

Appendix: Additional Data on IRA Ownership in 2009

The January 2010 issue of *Fundamentals* covers U.S. households' individual retirement account (IRA) ownership in 2009. 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 2010 *Fundamentals*.²

HOUSEHOLD OWNERSHIP OF IRAS

In 2009, 46.1 million U.S. households, or 39.3 percent, owned at least one type of IRA.³ Household ownership of IRAs has grown since 2000. The number of households with IRAs increased by 8.1 million between 2000 and 2009, or at a compound average growth rate of 2.2 percent per year (Figure A1).

FIGURE A1

U.S. HOUSEHOLDS OWNING IRAS, 2000–2009

	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
2008	47.3	37.5	18.6	10.0	40.5	32.1	15.9	8.6
2009	46.1	36.6	17.0	9.6	39.3	31.2	14.5	8.2

¹IRA ownership excludes ownership of Coverdell Education Savings Accounts, which were called 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 2009) and U.S. Census Bureau

GROWTH IN NUMBER OF IRA-OWNING HOUSEHOLDS

U.S. households most frequently owned traditional IRAs—the first type of IRA that Congress created (Figure A1).⁴ Roth IRAs were 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 grew the fastest, with the number of households owning Roth IRAs increasing 6.3 percent on average each year between 2000 and 2009. The number of households that owned traditional IRAs rose 2.0 percent on average each year, while the number of households with employer-sponsored IRAs grew at an average rate of 3.2 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-four percent of households headed by individuals aged 55 to 64 years old owned traditional IRAs, compared with only 17 percent of households headed by individuals younger than age 35 (Figure A2).⁵ Thirty-seven percent of households headed by individuals aged 65 or older had traditional IRAs, while Roth IRAs were rarely held by older households. Nearly one-fifth of households aged 35 to 64 had Roth IRAs.

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 2009 and was based on a sample of 4,201 U.S. households selected by random digit dialing, of which 1,651 households, or 39.3 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 2009 sample of households is ± 1.5 percentage points at the 95 percent confidence level.

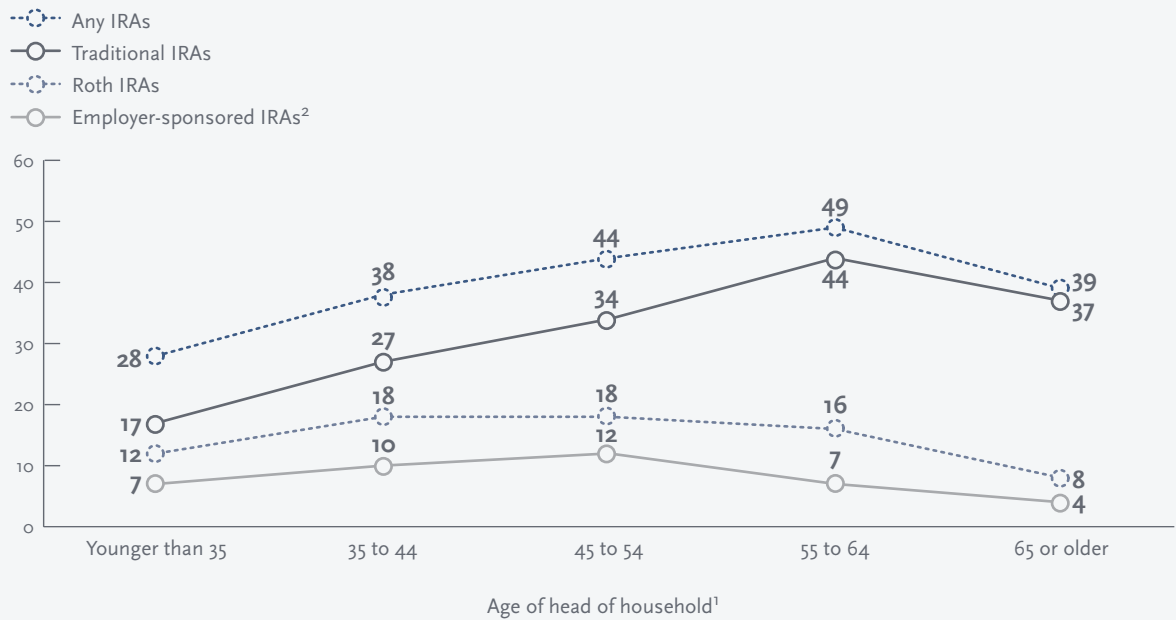
ABOUT THE IRA OWNERS SURVEY

ICI typically 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 2009 and was based on a sample of 1,000 randomly selected, representative U.S. households owning traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SIMPLE IRAs, SEP IRAs, and SAR-SEP 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 ± 3.1 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 2009



