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Most Individual Retirement Account Assets Are Held in Traditional IRA Accounts

Washington, DC, June 8, 2009 - Today ICI published its annual report on the U.S. retirement market, *The U.S. Retirement Market, 2008*, which provides additional detail for retirement market statistics first highlighted in ICI's *2009 Investment Company Fact Book*. Americans held \$14.0 trillion in retirement assets at year-end 2008, down 22 percent from year-end 2007. By comparison, the Standard & Poor's 500 total return stock index was down 37 percent, while bonds returned 7 percent, according to the Citigroup Broad Investment Grade Bond Index.

Employer-sponsored retirement plan assets represented 65 percent of the \$14.0 trillion in retirement assets at year-end 2008. Employer-sponsored defined contribution plans held \$3.5 trillion in assets, with the largest share in 401(k) plans (\$2.4 trillion in assets). Another \$2.0 trillion was held in private-sector defined benefit plans, while state and local government plans held \$2.3 trillion. Federal pension plans, including the Thrift Savings Plan, had \$1.2 trillion at year-end 2008.

About one-fourth of the Americans' retirement assets, or \$3.6 trillion, was held in individual retirement accounts (IRAs) at year-end 2008. The majority of IRA assets, \$3.2 trillion or 89 percent, was held in traditional IRAs and the remaining \$389 billion was invested in Roth and employer-sponsored IRAs. Rollovers continued to be an important component of traditional IRA assets, representing about half of such holdings in 2007 (latest data available).

"In addition to employer-sponsored retirement plans, IRAs are important tools for Americans stewarding accumulated assets to retirement," said Sarah Holden, ICI Senior Director of Retirement and Investor Research. "IRA assets represent the single-largest component of the U.S. retirement market. Although American's holdings were predominantly in traditional IRAs, use of Roth and SIMPLE IRAs has grown appreciably since their introduction in the late 1990s."

During 2008, retirement account assets held in mutual funds fell to \$3.1 trillion, down 32 percent from \$4.6 trillion at year-end 2007. The decline in those assets reflects market depreciation. Net inflows to mutual funds from retirement accounts amounted to \$8 billion in 2008. At year-end 2008, mutual funds managed \$1.6 trillion, or 44 percent, of assets in IRAs, and \$1.5 trillion, or 44 percent, of assets in employer-sponsored defined contribution plans.

Additional report data are available in the [appendix](#).