Some of these households may have been ineligible to contribute to Roth IRAs in tax year 2010.

⁵ 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
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
Contributed, but did not make a catch-up contribution	17	20	20	23	10	14	17	14
Did not contribute ²	74	67	64	65	75	73	72	72
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
Contributed, but did not make a catch-up contribution	12	21	25	28	14	19	23	17
Did not contribute	73	51	42	51	69	58	62	64

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.

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, and 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. Thirty-seven million U.S. households, or about 31 percent, owned traditional IRAs in 2011 (Figure A1). The financial decisionmakers of households with traditional IRAs tended to be older; 37 percent were retired from their

FIGURE A13

Characteristics of U.S. Households Owning IRAs, 2011

	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	53 years	55 years	49 years	51 years	47 years
Household income ²	\$75,000	\$80,000	\$90,000	\$85,000	\$35,000
Household financial assets ³	\$200,000	\$225,000	\$250,000	\$240,000	\$25,000
Household financial assets in all types of IRAs	\$42,500	\$56,000	\$45,000	\$62,500	N/A
Share of household financial assets in type of IRA indicated	30%	25%	10%	19%	N/A
Percentage of households					
Household sole or co-decisionmaker for saving and investing:					
Married or living with a partner	73	72	78	86	57
College or postgraduate degree	45	46	53	42	22
Employed full- or part-time	64	60	75	72	53
Retired from lifetime occupation	32	37	21	22	29
Household has DC account or DB plan coverage (total) ⁴					
DC retirement plan account	70	71	77	71	40
DB plan coverage	49	50	52	44	22
Types of IRAs owned: ⁴					
Traditional IRA	80	100	68	58	N/A
Roth IRA	40	34	100	33	N/A
Employer-sponsored IRA ¹	19	14	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 2010.

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, 2011

Median per household owning traditional IRAs	
Amount in traditional IRAs	\$42,500
Amount contributed to traditional IRAs in tax year 2010 ¹	\$4,500
Number of traditional IRAs owned	1
Percentage of households owning traditional IRAs	
Traditional IRA includes rollover from an employer-sponsored retirement plan	55
Contributed to a traditional IRA in tax year 2010	23
Deducted a traditional IRA contribution in tax year 2010 ²	26
Made a withdrawal from a traditional IRA in tax year 2010	22
Own traditional IRA:³	
Respondent	86
Spouse	44
Dependent children	3
Number of traditional IRAs owned:	
One	54
Two	31
Three or more	15
Year first traditional IRA was opened:	
1974 through 1981	19
1982 through 1986	14
1987 through 1991	14
1992 through 1996	13
1997 through 2001	14
2002 through 2006	15
2007 through 2009	7
2010 through May 2011	4

Continued on the next page

FIGURE A14 CONTINUED

Characteristics of U.S. Households Owning Traditional IRAs, 2011

Where traditional IRAs are held:³	
Professional financial adviser (total)	78
Full-service brokerage	34
Independent financial planning firm	28
Bank or savings institution	29
Insurance company	10
Direct sources (total)	32
Mutual fund company	25
Discount brokerage (total)	9
Discount brokerage firm with walk-in offices	6
Discount brokerage firm that is only available online	3

¹ Figure reports median among households that contributed to traditional IRAs in tax year 2010.

² Figure reports percentage among households that contributed to traditional IRAs in tax year 2010.

³ Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

lifetime occupations (Figure A13). Seventy-one percent of households with traditional IRAs also had defined contribution (DC) plan accounts. Thirty-four percent of households with traditional IRAs also owned Roth IRAs, and 14 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). Sixty 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-eight percent of traditional IRA-owning households held traditional IRAs through professional financial advisers, and 32 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, 2011

