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Individual Retirement Account Balances, Contributions, Withdrawals, and Asset Allocation Longitudinal Results 2010–2014: The EBRI IRA Database

By Craig Copeland, Ph.D., Employee Benefit Research Institute

AT A GLANCE

Individual retirement accounts (IRAs) represent the largest single repository of U.S. retirement plan assets, holding more than one-quarter of all retirement plan assets in the nation. The Employee Benefit Research Institute (EBRI) developed the EBRI IRA Database to analyze the status of and individual behavior in IRAs. This is the third longitudinal study from the IRA database, which supplements the annual cross-sectional analyses.

This *Issue Brief*, using the EBRI IRA Database, specifically examines the trends in account balances, contributions, withdrawals, and asset allocation in IRAs from 2010–2014. Results from both the annual cross-sectional sample and a consistent sample of IRA owners who have been in the database in each year from 2010–2014 are presented. This allows for the investigation of the behavior in IRAs that are continuously maintained, instead of the results being affected by new and former IRA owners.

- ***Account balances:*** Significantly higher growth in account balances was found in the consistent sample of IRA owners compared with the annual cross-sectional sample. While the cross-sectional overall average account balance increased 38.9 percent from 2010 to 2014, the increase for those IRA owners who continuously owned IRAs from 2010–2014 was 45.8 percent.
    - For the consistent account owners, the distribution of the actual changes in the account balances can be measured. The lowest 25 percent (regardless of age) had increases less than 2.8 percent since 2010. On the other hand, the highest 25 percent of balance changes exceeded 78.0 percent. Consistent Roth-IRA owners experienced a much higher distribution of increases, with the lowest 25 percent of the balance changes for IRAs topping out at 33.4 percent, and the highest 25 percent exceeding 100.0 percent.
    - For consistent account owners, the overall average balance increased each year—from $92,087 in 2010 to $93,036 in 2011, to $104,970 in 2012, to $122,272 in 2013, and to $134,244 in 2014. Average balances for each gender also increased each year. The median values followed a continual upward trend across all IRA owners, except for those ages 70 or older (where annual withdrawals are required) and for owners of Traditional IRAs originating from rollovers.
- ***Contributions:*** There are considerable differences by IRA type whether IRA owners who have maintained their IRA for five years (consistent account owners) are likely to contribute, as well as the number of years they contribute. Among Traditional IRA owners, 87.6 percent did not contribute to the IRA in any year, while 2.1 percent contributed in all five years. In contrast, 61.5 percent of Roth IRA owners did not contribute in any

year and 10.4 percent contributed in all five years. Roth IRA owners ages 25–29 were the most likely to contribute in at least one year and in all five years, at 61.3 percent and 16.0 percent, respectively.

  - While the percentage of individuals contributing remained relatively consistent across the five years, the percentage of contributors who contributed the maximum rose from 43.5 percent in 2010 to 53.5 percent in 2012. Increases during that time occurred for each IRA type, with owners of Traditional IRAs having higher likelihoods of contributing the maximum in each year. However, in 2013, with the increase in the maximum allowable contribution, the percentage contributing the maximum overall fell from 53.5 percent in 2012 to 43.3 percent in 2013. Similar percentage-point drops occurred for both Traditional and Roth IRAs. In 2014, the likelihood of contributing the maximum among those who contributed increased again, reaching 55.4 percent.

  - The overall average contribution increased each year through 2013 before a slight decline in 2014. In 2010, the average contribution was $3,335, increasing to $3,723 in 2011, to $3,904 in 2012, and to $4,145 in 2013, before the decline to $4,119 in 2014. This increase and then decrease in 2014 in the average contribution occurred for each known age and gender of contributing owners of IRAs, except for those IRA owners ages 60 or older.

- ***Withdrawals:*** Among consistent account owners, the percentage of individuals taking a withdrawal from a Traditional or Roth IRA rose from 12.9 percent in 2010, to 15.4 percent in 2011, to 16.7 percent in 2012, to 18.5 percent in 2013, and to 19.6 percent in 2014. This pattern is the result of the increasing percentage of individuals in this sample surpassing the required minimum distribution (RMD) age each year due to the same individuals being in the sample from year to year. Moreover, the likelihood of taking a withdrawal increased with age.

  - To analyze IRA withdrawal trends and how sustainable they are to last throughout retirement, the most salient age is when the owners reach the RMD age (generally age 70-1/2). Analysis of Traditional IRAs in the EBRI IRA database for this age group from 2010 to 2014 shows a range of average annual withdrawal rates from about 4 percent at the 10th percentile to 13 percent at the 90th percentile.

- ***Asset allocation:*** For the annual cross-sectional snapshot, the percentage allocated to equities decreased from 45.7 percent in 2010 to 44.4 percent in 2011 before a sharp increase in 2012 to 52.1 percent, to 54.7 percent in 2013, and to 55.7 percent in 2014. The amount allocated to balanced funds was constant from 2010 to 2011 before a slight decline in 2012 and an even smaller uptick in 2013 and in 2014, while the percentage in money increased in 2011 and fell through 2014.

  - Consistent account owners moved toward higher equity holdings from 2010–2014. The equity allocations in 2014 were overall higher than the values in 2010 across all groups studied.

  - The IRA database shows that 43.8 percent of the IRA owners had extreme holdings in equities (0 percent or 100 percent allocation) in both years. For those who were not at an extreme value in either year, the range of their asset allocation changes to equities ranged from a 2.0 percentage point decline at the 25th percentile to a 14.3 percentage point increase at the 75th percentile.

Craig Copeland is senior research associate at the Employee Benefit Research Institute (EBRI). This *Issue Brief* was written with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the author and should not be ascribed to the officers, trustees, or other sponsors of EBRI, Employee Benefit Research Institute-Education and Research Fund (EBRI-ERF), or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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Data Security

The Employee Benefit Research Institute's (EBRI's) retirement databases (the EBRI/ICI Participant-Directed Retirement Plan Database, the EBRI IRA Database, and the EBRI Integrated Defined Contribution/IRA Database) have undergone multiple independent security audits and have been certified to be fully compliant with the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) ISO/IEC 27002 Information Security Audit standard. Moreover, EBRI has obtained a legal opinion that the methodology used meets the privacy standards of the Gramm-Leach-Bliley Act. At no time has any nonpublic, personal information that is personally identifiable, such as Social Security number, been transferred to or shared with EBRI.

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Introduction

Individual retirement accounts (IRAs) are a vital component of U.S. retirement savings, holding more than one-quarter of all retirement plan assets in the nation (Figure 1). A substantial and growing portion of these IRA assets originated in other tax-qualified retirement plans, such as defined benefit (pension) and 401(k) plans, and were moved to IRAs through rollovers from those plans.

The Employee Benefit Research Institute (EBRI) developed the EBRI IRA Database to analyze the status of and individual behavior in IRAs. This database complements the EBRI/ICI Participant-Directed Retirement Plan Data Collection Project, which has detailed data on 401(k) plan participants. The IRA database has been an ongoing project since 2010, and this is the third annual study of longitudinal changes in IRAs. In addition, annual cross-sectional analyses of the EBRI IRA Database are conducted.[1]

This *Issue Brief*, using the EBRI IRA Database, specifically examines the trends in account balances, contributions, withdrawals, and asset allocation in IRAs from 2010–2014.[2] Results from both the annual cross-sectional sample and a consistent sample of IRA owners who have been in the database in each year from 2010–2014 are presented. This allows for a look at the overall market as well as how individual IRA owners behave over time when they continue ownership.

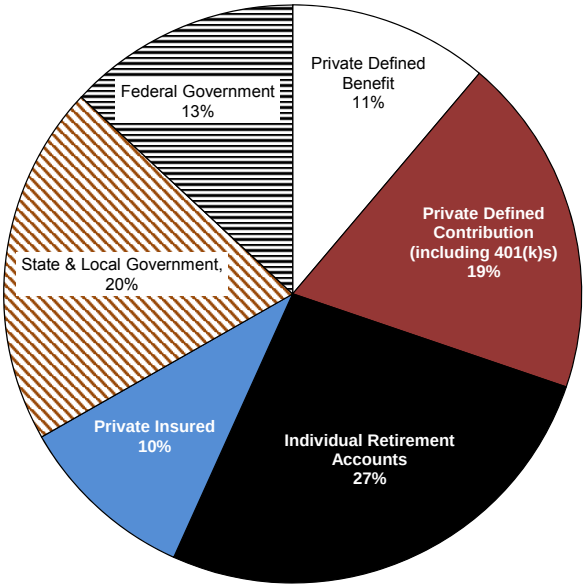
Data

The EBRI IRA Database is an ongoing project that collects data from various types of IRA administrators. For year-end 2014, it contains information on 26.7 million accounts owned by 21.1 million unique individuals, with total assets of $2.69 trillion.[3] For each account within the database, the IRA type, account balance, contributions made, rollovers transferred during the year (if any), withdrawals taken, asset allocation, and certain demographic characteristics of the account owner are included (among other items).

As part of this longitudinal study, a sample of consistent account owners is constructed. This sample contains all the IRA owners who had a positive account balance in each year of the database from 2010–2014. The sample includes 8.8 million individuals having accounts amounting to $1.18 trillion (2014 value). The consistent-account-owner sample is slightly smaller for the portion of the study on asset allocation, as complete asset allocation information is not available for some individuals. This results in 8.1 million individuals holding $1.09 trillion (2014 value) in assets making up the consistent-account-owner asset allocation sample.

In Figure 2, the distributions of the samples can be compared across the age and gender of the account owners and the account balances and IRA types of the accounts held. The distributions are relatively similar except for the consistent-account-owner sample being more weighted toward higher balances than the all-one-year cross-sectional snapshot sample. The distributions of IRA types are particularly close, with the four IRA types (Traditional-originating from contributions (TOFC), Traditional-originating from rollovers (TOFR), Roth and SEP/SIMPLE) included in the consistent account having distributions within 8 percentage points of the other samples.[4]

Figure 1
Sources of Estimated Total U.S. Retirement Plan Assets, 2014
(Total = $28.1 trillion)



Source: Board of Governors of the Federal Reserve System, "Financial Accounts of the United States: *Flow of Funds, Balance Sheets, and Integrated Macroeconomic Accounts."* Third Quarter 2015.

Figure 2
Distribution of IRAs, by Asset Allocation Data and Various Characteristics, 2014

	All Individuals	Complete Longitudinal	Longitudinal Asset Allocation		All Individuals	Complete Longitudinal	Longitudinal Asset Allocation
All	100.0%	100.0%	100.0%	All	100.0%	100.0%	100.0%
Gender				Account Balance			
Female	24.7	37.3	33.8	Less than $10,000	30.3	25.8	23.9
Male	30.5	45.0	39.1	$10,000–$24,999	14.5	14.3	14.9
Unknown	44.8	17.7	27.1	$25,000–$49,999	13.1	14.2	14.7
Age				$50,000–$99,999	13.8	15.2	15.8
Less than 25	1.6	0.8	0.6	$100,000–$149,999	7.3	8.0	8.2
25–44	24.5	26.7	24.2	$150,000–$249,999	7.7	8.3	8.5
45–54	21.6	25.4	24.5	$250,000 or more	13.3	14.1	14.1
55–64	24.7	25.5	25.9	Type*			
65–69	10.4	9.6	10.5	Traditional-Cont.	40.7	37.0	38.6
70–74	7.2	5.9	6.9	Roth	28.9	34.5	36.3
75–84	6.9	5.1	6.1	Traditional-Rlvr	35.8	42.6	43.2
85 or older	1.9	1.0	1.4	SEP/SIMPLE	8.2	10.7	7.9
Unknown	1.3	0.1	0.1	All Traditional	73.7	75.2	77.1

Source: EBRI IRA Database.
*The type for the longitudinal data adds to more than 100% due to the individuals potentially having more than one IRA.

Account Balances 2010–2014

While each year's database is a unique snapshot (cross section) of that year's IRA balances, it is informative to compare the results between years to consider changes in account balance trends. The first comparison is conducted by examining each year's snapshot. The second comparison focuses only on those individuals who have at least one account with a positive balance in the database in each year of the analysis (2010–2014). Focusing just on such "consistent account owners" not only allows the analysis to focus on the activity within these accounts over an extended period of time, but also controls for changes in the aggregate and average balances resulting from the additions and subtractions from the database because of new data providers into the database, as well as accounts being opened and closed. Furthermore, the distribution of the growth in the balances across each account holder in the study can be deduced.[5]

Snapshot Comparison—The average balance for each year's full sample decreased from $91,864 in 2010 to $87,668 in 2011 before increasing to $105,001 in 2012, $119,804 in 2013, and $127,583 in 2014—up 38.9 percent from 2010 to 2014, and 6.5 percent from 2013 to 2014 (Figure 3). The median (midpoint, half above and half below) followed the same pattern, going from $25,296 to $23,785 to $27,987 to $32,179 to $33,185, representing increases of 31.2 percent between 2010 and 2014 and 3.1 percent between 2013 and 2014. This same down, then-up pattern in average balances occurred for each gender and among Traditional IRAs. However, the average balance continued up in 2010–2014 for those accounts owned by 35- to 49-year-olds. Above that age, the pattern of a decrease in average balance in 2011 and an increase in average balance in 2012–2014 resulted. Below age 35, another year of declines resulted before increasing in 2013 and 2014. The average balance for Roths and SEP/SIMPLEs increased each year.

Consistent Account Owner Comparison—In order to compare the experience of the same account owners longitudinally, the consistent-account-owner sample is used. Each individual's accounts are studied to determine the change in his or her IRA balances and contribution behavior during 2010–2014. This provides a more accurate picture of account growth, rather than relying on aggregate database totals, which might include new individuals or might exclude individuals who no longer have an account. This allows for a better understanding of account growth and contribution activity among those maintaining IRAs.

