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A T A G L A N C E

IRA Withdrawals, 2011, *by Craig Copeland, Ph.D., EBRI*

- The EBRI IRA Database, an ongoing project that collects data from IRA plan administrators, contains information for 2011 on 20.5 million accounts with total assets of \$1.456 trillion. In this study, only withdrawals from the accounts identified as traditional or Roth IRAs in the database are examined, a total of 15.3 million accounts with \$1.11 trillion in assets.
- Just over 16 percent of traditional and Roth IRA accounts had a withdrawal in 2011, including 20.5 percent of traditional accounts. This percentage was largely driven by activity among traditional IRAs owned by individuals ages 70-½ or older where the individuals were required to make withdrawals from their tax-qualified accounts.
- Looking at accounts that have both a withdrawal and a rollover, there appeared to be some movement of dollars consistent with a desire to take advantage of differing tax rules between IRAs and employment-based retirement plans; nearly a third (29.5 percent) of those having both a rollover and a withdrawal took a withdrawal at least equal to that of the rollover.
- While the median withdrawal rates suggest that many individuals are highly likely to maintain the IRA as a source of income throughout retirement, further study is needed to see if these individuals are keeping their withdrawal rates at these levels as they get older.

Employer and Worker Contributions to Health Reimbursement Arrangements and Health Savings Accounts, 2006–2013, *by Paul Fronstin, Ph.D., EBRI*

- This report presents findings from the 2013 EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey (CEHCS), as well as earlier surveys, examining the availability of health reimbursement arrangements (HRAs) and health-savings-account (HSA)-eligible plans (consumer-driven health plans, or CDHPs). It also looks at employer and individual contribution behavior.
- The percentage of workers reporting that their employers contribute to the account increased. Among individuals with employer contributions, the percentage with contributions between \$200–\$499 and \$750–\$999 increased while contributions of \$1,000 or more fell in 2013.
- Workers with employee-only coverage dropped their contributions, but those with family coverage kept their contribution levels steady.

IRA Withdrawals, 2011

By Craig Copeland, Ph.D., Employee Benefit Research Institute

Data Security

The Employee Benefit Research Institute's (EBRI's) retirement databases (the EBRI/ICI Participant-Directed Retirement Plan Database,TM the EBRI IRA Database, and the EBRI Integrated Defined Contribution/IRA DatabaseTM) have been the subject of multiple independent security audits and have been certified to be fully compliant with the ISO-27002 Information Security Audit standard. Moreover, EBRI has obtained a legal opinion that the methodology used meets the privacy standards of the Gramm-Leach-Bliley Act. At no time has any nonpublic, personal information that is personally identifiable, such as Social Security numbers, been transferred to or shared with EBRI. None of the three databases allows identification of any individuals or plan sponsors.

Introduction

Individual retirement accounts (IRAs) are a vital component of U.S. retirement savings, representing more than 25 percent of all retirement assets in the nation.¹ A substantial portion of these IRA assets originated in other tax-qualified retirement plans, such as defined benefit (pension) and 401(k) plans, and were moved to IRAs through rollovers at job change. Thus, in many cases, IRAs are not only an independent retirement savings vehicle, but a repository for assets built up in the employment-based retirement system.

Despite IRAs' prominence in the U.S. retirement system, there is a limited amount of knowledge about the behavior of individuals who own IRAs, either alone or in combination with employment-based defined contribution (DC) plans. Consequently, EBRI created the EBRI IRA Database, which links accounts both within and across data providers. This is being done both by calendar year and longitudinally, allowing for the examination of retirement asset holdings both at a point in time and as the individual ages and either changes jobs or retires.

This article examines the percentage of traditional or Roth IRAs in the EBRI IRA Database that had a withdrawal in 2011. In addition, the amount and the proportion of the account this withdrawal represents is investigated by IRA type and account balance, as well as by the gender and age of the account owner.² Furthermore, the fraction of traditional IRAs receiving a rollover and having a withdrawal is studied.

Data

The EBRI IRA Database, an ongoing project that collects data from IRA plan administrators, contains information for 2011 on 20.5 million accounts with total assets of \$1.456 trillion.³ For each account within the database, the following are delineated: the IRA type; the account balance, contributions, rollovers, and withdrawals during the year; the asset allocation; and certain demographic characteristics of the account owner (among other items). In this study, only withdrawals from the accounts identified as traditional or Roth IRAs in the database are examined, a total of 15.3 million accounts with \$1.11 trillion in assets.

In Figure 1, the distribution of these accounts by account balance, IRA type, and the owner's age and gender are presented. Just over 25 percent of the accounts were owned by 25–44 year-olds, and another 22.7 percent were owned by those ages 45–54. Among the account balance categories, 35.9 percent of the accounts had a balance of less than \$10,000, and another 18.9 percent ranged from \$10,000 to \$24,999. Almost three-fourths of the accounts were traditional IRAs, while the rest were Roth IRAs. Male owners represented 46.3 percent of the accounts, females 37.5 percent, and the remaining 16.2 percent were unknown.

Demographics of Those Taking Withdrawals

While almost three-fourths of the accounts examined in the EBRI IRA Database were traditional IRAs, over 90 percent of the accounts with a withdrawal were in that category (Figure 1),⁴ while only 6.4 percent of the accounts with a withdrawal were Roth IRAs. Furthermore, 65.1 percent of the accounts with a withdrawal were owned by those ages 60 or older and 43.8 percent by those ages 70 or older, while just 10 percent were owned by those ages 25–44. For traditional IRAs with a withdrawal, the age distribution followed the overall age distribution, with 67.2 percent owned by those ages 60 or older and 45.9 percent owned by those ages 70 or older. In contrast, for Roth IRAs, 50 percent of the accounts with a withdrawal were owned by 25–54-year-olds.

Just over 50 percent of the traditional accounts with a withdrawal had an account balance of \$50,000 or more, including 16.3 percent with a balance of \$250,000 or more.⁵ Among Roth accounts, 53.9 percent of the accounts had balances of less than \$10,000. Similar percentages of Roth and traditional accounts with a withdrawal were owned by males, with 50.3 percent for traditional and 45.0 percent for Roth (57.8 percent and 58.6 percent, respectively, for those accounts owned by those with a known gender).

Percentage of Accounts With a Withdrawal

Among traditional IRAs, 20.5 percent of the accounts had a withdrawal in 2011, whereas 3.9 percent of Roth accounts had a withdrawal (Figure 2).⁶ For traditional IRAs owned by those age 25 or above, the percentage having a withdrawal increased from 8.2 percent for those ages 25–44 to 70.1 percent for those ages 75–84. There was a slight decrease for those traditional IRA owners ages 85 or older to 68.1 percent. For Roth IRAs, the percentage of these accounts with a withdrawal increased from 3.1 percent for those owned by 55–59 year olds to 9.2 percent for those ages 85 or older.

With respect to the account balances of traditional IRAs, the percentage experiencing a withdrawal increased from 11.9 percent for accounts with balances less than \$10,000 to 38.2 percent for accounts with \$250,000 or more.⁷ Roth IRAs followed a similar pattern, as the account balance increased, from 3.0 percent for accounts less than \$10,000 to 8.8 percent for accounts of \$250,000 or more. Accounts owned by males and females had similar levels, with withdrawals at 22.0 percent and 20.1 percent, respectively, for traditional IRAs and 3.9 percent and 3.3 percent for Roth IRAs.

Average Withdrawal Amounts

The average withdrawal amounts of those taking withdrawals from traditional IRAs increased with the age of the account owner, from \$7,917 (those younger than age 25) to \$22,775 (those ages 60–64) (Figure 3).⁸ At that point, the average withdrawal started to decline with age, slipping to \$11,765 for those ages 85 or older. The average withdrawal amounts of those taking a withdrawal also increased with the age of the Roth owner, from \$3,715 for those younger than age 25 to \$23,196 for those ages 65–69. The average Roth withdrawal then leveled off to a range of \$21,000 to \$23,000 for owners age 70 or older.

Among accounts with balances of \$10,000 and more for both IRA types, the average withdrawal increased along with the account balance, with the average withdrawal from traditional IRAs reaching \$40,115 for accounts with \$250,000 or more. Males had higher average withdrawal amounts than females: for example, for traditional IRAs, \$19,890 compared with \$11,956.

There is significant variation in amounts withdrawn from IRAs that cannot be ascertained from just examining these averages. Figure 4 presents the 25th percentile, median (mid-point, half above and half below), and 75th percentile for each factor examined. The overall median withdrawal amount of those taking a withdrawal from a traditional IRA was \$6,750, while the 75th percentile of the withdrawal amounts was \$18,000. This value for the 75th percentile was

Figure 1
Distribution of the Accounts With Withdrawals from Traditional and Roth Individual Retirement Accounts, by Various Characteristics, 2011

	All	All With Withdrawal	Traditional With Withdrawal	Roth With Withdrawal
All	100.0%	100.0%	100.0%	100.0%
Type				
Traditional	73.6	93.6	100.0	0.0
Roth	26.4	6.4	0.0	100.0
Age				
Less than 25	1.0	0.4	0.3	1.6
25–44	25.2	10.0	8.5	31.5
45–54	22.7	11.7	11.3	18.5
55–59	12.2	6.9	6.8	8.3
60–64	11.7	10.8	10.8	11.9
65–69	9.1	10.4	10.5	8.8
70–74	5.6	17.9	18.6	7.1
75–84	5.5	21.4	22.5	5.5
85 or older	1.2	4.6	4.8	0.8
Unknown	5.9	6.0	6.0	5.8
Account Balance				
Less than \$10,000	35.9	20.9	18.7	53.9
\$10,000–\$24,999	18.9	14.7	14.4	19.6
\$25,000–\$49,999	15.1	14.9	15.0	13.1
\$50,000–\$99,999	12.5	16.1	16.7	7.5
\$100,000–\$149,999	5.7	8.7	9.1	2.5
\$150,000–\$249,999	5.3	9.3	9.8	1.8
\$250,000 or more	6.6	15.4	16.3	1.7
Gender				
Female	37.5	36.3	36.6	31.8
Male	46.3	49.9	50.3	45.0
Unknown	16.2	13.8	13.1	23.2

Source: EBRI IRA Database.

