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New Research from EBRI:

New EBRI IRA Database™ Finds Owners With Multiple IRAs Raise Average Balance by 25%

WASHINGTON, DC—The nonpartisan Employee Benefit Research Institute (EBRI®) today released preliminary results from a unique database on individual retirement accounts (IRAs) which for the first time will allow researchers to more accurately measure IRA assets and ownership across multiple data providers, and to track retirement assets as they move through different types of retirement plans.

For instance, the EBRI IRA Database™ finds that when owners of more than one IRA are identified and their assets are combined, their total IRA balance is about 25 percent higher than the unaggregated account average within the database.

The EBRI IRA Database™ is unique in that it can link the accounts of individuals with more than one account in the database, thus aggregating total IRA assets and giving a more realistic picture of their IRA-based retirement savings. Not only will EBRI® be able to link individuals within and across data providers in the database, but in the near future it will also be able to link the data with participants in 401(k) plans, allowing retirement funds to be tracked as they are generated, rolled over, and ultimately used. The data security techniques used by data providers assure that EBRI® has no ability to identify individuals so that all privacy is assured.

“IRAs are an incredibly important piece of the retirement puzzle, since they hold the largest single share of the \$13 trillion in U.S. retirement assets,” said Craig Copeland, senior research associate at EBRI® and author of the study. “This new database will allow us to generate unique and extremely valuable information about how Americans are using IRAs, including rollover IRAs which hold funds that were accumulated in employment-based defined benefit and defined contribution plans, for retirement.”

The full report is published in the September 2010 *EBRI Issue Brief*, “IRA Balances and Contributions: An Overview of the EBRI IRA Database,™” available online at www.ebri.org

The EBRI IRA Database™ currently has information on 14.1 million accounts for 11.1 million unique individuals with total assets of \$732.9 billion as of year-end 2008. Among the findings in this inaugural report from the database:

- **Types:** The most common types of IRAs are traditional and rollover IRAs (where assets are generated in other types of retirement plans, such as pensions or 401(k)s, and rolled into an IRA at job change or retirement), representing 67 percent of all IRAs. Roth IRAs represent almost a quarter of all IRAs.

((more))

- **Balances:** More than half (56.4 percent) of those owning at least one IRA had less than \$25,000 in them in 2008.
 - The average IRA *account balance* in 2008 was \$54,864. Because the EBRI IRA Database™ can aggregate multiple accounts held by one individual, the new EBRI® analysis also finds the average IRA *individual balance* (all accounts from the same person combined within the EBRI IRA Database®) was significantly higher, at \$69,498.
 - The median IRA account balance was considerably less: \$15,756 per account and \$20,046 per individual. Median levels mark the mid-point (half above and half below) and are less affected by outlier data.

- **Contributions and Rollovers:** The EBRI IRA Database™ confirms earlier findings that relatively few IRA owners contribute to them, and that the bulk of new IRA assets are rolled over from other retirement plans.
 - More than 10 times the amount of dollars were added to IRAs through rollovers in 2008 than from contributions—not surprising, since the annual individual contribution limit to IRAs is \$5,000 (\$6,000 for those age 50 or older), while rollover amounts are theoretically unlimited. The average rollover amount in 2008 was \$74,785, compared with an average contribution of \$3,666.
 - The average contribution to a traditional IRA (combined traditional and rollover) found in the database was \$3,798, higher than the \$3,582 average contributed to a Roth IRA. However, a higher overall amount was contributed to Roth IRAs (\$3.4 billion) than to traditional IRAs (\$2.3 billion).
 - Focusing on only those owning traditional, rollover, or Roth IRAs, 12.1 percent of the accounts were contributed to, and 15.1 percent of the individuals owning these IRA types contributed to them in 2008 (again, these figures differ because many people own more than one IRA).
 - When combining the owners of traditional and rollover IRAs (which are considered the same type for contribution purposes), 7.2 percent contributed to those accounts in 2008, while 29.5 percent of those owning a Roth IRA contributed to that account.

- **Maxing Out:** Of those contributing, 42.4 percent contributed the maximum amount. Of those contributing to a traditional or rollover IRA, 43.4 percent reached the maximum, while 40.2 percent did so with a Roth IRA.

- **Gender:** Men are more likely to own IRAs (56.6 percent of the accounts where the gender can be identified), compared with females (43.4 percent). Men also had higher average and median balances than females: \$91,063 and \$26,009, respectively, vs. \$51,314 and \$17,685 for females.

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