

IRA SPENDDOWN

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EBRI Policy Forum

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EBRI IRA DATABASE

- Annual data from 2010-2016
- Cross sectional and longitudinal data (accounts are linked across years for those that remain in the database)
- Account and individual level (link multiple accounts of an individual)
- In 2016, the database included 24.2 million accounts for 19.1 million individuals with assets of \$2.36 trillion
- Compares closely to Internal Revenue Service (IRS) tabulations

	EBRI IRA Database 2016	Internal Revenue Service 2015 Data
Total Assets	\$2.36 trillion	\$7.48 trillion
Percentage Traditional Assets	85.0%	85.4%
Average Rollover Amount	\$94,238	\$94,535
Average Account Balance	\$123,973	\$127,980
Average Traditional Contribution	\$4,154	\$4,153
Average Traditional Withdrawal	\$17,237	\$15,949

	EBRI IRA Database 2016	Internal Revenue Service 2015 Data
Age		
Under 25	1.8%	1.4%
25-29	4.1	3.5
30-34	6.2	5.4
35-39	7.3	6.5
40-44	7.9	7.7
45-49	9.6	8.9
50-54	10.8	10.9
55-59	12.1	12.7
60-64	12.0	12.9
65-69	10.9	11.2
70 or older	16.5	18.9
Unknown	1.1	0.0
Type		
Traditional	78.7	79.5
SEP/SIMPLE	7.5	10.4
Roth	31.0	32.9

- Based on an asset comparison with the Federal Reserve's *Financial Accounts* report 2016 number of \$8.08 trillion, the database includes about 27 percent of the 2016 assets.
- The number of individuals owning IRAs in the database (19.1 million) represents about one-third of all IRA owners, given the 58.4 million individuals the Internal Revenue Service reported owning an IRA in 2015.

VARIABLES

- IRA Types
- Account balances
- Contributions
- Rollovers
- Withdrawals
- Asset Allocation
- Age
- Gender

GOALS OF THIS PRESENTATION

Examine the spenddown of IRAs through balance changes and withdrawal rates

- Determine the percentage of IRAs in 2012 that still have positive balances in 2013-2015
 - By ages 60 or older
- Calculate the percentage of accounts that decrease and increase from 2012-2015
 - By ages 60 or older
- Show withdrawal rates of those ages 71 or older
- Compare IRA Database results to HRS results

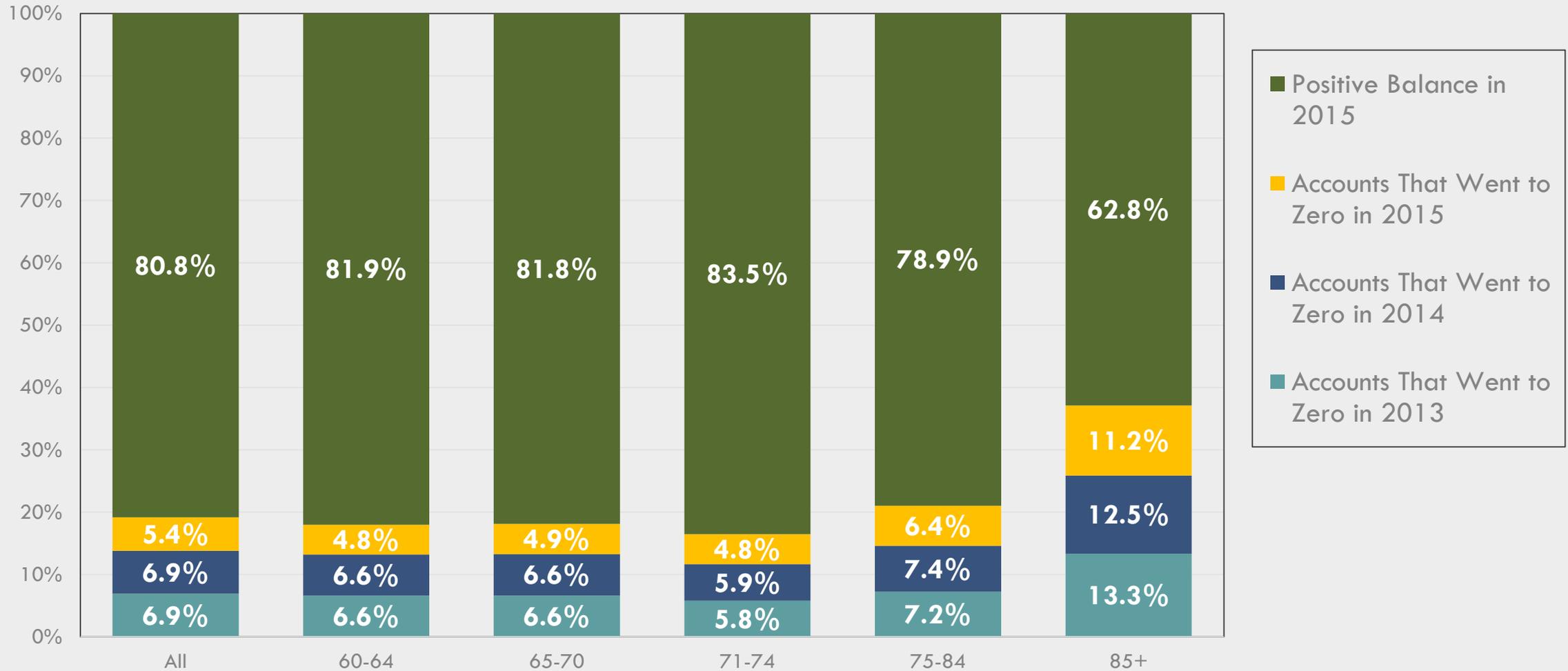
IRAs Owned by Those Ages 60 or Older—What Happens to Them From 2012 to 2015?