Figure 2
Percentage of Individual Retirement Accounts With a Withdrawal, by Various Characteristics, 2011

	All With Withdrawal	Traditional With Withdrawal	Roth With Withdrawal
All	16.1%	20.5%	3.9%
Age			
Less than 25	5.9	14.2	2.3
25–44	6.4	8.2	3.4
45–54	8.3	10.1	3.3
55–59	9.0	10.8	3.1
60–64	15.0	17.7	4.9
65–69	18.5	21.7	5.2
70–74	51.7	60.7	7.8
75–84	62.5	70.1	8.3
85 or older	63.5	68.1	9.2
Unknown	16.3	20.7	3.9
Account Balance			
Less than \$10,000	9.4	11.9	4.5
\$10,000–\$24,999	12.6	18.0	3.0
\$25,000–\$49,999	15.8	21.0	3.1
\$50,000–\$99,999	20.7	24.0	3.8
\$100,000–\$149,999	24.7	26.2	6.1
\$150,000–\$249,999	28.3	29.4	7.0
\$250,000 or more	37.3	38.2	8.8
Gender			
Female	15.6	20.1	3.3
Male	17.4	22.0	3.9
Unknown	13.6	16.7	5.4

Source: EBRI IRA Database.

Figure 3
Average Withdrawal Amounts from Individual Retirement Accounts, by Various Characteristics, 2011

	All With Withdrawal	Traditional With Withdrawal	Roth With Withdrawal
All	\$16,374	\$16,474	\$14,920
Age			
Less than 25	6,745	7,917	3,715
25–44	12,445	13,788	7,171
45–54	16,929	17,503	11,842
55–59	18,085	18,356	14,859
60–64	22,477	22,775	18,539
65–69	21,746	21,663	23,196
70–74	13,914	13,694	22,282
75–84	12,660	12,513	21,413
85 or older	11,891	11,765	22,887
Unknown	24,064	23,426	33,649
Account Balance			
Less than \$10,000	11,376	11,358	11,466
\$10,000–\$24,999	8,270	8,034	10,799
\$25,000–\$49,999	9,618	9,411	13,078
\$50,000–\$99,999	12,051	11,851	18,565
\$100,000–\$149,999	15,567	15,270	31,383
\$150,000–\$249,999	19,339	19,073	40,994
\$250,000 or more	40,674	40,115	118,821
Gender			
Female	11,936	11,956	11,600
Male	19,770	19,890	17,827
Unknown	15,761	15,995	13,825

Source: EBRI IRA Database.

Figure 4
Distribution of Withdrawal Amounts for Those Taking a Withdrawal from Individual Retirement Accounts, by Various Characteristics, 2011

	All With Withdrawal			Traditional With Withdrawal			Roth With Withdrawal		
	25th Prctl.	Median	75th Prctl.	25th Prctl.	Median	75th Prctl.	25th Prctl.	Median	75th Prctl.
All	\$2,319	\$6,500	\$7,600	\$2,376	\$6,750	\$18,000	\$1,900	\$5,000	\$10,500
Age									
Less than 25	520	1,850	5,400	549	1,953	6,455	497	1,600	4,000
25–44	2,036	5,351	13,913	2,380	6,167	15,772	1,450	4,000	7,591
45–54	2,500	7,000	19,467	2,557	7,637	20,000	1,865	5,000	10,000
55–59	2,500	7,300	20,000	2,507	7,694	20,000	2,000	5,452	12,000
60–64	4,000	10,000	25,000	4,000	10,650	25,551	2,577	6,085	15,000
65–69	4,200	10,056	24,000	4,398	10,500	24,500	2,548	6,500	17,997
70–74	2,000	5,654	14,775	2,000	5,659	14,770	2,000	5,500	15,000
75–84	1,800	4,852	12,822	1,800	4,834	12,785	2,000	5,600	15,000
85 or older	1,530	3,964	11,233	1,532	3,960	11,200	1,392	4,463	14,786
Unknown	3,309	9,674	25,000	3,423	10,000	25,000	2,178	5,692	16,000
Account Balance									
Less than \$10,000	592	3,341	9,963	500	3,192	10,000	1,389	3,900	8,500
\$10,000–\$24,999	904	2,006	9,000	884	1,868	8,690	2,000	5,047	10,800
\$25,000–\$49,999	1,740	3,000	10,000	1,729	2,884	9,710	2,400	5,522	12,000
\$50,000–\$99,999	3,158	4,986	11,500	3,160	4,922	11,200	3,000	6,200	18,200
\$100,000–\$149,999	5,200	7,500	15,000	5,201	7,500	15,000	4,965	10,000	30,000
\$150,000–\$249,999	7,899	11,000	19,600	7,914	11,000	19,453	5,807	12,530	37,500
\$250,000 or more	15,500	25,309	46,000	15,509	25,306	45,930	10,000	26,000	87,799
Gender									
Female	1,813	5,000	12,369	1,825	5,000	12,600	1,600	4,500	9,836
Male	3,000	8,600	21,800	3,000	9,000	22,394	2,000	5,041	12,000
Unknown	2,160	6,000	16,075	2,235	6,217	17,000	1,700	4,950	10,246

Source: EBRI IRA Database.

roughly \$1,500 higher than the average amount from traditional IRAs. Consequently, there were some very large withdrawal amounts relative to the median withdrawal. The medians of the withdrawal amounts generally followed the same patterns as the averages relative to the age of the account owners and the account balances.

Withdrawal Rates of Those Taking a Withdrawal

Another measure of the withdrawals taken is to consider what percentage (or rate) the withdrawal for those taking a withdrawal represents, as a fraction of the year-end account balance plus the withdrawal.⁹ The median withdrawal rate for those taking a withdrawal from traditional IRAs was 6.9 percent, compared with 40.0 percent for those taking a withdrawal from Roth IRAs (Figure 5). The median withdrawal rates were much higher for younger owners of traditional IRAs, where the median withdrawal rate for owners ages 25–44 was 40.6 percent. The median withdrawal rate decreased for each older age group through ages 70–74, reaching 4.3 percent (except for a slight increase for owners ages 60 to 64). There was a slight uptake in the median rate for the two oldest age groups, where it hit 7.6 percent for those owners ages 85 or older.

The median withdrawal rates among Roth IRA owners steadily declined for each successive older age group for owners ages 25 or older. For Roth owners ages 25–44, the median withdrawal rate was 50.3 percent, which fell to 17.3 percent for those ages 85 or older.

The median withdrawal rates declined as account balances increased, both for those taking withdrawals from traditional and Roth IRAs. In particular, the median withdrawal rate for traditional IRAs was 59.0 percent for accounts with less than \$10,000, compared with 4.8 percent for accounts of \$250,000 or more. The median withdrawal rates for Roth IRAs followed a similar pattern, dropping from 68.5 percent (for accounts with less than \$10,000) to 5.5 percent (among accounts of \$250,000 or more).

The distributions of the withdrawal rates for males and females were almost identical. Males' withdrawal rates of those taking a withdrawal had a distribution of 4.4 percent at the 25th percentile, 7.3 percent at the median, and 25.8 percent at the 75th percentile. The comparable distribution for females was 4.4 percent, 6.8 percent, and 25.6 percent, respectively.

Accounts With Withdrawals and Rollovers

There could be various reasons motivating a withdrawal from an IRA, such as paying retirement expenses, or being required to by the federal government's required minimum distribution (RMD) rules. However, there may also be tax reasons to first rollover from a 401(k)-type plan to a traditional IRA, and then to take a withdrawal from the IRA. As an example, a withdrawal from a traditional IRA taken before age 59½ for a first-time home purchase (\$10,000 maximum) is not subject to the 10 percent tax penalty that an identical withdrawal for this purpose from a 401(k)-type plan would be. In that these considerations might influence the timing or order of withdrawals, this section looks at traditional IRA accounts with both rollover and withdrawal activity in 2011.

