

MEMO# 10214

August 20, 1998

INSTITUTE RELEASES AD HOC SURVEY ON FIRST QUARTER ROTH IRA, EDUCATION IRA AND SIMPLE IRA DATA

1 The Institute's survey requested Roth IRA data for the period January 1 through April 15, 1998. The survey requested Education IRA and SIMPLE IRA data as of March 31, 1998. The majority of survey results represent information covering these respective periods. However, some respondents provided data as of April 30, 1998 or May 31, 1998. Survey results for "total asset" data held in Roth IRA, Education IRA and SIMPLE IRA accounts may include non-mutual fund assets, including individual stocks and other assets. [10214] August 20, 1998 TO: PENSION MEMBERS No. 52-98 PENSION OPERATIONS ADVISORY COMMITTEE No. 38-98 AD HOC COMMITTEE ON ROTH IRA AD HOC COMMITTEE ON EDUCATION IRA RE: INSTITUTE RELEASES AD HOC SURVEY ON FIRST QUARTER ROTH IRA, EDUCATION IRA AND SIMPLE IRA DATA

The Institute recently surveyed its members in order to identify the number of accounts and total assets contributed to Roth IRAs as of April 15, 1998 and to Education IRAs and SIMPLE IRAs as of March 31, 1998.¹ In addition, we requested year-end 1997 data for SIMPLE IRA plans and accounts in order to identify the growth trend applicable to SIMPLEs during the period from year-end 1997 to March 31, 1998. Please note that the survey was not randomly selected and therefore does not necessarily reflect the characteristics of the typical retirement account of mutual funds. However, we believe that the survey results provide important information regarding the size of the Roth IRA, Education IRA and SIMPLE IRA market for the mutual fund complexes responding to the survey. Survey results are based on responses from 58 firms, representing 81% of the assets of the largest 25 mutual fund firms. Respondents represented 57% of the assets of all mutual fund firms. Highlights of the survey results are as follows: I. ROTH IRAS ` As of April 15, 1998, approximately 815,000 Contribution Roth IRA participant accounts had been established. ` As of April 15, 1998, \$987 million was held in Contribution Roth IRA accounts of the survey respondents. ` As of April 15, 1998, approximately 384,000 Conversion Roth IRA accounts were established. ` As of April 15, 1998, approximately \$3 billion was held in Conversion Roth IRA accounts. !• As of April 15, 1998, the average account balance of a Conversion Roth IRA account was approximately \$8,250. 2 Some firms were unable to report by employer size. These firms were removed from the data set for purposes of this calculation. ` As of April 15, 1998, the average age of accountholders establishing a Conversion Roth IRA account was 42. II. EDUCATION IRAS ` As of March 31, 1998, about 96,000 Education IRA accounts were established. Only 42% of survey respondents offered the Education IRA as of March 31, 1998. ` As of March 31, 1998, approximately \$38 million was held in Education IRA accounts. III. SIMPLE IRAS ` As of December 31, 1997, nearly 43,000 SIMPLE IRA plans were

established. As of March 31, 1998, approximately 63,000 SIMPLE IRA plans were established. The number of SIMPLE IRA plans increased by 47% during the first three months of 1998. ` As of December 31, 1997, approximately 213,000 SIMPLE IRA participant accounts were established. As of March 31, 1998, approximately 343,000 SIMPLE IRA participant accounts were established. The number of SIMPLE IRA participant accounts increased by approximately 61% during the first three months of 1998. ` As of December 31, 1997, total assets attributable to SIMPLE IRAs was approximately \$435 million. As of March 31, 1998, total assets attributable to SIMPLE IRAs was almost \$711 million. ` As of December 31, 1997, the average SIMPLE IRA account balance was nearly \$2,050. As of March 31, 1998, the average SIMPLE IRA account balance was about \$2,070. ` As of March 31, 1998, about 90% of employers establishing SIMPLE plans were those with 10 or fewer employees.² Nearly all employers establishing SIMPLE plans were those with 25 or fewer employees. A copy of the survey results is attached. Kathryn A. Ricard Assistant Counsel
Attachment

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