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Issue BRIEF

Individual Account Retirement Plans: An Analysis of the 2007 Survey of Consumer Finances, With Market Adjustments to June 2009

By Craig Copeland, EBRI

EXECUTIVE SUMMARY

LATEST SCF DATA: This *Issue Brief* assesses the current status of Americans' savings for retirement by examining the incidence of individual account plans among families, as well as the average amount of assets accumulated in these accounts. The 2007 Survey of Consumer Finances (SCF), the Federal Reserve Board's triennial survey of wealth, is the basis for this study, as it is a leading source of data on Americans' wealth, provides detailed information on retirement plan incidence and account balances among families, and is the latest available.

ACCOUNTING FOR THE ECONOMIC DOWNTURN: While 2007 SCF is the most comprehensive and current survey of Americans' finances, its timing was unfortunate due to the significant downturn in the economy in 2008 just after the survey was released. To account for that change, this analysis provides estimates of the changes in asset values from the end of 2007 to mid-June 2009 for individual account plan balances. The account balances of the defined contribution plans and IRAs are adjusted based on the asset allocation reported within the plans by using equity market returns and bond market returns from January 1, 2008, to June 19, 2009.

MEDIAN ASSET LEVELS FOR DEFINED CONTRIBUTION PLANS: Among all families with a defined contribution plan in 2007, the median (mid-point) plan balance was $31,800, up 16 percent from 2004. According to EBRI estimates, this dropped 16.4 percent (to $26,578) from year-end 2007 to mid-June 2009. Losses were higher for families with more than $100,000 a year in income (down 22 percent) or having a net worth in the top 10 percent (down 28 percent).

MEDIAN ASSET LEVELS FOR IRA/KEOGH PLANS: Among all families with an IRA/Keogh plan, the median value of their plan was $34,000 in 2007, up 3 percent from 2004. EBRI estimates this median value dropped 15 percent (to $28,955) from year-end 2007 to mid-June 2009.

LESS THAN HALF OF ALL FAMILIES HAVE A RETIREMENT PLAN THROUGH A CURRENT JOB: In 2007, 40.6 percent of families included a participant in an employment-based retirement plan (either a defined benefit or defined contribution plan) from a current job. This was up from 38.8 percent in 1992, but virtually unchanged from 40.3 percent in 2004. A significant shift in the plan type occurred from 1992 to 2007, with the percentage of families with a plan having only a defined benefit plan decreasing from 40.0 percent to 17.4 percent.

TWO-THIRDS OF ALL FAMILIES HAVE AN IRA/KEOGH OR RETIREMENT PLAN THROUGH PAST AND CURRENT JOBS: In 2007, 66.2 percent of families had a participant in a current or previous employer's retirement plan or an IRA/Keogh, up slightly from 2004 (65.4 percent).

IRA/KEOGH OWNERSHIP RISING: The percentage of families that owned either an individual retirement account or a Keogh plan increased in 2007 to 30.6 percent from 29.1 percent in 2004.

IRA OWNERSHIP, ASSETS: While regular IRAs account for the largest percentage of IRA ownership, rollover IRAs had a larger share of assets than regular IRAs in 2007. The increase in IRA wealth is expected to continue in the future, as more workers will be in defined contribution plans and will be in them for a longer period of their working lives.

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

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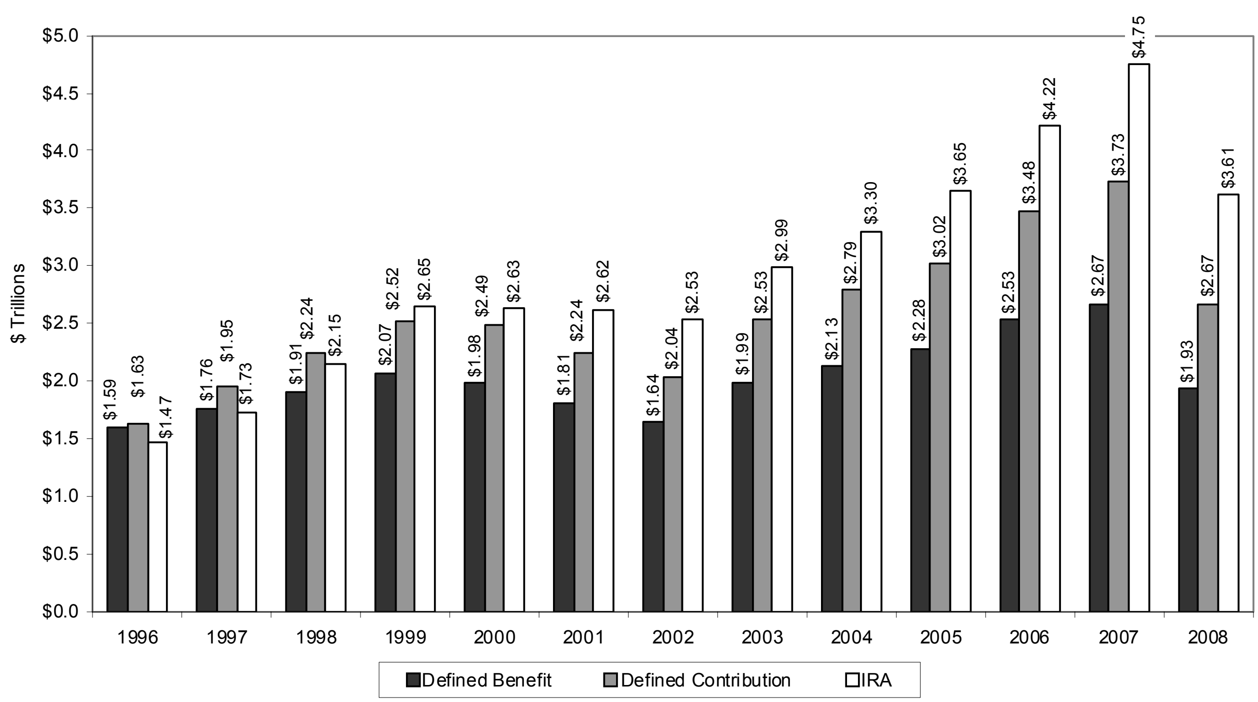
Introduction

Individual account retirement plans continue to grow in importance as a source of retirement income for future retirees in both the public and private sectors. These individual account plans include a wide range of employment-based, tax-favored retirement savings plans financed by workers' own contributions (most notably defined contribution plans such as the 401(k)), as well as non-employment-based plans like individual retirement accounts (IRAs) and Keogh plans for the self-employed. Because Social Security (which was never intended to be the sole source of Americans' retirement income) faces serious projected financial problems that could result in reduced benefits for future retirees, and with private-sector employers shifting away from defined benefit (pension) plans, the wealth that workers are able to accumulate during their working years in these individual account plans will be, for most workers, the determining factor in their ability to maintain a comfortable standard of living in retirement.

Among public-sector employers, defined benefit plans remain the predominant type of retirement plan, although defined contribution options are increasing. Among private-sector employers, defined benefit plans have been declining for many years, as defined contribution and IRA plans have increased; total defined benefit pension assets were overtaken by defined contribution assets in 1996, and by IRAs in 1998 (Figure 1). Furthermore, a growing number of major corporations that still have defined benefit plans have been freezing them (to newly hired workers, and, in some cases, for existing workers as well), a trend that makes it ever-more important for most private-sector workers to build

Figure 1
U.S. Private-Sector Retirement Plan Assets, 1996–2008



Source: Federal Reserve, Flow of Funds, 1996–2008, Table L.118.b, c and L.225.i.

their retirement wealth through individual-account savings plans.[1] Consequently, the amount of assets currently accumulated in these accounts is a strong indicator of how prepared—or unprepared—most workers will be to supplement the Social Security benefits they will receive in retirement.

This *Issue Brief* assesses the current status of Americans' attempts to prepare for a financially secure retirement by examining the incidence of individual account plans among families, as well as the average amount of assets accumulated in these accounts. The Survey of Consumer Finances (SCF), the Federal Reserve Board's triennial survey of wealth, is the basis for this study. SCF is a leading source of data on Americans' wealth, as it provides detailed information on retirement plan incidence and account balances that families have accumulated.[2]

The 2007 SCF shows that the median (midpoint) net worth of American families grew by 17.7 percent from 2004 to 2007. In contrast, the median increase in American families' net worth was only 1.5 percent from 2001–2004, following increases of 10.4 percent from 1998–2001 and 17.6 percent from 1995–1998. However, income showed much slower growth and debt grew significantly from 2004 to 2007, leading to a substantial increase in the percentage of families with high credit payments relative to their incomes.[3]

Building on the Employee Benefit Research Institute's (EBRI) previous research using prior SCF surveys (i.e., Copeland 2006b, Copeland 2003, Copeland and VanDerhei 2000), this study focuses specifically on retirement plan assets, concentrating on the amount of assets that American families have accumulated in individual account retirement plans.[4] Using results from the prior studies, this report shows the changes in assets from these accounts as well as changes in the incidence of these individual accounts both inside and outside of employment-based arrangements. Furthermore, particular attention is paid to ownership of individual retirement accounts, as the SCF has detailed questions on IRAs to allow for estimates of the sources of IRA funds between rollovers and contributions and to determine whether the IRA assets are in traditional IRAs or Roth IRAs.[5]

While SCF is the most comprehensive survey of Americans' finances, and the 2007 SCF data are the latest available, its timing was unfortunate due to the significant downturn in the economy in 2008 just after the survey was released. In order to account for this significant downturn, this analysis provides estimates of the changes in asset values from the end of 2007 to June 2009 for the individual account plan balances. The account balances of these defined contribution plans and IRAs are adjusted based on the asset allocation reported within the plans by using equity market returns and bond market returns from January 1, 2008, to June 19, 2009.

While *asset accumulation* is a vital component of 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* in retirement, so that retirees do not outlive their assets. Even for workers with defined benefit plans, which are increasingly offering lump-sum distributions both on preretirement termination of employment and on formal retirement from the work force, how these assets are spent remains an important decision—especially when the lump-sum option is chosen.[6] Because of the growing prevalence of lump-sum pension distributions, increasing numbers of workers—and retired workers—will have the responsibility of managing their pension distributions themselves, rather than having the lifetime income of an annuity in retirement.

Thus, although this *Issue Brief* focuses on participation in all plans that are considered retirement income sources and the estimation of the median and average amounts of assets in these 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 how they take distributions, how they invest them, and how fast they spend them. Retirement plans can help workers accumulate assets, but when individuals are given *choices*, it is their *actions* that will ultimately determine whether or not they achieve financial security.

This *Issue Brief* starts by investigating the percentage of families that participate in various types of retirement plans, including IRAs. Next, it provides both median and mean (average) estimates of the assets in these accounts (including estimates for 2009), as well as the percentage of financial assets that they represent and the relative percentages they reflect within the retirement plan universe. The following section focuses on IRAs to determine more closely the relative importance of rollovers to the total IRA market and therefore the full impact of the employment-based retirement plan system on total assets.

Overall, the results for 2007 are positive for the employment-based system, as the percentage of families with an employment-based plan held steady, while the average account balance increased. However, the estimates for 2009 show a much bleaker story due to the significant decreases observed for most account holders.

Trends in Participation

Workers may be able to save for retirement in a tax-advantaged manner either through a retirement plan sponsored by their employer or union or by establishing a plan on their own. Employment-based plans are generally categorized as either *defined benefit plans* (pensions) or *defined contribution plans* (401(k)-type plans). Generally, traditional defined benefit plans provide benefits that are based on a formula that uses the worker's tenure and salary history, and are not directly affected by the changes in the investment returns of the plan assets. So-called hybrid individual account defined benefit plans, most commonly cash balance plans, provide benefits that are based on contributions by the sponsor and the credit on those contributions by the sponsor, and the benefits to the individual cannot be reduced because of negative market returns.[7]

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* (IRA); and many self-employed workers can establish a *Keogh plan* to save for retirement.

This section examines the trend at the family level of participation in employment-based retirement plans and IRAs and Keoghs for the years 1992, 2004, and 2007.[8] All families and families with a family head who is under age 65 and a worker (either the head or the spouse) are studied to determine how all families (as well as working families) are doing in terms of benefits from employment-based retirement plan sources. In addition, the participation rates of eligible family heads in defined contribution plans are investigated for 1995, 2001, 2004, and 2007. All families are assessed for the prevalence of IRA and Keogh plan ownership.

Employment-Based Retirement Plan Participation

All Families—In 2007, 40.6 percent of families included a participant in an employment-based retirement plan (either a defined benefit or defined contribution plan) from a current job (Figure 2). This was up from 38.8 percent in 1992, but virtually unchanged from 40.3 percent in 2004.[9, 10] A significant shift in the plan type occurred from 1992 to 2007, with the percentage of families with a plan having *only* a defined benefit plan decreasing from 40.0 percent to 17.4 percent. The percentage of families participating in *only* a defined contribution plan followed the opposite trend, rising from 37.5 percent in 1992 to 60.3 percent in 2007. The percentage of families with *both* types of plans was unchanged from 1992 to 2007 at 23 percent.

The trend toward a higher percentage of families in an employment-based plan with a 401(k)-type plan continued in 2007. The percentage reached 79.5 percent in 2007, up from 73.5 percent in 2004 and 31.6 percent in 1992. However, the percentage of those with *both* a 401(k)-type plan and a defined benefit plan decreased to 26.8 percent in 2007, compared with 31.4 percent in 2004 and 39.2 percent in 1992.

Participation in an employment-based retirement plan is strongly linked to family income and the educational level of the family head. In 2007, only 4.1 percent of families with annual income less than $10,000 had a participant in a plan from a current job, compared with 70.8 percent of the families with income of $100,000 or more. Among families with a head who had not attained a high school diploma, 14.8 percent had a participant in a plan. In contrast, among families with a head who had obtained a college degree or higher, 57.0 percent had a participant in a plan.

