

IRA Balances and Contributions: An Overview of the EBRI IRA Database™

By Craig Copeland, Employee Benefit Research Institute®

EXECUTIVE SUMMARY

NEW IRA DATABASE: The Employee Benefit Research Institute® created the EBRI IRA Database™ in order to more closely examine retirement savings behavior. The EBRI IRA Database™ is able to link individuals within and across the data providers and will also be able to link the data with participants in 401(k) plans, allowing retirement funds to be tracked as they are generated, rolled over, and ultimately used. This *Issue Brief* is the first of a series of publications analyzing the EBRI IRA Database,™ and highlights the distribution of IRA owners by IRA type, average and median account balances, and contributions to IRAs. The data security techniques used by the data providers assure that EBRI® has no ability to identify individuals so that all privacy is assured.

IRA TYPES: In the EBRI IRA Database,™ IRAs are classified into four types: traditional (originating from contributions), rollovers from other retirement plans, Roth, and SEP/SIMPLE. The distribution of the IRA accounts is 33.6 percent traditional IRAs; 33.4 percent rollover IRAs (combined with the traditional IRAs, 67 percent); 23.4 percent Roth IRAs; the remaining 9.6 percent are SEPs and SIMPLEs.

OWNERSHIP BY AGE AND GENDER: IRA owners were more likely to be male, especially those having a rollover or a SEP/SIMPLE IRA. Among all IRA participants in the database, nearly one-half (48.3 percent) were ages 45–64. Only 16.7 percent of those owning a traditional IRA were under age 45, compared with 46.5 percent for those with a Roth, 30.4 percent for rollovers, and 34.8 percent for those with a SEP or SIMPLE.

AVERAGE AND MEDIAN BALANCES: The average and median IRA *account balance* in 2008 was \$54,863 and \$15,756, respectively, while the average and median IRA *individual balance* (all accounts from the same person combined) was \$69,498 and \$20,046. Individuals with a rollover balance had the highest average and median balance at \$91,783 and \$31,264. Roth owners had the lowest average and median balance at \$14,056 and \$7,319. The average and median individual IRA balance increased with age before leveling off for those age 70 or older.

CONTRIBUTIONS:

Averages—The average amount contributed to an IRA in the database was \$3,665 in 2008. The average contribution was highest for accounts owned by those ages 65–69. More contributions were made to Roth accounts than to traditional (combined traditional and rollover) accounts. However, the average contribution to a traditional account was higher, at \$3,798, compared with \$3,580 to a Roth account. Yet, a higher overall amount was contributed to Roth IRAs (\$3.4 billion for Roths compared with \$2.3 billion for traditional accounts).

By type—Focusing only on those owning traditional, rollover, or Roth IRAs, 12.1 percent of the accounts were contributed to, and 15.1 percent of the individuals owning these IRA types contributed to them in 2008. When combining the owners of traditional and rollover IRAs (which are considered the same type for contribution purposes), 7.2 percent contributed, while 29.5 percent of those owning a Roth IRA contributed to a Roth IRA.

Maxing out—Of those individuals contributing, 42.4 percent contributed the maximum amount. Of those contributing to a traditional or rollover IRA, 43.4 percent maxed out, while 40.2 percent did so with a Roth IRA.

Craig Copeland is senior research associate at EBRI.[®] This *Issue Brief* was written with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the author and should not be ascribed to the officers, trustees, or other sponsors of EBRI,[®] EBRI-ERF,[®] or their staffs. Neither EBRI[®] nor EBRI-ERF[®] lobbies or takes positions on specific policy proposals. EBRI[®] invites comment on this research.

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Data Security

EBRI's retirement databases (the EBRI/ICI Participant-Directed Retirement Plan Database,TM the EBRI IRA Database,TM the EBRI Integrated Defined Contribution/IRA DatabaseTM) have been the subject of multiple independent security audits and have been certified to be fully compliant with the ISO-27002 Information Security Audit standard. Moreover, EBRI[®] has obtained a legal opinion that the methodology used meets the privacy standards of the Gramm-Leach-Bliley Act. At no time has any non-public personal information that is personally identifiable, such as Social Security Number, been transferred to or shared with EBRI.[®] None of the three databases allows identification of any individuals or plan sponsors.

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Introduction

Individual retirement accounts (IRAs) are a vital component of U.S. retirement savings, with accounts holding more than 25 percent of all retirement assets in the nation. A substantial portion of these IRA assets originated in other tax-qualified retirement plans, such as defined benefit (pension) and 401(k) plans, and were moved to IRAs through rollovers. Thus, a sizable percentage of IRAs have become a repository for assets built up in the employment-based retirement system, as individuals hold money in them while awaiting or during retirement.

The Employee Benefit Research Institute (EBRI[®]) has focused on retirement savings since its inception in 1978, and has been particularly informative on the behavior of participants in 401(k) plans. However, the connection between 401(k) plan participants and IRA owners has not been well developed.¹ Consequently, EBRI[®] has started an initiative to study in depth this connection between 401(k) plans and IRAs. To do this, EBRI[®] has created the EBRI IRA Database,[™] which will be able to link individuals within and across data providers in the IRA database and with participants in 401(k) plans.² This will be done both by calendar year and longitudinally, allowing examination of retirement asset holdings at a point in time and as the individual ages and either changes jobs or retires.

This *Issue Brief* is the first of a series of publications analyzing the EBRI IRA Database.[™] It highlights the distribution of IRA owners by IRA type, average account balances, and contributions to IRAs. One unique aspect of the EBRI IRA Database[™] is that it can link the accounts of individuals with more than one account in the database, thus aggregating total IRA assets and giving a more realistic picture of their IRA-based retirement savings.

Data

The EBRI IRA Database[™] is an ongoing project that collects data from IRA plan administrators, and currently contains information on 14.1 million accounts for 11.1 million unique individuals with total assets of \$732.9 billion as of year-end 2008.³ EBRI[®] is currently collecting/processing data for year-end 2009, and the database will significantly increase in the future (not only longitudinally but also on a per-year individual total). For each account within the database, the IRA type, the account balance, any contributions during the year, the asset allocation, and certain demographic characteristics of the account owner are included (among other items). Based on the richness of the data, the study presents account-level and individual-level results.

