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Notes

AT A GLANCE

Amount of Savings Needed for Health Expenses for People Eligible for Medicare: More Rare Good News, *by Paul Fronstin, Ph.D., Dallas Salisbury, and Jack VanDerhei, Ph.D., EBRI*

- In 2010, Medicare covered 62 percent of the cost of health care services for Medicare beneficiaries age 65 and older, while out-of-pocket spending accounted for 12 percent, and private insurance covered 13 percent. Individuals can expect to pay a greater share of their costs out-of-pocket in the future because of the combination of the financial condition of the Medicare program and cutbacks to employment-based retiree health programs.

- Because women have longer life expectancies than men, women will generally need larger savings than men to cover health insurance premiums and health care expenses in retirement post-65 when examining needed savings regardless of the savings targets. In 2013, a man would need $65,000 in savings and a woman would need $86,000 if each had a goal of having a 50 percent chance of having enough money saved to cover health care expenses in retirement. If either instead wanted a 90 percent chance of having enough savings, $122,000 would be needed for a man and $139,000 would be needed for a woman.

- Savings targets declined between 6 percent and 11 percent between 2012 and 2013 for a person or couple age 65. For a married couple both with drug expenses at the 90th percentile throughout retirement who wanted a 90 percent chance of having enough money saved for health care expenses in retirement by age 65, targeted savings fell from $387,000 in 2012 to $360,000 in 2013.

IRA Asset Allocation, 2011, *by Craig Copeland, Ph.D., EBRI*

- Individual retirement accounts (IRAs) are a vital component of U.S. retirement savings, representing more than 25 percent of all retirement assets in the nation. A substantial portion of these IRA assets originated in other tax-qualified retirement plans, such as defined benefit (pension) and 401(k) plans, and were subsequently moved to IRAs through rollovers.

- In the entire EBRI IRA Database in 2011, 44.4 percent of the assets were in equities, 10.7 percent in balanced funds, 18.0 percent in bonds, 13.0 percent in money, and 13.8 percent in other assets.

- Male and female IRA owners had virtually identical allocations to bonds, equities, and money. However, males were more likely to have assets in the "other" category, while females had a higher percentage of assets in balanced funds. For IRA owners above age 25, the percentage allocated to money and balanced funds decreased as the age of the owner increased, while bond allocations increased with age.

Amount of Savings Needed for Health Expenses for People Eligible for Medicare: More Rare Good News

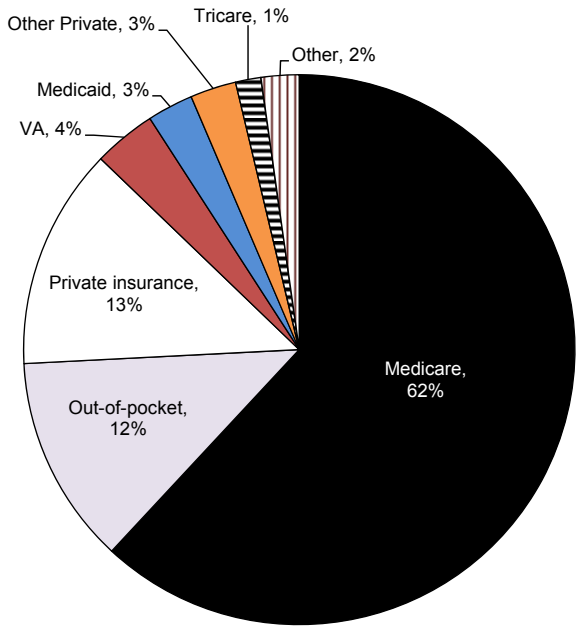
By Paul Fronstin, Dallas Salisbury, and Jack VanDerhei, EBRI

Introduction

Medicare, the federal health care insurance program for the elderly and disabled, was never designed to cover health care expenses in full when it was established in 1965. As recently as 2003, when the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) added outpatient prescription drugs as an optional benefit, the program included a then-controversial coverage gap known as the so-called "donut hole." The Patient Protection and Affordable Care Act of 2010 (PPACA) included provisions to reduce the size of this coverage "gap," but did not eliminate it. As a consequence, by 2020, enrollees will pay 25 percent of the cost of prescription drugs when in the coverage gap for both generic and brand-name drugs.

In 2010, Medicare covered 62 percent of the cost of health care services for Medicare beneficiaries age 65 and older, while out-of-pocket spending accounted for 12 percent, and private insurance covered 13 percent (Figure 1). Individuals can expect to pay a greater share of their costs out-of-pocket in the future because of the combination of the financial condition of the Medicare program and cutbacks to employment-based retiree health programs (Fronstin and Adams, 2012).

Figure 1
Source of Payment for Incurred Health Care Expenses, Noninstitutionalized Population of Medicare Beneficiaries, Ages 65 and Older, 2010



Source: EBRI estimates from the 2010 Medical Expenditure Panel Survey.

This analysis updates previous estimates by the Employee Benefit Research Institute on savings needed to cover health insurance premiums and health care expenses in retirement (Fronstin, Salisbury, and VanDerhei, 2012). Much like EBRI's 2012 report, this analysis finds that the savings targets for a 65-year-old retiring in 2013 were *not* higher than the savings targets for a 65 year old in the previous year. In fact, these particular savings targets have continued to fall, with the decline ranging from 6–11 percent. This report discusses the model, the savings targets, and continued reasons for the decline in savings targets.

Modeling Technique

Determining how much money an individual or couple needs in retirement to cover health care expenses is a complicated process. The amount of money a person needs will depend on the age at which he or she retires; length of life after retirement; the availability and source of health insurance coverage after retirement to supplement Medicare; health status and out-of-pocket expenses; the rate at which health care costs increase; and interest rates and other rates of return on investments. In addition, public policy that changes any of the above factors will also affect spending on health care in retirement. While it is possible to come up with a single number that individuals can use to set retirement savings goals, a single number based on averages will be wrong for the vast majority of the population.

This analysis uses a Monte Carlo simulation model[1] to estimate the amount of savings needed to cover health insurance premiums and out-of-pocket health care expenses in retirement. Estimates are presented for those who supplement Medicare with a combination of individual health insurance through Plan F Medigap coverage and Medicare Part D for outpatient prescription drug coverage. For each source of supplemental coverage, the model simulated 100,000 observations, allowing for the uncertainty related to individual mortality and rates of return on assets in retirement,[2] and computed the present value of the savings needed to cover health insurance premiums and out-of-pocket expenses in retirement at age 65. These observations were used to determine asset targets for adequate savings to cover retiree health costs 50 percent, 75 percent, and 90 percent of the time. Estimates are also jointly presented for a stylized couple, both of whom are assumed to retire simultaneously at age 65.

Savings Targets to Cover Health Insurance Premiums and Out-of-Pocket Costs in Retirement

Figure 2 contains the savings estimates for a person who turns age 65 in 2011–2013 and who purchases Medigap Plan F and Medicare Part D outpatient drug benefits to supplement Medicare. As discussed above, there will be uncertainty related to a number of variables, such as health care costs, longevity, and interest rates. Among people with Medicare Part D, there is also the uncertainty related to health status and prescription drug use.

Projections of savings needed to cover out-of-pocket expenses for prescription drugs are highly dependent on the assumptions used for drug utilization. There are three sets of columns of estimates in Figure 2: in the first, prescription drug use is at the *median* (mid-point, half above and half below) throughout retirement; in the second set, prescription drug use is *higher* (at the 75th percentile throughout retirement); and in the third set, prescription drug use is *much higher* (at the 90th percentile throughout retirement). Under each set of columns, a comparison of the savings targets is presented for 2011–2013.

