EBRI Issue Brief
March 11, 2021 • No. 527

The Status of American Families' Accumulations in Individual Account Retirement Plans and Differences by Race/Ethnicity

An Analysis of the 2019 Survey of Consumer Finances

By Craig Copeland, Ph.D., Employee Benefit Research Institute

AT A GLANCE

Individual account (IA) retirement plans are the dominant source of financial assets for retirement 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 (and in certain cases, they are a workplace savings plan).

This *Issue Brief* assesses the status of American families' accumulations in IA plans, both in terms of ownership and amounts accumulated. A particular focus of this study will be on the relative holdings in these plans of families with heads of different races and ethnicities. 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.

The analysis of SCF data finds that:

The retirement landscape continues to shift:

- In 2019, 66.0 percent of all families who had an active participant in an employment-based retirement plan from a current employer had a defined contribution (DC) plan *only*. This is up from 37.5 percent in 1992.

- Among these families with an active participant, a significant shift occurred from 1992 to 2019: The percentage having a defined benefit (DB) plan *only* decreased from 40.0 percent in 1992 to 15.8 percent in 2019.

- The percentage of families with both types of plans decreased from 22.5 percent in 1992 to 18.2 percent in 2019.

Individual accounts are an important financial resource:

- The average account balance of those families owning IA plans increased from $79,262 in 1992 to $258,453 in 2019, but this only increased from $247,289 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 2019, IA assets constituted 68.3 percent of financial assets at the median among these families owning 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 who owned IA assets was $284,050 in 2019 compared with $35,460 for families without IA assets.

The value of IA assets and the ownership of IA plans was not equal across all families by race and ethnicity:

- In fact, families with minority heads were much less likely to have IA retirement plans, and when they did own these plans, the median amount held in them was significantly less than for those with white, non-Hispanic heads.

- Yet, the IA assets when held by these families were a larger share of their total financial assets than for families with white, non-Hispanic heads.

- This gap between families with different races/ethnicities has persisted since at least 1992.

- Consequently, families with minority heads are generally in a much worse position in their preparation for retirement in terms of IA retirement plan assets and as a result have much less flexibility in financing retirement without these assets.

While the results of this study do not answer questions about the level of IA assets *needed* for retirement, they show the continued 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.

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Suggested citation: Copeland, Craig, "The Status of American Families' Accumulations in Individual Account Retirement Plans and Differences by Race/Ethnicity: An Analysis of the 2019 Survey of Consumer Finances," *EBRI Issue Brief*, no. 527 (Employee Benefit Research Institute, March 11, 2021).

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

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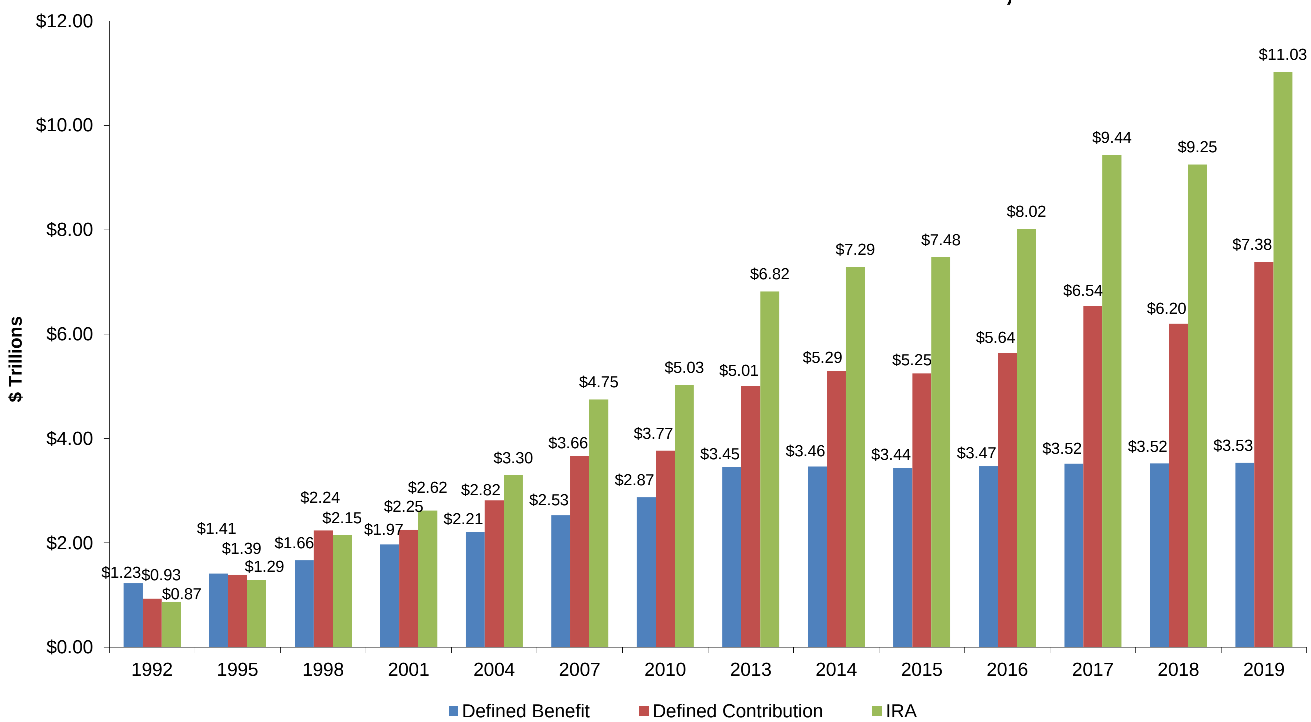
Introduction

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 (as well as, in certain cases, as part of an employment-based plan).

Among private-sector employers, defined benefit (DB) plans have been declining for many years, as DC plans have become the retirement plan of choice. Total private-sector DC plan and IRA assets each overtook private-sector DB pension assets by 1998 (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. Therefore, the amount of assets currently accumulated in IA plans provides an indication of how prepared — or unprepared — workers will be in retirement.

Figure 1
U.S. Private-Sector Retirement Plan and IRA Assets, 1992–2019



Source: Board of Governors of the Federal Reserve System. *Financial Accounts of the United States: Flow of Funds, Balance Sheets, and Integrated Macroeconomic Accounts 1992-2019*, Tables L.118.b/c and L.227.

IRA assets have continued to grow in importance, overtaking assets in private-sector DC plans by 2001 and reaching a point of being 49 percent larger than assets held in private-sector DC plans by the end of 2019. This growth has been at least partially attributable to rollovers from assets built up in employment-based plans. Indeed, much of the assets from DC plans have ended up in IRAs, where individuals draw them down to fund their retirement as necessary or as required by the required minimum distribution rules.[1]

This *Issue Brief* assesses the status of American families' accumulations in IA plans pre-pandemic, both through the incidence of ownership and the average and median 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]

An additional section focuses on the ownership of and the amount held in IA plans by families with heads of different races and ethnicities. This will provide a benchmark, as policymakers and employers are placing a greater emphasis on addressing the inequities across races and ethnicities.

Trends in Individual Account Retirement Plan Ownership

Employment-Based Retirement Plans From Current Employers

In the 2019 SCF, 66.0 percent of all families who 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, 18.2 percent of these families had both a DB and DC plan, while 15.8 percent had a DB plan only. Among these families with an active participant, a significant shift occurred from 1992 to 2019: The percentage having a DB plan *only* decreased from 40.0 percent in 1992 to the 15.8 percent in 2019, which was nearly equal to the 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 at or slightly above 66 percent in 2013 and 2019. The percentage of families with *both* types of plans decreased from 22.5 percent in 1992 to 18.2 percent in 2019.[7]

> 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.[8]
>
> By contrast, defined contribution plans provide benefits that are determined by the level of contributions (both from the employee 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 *IRA*; and many self-employed workers can establish a *Keogh plan* to save for retirement.

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 2019, 23.0 percent of the families with incomes in the highest quartile with a plan had both a DB and DC plan, compared with 6.5 percent of the families with incomes in the lowest quartile. Also, families with heads ages 45–54 were the most likely to have both a DB and DC plan, and families with higher net worths were more likely to have both plans.

However, across all demographic groups, families were most likely to have a DC plan only in 2019. This is a significant change from 1992, when many 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 2019, 63.0 percent of these families had a DC plan only.

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 2019

	1992			2001			2013			2019		
	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%	15.8%	66.0%	18.2%
Family Income												
Lowest quartile	61.3	38.7	0.0	24.6	71.1	4.3	16.9	77.5	5.6	32.5	61.0	6.5
2nd quartile	52.3	41.5	6.3	25.1	65.7	9.2	23.2	68.1	8.7	19.2	71.5	9.4
3rd quartile	44.2	37.8	18.0	21.0	57.9	21.1	17.9	65.3	16.8	17.6	63.8	18.6
Highest quartile	30.5	35.6	34.0	14.9	51.9	33.2	11.1	66.4	22.6	11.2	65.9	23.0
Age of Family Head												
Less than 35	37.0	47.7	15.3	14.6	69.9	15.5	16.0	71.4	12.6	14.1	71.9	14.0
35–44	39.5	35.8	24.7	16.5	59.4	24.1	13.1	70.0	16.8	18.6	64.9	16.5
45–54	40.1	31.8	28.2	23.9	48.5	27.6	17.4	62.9	19.8	13.6	63.7	22.8
55–64	43.8	33.4	22.8	23.8	53.4	22.9	12.9	66.0	21.1	16.4	63.3	20.2
65–74	57.9	30.7	11.5	29.0	58.7	12.3	23.5	56.0	20.5	18.5	63.0	18.5
75 or older	(*)	(*)	(*)	(*)	(*)	(*)	9.4	51.5	39.2	16.0	84.0	0.0
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	22.7	64.7	12.7
HS diploma	43.6	37.3	19.2	21.1	58.9	20.0	20.9	60.2	19.0	17.9	68.8	13.3
Some college	38.5	39.8	21.7	18.8	60.1	21.1	14.4	67.3	18.3	16.5	65.1	18.4
College degree	36.7	36.8	26.6	17.4	56.3	26.4	12.5	69.2	18.3	13.9	65.4	20.7
Race												
White, non-Hispanic	37.9	37.6	24.4	18.9	56.5	24.7	14.3	66.8	19.0	14.0	65.8	20.1
Black/African American	49.6	35.0	15.4	21.8	62.2	16.0	21.8	62.6	15.6	25.7	58.8	15.6
Hispanic	48.6	43.3	8.1	23.6	57.0	19.4	16.0	68.2	15.8	25.9	62.0	12.2
Other	45.1	33.8	21.1	18.8	69.8	11.4	14.7	70.2	15.1	9.9	76.5	13.6
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	15.6	65.6	18.8
Self-employed	40.5	43.9	15.7	23.9	61.8	14.4	16.0	74.4	9.6	15.3	70.6	14.0
Retired	66.0	18.6	15.4	24.0	52.0	24.0	16.3	59.7	24.0	29.5	61.7	8.7
Other nonwork	26.6	51.9	21.6	14.7	73.0	12.4	30.9	64.5	4.6	4.5	75.5	20.0
Net Worth Percentile												
Bottom 25%	46.2	46.9	7.0	29.9	60.6	9.5	26.6	63.7	9.7	25.6	61.9	12.5
25–49.9%	45.0	36.9	18.1	19.5	64.6	15.8	18.8	68.0	13.2	18.6	68.9	12.5
50–74.9%	40.6	35.3	24.1	19.4	51.3	29.3	16.3	64.6	19.1	15.6	64.4	20.0
75–89.9%	36.2	33.7	30.1	15.5	55.2	29.3	8.7	65.3	26.0	12.5	64.5	23.1
Top 10%	24.1	39.9	36.0	12.8	60.9	26.3	4.7	74.2	21.1	6.3	71.1	22.6

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2013, and 2019 Survey of Consumer Finances.