For consistent account owners, the overall average balance increased each year—from $92,087 in 2010 to $93,036 in 2011, to $104,970 in 2012, to $122,272 in 2013, and to $134,244 in 2014 (Figure 4). This increase occurred across each owner known age group and IRA type, except for owners ages 70 or older and for Traditional-originating from rollovers (TOFR) IRA owners, who experienced a decline of their balances in 2011 preceding increases in 2012–2014. Average balances for each gender also increased each year. The median values followed a continual upward trend across all IRA owners, except for those ages 70 or older and for TOFR IRAs.

While comparing the averages and medians is instructive, it does not show the full range of the changes in the individuals' IRA balances. The full distribution of these account level changes is an important consideration, as different individuals could experience significantly different changes between years, particularly in view of the varying levels of contributions to and withdrawals from the accounts as well as the asset allocation within the accounts. Using the experiences of the consistent account owners, the 25th percentile, median, and 75th percentile of the resulting percentage changes of these individuals' balances are presented in Figure 5. The median percentage change in the account balances for the consistent account owners was an increase of 43.6 percent from 2010 to 2014. This means that half of the individuals had an increase greater than that amount and the other half either had a smaller increase, no change, or a decline. Furthermore, at the 25th percentile, a 2.8 percent increase resulted, meaning that 25 percent of the consistent account owners had an increase smaller than 2.8 percent. The highest (fourth) quartile of balance changes had growth rates surpassing 78.0 percent.

The growth rates for Roth IRA balances were higher both overall and for each age and gender. The median Roth IRA increase was 69.5 percent from 2010 to 2014, compared with 36.6 percent for all Traditional IRAs. A major factor in these different rates of increase was that new contributions (or conversions) made up a larger portion of Roth IRA balances than Traditional IRA balances, which magnified the impact of contributions.

Figure 3

Average and Median IRA Balances, by IRA Type, Age, and Gender, 2010–2014

	Average					Median				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
All	$91,864	$87,668	$105,001	$119,804	$127,583	$25,296	$23,785	$27,987	$32,179	$33,185
Type										
Traditional-Conts.^	88,403	78,051	97,286	112,943	120,163	29,756	24,721	32,161	37,611	39,389
Roth	24,798	25,741	31,288	37,010	39,544	11,471	11,344	12,796	15,190	15,847
Traditional-Rlvrs^	123,426	110,918	134,354	150,261	157,277	38,138	31,944	39,172	43,535	43,598
SEP/SIMPLE	55,733	56,479	67,457	79,424	84,599	15,471	15,711	17,794	20,257	20,604
All Traditional	103,346	98,797	118,645	134,791	142,780	32,647	28,457	35,803	40,996	42,157
Unknown	96,441	83,062	60,212	66,950	70,508	18,815	21,982	6,443	6,318	6,241
Age										
Under 25	21,986	11,434	11,165	13,103	13,264	5,782	3,238	3,360	3,708	3,433
25–29	10,290	12,278	11,009	12,537	12,552	4,769	4,488	4,721	5,000	4,826
30–34	16,236	18,106	17,704	20,456	21,120	7,229	6,612	7,036	7,661	7,531
35–39	25,683	27,664	29,202	33,784	34,903	10,819	10,072	11,003	12,325	12,138
40–44	36,968	38,354	42,826	49,948	52,582	14,745	13,751	15,770	17,745	17,864
45–49	50,998	51,006	59,471	68,683	72,177	19,329	18,312	21,463	24,264	24,564
50–54	74,046	66,771	80,525	91,976	96,726	24,505	23,216	28,056	31,692	32,639
55–59	92,196	86,572	108,074	122,957	130,459	31,762	29,080	36,363	41,149	42,950
60–64	129,976	116,415	147,739	165,139	175,418	42,998	38,838	49,899	55,807	59,138
65–69	170,672	145,575	191,208	212,812	224,144	58,965	50,122	66,852	75,277	79,928
70 or older	162,857	144,252	192,961	219,790	232,389	56,198	49,994	65,419	75,627	80,500
Unknown	108,765	280,290	160,233	126,759	177,699	35,255	116,475	43,666	45,801	44,692
Gender										
Female	71,112	66,529	81,700	96,339	94,774	23,246	21,642	27,826	30,660	29,651
Male	120,719	114,745	139,467	160,589	153,649	32,752	30,704	40,103	43,449	41,057
Unknown	85,037	76,604	85,230	91,853	128,631	22,820	19,916	26,589	23,576	30,923

Source: EBRI IRA Database.

^ Traditional-Conts.=Traditional-Originating from Contributions, Traditional-Rlvr=Traditional-Originating from Rollovers. Both of these accounts could have received contributions or rollovers after their origination, so these are NOT proxies for employment-based dollars versus IRA only dollars. The Traditional-Originating from Rollovers do provide an estimate of the dollars that have been moved into a new IRA.

Figure 4

Distribution and Average and Median IRA Balances of a Consistent Sample* of Individuals, by IRA Type, Age, and Gender, 2010–2014

		Average					Median				
		2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
All	100.0%	$92,087	$93,036	$104,970	$122,272	$134,244	$26,508	$27,119	$31,274	$37,422	$40,980
Type[#]											
Traditional-Conts.^	37.0	75,958	77,971	88,654	104,798	115,635	24,398	25,160	29,115	35,187	39,185
Roth	34.5	25,033	26,097	31,623	39,180	44,580	10,983	11,819	14,431	17,976	20,652
Traditional-Rlvrs^	42.6	110,309	110,099	122,616	140,116	155,085	31,345	31,317	35,531	40,416	46,671
SEP/SIMPLE	10.7	56,484	59,568	69,063	83,279	93,456	15,381	17,159	20,482	24,760	28,445
All Traditional	75.2	101,301	101,939	114,127	131,823	144,794	29,786	30,015	34,138	40,258	44,490
Age[&]											
Under 25	0.8	9,659	10,675	13,166	17,235	20,199	4,370	5,178	6,716	8,972	10,597
25–29	2.8	9,377	10,655	13,589	18,218	21,633	4,974	5,582	7,024	9,103	10,339
30–34	5.8	14,672	16,017	19,925	25,985	30,291	7,108	7,929	9,557	11,904	13,268
35–39	7.8	24,637	25,966	31,438	39,877	45,822	10,798	11,368	13,560	16,705	18,489
40–44	10.2	36,633	37,904	44,938	55,923	63,602	15,190	15,706	18,307	22,472	24,706
45–49	11.9	51,991	53,066	62,023	76,113	85,921	20,660	21,077	24,327	29,581	32,590
50–54	13.5	71,054	72,266	83,650	101,237	114,017	27,171	27,656	31,934	38,453	42,460
55–59	13.4	95,285	97,496	112,425	133,936	150,882	34,822	35,600	40,950	48,753	53,986
60–64	12.0	133,429	135,908	154,262	179,377	198,728	48,505	49,262	55,752	64,844	70,717
65–69	9.6	177,202	179,293	200,479	228,608	246,964	66,130	66,724	74,541	85,033	90,611
70 or older	12.0	195,265	191,162	204,444	223,843	232,864	73,822	71,493	76,079	83,160	85,325
Unknown	0.1	100,017	100,686	114,330	127,678	140,756	25,422	27,362	31,046	34,819	36,001
Gender											
Female	37.3	70,028	71,456	81,182	95,773	105,544	25,057	25,666	29,642	35,558	39,042
Male	45.0	125,329	126,019	141,558	163,753	179,137	36,548	36,982	42,542	50,804	55,654
Unknown	17.7	54,123	54,726	62,157	72,747	80,691	14,033	14,820	17,064	20,327	21,938

Source: EBRI IRA Database.

* The consistent sample has only the individuals with at least one account in each year (2010-2014) of the database.

[#] The IRA types add to more than 100 percent, since individuals can own more than one type.

^ Traditional-Conts.=Traditional-Originating from Contributions, Traditional-Rlvr=Traditional-Originating from Rollovers. Both of these accounts could have received contributions or rollovers after their origination, so these are NOT proxies for employment-based dollars versus IRA only dollars. The Traditional-Originating from Rollovers do provide an estimate of the dollars that have been moved into a new IRA.

[&] The individual's age is from 2012.

Figure 5

Distribution of IRA Balance Changes for a Consistent Sample* of Individuals from 2010 to 2014, by IRA Type, Age, and Gender

	Total			Traditional^			Roth		
	Percentile			Percentile			Percentile		
	25th	Median	75th	25th	Median	75th	25th	Median	75th
All	2.8%	43.6%	78.0%	0.1%	36.6%	71.6%	33.4%	69.5%	100.0%
Age#									
Under 25	35.2	78.5	216.2	0.0	36.2	100.0	45.0	99.4	225.2
25–29	0.1	67.2	177.8	0.0	34.9	100.0	43.5	88.5	182.0
30–34	0.1	55.7	128.5	0.0	39.8	100.0	39.8	76.8	133.7
35–39	2.8	52.4	97.4	0.0	43.9	81.1	37.2	70.6	104.6
40–44	8.4	52.3	85.5	0.1	45.7	77.8	35.7	69.2	100.0
45–49	11.5	51.6	81.1	3.1	45.7	77.1	34.6	69.0	100.0
50–54	14.0	50.3	79.6	8.8	45.2	76.4	34.0	70.5	100.0
55–59	13.6	47.4	78.0	9.7	43.6	75.5	32.0	69.7	100.0
60–64	4.3	40.9	75.8	1.2	37.0	72.4	28.2	64.7	100.0
65–69	0.7	32.9	66.7	0.1	29.7	62.6	26.3	60.0	100.0
70 or older	-6.9	15.2	41.2	-9.1	12.1	36.2	24.5	54.6	80.2
Unknown	0.0	44.9	78.2	0.0	41.0	73.7	39.5	70.6	100.0
Gender									
Female	6.8	45.0	78.0	0.1	38.2	72.6	36.4	70.6	100.0
Male	0.6	41.0	77.5	0.0	34.2	70.6	32.1	69.6	100.0
Unknown	0.3	46.8	81.9	0.0	39.3	74.1	30.0	65.7	100.0

Source: EBRI IRA Database.

* The consistent sample has only the individuals with at least one account in each year (2010–2014) of the database.

^ Includes all Traditional IRAs.

The individual's age is from 2012.

The significant differences in the distribution of percentage change in the balances at ages 70 or older is due to the required minimum distribution (RMD) rules that require individuals to make withdrawals out of Traditional IRAs starting April 1 of the year following the calendar year in which they reach age 70-½. These rules do not apply to Roth IRAs, which explains the continued increases found at this age for Roth owners. Even with the required withdrawals, more than half of these Traditional IRA owners had balances in 2014 that were larger than they were in 2010, meaning that the returns they received during those years were equal to or larger than the amount they may have withdrawn.[6]

The overall growth shows the change in the balances from one year to another year. The geometric mean measures the average annual growth rate of the account balances.[7] The median of the distribution of the geometric means of the growth rates for all of the individual IRA balances from 2010 to 2014 was 9.7 percent, with a 25th percentile of 1.0 percent and a 75th percentile of 16.1 percent (Figure 6). The younger IRA owners had larger geometric means at the median and the 75th percentile. This was due to younger owners being more likely to contribute and less likely to withdraw. The genders had very similar distributions of geometric means, while there were only small differences in the geometric mean distributions for individuals with account balances of $5,000 or more. The individuals with account balances of less than $5,000 had a much lower geometric mean distribution.

As would be expected given the distribution of the percentage changes in the account balances, the distribution of the account balances has shifted to higher-balance categories from 2010 to 2013 (Figure 7). In 2010, 21.0 percent of the consistent account owners had balances of less than $5,000. By 2014, this number was down to 18.3 percent. Correspondingly, the percentage of consistent account owners with account balances of $250,000 or more increased from 9.0 percent in 2010 to 14.1 percent in 2014.

Contributions 2010–2014

Snapshot Comparison—The percentage of individuals who contributed to their IRA in each year was relatively consistent across years at 12.1 percent in 2010, 13.2 percent in 2011, 13.1 percent in 2012, 13.8 percent in

2013, and 14.2 percent in 2014 (Figure 8). The percentage of individuals owning Traditional IRAs that contributed to them rose from 5.2 percent in 2010 to 7.1 percent in 2014. In contrast, Roth owners had higher contribution rates and an inconsistent trend: 26.0 percent in 2011, compared with 24.0 percent in 2010. After 2011, there was a decrease to 25.1 percent in 2012 before an increase to 25.8 percent in 2013 and to 26.4 percent in 2014.