Figure 2

Percentage of All Families With an Employment-Based Retirement Plan, by Various Demographic Categories, 1992, 2004, and 2007

	1992						2004						2007					
		Of Those Participating in a Plan						Of Those Participating in a Plan						Of Those Participating in a Plan				
	Any plan	Defined benefit only	Defined contribution only	Both defined benefit and contribution	401(k)-type plan	Of those with 401(k)-type plan with a DB	Any plan	Defined benefit only	Defined contribution only	Both defined benefit and contribution	401(k)-type plan	Of those with 401(k)-type plan with a DB	Any plan	Defined benefit only	Defined contribution only	Both defined benefit and contribution	401(k)-type plan	Of those with 401(k)-type plan with a DB
Total	38.8%	40.0%	37.5%	22.5%	31.6%	39.2%	40.3%	24.1%	51.9%	24.0%	73.5%	31.4%	40.6%	17.4%	60.3%	22.3%	79.5%	26.8%
Family Income																		
Less than $10,000	3.3	63.5	36.5	0.0	15.1	0.0	1.3	45.7	15.2	39.1	50.6	77.3	4.1	31.0	69.0	0.0	69.0	0.0
$10,000–$24,999	13.5	47.0	48.8	4.3	13.4	7.1	7.6	32.7	58.6	8.8	66.5	13.2	9.0	28.7	70.1	1.2	67.9	1.7
$25,000–$49,999	38.2	51.1	38.8	10.1	25.5	17.9	31.9	30.4	57.8	11.8	66.0	15.9	32.4	24.9	65.2	9.9	71.4	12.5
$50,000–$99,999	64.0	38.7	34.4	27.0	31.3	43.7	57.5	26.7	49.1	24.2	72.2	33.1	59.1	17.2	58.0	24.8	79.8	29.6
$100,000 or more	66.0	24.8	38.0	37.2	48.4	51.6	70.6	16.4	51.1	32.5	80.3	38.6	70.8	11.2	58.3	30.5	86.2	34.4
Age of Head																		
<35	39.3	37.0	47.7	15.3	36.2	26.4	38.3	18.1	63.4	18.4	80.0	22.2	40.0	17.4	72.9	9.7	79.5	11.6
35–44	55.8	39.5	35.8	24.7	32.4	40.3	54.9	22.3	54.0	23.7	76.7	30.1	52.2	14.3	62.0	23.7	83.2	27.7
45–54	58.9	40.1	31.8	28.2	28.2	53.3	56.9	29.6	44.1	26.3	67.0	37.7	58.5	14.7	55.1	30.3	81.9	35.1
55–64	40.8	43.8	33.4	22.8	29.2	44.4	47.1	22.6	48.9	28.5	73.9	36.6	46.7	26.3	50.1	23.6	70.2	31.8
65–74	7.6	57.9	30.7	11.5	22.7	20.4	10.9	42.1	43.4	14.5	54.8	23.5	14.3	15.1	67.6	17.4	83.9	20.2
75+	0.3	1.4	98.3	0.4	0.4	100.0	3.0	17.4	52.7	29.9	82.6	36.2	1.9	16.8	83.2	0.0	83.2	0.0
Education of Head																		
Below HS diploma	14.3	51.0	37.0	12.0	21.1	20.6	12.7	27.9	56.6	15.4	70.6	20.4	14.8	15.7	80.3	4.0	82.5	4.9
HS diploma	36.2	43.6	37.3	19.2	26.2	35.2	34.9	27.2	51.5	21.3	71.7	28.8	33.5	19.0	61.0	20.0	78.6	24.4
Some college	41.3	38.5	39.8	21.7	27.8	45.5	41.1	24.6	51.5	23.8	73.1	31.2	40.9	21.1	56.3	22.6	74.4	28.7
College degree	55.5	36.7	36.8	26.6	38.3	40.7	55.2	21.9	51.8	26.3	74.8	33.7	57.0	15.4	59.3	25.3	81.6	29.6
Race																		
White Non-Hispanic	41.3	37.9	37.6	24.4	34.8	40.0	42.9	22.7	51.8	25.5	74.8	32.8	42.0	17.0	58.7	24.3	80.1	28.7
Nonwhite	31.1	48.5	37.0	14.6	19.0	33.1	33.4	29.4	52.0	18.9	69.1	26.2	37.3	18.6	64.6	17.1	78.1	21.4
Working Status of Head																		
Someone else	61.4	39.4	37.2	23.4	32.8	39.2	58.6	24.2	50.5	25.3	74.2	32.9	59.2	17.2	59.0	23.8	79.7	28.6
Self-employed	30.4	40.5	43.9	15.7	27.3	46.2	29.1	24.9	63.6	11.6	64.3	15.8	29.6	15.6	72.5	11.9	81.8	14.1
Retired	4.6	66.0	18.6	15.4	10.4	51.2	5.0	20.9	59.8	19.3	76.6	24.7	6.0	26.0	60.8	13.2	70.5	16.5
Other nonworker	7.3	26.6	51.9	21.6	29.6	3.4	11.0	19.3	53.0	27.7	80.7	34.4	13.1	18.5	71.2	10.3	81.5	12.6
Net Worth Percentile																		
Bottom 25%	21.4	46.2	46.9	7.0	21.1	12.4	18.5	37.2	50.8	12.0	60.7	17.3	22.3	27.5	64.7	7.8	67.7	9.6
25–49.9	41.0	45.0	36.9	18.1	26.8	33.1	44.6	27.8	56.1	16.1	70.6	22.5	41.9	17.5	63.3	19.2	79.8	23.5
50–74.9	48.1	40.6	35.3	24.1	33.1	38.9	48.6	23.0	46.6	30.4	75.8	39.3	48.7	17.5	57.1	25.5	80.0	30.7
75–89.9	47.7	36.2	33.7	30.1	38.0	46.4	51.1	16.1	51.8	32.1	79.7	37.9	52.6	14.8	57.9	27.3	82.9	32.0
Top 10%	40.3	24.1	39.9	36.0	42.3	55.9	46.9	18.6	56.6	24.8	76.7	30.8	44.8	9.5	60.4	30.1	86.3	32.2

Source: Employee Benefit Research Institute estimates of the 1992, 2004, and 2007 Survey of Consumer Finances.

Note: All income values are in 2007 dollars.

Note: The 2004 and 2007 participation levels are not directly comparable with 1992 because of changes in the 2004 survey.

Figure 3

Percentage of Families With Head Under Age 65 and a Worker With an Employment-Based Retirement Plan, by Various Demographic Categories, 1992, 2004, and 2007

	1992						2004						2007					
		Of Those Participating in a Plan						Of Those Participating in a Plan						Of Those Participating in a Plan				
	Any plan	Defined benefit only	Defined contribution only	Both defined benefit and contribution	401(k)-type plan	Of those with 401(k)-type plan with a DB	Any plan	Defined benefit only	Defined contribution only	Both defined benefit and contribution	401(k)-type plan	Of those with 401(k)-type plan with a DB	Any plan	Defined benefit only	Defined contribution only	Both defined benefit and contribution	401(k)-type plan	Of those with 401(k)-type plan with a DB
Total	57.1%	39.6%	37.6%	22.8%	31.9%	39.6%	50.5%	23.7%	52.1%	24.2%	73.9%	31.5%	56.6%	17.3%	59.6%	23.1%	79.5%	27.8%
Family Income																		
Less than $10,000	11.5	63.5	36.5	0.0	15.1	0.0	1.8	45.7	15.1	39.1	50.5	77.5	14.7	31.0	69.0	0.0	69.0	0.0
$10,000–$24,999	27.4	46.9	48.6	4.6	13.1	7.7	12.5	33.5	57.5	9.0	65.6	13.7	20.7	29.1	69.6	1.3	67.1	2.0
$25,000–$49,999	52.5	50.5	39.4	10.2	26.0	18.2	40.7	30.3	58.2	11.5	66.1	15.7	43.6	25.5	63.9	10.6	70.5	13.5
$50,000–$99,999	73.8	38.3	34.5	27.2	31.5	44.1	67.2	25.9	49.2	24.9	72.9	33.7	67.2	17.0	57.5	25.5	79.8	30.3
$100,000 or more	73.4	24.6	37.9	37.5	48.2	51.8	76.2	16.0	51.6	32.4	80.7	38.2	78.9	10.9	57.8	31.3	86.7	35.3
Age of Head																		
<35	45.8	37.0	47.7	15.3	36.2	26.4	38.8	18.1	63.4	18.4	80.0	22.2	44.3	16.9	73.1	10.1	80.0	12.0
35–44	62.0	39.5	35.8	24.7	32.4	40.3	55.5	22.3	54.0	23.7	76.7	30.1	56.6	14.1	61.8	24.1	83.4	28.0
45–54	65.1	40.1	31.8	28.2	28.2	53.3	58.1	29.6	44.1	26.3	67.0	37.7	66.1	14.9	54.6	30.4	81.7	35.6
55–64	60.6	43.8	33.4	22.8	29.2	44.4	50.6	22.6	48.9	28.5	73.9	36.6	61.9	26.3	49.0	24.7	70.2	33.2
Education of Head																		
Below HS diploma	34.8	50.3	37.8	11.9	21.7	21.8	19.6	26.7	57.5	15.8	72.8	21.7	26.3	16.6	80.6	2.8	83.0	3.4
HS diploma	52.6	43.6	36.8	19.7	25.9	36.2	44.5	26.8	51.7	21.6	72.1	28.9	49.1	18.6	60.2	21.2	78.8	25.8
Some college	57.2	38.3	39.9	21.8	28.0	45.5	47.6	23.9	51.7	24.5	73.8	31.7	54.6	21.7	55.5	22.8	73.5	28.3
College degree	67.2	36.1	37.1	26.8	38.8	40.6	65.2	21.7	52.1	26.2	75.1	33.6	70.2	15.1	58.9	25.9	81.9	30.4
Race																		
White Non-Hispanic	60.5	37.4	37.8	24.8	35.0	40.4	55.9	22.0	52.2	25.8	75.4	32.9	60.2	16.8	57.8	25.4	80.1	30.1
Nonwhite	46.6	48.5	36.9	14.5	19.5	33.1	38.4	29.0	51.9	19.1	69.3	26.7	49.1	18.7	64.1	17.2	78.1	21.6
Net Worth Percentile																		
Bottom 25%	34.1	46.2	46.9	7.0	21.1	12.4	21.3	37.3	51.1	11.6	61.0	17.1	31.2	26.7	65.4	7.9	68.1	9.5
25–49.9	54.6	45.1	36.8	18.1	27.3	33.1	54.0	26.4	57.1	16.5	71.9	22.6	55.3	17.6	62.6	19.8	79.6	24.3
50–74.9	71.0	40.0	35.4	24.6	33.2	39.9	64.4	22.6	46.2	31.2	76.1	40.2	70.7	17.7	55.6	26.7	79.5	32.3
75–89.9	72.7	35.4	33.6	31.0	38.6	47.5	69.5	16.6	51.3	32.1	79.1	38.1	74.6	13.9	57.7	28.4	83.9	32.8
Top 10%	61.9	22.4	40.8	36.8	43.3	55.3	66.9	17.2	57.9	25.0	78.1	30.3	63.1	9.5	59.3	31.2	86.6	33.8

Source: Employee Benefit Research Institute estimates of the 1992, 2004, and 2007 Survey of Consumer Finances.

Note: All income values are in 2007 dollars.

Note: The 2004 and 2007 participation levels are not directly comparable with 1992 because of changes in the 2004 survey.

These differences also existed in 1992 and 2004.[11] Furthermore, families with a white, non-Hispanic head were more likely to have a participant than families with a nonwhite head.

In terms of net worth, families in the 75–89.9th-percentile range of net worth were most likely to have a retirement plan participant, while the two surrounding percentile breaks had the next-highest levels. This also occurred in 2004 but contradicts the result in 1992, when the 50-74.9th percentile group had the highest percentage of families with a participant.

Families With Family Head Who Was a Worker Under Age 65—The percentage of families with a family head who was under age 65 and a worker that had a participant in an employment-based retirement plan increased from 50.5 percent in 2004 to 56.6 percent in 2007. This 2007 percentage is lower than the 57.1 percent level of 1992 (Figure 3). Consequently, over the 1992–2007 period, the level of participation for this family type was around 57 percent, except for the drop in 2004. As for changes within the various demographic categories, as well as over the 1992–2007 period, the results were qualitatively almost identical with the results for all families' participation. The participation levels across the various categories are higher, because families that have a worker are more likely to have a retirement plan participant (especially in an employment-based plan) than those without a worker.

Defined Contribution Plan Participation Rates of Family Heads

Because most employment-based defined contribution retirement plans are voluntary, individuals who are eligible to participate must actively choose to do so. The probability of an individual choosing to participate in a plan is correlated with various individual characteristics.

Overall in 2007, 78.8 percent of defined contribution plan-eligible family heads chose to participate in the plan (conversely, nearly a quarter of eligible family heads chose not to participate). This was a slight increase from 75.7 percent in 2004 (Figure 4).[12, 13] A trend that continued in 2007 was the decline in family heads who were eligible but not participating in a defined contribution plan but who were participating in a defined benefit plan. This percentage decreased from 45.0 percent in 1995 to 21.8 percent in 2004 and to 14.9 percent in 2007—which corresponds with the decline in defined benefit plans.

Demographic differences that have persisted over the four survey years were the increased likelihood of plan participation with increased levels of family income, family net worth, and educational attainment. For example, in 2007, the participation rate increased from 53.3 percent of family heads with family income of $10,000–$25,000 a year to 88.9 percent for those with family income of $100,000 or more.

Participation rates by the race of the family heads were different, as white family heads were more likely to participate when eligible than heads of families who were nonwhite. In 2007, 81.2 percent of white family heads who were eligible participated, compared with 73.0 percent for nonwhite family heads. The age of family head was not a strong factor among those of prime working ages (35–64), but for family heads younger or older than that, the likelihood of participating was much lower.