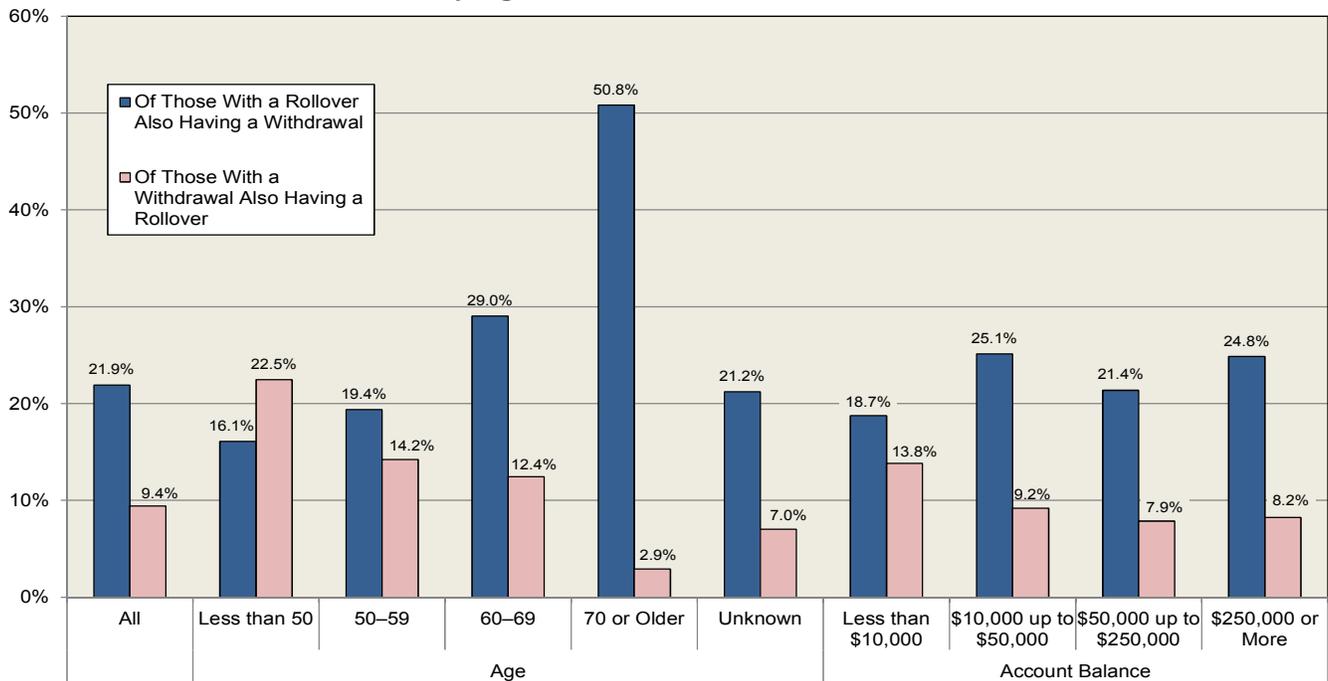
Two measures are used in this study to examine the occurrence of rollovers and withdrawals in the same account. First, of those traditional IRAs that received a rollover, 21.9 percent also had a withdrawal (Figure 6). Secondly, of those traditional IRAs that experienced a withdrawal, 9.4 percent also received a rollover.¹⁰ The percentage of those with a rollover that also had a withdrawal increased with the owner's age, from 16.1 percent for those owned by younger-than-50-year-olds to just over half (50.8 percent) of those owned by 70-or-older-year-olds. In contrast, the percentage of traditional IRAs with a withdrawal that also had a rollover decreased as the account owner aged, from 22.5 percent for those younger than age 50 to 2.9 percent for those ages 70 or older.

Figure 5
Distribution of Withdrawal Rates for Those Taking a Withdrawal from Individual Retirement Accounts, by Various Characteristics, 2011

	All With Withdrawal			Traditional With Withdrawal			Roth With Withdrawal		
	25th Prctl.	Median	75th Prctl.	25th Prctl.	Median	75th Prctl.	25th Prctl.	Median	75th Prctl.
All	4.4%	7.4%	28.2%	4.4%	6.9%	24.0%	13.7%	40.0%	74.1%
Age									
Less than 25	1.7	11.5	53.8	1.7	6.0	44.6	9.8	40.6	77.1
25–44	11.9	43.3	79.5	9.5	40.6	78.4	21.6	50.3	81.9
45–54	5.9	25.0	61.4	5.5	22.8	58.8	16.3	45.3	77.6
55–59	4.7	14.1	48.3	4.6	12.5	45.3	13.5	39.7	73.1
60–64	5.2	13.8	41.4	5.0	12.7	38.3	13.7	38.0	70.0
65–69	4.8	10.1	28.2	4.7	9.5	26.2	11.0	30.5	61.3
70–74	3.9	4.3	8.8	3.9	4.3	8.3	7.7	22.7	51.8
75–84	4.7	5.5	7.6	4.7	5.4	7.4	6.7	19.8	51.2
85 or older	6.7	7.6	9.6	6.7	7.6	9.6	6.6	17.3	53.4
Unknown	3.8	6.1	15.9	3.8	5.9	14.0	7.1	25.6	67.8
Account Balance									
Less than \$10,000	20.8	61.1	92.5	13.7	59.0	92.9	42.8	68.5	90.9
\$10,000–\$24,999	4.9	10.8	35.1	4.9	9.3	34.1	11.5	24.5	42.1
\$25,000–\$49,999	4.5	7.4	20.9	4.5	7.1	20.5	6.4	13.9	26.2
\$50,000–\$99,999	4.3	6.3	13.9	4.3	6.2	13.7	4.3	9.1	21.0
\$100,000–\$149,999	4.1	5.7	10.8	4.1	5.7	10.7	3.8	7.9	20.1
\$150,000–\$249,999	4.0	5.4	9.0	4.0	5.4	8.9	2.9	6.4	16.8
\$250,000 or more	3.8	4.8	7.0	3.8	4.8	6.9	2.3	5.5	15.4
Gender									
Female	4.4	6.8	25.6	4.3	6.5	22.2	11.7	36.2	71.0
Male	4.4	7.3	25.8	4.4	6.9	22.2	13.1	39.0	74.7
Unknown	4.8	11.1	44.2	4.6	9.1	36.5	18.5	47.1	76.8

Source: EBRI IRA Database.

Figure 6
Percentage of Traditional IRAs With a Rollover and Also Having a Withdrawal, and Percentage of Traditional IRAs With a Withdrawal Also Having a Rollover, By Age and Account Balance, 2011



Source: EBRI IRA Database.

Account balance did not have a consistent impact trend on the percentage that had a rollover and a withdrawal in the same year. However, for accounts with balances of less than \$10,000, the percentage of accounts with a rollover that also had a withdrawal was lower than that among larger accounts, while the percentage of these low-balance accounts with withdrawals that also had a rollover was higher than among larger accounts.

The magnitude of the withdrawals relative to the rollovers can provide evidence of the motivation behind the withdrawal. The median ratio of the withdrawal amount relative to the rollover in traditional IRAs with both activities is 51.6 percent (Figure 7). This median ratio declined for those accounts owned by those under age 50 (60.7 percent) until the account owner reached age 69 (39.5 percent), when it increased again for those ages 70 or older (44.3 percent). Accounts with less than \$10,000 had a median ratio of 91.7 percent, while those with balances of \$10,000 or more had a ratio of no higher than 42.3 percent.

Since these median ratios are relatively high, Figure 8 goes one step further to show the percentage of these accounts with both a withdrawal and a rollover where the withdrawal is at least 100 percent of the rollover amount. Almost 30 percent of these accounts had a withdrawal amount equal to or greater than the rollover.¹¹ This percentage was lower for those accounts owned by individuals under age 70, and for accounts from \$10,000 up to \$250,000.

Consequently, it does appear that some individuals were taking advantage of the different tax rules between plan types—rolling money into their IRA from some other source, and then withdrawing it from the IRA. Furthermore, there were some individuals who were moving a large portion of their retirement plan assets around in a year, but it cannot be determined from this data either the reasons for moving the money or the ultimate use(s) when it is withdrawn.¹²

Conclusion

Just over 16 percent of traditional and Roth IRA accounts had a withdrawal in 2011, including 20.5 percent of traditional accounts. This percentage was largely driven by activity among traditional IRAs owned by individuals ages 70-½ or older where the individuals were required to make withdrawals from their tax qualified accounts.¹³ In contrast, among accounts owned by individuals ages 25–60, 10 percent or fewer had a withdrawal.

For those at the RMD age, the withdrawal rates at the median appeared close to the amount required by law to be withdrawn, but some were significantly more. The highest 25 percent did appear to be taking out amounts in excess of that required by law, but some of these accounts could be the focus of the owners' withdrawals instead of other accounts owned by them.

Looking at accounts that have both a withdrawal and a rollover, there appeared to be some movement of dollars consistent with a desire to take advantage of differing tax rules between IRAs and employment-based retirement plans; nearly a third (29.5 percent) of those having both a rollover and a withdrawal took a withdrawal at least equal to that of the rollover.

While the median withdrawal rates suggest that many individuals are highly likely to maintain the IRA as a source of income throughout retirement, further study is needed to see if these individuals are keeping their withdrawal rates at these levels as they get older. Additionally, once 2012 data is processed for the EBRI IRA Database, the withdrawal behavior over time (longitudinally) for a three-year period will be examined. Furthermore, the integration of IRA data with data from employment-based defined contribution retirement accounts that is currently underway will allow for a better picture of what individuals who own all these accounts do as they age through retirement.

This research on IRA withdrawals will be built upon in future studies by examining how IRA owners with a 401(k) plan draw down those assets across accounts, leveraging the unique ability of EBRI's databases to link individuals' IRAs and 401(k) accounts.

Endnotes

¹ See Figure A in Craig Copeland, "Individual Retirement Account Balances, Contributions, and Rollovers, 2011: The EBRI IRA Database™," *EBRI Issue Brief*, no. 386 (Employee Benefit Research Institute, May 2013).