Figure 6
Distribution of the Geometric Means of IRA Balance Changes for a Consistent Sample* of Individuals from 2010 to 2014, by Age, Gender, and Account Balance

	Percentile		
	25th	Median	75th
All	1.0%	9.7%	16.1%
Age#			
Under 25	7.0	15.6	28.8
25–29	0.0	12.1	25.0
30–34	0.0	11.7	20.2
35–39	0.6	11.6	17.4
40–44	2.4	11.6	16.8
45–49	3.3	11.5	16.7
50–54	3.8	11.2	16.6
55–59	3.5	10.4	16.2
60–64	1.3	8.9	15.4
65–69	0.4	7.4	13.5
70 or older	-1.3	3.9	9.5
Unknown	0.0	9.9	15.9
Gender			
Female	1.8	9.9	16.2
Male	0.4	9.2	15.9
Unknown	0.6	10.4	16.5
Account Balance			
Less than $5,000	-1.9	0.0	7.8
$5,000–$9,999	1.7	10.1	16.0
$10,000–$24,999	4.2	11.2	16.6
$25,000–$49,999	5.8	12.2	17.8
$50,000–$99,999	6.3	12.4	18.7
$100,000–$149,999	5.7	11.5	17.2
$150,000–$249,999	5.3	10.6	16.0
$250,000 or more	4.8	9.4	15.0

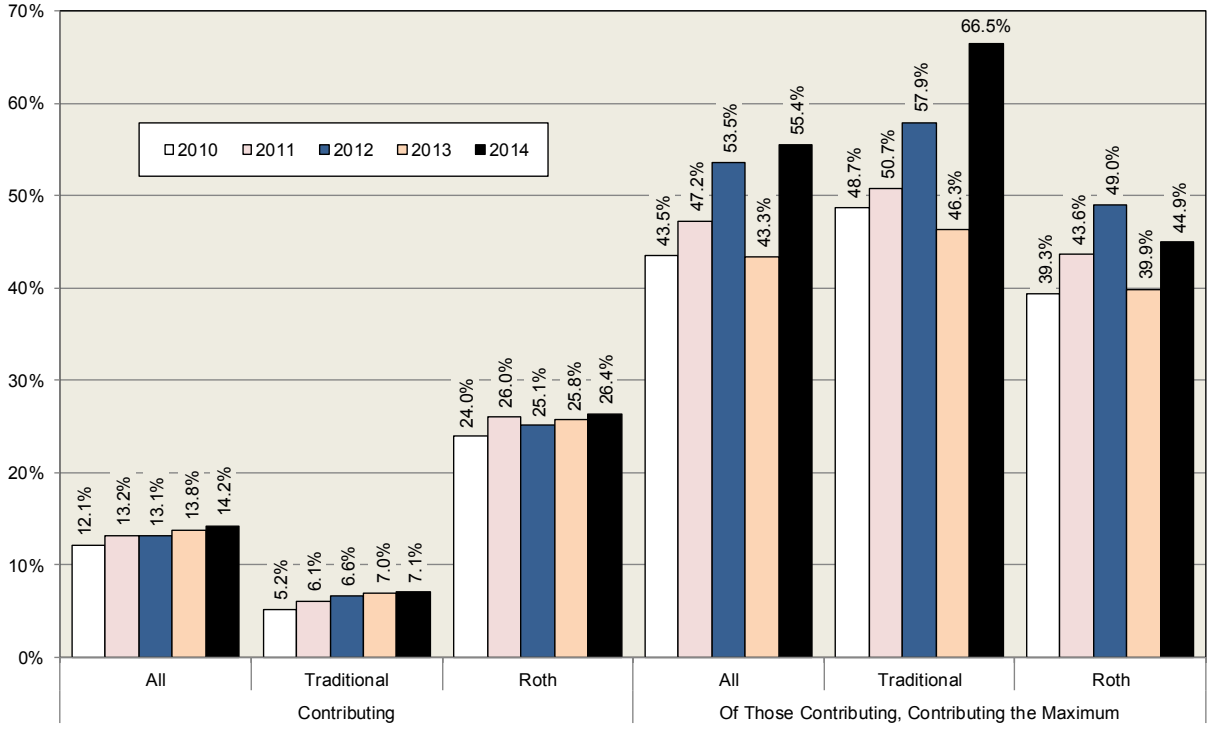
Source: EBRI IRA Database.
* The consistent sample has only the individuals with at least one account in each year (2010–2014) of the database.
# The individual's age is from 2012.

Figure 7
Distribution of IRA Owners by Account Balance for a Consistent Sample* from 2010–2014

	2010	2011	2012	2013	2014
All	100.0%	100.0%	100.0%	100.0%	100.0%
Account Balance					
Less than $5,000	21.0	21.0	19.9	18.4	18.3
$5,000–$9,999	10.1	9.7	8.8	8.0	7.5
$10,000–$24,999	17.6	17.5	16.6	15.2	14.3
$25,000–$49,999	15.2	15.3	15.2	14.7	14.2
$50,000–$99,999	13.7	13.9	14.6	15.2	15.2
$100,000–$149,999	6.7	6.8	7.1	7.7	8.0
$150,000–$249,999	6.6	6.7	7.2	8.0	8.3
$250,000 or more	9.0	9.1	10.6	12.7	14.1

Source: EBRI IRA Database.
* The consistent sample has only the individuals with at least one account in the database for each year 2010–2014.

Figure 8
Percentage of Individuals Contributing to Their IRA and the Percentage of Those Contributing the Maximum, 2010–2014



Source: EBRI IRA Database.

While the percentage of individuals contributing remained relatively consistent across the five years, the percentage of contributors that contributed the maximum rose from 43.5 percent in 2010 to 53.5 percent in 2012 (Figure 8). Increases during that time occurred for each IRA type, with owners of Traditional IRAs having higher likelihoods of contributing the maximum in each year. However, in 2013, with the increase in the maximum allowable contribution, the percentage contributing the maximum overall fell from 53.5 percent in 2012 to 43.3 percent in 2013. Similar percentage-point drops occurred for both Traditional and Roth IRAs. In 2014, the likelihood of contributing the maximum among those who contributed increased again, reaching 55.4 percent.

The overall average contribution increased each year through 2013 before a slight decline in 2014. In 2010, the average contribution was $3,335, increasing to $3,723 in 2011, to $3,904 in 2012, and to $4,145 in 2013, before the decline to $4,119 in 2014 (Figure 9). This pattern of multi-year increases followed by a decrease in 2014 occurred in the average contribution rates for each known age and gender of contributing owners of IRAs, except for those IRA owners ages 60 or older. The average contribution continued up in 2014 for those owners ages 60 and older. Furthermore, the average contribution increased with the age of the IRA owners through ages 65–69 for each year, with the exception of 2011, when the increase stopped at ages 60–64 and in 2010 for those ages 30–34 and 70 or older.

Consistent Account Owner Comparison—The likelihood of contributing to an IRA by consistent account owners decreased from 13.3 percent in 2010 to 12.8 percent in 2011, to 12.2 percent in 2012, to 12.1 percent in 2013, and to 11.7 percent in 2014 (Figure 10).[8] For Traditional IRA owners, the likelihood of contributing was virtually unchanged, moving from 6.3 percent in 2010 to 6.2 percent in 2011 to 6.1 percent in 2012—2014. Among Roth owners, there was a continuous decrease from 24.5 percent in 2010 to 21.1 percent in 2014. Of those contributing in a specific year, the likelihood of contributing the maximum increased each year through 2012 among both IRA types, reaching 54.3 percent for Traditional IRA owners and 47.0 percent for Roth owners. However, the percentage of those contributing the maximum decreased in 2013 for both IRA types, as the maximum allowed contribution increased.[9] The

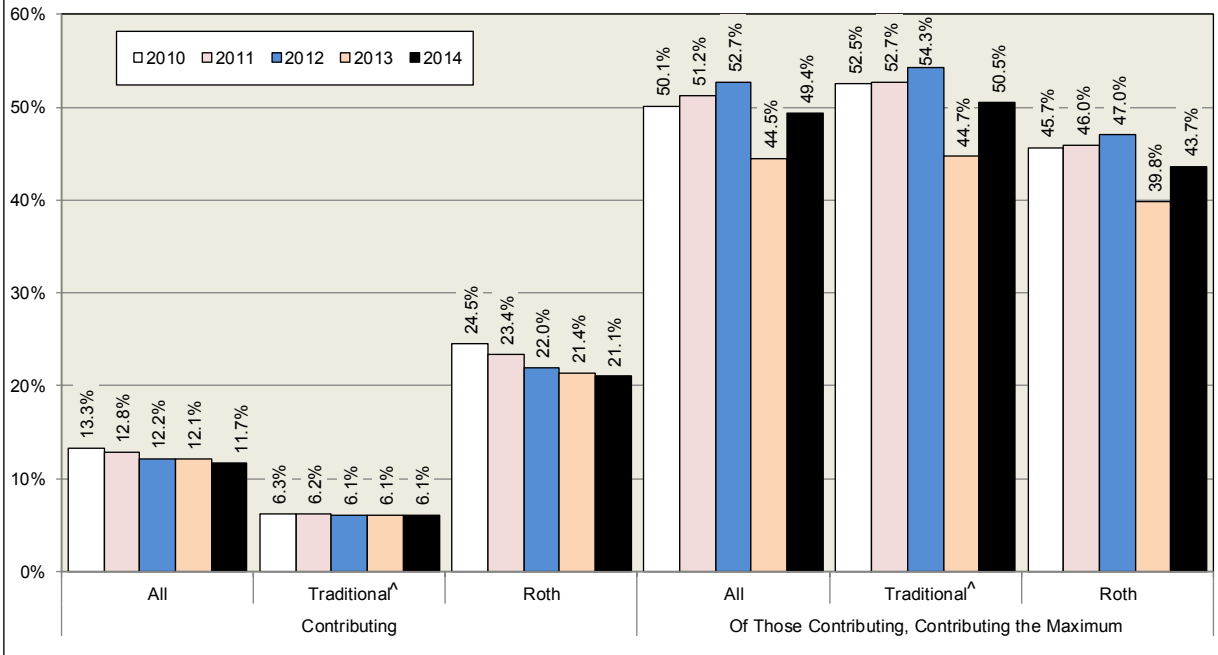
percentage contributing the maximum decreased for contributing Traditional IRA owners to 44.7 percent and for Roth IRA contributors to 39.8 percent. The percentage contributing the maximum again increased in 2014 to 50.5 percent and 43.7 percent, respectively.

Figure 9
Average Contributions to a Traditional* or Roth IRA, by Age and Gender, 2010–2014

	2010	2011	2012	2013	2014
All	$3,335	$3,723	$3,904	$4,145	$4,119
Age					
Under 25	2,496	2,814	2,909	3,055	3,025
25–29	2,754	3,095	3,182	3,429	3,421
30–34	2,752	3,135	3,194	3,445	3,426
35–39	2,794	3,209	3,284	3,524	3,492
40–44	2,923	3,315	3,424	3,653	3,610
45–49	3,078	3,466	3,595	3,827	3,790
50–54	3,667	4,122	4,295	4,533	4,495
55–59	3,970	4,347	4,532	4,776	4,751
60–64	4,205	4,500	4,713	4,948	4,950
65–69	4,319	4,471	4,759	4,975	5,039
70 or older	4,192	4,360	4,625	4,755	5,028
Unknown	3,282	4,110	3,549	3,834	3,878
Gender					
Female	3,453	3,755	3,995	4,243	4,030
Male	3,630	3,831	4,023	4,260	4,066
Unknown	3,096	3,431	3,584	3,846	4,190

Source: EBRI IRA Database.
* Includes all Traditional IRAs.

Figure 10
Percentage of Individuals Contributing to Their IRA, and the Percentage of Those Contributing the Maximum for a Consistent Sample* of Individuals from 2010–2014



Source: EBRI IRA Database.
* The consistent sample has only the individuals with at least one account in the database for each year 2010–2014.
^ Traditional includes all Traditional IRAs.

This analysis also examines the persistence of consistent account owners' contributing to IRAs or the number of years each individual contributed. First, the percentage of consistent account owners who did *not* contribute to their IRA in any of the years 2010–2014 was 78.2 percent (Figure 11). The remainder broke down as follows: 6.8 percent only contributed in one year, 3.7 percent contributed in two years, 2.9 percent contributed in three years, 3.0 percent contributed in four years, and 5.5 percent contributed in all five years.

Looking at the different IRA types, considerable differences resulted in the likelihood of consistent account owners contributing to the IRA and in the number of years contributions were made. Among Traditional IRA owners, 87.6 percent did *not* contribute to the IRA in any year, while 2.1 percent contributed in all five years. In contrast, 61.5 percent of Roth IRA owners did *not* contribute in any year and 10.4 percent contributed in all five years.[10]

Roth IRA owners ages 25–29 were the most likely to contribute at least one year and in all five years, at 61.3 percent and 16.0 percent, respectively. These percentages continued downward as the age of the Roth IRA owners increased, reaching 15.6 percent who contributed in any year, and 2.3 percent who contributed in all five years among those ages 70 or older. There were no major differences by age below age 65 for Traditional IRA owners, as 1.6 percent to 3.1 percent contributed in all five years and 13.7 percent to 18.1 percent contributed in any year.

Furthermore, no significant gender differences among the consistent account owners were found in the number of years contributed. However, by account balance, those with balances in the $25,000–$149,999 range exhibited the highest likelihood of contributing in all five years, while the account balance groups just above and below these amounts had the next-highest levels of contributing in all five years. Those IRA owners with the lowest (less than $25,000) and highest ($250,000 or more) balances were the least likely to contribute.

Consistent Roth IRA owners were more likely to contribute any amount, but consistent Traditional IRA owners who contribute were more likely to contribute the maximum allowed amount, except for those who contributed only in one year, where the percentages were virtually identical (Figure 12). Of the Traditional IRA owners who contributed in all five years, 31.8 percent contributed the maximum in all five years. For comparison, 23.1 percent of the Roth IRA owners who contributed in all five years contributed the maximum amount all five years. This same result followed for those who contributed in four years and for those contributing in three years.

The higher average IRA contribution for Traditional IRAs relative to Roths is due to more IRA contributors maxing out their contribution amount and the relative age distributions of the contributors to the IRAs (older contributors have larger average contribution amounts). The average Traditional IRA contribution in 2014 for all those making a contribution was $4,521, compared with $4,164 for all Roth IRA contributions (Figure 13). The average Traditional IRA contribution was also higher than the Roth average in 2010–2013. In addition, the average contribution for each IRA type increased from 2010–2014.

Consistent account owners identified as males had slightly larger average contributions than those identified as females for both Traditional and Roth IRA types. Furthermore, the average contributions increased each year. The larger the account balance, the higher the average contribution was. The average contribution also increased each year across all the account balances.

Withdrawals from Traditional and Roth IRAs: 2010—2014

Among the consistent account owners, the percentage of individuals taking a withdrawal from a Traditional or Roth IRA rose from 12.9 percent in 2010, to 15.4 percent in 2011, to 16.7 percent in 2012, to 18.5 percent in 2013, and to 19.6 percent in 2014 (Figure 14). Furthermore, the percentage of consistent account owners ages 71–79 in 2012 who took a withdrawal increased from 41.9 percent in 2010 to 79.1 percent in 2014. This pattern was the result of the increasing percentage of individuals in this sample surpassing the RMD age each year due to the same individuals being in the sample from year to year.[11] Moreover, the likelihood of taking a withdrawal increased with age.

