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## Amount of Savings Needed for Health Expenses for People Eligible for Medicare: Good News Not So Rare Anymore, p. 2

IRA Asset Allocation, 2012, and Longitudinal Results, 2010–2012, p. 8

#### AT A GLANCE

Amount of Savings Needed for Health Expenses for People Eligible for Medicare: Good News Not So Rare Anymore, by Paul Fronstin, Ph.D., Dallas Salisbury, and Jack VanDerhei, Ph.D., Employee Benefit Research Institute

- Medicare beneficiaries can expect to pay a share of their costs out of pocket because of program deductibles and other cost sharing. In 2011, Medicare covered 62 percent of the cost of health care services for Medicare beneficiaries ages 65 and older, while out-of-pocket spending accounted for 13 percent, and private insurance covered 15 percent.
- In 2014, a man would need \$64,000 in savings and a woman would need \$83,000 if each had a goal of having a 50 percent chance of having enough money saved to cover health care expenses in retirement. If either instead wanted a 90 percent chance of having enough savings, \$116,000 would be needed for a man and \$131,000 would be needed for a woman.
- Savings targets declined between 2 percent and 10 percent between 2013–2014. For a married couple both with drug expenses at the 90th percentile throughout retirement who wanted a 90 percent chance of having enough money saved for health care expenses in retirement by age 65, targeted savings fell from \$360,000 in 2013 to \$326,000 in 2014.

## **IRA Asset Allocation, 2012, and Longitudinal Results, 2010–2012,** by Gaig Copeland, Ph.D., EBRI

- The latest data from the EBRI IRA Database show that just over one-half of all IRA assets were allocated to equities, although this varied with age, account balance, and IRA type. Gender differences in asset allocations were minimal.
- Those older or owning a traditional IRA had, on average, lower allocations to equities. Individuals with the largest balances had the lowest combined exposure to equities (including the equity share of balanced funds to the pure equity funds).
- This study includes the first look at asset allocation longitudinally from 2010–2012 and finds that equity allocations in 2010 were very similar to those of 2012. This result appears to be driven by the almost-60 percent of accounts that remained at an extreme value (0 percent or 100 percent allocation) in both years.

## Amount of Savings Needed for Health Expenses for People Eligible for Medicare: Good News Not So Rare Anymore

by Paul Fronstin, Ph.D., Dallas Salisbury, and Jack VanDerhei, Ph.D., Employee Benefit Research Institute

#### Introduction

In 2011, Medicare covered 62 percent of the cost of health care services for Medicare beneficiaries age 65 and older, while out-of-pocket spending accounted for 13 percent, and private insurance covered 15 percent (Figure 1). Medicare was never designed to cover health care expenses in full. Deductibles for inpatient and outpatient services were included in the program when it was established in 1965.

As recently as 2003, when outpatient prescription drugs were added as an optional benefit, the program included a then-controversial coverage gap known as the so-called "donut hole." While the Patient Protection and Affordable Care Act of 2010 (PPACA) included provisions to reduce the size of this coverage "gap," PPACA did not eliminate it. By 2020, enrollees will pay 25 percent of the cost of prescription drugs when they are in the coverage gap for both generic and brand-name drugs. In the future, individuals may pay a greater share of their overall costs because of the combination of the financial condition of the Medicare program and cutbacks to employment-based retiree health programs (Fronstin and Adams, 2012).

This analysis updates previous estimates by the Employee Benefit Research Institute (EBRI) on savings needed to cover health insurance premiums and health care expenses in retirement (Fronstin, Salisbury, and VanDerhei, 2013). Much like EBRI's 2013 report, this analysis finds that the savings targets for a 65-year-old retiring in 2014 continued to fall, with the decline ranging from 2–10 percent. This report discusses the model, the savings targets, and continued reasons for the decline in savings targets.



#### **Modeling Technique**

Determining how much money an individual or married couple needs in retirement to cover health insurance premiums and health care expenses is a complicated process. The amount of money a person needs will depend on the age at which he or she retires; length of life after retirement; the availability and source of health insurance coverage to supplement Medicare; health status and out-of-pocket expenses; the rate at which health care costs increase; and interest rates and other rates of return on investments. In addition, public policy that changes any of the above factors will also affect spending on health care in retirement. While it is possible to come up with a single number that individuals can use to set retirement savings goals, a single number based on averages will be wrong for the vast majority of the population.

This analysis uses a Monte Carlo simulation model<sup>1</sup> to estimate the amount of savings needed to cover health insurance premiums and out-of-pocket health care expenses in retirement. Estimates are presented for those who supplement Medicare with a combination of individual health insurance through Medigap Plan F coverage and Medicare Part D for outpatient prescription drug coverage. For each source of supplemental coverage, the model simulated 100,000 observations, allowing for the uncertainty related to individual mortality and rates of return on assets in retirement,<sup>2</sup> and computed the present value of the savings needed to cover health insurance premiums and out-of-pocket expenses in retirement at age 65. These observations are used to determine asset targets for adequate savings to cover retiree health costs 50 percent, 75 percent, and 90 percent of the time. Estimates are also jointly presented for a stylized couple, both of whom are assumed to retire simultaneously at age 65.

## Savings Targets to Cover Health Insurance Premiums and Out-of-Pocket Costs in Retirement

Figure 2 presents the savings estimates for a person who turns age 65 in 2014 and who purchases Medigap Plan F to supplement Medicare as well as Medicare Part D outpatient drug benefits. It also includes EBRI's prior-year estimates. As discussed above, there is uncertainty related to a number of variables, such as health care costs, longevity, and interest rates. Among people with Medicare Part D, there is also the uncertainty related to health status and prescription drug use.

