ebri.org
Employee Benefit Research Institute

March 13, 2018 • **No. 445**

Issue BRIEF

Individual Account Retirement Plans: An Analysis of the 2016 Survey of Consumer Finances

By Craig Copeland, Employee Benefit Research Institute

A T A G L A N C E

Individual account (IA) retirement plans are the dominant source of financial assets for retirement income among current and future retirees—and they continue to grow.

> Individual Account (IA) plans include employment-based retirement savings plans financed by both employer and employee contributions (most notably, defined contribution (DC) plans such as 401(k) plans), as well as Keogh plans for the self-employed, and individual retirement accounts (IRAs) for savings outside of the workplace.

This *Issue Brief* assesses the status of American families' accumulations in IA plans, both in terms of ownership and average amounts accumulated. The Survey of Consumer Finances (SCF), the Federal Reserve's triennial survey of wealth, is the basis for this study.

> *The Survey of Consumer Finances (SCF) is a leading source of data on Americans' wealth, as it provides information on the incidence of retirement plan ownership and account balances that families have accumulated along with all the other assets that families may have amassed. The questions in SCF allow for not only the calculation of the percentage of families owning individual retirement accounts (IRAs) but also for estimation of the distribution of IRA assets across types—regular, rollover, and Roth IRAs.*

An Employee Benefit Research Institute (EBRI) analysis of SCF data finds that:

- In 2016, 66.5 percent of all families that had an active participant in an employment-based retirement plan from a current employer had a DC plan only. Furthermore, 16.2 percent of these families had both a defined benefit (DB) and DC plan, while 17.2 percent had a DB plan only.

- Among these families with an active participant, a significant shift occurred from 1992 to 2016; the percentage having a DB plan *only* decreased from 40.0 percent in 1992 to the 17.2 percent in 2016. On the other hand, the percentage of those families having a DC plan *only* surged, rising from 37.5 percent in 1992 to just above 66 percent in 2013 and 2016. The percentage of families with *both* types of plans decreased from 22.5 percent in 1992 to 16.2 percent in 2016.

- The percentage of family heads who were *eligible* for defined contribution (DC) plans *and chose to participate* increased from 78.7 percent in 2013 to 79.4 percent in 2016.

- The percentage of families owning IRAs or Keogh plans increased from 26.1 percent in 1992 and 28.1 percent in 2013 to 29.9 percent in 2016.

- The percentage of families with an IA retirement plan from a current or previous employer or an IRA/Keogh plan was 52.1 percent in 2016. The largest movement in this percentage of families with an IA plan occurred among those families with the oldest heads (ages 75 or older), where the percentage reached 40.9 percent in 2016 from 29.0 in percent in 2013. In addition, the average account balance of those families owning IA plans increased from $75,300 in 1992 and $208,639 in 2013 to $232,502 in 2016.

- As DC plans have proliferated in the private sector, the assets in all IA retirement plans have become the predominate source of financial assets for American families holding these assets. In 2016, IA assets constituted 67.9 percent of financial assets at the median among these families owning IA assets. This median percentage of financial assets represented by IA assets is 3.7 percentage points higher than the median in 2007 and 23.6 percentage points higher than in 1992.

- By IRA type, regular IRAs accounted for the largest percentage of IRA *ownership,* but rollover IRAs had the largest share of IRA *assets* in 2016.

- The percentage of IA plan assets in DC plans from a current employer amounted to 40.9 percent in 2016. The percentage in a previous employer DC plan was 8.7 percent, while IRAs/Keogh plans held 50.4 percent of the IA plan assets. As the age of the family head increased, the larger the percentage of IA plan assets that were in IRA/Keogh plans. In 2016, the percentage of IA plan assets for families with heads ages 35-44 that were in IRA/Keogh plans was 29.7 percent compared with 74.8 percent for families with heads ages 65 or older.

- Not only do IA assets make up a large portion of families' financial assets, but those with IA assets also have substantially higher levels of net worth than those families without IA assets. The median net worth for families that owned IA assets was $249,950 in 2016 compared with $19,200 for families without IA assets.

While the results of this study do not answer questions about what is needed for retirement, they show the continued growing importance of individual account retirement plans. Consequently, any policy that alters this system could have consequences–either positive or negative–for Americans' ability to fund a comfortable retirement.

Craig Copeland is a senior research associate at the Employee Benefit Research Institute (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.

Recommended Citation: Craig Copeland, "Individual Account Retirement Plans: An Analysis of the 2016 Survey of Consumer Finances," *EBRI Issue Brief,* no. 445 (Employee Benefit Research Institute, March 13, 2018).

Report availability: This report is available on the internet at www.ebri.org

Table of Contents

Figures

Individual Account Retirement Plans: An Analysis of the 2016 Survey of Consumer Finances

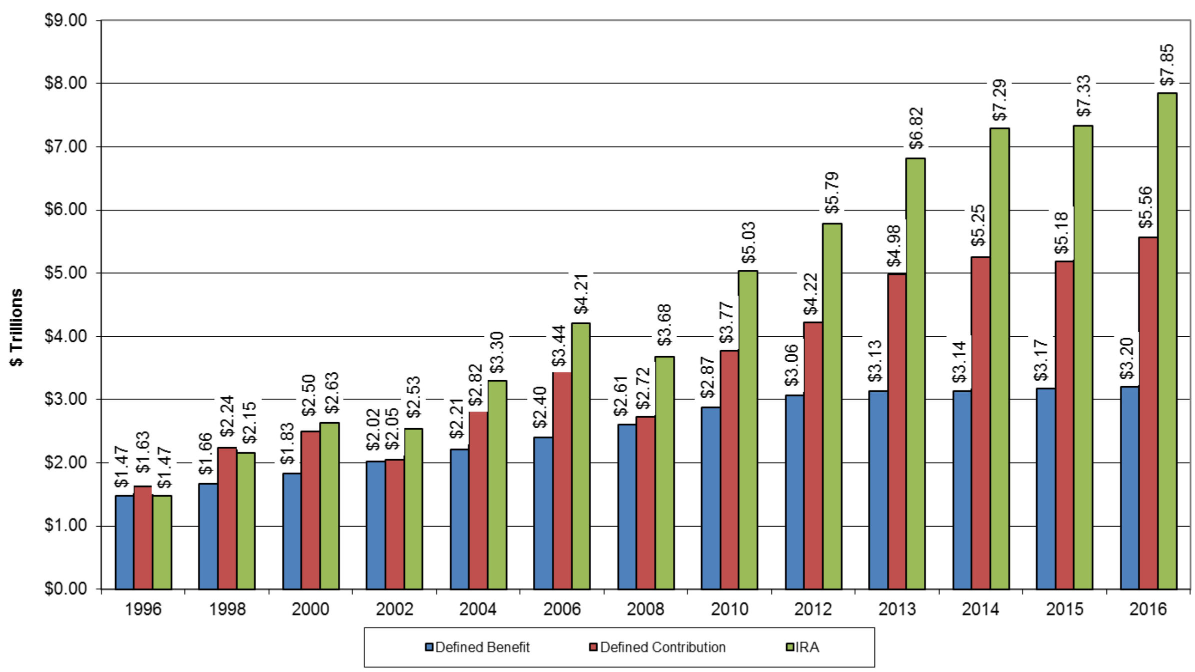
By Craig Copeland, Employee Benefit Research Institute

Introduction

Individual account (IA) retirement plans are the dominant source of financial assets for retirement income for current and future private-sector retirees; are gaining importance for public-sector retirees; and are continuing to grow in size. IA plans include employment-based retirement savings plans financed by employer and employee contributions (most notably, defined contribution (DC) plans such as 401(k) plans), as well as Keogh plans for the self-employed and individual retirement accounts (IRAs) for savings outside of the workplace.

Among public-sector employers, defined benefit (DB) pension plans remain the predominant type of retirement plan, although DC 401(k) plan-type options are increasing. Among private-sector employers, DB plans have been declining for many years, as DC plans have become the retirement plan of choice. Total DC and IRA assets overtook private-sector DB pension assets in 1996 (Figure 1). Furthermore, DB plans in many cases are not available for newly hired private-sector workers, leaving these workers to build their retirement wealth through IA plans.

Figure 1
U.S. Private Sector Retirement Plan and IRA Assets, 1996-2016



Source: Board of Governors of the Federal Reserve System. *Financial Accounts of the United States: Flow of Funds, Balance Sheets, and Integrated Macroeconomic Accounts 1996-2016*, Tables L.118.b/c and L.227.

IRA assets have continued to grow in importance, overtaking assets in private sector DC plans in 2000, and reaching a point of being 41 percent larger than assets held in DC plans by the end of 2016. This growth has been at least partially attributable to rollovers from assets built up in employment-based plans. Consequently, much of the assets from DC plans have ended up in IRAs, where individuals can draw them down to fund their retirement as necessary, or can at least withdraw the assets as required by the required minimum distribution rules.[1] Therefore, the amount of assets currently accumulated in IA plans provides an indication of how prepared—or unprepared—workers will be to supplement the Social Security benefits they will receive in retirement.