Separate estimates are presented for men and women. Because women have longer life expectancies than men, women will generally need larger savings than men to cover health insurance premiums and health care expenses in retirement regardless of the savings targets. In other words, women will need greater initial savings than men even when both set the same goal—for example, of having a 90 percent chance of having enough money to cover health expenses in retirement.

Figure 2

Savings Needed for Medigap Premiums, Medicare Part B Premiums, Medicare Part D Premiums and Out-of-Pocket Drug Expenses for Retirement at Age 65 in 2011–2013

Chance of Having Enough Savings	Median Prescription Drug Expenses Throughout Retirement			75th Percentile of Prescription Drug Expenses Throughout Retirement			90th Percentile of Prescription Drug Expenses Throughout Retirement		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Men									
50%	$71,000	$70,000	$65,000	$80,000	$79,000	$74,000	$106,000	$102,000	$96,000
75%	107,000	105,000	96,000	120,000	119,000	108,000	154,000	147,000	137,000
90%	136,000	135,000	122,000	154,000	153,000	137,000	194,000	185,000	172,000
Women									
50%	95,000	93,000	86,000	107,000	106,000	97,000	138,000	132,000	124,000
75%	124,000	122,000	111,000	140,000	139,000	125,000	178,000	170,000	158,000
90%	156,000	154,000	139,000	176,000	176,000	156,000	221,000	210,000	195,000
Married Couple									
50%	166,000	163,000	151,000	187,000	186,000	170,000	244,000	234,000	220,000
75%	231,000	227,000	207,000	260,000	258,000	233,000	332,000	317,000	295,000
90%	287,000	283,000	255,000	323,000	321,000	286,000	407,000	387,000	360,000

Source: Author simulations based on assumptions described in the text.

Median Drug Expenses: As shown in Figure 2, in 2013 a man would need $65,000 in savings and a woman would need $86,000 if each had a goal of having a 50 percent chance of having enough money saved to cover health care expenses in retirement. If either instead wanted a 90 percent chance of having enough savings, $122,000 would be needed for a man and $139,000 would be needed for a woman.

A couple both with median drug expenses would need $151,000 to have a 50 percent chance of having enough money to cover health care expenses in retirement. They would need $207,000 to have a 75 percent chance of covering their expenses and $255,000 to have a 90 percent chance of covering their expenses. These estimates are 7–10 percent lower than the savings targets estimated in 2012.

75th Percentile in Drug Expenses: Needed savings in 2013 for a man with drug expenditures at the 75th percentile in 2013 throughout retirement would be $74,000 for a man if he wanted a 50 percent chance of having enough savings to cover health care expenses in retirement. For a woman, the savings target would be $97,000 at the 50-percent target. If either instead wanted a 90 percent chance of having enough savings, $137,000 would be needed for a man, and $156,000 would be needed for a woman.

A couple both with drug expenses at the 75th percentile would need $170,000 to have a 50 percent chance of having enough money to cover health care expenses in retirement. They would need $233,000 to have a 75 percent chance of covering those expenses, and $286,000 to have a 90 percent chance of covering their expenses. These estimates are 9–11 percent lower than the savings targets estimated in 2012.

90th percentile in Drug Expenses: Individuals at the 90th percentile in drug spending at and throughout retirement experienced a 6–7 percent decline in needed savings in the EBRI model. In 2013, a man would need $96,000 in savings and a woman would need $124,000 if each had a goal of having a 50 percent chance of having enough money saved to cover health care expenses in retirement. If either instead wanted a 90 percent chance of having enough savings, $172,000 would be needed for a man and $195,000 would be needed for a woman.

Couples at the 90th percentile in drug expenses would need $220,000 to have a 50 percent chance of having enough money to cover health care expenses in retirement. They would need $295,000 to have a 75 percent chance of covering their expenses and $360,000 to have a 90 percent chance of covering their expenses.

Explaining the Decline in Savings Targets between 2012 and 2013

As mentioned above, savings targets declined between 6 percent and 11 percent between 2012 and 2013 for a person or couple age 65. For a married couple both with drug expenses at the 90th percentile throughout retirement who wanted a 90 percent chance of having enough money saved for health care expenses in retirement by age 65, their targeted savings fell from $387,000 in 2012 to $360,000 in 2013.

There are a number of reasons for this decline in needed savings. The EBRI model uses Congressional Budget Office (CBO) and Centers for Medicare & Medicaid Services (CMS) projections for premium and health care cost increases in the future, and both of their projections of spending growth per Medicare beneficiary have slowed substantially in recent years (Levine and Buntin, 2013); EBRI's estimate base lines are adjusted annually to account for this change. This includes a reduction in the projected rate of growth of Medicare Part B premiums.

Also, there have been slight improvements in the cost of Medicare Part D (prescription drug coverage). CMS-projected growth rates in Part D premiums, deductible levels, and other aspects of the program have also fallen slightly recently. In addition, using a person age 65 in 2013 instead of in 2012 means one less year until the coverage gap in Part D phases down to 25 percent co-insurance.

Conclusion

Individuals should be concerned about saving for health insurance premiums and out-of-pocket expenses in retirement for a number of reasons. Medicare generally covers only about 60 percent of the cost of health care services for Medicare beneficiaries ages 65 and older, while out-of-pocket spending accounts for 12 percent. Furthermore, the percentage of private-sector establishments offering retiree health benefits has been falling, and where benefits are offered, they are becoming less generous. This is true even in the public sector.

This report provides estimates for the savings needed to cover health insurance to supplement Medicare and out-of-pocket expenses for health care services in retirement. The Patient Protection and Affordable Care Act of 2010 (PPACA) is reducing cost sharing in the Part D coverage gap or so-called "donut hole." By 2020, coinsurance in the coverage gap will be phased in to 25 percent. This year-to-year reduction in co-insurance will continue to reduce the savings needed for health care expenses in retirement, all else equal, for individuals with the highest drug use, which is one reason why this analysis finds reductions in needed savings for health care expenses in retirement. Improvements in the outlook for growth in premiums and other costs related to the Medicare program also contributed to the decline in savings targets.

However, it should be noted that many individuals will need more than the amounts cited in this report because this analysis does not factor in the savings needed to cover long-term care expenses,[3] nor does it take into account the fact that many individuals retire prior to becoming eligible for Medicare. However, some workers will need to save less than what is reported if they choose to work during retirement, thereby postponing enrollment in Medicare Parts B and D if they receive health benefits as active workers.

Finally, issues surrounding retirement income security are certain to become an even greater challenge in the future, as employers continue to scale back retiree health benefits and as policymakers begin to realistically address financial issues in the Medicare program with solutions that are likely to shift more responsibility for health care costs to Medicare beneficiaries.

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Endnotes

[1] A technique used to estimate the likely range of outcomes from a complex process by simulating the process under randomly selected conditions a large number of times.

[2] Nominal, after-tax rates of return were assumed to follow a log-normal distribution with a mean of 1.078 and a standard deviation of 0.101. This provided a median nominal annual return of 7.32 percent.

[3] See VanDerhei (2006) for estimates of the impact of long-term care expenses on the amounts needed for sufficient retirement income at the 50th, 75th, and 90th percentiles.

IRA Asset Allocation, 2011

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

Data Security

EBRI's retirement databases (the EBRI/ICI Participant-Directed Retirement Data Collection Project,™ the EBRI IRA Database, the EBRI Integrated Defined Contribution/IRA Database) have been the subject of multiple independent security audits and have been certified to be fully compliant with the ISO-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.® None of the three databases allows identification of any individuals or plan sponsors.

Introduction

Individual retirement accounts (IRAs) are a vital component of U.S. retirement savings, representing more than 25 percent of all retirement assets in the nation.[1] A substantial 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. Thus, IRAs in many cases are a repository for assets built up in the employment-based retirement system, as individuals hold money in them until or during retirement.