There are no clear patterns across the demographic categories in the percentage of eligible family heads not participating in a defined contribution plan who participated in a defined benefit plan. For example, the nonparticipating family heads with the lowest net worth and family income are the least likely to be in a defined benefit plan, but nonparticipating family heads with the highest net worth and family income are less likely to be in a defined benefit plan than family heads with moderate net worth and family income. From 2004–2007, the percentage of defined contribution nonparticipants who were in a defined benefit plan decreased for family heads in virtually every category. The defined contribution nonparticipant family heads with the highest probability of being in a defined benefit plan in 2001 experienced the largest declines: Those with annual income of $100,000 or more saw their likelihood of having a defined benefit plan drop from 46.4 percent in 2001 to 25.5 percent in 2004 to 19.7 percent in 2007.

Figure 4

Participation Rates of Family Heads Eligible for an Employment-Based Defined Contribution Plan, 1995, 2001, 2004, and 2007

	1995		2001		2004		2007	
	Percentage participating	Percentage of those not participating in a defined benefit plan	Percentage participating	Percentage of those not participating in a defined benefit plan	Percentage participating	Percentage of those not participating in a defined benefit plan	Percentage participating	Percentage of those not participating in a defined benefit plan
Total	73.8%	45.0%	74.8%	34.8%	75.7%	21.8%	78.8%	14.9%
Family Income								
Less than $10,000	44.6	0.0	54.1	15.5	9.1	0.0	34.1	0.0
$10,000–$24,999	50.6	21.6	58.1	8.4	46.8	6.8	53.3	12.8
$25,000–$49,999	68.5	48.3	68.0	31.5	64.9	19.1	67.0	7.0
$50,000–$99,999	78.7	49.5	76.2	40.7	75.6	28.6	83.4	24.9
$100,000 or more	80.9	56.6	83.3	46.4	89.3	25.5	88.9	19.7
Age of Head								
<35	72.4	30.8	69.7	18.5	68.0	10.9	67.3	9.2
35–44	74.6	44.2	81.0	33.9	77.5	24.2	84.7	19.2
45–54	73.6	56.4	73.9	52.5	76.8	35.5	83.2	21.7
55–64	82.4	60.3	76.0	42.0	84.8	24.4	81.7	18.9
65–74	55.0	81.6	44.9	38.0	59.5	0.0	69.1	0.0
75+	26.1	14.9	38.5	0.1	99.8	0.0	67.8	0.2
Education of Head								
Below HS diploma	62.1	46.0	52.6	31.6	59.7	19.6	64.8	1.2
HS diploma	67.9	39.5	69.7	39.0	68.1	15.7	71.5	11.2
Some college	74.0	49.1	72.9	24.4	71.4	19.8	74.3	14.4
College degree	79.7	48.2	81.5	37.4	82.6	29.0	85.9	22.5
Race								
White Non-Hispanic	75.5	44.7	74.9	34.8	78.3	24.7	81.2	14.4
Nonwhite	67.5	45.6	74.4	34.7	67.5	15.7	73.0	15.6
Net Worth Percentile								
Bottom 25%	58.6	28.9	54.7	26.5	44.0	10.0	54.8	10.4
25–49.9	71.1	49.9	71.1	31.4	73.5	27.8	77.4	12.1
50–74.9	75.3	52.4	80.0	49.1	83.1	31.4	85.2	29.0
75–89.9	81.5	51.6	86.4	26.8	87.7	33.9	86.8	12.6
Top 10%	89.3	35.4	87.1	54.7	92.7	16.7	90.2	13.5

Source: Employee Benefit Research Institute estimates of the 1995, 2001, 2004, and 2007 Survey of Consumer Finances.

Note: Income categories are in 2007 dollars.

Figure 5

Percentage of Families With an IRA/Keogh,
by Various Demographic Categories, 1992, 2001, 2004, 2007, and 2009[a]

	Percentage With				Median Value of Those With an IRA/Keogh				
	1992	2001	2004	2007	1992	2001	2004	2007	2009[a]
Total	26.1%	31.4%	29.1%	30.6%	$21,712	$31,585	$32,949	$34,000	$28,955
Family Income									
Less than $10,000	4.3	6.4	5.7	6.8	13,028	8,189	5,492	30,000	25,268
$10,000–$24,999	11.0	10.8	8.4	12.6	8,685	14,038	17,573	14,000	10,569
$25,000–$49,999	21.5	23.0	21.0	22.5	17,370	17,547	18,671	25,000	21,212
$50,000–$99,999	39.7	37.6	36.1	36.4	17,370	28,660	26,359	30,000	25,923
$100,000 or more	68.3	65.0	56.8	60.4	43,425	60,830	91,159	55,000	43,485
Age of Head									
<35	13.1	18.3	16.0	16.2	7,382	8,189	8,786	8,300	6,644
35–44	27.8	29.5	25.2	28.8	15,923	17,547	21,966	24,000	18,717
45–54	34.1	38.7	33.6	35.3	25,331	46,792	38,441	36,000	29,853
55–64	44.5	41.5	43.9	39.5	33,293	52,641	65,898	65,000	52,220
65–74	33.7	41.9	36.4	43.0	28,950	70,188	82,373	66,000	55,901
75+	6.8	25.5	26.5	27.3	40,530	53,811	32,949	35,000	32,879
Education of Head									
Below HS diploma	7.6	8.7	6.4	9.4	11,580	21,056	13,399	25,000	22,834
HS diploma	19.7	22.3	22.0	20.2	18,817	21,056	19,220	24,500	21,212
Some college	26.1	28.1	22.9	27.5	17,370	19,887	20,868	25,000	20,878
College degree	43.8	52.3	47.0	49.9	26,055	42,113	47,227	40,000	33,690
Race									
White Non-Hispanic	31.1	36.6	35.7	37.0	21,712	35,094	35,146	39,000	31,943
Nonwhite	10.8	14.7	11.9	15.1	12,304	10,528	14,278	17,000	13,788
Working Status of Head									
Someone else	27.5	30.3	27.6	30.9	17,370	18,717	23,064	25,000	21,056
Self-employed	42.9	49.8	43.6	42.9	31,845	58,490	54,915	67,000	51,908
Retired	22.3	27.0	27.8	27.8	24,607	60,829	48,325	48,000	44,336
Other nonworker	8.5	20.6	16.2	16.5	13,027	25,736	25,261	30,000	27,451
Net Worth Percentile									
Bottom 25%	2.4	4.8	3.0	4.6	3,329	3,392	2,746	3,000	2,265
25–49.9	12.9	16.9	14.5	17.3	5,790	6,434	8,347	11,000	8,379
50–74.9	29.6	35.1	36.2	36.0	14,475	18,717	16,475	25,600	21,213
75–89.9	52.5	60.3	56.2	57.6	26,055	52,641	49,424	42,000	35,562
Top 10%	69.9	81.2	72.1	74.3	57,900	122,829	153,762	136,000	112,549

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2004, and 2007 Survey of Consumer Finances.

Note: All income values are in 2007 dollars.

[a] The 2009 values are adjusted to June 19, 2009, by market index returns and the asset allocation of the IRA/Keogh owners.

IRA/Keogh Participation—All Families

Similar to the increase in the percentage of families with an employment-based retirement plan in a current job, the percentage of families that owned either an IRA or a Keogh plan increased in 2007 to 30.6 percent from 29.1 percent in 2004 (Figure 5).[14] This was after a significant increase from 26.1 percent in 1992. Ownership of an IRA 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, just 6.8 percent owned an IRA/Keogh in 2007, compared with 60.4 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: Only 4.6 percent of those in the lowest 25th percentile of net work owned an IRA/Keogh, compared with 74.3 of those in the top 10 percent of net worth. These differences were consistent over the years of the study.

Figure 6
Percentage of All Families With a Retirement Plan From a Current or Previous Employer or an IRA/Keogh Plan, 2004 and 2007

	2004	2007
Total	65.4%	66.2%
Family Income		
Less than $10,000	15.9	17.5
$10,000–$24,999	35.2	39.0
$25,000–$49,999	60.4	63.5
$50,000–$99,999	83.4	81.3
$100,000 or more	91.7	93.0
Age of Head		
<35	46.0	48.5
35–44	67.2	63.9
45–54	73.3	73.2
55–64	77.5	78.6
65–74	69.8	73.5
75+	65.2	65.5
Education of Head		
Below HS diploma	35.8	36.3
HS diploma	61.9	59.3
Some college	62.4	65.8
College degree	81.5	84.1
Race		
White Non-Hispanic	71.7	72.0
Nonwhite	49.0	52.0
Working Status of Head		
Someone else	69.3	71.5
Self-employed	63.7	58.0
Retired	62.6	63.3
Other nonworker	31.5	33.3
Net Worth Percentile		
Bottom 25%	28.4	33.2
25–49.9	64.0	63.5
50–74.9	80.2	79.0
75–89.9	88.2	87.8
Top 10%	90.0	90.6

Source: Employee Benefit Research Institute estimates of the 2004 and 2007 Survey of Consumer Finances.
Note: All income values are in 2007 dollars.

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. Families with a white family head were significantly more likely to own an IRA/Keogh than families with nonwhite heads (37.0 percent versus 15.1 percent), and have been since 1992.

Retirement Plan Participation From Any Source—All Families

In 2007, 66.2 percent of families had a participant in a current or previous employer's retirement plan (defined benefit and defined contribution) or an IRA/Keogh (Figure 6). The percentage participating in these plans increased with family income, net worth, and educational level of the family head. Families with a white family head were more likely to have participated in one of these plans. Less than 50 percent of families with a head under age 35 participated in one of these plans. This percentage increased to 78.6 percent for families with a head from age 55–64, before decreasing with age to 65.6 percent of families with a head age 75 or older.[15]

In 2004, 65.4 percent of all families had a participant in a current or previous employer's retirement plan or an IRA/Keogh. The same differences across the demographic groups that were discussed above for 2007 were also present in 2004. In most cases, the 2004 levels of participation in these plans were lower than they were in 2007.

Individual Account Plan Balances

Median Value of Defined Contribution Plans Among Current Job Participants—All Families

Among all families with a defined contribution plan in 2007, the median (mid-point) plan balance was $31,800 (Figure 7).[16, 17] This is a 198 percent increase from the 1992 value of $10,684 (expressed in constant 2007 dollars) and a 16 percent increase from the 2004 value of $27,458 (2007 dollars).[18] The median balance increased with family income, family head age (through

Figure 7

Median Defined Contribution Plan Balances for Families With a Current Employer Defined Contribution Plan, by Various Demographic Categories, 1992, 2004, 2007, and 2009[a]

	1992				2004				2007				2009[a]			
	Any defined contribution plan	401(k)-type Plan	401(k)-type plan with defined benefit plan	401(k)-type plan only	Any defined contribution plan	401(k)-type Plan	401(k)-type plan with defined benefit plan	401(k)-type plan only	Any defined contribution plan	401(k)-type Plan	401(k)-type plan with defined benefit plan	401(k)-type plan only	Any defined contribution plan	401(k)-type Plan	401(k)-type plan with defined benefit plan	401(k)-type plan only
Total	$10,684	$13,356	$25,776	$9,349	$27,458	$27,458	$43,932	$20,868	$31,800	$32,000	$56,000	$25,000	$26,578	$27,102	$45,555	$21,772
Family Income																
Less than $10,000	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b
$10,000–$24,999	2,270	2,003	b	2,003	2,197	2,197	988	2,197	4,000	4,000	b	4,000	2,683	2,683	b	2,683
$25,000–$49,999	4,274	4,007	8,013	3,072	8,786	8,347	17,573	7,029	7,300	6,900	9,500	6,000	6,177	5,674	9,365	5,356
$50,000–$99,999	11,753	13,356	16,027	10,684	21,966	21,966	32,949	18,671	28,900	28,000	33,600	26,000	23,895	24,319	24,956	23,084
$100,000 or more	45,409	50,571	53,422	40,067	88,962	88,962	99,945	71,390	100,000	100,000	110,000	96,000	77,988	78,236	84,850	71,401
Age of Head																
<35	5,066	7,238	11,580	5,790	9,555	9,885	14,278	8,347	8,000	8,300	14,500	7,100	6,306	6,643	11,180	5,840
35–44	8,685	10,133	17,370	7,961	26,359	26,359	39,539	18,671	29,000	29,000	40,000	23,000	22,460	22,460	33,939	18,717
45–54	28,950	40,530	52,110	23,160	51,840	54,915	82,373	43,932	50,000	50,000	73,000	45,000	43,797	43,985	54,279	34,532
55–64	27,503	31,845	55,005	14,041	65,898	65,898	88,962	54,915	81,000	81,000	110,000	77,000	69,127	69,252	81,107	63,636
65–74	8,685	7,238	b	b	b	b	b	b	60,000	60,000	b	60,000	56,212	56,212	b	56,212
75+	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b	b
Education of Head																
Below HS diploma	4,632	4,343	b	3,764	15,376	15,376	38,441	9,885	10,000	10,000	27,500	10,000	8,735	7,487	26,328	6,643
HS diploma	7,961	8,685	11,580	7,238	18,671	18,671	32,949	15,376	23,000	23,700	30,000	20,000	19,091	19,980	24,332	18,077
Some college	10,133	18,818	20,265	9,119	14,278	14,278	24,163	12,081	20,000	21,000	36,900	13,220	15,756	17,187	35,437	11,667
College degree	19,541	20,265	39,083	11,580	43,932	43,932	76,881	35,146	50,000	50,000	80,000	46,000	39,929	39,586	63,897	33,300
Race																
White Non-Hispanic	11,869	14,475	26,055	10,133	32,949	31,851	54,915	21,966	41,000	42,000	70,000	30,000	32,879	32,879	50,909	26,515
Nonwhite	10,132	14,186	28,950	8,395	16,475	16,475	24,163	14,278	20,000	21,999	36,900	15,000	16,346	17,649	25,268	13,788
Working Status of Head																
Someone else	11,580	14,475	24,607	8,685	25,810	26,030	43,932	18,671	30,000	30,000	55,000	23,000	24,519	24,955	45,201	19,166
Self-employed	26,055	37,635	57,900	30,398	53,817	54,915	104,339	54,915	85,000	85,000	104,000	85,000	67,879	68,941	108,181	68,251
Retired	11,291	b	b	b	16,475	15,376	b	10,544	45,000	45,000	b	28,000	37,901	37,901	b	23,583
Other nonworker	4,342	b	b	b	37,342	37,342	b	43,932	11,000	11,000	b	13,000	11,667	11,667	b	12,777
Net Worth Percentile																
Bottom 25%	1,737	1,447	b	1,448	3,515	3,405	6,590	2,746	2,500	2,500	9,600	2,300	2,015	1,947	9,651	1,872
25–49.9	5,790	7,238	8,685	5,790	12,081	12,081	18,671	10,983	12,000	13,000	15,000	12,000	9,982	10,606	10,669	10,606
50–74.9	14,475	15,199	18,817	14,475	32,949	32,949	41,735	26,359	45,000	45,000	55,000	40,000	35,562	35,964	45,545	31,195
75–89.9	40,530	40,530	40,530	28,950	91,379	93,354	114,223	76,881	110,000	107,000	115,000	100,000	84,850	84,848	84,550	84,848
Top 10%	86,850	115,800	117,248	108,563	197,694	214,169	285,558	174,630	247,000	247,000	300,000	200,000	176,622	175,940	255,799	150,982

Source: Employee Benefit Research Institute estimates of the 1992, 2001, 2004, and 2007 Survey of Consumer Finances.

