

Market value of U.S. retirement savings reaches \$26.6tr in 2Q17

By Editorial Staff Mon, Oct 2, 2017

Mutual funds managed \$3.3 trillion, or 65%, of assets held in 401(k) plans at the end of June 2017. Forty-eight percent of IRA assets, or \$4.0 trillion, was invested in mutual funds, according to the ICI.

Total US retirement assets—which can also be thought of as part of the world’s outstanding financial liabilities—were \$26.6 trillion as of June 30, 2017, up 1.9% from March 31, 2017. Retirement assets accounted for 34% of all household financial assets in the United States at the end of June 2017, according to the Investment Company Institute.

Much of this wealth is concentrated among a relative few. The wealthiest one percent of Americans owns 43% of U.S. financial assets, the top five percent (including the top one percent) own 73%, and the bottom 80% share only five percent of financial wealth, according to G. William Domhoff of the University of California at Santa Cruz.

Retirement assets generally rose in the second quarter of 2017.

- Assets in individual retirement accounts (IRAs) totaled \$8.4 trillion at the end of the second quarter of 2017, an increase of 2.3% from the end of the first quarter.
- Defined contribution (DC) plan assets rose 2.2% in the second quarter of 2017 to \$7.5 trillion.
- Government defined benefit (DB) plans (including federal, state, and local government plans) held \$5.7 trillion in assets as of the end of June, a 1.5% increase from the end of March
- Private-sector DB plans held \$3.0 trillion in assets at the end of the second quarter of 2017
- Annuity reserves outside of retirement accounts were \$2.1 trillion

Defined contribution plans

Americans held \$7.5 trillion in all employer-based DC retirement plans on June 30, 2017, of which \$5.1 trillion was held in 401(k) plans. In addition to 401(k) plans, at the end of the second quarter, \$575 billion was held in other private-sector DC plans, \$949 billion in 403(b) plans, \$297 billion in 457 plans, and \$526 billion in the Federal Employees Retirement System’s Thrift Savings Plan (TSP).

Mutual funds managed \$3.3 trillion, or 65%, of assets held in 401(k) plans at the end of June 2017. With nearly \$2.0 trillion, equity funds were the most common type of funds held in 401(k) plans, followed by \$918 billion in hybrid funds, which include target date funds.

Individual Retirement Accounts

IRAs held \$8.4 trillion in assets at the end of the second quarter of 2017. Forty-eight percent of IRA assets, or \$4.0 trillion, was invested in mutual funds. With \$2.2 trillion, equity funds were the most common type of funds held in IRAs, followed by \$884 billion in hybrid funds.

Other developments

Target date mutual fund assets grew 4.8% in the second quarter, topping \$1 trillion at the end of June 2017. Retirement accounts held the bulk of target date mutual fund assets. Eighty-seven% of these assets were held through DC plans (67%) and IRAs (20%).

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