

APPENDIX: Additional Data on the U.S. Retirement Market, 2008

The June 2009 issue of *Fundamentals*, “The U.S. Retirement Market, 2008,” highlights data collected by the Investment Company Institute (ICI), government agencies, and other trade associations to characterize the U.S. retirement market and mutual funds’ role in managing retirement assets.^{1, 2} This appendix provides supplementary tables and charts with additional detail for the June 2009 *Fundamentals*.

MUTUAL FUNDS AND THE U.S. RETIREMENT MARKET

Share of Total Retirement Market. Total U.S. retirement assets fell by 22 percent in 2008 to \$14.0 trillion (Figure A1). Mutual fund assets held by individual retirement accounts (IRAs) and employer-sponsored defined contribution (DC) plans represented 22 percent of U.S. retirement assets at the end of 2008 (Figures A2 and A3). Annuities (variable and fixed) not held in retirement savings accounts held \$1.4 trillion of the total U.S. retirement market (Figure A1). Variable annuity (VA) mutual fund assets outside of retirement accounts were \$687 billion at year-end 2008 (Figure A4). Some of these VA mutual fund assets may be held in variable life insurance policies, which are not counted as part of the U.S. retirement market.³ But, if one were to assume that all of these VA mutual funds are retirement savings, mutual funds’ share of the total retirement market would have increased to 27 percent.

Share of Total Mutual Fund Assets. IRAs and employer-sponsored DC plan accounts held 33 percent of the \$9.6 trillion in mutual fund assets in the United States at year-end 2008 (Figure A5). Retirement savings accounts hold a significant share of long-term mutual fund assets (47 percent), but are a relatively minor component of money market fund assets (11 percent). The bulk of retirement account mutual fund assets was actively managed; although, in 2008, \$262 billion was invested in index mutual funds (Figure A6).

Net New Cash Flow to Mutual Funds.⁴ Long-term mutual funds held in retirement accounts experienced negative net new cash flow in 2008, with \$57 billion in net outflows, compared to \$121 billion in net inflows in 2007 (Figures A7 and A8). Net outflows from equity funds were \$121 billion in 2008. Both bond funds and hybrid funds experienced net inflows. Bond funds had inflows of \$33 billion, compared with net inflows of \$28 billion in 2007. Flows into hybrid funds were \$31 billion, compared to inflows of \$80 billion in 2007.⁵ Flows into money funds were strong for the third straight year, with \$66 billion of inflows in 2008.

INDIVIDUAL RETIREMENT ACCOUNTS (IRAs)

Mutual Funds in IRAs. In 2008, \$1.6 trillion, or 44 percent, of IRA assets was invested in mutual funds.⁶ Fifty-three percent of those mutual fund assets were equity funds (Figure A9). Hybrid funds (which invest in a mix of equity and fixed-income securities and include lifecycle and lifestyle mutual funds⁷) represented 15 percent of IRA mutual fund holdings in 2008. The remaining assets were split between bond funds (14 percent) and money market funds (17 percent). Traditional IRAs hold the bulk of both total IRA assets⁸ and mutual fund assets in IRAs (Figure A10).^{9, 10}

Traditional, Roth, and Employer-Sponsored IRAs.

Traditional IRAs held an estimated \$3.2 trillion in assets in 2008.¹¹ Rollovers from employer-sponsored plans have contributed significantly to the growth in traditional IRA assets in recent years; in 2004 (the most recent data available), rollovers to traditional IRAs were \$215 billion.¹² Roth IRAs held an estimated \$165 billion in 2008 (Figure A11).¹³ Employer-sponsored IRAs¹⁴ held a total of \$224 billion in assets in 2008, with 56 percent invested in mutual funds (Figures A12 and A13). The relatively new SIMPLE IRA, which is designed for firms with 100 or fewer employees, has experienced steady growth in number of plans and participants since its introduction in 1998 (Figure A14).¹⁵

EMPLOYER-SPONSORED DEFINED CONTRIBUTION PLANS

Mutual Fund Assets in DC Plan Accounts. In 2008, \$1.5 trillion, or 44 percent, of employer-sponsored DC plan assets were invested in mutual funds.¹⁶ Sixty percent of those mutual fund assets were equity funds (Figure A15). Hybrid funds (which invest in a mix of equity and fixed-income securities and include lifecycle and lifestyle mutual funds¹⁷) represented 18 percent of DC plan mutual fund holdings in 2008. Another 12 percent of assets were bond funds, and the remaining 9 percent were money market funds.

401(k), 403(b), 457, and Other DC Plans. Seventy-one percent of mutual fund DC plan assets were held by 401(k) plans at year-end 2008 (Figure A16). This is about in line with the share of total DC plan assets held by 401(k) plans: 401(k) plan assets¹⁸ made up 67 percent of the entire DC plan market (Figure A17). Mutual funds represented 47 percent of all 401(k) assets. In 2008, 403(b) plans¹⁹ held \$572 billion in assets, with 25 percent invested in VA mutual funds, 20 percent in non-VA mutual funds, and the remaining 55 percent in annuity reserves at life insurance companies.²⁰ In 2008, 457 plans²¹ had accumulated \$140 billion in assets (Figure A17), of which \$50 billion (or 36 percent) was invested in mutual funds (Figure A16). Other DC plans—which include DC plans without 401(k) features and some Keoghs²²—held \$455 billion in assets in 2008.

FIGURE A1

U.S. TOTAL RETIREMENT MARKET

Billions of dollars, end-of-period, 1985–2008:Q4

	IRAs	DC plans ¹	State and local government pension plans	Private DB plans	Federal pension plans ²	Annuities ³	Total
1985	\$241	\$509	\$405	\$813	\$172	\$181	\$2,321
1986	329	567	481	839	202	226	2,643
1987	404	654	537	827	233	234	2,890
1988	469	719	603	831	267	291	3,181
1989	546	855	706	945	304	338	3,694
1990	636	892	739	922	340	391	3,921
1991	776	1,060	862	1,073	382	423	4,576
1992	873	1,161	948	1,098	426	473	4,979
1993	993	1,319	1,054	1,212	468	522	5,569
1994	1,056	1,406	1,107	1,303	512	526	5,911
1995	1,288	1,717	1,344	1,496	541	582	6,968
1996	1,467	1,961	1,529	1,623	606	626	7,811
1997	1,728	2,343	1,819	1,798	659	658	9,005
1998	2,150	2,640	2,062	1,948	716	818	10,334
1999	2,651	3,001	2,361	2,117	774	928	11,833
2000	2,629	2,969	2,335	2,009	797	951	11,690
2001	2,619	2,663	2,254	1,845	860	1,041	11,281
2002	2,533	2,472	1,980	1,670	894	1,001	10,550
2003	2,993 ^e	3,043	2,399	2,025	958	1,125	12,545
2004	3,299	3,335	2,626	2,162	1,023	1,332	13,778
2005	3,652 ^e	3,620	2,765	2,310	1,072	1,443	14,862
2006	4,220 ^e	4,154	3,087	2,557	1,141	1,521	16,680
2007:Q1	4,346 ^e	4,247	3,114	2,601	1,132	1,539	16,978
2007:Q2	4,602 ^e	4,446	3,248	2,729	1,133	1,584	17,742
2007:Q3	4,772 ^e	4,544	3,264	2,754	1,152	1,607	18,094
2007:Q4	4,747 ^e	4,502	3,186	2,691	1,197	1,592	17,916
2008:Q1	4,520 ^e	4,315	2,945	2,493	1,171	1,540	16,984
2008:Q2	4,512 ^e	4,319	2,907	2,458	1,179	1,537	16,911
2008:Q3	4,124 ^e	4,018	2,712	2,290	1,188	1,484	15,816
2008:Q4	3,610 ^e	3,517	2,328	1,957	1,221	1,351	13,985

¹DC plans include 403(b) plans, 457 plans, and private employer-sponsored DC plans (including 401(k) plans).