	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	54 years	57 years
Household income ³	\$84,000	\$75,000
Household financial assets ⁴	\$275,000	\$200,000
Household financial assets in all types of IRAs	\$87,500	\$40,000
Amount in traditional IRAs	\$62,500	\$25,000
Number of traditional IRAs owned	1	1
Percentage of households		
Household sole or co-decisionmaker for saving and investing:		
Married or living with a partner	75	70
Widowed	8	12
College or postgraduate degree	49	44
Employed full- or part-time	60	62
Retired from lifetime occupation	37	36
Where traditional IRAs are held:⁵		
Professional financial adviser (total)	79	77
Full-service brokerage	38	29
Independent financial planning firm	32	24
Bank or savings institution	25	33
Insurance company	10	10
Direct market (total)	35	29
Mutual fund company	27	24
Discount brokerage (total)	11	6
Discount brokerage with walk-in offices	8	4
Discount brokerage firm that is only available online	4	3

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

² Forty-five 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 2010.

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 2011, 47 percent of households with multiple traditional IRAs held each IRA at a different type of financial services firm (Figure A16). Sixteen percent of households with multiple traditional IRAs reported that some of their IRAs were at the same type of financial services firms. The remaining 37 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).

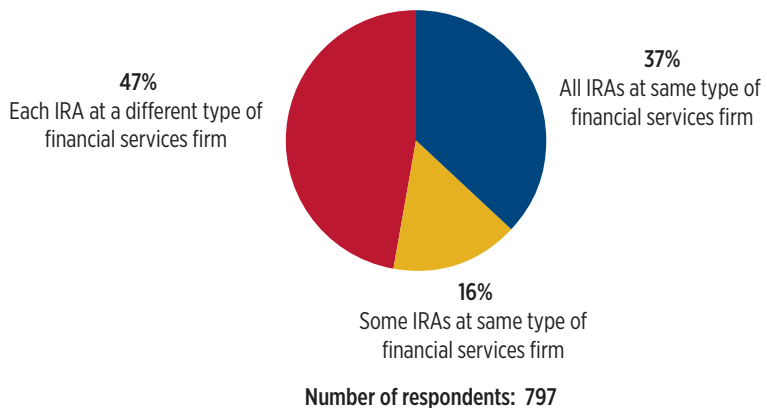
Roth IRAs. In 2011, 18.6 million U.S. households, or 15.7 percent, owned Roth IRAs (Figure A1). The financial decisionmakers of Roth IRA households had a median age of 49 years and were the most likely of all IRA household decisionmakers to have college or postgraduate degrees (Figure A13). Sixty-eight percent of Roth IRA-owning households also owned traditional IRAs, and 77 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 a conversion from a traditional IRA typically had greater IRA assets, including Roth IRA assets, than households whose Roth IRAs were not funded by a conversion from a traditional IRA (Figure A18). Twenty-eight percent 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 52 percent opened their first Roth IRAs in 2002 or later. Thirty-five percent of households owning Roth IRAs opened a Roth IRA as their first IRA. Roth IRA 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, 2011



Source: Investment Company Institute IRA Owners Survey

FIGURE A17

Characteristics of U.S. Households Owning Roth IRAs, 2011

Median per household owning Roth IRAs	
Amount in Roth IRAs	\$20,000
Amount contributed to Roth IRAs in tax year 2010 ¹	\$4,000
Number of Roth IRAs owned	1
Percentage of households owning Roth IRAs	
Roth IRA was first IRA owned	35
Roth IRA was funded by a conversion from a traditional IRA	20
Contributed to a Roth IRA in tax year 2010 ²	34
Roth IRA assets include assets initially from an employer-sponsored retirement plan	17
Made a withdrawal from a Roth IRA in tax year 2010	3
Own Roth IRA:³	
Respondent	85
Spouse	47
Dependent children	2
Number of Roth IRAs owned:	
One	59
Two	34
Three or more	7
Year first Roth IRA was opened:	
1998	28
1999 through 2001	20
2002 through 2004	14
2005 through 2007	20
2008 through 2009	10
2010 through May 2011	8
Where Roth IRAs are held:³	
Professional financial adviser (total)	74
Full-service brokerage	33
Independent financial planning firm	29
Bank or savings institution	19
Insurance company	9
Direct sources (total)	32
Mutual fund company	24
Discount brokerage (total)	11
Discount brokerage firm with walk-in offices	9
Discount brokerage firm that is only available online	3

¹ Figure reports median among households that contributed to Roth IRAs in tax year 2010.

