

***Total Individual Account Retirement Plan Assets,
by Demographics, 2004, p. 2***

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Executive Summary:

Total Individual Account Retirement Plan Assets, by Demographics, 2004

- ***Most recent data on family finances***—This analysis uses the most recent data (2004) from the Survey of Consumer Finances (SCF), a triennial survey of family finances by the Federal Reserve Board, as well historical SCF data, to examine the demographic factors associated with the ownership of individual account retirement plan assets. It examines the distribution of total assets held in *individual account retirement plans* across demographic characteristics of American families. Distribution of the retirement plan assets is then compared against the distribution of *all assets* owned across these demographic characteristics.
- ***Concentration of assets***—The data show that individual account retirement plan assets are concentrated in families with higher net worth, higher family income, higher educational attainment, with older family heads, and with white, non-Hispanic heads. Among families with low levels of assets, the savings in *individual account retirement plans* account for a greater share of their *total* financial assets than they do for families with high asset levels.
- ***Asset levels and account types***—Total individual account retirement assets—which include employment-based defined contribution (DC) plan assets (both of active plans and plans held at former employers in the public and private sectors), individual retirement account (IRA) assets, and Keogh account assets—amounted to \$6.767 trillion in 2004, according the Survey of Consumer Finances. These assets were almost evenly split between employment-based DC plan assets, such as 401(k)s (\$3.384 trillion), and IRA/Keogh account assets (\$3.383 trillion).
- ***Older family heads hold most assets***—The most significant shift in individual account assets from 1992 to 2004 has been the fraction of assets held by families headed by individuals age 55 or older. More than one-half of all individual account retirement plan assets and more than two-thirds of IRA and Keogh plan assets are owned by families headed by these individuals. This fact illustrates the importance of educational efforts and product availability (annuities, fixed withdrawal products, etc.) to individuals as they begin to spend down their assets to pay for retirement expenses.

■ **Total Individual Account Retirement Plan Assets, by Demographics, 2004**

by Craig Copeland, EBRI

Introduction

Participating in a retirement plan, either through an employment-based arrangement (typically a 401(k) plan or a pension plan) or individually (such as an individual retirement account, or IRA), is a basic and important step in increasing an individual's likelihood of having sufficient financial resources at retirement. The factors governing participation in these plans have been well documented¹—those with lower earnings, with less education, who are nonwhite, or who are younger have a lower likelihood of participating in these plans than their counterparts. Furthermore, studies have also found that these same individuals have lower average balances in the plans.

However, the *distribution of the total assets* across demographic categories has not been examined in close detail. This report uses the most recent data (2004) from the Survey of Consumer Finances (SCF), a triennial survey of family finances by the Federal Reserve Board, as well historical SCF data, to examine the demographic factors associated with the ownership of individual account retirement plan assets.

There are important policy considerations behind the differing levels of retirement assets held by different groups. Those who are not taking advantage of these plans can be identified and new policies can be implemented to enhance their participation and savings for retirement. Furthermore, identifying who is holding what level of retirement assets can inform interested parties on where the individual account market is headed, and what new policies, ideas, or products may be desirable to promote greater retirement savings and better use of the savings when accumulated.

To help identify the families who are holding individual account assets, this study examines the distribution of total assets held in individual account retirement plans across demographic characteristics of American families. Distribution of the retirement plan assets is then compared against the distribution of *all assets* owned across these demographic characteristics.

The analysis shows changes in the distribution of these assets over a 12-year period, from 1992 to 2004. Furthermore, it investigates the fraction of *total* assets and *financial* assets that these individual account assets represent. In both cases, assets are highly concentrated among specific groups. However, *retirement plan* assets are less highly concentrated than *overall* assets.

The data show that individual account retirement plan assets are concentrated in families with higher net worth, higher family income, higher educational attainment, with older family heads, and with white, non-Hispanic heads. Among families with low levels of assets, the savings in individual account retirement plans account for a greater share of their *total* financial assets than they do for families with high asset levels.

Distribution of Individual Account Retirement Plan Assets

Total individual account retirement assets—which include employment-based defined contribution (DC) plan assets (both of active plans and plans held at former employers in the public and private sectors), IRA assets, and Keogh account assets—amounted to \$6.767 trillion in 2004, according to the Survey of Consumer Finances (Figure 1). These assets were almost evenly split between employment-based DC plan assets (\$3.384 trillion) and IRA/Keogh account assets (\$3.383 trillion).^{2,3}

The concentration of these assets increased sharply with educational attainment of the family head, family income, and the net worth percentile of the family. More than 70 percent of the employment-based retirement plan assets were held by families headed by individuals from age 45 to 64. The highest concentration of IRA and Keogh assets occurs among families headed by individuals in the next-older age groups (ages 55 to 74), who own just over two-thirds of these assets. The concentration of these IRA/Keogh assets in the older age group is largely a result of rollovers from employment-based retirement plans, made after individuals retired or left a job. Furthermore, more than 90 percent of individual account retirement plan assets were held by families headed by white, non-Hispanic individuals.