|                     |               |                |              |                 |           | Figure 2      | 2             |          |           |               |                |          |
|---------------------|---------------|----------------|--------------|-----------------|-----------|---------------|---------------|----------|-----------|---------------|----------------|----------|
|                     | Savi          | ings Nee       | ded for N    | <i>l</i> edigap | Premiun   | ns, Medi      | care Par      | t B Prem | iums, Me  | dicare P      | art D          |          |
|                     | Pre           | emiums         | and Out-     | of-Pocke        | t Drug E  | xpenses       | for Retir     | ement a  | t Age 65  | in 2011–2     | 014            |          |
| Chance of<br>Having |               |                |              |                 |           |               |               |          |           |               |                |          |
| Enough              | Medi          | ian Prescripti | on Drug Expe | enses           | 75th      | Percentile of | Prescription  | Drug     | 90th      | Percentile of | Prescription I | Drug     |
| Savings             |               | Throughout     | Retirement   |                 | Exp       | enses Throu   | ghout Retirer | nent     | Exp       | enses Throug  | hout Retirem   | ient     |
|                     | 2011          | 2012           | 2013         | 2014            | 2011      | 2012          | 2013          | 2014     | 2011      | 2012          | 2013           | 2014     |
| Men                 |               |                |              |                 |           |               |               |          |           |               |                |          |
| 50%                 | \$71,000      | \$70,000       | \$65,000     | \$64,000        | \$80,000  | \$79,000      | \$74,000      | \$72,000 | \$106,000 | \$102,000     | \$96,000       | \$88,000 |
| 75%                 | 107,000       | 105,000        | 96,000       | 93,000          | 120,000   | 119,000       | 108,000       | 104,000  | 154,000   | 147,000       | 137,000        | 126,000  |
| 90%                 | 136,000       | 135,000        | 122,000      | 116,000         | 154,000   | 153,000       | 137,000       | 129,000  | 194,000   | 185,000       | 172,000        | 156,000  |
| Women               |               |                |              |                 |           |               |               |          |           |               |                |          |
| 50%                 | 95,000        | 93,000         | 86,000       | 83,000          | 107,000   | 106,000       | 97,000        | 93,000   | 138,000   | 132,000       | 124,000        | 114,000  |
| 75%                 | 124,000       | 122,000        | 111,000      | 106,000         | 140,000   | 139,000       | 125,000       | 119,000  | 178,000   | 170,000       | 158,000        | 144,000  |
| 90%                 | 156,000       | 154,000        | 139,000      | 131,000         | 176,000   | 176,000       | 156,000       | 146,000  | 221,000   | 210,000       | 195,000        | 176,000  |
| Married Co          | ouple         |                |              |                 |           |               |               |          |           |               |                |          |
| 50%                 | 166,000       | 163,000        | 151,000      | 147,000         | 187,000   | 186,000       | 170,000       | 165,000  | 244,000   | 234,000       | 220,000        | 202,000  |
| 75%                 | 231,000       | 227,000        | 207,000      | 199,000         | 260,000   | 258,000       | 233,000       | 222,000  | 332,000   | 317,000       | 295,000        | 270,000  |
| 90%                 | 287,000       | 283,000        | 255,000      | 241,000         | 323,000   | 321,000       | 286,000       | 270,000  | 407,000   | 387,000       | 360,000        | 326,000  |
| Source: Aut         | hor simulatio | ns based on    | assumptions  | described in    | the text. |               |               |          |           |               |                |          |

Projections of savings needed to cover out-of-pocket expenses for prescription drugs are highly dependent on the assumptions used for drug utilization. There are three sets of columns of estimates in Figure 2: In the first, prescription drug use is at the median (mid-point, half above and half below) throughout retirement; in the second set, prescription drug use is at the 75<sup>th</sup> percentile throughout retirement; and in the third set, prescription drug use is at the 90<sup>th</sup> percentile throughout retirement. Under each set of columns, a comparison of the savings targets is presented for 2011–2014.

Separate estimates are presented for men and women. Because women have longer life expectancies than men, women will generally need more savings than men to cover health insurance premiums and health care expenses in retirement regardless of the savings targets. In other words, women will need greater initial savings than men even when both set the same goal—for example, of having a 90 percent chance of having enough money to cover health expenses in retirement.

*Median Drug Expenses:* As shown in Figure 2, in 2014 a man would need \$64,000 in savings and a woman would need \$83,000 if each had a goal of having a 50 percent chance of having enough money saved to cover health expenses in retirement. If either instead wanted a 90 percent chance of having enough savings, \$116,000 would be needed for a man, and \$131,000 would be needed for a woman.

A couple both with median drug expenses would need \$147,000 to have a 50 percent change of having enough money to cover health expenses in retirement. They would need \$199,000 to have a 75 percent chance of covering their expenses and \$241,000 to have a 90 percent chance of covering their expenses. These estimates are 2–6 percent lower than the savings targets estimated in 2013.

*75<sup>th</sup> Percentile in Drug Expenses:* Needed savings in 2014 for a man with drug expenditures at the 75<sup>th</sup> percentile throughout retirement would be \$72,000 if he wanted a 50 percent chance of having enough savings to cover health care expenses in retirement. For a woman, the savings target would be \$93,000 at the 50-percent target. If either instead wanted a 90 percent chance of having enough savings, \$129,000 would be needed for a man, and \$146,000 would be needed for a woman.

A couple both with drug expenses at the 75<sup>th</sup> percentile would need \$165,000 to have a 50 percent change of having enough money to cover health care expenses in retirement. They would need \$222,000 to have a 75 percent chance of covering those expenses and \$270,000 to have a 90 percent chance of covering their expenses. These estimates are 3–6 percent lower than the savings targets estimated in 2013.

*90<sup>th</sup> percentile in Drug Expenses:* Individuals at the 90<sup>th</sup> percentile in drug spending at and throughout retirement experienced an 8–10 percent decline in needed savings in the EBRI model. In 2014, a man would need \$88,000 in savings and a woman would need \$114,000 if each had a goal of having a 50 percent chance of having enough money saved to cover health care expenses in retirement. If either instead wanted a 90 percent chance of having enough savings, \$156,000 would be needed for a man, and \$176,000 would be needed for a woman.

A couple both with drug expenses at the 90th percentile would need \$202,000 to have a 50 percent chance of having enough money to cover health care expenses in retirement. They would need \$270,000 to have a 75 percent chance of covering their expenses and \$326,000 to have a 90 percent chance of covering their expenses.

#### Explaining the Decline in Savings Targets between 2013–2014

As mentioned above, savings targets declined between 2 percent and 10 percent between 2013–2014. For a married couple both with drug expenses at the 90<sup>th</sup> percentile throughout retirement who wanted a 90 percent chance of having enough money saved for health care expenses in retirement by age 65, targeted savings fell from \$360,000 in 2013 to \$326,000 in 2014.

There are a number of reasons for this decline in needed savings. The EBRI model uses Congressional Budget Office (CBO) and Centers for Medicare & Medicaid Services (CMS) projections for future premium and health care cost increases, and both of their projections of spending growth have slowed in recent years (Congressional Budget Office, 2014) (Levine and Buntin, 2013); EBRI's estimate base lines are adjusted annually to account for this change. As a result, the projected rate of growth of Medicare Part B premiums and Medigap premiums are both lower.

Also, there have been slight improvements in the cost of Medicare Part D. CMS-projected growth rates in Part D premiums and deductible levels have fallen slightly. In addition, using a person who is age 65 in 2014 instead of in 2013 means one less year until the coverage gap in Part D phases down to 25 percent co-insurance.

#### Conclusion

Individuals should be concerned about saving for health insurance premiums and out-of-pocket expenses in retirement for a number of reasons. Medicare generally covers only about 62 percent of the cost of health care services for Medicare beneficiaries ages 65 and older, while out-of-pocket spending accounts for 13 percent. Furthermore, the percentage of private-sector establishments offering retiree health benefits has been falling. This is also true in the public sector.

This report provides estimates for the savings needed to cover health insurance to supplement Medicare and out-ofpocket expenses for health care services in retirement. PPACA is reducing cost sharing in the Part D coverage gap or so-called "donut hole." By 2020, co-insurance in the coverage gap will be phased in to 25 percent. This year-to-year reduction in co-insurance will continue to reduce the savings needed for health care expenses in retirement, all else being equal, for individuals with the highest drug use, which is one reason why this analysis finds reductions in needed savings for health care expenses in retirement. Improvements in the outlook for growth in premiums and other costs related to the Medicare program also contributed to the decline in savings targets.

