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**New Research from EBRI:**

## **Individual Account Retirement Assets Are Concentrated In Families with Common Characteristics, Study Reports**

WASHINGTON—Assets in individual account retirement plans are concentrated in families with a set of common characteristics—higher net worth, higher family income, higher educational attainment, with older family heads, and with white, non-Hispanic heads, according to a study released today by the nonpartisan Employee Benefit Research Institute (EBRI).

However, the analysis also finds that *retirement plan* assets are less concentrated than *overall financial* assets in many of these same categories. For example, families with white, non-Hispanic heads owned 85.1 percent of active employment-based individual account retirement plan assets, compared with 91.9 percent of all financial assets. Families in the top 10 percent of net worth held 50.0 percent of these active employment-based retirement assets, compared with 72.3 percent of all financial assets.

“Families with more assets have the ability to accumulate the most assets in an individual account plan due to other sources of assets and higher average incomes,” writes Craig Copeland, EBRI senior research associate and author of the study in the May 2010 *EBRI Notes*, available online at [www.ebri.org](http://www.ebri.org)

“Furthermore, these same individuals are more likely to be offered a retirement plan through an employer, so they may find it easier to save due to the automatic savings created by participating in an employment-based retirement plan. Therefore, these assets have grown significantly for the higher-resource groups.”

The study examines the distribution of total assets held in individual account retirement plans (401(k)-type plans, individual retirement accounts, and Keogh plans) across various demographic characteristics of American families, based on the latest data from the Federal Reserve’s Survey of Consumer Finances.

Some of the report’s other findings:

- Total individual account retirement assets amounted to \$8.979 trillion in 2007. Employment-based plan assets (\$4.823 trillion) exceeded IRA/Keogh account assets (\$4.157 trillion) by \$0.666 trillion.
- Approximately 70 percent of the employment-based retirement plan assets were held by families headed by individuals ages 45–64. The largest concentration of IRA and Keogh assets is held by families with heads in the next oldest age group (ages 55–74), who own just over 60 percent of these assets.

The distribution of individual account retirement plan assets by the family net worth percentile and race of the family head remained relatively constant from 1992 to 2007, the study reports. For example, in

1992, families headed by a white, non-Hispanic individual accounted for 91.9 percent of the individual account retirement plan assets. By 2007, this was virtually unchanged at 89.3 percent.

However, families headed by older and the most highly educated individuals or with the highest incomes gained in the share of these individual account assets. In 1992, 44 percent of the assets were owned by families headed by individuals 55 or older. The share for this group had increased to 58.6 percent by 2007. In 1992, the share owned by families with a head with a college degree was 69.3 percent; by 2007, this number had increased to 74.8 percent. Families with incomes of \$150,000 or more accounted for 39.1 percent of individual account retirement plans in 1992. This grew to 49.9 percent in 2007.

The study also notes that while the fraction of total assets is smaller in the individual account plans of those with lower net worth, lower income, and who are younger, these assets do comprise a significant portion of their total financial assets—more than one-third, in many cases. Consequently, for those with fewer assets using these plans, these retirement plans have been effective in helping them accumulate assets they otherwise may not have been able to save without these plans.

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