Despite IRAs' importance in the U.S. retirement system, there is a limited amount of knowledge about the behavior of individuals who own IRAs, alone or in combination with employment-based defined contribution (DC) plans. Consequently, the Employee Benefit Research Institute (EBRI) created the EBRI IRA Database, which links individual IRA accounts both within and across data providers. This is being done both by calendar year and longitudinally, allowing for the examination of retirement asset holdings at a point in time, and as individuals age and either change jobs or retire.

This article is the third examination of asset allocation from the EBRI IRA Database.[2] It considers asset allocation on a dollar-weighted basis within IRA accounts, by IRA type and account balance, as well as by gender and age of the account owner.[3] In addition to presenting the average asset allocation across the accounts, this study includes a presentation of the percentage of accounts with "extreme" allocations—either less than 10 percent or more than 90 percent in a particular asset category. This helps illustrate the distribution of the allocations across the accounts.

This research on IRA asset allocation will be built upon in future studies by examining how IRA owners with a 401(k) plan allocate their assets across those accounts, leveraging the unique ability of EBRI's databases to link individuals' IRAs and 401(k) accounts.

Data

The EBRI IRA Database is an ongoing project that collects data from IRA plan administrators. For 2011, it contained information on 20.5 million accounts with total assets of $1.456 trillion.[4] The number of IRAs in the database with complete asset allocation data was lower, at 18.4 million accounts with $1.388 trillion in assets.[5] For each account within the database, the IRA type, the account balance, any contributions during the year, the asset allocation, and certain demographic characteristics of the account owner are included (among other items). Furthermore, the accounts can be linked by the account owner in order to aggregate the accounts at the individual level, both across and within data providers, which allows for behavioral studies at both the individual and account levels.

IRA Types

Within the EBRI IRA Database, IRAs are classified into four types:

- Traditional-contributions (traditional IRAs originating from contributions);
- Roths;
- SEPs (Simplified Employer Pensions)/SIMPLEs (Savings Incentive Match Plans for Employees);
- Traditional-rollovers (traditional IRAs originating from assets rolled over from other tax-qualified plans, such as employment-based pensions or DC plans).[6]

The distribution of IRA accounts in 2011 was 27.1 percent in traditional-contribution IRAs, 27.7 percent traditional-rollover IRAs (combined traditional IRAs, 54.8 percent); 19.7 percent Roth IRAs; 6.4 percent SEP/SIMPLE IRAs; and 19.2 percent unknown.[7]

Asset Categories

The assets in the EBRI IRA Database are divided into five categories.

- ***Equities***—equity mutual funds, directly held individual stocks, and other 100-percent-equity-investment vehicles;
- ***Bonds***—bond mutual funds, directly held bonds, and other 100-percent-bond-investment vehicles;
- ***Money***—money market mutual funds, money market savings accounts, and certificates of deposit;
- ***Balanced funds***—balanced, lifestyle/lifecycle, target-date funds, and any other funds that have a partial investment in both equities and bonds;
- ***Other assets***—any remaining assets that do not fit into the above categories, such as stable-value funds, real estate (both investment trusts and directly purchased), fixed and variable annuities, etc.

Overall Allocation

In the entire EBRI IRA Database in 2011, 44.4 percent of the assets were in equities, 10.7 percent in balanced funds, 18.0 percent in bonds, 13.0 percent in money, and 13.8 percent in other assets (Figure 1).[8] When combining the allocation of balanced funds with the equity allocation, the total equity exposure of IRA owners was 50.9 percent.[9] Male and female IRA owners had virtually identical allocations to bonds, equities, and money. However, males were more likely to have assets in the "other" category, while females had a higher percentage of assets in balanced funds.

For IRA owners above age 25, the percentage allocated to money and balanced funds decreased as the age of the owner increased, while bond allocations increased with age. The percentage of assets in equities increased through age 54, then declined through age 74. There was a slight increase in the equity percentage for those IRA owners age 75 or older.

For account balances of $10,000 or more, the percentage of assets in equities and balanced funds combined decreased, while bond and "other" assets' shares increased, as the account balances increased. For instance, among those IRAs with balances from $10,000–$24,999, 50.2 percent of the assets were in equities and 20.2 percent in balanced funds (62.4 percent combined equity allocation), compared with 44.8 percent in equities and 10.9 percent in balanced funds (51.4 percent equity combined) for IRAs with account balances of $150,000–$249,999. IRAs with the largest balances ($250,000 or more) had more of the assets diversified across all the asset categories than IRAs in any of the smaller-account balance categories. Those IRAs also had higher percentages in bonds and other assets than IRAs with lower balances.

Figure 1

Individual Retirement Account (IRA) Asset Allocation, by Various Characteristics, 2011

	Balanced Funds[a]	Equity[d]	Equity With Balanced[b]	Bond	Money[c]	Other
All	10.7%	44.4%	50.9%	18.0%	13.0%	13.8%
Gender						
Female	13.2	43.9	51.8	16.3	15.4	11.3
Male	9.4	43.9	49.5	16.7	15.2	14.8
Unknown	11.0	45.8	52.4	21.7	7.1	14.3
Age						
Less than 25	14.0	47.9	56.3	13.3	12.4	12.4
25–44	14.9	49.0	58.0	9.7	15.0	11.4
45–54	12.0	50.1	57.3	11.8	14.2	11.8
55–64	10.8	44.6	51.1	17.2	13.5	13.9
65–69	9.7	41.2	47.1	21.2	12.6	15.2
70–74	9.3	40.7	46.3	22.8	11.7	15.4
75–84	9.3	41.4	47.0	24.0	10.5	14.9
85 or older	8.7	42.1	47.3	26.1	9.4	13.7
Unknown	6.3	44.2	48.0	19.1	17.0	13.3
Account Balance						
Less than $10,000	20.5	48.2	60.5	5.3	20.5	5.5
$10,000–$24,999	20.2	50.2	62.4	8.2	14.6	6.8
$25,000–$49,999	17.6	49.9	60.5	10.6	13.6	8.4
$50,000–$99,999	14.1	48.5	57.0	13.3	13.4	10.7
$100,000–$149,999	12.2	46.5	53.9	15.3	13.4	12.5
$150,000–$249,999	10.9	44.8	51.4	17.2	13.3	13.8
$250,000 or more	7.5	41.5	46.0	22.2	12.3	16.5

Source: EBRI IRA Database.

[a]Balanced funds include balanced funds, life cycle/style funds, and target-date funds.

[b]Equity with balanced includes the equity allocation plus 60% of the balance fund allocation. This is for an estimation of the total percentage of assets in equities for IRA owners.

[c]Money includes money market mutual funds and certificate of deposits (CDs).