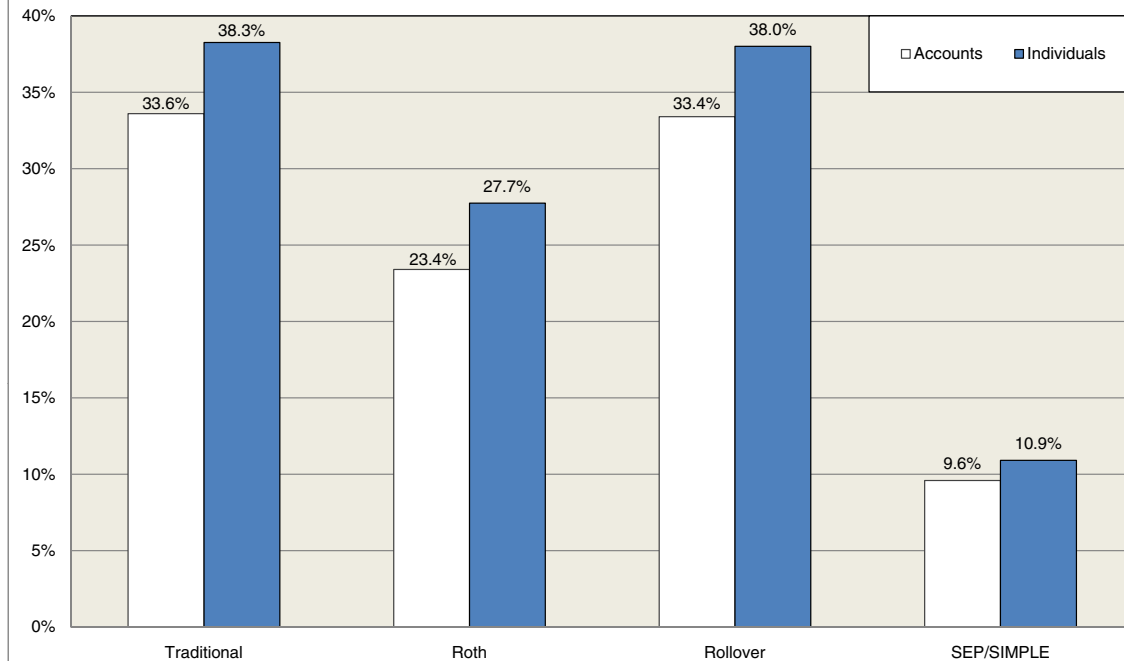
IRA Types

In the EBRI IRA Database,[™] IRAs are classified into four types: traditional (originating from contributions), Roth, SEP (Simplified Employer Pension)/SIMPLE (Savings Incentive Match Plan for Employees), and rollover (traditional IRA originating from assets rolled over from other tax-qualified plans, such as an employment-based pension or 401(k) plan). The distribution of the IRA accounts is:

- 33.6 percent traditional IRAs.
- 33.4 percent rollover IRAs (combined with the traditional IRAs, 67 percent).
- 23.4 percent Roth IRAs.
- The remaining 9.6 percent SEPs and SIMPLEs (Figure 1).

On a *unique individual basis* (combining the accounts owned by the same person within a data provider and/or across a data provider into one observation), 38.3 percent of those owning an IRA in the database had a traditional IRA, 38.0 percent had a rollover (a combined traditional and rollover total of 76.3 percent), 27.7 percent had a Roth, and 10.9 percent had a SEP or SIMPLE.

Figure 1
Distribution of IRA Types by Accounts and Individuals, 2008



Note: The percentages for individuals add up to more than 100 percent, as an individual may own more than one type of IRA.
Source: EBRI IRA Database.™

Figure 2
Distribution of IRA Ownership, by Various Demographic Characteristics and IRA Type, 2008
(All accounts vs. individuals)

	All		Traditional		Roth		Rollover		SEP/SIMPLE	
	Accounts	Individuals	Accounts	Individuals	Accounts	Individuals	Accounts	Individuals	Accounts	Individuals
Age										
Under 25	1.4%	1.7%	0.5%	0.5%	4.2%	4.4%	0.4%	0.4%	1.3%	1.4%
25-29	3.6	4.1	1.2	1.2	7.8	7.9	2.9	3.0	4.3	4.3
30-34	5.9	6.3	2.6	2.7	10.1	10.3	5.9	6.1	6.7	6.7
35-39	8.4	8.6	4.8	5.0	11.9	12.0	9.0	9.4	9.7	9.9
40-44	10.0	10.1	7.0	7.3	11.8	11.9	11.1	11.5	12.4	12.5
45-49	12.2	12.1	10.6	11.0	11.9	12.0	13.0	13.3	15.3	15.5
50-54	13.1	12.8	13.7	14.0	11.5	11.6	12.8	12.9	15.7	15.8
55-59	12.8	12.2	14.8	14.9	10.9	10.9	11.9	11.7	13.7	13.7
60-64	11.9	11.2	14.1	14.0	9.2	9.1	12.1	11.7	10.4	10.2
65-69	8.9	8.5	11.4	11.2	5.7	5.6	9.6	9.2	6.0	5.8
70 or older	11.3	11.8	18.2	17.9	4.5	4.3	11.3	10.8	4.1	3.9
Unknown	0.6	0.6	1.1	0.2	0.6	0.0	0.0	0.0	0.5	0.1
Gender										
Female	37.3	37.7	39.9	40.4	37.1	37.3	35.2	35.7	35.7	35.9
Male	48.6	47.5	47.2	47.3	44.7	45.0	51.8	51.2	52.2	52.3
Unknown	14.1	14.8	12.9	12.3	18.2	17.8	13.0	13.1	12.2	11.9
Account Balance										
Less than \$5,000	27.9	25.0	20.7	20.2	39.8	39.2	24.9	24.2	34.3	34.3
\$5,000-\$9,999	13.8	12.2	13.8	13.6	21.4	21.4	8.5	8.6	13.5	13.4
\$10,000-\$24,999	20.6	19.3	22.5	22.3	26.1	26.4	15.3	15.4	19.4	19.3
\$25,000-\$49,999	13.7	14.4	16.7	16.9	9.1	9.4	14.1	14.1	13.3	13.2
\$50,000-\$99,999	10.8	12.2	12.9	13.1	2.4	2.5	14.5	14.3	10.7	10.7
\$100,000-\$149,999	4.6	5.6	5.0	5.1	0.6	0.6	7.3	7.2	3.9	3.9
\$150,000-\$249,999	4.0	5.1	4.0	4.1	0.3	0.4	7.0	7.1	2.8	2.9
\$250,000 or more	4.5	6.3	4.4	4.7	0.2	0.2	8.4	9.1	2.2	2.4

Source: EBRI IRA Database.™

Among all IRA owners in the database including those with unknown ages, nearly one-half (48.3 percent) were ages 45–64 (Figure 2). Approximately half of the IRA owners across each IRA type were ages 45–64. However, the distribution around those ages was very different for those owning a traditional IRA relative to those owning the other IRA types. Only 16.7 percent of those owning a traditional IRA were under age 45, compared with 46.5 percent for those with a Roth, 30.4 percent for those with rollovers, and 34.8 percent for those with a SEP or SIMPLE.

IRA owners were more likely to be male. In particular, those having a rollover or a SEP/SIMPLE IRA were much more likely to be male (59 percent were male for both rollover and SEP/SIMPLE, recalculated from Figure 2 for those in the database with a known gender).

More than half (56.5 percent) of those owning IRAs had less than \$25,000 in them by year-end 2008 (Figure 2). This percentage is even higher (87 percent) for owners of Roth IRAs.⁴ Rollover owners had the largest percentage of account balances of \$100,000 or more at 23.4 percent. Traditional IRA owners had the next-highest percentage, with \$100,000 or more in account balances at 13.9 percent. For all IRAs combined, 17.0 percent of individual owners had balances of \$100,000 or more.⁵

Average IRA Balances

The average IRA *account balance* in 2008 was \$54,863, while the average IRA *individual balance* (all accounts from the same person combined) was \$69,498 (Figure 3). Rollover IRAs had the highest average balance at \$91,783, while Roth IRAs had the lowest average balance at \$14,056.⁶ The median (or mid-point, half above and half below) account IRA balance was \$15,756, while the median individual IRA balance was \$20,046 (Figure 4). The median rollover balance was significantly higher than the balances of the other plan types. Despite the median account and individual balances across each plan type being similar, the difference between the overall average and median balance was approximately 25 percent greater for the individual balances. This result is due to the prevalence of individuals owning more than one type of IRA if they own more than one IRA, instead of owning two or more of the same type of IRA.