Figure 11

Percentage of a Consistent Sample* of Individuals Owning IRAs from 2010–2014 Who Contribute a Various Number of Years, by IRA Type, Age, Gender, and Account Balance

	Total						Traditional^						Roth					
	None	One Year	Two Years	Three Years	Four Years	All Five Years	None	One Year	Two Years	Three Years	Four Years	All Five Years	None	One Year	Two Years	Three Years	Four Years	All Five Years
All	78.2%	6.8%	3.7%	2.9%	3.0%	5.5%	87.6%	5.0%	2.2%	1.6%	1.5%	2.1%	61.5%	11.3%	6.5%	5.1%	5.3%	10.4%
Age																		
Under 25	49.1	14.4	9.3	8.2	8.9	10.1	81.9	8.5	4.0	2.2	1.8	1.6	39.2	17.1	11.1	9.8	10.6	12.1
25–29	55.6	11.6	7.5	6.5	7.4	11.3	82.3	8.4	3.6	2.2	1.9	1.7	38.7	15.6	10.5	9.1	10.2	16.0
30–34	63.8	9.9	5.9	4.9	5.4	10.1	83.2	7.3	3.3	2.2	2.0	2.1	47.2	13.9	8.6	7.2	7.6	15.5
35–39	70.8	8.3	4.7	3.7	4.1	8.3	84.0	6.4	2.9	2.1	2.0	2.7	57.7	11.6	6.7	5.3	5.6	13.0
40–44	75.1	7.2	3.9	3.1	3.4	7.3	84.8	5.7	2.6	1.9	2.0	3.1	62.8	10.4	5.8	4.5	4.9	11.7
45–49	77.3	6.7	3.6	2.8	3.1	6.5	85.3	5.4	2.5	1.8	1.9	3.1	63.8	10.4	5.8	4.4	4.7	11.0
50–54	78.2	6.6	3.5	2.8	3.0	5.8	85.5	5.5	2.5	1.8	1.8	2.9	63.0	10.9	6.1	4.6	5.0	10.5
55–59	77.8	7.0	3.7	2.9	3.1	5.5	85.3	5.7	2.6	1.9	1.9	2.7	61.4	11.7	6.5	5.1	5.3	10.1
60–64	78.9	7.2	3.8	2.9	2.9	4.3	86.3	5.7	2.5	1.7	1.6	2.1	63.8	11.9	6.6	5.1	4.9	7.7
65–69	84.6	6.2	3.1	2.2	1.9	2.1	90.1	4.6	2.0	1.3	1.1	1.0	72.9	10.4	5.4	3.9	3.3	4.1
70 or older	95.4	2.2	0.9	0.6	0.4	0.5	98.3	1.1	0.3	0.2	0.1	0.0	84.4	6.4	3.0	2.1	1.8	2.3
Unknown	82.7	5.1	3.0	2.3	2.5	4.4	91.1	3.7	1.6	1.1	1.3	1.3	68.2	9.2	5.6	4.0	4.0	9.0
Gender																		
Female	78.1	6.8	3.7	2.9	3.0	5.4	87.5	5.0	2.2	1.6	1.5	2.2	62.3	11.2	6.5	5.1	5.1	9.9
Male	77.9	6.8	3.7	2.9	3.1	5.5	87.9	4.9	2.2	1.5	1.5	2.0	60.8	11.3	6.6	5.2	5.5	10.6
Unknown	79.2	6.5	3.4	2.7	2.9	5.4	86.8	5.3	2.3	1.7	1.7	2.3	61.7	11.4	6.1	4.8	5.1	10.9
Account Balance																		
Less than $5,000	92.1	4.3	1.4	0.8	0.6	0.8	95.1	3.0	0.8	0.4	0.3	0.3	81.2	9.6	3.5	1.9	1.6	2.3
$5,000–$9,999	84.6	7.1	2.9	1.6	1.5	2.4	90.9	5.1	1.6	0.8	0.7	0.9	73.9	10.9	4.8	2.9	2.7	4.8
$10,000–$24,999	78.3	7.7	4.1	2.9	2.7	4.3	88.1	5.6	2.4	1.4	1.1	1.4	62.4	12.2	6.9	5.1	4.8	8.6
$25,000–$49,999	71.6	7.7	4.7	4.0	4.3	7.7	84.9	5.8	2.8	2.0	2.0	2.6	52.3	12.0	7.7	6.6	7.2	14.3
$50,000–$99,999	69.1	7.4	4.7	4.1	4.8	9.9	83.5	5.6	2.9	2.2	2.3	3.5	49.3	11.3	7.6	6.7	7.5	17.6
$100,000–$149,999	72.5	7.0	4.2	3.6	4.2	8.3	84.4	5.4	2.7	2.0	2.2	3.4	54.8	11.3	7.1	6.0	6.6	14.3
$150,000–$249,999	75.1	7.1	4.1	3.4	3.8	6.6	85.5	5.3	2.5	1.9	1.9	2.8	59.3	11.5	7.0	5.7	5.9	10.6
$250,000 or more	77.9	6.9	3.8	3.1	3.2	5.0	87.2	5.0	2.3	1.7	1.6	2.3	65.6	11.0	6.3	5.0	4.9	7.3

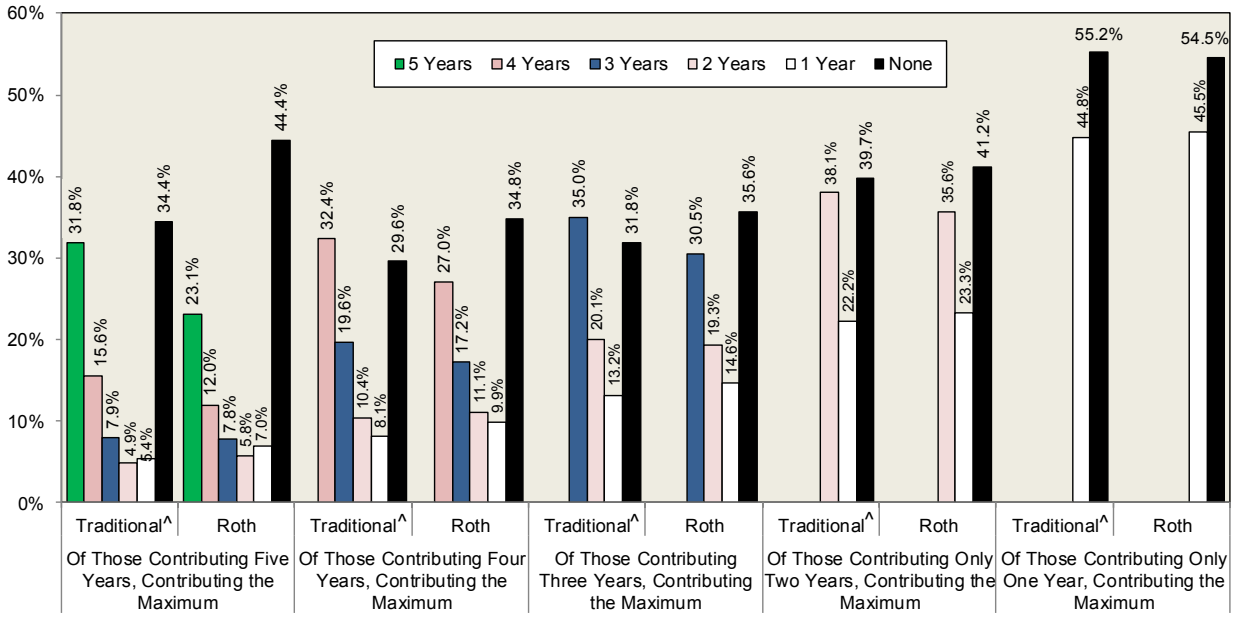
Source: EBRI IRA Database.

* The consistent sample has only the individuals with at least one account in the database for each year 2010–2014.

^ Traditional includes both contributory and rollover in this figure.

Age is of 2012 and account balance is of 2013.

Figure 12
Percentage of Contributing Individuals, by IRA Type, Who Contribute the Maximum for a Different Number of Years, Depending on Number Years of Contributing for a Consistent Sample* of IRA Owners from 2010–2014



Source: EBRI IRA Database.
*The consistent sample has only the individuals with at least one account in each year (2010–2014) of the database.
^ Traditional includes all Traditional IRAs.

While the percentage of consistent account owners taking a withdrawal in any one year was less than 20 percent, the percentage of the consistent account owners who took a withdrawal in at least one of the five years was 30.2 percent (Figure 14). This broke down into 10.2 percent taking a withdrawal in only one year, 4.9 percent in two of the years studied, 3.7 percent in three of the years studied, 5.1 percent in four of the years studied, and 6.4 percent in all five years. The IRA-owning individuals younger than age 50 had similar likelihoods of taking a withdrawal during those five years, with about 60 percent of those taking a withdrawal doing so in only one of those years.[12] However, at ages 50 and older, IRA owners were increasingly likely to have taken a withdrawal in more than one year, and, once the RMD age was attained, to have taken them in all five years.

Almost all of the withdrawal activity was observed coming from Traditional IRAs, as the percentage of consistent Roth IRA owners who took a withdrawal was almost constant at 2.6 percent in 2010 to 3.7 percent in 2014 (Figure 15). The percentage of Traditional IRA owners in the sample taking a withdrawal increased each year from 14.0 percent in 2010 to 23.1 percent in 2014, as the individuals in the sample aged.[13]

For consistent Traditional IRA owners, the distribution of the withdrawal rates for individuals who took a distribution was similar for 2011–2014, but in 2010, higher median and 75th percentile rates resulted (Figure 16). In each year after 2010, the median withdrawal rate was right at 6.0 percent or slightly below (6.2 percent in 2011, 5.5 percent in 2012, 5.2 percent in 2013, and 5.3 percent in 2014), but in 2010 the median withdrawal rate was 8.5 percent. Furthermore, the 25th percentile was around 4 percent for each year, while the 75th percentile decreased from 17.9 percent in 2011 to 12.5 percent in 2014 but was at 39.3 percent in 2010.

While withdrawals by consistent account owners younger than traditional retirement age occur, they are generally thought to be the result of the need for money either because of a hardship (loss of job, medical bills, etc.) or due to insufficient funds held elsewhere by individuals to finance purchases (house, business, etc.), even though the resulting

Figure 13

Average IRA Contributions for a Consistent Sample* of Individuals from 2010–2014, by IRA Type and Age, Gender, and Account Balance

	Traditional^					Roth				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
All	$4,058	$4,113	$4,184	$4,493	$4,521	$3,774	$3,828	$3,849	$4,107	$4,164
Age										
Under 25	2,767	2,731	2,837	3,153	3,299	2,805	3,057	3,236	3,578	3,745
25–29	2,779	2,731	2,875	3,210	3,276	3,305	3,345	3,393	3,645	3,720
30–34	3,076	3,099	3,184	3,606	3,553	3,324	3,339	3,330	3,546	3,586
35–39	3,463	3,485	3,553	3,953	3,907	3,283	3,304	3,281	3,498	3,535
40–44	3,605	3,656	3,703	4,065	4,055	3,315	3,346	3,346	3,561	3,606
45–49	3,731	3,767	3,900	4,285	4,414	3,457	3,493	3,560	3,850	4,008
50–54	4,083	4,307	4,424	4,780	4,822	3,915	4,134	4,203	4,522	4,621
55–59	4,486	4,532	4,584	4,871	4,916	4,485	4,554	4,587	4,887	4,955
60–64	4,612	4,641	4,686	4,941	4,964	4,804	4,845	4,839	5,130	5,170
65–69	4,684	4,682	4,739	4,996	5,087	4,930	4,936	4,924	5,203	5,188
70 or older	4,498	4,624	4,822	4,718	3,931	4,821	4,799	4,797	5,026	5,037
Unknown	4,018	4,151	4,327	4,455	4,637	3,358	3,562	3,464	3,782	3,993
Gender										
Female	4,068	4,099	4,178	4,491	4,509	3,844	3,873	3,898	4,154	4,207
Male	4,190	4,231	4,300	4,611	4,636	3,903	3,934	3,956	4,218	4,271
Unknown	3,695	3,851	3,909	4,194	4,260	3,263	3,441	3,447	3,695	3,776
Account Balance										
Less than $5,000	1,822	1,471	1,280	1,449	2,042	1,665	1,358	1,158	1,197	1,884
$5,000–$9,999	2,461	1,747	1,864	2,304	2,687	2,030	1,450	1,431	1,753	2,267
$10,000–$24,999	2,861	2,758	2,861	3,187	3,369	2,593	2,530	2,564	2,817	3,049
$25,000–$49,999	3,719	3,814	3,901	4,225	4,268	3,621	3,741	3,772	4,035	4,094
$50,000–$99,999	4,283	4,380	4,452	4,803	4,838	4,296	4,375	4,395	4,697	4,745
$100,000–$149,999	4,620	4,697	4,753	5,113	5,155	4,613	4,676	4,715	5,036	5,071
$150,000–$249,999	4,771	4,821	4,883	5,227	5,276	4,702	4,775	4,789	5,140	5,183
$250,000 or more	5,084	5,120	5,197	5,534	5,598	5,076	5,117	5,139	5,501	5,511

Source: EBRI IRA Database.

* The consistent sample has only the individuals with at least one account in each year (2010-2013) of the database.

^ Includes all Traditional IRAs.

tax and premature withdrawal penalties imposed are significant. However, once an individual reaches retirement age, a withdrawal to cover expenses in retirement is the expected result from an IRA and is, in fact, a required result from a Traditional IRA after age 70-½. The rate of these withdrawals is important in determining the likelihood of having sufficient funds to last for the duration of an individual's life, certainly where these balances are a primary source of post-retirement income. Given that the Traditional IRA is where the vast majority of post-retirement withdrawals occur, the remaining focus of withdrawal activity will be on the Traditional IRA.

