

MEMO# 11923

June 2, 2000

INSTITUTE RELEASES 1999 YEAR-END RETIREMENT PLANS STATISTICS

[11923] June 2, 2000 TO: PENSION COMMITTEE No. 38-00 PENSION OPERATIONS ADVISORY COMMITTEE No. 38-00 RE: INSTITUTE RELEASES 1999 YEAR-END RETIREMENT PLANS STATISTICS

The Institute has recently released a Fundamentals publication containing 1999 year-end data regarding mutual funds and the retirement market. The 1999 share of mutual funds assets held in retirement accounts remained at about one-third of all mutual fund assets. Retirement assets held in mutual funds increased 29% in 1999, due primarily to investment performance, which accounted for approximately three-quarters of the increase. During 1999, mutual fund assets held in IRAs rose 29% to \$1.2 trillion. This represents 49% of the \$2.5 trillion IRA market. Approximately 73% of this increase resulted from investment performance, with the remainder a result of net new cash flow. At year-end 1999, mutual fund assets in traditional IRAs represented 90% of all mutual fund IRA assets. Mutual fund assets in traditional IRAs increased 27% in 1999 to \$1.1 trillion. Roth IRAs held \$51 billion in mutual fund assets at the end of 1999, representing an 82% increase from \$28 billion at the end of 1998. Mutual fund assets held in SIMPLE IRAs tripled over 1999 to \$6 billion from \$2 billion in 1998. Mutual fund assets held in employer-sponsored defined contribution plans increased 28% in 1999 to \$1.2 trillion. Mutual fund assets held in 401(k) plans accounted for \$777 billion, or nearly two-thirds of all mutual fund defined contribution plan assets in 1999. Mutual funds' share of the 401(k) market was estimated at 45% last year, compared with 9% in 1990. A copy of the May 2000 Fundamentals is attached. In addition, you may obtain a copy of the publication by accessing the Institute's public website at www.ici.org. Click Retirement Security Issues and then Retirement Statistics to access the May Fundamentals. Kathryn A. Ricard Associate Counsel Attachment