NEWS RELEASE

May 8, 2008

ICI Fact Book Reports 7% Growth in Retirement Assets, May 2008

Americans’ Retirement Assets Grew 7% in 2007, ICI Reports

2008 Fact Book Reports That IRAs, DC Plans Pushed Savings to $17.6 Trillion

Washington, DC, May 8, 2008 - Americans held $17.6 trillion in retirement assets at the end of 2007, up $1.1 trillion from year-end 2006, the Investment Company Institute reported today. In the first comprehensive look at the scope of the nation's retirement market for the full year, ICI found that strong growth in Individual Retirement Accounts (IRAs) and employer-sponsored defined contribution plans, including 401(k) accounts, powered the 7 percent increase.

The retirement market statistics are reported in the 2008 Investment Company Fact Book, which ICI released today. The ICI's authoritative research serves as a primary source of IRA data and provides detailed measures of 401(k) and other defined contribution plans. Federal agencies use ICI data to help measure the retirement holdings of American households.

"In a year of significant disruptions in financial and housing markets, Americans continued to focus on saving for a secure retirement,” said Brian Reid, ICI Chief Economist. “Expanding retirement wealth, particularly in defined contribution plans and IRAs, accounted for half of the increase in households’ financial assets last year. Retirement assets now account for nearly 40 percent of U.S. households’ financial assets.”

At year-end 2007, investors held $9.2 trillion in IRAs and defined contribution plans, accounting for about half of the entire retirement market. Institute researchers combine their data on IRAs and DC plans with publicly available data on defined benefit plans, government employees' plans, and annuities to produce an authoritative measure of Americans' overall retirement savings.

IRAs continue to serve as a pillar of individuals' retirement preparedness. Last year, IRA assets rose 12 percent to $4.7 trillion, of which $2.2 trillion was invested in mutual funds. Assets held in defined contribution plans rose 8 percent to $4.5 trillion. Mutual funds accounted for $2.4 trillion of that total. The most popular type of defined contribution plan was the 401(k), totaling $3 trillion in assets.

The 48th edition of the Fact Book also contains comprehensive statistics and historical trends for the investment company industry, including information on the role of mutual funds in the retirement market. Key facts include:

- Mutual funds managed $4.6 trillion or 26 percent of retirement market assets. The remaining $13 trillion were managed by pension funds, insurance companies, and brokerage firms (Fact Book, page 99).
- The $4.6 trillion of retirement assets invested in mutual funds represented 38 percent of the $12 trillion that funds managed at year-end 2007 (page 9).
- More than 90 percent of mutual-fund owning households reported that they are saving for retirement (page 71).
- Three-fifths of mutual-fund owning households invest in funds through an employer-based retirement plan such as a 401(k), and 57 percent of the households that own mutual funds purchased their first fund through an employer-sponsored retirement plan (page 73).
- Net new cash flow into lifestyle and lifecycle funds reached a record $92 billion in 2007 (page 150).
- Assets in lifecycle funds rose 61 percent to $183 billion, and 88 percent of these assets was held in retirement accounts. Assets in lifestyle funds reached $238 billion, of which 45 percent was held in retirement accounts (page 102).
- 401(k) assets invested in mutual funds are concentrated in lower-cost funds. For example, more than three-quarters of the 401(k) assets invested in stock funds are invested in funds with expense ratios of less than 1 percent (page 96).

The Investment Company Institute, the national association of the U.S. investment company industry, is an authoritative source of information on the investment company industry, its shareholders and its economics, and on the U.S. retirement and education savings markets.