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

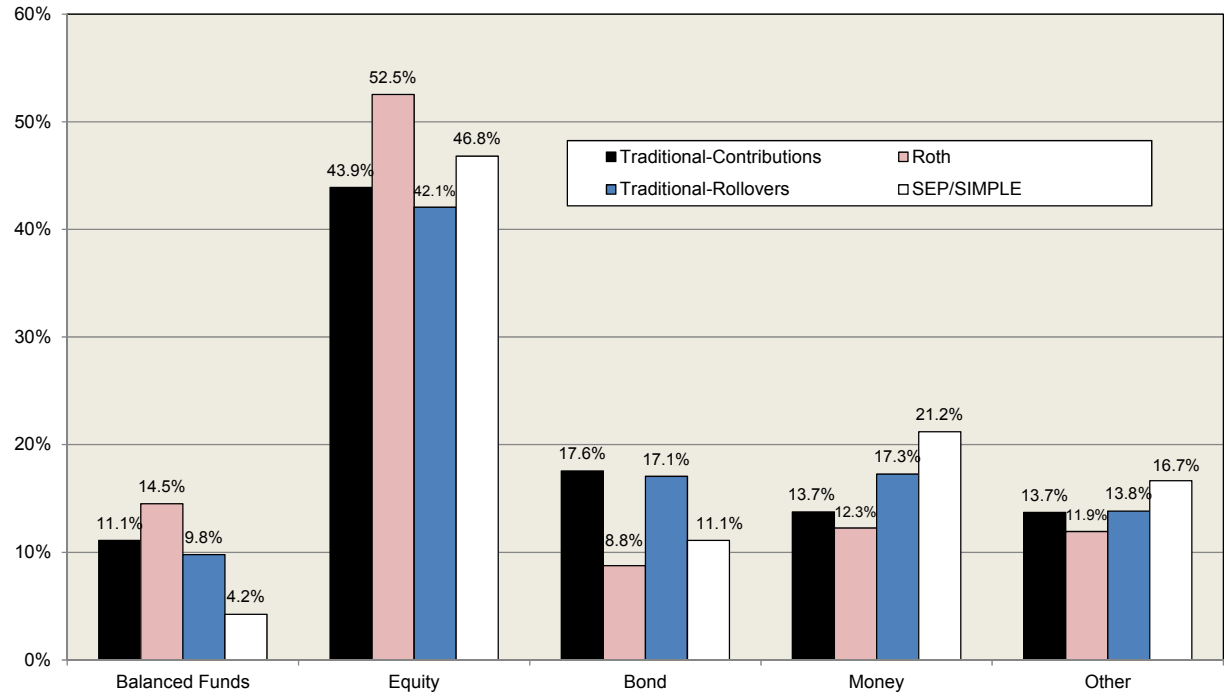
Roth IRAs had the highest share of assets in equities (52.5 percent) and balanced funds (14.5 percent) (Figure 2). Traditional-rollover IRAs had the lowest percentage in equities (at 42.1 percent). The higher allocation to equities in Roths compared with rollovers can be explained by two facts: Roth owners are younger, on average, than rollover owners, and Roth IRAs tend to be supplemental savings funded by individual contributions only, whereas rollovers tend to be the main or primary retirement savings for retirees or workers nearing retirement. Consequently, the asset allocation likely reflected the age of the owners and the share of the retirement savings the accounts represented.

Allocations Within IRA Type

Gender—Within each IRA type, the asset allocation differences between genders was minimal (Figure 3): The bond, equity, and money allocations were virtually identical. For example, in traditional-contribution IRAs, males had 18.0 percent of their assets in bonds, while females had 17.9 percent. The one consistent difference across the three IRA types (traditional-contribution, traditional-rollover, and Roth) is that males had a higher share in other assets, while females had more in balanced funds.

Age—The average equity allocation at each age group was higher for owners of Roth IRAs than for owners of other IRA types, while owners of traditional-rollover IRAs had the lowest average equity allocations at each age group (Figure 4). Correspondingly, traditional-rollover IRA owners had higher allocations to money in each age group. Balanced funds have by far the largest asset allocations among young (under age 45) Roth IRA owners.

Figure 2
Individual Retirement Account (IRA) Asset Allocation, by IRA Type, 2011



Source: EBRI IRA Database.
Balanced funds include balanced funds, life cycle/style funds, and target date funds. Equity includes directly held stocks, equity mutual funds, and other equity products. Money includes money market mutual funds and certificate of deposits (CDs).

Account Balance—For traditional-contribution IRA owners with balances above the smallest balances (less than $10,000), the average equity allocation decreased. The bond and other-asset average allocations increased as the owners' balances became larger (Figure 5). However, for Roth and traditional-rollover IRA owners, the average equity allocations were fairly consistent across balances from $10,000 to less than $250,000, although the average amount allocated to balanced funds decreased as the balances of these IRAs increased. Bond and other-asset average allocations both increased as the balances increased in both of these IRA types, as well. In each of the IRA types, those with the smallest balances (less than $10,000) had the largest allocations to money/cash equivalents compared with IRAs with higher balances.

Allocations by Gender

Age—Asset allocation between the genders across each age group was very similar (Figure 6). For instance, females and males ages 45–54 had 48.6 percent and 49.3 percent (respectively) on average in equities, while among those ages 75–84, women averaged 40.2 percent and men 41.0 percent in equities. Furthermore, both genders' average allocations to bonds increased with age (starting at age 25), while money allocations trended downward. The average amount allocated to balanced funds decreased as the age of both genders increased after age 25 with the exception for men age 75–84. However, the pattern for the equity allocation for both seemed to peak for owners ages 45–54 before increasing again for male owners age 85 or older.

Account Balance—Within each gender, the average asset allocation trends across categories were very similar as the account balances increased (Figure 7). Bond and other-asset average allocations increased as the

Figure 3

Individual Retirement Account (IRA) Asset Allocation, by IRA Type and Gender, 2011

Type/Gender	Balanced Funds[a]	Equity[c]	Bond	Money[b]	Other
Traditional-Contributions					
Female	12.4%	43.9%	17.9%	13.5%	12.2%
Male	9.0	43.9	18.0	13.4	15.7
Unknown	16.4	43.8	14.9	15.7	9.2
Roth					
Female	17.4	53.0	8.9	11.6	9.1
Male	12.4	52.2	9.2	12.2	13.9
Unknown	15.6	52.5	6.4	14.4	11.1
Traditional-Rollovers					
Female	12.6	41.4	17.0	17.7	11.3
Male	9.1	42.2	17.6	16.5	14.6
Unknown	7.8	42.7	14.0	20.4	15.0

Source: EBRI IRA Database.

[a] Balanced funds include balanced funds, life cycle/style funds, and target-date funds.

[b] Money includes money market mutual funds and certificate of deposits (CDs).

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

Figure 4

Individual Retirement Account (IRA) Asset Allocation, by IRA Type and Age, 2011

Type/Age	Balanced Funds[a]	Equity[c]	Bond	Money[b]	Other
Traditional-Contributions					
Less than 25	6.4%	44.1%	16.0%	17.7%	15.7%
25–44	12.2	46.7	12.4	14.7	14.0
45–54	12.4	48.9	12.6	13.6	12.5
55–64	11.7	44.7	16.2	14.1	13.3
65–69	10.5	41.5	19.7	14.0	14.4
70–74	10.0	41.1	21.1	13.6	14.3
75–84	10.1	41.2	21.7	12.7	14.4
85 or older	9.3	41.5	21.9	12.6	14.7
Unknown	8.9	49.6	19.4	15.0	7.0
Roth					
Less than 25	28.6	48.7	3.7	11.7	7.3
25–44	21.5	54.2	4.8	10.7	8.9
45–54	14.7	55.9	7.1	12.1	10.2
55–64	13.3	50.9	10.4	13.2	12.2
65–69	9.9	50.0	11.8	13.1	15.2
70–74	8.4	50.0	11.9	13.0	16.7
75–84	8.2	50.4	12.6	12.9	16.0
85 or older	7.2	49.5	14.4	12.6	16.2
Unknown	8.0	61.4	12.3	10.3	8.0
Traditional-Rollovers					
Less than 25	1.3	42.2	18.0	18.8	19.8
25–44	12.6	44.9	10.7	19.2	12.6
45–54	10.9	47.1	11.8	18.0	12.2
55–64	9.9	42.0	17.1	17.6	13.4
65–69	9.1	39.4	20.4	16.9	14.2
70–74	8.8	39.0	21.5	15.8	14.8
75–84	8.7	39.8	21.7	14.5	15.4
85 or older	6.6	40.9	21.3	13.6	17.6
Unknown	5.4	37.6	9.4	27.7	19.9

Source: EBRI IRA Database.

[a] Balanced funds include balanced funds, life cycle/style funds, and target-date funds.

[b] Money includes money market mutual funds and certificate of deposits (CDs).