² See Copeland (May 2013, Endnote 1) for results from the database for 2011 on balances, rollovers, and contributions. Also, see Craig Copeland, "Asset Allocation, 2011," *EBRI Notes*, no. 10 (Employee Benefit Research Institute, October 2013): pp. 8–22 for asset allocation in IRAs.

³ Below is a comparison of the EBRI IRA Database with numbers from the Internal Revenue Service (IRS) and the Federal Reserve's Flow of Funds report.

	EBRI IRA Database 2010	EBRI IRA Database 2011	Internal Revenue Service 2008 Data	Flow of Funds 2011 Data
Total Assets	\$1.002 trillion	\$1.456 trillion	\$3.7 trillion	\$4.9 trillion
Percentage Traditional Assets	85.9%	85.3%	88.7%	
Average Rollover Amount	\$69,012	\$72,398	\$48,508	
Average Traditional Contributions	\$3,335	\$3,723	\$3,629	

The above percentage of traditional assets is adjusted for known assets. With the unknown assets included, the traditional IRA asset percentage is 69.4 percent. Based on this asset comparison, the database includes about 30 percent of the assets, and the number of individuals owning IRAs is about 25 percent, accounting for growth from the 54.5 million individuals the IRS reported owning an IRA in 2008. See Victoria L. Bryant, "Accumulation and Distribution of Individual Account Arrangements, 2008." *Statistics of Income Bulletin*, Spring 2012, pp. 89–104 for complete IRS tabs of IRAs. Also, see Board of Governors of the Federal Reserve System, "Flow of Funds Accounts of the United States: Flows and Outstandings Fourth Quarter 2012," for the Fed numbers at www.federalreserve.gov/releases/Z1/20130307/z1.pdf

⁴ Bryant (2012, Endnote 3) reported that 15.1 million taxpayers had withdrawals from a traditional or Roth IRA that totaled \$216.0 billion in 2008. Of these taxpayers, 14.3 million (94.7 percent) withdrew from a traditional IRA for a combined amount of \$212.3 billion, and 0.8 million (5.3 percent) withdrew from a Roth IRA, totaling \$3.7 billion. This translated into 33.2 percent of the taxpayers with a traditional account at the end of the year 2008 having a withdrawal, compared with 5.0 percent of those with a Roth IRA. The IRS data was at the taxpayer level, while the database was at the account level. Furthermore, some of the data administrators supplying data to the database did not provide information for accounts with a zero balance at year-end, whereas the IRS data included withdrawals for taxpayers that depleted their accounts during the year.

⁵ The balances were the end-of-year amounts in the accounts, so they were after the withdrawals occurred.

⁶ Beginning in the year individuals turn age 70-½, owners of tax-qualified plans/accounts (e.g., 401(k)-type plans, traditional IRAs) are required to make an annual minimum distribution (withdrawal). The required minimum distribution (RMD) is calculated by the end of the prior-year balance divided by the longevity factor published by the IRS. For those with more than one IRA, the required minimum distribution does not have to be taken from each account but can be taken from only one account as long the total minimum amount withdrawn from that one account equals the total that must be taken for all the accounts combined. Consequently, in this study of IRAs, not all of the traditional IRAs owned by those over 70 years of age had a withdrawal. Owners of Roth IRAs are not required to take a distribution. For more information, see the IRS Publication 590, online at www.irs.gov/publications/p590/index.html

⁷ Some of this trend was due to older IRA owners being far more likely to have larger accounts, particularly among the largest accounts.

⁸ Withdrawals in the database for 2011 amounted to \$40.3 billion.

⁹ The withdrawal rate in this study is calculated by (withdrawal amount)/(year-end account balance + withdrawal amount) and is presented in percentage terms.

¹⁰ In this study, 991,000 traditional IRA accounts had a rollover, 2,301,000 accounts had a withdrawal, and 217,000 accounts had both a rollover and a withdrawal in 2011.

¹¹ This means that about 6.5 percent of the accounts with a rollover had a withdrawal of at least the amount of the rollover.

¹² See Craig Copeland, "Lump-Sum Distributions at Job Change, Distributions Through 2012," *EBRI Notes*, no. 11 (Employee Benefit Research Institute, November 2013): pp. 2–13 for uses of withdrawals at job change by workers from employment-based retirement plans to see what some of the withdrawal uses might be for those not yet retired. Also, see Sudipto Banerjee, "IRA Withdrawals: How Much, When, and Other Savings Behavior," *EBRI Notes*, no. 5 (Employee Benefit Research Institute, May 2012): pp. 9–16, for uses of IRA withdrawals by those around retirement age.

¹³ As mentioned in endnote 6, individuals age 70-½ or older do not have to take a withdrawal from every traditional IRA they own or defined contribution plan in which they have assets, but only an amount that satisfies the required minimum distribution. Therefore, individuals could take all their distribution out of one account and leave another one they own untouched. This is why not all accounts owned by for those over this age have a withdrawal. This study is examining IRA activity at the account level, not the individual level. Furthermore, not necessarily are all of an individual's accounts are included in this database, particularly if he/she also has assets in a defined contribution plan.

Figure 7
Median Ratio of the IRA Withdrawal Amount to IRA Rollover Amount for Those Traditional IRAs Having Both, by Age and Account Balance, 2011

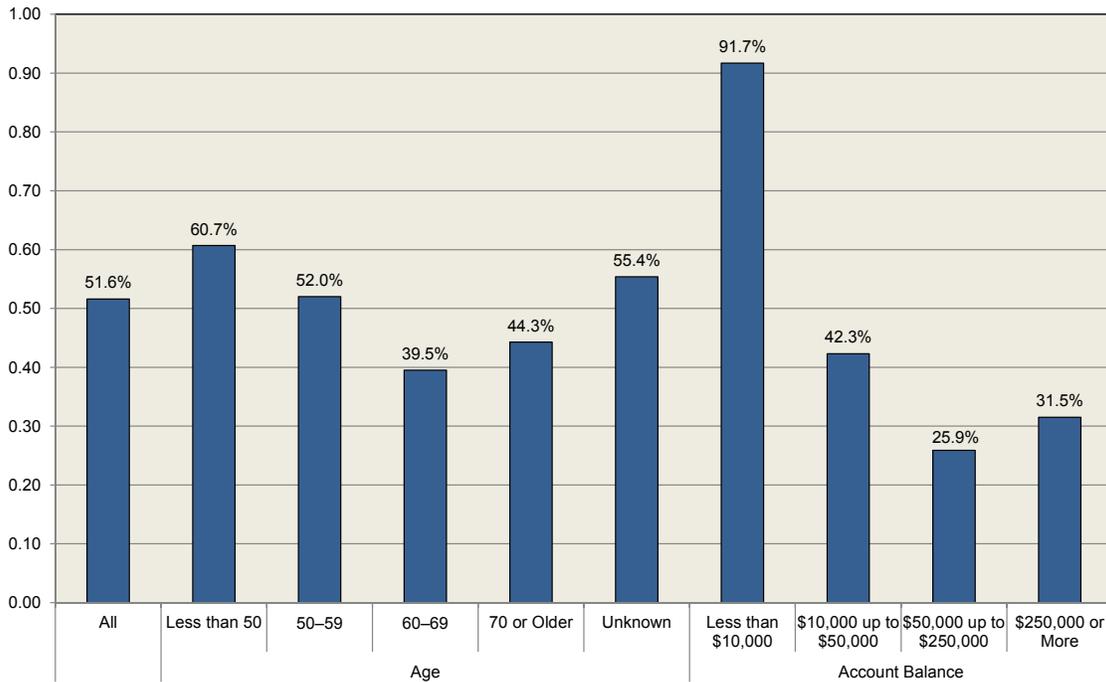
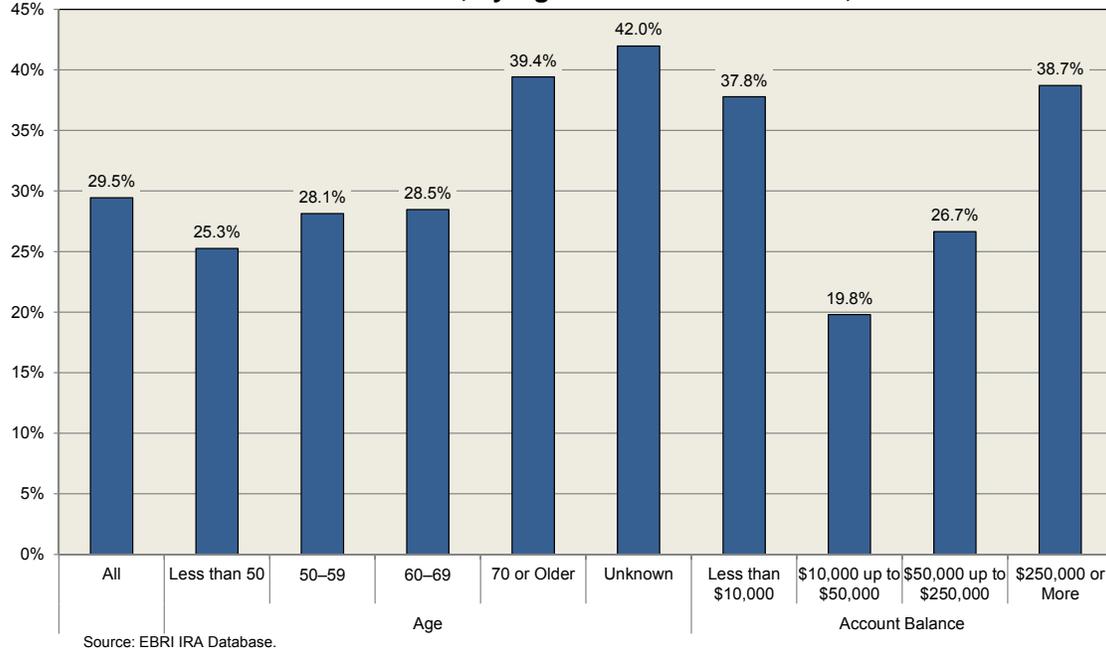


