

FAST Facts

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Impact of Individual Account Retirement Plan Ownership on Family Net Worth

WASHINGTON—How is family net worth affected by the ownership of any kind of individual account retirement plan? Quite a lot, according to a study published by the nonpartisan Employee Benefit Research Institute (EBRI).

A comparison of the mean (average) and median (mid-point) net worth across family income and family head age shows that families with an individual retirement account plan (such as a 401(k)-type defined contribution plan from a current or previous employer, or an individual retirement account or Keogh plan) have substantially larger amounts of wealth across each age and income group, EBRI data show.

The median (half above, half below) family net worth for a family with annual income of \$50,000–\$99,999 *with* any type of individual account plan is \$213,000. For the same family *without* any type of individual account, the median net worth is \$91,250. Likewise, median net worth for a family head age 45–54 *with* an individual account plan is \$302,010, compared with \$46,960 for a family head the same age *without* any type of individual account.

Details appear in the August 2009 *EBRI Issue Brief*, available at www.ebri.org, and in the chart below.

Mean and Median Net Worth for Families With and Without an Individual Account Retirement Plan, by Family Income and Family Head Age, 2007				
	With Any Type of Individual Account Retirement Plan Balance		Without Any Type of Individual Account Retirement Plan Balance	
	Mean	Median	Mean	Median
Total	\$858,947	\$256,300	\$221,596	\$29,900
Family Income				
Less than \$10,000	768,420	194,300	95,887	1,600
\$10,000–\$24,999	210,142	112,500	76,104	12,350
\$25,000–\$49,999	256,357	104,320	129,122	31,020
\$50,000–\$99,999	372,146	213,900	255,146	91,250
\$100,000 or more	2,010,142	617,000	2,020,252	373,000
Age of Head				
<35	181,618	48,900	53,637	5,700
35–44	476,806	180,650	124,129	12,570
45–54	891,977	302,010	240,624	46,960
55–64	1,304,861	453,900	356,608	70,920
65–74	1,644,394	530,800	340,764	100,600
75+	1,208,571	419,600	396,780	156,500

Source: Employee Benefit Research Institute estimates of the 2007 Survey of Consumer Finances.

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