Note: The 2013 and 2019 distirbutions are not directly comparable to 1992 and 2001 because of changes in the survey that began in 2004.

(*) – Sample size is too small for a reliable estimate.

Defined Contribution Plan Participation Rates of Family Heads

Overall, in 2019, 78.6 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 down slightly from 79.4 percent in 2016 and virtually identical to 78.7 percent in 2013 (Figure 3).[9]

One difference has persisted across many demographics over the seven survey periods: the increased likelihood of plan participation with higher levels of family income, net worth, and educational attainment.[10] For example, in 2019, the participation rate for families with incomes in the lowest quartile was just 47.1 percent, compared with 89.6 percent for the families with incomes in the highest quartile.

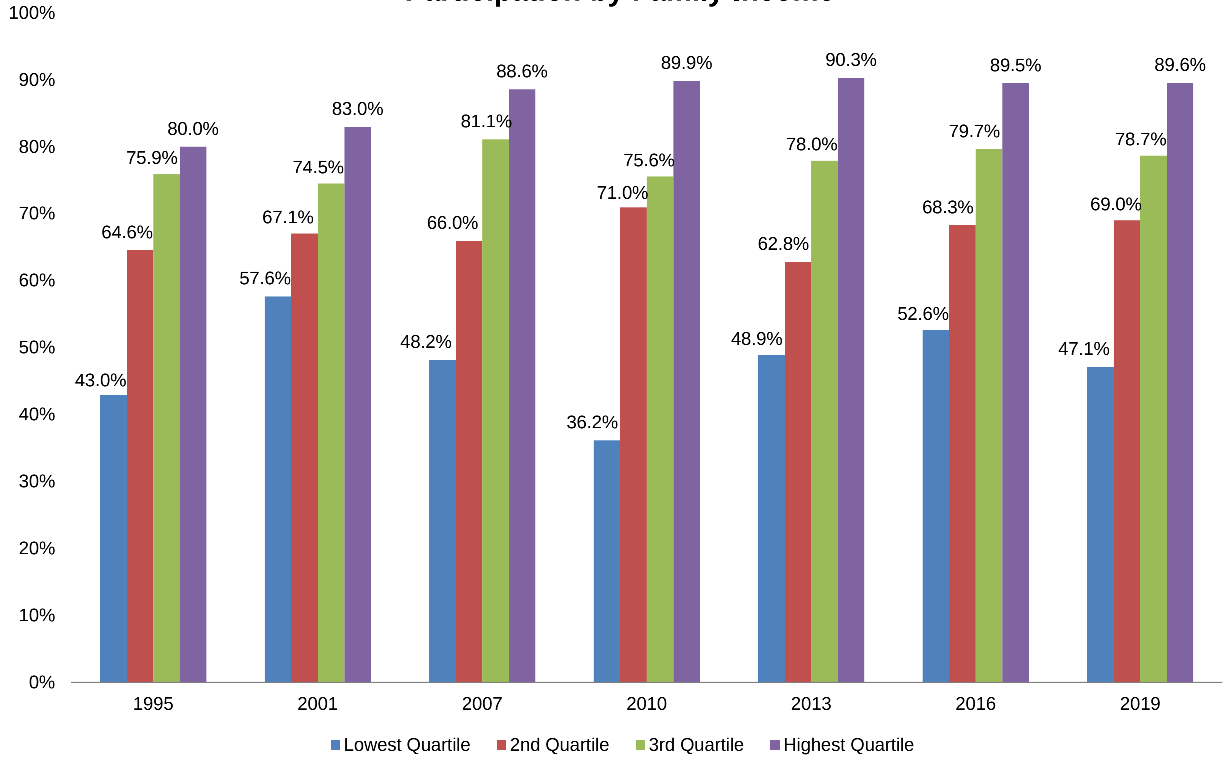
One area of some fluctuation is the relationship of age to likelihood of participating in a current employer plan. In 2019, the likelihood of participating in a current employer plan when eligible increased with the age of the family head through age 54 before declining for ages 55 and above. However, in 2013 and 2016, the participation rates increased through age 64. Yet, in years prior to 2013, 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.

Figure 3
Participation Rates of Family Heads Eligible for an Employment-Based Defined Contribution Plan, 1995, 2001, 2007, 2010, 2013, 2016, and 2019

	1995	2001	2007	2010	2013	2016	2019
Total	73.8%	74.8%	78.8%	78.2%	78.7%	79.4%	78.6%
Family Income Percentile							
Lowest quartile	43.0	57.6	48.2	36.2	48.9	52.6	47.1
2nd quartile	64.6	67.1	66.0	71.0	62.8	68.3	69.0
3rd quartile	75.9	74.5	81.1	75.6	78.0	79.7	78.7
Highest quartile	80.0	83.0	88.6	89.9	90.3	89.5	89.6
Age of Family Head							
Less than 35	72.4	69.7	67.3	67.2	68.3	69.7	70.6
35–44	74.6	81.0	84.7	80.4	79.7	79.5	81.6
45–54	73.6	73.9	83.2	84.0	82.6	83.3	84.9
55–64	82.4	76.0	81.7	82.7	87.6	87.4	81.7
65–74	55.0	44.9	69.1	73.6	74.4	82.6	72.7
75 or older	26.1	38.5	67.8	86.9	43.1	40.5	59.7
Education of Family Head							
Below HS diploma	62.1	52.6	64.8	60.7	64.1	62.9	55.6
HS diploma	67.9	69.7	71.5	74.5	68.0	73.5	70.2
Some college	74.0	72.9	74.3	73.3	76.3	76.6	74.2
College degree	79.7	81.5	85.9	83.4	85.0	85.0	86.8
Race							
White, non-Hispanic	75.5	74.9	81.2	82.5	81.1	83.5	81.0
Black/African American	67.9	74.8	69.5	68.2	72.6	68.3	70.2
Hispanic	65.5	69.3	71.2	64.3	69.5	67.5	62.8
Other	69.4	81.0	79.1	72.5	75.3	75.9	82.2
Net Worth Percentile							
Bottom 25%	58.4	54.7	54.8	53.7	53.8	51.6	57.4
25–49.9%	71.3	71.1	77.4	73.8	71.1	74.5	70.4
50–74.9%	75.0	80.0	85.2	83.0	85.3	87.0	82.2
75–89.9%	81.6	86.4	86.8	91.1	92.0	91.4	81.5
Top 10%	89.3	87.1	90.2	95.9	94.7	95.4	96.1

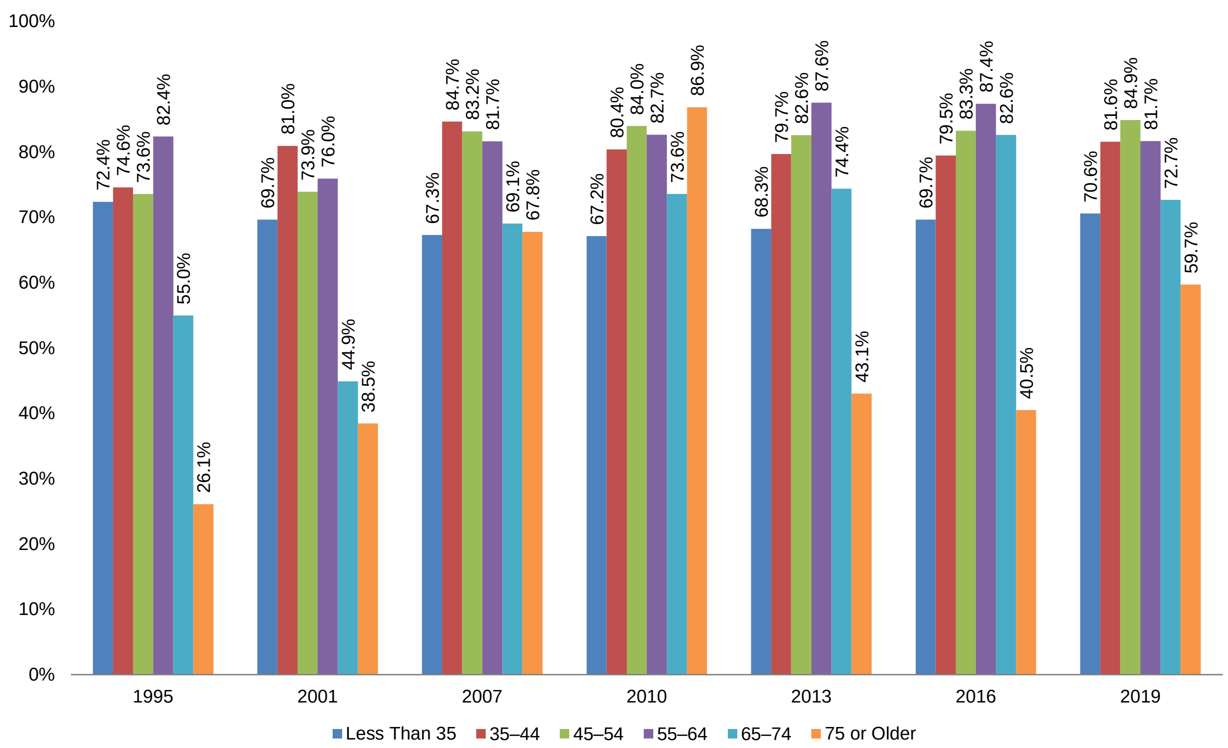
Source: Employee Benefit Research Institute estimates of the 1995, 2001, 2007, 2010, 2013, 2016, and 2019 Survey of Consumer Finances.

Figure 3A
Participation by Family Income



Source: Employee Benefit Research Institute estimates of the 1995, 2001, 2007, 2010, 2013, 2016, and 2019 Survey of Consumer Finances.

Figure 3B
Participation by Age of Family Head



Source: Employee Benefit Research Institute estimates of the 1995, 2001, 2007, 2010, 2013, 2016, and 2019 Survey of Consumer Finances.

IRA/Keogh Ownership

The percentage of families who owned either an IRA or a Keogh plan decreased in 2019 to 25.4 percent from 29.9 percent in 2016. This ownership rate was the lowest going back to 1992 (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 the lowest incomes, 6.7 percent owned an IRA/Keogh in 2016, compared with 51.1 percent of families with the highest incomes. Not surprisingly, the percentage owning an IRA/Keogh increased even more substantially when measured by net worth: In 2019, only 3.9 percent of those in the bottom 25 percent of net worths owned an IRA/Keogh, compared with 75.6 of those in the top 10 percent. These differences were consistent over the years of the study. The ownership of IRAs/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 55–74.