Figure 14
Percentage of Individuals from a Consistent Sample* of IRA Owners Who Took a Withdrawal and Number of Years One Took a Withdrawal, by Age, 2010–2014

	Took A Withdrawal					Number of Years Taking A Withdrawal						
	2010	2011	2012	2013	2014	Zero	One	Two	Three	Four	Five	At Least 1
All	12.9%	15.4%	16.7%	18.5%	19.6%	69.8%	10.2%	4.9%	3.7%	5.1%	6.4%	30.2%
Age (in 2012)												
Less than 30	4.5	4.5	4.4	4.9	4.7	85.8	9.8	2.2	0.9	0.8	0.6	14.2
30–39	6.6	5.0	4.5	5.1	4.4	83.4	11.3	3.0	1.3	0.7	0.3	16.6
40–49	7.2	6.0	5.6	6.0	5.6	83.1	9.9	3.3	1.8	1.3	0.7	16.9
50–59	7.4	7.0	7.3	8.0	8.4	81.7	9.1	3.6	2.2	1.9	1.5	18.3
60–64	10.4	12.8	14.4	15.9	16.9	70.8	11.2	5.9	4.3	4.3	3.4	29.2
65–70	16.0	18.5	23.8	31.3	40.2	49.0	16.6	11.7	8.4	6.9	7.4	51.0
71–79	41.9	67.9	74.7	78.6	79.1	13.5	4.9	7.0	10.7	28.1	35.8	86.5
80 or older	62.8	79.2	80.0	80.0	79.6	12.4	4.1	3.4	4.8	20.2	55.1	87.7
Unknown	11.5	19.5	19.7	21.7	22.5	67.3	10.5	3.5	3.7	8.9	6.1	32.7

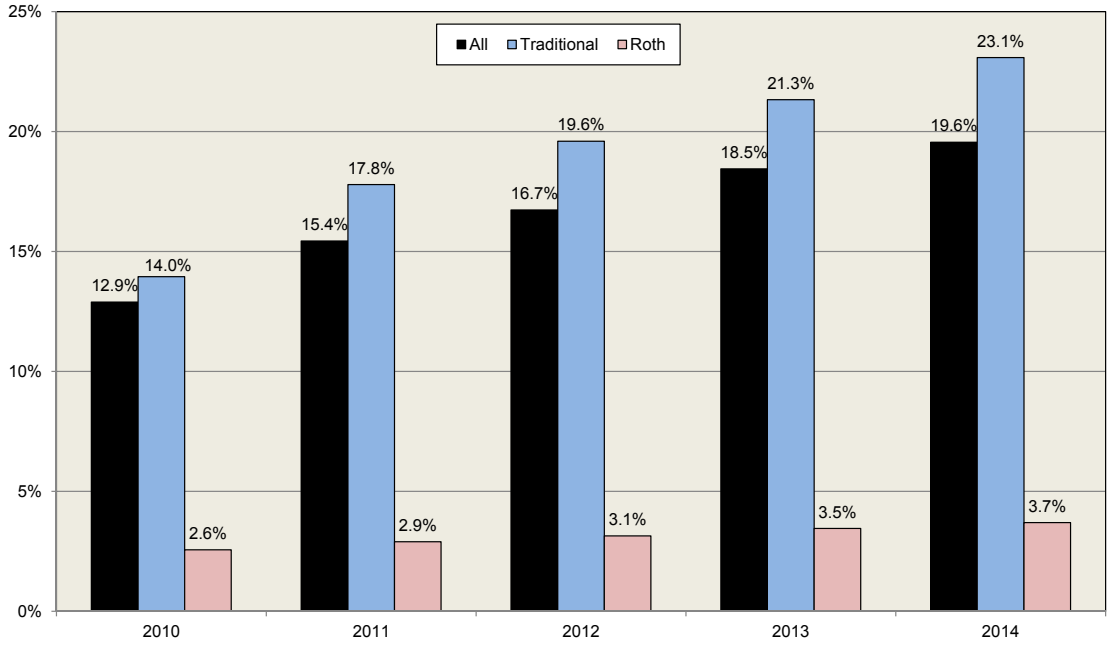
Source: EBRI IRA Database.
*The consistent sample has only the individuals with at least one account in each year (2010–2014) of the database.

For an analysis of establishing the withdrawal trends and sustainability of those converting their IRA account balances into income, the most salient age to examine is when the owners reach the RMD age (generally age 70-1/2). In order to determine how, and how rapidly, the individuals in this group are withdrawing their money, for each individual who was age 70 or older in 2010 and withdrew money from their Traditional IRA in each year from 2010–2014, the geometric mean of the five years of withdrawal rates was calculated. The median of these geometric means was 5.1 percent (Figure 17), and the 25th and 75th percentiles were not much different at 4.2 percent and 7.3 percent, respectively. Furthermore, given the required minimum withdrawal for these individuals, the 10th percentile was close to the median at 3.7 percent. At the 90th percentile, the rates reached a level (13.2 percent) that is not likely to be sustainable for many more years.

Taking another step in this analysis, the geometric means of these withdrawal rates from 2010–2014 were calculated and broken out based on their initial 2010 level. For those consistent IRA owners who had a withdrawal rate of less than 4.0 percent in 2010, the median geometric mean of the withdrawal rates from 2010–2014 was 4.0 percent (Figure 18). The distribution of these geometric means was tight around the median, with a 10th percentile of 3.4 percent and a 90th percentile of 6.1 percent. The next three groupings also were tight around the median. In fact, not until the initial withdrawal rates reached 15 percent or more did the distribution of the geometric means really spread out. Consequently, the withdrawal rate in the current year, in most cases, appears to be a good proxy for the amount an IRA owner will take out over the next few years.

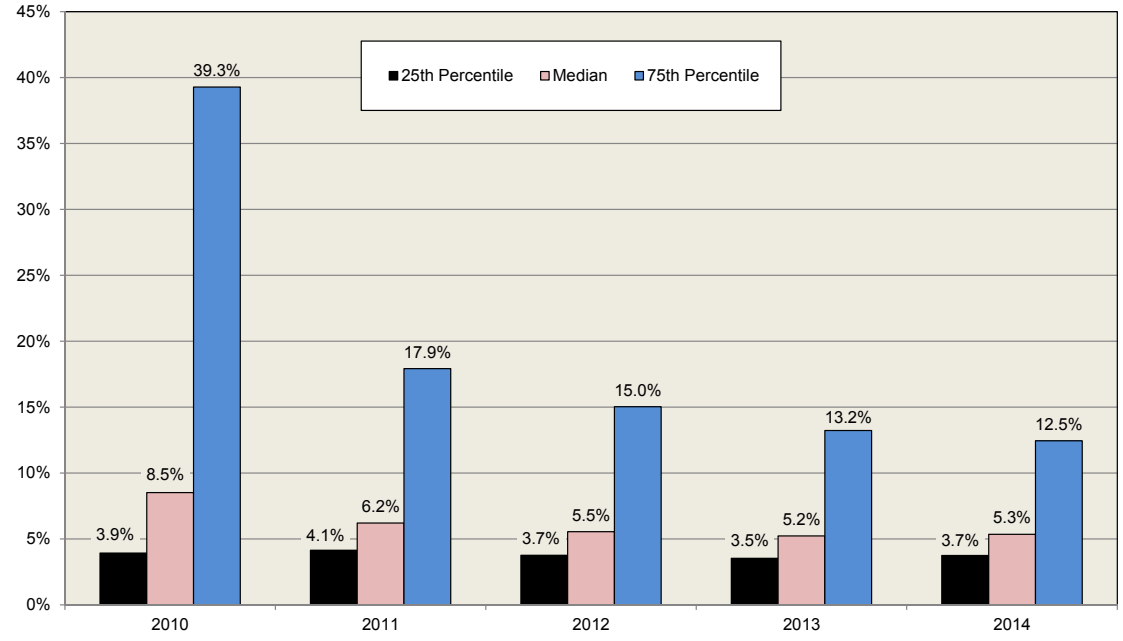
This consistent-account-owner sample allows for the determination of whether the amounts actually withdrawn by Traditional IRA owners ages 71 or older are in excess of what would be required to be taken out of Traditional IRAs under the RMD rules. The balances in the consistent sample are end-of-year balances, so these balances from the prior year divided by the RMD factors provided by the Internal Revenue Service for the owner's age in the current year determines the required amount to be withdrawn. When comparing the withdrawn amount with the calculated required amount, approximately one-quarter of the IRA owners ages 71 or older withdrew an amount in excess of that required (Figure 19). In 2011, the percentage withdrawing more than the required amount was 27.5 percent, and remained just under 27 percent from 2012—2014.

Figure 15
Percentage of Traditional and Roth IRA Owners in a Consistent Sample* Who Took a Withdrawal, 2010–2014



Source: EBRI IRA Database.
*The consistent sample has only the individuals with at least one account in each year (2010–2014) of the database.

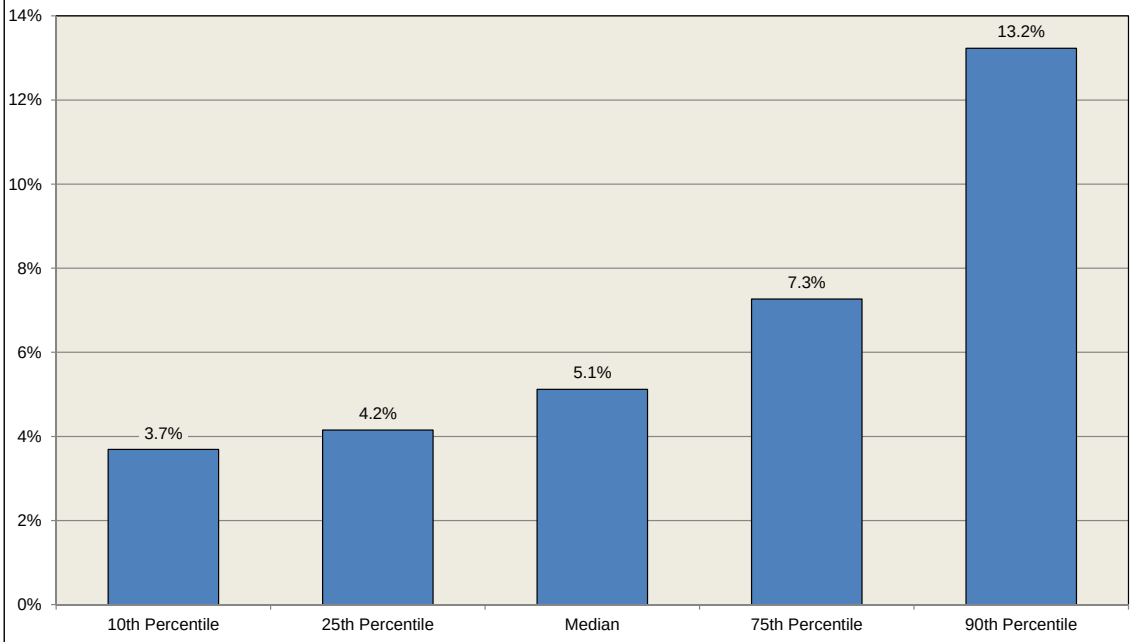
Figure 16
Distribution of Withdrawal Rates by Traditional IRA Owners in a Consistent Sample* Who Took a Withdrawal, 2010–2014



Source: EBRI IRA Database.
* The consistent sample has only the individuals with at least one account in each year (2010–2014) of the database.

Figure 17

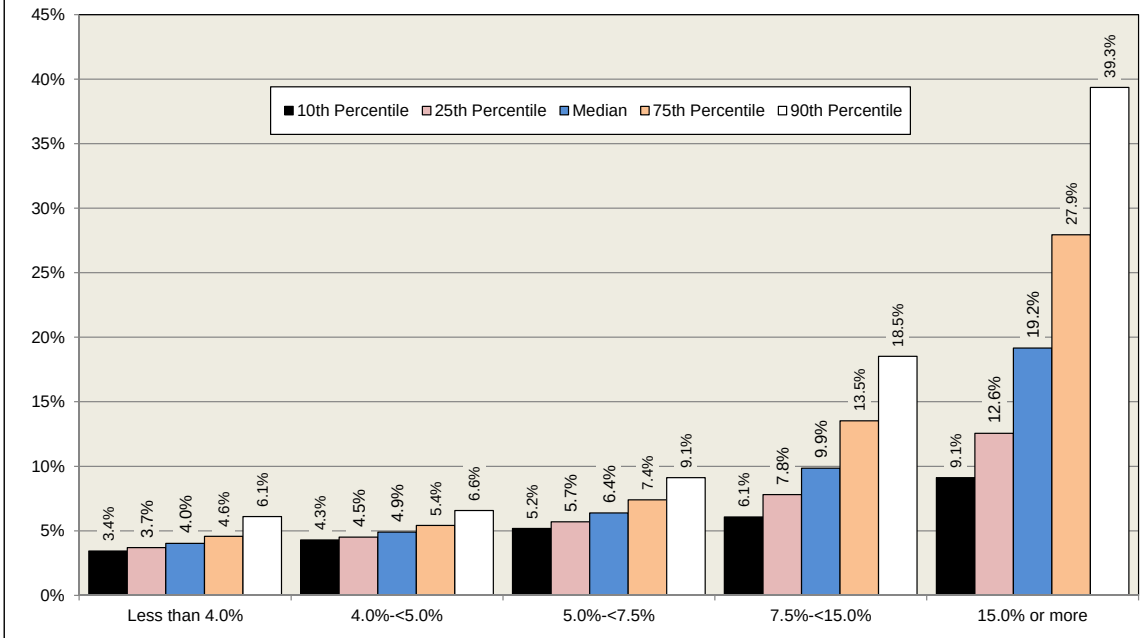
Distribution of the Geometric Mean of Withdrawal Rates by Traditional IRA Owners Ages 70 or Older in 2010 Who Took a Withdrawal in Each Year 2010–2014



Source: EBRI IRA Database.