Note: All income and asset values are in 2007 dollars.

[a] The 2009 values are the 2007 values adjusted to June 19, 2009, by market index returns and the asset allocation of the account owners.

[b] Sample size not sufficient for a reliable estimate.

age 65), and family net worth. The same patterns held true in 1992 and 2004. Families with a white family head had a higher median balance. In 2007, the median balance for defined contribution plans of families with a white family head was $40,000, compared with $20,000 for families with a nonwhite head. Families with a head who had no high school diploma saw their median defined contribution plan balance decrease in 2007, while families with heads in the other education categories enjoyed higher median balances.

A noteworthy finding when examining balances across the types of employment-based retirement plans is that families with *both* a defined benefit (pension) plan *and* a 401(k)-type plan have a higher median balance in the 401(k)-type plan than families that have *only* a 401(k)-type plan. In 2007, the median balance in a 401(k)-type plan for families with a defined benefit plan and a 401(k)-type plan was $56,000, while the median balance was $25,000 for families with only a 401(k)-type plan. This difference also occurred in the three prior survey years and was found in all the demographic breakdowns in 2007.[19] This suggests that families that participate in both types of plans (a defined benefit and a 401(k)-type plan) tend to: (1) be more highly compensated and are therefore more able to save, (2) have a more generous defined contribution plan, or (3) have traits in common with those that tend to save more.

Incorporating Market Conditions Through Mid-2009

Given the significant changes in asset values since the end of 2007, estimates through June 2009 are presented to provide a better idea of the approximate state of the median and average balances midway through 2009. These estimates are done by using the asset allocation within each defined contribution account and adjusting for the market returns for stocks and bonds.[20] Using this procedure, the median defined contribution balance decreased to $26,578, or by 16.4 percent by June 2009. The percentage declines were larger for those having family incomes of $100,000 or more (22 percent) or having a net worth in the highest 10 percent (28 percent).

Median Values of IRA/Keogh Plans

Among families with an IRA/Keogh plan, the median value of their plan was $34,000 in 2007, a 3 percent increase from $32,949 in 2004 (Figure 5). From 1992–2004, the median IRA/Keogh balance increased 57 percent, from $21,712 in 1992. Accounting for the significantly negative market returns since the end of 2007, the median IRA/Keogh plan value was $28,955 through June 2009, a decline of 15 percent and below the 2007 median value.

Again, the factors that were related to higher median IRA/Keogh balances were the same as those related to higher defined contribution plan balances, but with a few exceptions. The IRA/Keogh balance increased through the 65–74 age group, rather than through the 55–64 age group, as was the case for defined contribution plan balances. A higher educational level of the family head was associated with higher median IRA/Keogh balances, but there was no clear pattern in the median defined contribution plan balance until the jump for the most educated family heads.

Percentage of Financial Assets From Defined Contribution and IRA/Keogh Plans

The importance of individual account plans to the total financial assets of families that have these plans can be measured by the percentage of financial assets that the plans represent. In 2007, defined contribution plan assets comprised 58.1 percent of total financial assets for the median family that participated in such a plan—a 5.2 percentage point increase from 2004, when they represented 52.9 percent of the families' total financial assets (Figure 8). Among families with defined contribution and/or IRA/Keogh plans in 2007, these assets comprised a median of 64.1 percent of their total financial assets—also an increase from the 2004 median percentage of 59.6 percent.

Groups deriving a larger percentage of their financial assets from defined contribution plans or IRA/Keoghs are those that have a lower likelihood of having any retirement plan, such as those with family income in the $10,000–$24,999, a family head with lower educational attainment, a family head who is nonwhite, a family head between ages 35–44, or with lower net worth. Phrased another way, if those with low income, low education, or young age had a defined contribution plan or IRA/Keogh at all, it was likely to constitute a large share of their total assets. For example, in 2007, defined contribution assets represented a median of 89.3 percent of total financial assets for those with defined

Figure 8

Median Percentage of Financial Assets in Employment-Based Defined Contribution Plans and IRAs for All Families With the Specified Asset, by Various Demographic/Economic Categories, 2004 and 2007

	2004		2007	
	Of those with a DC balance	Of those with a DC or IRA balance	Of those with a DC balance	Of those with a DC or IRA balance
	Percentage of financial assets DC balance represents[a]	Percentage of financial assets DC & IRA balances represent[a]	Percentage of financial assets DC balance represents[a]	Percentage of financial assets DC & IRA balances represent[a]
Total	52.9%	59.6%	58.1%	64.1%
Family Income				
Less than $10,000	20.9	50.5	83.6	69.6
$10,000–$24,999	58.3	45.8	89.3	71.4
$25,000–$49,999	68.1	64.3	64.5	64.9
$50,000–$99,999	54.7	59.2	61.9	69.4
$100,000 or more	45.0	60.2	46.6	57.3
Age of Head				
<35	51.3	58.2	51.9	58.0
35–44	59.0	63.9	61.5	72.3
45–54	54.5	67.2	62.5	72.4
55–64	48.5	63.9	56.8	65.5
65–74	33.3	43.8	42.8	49.2
75+	18.5	22.2	29.3	27.5
Education of Head				
Below HS diploma	72.9	69.1	83.3	77.3
HS diploma	61.4	60.2	72.3	70.8
Some college	58.5	60.3	59.9	64.2
College degree	45.4	58.7	46.6	58.6
Race				
White Non-Hispanic	49.0	56.2	54.2	61.9
Nonwhite	69.4	71.4	69.2	71.4
Working Status of Head				
Someone else	56.9	66.4	60.0	71.6
Self-employed	29.8	48.1	41.5	48.6
Retired	25.3	35.7	59.9	40.1
Other nonworker	39.5	45.0	56.0	69.6
Net Worth Percentile				
Bottom 25%	64.9	70.5	72.3	72.4
25–49.9	66.7	70.1	72.2	72.3
50–74.9	54.9	61.1	61.2	71.4
75–89.9	45.7	55.2	51.1	61.9
Top 10%	27.3	39.5	31.7	42.3

Source: Employee Benefit Research Institute estimates of the 2004 and 2007 Survey of Consumer Finances.
[a] Includes DC balances with both current and previous employers.
Note: All income values are in 2007 dollars.

contribution plans among families with annual family income from $10,000–$24,999, compared with 46.6 percent for families with income of $100,000 or more. Furthermore, among families with heads ages 45–54, 62.5 percent of their financial assets are from defined contribution plans or IRA/Keoghs if they have such assets, whereas among families with family heads ages 65–74 this figure was 42.8 percent.

Relative Importance of IRAs vs. Employment-Based Individual Account Plans

Figures 9a, 9b, and 9c provide evidence of the relative importance of IRAs vs. employment-based individual account plans (such as a 401(k)) for 2004, 2007, and 2009, respectively. Average values are reported in these figures, as opposed to the median (mid-point) values in Figures 5 and 7, since in many of the groups analyzed less than 50 percent of the families hold an account balance in one or more of the components.[21] This is the case because the families had to have a balance in only one of the accounts, not in each account, to be included for analysis in Figures 9a, 9b, and 9c.

Figure 9b provides information on mean balances for all families with a defined contribution retirement plan (current or previous employer) and/or an IRA/Keogh for 2007. The first four columns provide average balances for families with a positive account balance for that type of plan. For example, among families with either an IRA or Keogh plan, the average account balance in 2007 was $117,113. However, when Keogh balances are excluded, the balance for those with an IRA decreases to $114,733. For the relatively small percentage of families with account balances in a previous employer's defined contribution plans, the average balance ($122,588) is larger than the values of the IRA/Keogh balances and that of the current-employer defined contribution plan balance of $106,365.[22]

From a public policy perspective, it may be more useful to consider a family's entire portfolio of retirement income from individual account plans. Columns six through nine in Figures 9a, 9b, and 9c show similar information as the first four columns, although in this case averages are computed for any family with a positive combined account balance in these sources. Column five provides the total account balance for the sum of defined contribution plans with a current employer, any account balance that may have been left in a defined contribution plan of a previous employer, or any of the family's IRA/Keogh assets. The total average retirement portfolio account balance for all families with any type of retirement account in 2007 was $148,440—an increase of 6 percent in real terms over the 2004 balance of $140,207.

The final four columns in Figures 9a, 9b, and 9c show the relative importance for each of the individual account components. Among families owning an individual account plan in 2007, 45.0 percent of the overall asset average was attributable to IRA/Keogh balances (43.7 percent from IRAs alone), 45.9 percent to defined contribution plans with the current employer, while account balances left with a previous employer's defined contribution plan accounted for just over 9 percent of the total. In 2004, IRA/Keoghs represented a similar amount of individual account plan assets at 46.2 percent and 44.5 percent for IRAs only. The defined contribution plan asset percentage was correspondingly similar in 2004 at 45.4 percent.

Further exploration of the relative percentage of personal account balances maintained in IRAs and the changes from 2004 to 2007 reveals some definite demographic and economic influences. There is a marked tendency for lower-income families to have larger percentages of their assets in IRAs. Families with incomes between $10,000–$24,999 had 63.8 percent of their assets in IRAs in 2007, whereas families with incomes of $100,000 or more had 41.7 percent of their assets in IRAs. The relative significance of this number decreased from its 2004 level for each income group, except for families with incomes below $10,000.

The relationship between education level and the relative importance of IRAs changed noticeably from 2004 to 2007, with the percentage of IRA holdings among families headed by someone with less than a high school diploma increasing from 35.0 percent in 2004 to 49.4 percent in 2007, while the families headed by someone with at least a college degree experienced almost no change in the percentage of their assets attributable to IRAs—from 45.8 percent to 44.9 percent over the period.

Figure 9a

Average Balances for All Families with an Individual Account Plan, by Various Demographic Categories, 2004

	Of Those Participating in Specific Plan				Of Those Participating in any DC Plan or IRA					Composition of Personal Account Plans			
	Any IRA/ Keogh	Any IRA	Defined contribution, previous employer	Defined contribution, current employer	With any type of account balance	Defined contribution, previous employer	Defined contribution, current employer	Any IRA/ Keogh	Any IRA	Defined contribution, previous employer	Defined contribution, current employer	IRA/ Keogh	Any IRA
Total	$114,106	$110,912	$123,885	$98,582	$140,207	$11,702	$63,701	$64,804	$62,382	8.3%	45.4%	46.2%	44.5%
Family Income													
Less than $10,000	55,676	56,193	a	a	60,956	17,540	9,737	33,679	33,572	28.8	16.0	55.3	55.1
$10,000–$24,999	57,408	58,027	26,722	6,599	37,464	3,198	2,631	31,635	31,525	8.5	7.0	84.4	84.1
$25,000–$49,999	54,968	55,093	59,922	20,381	43,613	4,733	11,883	26,997	26,624	10.9	27.2	61.9	61.0
$50,000–$99,999	69,851	69,813	66,039	57,396	81,526	5,979	38,604	36,942	35,671	7.3	47.4	45.3	43.8
$100,000 or more	193,330	187,414	251,629	192,912	291,846	24,057	139,812	128,606	123,028	8.2	47.9	44.1	42.2
Age of Head													
<35	19,375	19,476	22,894	25,445	29,765	2,230	20,019	7,516	7,323	7.5	67.3	25.2	24.6
35–44	57,667	54,026	60,337	61,577	77,952	4,687	48,462	24,803	23,689	6.0	62.2	31.8	30.4
45–54	100,000	96,556	126,825	131,108	163,535	9,959	97,339	56,237	54,089	6.1	59.5	34.4	33.1
55–64	156,556	149,073	259,209	193,130	252,652	25,788	119,609	107,255	101,741	10.2	47.3	42.5	40.3
65–74	224,835	223,344	138,320	112,908	227,901	22,144	21,027	184,729	182,080	9.7	9.2	81.1	79.9
75+	121,891	118,220	138,819	79,153	130,540	13,989	5,966	110,585	105,484	10.7	4.6	84.7	80.8
Education of Head													
Below HS diploma	31,535	31,267	26,070	31,469	33,696	2,660	19,192	11,844	11,787	7.9	57.0	35.1	35.0
HS diploma	58,691	58,749	50,381	55,375	66,879	4,181	34,135	28,562	28,229	6.3	51.0	42.7	42.2
Some college	76,462	76,213	134,813	63,679	88,960	10,313	43,306	35,341	34,991	11.6	48.7	39.7	39.3
College degree	149,441	145,355	160,923	139,242	207,819	17,093	91,018	99,708	95,209	8.2	43.8	48.0	45.8
Race													
White Non-Hispanic	121,820	118,646	131,226	109,890	156,419	12,909	68,100	75,409	72,995	8.3	43.5	48.2	46.7
Nonwhite	53,750	48,013	83,172	58,450	69,498	6,435	44,515	18,548	16,090	9.3	64.1	26.7	23.2
Working Status of Head													
Someone else	82,133	80,506	102,704	90,939	119,606	7,503	73,750	38,353	37,404	6.3	61.7	32.1	31.3
Self-employed	162,706	150,390	186,541	181,611	223,726	19,548	77,539	126,639	114,541	8.7	34.7	56.6	51.2
Retired	159,766	159,271	146,611	84,389	165,623	21,449	11,000	133,173	132,018	13.0	6.6	80.4	79.7
Other nonworker	81,232	77,197	84,666	96,684	117,477	29,322	36,267	51,889	51,227	25.0	30.9	44.2	43.6
Net Worth Percentile													
Bottom 25%	4,209	4,032	6,116	8,759	8,441	295	7,348	798	675	3.5	87.0	9.5	8.0
25–49.9	11,980	11,784	17,036	19,633	20,564	1,297	15,448	3,819	3,656	6.3	75.1	18.6	17.8
50–74.9	31,679	31,329	44,367	61,278	61,088	3,921	39,017	18,150	17,769	6.4	63.9	29.7	29.1
75–89.9	91,647	88,778	98,805	139,286	155,670	10,863	79,310	65,497	63,486	7.0	50.9	42.1	40.8
Top 10%	306,647	300,936	362,293	371,911	496,510	47,497	181,756	267,258	256,151	9.6	36.6	53.8	51.6