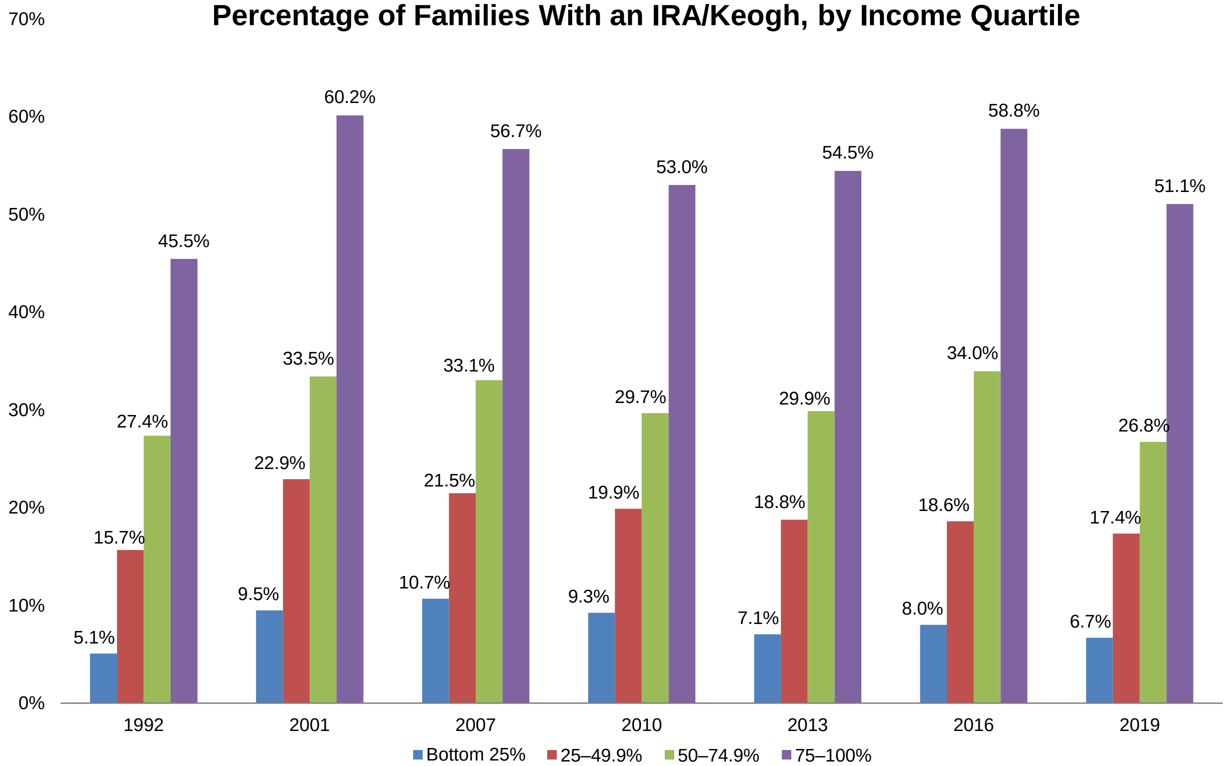
Figure 4

Percentage of Families With an IRA/Keogh, by Various Demographic Categories, 1992, 2001, 2007, 2010, 2013, 2016, and 2019

	Percentage With an IRA/Keogh						
	1992	2001	2007	2010	2013	2016	2019
Total	26.1%	31.4%	30.6%	28.0%	28.1%	29.9%	25.4%
Family Income Percentile							
Lowest quartile	5.1	9.5	10.7	9.3	7.1	8.0	6.7
2nd quartile	15.7	22.9	21.5	19.9	18.8	18.6	17.4
3rd quartile	27.4	33.5	33.1	29.7	29.9	34.0	26.8
Highest quartile	45.5	60.2	56.7	53.0	54.5	58.8	51.1
Age of Family Head							
Less than 35	13.1	18.3	16.2	13.9	13.8	15.0	12.1
35–44	27.8	29.5	28.8	21.5	25.3	26.8	22.1
45–54	34.1	38.7	35.3	28.7	28.3	29.8	28.0
55–64	44.5	41.5	39.5	41.3	38.2	37.8	30.2
65–74	33.7	41.9	43.0	39.8	41.2	39.3	35.6
75 or older	6.8	25.5	27.3	31.0	26.5	36.6	29.5
Education of Family Head							
Below HS diploma	7.6	8.7	9.4	6.2	4.0	8.2	6.4
HS diploma	19.7	22.3	20.2	17.6	17.7	17.7	15.5
Some college	26.1	28.1	27.5	22.8	20.9	25.1	18.9
College degree	43.8	52.3	49.9	46.6	46.8	51.2	42.9
Race							
White, non-Hispanic	31.1	36.7	37.0	35.4	35.4	37.9	32.4
Black/African American	9.5	14.5	10.4	10.9	11.3	12.2	9.3
Hispanic	9.0	9.5	9.0	7.4	6.5	9.1	6.6
Other	17.2	27.0	27.0	20.6	21.9	25.5	21.9
Work Status of Family Head							
Someone else	27.5	30.3	30.9	26.5	27.7	29.2	23.9
Self-employed	42.9	49.8	42.9	42.6	42.4	39.7	37.4
Retired	22.3	27.0	27.8	28.8	27.0	30.4	26.0
Other nonwork	8.5	20.6	16.5	13.4	14.7	15.3	11.9
Net Worth Percentile							
Bottom 25%	2.3	4.8	4.6	5.6	4.5	4.7	3.9
25–49.9%	13.0	16.9	17.3	13.4	11.8	14.9	8.4
50–74.9%	29.6	35.1	35.9	29.2	30.5	34.9	24.1
75–89.9%	52.3	60.3	57.4	55.3	57.2	57.0	50.8
Top 10%	70.0	81.2	74.5	76.9	78.2	77.7	75.6

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2007, 2010, 2013, 2016, and 2019 Survey of Consumer Finances.

Figure 4A
Percentage of Families With an IRA/Keogh, by Income Quartile



Source: Employee Benefit Research Institute estimates of the 1995, 2001, 2007, 2010, 2013, 2016, and 2019 Survey of Consumer Finances.

Retirement Plans From Any Source

In 2019, 64.3 percent of families had a current or previous employer's retirement plan (including DB plans) or an IRA/Keogh, whereas 50.5 percent of families had individual account retirement plans (excluding DB plans) (Figure 5). The percentage with these plans (including DBs) increased with family income, net worth, and educational level of the family head. Just over 50 percent of families with a head under age 35 (52.5 percent) had one of these plans, but this percentage increased with age to 71.7 percent for families with a head ages 65–74 before decreasing to 69.6 percent of families with heads ages 75 or older.[11]

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 2001–2019. 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 2019 were also present in 2001–2016. In most cases, the 2001 and 2007 levels of ownership in these plans were higher than they were in 2019.

Figure 5

Percentage of All Families With a Retirement Plan From a Current or Previous Employer or an IRA/Keogh Plan, 2001, 2007, 2013, 2016, and 2019

	2001		2007		2013		2016		2019	
	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%	49.2%	63.5%	52.1%	64.9%	50.5%	64.3%
Family Income Percentile										
Bottom 25%	16.4	30.8	17.0	32.6	12.7	25.9	14.5	25.9	12.7	26.4
25–49.9%	43.7	62.8	41.7	61.9	34.8	56.2	40.1	58.9	42.3	60.8
50–74.9%	66.4	81.9	67.1	79.3	60.3	77.0	67.8	81.5	63.5	78.9
75–100%	86.0	92.3	85.7	90.8	85.8	92.0	85.2	92.7	84.1	92.0
Age of Family Head										
Less than 35	45.3	51.0	42.1	48.5	39.3	45.4	42.2	47.6	45.3	52.5
35–44	61.6	70.2	57.8	63.9	55.4	61.8	56.7	63.4	55.8	64.3
45–54	63.8	75.7	65.4	73.2	56.5	65.8	59.8	67.5	57.9	65.1
55–64	59.3	77.1	61.2	78.6	59.3	73.9	59.3	72.8	54.5	67.7
65–74	45.4	69.1	51.7	73.5	48.0	74.0	49.8	72.8	48.1	71.7
75 or older	27.6	58.7	30.0	65.5	29.0	65.8	40.9	70.7	37.7	69.6
Education of Family Head										
Below HS diploma	17.9	36.9	21.6	36.3	14.1	31.3	19.7	29.7	18.7	30.1
HS diploma	46.1	61.6	43.3	59.3	37.6	56.6	40.5	58.3	41.2	54.9
Some college	53.7	67.0	53.0	65.8	43.8	58.6	49.6	62.7	44.4	60.6
College degree	75.0	85.0	74.0	84.1	71.2	80.5	74.9	84.8	71.0	83.8
Race										
White, non-Hispanic	57.7	71.7	58.6	72.0	56.7	71.6	60.4	73.4	57.2	71.7
Black/African American	40.1	53.9	37.0	54.5	35.2	53.0	33.6	51.0	34.9	50.6
Hispanic	31.5	43.7	30.8	37.5	25.1	32.9	29.7	39.2	25.5	37.4
Other	42.6	55.3	51.0	62.6	41.1	52.0	48.0	56.8	52.7	62.5
Work Status of Family Head										
Someone else	61.8	71.8	62.7	71.5	59.5	68.0	62.0	69.5	59.9	68.9
Self-employed	58.9	67.6	54.5	58.0	53.2	61.0	52.0	60.4	50.6	57.3
Retired	30.9	59.6	34.4	63.3	32.2	62.5	37.5	64.1	34.4	63.1
Other nonwork	26.2	31.7	25.9	33.3	24.1	30.1	22.9	28.6	24.3	27.7
Net Worth Percentile										
Bottom 25%	19.1	33.6	19.5	33.1	17.4	28.1	18.6	30.7	19.9	31.5
25–49.9%	46.0	62.8	48.6	63.5	40.0	58.4	43.1	57.9	39.2	55.2
50–74.9%	63.8	79.4	63.0	79.0	57.8	77.5	63.8	79.3	56.3	74.4
75–89.9%	78.3	88.5	77.8	87.8	76.9	87.9	78.8	90.7	75.1	88.4
Top 10%	87.7	93.3	84.5	90.6	89.2	92.9	88.6	93.0	91.1	95.0

Source: Employee Benefit Research Institute estimates of the 2001, 2007, 2013, 2016, and 2019 Survey of Consumer Finances.

Individual Account Retirement Plan Balances

Average Values

Among families with an IRA/Keogh plan, the average value of their account holdings was $255,157 in 2019, an 18 percent real increase from $216,915 in 2016 (Figure 6).[12, 13] From 1992–2019, the average IRA/Keogh balance increased 290 percent, from $65,417 (in 2019 dollars) in 1992.

The factors related to higher average IRA/Keogh balances were higher family income (3rd quartile and above), 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 $22,895 in 2019 compared with $387,150 among those IRA/Keogh-owning families with heads ages 65 or older. In general, the same results for 2019 among the categories held true in the prior survey years.

Among families with a DC plan, the average balance in 2019 was $175,055. This was a real decrease of 2 percent from $178,639 in 2016 but an increase of 14 percent from $153,687 in 2010.[14] In addition, the average total balance of those families with at least one IRA/Keogh plan or DC account increased 5 percent, from $247,289 in 2016 to $258,453 in 2019. While the overall average total balance increased, families in specific categories had declines in their average balances from 2016 to 2019. In particular, families with heads ages 35–44, incomes in less than the top quartile, and those with a family head with below a high school diploma saw their average total balances decline from 2016 to 2019.