**Figure 1
Distribution of Individual Account Retirement Plan Assets Across Various Demographic Categories, 2004**

	Total		Employment-Based		Total Active		Employment-Based		Total IRA ^a & Keogh Assets		Total Assets		Total Financial Assets	
	Individual Account Retirement Plan Assets (\$ trillion)	Percentage of Total	Individual Account Retirement Plan Assets (\$ trillion)	Percentage of Total	Employment-Based Individual Account Retirement Plan Assets (\$ trillion)	Percentage of Total	Employment-Based Individual Account Retirement Plan Assets (\$ trillion)	Percentage of Total	Total IRA ^a & Keogh Assets (\$ trillion)	Percentage of Total	Total Assets (\$ trillion)	Percentage of Total	Financial Assets (\$ trillion)	Percentage of Total
Total	\$6.767	100.0%	\$3.384	100.0%	2.773	100.0%	\$3.383	100.0%	\$59.175	100.0%	\$21.112	100.0%		
Age of Head														
<35	0.252	3.7	0.182	5.4	0.161	5.8	0.070	2.1	3.412	5.8	0.630	3.0	0.630	3.0
35-44	0.862	12.7	0.556	16.4	0.498	18.0	0.306	9.0	9.357	15.8	2.466	11.7	2.466	11.7
45-54	1.898	28.0	1.187	35.1	1.061	38.3	0.711	21.0	15.320	25.9	4.964	23.5	4.964	23.5
55-64	2.279	33.7	1.211	35.8	0.954	34.4	1.068	31.6	15.910	26.9	6.323	29.9	6.323	29.9
65-74	1.060	15.7	0.186	5.5	0.081	2.9	0.875	25.9	8.571	14.5	3.802	18.0	3.802	18.0
75+	0.416	6.2	0.063	1.9	0.019	0.7	0.353	10.4	6.604	11.2	2.926	13.9	2.926	13.9
Race														
White Non-Hispanic	6.125	90.5	2.922	86.4	2.374	85.6	3.203	94.7	52.599	88.9	19.621	92.9	19.621	92.9
Nonwhite	0.642	9.5	0.462	13.6	0.399	14.4	0.181	5.3	6.576	11.1	1.491	7.1	1.491	7.1
Education of Head														
Below HS diploma	0.082	1.2	0.052	1.5	0.045	1.6	0.030	0.9	2.564	4.3	0.543	2.6	0.543	2.6
HS diploma	0.878	13.0	0.475	14.0	0.416	15.0	0.403	11.9	8.383	14.2	2.491	11.8	2.491	11.8
Some college	0.727	10.7	0.400	11.8	0.304	11.0	0.328	9.7	7.902	13.4	2.475	11.7	2.475	11.7
College degree	5.080	75.1	2.457	72.6	2.008	72.4	2.623	77.5	40.327	68.1	15.603	73.9	15.603	73.9
Family Income														
Less than \$20,000	0.124	1.8	0.028	0.8	0.009	0.3	0.095	2.8	2.376	4.0	0.587	2.8	0.587	2.8
\$20,000-\$39,999	0.356	5.3	0.112	3.3	0.084	3.0	0.245	7.2	4.776	8.1	1.252	5.9	1.252	5.9
\$40,000-\$49,999	0.283	4.2	0.124	3.7	0.084	3.0	0.159	4.7	2.917	4.9	0.840	4.0	0.840	4.0
\$50,000-\$74,999	0.944	14.0	0.448	13.3	0.369	13.3	0.496	14.7	8.033	13.6	2.730	12.9	2.730	12.9
\$75,000-\$99,999	0.787	11.6	0.484	14.3	0.385	13.9	0.303	9.0	5.520	9.3	1.947	9.2	1.947	9.2
\$100,000-\$149,999	1.434	21.2	0.786	23.2	0.650	23.4	0.648	19.1	7.279	12.3	2.846	13.5	2.846	13.5
\$150,000 or more	2.839	42.0	1.402	41.4	1.191	43.0	1.438	42.5	28.275	47.8	10.910	51.7	10.910	51.7
Net Worth Percentile														
Bottom 25%	0.021	0.3	0.018	0.5	0.016	0.6	0.003	0.1	0.542	0.9	0.067	0.3	0.067	0.3
25-49.9%	0.206	3.1	0.162	4.8	0.147	5.3	0.044	1.3	2.882	4.9	0.463	2.2	0.463	2.2
50-74.9%	0.838	12.4	0.546	16.1	0.483	17.4	0.293	8.6	7.806	13.2	1.781	8.4	1.781	8.4
75-89.9%	1.744	25.8	0.956	28.3	0.825	29.8	0.788	23.3	10.597	17.9	3.707	17.6	3.707	17.6
Top 10%	3.957	58.5	1.702	50.3	1.301	46.9	2.255	66.7	37.349	63.1	15.095	71.5	15.095	71.5

Source: Employee Benefit Research Institute estimates from the 2004 Survey of Consumer Finances.
^a Individual retirement account.