²Federal pension plans include U.S. Treasury security holdings of the civil service retirement and disability fund, the military retirement fund, the judicial retirement funds, the Railroad Retirement Board, and the foreign service retirement and disability fund. These plans also include securities held in the National Railroad Retirement Investment Trust and Federal Employees Retirement System (FERS) Thrift Savings Plan (TSP).

³Annuities include all fixed and variable annuity reserves at life insurance companies less annuities held by IRAs, 403(b) plans, 457 plans, and private pension funds. Some of these annuity reserves represent assets of individuals held outside retirement plan arrangements and IRAs; however, information to separate out such reserves is not available.

^eData are estimated.

Note: Components may not add to the total because of rounding.

Sources: Investment Company Institute, Federal Reserve Board, National Association of Government Defined Contribution Administrators, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division

FIGURE A2

MUTUAL FUND RETIREMENT ACCOUNT ASSETS*Billions of dollars, end-of-period, 1990–2008:Q4*

	Total mutual fund retirement assets	Employer-sponsored DC plan mutual fund assets*	IRA mutual fund assets
1990	\$206	\$67	\$140
1991	323	135	188
1992	420	184	237
1993	584	263	321
1994	668	320	348
1995	918	445	474
1996	1,174	579	595
1997	1,548	768	780
1998	1,959	978	981
1999	2,551	1,274	1,277
2000	2,497	1,249	1,249
2001	2,355	1,179	1,176
2002	2,084	1,040	1,044
2003	2,674	1,347	1,327
2004	3,090	1,569	1,521
2005	3,460	1,760	1,700
2006	4,111	2,083	2,028
2007:Q1	4,250	2,153	2,097
2007:Q2	4,524	2,290	2,234
2007:Q3	4,672	2,352	2,320
2007:Q4	4,613	2,309	2,304
2008:Q1	4,314	2,149	2,165
2008:Q2	4,302	2,147	2,155
2008:Q3	3,821	1,893	1,928
2008:Q4	3,143	1,547	1,596

*DC plans include 401(k) plans, 403(b) plans, 457 plans, Keoghs, and other DC plans without 401(k) features.

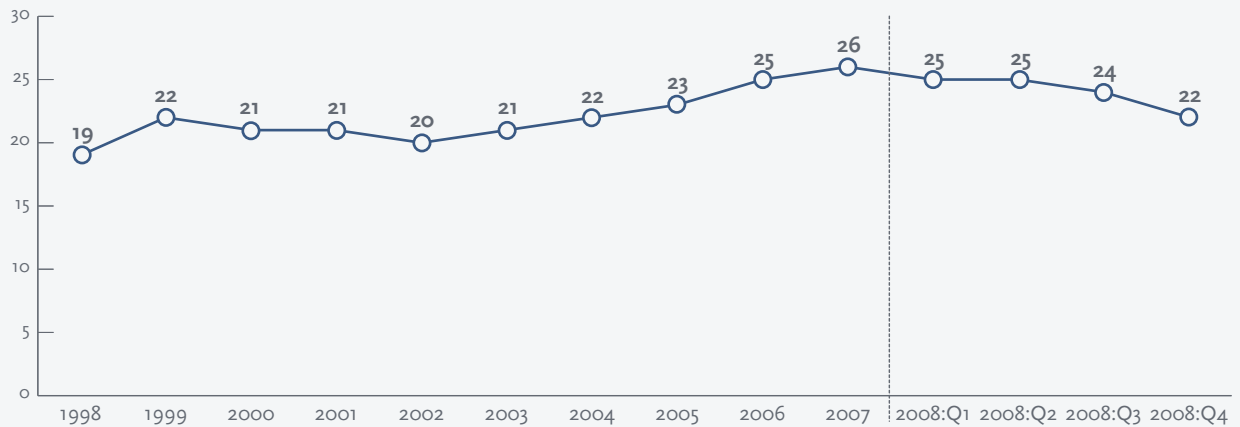
Note: Components may not add to the total because of rounding.

Sources: Investment Company Institute, Federal Reserve Board, and Department of Labor

FIGURE A3

MUTUAL FUNDS' SHARE OF U.S. RETIREMENT ASSETS^{1,2}

Percentage, end-of-period, 1998–2008



¹U.S. retirement assets include IRAs, annuities, and employer-sponsored DB and DC pension plans. Pension plans are sponsored by employers such as businesses; federal, state, and local governments; and nonprofit organizations.

²Mutual fund retirement assets exclude DB plans' mutual fund holdings, which amount to about 3 percent of the U.S. retirement market. VA mutual fund assets held outside of retirement accounts also are excluded. Included are mutual fund assets held by IRAs and employer-sponsored DC plans.

Sources: Investment Company Institute, Federal Reserve Board, National Association of Government Defined Contribution Administrators, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division

FIGURE A4

VARIABLE ANNUITY MUTUAL FUND ASSETS

End-of-period, 1996–2008:Q4

	IRAs		Employer-sponsored DC plans		Other investors		Total assets (billions)
	Assets (billions)	Share* (percent)	Assets (billions)	Share* (percent)	Assets (billions)	Share* (percent)	
1996	\$18	5%	\$117	33%	\$214	61%	\$349
1997	24	5	145	31	304	64	473
1998	33	5	178	29	405	66	615
1999	43	5	225	27	551	67	819
2000	43	5	210	26	565	69	817
2001	40	5	181	24	521	70	742
2002	40	6	143	22	455	71	639
2003	53	6	186	22	598	71	837
2004	66	7	204	21	705	72	974
2005	73	7	221	21	779	73	1,073
2006	88	7	254	20	924	73	1,266
2007:Q1	91	7	260	20	940	73	1,291
2007:Q2	97	7	273	20	999	73	1,369
2007:Q3	100	7	279	20	1,038	73	1,417
2007:Q4	99	7	271	19	1,028	74	1,397
2008:Q1	92	7	247	19	949	74	1,287
2008:Q2	91	7	244	19	946	74	1,282
2008:Q3	81	7	215	19	838	74	1,135
2008:Q4	66	7	174	19	687	74	928

*Share is the percentage of total VA mutual fund assets.

Note: Components may not add to the total because of rounding.