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

account balances of the IRAs increased, while the equity and balanced-fund allocations decreased as the account balances increased, and the money allocations remained relatively constant as the account balances increased after they reached $10,000 or higher. The average allocations were higher to balanced funds and lower to other assets for female owners relative to male owners across each age group.

Figure 5
Individual Retirement Account (IRA) Asset Allocation, by IRA Type and Account Balance, 2011

Type/Account Balance	Balanced Funds[a]	Equity[c]	Bond	Money[b]	Other
Traditional-Contributions					
Less than $10,000	18.0%	51.0%	6.3%	19.4%	5.3%
$10,000–$24,999	17.5	52.5	8.9	15.2	5.8
$25,000–$49,999	16.6	51.4	11.0	13.9	7.1
$50,000–$99,999	14.9	49.4	13.3	13.5	8.9
$100,000–$149,999	13.5	46.9	15.1	13.4	11.0
$150,000–$249,999	12.1	44.2	17.1	13.7	12.9
$250,000 or more	7.5	39.4	21.6	13.5	17.9
Roth					
Less than $10,000	22.8	51.5	4.4	14.6	6.7
$10,000–$24,999	21.7	52.3	6.1	12.7	7.2
$25,000–$49,999	18.5	55.0	7.3	11.3	7.9
$50,000–$99,999	13.3	56.6	9.3	10.7	10.1
$100,000–$149,999	9.6	53.9	10.2	12.4	13.9
$150,000–$249,999	7.9	52.1	11.0	12.8	16.2
$250,000 or more	4.7	44.6	13.0	13.8	24.0
Traditional-Rollovers					
Less than $10,000	16.0	33.3	4.4	40.7	5.5
$10,000–$24,999	18.9	42.2	7.6	24.2	7.1
$25,000–$49,999	17.6	42.7	9.5	22.2	8.0
$50,000–$99,999	14.1	44.4	11.8	20.3	9.5
$100,000–$149,999	12.5	44.2	13.5	19.0	10.8
$150,000–$249,999	11.1	43.6	15.2	18.1	12.0
$250,000 or more	7.4	41.0	20.0	15.3	16.2

Source: EBRI IRA Database.
[a]Balanced funds include balanced funds, life cycle/style funds, and target-date funds.
[b]Money includes money market mutual funds and certificate of deposits (CDs).
[c]Equity includes directly held stocks, equity mutual funds, and other equity products.

Allocations by Age

Account Balance—The same general asset-allocation patterns noted above emerge among each age category as the account balances changed, with a few exceptions (Figure 8). The equity allocation peaks at account balances of $50,000–$99,999 for those in the age groups 25–44 and at $25,000–$49,999 for those ages 45–54. For those ages 55 or older, the equity allocation declined as the account balances increased, except for the mid-range balances of those 85 or older. While most balance trends by age are similar, the relative allocations between the age and balance groupings are different.

The average equity allocations were highest for those ages 25 or younger for the lower balances and those ages 45–54 for the higher balances and lowest for each account balance for those ages 55–69. In contrast, the bond allocations for each age group of those ages 55–69 were higher than for those ages 25–54. Younger individuals with small balances had much higher use of balanced funds than those older with small balances. The money allocations are consistent across each balance category within an age group with somewhat lower allocations as the age groups get older once above age 25 and balances of $10,000 or more.

Figure 6
Individual Retirement Account (IRA) Asset Allocation, by Gender and Age, 2011

Gender/Age	Balanced Funds[a]	Equity[c]	Bond	Money[b]	Other
Female					
Less than 25	14.8%	45.6%	11.6%	15.4%	12.6%
25–44	17.3	47.2	9.8	15.7	10.0
45–54	14.1	48.6	11.7	15.5	10.0
55–64	13.0	43.6	16.4	15.8	11.2
65–69	11.8	41.0	19.4	15.5	12.3
70–74	11.6	40.5	20.8	14.8	12.3
75–84	11.5	40.2	21.7	13.9	12.7
85 or older	9.6	39.4	22.5	14.2	14.3
Unknown	11.1	47.5	11.8	18.6	11.0
Male					
Less than 25	12.0	46.1	12.3	14.8	14.7
25–44	12.4	48.6	10.2	15.2	13.6
45–54	10.1	49.3	11.4	15.9	13.3
55–64	9.5	44.0	16.1	15.9	14.4
65–69	8.7	40.8	19.7	15.4	15.4
70–74	8.4	40.3	20.9	14.5	15.9
75–84	8.6	41.0	21.1	13.3	16.1
85 or older	7.4	42.5	20.7	12.3	17.0
Unknown	5.9	46.7	9.1	23.4	14.9
Unknown					
Less than 25	15.7	51.7	15.6	7.5	9.5
25–44	17.0	52.0	8.6	13.6	8.8
45–54	13.5	53.5	12.8	9.2	10.9
55–64	11.2	46.6	20.1	6.7	15.4
65–69	10.0	42.2	25.0	5.7	17.1
70–74	9.4	41.7	27.4	4.9	16.7
75–84	9.1	42.7	30.2	3.7	14.3
85 or older	9.9	43.1	35.1	2.7	9.2
Unknown	6.3	44.1	19.5	16.8	13.3

Source: EBRI IRA Database.

[a] Balanced funds include balanced funds, life cycle/style funds, and target-date funds.

[b] Money includes money market mutual funds and certificate of deposits (CDs).

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

"Extreme" Allocations

Having examined the tremendous variation of the average allocations among all IRA owners depending on the characteristics of the IRA owners, this section investigates what percentage of IRA owners have so-called "extreme" allocations, defined here as having less than 10 percent or more than 90 percent in a particular asset category.[10]

Type—Roth and traditional-contribution IRA owners had the highest percentages with more than 90 percent in equities and the lowest percentages with more than 90 percent in money, while traditional-rollover owners had the lowest percentage with more than 90 percent in equities (Figure 9). Roth and traditional-contribution IRA owners were more likely to have extremely low percentages of money and bonds. In contrast, traditional-rollover and SEP/SIMPLE owners were much more likely to have 10 percent or less in equities and 90 percent or more in money funds.

Figure 7

Individual Retirement Account (IRA) Asset Allocation, by Gender and Account Balance, 2011

Gender/Account Balance	Balanced Funds[a]	Equity[c]	Bond	Money[b]	Other
Female					
Less than $10,000	21.6%	45.3%	5.5%	22.7%	4.9%
$10,000–$24,999	21.6	48.0	8.0	16.9	5.6
$25,000–$49,999	19.6	48.2	9.9	15.8	6.5
$50,000–$99,999	16.3	47.3	12.7	15.6	8.1
$100,000–$149,999	14.4	45.1	14.9	15.7	9.9
$150,000–$249,999	12.7	43.2	17.1	15.5	11.5
$250,000 or more	7.9	40.4	21.7	14.2	15.8
Male					
Less than $10,000	18.0	48.1	5.0	22.3	6.6
$10,000–$24,999	17.7	51.5	7.4	16.0	7.3
$25,000–$49,999	15.6	51.4	9.1	15.5	8.3
$50,000–$99,999	12.7	49.9	11.5	15.8	10.1
$100,000–$149,999	11.2	47.5	13.1	16.2	11.9
$150,000–$249,999	10.2	45.6	14.9	16.1	13.2
$250,000 or more	7.2	40.6	20.2	14.5	17.6
Unknown					
Less than $10,000	22.3	51.9	5.4	15.4	5.1
$10,000–$24,999	21.9	51.3	9.3	10.1	7.5
$25,000–$49,999	17.8	49.9	13.2	8.5	10.6
$50,000–$99,999	13.7	47.9	16.6	7.7	14.1
$100,000–$149,999	11.6	46.5	18.9	7.2	15.9
$150,000–$249,999	10.4	45.0	21.0	6.9	16.7
$250,000 or more	7.8	44.1	27.0	6.3	14.8

Source: EBRI IRA Database.