Figure 6

Average Family IRA/Keogh Balances, Defined Contribution Plan Balances, and Total Balances, for Those Families Owning These Accounts, by Various Demographic Categories, 1992, 2001, 2010, 2016, and 2019

	1992			2001			2010			2016			2019		
	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	$65,417	$61,661	$79,262	$140,221	$102,385	$151,014	$174,880	$153,687	$203,717	$216,915	$178,639	$247,289	$255,157	$175,055	$258,453
Family Income Percentile															
Bottom 25%	28,414	14,254	25,999	43,830	17,749	33,978	106,185	53,186	91,345	55,172	27,829	45,728	98,170	25,938	66,058
25–49.9%	32,734	8,024	22,688	70,741	32,609	56,456	116,408	33,571	77,346	78,503	36,636	59,424	83,270	31,447	56,140
50–74.9%	36,592	28,038	37,802	83,846	54,097	80,567	110,760	62,886	98,015	128,309	72,713	115,210	155,737	76,995	123,958
75–100%	92,408	100,956	131,757	212,640	181,127	274,738	244,247	270,151	358,576	334,400	337,843	476,080	384,683	325,069	487,783
Age of Family Head															
Less than 35	18,662	22,121	24,869	21,704	22,878	27,171	23,069	29,167	31,992	20,923	32,829	34,836	22,895	27,154	30,354
35–44	40,383	37,728	48,989	61,720	78,299	93,276	76,531	80,251	100,236	68,062	90,605	108,437	98,133	110,326	134,270
45–54	76,745	107,265	124,118	145,263	131,533	182,714	149,422	163,689	203,317	144,809	196,263	233,379	175,858	199,728	257,082
55–64	82,005	123,782	125,320	230,740	215,476	287,966	215,759	310,920	351,798	288,662	321,529	408,959	323,520	301,856	413,814
65 or older	96,854	43,712	98,270	207,288	195,589	226,101	261,425	272,431	303,541	334,953	304,914	372,534	387,150	296,286	407,581
Education of Family Head															
Below HS diploma	33,078	17,123	27,544	53,493	45,024	52,491	50,961	33,979	41,424	91,576	142,651	142,218	61,584	65,453	69,735
HS diploma	51,824	34,966	49,713	78,870	49,229	71,486	88,738	71,874	89,393	91,730	92,381	104,780	128,220	93,691	120,445
Some college	44,982	34,224	49,077	88,769	76,922	97,904	99,388	77,576	101,023	126,574	102,041	136,697	137,723	109,362	140,669
College degree	81,547	92,396	114,397	186,273	149,575	228,170	226,634	231,630	308,359	292,963	263,818	375,157	335,000	250,847	384,834
Race															
White, non-Hispanic	68,515	66,563	85,123	151,679	114,678	168,761	185,794	178,343	231,115	233,207	206,752	282,393	276,820	199,655	298,415
Black/African American	19,138	36,540	34,972	33,102	41,581	46,438	80,440	44,052	62,531	65,521	70,855	79,485	92,570	103,315	109,719
Hispanic	27,221	23,180	27,778	37,172	58,854	58,450	69,369	68,634	77,015	76,853	94,151	103,447	96,306	94,589	108,849
Other	76,836	59,686	86,604	101,205	104,769	142,318	149,809	134,538	173,533	216,651	153,782	224,830	198,989	137,681	194,654
Net Worth Percentile															
Bottom 25%	5,375	3,299	3,851	5,526	4,932	5,397	9,795	13,351	13,620	10,853	10,613	11,619	6,627	12,017	12,016
25–49.9%	9,689	10,952	11,821	16,143	18,865	20,475	17,077	20,003	21,392	16,243	22,207	23,109	13,249	24,445	24,251
50–74.9%	26,658	28,295	34,414	38,758	56,964	61,462	41,882	63,737	66,294	49,533	74,148	77,960	47,094	65,389	71,101
75–89.9%	49,396	73,270	75,867	103,595	141,318	161,222	123,380	177,377	196,605	152,018	220,396	246,364	152,046	196,267	228,976
Top 10%	154,713	264,284	260,361	372,429	431,783	547,758	454,835	640,751	768,126	603,723	735,130	950,417	630,799	699,821	950,732

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2010, 2016, and 2019 Survey of Consumer Finances.

Note: All asset values are in 2019 dollars.

Median Values

Among all families with an IRA/Keogh in 2019, the median balance was $70,000 (Figure 7).[15] This was a 162 percent increase from the 1992 value of $26,737 and a 24 percent increase from the 2016 value of $56,371. The median IRA/Keogh balance increased in 2019 with family income, family head age, and family net worth, a pattern that held true from 1992–2016.[16] The median 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 a DC plan increased from 2016 to 2019, and the median total balance (IRA/Keogh and/or DC plan balance) for those owning these accounts also increased. The median DC balance increased 9 percent from $45,735 to $50,000,[17] while the real median total balance increased 2 percent from $63,816 to $65,000. However, families with certain characteristics had changes opposite to the overall changes from 2016 for both median DC balances and median total balances. For example, families with heads ages 65 or older and families in the third net worth quartile had decreases in their median DC plan balances, while families with incomes in the highest quartile had an increase in their median DC balances.

Figure 7
Median Family IRA/Keogh Balances, Defined Contribution Plan Balances, and Total Balances, for Those Families Owning These Accounts, by Various Demographic Categories, 1992, 2001, 2010, 2016, and 2019

	1992			2001			2010			2016			2019		
	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	$26,737	$14,260	$24,955	$38,884	$28,803	$42,341	$47,024	$37,619	$51,726	$56,371	$45,735	$63,816	$70,000	$50,000	$65,000
Family Income Percentile															
Bottom 25%	14,260	1,782	10,160	14,401	3,744	7,201	24,687	6,936	15,283	13,827	5,318	9,572	23,200	5,900	13,000
25–49.9%	15,151	2,674	8,912	21,602	8,641	14,401	30,566	9,875	18,810	31,908	10,636	20,208	36,000	13,000	20,000
50–74.9%	17,825	8,912	16,221	30,243	24,483	34,564	31,741	25,863	35,268	38,290	31,908	42,544	48,000	33,000	49,000
75–100%	37,432	35,650	53,475	63,367	69,128	100,811	88,170	105,804	150,476	108,487	127,632	210,593	125,000	134,000	200,000
Age of Family Head															
Less than 35	9,091	5,347	8,306	10,081	8,641	10,081	11,753	11,753	12,458	10,636	10,636	12,784	8,000	13,000	13,000
35–44	19,607	10,694	16,042	21,602	34,564	41,044	22,331	35,259	36,435	27,654	31,908	39,353	52,000	51,000	60,000
45–54	31,193	35,650	46,344	57,606	43,205	69,128	47,012	58,765	70,519	52,116	70,198	87,215	64,000	73,000	100,000
55–64	40,997	32,085	53,475	66,247	72,728	79,209	70,519	89,323	117,531	85,088	92,533	127,632	100,000	100,000	134,000
65 or older	35,650	8,912	35,650	79,209	72,008	82,089	82,272	89,315	83,447	124,441	106,360	127,632	125,000	95,000	125,000
Education of Family Head															
Below HS diploma	14,260	5,347	12,477	25,923	8,641	14,402	37,610	12,928	19,158	53,180	26,590	39,353	23,000	20,000	20,000
HS diploma	23,172	7,665	17,825	25,923	17,282	25,923	28,207	23,506	29,383	36,162	29,781	38,290	49,000	27,000	40,000
Some college	21,390	11,229	21,390	24,483	25,923	28,803	35,259	25,081	31,733	31,908	24,037	36,801	48,000	30,000	42,000
College degree	32,085	24,955	38,323	51,845	43,205	72,008	64,760	62,291	90,499	86,152	84,024	125,505	100,000	74,000	119,000
Race															
White, non-Hispanic	26,737	14,260	26,737	43,205	36,004	50,693	54,077	45,848	63,482	65,943	53,180	81,897	75,000	55,000	80,000
Black/African American	7,308	10,694	9,803	12,961	11,953	12,241	17,634	21,160	21,160	19,145	21,272	26,271	40,000	30,000	35,000
Hispanic	14,260	6,417	11,586	8,641	18,722	14,401	30,566	18,810	22,336	17,018	24,463	24,463	15,000	30,000	31,000
Other	40,997	17,825	35,650	20,162	36,004	38,884	35,268	39,970	45,848	45,735	53,180	56,371	70,000	40,000	49,000
Net Worth Percentile															
Bottom 25%	3,921	1,782	1,782	4,287	2,736	2,880	5,877	5,877	5,877	5,105	4,254	4,573	2,900	5,000	4,700
25–49.9%	7,130	6,417	7,486	7,921	10,801	10,801	10,578	12,928	14,044	10,636	13,827	15,954	7,000	15,000	15,000
50–74.9%	17,825	17,112	23,707	22,466	40,324	43,205	25,857	47,012	48,188	30,844	53,180	55,307	30,000	50,000	53,000
75–89.9%	32,085	46,344	52,227	61,927	89,290	113,772	70,519	141,037	158,667	101,042	164,858	210,593	90,000	149,000	178,000
Top 10%	71,299	128,339	133,686	155,537	216,024	288,031	235,062	334,963	485,403	345,670	425,440	674,322	355,000	458,000	701,000

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2010, 2016, and 2019 Survey of Consumer Finances.
Note: All asset values are in 2019 dollars.

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[18] that their IA plan assets represent. In 2019, for families with IA plans, the median percentage of financial assets that IA plan assets represented was 68.3 percent, up slightly from 67.9 percent in 2016 but below the 70.3 percent in 2010 and 2013 (Figure 8). However, the 2019 percentage is 4.1 percentage points higher than in 2007 and 24.0 percentage points higher than in 1992. 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 2019, 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 in the lowest quartile and those in the top 10 percent of net worths. 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 2019, IA retirement plan assets represented at the median 74.5 percent of total financial assets for families with net worths in the third quartile, compared with 47.5 percent for families with net worths in the top 10 percent.

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, 2016, and 2019

	1992	2001	2007	2010	2013	2016	2019
Total	44.3%	50.6%	64.2%	70.3%	70.3%	67.9%	68.3%
Family Income Percentile							
Bottom 25%	35.7	53.6	65.1	56.1	57.1	56.7	46.4
25–49.9%	46.7	51.1	69.0	72.3	67.9	69.4	68.6
50–74.9%	42.3	52.3	69.0	71.4	75.8	70.1	72.5
75–100%	45.1	49.2	59.3	69.3	67.1	66.5	67.0
Age of Family Head							
Less than 35	45.5	45.2	57.5	61.5	59.7	58.3	56.5
35–44	46.7	60.5	72.3	77.5	73.8	72.3	75.2
45–54	57.8	59.1	72.4	77.5	79.1	76.9	78.7
55–64	44.7	46.5	66.3	73.4	76.9	74.1	78.4
65 or older	27.5	35.2	40.5	52.0	53.3	52.9	51.1
Education of Family Head							
Below HS diploma	54.4	50.0	77.3	81.8	78.9	83.3	74.8
HS diploma	44.6	58.0	70.9	76.2	76.0	74.0	73.9
Some college	39.9	50.3	64.2	72.2	76.3	70.4	75.0
College degree	44.7	48.2	58.7	64.9	64.6	61.5	62.9
Race							
White, non-Hispanic	42.7	49.2	62.5	67.6	69.2	67.2	66.2
Black/African American	59.4	53.8	75.0	74.3	79.4	73.2	80.0
Hispanic	65.7	70.2	78.3	83.3	77.5	72.0	79.1
Other	47.8	50.0	56.9	73.6	67.0	62.2	60.7
Work Status of Family Head							
Someone else	50.0	56.6	71.7	75.1	75.4	71.9	73.9
Self-employed	39.4	40.4	49.0	56.0	51.1	53.6	53.9
Retired	31.0	34.8	40.2	52.0	57.1	58.6	54.1
Other nonwork	57.5	38.1	69.6	71.4	73.8	68.5	60.8
Net Worth Percentile							
Bottom 25%	63.4	58.0	72.3	76.9	75.5	61.7	63.9
25–49.9%	50.0	61.6	73.0	77.2	74.7	70.9	75.5
50–74.9%	46.9	56.0	71.5	73.9	78.2	73.1	74.5
75–89.9%	41.1	46.9	62.6	69.9	68.8	71.1	68.9
Top 10%	32.3	32.0	42.6	48.5	49.2	47.7	47.5

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2007, 2010, 2013, 2016, and 2019 Survey of Consumer Finances.
*Includes DC balances with both current and previous employers.