The average individual IRA balance increased with age before leveling off for those age 70 or older (Figure 5). This balance increased from \$6,570 for those under age 25 to \$145,074 for those ages 65–69. The median balance across ages followed a similar pattern, with the median individual balance increasing from \$3,129 for those under age 25 to \$53,858 for those ages 65–69 (Figure 6). Across each plan type, the average and median individual IRA balance also increased with age (Figure 7). For individuals age 30 or older, the average and median rollover balance was higher than for each of the other plan types, particularly once the participant reached age 40 or older.

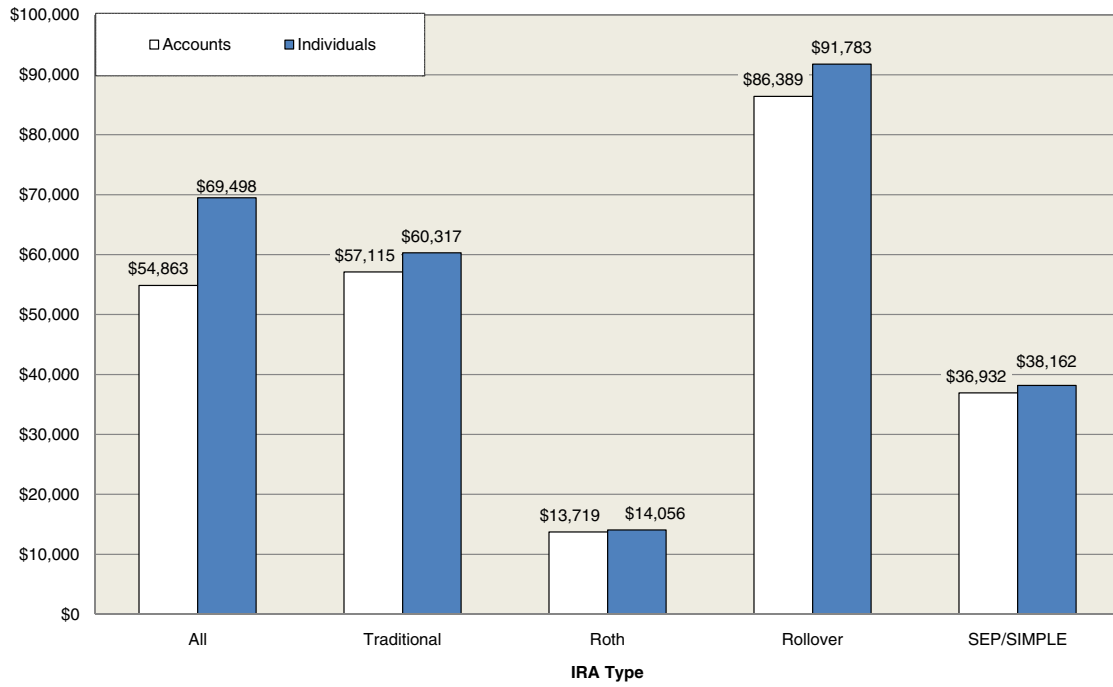
Males had higher individual average and median balances than females: \$91,063 and \$26,009 for males vs. \$51,314 and \$17,685, respectively, for females (Figure 8). Other than those under age 25, males had higher individual average and median balances than females (Figure 9). The median balance for males reached \$72,106 for those age 65–69, compared with \$40,332 for females in that age range.

Males had larger average and median balances across each of the plan types as well, with the largest difference being for those with a rollover IRA, at \$119,812 and \$44,378 for males vs. \$61,968 and \$22,601 for females (Figure 10). For Roth IRAs, average and median individual balances were much closer: \$15,868 and \$7,721 for males vs. \$13,295 and \$7,317 for females.

Contributions⁷

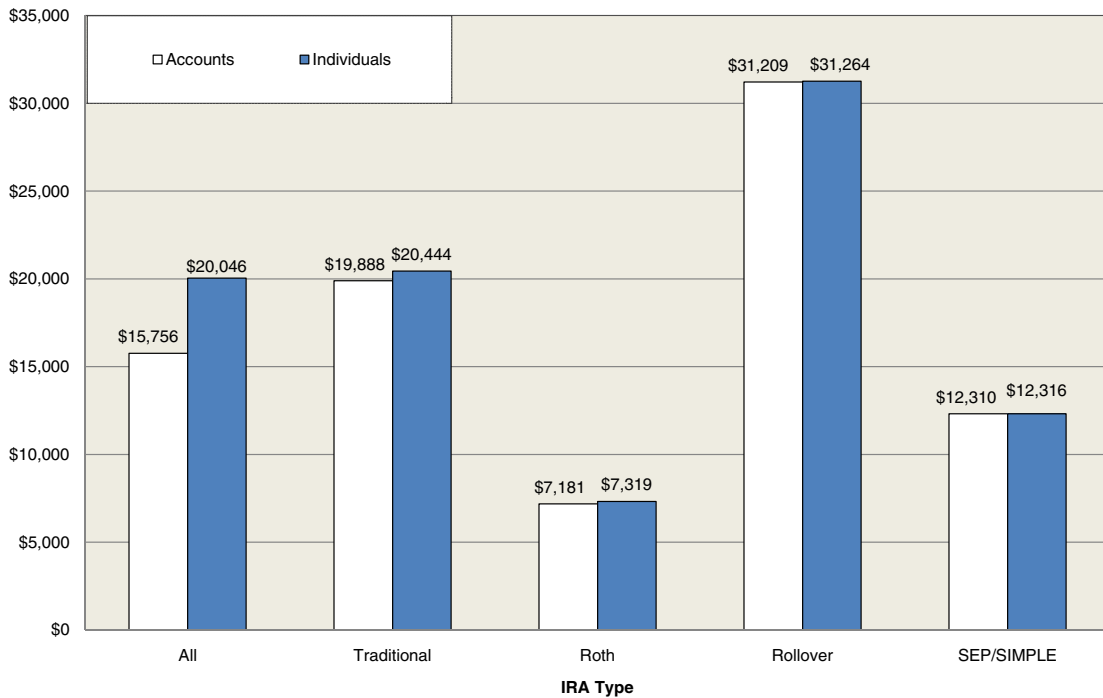
Focusing only on those owning traditional, rollover, or Roth IRAs, 12.1 percent of the accounts were contributed to, and 15.1 percent of the individuals owning these IRA types contributed to them in 2008 (Figure 11). When combining the owners of traditional and rollover IRAs (which are considered the same type for contribution purposes), 7.2 percent contributed, while 29.5 percent of those owning a Roth IRA contributed to a Roth IRA. Of those individuals