However, it should be noted that many individuals will need more than the amounts cited in this report. This analysis does not factor in the savings needed to cover long-term care expenses,<sup>3</sup> nor does it take into account the fact that many individuals retire prior to becoming eligible for Medicare. However, some workers will need to save less than what is reported if they choose to work past age 65, thereby postponing enrollment in Medicare Parts B and D if they receive health benefits as active workers.

Finally, issues surrounding retirement income security are certain to become an even greater challenge in the future as policymakers begin to realistically address financial issues in the Medicare program with solutions that may shift more responsibility for health care costs to Medicare beneficiaries.

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#### Endnotes

<sup>1</sup> A technique used to estimate the likely range of outcomes from a complex process by simulating the process under randomly selected conditions a large number of times.

<sup>2</sup> Nominal, after-tax rates of return were assumed to follow a log-normal distribution with a mean of 1.078 and a standard deviation of 0.101. This provided a median, nominal annual return of 7.32 percent.

<sup>3</sup> See VanDerhei (2006) for estimates of the impact of long-term care expenses on the amounts needed for sufficient retirement income at the 50<sup>th</sup>, 75<sup>th</sup>, and 90<sup>th</sup> percentiles.

# IRA Asset Allocation, 2012, and Longitudinal Results, 2010–2012

By Craig Copeland, Ph.D., Employee Benefit Research Institute

#### **Data Security**

The Employee Benefit Research Institute's retirement databases (the EBRI/ICI Participant-Directed Retirement Plan Database,<sup>™</sup> the EBRI IRA Database, and the EBRI Integrated Defined Contribution/IRA Database) have undergone multiple independent security audits and have been certified to be fully compliant with the ISO-27002 Information Security Audit standard. Moreover, EBRI has obtained a legal opinion that the methodology used meets the privacy standards of the Gramm-Leach-Bliley Act. At no time has any nonpublic, personal information that is personally identifiable, such as Social Security number, been transferred to or shared with EBRI. None of the three databases allows identification of any individuals or plan sponsors.

#### Introduction

Individual retirement accounts (IRAs) are a vital component of U.S. retirement savings, representing approximately 25 percent of all retirement assets in the nation.<sup>1</sup> A substantial portion of these IRA assets originated in other taxqualified retirement plans, such as defined benefit (pension) and 401(k) plans, and were moved to IRAs through rollovers. Thus, IRAs in many cases are a repository for assets built up in the employment-based retirement system, as individuals hold money in them until or during retirement.

Given IRAs' importance in the U.S. retirement system, the Employee Benefit Research Institute (EBRI) established and maintains the EBRI IRA Database, which links IRA owners within and across various IRA data administrators to determine the most comprehensive tabulation of the IRA holdings. The database allows for both calendar-year and longitudinal tabulations.

This study is the fourth examination of asset allocation from the EBRI IRA Database.<sup>2</sup> It examines asset allocation on a dollar-weighted basis within IRAs by type and account balance as well as by gender and age of the account owner.<sup>3</sup> In addition to presenting the average asset allocation across the accounts, this study includes a presentation of the percentage of accounts with "extreme" allocations—either less than 10 percent or more than 90 percent in a particular asset category. This helps illustrate the distribution of the allocations to the various assets across all of the IRAs. Furthermore, a longitudinal component is added to this study to see how the asset allocations of those in the database have changed.

This research on IRA asset allocation will be built upon in future studies by examining how IRA owners with a 401(k) plan allocate their assets across those accounts, leveraging the unique ability of EBRI's databases to link individuals' IRAs and 401(k) accounts.

#### Data

The EBRI IRA Database is an ongoing project that collects data from IRA plan administrators. For 2012, it contains information on 25.3 million accounts with total assets of \$2.09 trillion.<sup>4</sup> The number of IRAs in the database with complete asset allocation data is lower at 22.0 million accounts with \$1.85 trillion in assets.<sup>5</sup> For each account within the database, the IRA type, the account balance, any contributions during the year, the asset allocation, and certain demographic characteristics of the account owner are included (among other items). Furthermore, the accounts can be linked by the account owner to aggregate the accounts to the individual level both across and within data providers, which allows for behavioral studies at both the individual and account levels.

#### **IRA** Types

Within the EBRI IRA Database, IRAs are classified into four types:

- Traditional-contributions (traditional IRAs originating from contributions).
- Roths.
- SEPs (Simplified Employee Pensions)/SIMPLEs (Savings Incentive Match Plans for Employees).
- Traditional-rollovers (traditional IRAs originating from assets rolled over from other tax-qualified plans, such as employment-based pension or DC plans).<sup>6</sup>

The distribution of IRA accounts with full asset allocation in 2012 was 36.5 percent in traditional IRAs-contributions, 31.3 percent traditional IRAs-rollovers (combined traditional IRAs, 67.8 percent), 25.1 percent Roth IRAs, and 7.1 percent SEPs/SIMPLEs.<sup>7</sup>

#### **Asset Categories**

The assets in the EBRI IRA Database are divided into five categories.

- *Equities*—equity mutual funds, directly held individual stocks, and other 100 percent equity-investment vehicles;
- Bonds-bond mutual funds, directly held bonds, and other 100 percent bond-investment vehicles;
- Money—money market mutual funds, money market savings accounts, and certificates of deposit;
- **Balanced funds**—balanced, lifestyle/lifecycle, target-date funds, and any other funds that have a partial investment in both equities and bonds;
- **Other assets**—any remaining assets that do not fit into the above categories, such as stable-value funds, real estate (both investment trusts and directly purchased), fixed and variable annuities, etc.

#### **Overall Allocation**

In the entire EBRI IRA Database in 2012, 52.1 percent of the assets were in equities, 9.5 percent in balanced funds, 15.1 percent in bonds, 12.8 percent in money, and 10.6 percent in "other" assets (Figure 1).<sup>8, 9</sup> When combining the allocation of balanced funds to the equity allocation, the total equity exposure of IRA owners was 57.8 percent of assets.<sup>10</sup> Male and female IRA owners had virtually identical average allocations to bonds, equities, and money. However, males were more likely to have assets in the "other" category, while females had a higher percentage of assets in balanced funds.

For IRAs owned by those ages 25 or older, the percentage allocated to bonds increased with the age of the owner, while the allocations to money decreased. Through age 74, the amount allocated to "other" assets increased and the amount allocated to balanced funds decreased (ages 25 and above) as the age of the IRA owners increased.

