IRA Withdrawal Patterns in Times of Crisis

The waiver of required minimum distributions (RMDs) for 2020 is one of the provisions of the CARES Act. EBRI looks at the Great Recession of 2008-2010 to explore the effects of a prior economic crisis and a similar policy on IRA withdrawal patterns.

IRA Withdrawals

Accountholders in the ages 50-70 cohort did not adjust their withdrawals relative to their account balance during the 2008-2010 market downturn, resulting in a larger proportion of balances being withdrawn.

Retired vs. Not Retired

The likelihood of an IRA withdrawal among retired households went down during the 2008 market downturn. In contrast, the share of not-yet-retired households taking withdrawals from their IRA increased in the same period.

Impact of RMD Waiver

Biennial IRA withdrawal data show a drop in withdrawals of no more than the RMD amount between 2008 and 2010. This can be attributed to households taking advantage of the 2009 RMD waiver.

1. In 2016 dollars.