Figure 3
Average IRA Balance for All Accounts and Individuals, by IRA Type, 2008



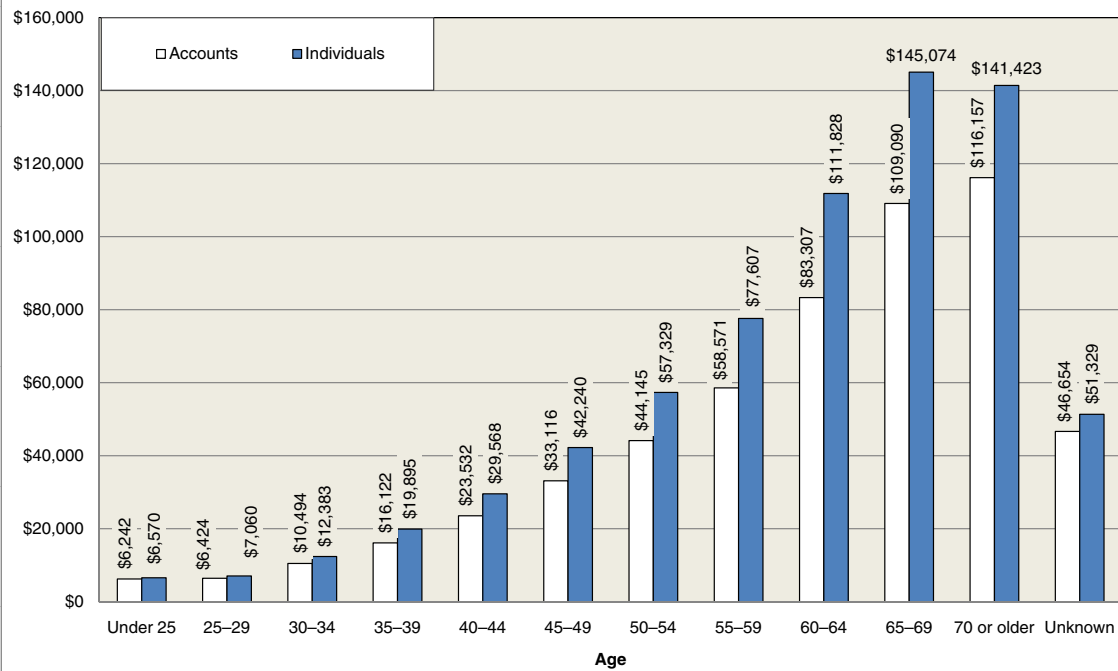
Source: EBRI IRA Database.™

Figure 4
Median IRA Balance for All Accounts and Individuals, by IRA Type, 2008



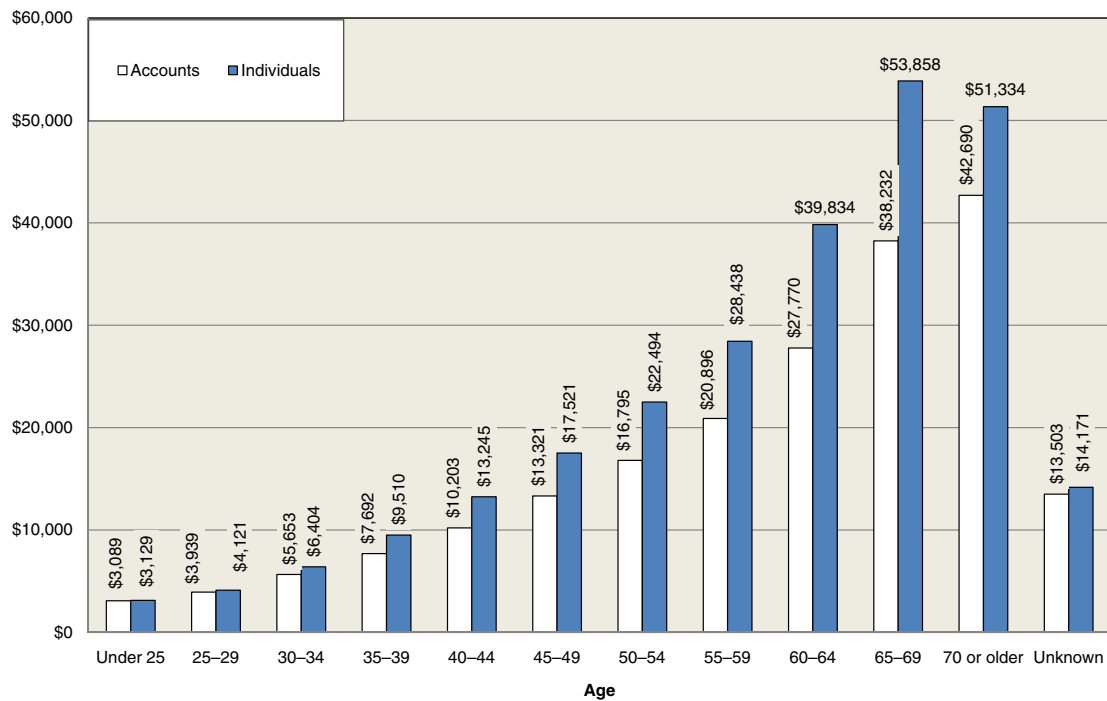
Source: EBRI IRA Database.™

Figure 5
Average IRA Balance for All Accounts and Individuals, by Age, 2008



Source: EBRI IRA Database.™

Figure 6
Median IRA Balance for All Accounts and Individuals, by Age, 2008



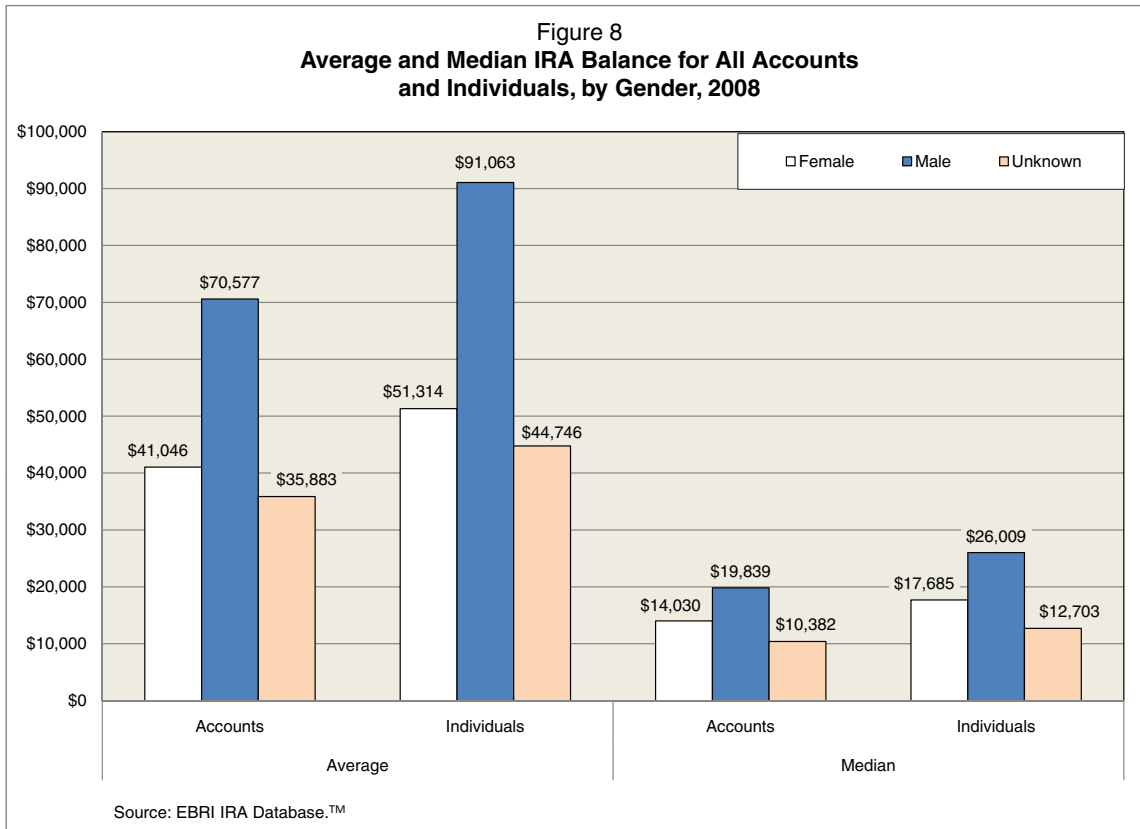
Source: EBRI IRA Database.™

**Figure 7
Average and Median Individual IRA Balance, by Plan Type and Age, 2008**

	Traditional		Roth		Rollover		SEP/SIMPLE	
	Average	Median	Average	Median	Average	Median	Average	Median
All	\$60,320	\$20,444	\$14,056	\$7,319	\$91,783	\$31,264	\$38,162	\$12,316
Age								
Under 25	14,261	4,008	5,458	3,554	6,558	1,606	4,098	1,358
25-29	7,776	3,988	6,996	5,051	5,638	2,901	4,893	2,414
30-34	10,633	5,290	8,640	6,004	13,483	6,110	9,400	4,180
35-39	15,805	7,221	9,846	6,482	22,945	11,370	16,591	6,980
40-44	22,008	9,733	11,343	6,979	35,301	18,013	24,205	10,071
45-49	30,529	13,234	12,946	7,513	52,201	25,803	32,903	13,162
50-54	41,785	18,170	14,635	8,319	72,942	33,724	43,119	16,614
55-59	55,274	22,773	16,421	9,438	104,826	45,665	52,660	19,851
60-64	78,241	29,586	18,619	10,261	149,451	68,249	62,199	23,269
65-69	101,677	38,098	23,440	10,741	187,785	87,545	71,329	27,006
70 or older	97,912	37,036	41,548	14,051	196,490	87,442	74,173	28,669
Unknown	65,453	20,323	17,764	4,863	31,077	9,259	8,337	5,565

Source: EBRI IRA Database.™

**Figure 8
Average and Median IRA Balance for All Accounts
and Individuals, by Gender, 2008**



Source: EBRI IRA Database.™

contributing, 42.4 percent contributed the maximum amount. Of those contributing to a traditional or rollover IRA, 43.4 percent reached the maximum, while 40.2 percent did so with a Roth IRA.^{8, 9, 10}

Just over 1.5 million IRA accounts were contributed to within the database in 2008 (Figure 12).¹¹ The average amount contributed was \$3,666. Almost three-quarters of the accounts receiving contributions were owned by individuals ages 35–64. More accounts owned by males were contributed to than those owned by females. The average contribution was highest for accounts owned by those ages 65–69. Accounts owned by males received higher average contributions than did those owned by females.

More contributions were made to Roth accounts than to traditional (combined traditional and rollover) accounts (Figure 12). However, the average contribution to a traditional account was higher, at \$3,798, compared with \$3,582 to a Roth account. Yet, a higher overall amount was contributed to Roth IRAs (\$3.4 billion for Roths compared with \$2.3 billion for traditional accounts).