This *Issue Brief* assesses the status of American families' accumulations in IA plans, both through the incidence of ownership and the average amounts accumulated. The Survey of Consumer Finances (SCF), the Federal Reserve's triennial survey of wealth, is the basis for this study. SCF is a leading source of data on Americans' wealth, as it provides information on the incidence of retirement plan ownership and account balances that families have accumulated along with all the other assets that families may have amassed.[2] Building on previous research by the Employee Benefit Research Institute (EBRI) using prior SCF surveys,[3] this study focuses specifically on IA retirement plan assets.[4] Using results from the prior studies, this report shows the changes in IA retirement plan assets as well as changes in the incidence of these individual accounts both inside and outside of employment-based arrangements.[5] Furthermore, particular attention is paid to ownership of IRAs, because they are the predominant source of retirement assets and the questions in SCF allow for not only the calculation of the percentage of families owning them but also for estimation of the distribution of IRA assets across types—regular, rollover, and Roth IRAs.[6]

The 2016 SCF shows that the median net worth of American families increased by 16 percent, after decreasing 2 percent from 2010 to 2013, and the median value of family income increased from 2013 to 2016 by 10 percent, compared with a 5 percent decrease from 2010 to 2013. In prior survey study periods, American families' median net worth decreased 38.8 percent from 2007 to 2010, and increased 17.7 percent from 2004 to 2007; 1.5 percent from 2001–2004; 10.4 percent from 1998–2001; and 17.6 percent from 1995–1998.[7]

While *asset accumulation* is a vital component to consider when assessing retirement preparedness, it is not the only factor that will determine financial security in retirement. The second vital component is the *use of accumulated funds* such that retirees do not outlive their assets. Even for workers with DB plans, which are increasingly offering lump-sum distributions both at preretirement termination of employment and on formal retirement from the work force, how and when these assets are spent remains an important decision—especially when the lump-sum option is chosen.[8] Because of the growing prevalence of lump-sum distributions from employment-based retirement plans, increasing numbers of workers—and retired workers—will have the responsibility of managing their assets themselves, rather than having the lifetime income of an annuity in retirement that DB plans historically have provided.

Thus, although this *Issue Brief* focuses on ownership of IA retirement plans, it must be stressed that this is only an indicator of future *potential* financial security—because individuals' financial security in retirement will ultimately be determined by the source and amount of retirement resources, how distributions are taken from these sources, how individuals invest them in the interim, and how fast assets are spent, along with individuals' health status and life span.

This *Issue Brief* investigates the percentage of families who own various types of retirement plans, including IRAs. Next, it provides both median and average estimates of the value of the assets in these accounts, as well as the proportion of total financial assets represented and their relative percentages within the IA retirement plan universe. It then focuses on the value of IRA rollovers as part of the total IRA market, in order to glean a sense of the full contribution that the employment-based, retirement-plan system makes to total retirement assets.

Trends in Individual Account Retirement Plan Ownership

Employment-based plans are generally categorized as either *defined benefit plans* (pensions—traditional or cash balance) or *defined contribution plans* (401(k)-type plans). Generally, traditional defined benefit plans provide benefits according to a formula based on the worker's tenure and salary history, and are not directly affected by the changes in the investment returns of the plan assets. Contributions to these plans are generally made by the employer and in some cases (most notably in the public sector) also by the individual participant. So-called hybrid individual account defined benefit plans, most commonly cash balance plans, provide benefits that are generally based on contributions by the sponsor and a credit rate set by the plan.[9]

Figure 2

Distribution of Retirement Plan Types for Families With an Active Participant in an Employment-based Retirement Plan, by Various Demographic Categories, 1992, 2001, 2013, and 2016

	1992			2001			2013			2016		
	Defined Benefit Only	Defined Contribution Only	Both Plan Types	Defined Benefit Only	Defined Contribution Only	Both Plan Types	Defined Benefit Only	Defined Contribution Only	Both Plan Types	Defined Benefit Only	Defined Contribution Only	Both Plan Types
Total	40.0%	37.5%	22.5%	19.5%	57.7%	22.8%	15.3%	66.7%	18.0%	17.2%	66.5%	16.2%
Family Income												
Less than $10,000	69.9	30.1	0.0	13.9	74.1	12.0	0.2	99.8	0.0	20.3	60.4	19.3
$10,000-$24,999	56.6	42.8	0.6	26.3	72.2	1.6	18.5	75.3	6.2	26.1	68.9	4.9
$25,000-$49,999	50.2	39.7	10.1	25.4	65.8	8.8	22.8	67.0	10.2	21.0	69.6	9.4
$50,000-$99,999	42.6	36.8	20.7	21.6	58.6	19.8	17.8	64.0	18.3	20.1	68.1	11.8
$100,000 or More	26.9	36.5	36.6	14.6	52.2	33.3	9.3	68.2	22.5	12.4	63.8	23.8
Age of Family Head												
<35	37.0	47.7	15.3	14.6	69.9	15.5	16.0	71.4	12.6	18.4	68.7	12.9
35-44	39.5	35.8	24.7	16.5	59.4	24.1	13.1	70.0	16.8	15.0	68.7	16.3
45-54	40.1	31.8	28.2	23.9	48.5	27.6	17.4	62.9	19.8	15.4	68.3	16.3
55-64	43.8	33.4	22.8	23.8	53.4	22.9	12.9	66.0	21.1	18.8	61.6	19.6
65-74	57.9	30.7	11.5	29.0	58.7	12.3	23.5	56.0	20.5	24.9	57.6	17.6
75 or Older	a	a	a	a	a	a	9.4	51.5	39.2	8.2	91.7	0.1
Education of Family Head												
Below HS Diploma	51.0	37.0	12.0	33.4	55.6	11.0	23.3	69.7	7.0	23.6	59.8	16.6
HS Diploma	43.6	37.3	19.2	21.1	58.9	20.0	20.9	60.2	19.0	19.2	67.3	13.6
Some College	38.5	39.8	21.7	18.8	60.1	21.1	14.4	67.3	18.3	16.9	66.3	16.9
College Degree	36.7	36.8	26.6	17.4	56.3	26.4	12.5	69.2	18.3	15.8	67.2	17.0
Race												
White Non-Hispanic	37.9	37.6	24.4	18.9	56.5	24.7	14.3	66.8	19.0	14.4	68.3	17.3
Nonwhite	48.5	37.0	14.6	21.8	62.2	16.0	18.1	66.4	15.5	23.6	62.6	13.8
Work Status of Family Head												
Someone Else	39.4	37.2	23.4	19.0	57.4	23.6	14.9	66.5	18.6	16.9	66.7	16.4
Self-employed	40.5	43.9	15.7	23.9	61.8	14.4	16.0	74.4	9.6	15.5	71.6	12.9
Retired	66.0	18.6	15.4	24.0	52.0	24.0	16.3	59.7	24.0	25.0	58.4	16.6
Other Nonwork	26.6	51.9	21.6	14.7	73.0	12.4	30.9	64.5	4.6	18.5	62.8	18.7
Net Worth Percentile												
Bottom 25%	46.2	46.9	7.0	29.9	60.6	9.5	26.6	63.7	9.7	30.5	62.2	7.4
25-49.9	45.0	36.9	18.1	19.5	64.6	15.8	18.8	68.0	13.2	21.7	66.9	11.4
50-74.9	40.6	35.3	24.1	19.4	51.3	29.3	16.3	64.6	19.1	15.7	66.6	17.7
75-89.9	36.2	33.7	30.1	15.5	55.2	29.3	8.7	65.3	26.0	10.8	64.7	24.5
Top 10%	24.1	39.9	36.0	12.8	60.9	26.3	4.7	74.2	21.1	6.3	73.3	20.4

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2013, and 2016 Survey of Consumer Finances.

Note: All income values are in 2016 dollars. The 2013 and 2016 distirbutions are not directly comparable to 1992 and 2001 because of changes in the survey that began in 2004.

a–Sample size is too small for a reliable estimate.

By contrast, defined contribution plans provide benefits that are determined by the level of contributions (both from the worker and the employer) and any asset returns on these contributions. Workers not eligible for a plan through employment, and in some cases workers wanting to augment employment-based plans, as well as nonworking spouses, can set up an *individual retirement account*; and many self-employed workers can establish a *Keogh plan* to save for retirement.

Employment-based Retirement Plans from Current Employers

In the 2016 SCF, 66.5 percent of all families that had an active participant in an employment-based retirement plan from a current employer were found to have a DC plan only (Figure 2). Furthermore, 16.2 percent of these families had both a DB and DC plan, while 17.2 percent had a DB plan only. Among these families with an active participant, a significant shift occurred from 1992 to 2016; the percentage having a DB plan *only* decreased from 40.0 percent in 1992 to the 17.2 percent in 2016, which was up from 15.3 percent in 2013. On the other hand, the percentage of those families having a DC plan *only* surged, rising from 37.5 percent in 1992 to just above 66 percent in 2013 and 2016. The percentage of families with *both* types of plans decreased from 22.5 percent in 1992 to 16.2 percent in 2016.[10]

The type of retirement plan a family has is linked to the demographic characteristics of the family and the family head. Families with the highest incomes were the most likely to have both a DB and DC plan. In 2016, 23.8 percent of families with income of $100,000 or more with a plan had both a DB and DC plan, compared with 4.9 percent of the families with income of $10,000–$24,999. [11] Also, families with heads ages 65-74 were the most likely to have both a DB and DC plan, and families with higher net worth were more likely to have both plans.

