

## ICI VIEWPOINTS

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## IRA Ownership Reaches Record Highs

By Sarah Holden and Daniel Schrass

As Tax Day nears, ICI's [recently released research report on individual retirement accounts \(IRAs\)](#) highlights their growth as tax-advantaged retirement savings vehicles. Introduced 50 years ago when the Employee Retirement Income Security Act (ERISA) was signed into law in September 1974, IRAs' popularity among Americans saving for retirement continues to rise with each year:

- At year-end 2024, [IRAs held \\$17.0 trillion in assets](#).
- In mid-2024, 57.9 million U.S. households reported they owned IRAs.
- As of mid-2024, 44 percent of U.S. households reported they owned IRAs, up from 34 percent a decade ago.

The success of IRAs as a retirement savings vehicle is due in part to Congress's support. Over the years, Congress has incentivized saving for retirement via tax-advantaged accounts like IRAs by creating new types of IRAs, raising limits on the amounts individuals can contribute to their IRAs, and allowing IRA savings to compound longer. Most recently, newly effective SECURE 2.0 Act provisions have expanded retirement savings opportunities by:

- providing for annual adjustments to catch-up contribution limits for IRAs for increases in the cost of living,
- raising the age for beginning Required Minimum Distributions (RMDs),

- reducing the excise tax for missing an RMD, and
- eliminating RMDs (during the life of the participant) for Workplace Plan Roth Accounts.

New ICI research reflects how retirement savers have continued to leverage their IRAs:

## **IRAs Complement Other Tax-Advantaged Retirement Accounts**



IRAs, often in tandem with retirement plans at work, are helping millions of people of all ages secure their financial future. Both traditional and Roth IRAs have become increasingly popular over time, with younger households focusing on Roth IRAs and older households more likely to own traditional IRAs. ”

— Sarah Holden, ICI Senior Director of Retirement and Investor Research

IRAs are often a complementary savings vehicle to employer-sponsored retirement plans with [nearly 9-in-10 IRA-owning households](#) reporting that they also had employer-sponsored retirement plan accumulations or defined benefit plan coverage.

### **Rollovers Fuel IRA Growth**

Rollovers from employer-sponsored retirement plans have spurred the growth of IRAs. In mid-2024, 59 percent of traditional IRA-owning households indicated that their traditional IRAs contained rollovers from employer-sponsored retirement plans. Among households with rollovers in their traditional IRAs, 85 percent said they had rolled over the entire retirement account balance in their most recent rollover. Further building their savings, 41 percent of traditional IRA-owning households with rollovers had also made contributions to their traditional IRAs at some point.

