

Contact: Stephen Blakely, EBRI, (202) 775-6341, blakely@ebri.org

The Generation Gap in Roth IRA Contributions

Roth IRAs have a higher percentage of younger individuals contributing to them than do traditional individual retirement accounts (IRAs), according to the latest report from the nonpartisan Employee Benefit Research Institute (EBRI).

A recent analysis of the EBRI IRA database revealed that nearly a quarter (23.8 percent) of the Roth accounts receiving contributions were owned by individuals ages 25–34. In contrast, only 8.9 percent of the traditional accounts that received contributions were owned by those in that age group.

When looking at the age of the IRA owners, those who are younger and own a Roth IRA were more likely to contribute to the Roth IRA than older Roth IRA owners: 44 percent of Roth owners ages 25–29 contributed to their Roth in 2011, compared with 21 percent of Roth owners ages 60–64.

On the other hand, contributions to traditional IRA accounts did not significantly vary by age, as the percentage ranged from 9 percent to 6 percent for account owners up through age 64.

IRAs are a vital component of U.S. retirement savings, holding more than 25 percent of all retirement assets in the nation. A substantial and growing portion of these IRA

assets originated in other tax-qualified retirement plans, such as defined benefit (pension) and 401(k) plans. The EBRI IRA Database contains data collected from various IRA plan administrators on 20.5 million accounts owned by 16.6 million unique individuals with total assets of \$1.456 trillion to study this ever-growing important source of retirement assets.

More information about “Individual Retirement Account Balances, Contributions, and Rollovers, 2011: The EBRI IRA Database” is available [online here](#).

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