Distribution of Individual Account Retirement Plan Assets

IRAs/Keoghs accounted for 49.8 percent of all IA retirement plan assets in 2019, while current-employer DC plan assets accounted for 39.2 percent and previous-employer DC plan assets 11.0 percent (Figure 9).[19] However, this distribution was significantly different depending on the families' net worths and incomes as well as the 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, 17.3 percent were in previous-employer DC plans, and 10.8 percent were in IRAs/Keoghs. For comparison, among families in the top 10 percent of net worths, 34.3 percent of IA assets were in current-employer DC plans, 10.6 percent in previous-employer DC plans, and 55.1 percent in IRAs/Keoghs. Furthermore, for families with heads ages 35–44, 65.1 percent of IA assets were in current-employer DC plans, 5.9 percent were in previous-employer DC plans, and 29.0 percent were in IRAs/Keoghs, while for families with heads ages 65 or older, the respective percentages were 12.8 percent, 15.4 percent, and 71.8 percent.

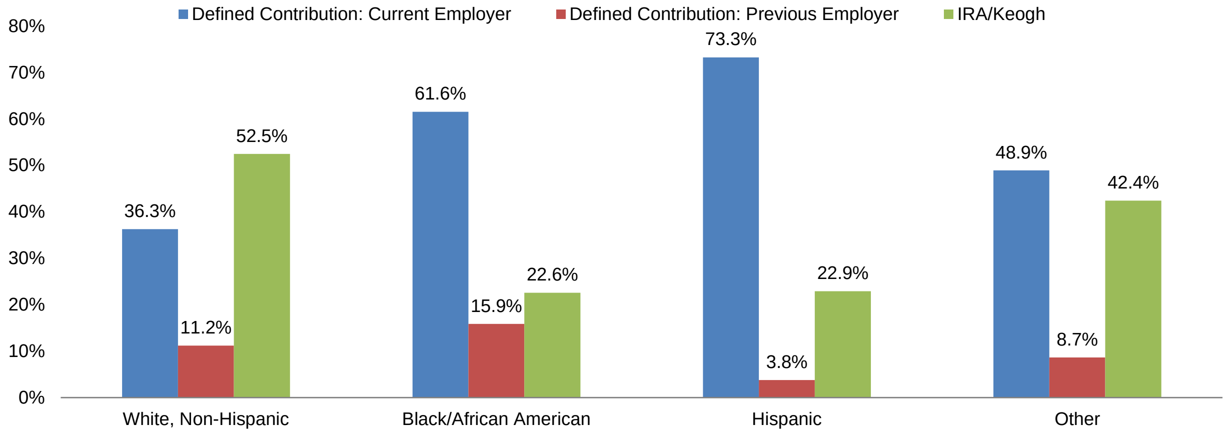
Families with white, non-Hispanic heads had a larger share of their IA plan assets in IRAs (52.5 percent vs. 42.4 percent for families with "other" heads, with these families being the next highest). In contrast, families with Black/African American and Hispanic heads had higher proportions of these assets in current-employer DC plans — 61.6 percent for families with Black/African American heads and 73.3 percent for families with Hispanic heads compared with 36.3 percent for families with white, non-Hispanic heads.

Figure 9
Distribution of Families' Individual Account Plan Assets, by Various Categories, 2019

	Defined Contribution Current Employer	Defined Contribution Previous Employer	IRA/Keogh
Total	39.2%	11.0%	49.8%
Family Income Percentile			
Bottom 25%	5.1	16.5	78.4
25–49.9%	21.3	17.8	60.9
50–74.9%	35.9	11.1	53.0
75–100%	41.6	10.5	47.9
Age of Family Head			
Less than 35	71.1	8.7	20.2
35–44	65.1	5.9	29.0
45–54	58.3	8.7	33.1
55–64	47.6	9.1	43.3
65 or older	12.8	15.4	71.8
Race			
White, non-Hispanic	36.3	11.2	52.5
Black/African American	61.6	15.9	22.6
Hispanic	73.3	3.8	22.9
Other	48.9	8.7	42.4
Net Worth Percentile			
Bottom 25%	71.9	17.3	10.8
25–49.9%	77.6	10.7	11.7
50–74.9%	58.8	12.8	28.4
75–89.9%	43.6	11.5	44.9
Top 10%	34.3	10.6	55.1

Source: Employee Benefit Research Institute estimates of the 2019 Survey of Consumer Finances.

Figure 9A
Distribution of Families' Individual Account Plan Assets, by Race of Family Head



Source: Employee Benefit Research Institute estimates of the 2019 Survey of Consumer Finances.

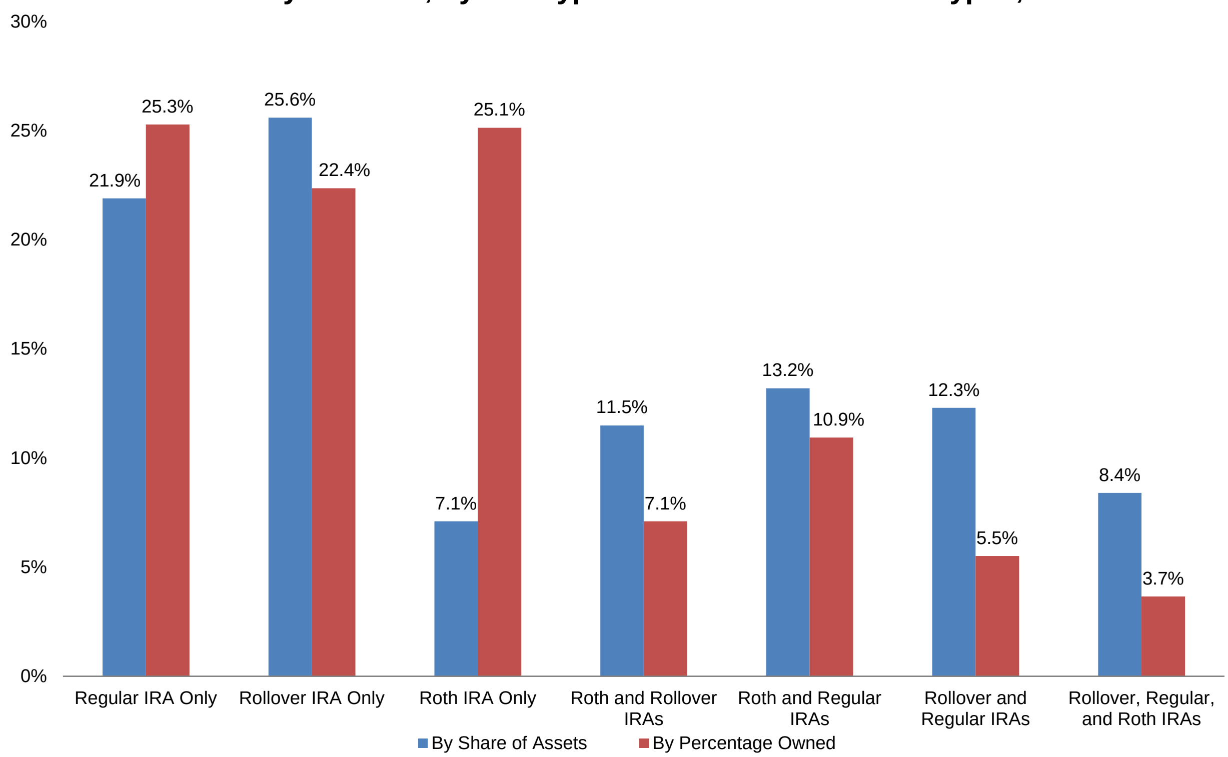
Distribution of IRA Types and Assets

SCF categorizes IRA assets into three types: Roth, rollover, and regular IRAs.[20] 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 type.

The analysis starts by determining the distribution of IRA types owned by families. The most prevalent *owned* IRA type was regular IRAs only at 25.3 percent. This is just slightly above the 25.1 percent owning Roth IRAs only (Figure 10). Rollover IRAs only were held by 22.4 percent. For the combination of IRAs, Roth and regular IRAs owned together accounted for 10.9 percent of IRAs held by families; Roth and rollover IRAs accounted for 7.1 percent; rollover and regular IRAs 5.5 percent; and rollover, regular, and Roth IRAs 3.7 percent.

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 25.1 percent of families held only a Roth IRA, these IRAs accounted for only 7.1 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, 5.5 percent of IRA owners owned rollover and regular IRAs together, but these IRAs represented 12.3 percent of all IRA assets. However, the largest percentage of assets (25.6 percent) was held by those who owned only rollover IRAs and was followed by 21.9 percent of assets held by those owning only regular IRAs.

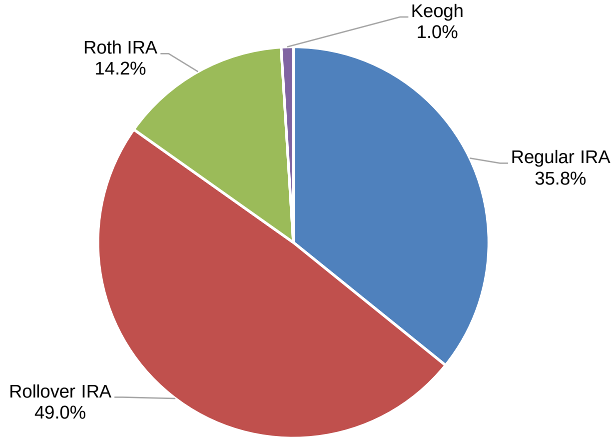
Figure 10
Percentage of Families' IRA Ownership and Share of IRA Assets Owned by Families, by IRA Type or Combination of IRA Types, 2019



Source: Employee Benefit Research Institute estimates of the 2019 Survey of Consumer Finances.