[a]Balanced funds include balanced funds, life cycle/style funds, and target-date funds.

[b]Money includes money market mutual funds and certificate of deposits (CDs).

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

Gender—The likelihood of extreme allocations was very similar across genders (Figure 9). For instance, 29.3 percent of females had 90 percent or more in equities, compared with 28.4 percent for males. Similarly, 62.0 percent of females had less than 10 percent in bonds, while 64.6 percent of males did.

Age—The youngest (less than age 25) IRA owners had the highest percentage with more than 90 percent in equities at 37.5 percent. The percentage was smaller (30.6 percent) for those age 25–44. The percentage was then larger (33.5 percent) for those age 45–54, after which the percentage declined for each older age group until age 75–84 where the percentage with more than 90 percent in equities slightly increased.

Above age 25, the percentage with more than 90 percent in money decreased for older IRA owners. However, the percentage of IRA owners with more than 90 percent in bonds and money combined decreased as the owner's age increased above 25 until age 75, when the percentage increased for the oldest IRA owners.

Account Balance—In general, IRA owners with higher account balances were less likely to have extreme asset allocations (Figure 9). For example, while 37.2 percent of those with account balances of $10,000–$24,999 had 90 percent or more of their assets in equities, only 10.3 percent of those with account balances of $250,000 or more did. Furthermore, accounts with higher balances were less likely to have either less than 10 percent or more than 90 percent combined in money and bonds.

Figure 8

Individual Retirement Account (IRA) Asset Allocation, by Age and Account Balance, 2011

Age/Account Balance	Balanced Funds[a]	Equity[c]	Bond	Money[p]	Other
Under Age 25					
Less than $10,000	32.9%	44.9%	3.0%	15.5%	3.7%
$10,000–$24,999	26.4	51.9	5.2	11.3	5.1
$25,000–$49,999	15.4	57.8	8.4	11.1	7.2
$50,000–$99,999	7.6	53.3	14.5	12.9	11.6
$100,000–$149,999	4.7	46.7	17.7	14.6	16.4
$150,000–$249,999	4.1	46.2	18.9	12.7	18.1
$250,000 or more	2.7	42.7	22.5	11.1	21.0
Ages 25–44					
Less than $10,000	25.1	43.6	3.0	23.0	5.3
$10,000–$24,999	25.3	49.0	4.7	14.7	6.4
$25,000–$49,999	21.4	51.9	6.2	13.2	7.3
$50,000–$99,999	15.4	52.3	8.6	14.2	9.5
$100,000–$149,999	12.2	50.2	10.5	15.2	11.9
$150,000–$249,999	9.2	49.2	12.4	15.3	13.9
$250,000 or more	3.0	44.1	17.7	14.4	20.8
Ages 45–54					
Less than $10,000	18.9	51.4	4.5	19.8	5.4
$10,000–$24,999	19.7	53.1	6.4	14.6	6.2
$25,000–$49,999	17.9	53.2	8.0	13.7	7.3
$50,000–$99,999	14.7	52.8	9.8	13.7	9.0
$100,000–$149,999	12.8	51.1	11.2	14.2	10.7
$150,000–$249,999	11.1	50.1	12.3	14.3	12.2
$250,000 or more	7.0	46.5	15.7	14.2	16.6
Ages 55–64					
Less than $10,000	18.0	50.2	6.7	19.4	5.8
$10,000–$24,999	18.9	50.0	9.2	15.1	6.8
$25,000–$49,999	17.2	49.1	11.1	14.2	8.4
$50,000–$99,999	14.3	48.3	13.2	13.7	10.5
$100,000–$149,999	12.5	46.5	14.8	13.8	12.3
$150,000–$249,999	11.4	44.9	16.4	13.8	13.6
$250,000 or more	7.9	42.1	20.5	13.0	16.4

((more))

((Figure 8, cont'd.))

Age/Account Balance	Balanced Funds[a]	Equity[c]	Bond	Money[b]	Other
Ages 65–69					
Less than $10,000	15.2	51.7	8.3	18.3	6.5
$10,000–$24,999	16.3	49.4	11.3	15.2	7.8
$25,000–$49,999	15.1	47.0	13.6	14.4	9.9
$50,000–$99,999	13.0	45.0	16.0	13.6	12.3
$100,000–$149,999	11.7	43.1	17.7	13.3	14.2
$150,000–$249,999	10.9	41.4	19.5	13.0	15.1
$250,000 or more	8.0	39.6	23.8	12.0	16.6
Ages 70–74					
Less than $10,000	13.8	52.8	9.5	17.2	6.7
$10,000–$24,999	15.0	49.5	12.8	14.3	8.4
$25,000–$49,999	14.3	46.3	15.2	13.4	10.8
$50,000–$99,999	12.6	43.9	17.5	12.8	13.2
$100,000–$149,999	11.5	42.6	19.2	12.0	14.6
$150,000–$249,999	10.9	41.0	21.0	12.1	15.1
$250,000 or more	7.8	39.3	25.2	11.2	16.4
Ages 75–84					
Less than $10,000	13.2	52.7	11.8	16.0	6.3
$10,000–$24,999	15.0	48.3	15.8	12.6	8.2
$25,000–$49,999	14.4	45.4	18.3	11.3	10.6
$50,000–$99,999	13.1	43.7	20.1	10.7	12.4
$100,000–$149,999	11.7	43.0	21.2	10.5	13.6
$150,000–$249,999	10.7	41.6	22.8	10.7	14.2
$250,000 or more	7.5	40.1	26.0	10.2	16.2
Age 85 or older					
Less than $10,000	14.5	47.6	17.7	14.9	5.3
$10,000–$24,999	16.2	44.2	21.9	10.8	6.9
$25,000–$49,999	14.9	43.0	24.0	9.7	8.5
$50,000–$99,999	12.8	42.4	25.0	9.4	10.6
$100,000–$149,999	11.0	42.6	25.1	9.3	12.0
$150,000–$249,999	9.2	42.5	26.1	9.3	12.9
$250,000 or more	6.3	41.6	27.1	9.2	15.9
Unknown					
Less than $10,000	12.9	33.7	4.8	43.4	5.2
$10,000–$24,999	14.2	40.4	7.8	30.8	6.8
$25,000–$49,999	12.7	42.2	9.9	26.9	8.3
$50,000–$99,999	11.3	42.8	11.5	24.0	10.4
$100,000–$149,999	10.1	43.7	12.4	22.3	11.5
$150,000–$249,999	8.7	43.0	13.0	22.5	12.7
$250,000 or more	5.3	44.5	21.0	15.2	13.9

Source: EBRI IRA Database.

[a] Balanced funds include balanced funds, life cycle/style funds, and target-date funds.

[b] Money includes money market mutual funds and certificate of deposits (CDs).