However, across all demographic groups, families were most likely to have a DC plan only in 2016. This is a significant change from 1992, when almost all categories were most likely to have had a DB plan only. For instance, in 1992, 57.9 percent of families with heads ages 65-74 had a DB plan only, but in 2016, 57.6 percent of these families had a DC plan only.

Defined Contribution Plan Participation Rates of Family Heads

Overall, in 2016, 79.4 percent of defined contribution plan eligible family heads chose to participate in the plan (conversely, just over 20 percent of eligible family heads chose not to participate). This was up slightly from 78.7 percent in 2013 (Figure 3).[12]

A number of demographic differences have persisted over the six survey periods: the increased likelihood of plan participation with higher levels of family income (above $10,000), net worth, and educational attainment.[13] For example, in 2016, the participation rate was just 47.3 percent of family heads with annual family income of $10,000–$24,999, compared with 89.9 percent for those with annual family income of $100,000 or more. Additionally, racial disparities existed; white family heads were more likely to participate when eligible than nonwhite family heads. In 2016, 83.5 percent of white family heads who were eligible participated compared with 70.6 percent for nonwhite family heads. In 2016, the likelihood of participating in a current employer plan when eligible increased with the age of the family head through age 64, before declining for ages 65 and above. This same pattern resulted in 2013, but in prior years the age of the family head did not have such a clear pattern for those ages 35-64, where the percentages were similar across age groups and in some cases families with younger heads had higher likelihoods of participation.

IRA/Keogh Ownership

The percentage of families who owned either an IRA or a Keogh plan increased in 2016 to 29.9 percent from 28.1 percent in 2013 and 28.0 percent in 2010. This ownership rate was near the 2007 level of 30.6 percent but below the peak level of 31.4 percent in 2001 (Figure 4).

Ownership of an IRA/Keogh increased with family income, the family head's educational level, and the family's net worth. Of families with less than $10,000 a year in income, 5.2 percent owned an IRA/Keogh in 2016, compared with 59.3 percent of families with income of $100,000 or more. Not surprisingly, the percentage owning an IRA/Keogh increased even more substantially when measured by net worth: in 2016, only 4.7 percent of those in the lowest 25th

Figure 3
Participation Rates of Family Heads Eligible
for an Employment-based Defined
Contribution Plan, 1995, 2001, 2007, 2010, 2013, and 2016

	1995	2001	2007	2010	2013	2016
Total	73.8%	74.8%	78.8%	78.2%	78.7%	79.4%
Family Income						
Less than $10,000	40.1	56.7	40.5	32.9	39.7	54.9
$10,000-$24,999	43.8	56.6	39.3	38.5	50.2	47.3
$25,000-$49,999	64.6	63.7	64.5	69.7	64.3	68.7
$50,000-$99,999	76.0	75.0	81.2	77.4	81.2	78.8
$100,000 or More	81.1	83.1	88.3	90.5	90.4	89.9
Age of Head						
<35	72.4	69.7	67.3	67.2	68.3	69.7
35-44	74.6	81.0	84.7	80.4	79.7	79.5
45-54	73.6	73.9	83.2	84.0	82.6	83.3
55-64	82.4	76.0	81.7	82.7	87.6	87.4
65-74	55.0	44.9	69.1	73.6	74.4	82.6
75 or Older	26.1	38.5	67.8	86.9	43.1	40.5
Education of Head						
Below HS Diploma	62.1	52.6	64.8	60.7	64.1	62.9
HS Diploma	67.9	69.7	71.5	74.5	68.0	73.5
Some College	74.0	72.9	74.3	73.3	76.3	76.6
College Degree	79.7	81.5	85.9	83.4	85.0	85.0
Race						
White Non-Hispanic	75.5	74.9	81.2	82.5	81.1	83.5
Nonw hite	67.5	74.4	73.0	68.6	72.9	70.6
Net Worth Percentile						
Bottom 25%	58.6	54.7	54.8	53.7	53.8	51.6
25-49.9	71.1	71.1	77.4	73.8	71.1	74.5
50-74.9	75.3	80.0	85.2	83.0	85.3	87.0
75-89.9	81.5	86.4	86.8	91.1	92.0	91.4
Top 10%	89.3	87.1	90.2	95.9	94.7	95.4

Source: Employee Benefit Research Institute estimates of the 1995, 2001, 2007, 2010, 2013 and 2016 Survey of Consumer Finances.
Note: All income values are in 2016 dollars.

Figure 4
Percentage of Families With an IRA/Keogh, by Various Demographic Categories, 1992, 2001, 2007, 2010, 2013, and 2016

	Percentage With an IRA/Keogh					
	1992	2001	2007	2010	2013	2016
Total	26.1%	31.4%	30.6%	28.0%	28.1%	29.9%
Family Income						
Less than $10,000	5.1	5.9	8.0	9.0	6.6	5.2
$10,000-$24,999	6.1	10.0	9.0	9.0	7.2	7.5
$25,000-$49,999	18.4	19.8	20.4	19.6	19.3	18.6
$50,000-$99,999	31.6	33.4	33.2	30.3	32.2	32.8
$100,000 or More	59.5	60.3	57.2	56.9	58.6	59.3
Age of Head						
<35	13.1	18.3	16.2	13.9	13.8	15.0
35-44	27.8	29.5	28.8	21.5	25.3	26.8
45-54	34.1	38.7	35.3	28.7	28.3	29.8
55-64	44.5	41.5	39.5	41.3	38.2	37.8
65-74	33.7	41.9	43.0	39.8	41.2	39.3
75 or Older	6.8	25.5	27.3	31.0	26.5	36.6
Education of Head						
Below HS Diploma	7.6	8.7	9.4	6.2	4.0	8.2
HS Diploma	19.7	22.3	20.2	17.6	17.7	17.7
Some College	26.1	28.1	27.5	22.8	20.9	25.1
College Degree	43.8	52.3	50.1	46.6	46.8	51.2
Race						
White Non-Hispanic	31.1	36.6	37.0	35.4	35.4	37.9
Nonw hite	10.8	14.7	15.1	12.8	13.1	15.3
Working Status of Head						
Someone Else	27.5	30.3	30.9	26.5	27.7	29.2
Self-employed	42.9	49.8	42.9	42.6	42.4	39.7
Retired	22.3	27.0	27.8	28.8	27.0	30.4
Other Nonw ork	8.5	20.6	16.5	13.4	14.7	15.3
Net Worth Percentile						
Bottom 25%	2.4	4.8	4.6	5.6	4.5	4.7
25-49.9	12.9	16.9	17.3	13.4	11.8	14.9
50-74.9	29.6	35.1	35.9	29.2	30.5	34.9
75-89.9	52.5	60.3	57.4	55.3	57.2	57.0
Top 10%	69.9	81.2	74.5	76.9	78.2	77.7

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2007, 2010, 2013, and 2016 Survey of Consumer Finances.
Note: All income values are in 2016 dollars.

percentile of net worth owned an IRA/Keogh, compared with 77.7 of those in the top 10 percent. These differences were consistent over the years of the study.

The ownership of IRA/Keoghs also increased with the family head's age through age 74, but families with the oldest heads had a lower likelihood of owning an IRA/Keogh than those whose heads were ages 55–64. Families with a white family head were significantly more likely to own an IRA/Keogh in 2016 than those with nonwhite heads (37.9 percent versus 15.3 percent), and this has been the case going back to 1992.

Retirement Plans from Any Source

In 2016, 64.9 percent of families had a current or previous employer's retirement plan (including DB plans) or an IRA/Keogh (Figure 5). Fifty-two percent of families had individual account retirement plans (excluding DB plans). The percentage with these plans (including DBs) increased with family income, net worth, and educational level of the family head. Families with a white family head were more likely to own one of these plans. Less than 50 percent of families with a head under age 35 (47.6 percent) had one of these plans, but this percentage increased with age to 72.8 percent for families with a head ages 55–74, before decreasing to 70.7 percent of families with heads ages 75 or older.[14]

In 2001, 66.6 percent of all families had a current or previous employer's retirement plan (including DB plans) or an IRA/Keogh—the highest level seen from 2001–2016. The highest year for ownership of IA retirement plans was 2007 at, 53.0 percent of all families. The same differences across demographic groups discussed above for 2016 were also present in 2001–2013. In most cases, the 2001 and 2007 levels of ownership in these plans were higher than they were in 2016.

Individual Account Retirement Plan Balances

Average Values

Among families with an IRA/Keogh plan, the average value of their account holdings was $203,904 in 2016, a 2 percent real increase from $199,934 in 2013 (Figure 6).[15, 16] From 1992–2016, the average IRA/Keogh balance increased 228 percent, from $62,147 (in 2016 dollars) in 1992.

The factors related to higher average IRA/Keogh balances were higher family income, older family head, higher educational level of the family head, white family head, and higher net worth. For example, among families with heads younger than age 35 who also owned an IRA/Keogh, the average plan balance was $19,672 in 2016 compared with $314,924 among those IRA/Keogh owning families with heads ages 65 or older. In general, the same results for 2016 among the categories held true in the prior survey years.