Breaking out assets of IRAs vs. Keoghs, the vast majority of assets (99.0 percent) is found to reside in IRAs (Figure 11). Roth IRAs held the lowest percentage of IRA/Keogh assets among the IRA types at 14.2 percent. Rollover IRAs had the largest percentage of these assets at 49.0 percent.[21]

Figure 11
Percentage of Total IRA and Keogh Assets, by Keogh and IRA Type, 2019



Source: Employee Benefit Research Institute estimates of the 2019 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, 39.9 percent of their IRA assets were in Roth IRAs, 24.2 percent were in rollovers, and 35.8 percent were in regular IRAs (Figure 12). In contrast, families with incomes in the third quartile had 15.7 percent in Roth IRAs, 53.7 percent in rollovers, and 30.6 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 worths had less IRA assets in Roth IRAs and correspondingly more assets in regular and rollover IRAs combined. The differences by the race and ethnicity of the family heads were relatively small, but families with white, non-Hispanic heads had a higher share of assets being in rollover IRAs than those of other races/ethnicities.

Figure 12
Distribution of Families' IRA Plan Assets, by Various Categories, 2019

	Roth	Rollover	Regular
Total	14.4%	49.5%	36.1%
Family Income Percentile			
Bottom 25%	39.9	24.2	35.8
25–49.9%	18.2	36.0	45.8
50–74.9%	15.7	53.7	30.6
75–100%	12.9	50.5	36.6
Age of Family Head			
Less than 35	50.3	29.7	20.0
35–44	43.2	36.1	20.6
45–54	23.4	37.9	38.8
55–64	9.6	59.8	30.6
65 or older	11.0	48.7	40.3
Race			
White, non-Hispanic	13.5	50.6	35.8
Black/African American	20.2	32.8	47.0
Hispanic	10.2	32.0	57.9
Other	23.1	42.3	34.5
Net Worth Percentile			
Bottom 25%	45.7	41.3	13.0
25–49.9%	45.3	34.4	20.4
50–74.9%	28.3	41.7	30.1
75–89.9%	20.0	44.2	35.7
Top 10%	11.8	51.5	36.7

Source: Employee Benefit Research Institute estimates of the 2019 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 net worths than those families without IA assets. The median net worth for families who owned IA assets was $284,050 in 2019 compared with $35,460 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, as 78.1 percent of families with an IA plan owned a home compared with 51.4 percent of the families without an IA plan. Again, this held true across income groups and all ages of family heads.

Both the median net worth and homeownership rate were higher for those with IA plan assets vs. those without these assets across all race/ethnicity categories. For example, families with Black/African American heads with IA plan assets had a median net worth of $82,960 compared with $7,220 for those without IA plan assets. Homeownership rates were 60.1 percent vs. 36.9 percent, respectively.

Figure 13

Median and Average Net Worth and Homeownership for Families With and Without an IA Retirement Plan, by Various Categories, 2019

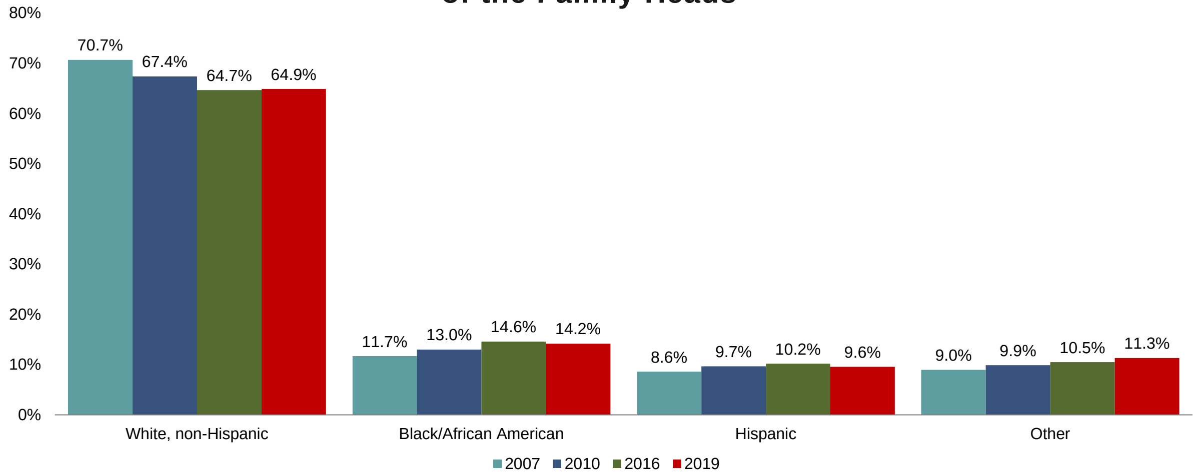
	Median Net Worth		Average Net Worth		Homeownership	
	With IA Plan	Without IA Plan	With IA Plan	Without IA Plan	With IA Plan	Without IA Plan
All	$284,050	$35,460	$1,233,957	$255,119	78.1%	51.4%
Family Income Percentile						
Bottom 25%	90,800	8,350	534,673	67,501	55.7	37.3
25–49.9%	94,870	40,100	227,394	116,780	65.6	53.3
50–74.9%	197,100	96,100	390,318	248,662	74.9	68.1
75–100%	737,700	224,600	2,466,122	1,812,953	90.1	86.1
Age of Family Head						
Less than 35	47,200	5,900	131,856	31,454	51.8	23.3
35–44	206,430	12,700	695,408	116,040	77.3	41.3
45–54	328,900	39,705	1,254,965	263,809	78.7	57.5
55–64	469,330	53,310	1,881,770	342,819	87.6	57.9
65 or older	659,370	120,000	1,972,524	439,863	91.3	71.4
Race						
White, non-Hispanic	345,800	71,300	1,439,665	375,545	82.6	61.7
Black/African American	82,960	7,220	296,668	59,707	60.1	36.9
Hispanic	123,260	16,700	384,240	91,373	66.5	41.1
Other	251,600	10,001	1,080,682	185,785	69.7	36.9

Source: Employee Benefit Research Institute estimates of the 2019 Survey of Consumer Finances.

Comparisons of IA Plan Statistics by Race/Ethnicity of the Family Head

A growing recognition of the disparities in wealth among families of different races and ethnicities came to the forefront in 2020. Despite it not being a new problem, greater attention is being paid to it to determine the extent of the issue and how to address it. This section describes the differences that exist in both the ownership of IA plans and the amount held in these plans across families with heads of different races and ethnicities. The racial/ethnicity categories from SCF are self-identified and include white, non-Hispanic; Black/African American; Hispanic; and other, which consists of those races/ethnicities not defined in the three prior categories, such as Asian Americans and those who identify as multiracial. SCF is at the family level, so the characteristics of the family head (or the reference person) are used to categorize the families. Families with white, non-Hispanic heads are in the majority, but the share has been declining; in 2007, 70.7 percent of families had white, non-Hispanic heads, and by 2019, this number stood at 64.9 percent (Figure 14). The share of each of the other three race/ethnicity categories increased from 2007 to 2019.

Figure 14
Distribution of American Families by Race/Ethnicity of the Family Heads

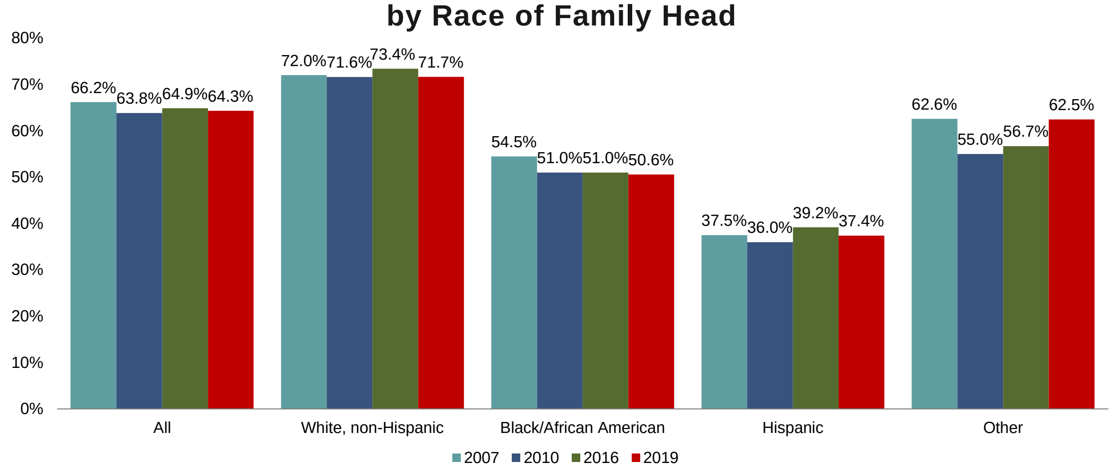


Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

Ownership of Retirement Plans

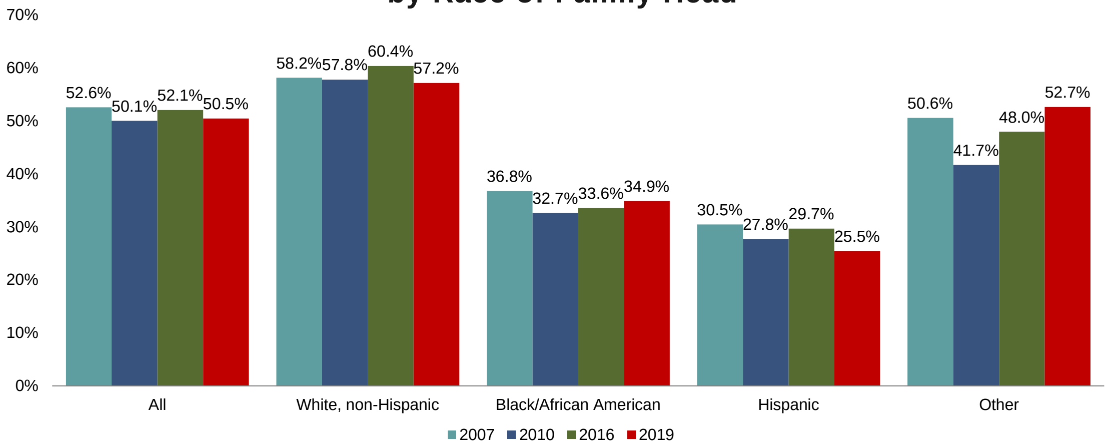
The likelihood of having a retirement plan (IA plan and/or DB plan) was nearly twice as likely in 2019 for families with white, non-Hispanic heads compared with families with Hispanic heads — 71.7 percent vs. 37.4 percent (Figure 15). The percentage of families with Black/African American heads owning a retirement plan (50.6 percent) was also significantly below that of families with white, non-Hispanic heads. However, it was not as low as the percentage for the families with Hispanic heads. The families with "other" heads had ownership rates of retirement plans more in line with the families with white, non-Hispanic heads but still below them. These disparities have been consistent back to 2007. Similar discrepancies held for just IA plans (Figure 16).[22]

Figure 15
Percentage of Families Who Have Any Type of Retirement Plan, by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

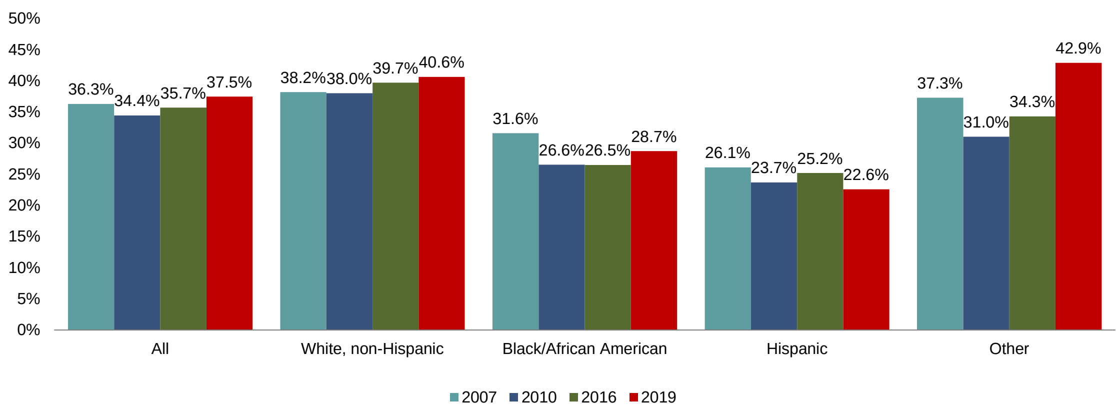
Figure 16
Percentage of Families Who Have an IA Retirement Plan, by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

Likewise, when it comes to the ownership of DC plans from a current or former employer, families with minority heads had ownership rates one-third to nearly one-half less than the families with white, non-Hispanic heads (Figure 17). However, in 2019, the proportion of families with "other" heads owning a DC plan from a current or former employer was higher than that of the families with white, non-Hispanic heads (42.9 percent vs. 40.6 percent in 2019).