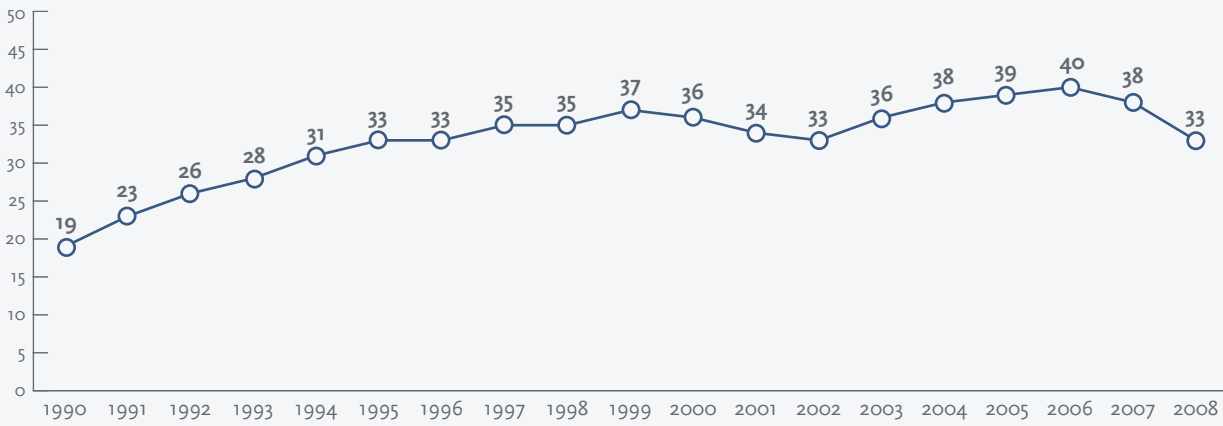
Source: Investment Company Institute

FIGURE A5

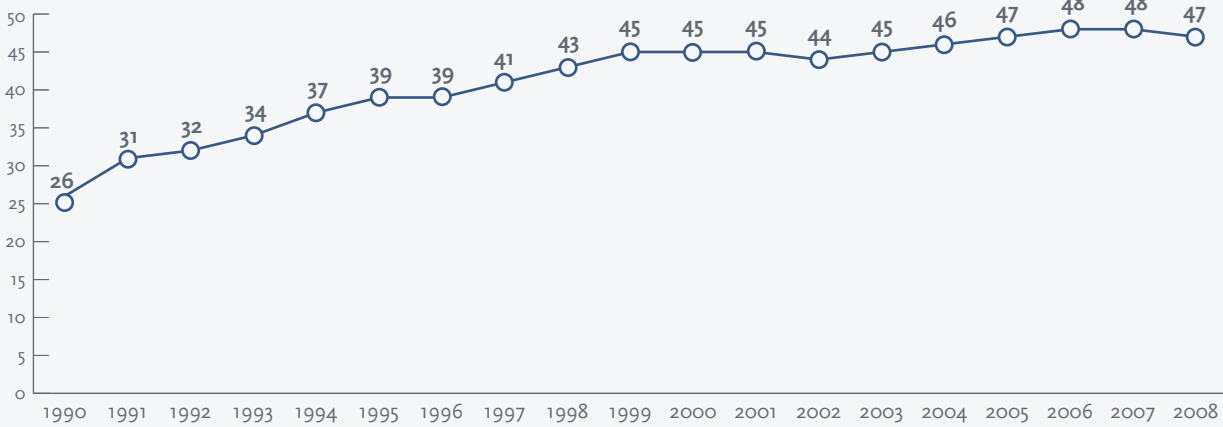
SHARE OF MUTUAL FUND ASSETS HELD IN RETIREMENT ACCOUNTS

Percentage, year-end, 1990–2008

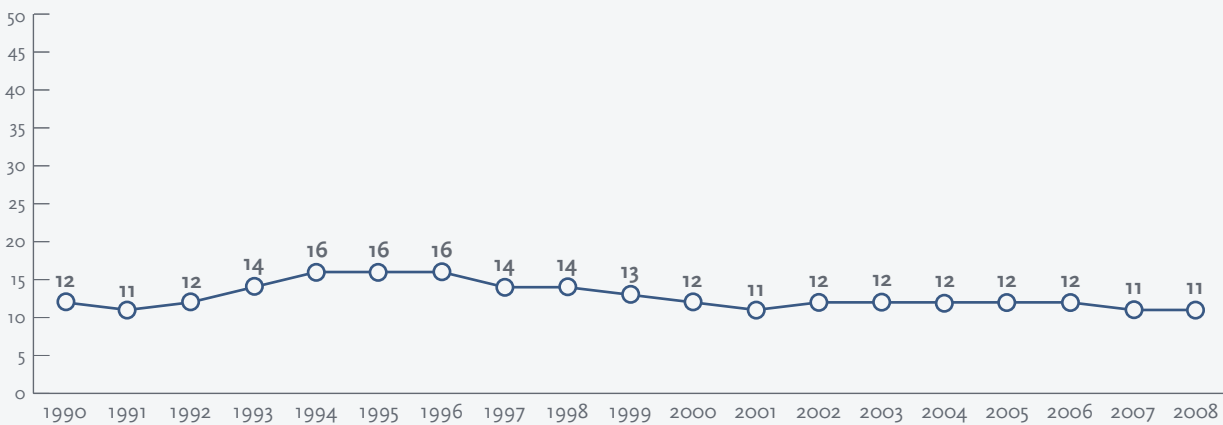
ALL FUNDS



LONG-TERM FUNDS*



MONEY MARKET FUNDS



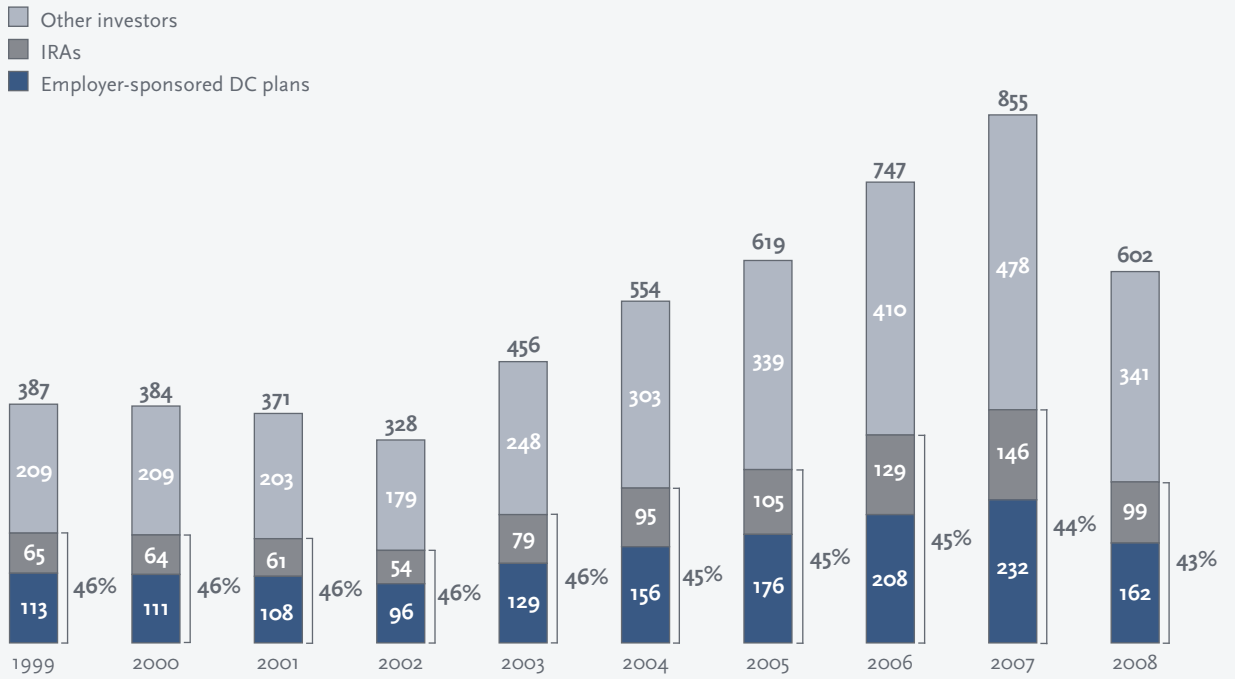
*Long-term funds include equity, hybrid, and bond mutual funds.