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

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

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

INCIDENCE OF IRA OWNERSHIP BY INCOME

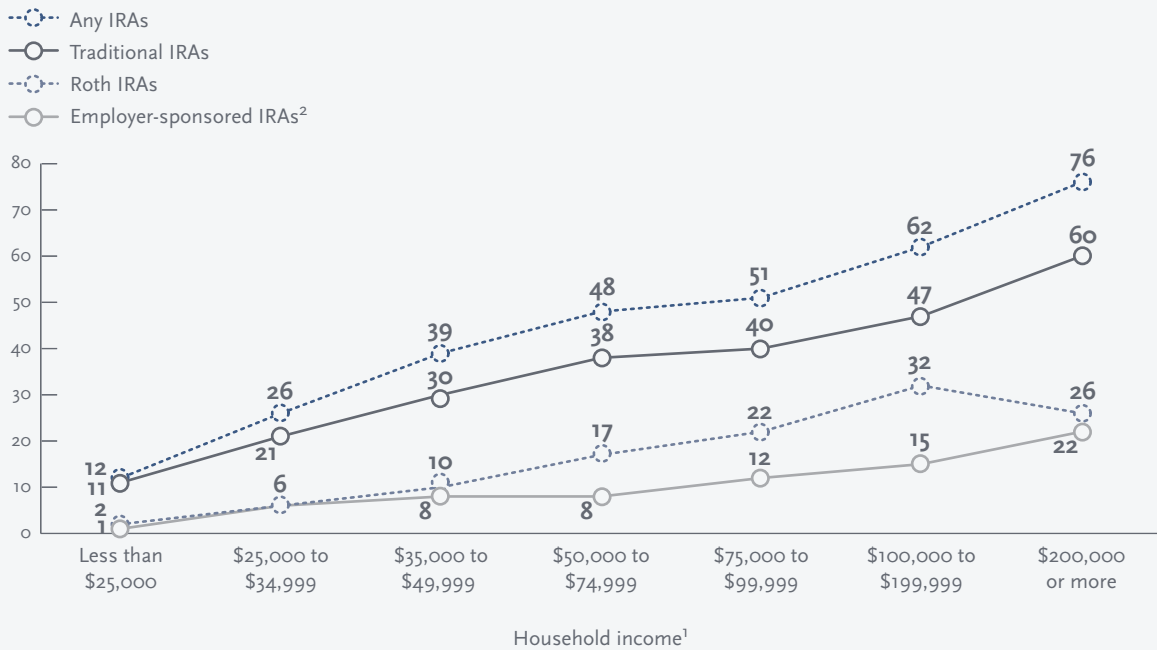
Household ownership of all types of IRAs also tends to increase with household income (Figure A3). Forty-four percent of households with incomes of \$50,000 or more owned traditional IRAs, compared with 19 percent of households with incomes of less than \$50,000. Twenty-four percent of households with incomes of

\$50,000 or more owned Roth IRAs, compared with 5 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 4 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 group,¹ 2009



¹Total reported is household income before taxes in 2008.

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

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

IRA OWNERSHIP BY GENERATION

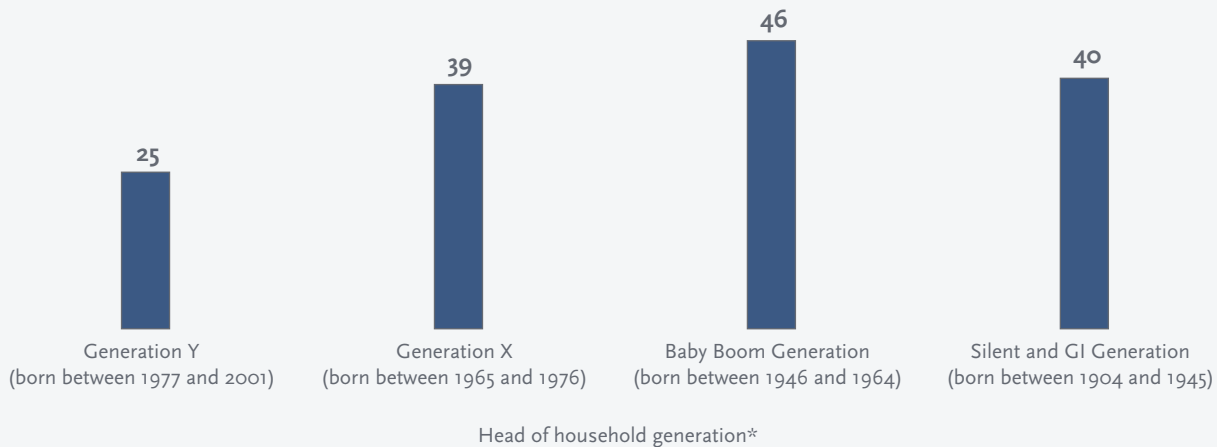
Multiple generations of Americans owned IRAs, but the incidence of IRA ownership was greatest among households headed by individuals that were members of the Baby Boom Generation. In 2009,

