

NEWS RELEASE

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IRAs Play a Key Role in US Households' Retirement Planning

Washington, DC; February 29, 2024—ICI's latest research shows in mid-2023, 55.5 million US households, or 42.2 percent, reported that they owned individual retirement accounts (IRAs). The study, [The Role of IRAs in US Households' Saving for Retirement, 2023](#), gathers information on the characteristics and activities of IRA-owning households in the United States. Traditional and Roth IRAs play a key role in household balance sheets, representing 36 percent of household financial assets among those owning them. The research also found that traditional IRA-owning households were more likely to have engaged in rollover activity, while Roth IRA-owning households have higher contribution rates.

"People of all ages rely on IRAs to build substantial financial assets. Our research finds that IRA-owning households report willingness to take some investment risk for financial gain," said Sarah Holden, ICI senior director of retirement and investor research. "Reflecting this willingness to reach for investment returns, more than seven in 10 IRA-owning households held mutual funds and more than three in 10 held exchange-traded funds (ETFs) in their traditional or Roth IRAs."

Rollover activity has fueled recent IRA growth. In mid-2023, about 25 million US households, or 62 percent of US households owning traditional IRAs, had traditional IRAs that included rollover assets. Among households with rollovers in their traditional IRAs, 43 percent had made traditional IRA contributions in addition to their rollovers.

Among traditional IRA-owning households with rollovers, 86 percent indicated that they had preserved their entire employer-sponsored retirement plan balance in their most recent rollover. The three most common primary reasons for rolling over were not wanting to leave assets behind at the former employer, wanting to consolidate assets, and wanting more investment options.

Other findings include:

- **Majority of US households have tax-advantaged retirement savings.** All told, more than seven in 10 US households had retirement plans through work or IRAs; being later in the life-cycle of saving, more than eight in 10 near-retiree households did.
- **Roth IRA-owning households were more likely to report contributions than traditional IRA-owning households.** Nearly four in 10 Roth IRA-owning households in 2023 had made contributions in tax year 2022, compared with more than two in 10

traditional IRA-owning households.

- **Traditional IRA-owning households research the rollover decision an often consult multiple sources of information.** Among those with rollovers, 63 percent consulted multiple sources of information including financial advisers, materials provided by their employer, and financial services firms' information.
- **Traditional IRA-owning households tend to steward their IRA assets through retirement: traditional IRA withdrawals are infrequent, typically made by retirees, and generally started when required.** Thirty-one percent of traditional IRA-owning households in mid-2023 took withdrawals in tax year 2022. Ninety percent of households that made traditional IRA withdrawals were retired. Only 5 percent of traditional IRA-owning households in mid-2023 headed by individuals younger than 59 took withdrawals. Among those taking withdrawals, 76 percent withdrew the required minimum distribution (RMD).
- **Most traditional IRA-owning households have a planned retirement strategy.** About two-thirds of traditional IRA-owning households in mid-2023 indicated that they have a strategy for managing income and assets in retirement. Typically, these strategies have many components, including reviewing asset allocations, determining their retirement expenses, developing a retirement income plan, setting aside emergency funds, and determining when to take Social Security benefits.

About the Study

[“The Role of IRAs in US Households’ Saving for Retirement, 2023”](#) reports information from two separate ICI household surveys. ICI’s IRA Owners Survey, which was conducted in June 2023, is based on a representative sample of 3,255 US households owning traditional IRAs or Roth IRAs. The IRA Owners Survey was conducted on the KnowledgePanel®, a probability based online panel designed to be representative of the US population. The KnowledgePanel® is designed and administered by Ipsos. ICI’s Annual Mutual Fund Shareholder Tracking Survey, which was conducted from May to June 2023, is based on a sample of 6,073 US households also drawn from the KnowledgePanel®.

For more information about the role of IRAs in US households’ saving for retirement, see the appendix to the paper, available at www.ici.org/files/2024/per30-01.pdf.