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

Figure 9

Percentage of Individual Retirement Accounts (IRAs) With Extreme Asset Allocations[a], by Various Characteristics, 2011

	Less than 10% in Bonds[b]	More than 90% in Bonds[b]	Less than 10% in Equities[c]	More than 90% in Equities[c]	Less than 10% in Money[d]	More than 90% in Money[d]	Less than 10% in Bonds[b] & Money[d]	More than 90% in Bonds[b] & Money[d]
All	62.0%	3.3%	26.0%	29.7%	72.3%	15.5%	37.8%	19.4%
Type								
Traditional-Cont.	62.8	4.2	24.5	32.7	73.6	13.1	40.2	18.2
Roth	67.2	2.4	19.8	39.1	77.0	11.0	46.9	13.9
Traditional-Rlvr	63.4	2.2	36.4	17.4	56.6	27.1	25.0	30.2
SEP/SIMPLE	75.3	1.5	35.9	22.6	53.3	25.3	33.3	27.6
Gender								
Female	62.0	3.3	27.0	29.3	69.3	17.7	35.3	21.8
Male	64.6	2.7	27.2	28.4	68.3	16.9	36.9	20.4
Unknown	58.4	4.1	23.3	32.2	81.5	10.9	41.8	15.4
Age								
Less than 25	62.3	1.7	21.3	37.5	77.5	15.9	41.7	17.9
25–44	66.4	1.3	27.4	30.6	68.0	20.9	37.2	22.6
45–54	65.9	2.2	24.2	33.5	71.9	15.9	40.8	18.7
55–64	60.5	3.6	25.4	29.0	73.2	14.0	37.4	18.3
65–69	57.4	4.7	26.9	26.0	74.2	12.5	35.8	18.1
70–74	55.5	5.5	26.8	25.2	76.1	10.8	35.8	17.3
75–84	53.4	7.5	26.7	25.9	78.9	9.1	36.2	17.6
85 or older	50.6	12.1	29.3	26.5	81.3	8.6	35.1	21.5
Unknown	69.2	3.5	39.5	20.2	54.0	29.3	28.0	33.5
Account Balance								
Less than $10,000	76.2	2.7	39.2	34.6	62.3	30.6	39.8	33.6
$10,000–$24,999	62.5	3.9	19.7	37.2	78.5	9.9	44.1	14.4
$25,000–$49,999	57.8	3.7	18.6	31.4	78.2	8.0	39.9	12.5
$50,000–$99,999	53.5	3.6	19.1	25.2	77.8	7.1	35.7	11.6
$100,000–$149,999	49.9	3.4	19.6	19.9	76.7	6.4	31.8	10.8
$150,000–$249,999	46.1	3.3	19.4	15.8	75.8	5.7	28.0	10.0
$250,000 or more	39.7	3.3	18.8	10.3	75.0	4.2	22.4	8.6

Source: EBRI IRA Database.

[a] Extreme asset allocations refer to almost no assets (less than 10%) or almost all (more than 90%).

[b] Bonds include the bond portion of the balanced funds.

[c] Equities include the equity portion from balanced funds. Equity includes directly held stocks, equity mutual funds, and other equity products.

[d] Money includes money market mutual funds and certificate of deposits (CDs).

Overall Allocation Including Annuities

For some of the accounts in the database, an additional category, annuities, is identified for the asset allocation.[11] Focusing on those accounts that differentiate annuity investments, 7.5 percent of all the assets were in this category (Figure 10). The allocations to the remaining categories differed significantly in some categories relative to that found in the overall database results (Figure 1). For example, among the accounts with annuities identified, 7.1 percent of the assets were in money compared with 13.0 percent among all the accounts. Balanced funds made up 5.2 percent of the assets in the annuity-identified accounts, but 10.7 percent within all of the accounts. Equities had more similar allocations: 46.9 percent for the annuity-differentiated accounts, compared with 44.4 percent for all of the accounts.

Those owner accounts with specified genders had similar allocations to each of the asset types. However, those accounts with unknown owner genders had much higher allocations to annuities, lower allocations to other assets, and higher allocations to balanced funds. For IRA owners ages 25–69, the percentage of assets allocated to annuities

increased with age—2.1 percent for those ages 25–44 vs. 10.4 percent for those ages 65–69. The percentage in annuities then declined to 4.0 percent for those ages 85 or older.

As account balances increased, the percentage of assets in annuities also increased, at least to the point where account balances reached $250,000 or more. Among accounts with less than $10,000 in assets, 1.3 percent of assets were in annuities, compared with 9.7 percent for accounts with $150,000–$249,999. Traditional IRAs had higher shares of assets in annuities than nontraditional IRAs.

Figure 10
Individual Retirement Account (IRA) Asset Allocation, by Various Characteristics, 2011
(For Accounts With Annuities Broken Out)

	Balanced Funds[a]	Equity[c]	Bond	Money[b]	Annuities	Other
All	5.2%	46.9%	22.8%	7.1%	7.5%	10.4%
Gender						
Female	0.0	46.7	20.5	13.1	2.2	17.4
Male	0.0	46.9	18.8	13.0	2.2	19.1
Unknown	9.5	47.1	25.7	2.3	11.9	3.6
Age						
Less than 25	5.8	50.0	18.2	9.9	4.0	12.1
25–44	4.1	52.0	16.7	11.4	2.1	13.8
45–54	4.9	52.5	17.7	8.7	4.5	11.7
55–64	5.2	47.5	21.4	7.0	8.6	10.3
65–69	5.4	43.8	24.6	6.1	10.4	9.6
70–74	5.5	43.2	26.2	5.8	9.9	9.4
75–84	5.3	44.2	26.9	6.3	7.7	9.7
85 or older	5.2	45.0	28.2	7.2	4.0	10.3
Unknown	7.1	52.5	34.3	1.2	2.5	2.4
Account Balance						
Less than $10,000	13.3	61.1	7.7	13.4	1.3	3.1
$10,000–$24,999	13.0	58.0	12.8	8.5	3.4	4.3
$25,000–$49,999	9.7	54.7	16.8	7.3	5.8	5.6
$50,000–$99,999	6.8	51.3	19.3	6.6	8.5	7.5
$100,000–$149,999	5.3	49.4	20.5	6.3	9.3	9.1
$150,000–$249,999	4.7	46.9	22.0	6.5	9.7	10.2
$250,000 or more	3.7	43.7	25.9	7.4	7.0	12.4
Type						
Traditional-Cont.	0.0	47.1	19.3	12.5	2.4	18.7
Roth	0.0	58.9	12.4	12.8	0.4	15.5
Traditional-Rlvr	0.4	45.1	20.9	13.2	2.7	17.7
SEP/SIMPLE	0.0	50.6	15.2	16.5	1.1	16.6

Source: EBRI IRA Database.
[a]Balanced funds include balanced funds, life cycle/style funds, and target-date funds.
[b]Money includes money market mutual funds and certificate of deposits (CDs).
[c]Equity includes directly held stocks, equity mutual funds, and other equity products.

Conclusion

This study provides the latest look at asset allocation in IRA accounts from the EBRI IRA Database. Approximately half of all IRA assets were found to be allocated to equities, although this varied with age, account balance, and IRA type. Gender differences in asset allocations were minimal. Those older or owning a traditional-rollover IRA had, on average, lower allocations to equities.

The average asset allocation found for IRAs was similar to that in 401(k) plans in 2011. When comparing the overall percentage held in equities (equities and company stock) in 401(k) plans from the EBRI/ICI 401(k) Database,[12] the number was relatively close to that found in the IRA accounts (47.2 percent in 401(k) plans and 44.4 percent in IRAs). In contrast, the bond and money percentages in IRAs were significantly higher than in 401(k) plans. The average asset allocation to equities in 401(k) plans and the percentage of 401(k) owners with more than 80 percent of their accounts in equities was higher than they were in IRAs.[13]

An IRA could be only part of an individual's portfolio of retirement assets, as a DC plan at a current or previous employer could also be owned. Therefore, the total retirement assets these individuals hold cannot be determined by looking only at account studies, which may understate the total assets that an individual has accumulated in these types of plans because the studies examine accounts separately instead of the aggregation of the accounts. Consequently, the goal of the integration of the EBRI databases is to be able to look at the two largest sources of retirement assets (IRAs and DC plans) to examine owner behavior across—as well as within—the accounts, resulting in a better understanding of the decisions Americans make with their retirement savings.

As the EBRI IRA Database has expanded and data for defined contribution plans have been linked, more elaborate studies are being conducted. The movements of money between multiple retirement saving accounts (DC plans and IRAs) are being studied to see what, if any, asset-allocation changes are made as assets are shifted. Furthermore, once individuals have reached retirement, the withdrawal (or "spend-down") of those assets over time can be studied based on the longitudinal data that will be available. As EBRI's databases continue to mature, they offer the potential of a far greater understanding of the retirement preparation and post-retirement behavior of Americans.