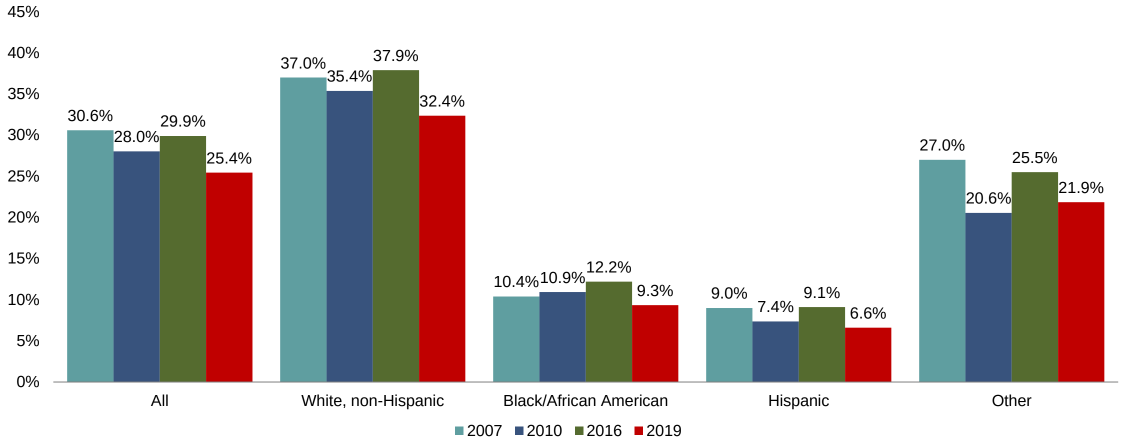
Figure 17
Percentage of Families Who Have a DC Plan From a Current or Former Employer, by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

The ownership of IRAs had the largest gaps between families with heads of different races/ethnicities. Specifically, in 2019, 6.6 percent of families with Hispanic heads and 9.3 percent of families with Black/African American heads owned an IRA, which are one-fifth and just over one-fourth, respectively, of the ownership rate of families with white, non-Hispanic heads (32.4 percent) (Figure 18). Families with "other" heads had ownership rates of about two-thirds of white, non-Hispanic-headed families. These discrepancies have held since at least 2007.

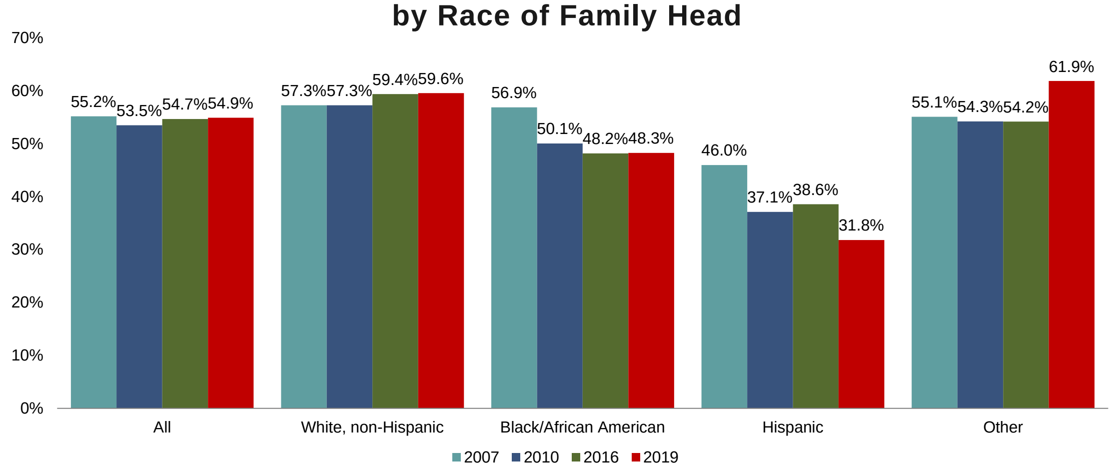
Figure 18
Percentage of Families Who Have an IRA, by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances. Note: A very small percentage of those having a Keogh Plan is included in the IRA percentage.

In order to have a DC plan, an individual must work for an employer that offers a plan and be eligible to participate in it. The relative percentages of working family heads being eligible to participate in a DC plan clearly appear to be at least partially driving the differences in DC plan ownership (Figure 19). In 2019, only 31.8 percent of Hispanic working family heads were eligible for a DC plan and 48.3 percent of Black/African American working family heads were eligible, but 59.6 percent of white, non-Hispanic working family heads were eligible. The disparities have held back to 2007 but have worsened in recent years. "Other" working family heads have had percentages similar to those of the white, non-Hispanic working heads, but in 2019, "other" family heads had the highest percentage eligible for DC plans across the races/ethnicities.

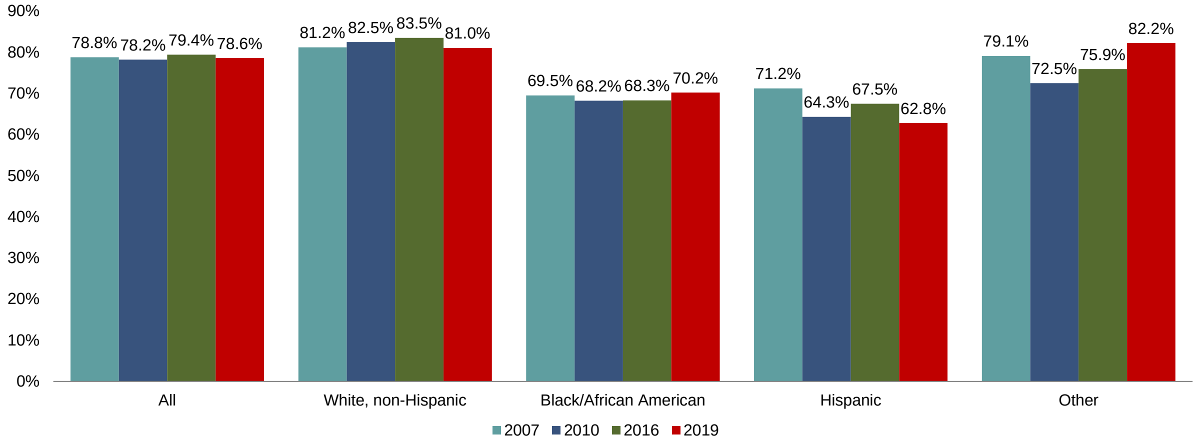
Figure 19
Percentage of Working Family Heads Eligible for a DC Plan, by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

Still, Black/African American and Hispanic working family heads were less likely to participate in a DC plan even when eligible (Figure 20). In 2019, 81.0 percent of white, non-Hispanic working family heads participated in a DC plan when eligible compared with 70.2 percent of Black/African American working family heads and 62.8 percent of Hispanic working family heads. Again, working family heads who fall into the "other" category had similar participation rates to those of the white, non-Hispanic working family heads, with the 2019 rate being the highest.

Figure 20
Working Family Heads' Participation Rate in an Employment-Based DC Plan, by Race of Family Head

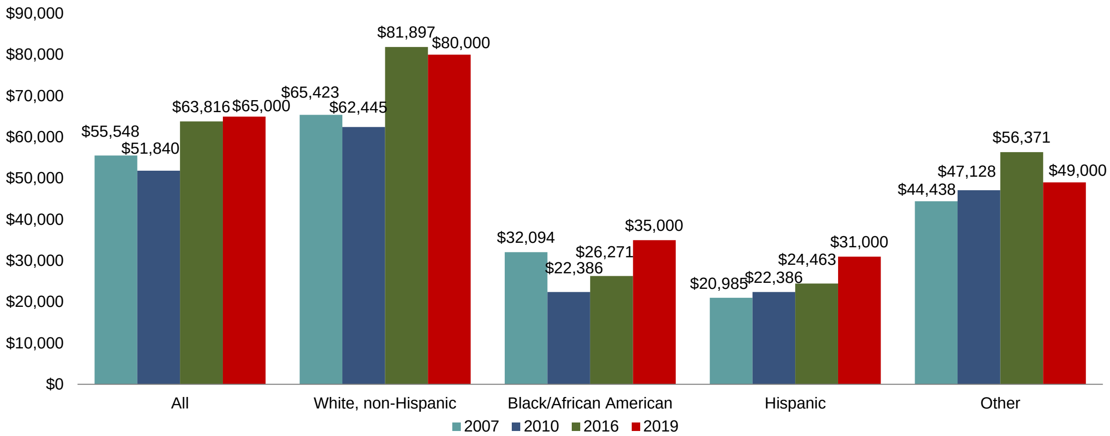


Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

IA Retirement Plan Balances

In addition to the lower likelihood of having an IA retirement plan, families with Black/African American or Hispanic heads have significantly lower median account balances when they do have a plan (Figure 21). In 2019, the median IA plan balance of families with white, non-Hispanic heads was $80,000 vs. $35,000 and $31,000 for families with Black/African American heads and Hispanic heads, respectively. Families with "other" heads had a median balance in between the former and latter families, at $49,000. As with the gaps in ownership, the lower balances of the families with minority heads have persisted since at least 2007.

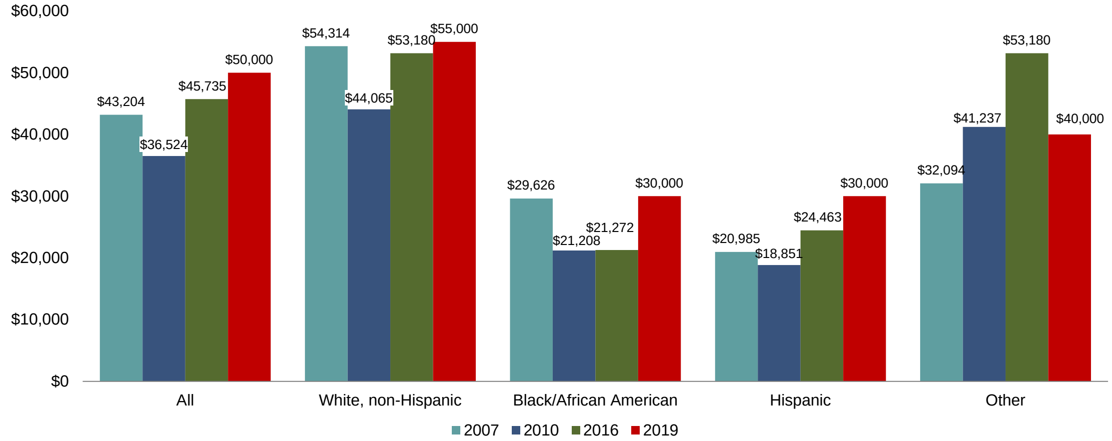
Figure 21
Median IA Retirement Plan Balances of Those Having a Plan, by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances. Note: All dollar amounts are in 2019 dollars.