Closed?

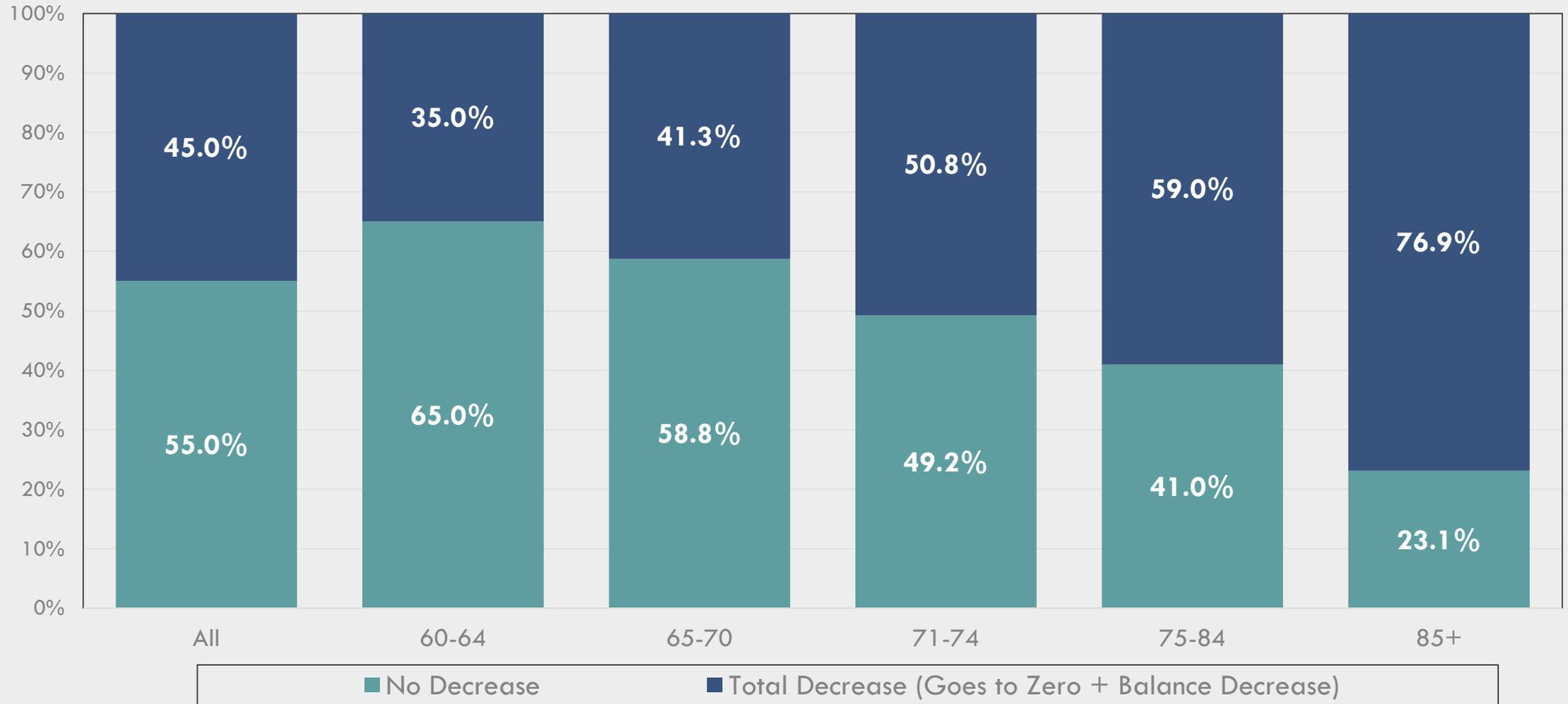
Decreased Balances?