46 percent of households headed by members of the Baby Boom Generation owned IRAs (Figure A4). As a result, 43 percent of IRA-owning households were headed by individuals who were members of the Baby Boom Generation (Figure A5). Thirty-eight

FIGURE A4

INCIDENCE OF IRA OWNERSHIP GREATEST AMONG THE BABY BOOM GENERATION

Percentage of U.S. households within each generation,* 2009



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

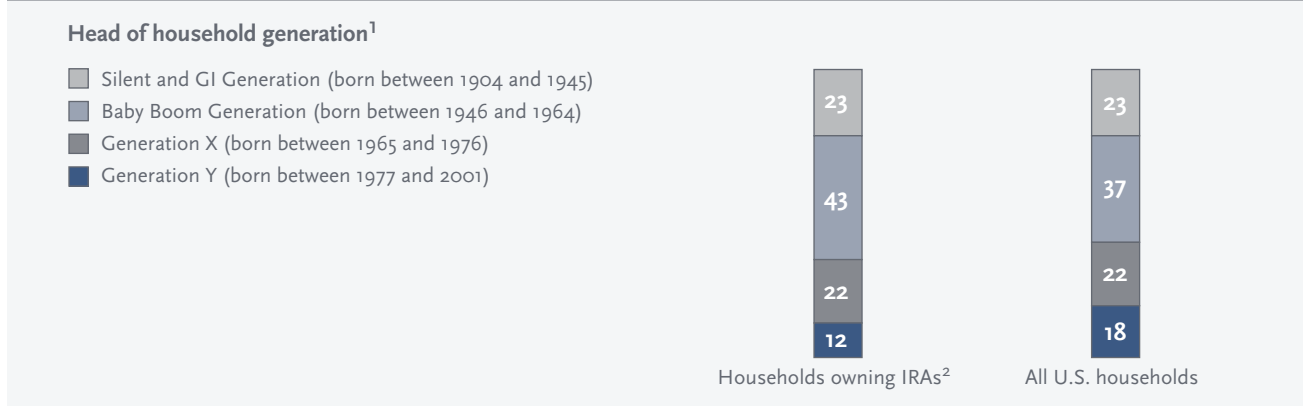
Note: IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs).

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

percent of households headed by members of the Baby Boom Generation owned traditional IRAs; nearly one-fifth owned Roth IRAs; one in 10 owned employer-sponsored IRAs (Figure A6). In 2009, households headed by individuals who were members of the Baby

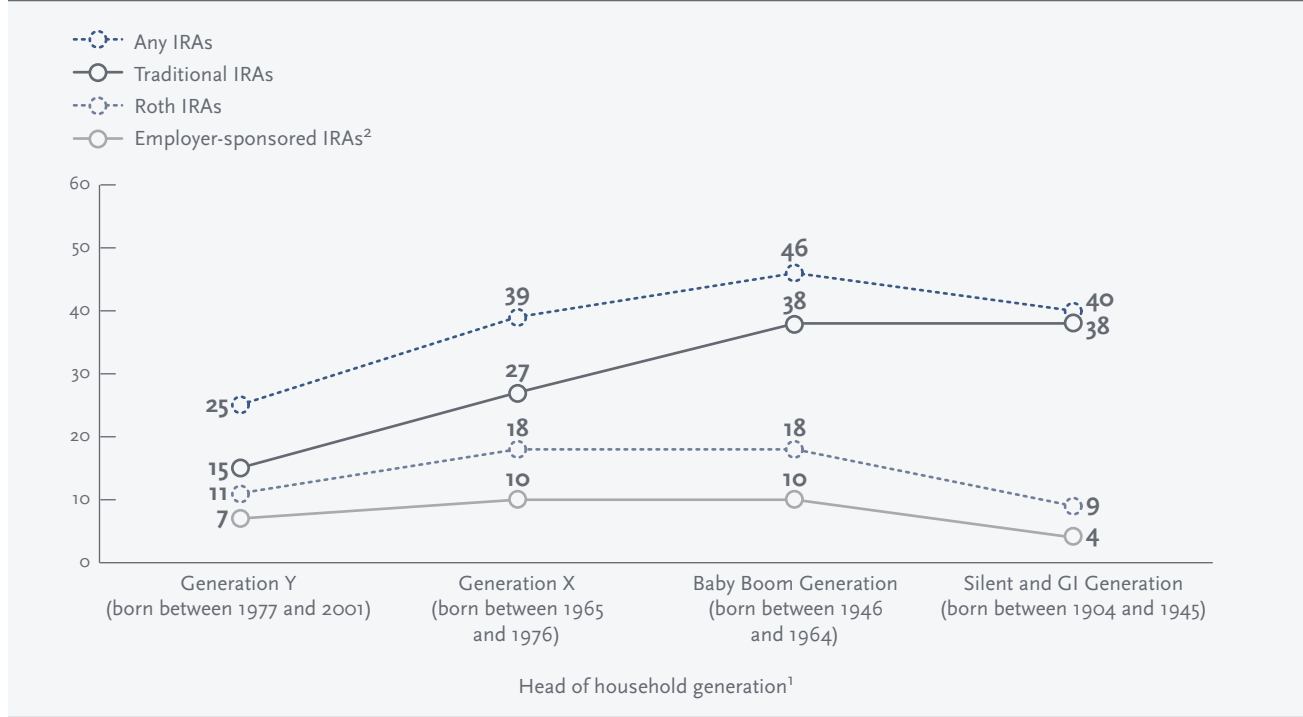
Boom Generation held a significant portion of total IRA assets. Forty-five percent of all IRA assets were held by households headed by individuals who were members of this generation.⁶