Among families with a DC plan, the average balance in 2016 was $167,957. This was a real increase of 24.6 percent from $134,815 in 2013.[17] In addition, the average total balance of those families with at least one IRA/Keogh or DC account increased 11.4 percent from $208,639 in 2013 to $232,502 in 2016. While the overall average total balance increased, families in specific categories had declines in their average balances from 2013 to 2016. In particular, families with heads ages 35–44 or ages 65 or older, incomes less than $100,000, and those with a family head with only some college education saw their average total balances decline from 2013 to 2016.

Median Values

Among all families with an IRA/Keogh in 2016, the median balance was $53,000 (Figure 7).[18] This was a 109 percent increase from the 1992 value of $25,401 and a 3 percent increase from the 2013 value of $51,555. The median IRA/Keogh balance increased in 2016 with family income, family head age, and family net worth—a pattern that held true in 1992–2013. Families with a white family head have consistently had higher median balances than those with families with a nonwhite head. For example, the median balance of families with a white family head that had IRA/Keoghs was $62,000 in 2016, compared with $23,000 for families without a white family head. The median

Figure 5
Percentage of All Families With a Retirement Plan From a Current or Previous Employer or an IRA/Keogh Plan, 2001, 2007, 2010, 2013, and 2016

	2001		2007		2010		2013		2016	
	Excluding DB	Including DB	Excluding DB	Including DB	Excluding DB	Including DB	Excluding DB	Including DB	Excluding DB	Including DB
Total	52.8%	66.6%	53.0%	66.2%	50.4%	63.8%	49.2%	63.5%	52.1%	64.9%
Family Income										
Less than $10,000	10.2	17.4	12.9	18.9	11.8	21.0	10.5	15.2	11.1	17.0
$10,000-$24,999	16.1	31.2	13.4	31.6	14.1	28.9	13.2	28.1	13.4	24.8
$25,000-$49,999	38.0	57.6	38.9	59.1	40.3	57.5	36.6	57.3	38.5	56.9
$50,000-$99,999	65.6	81.2	67.2	79.3	63.0	78.0	65.4	81.1	66.0	80.7
$100,000 or More	86.2	92.6	85.9	90.9	86.9	93.1	87.3	92.6	85.7	92.9
Age of Head										
<35	45.3	51.0	42.1	48.5	41.1	46.5	39.3	45.4	42.2	47.6
35-44	61.6	70.2	57.8	63.9	52.2	60.4	55.4	61.8	56.7	63.4
45-54	63.8	75.7	65.4	73.2	60.0	68.8	56.5	65.8	59.8	67.5
55-64	59.3	77.1	61.2	78.6	59.8	73.9	59.3	73.9	59.3	72.8
65-74	45.4	69.1	51.7	73.5	48.9	70.4	48.0	74.0	49.8	72.8
75 or Older	27.6	58.7	30.0	65.5	32.7	70.3	29.0	65.8	40.9	70.7
Education of Head										
Below HS Diploma	17.9	36.9	21.6	36.3	17.1	31.5	14.1	31.3	19.7	29.7
HS Diploma	46.1	61.6	43.3	59.3	40.6	57.5	37.6	56.6	40.5	58.3
Some College	53.7	67.0	53.0	65.8	48.6	62.3	43.8	58.6	49.6	62.7
College Degree	75.0	85.0	74.0	84.1	70.4	80.5	71.2	80.5	74.9	84.8
Race										
White Non-Hispanic	57.5	71.5	58.6	72.0	58.1	71.6	56.7	71.6	60.4	73.4
Nonwhite	37.7	50.8	39.5	52.0	34.4	47.8	34.0	46.9	36.8	49.3
Work Status of Head										
Someone Else	61.8	71.8	62.7	71.5	59.6	68.4	59.5	68.0	62.0	69.5
Self-employed	58.9	67.6	54.5	58.0	54.6	61.6	53.2	61.0	52.0	60.4
Retired	30.9	59.6	34.4	63.3	34.4	63.9	32.2	62.5	37.5	64.1
Other Nonwork	26.2	31.7	25.9	33.3	23.6	29.3	24.1	30.1	22.9	28.6
Net Worth Percentile										
Bottom 25%	19.1	33.6	19.5	33.1	19.7	31.3	17.4	28.1	18.6	30.7
25-49.9	46.0	62.8	48.6	63.5	42.7	58.2	40.0	58.4	43.1	57.9
50-74.9	63.8	79.4	63.0	79.0	58.4	76.6	57.8	77.5	63.8	79.3
75-89.9	78.3	88.5	77.8	87.8	75.7	87.3	76.9	87.9	78.8	90.7
Top 10%	87.7	93.3	84.5	90.6	87.9	91.8	89.2	92.9	88.6	93.0

Source: Employee Benefit Research Institute estimates of the 2001, 2007, 2010, 2013, and 2016 Survey of Consumer Finances.
Note: All income values are in 2016 dollars.

Figure 6

Average Family IRA/Keogh Balances, Defined Contribution Plan Balances, and Total Balances, for Those Families Owning These Accounts, by Various Demographic Catergories, 1992, 2001, 2010, 2013, and 2016

	1992			2001			2010			2013			2016		
	IRA/ Keogh	Defined Contribution	Total	IRA/ Keogh	Defined Contribution	Total	IRA/ Keogh	Defined Contribution	Total	IRA/ Keogh	Defined Contribution	Total	IRA/ Keogh	Defined Contribution	Total
Total	$62,147	$58,579	$75,300	$131,836	$96,263	$141,983	$164,383	$144,461	$191,489	$199,934	$134,815	$208,639	$203,944	$167,957	$232,502
Family Income															
$10,000-$24,999	21,059	13,216	19,193	30,321	13,009	24,260	65,842	22,416	51,058	99,146	32,941	71,468	33,186	25,878	32,616
$25,000-$49,999	34,570	8,112	24,050	58,591	29,026	47,494	107,190	31,745	72,119	88,450	25,893	61,854	67,592	31,641	52,035
$50,000-$99,999	41,971	33,648	45,433	79,243	49,385	74,975	107,928	61,455	95,310	122,314	70,691	112,783	120,740	68,306	107,822
$100,000 or More	100,110	116,480	151,252	202,173	171,417	260,800	241,922	284,835	377,027	311,612	250,310	397,457	316,853	321,124	452,511
Age of Head															
<35	17,729	21,016	23,626	20,406	21,510	25,547	21,690	27,423	30,079	23,579	25,001	29,798	19,672	30,866	32,753
35-44	38,365	35,842	46,540	58,029	73,617	87,699	71,955	75,452	94,242	75,818	98,899	117,231	63,992	85,187	101,953
45-54	72,908	101,903	117,913	136,576	123,668	171,788	140,487	153,901	191,160	121,212	150,592	183,624	136,150	184,527	219,424
55-64	77,906	117,594	119,055	216,942	202,592	270,746	202,857	292,328	330,762	236,225	202,978	294,266	271,401	302,303	384,505
65 or Older	92,012	41,527	93,358	194,893	183,893	212,581	245,793	256,141	285,391	350,329	278,661	387,155	314,924	286,681	350,258
Education of Head															
Below HS Diploma	31,424	16,267	26,167	50,295	42,332	49,352	47,914	31,947	38,947	30,475	42,147	40,264	86,100	134,121	133,714
HS Diploma	49,233	33,218	47,228	74,154	46,285	67,211	83,432	67,577	84,048	89,181	69,215	89,844	86,245	86,857	98,514
Some College	42,733	32,514	46,624	83,461	72,322	92,049	93,445	72,938	94,982	138,365	95,614	136,350	119,005	95,940	128,523
College Degree	77,471	87,777	108,678	175,134	140,631	214,526	213,082	217,779	289,920	251,231	180,934	290,482	275,445	248,043	352,724
Race															
White Non-Hispanic	65,089	63,236	80,868	142,407	107,441	158,303	174,642	167,638	217,242	223,301	156,423	245,432	219,262	194,389	265,506
Nonwhite	36,267	36,149	42,311	47,279	53,852	62,180	105,652	77,575	101,453	70,396	71,473	83,253	134,093	100,157	133,032
Net Worth Percentile															
Bottom 25%	5,107	3,134	3,658	5,196	4,637	5,074	9,209	12,553	12,806	8,917	10,225	10,784	10,204	9,978	10,924
25-49.9	9,205	10,405	11,230	15,178	17,736	19,250	16,056	18,807	20,112	15,671	17,413	19,120	15,272	20,879	21,728
50-74.9	25,325	26,880	32,694	36,441	53,557	57,787	39,377	59,926	62,330	43,478	67,000	71,295	46,571	69,714	73,299
75-89.9	46,927	69,608	72,074	97,400	132,867	151,581	116,002	166,770	184,849	116,078	177,726	199,937	142,928	207,217	231,633
Top 10%	146,979	251,072	247,345	350,159	405,963	515,003	427,637	602,436	722,195	541,663	511,603	751,050	567,623	691,172	893,585

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2010, 2013, and 2016 Survey of Consumer Finances.

Note: All income and asset values are in 2016 dollars. Families with incomes below $10,000 did not have a sufficient sample size of observations to present a reliable estimate.