Slightly over 1 percent of individual account retirement plan assets were owned by families headed by individuals without a high school diploma in 2004. The share for families with a head having only a high school diploma increases to 13 percent. Approximately 75 percent of individual account retirement plan assets were owned by families whose head was a college graduate. A similar increase occurred across families by family income, as 1.8 percent of individual account retirement plan assets were owned by families with family income below \$20,000, 21.2 percent for families with family incomes of \$100,000–\$149,999, and 42.0 percent for families with family incomes of \$150,000 or more. The families in the top 10 percentile of net worth owned 58.5 percent of individual account retirement plan assets, compared with 0.3 percent of those in the bottom 25 percent of net worth.

However, when comparing the concentration of *active* employment-based individual account retirement plan assets with that of *overall* financial assets, retirement plan assets are less concentrated than overall financial assets in many categories. For example, families with white, non-Hispanic heads owned 85.6 percent of active employment-based individual account retirement plan assets, compared with 92.9 percent of all financial assets (Figure 1). Furthermore, families in the top 10 percent of net worth held 46.9 percent of these active employment-based assets, compared with 71.5 percent of all financial assets. The families in the third quartile (50 percent–74.9 percent) of net worth own 17.4 percent of the active employment-based assets, while holding only 8.4 percent of all financial assets.

Figure 2
Distribution of Individual Account Retirement Plan Assets Across Various Demographic Categories, 1992–2004

	1992		1995		2001		2004	
	(\$ trillion)	Percentage of Total	(\$ trillion)	Percentage of Total	(\$ trillion)	Percentage of Total	(\$ trillion)	Percentage of Total
Total	\$1.675	100.0%	\$2.514	100.0%	\$5.697	100.0%	\$6.767	100.0%
Age of Head								
<35	0.108	6.5	0.188	7.5	0.206	3.6	0.252	3.7
35–44	0.298	17.8	0.442	17.6	0.933	16.4	0.862	12.7
45–54	0.532	31.7	0.855	34.0	1.772	31.1	1.898	28.0
55–64	0.470	28.1	0.571	22.7	1.588	27.9	2.279	33.7
65–74	0.235	14.0	0.366	14.6	0.847	14.9	1.060	15.7
75+	0.032	1.9	0.091	3.6	0.351	6.2	0.416	6.2
Race								
White Non-Hispanic	1.539	91.9	2.283	90.8	5.296	93.0	6.125	90.5
Nonwhite	0.136	8.1	0.230	9.2	0.401	7.0	0.642	9.5
Education of Head								
Below HS diploma	0.041	2.5	0.073	2.9	0.093	1.6	0.082	1.2
HS diploma	0.280	16.7	0.477	19.0	0.758	13.3	0.878	13.0
Some college	0.194	11.6	0.420	16.7	0.669	11.7	0.727	10.7
College degree	1.161	69.3	1.543	61.4	4.177	73.3	5.080	75.1
Family Income								
Less than \$20,000	0.028	1.6	0.129	5.1	0.091	1.6	0.124	1.8
\$20,000–\$39,999	0.118	7.0	0.277	11.0	0.423	7.4	0.356	5.3
\$40,000–\$49,999	0.089	5.3	0.194	7.7	0.232	4.1	0.283	4.2
\$50,000–\$74,999	0.273	16.3	0.406	16.1	0.859	15.1	0.944	14.0
\$75,000–\$99,999	0.220	13.1	0.358	14.2	0.695	12.2	0.787	11.6
\$100,000–\$149,999	0.293	17.5	0.341	13.6	1.095	19.2	1.434	21.2
\$150,000 or more	0.655	39.1	0.808	32.1	2.301	40.4	2.839	42.0
Net Worth Percentile								
Bottom 25%	0.006	0.4	0.012	0.5	0.019	0.3	0.021	0.3
25–49.9%	0.049	2.9	0.108	4.3	0.172	3.0	0.206	3.1
50–74.9%	0.216	12.9	0.281	11.2	0.703	12.3	0.838	12.4
75–89.9%	0.390	23.3	0.539	21.5	1.369	24.0	1.744	25.8
Top 10%	1.014	60.5	1.573	62.6	3.434	60.3	3.957	58.5

Source: Employee Benefit Research Institute estimates from the 1992, 1995, 2001, and 2004 Surveys of Consumer Finances.

