FOR IMMEDIATE RELEASE: Sept. 12, 2017
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New Research from EBRI:

Overall Withdrawal Levels From IRAs Are Driven by the Minimum Distribution Rules

WASHINGTON—The level of annual withdrawals from individual retirement accounts (IRAs) are being driven largely by federal rules that require people ages 70-1/2 or older to take distributions from their traditional accounts, according to new research by the nonprofit Employee Benefit Research Institute (EBRI). These so-called “required minimum distributions” (RMDs) mean that individuals at that age or older must make a withdrawal from their Traditional IRA. In contrast, among owners under age 60, fewer than 12 percent of any age group had a distribution or a withdrawal.

Furthermore, data from the unique EBRI IRA Database show that for Traditional IRA owners ages 71 or older who are required to make a withdrawal that only slightly more than one-quarter were found to have withdrawn an amount in excess of their RMD.

“For Traditional IRAs, the overwhelming number of people that are taking withdrawals from them are because they have to under the RMD rules, and for the most part the amount of the withdrawal is only the amount they are required to take out,” said Craig Copeland, EBRI senior research associate and author of the report.

Other key findings of the EBRI IRA analysis:

- The average IRA account balance in the database was $99,017 at year-end 2015 and the average IRA individual balance (combining all accounts owned by the individual) was $125,045.
- Just less than 12 percent of all accounts in the database received a contribution in 2015, but Roth IRAs were more likely to receive a contribution than Traditional IRAs (26.0 percent vs. 6.5 percent). The average contribution to a Roth or Traditional IRA in 2015 was $4,169.
- Rollovers to IRAs in 2015, regardless of the source, amounted to nearly 15 times more than the total contributions in the database, with the average and median rollover to a Traditional IRA in 2015 being $101,919 and $26,143, respectively.
- Almost 24 percent of individuals owning a Traditional or Roth IRA took a withdrawal in 2015, including 27.5 percent of Traditional IRA owners. Withdrawals from Traditional IRAs are more likely to occur than from Roth IRAs, regardless of age.
- Those owning a Traditional IRA had, on average, lower allocations to equities. Furthermore, Traditional IRAs owned by those 55 or older had lower equity allocations than younger owners, while Roth IRAs owned by those not ages 45–54 had lower equity allocations than the 45–54 year olds.
olds owners. IRAs with the largest balances had the lowest combined exposure to equities (including the equity share of balanced funds added to the pure equity funds).

- Overall in 2015, 26.1 percent of IRAs had less than 10 percent in equities and 29.2 percent had more than 90 percent in equities, so called “extreme allocations” in a particular asset category. Furthermore, just short of 1 in 5 IRAs (18.6 percent) had more than 90 percent of their assets in bonds and money.


The report is the seventh annual cross-sectional analysis update of the EBRI IRA Database. It includes results on the distribution of individual retirement account (IRA) types and account balances, contributions, rollovers, withdrawals, and asset allocation IRAs for 2015, the latest data available.

The EBRI IRA Database is an ongoing project of the Employee Benefit Research Institute that collects data from IRA-plan administrators across the nation. For year-end 2015, it contains information on 27.9 million accounts owned by 22.1 million individuals, with total assets of $2.76 trillion. For accounts in the database, the IRA type, account balance, contributions made, rollovers transferred, and withdrawals taken during the year (if any), the asset allocation, and certain demographic characteristics of the account owner are included (among other items).

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