Figure 8
Percentage of IRA Withdrawal Amounts of Traditional IRAs Also Receiving a Rollover Where the Amount Equals or Exceeds 100% of the Rollover, by Age and Account Balance, 2011



Employer and Worker Contributions to Health Reimbursement Arrangements and Health Savings Accounts, 2006–2013

By Paul Fronstin, Ph.D., Employee Benefit Research Institute

Introduction

Employers have been interested in bringing aspects of consumerism into health plans for many years. As far back as 1978, they adopted Sec. 125 cafeteria plans and flexible spending accounts. More recently, employers have increasingly turned their attention to consumer engagement in health care. In 2001, they introduced account-based health plans—a combination of health plans with deductibles of at least \$1,000 for employee-only coverage and tax-preferred savings or spending accounts that workers and their families can use to pay their out-of-pocket health care expenses. Employers first started offering account-based health plans in 2001, when they began to offer health reimbursement arrangements (HRAs) (Fronstin 2002). In 2004, health plans with health savings accounts (HSAs) began to appear (Fronstin 2004). By 2013, 23 percent of employers with 10–499 workers and 39 percent of employers with 500 or more workers offered either an HRA- or HSA-eligible plan.¹ As a result, by 2013 these plans covered 26.1 million people representing about 15 percent of the privately insured market (Fronstin 2013).

This report presents findings from the 2008–2013 EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey (CEHCS) as well as the 2006 and 2007 EBRI/Commonwealth Fund Consumerism in Health Care Surveys.² It examines the availability of HRAs and HSA-eligible plans, as well as employer and individual contribution behavior.

CDHP Eligibility

According to the 2013 CEHCS, 11.8 million adults ages 21–64 (9.7 percent of the U.S. population) were enrolled in a plan with an HRA or HSA. An additional 9.3 million reported that they were in an HSA-eligible plan but had not opened such an account. Thus, overall, about 21 million adults ages 21–64 with private insurance, representing 17.3 percent of that market, were either in a CDHP or an HSA-eligible plan but had not opened the account. When their children were included, 26.1 million individuals with private insurance, representing 15 percent of the market, were either in a CDHP or an HSA-eligible plan.

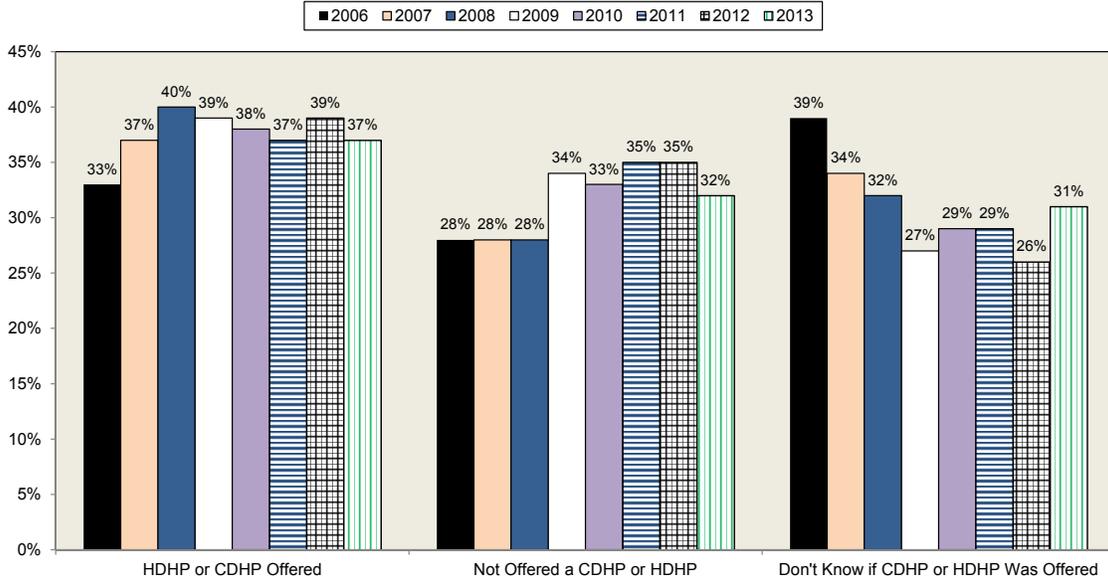
It was found that a significant percentage of workers with traditional health benefits were eligible for account-based health plans. Among individuals with traditional, employment-based health benefits and a choice of health plans, 37 percent were eligible for an HRA or an HSA-based plan in 2013, about the same percentage as has been eligible for such plans since 2007 (Figure 1).

Employer Contributions

Seven out of 10 workers (71 percent) with an HRA or HSA reported that their employers contributed to the account in 2013 (Figure 2). The percentage of workers with an HRA or HSA plan whose employers contributed to the account has been steadily increasing since 2009 and in 2013 reached its highest level since the inception of the survey.

Among workers with an employer contribution, those with employee-only coverage saw their annual employer contributions increase between 2006 and 2008, but fall in 2009 and 2011. Between 2006 and 2008, the percentage reporting that their employers contributed \$1,000 or more to the account increased from 26 percent to 37 percent (Figure 3), though it fell to 32 percent in 2009 and to 24 percent in 2011. More recently, the past few years have shown no clear trend. In 2012, the percentage of workers reporting that their employers contributed \$1,000 or more increased from 24 percent to 28 percent, but fell to 23 percent in 2013.

Figure 1
Percentage of Individuals With Traditional^a Employment-Based Health Benefits Offered HDHP^b or CDHP,^c 2006–2013



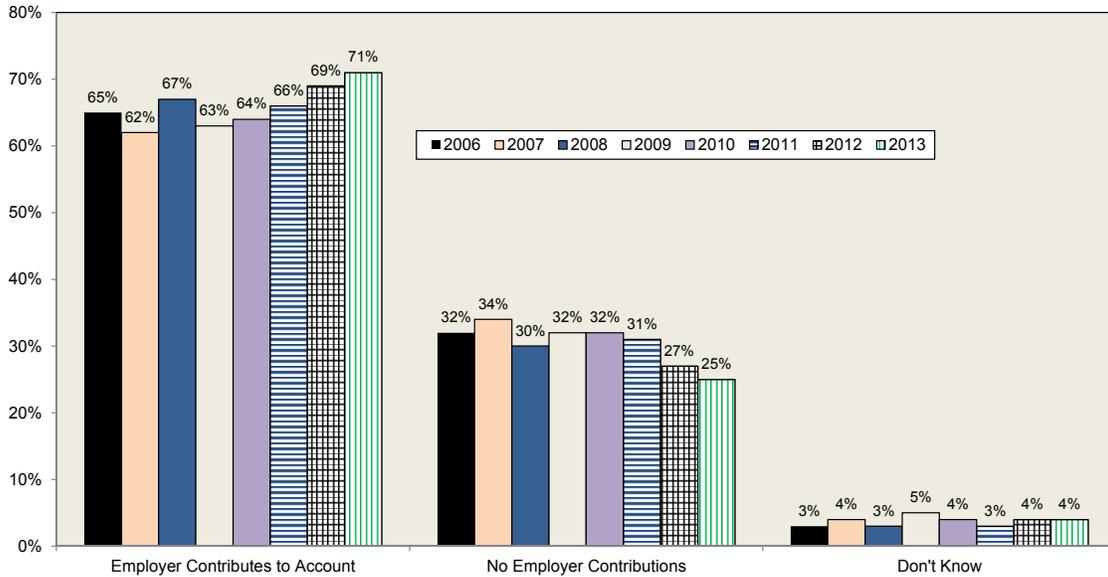
Source: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2006 and 2007; EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, 2008–2013.

^a Traditional = Health plan with no deductible or <\$1,000 (individual), <\$2,000 (family).

^b HDHP = High-deductible health plan with deductible \$1,000+ (individual), \$2,000+ (family), no account.

^c CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.