Growth in Individual Account Retirement Plan Assets

According to the Survey of Consumer Finances, the total assets in individual account retirement plans increased from \$1.675 trillion in 1992 to \$6.767 trillion in 2004 (and up from \$5.697 trillion in 2001), or a three-fold increase over the 12-year period (Figure 2). The distribution of these assets across family income, family net worth percentile, and race of the family heads remained relatively constant from 1992 to 2004. For example, in 1992, families headed by a white, non-Hispanic individual accounted for 91.9 percent of individual account retirement plan assets; in 2004, this was almost unchanged at 90.5 percent.

However, families headed by older and the most educated individuals gained in the share of these individual account assets. In 1992, 44 percent of the assets were owned by families headed by individuals 55 or older. The share for this group had increased to 55.6 percent by 2004. The share owned by families with a head with a college degree increased from 69.3 percent in 1992 to 75.1 percent in 2004.

Active Employment-Based Individual Account Retirement Plan Assets—The assets in active employment-based individual account retirement plans increased from \$0.678 trillion in 1992 to \$2.773 trillion in 2004 (Figure 3). While the overall distributions of these assets were similar between 1992 and 2004, some trends were different from those of all individual account plans. The percentage of assets held by families headed by nonwhite individuals increased slightly, from 11.6 percent in 1992 to 14.4 percent in 2004. Furthermore, the share of assets held by families in the top 10 percent of net worth declined from 56.5 percent to 46.9 percent during this period. However, among families headed by individuals ages 55–64, the share of assets increased significantly as did the overall assets, which rose from 24.7 percent in 1992 to 34.4 percent in 2004.

Figure 3
Distribution of Active Employment-Based Individual Account Retirement Plan Assets Across Various Demographic Categories, 1992–2004

	1992		1995		2001		2004	
	(\$ trillion)	Percentage of Total	(\$ trillion)	Percentage of Total	(\$ trillion)	Percentage of Total	(\$ trillion)	Percentage of Total
Total	\$0.678	100.0%	\$0.969	100.0%	\$2.196	100.0%	\$2.773	100.0%
Age of Head								
<35	0.068	10.0	0.078	8.1	0.136	6.2	0.161	5.8
35–44	0.149	22.0	0.236	24.3	0.587	26.7	0.498	18.0
45–54	0.286	42.2	0.415	42.8	0.845	38.5	1.061	38.3
55–64	0.167	24.7	0.149	15.3	0.530	24.1	0.954	34.4
65–74	0.008	1.1	0.088	9.1	0.086	3.9	0.081	2.9
75+	0.000	0.1	0.004	0.4	0.012	0.6	0.019	0.7
Race								
White Non-Hispanic	0.600	88.4	0.860	88.8	1.941	88.4	2.374	85.6
Nonwhite	0.079	11.6	0.109	11.2	0.256	11.6	0.399	14.4
Education of Head								
Below HS diploma	0.012	1.7	0.017	1.7	0.025	1.1	0.045	1.6
HS diploma	0.105	15.4	0.151	15.5	0.325	14.8	0.416	15.0
Some college	0.078	11.6	0.131	13.5	0.291	13.3	0.304	11.0
College degree	0.484	71.3	0.671	69.2	1.554	70.8	2.008	72.4
Family Income								
Less than \$20,000	0.005	0.7	0.010	1.1	0.015	0.7	0.009	0.3
\$20,000–\$39,999	0.019	2.8	0.075	7.7	0.096	4.3	0.084	3.0
\$40,000–\$49,999	0.028	4.1	0.078	8.0	0.075	3.4	0.084	3.0
\$50,000–\$74,999	0.099	14.6	0.151	15.6	0.350	15.9	0.369	13.3
\$75,000–\$99,999	0.119	17.5	0.140	14.5	0.349	15.9	0.385	13.9
\$100,000–\$149,999	0.130	19.1	0.128	13.2	0.421	19.2	0.650	23.4
\$150,000 or more	0.279	41.2	0.387	40.0	0.891	40.6	1.191	43.0
Net Worth Percentile								
Bottom 25%	0.005	0.7	0.006	0.7	0.013	0.6	0.016	0.6
25–49.9%	0.031	4.5	0.064	6.6	0.114	5.2	0.147	5.3
50–74.9%	0.098	14.5	0.147	15.2	0.415	18.9	0.483	17.4
75–89.9%	0.162	23.8	0.205	21.2	0.588	26.8	0.825	29.8
Top 10%	0.383	56.5	0.545	56.3	1.066	48.5	1.301	46.9

Source: Employee Benefit Research Institute estimates from the 1992, 1995, 2001, and 2004 Surveys of Consumer Finances.