Figure 7
Median Family IRA/Keogh Balances, Defined Contribution Plan Balances, and Total Balances, for Those Families Owning These Accounts, by Various Demographic Catergories, 1992, 2001, 2010, 2013, and 2016

	1992			2001			2010			2013			2016		
	IRA/ Keogh	Defined Contribution	Total	IRA/ Keogh	Defined Contribution	Total	IRA/ Keogh	Defined Contribution	Total	IRA/ Keogh	Defined Contribution	Total	IRA/ Keogh	Defined Contribution	Total
Total	$25,401	$13,547	$23,707	$36,559	$27,081	$39,809	$44,201	$35,361	$48,621	$51,555	$38,151	$60,835	$53,000	$43,000	$60,000
Family Income															
$10,000-$24,999	8,957	2,584	7,752	14,894	2,979	7,447	22,217	5,195	13,264	25,778	5,156	10,311	9,000	5,000	7,600
$25,000-$49,999	17,226	3,445	9,991	20,311	7,447	12,322	27,633	9,285	17,795	27,840	9,899	18,560	30,000	9,000	18,000
$50,000-$99,999	20,671	12,058	20,671	27,081	20,311	31,143	33,159	26,527	33,159	41,244	27,840	43,306	36,000	30,000	40,200
$100,000 or More	41,342	43,064	62,702	60,255	64,994	94,783	90,635	112,741	165,795	82,488	123,732	173,740	105,000	120,000	200,000
Age of Head															
<35	8,636	5,080	7,891	9,478	8,124	9,478	11,050	11,050	11,713	10,311	10,311	12,373	10,000	10,000	12,020
35-44	18,627	10,160	15,240	20,311	32,497	38,590	20,996	33,151	34,256	25,778	37,223	44,028	26,000	30,000	37,000
45-54	29,634	33,868	44,028	54,162	40,621	64,994	44,201	55,251	66,302	47,431	75,270	89,706	49,000	66,000	82,000
55-64	38,948	30,481	50,801	62,286	68,379	74,472	66,302	83,982	110,503	72,177	77,333	107,234	80,000	87,000	120,000
65 or Older	33,868	8,467	33,868	74,472	67,702	77,180	77,352	83,974	78,457	111,359	62,897	121,670	117,000	100,000	120,000
Education of Head															
Below HS Diploma	13,547	5,080	11,854	24,373	8,124	13,540	35,361	12,155	18,012	20,622	10,311	13,404	50,000	25,000	37,000
HS Diploma	22,014	7,282	16,934	24,373	16,248	24,373	26,521	22,101	27,626	36,089	24,746	34,233	34,000	28,000	36,000
Some College	20,321	10,668	20,321	23,019	24,373	27,081	33,151	23,581	29,836	41,244	30,314	42,275	30,000	22,600	34,600
College Degree	30,481	23,707	36,408	48,745	40,621	67,702	60,887	58,567	85,087	63,928	58,773	94,861	81,000	79,000	118,000
Race															
White Non-Hispanic	25,401	13,547	25,401	40,621	33,851	47,391	50,831	43,096	59,672	60,835	51,555	78,364	62,000	50,000	77,000
Nonw hite	14,394	10,160	13,547	12,186	13,540	13,540	28,731	25,416	27,626	20,622	20,828	23,715	23,000	27,000	30,000
Net Worth Percentile															
Bottom 25%	3,725	1,693	1,693	4,031	2,573	2,708	5,525	5,525	5,525	3,300	4,248	4,846	4,800	4,000	4,300
25-49.9	6,773	6,096	7,112	7,447	10,155	10,155	9,945	12,155	13,205	10,311	11,445	12,476	10,000	13,000	15,000
50-74.9	16,934	16,256	22,522	21,123	37,913	40,621	24,311	44,201	45,306	26,809	51,555	53,617	29,000	50,000	52,000
75-89.9	30,481	44,028	49,616	58,224	83,951	106,969	66,302	132,604	149,179	82,488	144,354	170,132	95,000	155,000	198,000
Top 10%	67,735	121,923	127,003	146,236	203,106	270,808	221,006	314,934	456,377	270,148	297,988	463,995	325,000	400,000	634,000

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2010, 2013, and 2016 Survey of Consumer Finances.
Note: All income and asset values are in 2016 dollars. Families w ith incomes below $10,000 did not have a sufficient sample size of observations to present a reliable estimate.

Figure 8
Median Percentage of Financial Assets in Employment-based Defined Contribution Plans* and IRAs/Keoghs for Families With These Assets, by Various Categories, 1992, 2001, 2007, 2010, 2013, and 2016

	1992	2001	2007	2010	2013	2016
Total	44.3%	50.6%	64.2%	70.3%	70.3%	67.9%
Family Income						
Less than $10,000	35.3	21.5	82.3	63.5	51.5	45.7
$10,000-$24,999	35.3	50.5	51.3	52.5	59.6	56.7
$25,000-$49,999	46.2	51.4	69.8	72.2	69.4	68.6
$50,000-$99,999	45.6	53.3	69.7	71.2	75.7	70.3
$100,000 or More	43.4	49.1	59.1	69.6	64.9	66.2
Age of Head						
<35	45.5	45.2	57.5	61.5	59.7	58.3
35-44	46.7	60.5	72.3	77.5	73.8	72.3
45-54	57.8	59.1	72.4	77.5	79.1	76.9
55-64	44.7	46.5	66.3	73.4	76.9	74.1
65 or Older	27.5	35.2	40.5	52.0	53.3	52.9
Education of Head						
Below HS Diploma	54.4	50.0	77.3	81.8	78.9	83.3
HS Diploma	44.6	58.0	70.9	76.2	76.0	74.0
Some College	39.9	50.3	64.2	72.2	76.3	70.4
College Degree	44.7	48.2	58.7	64.9	64.6	61.5
Race						
White Non-Hispanic	42.7	49.3	62.5	67.6	69.2	67.2
Nonwhite	56.3	57.0	71.3	76.8	73.3	69.7
Work Status of Head						
Someone Else	50.0	56.6	71.7	75.1	75.4	71.9
Self-employed	39.4	40.4	49.0	56.0	51.1	53.6
Retired	31.0	34.8	40.2	52.0	57.1	58.6
Other Nonwork	57.5	38.1	69.6	71.4	73.8	68.5
Net Worth Percentile						
Bottom 25%	63.4	58.0	72.3	76.9	75.5	61.7
25-49.9	50.0	61.6	73.0	77.2	74.7	70.9
50-74.9	46.9	56.0	71.5	73.9	78.2	73.1
75-89.9	41.1	46.9	62.6	69.9	68.8	71.1
Top 10%	32.3	32.0	42.6	48.5	49.2	47.7

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2007, 2010, 2013, and 2016 Survey of Consumer Finances.
*Includes DC balances with both current and previous employers.
Note: All income values are in 2016 dollars.

IRA/Keogh balance relationship with educational attainment has not been direct or consistent across years, except for those with the highest educational attainment having the highest median balances each year.

The median DC balance for those owning them increased from 2013 to 2016, but the median total balance (IRA/Keogh and/or DC plan balance) for those owning these accounts decreased. The median DC balance increased 13 percent from $38,151 to $43,000,[19] while the real median total balance decreased 1 percent from $60,835 to $60,000. However, families with certain characteristics had changes opposite to the overall changes from 2013 for both median DC balances and median total balances. For example, families with incomes of $100,000 or above, families with heads ages 55-64, and families with a nonwhite head had increases in their median total balances, while families with heads ages 45-54 had a decrease in their median DC balance.

Percentage of Financial Assets from Individual Account Retirement Plans

The importance of IA plans to the wealth of families with these plans can be measured by the percentage of financial assets[20] that their IA plan assets represent. In 2016, for families with IA plans, the median percentage of financial assets that IA plan assets represented was 67.9 percent—down from 70.3 percent in 2013, but 3.7 percentage points higher than in 2007 and 23.6 percentage points higher than in 1992 (Figure 8). Consequently, as defined contribution plans have proliferated in the private sector, the assets in individual account retirement plans have become the predominate source of financial assets for American families holding these assets.

Of families with IA assets in 2016, the median percentage of their financial assets that IA plan assets represented was greater than 50 percent for all family categories examined in this study, except for those with incomes of less than $10,000 and those in the top 10 percent of net worth. Thus, among families owning IA plan assets, these assets have become a very important resource for those without the highest levels of assets. For example, in 2016, IA retirement plan assets represented at the median 73.1 percent of total financial assets for families with net worth in the third quartile, compared with 47.7 percent for families with net worth in the top 10 percent.

Distribution of Individual Account Retirement Plan Assets

IRA/Keoghs accounted for 50.4 percent of all IA retirement plan assets in 2016, while current-employer DC plan assets accounted for 40.9 percent and previous-employer DC plan assets 8.7 percent (Figure 9). However, this distribution was significantly different based on the families' net worth, income, and age of the family head.

For example, for families in the lowest net worth quartile, 71.9 percent of IA assets were in current employer DC plans, 4.6 percent in previous employer DC plans, and 23.5 percent in IRA/Keoghs. For comparison, among families in the top 10 percent of net worth, 35.7 percent of IA assets were in current-employer DC plans, 8.6 percent in previous employer DC plans, and 55.7 percent in IRA/Keoghs. Furthermore, for families with heads ages 35–44, 65.8 percent of IA assets were in current-employer DC plans, 4.5 percent were in previous-employer DC plans, and 29.7 percent were in IRA/Keoghs; while for families with heads ages 65 or older, the respective percentages were 13.8 percent, 11.4 percent, and 74.8 percent.

