

IRA Investors Plan Retirement Income Carefully, January 2008

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Most IRA-Owning Households Guard Nest Egg, Defer Withdrawals

Washington, DC, January 28, 2008 – Most owners of Individual Retirement Accounts (IRAs) have a strategy for managing their income and assets in retirement and tend to preserve their IRA assets as long as possible, according to [a new study released today by the Investment Company Institute](#).

IRAs and employer-sponsored retirement plans are the two main types of tax-advantaged savings vehicles available to Americans. With \$4.6 trillion in assets, IRAs represent more than one-quarter of Americans' retirement assets and 10 percent of all household financial assets.

Americans husband those assets carefully: Eight in 10 households owning traditional IRAs indicate they have a plan for managing their income in retirement. For seven out of 10 traditional IRA owners, that strategy includes a plan to preserve their IRA assets as long as possible. In total, 46 million U.S. households, or 40 percent of all households, report they have IRAs. Traditional IRAs are the most common type, owned by one-third of U.S. households.

"Our research consistently shows that IRA savers are good stewards of their money," said ICI President and CEO Paul Schott Stevens. "They are looking ahead, making responsible financial plans, and shepherding their funds."

Fewer than one in five households with traditional IRAs took withdrawals in tax-year 2006. The most frequently cited reason for taking withdrawals is the tax-code rule mandating required minimum distributions (RMDs) in the year in which the IRA owner reaches age 70½. Among the traditional IRA owners who took withdrawals in tax-year 2006, 62 percent said RMDs were a reason for making withdrawals.

The study also points up the important role that IRAs play in preserving assets from employer retirement plans. Almost six out of 10 traditional IRA owning households indicate their IRAs contain rollovers from an employer-sponsored retirement plan.

"These survey results highlight that retirement savers are acting responsibly," said Sarah A. Holden, ICI's Senior Director of Retirement and Investor Research. "Whether they are accumulating assets in their 401(k), rolling over those assets into IRAs when they change jobs or retire, or taking measured withdrawals, they tend to adopt a sound long-term perspective."

In this year's survey, ICI asked IRA owners about their future withdrawal plans. Among traditional IRA-owning households not currently taking withdrawals, seven out of 10 say they are unlikely to take withdrawals prior to age 70½.

Additional findings include:

- Among IRA owning households, about three-quarters report they also have employer-sponsored retirement accumulations or have defined benefit plan coverage. All told, 71 percent of all U.S. households have retirement plans through work or IRAs.
- Although most U.S. households are eligible to make contributions to IRAs, few do so. Only 14 percent of U.S. households contributed to traditional or Roth IRAs in tax-year 2006. Although workers aged 50 and older are eligible to make additional "catch-up" contributions, very few of them do so.