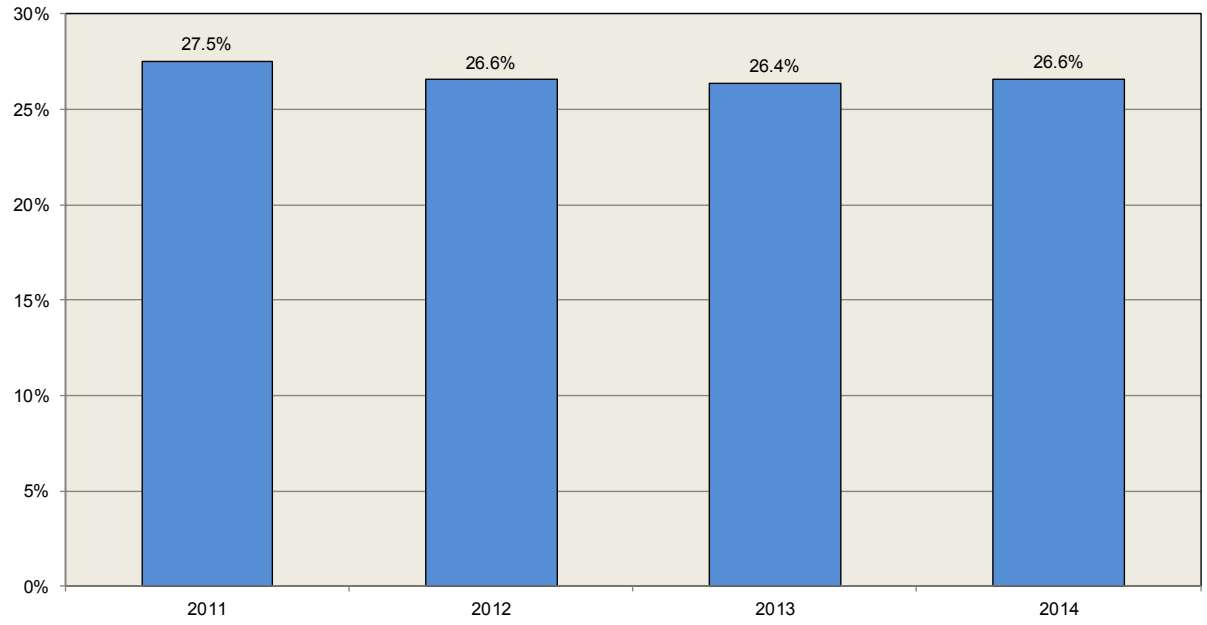
Figure 18

Distribution of the Geometric Mean of Withdrawal Rates by Traditional IRA Owners Ages 70 or Older in 2010 Who Took a Withdrawal in Each Year 2010–2014, Based on Initial Year's Withdrawal Rate



Source: EBRI IRA Database.

Figure 19
Percentage of IRA Owners Ages 71 or Older Who Took A Withdrawal from Their IRA That Was an Amount Larger Than Their Required Minimum Distribution for a Consistent Sample* of IRA Owners, 2011–2014



Source: EBRI IRA Database.
* The consistent sample has only the individuals with at least one account in each year (2010–2014) of the database.

Asset Allocation: 2010–2014

Again in this section, each year's unique snapshot (cross section) of that year's IRA asset allocation is presented. However, the changes in asset allocation over time provide pertinent information about the behavior of IRA owners. Consequently, two types of comparisons are presented to examine the changes in asset allocation: Each year's annual snapshot, and a consistent sample of individual IRA owners who have a Traditional, Roth, or SEP/SIMPLE IRA with a positive balance in the database and complete asset allocation data for each year from 2010–2014.

Snapshot Comparison—The percentage allocated to equities decreased from 45.7 percent in 2010 to 44.4 percent in 2011 before a sharp increase in 2012 to 52.1 percent, to 54.7 percent in 2013, and to 55.7 percent in 2014 (Figure 20). The amount allocated to balanced funds was constant from 2010 to 2011 before a slight decline in 2012 and an even smaller uptick in 2013 and in 2014, while the percentage in money increased in 2011 and fell through 2014. The percentages allocated to other assets decreased through 2014 and for bonds through 2012 before a slight uptick in 2013 and another downturn in 2014.

The equity allocation followed this trend of decrease then significant increase for each gender through 2013 before a decrease for males and females in 2014. For the individuals with an unknown gender, the equity allocation continued with a significant increase in 2014. Among the various IRA types, the equity allocation decreased in 2011 then increased through 2014, except for TOFR IRAs, where the equity allocation increased each year, and SEP/SIMPLEs, where the equity allocation decreased in 2014.

Across ages and account balances, the overall pattern was followed only for those ages 25–64 and for account balances of $100,000–$249,999. For owners under age 25, the equity allocation declined in 2013 and increased in 2014, while for owners ages 65 or older, the equity allocation increased each year from 2010-2014. For account balances less than $50,000, the equity allocation decreased in 2013 and 2014, but for those with account balances of $50,000–$99,999, the equity allocation increased in 2013 and then decreased in 2014. The equity allocation increased each year from 2010–2014 for accounts with balances of $250,000 or more.

Figure 20

IRA Asset Allocation, Asset Weighted, Full Samples, by Various Characteristics, 2010–2014

	Equity[a]					Balanced[b]					Bonds					Money[c]					Other				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
All	45.7%	44.4%	52.1%	54.7%	55.7%	10.7%	10.7%	9.5%	10.1%	10.7%	19.9%	18.0%	15.1%	15.3%	14.9%	8.9%	13.0%	12.8%	11.6%	10.5%	14.8%	13.9%	10.6%	8.4%	8.2%
Gender																									
Female	45.6	43.9	53.7	55.7	51.6	11.6	13.2	10.9	11.1	15.8	18.1	16.3	13.1	15.2	13.4	11.3	15.4	14.1	11.3	10.8	13.4	11.2	8.2	6.7	8.4
Male	44.7	43.9	53.5	56.4	52.6	8.8	9.4	7.9	8.6	12.4	18.8	16.7	13.5	15.1	13.9	11.3	15.2	14.5	11.9	11.3	16.4	14.8	10.6	8.1	9.8
Unknown	46.9	45.8	47.2	49.2	60.4	12.4	11.0	11.7	12.7	6.8	21.9	21.7	20.5	15.7	16.6	5.1	7.1	7.5	11.0	9.8	13.7	14.4	13.2	11.4	6.4
Age																									
Less than 25	52.1	47.9	59.2	58.8	59.1	19.4	14.0	15.1	14.5	14.8	18.6	13.3	6.8	9.7	9.5	8.4	12.4	13.2	12.4	11.8	1.5	12.4	5.7	4.5	4.8
25–44	58.6	49.0	56.6	58.6	58.7	18.6	14.9	16.2	18.8	19.7	7.9	9.7	6.5	6.1	5.9	8.6	15.0	13.9	12.2	11.2	6.3	11.4	6.9	4.3	4.6
45–54	55.4	50.1	58.4	61.5	62.0	13.3	12.0	11.0	12.2	13.0	12.1	11.8	9.1	9.1	8.9	8.9	14.2	13.5	11.6	10.5	10.3	11.9	8.1	5.5	5.7
55–64	45.8	44.6	52.4	55.6	56.5	10.8	10.8	9.4	10.1	10.9	18.7	17.2	14.2	14.3	14.1	9.1	13.5	13.5	12.0	10.8	15.6	13.9	10.5	8.0	7.8
65–69	41.0	41.2	49.2	51.7	52.9	9.1	9.7	8.3	8.7	9.5	22.9	21.2	17.6	18.0	17.7	9.5	12.6	13.0	11.8	10.8	17.6	15.3	11.9	9.7	9.2
70–74	39.8	40.7	49.1	51.4	52.9	8.7	9.3	7.8	7.9	8.4	24.5	22.8	18.7	19.1	18.6	9.6	11.7	12.2	11.3	10.3	17.5	15.5	12.2	10.3	9.7
75–84	40.3	41.4	49.6	51.6	53.4	8.5	9.3	7.9	7.8	8.1	25.3	24.0	19.6	19.9	19.3	9.1	10.5	11.1	10.3	9.6	16.8	14.8	11.9	10.4	9.6
85 or older	40.7	42.1	49.0	51.2	53.1	8.0	8.7	7.8	8.1	8.4	28.2	26.1	21.8	21.2	20.1	9.3	9.4	10.3	10.2	9.5	14.0	13.7	11.1	9.4	8.9
Unknown	48.8	44.2	46.5	48.1	51.1	9.4	6.3	9.0	11.9	10.8	26.2	19.1	22.4	17.0	15.7	1.5	17.0	8.3	11.7	11.5	14.1	13.4	13.8	11.3	11.0
Account Balance																									
Less than $10,000	56.8	48.2	52.3	49.1	46.9	21.2	20.5	17.9	19.4	21.1	6.9	5.3	5.0	5.2	4.6	12.4	20.5	20.5	24.1	25.0	2.7	5.5	4.2	2.2	2.4
$10,000–$24,999	56.7	50.2	55.3	53.9	53.0	19.6	20.2	18.1	20.3	22.1	10.1	8.2	7.3	7.3	6.7	8.7	14.6	14.2	15.2	14.8	4.9	6.8	5.2	3.3	3.4
$25,000–$49,999	55.2	49.9	55.4	54.8	54.4	16.6	17.6	16.0	18.2	19.6	12.6	10.6	9.1	9.1	8.7	8.3	13.6	13.1	13.4	12.8	7.3	8.3	6.4	4.5	4.6
$50,000–$99,999	51.5	48.5	55.1	55.8	55.7	13.9	14.1	12.9	15.1	16.4	15.2	13.3	11.3	11.0	10.5	8.4	13.4	12.7	12.1	11.4	11.0	10.7	8.0	6.0	6.0
$100,000–$149,999	48.4	46.5	53.7	55.8	56.6	12.1	12.2	11.0	12.5	13.6	16.8	15.3	12.8	12.3	11.8	8.6	13.4	12.9	11.7	10.7	14.1	12.6	9.6	7.7	7.4
$150,000–$249,999	45.8	44.8	52.5	54.7	55.7	11.0	10.9	9.9	11.2	12.2	18.7	17.2	14.2	13.8	13.3	8.7	13.3	13.0	11.6	10.6	15.8	13.8	10.4	8.7	8.3
$250,000 or more	41.1	41.5	50.4	54.4	55.9	7.7	7.5	6.8	7.1	7.7	24.2	22.2	18.0	18.0	17.5	9.2	12.3	12.4	10.9	9.8	17.8	16.5	12.4	9.6	9.2
Type																									
Traditional-Cont.	45.5	43.9	49.6	51.9	52.9	10.5	11.1	10.2	10.5	11.3	20.5	17.6	17.8	16.5	16.0	7.7	13.7	12.8	10.0	9.1	15.8	13.7	9.6	11.2	10.7
Roth	59.1	52.5	60.4	63.6	64.5	15.5	14.5	12.5	13.6	14.0	9.8	8.8	8.0	8.0	7.5	7.2	12.3	8.6	9.1	8.3	8.4	11.9	10.5	5.7	5.7
Traditional-Rlvr	41.3	42.1	52.2	54.8	56.1	9.9	9.8	8.3	9.0	9.5	19.8	17.1	13.7	16.2	15.0	12.8	17.3	9.5	13.4	12.1	16.2	13.7	16.3	6.6	7.3
SEP/SIMPLE	51.1	46.8	56.2	59.0	58.8	12.2	4.2	9.7	10.4	11.2	13.5	11.1	9.7	11.0	10.9	12.6	21.2	8.2	13.3	12.4	10.6	16.7	16.2	6.3	6.7
All Traditional	43.8	42.8	51.0	53.4	54.6	10.3	10.3	9.2	9.7	10.3	20.2	17.3	15.6	16.3	16.0	9.7	15.8	11.0	11.7	10.7	16.0	13.8	13.2	8.8	8.4

Source: EBRI IRA Database.

[a] Equity includes directly held stocks, equity mutual funds, and other equity products.

[b] Balanced includes balanced funds, life cycle/style funds, and target-date funds.

[c] Money includes money market mutual funds and certificates of deposit (CDs).

Consistent Account Owner Comparison—In order to compare the consistent account owners' asset allocations, each individual's total asset allocation is compared to determine the change in asset allocation from 2010 to 2014, with particular focus on the equity allocation. This comparison provides results on how the same individuals' asset allocation changed during this period, which allows for a better understanding of how the allocation changes for those maintaining IRAs over time.[14]

In general, the changes in the asset allocation from 2010 to 2012 were very small. For instance, the share of assets allocated to equities in 2010 was 46.3 percent and 46.4 percent in 2012, with a decline to 44.8 percent in 2011 (Figure 21). The largest percentage-point change was a decrease of 2.4 percentage points for the allocation to other assets from 2010 to 2012. The bond and balanced-fund percentages experienced small increases, while the money allocation was virtually unchanged from 2010 to 2012.

However, in 2013, the percentage allocated to equities increased substantially by nearly 5 percentage points to 51.1 percent, and the percentage allocated to bonds decreased by almost 4 percentage points from 16.1 percent in 2012 to 12.5 percent in 2013. The amount allocated to money also decreased by 1.6 percentage points in 2013, while the percentages allocated to balanced funds was virtually unchanged and to other assets was slightly increased.

In 2014, the percentage allocated to equities again increased, reaching 55.5 percent. The percentage allocated to other assets declined sharply to 6.5 percent in 2014, while there were small increases in the allocations to balanced funds and bonds and a small decrease in the allocation to money.

The amount allocated to equities increased across all demographic groups and IRA types in 2013 and 2014, driving an overall increase allocated to equities in each of these groups from 2010–2014. The allocations to balanced funds increased among all groups in 2014 and were all higher in 2014 than in 2010, except for SEP/SIMPLEs. The bond allocation decreased across all groups in 2013 to levels below that in 2010, but the overall allocation to bonds increased in 2014. This was completely driven by the largest accounts, as only accounts with $150,000 or more had an increase in their bond allocations in 2014.

Money allocations decreased across all groups in 2013 and 2014, except for account balances of less than $10,000. In particular, accounts with balances less than $5,000 saw a substantial percentage allocated to money in 2014, increasing from 22.1 percent in 2013 to 38.9 percent. The allocations to other assets decreased across the board in 2014, reaching levels far below all prior years of the study.