The percentage of assets for IRAs owned by those under age 25 in equities was 59.2 percent. This percentage decreased to 56.6 percent for those ages 25–44, then increased to 58.4 percent for those ages 45–54. The percentage again decreased to 52.4 percent for those ages 55-64, before falling to 49.2 percent for those ages 65–69. The percentage remained right at 49 percent for those ages 70 or older.

|                     |             | Figure 1    |               |           |                    |       |
|---------------------|-------------|-------------|---------------|-----------|--------------------|-------|
| Individua           | l Retiremen | t Account ( | (IRA) Asset A | location. |                    |       |
|                     | by Various  | S Character | ristics. 2012 |           |                    |       |
|                     | Delement    |             | Envitorette   |           |                    |       |
|                     | Balanced    | E avvitud   | Equity with   | Dond      | Manav <sup>c</sup> | Other |
| A.I.                | Funds       |             |               |           | 10 OV              | Other |
|                     | 9.5%        | 52.1%       | 57.8%         | 15.1%     | 12.8%              | 10.6% |
| Gender              |             |             |               |           |                    |       |
| Female              | 10.9        | 53.7        | 60.2          | 13.1      | 14.1               | 8.2   |
| Male                | 7.9         | 53.5        | 58.2          | 13.5      | 14.5               | 10.6  |
| Unknown             | 11.7        | 47.2        | 54.2          | 20.5      | 7.5                | 13.2  |
| Age                 |             |             |               |           |                    |       |
| Less than 25        | 15.1        | 59.2        | 68.2          | 6.8       | 13.2               | 5.7   |
| 25–44               | 16.2        | 56.6        | 66.3          | 6.5       | 13.9               | 6.9   |
| 45–54               | 11.0        | 58.4        | 64.9          | 9.1       | 13.5               | 8.1   |
| 55–64               | 9.4         | 52.4        | 58.0          | 14.2      | 13.5               | 10.5  |
| 65–69               | 8.3         | 49.2        | 54.2          | 17.6      | 13.0               | 11.9  |
| 70–74               | 7.8         | 49.1        | 53.8          | 18.7      | 12.2               | 12.2  |
| 75–84               | 7.9         | 49.6        | 54.3          | 19.6      | 11.1               | 11.9  |
| 85 or older         | 7.8         | 49.0        | 53.6          | 21.8      | 10.3               | 11.1  |
| Unknown             | 9.0         | 46.5        | 51.9          | 22.4      | 8.3                | 13.8  |
| Account Balance     |             |             |               |           |                    |       |
| Less than \$10,000  | 17.9        | 52.3        | 63.1          | 5.0       | 20.5               | 4.2   |
| \$10,000-\$24,999   | 18.1        | 55.3        | 66.1          | 7.3       | 14.2               | 5.2   |
| \$25,000-\$49,999   | 16.0        | 55.4        | 65.0          | 9.1       | 13.1               | 6.4   |
| \$50,000-\$99,999   | 12.9        | 55.1        | 62.8          | 11.3      | 12.7               | 8.0   |
| \$100,000-\$149,999 | 11.0        | 53.7        | 60.3          | 12.8      | 12.9               | 9.6   |
| \$150,000-\$249,999 | 9.9         | 52.5        | 58.4          | 14.2      | 13.0               | 10.4  |
| \$250,000 or more   | 6.8         | 50.4        | 54.5          | 18.0      | 12.4               | 12.4  |

Source: EBRI IRA Database.

<sup>a</sup> Balanced funds include balanced funds, life cycle/style funds, and target date funds.

<sup>b</sup> Equity with balanced includes the equity allocation plus 60 percent of the balance fund allocation. This is for an

estimation of the total percentage of assets in equities for IRA owners.

<sup>c</sup> Money includes money market mutual funds and certificate of deposits (CDs).

The percentage of assets allocated to "other" assets and to bonds increased as the account balance increased from less than \$10,000 to \$250,000 or more (from 4.2 percent to 12.4 percent and from 5.0 percent to 18.0 percent, respectively). The percentage of assets in money decreased from 20.5 percent for accounts with less than \$10,000 to 14.2 percent for accounts with \$10,000-\$24,999, then hovered around 12.0 percent to 13.0 percent for accounts of \$25,000 or more. The percentage of assets allocated to balanced funds increased slightly from 17.9 percent for accounts with less than \$10,000 to 18.1 percent for accounts with \$10,000-\$24,999, after which they decreased as the account balance increased. The percentage of assets allocated to equities increased from 52.3 percent for accounts with less than \$10,000 to 55.3 percent for accounts with balances of \$10,000-\$24,999 and remained at 55 percent until decreasing for accounts of \$100,000 or more.

Roth IRAs had the highest share of assets in equities (60.4 percent) and balanced funds (12.5 percent) (Figure 2). Traditional IRAs had the lowest percentages in equities (49.6 percent to 52.2 percent). The higher allocation to equities in Roth IRAs compared with traditional IRAs can be explained by two facts: Roth owners are younger, on average, and Roth IRAs tend to be supplemental savings funded by individual contributions only. Consequently, the asset allocation likely reflects the age of the owner and the share of the retirement savings the accounts represent.



#### **Allocations Within IRA Type**

*Gender*—Within each IRA type, the asset allocation differences between genders was minimal (Figure 3). The bond, equity, and money allocations were virtually identical. For example, in traditional IRAs, males had 14.4 percent of their assets in bonds and 52.5 percent in equities, while females had 14.1 percent and 52.6 percent, respectively. The one consistent difference across the three IRA types (traditional, Roth, and SEP/SIMPLE) was that males had a higher share in "other" assets, while females had more in balanced funds.

**Age**—Except for those younger than 25, the average equity allocation at each age group was higher for Roth IRA owners than for owners of the other IRA types, while owners of traditional IRAs had the lowest average equity allocations at each age group (Figure 4). Correspondingly, SEP/SIMPLE and traditional IRA owners (except for those ages 85 or older) had higher allocations to money in each age group, whereas Roth owners have lower allocations. Among IRA owners younger than age 65, the highest amounts allocated to balanced funds are found in Roths.

**Account Balance**—For each IRA type, the percentage allocated to bonds and "other" assets increased and the percentage allocated to balanced funds decreased (except in traditional IRAs with less than \$10,000), as the account balance increased (Figure 5). Furthermore, as the account balance increased, the amount allocated to money decreased in traditional and SEP/SIMPLE IRAs, but after an initial decrease in Roths IRAs the allocation increased for balances of \$100,000 or more. The allocation to equities was, in general, relatively constant across account balances for each IRA type (around 60 percent in Roth, around 50 percent in traditional, and about 50 percent\_57 percent in SEP/SIMPLE), with lower levels resulting in the lowest and highest balance categories.

#### Figure 3 Individual Retirement Account (IRA) Asset Allocation, by IRA Type and Gender, 2012

|                 | Balanced           |                     |       |                    |       |
|-----------------|--------------------|---------------------|-------|--------------------|-------|
| Type/Gender     | Funds <sup>a</sup> | Equity <sup>c</sup> | Bond  | Money <sup>b</sup> | Other |
| Traditional     |                    |                     |       |                    |       |
| Female          | 10.3%              | 52.6%               | 14.1% | 14.5%              | 8.5%  |
| Male            | 7.6                | 52.5                | 14.4  | 14.7               | 10.8  |
| Unknown         | 11.6               | 45.7                | 20.1  | 8.1                | 14.5  |
| Roth            |                    |                     |       |                    |       |
| Female          | 14.3               | 61.1                | 7.4   | 10.5               | 6.7   |
| Male            | 10.0               | 60.6                | 7.7   | 11.3               | 10.3  |
| Unknown         | 16.5               | 58.7                | 9.8   | 7.9                | 7.2   |
| SEP/SIMPLE      |                    |                     |       |                    |       |
| Female          | 12.2               | 55.7                | 10.0  | 15.5               | 6.5   |
| Male            | 8.8                | 57.0                | 9.8   | 15.7               | 8.7   |
| Unknown         | 8.2                | 52.2                | 8.2   | 21.8               | 9.6   |
| Source: EDDLIDA | Detebase           |                     |       |                    |       |

Source: EBRI IRA Database.

