

NEWS RELEASE

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ICI Survey Finds Strategic IRA Use by Retirement Savers

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Washington, DC, January 12, 2017—Individual retirement accounts (IRAs) are an integral part of America’s retirement savings system and savers are using them strategically to help meet their retirement goals, according to new findings from a survey released today by the Investment Company Institute (ICI).

The study, “[The Role of IRAs in US Households’ Saving for Retirement, 2016](#),” found that most traditional IRA-owning households have a strategy for managing income and assets in retirement and sought information from multiple sources when building that strategy. ICI data indicate that 76 percent consulted a professional financial adviser when creating their strategy, 26 percent consulted a website, 24 percent consulted with friends or family, 23 percent consulted written materials, such as a book, magazine, or newspaper, and 10 percent used a financial software package.

“IRAs have grown in popularity among American households and play an increasingly important role in saving for retirement,” said Sarah Holden, ICI’s senior director of retirement and investor research. “Rollovers continue to fuel recent IRA growth, and this trend demonstrates the IRA is working as designed—enabling investors to accumulate retirement savings while consolidating assets and accessing a range of financial services providers and investment options.”

IRA Growth Is Fueled by Rollovers

In 2016, 59 percent of all traditional IRA-owning households had traditional IRAs that included rollover assets, the study found. When asked about their most recent rollover, the vast majority (82 percent) of these households transferred the entire retirement plan account balance into the traditional IRA. Nearly nine in 10 traditional IRA-owning households with rollovers made their most recent rollover in 2000 or later, including 74 percent whose most recent rollover was in the past 11 years.

Households cited multiple reasons for rolling over accumulations from their employer-sponsored retirement plans to traditional IRAs. For example, 64 percent did not want to leave assets with their former employer and 63 percent said they wanted to preserve the tax treatment of the savings. Fifty-eight percent of the households surveyed rolled assets into a traditional IRA to increase investment options and 57 percent indicated they wanted to consolidate savings. Survey data also showed households researched the decision to roll over money from their former employer’s retirement plan into a traditional IRA, with 67

percent of households consulting multiple sources of information before making the move.

IRA Withdrawals Are Infrequent, Mostly Retirement Related

Twenty-five percent of traditional IRA-owning households surveyed in 2016 had taken withdrawals in tax year 2015, and nearly 90 percent of them were retired. Most of the withdrawals were required minimum distributions (RMDs), which traditional IRA owners are required to take beginning at age 70½. Traditional IRA withdrawals were generally used for living expenses, reinvestment, home purchase or repairs, healthcare expenses, or emergencies.

For more detail on the survey and its findings, please see the [study](#) and its [appendix](#). For information about the role of IRAs in retirement planning, please visit [ICI's Individual Retirement Account Resource Center](#).

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