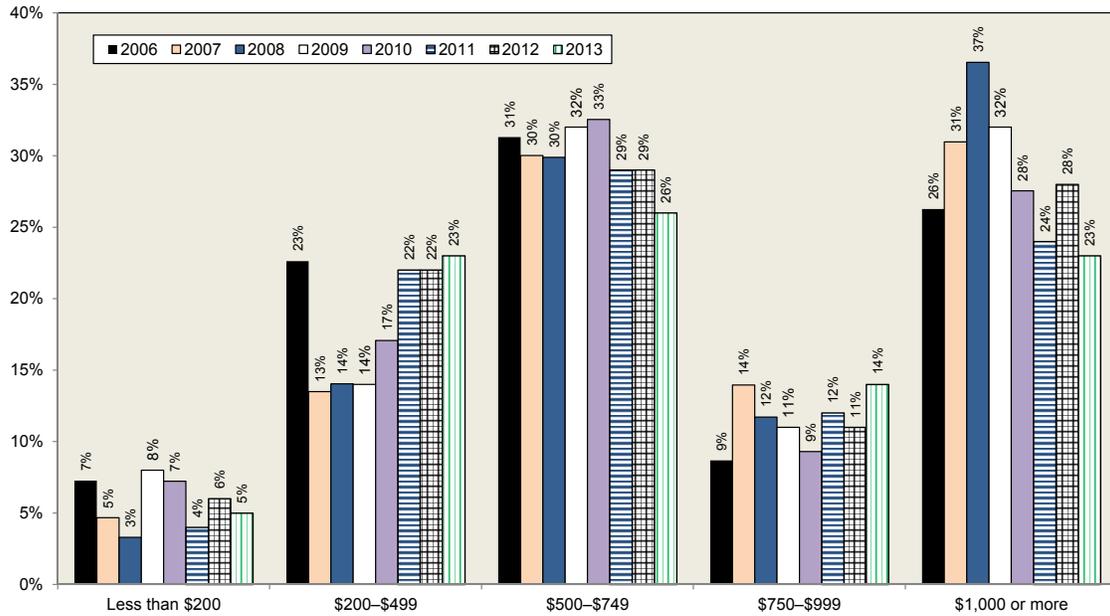
Figure 2
Percentage of Individuals With Employer Contribution to Account, among People With Employment-Based Health Benefits and CDHP,^a 2006–2013



Source: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2006 and 2007; EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, 2008–2013.

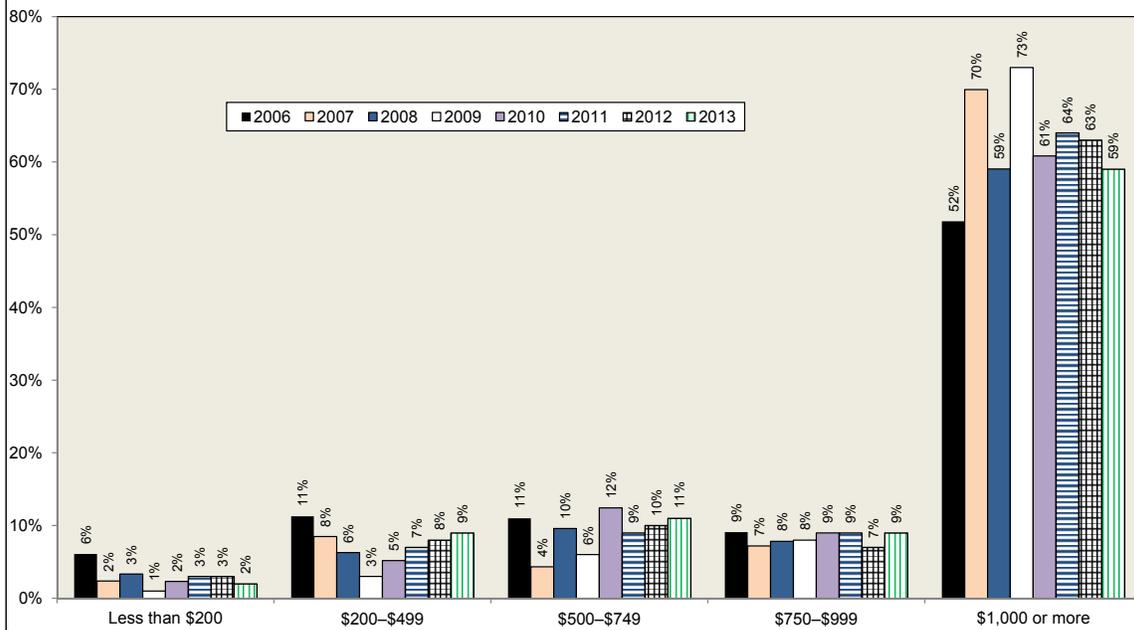
^a CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.

Figure 3
Annual Employer Contributions to the Account,
among People With Employee-Only CDHP,^a 2006-2013



Source: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2006 and 2007; EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, 2008-2013.
^a CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.

Figure 4
Annual Employer Contributions to the Account,
among People With Family CDHP,^a 2006-2013



Source: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2006 and 2007; EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, 2008-2013.
^a CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.

Among workers with family coverage, employer contribution levels were mostly unchanged between 2010 and 2013. The percentage reporting employer contributions of \$1,000 or more was 59 percent in 2013 (Figure 4).

Individual Contributions

Individuals' contributions to HSAs had been increasing until 2011, but have since been decreasing. Between 2006 and 2011, the percentage of individuals with employee-only coverage contributing nothing to an HSA decreased from 28 percent to 11 percent (Figure 5). At the same time, the percentage contributing \$1,500 or more increased from 21 percent in 2006 to 44 percent in 2011. More recently, between 2011 and 2013 the percentage of individuals reporting that they contributed nothing to their HSA increased from 11 percent to 19 percent, and the percentage reporting that they contributed \$1,500 or more fell from 44 percent to 32 percent.

Among those with family coverage, contribution levels were generally unchanged in 2013, although there appears to be a longer-term trend toward higher contributions. The percentage not making any contributions fell from 14 percent in 2007 to 6 percent in 2013 (Figure 6). At the same time, the percentage contributing \$1,500 or more increased from 50 percent to 57 percent.

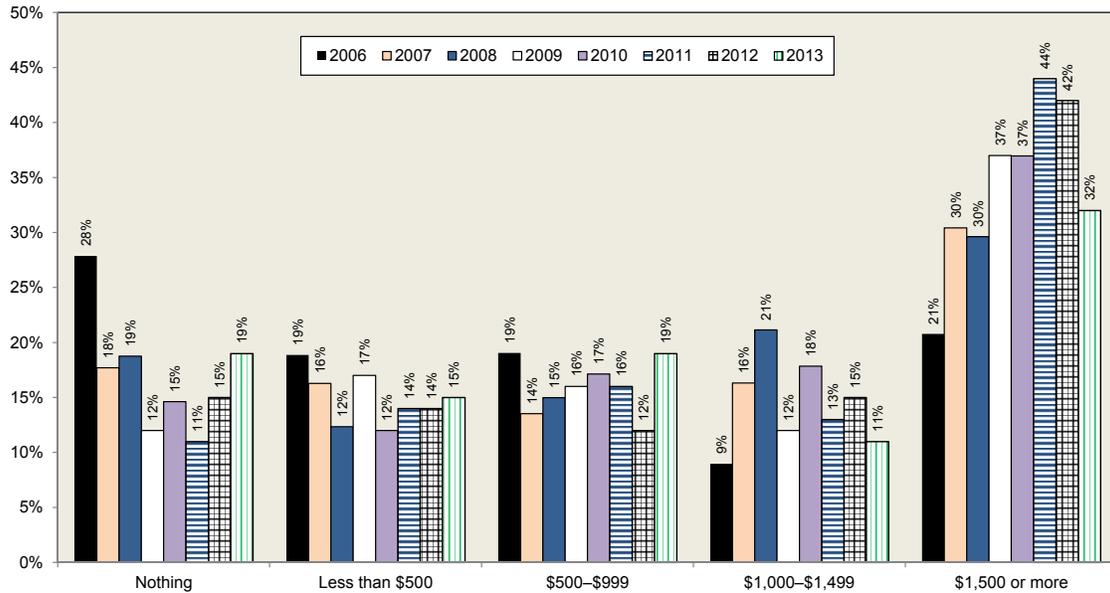
Length of Time on the Plan: The length of time with the account appears to have influenced individual contributions among those with employee-only coverage. While those with an account for less than five years contributed less than those with an account for five or more years in 2013, contribution levels have been trending down for those with an account for five or more years. Among those with an account for less than five years, 19 percent contributed nothing in 2013, up from 12 percent in 2011 (Figure 7). Similarly, the percentage contributing \$1,500 or more was 29 percent in 2013, down slightly from 41 percent in 2011. Similarly, among individuals with an account for at least five years, the percentage not contributing increased from 5 percent in 2010 to 20 percent in 2013 (Figure 8). The percentage of individuals with an account for at least five years contributing \$1,500 or more declined from 80 percent in 2010 to 45 percent in 2013.

Income Differences: Generally, lower-income individuals with an HSA were less likely to make contributions to the account than higher-income people. Twenty percent of people in households with less than \$50,000 in income did not contribute to the account in 2013 (Figure 9), compared with 9 percent of people with \$50,000 in household income who did not contribute (Figure 10). For the lower-income group, the percentage contributing \$1,500 or more fell between 2012 and 2013, from 29 percent to 22 percent. Among the higher-income group, the percentage contributing \$1,500 or more also fell between 2012 and 2013 but was 53 percent in 2013.

Health Engagement Differences: There was a correlation between health engagement and individual contributions to an HSA. Those defined as being engaged in their health reported that they did at least one of the following:

- Checked whether my health plan would cover my care or medication.
- Checked the price of a doctor's visit, medication, or other health care service before I received care.
- Checked the quality rating of a doctor or hospital before I received care from them.
- Talked to my doctor about prescription options and costs.
- Talked to my doctor about other treatment options and costs.
- Used an online cost tracking tool provided by my health plan to manage my health expenses.
- Developed a budget to manage my healthcare expenses.
- Asked for a generic drug instead of a brand name drug.
- Asked my doctor to recommend a less costly prescription drug.

