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**New Research from EBRI:**

**What Are the IRA Trends Over Time?**

WASHINGTON—A unique analysis by the nonpartisan Employee Benefit Research Institute (EBRI) finds that balances of Roth IRAs grew at more than double the rate of traditional IRAs among a consistent set of individual retirement account (IRA) owners over the three-year period from 2010–2012.

Based on the latest results from the EBRI IRA Database, the median increase for these consistent owners of Roth IRAs (mid-point, or half above and half below) was 16.6 percent from 2010 to 2012, compared with 7.9 percent for consistent owners of traditional IRAs.

A major factor in these different rates of increase was that new contributions make up a larger proportion of the Roth IRA balances due to the smaller average balances of Roth IRAs as well as the larger percentage of Roth owners making contributions each year than they do for traditional IRAs, which magnified the impact of contributions. EBRI also found that Roth IRA balances grew faster than traditional IRAs at each age group and for each gender.

Looking at individuals who maintained an IRA account in the database over the three-year period, the overall average balance increased each year—from \$95,431 in 2010 to \$95,547 in 2011 and to \$106,205 in 2012. This increase occurred across each owner age group and IRA type, except for owners ages 70 or older (who are legally required to start withdrawing a minimum amount each year from traditional IRAs) and for traditional IRA owners whose balances originated as a rollover from another tax-qualified retirement plan (such as a pension or 401(k)).

The EBRI IRA Database is unique in its ability to track individual IRA owners with more than one account across multiple providers, thereby offering a more accurate and comprehensive measure of how much these individuals have accumulated in IRAs. For year-end 2012, it contained information on 25.3 million accounts owned by 19.9 million unique individuals, representing total assets of \$2.09 trillion.

It is also unique in its ability to track IRA owners who hold their accounts over time, as opposed to a simple point-in-time “snapshot.” Craig Copeland, senior research associate at EBRI and author of the report, stressed the value of being able to track IRAs over time.

“An annual snapshot of those contributing to IRAs doesn’t allow you to assess whether the same individuals were contributing on a regular basis, or if different people contributed in different years, whereas a consistent longitudinal sample of IRA owners does allow for this examination,” Copeland said. “For example, among traditional IRA owners, approximately 6 percent contributed to the IRA each year, but over a three-year period approximately 10 percent of traditional IRA owners contributed in at least

one of those years. Among Roth IRA owners, approximately 25 percent contributed in any one year, compared with 35 percent who contributed at some point over the three-year period.”

Other major findings in the EBRI IRA study:

- The overall average IRA account balance in 2012 was \$81,660, while the average IRA individual balance (all accounts from the same person combined) was \$105,001. Overall, the cumulative IRA average balance was 29 percent larger than the unique account balance.
- Rollovers overwhelmingly outweighed new contributions in dollar terms. While almost 2.4 million accounts received contributions, compared with the 1.3 million accounts that received rollovers in 2012, 10 times as much was added to IRAs through rollovers, compared with contributions.
- The average individual IRA balance increased with age for owners ages 25 or older, from \$11,009 for those ages 25–29 to \$192,961 for those ages 70 or older.
- IRA owners were more likely to be male. In particular, those with an IRA originally opened by a rollover, or a SEP/SIMPLE IRA were more likely to be male (57.4 percent of the former, and 58.2 percent of the latter).
- Males had higher individual average and median balances than females: \$139,467 and \$36,949 for males, respectively, vs., \$81,700 and \$25,969 for females. However, the likelihood of contributing to an IRA did not significantly differ by gender within the database.
- Younger Roth IRA owners were much more likely to contribute to the Roth IRA than were older Roth IRA owners: 43 percent of Roth owners ages 25–29 contributed to their Roth in 2012, compared with 21 percent of Roth owners ages 60–64.

The full report, “Individual Retirement Account Balances, Contributions, and Rollovers, 2012; With Longitudinal Results 2010–2012: The EBRI IRA Database,” is published in the May 2014 *EBRI Issue Brief*, online at [www.ebri.org](http://www.ebri.org)

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