

Over one-third of U.S. households own IRAs: ICI

By Editorial Staff Thu, Dec 7, 2017

Among the 9.1 million households that took withdrawals from IRAs for tax year 2016, 71% used the RMD rule to calculate them. About two-thirds asked a financial adviser to calculate their withdrawal, according to a new report from the Investment Company Institute.

A new study from the Investment Company Institute, "[The Role of IRAs in US Households' Saving for Retirement, 2017](#)," examines contribution, withdrawal, and retirement planning activities by the 27.8% (35.1 million) of U.S. households that own traditional IRAs.

Roth IRAs were the second most common type of IRA, held by 19.7% of US households. Employer-sponsored IRAs, including SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs, were held by 6.0% of US households.

Among traditional IRA-owning households, 77% held their traditional IRAs through full-service brokerages, financial planning firms, banks and savings institutions, or insurance companies. Thirty percent held them directly through mutual fund companies like Vanguard and Fidelity and discount brokers like E*Trade and Charles Schwab.

In mid-2017, 57% of traditional IRA-owning households, or about 20 million, said their accounts contained rollovers from employer-sponsored retirement plans. Regarding their most recent rollover, most said they transferred the entire plan account balance. The most common reasons for executing a rollover were to:

- Avoid leaving assets at a former employer (63%)
- Keep the savings tax-deferred (59%)
- Consolidate assets at one institution (58%)
- Get more investment options (49%)

Traditional IRA-owning households rarely take withdrawals before retirement and often wait until they reach age 70½, when annual withdrawals are required. Among the 9.1 million households that took withdrawals for tax year 2016, 71% used the required minimum distribution (RMD) rule to calculate them. About two-thirds (64%) asked a financial adviser to calculate their withdrawal. Eighty-one percent of households that made withdrawals were retired.

"The Role of IRAs in US Households' Saving for Retirement, 2017" reports information from two separate ICI household surveys. ICI's 2017 IRA Owners Survey was conducted in June 2017. It is based on a representative sample of 3,205 US households owning traditional IRAs or Roth IRAs.

The 2017 ICI Annual Mutual Fund Shareholder Tracking Survey was conducted from May to July 2017. It is based on a sample of 5,000 randomly selected US households, of which 34.8% owned IRAs.