² Figure reports percentage among households that contributed to Roth IRAs in tax year 2010.

³ Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

FIGURE A18

Characteristics of Households Owning Roth IRAs With and Without Conversions, 2011

	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	54 years	47 years
Household income ³	\$90,000	\$90,000
Household financial assets ⁴	\$375,000	\$200,000
Household financial assets in all types of IRAs	\$105,000	\$40,000
Amount in Roth IRAs	\$45,000	\$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	78	79
Widowed	4	4
College or postgraduate degree	60	52
Employed full- or part-time	65	78
Retired from lifetime occupation	31	18
Year first Roth IRA was opened:		
1998	42	24
1999 through 2001	18	21
2002 through 2004	10	15
2005 through 2007	18	21
2008 through 2009	5	11
2010 through May 2011	6	9

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

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

³ Total reported is household income before taxes in 2010.

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 Made by Older Owners

Households making traditional IRA withdrawals in tax years 2009 and 2010 tended to be older and retired. In tax year 2010, the median age of the household decisionmaker surveyed among households that took traditional IRA withdrawals was 71, compared with 52 among households not taking distributions (Figure A19). In tax year 2009, the median age was 71 for households taking traditional IRA withdrawals and 51 for households not taking distributions. Seventy-five percent of households that took withdrawals were headed by retired individuals in tax year 2010, compared with 71 percent in tax year 2009. Typically, withdrawals from traditional IRAs were taken to fulfill required minimum distributions (RMDs). Sixty-one percent of households owning traditional IRAs in 2011 and making withdrawals in tax year 2010 calculated their withdrawal amount based on the RMD, compared to 48 percent in tax

year 2009, and 64 percent in tax year 2008. Some of the increase in withdrawal activity in tax year 2010 resulted from the return of RMDs, which were suspended in tax year 2009.¹² Twenty-eight percent of traditional IRA-owning households taking withdrawals reported they withdrew lump sums based on needs in tax year 2010, compared with 29 percent in tax year 2009.

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 2010, nearly 40 percent reported using traditional IRA withdrawals to pay for living expenses, compared to 50 percent in tax year 2009 (Figure A19). Thirty-three percent of households making withdrawals in tax year 2010 reinvested or saved the withdrawal amount in another account, compared with 28 percent in tax year 2009.

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 years 2008–2010

	Made a withdrawal from a traditional IRA in tax year 2008 ¹	Did not make a withdrawal from a traditional IRA in tax year 2008 ²	Made a withdrawal from a traditional IRA in tax year 2009 ³	Did not make a withdrawal from a traditional IRA in tax year 2009 ⁴	Made a withdrawal from a traditional IRA in tax year 2010 ⁵	Did not make a withdrawal from a traditional IRA in tax year 2010 ⁶
Median per household						
Age of household sole or co-decisionmaker for saving and investing	74 years	50 years	71 years	51 years	71 years	52 years
Household income ⁷	\$45,000	\$84,000	\$50,000	\$80,000	\$50,000	\$85,000
Household financial assets ⁸	\$200,000	\$150,000	\$220,000	\$200,000	\$250,000	\$225,000
Household financial assets in all types of IRAs	\$62,500	\$35,000	\$94,000	\$42,500	\$70,000	\$50,000
Percentage of households						
Household sole or co-decisionmaker for saving and investing:						
Married or living with a partner	63	71	61	75	64	74
Widowed	24	5	20	6	22	7
College or postgraduate degree	32	47	37	45	38	48
Employed full- or part-time	29	73	31	74	27	70
Retired from lifetime occupation	79	22	71	23	75	26
How withdrawal was determined:						
Withdraw to meet the IRS's required minimum distribution	64	N/A	48	N/A	61	N/A
Withdraw a lump sum based on needs	19	N/A	29	N/A	28	N/A
Withdraw a regular dollar amount	8	N/A	16	N/A	6	N/A
Withdraw a fixed percentage of the account balance	2	N/A	3	N/A	3	N/A
Withdraw an amount based on life expectancy	1	N/A	2	N/A	1	N/A
Some other way	6	N/A	2	N/A	1	N/A

