

MEMO# 11265

September 23, 1999

INSTITUTE RELEASES AD HOC SURVEY ON SIMPLE IRAS AS OF JUNE 30, 1999

1 The Institute conducted an earlier survey of Roth IRAs, Education IRAs and SIMPLE IRAs for first quarter 1998. See Institute memorandum to Pension Members No. 52-98 and Pension Operations Advisory Committee No. 38-98, dated August 20, 1998. [11265] September 23, 1999 TO: PENSION MEMBERS No. 34-99 PENSION OPERATIONS ADVISORY COMMITTEE No. 43-99 RESEARCH COMMITTEE No. 11-99 RE: INSTITUTE RELEASES AD HOC SURVEY ON SIMPLE IRAS AS OF JUNE 30, 1999

The Institute recently surveyed its members in order to identify the growth trend applicable to SIMPLE IRAs during the period from year-end 1998 to June 30, 1999.¹ The Institute's survey requested SIMPLE IRA data on the number of plans, participants and assets as of December 31, 1998 and June 30, 1999. We are pleased to report that the SIMPLE IRA market appears to have sustained continued growth, with approximately a 31% increase in the number of plans, a 34% increase in the number of participants and a 72% increase in the amount of assets held in SIMPLE IRAs during the first six months of 1999. In addition, based on our survey results, it appears that the SIMPLE IRA continues to be most popular among very small employers, i.e., those with 10 or fewer employees. Please note that the survey was not randomly selected and therefore does not necessarily reflect the characteristics of the typical SIMPLE IRA account of mutual funds. In addition, although the majority of survey results represent information covering both year-end 1998 and June 30, 1999, some respondents were unable to provide data for both periods. Survey results are based on responses from 15 firms, representing an estimated 83% of the SIMPLE IRA assets invested in mutual funds as of year-end 1998. Highlights of the survey results are as follows: I. SIMPLE IRA plans: For those respondents who were able to provide data, the number of SIMPLE IRA plans grew approximately 31% during the first six months of 1999. As of June 30, 1999, nearly 118,000 SIMPLE IRA plans were established. II. SIMPLE IRA participants: For those respondents who were able to provide data, as of June 30, 1999, approximately 576,000 participant accounts were established. The number of SIMPLE IRA participant accounts increased by approximately 34% during the first six months of 1999. III. SIMPLE IRA assets: For those respondents who were able to provide data, SIMPLE IRAs held approximately \$2.8 billion in assets as of June 30, 1999. This represents an increase in SIMPLE IRA assets of approximately 72% from year-end 1998. IV. Size of SIMPLE IRA plans: As of June 30, 1999, about 90% of employers establishing SIMPLE plans were those with 10 or fewer employees. Approximately 98% of employers establishing SIMPLE plans were those with 25 or fewer employees. The Institute's ad hoc survey on SIMPLE IRAs as of April 15, 1998 provided similar break-out information regarding the size of employers sponsoring SIMPLE IRAs. Therefore, it appears that SIMPLE IRAs continue to be most popular among the very small employers, those with 10 or fewer employees. If you have any questions or

comments concerning the survey, please call myself at (202) 218-3563 or Brian Reid, Senior Economist, Research Department at (202) 326-5917. Kathryn A. Ricard Assistant Counsel

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