Individual Retirement Account and Keogh Plan Assets—IRA and Keogh plan assets increased from \$0.918 trillion in 1992 to \$3.383 trillion in 2004 (but up just marginally from \$3.250 trillion in 2001), up more than two-and-a-half times over the 12-year period (Figure 4). Again, the distributions of the assets across various demographic categories were relatively constant from 1992 to 2004: Families with older heads (age 55 or older) did have a higher share of assets, increasing from 56.3 percent in 1992 to 67.9 percent in 2004. Those families with the highest net worth, family incomes, and educational attainment of their head all had increased shares of these assets from 1992 to 2004.

Figure 4
Distribution of Individual Retirement Account (IRA) and Keogh Assets
Across Various Demographic Categories, 1992–2004

	1992		1995		2001		2004	
	(\$ trillion)	Percentage of Total	(\$ trillion)	Percentage of Total	(\$ trillion)	Percentage of Total	(\$ trillion)	Percentage of Total
Total	\$0.918	100.0%	\$1.202	100.0%	\$3.250	100.0%	\$3.383	100.0%
Age of Head								
<35	0.034	3.7	0.038	3.2	0.067	2.1	0.070	2.1
35–44	0.137	14.9	0.146	12.1	0.301	9.3	0.306	9.0
45–54	0.230	25.0	0.360	30.0	0.859	26.4	0.711	21.0
55–64	0.262	28.5	0.313	26.1	0.931	28.6	1.068	31.6
65–74	0.224	24.4	0.257	21.4	0.754	23.2	0.875	25.9
75+	0.031	3.4	0.088	7.3	0.338	10.4	0.353	10.4
Race								
White Non-Hispanic	0.863	94.0	1.129	93.9	3.120	96.0	3.203	94.7
Nonwhite	0.055	6.0	0.073	6.1	0.130	4.0	0.181	5.3
Education of Head								
Below HS diploma	0.028	3.0	0.029	2.4	0.055	1.7	0.030	0.9
HS diploma	0.165	18.0	0.206	17.1	0.412	12.7	0.403	11.9
Some college	0.112	12.2	0.210	17.5	0.336	10.3	0.328	9.7
College degree	0.613	66.8	0.756	62.9	2.447	75.3	2.623	77.5
Family Income								
Less than \$20,000	0.021	2.3	0.079	6.6	0.074	2.3	0.095	2.8
\$20,000–\$39,999	0.096	10.4	0.145	12.1	0.303	9.3	0.245	7.2
\$40,000–\$49,999	0.048	5.2	0.087	7.2	0.148	4.5	0.159	4.7
\$50,000–\$74,999	0.157	17.1	0.196	16.3	0.480	14.8	0.496	14.7
\$75,000–\$99,999	0.099	10.7	0.138	11.5	0.328	10.1	0.303	9.0
\$100,000–\$149,999	0.152	16.6	0.176	14.7	0.619	19.0	0.648	19.1
\$150,000 or more	0.346	37.7	0.380	31.6	1.298	39.9	1.438	42.5
Net Worth Percentile								
Bottom 25%	0.002	0.2	0.003	0.3	0.005	0.2	0.003	0.1
25–49.9%	0.017	1.8	0.023	1.9	0.050	1.6	0.044	1.3
50–74.9%	0.106	11.5	0.109	9.1	0.251	7.7	0.293	8.6
75–89.9%	0.209	22.8	0.240	20.0	0.710	21.8	0.788	23.3
Top 10%	0.584	63.7	0.826	68.8	2.233	68.7	2.255	66.7

Source: Employee Benefit Research Institute estimates from the 1992, 1995, 2001, and 2004 Surveys of Consumer Finances.

Individual Account Retirement Plan Assets as a Share of All Assets, 2004

Just as the assets in individual retirement accounts are concentrated in certain families, *overall* assets are also concentrated in a similar manner—those with more overall assets have more individual account retirement plan assets. However, individual account assets comprise a significant portion of all financial assets among those with low concentrations of assets and in many cases represent a much larger share of these financial assets than of those with overall high asset levels. Individual account retirement plan assets represent 40 percent of the total financial assets held by families with a head under 35 years of age (Figure 5). This compares with 36 percent for families with a head age 55–64.

Similar findings occur for families headed by a nonwhite individual, families with a head having only a high school diploma, families with lower net worth, and families with moderate income. Individual account retirement plan assets are 43.1 percent of the total financial assets held by families headed by a nonwhite individual, compared with 31.2 percent for families headed by white individual. Thirty-five

Figure 5
Individual Account Retirement Plan Assets as a Share of Total Assets and Total Financial Assets Across Various Demographic Categories, 2004