<sup>a</sup> Balanced funds include balanced funds, lifecycle/style funds, and target-date funds.

<sup>b</sup> Money includes money market mutual funds and certificate of deposits (CDs).

<sup>2</sup> Equity includes directly held stocks, equity mutual funds, and other equity products.

|                                 |                   | Figure             | e 4                |                    |       |
|---------------------------------|-------------------|--------------------|--------------------|--------------------|-------|
| Indiv                           | vidual Retire     | ment Accou         | nt (IRA) Ass       | set Allocation     | ۱,    |
|                                 | bv                | IRA Type an        | d Age. 2012        | )                  | ,     |
|                                 | Delensed          | in i jpe un        |                    | -                  |       |
| - (A                            | Balanced          | E au site C        | <b>D</b> 1         | Manaub             | 0.1   |
| Type/Age                        | Funds             | Equity             | Bond               | Money              | Other |
|                                 | 7.00/             | F0 70/             | 40.00/             |                    | 0.0%  |
| Less than 25                    | 7.8%              | 59.7%              | 10.3%              | 15.5%              | 6.8%  |
| 25-44                           | 15.0              | 54.7               | 7.4                | 15.5               | 7.3   |
| 45-54                           | 10.7              | 57.4               | 9.6                | 13.8               | 8.4   |
| 55–64                           | 9.2               | 51.5               | 14.7               | 13.7               | 10.8  |
| 65–69                           | 8.2               | 48.3               | 17.9               | 13.3               | 12.2  |
| 70–74                           | 7.8               | 48.4               | 18.9               | 12.6               | 12.4  |
| 75–84                           | 7.8               | 48.9               | 19.5               | 11.5               | 12.2  |
| 85 or older                     | 7.8               | 48.4               | 21.4               | 10.9               | 11.5  |
| Unknown                         | 8.9               | 44.3               | 20.3               | 10.4               | 16.0  |
| Roth                            |                   |                    |                    |                    |       |
| Less than 25                    | 21.7              | 59.5               | 3.1                | 11.0               | 4.8   |
| 25–44                           | 19.3              | 61.2               | 4.3                | 9.1                | 6.2   |
| 45–54                           | 13.0              | 63.8               | 6.2                | 10.0               | 7.0   |
| 55–64                           | 11.8              | 58.9               | 9.3                | 11.2               | 8.8   |
| 65–69                           | 8.8               | 58.9               | 10.4               | 11.4               | 10.6  |
| 70–74                           | 7.0               | 58.7               | 10.6               | 11.7               | 12.0  |
| 75–84                           | 6.8               | 59.4               | 10.9               | 11.1               | 11.7  |
| 85 or older                     | 6.2               | 57.7               | 13.1               | 11.1               | 11.8  |
| Unknown                         | 17.4              | 61.1               | 14.4               | 1.3                | 5.7   |
| SEP/SIMPLE                      |                   |                    |                    |                    |       |
| Less than 25                    | 15.2              | 45.8               | 6.5                | 25.3               | 7.2   |
| 25–44                           | 15.3              | 55.2               | 5.8                | 17.3               | 6.4   |
| 45–54                           | 10.4              | 59.5               | 7.3                | 15.9               | 6.8   |
| 55–64                           | 9.0               | 56.0               | 10.3               | 16.3               | 8.4   |
| 65–69                           | 7.7               | 54.0               | 12.4               | 16.1               | 9.8   |
| 70–74                           | 7.3               | 53.6               | 13.7               | 15.1               | 10.4  |
| 75–84                           | 7.6               | 52.2               | 14.8               | 14.3               | 11.1  |
| 85 or older                     | 7.4               | 52.7               | 15.5               | 11.7               | 12.6  |
| Unknown                         | 13.8              | 71.1               | 3.6                | 10.1               | 1.4   |
| Source: EBRI IRA                | Database.         |                    | -                  |                    |       |
| <sup>a</sup> Balanced funds in  | clude balanced    | funds, lifecycle/s | style funds, and   | target-date fund   | S.    |
| <sup>b</sup> Money includes m   | noney market mi   | utual funds and o  | certificate of der | oosits (CDs).      |       |
| <sup>c</sup> Equity includes di | rectly held stock | s, equity mutual   | funds, and othe    | er equity products | 3.    |

|                           |                    | Figure 5      |           |                    |       |
|---------------------------|--------------------|---------------|-----------|--------------------|-------|
| Individua                 | I Retiremer        | nt Account (I | RA) Asset | Allocation,        |       |
| by                        | IRA Type a         | nd Account    | Balance,  | 2012               |       |
|                           | Balanced           |               |           |                    |       |
| Type/Account Balance      | Funds <sup>a</sup> | Fauityc       | Bond      | Money <sup>b</sup> | Other |
| Traditional               | 1 dildo            | Equity        | Dona      | Worldy             | Other |
| Less than \$10.000        | 16.1%              | 48.4%         | 5.6%      | 25.7%              | 4.2%  |
| \$10.000-\$24.999         | 17.2               | 53.5          | 8.3       | 15.6               | 5.4   |
| \$25.000-\$49.999         | 15.5               | 53.2          | 10.2      | 14.2               | 6.8   |
| \$50,000-\$99,999         | 12.9               | 53.2          | 12.1      | 13.4               | 8.5   |
| \$100,000-\$149,999       | 11.3               | 52.5          | 13.3      | 13.0               | 9.8   |
| \$150,000-\$249,999       | 10.2               | 51.5          | 14.6      | 13.1               | 10.6  |
| \$250,000 or more         | 6.8                | 49.9          | 17.9      | 12.8               | 12.5  |
| Roth                      |                    |               |           |                    |       |
| Less than \$10,000        | 20.1               | 58.5          | 4.3       | 12.5               | 4.6   |
| \$10,000-\$24,999         | 19.8               | 58.8          | 5.7       | 10.7               | 5.1   |
| \$25,000-\$49,999         | 17.3               | 60.4          | 6.8       | 9.8                | 5.7   |
| \$50,000-\$99,999         | 12.9               | 62.9          | 8.3       | 9.0                | 6.9   |
| \$100,000-\$149,999       | 8.6                | 62.7          | 8.9       | 10.4               | 9.4   |
| \$150,000-\$249,999       | 7.0                | 61.8          | 9.4       | 11.0               | 10.8  |
| \$250,000 or more         | 4.0                | 58.1          | 10.5      | 11.8               | 15.6  |
| SEP/SIMPLE                |                    |               |           |                    |       |
| Less than \$10,000        | 18.4               | 47.7          | 4.5       | 26.5               | 2.8   |
| \$10,000-\$24,999         | 17.1               | 53.4          | 5.7       | 20.2               | 3.6   |
| \$25,000-\$49,999         | 15.0               | 56.2          | 6.5       | 17.8               | 4.4   |
| \$50,000-\$99,999         | 12.8               | 57.2          | 7.8       | 16.5               | 5.6   |
| \$100,000-\$149,999       | 10.8               | 57.7          | 8.8       | 16.0               | 6.6   |
| \$150,000-\$249,999       | 9.3                | 57.9          | 9.7       | 15.5               | 7.7   |
| \$250,000 or more         | 6.5                | 55.5          | 11.8      | 15.1               | 11.0  |
| Source: EBRI IRA Database | э.                 |               |           |                    |       |

<sup>a</sup> Balanced funds include balanced funds, lifecycle/style funds, and target-date funds.

