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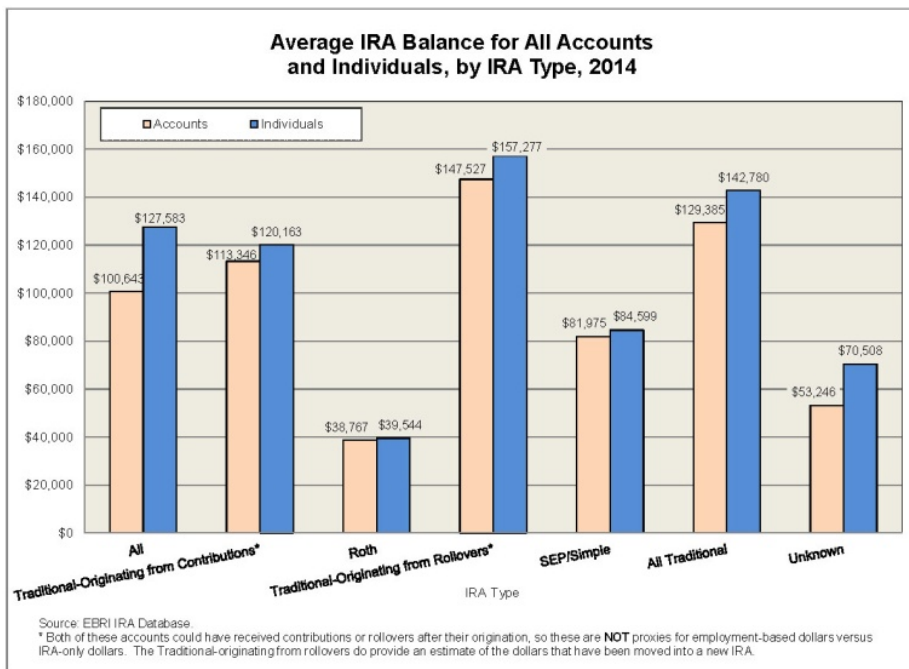
New Research from EBRI:

What's the Average IRA Balance? It Depends How You Count

WASHINGTON—What's the average balance of an individual retirement account (IRA)? New research by the nonpartisan Employee Benefit Research Institute (EBRI) shows that it matters how you count.

For instance, looking just at the balance *per account*, the average amount was just over \$100,000 in 2014, the latest data available. But if you look at the total IRA balance *per individual IRA owner*, the average amount was almost \$127,600—almost a third higher.

That's because many people own more than one IRA. The unique EBRI IRA database is able to link separate accounts owned by individuals in the database, providing a more accurate measure of individuals' IRA asset holdings. Since individual retirement accounts are the largest single repository for retirement savings, tracking IRA activity is critical to measuring U.S. retirement assets.



“The overall, cumulative IRA average balance *per individual* is 27 percent larger than the IRA balance *per account*,” said Craig Copeland, senior research associate at EBRI and author of the analysis. “The only way to get an accurate reading of the total IRA savings owned by individuals is to look at all IRAs an individual owns by aggregating their multiple IRA accounts, which in most cases are of different types (Roth vs. Traditional).”

The new EBRI report is the sixth annual cross-sectional analysis update of the EBRI IRA Database. It includes

results on the distribution of IRA types and account balances, contributions, rollovers, withdrawals, and asset allocation in individual retirement accounts (IRAs) for 2014.

Among the key findings in this annual update:

- **Average balances:** The average IRA account balance in the database was slightly more than \$100,000 and the average IRA individual balance was \$127,583, but the balances varied significantly by the IRA type: Roth IRAs had the lowest average balance, while Traditional IRAs had the highest average balance.
- **Contributions:** Just less than 12 percent of all accounts in the database received a contribution in 2014, but Roth IRAs were more likely to receive a contribution than Traditional IRAs (25.9 percent vs. 6.4 percent).
- **Rollovers:** Rollovers from other retirement plans in 2014 amounted to 15 times more than the total contributions in the database, with the average and median rollover to a Traditional IRA in 2014 being \$97,174 and \$25,827, respectively.
- **Withdrawals:** Almost 24 percent of individuals owning a Traditional or Roth IRA took a withdrawal in 2014, including 27.2 percent of Traditional IRA owners.
- **RMDs drive withdrawals:** 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. In contrast, among individuals under age 60, fewer than 12 percent of any age group had a withdrawal.
- **Older IRA owners:** One-quarter of those ages 71 or older were found to have had a withdrawal amount from their Traditional IRA in excess of their RMDs.
- **Asset allocations:** More than half of all IRA assets are allocated to equities, although this varies with age, account balance, and IRA type. Gender differences in asset allocations are minimal.
- **How older IRA owners invest:** Those older or owning a Traditional IRA have, on average, lower allocations to equities. Individuals with the largest balances have the lowest combined exposure to equities (including the equity share of balanced funds added to the pure equity funds).
- **Extreme allocations:** Overall, 27.0 percent of IRAs have less than 10 percent in equities and 27.9 percent have more than 90 percent in equities, so called “extreme allocations” in a particular asset category. Furthermore, just short of 1 in 5 IRAs (17.2 percent) had more than 90 percent of their assets in bonds and money funds.

The EBRI IRA Database is an ongoing project that collects data from IRA plan administrators across the nation. For year-end 2014, it contained information on 26.7 million accounts owned by 21.1 million unique individuals, with total assets of \$2.69 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).

The full report, “2014 Update of the EBRI IRA Database: IRA Balances, Contributions, Rollovers, Withdrawals, and Asset Allocation,” *EBRI Issue Brief* no. 424 (August 2016), is online at www.ebri.org

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