Source: Employee Benefit Research Institute estimates of the 2004 Survey of Consumer Finances.
Note: All income and asset values are in 2007 dollars.
[a] Sample size not sufficient for a reliable estimate.

Figure 9b

Average Balances for All Families with an Individual Account Plan, by Various Demographic Categories, 2007

	Of Those Participating in Specific Plan				Of Those Participating in Any DC Plan or IRA					Composition of Personal Account Plans			
	Any IRA/ Keogh	Any IRA	Defined contribution, previous employer	Defined contribution, current employer	With any type of account balance	Defined contribution, previous employer	Defined contribution, current employer	Any IRA/ Keogh	Any IRA	Defined contribution, previous employer	Defined contribution, current employer	IRA/ Keogh	Any IRA
Total	$117,113	$114,733	$122,588	$106,365	$148,440	$13,451	$68,179	$66,810	$64,916	9.1%	45.9%	45.0%	43.7%
Family Income													
Less than $10,000	68,489	68,489	27,982	10,547	49,355	4,793	3,082	41,481	41,481	9.7	6.2	84.0	84.0
$10,000–$24,999	41,369	41,369	106,362	7,877	40,454	12,101	2,551	25,802	25,802	29.9	6.3	63.8	63.8
$25,000–$49,999	73,962	73,246	74,794	21,120	56,506	7,835	12,007	36,665	36,036	13.9	21.2	64.9	63.8
$50,000–$99,999	75,449	74,816	90,253	67,113	95,840	9,465	47,958	38,418	37,905	9.9	50.0	40.1	39.6
$100,000 or more	194,884	190,159	198,415	209,563	306,962	22,897	151,106	132,960	127,988	7.5	49.2	43.3	41.7
Age of Head													
<35	20,527	20,538	14,425	20,470	25,212	1,195	16,203	7,814	7,787	4.7	64.3	31.0	30.9
35–44	50,356	50,084	57,440	65,529	81,288	5,294	51,197	24,797	24,473	6.5	63.0	30.5	30.1
45–54	95,097	91,432	72,156	125,006	155,750	9,097	95,891	50,762	48,437	5.8	61.6	32.6	31.1
55–64	187,480	183,226	205,843	220,752	271,701	27,862	125,176	118,663	114,497	10.3	46.1	43.7	42.1
65–74	218,667	214,524	315,555	205,585	266,372	34,842	50,591	180,939	177,506	13.1	19.0	67.9	66.6
75+	99,570	100,368	135,102	a	105,733	12,759	2,208	90,766	89,822	12.1	2.1	85.8	85.0
Education of Head													
Below HS diploma	62,995	61,344	114,645	24,926	52,938	10,504	15,278	27,155	26,151	19.8	28.9	51.3	49.4
HS diploma	55,777	54,582	67,108	58,243	67,855	5,530	36,800	25,525	24,608	8.2	54.2	37.6	36.3
Some college	77,548	77,264	57,374	67,147	90,460	6,486	44,210	39,764	39,087	7.2	48.9	44.0	43.2
College degree	155,482	151,628	165,313	153,296	225,348	20,762	100,409	104,176	101,187	9.2	44.6	46.2	44.9
Race													
White Non-Hispanic	127,789	125,259	133,097	123,090	169,194	15,294	73,999	79,902	77,861	9.0	43.7	47.2	46.0
Nonwhite	53,896	51,374	75,542	60,052	74,617	6,897	47,477	20,243	18,871	9.2	63.6	27.1	25.3
Working Status of Head													
Someone else	84,382	84,024	69,830	96,512	123,892	6,297	76,607	40,988	40,561	5.1	61.8	33.1	32.7
Self-employed	200,884	186,174	179,969	237,415	290,862	23,782	109,155	157,925	145,152	8.2	37.5	54.3	49.9
Retired	157,412	156,996	223,907	86,472	173,549	36,333	11,429	125,787	124,026	20.9	6.6	72.5	71.5
Other nonworker	75,518	77,079	110,868	79,347	103,939	25,650	32,047	46,242	45,993	24.7	30.8	44.5	44.3
Net Worth Percentile													
Bottom 25%	5,436	5,436	8,958	6,664	7,864	786	5,851	1,227	1,227	10.0	74.4	15.6	15.6
25–49.9	14,175	14,144	17,652	19,900	21,868	2,050	14,870	4,948	4,894	9.4	68.0	22.6	22.4
50–74.9	41,578	40,820	44,698	60,975	67,171	3,257	40,417	23,496	22,868	4.8	60.2	35.0	34.0
75–89.9	83,862	84,190	102,937	142,857	160,234	13,956	84,501	61,776	61,282	8.7	52.7	38.6	38.2
Top 10%	323,120	313,073	382,173	439,807	552,973	56,035	212,609	284,329	274,311	10.1	38.4	51.4	49.6

Source: Employee Benefit Research Institute estimates of the 2007 Survey of Consumer Finances.

Note: All income and asset values are in 2007 dollars.

[a] Sample size not sufficient for a reliable estimate.

Figure 9c

Average Balances for All Families with an Individual Account Plan, by Various Demographic Categories, 2009[a]

	Of Those Participating in Specific Plan				Of Those Participating in Any DC Plan or IRA					Composition of Personal Account Plans			
	Any IRA/ Keogh	Any IRA	Defined contribution, previous employer	Defined contribution, current employer	With any type of account balance	Defined contribution, previous employer	Defined contribution, current employer	Any IRA/ Keogh	Any IRA	Defined contribution, previous employer	Defined contribution, current employer	IRA/ Keogh	Any IRA
Total	$94,561	$92,597	$98,354	$87,352	$120,887	$10,792	$56,150	$53,945	$52,392	8.9%	46.4%	44.6%	43.3%
Family Income													
Less than $10,000	57,408	57,408	20,983	8,768	41,001	3,594	2,638	34,769	34,769	8.8	6.4	84.8	84.8
$10,000–$24,999	37,111	37,111	85,796	6,916	35,154	9,761	2,247	23,146	23,146	27.8	6.4	65.8	65.8
$25,000–$49,999	62,857	62,373	65,427	18,813	48,766	6,853	10,753	31,160	30,686	14.1	22.0	63.9	62.9
$50,000–$99,999	61,924	61,489	73,817	54,866	78,862	7,741	39,590	31,531	31,153	9.8	50.2	40.0	39.5
$100,000 or more	153,934	149,859	154,124	171,539	246,482	17,786	123,675	105,022	100,864	7.2	50.2	42.6	40.9
Age of Head													
<35	16,370	16,383	11,496	16,821	20,512	952	13,329	6,231	6,212	4.6	65.0	30.4	30.3
35–44	40,628	40,455	44,587	51,858	64,681	4,110	40,565	20,006	19,768	6.4	62.7	30.9	30.6
45–54	76,005	73,102	58,041	102,636	126,788	7,317	78,900	40,571	38,727	5.8	62.2	32.0	30.5
55–64	150,540	146,625	164,706	183,528	222,067	22,294	104,491	95,282	91,625	10.0	47.1	42.9	41.3
65–74	176,842	173,796	258,510	171,816	217,305	28,543	42,432	146,330	143,806	13.1	19.5	67.3	66.2
75+	84,157	84,771	10,359	b	88,568	9,856	1,997	76,716	75,864	11.1	2.3	86.6	85.7
Education of Head													
Below HS Diploma	54,783	53,421	104,937	21,961	46,723	9,615	13,493	23,616	22,773	20.6	28.9	50.5	48.7
HS diploma	48,755	47,825	55,659	48,115	57,464	4,587	30,566	22,311	21,562	8.0	53.2	38.8	37.5
Some College	64,461	63,981	45,708	55,274	74,996	5,167	36,775	33,054	32,368	6.9	49.0	44.1	43.2
College Degree	123,328	120,225	131,023	125,553	181,401	16,456	82,313	82,632	80,231	9.1	45.4	45.6	44.2
Race													
White Non-Hispanic	102,711	100,640	105,203	100,674	137,020	12,088	60,710	64,222	62,557	8.8	44.3	46.9	45.7
Nonwhite	46,300	44,190	67,692	50,464	63,502	6,180	39,932	17,390	16,232	9.7	62.9	27.4	25.6
Working Status of Head													
Someone else	68,806	68,603	53,422	79,824	101,792	4,817	63,552	33,422	33,117	4.7	62.4	32.8	32.5
Self-employed	157,684	145,449	143,962	187,612	229,348	19,024	86,361	123,963	113,400	8.3	37.7	54.1	49.4
Retired	128,060	127,539	188,166	73,736	142,630	30,534	9,764	102,332	100,755	21.4	6.8	71.7	70.6
Other nonworker	61,203	62,390	79,867	62,782	81,348	18,478	25,394	37,476	37,228	22.7	31.2	46.1	45.8
Net Worth Percentile													
Bottom 25%	4,613	4,613	7,784	5,641	6,792	683	5,068	1,041	1,041	10.1	74.6	15.3	15.3
25–49.9	11,765	11,742	15,213	17,249	18,911	1,767	13,038	4,107	4,062	9.3	68.9	21.7	21.5
50–74.9	35,853	35,379	37,586	51,614	57,335	2,739	34,335	20,261	19,819	4.8	59.9	35.3	34.6
75–89.9	70,057	70,314	85,619	114,489	131,167	11,608	67,953	51,606	51,182	8.8	51.8	39.3	39.0
Top 10%	255,224	246,816	299,709	360,008	442,633	43,944	174,105	224,584	216,258	9.9	39.3	50.7	48.9

Source: Employee Benefit Research Institute estimates of the 2007 Survey of Consumer Finances.

Note: All income and asset values are in 2007 dollars.

[a] The 2009 values are the 2007 values adjusted to June 19, 2009, by market index returns and the asset allocation of the account owners.

[b] Sample size not sufficient for a reliable estimate.

Families headed by a white, non-Hispanic had a larger percentage of their individual account plan assets in IRAs than their nonwhite counterparts (46.0 percent vs. 25.3 percent) in 2007. This is virtually unchanged from 2004, when the percentages were 46.7 percent and 23.2 percent, respectively.

Finally, the relatively greater importance to families with lower net worth of defined contribution plan assets from a current employer appears to have decreased since 2004. Families in the lowest 25 percent of net worth saw the percentage of their assets attributable to defined contribution plans from a current employer decrease from 87.0 percent in 2004 to 74.4 percent in 2007. Similar decreases occurred in the next two quartiles, but at a lower level. The highest quartile saw an increase in the importance of current-employer defined contribution assets in 2007.

When estimating the 2009 values, the relative importance of the plan types is virtually unchanged from the 2007 levels (Figure 9c). The average IRA/Keogh plan balance is estimated to have declined from $117,113 in 2007 to $94, 561 in June 2009 (19.3 percent). The current average employer defined contribution balance declined from $106,365 to $87,352 (17.9 percent). The impact of the market drop is different across the various demographic groups. For instance, among those with family incomes of $10,000–$24,999, the average IRA/Keogh plan balance declines by 10.3 percent from 2007 to June 2009, compared with the 21.0 percent decline for those with family income of $100,000 or more.

IRA Types and the Impact of Rollovers on the Relative Values of IRAs

An important issue for policymakers and others is determining how much money will be coming from the various types of IRAs—Roth, rollover, and regular IRAs. Measuring the amount of IRAs attributable to rollovers is particularly important in determining the full impact of wealth generated within the entire employment-based retirement plan system, since rollover IRAs are primarily financed by assets generated in other types of retirement plans (notably pensions or 401(k)s). The 2004 SCF survey improved the ability to determine the source of IRA dollars; while it does not allow for direct comparisons to prior survey years, it does provide the first dataset of the distribution of IRA-type assets held by families. The same format was retained in the 2007 survey.