<sup>b</sup> Money includes money market mutual funds and certificate of deposits (CDs).

<sup>c</sup> Equity includes directly held stocks, equity mutual funds, and other equity products.

#### Allocations by Gender

*Age*—The asset allocations between the genders across age groups were very similar (Figure 6). For instance, females and males ages 45–54 had 59.0 percent and 59.5 percent, respectively, on average in equities, while among those ages 75–84, women averaged 50.0 percent and men 51.2 percent in equities. Furthermore, both genders' average allocations to bonds and "other" assets increased with age, while money trended stable to downward. The average amount allocated to balanced funds decreased as the age of both genders increased (age 25 or older for females' average allocation to balanced funds). Yet, males had consistently higher average allocations for each age to "other" assets, and females had higher average allocations to balanced funds.

Account Balance—For each gender, the average asset allocation trends were very similar when the account balance increased (Figure 7). The percentage allocated to bonds and "other" assets increased with the size of the account balance, and the percentage allocated to balanced funds decreased as the age of both genders increased, with the exception of accounts less than \$10,000. After an initial decrease in the percentage allocated to money and increase to equities (from less than \$10,000 to \$10,000–\$24,999), the percentage allocated to money and equities was relatively stable as the account balance increased. Furthermore, as with age, the percentage allocated to balanced to balanced funds was consistently higher for females, and the percentage allocated to "other" assets was consistently higher for males for each account balance category.

|                                  |                    | Figure           | 6                |                    |           |
|----------------------------------|--------------------|------------------|------------------|--------------------|-----------|
| Individ                          | lual Retiren       | nent Accour      | nt (IRA) As      | set Allocatio      | n,        |
|                                  | by (               | Gender and       | Age. 2012        |                    | ,         |
|                                  | Relenced           |                  |                  |                    |           |
| Gender/Age                       | Funds <sup>a</sup> | Fauity∘          | Bond             | Monev <sup>b</sup> | Other     |
| Female                           | 1 dildo            | Equity           | Bona             | Money              | Caller    |
| Less than 25                     | 14.9%              | 59.1%            | 5.2%             | 15.5%              | 5.2%      |
| 25–44                            | 17.7               | 56.7             | 6.0              | 14.1               | 5.5       |
| 45–54                            | 12.0               | 59.0             | 8.6              | 14.0               | 6.4       |
| 55–64                            | 10.5               | 53.8             | 13.0             | 14.5               | 8.2       |
| 65–69                            | 9.4                | 51.1             | 15.9             | 14.3               | 9.3       |
| 70–74                            | 9.1                | 50.7             | 16.8             | 13.8               | 9.5       |
| 75–84                            | 8.9                | 50.0             | 18.0             | 13.1               | 9.9       |
| 85 or older                      | 8.0                | 48.0             | 19.7             | 13.6               | 10.7      |
| Unknow n                         | 10.3               | 54.9             | 8.7              | 18.7               | 7.4       |
| Male                             |                    |                  |                  |                    |           |
| Less than 25                     | 13.6               | 61.6             | 4.5              | 14.4               | 5.9       |
| 25–44                            | 13.5               | 58.3             | 6.3              | 14.0               | 7.9       |
| 45–54                            | 9.0                | 59.5             | 8.3              | 14.6               | 8.5       |
| 55–64                            | 7.9                | 53.6             | 13.0             | 15.3               | 10.3      |
| 65–69                            | 7.0                | 50.7             | 15.9             | 14.9               | 11.5      |
| 70–74                            | 6.6                | 50.6             | 16.8             | 14.2               | 11.8      |
| 75–84                            | 6.8                | 51.2             | 16.9             | 13.0               | 12.0      |
| 85 or older                      | 6.7                | 51.5             | 17.4             | 12.2               | 12.2      |
| Unknow n                         | 5.8                | 53.7             | 9.5              | 20.3               | 10.7      |
| Unknow n                         |                    |                  |                  |                    |           |
| Less than 25                     | 17.3               | 56.0             | 11.4             | 9.3                | 6.0       |
| 25–44                            | 19.6               | 52.9             | 7.5              | 13.3               | 6.7       |
| 45–54                            | 14.5               | 54.4             | 11.9             | 9.8                | 9.4       |
| 55–64                            | 12.0               | 47.5             | 19.1             | 7.5                | 13.9      |
| 65–69                            | 10.5               | 43.5             | 23.6             | 6.6                | 15.8      |
| 70–74                            | 9.7                | 43.6             | 25.4             | 5.8                | 15.5      |
| 75–84                            | 9.3                | 45.0             | 27.5             | 4.6                | 13.7      |
| 85 or older                      | 9.7                | 44.9             | 32.2             | 3.7                | 9.4       |
| Unknow n                         | 9.1                | 46.3             | 22.7             | 8.1                | 13.9      |
| Source: EBRI IRA D               | atabase.           |                  |                  |                    |           |
| <sup>a</sup> Balanced funds in   | nclude balanced    | l funds, lifecyc | le/style funds   | , and target-da    | te funds. |
| <sup>b</sup> Money includes m    | oney market m      | utual funds and  | l certificate of | deposits (CDs)     | ).        |
| <sup>c</sup> Equity includes dir | ectly held stoc    | ks, equity mutu  | al funds, and    | other equity pro   | oducts.   |

#### Allocations by Age

*Account Balance*—The same general asset allocation patterns noted above emerged for each age category and account balance category, particularly for account balances of \$10,000 or more (Figure 8). In general, the percentage allocated to balanced funds decreased and to "other" assets and bonds increased for older IRA owners and those with higher balances. For accounts above \$10,000, the percentage allocated to money is relatively consistent for each age and account balance category.