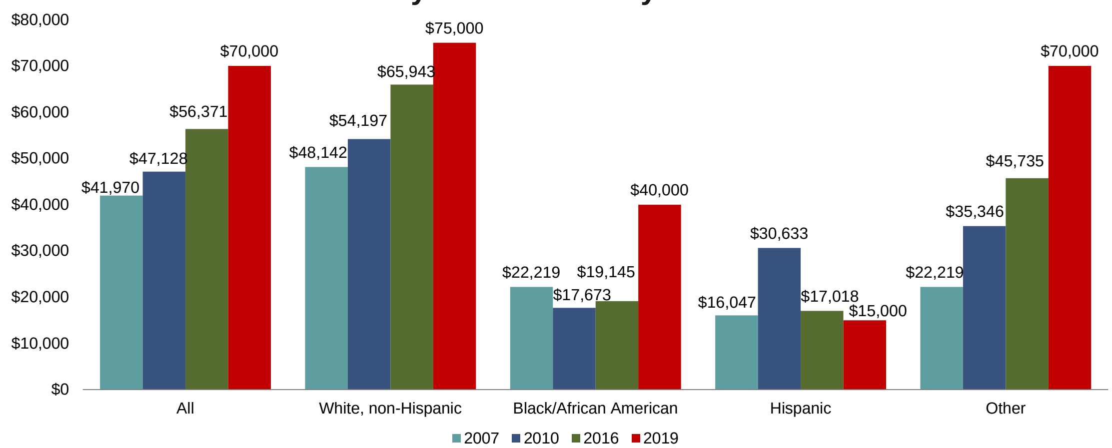
The higher median balances for families with white, non-Hispanic heads carry over to both DC plans and IRAs (Figures 22 and 23). However, the differences are larger for IRAs than for DC plans. For example, the median DC balance was $30,000 in 2019 for families with both Black/African American heads and Hispanic heads compared with $55,000 for families with white, non-Hispanic heads. For IRAs, the median balance for families with white, non-Hispanic heads was $75,000 in 2019 vs. $40,000 and $15,000 for families with Black/African/American heads and Hispanic heads, respectively. These gaps were consistent across the years but with a substantial closing in the gap for families with Black/African American heads in 2019. Families with heads in the "other" category had median balances in between those of the previously discussed families.

Figure 22
Median DC Plan Account Balances of Those Having a Plan From a Current or Former Employer, by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances. Note: All dollar amounts are in 2019 dollars.

Figure 23
Median IRA Balances of Those Having an Account, by Race of Family Head

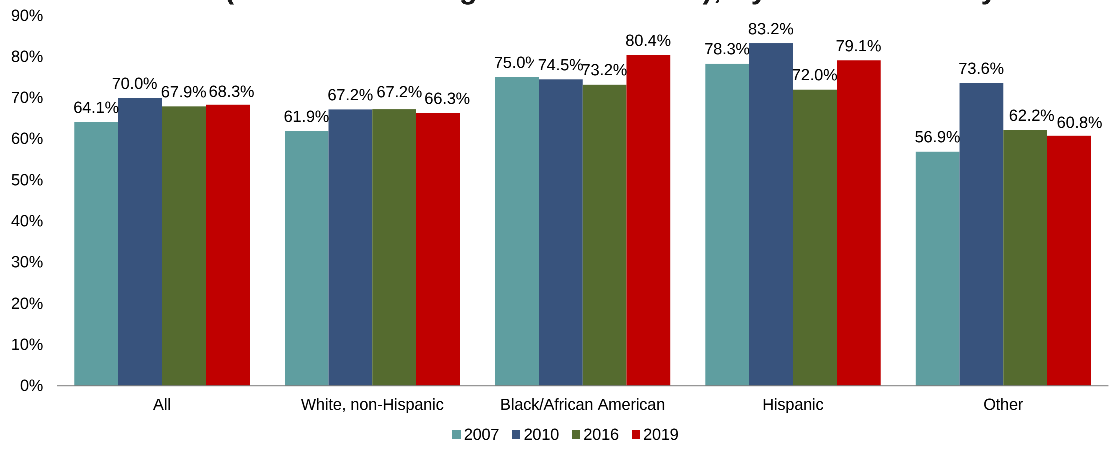


Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances. Note: All dollar amounts are in 2019 dollars.

Share of Total Financial Assets Represented by IA Retirement Plan Assets

While families with Black/African American and Hispanic heads were less likely to have IA retirement plans and were also likely to have less money accumulated in the plans they did have, the assets in the IA plans represented a larger share of these families' total financial assets than for families with white, non-Hispanic heads (Figure 24).[23] In 2019, IA plans represented approximately 80 percent of the financial assets of families with Black/African American heads and Hispanic heads who had such plans. This compares with two-thirds of the financial assets being from IA plan assets for families with white, non-Hispanic heads. Families with "other" heads had the lowest share of financial assets from IA plans. The greater share of financial assets from IA plans for families with minority heads dates back to at least 2007.

Figure 24
Median Share of Total Financial Assets Represented by IA Retirement Plan Assets (of Those Having IA Plan Assets), by Race of Family Head



Source: EBRI estimates of the 2007, 2010, 2016, and 2019 Survey of Consumer Finances.

Conclusion

Despite the strong growth in the economy from 2016 to 2019, IA retirement plan ownership and assets showed rather modest growth or even declines. The median total IA plan assets increased by 2 percent from 2016 to 2019, while the percentage of families owning an IA plan declined from 52.1 percent to 50.5 percent, driven by the sharp decline in IRA ownership (29.9 percent to 25.4 percent). In addition, the percentage of working family heads who were *eligible* for DC plans *and who chose to participate* leveled off in 2019 after increases from 2010 to 2016.[24] However, going back to 1992, IA plan assets have grown substantially and are the source of most private-sector workers' retirement assets that supplement workers' Social Security benefits.

While the IA asset growth was modest, the importance of IA assets remained for families owning these assets: At the median, IA assets represented over two-thirds of the families' financial assets. Furthermore, families owning these assets were more likely to own a home and have higher net worths, indicating that those holding these assets are on a firmer financial path than those without these assets.

However, the value of IA assets and the ownership of IA plans was not equal across all families by race and ethnicity. In fact, families with minority heads were much less likely to have IA retirement plans, and when they did own these plans, the median amount held in them was significantly less. Yet, the IA assets when held by these families were a larger share of their total financial assets than families with white, non-Hispanic heads. This gap among families with different races/ethnicities has persisted since at least 1992. Consequently, families with minority heads are generally in a much worse position in their preparation for retirement in terms of IA retirement plan assets, and as a result have much less flexibility in financing retirement without these assets.

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 (2019) 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 just over 40 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 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.[25]

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Endnotes

[1] Beginning in the year individuals turn age 72, owners of tax-qualified plans/accounts (e.g., 401(k)-type plans, Traditional (regular) IRAs) are required to make an annual minimum distribution (withdrawal). The required minimum distribution (RMD) is calculated by the end of the prior-year balance divided by the longevity factor published by the Internal Revenue Service (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 at https://www.irs.gov/pub/irs-pdf/p590b. The SECURE Act passed in 2019 raised the age when distributions are required to age 72, effective January 1, 2020. Prior to that, the age had been 70 ½ for the commencing of RMDs.

[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 Bhutta et al. (2020).

[3] See Copeland and VanDerhei (2000), Copeland (2003), Copeland (2006b), Copeland (2009), Copeland (2012), Copeland (2014b), and Copeland (2018).

[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 (2014a), Copeland (2020a), Copeland (2020b), VanDerhei, Holden, Alonso, and Bass (2018), and Holden, VanDerhei, and Bass (2020).

[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. EBRI's databases on IRAs and 401(k) plans allow for longitudinal results of the same IA owners. See Copeland (2020a) for longitudinal results on IRAs and Holden, VanDerhei, and Bass (2020) 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 (2020a) for more detail on these accounts.

[7] The 2019 SCF completed 5,783 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 have a smaller sample size to allow for the completeness of the survey. 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 give the best picture of American families' overall wealth.

[8] According to the Pension Benefit Guaranty Corporation (PBGC), 42.1 percent of participants in a private-sector defined benefit plan were in hybrid plans as of 2017 (PBGC).

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

[10] There were two exceptions to this trend — the 1.2 percentage point drop between those with a high school diploma and those with some college in 2010 and the 0.7 percentage point drop from the 2nd quartile to those in the 75.0-89.9 percentiles of net worth in 2019.

[11] In Copeland (2006a), using SIPP data, 57.8 percent of all wage and salary workers ages 16 or older were found to either be 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.

[12] All account balance values for all years in this study are expressed in 2019 dollars.

[13] The average account value for individuals from the EBRI IRA Database was $141,144 for year-end 2017 (Copeland 2020b). This number was significantly less than the SCF number due to the database number being an individual number, whereas the SCF number is at the family level. The family (SCF) number would add any spouse or domestic partner's assets to those 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 2019, compared with end-of-year 2017 for the EBRI database number.

[14] The average 401(k) plan balance from the EBRI/ICI 401(k) plan database was $75,358 for year-end 2016 (VanDerhei, Holden, Alonso, and Bass 2018). 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 with 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 2019, compared with end-of-year 2016 for the EBRI/ICI database number.

[15] The median IRA balance from the EBRI IRA Database was $35,605 for year-end 2017 (Copeland 2020b). See endnote 14 for a discussion of reasons for differences between the SCF numbers and the IRA database numbers.

[16] The one exception was that the families with heads ages 65 or older in 1992 had a lower median balance than the families with heads just younger than them.

[17] The median 401(k) plan balance from the EBRI/ICI 401(k) plan database was $16,836 for year-end 2016 (VanDerhei, Holden, Alonso, and Bass 2018). See endnote 14 for a discussion of reasons for differences between the SCF numbers and the EBRI/ICI database numbers.

[18] 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.

[19] In 2016, IRAs/Keoghs accounted for 50.4 percent of all IA retirement plan assets, while current-employer DC plan assets accounted for 40.9 percent and previous-employer DC plan assets 8.7 percent. Consequently, in 2019, an increased share of assets was in previous-employer DC plans, which is in line with plan sponsors being more open to retaining assets of former participants. See Copeland (2018) for more on the IA assets breakdowns in 2016.

[20] 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 those for a nondeductible regular IRA.

[21] 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. Thus, an increased share of assets was now coming from rollover IRAs compared with in 2010. See also Copeland (2020b) for the EBRI IRA Database breakdown of IRA owners by IRA type.

[22] While the figures in this section only go back to 2007, many of the tables in the prior section of the report have values for these IA plan statistics by race/ethnicity as far back as 1992.

[23] As above, 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.

[24] 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 2019. 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.

[25] See VanDerhei (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