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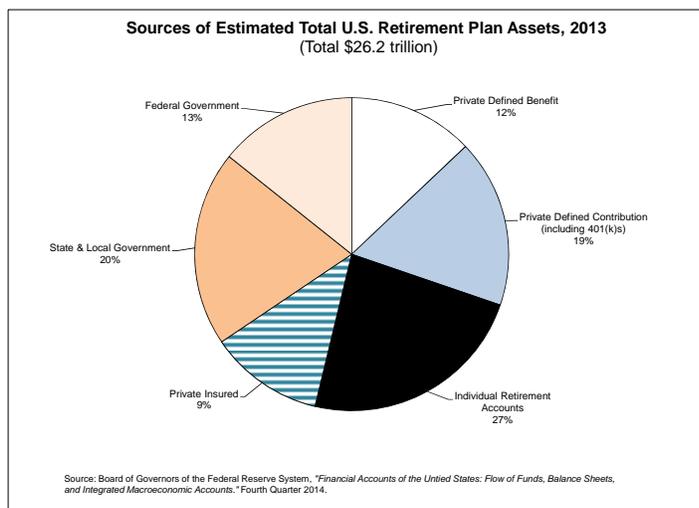
New Research from EBRI:

IRA Balances Continue Rise

WASHINGTON—Assets in individual retirement accounts (IRAs) continue to rise, according to new research by the nonpartisan Employee Benefit Research Institute (EBRI).

The latest update from the EBRI IRA Database shows that the average account balance for individuals owning at least one IRA increased to \$119,804 in 2013—an increase of 30.4 percent from 2010 to 2013, and 14.1 percent from 2012 to 2013. The median (mid-point) followed the same pattern, going from \$25,296 in 2010 to \$32,179 in 2013, representing increases of 27.2 percent between 2010 and 2013 and 15.0 percent between 2012 and 2013.

The percentage of individuals who contributed to their IRA was relatively consistent over the period, ranging from 12.1 percent in 2010 to 13.8 percent in 2013. Although Traditional IRAs held a far larger share of IRA assets in 2013, the majority of new contributions in 2013 went to Roth IRAs.



IRAs are a vital component of U.S. retirement savings, holding nearly one-quarter of all retirement plan assets in the nation. A substantial portion of these IRA assets originated in other tax-qualified retirement plans, such as defined benefit (pension) and 401(k) plans, and were moved to IRAs through rollovers from those plans.

In order to show the full amount that individuals hold in IRAs, the EBRI IRA Database allows for the summation of any multiple IRA accounts of the same person. When accounting for multiple accounts, the average individual IRA balance was 26 percent larger than the unique single-account

balance (\$119,804 vs. \$95,363).

Also, when examining the same individuals that were in the database each year from 2010 to 2013 (a "longitudinal" sample), the median percentage change in these individuals' account balances from 2010 to 2013 was a 33.6 percent increase. The 25th percentile of these percentage changes was an increase of 2.6 percent, while the 75th percentile was 57.1 percent increase.

"The increases found in the average balances in 2013 are likely to continue, as is the importance of IRA assets for individuals during retirement," noted Craig Copeland, senior research associate at EBRI and

author of the report. “With growing 401(k) plan balances and IRAs being a popular destination for 401(k) assets when people change jobs or retire, the amount of income derived from IRAs will grow significantly as a supplement to Social Security for the Baby Boom and Gen X generations.”

Among the other findings in the EBRI report:

Accounts by IRA Type: The growth rates for Roth IRA balances were higher both overall and by age and gender. The median Roth IRA increase for the longitudinal sample was 51.6 percent from 2010 to 2013, compared with 28.3 percent for all Traditional IRAs. A major factor in these different rates of growth was that new contributions make up a larger portion of the Roth IRAs than they do for Traditional IRAs, which magnified the impact of contributions. In addition, Roth IRAs are not subject to required minimum distributions for those older than 70-½ years, as are Traditional IRAs.

Contributions: The average contribution increased from \$3,335 in 2010 to \$4,145 in 2013.

Contribution rates: The percentage of individuals who contributed to their IRA was relatively consistent ranging from 12.1 percent in 2010 to 13.8 percent in 2013. The percentage of individuals owning Traditional IRAs who contributed to them rose from 5.2 percent in 2010 to 7.0 percent in 2013. In contrast, the percentage of Roth owners who contributed ranged from 24.0 percent to 26.0 percent from 2010–2013.

Maxing Out: The percentage of contributors who contributed the maximum rose from 43.5 percent in 2010 to 53.5 percent in 2012. However, with the increase in the maximum allowable contribution in 2013, the percentage contributing the maximum overall fell to 43.3 percent in 2013.

Consistent Sample Comparison—For the consistent sample (the same account owners in the EBRI IRA Database from 2010–2013), the overall average IRA balance increased each year—from \$89,427 in 2010, to \$90,232 in 2011, to \$101,649 in 2012, and to \$118,185 in 2013. Average balances for each gender grouping also increased each year.

The full report, “Individual Retirement Account Balances, Contributions, and Rollovers, 2013; With Longitudinal Results 2010–2013: The EBRI IRA Database,” is published in the May 2015 *EBRI Issue Brief*, online at www.ebri.org

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