Combined 401(k) Plan and IRA Balances by Age and Time

Owning both a 401(k) plan and an individual retirement account (IRA) leads to larger balances, but missed opportunities to contribute and leakage reduce those balances.

**Combined Balances Show Higher Growth**

When individuals own both 401(k) plans and IRAs, balances are larger than when they just have a 401(k) plan. The youngest and oldest have the highest ratios of combined to 401(k)-only balances. IRAs of older individuals likely represent 401(k) plan rollovers.

**Share of 401(k) vs. IRA Holdings**

401(k) plans represent the greatest portion of the combined account balances of individuals, and increase as a portion of the whole over time. This is presumably driven by the higher likelihood of contributions, higher contribution limits to 401(k) plans than to IRAs, and company matching contributions.

**Evidence of Leakage**

While balances grow steadily for those with only 401(k) plan balances or both account types throughout the period, those switching between account types (orange line) begin to see reduced balances. This is likely due to cessations in contributions and/or withdrawals that indicate leakage from the system.

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1. 401(k) plan and IRA balances held each year.

SOURCE: Craig Copeland, "Having Both a 401(k) Plan and an IRA: How Much Does This Change the Retirement Asset Picture?" EBRI Issue Brief, no. 511 (Employee Benefit Research Institute, August 20, 2020).