Distribution of IRA Types and Assets

SCF categorizes IRA assets into three types—Roth, rollover, and regular IRAs.[21] Measuring the amount of IRA assets attributable to rollovers is important in ascertaining the full impact of wealth generated within the employment-based retirement plan system, because rollover IRAs are primarily funded by assets generated in other types of retirement plans (notably DB plans or 401(k) plans). This section analyzes the categorization of IRA assets to see the relative asset values by types.

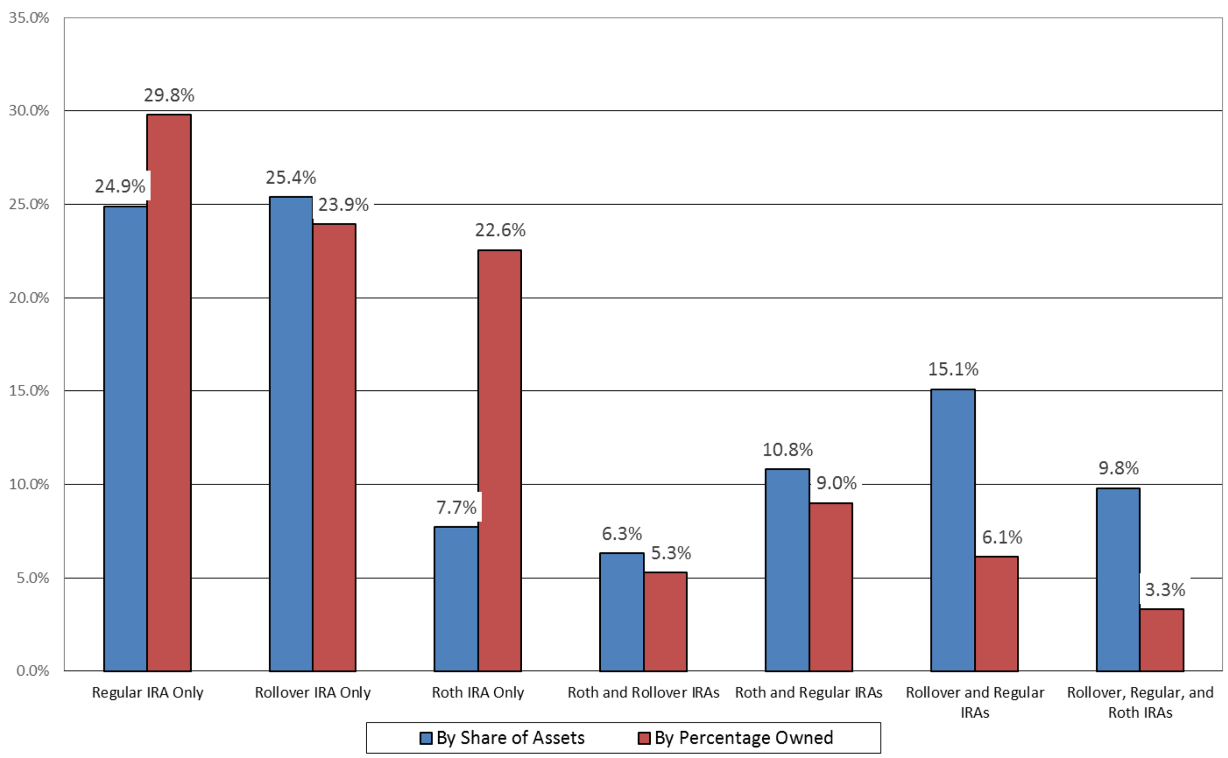
The analysis starts by determining the distribution of IRA types owned by families. The most prevalent owned IRA type was regular IRAs only at 29.8 percent (Figure 10). The next most commonly owned IRA type was rollover only, at 23.9 percent, and the third most common type was the Roth only, at 22.6 percent. Next, Roth and regular IRAs owned together accounted for 9.0 percent of IRAs held by families; rollover and regular IRAs accounted for 6.1 percent; Roth and rollover IRAs, 5.3 percent; and rollover, regular, and Roth IRAs, 3.3 percent.

Figure 9
Distribution of Families' Individual Account Plan Assets,
by Various Categories, 2016

	Defined Contribution Current Employer	Defined Contribution Previous Employer	IRA/Keogh
Total	40.9%	8.7%	50.4%
Family Income-Percentile			
Bottom 25%	14.9	18.4	66.7
25-49.9	27.8	10.9	61.3
50-74.9	34.7	9.5	55.8
75-100%	43.3	8.2	48.5
Age of Head			
<35	74.3	4.4	21.3
35-44	65.8	4.5	29.7
45-54	65.0	4.0	31.0
55-64	45.2	9.8	45.0
65 or Older	13.8	11.4	74.8
Net Worth Percentile			
Bottom 25%	71.9	4.6	23.5
25-49.9	66.9	8.8	24.3
50-74.9	57.7	7.5	34.7
75-89.9	46.1	9.3	44.6
Top 10%	35.7	8.6	55.7

Source: Employee Benefit Research Institute estimates of the 2016 Survey of Consumer Finances.

Figure 10
Percentage of Families' IRA Ownership and Percentage Share of IRA Assets Owned by Families, by IRA Type or Combination of IRA Types, 2016

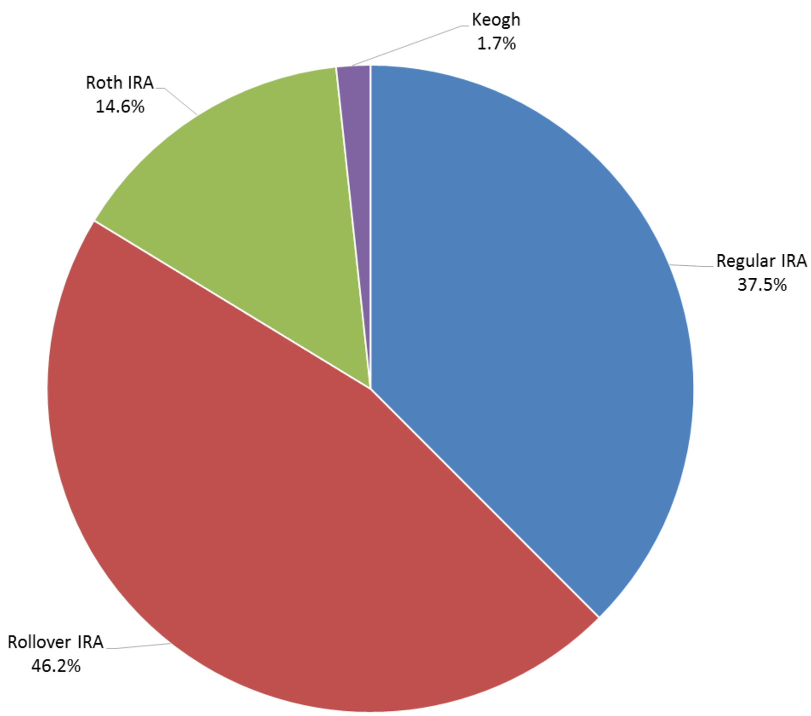


Source: Employee Benefit Research Institute estimates of the 2016 Survey of Consumer Finances.

When the breakdown of IRA types was done by the *amount of assets* held in each type, the relative percentages differed significantly from the *ownership* percentages. While 22.6 percent of families held only a Roth IRA, these IRAs accounted for only 7.7 percent of total IRA assets (Figure 10). Conversely, the share of assets held by families with combinations of IRA types greatly outweighed the prevalence of ownership. For example, 6.1 percent of IRA owners owned rollover and regular IRAs together, but these IRAs represented 15.1 percent of all IRA assets. However, the largest percentage of assets (25.4 percent) was held by those who owned only rollover IRAs, and was followed by 24.9 percent of assets held by those owning only regular IRAs (24.9 percent of assets).

Breaking out assets of IRAs versus Keoghs, the vast majority of assets are found to reside in IRAs: 98.3 percent (Figure 11). Roth IRAs held the lowest percentage of IRA/Keogh assets at 14.6 percent among the IRA types. Rollover IRAs had the largest percentage of these assets at 46.2 percent. [22]

Figure 11
Percentage of Total IRA and Keogh Assets, by Keogh and IRA Type, 2016



Source: Employee Benefit Research Institute estimates of the 2016 Survey of Consumer Finances.

Again, the distributions of assets by IRA type were different across families by net worth, income, and age of the family head. For families with incomes in the lowest quartile, 12.5 percent of their IRA assets were in Roth IRAs, 26.9 percent in rollovers, and 60.6 percent in regular IRAs (Figure 12). In contrast, families with incomes in the third quartile had 16.4 percent in Roth IRAs, 43.0 percent in rollovers, and 40.6 percent in regular IRAs. Families with younger family heads had more assets in Roth IRAs than families with older family heads, while families with older heads had more assets in rollover and regular IRAs than families with younger heads. Those families with the highest net worth had less IRA assets in Roth IRAs, and correspondingly more assets in regular and rollover IRAs combined.