	Total Assets		Total Individual Account Retirement Plan Assets		All Employment-Based Individual Account Retirement Plan Assets		Active Employment-Based Individual Account Retirement Plan Assets		Total IRA ^a & Keogh Plan Assets	
	(\$ trillion)	Percentage of total assets	(\$ trillion)	Percentage of total financial assets	(\$ trillion)	Percentage of total assets	(\$ trillion)	Percentage of total financial assets	(\$ trillion)	Percentage of total assets
Total	\$59.175	11.4%	\$6.767	32.1%	\$3.384	5.7%	\$2.773	4.7%	\$3.383	5.7%
Age of Head										
<35	3.412	7.4	0.252	40.0	0.182	5.3	0.161	4.7	0.070	2.1
35-44	9.357	9.2	0.862	34.9	0.556	5.9	0.498	5.3	0.306	3.3
45-54	15.320	12.4	1.898	38.2	1.187	7.7	1.061	6.9	0.711	4.6
55-64	15.910	14.3	2.279	36.0	1.211	7.6	0.954	6.0	1.068	6.7
65-74	8.571	12.4	1.060	27.9	0.186	2.2	0.081	0.9	0.875	10.2
75+	6.604	6.3	0.416	14.2	0.063	1.0	0.019	0.3	0.353	5.3
Race										
White Non-Hispanic	52.599	11.6	6.125	31.2	2.922	5.6	2.374	4.5	3.203	6.1
Nonwhite	6.576	9.8	0.642	43.1	0.462	7.0	0.399	6.1	0.181	2.7
Education of Head										
Below HS diploma	2.564	3.2	0.082	15.0	0.052	2.0	0.045	1.8	0.030	1.2
HS diploma	8.383	10.5	0.878	35.2	0.475	5.7	0.416	5.0	0.403	4.8
Some college	7.902	9.2	0.727	29.4	0.400	5.1	0.304	3.8	0.328	4.1
College degree	40.327	12.6	5.080	32.6	2.457	6.1	2.008	5.0	2.623	6.5
Family Income										
Less than \$20,000	2.376	5.2	0.124	21.1	0.028	1.2	0.009	0.4	0.095	4.0
\$20,000-\$39,999	4.776	7.5	0.356	28.5	0.112	2.3	0.084	1.8	0.245	5.1
\$40,000-\$49,999	2.917	9.7	0.283	33.6	0.124	4.2	0.084	2.9	0.159	5.4
\$50,000-\$74,999	8.033	11.8	0.944	34.6	0.448	5.6	0.369	4.6	0.496	6.2
\$75,000-\$99,999	5.520	14.3	0.787	40.4	0.484	8.8	0.385	7.0	0.303	5.5
\$100,000-\$149,999	7.279	19.7	1.434	50.4	0.786	10.8	0.650	8.9	0.648	8.9
\$150,000 or more	28.275	10.0	2.839	26.0	1.402	5.0	1.191	4.2	1.438	5.1
Net Worth Percentile										
Bottom 25%	0.542	3.8	0.021	31.2	0.018	3.2	0.016	3.0	0.003	0.6
25-49.9%	2.882	7.2	0.206	44.6	0.162	5.6	0.147	5.1	0.044	1.5
50-74.9%	7.806	10.7	0.838	47.1	0.546	7.0	0.483	6.2	0.293	3.7
75-89.9%	10.597	16.5	1.744	47.0	0.956	9.0	0.825	7.8	0.788	7.4
Top 10%	37.349	10.6	3.957	26.2	1.702	4.6	1.301	3.5	2.255	6.0

Source: Employee Benefit Research Institute estimates from the 2004 Survey of Consumer Finances.
^a Individual retirement account.

percent of financial assets held by families with a head who has only a high school diploma are from individual account retirement plan assets, while 32.6 percent of these assets are from individual account plans among families headed by a college graduate.

For families with net worth in the second quartile (25 percent–49.9 percent), 44.6 percent of their financial assets are from individual account retirement plans, while just 26.2 percent of financial assets held by families in top 10 percent of net worth are from these assets. Furthermore, 33.6 percent of the financial assets of families with family income in the \$40,000s were from individual account assets, whereas the individual account assets only represented 26.0 percent of these assets for families with family incomes of \$150,000 or more.

Conclusion

Individual account retirement plan assets are concentrated in families with higher net worth, higher family income, higher educational attainment, with older family heads, and with white, non-Hispanic heads. Assets in general are concentrated in these same groups—those with more assets have more individual account retirement plan assets. These families have the ability to accumulate the most assets in an individual account plan because they have other sources of funds and higher average incomes. Furthermore, these same individuals are more likely to be offered, and to participate in, an employment-based retirement plan, making their saving automatic. Therefore, these assets have grown significantly for the higher-resource groups.

While the fraction of total assets held in individual account plans is small for those who are younger, have lower net worth and lower income, these assets do comprise a significant portion of their financial assets—over one-third in many cases. Thus, these plans have been effective in helping members of the lower-resource groups to build assets that they otherwise may not have been able to accumulate.

