

Seventy Percent of U.S. Households Have Retirement Savings

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ICI Study Shows Households Saving Through IRAs or Work Plans

Washington, DC, January 30, 2009 - Seven in 10 U.S. households have some type of tax-advantaged retirement savings through work or through Individual Retirement Accounts (IRAs), according to a new Investment Company Institute study.

[“The Role of IRAs in U.S. Households’ Saving for Retirement, 2008”](#) found that IRAs have played an increasingly important role in Americans’ retirement savings. Forty-seven million, or 41 percent, of U.S. households reported owning IRAs in May 2008.

The study also finds that rollovers from employer-sponsored retirement plans have fueled the growth in IRAs, and more than half of households owning traditional IRAs have rollover assets in them.

“IRAs represent a key factor in the retirement equation. The influence of rollovers from 401(k)s and other plans into IRAs highlights the interconnections between different elements of the retirement system,” said ICI president and CEO Paul Schott Stevens. “That’s why ICI will continue to support and advocate proposals that will strengthen the system as a whole, including Social Security, 401(k) and other employer-sponsored plans, and IRAs.”

“IRA assets now represent 10 percent of all household financial assets—up from 4 percent two decades ago,” said Sarah Holden, ICI’s senior director of retirement and investor research. “Americans are using IRAs as intended, both before and during retirement. They use IRAs to hold their 401(k) and other retirement balances when they change jobs, typically preserving the money until they retire.”

The study found:

- Twenty-two percent of households owning traditional IRAs took a withdrawal in tax-year 2007, in line with previous years’ activities.
- Eighty-two percent of households that made withdrawals were retired.
- Six out of 10 traditional IRA-owning households that did not make withdrawals indicated that they do not plan to tap their IRAs until they are required to take minimum distributions at age 70½.
- The most commonly cited planned future use of traditional IRA withdrawals was to pay for living expenses. In addition, of the traditional IRA-owning households without withdrawals, 53 percent indicated a future use of the monies would be to cover an emergency, such as healthcare expenses.
- Although most U.S. households were eligible to contribute to IRAs, few did so: only 14 percent of U.S. households contributed to any type of IRA in tax-year 2007, and very few eligible households made “catch-up” contributions to traditional or Roth IRAs.

In 2008, traditional IRAs were the most common type of IRA owned, followed by Roth IRAs and employer-sponsored IRAs.