The analysis starts by examining family ownership of an IRA, but not a Keogh plan,[23] to determine what type of plans or combination of plans they own:[24]

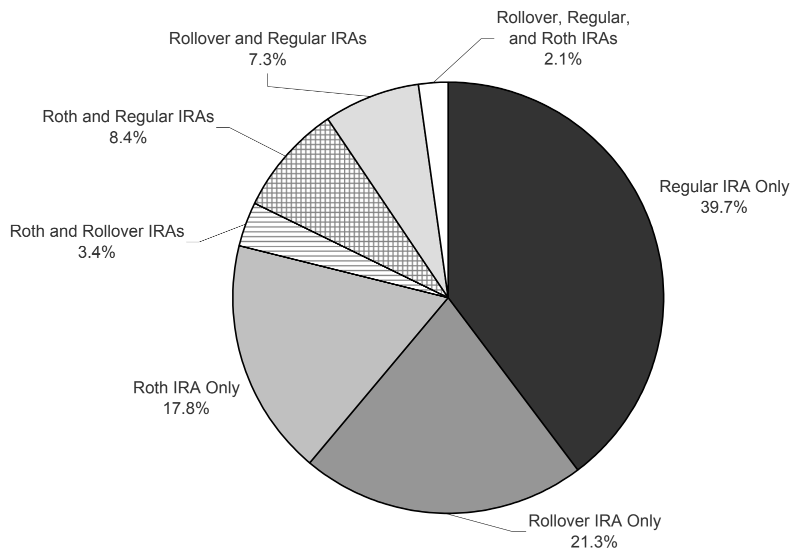
- The most commonly owned IRA was the regular IRA: 39.7 percent of family heads who owned an IRA owned only that type (Figure 10).
- The next-largest singly owned IRA type was the rollover, at 21.3 percent.
- The third-largest type was the Roth IRA, at 17.8 percent.
- Roth and regular IRAs accounted for 8.4 percent of IRA-type assets held by families; rollover and regular IRAs owned together accounted for 7.3 percent; Roth and rollover IRAs, 3.4 percent; and Roth, rollover, and regular IRAs, 2.1 percent.

When the breakdown of IRA types is done by the *amount of assets* held in each type, the relative percentages differ significantly from the *ownership* percentages. The regular IRA-only type still has the largest percentage, but on an asset basis it is lower, at 31.1 percent (Figure 11). The rollover IRAs-only percentage increases to 24.1 percent and the rollover and regular IRAs grows tremendously, relative to ownership, to 24.0 percent on an asset basis.[25] The Roth IRAs only have an analogous decline in asset basis, making up only 4.7 percent of assets, compared with the 17.8 percent of ownership.[26]

Further investigation of families' ownership of IRA/Keoghs indicates that 97.7 percent of those owning these types of plans own only an IRA (Figure 12a). This percentage is very close across all the demographic groups examined, with no group having a percentage lower than 95 percent. Furthermore, 78.8 percent of families that have an IRA own just one type of IRA. Again, this is consistent over the various demographic groups, with no group having a percentage below 70 percent.

Figure 10

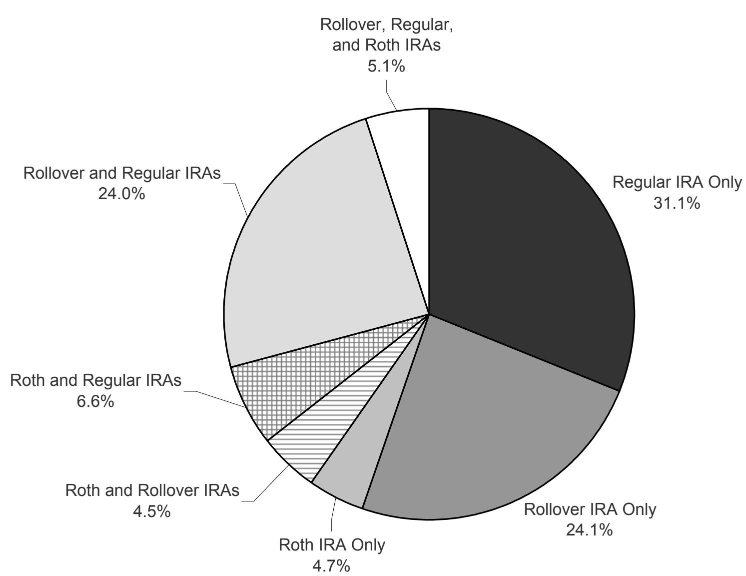
Percentage of Families' IRA Ownership, by IRA Type or Combination of IRA Types, 2007



Source: Employee Benefit Research Institute estimates of the 2007 Survey of Consumer Finances.

Figure 11

Percentage of IRA Assets Owned by Families, by IRA Type or Combination of IRA Types, 2007



Source: Employee Benefit Research Institute estimates of the 2007 Survey of Consumer Finances.

The most commonly owned IRA is the regular IRA (at 57.5 percent), followed by the rollover (34.0 percent) and the Roth (31.7 percent). Regular IRAs for the most part have the highest ownership percentage of IRA types across all demographic groups. However, Roth IRAs emerge as the most prevalent for those families with heads younger than age 35 or with the lowest net worth. These patterns hold true for the ownership of these IRA types singularly.

The average IRA/Keogh balance for family heads who own either an IRA or a Keogh plan was $117,113 in 2007, while for those who own only an IRA the average balance was $112,648 (Figure 12b).[27] For those owning only an IRA and only one type of IRA, the average balance was $87,066, compared with $217,758 for those who own a combination of IRAs. Those who had a rollover IRA with another IRA or only a rollover had the highest average balances at $194,313 and $129,589, respectively. The any-rollover ownership had the highest average balance across all the demographic groups. Average balances follow the expected patterns across demographic groups—increasing with age (peaking at age 74), education, and net worth, and higher for family heads who own their home and who are white and non-Hispanic. Family income declined in terms of the average IRA balance for families in the middle family-income group, but the highest two income groups' average balances were higher than the lower-income groups' balances combined.

To demonstrate the influence of the rollover on the average IRA balance of a family, the last two columns of Figure 12b show the ratio of the any-rollover average balance to the no-rollover average balance, and ratio of the rollover-only average balance to the no-rollover average balance. The impact is substantial, as the rollover average balance is 2.64 times as large as the no-rollover average balance, while if just the rollover-only accounts are included—eliminating the combination of a rollover with another IRA type—the ratio for the rollover-only average balance is 1.76 times as large as the no-rollover average balance. However, this impact varies significantly over demographic groups. For example, the ratio of the rollover-only to no-rollover balance for those families with a family income of $100,000 or more was 2.65, whereas this ratio was 4.35 for those family heads with a family income of $10,000–$24,999. Furthermore, the ratio is 2.51 for family heads in families in the 75–89.9 percentile of net worth, while the ratio is 1.10 for those in the lowest quartile of net worth. Lastly, families with the least-educated family heads had a ratio of 1.28, while families with heads having at least a college degree had a ratio of 2.93.

In Figure 12c, the 2007 average IRA values are adjusted by market returns to June 2009 values. The trends in the average account balances and the relative amounts between the rollover and non-rollover accounts remained after the adjustment. The average IRA/Keogh account balance declined 19.3 percent ($117,113 to $94,561). The rollover IRA average balance had a similar decline at 19.8 percent.

The previous sections broke down IRA ownership and assets based upon the family. However, this does not provide the breakdown of the total assets in each of the IRA types, due to the grouping of IRA types within the families. Figures 13a and 13b show the share of total IRA and Keogh assets and IRA assets by type, respectively. Rollover IRAs account for 45.9 percent of all IRA and Keogh assets, with regular IRA assets following very closely behind at 43.2 percent, while Roth IRAs account for 8.1 percent and Keoghs 2.8 percent (Figure 13a). Among total IRA assets, rollover IRAs account for 47.3 percent of assets, regular IRAs 44.4 percent, and Roth IRAs 8.3 percent (Figure 13b). Therefore, rollover IRAs account for a larger share of assets than regular IRAs, while the two together account for more than 90 percent of the IRA assets.[28]

Conclusion

While this *Issue Brief* has focused on individual account retirement plans, families could have coverage under "traditional" and/or "hybrid" defined benefit pension plans and are most likely to 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.[29] However, the incidence of defined benefit plans by families appeared to have declined from 2004 to 2007 after holding steady from 2001 to 2004 and declining significantly from 1992 to 2001 (although it cannot be precisely determined due to question changes within SCF).

Figure 12a

Percentage of Families With an IRA/Keogh and Percentage With Certain Types of IRAs, by Various Demographic Categories, 2007

	Of Those With IRA/Keogh				Of Those With IRAs–No Keogh								
	IRA/ Keogh	IRA– no Keogh	Keogh– no IRA	Both IRA and Keogh	Only one type of IRA	Combination of IRAs	Regular IRA	Rollover IRA	Roth IRA	Regular IRA only	Rollover IRA only	Roth IRA only	Any IRA except rollover
Total	30.6%	97.7%	0.8%	1.5%	78.8%	21.2%	57.5%	34.0%	31.7%	39.7%	21.3%	17.8%	66.0%
Family Income													
Less than $10,000	6.8	100.0	a	a	90.4	9.6	63.1	37.5	9.1	53.5	27.8	9.1	62.6
$10,000–$24,999	12.6	100.0	a	a	91.4	8.6	45.2	44.8	20.0	39.3	36.7	15.4	55.2
$25,000–$49,999	22.5	98.4	0.8	0.9	81.2	18.8	60.7	34.4	25.6	44.2	22.3	14.7	65.6
$50,000–$99,999	36.4	98.8	0.5	0.7	77.2	22.8	54.8	31.6	38.8	36.4	18.6	22.2	68.5
$100,000 or more	60.4	95.7	1.4	3.0	75.7	24.3	60.8	33.5	32.2	39.8	19.5	16.4	66.5
Age of Head													
<35	16.2	99.4	0.4	0.2	87.1	12.9	33.6	21.1	58.2	24.2	16.1	46.8	78.9
35–44	28.8	97.7	0.8	1.5	76.4	23.6	52.2	32.9	41.5	32.1	20.7	23.6	67.2
45–54	35.3	97.0	0.8	2.2	74.3	25.7	59.0	34.9	34.6	38.3	19.9	16.1	65.1
55–64	39.5	96.8	1.3	1.9	74.7	25.3	65.2	39.4	24.0	44.0	21.7	9.0	60.6
65–74	43.0	98.4	a	1.6	82.2	17.8	57.9	44.4	16.6	41.7	30.6	9.9	55.6
75+	27.3	97.9	1.8	0.3	89.3	10.7	75.0	21.2	14.6	64.3	16.9	8.1	78.9
Education of Head													
Below HS diploma	9.4	97.6	1.1	1.3	84.0	16.0	68.7	39.0	8.3	58.6	23.3	2.2	61.0
HS diploma	20.2	97.9	1.5	0.7	85.0	15.0	56.4	36.0	23.9	44.4	25.2	15.5	64.0
Some college	27.5	98.1	1.3	0.6	87.0	13.0	51.2	34.0	28.4	41.5	25.5	19.9	66.0
College degree	49.9	97.5	0.4	2.1	73.8	26.2	58.9	33.0	37.3	36.1	18.5	19.2	67.0
Race													
White Non-Hispanic	37.0	97.8	0.6	1.7	78.2	21.8	57.5	35.3	31.2	39.2	22.1	16.9	64.7
Nonwhite	15.1	97.1	2.2	0.7	83.0	17.0	57.4	26.3	34.9	42.8	16.9	23.3	73.7
Net Worth Percentile													
Bottom 25%	4.6	100.0	a	a	91.2	8.8	33.9	30.7	46.8	28.4	24.8	38.0	69.3
25–49.9	17.3	99.1	0.9	a	92.1	7.9	43.3	35.2	30.4	36.1	30.9	25.1	64.8
50–74.9	36.0	98.0	0.9	1.1	81.5	19.5	52.8	33.0	34.2	38.6	21.7	21.1	67.0
75–89.9	57.6	97.7	1.2	1.2	74.7	25.3	58.9	32.7	35.7	38.3	18.8	17.6	67.3
Top 10%	74.3	96.1	0.4	3.5	70.9	29.1	73.3	36.6	22.6	46.5	17.7	6.8	63.4

Source: Employee Benefit Research Institute estimates of the 2007 Survey of Consumer Finances.

[a] No families in this group were found to have these types of plans.