More Roth contributions came from younger individuals, as 24.8 percent of the Roth accounts receiving contributions were owned by individuals ages 25–34. In contrast, only 10 percent of the traditional accounts that received contributions were owned by those ages 25–34. Furthermore, accounts receiving contributions were more frequently owned by males and the average contribution was higher for male account owners.

Even when accounting for age, the average contributions to accounts owned by males were larger than to those owned by females (Figure 13). The age distributions for the male and female accounts that received contributions were nearly identical.

Rollovers vs. Contributions

When comparing the incidence and dollars going into IRAs by the two funding sources (aside from capital gains and interest earnings) of IRAs, rollovers overwhelmingly outweighed new contributions. While more than 1.5 million accounts received contributions and less than 1.0 million rollover accounts were established in 2008, more than 10 times the amount of dollars were added to IRAs through rollovers than from contributions (Figure 14). This is not surprising, given the annual contribution limit to IRAs of \$5,000 (\$6,000 for those age 50 or older), relative to the theoretically unlimited amount that could be added to a rollover account. The average and median rollover amounts were \$74,785 and \$21,138, compared with the average contribution of \$3,665.

The average and median rollover amounts increased with age just as the average contribution did. Furthermore, the average and median rollover amounts from a male were higher than that from a female, \$93,850 and \$28,296 compared with \$57,273 and \$17,758. When controlling for age, the average and median rollover amounts were still higher among males than among females (Figure 15). The age distribution of those making a rollover was very similar between males and females.

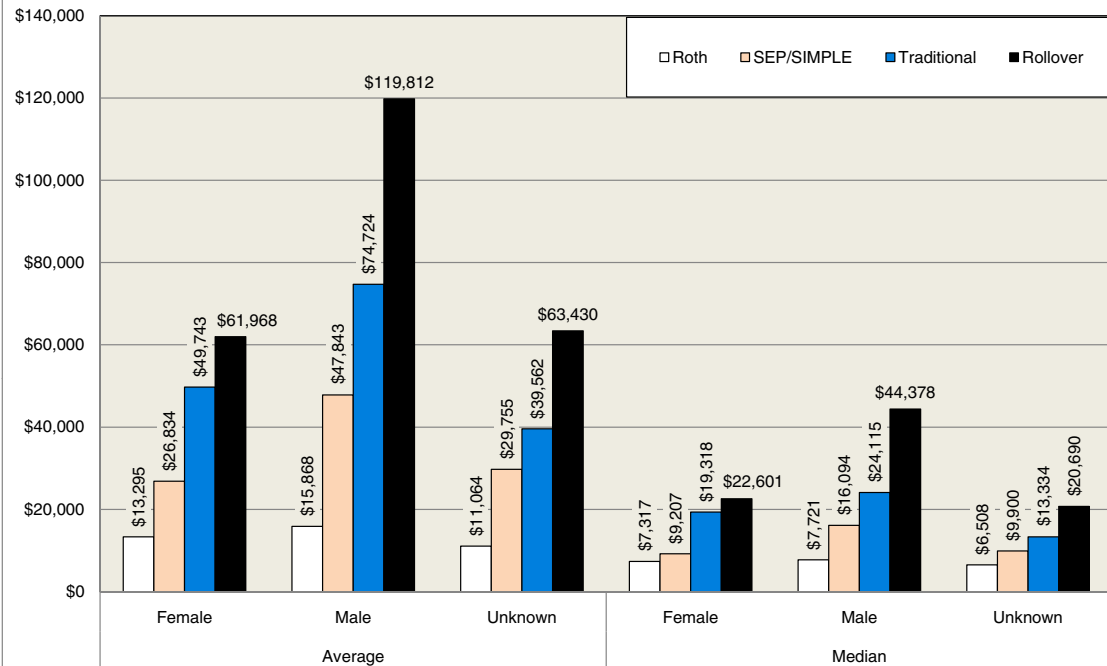
The distribution of contributions is concentrated near the maximum amount allowed by law, with 46.7 percent of those making contributions having contributed \$5,000–\$6,000 (Figure 16).¹² In contrast, 28.5 percent of the rollovers were less than \$5,000 and 53.1 percent were less than \$25,000, making the majority of rollovers on the lower side of the rollover distribution amounts. However, 20.2 percent of the rollovers were of \$100,000 or more. Consequently, while a large number of rollovers were relatively small, one-fifth of those rolling over retirement funds moved a significant amount of money when opening an IRA.