Source: Investment Company Institute

FIGURE A6

INDEX MUTUAL FUND ASSETS* AND RETIREMENT ACCOUNTS

Billions of dollars, end-of-period, 1999–2008



*Index mutual funds are equity, bond, and hybrid funds that target specific market indexes with the general objective of meeting the performance of that index. Equity index funds are the most common type of index funds, accounting for 80 percent of the \$602 billion of index fund assets year-end 2008.

Note: Components may not add to the total because of rounding.

Source: Investment Company Institute

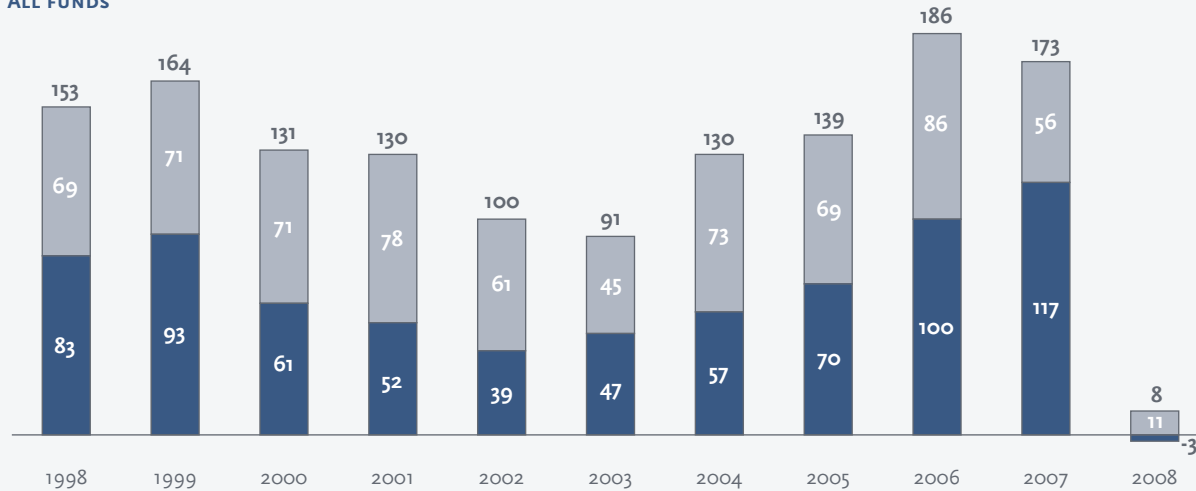
FIGURE A7

ESTIMATED NET NEW CASH FLOW¹ TO MUTUAL FUNDS FROM RETIREMENT ACCOUNTS

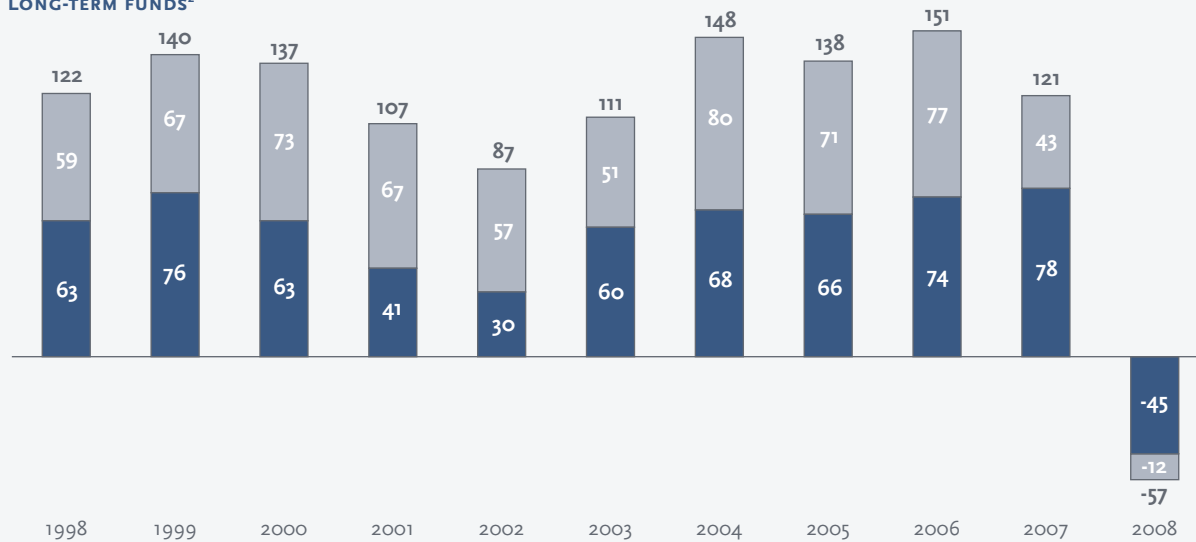
Billions of dollars, 1998–2008

Employer-sponsored DC plans
 IRAs

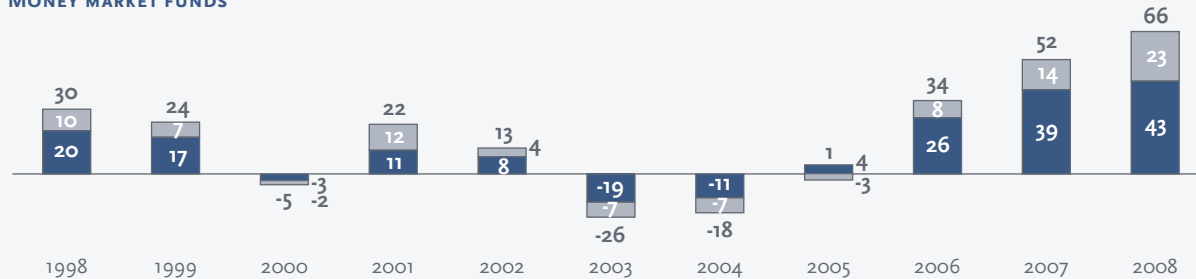
ALL FUNDS



LONG-TERM FUNDS²



MONEY MARKET FUNDS



¹ See endnote 4 for an explanation of the procedure used to estimate net new cash flows to mutual funds from retirement accounts.

² Long-term funds include equity, hybrid, and bond mutual funds.

Note: Components may not add to the total because of rounding.