FIGURE A5
BABY BOOMERS ARE 43 PERCENT OF ALL IRA-OWNING HOUSEHOLDS
Percentage distribution of households owning IRAs and all U.S. households by generation,¹ 2009



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 (SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs).
 Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and U.S. Census Bureau

FIGURE A6
U.S. HOUSEHOLDS OWNING TRADITIONAL, ROTH, AND EMPLOYER-SPONSORED IRAs BY GENERATION
Percentage of U.S. households within each generation,¹ 2009



¹ Generation is based on the age of the sole or co-decisionmaker for household saving and investing.
² Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.
 Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

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).

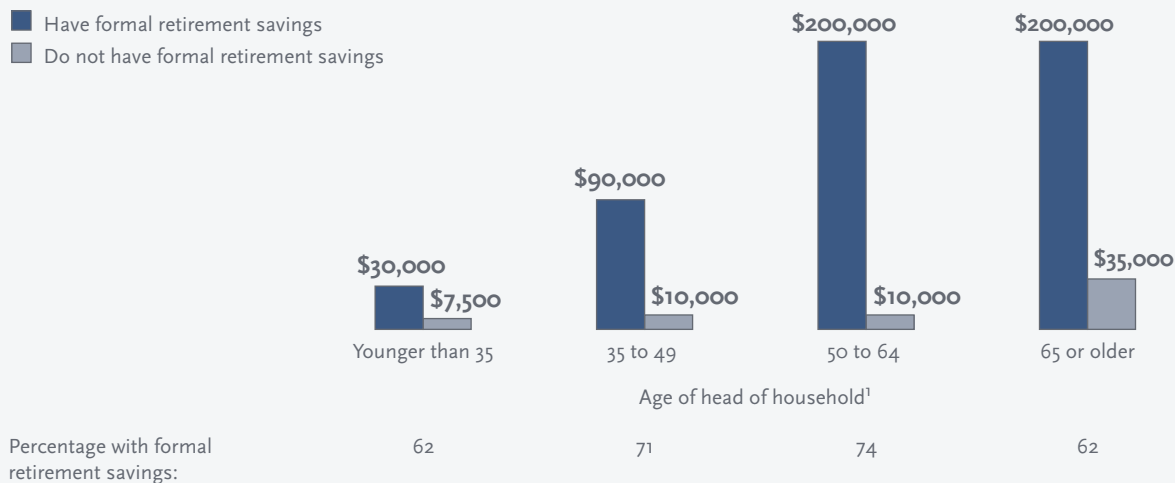
IRA ACCOUNT BALANCES AND INVESTMENTS

Median household financial assets in all types of IRAs was \$30,000 in 2009 (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

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} 2009



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

²Formal 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 U.S. households with IRA assets in specified ranges, 2009

Assets in type of IRA	Total household financial assets in IRAs	Type of IRA owned		
		Traditional IRAs	Roth IRAs	Employer-sponsored IRAs*
Less than \$10,000	23	23	35	29
\$10,000 to \$24,999	20	22	34	26
\$25,000 to \$49,999	17	16	13	12
\$50,000 to \$99,999	16	16	9	19
\$100,000 to \$249,999	15	15	4	9
\$250,000 or more	9	8	5	5
Mean	\$89,800	\$86,500	\$40,700	\$62,700
Median	\$30,000	\$30,000	\$12,500	\$20,000

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

Source: Investment Company Institute IRA Owners Survey

been available since 1998 and have only had very limited opportunity to receive rollovers from employer-sponsored retirement plans.⁷ In 2009, the median amount in Roth IRAs was \$12,500, and the median amount in employer-sponsored IRAs was \$20,000. The median household financial assets in traditional IRAs was \$30,000.

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 10 years had median traditional IRA holdings of \$12,500, while households owning traditional IRAs for 20 years or more had median traditional IRA holdings of \$75,000 (Figure A9). Mean traditional IRA holdings, while higher than the median values, exhibited a similar pattern.