Figure 12
Distribution of Families' IRA Plan Assets, by Various Categories, 2016

	Roth	Rollover	Regular
Total	14.8%	47.0%	38.2%
Family Income-Percentile			
Bottom 25%	12.5	26.9	60.6
25-49.9	17.4	42.8	39.8
50-74.9	16.4	43.0	40.6
75-100%	14.3	48.7	37.0
Age of Family Head			
<35	59.9	16.1	24.0
35-44	43.4	30.6	26.0
45-54	28.2	34.7	37.1
55-64	12.6	54.9	32.5
65 or Older	9.4	47.2	43.4
Net Worth Percentile			
Bottom 25%	36.3	18.7	45.0
25-49.9	33.6	32.8	33.6
50-74.9	20.0	47.5	32.5
75-89.9	17.5	41.5	41.0
Top 10%	13.2	48.8	38.0

Source: Employee Benefit Research Institute estimates of the 2016 Survey of Consumer Finances.

Comparison of Net Worth and Home Ownership for Those With and Without IA Assets

Not only do IA assets make up a large portion of families' financial assets, but those with IA assets also have substantially higher levels of net worth than those families without IA assets. The median net worth for families that owned IA assets was $249,950 in 2016 compared with $19,200 for families without IA assets (Figure 13). This held true across each quartile of income and all ages of family heads. Furthermore, families with an IA plan were much more likely to own a home, where 78.5 percent of families with an IA plan owned a home, compared with 47.6 percent of the families without an IA plan. Again, this held true across income groups and all ages of family heads.

Figure 13
Median and Average Net Worth and Home Ownership for Families With and Without an IA Retirement Plan, by Family Income and Age of the Family Head, 2016

	Median Net Worth		Average Net Worth		Home Ownership	
	With IA Plan	Without IA Plan	With IA Plan	Without IA Plan	With IA Plan	Without IA Plan
All	$249,950	$19,200	$1,121,712	$225,407	78.5%	47.6%
Family Income-Percentile						
Bottom 25%	80,120	5,810	313,994	54,809	61.1	33.4
25-49.9	92,180	23,202	198,708	122,117	61.8	50.7
50-74.9	178,100	62,000	329,707	213,223	77.9	64.2
75-100%	700,140	252,200	2,330,270	1,643,509	89.8	80.2
Age of Family Head						
<35	42,200	4,800	102,979	57,997	50.4	20.5
35-44	148,400	9,660	440,472	92,242	71.7	39.6
45-54	270,280	16,060	1,054,528	240,186	83.7	46.6
55-64	420,200	30,600	1,783,119	283,012	87.3	54.1
65 or Older	569,000	101,840	1,847,107	398,209	91.3	71.9

Source: Employee Benefit Research Institute estimates of the 2016 Survey of Consumer Finances.

Conclusion

This analysis of various SCF survey years found that the percentage of all families with an employment-based retirement plan from a current employer that had a DB plan only decreased substantially from 1992 to 2016, while the percentage with a DC plan only surged during that same period. In 2016, the percentage with a DC plan only was 66.5 percent compared with 37.5 percent in 1992. In addition to the growth in DC plan participation, the percentage of family heads who were *eligible* for DC plans *and chose to participate* increased in 2016 to 79.4 percent from 78.7 percent in 2013 and 73.8 percent in 1992.[23]

The percentage of families owning IRA/Keoghs also increased from 2013 at 28.1 percent to 29.9 percent in 2016. Furthermore, the percentage of families with an IA retirement plan from a current employer or a previous employer (excluding DB benefits) or an IRA/Keogh increased from 50.4 percent in 2010 to 52.1 percent in 2016, despite a slight dip to 49.2 percent in 2013. When DB retirement plan participation was included, the percentage with any retirement plan increased from 63.5 percent in 2013 to 64.9 percent in 2016.

In addition to the increases in ownership of employment-based plans and IRAs in 2016, the average account balances of those families owning an IA retirement plan increased in 2016. The value was $75,300 in 1992, $208,639 in 2013, and $232,502 in 2016.

The median percentage of families' total financial assets comprised of IA retirement plan assets (assuming the family had any) decreased to 67.9 percent in 2016 from the peak of 70.3 percent in 2010 and 2013, but it was still above all prior years before 2010. Across all demographic groups in 2016, except for families with less than $10,000 in income and for families in the top 10 percent of net worth, the share of these assets of total financial assets at the median was above 50 percent, in some cases such as those families with heads ages 45-54 the median percentage exceeded 75 percent.

Lastly, a breakdown of IRA ownership by families was examined to determine the relative importance of various types of IRAs. Regular IRAs were found to account for the largest percentage of IRA *ownership,* but rollover IRAs had the largest share of *assets* at 47.0 percent in 2016, compared with 38.2 percent for regular IRAs and 14.8 percent for Roth IRAs.

While this *Issue Brief* cannot determine whether the balances accumulated are sufficient to fund a comfortable retirement, other studies completed by EBRI have attempted to answer this question. In particular, VanDerhei and Copeland (2008) showed that 401(k) plans can generate significant multiples of workers' preretirement income, if workers have access to them and contribute to them during a large portion of their working lives. Furthermore, VanDerhei (February 2014) determined the EBRI Retirement Readiness Rating™ for future American retirees by comparing simulated retirement income and simulated expenditures in retirement for the American population, concluding that about 41–43 percent of Baby Boomers and Gen Xers were at risk for inadequate income in retirement.

While the results of this study do not answer questions about what is needed for retirement, they show the continued growing importance of individual account plans. Consequently, any policy that alters this system could have consequences—either positive or negative—for Americans' ability to fund a comfortable retirement.[24]

References

Bricker, Jesse, et al. "Changes in U.S. Family Finances from 2013 to 2016: Evidence from the Survey of Consumer Finances." *Federal Reserve Bulletin*. vol. 103, No. 3 (September 2017): 1–40, https://www.federalreserve.gov/publications/files/scf17.pdf.

Copeland, Craig. "Individual Account Retirement Plans: An Analysis of the 2001 Survey of Consumer Finances." *EBRI Issue Brief,* no. 259 (Employee Benefit Research Institute, July 2003).

_______. "Retirement Plan Participation and Retirees' Perception of Their Standard of Living." *EBRI Issue Brief,* no. 289 (Employee Benefit Research Institute, January 2006).

_______. "Individual Account Retirement Plans: An Analysis of the 2004 Survey of Consumer Finances." *EBRI Issue Brief,* no. 293 (Employee Benefit Research Institute, May 2006).

_______. "Individual Account Retirement Plans: An Analysis of the 2007 Survey of Consumer Finances, With Market Adjustments to June 2009." *EBRI Issue Brief,* no. 333 (Employee Benefit Research Institute, August 2009).

_______. "Individual Account Retirement Plans: An Analysis of the 2010 Survey of Consumer Finances." *EBRI Issue Brief,* no. 375 (Employee Benefit Research Institute, September 2012).

_______. "Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2013." *EBRI Issue Brief,* no. 405 (Employee Benefit Research Institute, October 2014).

_______. "Individual Account Retirement Plans: An Analysis of the 2013 Survey of Consumer Finances." *EBRI Issue Brief,* no. 406 (Employee Benefit Research Institute, November 2014).

_______. "Individual Retirement Account Balances, Contributions, Withdrawals, and Asset Allocation Longitudinal Results 2010–2014." *EBRI Issue Brief,* no. 429 (Employee Benefit Research Institute, January 17, 2017).

_______. "2015 Update of the EBRI IRA Database: IRA Balances, Contributions, Rollovers, Withdrawals, and Asset Allocation." *EBRI Issue Brief,* no. 437 (Employee Benefit Research Institute, September 12, 2017).

Copeland, Craig, and Jack VanDerhei. "Personal Account Retirement Plans: An Analysis of the Survey of Consumer Finances." *EBRI Issue Brief,* no. 223 (Employee Benefit Research Institute, July 2000).

Kennickell, Arthur B., and Annika E. Sundén. *Pensions, Social Security, and the Distribution of Wealth*. SCF Working Papers. Finance and Economics Discussion Series 55 (October 1997).

Pension Benefit Guaranty Corporation. *2015 Pension Insurance Data Tables*. https://www.pbgc.gov/sites/default/files/2015-pension-data-tables.pdf

U.S. Department of Labor. Bureau of Labor Statistics. *Employee Benefits in Medium and Large Private Establishments, 1995* (1998). www.bls.gov/ncs/ebs/sp/ebbl0015.pdf

________. *Employee Benefits in Medium and Large Private Establishments, 1997* (1999). www.bls.gov/ncs/ebs/sp/ebbl0017.pdf

________. *National Compensation Survey: Health and Retirement Provisions in Private Industry in the United States, 2010* (August 2011) www.bls.gov/ncs/ebs/detailedprovisions/2010/ebbl0047.pdf

VanDerhei, Jack. "What Causes EBRI Retirement Readiness Ratings™ to Vary: Results from the 2014 Retirement Security Projection Model.®" *EBRI Issue Brief,* no. 396 (Employee Benefit Research Institute, February 2014).

_______. "Contributory "Negligence"? The Impact of Future Contributions to Defined Contribution Plans on Retirement Income Adequacy for Gen Xers." *EBRI Notes,* No. 8 (Employee Benefit Research Institute, August 2014): 10–26.

