

MEMO# 27799

December 20, 2013

Institute Publishes Quarterly Retirement Market Update for 2013:Q3

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TO: BROKER/DEALER ADVISORY COMMITTEE No. 57-13
BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 46-13
OPERATIONS COMMITTEE No. 60-13
TRANSFER AGENT ADVISORY COMMITTEE No. 89-13
SMALL FUNDS COMMITTEE No. 25-13 RE: INSTITUTE PUBLISHES QUARTERLY RETIREMENT MARKET UPDATE FOR 2013:Q3

Recently, the Institute published the third quarter 2013 U.S. retirement market update, which reports the total assets that Americans have specifically earmarked for retirement. As of September 30, 2013, total U.S. retirement assets were \$21.7 trillion up 3.9 percent from \$20.9 trillion on June 30, 2013. These retirement accumulations accounted for 34 percent of all household financial assets in the United States at the end of the third quarter of 2013.

The report also updates the components of U.S. retirement assets and the role of mutual funds in retirement savings at the end of September 2013:

Individual retirement accounts (IRAs) continue to be the largest single component of total U.S. retirement assets, accounting for 28 percent of the total. IRAs held \$6.0 trillion in assets at the end of the third quarter of 2013, up 4.6 percent from \$5.7 trillion at the end of the second quarter of 2013. Forty-six percent of IRA assets, or \$2.8 trillion, were invested in mutual funds.

Defined contribution (DC) plan assets account for 26 percent of total U.S. retirement assets. Americans held \$5.6 trillion in all employer-based DC retirement plans on September 30, 2013, of which \$4.0 trillion was held in 401(k) plans. Those figures are up from \$5.3 trillion and \$3.8 trillion, respectively, as of June 30, 2013. Mutual funds managed \$3.3 trillion, or 59 percent, of assets held in 401(k), 403(b), and other DC plans at the end of September 2013.

Defined benefit plans (private and government), the federal Thrift Savings Plan, and annuity reserves account for the remaining \$10.1 trillion in retirement

assets. Government pension plans—including federal, state, and local government plans—held \$5.4 trillion in assets as of the end of September 2013, a 3.7 percent increase from the end of June. Private-sector defined benefit (DB) plans held \$2.9 trillion in assets at the end of the third quarter of 2013, and annuity reserves outside of retirement accounts accounted for another \$1.9 trillion.

Target date mutual fund assets continued to grow. As of September 30, 2013, target date mutual fund assets totaled \$573 billion, an increase of 6.1 percent in the third quarter. Retirement accounts held the bulk of target date mutual fund assets: 89 percent of target date mutual fund assets were held through DC plans (69 percent) and IRAs (20 percent).

The news release is available at www.ici.org/research/stats/retirement/ret_13_q3; and the U.S. Retirement Market Report is available at www.ici.org/info/ret_13_q3_data.xls.

If you have any questions or comments concerning this statistical report, please call Erin Short at (202) 326-5940 or email him at eshort@ici.org.

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