Source: Investment Company Institute

FIGURE A8

ESTIMATED NET NEW CASH FLOW¹ TO MUTUAL FUNDS FROM RETIREMENT ACCOUNTS BY TYPE OF FUND

Billions of dollars, 1990–1999

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Total retirement²	\$29	\$10	\$73	\$101	\$87	\$79	\$102	\$136	\$153	\$164
IRAs	18	9	35	49	31	40	47	76	83	93
DC plans	11	(*)	39	52	56	39	55	61	69	71
Long-term funds	17	16	72	92	72	67	82	142	122	140
IRAs	9	13	34	46	21	32	32	77	63	76
DC plans	9	4	38	46	51	36	50	64	59	64
Equity funds	12	10	50	63	63	58	80	121	95	134
IRAs	5	3	22	29	21	25	40	68	49	73
DC plans	7	7	29	34	42	33	40	53	45	61
Hybrid funds ^{3, 4}	3	2	9	17	12	6	(*)	13	8	2
IRAs	2	3	5	11	6	4	-6	5	3	1
DC plans	1	-1	4	6	6	3	7	8	6	2
Bond funds	2	4	12	12	-4	3	1	8	19	4
IRAs	2	7	7	6	-7	3	-2	4	11	2
DC plans	(*)	-3	5	6	3	0	3	4	8	2
Money market funds	12	-7	2	9	15	12	20	-6	30	24
IRAs	9	-3	1	3	10	8	15	-2	20	17
DC plans	3	-4	(*)	6	5	4	5	-4	10	7
Memo:										
Industry net new cash flow²	44	112	156	228	84	212	321	375	477	363
Long-term funds	21	106	172	242	75	122	232	272	242	170
Equity funds	13	40	79	127	115	124	217	227	157	188
Hybrid funds ³	1	7	22	44	23	4	12	16	10	-14
Bond funds	7	59	71	71	-62	-6	3	28	75	-4
Money market funds	23	6	-16	-14	9	89	89	103	235	194

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FIGURE A8 CONTINUED

ESTIMATED NET NEW CASH FLOW¹ TO MUTUAL FUNDS FROM RETIREMENT ACCOUNTS BY TYPE OF FUND

Billions of dollars, 2000–2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total retirement²	\$131	\$130	\$100	\$91	\$130	\$139	\$186	\$173	\$8
IRAs	61	52	39	47	57	70	100	117	-3
DC plans	71	78	61	45	73	69	86	56	11
Long-term funds	137	107	87	111	148	138	151	121	-57
IRAs	63	41	30	60	68	66	74	78	-45
DC plans	73	67	57	51	80	71	77	43	-12
Equity funds	156	53	22	77	93	60	79	13	-121
IRAs	76	19	-4	38	37	31	40	23	-64
DC plans	81	35	27	39	56	29	39	-10	-57
Hybrid funds ^{3, 4}	-7	18	14	30	50	68	54	80	31
IRAs	-6	6	7	18	29	32	22	37	2
DC plans	-2	12	7	12	21	36	32	43	29
Bond funds	-13	35	51	4	4	10	18	28	33
IRAs	-7	16	28	3	1	4	11	19	16
DC plans	-6	20	24	1	3	6	7	9	17
Money market funds	-5	22	13	-19	-18	1	34	52	66
IRAs	-3	11	8	-13	-11	4	26	39	43
DC plans	-2	12	4	-7	-7	-3	8	14	23
Memo:									
Industry net new cash flow²	388	504	75	-48	53	254	472	878	411
Long-term funds	229	129	121	216	210	192	227	223	-226
Equity funds	309	32	-28	152	178	136	159	91	-234
Hybrid funds ³	-31	10	8	32	43	25	7	23	-19
Bond funds	-50	88	141	32	-11	31	61	109	27
Money market funds	159	375	-46	-263	-157	62	245	654	637

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FIGURE A8 CONTINUED

ESTIMATED NET NEW CASH FLOW¹ TO MUTUAL FUNDS FROM RETIREMENT ACCOUNTS BY TYPE OF FUND

Billions of dollars, 2007:Q1–2008:Q4

	2007:Q1	2007:Q2	2007:Q3	2007:Q4	2008:Q1	2008:Q2	2008:Q3	2008:Q4
Total retirement²	\$61	\$42	\$38	\$32	\$45	\$9	-\$22	-\$24
IRAs	31	27	32	27	23	(*)	-5	-20
DC plans	30	15	6	5	23	9	-17	-4
Long-term funds	51	31	21	17	14	21	-44	-49
IRAs	25	19	19	15	1	11	-23	-35
DC plans	26	12	2	2	13	10	-21	-14
Equity funds	16	3	(*)	-6	-29	-1	-54	-36
IRAs	7	4	8	3	-13	1	-26	-25
DC plans	8	-1	-8	-9	-16	-2	-28	-11
Hybrid funds ^{3, 4}	26	19	17	18	19	16	1	-4
IRAs	12	9	9	8	5	6	-2	-7
DC plans	14	10	9	10	13	9	3	3
Bond funds	10	10	4	5	25	7	10	-8
IRAs	6	6	2	4	9	4	5	-2
DC plans	3	3	2	1	15	3	4	-6
Money market funds	10	11	17	15	31	-12	22	25
IRAs	6	8	12	12	21	-11	18	14
DC plans	3	3	4	3	10	-1	4	10
Memo:								
Industry net new cash flow²	165	145	305	263	314	-12	-73	181
Long-term funds	119	69	14	20	3	68	-97	-199
Equity funds	64	21	3	2	-45	23	-98	-113
Hybrid funds ³	10	6	4	4	3	7	-7	-23
Bond funds	45	42	7	14	45	38	8	-63
Money market funds	46	75	291	243	312	-79	24	380

¹ See endnote 4 for an explanation of the procedure used to estimate net new cash flows to mutual funds from retirement accounts.

² Retirement flows to fund of funds are counted in the investment objective of the fund of funds. Industry flows to fund of funds are counted in the investment objectives of the underlying funds.

³ Hybrid funds invest in a mix of equities and fixed-income securities.

⁴ The bulk of lifecycle and lifestyle funds is counted in this category.

(*) = between \$500 million and -\$500 million

Note: Components may not add to the total because of rounding.

Source: Investment Company Institute

FIGURE A9

IRA HOLDINGS OF MUTUAL FUNDS BY TYPE OF FUND

End-of-period, 1990–2008:Q4

	Domestic equity		Foreign equity		Hybrid ¹		Bond		Money market		Total assets (billions)
	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	
1990	\$53	38%	\$6	4%	\$9	7%	\$32	23%	\$41	29%	\$140
1991	81	43	8	4	15	8	44	23	40	21	188
1992	108	46	10	4	21	9	55	23	43	18	237
1993	146	45	23	7	38	12	66	20	49	15	321
1994	156	45	31	9	42	12	56	16	62	18	348
1995	241	51	32	7	58	12	67	14	76	16	474
1996	301	51	65	11	68	11	77	13	85	14	595
1997	444	57	78	10	85	11	86	11	86	11	780
1998	582	59	92	9	97	10	100	10	110	11	981
1999	807	63	137	11	102	8	102	8	129	10	1,277
2000	797	64	126	10	95	8	97	8	133	11	1,249
2001	706	60	103	9	99	8	117	10	151	13	1,176
2002	547	52	85	8	98	9	153	15	161	15	1,044
2003	749	56	119	9	140	11	169	13	149	11	1,327
2004	863	57	157	10	185	12	179	12	137	9	1,521
2005	938	55	207	12	226	13	186	11	144	8	1,700
2006	1,074	53	289	14	282	14	205	10	178	9	2,028
2007:Q1	1,088	52	308	15	301	14	215	10	186	9	2,097
2007:Q2	1,154	52	342	15	322	14	221	10	196	9	2,234
2007:Q3	1,179	51	365	16	337	15	229	10	211	9	2,320
2007:Q4	1,136	49	368	16	339	15	236	10	225	10	2,304
2008:Q1	1,016	47	333	15	323	15	244	11	248	11	2,165
2008:Q2	1,012	47	329	15	327	15	248	11	239	11	2,155
2008:Q3	876	45	258	13	294	15	242	13	259	13	1,928
2008:Q4	661	41	190	12	242	15	229	14	274	17	1,596

¹Hybrid funds invest in a mix of equities and fixed-income securities. The bulk of lifecycle and lifestyle funds is counted in this category.

