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**New Research from EBRI:**

## **Most IRA Withdrawals Spurred by Legal Requirements**

WASHINGTON—Relatively few owners of individual retirement accounts (IRAs) are withdrawing money from them, and most of those who do are those over age 70-½ who are required by law to take a distribution from their Traditional IRA, according to new research by the nonpartisan Employee Benefit Research Institute (EBRI).

The most recent findings from the EBRI IRA Database show that just over 22 percent of individuals who owned a Traditional or Roth IRA took a withdrawal in 2013. The overall IRA withdrawal percentage was largely driven by activity among individuals ages 70-½ or older owning a Traditional IRA—the group required to make withdrawals under federal required minimum distribution (RMD) rules for IRA owners beyond that age.

In contrast, among individuals under age 60, just 10 percent or fewer had a withdrawal.

EBRI's analysis found that for those at the RMD age, the median (half above and half below) withdrawal rate appeared close to the amount that was required to be withdrawn, but some individuals had significantly higher rates. Looking at a consistent sample of IRA owners in the EBRI IRA Database from 2010–2013, approximately 25 percent of those 71 or older took a withdrawal amount in excess of that required by law for Traditional IRAs.

Notably, the withdrawal rates found in the study appear to be sustainable for older owners of IRAs, although further research on that point is needed, the report said.

“Among those ages 70 or older, withdrawal rates over a four-year period showed that most individuals were withdrawing at a rate that was likely to be able to sustain some level of post-retirement income from IRAs as the individual continued to age,” said Craig Copeland, EBRI senior research associate and author of the report.

The EBRI IRA Database also permits analysis of a “consistent sample” of IRA owners, meaning only those individuals who had an account in the database from 2010–2013. From this consistent sample, the percentage of individuals who took a withdrawal from a Traditional or Roth IRA rose from 13.1 percent in 2010, to 15.5 percent in 2011, 16.7 percent in 2012, and 18.4 percent in 2013, due to the aging of the individuals in the consistent sample. Almost all of the withdrawal

activity was observed coming from Traditional IRAs, as the percentage of Roth-IRA owners who took a withdrawal was almost constant at around 3 percent over the period.

Other findings in the report:

- While just over 80 percent of the individuals examined in the EBRI IRA Database owned Traditional IRAs, 95.6 percent of the individuals who took a withdrawal owned a Traditional IRA. Only 18.2 percent of the individuals who took a withdrawal owned a Roth IRA. The disparity between the withdrawal rates between the IRA types was due almost entirely to the required minimum distribution (RMD) rules that apply to Traditional IRAs but not to Roth IRAs.
- Looking at withdrawal activity by age, 64.9 percent of the individuals who took a withdrawal were ages 65 or older and just over half (50.8 percent) were ages 71 or older, while just 12.2 percent were younger than age 50.

The EBRI IRA Database is an ongoing project that collects data from multiple IRA-plan administrators. For year-end 2013, it contains information on 25.8 million accounts owned by 20.6 million unique individuals, with total assets of \$2.46 trillion.

The full report, “IRA Withdrawals in 2013 and Longitudinal Results 2010–2013,” is published in the July 2015 *EBRI Issue Brief*, online at [www.ebri.org](http://www.ebri.org)

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