
What rollover IRA owners are thinking

By Editorial Staff Thu, Dec 12, 2019

59% of US households with traditional IRAs in mid-2019, or 21 million US households, had accounts that included rollover assets from employer-sponsored retirement plans, according to a recent survey by the Investment Company Institute.

More than two-thirds of US households with traditional individual retirement accounts (IRAs) have a strategy for managing their income and assets in retirement, and two-thirds of those have taken at least three steps to develop their strategy, according to a new Investment Company Institute (ICI) survey.

These households' planning strategies include:

- Reviewing asset allocation (72%)
- Determining retirement expenses (67%)
- Developing a retirement income plan (65%)
- Setting aside emergency funds (57%)
- Determining when to take Social Security benefits (54%)

The study, "[The Role of IRAs in US Households' Saving for Retirement, 2019](#)," also found that traditional IRA-owning households sought information from a variety of sources when developing their retirement income and asset management strategy. Among those households with a strategy:

- 74% consulted a professional financial adviser
- 24% used a website
- 24% consulted with friends or family
- 22% consulted a book or article in a magazine or newspaper
- 7% used a financial software package

"Representing one-third of total US retirement market assets, IRAs are a critically important savings vehicle used by more than 46 million American households to prepare for retirement," said Sarah Holden, ICI's senior director of retirement and investor research. "ICI data show that traditional IRA-owning households protect their nest eggs by researching and developing strategies to effectively manage their savings and income in retirement."

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sponsored retirement plans.

When asked about their most recent rollover, the vast majority (86%) of these households reported that they had transferred the entire retirement plan account balance into the traditional IRA, rather than withdrawing any portion of the account.

Nearly nine in 10 traditional IRA-owning households with rollovers made their most recent rollover in 2000 or later, including 63% who made their most recent rollover since 2010.

Other key findings of the report include:

- More than one-third of US households owned IRAs in mid-2019. More than 60% of all US households had either retirement plans through work or IRAs, or both. More than eight in 10 IRA-owning households also had accumulations in employer-sponsored retirement plans.
- More than one-quarter of US households owned traditional IRAs in mid-2019. Traditional IRAs were the most common type of IRA owned (owned by 28.1% of US households), followed by Roth IRAs (owned by 19.4%) and employer-sponsored IRAs (owned by 6.1%).
- Traditional IRA-owning households with rollovers cite multiple reasons for rolling over their retirement plan assets into traditional IRAs. The three most common primary reasons for rolling over were “not wanting to leave assets behind at the former employer” (25%), “wanting to preserve the tax treatment of the savings” (17%), and “wanting to consolidate assets” (17%).
- Retirees made most of the traditional IRA withdrawals in tax year 2018. Eighty-eight percent of households that made traditional IRA withdrawals were retired. Only 5% of traditional IRA-owning households headed by individuals younger than 59 took withdrawals.

[“The Role of IRAs in US Households’ Saving for Retirement, 2019”](#) includes data from ICI’s *IRA Owners Survey* and ICI’s *Annual Mutual Fund Shareholder Tracking Survey*.

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