Endnotes

[1] See Figure A in Craig Copeland, "Individual Retirement Account Balances, Contributions, and Rollovers, 2011: The EBRI IRA Database™," *EBRI Issue Brief,* no. 386 (Employee Benefit Research Institute, May 2013).

[2] See Craig Copeland, "IRA Asset Allocation," *EBRI Notes,* no. 5 (Employee Benefit Research Institute, May 2011): 2–14, and Craig Copeland, "IRA Asset Allocation, 2010," *EBRI Notes,* no. 10 (Employee Benefit Research Institute, October 2012): 8–20.

[3] See Copeland (May 2013) for results from the database for 2011 on balances, rollovers, and contributions.

[4] Below is a comparison of the EBRI IRA Database™ with numbers from the Internal Revenue Service and the Federal Reserve System's Flow of Funds report.

	EBRI Database 2010	EBRI Database 2011	Internal Revenue Service 2004 Data	Flow of Funds 2011 Data
Total Assets	$1.002 trillion	$1.456 trillion	$3.3 trillion	$4.9 trillion
Percentage Traditional Assets	85.9%	85.3%	89.6%	
Average Rollover Amount	$69,012	$72,398	$59,100	
Average Traditional Contributions	$3,335	$3,723	$3,623	

The percentage of traditional assets for 2011 listed above was adjusted for known assets. With the unknown assets included, traditional IRA assets amounted to 69.4 percent of the assets in the database in 2011. Based on this asset comparison, the database included about 30 percent of total assets, and the number of individuals owning IRAs was about 25 percent, accounting for growth from the 50.9 million individuals the Internal Revenue Service reported owning an IRA in 2004. See Victoria L. Bryant, "Accumulation and Distribution of Individual Account Arrangements, 2004." *Statistics of Income Bulletin*, Spring 2008, pp. 90–101 for complete IRS tabs of IRAs. Also, see Board of Governors of the Federal Reserve System, "Flow of Funds Accounts of the United States: *Flows and Outstandings Fourth Quarter 2012* for the Fed numbers at http://www.federalreserve.gov/releases/Z1/20130307/z1.pdf

[5] The distributions were very similar between the overall database and the portion with complete asset allocation by account balance and type and by age and gender of the owner. See Figure A for a comparison of these distributions.

Figure A
Distribution of Individual Retirement Accounts (IRAs), by Asset Allocation Data and Various Characteristics, 2011

	All Accounts	Complete Asset Allocation	Annuities Broken Out
All	100.0%	100.0%	100.0%
Gender			
Female	30.3	31.8	15.3
Male	37.8	39.9	24.4
Unknown	31.9	28.3	60.4
Age			
Less than 25	1.3	1.3	1.5
25–44	23.4	24.3	16.2
45–54	22.2	23.5	20.0
55–64	24.5	25.9	27.4
65–69	9.6	10.2	12.7
70–74	6.0	6.4	8.8
75–84	6.3	6.5	10.3
85 or older	1.6	1.5	2.8
Unknown	5.0	0.5	0.4
Account Balance			
Less than $10,000	36.5	34.1	26.9
$10,000–$24,999	18.7	18.9	18.2
$25,000–$49,999	14.9	15.4	16.0
$50,000–$99,999	12.5	13.1	15.0
$100,000–$149,999	5.7	6.0	7.7
$150,000–$249,999	5.3	5.6	7.3
$250,000 or more	6.4	6.9	9.0
Type			
Traditional-Cont.	33.5	33.9	41.0
Roth	24.4	26.5	18.3
Traditional-Rlvr	34.2	36.4	34.2
SEP/SIMPLE	7.9	3.2	6.5

Source: EBRI IRA Database.

[6] Traditional IRAs are broken down into categories based on how the accounts originated with the data providers, either through contributions or through rollovers from other tax-qualified vehicles. Both types of these accounts could have received contributions or rollovers after their origination, so these are **NOT** proxies for employment-based dollars vs. IRA-only dollars. The traditional-rollovers do provide an estimate of the dollars that have been moved into a new IRA, regardless of their original holding place. The remainder of this article will use the simplified labels of traditional-contribution and traditional-rollover to refer to the origination of the account. Furthermore, the account type for some of the accounts could not be identified, so they are placed in the unknown category.

[7] Traditional IRAs made up 67.7 percent of the identified IRAs and Roth 24.4 percent. As noted above, traditional IRAs accounted for 85.3 percent of the assets.

[8] The one government data source, the Survey of Consumer Finances (SCF), that has significant detail of all U.S. families' wealth, including IRA and DC-plan wealth, reports only an allocation between equity and interest-bearing assets. As this database shows, there is a significant amount of assets in balanced funds and other assets that are not strictly equities or interest bearing but are being represented as such in the data. See Craig Copeland, "Retirement Plan Participation and Asset Allocation, 2007," *EBRI Notes,* no. 11 (Employee Benefit Research Institute, November 2009): 13–23 for results on asset allocation from the survey; and Jesse Bricker, Arthur B. Kennickell, Kevin B. Moore, and John Sabelhaus "Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, Vol. 98, no.

2 (June 2012): 1–80 www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf (last reviewed July 2013) for more information on the Survey of Consumer Finances.

[9] The total equity allocation was estimated by assuming that all balanced funds have 60 percent in equities and 40 percent in bonds. However, target-date funds were included in the balanced funds, so while this estimation methodology is not likely to hold across ages, on an overall basis it remains a workable indicator of the average allocation between the two asset classes.

[10] The allocations to bonds and equities included the portion of balanced funds that came from each asset type. The assumed percentage, like above, was that 60 percent of the balanced assets were from equities and 40 percent were from bonds.

[11] Of the total accounts with asset allocation, 5.4 million accounts (with $0.504 trillion in assets) had an annuity category broken out (see Figure A for a comparison between the overall sample, the complete-asset-allocation sample, and annuities-broken-out sample). In the remaining accounts, annuities were included in the "other" category. Therefore, in the overall results (even for the accounts with annuities) these assets were included in the "other" category. Annuities could be either fixed or variable.

[12] See Jack VanDerhei, Sarah Holden, Luis Alonso, and Steven Bass, "401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2011," *EBRI Issue Brief,* no. 380 (Employee Benefit Research Institute, December 2012) for a detailed description of and results from the EBRI/ICI 401(k) Database from 2011.

[13] Figure 30 in VanDerhei, et al., shows that 40.6 percent of 401(k) participants had 80 percent or more in equities, including the equity portion in balanced funds and company stock. Almost 35 percent of IRAs had more than 80 percent in equities when including 60 percent of the balanced-fund assets as equities.

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The nonpartisan Employee Benefit Research Institute (EBRI) will celebrate 35 years of providing "Just the Facts" on benefit issues at a reception to be held Wednesday, Dec. 11, 2013, from 6:00–8:00 pm, at The Shriners' Building, 1315 K St. NW, Washington, DC, 20005.

For more information, contact Nevin Adams, nadams@ebri.org, 202/775-6329.

You can reserve your place for both events at http://tinyurl.com/ott6f98

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Join us on December 12, 2013, from 8:30 am–1:15 pm for EBRI's 73rd policy forum: *"Employee Benefits: Tomorrow, Today, Yesterday,"* where we'll examine the current benefits landscape, the path(s) that led here over the past 35 years, and what the next generation of benefit plan designs will entail, tapping into the perspectives and insights of an array of leading workforce experts, futurists, and "trend trackers," including:

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- **Don Ezra,** past Co-chair, global consulting at Russell Investments.
- **Ellen Galinsky**, President, Families and Work Institute.
- **Mathew Greenwald**, President, Greenwald & Associates.
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