ebri.org
Employee Benefit
Research Institute

# News from EBRI

1100 13th St. NW • Suite 878 • Washington, DC 20005
(202) 659-0670 • www.ebri.org • Fax: (202) 775-6312

**For Immediate Release:** Oct. 13, 2011

**Contact:** Stephen Blakely, EBRI (media relations), 202/775-6341, blakely@ebri.org
Craig Copeland, EBRI (author of the report), 202/775-6356, copeland@ebri.org

***New Research from EBRI:***

# Trends in Individual Retirement Accounts (IRAs) and 401(k)-type Plans, 1996–2009

WASHINGTON—Participation of workers in individual-account 401(k)-type plans, which had grown sharply through the 1990s, leveled off from 2005 to 2009. Ownership of individual retirement accounts (IRAs), which had also risen significantly in the 1990s, experienced a slight decline from 2005 to 2009, according to a new report by the nonpartisan Employee Benefit Research Institute (EBRI).

The EBRI report finds that the proportion of workers ages 21–64 (those most likely to be in the work force) participating in a 401(k)-type plan increased from 23.3 percent in 1996 to 33.1 percent in 2005, before leveling off at 33.0 percent in 2009.

For IRAs, the report finds that after increasing from 17.0 percent at the end of 1996 to 22.9 percent at the end of 2005, the percentage of workers ages 21–64 who owned an IRA declined to 20.8 percent by the end of 2009.

The average annual contribution was $4,513 to a 401(k)-type plan in 2009, and $2,801 to an IRA. Few workers (just 5.4 percent in 2009) made a tax-deductible IRA contribution in 2009.

Full details are published in the October *EBRI Notes*, online at www.ebri.org

"These results are not surprising, given the downturn in the economy that occurred between 2005 and 2009," said Craig Copeland, author of the report. "The unemployment rate reached levels not experienced in more than two decades, housing values fell, and the stock market had a tremendous one-year decline in 2008. Consequently, individuals lost confidence and saving became more difficult, with some needing to tap into savings to pay for their expenses."

However, Copeland notes that the asset levels in these individual account plans have continued to increase overall. These types of plans have become the primary vehicles for retirement savings for private-sector workers in the United States. IRAs and private-sector defined contribution plans (which include 401(k) plans) held over $8.5 trillion in assets at the end of 2010.

###

PR #942