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# News from EBRI

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***New Research from EBRI:***

# IRA Allocations Vary By Age, Balance, and Type – But Not Gender

WASHINGTON—The investment allocation of individual retirement accounts (IRAs) varies by a variety of factors, but the asset allocation differences between genders was minimal, according to a new report by the nonpartisan Employee Benefit Research Institute (EBRI).

Those older, having higher account balances, or owning a traditional IRA that originated as a rollover had, on average, lower allocations to equities, according to the report, which notes that as account balances increased, the percentages of assets in equities (i.e., direct ownership, mutual funds, etc.) and balanced funds (including target-date funds) combined decreased, while bond (i.e., direct ownership, mutual funds, etc.) and "other" (i.e., real estate, annuities, etc.) assets' shares increased.

Equity allocations for the youngest IRA owners (under age 35) with small account balances were the lowest across the age groups. However, when balances reached $10,000 or more, younger IRA owners had significant increases in equity allocations, such that those ages 25−34 with the largest account balances had the largest equity allocation.

"Those under age 45 were much more likely to use balanced funds than were older IRA owners, and those under age 35 with balances less than $25,000 had particularly higher allocations to balanced funds," noted Craig Copeland, EBRI senior research associate and author of the report. "This shift follows the standard investing 'rule of thumb' that individuals should reduce their allocation to assets with high variability in returns (equities) as they age."

Roth IRAs had the highest share of assets in equities (59.1 percent) and balanced funds (15.5 percent). Traditional-originating from rollovers IRAs had the lowest percentage in equities (at 41.3 percent), but also had the highest percentage of assets in money (12.8 percent) and the highest percentage in bonds. Roth IRA owners were also much more likely to have 90 percent or more of their account invested in equities than owners of the other IRA types.  IRA owners who also were ages 35–44 or had account balances of less than $10,000 were more likely to have extreme allocations (more than 90 percent) to equities.

Overall, as of year-end 2010, about 46 percent of total IRA assets were in equities, 20 percent in bonds, 11 percent in balanced funds, 9 percent in money, and 15 percent in "other" investments.

Full results are published in the October 2012 *EBRI Notes,* online at www.ebri.org

These and other findings come from the latest update of the EBRI IRA Database, an ongoing project by EBRI that currently contains information on 14.85 million accounts of 11.1 million unique individuals with total assets of $1.002 trillion, as of year-end 2010. The EBRI IRA Database is able to provide a more complete assessment of cumulative IRA investments and activity by virtue of its ability to link the holdings of individual IRA owners both within and across data providers.

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which includes a broad range of public, private, for-profit and nonprofit organizations. For more information go to www.ebri.org or www.asec.org

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