



## *Fast Facts from EBRI*

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FFE #88, June 25, 2008

### **How Demographic Factors Affect IRA Participation**

WASHINGTON—How do such factors as family income, education, gender, and race affect participation in an individual retirement account (IRA)? What are the average contributions for those contributing to a tax-deductible IRA?

The answers to these and other questions appear in the May 2008 *EBRI Notes*, available at [www.ebri.org](http://www.ebri.org). Here are some of the findings:

**Participation:** Twenty-three percent of workers ages 21–64 owned an IRA at the end of 2005. This was an increase from 15.9 percent at the end of 1996.

**Family income:** IRA ownership increased with family income. Among workers with family income of \$75,000 or more, 35.1 percent owned an IRA at the end of 2005. This compares with 8.3 percent of those with family income of \$10,000–\$19,999 who owned an IRA.

**Education:** IRA ownership increased substantially with education, growing from 2.7 percent of workers without a high school diploma to 46.5 percent of those with a graduate degree.

**Gender:** Male and female workers were virtually equally likely to own an IRA—23.3 percent for males and 22.4 percent for females in 2005.

**Race:** White workers were more likely to own an IRA than workers of other races/ethnicities: white 27.7 percent; other, 21.1 percent; black, 9.9 percent; Hispanic, 8.5 percent.

**Contributions:** Of workers making a deductible contribution to an IRA in 2005, the mean (average) contribution was \$2,540, compared with \$2,041 in 1996 (in 2005 dollars). The mean contribution increased with workers' age and educational attainment, while family income had no clear impact.

**Maximum contribution:** The percentage of those making the maximum allowable contribution declined from 66.4 percent in 1996 to 26.8 percent in 2005. (Contribution limits were raised in 2002). Males were more likely to make the maximum contribution than females: 29.4 percent for men, compared with 23.8 percent for women.

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