Increased Balances?

PERCENTAGE OF IRAS OWNED BY THOSE AGES 60 OR OLDER IN 2012 THAT STILL HAVE A POSITIVE BALANCE IN 2015, BY OWNER AGE

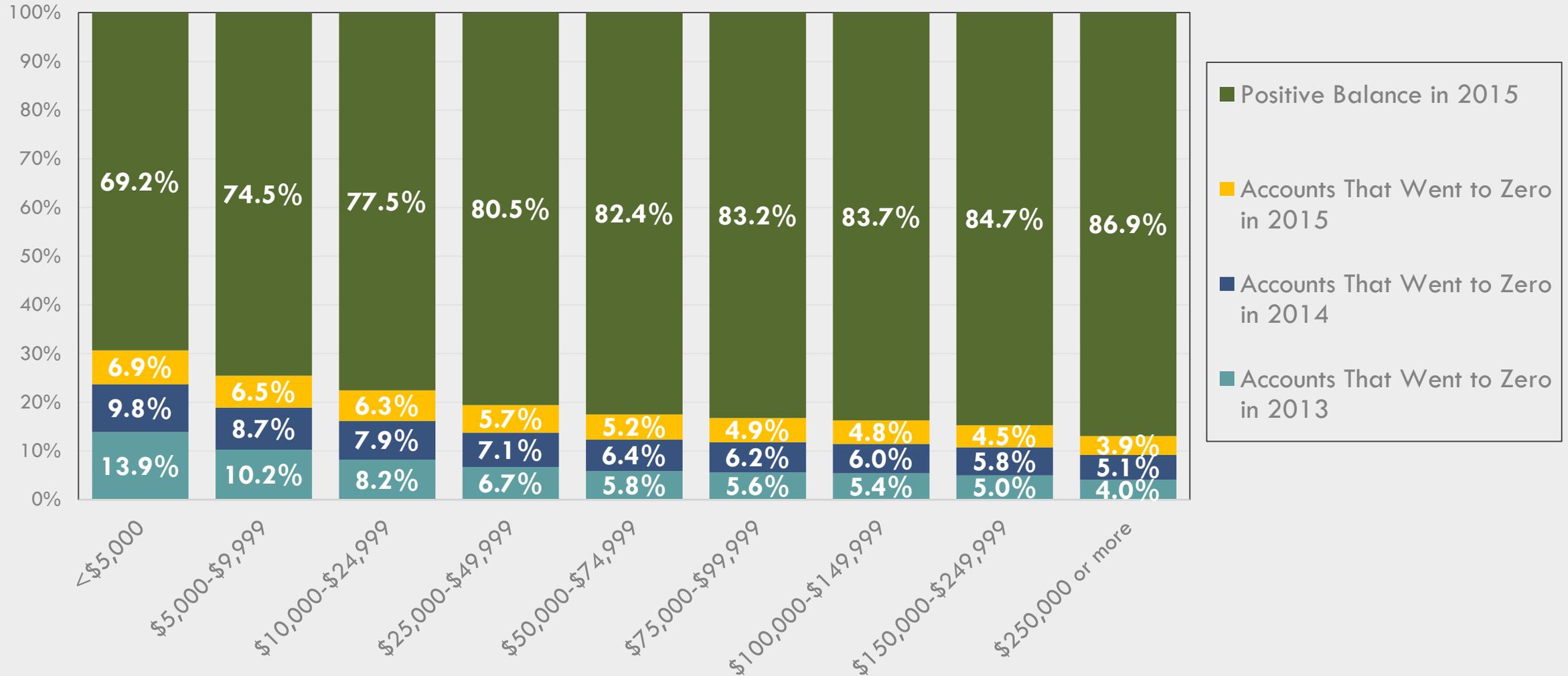


PERCENTAGE OF ACCOUNTS OWNED BY THOSE AGES 60 OR OLDER THAT WENT TO ZERO OR HAD A DECREASE IN