**Figure 9
Average and Median Individual IRA Balance,
by Gender and Age, 2008**

	Female		Male		Unknown	
	Average	Median	Average	Median	Average	Median
All	\$51,314	\$17,685	\$91,063	\$26,008	\$44,746	\$12,703
Age						
Under 25	6,984	3,085	6,981	3,187	5,300	3,094
25-29	6,675	3,801	7,469	4,265	6,916	4,412
30-34	11,286	5,973	13,629	6,765	11,838	6,513
35-39	17,349	8,656	22,611	10,567	18,619	9,173
40-44	25,247	11,947	34,286	15,339	26,330	11,761
45-49	34,928	15,320	50,141	20,936	35,570	14,684
50-54	46,207	19,288	69,115	27,387	46,303	18,002
55-59	59,604	23,480	95,779	35,781	61,605	21,920
60-64	77,795	30,855	142,530	52,787	87,473	31,070
65-69	95,716	40,332	186,021	72,106	114,435	41,701
70 or older	92,504	38,459	180,766	67,901	117,521	42,742
Unknown	15,257	7,064	22,699	9,387	62,349	21,302

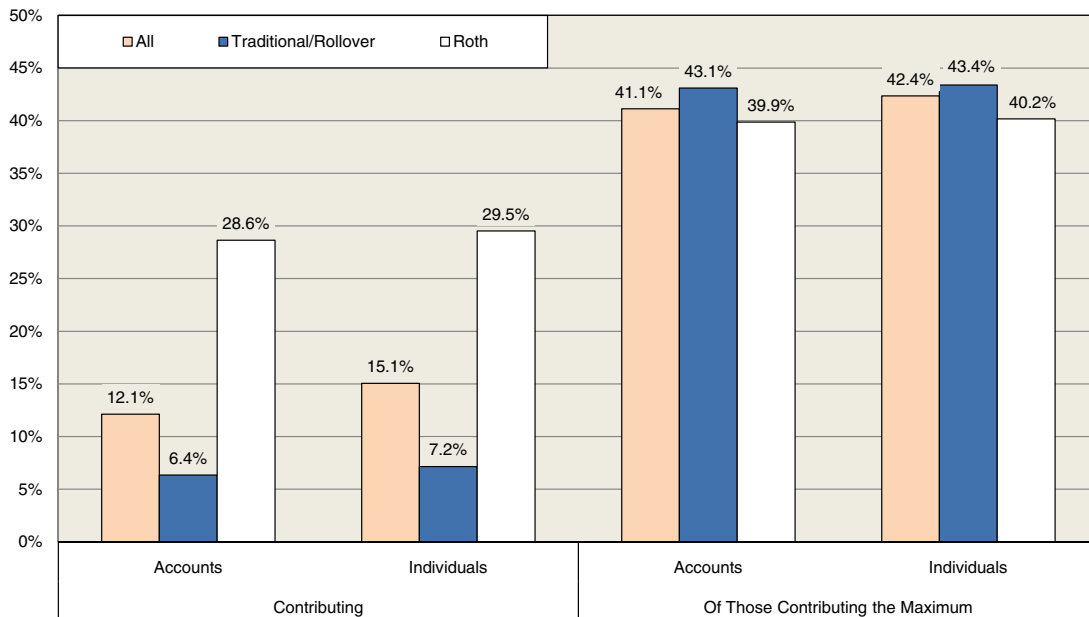
Source: EBRI IRA Database.™

**Figure 10
Average and Median Individual IRA Balance, by IRA Type and Gender, 2008**



Source: EBRI IRA Database.™

Figure 11
Percentage of Those Owning a Traditional, Rollover, or Roth IRA Who Contributed to It and the Percentage of Those Contributing the Maximum Allowable Amount, by All Accounts and Individuals, 2008



Source: EBRI IRA Database.™

Figure 12
Distribution of Those Contributing to an IRA, by IRA Type and Age and Gender, 2008

	All Contributions				Traditional Contributions*				Roth Contributions			
	Number (thousands)	Percent	Average	Total (millions)	Number (thousands)	Percent	Average	Total (millions)	Number (thousands)	Percent	Average	Total (millions)
All	1,545	100%	\$3,666	\$5,664	600	100%	\$3,798	\$2,278	945	100%	\$3,582	\$3,386
Age												
Under 25	64	4.1	2,876	184	5	0.9	2,463	13	59	6.2	2,912	171
25-29	133	8.6	3,118	416	20	3.3	2,640	53	113	12.0	3,202	363
30-34	161	10.4	3,150	507	40	6.7	3,115	125	121	12.8	3,162	382
35-39	177	11.5	3,221	572	61	10.2	3,370	205	117	12.3	3,143	366
40-44	180	11.7	3,343	603	74	12.3	3,495	257	107	11.3	3,238	346
45-49	193	12.5	3,462	669	87	14.6	3,543	310	106	11.2	3,396	359
50-54	195	12.6	4,113	803	93	15.5	4,121	383	102	10.8	4,105	420
55-59	182	11.8	4,340	790	88	14.7	4,273	377	94	9.9	4,403	414
60-64	138	9.0	4,455	617	72	12.0	4,323	310	67	7.1	4,597	307
65-69	68	4.4	4,436	302	40	6.6	4,289	171	28	3.0	4,642	131
70 or older	18	1.1	4,370	77	4	0.6	3,750	14	14	1.5	4,535	63
Unknown	35	2.3	3,586	125	16	2.7	3,748	61	19	2.0	3,445	64
Gender												
Female	550	35.6	3,615	1,988	224	37.4	3,753	842	325	34.4	3,519	1,145
Male	682	44.1	3,727	2,542	271	45.3	3,869	1,050	411	43.4	3,632	1,491
Unknown	314	20.3	3,618	1,135	104	17.3	3,709	386	210	22.2	3,573	750

Source: EBRI IRA Database.™

* Traditional IRAs in this figure include both traditional and rollover IRAs.

Conclusion

This study provides the first look at results available from the EBRI IRA Database.TM The results show the importance of being able to measure an individual's combined account balances to determine the potential total retirement savings he or she has by the aggregation of any multiple accounts. The overall IRA average balance increases by over 25 percent for the unique individual balance relative to the account balance. Therefore, databases that are not able to link accounts owned by the same individual within and across data providers will significantly understate the assets held by those owning them.

As the EBRI IRA DatabaseTM expands and matures, more elaborate types of studies will be conducted. Furthermore, when linked with defined contribution account data, the tracking of movements of dollars between the primary holders of retirement savings (DC plans and IRAs) can be studied with far greater accuracy, along with the withdrawal or "spend-down" of assets over time.