Extreme Allocations—The overall direction can mask what happens at the individual level, so given that the sample consists of the same individuals, the distribution of the changes in the allocations from 2010 to 2014 can be determined. First, since a significant percentage of consistent account owners have been shown to have allocations at the extremes (0 percent or 100 percent),[15] a comparison of the individuals' initial equity-allocation grouping (0 percent, 100 percent, or something in between in 2010) with the same individuals' 2014 grouping was conducted.

Just over one-quarter (27.5 percent) of IRA owners in the consistent sample had 0 percent allocated to equities in 2010 and 2014, while 16.2 percent had 100 percent allocated to equities in both years (Figure 22). Almost 6 percent had a 0 percent allocation to equities in 2010 but something greater than 0 percent in 2014, which means that 17.7 percent of those with a 0 percent allocation in 2010 changed to something larger than 0 percent in 2014.[16] Similarly, 16.9 percent of those who had a 100 percent allocation in 2010 changed the allocation to something less than 100 percent in 2014.[17] After accounting for those consistent account owners who moved to 0 percent (3.2 percent) and to 100 percent (1.5 percent), 42.4 percent had an allocation of more than 0 percent but less than 100 percent in both years.

The majority of consistent account owners across all categories had either a 0 percent or 100-percent equity allocation in at least one year, except for those with balances of $100,000 or more. Furthermore, as the account balance increased, the more likely it was that an individual did not have an allocation at the extremes, reaching 73.5 percent for those with balances of $250,000 or more not having an extreme equity allocation. There was also a reduced likelihood of having an extreme equity allocation for older IRA owners through ages 70–74.

Figure 21

IRA Average Asset Allocation, Asset Weighted, Consistent Sample, by Various Characteristics, 2010–2014

	Equity[a]					Balanced[b]					Bonds					Money[c]					Other				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
All	46.3%	44.8%	46.4%	51.1%	55.5%	11.3%	11.9%	12.2%	12.1%	13.0%	14.7%	16.1%	16.1%	12.5%	12.9%	14.4%	14.9%	14.4%	12.8%	12.0%	13.3%	12.3%	10.9%	11.4%	6.5%
Gender																									
Female	45.0	43.5	45.4	50.2	54.0	16.3	17.0	17.5	17.6	18.4	13.9	15.3	15.3	12.0	12.5	14.9	15.1	14.4	12.5	11.5	9.9	9.1	7.4	7.7	3.6
Male	45.0	43.3	45.3	49.9	55.1	11.4	12.0	12.4	12.4	13.4	15.1	16.7	16.7	12.7	13.6	14.3	15.0	14.6	13.3	12.5	14.2	13.0	11.0	11.7	5.4
Unknown	51.1	50.0	50.4	55.1	58.1	5.1	5.4	5.5	5.4	5.7	14.3	15.5	15.8	12.4	11.9	13.8	14.4	13.7	12.1	11.6	15.7	14.7	14.6	15.0	12.7
Age (in 2013)																									
Less than 25	52.1	51.5	52.6	56.6	59.3	18.7	20.3	20.9	20.7	21.3	6.8	6.8	6.9	5.1	4.4	13.2	13.1	11.9	9.8	8.8	9.3	8.3	7.7	7.8	6.2
25–44	51.4	50.6	52.4	55.3	59.7	18.4	19.1	19.3	19.3	20.0	5.7	6.4	6.6	5.1	5.2	14.9	14.7	14.0	11.9	11.1	9.6	9.2	7.7	8.4	4.0
45–54	53.6	52.3	53.8	57.5	61.7	12.5	13.1	13.2	13.0	13.7	8.4	9.5	9.6	7.5	7.8	14.5	14.8	14.4	12.4	11.6	11.0	10.3	9.0	9.6	5.2
55–64	48.4	46.5	47.6	51.9	55.8	10.8	11.4	11.5	11.4	12.2	13.1	14.7	15.1	11.8	12.5	14.5	15.2	14.9	13.3	12.5	13.2	12.2	10.9	11.6	7.0
65–69	43.7	42.0	43.1	48.0	52.3	9.5	10.1	10.3	10.2	11.1	17.4	19.1	19.5	15.2	16.0	14.6	15.3	14.8	13.5	12.7	14.8	13.5	12.3	13.1	7.9
70–74	41.8	40.2	41.8	47.2	51.9	9.7	10.3	10.6	10.5	11.4	19.0	20.7	21.0	16.4	17.1	14.6	15.1	14.4	13.0	12.1	14.9	13.7	12.2	12.9	7.5
75–84	40.7	39.3	41.5	47.0	51.8	11.5	12.2	12.6	12.6	13.5	19.9	21.6	21.5	16.8	17.5	13.3	13.7	12.9	11.8	11.1	14.6	13.2	11.5	11.8	6.1
85 or older	39.1	37.9	40.1	45.7	49.9	13.3	13.8	14.3	14.3	15.4	20.9	22.7	22.5	17.7	18.2	11.8	12.2	11.5	10.7	10.1	14.9	13.4	11.6	11.6	6.4
Unknown	47.3	46.4	50.1	55.5	63.0	8.4	8.8	9.6	8.1	9.7	11.2	12.6	13.8	10.3	11.4	15.4	16.8	15.4	13.9	14.0	17.8	15.4	11.1	12.2	1.9
Account Balance (2014 $s)																									
Less than $5,000	35.1	34.2	34.7	35.6	40.7	8.4	8.1	7.9	7.8	16.2	8.9	10.0	10.4	7.6	3.2	25.4	25.8	25.1	22.1	38.9	22.3	22.0	21.9	26.9	1.1
$5,000-$9,999	40.3	39.5	40.8	44.6	52.9	15.5	16.4	17.3	17.8	22.2	7.1	7.6	7.6	5.5	4.7	22.6	22.8	21.2	17.8	18.7	14.5	13.7	13.1	14.3	1.5
$10,000-$24,999	42.9	42.0	43.7	47.7	54.2	16.9	18.0	19.0	19.4	22.5	7.6	8.2	8.1	6.1	5.6	20.8	21.1	19.5	16.5	16.0	11.8	10.7	9.7	10.4	1.8
$25,000-$49,999	45.0	43.8	45.5	49.5	54.7	17.4	18.6	19.5	20.0	22.1	8.3	9.0	9.0	6.7	6.4	19.1	19.4	17.9	15.4	14.4	10.1	9.2	8.0	8.5	2.4
$50,000-$99,999	46.8	45.5	47.3	51.6	56.3	16.6	17.5	18.2	18.4	19.7	9.6	10.5	10.5	7.9	7.7	17.2	17.6	16.5	14.1	13.2	9.8	8.9	7.7	8.1	3.0
$100,000-$149,99	48.0	46.5	48.2	52.8	57.4	14.6	15.3	15.8	15.8	16.9	11.0	12.0	12.1	9.1	9.0	16.1	16.7	16.0	13.8	12.9	10.3	9.4	8.1	8.5	3.8
$150,000-$249,99	47.5	45.8	47.3	52.0	56.4	13.4	14.1	14.5	14.4	15.5	12.5	13.6	13.6	10.4	10.5	15.5	16.2	15.8	13.9	13.1	11.1	10.2	8.8	9.3	4.6
$250,000 or more	46.5	44.8	46.4	51.2	55.2	8.9	9.5	9.7	9.6	10.3	17.4	19.0	18.9	14.7	15.2	12.4	13.0	12.9	11.8	11.2	14.8	13.7	12.1	12.7	8.1
Type																									
Traditional-Cont.	46.6	44.7	46.0	50.8	54.3	11.2	11.8	12.2	12.1	12.8	15.7	17.2	17.4	13.4	13.8	12.7	13.5	12.7	11.6	10.9	13.8	12.8	11.7	12.2	8.2
Roth	53.8	52.6	54.2	57.8	62.7	13.9	14.8	15.1	14.8	15.7	7.7	8.6	8.9	6.5	6.6	11.9	12.2	11.5	10.1	9.5	12.7	11.8	10.3	10.9	5.5
Traditional-Rlvr	44.5	43.2	44.9	49.7	54.6	10.4	10.8	11.1	11.1	12.0	15.4	16.9	17.2	13.5	14.1	16.0	16.5	16.0	14.2	13.4	13.7	12.6	10.8	11.5	5.9
SEP/SIMPLE	50.4	47.1	48.1	52.5	55.3	17.5	21.4	15.9	15.8	16.6	13.6	14.8	13.1	9.9	10.2	10.9	10.6	14.2	12.7	11.7	7.6	6.2	8.8	9.2	6.1
All Traditional	45.3	43.7	45.3	50.1	54.5	10.7	11.2	11.5	11.5	12.3	15.5	17.0	17.3	13.5	14.0	14.8	15.4	14.8	13.2	12.4	13.7	12.7	11.1	11.7	6.8

Source: EBRI IRA Database.

[a] Equity includes directly held stocks, equity mutual funds, and other equity products.

[b] Balanced includes balanced funds, life cycle/style funds, and target-date funds.

[c] Money includes money market mutual funds and certificates of deposit (CDs).

Figure 22

Distribution of IRA Owners by Level of Equity Allocation, Consistent Sample, by Various Characteristics, 2010 and 2014

	0% Allocation Both Years	100% Allocation Both Years	0% in 2010 to Greater Than 0% in 2014	100% in 2010 to Less Than 100% in 2014	Greater Than 0% in 2010* to 0% in 2014	Less Than 100% in 2010^ to 100% in 2014	Greater Than 0% and Less Than 100% in Both Years
All	27.5%	16.2%	5.9%	3.3%	3.2%	1.5%	42.4%
Gender							
Female	33.0	18.9	5.8	3.4	2.6	1.4	35.0
Male	27.0	16.3	6.2	3.6	3.5	1.5	41.9
Unknown	21.4	12.9	5.5	3.0	3.4	1.6	52.2
Age							
Less than 25	40.8	20.8	11.2	3.7	1.5	1.5	20.6
25–44	35.4	17.0	7.0	3.1	2.4	1.3	33.9
45–54	25.6	19.1	5.4	3.5	2.9	1.4	42.1
55–64	24.3	15.5	5.7	3.8	3.6	1.4	45.8
65–69	23.0	12.2	5.9	3.2	4.1	1.5	50.1
70–74	23.1	12.4	5.4	3.0	3.9	1.9	50.4
75–84	27.5	15.4	4.6	2.4	3.4	2.1	44.7
85 or older	37.1	18.0	4.1	2.2	3.5	2.1	33.0
Unknown	20.7	24.0	5.0	4.3	3.6	2.1	40.3
Account Balance							
Less than $5,000	58.3	15.5	3.4	1.5	6.1	1.4	13.8
$5,000–$9,999	37.0	25.7	6.0	2.4	2.4	1.8	24.8
$10,000–$24,999	31.5	23.9	6.6	2.9	2.4	1.8	30.9
$25,000–$49,999	26.4	20.3	6.9	3.6	2.5	1.7	38.6
$50,000–$99,999	20.4	16.7	6.4	4.0	2.7	1.6	48.3
$100,000–$149,999	15.3	13.6	6.1	4.3	2.8	1.5	56.5
$150,000–$249,999	12.7	9.4	6.2	4.3	2.9	1.2	63.3
$250,000 or more	8.1	4.7	5.9	4.3	2.6	0.8	73.5
Type							
Roth	21.5	18.5	7.0	4.4	2.8	1.6	44.4
All Traditional	27.1	12.9	5.9	3.2	3.3	1.3	46.4

Source: EBRI IRA Database.
* Not 100 percent.
^ Not 0 percent.

Going one step further and examining the distribution of changes in each grouping provides another level of information on how consistent IRA owners allocate assets to equities over time. First, for the individuals in the sample, the middle 50 percent (25th percentile to 75th percentile) of changes were small or equal to zero (Figure 23). The largest changes were among those individuals with account balances of $50,000 or more. Among those who started out at an extreme allocation in 2010, between 10 percent and 25 percent moved to the other extreme in 2014, shown by the 100-percentage point (or close to 100-percentage point) change in the allocation from 2010 to 2014 in Figure 23 (middle two panels). This change was the percentage-point difference from the percentage in 2014 minus the percentage in 2010, so that either a 100 percentage point change or a –100 percentage point change represented a movement from one extreme to the other from 2010 to 2014. This group was small (approximately 9 percent of the total) as shown in Figure 22, but a significant portion of the IRA owners who did make the change from an extreme value switched completely to the other extreme.

Looking at the group of consistent account owners who did not have an extreme value in either year, the distribution of the changes was skewed toward higher equity allocations, with the 10th percentile change at –16.3 percentage points, the median at 3.4 percentage points, and the 90th percentile at 36.1 percentage points. This held true for each gender, age, and account balance.

Conclusion

With five years of contiguous data now available in the ERBI IRA Database, an increasingly comprehensive examination of the longitudinal changes within IRAs is possible. Not only can the cross-sectional results be compared, but also a consistent sample of individual IRA owners that have owned an IRA for the five contiguous years 2010–2014 can be studied. This allows for the investigation of the behavior in IRAs that are continuously maintained, instead of the results being affected by new and former IRA owners.

While the cross-sectional overall average balance increased 38.9 percent from 2010 to 2014, the increase for those IRA owners who continuously owned IRAs from 2010–2014 was 45.8 percent. For the consistent account owners, the distribution of the actual changes in the account balances can be measured. The lowest 25 percent (regardless of age) had increases less than 2.8 percent since 2010. On the other hand, the highest 25 percent of balance changes exceeded 78.0 percent. Consistent Roth-IRA owners experienced a much higher distribution of increases, with the lowest 25 percent of the balance changes for IRAs topping out at 33.4 percent, and the highest 25 percent exceeding 100.0 percent. The distribution of geometric means for the account balance changes of the IRA owners from 2010–2014 had a median of 9.7 percent, with 25th percentile of 1.0 percent and a 75th percentile of 16.1 percent.