THEIR ACCOUNT BALANCE FROM 2012 TO 2015, BY OWNER AGE

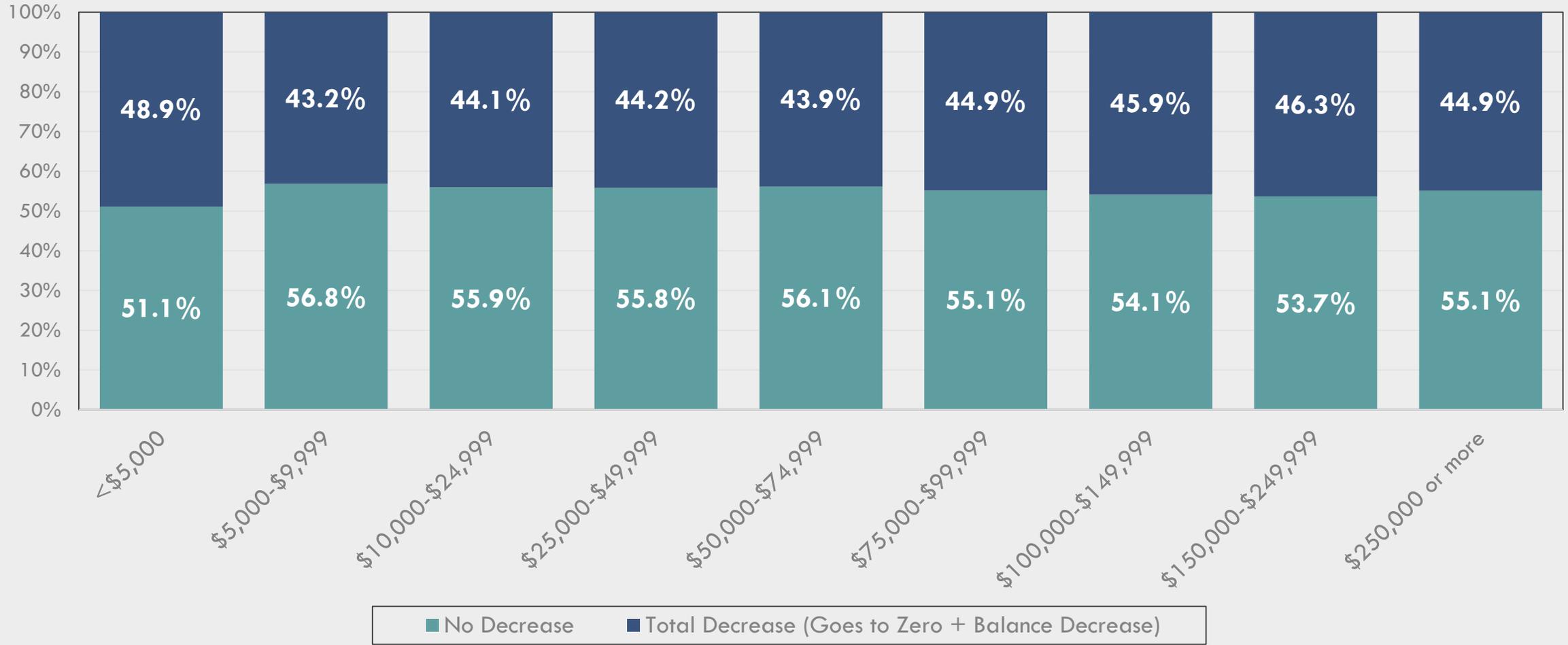


IRAs Owned by Those Ages 60 or Older, by Account Balance

PERCENTAGE OF IRAS OWNED BY THOSE AGES 60 OR OLDER IN 2012 THAT STILL HAVE A POSITIVE BALANCE IN 2015, BY ACCOUNT BALANCE



