
Lower-income 60-somethings are raiding their IRAs

By Editor Test *Wed, May 15, 2013*

Among households ages 71 to 80, those whose withdrawals exceeded the RMD amount were withdrawing more than twice as much, proportionately, as did those who withdrew the minimum required amount.

Americans between ages 61 and 70 are making withdrawals from their IRAs that are larger, both in dollar amounts and as a percentage of their IRA account balance, than those taken by older households, according to the Employee Benefit Research Institute.

This trend, among those people who are taking withdrawals, holds true even though the tax code doesn't require traditional IRA owners to take distributions until April 1 of the year after the year they reach age 70 ½.

Low-income households were far likelier to take an IRA distribution—and to withdraw a larger percentage of their account balance—than higher-income families, EBRI found. Households between ages 61 and 70 are also more likely to spend the money than save it, and they are depleting other sources of savings simultaneously.

Additionally, among households between ages 71 and 80 that are subject to RMDs, those whose withdrawals exceeded the RMD amount were withdrawing more than twice as much, proportionately, as did those who withdrew the minimum required amount.

The study is based on data from the University of Michigan's Health and Retirement Study (HRS), sponsored by the National Institute on Aging, considered the most comprehensive national survey of older Americans.

The full report is published in the May 2013 *EBRI Notes*, "IRA Withdrawals: How Much, When, and Other Saving Behavior," at www.ebri.org

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