



EBRI News

2121 K St. NW • Suite 600 • Washington, DC 20037-1896
(202) 659-0670 • www.ebri.org • Fax: (202) 775-6312

FOR IMMEDIATE RELEASE:
CONTACT:

Jan. 17, 2006
Craig Copeland, EBRI, (202) 775-6356, copeland@ebri.org
John MacDonald, EBRI, (202) 775-6349, macdonald@ebri.org

New Research From EBRI:

IRA Assets Hit Record High of \$3.48 Trillion in 2004

WASHINGTON—Assets in individual retirement accounts (IRAs) hit a record high of \$3.48 trillion in 2004, up from \$3.08 trillion a year earlier, a study released today by the nonpartisan Employee Benefit Research Institute (EBRI) shows.

The increases for 2003 and 2004 represented a return to annual IRA asset growth that had been recorded from 1981 through 1999—before three consecutive years of declines (2000–2002) driven by the stock market’s retrenchment.

“The 21.6 percent increase in the total asset level [of IRAs] in 2003 and the 12.8 percent increase in 2004 are comparable to the growth rates in the late 1990s, when increases ranged from 13.9 percent to 24.4 percent,” the study says. “Furthermore, double-digit increases in assets occurred in every year except one from 1981 until the declines of 2000–2002.”

The study is published in the January 2006 *EBRI Notes* and is available on the Internet at www.ebri.org. It also shows that the percentage of all American workers age 16 or older who own an IRA decreased from 18.8 percent in 1992 to 16.6 percent in 1998, and remained essentially unchanged at 16.7 percent in 2002. IRA ownership increased with family income and age through those 55–64 years old and was also higher for those who were white or male.

Assets in IRAs in 2004 far exceeded those in defined contribution retirement plans (\$3.48 trillion, compared with \$2.68 trillion), raising an important public policy questions, the study says:

“Will retirees be able to manage these assets in a manner so as not to outlive them? Do individuals understand that life expectancy in an average, and not a definite number on when people will die? Are individuals aware of and/or do they understand products such as annuities that insure against longevity risk? The answers to these questions, as well as to others, will determine if the build-up of these assets will ultimately be successful in providing Americans security in retirement.”

The study concludes: “It is not just the accumulation of assets but also the appropriate spending of the assets that will determine whether Americans with IRAs and other retirement plans will be able to afford to maintain a comfortable retirement.”

EBRI, an independent organization, does not lobby and does not take positions on policy issues.

###