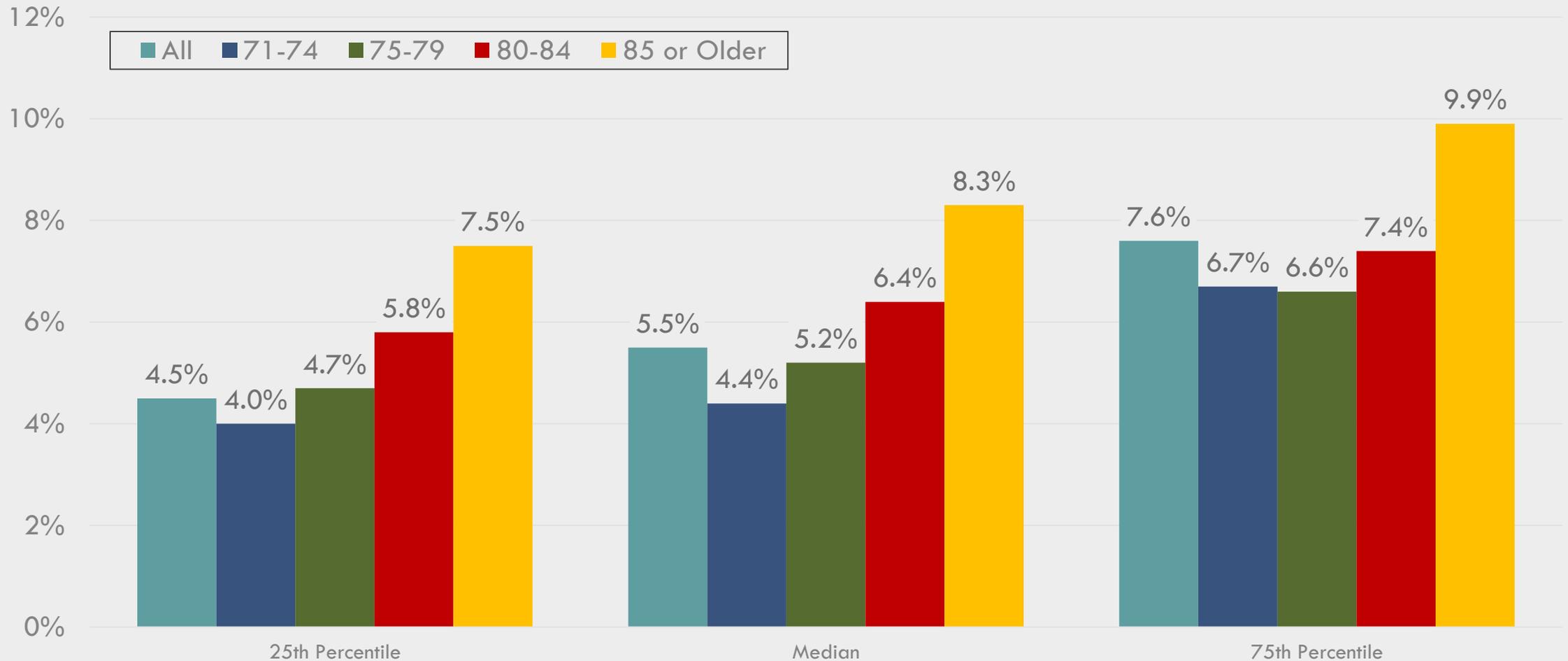
PERCENTAGE OF ACCOUNTS OWNED BY THOSE AGES 60 OR OLDER THAT WENT TO ZERO OR HAD A DECREASE IN THEIR ACCOUNT BALANCE FROM 2012 TO 2015, BY ACCOUNT BALANCE



Traditional IRA Owners Ages 71 or Older Withdrawal Rates

- Geometric means by age?