²Share is the percentage of total mutual fund assets in IRAs.

Note: Components may not add to the total because of rounding.

Source: Investment Company Institute

FIGURE A10

IRA HOLDINGS OF MUTUAL FUNDS BY TYPE OF IRA

End-of-period, 1992–2008:Q4

	Traditional ¹		SEP and SAR-SEP		Roth ²		SIMPLE		Total assets (billions)	Memo: education ³ assets (billions)
	Assets (billions)	Share ⁴ (percent)	Assets (billions)	Share ⁴ (percent)	Assets (billions)	Share ⁴ (percent)	Assets (billions)	Share ⁴ (percent)		
1992	\$229	97%	\$7	3%	–	–	–	–	\$237	–
1993	308	96	13	4	–	–	–	–	321	–
1994	334	96	14	4	–	–	–	–	348	–
1995	450	95	24	5	–	–	–	–	474	–
1996	562	95	32	5	–	–	–	–	595	–
1997	734	94	45	6	–	–	(*)	(**)	780	–
1998	889	91	57	6	\$31	3%	\$3	(**)	981	(*)
1999	1,141	89	74	6	55	4	7	(**)	1,277	\$1
2000	1,112	89	71	6	57	5	9	1%	1,249	1
2001	1,044	89	65	6	55	5	12	1	1,176	2
2002	919	88	58	6	54	5	13	1	1,044	2
2003	1,154	87	75	6	76	6	21	2	1,327	3
2004	1,315	86	86	6	92	6	28	2	1,521	4
2005	1,459	86	96	6	110	6	35	2	1,700	4
2006	1,731	85	113	6	140	7	44	2	2,028	5
2007:Q1	1,787	85	117	6	147	7	46	2	2,097	5
2007:Q2	1,900	85	125	6	159	7	50	2	2,234	5
2007:Q3	1,974	85	128	6	166	7	52	2	2,320	5
2007:Q4	1,958	85	128	6	166	7	52	2	2,304	5
2008:Q1	1,841	85	123	6	153	7	47	2	2,165	5
2008:Q2	1,831	85	123	6	154	7	48	2	2,155	5
2008:Q3	1,640	85	109	6	136	7	43	2	1,928	5
2008:Q4	1,359	85	89	6	112	7	36	2	1,596	4

¹Traditional IRAs include contributory and rollover IRAs.²Roth IRAs include contributory and conversion Roth IRAs.³Education IRAs were renamed Coverdell Education Savings Accounts (ESAs) in July 2001 and are not included in total IRA assets.⁴Share is the percentage of total mutual fund assets in IRAs.

(*) = less than \$500 million

(**) = less than ½ percent

Note: Components may not add to the total because of rounding.

Source: Investment Company Institute

FIGURE A11

ROTH IRAs*Billions of dollars, 1998–2008*

	Contributions	Conversions	Total assets (year-end)	Of which: assets held in mutual funds (year-end)
1998	\$8.6	\$39.3	\$56.8	\$31
1999	10.7	3.7	76.2	55
2000	11.6	3.2	77.6	57
2001	11.0	3.1	79.3	55
2002	13.2	3.3	77.6	54
2003	13.5 ^e	3.0 ^e	105.8 ^e	76
2004	14.7	2.8	139.9	92
2005	N/A	N/A	160.0 ^e	110
2006	N/A	N/A	195.0 ^e	140
2007	N/A	N/A	225.0 ^e	166
2008	N/A	N/A	165.0 ^e	112

^eData are estimated.

N/A = not available

Sources: Investment Company Institute and Internal Revenue Service Statistics of Income Division

FIGURE A12

SEP AND SAR-SEP IRAs*Billions of dollars, 1997–2008*

	Contributions	Total assets (year-end)	Of which: assets held in mutual funds (year-end)
1997	\$6.9	\$84.7	\$45
1998	8.7	115.4	57
1999	9.1	142.9	74
2000	10.1	134.0	71
2001	10.1	131.3	65
2002	10.3	117.0	58
2003	11.7 ^e	145.0 ^e	75
2004	13.8	168.7	86
2005	N/A	191.0 ^e	96
2006	N/A	223.0 ^e	113
2007	N/A	253.0 ^e	128
2008	N/A	180.0 ^e	89

^eData are estimated.

N/A = not available

Sources: Investment Company Institute and Internal Revenue Service Statistics of Income Division

FIGURE A13

SIMPLE IRAs

Billions of dollars, 1997–2008

	Contributions	Total assets (year-end)	Of which: assets held in mutual funds (year-end)
1997	\$0.6	\$0.6	(*)
1998	2.2	3.6	3
1999	3.4	9.1	7
2000	4.7	10.4	9
2001	5.5	13.6	12
2002	6.3	16.1	13
2003	6.5 ^e	23.5 ^e	21
2004	7.6	34.0	28
2005	N/A	42.0 ^e	35
2006	N/A	53.0 ^e	44
2007	N/A	61.0 ^e	52
2008	N/A	44.0 ^e	36

^e Data are estimated.

N/A = not available

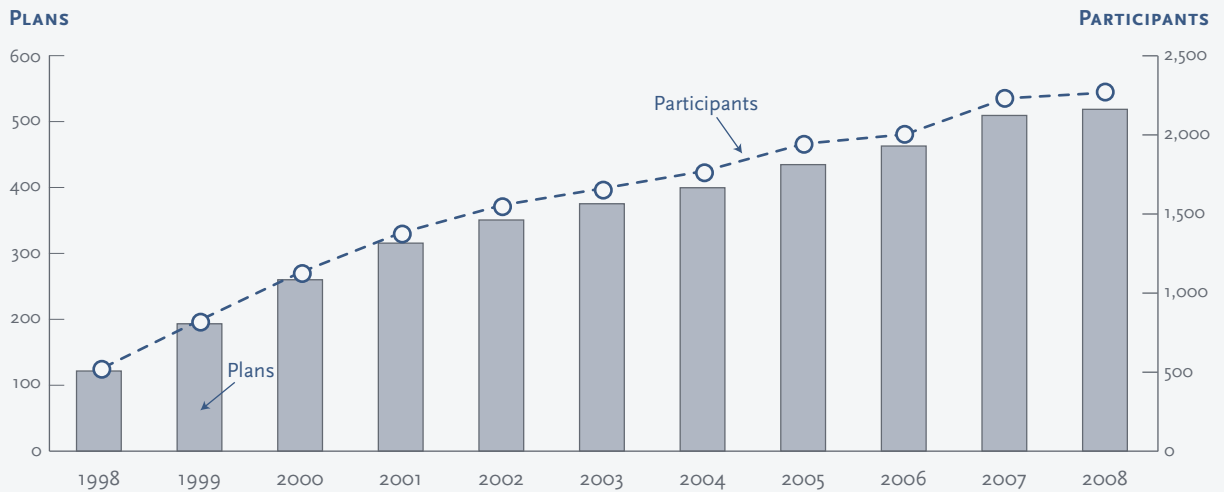
(*) = less than \$500 million

Sources: Investment Company Institute and Internal Revenue Service Statistics of Income Division

FIGURE A14

SIMPLE IRA PLANS AND PARTICIPANTS FOR A SAMPLE OF MUTUAL FUND COMPANIES

Thousands, year-end, 1998–2008



Note: The firms surveyed held about three-quarters of all SIMPLE IRA mutual fund assets at year-end 2008.