FIGURE A9

HOUSEHOLD FINANCIAL ASSETS IN TRADITIONAL IRAs BY LENGTH OF OWNERSHIP, 2009



Source: Investment Company Institute IRA Owners Survey

Mutual funds were the most common IRA investment (Figure A10).⁸ In 2009, nearly two-thirds of IRA-owning households had IRA assets invested in mutual funds, usually stock funds. Thirty-seven percent held individual stocks in their IRAs. Thirty-four percent of households owning IRAs held annuities, and

27 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 2009

IRA investments	Any type of IRA	Type of IRA owned		
		Traditional IRAs	Roth IRAs	Employer-sponsored IRAs ²
Mutual funds (total)	66	64	67	50
Stock funds	54	51	54	39
Bond funds	32	31	25	22
Hybrid funds	27	25	26	18
Money market funds	27	27	19	20
Individual stocks	37	35	26	30
Annuities (total)	34	35	20	24
Fixed annuities	24	24	13	19
Variable annuities	21	21	12	10
Bank savings accounts, money market deposit accounts, or certificates of deposit	27	28	17	14
Individual bonds (not including U.S. savings bonds)	13	14	5	4
U.S. savings bonds	11	10	7	8
ETFs	6	5	5	5
Other	4	3	2	8
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 SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

Source: Investment Company Institute IRA Owners Survey

CONTRIBUTIONS TO TRADITIONAL AND ROTH IRAs

Twenty-four percent of traditional IRA-owning households—an estimated 8.8 million—contributed to their traditional IRAs in tax year 2008, with a median contribution of \$3,300 per household (Figure A11).

Those who contributed to their traditional IRAs typically

were younger and had higher household incomes but lower household financial assets than noncontributors. Forty-two percent of households owning Roth IRAs—an estimated 7.1 million—contributed to their Roth IRAs in tax year 2008, with a median contribution of \$3,500 per household.

FIGURE A11

CHARACTERISTICS OF HOUSEHOLDS OWNING TRADITIONAL OR ROTH IRAs BY CONTRIBUTION STATUS IN TAX YEAR 2008

	Traditional IRA households		Roth IRA households	
	Contributed to traditional IRA in tax year 2008 ¹	Did not contribute to traditional IRA in tax year 2008 ²	Contributed to Roth IRA in tax year 2008 ³	Did not contribute to Roth IRA in tax year 2008 ⁴
Median per household				
Age of household sole or co-decisionmaker for saving and investing	46 years	56 years	41 years	50 years
Household income ⁵	\$95,000	\$70,000	\$90,000	\$90,000
Household financial assets ⁶	\$125,000	\$200,000	\$150,000	\$200,000
Household financial assets in all types of IRAs	\$50,000	\$40,000	\$28,000	\$43,000
Amount contributed per household to each type of IRA in tax year 2008	\$3,300	N/A	\$3,500	N/A
Percentage of households				
Household sole or co-decisionmaker for saving and investing:				
Married or living with a partner	75	68	82	70
College or postgraduate degree	54	41	59	57
Employed full- or part-time	87	57	82	78
Household has DC retirement plan account	71	65	82	76

¹Twenty-four percent of households owning traditional IRAs contributed to them in tax year 2008.

²Includes all households owning traditional IRAs that did not contribute to them in tax year 2008. Some of these households may have been ineligible to make deductible contributions.

³Forty-two percent of households owning Roth IRAs contributed to them in tax year 2008.

⁴Includes all households owning Roth IRAs that did not contribute to them in tax year 2008. Some of these households may have been ineligible to contribute to Roth IRAs in tax year 2008.

⁵Total reported is household income before taxes in 2008.

⁶Household 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

Since tax year 2002, individuals aged 50 or older are eligible to make “catch-up” contributions to their IRAs.⁹ In tax year 2008, 27 percent of traditional IRA-owning households with individuals aged 50 or older contributed to their IRAs; 48 percent of these contributing households made catch-up contributions (Figure A12). Forty-two percent of Roth IRA-owning households with individuals aged 50 or older contributed to their IRAs; 55 percent of these contributing households made catch-up contributions.

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.¹⁰ 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.

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
Catch-up contributions to traditional IRAs¹ <i>(percentage of households owning traditional IRAs possibly qualified to make catch-up contributions)</i>						
Made a catch-up contribution	9	13	16	12	15	13
Contributed, but did not make a catch-up contribution	17	20	20	23	10	14
Did not contribute ²	74	67	64	65	75	73
Catch-up contributions to Roth IRAs³ <i>(percentage of households owning Roth IRAs possibly qualified to make catch-up contributions)</i>						
Made a catch-up contribution	15	28	33	21	17	23
Contributed, but did not make a catch-up contribution	12	21	25	28	14	19
Did not contribute ⁴	73	51	42	51	69	58

¹Households that may make catch-up contributions to traditional IRAs are those in which a household member is at least 50 years old by the end of the year, but younger than 70½ years old by the end of the year.

