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EBRI News

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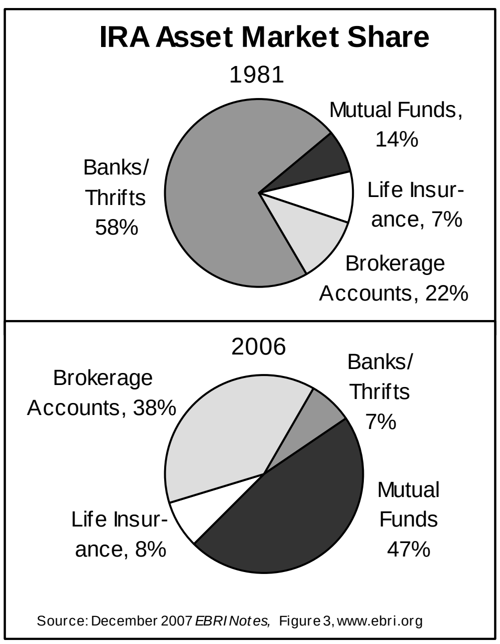
New Research from EBRI:

IRA Assets Grew 16.5% in 2006, Study Reports

WASHINGTON—Assets in individual retirement accounts (IRAs) grew 16.5 percent in 2006, reaching a record $4.23 trillion, according to a study released today by the nonpartisan Employee Benefit Research Institute (EBRI).

The 2006 increase—up from $3.63 trillion in 2005—solidified the position of IRAs as the largest repository of retirement funds in the United States. Compared with IRAs, private-sector defined contribution (401(k)-type plans) in 2006 held assets of $3.27 trillion, and private-sector defined benefit (pension) plans held assets of $2.26 trillion. The data are published in the December 2007 *EBRI Notes*, available at www.ebri.org   Assets in IRAs have exceeded those in private-sector defined contribution and defined benefit plans each year since 2001.



The growth in IRA assets has occurred mostly in mutual funds and self-directed brokerage accounts, the study found, with IRA market share shrinking for banks and thrifts. In 2006, almost half (47 percent) of all IRA assets were held in mutual funds.

IRA growth continued to be fueled by *rollovers* from employment-based tax-qualified plans (about $200 billion annually). New *contributions* to IRAs pale in comparison. The most recent Internal Revenue Service data, for 2002, showed that 90 percent of the assets in IRAs were in traditional IRAs, compared with 3 percent for Roth IRAs and just over 5 percent in other types of IRAs.

Assets in IRAs grew at an annual rate of 17.2 percent in the 1990s. After a retrenchment during the recession of 2000–2002, IRA assets grew at annual rates of 18.2 percent, 9.7 percent, and 10.6 percent, respectively, before the 16.5 percent increase in 2006.

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