DISTRIBUTION OF THE GEOMETRIC MEAN OF WITHDRAWAL RATES BY TRADITIONAL IRA OWNERS 71 OR OLDER IN 2010 WHO TOOK A WITHDRAWAL IN EACH YEAR 2010-2016, BY OWNER AGE



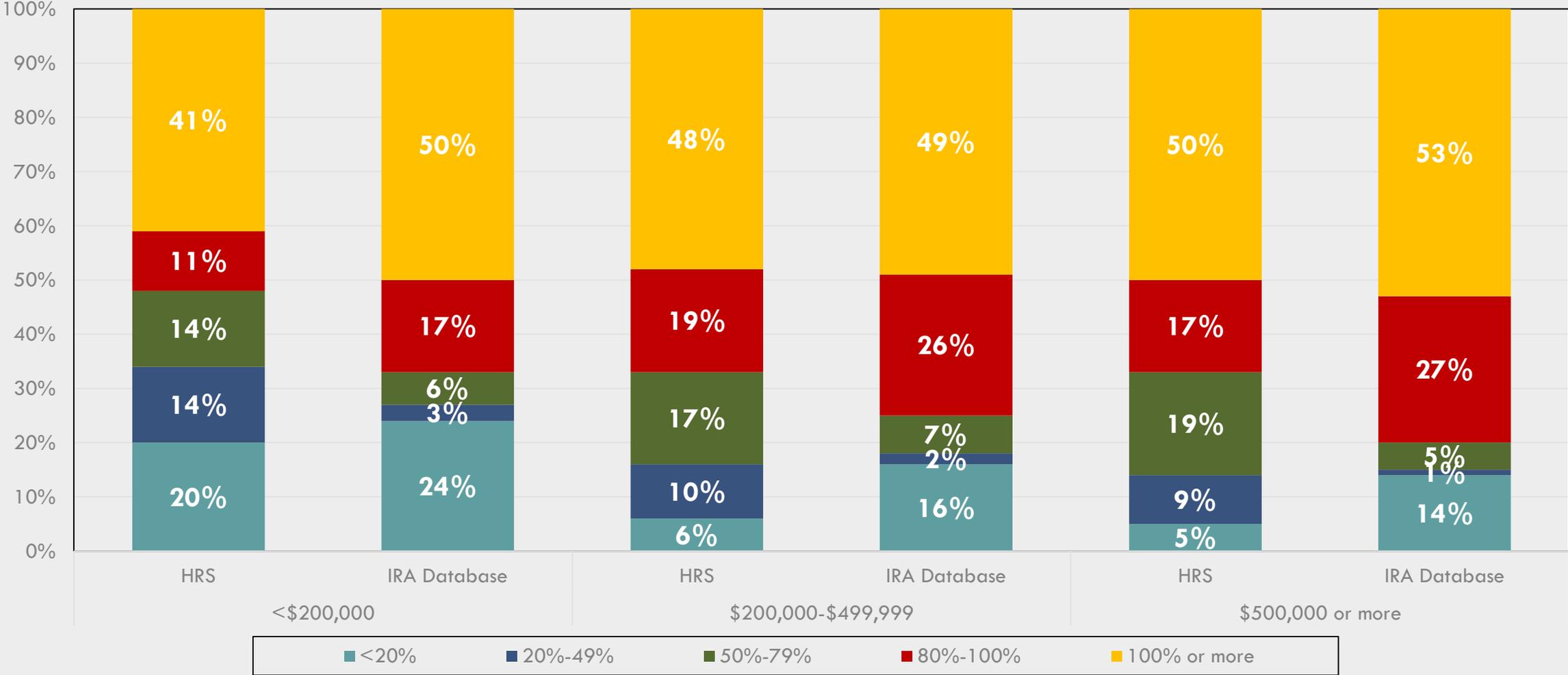
COMPARISON BETWEEN HRS AND EBRI IRA DATABASE

ARE THE RESULTS CONSISTENT IN THE INITIAL YEARS?