The most significant shift in individual account assets from 1992 to 2004 has been the fraction of assets held by families headed by individuals age 55 or older. Over one-half of all individual account retirement plan assets and more than two-thirds of IRA and Keogh plan assets are owned by families headed by these individuals. This fact illustrates the importance of educational efforts and product availability (annuities, fixed withdrawal products, etc.) to individuals as they begin to spend down their assets to pay for retirement expenses.

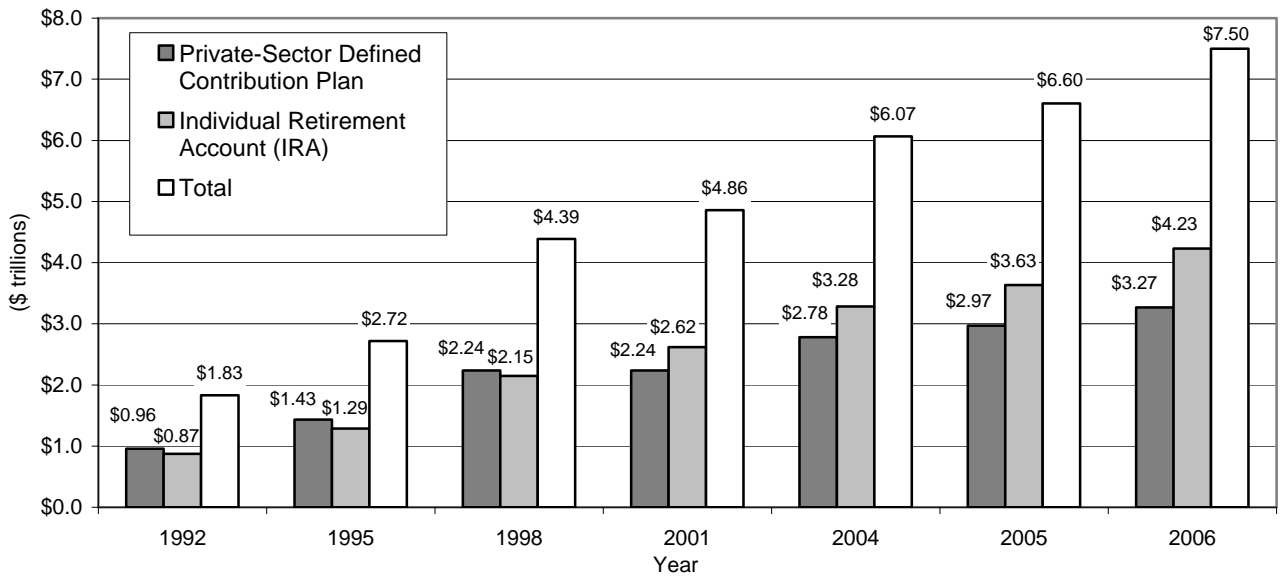
Endnotes

¹ See, for example, Craig Copeland, “Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2006,” *EBRI Issue Brief*, no. 311 (Employee Benefit Research Institute, November 2007), and Craig Copeland, “Individual Account Retirement Plans: An Analysis of the 2004 Survey of Consumer Finances,” *EBRI Issue Brief*, no. 293 (Employee Benefit Research Institute, May 2006). For example, 38.9 percent of wage and salary workers ages 21–64 participated in an employment-based retirement plan in 2006, compared with 54 percent of those ages 54–64. Furthermore, the median family defined contribution plan balance of those with a balance was \$8,700 for those families with a head under age 35, compared with \$60,000 for families with a head age 55–64.

² The latest data from the Investment Company Institute, the Internal Revenue Service, and the Federal Reserve Board show assets in private-sector defined contribution plans and IRAs increasing from \$1.83 trillion in 1992 to \$6.06 trillion in 2004 to \$7.5 trillion in 2006 (Figure 6). See Craig Copeland, “IRA Assets and Contributions, 2006,” *EBRI Notes*, no. 12 (Employee Benefit Research Institute, December 2007): 1–9 for further details about IRAs.

³ The assets in this study include private-sector defined contribution plan assets and public-sector defined contribution assets, whereas the numbers cited in endnote 2 only include private-sector defined contribution assets. No comparable public-sector defined contribution number is available.

Figure 6
**Individual Retirement Account (IRA) Assets, Private-Sector
 Defined Contribution Plan Assets, and Their Total, 1992–2006**



Source: Investment Company Institute (ICI), Federal Reserve Board, American Council of Life Insurers, Department of Labor, and Internal Revenue Service Statistics of Income Division. See Investment Company Institute, "The U.S. Retirement Market, 2006," *Fundamentals*, Vol. 16, No. 3 (Investment Company Institute, July 2007), www.ici.org/stats/res/1fm-v16n3.pdf and Board of Governors of the Federal Reserve, *Flow of Funds Accounts of the United States: Flows and Outstandings Third Quarter 2007* (December 6, 2007) and Historical Tables 1985–1994.