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 aged 50 or older.

⁴This group may include households ineligible to make contributions to Roth IRAs.

Source: Investment Company Institute IRA Owners Survey

FIGURE A13

CHARACTERISTICS OF U.S. HOUSEHOLDS OWNING IRAs, 2009

	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	52 years	54 years	45 years	50 years	47 years
Household income ²	\$75,000	\$75,000	\$90,000	\$75,000	\$35,000
Household financial assets ³	\$150,000	\$180,000	\$150,000	\$130,000	\$25,000
Household financial assets in all types of IRAs	\$30,000	\$40,000	\$35,000	\$55,000	N/A
Share of household financial assets in type of IRA indicated	33%	28%	10%	16%	N/A
Percentage of households					
Household sole or co-decisionmaker for saving and investing:					
Married or living with a partner	72	70	75	81	57
College or postgraduate degree	45	44	58	44	20
Employed full- or part-time	69	64	79	80	55
Retired from lifetime occupation	28	33	14	15	27
Household has DC account or DB plan coverage (total) ⁴					
DC retirement plan account	69	66	78	73	39
DB plan coverage	50	50	56	36	22
Types of IRAs owned: ⁴					
Traditional IRA	79	100	63	59	N/A
Roth IRA	37	29	100	30	N/A
Employer-sponsored IRA ¹	21	15	17	100	N/A

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

²Total reported is household income before taxes in 2008.

³Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.

⁴Multiple 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, 2009

Median per household owning traditional IRAs	
Amount in traditional IRAs	\$30,000
Amount contributed to traditional IRAs in tax year 2008 ¹	\$3,300
Number of traditional IRAs owned	1
Percentage of households owning traditional IRAs	
Traditional IRA includes rollover from an employer-sponsored retirement plan	54
Contributed to a traditional IRA in tax year 2008	24
Deducted a traditional IRA contribution in tax year 2008 ²	24
Made a withdrawal from a traditional IRA in tax year 2008	19
Own traditional IRA: ³	
Respondent	86
Spouse	42
Dependent children	2
Number of traditional IRAs owned:	
One	57
Two	28
Three or more	15
Year first traditional IRA was opened:	
1974 through 1981	17
1982 through 1986	13
1987 through 1991	14
1992 through 1994	6
1995 through 1997	9
1998 through 2000	15
2001 through 2003	7
2004 through 2006	11
2007 through May 2009	8
Where traditional IRAs are held: ³	
Professional financial adviser (total)	83
Full-service brokerage	33
Independent financial planning firm	32
Bank or savings institution	28
Insurance company	9
Direct sources (total)	27
Mutual fund company	22
Discount brokerage (total)	8
Discount brokerage firm with walk-in offices	6
Discount brokerage firm that is only available online	2

¹ Figure reports median among households that contributed to traditional IRAs in tax year 2008.

² Figure reports percentage among households that contributed to traditional IRAs in tax year 2008.

³ Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

Traditional IRAs. Nearly 37 million U.S. households, or about 31 percent, owned traditional IRAs in 2009 (Figure A1). The financial decisionmakers of households with traditional IRAs tended to be older; one-third were retired from their lifetime occupations (Figure A13). Sixty-six percent of households with traditional IRAs also had defined contribution (DC) plan accounts. Twenty-nine percent of households with traditional IRAs also owned Roth IRAs, and 15 percent also

owned employer-sponsored IRAs. Households owning traditional IRAs had median assets of \$30,000 in these 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). Fifty-nine percent of traditional IRA-owning households opened their first traditional IRA in 1997 or

FIGURE A15

CHARACTERISTICS OF HOUSEHOLDS OWNING TRADITIONAL IRAs WITH AND WITHOUT ROLLOVERS FROM EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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	53 years	55 years
Household income ³	\$75,000	\$75,000
Household financial assets ⁴	\$150,000	\$200,000
Household financial assets in all types of IRAs	\$45,000	\$34,000
Amount in traditional IRAs	\$40,000	\$20,000
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	73	69
Widowed	9	9
College or postgraduate degree	45	44
Employed full- or part-time	60	69
Retired from lifetime occupation	34	32
Where traditional IRAs are held:⁵		
Professional financial adviser (total)	83	82
Full-service brokerage	33	33
Independent financial planning firm	33	28
Bank or savings institution	24	31
Insurance company	10	8
Direct market (total)	29	26
Mutual fund company	23	22
Discount brokerage (total)	9	7
Discount brokerage with walk-in offices	7	5
Discount brokerage firm that is only available online	2	2

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

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

³Total reported is household income before taxes in 2008.

⁴Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.