Source: Investment Company Institute, Survey of a Segment of Member Mutual Fund Companies

FIGURE A15

DEFINED CONTRIBUTION PLAN HOLDINGS OF MUTUAL FUNDS BY TYPE OF FUND

End-of-period, 1992–2008:Q4

	Domestic equity		Foreign equity		Hybrid ¹		Bond		Money market		Total assets (billions)
	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	
1992	\$132	72%	\$5	3%	\$8	4%	\$16	9%	\$22	12%	\$184
1993	178	68	14	6	17	6	24	9	30	11	263
1994	211	66	24	7	22	7	26	8	37	12	320
1995	308	69	32	7	31	7	29	7	44	10	445
1996	383	66	39	7	57	10	43	7	58	10	579
1997	530	69	53	7	77	10	49	6	59	8	768
1998	687	70	63	6	94	10	60	6	73	8	978
1999	921	72	104	8	105	8	62	5	82	6	1,274
2000	891	71	107	9	107	9	60	5	84	7	1,249
2001	788	67	89	8	118	10	84	7	99	8	1,179
2002	627	60	78	8	114	11	116	11	104	10	1,040
2003	857	64	114	8	151	11	126	9	98	7	1,347
2004	1,000	64	154	10	189	12	135	9	90	6	1,569
2005	1,080	61	207	12	238	14	146	8	90	5	1,760
2006	1,220	59	302	15	302	15	158	8	101	5	2,083
2007:Q1	1,235	57	322	15	326	15	164	8	105	5	2,153
2007:Q2	1,307	57	356	16	351	15	167	7	110	5	2,290
2007:Q3	1,322	56	375	16	367	16	173	7	115	5	2,352
2007:Q4	1,264	55	377	16	372	16	177	8	119	5	2,309
2008:Q1	1,124	52	339	16	362	17	194	9	130	6	2,149
2008:Q2	1,118	52	334	16	369	17	196	9	130	6	2,147
2008:Q3	967	51	261	14	337	18	194	10	134	7	1,893
2008:Q4	734	47	196	13	285	18	186	12	146	9	1,547

¹Hybrid funds invest in a mix of equities and fixed-income securities. The bulk of lifecycle and lifestyle funds is counted in this category.

²Share is the percentage of total mutual fund assets in DC plans.

Note: Components may not add to the total because of rounding.

Source: Investment Company Institute

FIGURE A16

DEFINED CONTRIBUTION PLAN HOLDINGS OF MUTUAL FUNDS BY TYPE OF PLAN*Billions of dollars, end-of-period, 1992–2008:Q4*

	401(k) plans	403(b) plans	457 plans	Other DC plans*	Total
1992	\$82	\$74	\$3	\$25	\$184
1993	140	86	4	33	263
1994	184	93	6	37	320
1995	266	120	9	50	445
1996	348	148	13	69	579
1997	476	187	20	85	768
1998	613	232	29	104	978
1999	807	290	48	129	1,274
2000	816	264	47	122	1,249
2001	791	237	44	107	1,179
2002	702	197	37	103	1,040
2003	913	261	46	126	1,347
2004	1,080	294	53	142	1,569
2005	1,224	318	61	157	1,760
2006	1,458	364	70	192	2,083
2007:Q1	1,515	371	71	195	2,153
2007:Q2	1,616	393	76	205	2,290
2007:Q3	1,663	401	78	211	2,352
2007:Q4	1,633	391	76	208	2,309
2008:Q1	1,524	359	70	196	2,149
2008:Q2	1,524	358	70	195	2,147
2008:Q3	1,339	318	62	174	1,893
2008:Q4	1,095	260	50	142	1,547

*Other DC plans include Keoghs and DC plans (profit-sharing, thrift-savings, stock bonus, and money purchase) without 401(k) features.

Note: Components may not add to the total because of rounding.

Sources: Investment Company Institute, Federal Reserve Board, and Department of Labor

FIGURE A17

DEFINED CONTRIBUTION PLAN ASSETS BY TYPE OF PLAN*Billions of dollars, end-of-period, 1994–2008:Q4*

	401(k) plans	403(b) plans	457 plans	Other DC plans*	Total
1994	\$675	\$271	\$34	\$426	\$1,406
1995	864	319	42	492	1,717
1996	1,061	356	52	492	1,961
1997	1,264	425	72	581	2,343
1998	1,541	437	94	568	2,640
1999	1,790	527	112	572	3,001
2000	1,725	517	110	618	2,969
2001	1,682	443	105	433	2,663
2002	1,573	433	98	368	2,472
2003	1,922	533	117	472	3,043
2004	2,189	571	130	446	3,335
2005	2,396	616	143	465	3,620
2006	2,768	687	158	541	4,154
2007:Q1	2,845 ^e	696	161	545	4,247
2007:Q2	2,985 ^e	725	172	564	4,446
2007:Q3	3,055 ^e	737	174	578	4,544
2007:Q4	3,025 ^e	729	173	575	4,502
2008:Q1	2,905 ^e	694	166	550	4,315
2008:Q2	2,910 ^e	693	165	551	4,319
2008:Q3	2,700 ^e	647	156	515	4,018
2008:Q4	2,350 ^e	572	140	455	3,517

^e Data are estimated.

*Other DC plans include Keoghs and DC plans (profit-sharing, thrift-savings, stock bonus, and money purchase) without 401(k) features.

Note: Components may not add to the total because of rounding.

Sources: Investment Company Institute, Federal Reserve Board, Department of Labor, National Association of Government Defined Contribution Administrators, and American Council of Life Insurers

FIGURE A18

LIFECYCLE FUND ASSETS

End-of-period, 1996–2008:Q4

	Lifecycle assets ¹						
	IRAs		Employer-sponsored DC plans		Other investors		Total assets (billions)
	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	
1996	(*)	34%	(*)	2%	\$1	64%	\$1
1997	\$1	34	(*)	13	1	52	1
1998	1	20	\$3	56	1	24	5
1999	1	16	5	65	1	19	7
2000	1	16	6	68	1	16	9
2001	2	16	9	73	1	11	12
2002	2	15	11	74	2	12	15
2003	5	20	18	70	3	10	26
2004	9	21	30	68	5	11	44
2005	15	22	48	68	8	11	71
2006	25	22	79	69	11	10	115
2007:Q1	28	21	91	68	14	11	134
2007:Q2	33	21	103	67	17	11	153
2007:Q3	36	21	114	67	19	11	169
2007:Q4	38	21	122	67	22	12	183
2008:Q1	38	21	125	67	22	12	185
2008:Q2	41	20	134	67	24	12	200
2008:Q3	38	20	126	67	24	13	187
2008:Q4	31	20	109	68	20	12	160

¹A lifecycle mutual fund is a hybrid fund that typically rebalances to an increasingly conservative portfolio as the target date of the fund (mentioned in its name) approaches.

²Share is the percentage of total assets.

(*) = less than \$500 million

Note: Components may not add to the total because of rounding.

