

NEWS RELEASE

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The IRA: Thirty Years of Promoting Savings and Realizing Retirement Goals, September 2004

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ICI President Calls IRA Legislation Notable Success Story for American Savers

Washington, September 2, 2004 – On Labor Day 1974, President Gerald Ford signed into law the Employee Retirement Income Security Act (ERISA), legislation creating the individual retirement account, or IRA, one of the nation's most important retirement savings tools.

"Two generations of Americans have benefited from IRAs," said Paul Schott Stevens, President of the ICI. "This thirtieth anniversary is a notable milestone. Over the years, the IRA has been – and continues to be – a powerful investment vehicle. Mutual funds have proven to be a key component of IRAs. The ICI has long advocated for IRA investing and supported legislation to expand such saving and investment opportunities for mutual fund shareholders and all Americans."

Total IRA Assets and Mutual Fund Share of Total IRA Assets (billions of dollars)

e = estimated

p = preliminary

Sources: Investment Company Institute and Internal Revenue Service

Today, more than 40 percent of U.S. households own \$3 trillion in IRAs, of which \$1.3 trillion is invested in mutual funds. The number of households owning IRAs has increased from 29 million in 1996 to 45.2 million as of December 31, 2003.

IRA Household Ownership (millions)

Source: Investment Company Institute

IRAs were created as an incentive for workers to save for their retirements. Workers can contribute \$3,000 this year to IRAs. Assets can grow free of current federal income tax liability. The contribution level will increase to \$4,000 in 2005 and to \$5,000 in 2008.

“Over the years, people’s IRA investments have burgeoned from \$637 billion in 1990 to \$3.0 trillion in 2003. Mutual funds are the most widely utilized investment vehicle for IRAs, holding more than 43 percent of IRA assets,” said John Rea, Chief Economist for the ICI. “The IRA has become engrained in American lexicon; people know what it is and have faith in it as a key savings tool. The IRA has been an unquestionable success story for the past 30 years.”

For more information, see [Mutual Funds and the U.S. Retirement Market in 2003](#) and [IRA Ownership in 2003](#).

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