⁵Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

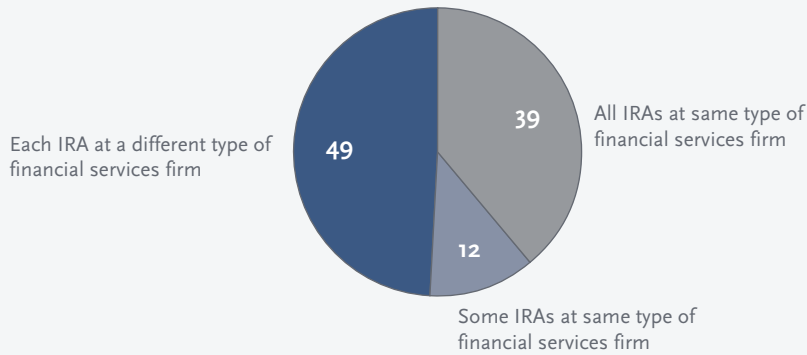
earlier (Figure A14). Households with traditional IRAs held them through a wide array of financial institutions. Eighty-three percent of traditional IRA-owning households held traditional IRAs through professional financial advisers and 27 percent held traditional IRAs directly at mutual fund companies or discount brokers. Households with multiple traditional IRAs tended to hold them at different financial services firms. Nearly half of households with multiple traditional IRAs

held each IRA at a different type of financial services firm (Figure A16). Twelve percent of households with multiple traditional IRAs reported that some of their IRAs are at the same type of financial services firms. The remaining 39 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).

FIGURE A16

HOUSEHOLDS HOLD TRADITIONAL IRAs AT DIFFERENT TYPES OF FINANCIAL SERVICES FIRMS

Percentage of traditional IRA-owning households with multiple traditional IRAs, 2009



Number of respondents: 323

Source: Investment Company Institute IRA Owners Survey

Roth IRAs. In 2009, 17.0 million U.S. households, or 14.5 percent, owned Roth IRAs (Figure A1). The financial decisionmakers of Roth IRA households had a median age of 45 years and were the most likely of all IRA household decisionmakers to have college or postgraduate degrees (Figure A13). Sixty-three percent of Roth IRA–owning households also owned traditional IRAs, and 78 percent had DC plan accounts. Households owning Roth IRAs typically owned one Roth IRA account, with a median balance of \$12,500 (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).^{11, 12} Another 20 percent opened their Roth IRAs between 1999 and 2000, and the remaining 52 percent opened their first Roth IRAs in 2001 or later. Thirty-nine 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 A17

CHARACTERISTICS OF U.S. HOUSEHOLDS OWNING ROTH IRAs, 2009

Median per household owning Roth IRAs

Amount in Roth IRAs	\$12,500
Amount contributed to Roth IRAs in tax year 2008 ¹	\$3,500
Number of Roth IRAs owned	1

Percentage of households owning Roth IRAs

Roth IRA was first IRA owned	39
Roth IRA was funded by a conversion from a traditional IRA	19
Contributed to a Roth IRA in tax year 2008	42
Roth IRA assets include assets initially from an employer-sponsored retirement plan	17
Made a withdrawal from a Roth IRA in tax year 2008	4

Own Roth IRA:²

Respondent	83
Spouse	47
Dependent children	3

Number of Roth IRAs owned:

One	55
Two	37
Three or more	8

Year first Roth IRA was opened:

1998	28
1999 through 2000	20
2001 through 2002	14
2003 through 2004	14
2005 through 2006	12
2007 through May 2009	12

Where Roth IRAs are held:²

Professional financial adviser (total)	71
Full-service brokerage	29
Independent financial planning firm	29
Bank or savings institution	16
Insurance company	6
Direct sources (total)	34
Mutual fund company	27
Discount brokerage (total)	12
Discount brokerage firm with walk-in offices	8
Discount brokerage firm that is only available online	5

¹ Figure reports median among households that contributed to Roth IRAs in tax year 2008.

² Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

TRADITIONAL IRA WITHDRAWALS MOSTLY MADE BY OLDER OWNERS

Households making traditional IRA withdrawals in tax year 2008 tended to be older and retired. The median age of the household decisionmaker surveyed among households that took traditional IRA withdrawals was 74, compared with 50 among households not taking distributions (Figure A19). Seventy-nine percent

of households that took withdrawals were headed by retired individuals. Most households that took traditional IRA withdrawals in tax year 2008 did so to fulfill required minimum distributions (RMDs). 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.