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Hewitt Associates. *Salaried Employee Benefits Provided by Major U.S. Employers, 2007-2008*. \$550. Hewitt Associates LLC, Attn: Hewitt Information Desk, 100 Half Day Rd., Lincolnshire, IL 60069, (847) 771-2500, e-mail: infodesk@hewitt.com or benefitspecselect@hewitt.com, www.hewitt.com

Entitlement Programs

U.S. Government Accountability Office. *Entitlement Reform Process: Other Countries' Experiences Provide Useful Insights for the United States*. Order from GAO.

General Reference

Omnigraphics, Inc. *Headquarters USA: A Directory of Contact Information for Headquarters and Other Central Offices of Major Businesses & Organizations in the United States and in Canada*. 2008 Edition. \$216. Omnigraphics Customer Service, P.O. Box 625, Holmes, PA 19043, (800) 234-1340, fax: (800) 875-1340, www.omnigraphics.com

U.S. Census Bureau. *Statistical Abstract of the United States: 2008* (127th Edition), \$35. Order from GPO.

James Curtis, Retired Milliman CEO, EBRI Founding Trustee

James A. Curtis, a retired board member of Milliman & Robertson and a founding Trustee of the Employee Benefit Research Institute, died March 5 at age 80.

Curtis was Milliman's sixth consultant, third chairman and CEO, and the last person to hold both positions. He played a major role in the development of the firm's pension practice and achieved national prominence over the course of his career, both as a pension expert and as leader of the firm. The firm's revenue more than tripled during his tenure as chairman (1983–1993).

Curtis served on the EBRI board from 1978 to 1986. Milliman USA is still on the board as of 2008.

Curtis is survived by wife Diane, a son and daughter, and several grandchildren. A private funeral service will be held for family members, and a more public event will be held later, probably around late May. If you would like to attend that event, please contact Dawn Ericson at dawn.ericson@milliman.com to obtain details when they become available.

Health Care

International Foundation of Employee Benefit Plans. *Health Care Benefits: Eligibility, Coverage and Exclusions*. IFEBP members, \$52; nonmembers, \$131 + S&H. International Foundation of Employee Benefit Plans, Publications Department, P.O. Box 68-9953, Milwaukee, WI 53268-9953, (888) 334-3327, option 4; fax: (262) 786-8780, e-mail: bookstore@ifebp.org, www.ifebp.org

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Wray, David L. *Take Control With Your 401(k): An Employee's Guide to Maximizing Your Investments*. PSCA members, \$5; nonmembers, \$13. Profit Sharing/401(k) Council of America, 20 N. Wacker Dr., #3700, Chicago, IL 60606, (312) 419-1863, fax: (312) 419-1864, e-mail: psca@psca.org, www.psca.org

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National Endowment for Financial Education
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Practical Money Skills for Life

www.practicalmoneyskills.com/english/index.php

U.S. Department of the Treasury

www.treas.gov/offices/domestic-finance/financial-institution/fin-education/commission/

Web Documents

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2007 Risks and Process of Retirement Survey: Report of Findings

www.soa.org/files/pdf/research-2007-final-retire-risk.pdf

2008 Health Care Cost Survey

www.towersperrin.com/tp/getwebcachedoc?webc=HRS/USA/2008/200801/hccs_2008.pdf

2008 State Legislators' Guide to Health Insurance Solutions and Glossary

www.cahi.org/cahi_contents/resources/pdf/StateLegislatorsGuide2008.pdf

401(k) and Profit Sharing Plan Eligibility Survey 2007

www.pasca.org/Portals/0/docs/Elig2007.pdf

Debunking Executive Compensation Myths: 2007/2008 Report on Executive Pay

www.watsonwyatt.com/research/deliverpdf.asp?catalog=2007-US-0218&id=x.pdf

Employer's Tax Guide to Fringe Benefits [For use in 2008]

www.irs.gov/pub/irs-pdf/p15b.pdf

Employer-Sponsored Pensions: A Primer

www.urban.org/UploadedPDF/901144_employer-sponsored_pensions.pdf

The Family and Medical Leave Act: The Department of Labor's Regulatory Proposal [Fact Sheet]

www.dol.gov/esa/regs/compliance/whd/whdfs_FMLA NPRM.pdf

The Fundamentals of Evaluation: Why, What, How, & When You Should Evaluate Your Wellness Program

www.welcoa.org/freeresources/pdf/fund_of_evaluation.pdf?PHPSESSID=429520494a99283ab350c6de06cd3834

General Explanations of the Administration's Fiscal Year 2009 Revenue Proposals ["The Blue Book"]

www.treas.gov/offices/tax-policy/library/bluebk08.pdf

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www.dol.gov/ebsa/PDF/2005pensionplanbulletin.pdf

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