DETAILS OF COMPARISON

- Retirement age
 - HRS-when they stop working
 - Database-anyone 65 or older
- Percentage of Initial Balance 3 to 4 Years Later
- IRA Database sample 2012-2015 which includes accounts that go to zero (or closed)
- Not the 2010-2016 sample as that only includes the accounts that have a positive balance each year from 2010-2016, so biases the results upwards (more accounts will be in the higher percentage of initial balance categories since the zeros are not included)
- Rollovers included in IRA Database as HRS allows for rollovers to be added to assets as well

DISTRIBUTION OF THE PERCENTAGE OF INITIAL ASSETS THAT THESE ASSETS REPRESENT 3 TO 4 YEARS AFTER RETIREMENT, BY INITIAL ASSET AMOUNT

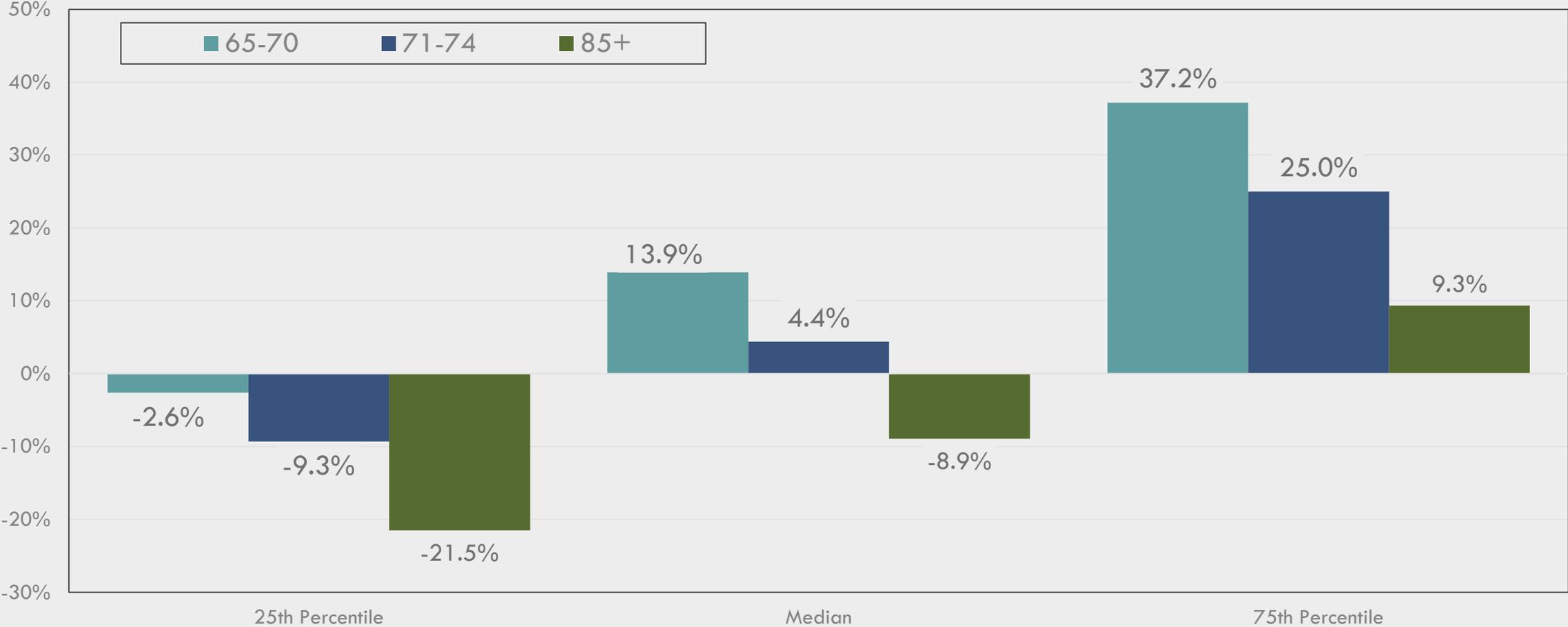


Source: EBRI IRA Database and
EBRI Issue Brief, no. 447 (April 3, 2018).

Appendix

Percentage Change in Balances of Those Still Positive in 2015, by Age

DISTRIBUTION OF ACCOUNT BALANCE CHANGES FROM 2012 TO 2015 FOR ACCOUNTS THAT STILL HAVE POSITIVE BALANCES IN 2015, BY AGE OF ACCOUNT OWNER



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