FIGURE A18

CHARACTERISTICS OF HOUSEHOLDS OWNING ROTH IRAs BY SOURCE OF FUNDING OF ROTH IRA, 2009

	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 saving and investing	52 years	43 years
Household income ³	\$85,000	\$90,000
Household financial assets ⁴	\$275,000	\$125,000
Household financial assets in all types of IRAs	\$70,000	\$28,000
Amount in Roth IRAs	\$25,000	\$10,000
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	74	75
Widowed	8	2
College or postgraduate degree	53	59
Employed full- or part-time	74	81
Retired from lifetime occupation	28	10
Year first Roth IRA was opened:		
1998	43	24
1999 through 2000	15	21
2001 through 2002	17	14
2003 through 2004	5	15
2005 through 2006	11	13
2007 through May 2009	9	13
Contributed to a Roth IRA in tax year 2008	33	46

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

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

³Total reported is household income before taxes in 2008.

⁴Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.

Source: Investment Company Institute IRA Owners Survey

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 year 2008*

	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
Median per household		
Age of household sole or co-decisionmaker for saving and investing	74 years	50 years
Household income ³	\$45,000	\$84,000
Household financial assets ⁴	\$200,000	\$150,000
Household financial assets in all types of IRAs	\$62,500	\$35,000
Percentage of households		
Household sole or co-decisionmaker for saving and investing:		
Married or living with a partner	63	71
Widowed	24	5
College or postgraduate degree	32	47
Employed full- or part-time	29	73
Retired from lifetime occupation	79	22
How withdrawal was determined:		
Withdraw to meet the IRS's required minimum distribution	64	N/A
Withdraw a lump sum based on needs	19	N/A
Withdraw a regular dollar amount	8	N/A
Withdraw a fixed percentage of the account balance	2	N/A
Withdraw an amount based on life expectancy	1	N/A
Some other way	6	N/A
Purpose of traditional IRA withdrawal in retirement: ^{5, 6}		
Took withdrawals to pay for living expenses	44	N/A
Spent it on a car, boat, or big-ticket item other than a home	6	N/A
Spent it on a healthcare expense	19	N/A
Used it for an emergency	14	N/A
Used it for home purchase, repair, or remodeling	15	N/A
Reinvested or saved it in another account	31	N/A
Paid for education	3	N/A
Some other purpose	12	N/A

¹ Nineteen percent of households owning traditional IRAs withdrew money from them in tax year 2008. The sample size is small.² Eighty-one percent of households owning traditional IRAs did not withdraw money from them in tax year 2008.³ Total reported is household income before taxes in 2008.⁴ Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.⁵ Figure reported for traditional IRA-owning households that took a withdrawal in tax year 2008 and either the head of household or spouse is retired.⁶ 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 2009 of 4,201 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 Sabelhaus, Bogdan, and Bass 2009.

The demographic and financial characteristics of IRA owners are derived from a separate May 2009 IRA Owners Survey of 1,000 representative U.S. households owning traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs). The standard error for the total sample is ± 3.1 percentage points at the 95 percent confidence level. IRA ownership does not include ownership of Coverdell Education Savings Accounts (formerly called Education IRAs). Estimates for 2009 are calculated using a revised estimation procedure. As is usual in the course of household survey work, researchers periodically re-examine the procedures used to ensure that the results published are representative of the population of interest. ICI engaged in such a process this year and the figures presented here reflect a new weighting procedure. The new weighting methodology matches the census region, age distribution, income distribution, and educational attainment of U.S. households owning IRAs. Data from the 2008 ICI IRA Owners Survey have been reweighted and are available at www.ici.org/pdf/fm-v18n1_data.pdf (forthcoming).

² For the rules governing IRAs, see Internal Revenue Service 2009. 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 18 and 19 of Holden and Schrass 2010.

³ The number of U.S. households owning IRAs in 2000 through 2009 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; 116.0 million in 2007; 116.8 million in 2008; and 117.2 million in 2009 (see U.S. Census Bureau 2009).

⁴ 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.

⁵ For a discussion of age and cohort effects, see Sabelhaus and Schrass 2009.

⁶ In 2009, 31 percent of all IRA assets were held by households headed by members of the Silent and GI Generation. Households headed by members of Generation X held 18 percent of IRA assets and households headed by members of Generation Y held 6 percent of all IRA assets.

⁷ 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 2009. Among Roth IRA-owning households in 2009, 17 percent reported that their Roth IRAs contained assets that were initially from an employer-sponsored retirement plan (see Figure A17).

⁸ In aggregate, 45 percent of the \$3.7 trillion in IRAs at mid-year 2009 was invested in mutual funds (see Investment Company Institute 2009 and Brady, Holden, and Short 2009).

⁹ See discussion and Figure 15 in Holden and Schrass 2010.

¹⁰ 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 Sigrist 2008 and Sabelhaus, Bogdan, and Schrass 2008.

¹¹ For data on aggregate Roth IRA assets, contributions, and conversions, see Investment Company Institute 2009. For reference on rules governing IRAs, see Internal Revenue Service 2009.

¹² In 2010, taxpayers making conversions to Roth IRAs will have the option of paying the taxes over two years (2011 and 2012); see Holden and Schrass 2010 for additional discussion.

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