

Roth IRA Investors Favor Stocks, Balanced Funds

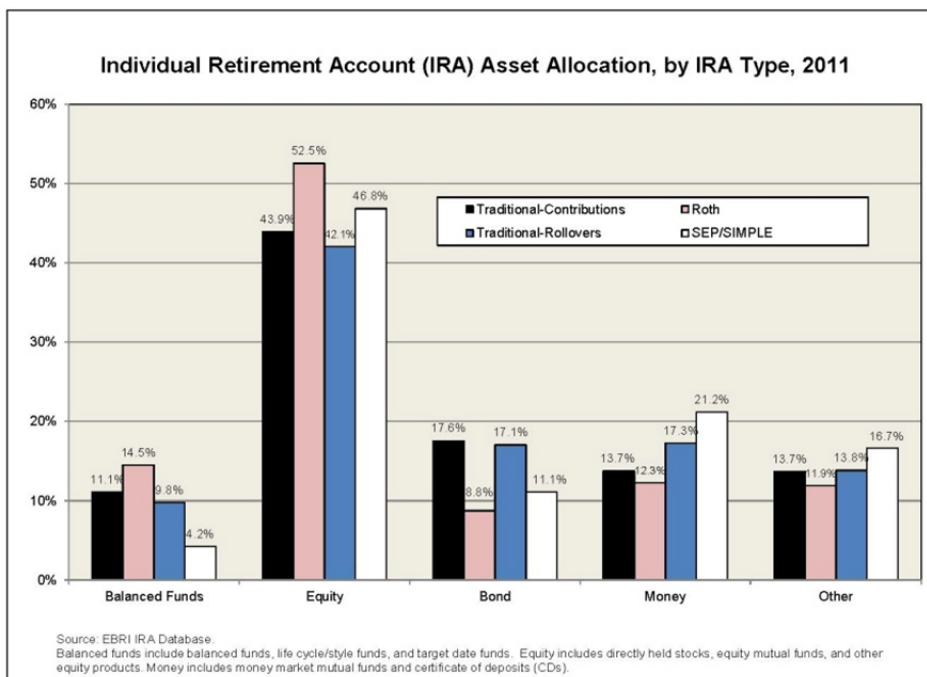
On an asset-weighted basis, owners of Roth IRAs have an average equity allocation that is higher than that of owners of other IRA types, regardless of age, according to a recent report by the nonpartisan Employee Benefit Research Institute (EBRI).

The report also notes that balanced funds have by far the largest asset allocations among young (under age 45) Roth IRA owners. The analysis was based on data from the EBRI IRA Database, an ongoing project that collects data from IRA plan administrators. For 2011, it contained complete asset allocation on 18.4 million accounts with \$1.388 trillion in assets.

The average equity allocations were highest for those ages 25 or younger for the lower balances and those ages 45–54 for the higher balances. Younger individuals with small balances had much higher use of balanced funds than those older with small balances, according to the report.

An earlier EBRI analysis of the EBRI IRA database also found 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.

More information about these IRA asset allocation trends can be found in the October *EBRI Notes* article, [“IRA Asset Allocation, 2011.”](#) Additional information about IRA contribution trends is available in the May 2013 *EBRI Issue Brief*, [“Individual Retirement Account Balances, Contributions, and Rollovers, 2011: The EBRI IRA Database.”](#)



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