Figure 12b

Average Balance of Families' IRA/Keoghs and Certain Types of IRAs and Ratio of Rollover IRA Balances to Nonrollover Balances, by Various Demographic Categories, 2007

	Of Those With IRA/Keogh				Of Those With IRAs Only–No Keogh										
	IRA/ Keogh	IRA– no Keogh	Keogh– no IRA	Both IRA and Keogh	Only one type of IRA	Combination of IRAs	Regular IRA	Rollover IRA	Roth IRA	Regular IRA only	Rollover IRA only	Roth IRA only	Any IRA except rollover	Ratio of rollover to no rollover	Ratio of rollover only to no rollover
Total	$117,113	$112,648	$78,910	$426,064	$87,066	$217,758	$133,147	$194,313	$75,524	$89,786	$129,589	$30,082	$73,665	2.64	1.76
Family Income															
Less than $10,000	68,489	68,489	a	a	62,346	126,228	65,210	103,687	7,222	54,235	95,900	7,222	47,411	2.19	2.02
$10,000–$24,999	41,369	41,369	a	a	31,159	149,499	43,035	71,934	24,996	19,779	53,050	8,017	16,546	4.35	3.21
$25,000–$49,999	73,962	72,525	34,924	275,099	58,828	135,597	71,523	134,827	60,030	45,209	113,009	17,628	40,901	3.30	2.76
$50,000–$99,999	75,449	74,905	117,586	124,284	56,978	135,342	87,674	125,187	54,127	61,325	86,028	25,567	51,602	2.43	1.67
$100,000 or more	194,884	186,720	79,218	507,935	146,426	326,686	219,604	324,708	112,591	156,202	210,264	46,524	122,365	2.65	1.72
Age of Head															
<35	20,527	20,551	3,500	47962.98	17,830	38,767	22,049	23,321	22,718	20,829	13,765	17,684	19,794	1.18	0.70
35–44	50,356	50,464	32,482	52,442	42,532	74,469	55,303	76,181	37,855	44,699	63,156	21,519	37,319	2.04	1.69
45–54	95,097	89,109	141,430	340,519	67,397	160,944	100,841	159,175	83,498	62,325	111,632	24,600	55,106	2.89	2.03
55–64	187,480	178,572	95,226	696,394	137,200	319,033	186,879	288,193	161,993	110,406	209,187	94,882	114,901	2.51	1.82
65–74	218,667	211,837	a	639,629	161,482	460,163	256,125	292,615	131,048	180,958	175,320	36,989	152,156	1.92	1.15
75+	99,570	100,346	36,348	237952.4	80,946	262,120	106,920	180,785	68,919	81,075	111,911	15,379	78,797	2.29	1.42
Education of Head															
Below HS diploma	62,995	55,149	3,500	697,848	56,324	87,690	54,908	70,777	a	55,623	58,618	50,657	55,304	1.28	1.06
HS diploma	55,777	54,878	84,643	123,114	46,338	101,421	61,287	75,315	42,655	49,715	56,472	20,151	42,940	1.75	1.32
Some college	77,548	77,599	96,075	26,349	63,615	168,252	89,386	131,944	42,075	65,640	98,602	14,533	49,048	2.69	2.01
College degree	155,482	148,766	69,511	482,039	114,903	255,293	176,142	271,489	89,913	119,976	185,197	37,482	92,685	2.93	2.00
Race															
White Non-Hispanic	127,789	123,273	72,696	414,798	96,234	229,042	145,302	207,160	79,697	99,458	139,509	32,237	80,522	2.57	1.73
Nonwhite	53,896	49,301	88,702	584,042	35,081	130,669	59,898	90,410	53,066	36,430	51,550	20,677	37,449	2.41	1.38
Net Worth Percentile															
Bottom 25%	5,436	5,436	a	a	4,924	10,721	5,085	5,803	6,683	3,657	5,119	5,744	5,274	1.10	0.97
25–49.9	14,127	14,095	17,677	a	13,394	22,263	14,707	17,336	12,405	13,029	17,087	9,367	12,334	1.41	1.39
50–74.9	41,590	41,150	98,443	35,953	36,619	59,352	38,942	65,212	32,481	32,304	58,695	21,847	28,804	2.26	2.04
75–89.9	83,840	83,868	17,309	149,124	72,091	119,767	82,978	141,498	68,810	64,136	126,997	30,647	56,296	2.51	2.26
Top 10%	323,120	310,182	302,630	678,670	245,845	477,105	310,221	510,379	236,745	213,670	377,088	124,283	199,155	2.56	1.89

Source: Employee Benefit Research Institute estimates of the 2007 Survey of Consumer Finances.

[a] Sample size not sufficient for a reliable estimate.

Figure 12c

Average Balance of Families' IRA/Keoghs and Certain Types of IRAs and Ratio of Rollover IRA Balances to Nonrollover Balances, by Various Demographic Categories, June 19, 2009[a]

	Of Those With IRA/Keogh				Of Those With IRAs Only–No Keogh										
	IRA/ Keogh	IRA– no Keogh	Keogh– no IRA	Both IRA and Keogh	Only one type of IRA	Combination of IRAs	Regular IRA	Rollover IRA	Roth IRA	Regular IRA only	Rollover IRA only	Roth IRA only	Any IRA except rollover	Ratio of rollover to no rollover	Ratio of rollover only to no rollover
Total	$94,561	$91,074	$67,499	$334,369	$70,498	$174,890	$107,313	$155,573	$61,292	$72,890	$103,947	$25,109	$60,098	2.59	1.73
Family Income															
less than $10,000	57,408	57,408	b	b	53,523	93,924	60,682	73,328	7,659	54,703	66,214	7,659	47,874	1.53	1.38
$10,000–$24,999	37,111	37,111	b	b	28,348	129,908	36,542	66,134	23,659	15,847	50,563	7,293	13,539	4.88	3.73
$25,000–$49,999	62,857	61,977	33,384	190,980	51,186	110,751	61,072	111,083	51,296	41,056	94,614	15,795	36,788	3.02	2.57
$50,000–$99,999	61,924	61,534	73,362	110,959	47,251	109,802	71,641	101,204	45,413	51,488	70,455	20,907	43,186	2.34	1.63
$100,000 or more	153,934	147,350	75,600	399,682	114,565	260,039	173,775	255,333	88,224	122,367	162,291	38,683	96,714	2.64	1.68
Age of Head															
<35	16,370	16,395	2,184	35,443	14,184	31,187	17,251	19,593	18,013	17,238	10,465	13,890	15,525	1.26	0.67
35–44	40,628	40,786	25,398	38,175	34,000	61,297	44,952	60,392	31,672	37,095	48,645	16,960	30,703	1.97	1.58
45–54	76,005	71,539	97,684	263,460	54,415	127,150	79,354	127,562	65,607	48,666	92,765	20,538	43,900	2.91	2.11
55–64	150,540	142,890	98,084	569,923	112,007	249,773	148,805	227,487	129,754	90,203	169,571	80,009	93,991	2.42	1.80
65–74	176,842	172,112	b	468,773	126,935	390,813	210,145	238,135	112,813	143,796	133,923	34,546	122,411	1.95	1.09
75+	84,157	84,720	33,119	217,341	70,744	201,588	88,892	146,016	60,600	70,120	99,629	15,481	68,342	2.14	1.46
Education of Head															
Below HS Diploma	54,783	48,560	2,184	562,871	49,378	74,634	50,719	56,915	100,266	51,336	44,271	51,274	51,183	1.11	0.86
HS diploma	48,755	48,076	63,410	115,320	40,892	87,218	53,625	65,426	37,256	43,957	49,886	17,454	37,941	1.72	1.31
Some College	64,461	64,285	98,271	16,439	51,853	144,831	76,226	107,790	36,226	55,594	77,455	11,230	41,375	2.61	1.87
College Degree	123,328	118,139	56,685	375,706	91,167	202,250	138,884	214,625	71,855	94,282	147,111	31,287	73,803	2.91	1.99
Race															
White Non-Hispanic	102,711	99,172	55,728	329,025	77,689	182,702	116,411	165,217	64,585	80,394	111,592	27,134	65,365	2.53	1.71
Nonwhite	46,300	42,793	86,047	409,314	29,722	114,602	52,486	77,570	43,572	31,493	43,806	16,270	32,282	2.40	1.36
Net Worth Percentile															
Bottom 25%	4,613	4,613	b	b	4,290	7,950	4,396	4,261	5,710	3,451	3,873	5,189	4,770	0.89	0.81
25–49.9	11,719	11,696	14,392	b	11,279	16,548	11,750	14,966	9,502	10,723	14,959	7,543	9,919	1.51	1.51
50–74.9	35,866	35,680	68,667	26,515	31,541	52,318	34,071	56,756	28,255	28,206	50,519	18,154	24,850	2.28	2.03
75–89.9	70,038	70,120	15,562	118,491	60,694	98,596	69,577	116,791	56,132	55,373	105,447	24,378	47,690	2.45	2.21
Top 10%	255,224	244,879	295,207	532,687	193,270	377,465	245,236	399,566	188,519	168,247	291,833	107,871	158,624	2.52	1.84

Source: Employee Benefit Research Institute estimates of the 2007 Survey of Consumer Finances and market return adjustments.

[a] The 2009 values are the 2007 values adjusted to June 19, 2009, by market index returns and the asset allocation of the account owners.

[b] Sample size not sufficient for a reliable estimate.

As was suggested in the introduction to this report, many defined benefit plans offer a lump-sum (one-time) distribution, and many participants with a choice choose that distribution over an annuity (a guaranteed regular payment for the life of the beneficiary). As a result, even defined benefit plans can transfer post-retirement risks related to investment returns and longevity to the individual. Only annuities, once in payment status, provide a certain ability to project future retirement income (abstracting from the long-term financial status of the annuity provider). And for private-sector workers, even these projections may be subject to change, due to pension plan terminations and guaranty limits of the Pension Benefit Guaranty Corporation.

This analysis of the 1992, 2004, and 2007 versions of the SCF found that the percentage of all families with a participant in an employment-based retirement plan from a current employer increased from 38.8 percent in 1992 to 40.3 percent in 2004 and held steady at 40.6 percent in 2007. Furthermore, the ownership of 401(k)-type plans among families participating in a retirement plan was shown to have increased again in 2007 to 79.5 percent, even after more than doubling, from 31.6 percent in 1992 to 73.5 percent in 2004. While overall retirement plan participation by families held steady from 2004–2007, the percentage of family heads who were *eligible* for defined contribution plans *and chose to participate* increased from 75.7 percent in 2004 to 78.8 percent in 2007.

The percentage of families owning an IRA or Keogh plan increased from 29.1 percent in 2004 to 30.6 percent in 2007. In addition, the percentage of families with a retirement plan from a current employer, a previous employer's defined contribution plan, or an IRA/Keogh increased from 65.4 percent in 2004 to 66.2 percent in 2007.

While overall participation in employment-based plans and IRAs slightly increased, the median account balance of those participating in these plans increased in 2007. The median defined contribution plan balance was $10,684 in 1992, increased to $27,458 in 2004, and reached $31,800 in 2007. A noteworthy finding from the prior SCFs that persisted in 2007 was that 401(k)-type plan participants who also participated in a defined benefit plan had a higher median balance than 401(k)-type plan participants without a defined benefit plan. The median IRA/Keogh balance also increased to $34,000 in 2007 from $32,949 in 2004.

The median percentage of families' total financial assets comprised by defined contribution plan assets and/or IRA/Keogh assets increased from 2004 to 2007, and accounted for a clear majority of these assets:

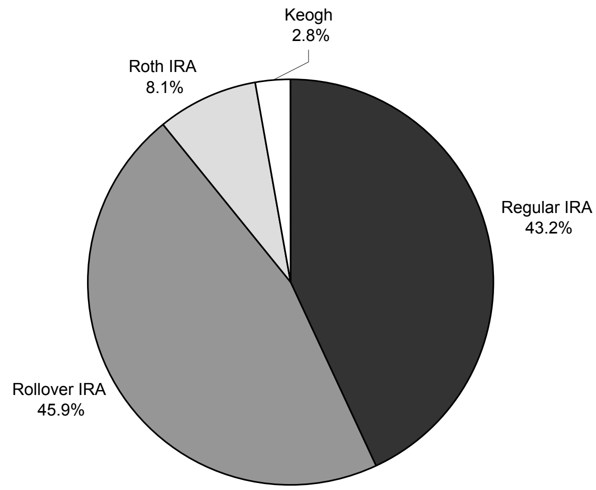
- Defined contribution plan balances accounted for 52.9 percent of families' total financial assets in 2004, and that share grew to 58.1 percent in 2007.
- Defined contribution and/or IRA/Keogh balances increased their share as well, from 59.6 percent of total family financial assets in 2004 to 64.1 percent in 2007. Across all demographic groups, these assets account for a very large share of total financial assets for those who own these accounts.

The average balance for those families owning a defined contribution plan through a current employer and/or for families owning an IRA/Keogh account increased marginally. The average current-employer defined contribution balance increased from $98,582 in 2004 to $106,365 in 2007. The average IRA/Keogh was $114,106 in 2004, compared with $117,113 in 2007. As a result, the composition of all retirement plan assets remained virtually unchanged among the various sources of individual account plan types.

EBRI estimates of the change in the balances in these individual account plans as a result of the market declines from year-end 2007 through late June 2009 show that, on average, the declines were in the 18 percent to 20 percent range, depending on the plan type. The variation is even larger across various demographic groups, as the impact of the equity market reductions did not affect all groups equally, since they held different levels of assets in equities. It should be noted that these estimates go through June 19, 2009, so they incorporate the market rebound that has occurred so far during 2009. Therefore, the reported declines in this study do not match the larger declines estimated in other studies that went only to year-end 2008.

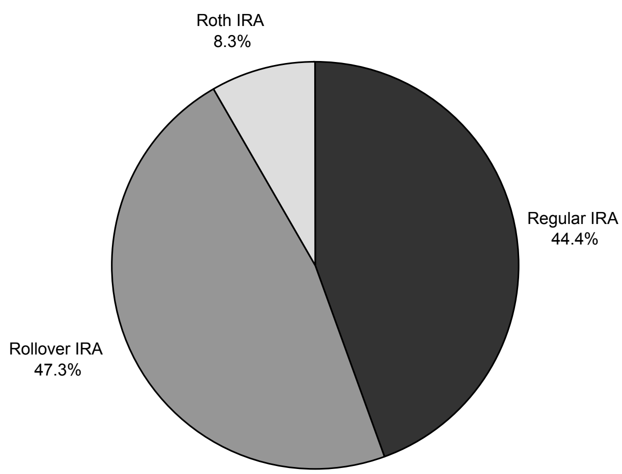
Lastly, a breakdown of IRA ownership by families was examined to determine the relative importance of rollover IRAs. While regular IRAs account for the largest percentage of IRA *ownership,* rollover IRAs had a larger share of *assets* than regular IRAs in 2007. Rollover IRAs had the largest average balance and, when compared with the IRAs that did not

Figure 13a
Percentage of Total IRA and Keogh Assets, by Keogh and IRA Type, 2007



Source: Employee Benefit Research Institute estimates of the 2007 Survey of Consumer Finances.