#### "Extreme" Allocations

Having examined the tremendous variation around the average allocation among all IRA owners depending on the characteristics of the IRA owner, this section investigates what percentage of IRA owners have so-called "extreme" allocations, defined here as having less than 10 percent or more than 90 percent in a particular asset category.<sup>11</sup> Overall, 23.7 percent of IRA owners have less than 10 percent in equities and 35.5 percent have more than 90 per-

cent in equities (Figure 9).<sup>12</sup> Furthermore, almost 1 in 5 IRA owners (18.5 percent) had more than 90 percent of their assets in bonds and money.

|  |                    | Figure 7            |                |                |       |
|--|--------------------|---------------------|----------------|----------------|-------|
| Individual                             | Retirement         | Account (IR         | RA)AssetA      | llocation,     |       |
| by                                     | Gender and         | d Account B         | alance, 20     | 12             |       |
|  | Balanced           |                     |                |                |       |
| Gender/Account Balance                 | Funds <sup>a</sup> | Equity <sup>c</sup> | Bond           | Money⁵         | Other |
| Female                                 |                    |                     |                |                |       |
| Less than \$10,000                     | 17.5%              | 52.0%               | 5.1%           | 22.0%          | 3.5%  |
| \$10,000-\$24,999                      | 17.9               | 55.6                | 6.8            | 15.7           | 3.9   |
| \$25,000-\$49,999                      | 16.7               | 56.1                | 8.1            | 14.5           | 4.6   |
| \$50,000-\$99,999                      | 13.9               | 56.3                | 10.1           | 14.1           | 5.6   |
| \$100,000-\$149,999                    | 12.1               | 55.1                | 11.8           | 14.2           | 6.9   |
| \$150,000-\$249,999                    | 10.8               | 53.7                | 13.3           | 14.2           | 8.0   |
| \$250,000 or more                      | 6.9                | 51.7                | 16.9           | 13.4           | 11.2  |
| Male                                   |                    |                     |                |                |       |
| Less than \$10,000                     | 14.5               | 54.3                | 4.6            | 21.8           | 4.8   |
| \$10,000-\$24,999                      | 14.9               | 58.0                | 6.4            | 15.3           | 5.4   |
| \$25,000-\$49,999                      | 13.5               | 58.3                | 7.6            | 14.6           | 6.0   |
| \$50,000-\$99,999                      | 11.0               | 58.0                | 9.4            | 14.6           | 7.1   |
| \$100,000-\$149,999                    | 9.5                | 56.5                | 10.6           | 15.1           | 8.4   |
| \$150,000-\$249,999                    | 8.7                | 55.0                | 11.8           | 15.2           | 9.3   |
| \$250,000 or more                      | 6.2                | 51.5                | 15.9           | 14.1           | 12.4  |
| Unknow n                               |                    |                     |                |                |       |
| Less than \$10,000                     | 23.3               | 50.0                | 5.6            | 16.7           | 4.5   |
| \$10,000-\$24,999                      | 23.0               | 50.6                | 9.3            | 10.2           | 6.8   |
| \$25,000-\$49,999                      | 18.9               | 49.8                | 13.1           | 8.8            | 9.5   |
| \$50,000-\$99,999                      | 14.6               | 48.8                | 16.1           | 7.8            | 12.7  |
| \$100,000-\$149,999                    | 12.5               | 47.2                | 18.1           | 7.4            | 14.9  |
| \$150,000-\$249,999                    | 11.4               | 46.0                | 19.9           | 7.3            | 15.4  |
| \$250,000 or more                      | 8.5                | 46.4                | 24.8           | 6.8            | 13.6  |
| Source: EBRI IRA Database.             |                    |                     |                |                |       |
| <sup>a</sup> Balanced funds include ba | lanced funds, li   | fecycle/style fu    | inds, and targ | et-date funds. |       |
| <sup>b</sup> Money includes money mar  | rket mutual fund   | ls and certificat   | e of deposits  | (CDs).         |       |

<sup>c</sup> Equity includes directly held stocks, equity mutual funds, and other equity products.

**Type**—Roth IRA owners had the highest percentages with more than 90 percent in equities and the lowest percentages with more than 90 percent in money, while traditional-rollover owners had the lowest percentage with more than 90 percent in equities (Figure 9). Roth and traditional-contribution IRA owners were more likely to have extremely low percentages of money and bonds (51.8 percent and 44.0 percent, respectively). In contrast, traditional-rollover and SEP/SIMPLE owners were much more likely to have 10 percent or less in equities and 90 percent or more in money.

**Gender**—The likelihood of extreme allocations was very similar across genders. For instance, 37.3 percent of females had 90 percent or more in equities, compared with 36.5 percent for males. Similarly, 67.8 percent of females had less than 10 percent in bonds, while 70.1 percent of males did.

**Age**—As the age of the IRA owner increased above age 55, the less likely the owners were to have more than 90 percent in equities (Figure 9). Above age 44, the percentage with more than 90 percent in money decreased for older IRA owners until age 85 or older. However, the share of IRA owners with more than 90 percent in bonds and money combined remained in the 16.0–18.0 percentage range from ages 45–84, while it increased to 22.0 percent for those age 85 or older, driven by the increase in the share of owners with more than 90 percent in bonds within that age category.