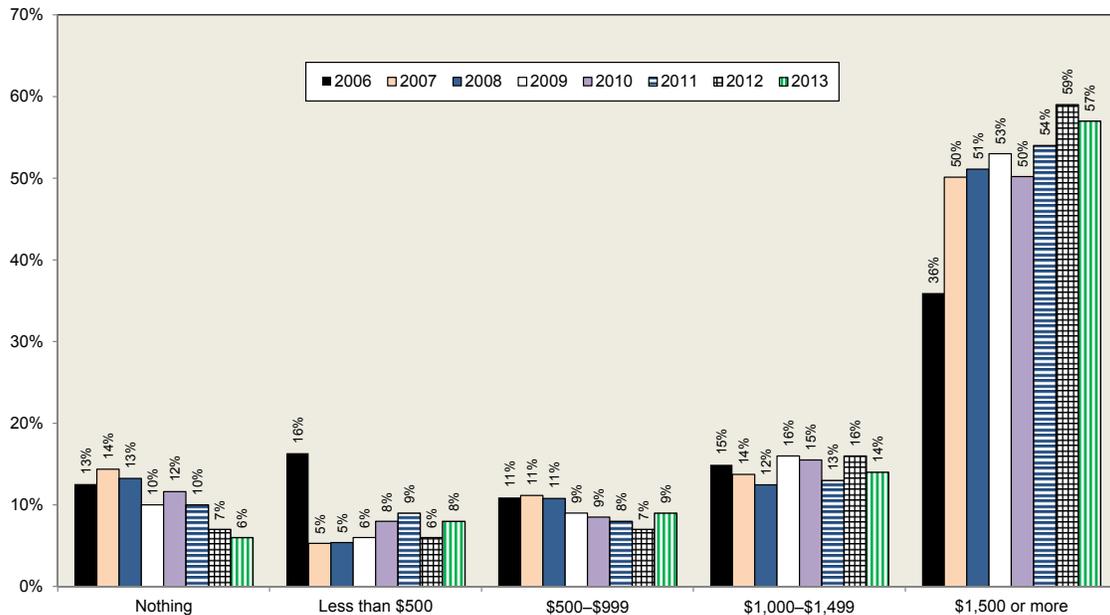
Figure 5
Annual Individual Contributions to the Account,
among People With Employee-Only CDHP,^a 2006–2013



Source: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2006 and 2007; EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, 2008–2013.

^a CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.

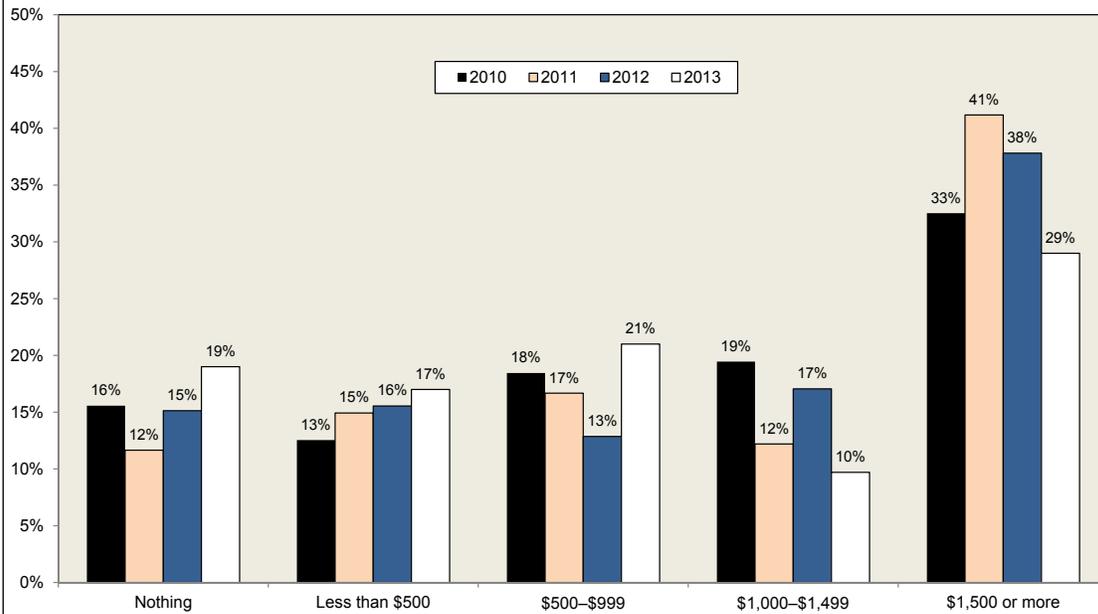
Figure 6
Annual Individual Contributions to the Account,
among People With Family CDHP,^a 2006–2013



Source: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2006 and 2007; EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, 2008–2013.

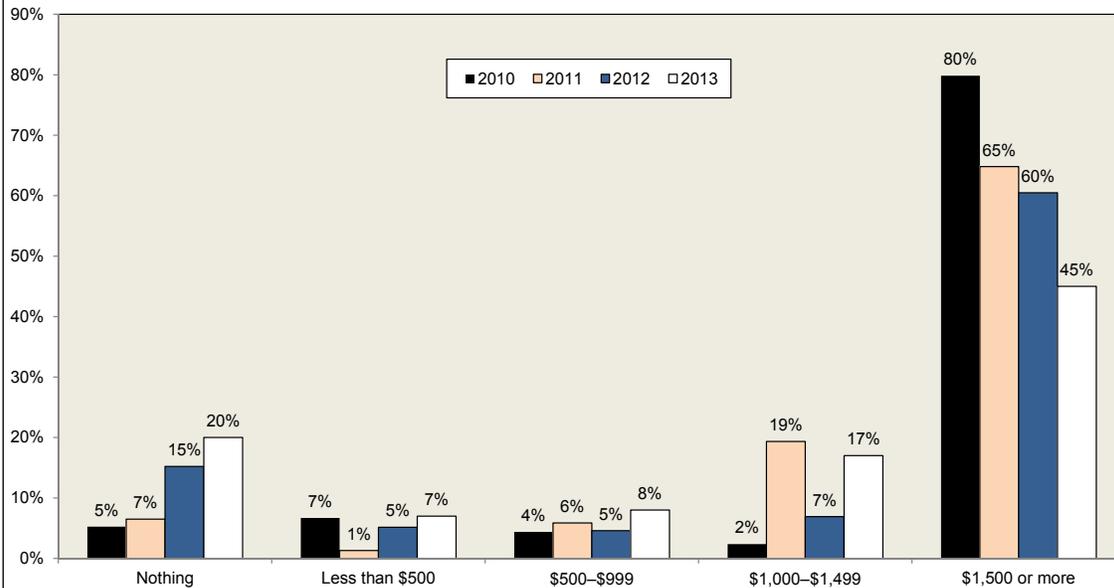
^a CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.

Figure 7
Annual Individual Contributions to the Account,
among People With Employee-Only CDHP^a and
Account for Less than 5 Years, 2010–2013



Source: EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, 2010–2013.
^a CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.

Figure 8
Annual Individual Contributions to the Account,
among People With Employee-Only CDHP^a and
Account for 5 or More Years, 2010–2013



Source: EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, 2010–2013.
^a CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.

It was found that individuals with some engagement with the health care system contributed higher amounts to their HSA than those with no engagement. In 2013, 17 percent with no engagement with the health care system contributed nothing (Figure 11), while only 9 percent with some engagement contributed nothing (Figure 12). In contrast, 32 percent of those with no engagement with the health care system contributed \$1,500 or more, compared with 53 percent of those with some engagement with the health care system.

Conclusion

The share of the adult population with private health insurance enrolled in an HSA-eligible plan continues to grow. The percentage of workers reporting that their employers contribute to the account increased in 2013. However, among those with employer contributions, overall contribution levels for individuals with employee-only coverage fell in 2013.

Workers with employee-only coverage dropped their contribution levels, but those with family coverage kept contribution levels relatively steady. Both lower- and higher-income individuals lowered their contributions in 2013, and lower-income individuals were less likely to contribute anything than higher-income individuals.