### **Most IRA-Owning Households Have a Planned Retirement Strategy**

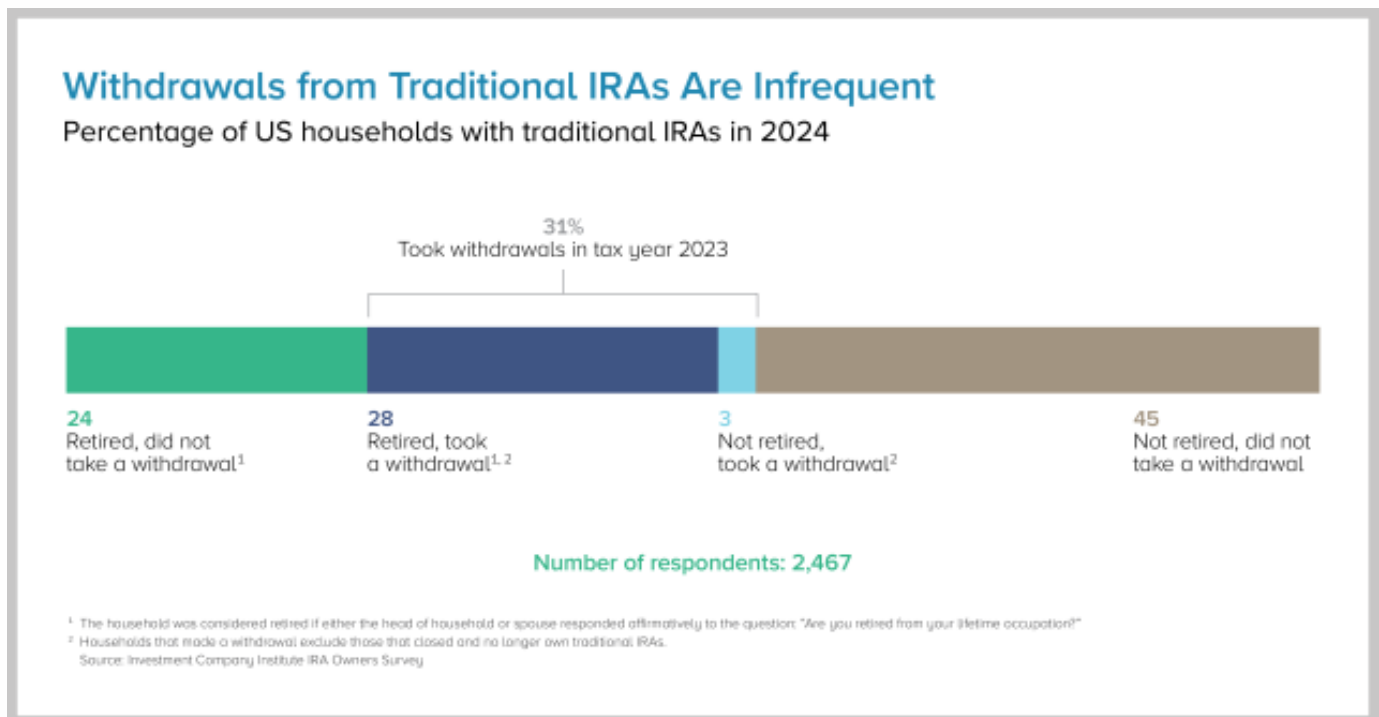
Many IRA investors work with brokers and financial advisers, seeking a more tailored approach to retirement planning and a wider range of investment options than can be found in an employer plan. In mid-2024, 69 percent of traditional IRA-owning households and 65 percent of Roth IRA-owning households indicated that they have a strategy for managing income and assets in retirement. Typically, these strategies have many components, including reviewing asset allocations, determining retirement expenses, developing a retirement income plan, setting aside emergency funds, and determining when to take Social Security benefits.

The [new research](#) shows IRA owners tend to be savvy, proactive investors with a propensity to:

- **Build substantial financial assets.** The median financial assets of IRA-owning households were more than 15 times the median financial assets of households that did not own IRAs.
- **Be good stewards of their retirement assets.**
- **Be willing to take some investment risk for financial gain.**

Reflecting this strategic approach to retirement planning and in line with the incentives and disincentives of the tax code, IRA owners (particularly younger IRA owners) had few withdrawals, and those withdrawals tended to be for modest-sized amounts:

- **IRA withdrawals were infrequent and mostly retirement related.** Thirty-one percent of traditional IRA-owning households in mid-2024 took withdrawals in tax year 2023, in line with recent prior years.
- **The majority of traditional IRA withdrawals were made by retirees.** Ninety percent of households that made traditional IRA withdrawals were retired. Only 5 percent of traditional IRA-owning households in mid-2024 headed by individuals younger than 59 took withdrawals.



## IRA Marketplace Options Are Expanding

Young households are increasingly taking advantage of IRAs, particularly Roth IRAs. Asset managers facilitate the opening of IRAs, providing access to an impressive array of investment options, including exchange-traded funds (ETFs), closed-end funds (CEFs), individual stocks and bonds, and mutual funds. Individuals of all ages and risk preferences can explore the breadth of the investment landscape available to investors through IRAs.

The research is clear: IRAs continue to be a powerful tax-advantaged retirement saving tool for a growing share of Americans, both young and old. For more detailed information on IRA-owning households, see the ICI Research Perspective, [The Role of IRAs in US Households' Saving for Retirement, 2024](#).

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