VanDerhei, Jack, and Craig Copeland. "The Impact of PPA on Retirement Savings for 401(k) Participants." *EBRI Issue Brief,* no. 318 (Employee Benefit Research Institute, June 2008).

VanDerhei, Jack, Sarah Holden, Luis Alonso, and Steven Bass. "401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2015." *EBRI Issue Brief,* no. 436 (Employee Benefit Research Institute, August 3, 2017).

_______. "What Does Consistent Participation in 401(k) Plans Generate? Changes in 401(k) Account Balances, 2010–2014." *EBRI Issue Brief,* no. 426 (Employee Benefit Research Institute, September 8, 2016).

Endnotes

[1] Beginning in the year individuals turn age 70-½, owners of tax-qualified plans/accounts (e.g., 401(k)-type plans and traditional IRAs) are required to make an annual minimum distribution (withdrawal). The required minimum distribution (RMD) is calculated by dividing the end of the prior-year balance by the longevity factor published by the IRS. For those with more than one IRA, the required minimum distribution does not have to be taken from each account but can be taken from only one account as long the total minimum amount withdrawn from that one account equals the total that must be taken for all the accounts combined. Owners of Roth IRAs are not required to take a distribution. For more information, see the IRS Publication 590, online https://www.irs.gov/pub/irs-pdf/p590b.pdf

[2] The basis of this survey is what the Federal Reserve refers to as a *primary economic unit* (PEU), which is a subset of households and closely resembles families in its definition, although it is not precisely families. However, families are the closest concise terminology for the PEU, so families are used in this study. For further information about this issue as well as about SCF in general, see Bricker, et al. (2017).

[3] See Copeland and VanDerhei (2000), Copeland (2003), Copeland (May 2006), Copeland (2009), Copeland (2012), and Copeland (November 2014).

[4] This study also supplements other studies from EBRI on participation in employment-based retirement plans and account balances in such plans as well as participation in IRAs and asset levels in IRAs from other data sources, most notably the EBRI IRA Database™ and the EBRI/ICI 401(k) database. For example, see Copeland (October 2014), Copeland (September 2017), and VanDerhei, Holden, Alonso, and Bass (2017).

[5] SCF is not a longitudinal survey, so the same families are not surveyed each year. Therefore, the changes within the IA plans of those owning them year-to-year cannot be accessed. The EBRI's databases on IRAs and 401(k) plans allow for longitudinal results of the same IA owners. See Copeland (January 2017) for longitudinal results on IRAs and VanDerhei, Holden, Alonso, and Bass (2016) for longitudinal results on 401(k) plans.

[6] A *regular* (or *traditional*) individual retirement account allows individuals to contribute to an IRA and deduct the contribution from their taxes (depending on their adjusted gross income and employment-based retirement plan participation status), investment earnings accrue on a tax-deferred basis, and withdrawals in retirement are taxed as ordinary income. In a *Roth* IRA, contributions are not tax-deductible, but investment earnings accumulate tax-free and remain tax-free upon distribution. Other types of retirement IRAs include the SEP IRA (Simplified Employee Pension) for self-employed workers, and the SIMPLE IRA (Savings Incentive Match Plan for Employees) aimed at small employers. See Copeland (September 2017) for more detail on these accounts.

[7] See Bricker, et al. (2017) for a further discussion of the changes in overall net worth from 2013 to 2016.

[8] Lump-sum distributions are increasingly available in defined benefit (DB) plans. For example, in 2010, 46 percent of full-time employees in private-sector DB plans were eligible for a lump-sum distribution (U.S. Department of Labor, 2011). That compares with 1997 and 1995, when 76 percent and 85 percent, respectively, of full-time workers participating in a DB plan in a medium or large establishment were *not* offered a lump-sum distribution (U.S. Department of Labor, 1999, 1998).

[9] According to the Pension Benefit Guaranty Corporation (PBGC), 40.4 percent of participants in a private-sector defined benefit plan are in a hybrid plan as of 2014 (PBGC).

[10] The 2016 SCF completed 6,254 interviews of families. Therefore, caution should be used when interpreting the results regarding specific plan types and breaks in demographics, as the sample size for these groups can be small given the overall sample size of SCF. SCF does have the most in-depth questions on families' wealth, but

must offset the completeness of the survey for a smaller sample size. Furthermore, identification of specific plan types in self-reported surveys has been challenging; therefore, actual record-kept data can provide better results for specific plans. However, SCF data gives the best picture of American families' overall wealth.

[11] In this *Issue Brief*, all income and asset values are in 2016 dollars.

[12] The questions to determine participation rates for defined contribution plans were not added until the 1995 survey.

[13] There is one exception to this trend—1.2 percentage point drop between those with a high school diploma and those with some college in 2010.

[14] In Copeland (January 2006), using SIPP data, 57.8 percent of all wage and salary workers ages 16 or older were found to be either currently in an employment-based retirement plan or have at some point participated in one. For those ages 51–60, 72.8 percent were found to be in or to have participated in such a plan.

[15] To reiterate, all values of the account balances for all years in this study are expressed in 2016 dollars.

[16] The average value for individuals from the EBRI IRA Database was $125,045 for year-end 2015 (Copeland September 2017). This number was less than the SCF number due to the database number being an individual number, whereas the SCF number is a family. The family (SCF) number would add any spouse or domestic partner's assets to that of the family head to arrive at one sum for the family. The SCF IRA number also includes Keogh plan assets, while the EBRI database number only includes IRAs. Furthermore, the SCF number is for the middle to the end of 2016, compared with end of year 2015 for the EBRI database number.

[17] The average 401(k) plan balance from the EBRI/ICI 401(k) plan database was $73,357 for year-end 2015 (VanDerhei, Holden, Alonso, and Bass, 2017). There are various reasons for the EBRI/ICI number to be lower, primarily because the EBRI/ICI number is based on individuals instead of the combination of all DC assets in the family for SCF. Consequently, the SCF number could have more than one account added together to get one observation, compared to the one account for each observation under EBRI/ICI. In addition, more than just 401(k) plans are included in the SCF number, so there is a higher likelihood for supplemental defined contribution plans to be included in the SCF study. In addition, the EBRI/ICI number only includes current employer balances not previous employer balances like the SCF number does. Furthermore, the SCF number is for the middle to the end of year 2016, compared with end of year 2015 for the EBRI/ICI database number.

[18] The median IRA balance from the EBRI IRA Database was $31,742 for year-end 2015 (Copeland, September 2017). See endnote 16 for a discussion of reasons for differences between the SCF numbers and the IRA database numbers.

[19] The median 401(k) plan balance from the EBRI/ICI 401(k) plan database was $16,732 for year-end 2015 (VanDerhei, Holden, Alonso, and Bass, 2017). See endnote 17 for a discussion of reasons for differences between the SCF numbers and the EBRI/ICI database numbers.

[20] Financial assets include assets that are generally liquid such as equities, bonds, and money or are financial vehicles that include liquid assets such as mutual funds, individual account retirement plans, etc. They do not include homes, vehicles, or collectibles.

[21] A *Roth* IRA is a tax-qualified account that is financed by after-tax contributions but qualified distributions are not taxed. A *rollover* IRA is a tax-qualified account that is established for the purpose of receiving a distribution from another tax-qualified retirement plan (such as an employment-based defined contribution plan). A *regular* IRA is a tax-qualified account that can be financed either by deductible contributions or by after-tax contributions

and has investment earnings on these contributions not taxed until the funds are withdrawn. (The deductible contributions are taxed at withdrawal but the after-tax contributions are not taxed at withdrawal.) The primary difference between a Roth IRA and a regular IRA with after tax (nondeductible) contributions is that the investment earnings are taxed on withdrawal from a regular IRA but not from a Roth IRA. The eligibility criteria for a Roth IRA are more stringent than that for a nondeductible regular IRA.

[22] In Copeland (2012), a similar estimate was done from the 2010 SCF. In that study, regular IRAs represented 42.7 percent of the assets, while rollover IRAs share was 43.2 percent and Roth IRAs 11.1 percent. See also Copeland (September 2017) for the EBRI IRA Database breakdown of IRA owners by IRA type.

[23] While this *Issue Brief* focused on individual account retirement plans, families could have coverage under "traditional" and/or "hybrid" defined benefit pension plans and would most likely have coverage under the Social Security program. Although some information on workers' ownership of defined benefit plans is presented in this study, the value of this retirement income is difficult to determine because it depends on assumptions about unknown future events—work decisions, earnings, inflation rates, plan changes, etc. Because of the lack of widely agreed-upon standards for these assumptions, this *Issue Brief* does not include a measure of the present value of such income in this analysis. However, the incidence of defined benefit plan ownership by family declined from 1992 to 2016. See Kennickell and Sundén (1997) for a description of one possible approach to using the SCF to value the entire retirement income portfolio for the family.

[24] See VanDerhei (August 2014) to see the impact of future years of eligibility in a 401(k) plan on the at-risk rating among Gen Xers. For Gen Xers with no future years of 401(k) plan eligibility, 60.3 percent are at risk for inadequate income in retirement, compared with 14.5 percent for those with 20 or more years of future eligibility.

EBRI Issue Brief is registered in the U.S. Patent and Trademark Office. ISSN: 0887−137X/90 0887−137X/90 $ .50+.50