

**MEMO# 13990**

September 28, 2001

## **INSTITUTE RELEASES AD HOC SURVEY OF SIMPLE IRAS AS OF JUNE 30, 2001**

[13990] September 28, 2001 TO: INDUSTRY STATISTICS COMMITTEE No. 7-01 PENSION MEMBERS No. 29-01 PENSION OPERATIONS ADVISORY COMMITTEE No. 60-01 RESEARCH COMMITTEE No. 12-01 RE: INSTITUTE RELEASES AD HOC SURVEY OF SIMPLE IRAS AS OF JUNE 30, 2001 The Institute recently surveyed certain of its members in a continuing effort to track developments in the SIMPLE IRA market.<sup>1</sup> The Institute's survey requested SIMPLE IRA data on the number of plans, number of plan participants, and value of the assets as of December 31, 2000 and June 30, 2001. Survey respondents indicate that between December 31, 2000 and June 30, 2001, the number of SIMPLE IRA plans rose 11%, the number of participants increased 15%, and SIMPLE IRA assets invested in mutual funds were up 12%. By comparison, over the first half of 2000, the number of SIMPLE IRA plans rose 17%, the number of participants increased 21%, and SIMPLE IRA assets invested in mutual funds were up 35%. Over 2000 as a whole, the number of SIMPLE IRA plans increased 34%, the number of participants rose 36%, and assets increased about 47%.<sup>2</sup> Based on our survey results, the SIMPLE IRA continues to be most popular among very small employers. Most SIMPLE IRA plans have 10 or fewer participants. 1 The Institute has conducted five earlier surveys: (1) a survey on SIMPLE IRAs as of December 31, 2000, summarized in Institute Memorandum to Industry Statistics Committee No. 3-01, Pension Members No. 16-01, Pension Operations Advisory Committee No. 25-01, and Research Committee No 7-01, dated March 20, 2001; (2) a survey on SIMPLE IRAs as of June 30, 2000, summarized in Institute Memorandum to Industry Statistics Committee No. 8-00, Pension Members No. 46-00, Pension Operations Advisory Committee No. 68-00, and Research Committee No. 18-00, dated September 14, 2000; (3) a survey on SIMPLE IRAs as of December 31, 1999, summarized in Institute Memorandum to Industry Statistics Committee No. 2-00, Pension Members No. 20-00, Pension Operations Advisory Committee No. 23-00, and Research Committee No. 7-00, dated March 28, 2000; (4) a survey on SIMPLE IRAs as of (December 31, 1998 and) June 30, 1999, summarized in Institute Memorandum to Pension Members No. 34-99, Pension Operations Advisory Committee No. 43-99, and Research Committee No. 11-99, dated September 23, 1999; and (5) a survey on Roth IRAs, Education IRAs and SIMPLE IRAs for first quarter 1998, summarized in Institute Memorandum to Pension Members No. 52-98 and Pension Operations Advisory Committee No. 38-98, dated August 20, 1998. Please note the number and composition of survey respondents change over time. 2 Growth in the second half of 2000 was slower than in the first half, in part because employers generally are not permitted to form new SIMPLE IRA plans after October 1st of any given year under IRS regulations. 2 Survey results are based on the responses of 25 firms,<sup>3</sup> representing an estimated 70% of the \$8 billion of SIMPLE IRA assets invested in mutual funds at year-end 2000.<sup>4</sup> Please note that the survey respondents were not randomly selected and therefore do not necessarily reflect the

characteristics of the typical SIMPLE IRA account invested in mutual funds. Highlights of the survey results are as follows: I. SIMPLE IRA plans: For those respondents who were able to provide the data, as of June 30, 2001, there were approximately 285,400 SIMPLE IRA plans, an increase of 11% over the first half of 2001. (For this new sample of survey respondents, we estimate there were about 256,500 plans in December 2000, 224,800 plans in June 2000, 192,100 plans in December 1999, 156,500 plans in June 1999, and approximately 120,900 plans in December 1998 (see chart attached).) II. SIMPLE IRA participants: For those respondents who were able to provide the data, as of June 30, 2001, there were approximately 1,286,600 SIMPLE IRA participants. The number of SIMPLE IRA participants increased approximately 15% over the first half of 2001. (For this new sample of survey respondents, we estimate there were about 1,114,400 participants in December 2000, 992,600 participants in June 2000, 818,200 SIMPLE IRA participants in December 1999, 667,700 participants in June 1999, and approximately 501,800 participants in December 1998 (see chart attached).) III. Size of SIMPLE IRA plans: For those respondents who were able to provide the data, as of June 30, 2001, about 87% of SIMPLE IRA plans had 10 or fewer participants. Approximately 97% of the SIMPLE IRA plans had 25 or fewer participants.<sup>5</sup> On average, there were 4.5 participants per plan in June 2001. If you have any questions or comments concerning the survey, please call me at (202) 326-5915. Sarah Holden Senior Economist Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 13990, or call the ICI Library at (202) 326-8304 and request the attachment for memo 13990. 3 A couple of firms reported revisions to previously reported December 2000 figures. In addition, a firm new to the SIMPLE IRA business joined the survey. At this time, one previous respondent was unable to provide data for June 2001, and June 2001 figures were estimated for that firm. 4 For data on IRA assets invested in mutual funds, see the Investment Company Institute, "Mutual Funds and the Retirement Market in 2000," Fundamentals, Vol. 10, No. 2, June 2001 (available at ICI's website: [www.ici.org](http://www.ici.org)). 5 The Institute's previous ad hoc surveys showed similar distributions regarding plan size.