Source: Investment Company Institute

FIGURE A19

LIFESTYLE FUND ASSETS

End-of-period, 1996–2008:Q4

	Lifestyle assets ¹						Total assets (billions)
	IRAs		Employer-sponsored DC plans		Other investors		
	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	Assets (billions)	Share ² (percent)	
1996	\$1	25%	\$2	39%	\$2	37%	\$6
1997	3	23	5	38	5	39	13
1998	5	22	8	36	9	42	21
1999	6	21	10	37	12	42	28
2000	6	20	12	37	13	43	31
2001	7	20	14	42	12	37	33
2002	7	20	14	40	14	40	35
2003	10	17	19	34	27	49	56
2004	14	17	23	27	48	56	86
2005	26	20	38	29	67	51	131
2006	39	21	50	26	100	53	189
2007:Q1	44	22	53	26	107	52	204
2007:Q2	48	22	56	25	117	53	221
2007:Q3	50	22	58	25	125	54	233
2007:Q4	51	21	58	24	129	54	238
2008:Q1	48	21	55	24	125	55	228
2008:Q2	49	21	53	23	128	56	231
2008:Q3	44	21	48	23	117	56	210
2008:Q4	36	20	40	23	100	57	176

¹A lifestyle mutual fund maintains a predetermined risk level and generally contains "conservative," "aggressive," or "moderate" in the fund's name.

²Share is the percentage of total assets.

Note: Components may not add to the total because of rounding.

Source: Investment Company Institute

NOTES

- ¹ Based on data from ICI's Quarterly Questionnaire for Retirement Statistics. The 2008 survey gathered data from 18,152 mutual fund share classes representing approximately 81 percent of mutual fund industry assets. Assets were estimated for all nonreporting funds. Data before 2008 reflect revisions to previously reported data. Estimates of retirement assets in broker street name and omnibus accounts were derived from data reported on the Annual Questionnaire for Classification of Shareholder Assets.
- ² In this report, estimates of mutual fund assets in DB plans have been excluded because of incomplete reporting. Federal Reserve Board data indicate that mutual fund assets held in private-sector DB plans accounted for \$228 billion at year-end 2008, or less than 2 percent of the U.S. retirement market. In addition, the Federal Reserve Board reports that state and local government (DB) employee retirement funds held \$217 billion in mutual fund assets at year-end 2008, or less than 2 percent of the U.S. retirement market. See Federal Reserve Board 2009.
- ³ ICI is unable to separately identify the type of variable product in which variable annuity mutual funds shares are held. Estimates from Federal Reserve Board staff, based on a tabulation of A.M. Best data, were that approximately 15 percent of all (mutual fund plus non-mutual fund) assets in life insurance company separate accounts were in variable life policies in 2005. Separate account assets back variable life insurance products, which include both variable life insurance and variable annuities.
- ⁴ ICI does not collect sales or net new cash flow information for retirement plans on its Quarterly Questionnaire for Retirement Statistics. Net new cash flow is sales of shares (other than reinvested distributions) less redemptions plus net exchanges. Net new cash flow was estimated by assuming that retirement assets within an individual fund share class had the same investment performance as the entire mutual fund. Investment performance for each mutual fund was calculated by taking the total change in assets and adjusting for total net new cash flow during the time period (estimated annually through 2006; estimated quarterly since 2007:Q1). Retirement assets were adjusted by investment performance. The residual change in assets was attributable to net new cash flow. The formula for the flow calculation is:

$$RF_t = \frac{TF_t(RA_{t-1} + RA_t) + 2(RA_t)(TA_{t-1}) - 2(TA_t)(RA_{t-1})}{(TA_t + TA_{t-1})}$$

For a given mutual fund, RF represents retirement net new cash flow, TA represents total assets, TF represents total net new cash flow, and RA represents retirement assets.
- ⁵ Retirement flows to fund of funds are counted in the investment objective of the fund of funds. Industry flows to fund of funds are counted in the investment objective of the underlying funds.
- ⁶ See Figure 4 in the June 2009 *Fundamentals*.
- ⁷ For data on lifecycle and lifestyle mutual funds, see Figures A18 and A19.
- ⁸ See Figure 6 in the June 2009 *Fundamentals*.
- ⁹ The Employee Retirement Income Security Act of 1974 (ERISA) created traditional IRAs. In 2008, approximately 37.5 million, or 32.1 percent of, U.S. households had traditional IRAs (see Figure 5 in the June 2009 *Fundamentals*; and Holden and Schrass 2009). For a history of IRAs, see Holden, Ireland, Leonard-Chambers, and Bogdan 2005.
- ¹⁰ Education IRAs—created under the Taxpayer Relief Act of 1997 and renamed Coverdell Education Savings Accounts (ESAs) in July 2001—are not included in the total IRA assets. Mutual fund holdings in Education IRAs were \$4 billion in 2008 (Figure A10).
- ¹¹ Total IRA market assets are derived from tabulations of total IRA assets provided by the IRS Statistics of Income (SOI) Division for tax years 1989, 1993, 1996–2002, and 2004. These tabulations are based on a sample of IRS returns. For a description of the SOI estimation techniques, see Sailer, Weber, and Gurka 2003; Sailer and Nutter 2004; Bryant and Sailer 2006; and Bryant 2008.
- ¹² Data from the Federal Reserve Board's Survey of Consumer Finances (SCF) indicate that about half of all traditional IRA assets in 2007 were held in rollover IRAs (see Figure 7 in the June 2009 *Fundamentals*).
- ¹³ Roth IRAs were created in the Taxpayer Relief Act of 1997 and were first available in 1998. In 2008, approximately 18.6 million, or 15.9 percent of, U.S. households had Roth IRAs (see Figure 5 in the June 2009 *Fundamentals* and Holden and Schrass 2009).
- ¹⁴ The SEP (Simplified Employee Pension) IRA was created under the Revenue Act of 1978. The salary reduction (SAR)-SEP IRA was created under the Tax Reform Act of 1986. The Small Business Job Protection Act of 1996 prohibited the formation of new SAR-SEP IRAs after December 31, 1996, but introduced SIMPLE (Savings Incentive Match Plan for Employees) IRAs, which were first available in 1997. In 2008, approximately 10.0 million, or 8.6 percent of, U.S. households had employer-sponsored IRAs (see Figure 5 in the June 2009 *Fundamentals* and Holden and Schrass 2009).

¹⁵ Based on semiannual surveys of 24 ICI member firms that held about three-quarters of the SIMPLE IRA assets invested in mutual funds at year-end 2008.

¹⁶ See Figure 9 in the June 2009 *Fundamentals*.

¹⁷ For data on lifecycle and lifestyle mutual funds, see Figures A18 and A19.

¹⁸ Assets in 401(k) plans refer to private-sector DC plans with 401(k) features (e.g., salary deferral feature). However, 401(k) plan assets reported for mutual funds and the 401(k) market may include some DC plan assets purchased in the plans prior to the addition of 401(k) features. Total 401(k) asset data through 2006 are from the U.S. Department of Labor's tabulations of the Form 5500 data (see U.S. Department of Labor 2009a and 2009b). Data after 2006 are estimated by ICI. For a history of 401(k) plans, see Holden, Hadley, and Brady 2006.

¹⁹ These tax-deferred retirement plans are available to employees of educational institutions and certain nonprofit organizations.

²⁰ See Figure 11 in the June 2009 *Fundamentals*.

²¹ These plans allow deferred compensation by employees of state and local governments and certain tax-exempt organizations.

²² Keogh plans (also known as H.R. 10 plans) cover self-employed individuals, partners, and owners of unincorporated business. Created by Congress in 1962, these plans were at one time governed by their own set of rules. However, over time, subsequent legislation eliminated differences between Keoghs and other types of pension plans. They are now designated as a specific type of pension plan—e.g., profit-sharing Keogh, 401(k) Keogh—and governed by the rules of such plans.

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