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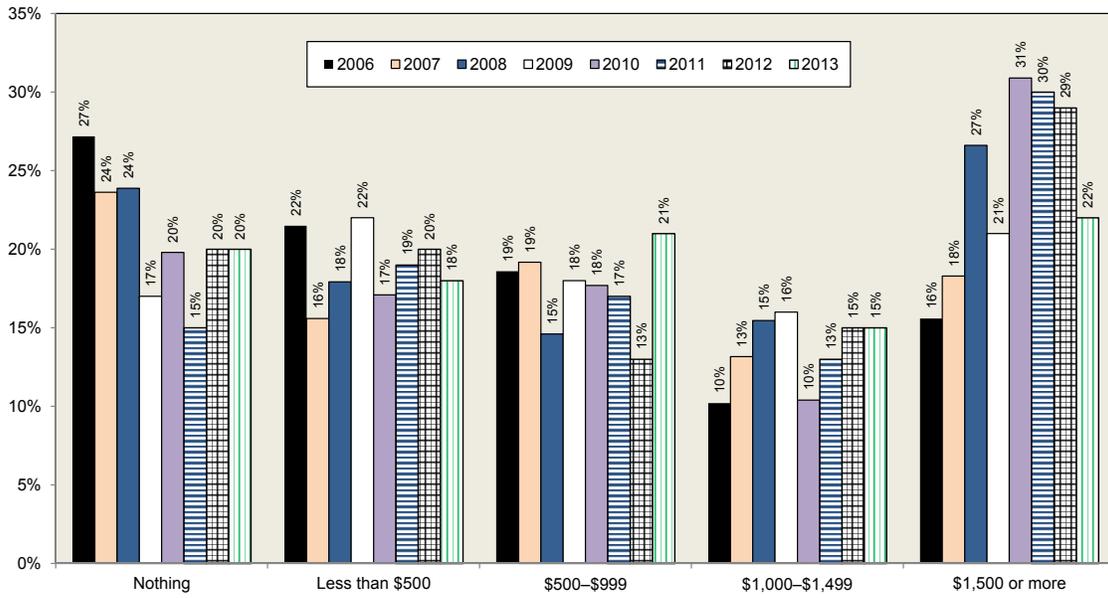
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Endnotes

¹ See <http://www.mercer.com/press-releases/1565095>

² More information about the surveys can be found in Fronstin 2013.

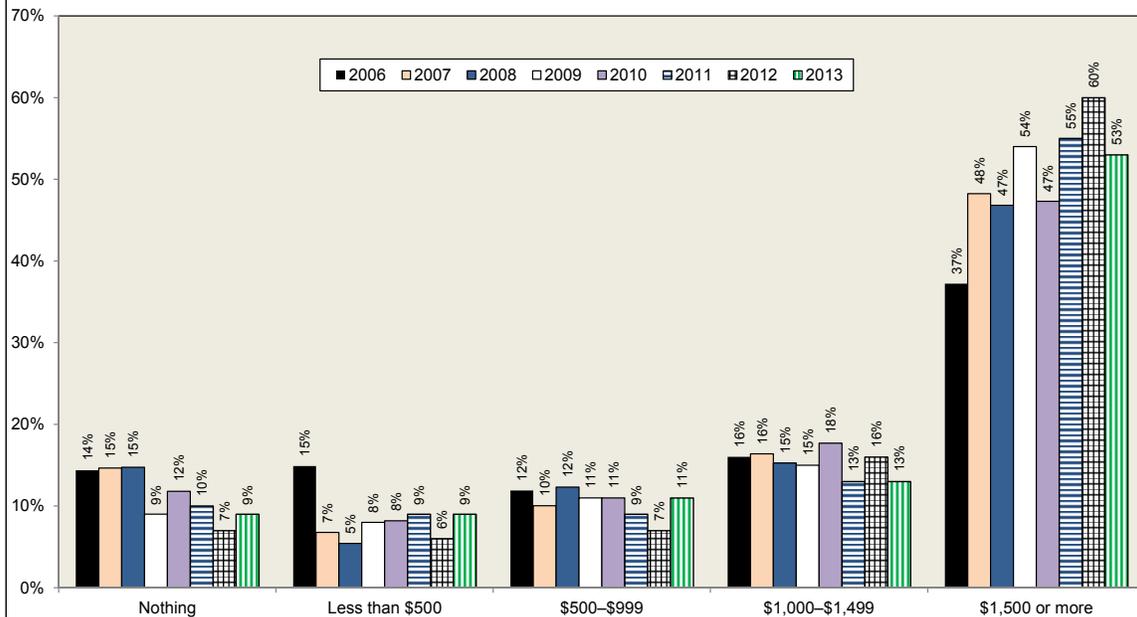
Figure 9
Annual Individual Contributions to the Account,
among People With Employee-Only or Family CDHP^a and
Household Income Under \$50,000, 2006–2013



Source: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2006 and 2007; EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, 2008–2013.

^a CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.

Figure 10
Annual Individual Contributions to the Account,
among People With Employee-Only or Family CDHP^a and
Household Income \$50,000 or More, 2006–2013



Source: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2006 and 2007; EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, 2008–2013.

^a CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.

Figure 11
**Annual Individual Contributions to the Account,
among People With Employee-Only or Family CDHP^a and
No Health Engagement, 2009–2013**

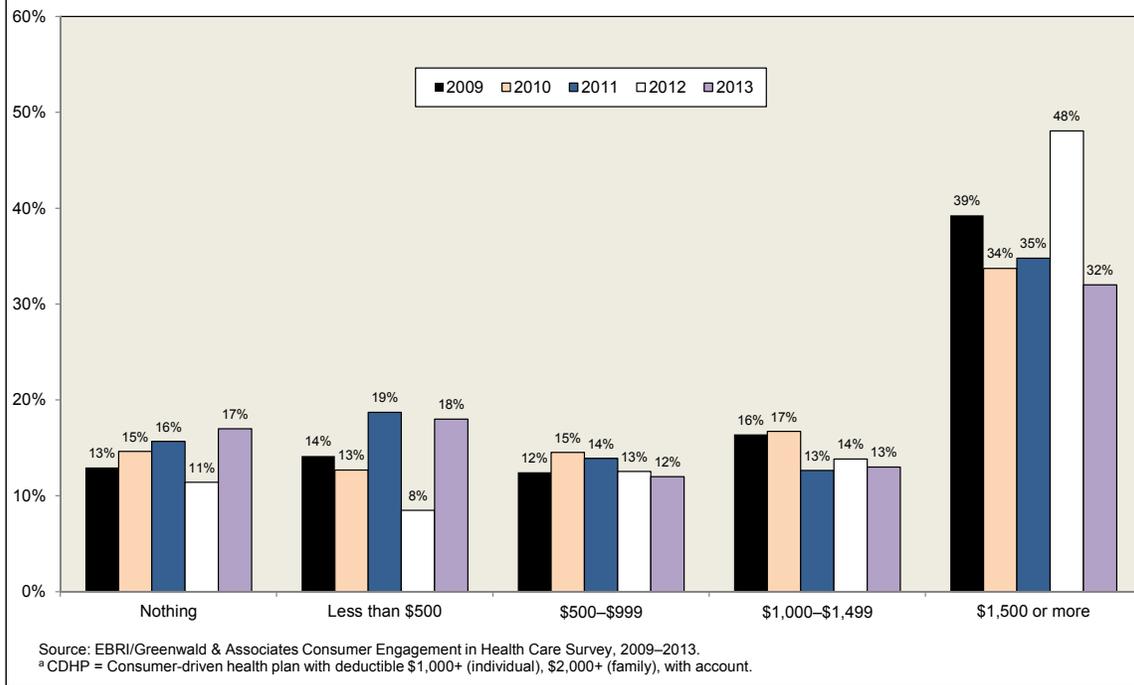
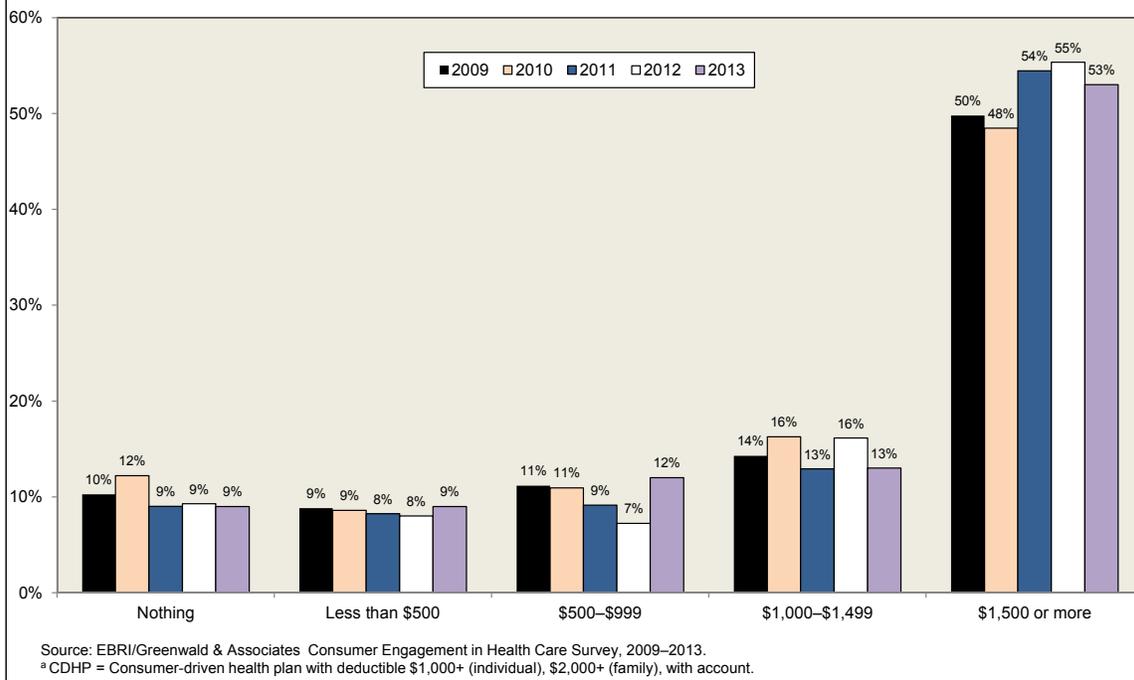


Figure 12
**Annual Individual Contributions to the Account,
among People With Employee-Only or Family CDHP^a and
At Least Some Health Engagement, 2009–2013**



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