Figure 13b
Percentage of Total IRA Assets, by IRA Type, 2007



Source: Employee Benefit Research Institute estimates of the 2007 Survey of Consumer Finances.

include a rollover, the ratio of rollover assets to nonrollover assets ranged from 1.76 to 2.64, depending on whether the rollover combination owners are included.

The increase in IRA wealth is expected to continue in the future, as more workers will be in defined contribution plans and will be in them for a longer period of their working lives (since defined contribution plans did not become dominant until the 1990s). As VanDerhei and Copeland (2001) show, IRAs will likely be the main source of retirement income for future generations of Americans.

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, Holden and VanDerhei (2005) show that 401(k) plans can provide high replacement rates of preretirement income, if workers have access to them and contribute to them during a large portion of their working lives.[30] Furthermore, VanDerhei and Copeland (2003) simulate retirement income and compare it to simulated expenditures in retirement for the American population. From these simulations, the annual additional level of compensation needed to be saved to cover projected expenses was found to be 25 percent or more for many groups, with single women being found to be particularly vulnerable to a funding shortfall.

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. A notable finding is how much the presence of these accounts contributes to a family's success in accumulating wealth. In Figure 14, a comparison of the mean and median net worth across family income and family head age shows that families with an individual retirement account plan (defined contribution plan from current or previous employer or an IRA/Keogh plan) have substantially larger amounts of wealth across each group. In particular, the employment-based system is generating much of this wealth from individual account retirement plans, since it includes, obviously, all of the defined contribution assets (especially from 401(k)s) as well as approximately 45 percent of IRA wealth. Furthermore, a significantly higher percentage of families in the middle-income levels participate in the employment-based retirement plan system than participate in the IRA system (Figures 1 and 4).

Figure 14

Median and Mean Net Worth and Home Equity Percentage of Net Worth for Families With and Without an Individual Account Retirement Plan, by Family Income and Family Head Age, 2007

	With Any Type of Individual Account Plan Retirement Plan Balance			Without Any Type of Individual Account Plan Retirement Plan Balance		
	Mean	Median	Median home equity percentage of net worth	Mean	Median	Median home equity percentage of net worth
Total	$858,947	$256,300	31.5%	$221,596	$29,900	15.1%
Family Income						
Less than $10,000	768,420	194,300	32.0	95,887	1,600	0.0
$10,000–$24,999	210,142	112,500	34.6	76,104	12,350	0.0
$25,000–$49,999	256,357	104,320	29.9	129,122	31,020	20.2
$50,000–$99,999	372,146	213,900	35.3	255,146	91,250	38.7
$100,000 or more	2,010,142	617,000	28.0	2,020,252	373,000	46.2
Age of Head						
<35	181,618	48,900	4.6	53,637	5,700	0.0
35–44	476,806	180,650	32.7	124,129	12,570	0.0
45–54	891,977	302,010	35.3	240,624	46,960	33.7
55–64	1,304,861	453,900	29.8	356,608	70,920	52.3
65–74	1,644,394	530,800	35.7	340,764	100,600	63.0
75+	1,208,571	419,600	42.4	396,780	156,500	50.5

Source: Employee Benefit Research Institute estimates of the 2007 Survey of Consumer Finances.

In addition to the significant contribution of individual retirement account plans, housing equity is a major contributor to net worth for those families owning a home. Among families that own an individual account retirement plan and have family income of $10,000–$24,999, the median percentage of net worth attributable to home equity is 34.6 percent, and for those with family incomes of $50,000–$99,999, home equity represents a median value of net worth of 35.3 percent. Among account-owning families with heads 75 years old or older, the median share of net worth attributable to home equity is 42.2 percent.

What level of financial security the employment-based system ultimately delivers to retirees depends on the combination of many factors: Retirement plan type; participation; who makes the contribution; the amount of the contribution; frequency of the contribution; how the contributions are invested; what form of distribution is ultimately taken (and if a lump-sum distribution is taken, how it is invested and how fast it is spent); and other factors. The current Social Security benefit, which is delivered as an inflation-indexed annuity, provides the most consistent and predictable contribution to financial security, followed by a defined benefit (pension) plan that is paid out in annuity form. A family head who is eligible for a defined benefit or defined contribution plan tied to employment will have a higher rate of retirement plan participation than someone with a pure individual choice plan (such as an IRA)—and thus will have greater contributions to financial security, on average, even if the benefit payment comes in the form of a lump-sum distribution.

As stated previously, this study provides estimates of current asset levels in retirement accounts, and does not answer questions about ultimate financial security. Consequently, it is only a first step in determining how families and individuals will do financially in retirement. EBRI is continuing its work to advance this first step by performing simulations on a national basis using data results (such as those in this report) as components of more elaborate studies (i.e., VanDerhei and Copeland, 2003 and 2004). These studies project both the level of income that would be generated from retirement plan sources as well as expenditures, by families and individuals.

From these studies, its clear that many American families are going to need to drastically increase their savings, work longer, or significantly decrease their expenditures in retirement if they hope to make ends meet. Obviously, from the results of this study, Americans have a great deal of work to do after the tremendous loss of wealth in 2008 to ensure financial security in retirement. However, some optimism is warranted, as most individuals continue to contribute to their individual account plans and are in a position to accumulate added wealth as the economy recovers.[31]

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Endnotes

[1] See VanDerhei (2006) for a discussion of the freezing of defined benefit plans in the private sector. Furthermore, this study calculates the additional percentage of compensation needed to replace the benefits not accrued by the freezing of the defined benefit plan that participants under various worker demographic scenarios would have to save or receive. Also, see Salisbury and Buser (2009) for links to lists of more companies that have frozen pension plans as well as an estimate of the percentage of sponsors of a 401(k) plan who have suspended their matching contribution that also are funding a defined benefit plan.

[2] The basis of this survey is what the Federal Reserve Board 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 Bucks, Kennickell, and Moore (2009).

[3] See Bucks, Kennickell, and Moore (2009) for a further discussion of the changes in overall net worth from 2004 to 2007.

[4] This study also supplements other studies from EBRI on participation in the 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. For example, see Copeland (2009, 2008a, 2008b, 2006a, 2006b, 2005), and VanDerhei, Holden, Alonso, and Copeland (2008).

[5] 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; 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 employer pension) for self-employed workers, and the SIMPLE IRA aimed at small employers.

[6] In 1997, 23 percent of full-time employees in medium and large establishments who were participants in a defined benefit plan had a lump-sum option (U.S. Department of Labor, 1999). In 2005, 52 percent of employees who were participants in a defined benefit plan had a lump-sum distribution option (U.S. Department of Labor, 2007). While the 2005 number contains all size establishments and the 1997 number is for medium and large establishments, the overwhelming majority of defined benefit plan participants are in medium and large establishments. Thus, the comparison shows increased availability of the lump-sum option, even when including the small establishment participants, as they could not alone affect the overall number in 2005 to such an extent.

[7] According to the Pension Benefit Guaranty Corporation (PBGC), 30.3 percent of participants in a private-sector defined benefit plan are in a hybrid plan as of 2006 (PBGC, 2008).

[8] The 2004 Survey of Consumer Finances' questions on employment-based retirement plans were significantly revised from prior years' surveys. One of the goals of these revisions was to better identify the type of plan in which the workers were participating. This includes differentiating between defined benefit and defined contribution, but also within the plan types. Therefore, a cash balance answer was added, and as well as a 401(k) plan, thrift saving plan, and 403(b) plan designation, among others, instead of just a 401(k)-type plan grouping as before. However, by including these revisions in the survey, the trends across plan types cannot be assessed. In contrast, the overall participation in employment-based plans by families should be comparable, since the most general question on being included in a plan was not significantly changed. The numbers in this section are constructed to be as comparable to previous years as possible; some of the new detail is not presented for comparison reasons, while other detail is not provided because of sample size issues—such as with cash balance plans, where only 60 unique families had this type of plan in the survey. The 2007 survey retained the questions from the 2004, so the same attempts at consistency used in 2004 are carried over to this study.

[9] The percentage of families with a participant in an employment-based retirement plan reached 41.6 percent in 2001 before falling to the 40.3 percent in 2004. See Copeland (2006b).

[10] Using March Current Population Survey (CPS) data, Copeland (2008b) found that the percentage of workers who participated in any type of employment-based retirement plan was virtually unchanged from 2004 to 2007. In 2001, 41.9 percent of all workers participated in some type of employment-based retirement plan. This percentage was 41.5 percent in 2007. However, these values are not directly comparable to the SCF results, since the CPS numbers are based on individual workers, while those in the SCF are based on families.

[11] All income and asset values are in 2007 dollars.

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

[13] The questions on participation in defined contribution plans were also refined to determine in which type of plan the worker was eligible to participate. The results in this figure are for defined contribution plans that are directly comparable to the prior years of the survey. Munnell, Golub-Sass, and Muldoon (2009) found a higher participation rate for those eligible for 401(k) plans, 80 percent in 2007.

[14] In the 2001 survey, Education IRAs (now referred to as Coverdell Education Savings Accounts) were included as a possible IRA type, but in the 2004 and 2007 surveys, this type of account was *not* included as a possible IRA type. The removal of these accounts can explain some of the decline, but not likely the entire decline. From the 2001 survey, less than 2 percent of family heads had an Education IRA, but many had other IRAs as well (Copeland 2003).

[15] In Copeland (2006a), using SIPP data, 57.8 percent of all wage and salary workers age 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.

[16] The median 401(k) plan balance from the EBRI/ICI 401(k) plan database was $18,942 for year-end 2007 (VanDerhei, Holden, Alonso, and Copeland 2008). 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 the plans in the family for SCF. Consequently, the SCF number could have more than one accounts added together to get one observation that would be, compared to the larger than one observation under EBRI/ICI. Also, 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.

[17] The median balances for defined contribution plans of families with a family head who is under age 65 and a worker are virtually identical to the results presented here for all families. Consequently, they are not presented.

[18] In this *Issue Brief*, all values of the account balances for all years are expressed in 2007 dollars with the exception of the 2009 estimates which are in June 2009 dollars.

[19] The difference between the median account balance for those with and without a defined benefit is at least partially driven by the fact that those with higher incomes are more likely to have both plan types, as these higher-income individuals are more

likely to contribute at higher levels. The difference does still persist at the highest incomes but by 14 percent compared with 224 percent for the overall number.

[20] For each account identified within the survey, the respondent is asked whether the account is invested all in stocks, all in interest-bearing assets, or split between the two. A follow-up question for the accounts that are determined to have their assets split asks for the percentage in stocks. The asset allocations between stocks and interest-bearing assets for each account are then used to estimate the value of the accounts by adjusting for the market returns within each asset class to June 19, 2009. The change in the S&P 500 Index from January 1, 2008 to June 19, 2009, is used for stocks, and the change in the Barclays Capital U.S. Aggregate Bond Index from the same time period is used for the interest-bearing assets. The resulting value for each account is then used for the determination of the overall averages and medians for 2009 and for the averages and medians for each demographic group for 2009. This estimate of the change in asset values does not include any contributions that might have been made during this time as well as any other cash flows. EBRI estimates using the EBRI/ICI database to estimate the changes in account balances that have been updated on EBRI's Web site account for contributions and other cash flows. See www.ebri.org/index.cfm?fa=401kbalances for updated balance estimates for market volatility from EBRI.

[21] By definition, these groups would produce a median value of zero. Given that account balance distributions tend to be skewed to the right (i.e., there are a small number of very large balances), the median value of account balances for defined contribution plans with the current employer in 2007 was $31,800 (Figure 7), whereas the mean value is $106,365 (Figure 9b).

[22] Results from the EBRI/ICI 401(k) plan database showed an average 401(k) plan balance of $65,454 for year-end 2007 (VanDerhei, Holden, Alonso, and Copeland, 2008). There are many reasons for the difference between the results in this study and those of the EBRI/ICI database: 1) this study has the family total because the survey is based on families, not individual participants, as the total is in the EBRI/ICI study, and 2) this study includes more than just 401(k) plans, due to the structure of the identification variable of plans types in the prior survey years of SCF to allow for comparable numbers in 2004 and 2007 to 1992.

[23] A Keogh plan is a tax-deferred retirement plan for the self-employed or for workers of unincorporated businesses.

[24] Only 1.5 percent of those owning either an IRA or Keogh owned both an IRA and a Keogh (Figure 12a).

[25] In Copeland (2006b), a similar estimate was done from the 2004 SCF. In that study, regular IRAs represented 46.4 percent of the total family IRA assets—an amount higher than that found in 2007. However, from 2004, rollover IRAs share was 46.0 percent, while Roth IRAs made up only 7.6 percent. Therefore, rollover IRA assets have become the largest share of IRA assets between 2004 and 2007. See also Copeland (2008a) for Internal Revenue Service data on the breakdown of IRA assets by IRA type.

[26] Any rollover IRAs that may have been converted to a Roth IRA are only included as a Roth, but given the relatively small amount of assets that Roth IRAs comprise, the percentage point increase attributable to rollover IRAs would not likely reach 5 percentage points.

[27] This column is different than the second column in Figure 9b, as this does not include the IRA balances of those with a Keogh, whereas Figure 9b includes those with Keoghs but not the value of the Keogh (just the IRA).

[28] See Copeland (2008a) for total IRA asset levels through 2007. See also Bryant (2008) for the most recent Internal Revenue Services numbers on IRA assets and contributions. This study found that over 90 percent of IRA assets were in traditional IRAs (regular and rollover combined), but contributions to traditional IRAs only amounted to 25.9 percent of the contributions made to IRAs in 2004. Roth contributions accounted for 30.2 percent, and contributions to other IRAs (SIMPLEs and SEPS) received the remaining 43.9 percent.

[29] 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.

[30] See Holden and VanDerhei (2002) for an earlier version of this work along with more information about the simulation mode used in these studies.

[31] See VanDerhei (2009) for more estimates of the changes in 401(k) account balances and estimates of the length of time needed by participants to get back the amount of their balance that was lost due to the negative market returns of 2008.

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