

## IRA Investors Research and Manage IRA Decisions Carefully

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## Research Highlights Thorough Approach Taken by IRA-Owning Households

**Washington, DC, November 25, 2013** - Americans who own individual retirement accounts (IRAs) plan for retirement carefully, according to an updated annual survey released by the Investment Company Institute.

The study, “[The Role of IRAs in U.S. Households’ Saving for Retirement, 2013](#)” finds 73 percent of traditional IRA-owning households reported that they have a strategy for managing income and assets in retirement, and that their strategy involved multiple steps. Their strategies include things such as setting aside emergency funds, developing a retirement income plan, reviewing insurance policies, determining retirement expenses, and determining when to take Social Security benefits.

### IRA Savers Seek Advice

These households typically seek help when building their retirement income and asset management strategy. Specifically, 63 percent of traditional IRA-owning households with a strategy consulted a professional financial adviser when creating the strategy.

“Our research consistently finds that IRA owners are good stewards of their money, building substantial financial assets,” said Sarah Holden, ICI’s senior director of retirement and investor research. “This study highlights the thoughtful and thorough approach that IRA-owning households take in preparing for their retirement. They are making informed decisions and are typically making retirement-related withdrawals.”

### Rollovers Fuel Growth in IRAs

Americans are accumulating significant resources in traditional IRAs, largely through rollovers from employer-sponsored retirement plans. Among households with rollovers in their traditional IRAs, 85 percent indicated that they had rolled over the entire retirement plan balance in their most recent rollover. Among the 46.1 million U.S. households owning IRAs in May 2013, IRA assets accounted for about one-third of their household financial assets. With \$5.7 trillion in assets, IRAs accounted for more than one-quarter of all U.S. retirement assets in the second quarter of 2013.

### IRA Withdrawal Activity Is Retirement Related and Infrequent

The ICI study also found that IRA withdrawals continued to be largely retirement related and infrequent. Twenty-one percent of traditional IRA-owning households reported that they took withdrawals from their traditional IRAs in tax year 2012. More than three-quarters of the households with withdrawals reported that someone in the household was retired. The most commonly listed use of IRA withdrawals was to pay living expenses, cited by 38 percent of retired traditional IRA-owning households taking withdrawals.

### IRA Contribution Activity Remains Low

Although IRAs can help Americans build their retirement savings, the majority of U.S. households do not contribute to them. Fifteen percent of households contributed to any IRA in tax year 2012, compared with 16 percent in tax year 2011. Among nonretired traditional IRA-owning households not making contributions in tax year 2012, 37 percent indicated they did not contribute to their IRAs because they were saving enough through their retirement plans at work.

The study reported information from two separate ICI household surveys. ICI’s 2013 IRA Owners Survey was conducted in May 2013, based on a sample of 3,006 randomly selected, representative U.S. households owning traditional IRAs, Roth IRAs, or employer-sponsored IRAs. The 2013 ICI Annual Mutual Fund Shareholder Tracking Survey, which also was conducted in May 2013,

was based on a sample of 4,001 randomly selected U.S. households, of which 1,504 households, or 37.6 percent, owned IRAs.

The study was coauthored by Holden and Daniel Schrass, ICI associate economist, and additional details are available in an [appendix](#).

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