About IRAs

Individual retirement accounts (IRAs) were created by the Employee Retirement Income Security Act of 1974 (ERISA) as a way to provide workers who did not have employment-based pensions an opportunity to save for retirement on a tax-deferred basis. The Economic Recovery Tax Act of 1981 (ERTA) extended the availability of IRAs to all workers with earned income, including those with pension coverage. The Tax Reform Act of 1986 (TRA '86) restricted the tax deductibility of IRA contributions to those with incomes below certain levels, and created *nondeductible* IRAs (where the contribution is not tax-deductible but earnings still accrue tax-deferred), and *partially* (or *wholly*) deductible IRAs, depending on income. The Taxpayer Relief Act of 1997 (TRA '97) created a new type of nondeductible IRA—the Roth IRA—and allowed nonworking spouses to contribute to an IRA, subject to certain income restrictions. IRAs currently hold the largest single share of U.S. retirement plan assets, primarily from rollovers from other types of plans (see Box Figure A).

Nonemployment-based IRAs. There are two basic types:

- *Traditional IRAs:* Anyone with earned income can contribute, as well as a nonearning spouse of an earner under certain conditions. Earnings in this IRA accrue tax-*deferred*, and withdrawals after age 59-½ are taxed as ordinary income with contributions being tax deductible (or not) depending upon the contributors' income and participation in an employment-based retirement plan. Minimum withdrawals from traditional IRAs must commence during the year that the individual turns age 70-½.
- *Roth IRAs:* This type of IRA offers tax-*free* investing for retirement: No taxes are paid on withdrawals made after age 59-½, as long as the Roth IRA has been held for at least five years. Contributions to Roth IRAs are not tax-deductible, but there are no mandatory withdrawals after age 70-½ (as there are with traditional IRAs). Certain income limits restrict eligibility for contributing to a Roth IRA.

The current maximum annual contribution to a traditional or Roth IRA is \$5,000 for those under age 50 at the end of 2010. This limit can be split between a traditional and a Roth IRA, but the combined limit is \$5,000. Those age 50 or older before 2011 can make an additional \$1,000 "catch-up" contribution, for a combined annual limit of \$6,000. The maximum contribution to a Roth IRA and the maximum deductible contribution to a traditional IRA may be reduced depending upon an individual's modified adjusted gross income.

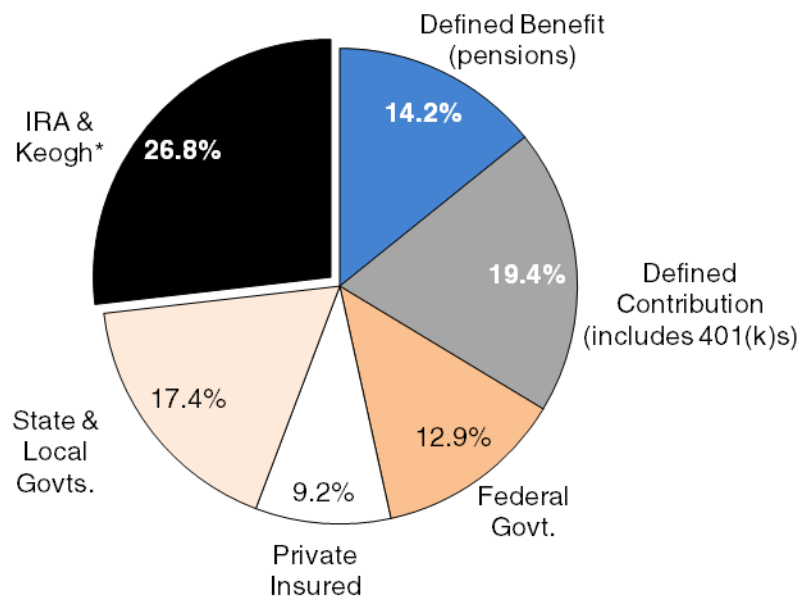
Employment-based IRAs. These help workers save for retirement, and there also are two basic types:

- *Simplified Employee Pension (SEP) plans* allow employers to make contributions on a tax-deferred basis for their employees and to allow self-employed individuals to make contributions for their own retirement.

- *Savings Incentive Match Plans for Employees (SIMPLE)* plans also allow for tax-deferred employer contributions to a retirement plan plus allow salary reduction contributions by the employees. The employer must make matching contributions or nonelective contributions to the plan.

Rollover IRA: In this database, rollover IRAs are separated from traditional IRAs to show the amount of assets that originate in other tax-qualified plans and were rolled over to new IRAs. The rollover IRAs are actually traditional IRAs that originated from a rollover, while the traditional IRA in this database is one that originated from contributions. The Internal Revenue Service reports the traditional IRAs and rollover IRAs as defined in this database as one category called traditional IRAs. The tax treatment is the same for rollover and traditional IRAs once the dollars are in the IRA.

Box Figure A
Sources of Estimated Total U.S. Retirement Plan Assets, 2008
 (Total = \$13.3 trillion)



Source: Employee Benefit Research Institute, Federal Reserve Board, Flow of Funds Accounts of the United States, and Cerulli Associates.

* Keoghs are tax-deferred retirement plans for the self-employed or workers at unincorporated businesses.

Figure 13
Distribution of Those Contributing to a Traditional* or Roth IRA, by Age and Gender, 2008

	Female			Male			Unknown		
	Number (thousands)	Percent	Average (millions)	Number (thousands)	Percent	Average (millions)	Number (thousands)	Percent	Average (millions)
All	550	100%	\$3,615	682	100%	\$3,727	314	100%	\$3,618
Age									
Under 25	19	3.4	2,729	28	4.1	2,897	17	5.5	3,001
25-29	39	7.2	2,936	53	7.8	3,124	41	13.0	3,286
30-34	51	9.3	3,013	65	9.6	3,131	45	14.3	3,334
35-39	61	11.0	3,100	75	11.1	3,224	42	13.2	3,392
40-44	67	12.2	3,258	80	11.7	3,345	34	10.8	3,506
45-49	75	13.6	3,383	89	13.0	3,484	30	9.5	3,595
50-54	78	14.2	4,039	91	13.3	4,150	26	8.4	4,201
55-59	74	13.4	4,277	87	12.7	4,388	22	7.0	4,362
60-64	55	10.0	4,371	69	10.1	4,511	15	4.6	4,512
65-69	26	4.7	4,337	36	5.2	4,495	6	2.0	4,506
70 or older	6	1.1	4,256	10	1.4	4,410	2	0.5	4,574
Unknown	0	0.0	2,945	0	0.0	2,315	35	11.1	3,587
Total			\$1,988			\$2,542			\$1,135

Source: EBRI IRA Database.™
* Traditional IRAs in this figure include both traditional and rollover IRAs.

Figure 14
Distribution of Those Contributing to a Traditional* or Roth IRA and Those Rolling Over to a Traditional IRA, by Age and Gender, 2008

	Contributions			Rollovers		
	Number (thousands)	Percent	Average (millions)	Number (thousands)	Percent	Average (millions)
All	1,546	100%	\$3,665	922	100%	\$74,785
Age						
Under 25	64	4.1	2,876	13	1.4	4,512
25-29	133	8.6	3,118	56	6.1	8,161
30-34	161	10.4	3,150	79	8.6	19,313
35-39	177	11.5	3,221	92	10.0	31,726
40-44	180	11.7	3,343	95	10.3	44,463
45-49	193	12.5	3,462	105	11.4	59,106
50-54	195	12.6	4,113	106	11.5	76,038
55-59	182	11.8	4,340	105	11.4	107,033
60-64	138	9.0	4,455	118	12.8	137,451
65-69	68	4.4	4,436	74	8.0	137,035
70 or older	18	1.1	4,370	50	5.4	125,391
Unknown	35	2.3	3,586	28	3.1	56,029
Gender						
Female	550	35.6	3,615	306	33.1	57,273
Male	682	44.1	3,727	450	48.8	93,850
Unknown	314	20.3	3,618	167	18.1	55,513
Total			\$5,664			\$21,138
Total						\$68,971

Source: EBRI IRA Database.™
* Traditional IRAs in this figure include both traditional and rollover IRAs.