The annual cross-sectional percentage of those contributing to their IRAs (14.2 percent in 2014) doesn't show whether the same individuals were contributing over time, or if different people contributed in different years. However, if focused on the consistent account owners, 5.5 percent of the IRA owners contributed each year from 2010–2014 (2.1 percent of Traditional IRA owners and 10.4 percent of Roth IRA owners). Almost 80 percent of the consistent IRA owners did not contribute from 2010–2014, but 15.0 percent of the consistent IRA owners contributed two or more years during 2010–2014.

When looking at the withdrawal rates for those ages 70 or older, the median of the distribution of the geometric mean withdrawal rates over a five-year period show that most consistent account owners are withdrawing at a rate that is likely to be able to sustain some post-retirement income from IRAs as the individual continues to age (assuming they continue to withdrawal at the same rates). Furthermore, the initial withdrawal rate for those in this age group appears to be the rate these individuals are likely to continue to take the next year, based on the resulting distribution of average withdrawal rates over time given the initial year withdrawal rate.

The asset allocation among the consistent account owners moved toward higher equity holdings from 2010–2014. The equity allocations in 2014 were higher than the values in 2010 across all groups studied. While 43.7 percent of the IRA owners had extreme holdings in equities (0 percent or 100 percent allocation) in both years, for those who were not at an extreme value in either year, the distribution of the asset allocation changes between 2010 and 2014 had a median

increase in equities of 3.4 percentage points, with the 75th percentile having a 14.3 percentage-point increase compared with a 2.0 percentage-point decline at the 25th percentile.

As the EBRI IRA Database continues to expand and mature, further examinations of the longitudinal changes will be conducted. This study focused on longitudinal changes in IRAs including account balance changes, persistence of contributions, withdrawal behavior, and changes in asset allocation. As the EBRI IRA Database is linked with 401(k) plan data, results on the combination of individuals' assets in these accounts can be determined, along with the growth and movement of dollars both within and between these accounts. Ultimately, the tracking of dollars from defined contribution plan accumulations, to IRA rollovers, and eventually through decumulation will be measured to assess whether retirees are positioned to maintain these assets to continue to generate income for the rest their lives.

Figure 23

Distribution of the Percentage-Point Change in the Equity Allocation of Individual Retirement Account Owners, by Initial Allocation and Various Characteristics, 2010 to 2014

	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile
All Allocations in 2010					
All	-13.7%	0.0%	0.0%	5.4%	32.2%
Female	-7.9	0.0	0.0	3.7	28.3
Male	-14.4	0.0	0.0	7.0	36.7
Less than age 45	-7.7	0.0	0.0	2.9	34.0
Ages 45–64	-15.6	0.0	0.0	5.1	30.6
Age 65 or older	-15.3	0.0	0.0	8.4	33.5
Acct balance <$50,000	-4.6	0.0	0.0	0.0	24.0
Acct balance $50,000 or more	-20.0	-0.6	0.0	11.1	36.9
0% Allocation in 2010 to Greater Than 0% in 2014					
All	13.4	33.7	67.8	97.0	100.0
Female	13.0	32.4	65.1	96.4	100.0
Male	12.4	32.6	67.3	96.2	100.0
Less than age 45	17.2	40.8	76.4	98.4	100.0
Ages 45–64	12.9	33.6	67.6	96.4	100.0
Age 65 or older	10.7	27.8	57.5	93.9	100.0
Acct balance <$50,000	22.1	47.3	84.1	99.8	100.0
Acct balance $50,000 or more	8.8	24.0	53.7	79.8	99.5
100% Allocation in 2010 to Less Than 100% in 2014					
All	-100.0	-87.8	-35.3	-11.6	-1.3
Female	-100.0	-92.1	-39.7	-14.6	-3.4
Male	-100.0	-88.6	-38.5	-13.9	-2.7
Less than age 45	-100.0	-77.8	-28.7	-10.1	-1.4
Ages 45–64	-100.0	-86.9	-34.5	-11.4	-1.3
Age 65 or older	-100.0	-99.9	-44.9	-15.3	-1.2
Acct balance <$50,000	-100.0	-100.0	-42.3	-11.5	-0.4
Acct balance $50,000 or more	-100.0	-71.4	-31.9	-11.7	-2.6
Greater Than 0% and Less Than 100% Allocation in Both 2010 and 2014					
All	-16.3	-2.0	3.4	14.3	36.1
Female	-13.3	-0.7	4.2	14.6	36.2
Male	-15.4	-1.5	4.5	18.1	41.0
Less than age 45	-15.6	-1.3	3.1	14.2	38.4
Ages 45–64	-17.1	-2.0	3.1	12.9	34.5
Age 65 or older	-15.5	-2.6	4.5	16.9	37.2
Acct balance <$50,000	-12.8	-0.3	2.7	11.9	36.8
Acct balance $50,000 or more	-17.9	-3.1	3.8	15.6	35.8

Source: EBRI IRA Database.

About IRAs

Individual retirement accounts (IRAs) were created by the Employee Retirement Income Security Act of 1974 (ERISA) as a way to provide workers who did not have employment-based pensions an opportunity to save for retirement on a tax-deferred basis. The Economic Recovery Tax Act of 1981 (ERTA) extended the availability of IRAs to all workers with earned income, including those with pension coverage. The Tax Reform Act of 1986 (TRA '86) restricted the tax deductibility of IRA contributions to those with incomes below certain levels and created *nondeductible* IRAs (where contributions are not tax-deductible but earnings still accrue tax-deferred), and *partially* (or *wholly*) deductible IRAs, depending on income. The Taxpayer Relief Act of 1997 (TRA '97) created a new type of nondeductible IRA—the Roth IRA—and allowed nonworking spouses to contribute to an IRA, subject to certain income restrictions. As an account type, IRAs currently hold the largest single share of U.S. retirement plan assets, largely from rollovers from other types of plans (see Figure 1).

Nonemployment-based IRAs. There are two basic types:

- *Traditional IRAs:* Anyone with earned income, as well as a nonearning spouse of an earner under certain conditions, can contribute. Contributions are tax deductible (or not) depending upon the contributor's income and participation in an employment-based retirement plan. Earnings in these IRAs accrue tax-*deferred*, and withdrawals after age 59-½ are taxed as ordinary income. Minimum withdrawals from a Traditional IRA must commence by April 1 of the calendar year after the year the individual turns age 70-½.

- *Roth IRAs:* This type of IRA offers tax-*free* investing for retirement: No taxes are paid on investment returns or on withdrawals made after age 59-½, as long as the Roth IRA has been held for at least five years. Contributions to Roth IRAs are not tax-deductible, but there are no mandatory withdrawals after age 70-½ (as there are with Traditional IRAs). Certain income limits restrict eligibility for contributing to a Roth IRA. (Traditional IRAs can be converted to Roth IRAs through paying the applicable taxes.)

The current, maximum, annual contribution to a Traditional or Roth IRA is $5,500 for those under age 50 at the end of 2016. This limit can be split between a Traditional and a Roth IRA, but the combined limit is $5,500. Those ages 50 or older in 2016 can make an additional $1,000 "catch-up" contribution, for a combined annual limit of $6,500. The maximum contribution to a Roth IRA and the maximum deductible contribution to a Traditional IRA may be reduced depending upon an individual's modified, adjusted gross income.

Employment-based IRAs.

- *Simplified Employee Pension (SEP) plans* allow employers to make contributions on a tax-deferred basis for their employees and allow self-employed individuals to make contributions for their own retirement.

- *Savings Incentive Match Plans for Employees (SIMPLE)* plans also allow for tax-deferred, employer contributions plus allow salary-reduction contributions by the employees. The employers must make matching contributions or nonelective contributions to the plans.

Traditional–originating from rollovers (TOFR) IRAs or Traditional—originating from contributions (TOFC) IRAs: In the EBRI IRA Database, Traditional IRAs are separated into two categories to highlight the amount of IRA assets that have moved from other tax-qualified plans (including defined benefit (DB), defined contribution (DC), and prior IRA plans) and were subsequently rolled over to new IRAs—those originating from rollovers and those originating from contributions. However, this in *no instance* should be construed as an estimate of the dollars originating in the employment-based system and transferred to the IRA system, as both types of accounts could have received rollovers or contributions subsequent to their establishment. Additionally, a rollover could have been an IRA-to-IRA rollover without any money originating in the employment-based system. This distinction is important for those interested in seeing the relative contribution of the employment-based retirement system vs. that funded solely by IRA contributions. As the longitudinal aspect of this database is developed, a more refined measure of these dollars will be established. The Internal Revenue Service reports these accounts as a single category called Traditional IRAs. The tax treatment is the same for these IRAs once the dollars are in the IRA.

Endnotes

[1] See Craig Copeland, "2014 Update of the EBRI IRA Database: IRA Balances, Contributions, Rollovers, Withdrawals, and Asset Allocation," *EBRI Issue Brief,* no. 424 (Employee Benefit Research Institute, August 2016) for the most recent cross-sectional analysis.

[2] See Craig Copeland, "Individual Retirement Account Balances, Contributions, and Rollovers, 2013; With Longitudinal Results 2010–2013: The EBRI IRA Database," *EBRI Issue Brief,* no. 414 (Employee Benefit Research Institute, May 2015); Craig Copeland, "IRA Withdrawals in 2013 and Longitudinal Results 2010-2013," *EBRI Notes,* no. 7 (Employee Benefit Research Institute, July 2015): 2–13; and Craig Copeland, "IRA Asset Allocation, 2013, and Longitudinal Results, 2010-2013," *EBRI Notes,* no. 9 (Employee Benefit Research Institute, September 2015): 10–27 for the most recent prior longitudinal results from the database.

[3] Below is a comparison of the EBRI IRA Database with numbers from the Internal Revenue Service and the Federal Reserve's *Financial Accounts* report as referenced in Figure 1.

	EBRI IRA Database 2010	EBRI IRA Database 2014	Internal Revenue Service 2010 Data	Federal Reserve 2014 Data
Total Assets	$1.00 trillion	$2.69 trillion	$5.03 trillion	$7.44 trillion
Percentage Traditional Assets	85.9%	85.2%	86.3%	
Average Rollover Amount	$69,012	$88,866	$68,123	
Average Account Balance	$89,427	$127,583	$92,404	

The above percentage of Traditional assets is adjusted for known assets. With the unknown assets included, the Traditional IRA asset percentage is 82.5 percent. Based on this asset comparison, the database includes about 35 percent of the 2014 assets. The number of individuals owning IRAs in the database (21.1 million) represents about one-third of all IRA owners, accounting for growth from the 54.5 million individuals the Internal Revenue Service reported owning an IRA in 2010. See Victoria L. Bryant and Jon Gober, "Accumulation and Distribution of Individual Account Arrangements, 2010." *Statistics of Income Bulletin*, Fall 2013, pp. 1-18 for complete IRS tabs of IRAs. Also see the discussion in the *About IRAs* box about the differences in IRA types.

[4] The distributions for IRA types add up to more than 100 percent, because individuals can own more than one IRA type. Those in the consistent-account-owner sample were more likely to own more than one IRA type relative to the snapshot sample.

[5] All of the values in the longitudinal section are nominal dollars.

[6] The distribution of the percentage IRA balance changes became more negative for the oldest owners. For example, those owners ages 70–74 had a 25th percentile of change at -3.4 percent and a median of 18.6 percent, owners ages 75–84 had a 25th percentile of -8.0 percent and a median of 13.7 percent, and those ages 85 or older a 25th percentile of -16.4 percent and 4.7 percent for a median.

[7] The geometric mean is the average of a set of numbers multiplied together. The calculation is typically used to determine the results of an investment or portfolio of investments. It is defined as being the *n*th root of the product of *n* numbers, where *n* is the number of results being examined. The geometric mean is used when working with percentages. Formally, the geometric mean is equal to $(a_1 \times a_2 \times \ldots a_n)^{(1/n)}$.

[8] Only contributions to Traditional and Roth IRAs are examined in this section. SEP/SIMPLE IRA contributions are not included.

[9] The maximum contribution in 2013 was $5,500 for those younger than age 50 and $6,500 for those 50 years old or older due to the "catch-up" contribution of $1,000. In 2012, the maximum contributions were $5,000 and $6,000, respectively.

[10] In an earlier EBRI publication, the persistence of contributions was investigated. A different formulation of the persistence statistic based on the current-year contributors was used to see what percentage of those contributed in both of the prior years. It was found that 21.8 percent of those making deductible contributions to an IRA in 1998 also made them in 1996 and 1997. Furthermore, three–fourths of those who contributed all three years made the maximum contribution in 1998, compared with 70.4 percent of those who made a deductible contribution in 1998. See Craig Copeland, "IRA Assets and Characteristics of IRA Owners," *EBRI Notes,* no. 12 (Employee Benefit Research Institute, December 2002): 1–9.

[11] Minimum withdrawals (distributions) from a Traditional IRA must commence by April 1 of the calendar year after the year the individual reaches age 70-½. This is referred to as required minimum distributions (RMDs).

[12] This is calculated from Figure 12. For example, the percentage taking a withdrawal in only one year for 30-year-olds (11.3 percent) divided by the percentage of 30-year-olds taking a withdrawal in at least one year (16.6 percent) equals 68.1 percent.

[13] The required minimum distribution rules apply only to Traditional IRAs and not to Roth IRAs. See Copeland (2016) for more information.

[14] These individuals could have added rollovers or opened new accounts since 2010, as this sample includes all of the individuals' IRAs from each year. The action of rolling over or opening new accounts may cause the individuals to reassess their asset allocation. This is outside the scope of this study, but will be examined more closely to determine if some other action such as opening a new account is more likely to cause a change in asset allocation than for those who do not take such action.

[15] In this section the extreme allocations will refer to the endpoints of the possible allocations: 0 percent and 100 percent.

[16] This is calculated by taking the percentage that changed from 0 percent (5.9 percent) and dividing it by the sum of those who had a 0 percent allocation in 2010 (27.5 percent in both years plus the 5.9 percent that changed).

[17] This uses the same calculation as described in the previous endnote (16).

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