Continued on the next page

FIGURE A19 CONTINUED

Most Traditional IRA Withdrawals Are Made to Meet Required Minimum Distributions

Characteristics of U.S. households owning traditional IRAs by withdrawal status in tax years 2008–2010

	Made a withdrawal from a traditional IRA in tax year 2008 ¹	Did not make a withdrawal from a traditional IRA in tax year 2008 ²	Made a withdrawal from a traditional IRA in tax year 2009 ³	Did not make a withdrawal from a traditional IRA in tax year 2009 ⁴	Made a withdrawal from a traditional IRA in tax year 2010 ⁵	Did not make a withdrawal from a traditional IRA in tax year 2010 ⁶
Purpose of traditional IRA withdrawal in retirement^{9, 10}						
Took withdrawals to pay for living expenses	44	N/A	50	N/A	39	N/A
Spent it on a car, boat, or big-ticket item other than a home	6	N/A	6	N/A	7	N/A
Spent it on a healthcare expense	19	N/A	16	N/A	10	N/A
Used it for an emergency	14	N/A	9	N/A	6	N/A
Used it for home purchase, repair, or remodeling	15	N/A	14	N/A	18	N/A
Reinvested or saved it in another account	31	N/A	28	N/A	33	N/A
Paid for education	3	N/A	2	N/A	4	N/A
Some other purpose	12	N/A	11	N/A	12	N/A

¹ Nineteen percent of households owning traditional IRAs withdrew money from them in tax year 2008.

² Eighty-one percent of households owning traditional IRAs did not withdraw money from them in tax year 2008.

³ Fifteen percent of households owning traditional IRAs withdrew money from them in tax year 2009.

⁴ Eighty-five percent of households owning traditional IRAs did not withdraw money from them in tax year 2009.

⁵ Twenty-two percent of households owning traditional IRAs withdrew money from them in tax year 2010.

⁶ Seventy-eight percent of households owning traditional IRAs did not withdraw money from them in tax year 2010.

⁷ Total reported is household income before taxes in tax year specified.

⁸ Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

⁹ Figure reported for traditional IRA-owning households that took a withdrawal and either the head of household or spouse is retired.

¹⁰ 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 2011 of 4,216 randomly selected, representative U.S. households. The standard error for the total sample is ± 1.5 percentage points at the 95 percent confidence level. For further discussion and additional results from this survey, see Bogdan, Holden, and Schrass 2011.
- The demographic and financial characteristics of IRA owners are derived from a separate May 2011 IRA Owners Survey of 2,300 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 ± 2.0 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 IRA, see Holden et al. 2005. For definitions of key terms related to IRAs and retirement saving, see pages 27–28 of Holden and Schrass 2011.
- 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 2011, 28 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 12 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. Among Roth IRA-owning households in 2011, 17 percent reported that their Roth IRAs contained assets that were initially from an employer-sponsored retirement plan (see Figure A17).
- ⁷ In aggregate, 47 percent of the \$4.9 trillion in IRAs at the end of the second quarter of 2011 was invested in mutual funds (see Investment Company Institute 2011). For more information on the asset allocation of individual traditional IRA investors, see Holden and Bass 2011.
- ⁸ See discussion and Figure 18 in Holden and Schrass 2011.
- ⁹ See Holden et al. 2005 for a discussion of the relationship between demographic characteristics and the propensity to save. For additional discussion, see also Brady and Bogdan 2011a and 2011b and Sabelhaus, Bogdan, and Schrass 2008.
- ¹⁰ For data on aggregate Roth IRA assets, contributions, and conversions, see Investment Company Institute 2011. 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 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 suspension of RMDs, see Internal Revenue Service 2010.

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