

## NEWS RELEASE

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# IRA Ownership Steady Despite Recent Market Turmoil

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## 39 Percent of U.S. Households Owned IRAs in 2009

Washington, DC, January 21, 2010 - Despite market challenges in 2008 through the March 2009 stock market lows, individual retirement account (IRA) ownership in 2009 and IRA owners' contribution and withdrawal activities in tax year 2008 were in line with recent historical experience, according to a new Investment Company Institute study.

The study, [The Role of IRAs in U.S. Households' Saving for Retirement, 2009](#), finds that nearly four out of 10 U.S. households owned IRAs in 2009—essentially the same as in 2008. IRA assets made up about 9 percent of all household financial assets. Traditional IRAs continue to be the most popular form, with about one-third of households owning them in 2009. The study finds that much of the recent growth in IRAs can be attributed to rollovers from employer-sponsored retirement plans. In 2009, nearly 20 million households had traditional IRAs that included rollover assets.

"The data suggest that IRA owners are staying the course, even in the face of some challenging times in the markets," said Sarah Holden, ICI's senior director of retirement and investor research. "While more Americans could use IRAs as a savings tool, the number of households that use them remains steady."

In tax year 2008, 15 percent of U.S. households made contributions to IRAs, the same percentage that did in tax year 2007. Tax year 2008 IRA contributions could be made throughout 2008 and up to the tax filing deadline on April 15, 2009, during a time when the economy entered a recession and the financial markets were in significant turmoil. IRA withdrawals continued to be infrequent and mostly retirement related. The fraction of traditional IRA-owning households taking withdrawals was 19 percent in tax year 2008 and 20 percent in tax year 2007.

Other findings from the study include:

- In 2009, 68 percent of U.S. households had retirement plans through work or IRAs, while more than three-quarters of IRA-owning households also had either employer-sponsored retirement plan accumulations or defined benefit plan coverage.
- Nineteen percent of traditional IRA-owning households took a withdrawal in tax year 2008, and the vast majority—84 percent—of the households taking withdrawals

reported someone in the household was retired. Nearly two-thirds of traditional IRA-owning households making withdrawals calculated the amount to withdraw based on the Internal Revenue Code's required minimum distribution (RMD).

- Among traditional IRA-owning households taking RMDs in tax year 2008, 71 percent were aware of the suspension of RMDs for tax year 2009.
- Sixty-four percent of traditional IRA-owning households not making withdrawals in tax year 2008 indicated it was unlikely they would withdraw from their IRAs before age 70½. Living expenses and emergency expenses were the two most frequently mentioned expected future uses of IRA monies.
- Fewer than one-quarter of owners of traditional IRAs reported being aware in 2009 of tax law changes governing conversions to Roth IRAs in 2010.

The study reports information from two separate ICI household surveys. ICI's 2009 IRA Owners Survey was conducted in May 2009, based on a sample of 1,000 randomly selected, representative U.S. households owning traditional IRAs, Roth IRAs, or employer-sponsored IRAs. The 2009 ICI Annual Mutual Fund Shareholder Tracking Survey was also conducted in May 2009, based on a sample of 4,201 randomly selected U.S. households, of which 1,651 households, or 39.3 percent, owned IRAs.