Figure 15
Distribution of Those Rolling Over to a Traditional IRA, by Age and Gender, 2008

Age	Female			Male			Unkown			
	Number (thousands)	Percent	Average	Median	Total (millions)	Number (thousands)	Percent	Average	Median	Total (millions)
All	306	100%	\$57,294	\$17,758	\$17,505	167	100%	\$55,513	\$14,385	\$9,271
Under 25	4	1.3	4,910	1,532	20	3	1.8	3,699	1,799	11
25-29	19	6.3	7,185	3,311	139	15	8.7	7,804	3,636	113
30-34	26	8.6	16,977	7,390	447	19	11.3	17,791	7,392	336
35-39	30	9.8	26,842	12,139	805	19	11.4	29,080	12,877	555
40-44	32	10.4	37,371	16,121	1,185	16	9.8	39,223	16,605	644
45-49	36	11.9	48,327	19,258	1,753	16	9.4	50,789	19,102	797
50-54	38	12.6	60,554	22,072	2,327	14	8.5	65,342	22,208	922
55-59	38	12.5	79,957	28,386	3,045	12	7.5	94,359	32,013	1,174
60-64	40	13.0	97,466	41,648	3,886	13	7.7	123,175	51,766	1,590
65-69	25	8.1	95,306	40,565	2,365	7	4.5	135,502	53,985	1,014
70 or older	17	5.5	91,624	32,566	1,533	4	2.5	128,635	45,950	532
Unknown	0	0.0	28,537	28,537	0	28	16.9	56,033	15,520	1,582

Source: EBRI IRA Database.™

Figure 16
Distribution of Contributions and Rollovers to Traditional* or Roth IRAs, 2008

	Number (thousands)	Percent
Contributions		
All	1,546	100.0%
Less than \$1,000	204	13.2
\$1,000-\$1,999	184	11.9
\$2,000-\$3,999	287	18.6
\$4,000-\$4,999	149	9.7
\$5,000-\$6,000	722	46.7
Rollovers		
All	922	100.0
Less than \$2,000	146	15.8
\$2,000-\$4,999	117	12.7
\$5,000-\$9,999	78	8.5
\$10,000-\$24,999	148	16.1
\$25,000-\$49,999	126	13.7
\$50,000-\$74,999	73	7.9
\$75,000-\$99,999	49	5.3
\$100,000-\$149,999	63	6.9
\$150,000-\$249,999	58	6.3
\$250,000 or more	64	7.0

Source: EBRI IRA Database.™
 *Traditional IRAs in this figure include both traditional and rollover IRAs.

Endnotes

¹ The *Issue Brief* refers only to 401(k) plans, but the databases of EBRI[®] will soon include all forms of defined contribution (DC) plans, allowing for the integration of participants in multiple DC plan types and IRAs.

² EBRI's retirement databases (the EBRI/ICI Participant-Directed Retirement Plan Database,[™] the EBRI IRA Database[™] and the EBRI Integrated Defined Contribution/IRA Database[™]) have been the subject of multiple independent security audits and have been certified to be fully compliant with the ISO-27002 Information Security Audit standard. Moreover, EBRI[®] has obtained a legal opinion that the methodology used meets the privacy standards of the Gramm-Leach-Bliley Act. At no time has any non-public personal information that is personally identifiable, including Social Security Number, been transferred to or shared with EBRI.[®] None of the three databases allow identification of any individuals or plan sponsors.

³ Below is a comparison of the EBRI IRA Database[™] with numbers from the Internal Revenue Service.

	EBRI Database	IRS 2004 Data	IRS 2007 Data
Total Assets	\$732.9 billion	\$3.3 trillion	\$4.2 trillion
Percentage Traditional Assets	87.8%	89.6%	88.3%
Average Rollover Amount	\$74,528	\$59,100	
Average Traditional Contributions	\$3,798	\$3,623	

⁴ This isn't surprising considering that Roth IRAs didn't start until 1998. Furthermore, Roth IRAs have a higher percentage of younger contributors who on average contribute less annually, and Roth IRAs do not receive large rollovers from other tax-qualified plans such as 401(k) plans that traditional rollover IRAs receive.

⁵ The individual account balance distribution could shift toward a larger percentage of individuals having balances of more than \$100,000, due to individuals potentially picking up more accounts across other data providers as the database grows. However, this change in the distribution will depend on the relative number of new individuals added relative to the number of new accounts added for the same individual.

⁶ In 2010, the ability of individuals to convert their traditional IRAs to Roth IRAs was significantly eased. Consequently, after 2010, the differences in the average balances between rollover, traditional, and Roth IRAs could become smaller, depending on the number of individuals taking advantage of these new Roth conversion rules.

⁷ Contributions to SEP and SIMPLE IRAs are not considered in this section due to the differing limits in them relative to the nonemployment-based IRAs and the potential incentives to contribute to SIMPLEs through matching contributions.

⁸ In 2008, the maximum contribution to an IRA was \$5,000 for those younger than age 50 and \$6,000 for those ages 50 or older due to the additional \$1,000 catch-up contribution allowed individuals of that age.

⁹ In 2001, 69.9 percent of those making a contribution to a deductible traditional IRA made the maximum contribution (\$2,000), but in 2005, only 26.8 percent were found to have made the maximum contribution (\$4,000 for those under age 50 and \$4,500 for those ages 50 or older) to this IRA type. See Craig Copeland, "Ownership of Individual Retirement Accounts and 401(k)-Type Plans," *EBRI Notes*, no. 5 (Employee Benefit Research Institute, May 2008): 2–12.

¹⁰ The individuals making the maximum contribution could be higher if individuals are contributing to more than one account and the other account(s) are not in the database. However, within the database, of those contributing to a Roth IRA in 2008, only 2 percent also contributed to a traditional IRA. Of those contributing to a traditional IRA, only 3 percent contributed to a Roth IRA. Furthermore, 98 percent of those contributing to either a traditional or Roth IRA in 2008 contributed to only that IRA. Thus, virtually all of those contributing to an IRA contribute to one account.

¹¹ As more years of data are added, the persistence of contributions will be added. In an earlier EBRI[®] publication, 21.8 percent of those making deductible contributions to an IRA in 1998 also made them in 1996 and 1997. Furthermore, three-fourths of those who contributed all three years made the maximum contribution in 1998. See Craig Copeland, "IRA Assets and Characteristics of IRA Owners," *EBRI Notes*, no. 12 (Employee Benefit Research Institute, December 2002): 1–9.

¹² This number is larger than the percentage contributing the maximum due to some individuals age 50 or older contributing more than \$5,000 but not reaching the maximum of \$6,000 allowed for their age.

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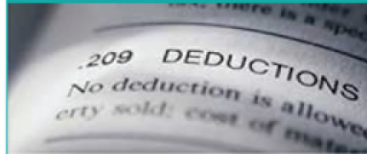
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