|                     |                    | Figure 8            |              |                    |       |
|---------------------|--------------------|---------------------|--------------|--------------------|-------|
| Individu            | ual Retiremen      | t Account (II       | RA) Asset A  | Allocation,        |       |
|                     | by Age and         | Account Ba          | alance, 2012 | 2                  |       |
|                     | Balanced           |                     |              |                    |       |
| Age/Account Balance | Funds <sup>a</sup> | Equity <sup>c</sup> | Bond         | Money <sup>b</sup> | Other |
| Less than 25        |                    |                     |              |                    |       |
| Less than \$10,000  | 27.2%              | 47.5%               | 2.5%         | 19.0%              | 3.8%  |
| \$10,000-\$24,999   | 22.7               | 56.6                | 3.9          | 12.2               | 4.6   |
| \$25,000-\$49,999   | 15.3               | 63.1                | 5.3          | 11.3               | 4.9   |
| \$50,000-\$99,999   | 8.4                | 64.7                | 8.6          | 12.0               | 6.3   |
| \$100,000–\$149,999 | 7.3                | 59.3                | 11.1         | 13.4               | 8.9   |
| \$150,000-\$249,999 | 6.4                | 60.8                | 11.3         | 12.1               | 9.3   |
| \$250,000 or more   | 3.2                | 66.6                | 12.0         | 11.0               | 7.2   |
| 25–44               |                    |                     |              |                    |       |
| Less than \$10,000  | 21.5               | 48.1                | 2.8          | 23.5               | 4.0   |
| \$10,000-\$24,999   | 22.9               | 54.3                | 4.1          | 13.9               | 4.8   |
| \$25,000-\$49,999   | 20.5               | 56.8                | 5.0          | 12.3               | 5.4   |
| \$50,000-\$99,999   | 15.4               | 59.2                | 6.5          | 12.4               | 6.6   |
| \$100,000-\$149,999 | 12.8               | 57.9                | 7.7          | 13.6               | 8.0   |
| \$150,000-\$249,999 | 11.1               | 57.6                | 8.6          | 13.9               | 8.9   |
| \$250,000 or more   | 7.9                | 56.3                | 10.4         | 14.0               | 11.3  |
| 45–54               |                    |                     |              |                    |       |
| Less than \$10,000  | 16.2               | 56.1                | 4.0          | 19.7               | 4.0   |
| \$10,000-\$24,999   | 17.1               | 58.8                | 5.4          | 14.1               | 4.6   |
| \$25,000-\$49,999   | 15.8               | 59.1                | 6.5          | 13.2               | 5.3   |
| \$50,000-\$99,999   | 13.1               | 59.8                | 7.8          | 12.8               | 6.4   |
| \$100,000-\$149,999 | 11.4               | 58.9                | 8.8          | 13.3               | 7.6   |
| \$150,000-\$249,999 | 10.1               | 58.4                | 9.6          | 13.5               | 8.4   |
| \$250,000 or more   | 7.3                | 57.2                | 11.4         | 13.5               | 10.5  |
| 55–64               |                    |                     |              |                    |       |
| Less than \$10,000  | 15.8               | 54.2                | 6.3          | 19.3               | 4.4   |
| \$10,000-\$24,999   | 16.6               | 55.3                | 8.0          | 14.8               | 5.2   |
| \$25,000-\$49,999   | 15.2               | 55.0                | 9.5          | 14.0               | 6.3   |
| \$50,000-\$99,999   | 12.9               | 54.9                | 11.1         | 13.3               | 7.8   |
| \$100,000-\$149,999 | 11.1               | 53.9                | 12.3         | 13.5               | 9.3   |
| \$150.000-\$249.999 | 10.0               | 52.8                | 13.4         | 13.6               | 10.1  |
| \$250,000 or more   | 7.1                | 51.0                | 16.5         | 13.2               | 12.2  |
| 65–69               |                    |                     |              |                    |       |
| Less than \$10,000  | 13.7               | 54.7                | 8.2          | 18.5               | 5.0   |
| \$10,000-\$24,999   | 14.6               | 54.0                | 10.2         | 15.3               | 5.9   |
| \$25,000-\$49,999   | 13.5               | 52.7                | 11.9         | 14.5               | 7.5   |
| \$50,000-\$99.999   | 11.7               | 51.4                | 13.9         | 13.8               | 9.3   |
| \$100,000-\$149,999 | 10.4               | 50.3                | 14.9         | 13.4               | 10.9  |
| \$150,000-\$249,999 | 9.7                | 49.0                | 16.4         | 13.3               | 11.6  |
| \$250,000 or more   | 6.8                | 48.5                | 19.2         | 12.6               | 12.9  |
|                     |                    | ((cont'd.))         |              |                    |       |

|  | ((cont'o            | Figure 8<br>d. from previous | page))           |             |       |
|--|---------------------|------------------------------|------------------|-------------|-------|
|  | Balanced            |                              |                  | b           |       |
| Age/Account Balance                      | Funds               | Equity                       | Bond             | Money       | Other |
| 70–74                                    |                     |                              |                  |             |       |
| Less than \$10,000                       | 12.7                | 55.2                         | 9.4              | 17.2        | 5.4   |
| \$10,000–\$24,999                        | 13.7                | 53.7                         | 11.6             | 14.5        | 6.5   |
| \$25,000–\$49,999                        | 12.8                | 51.7                         | 13.5             | 13.6        | 8.4   |
| \$50,000–\$99,999                        | 11.2                | 50.4                         | 15.2             | 13.0        | 10.3  |
| \$100,000–\$149,999                      | 10.1                | 49.8                         | 16.3             | 12.3        | 11.5  |
| \$150,000-\$249,999                      | 9.7                 | 48.5                         | 17.5             | 12.4        | 11.9  |
| \$250,000 or more                        | 6.5                 | 48.7                         | 20.0             | 12.0        | 12.8  |
| 75–84                                    |                     |                              |                  |             |       |
| Less than \$10,000                       | 12.4                | 53.7                         | 12.3             | 16.2        | 5.3   |
| \$10,000-\$24,999                        | 13.7                | 51.5                         | 14.8             | 13.3        | 6.8   |
| \$25,000-\$49,999                        | 12.9                | 50.0                         | 16.6             | 11.8        | 8.7   |
| \$50,000-\$99,999                        | 11.8                | 49.3                         | 17.7             | 11.2        | 10.0  |
| \$100,000–\$149,999                      | 10.5                | 49.3                         | 18.2             | 11.0        | 11.0  |
| \$150,000-\$249,999                      | 9.6                 | 48.8                         | 19.1             | 11.3        | 11.3  |
| \$250,000 or more                        | 6.3                 | 49.7                         | 20.4             | 11.0        | 12.7  |
| 85 or older                              |                     |                              |                  |             |       |
| Less than \$10,000                       | 13.1                | 46.0                         | 19.3             | 16.8        | 4.7   |
| \$10,000\$24,999                         | 13.9                | 46.1                         | 21.4             | 12.4        | 6.3   |
| \$25,000-\$49,999                        | 13.6                | 46.1                         | 22.1             | 10.7        | 7.4   |
| \$50,000-\$99,999                        | 11.9                | 46.5                         | 22.4             | 10.3        | 8.8   |
| \$100,000-\$149,999                      | 10.1                | 48.0                         | 21.9             | 10.2        | 9.8   |
| \$150,000-\$249,999                      | 8.8                 | 48.0                         | 22.2             | 10.6        | 10.4  |
| \$250,000 or more                        | 5.7                 | 50.1                         | 21.7             | 10.1        | 12.4  |
| Unknown                                  |                     |                              |                  |             |       |
| Less than \$10,000                       | 24.3                | 51.9                         | 8.0              | 12.2        | 3.7   |
| \$10,000-\$24,999                        | 23.5                | 49.5                         | 13.0             | 7.5         | 6.6   |
| \$25,000-\$49,999                        | 16.5                | 49.5                         | 17.7             | 6.2         | 10.1  |
| \$50,000-\$99,999                        | 12.5                | 48.4                         | 19.8             | 5.5         | 13.7  |
| \$100,000-\$149,999                      | 10.3                | 47.1                         | 21.1             | 5.5         | 16.0  |
| \$150,000-\$249,999                      | 9.6                 | 44.7                         | 22.0             | 6.6         | 17.0  |
| \$250,000 or more                        | 7.0                 | 46.1                         | 23.9             | 9.6         | 13.5  |
| Source: EBRI IRA Databas                 | e.                  |                              |                  |             |       |
| <sup>a</sup> Balanced funds include ba   | alanced funds, life | ecycle/style func            | ls, and target-d | late funds. |       |
| <sup>b</sup> Money includes money ma     | arket mutual fund   | s and certificate            | of deposits (C   | Ds).        |       |
| <sup>c</sup> Equity includes directly he | ld stocks, equity   | mutual funds, a              | nd other equity  | products.   |       |

| _                         |                                  |                                  | F                                   | igure 9                             | ( <b>B</b> )                                 |  | • ·  |  |
|---------------------------|----------------------------------|----------------------------------|-------------------------------------|-------------------------------------|--|--|--|--|
| Pe Pe                     | rcentage c                       | ot Individua                     | I Retireme                          | nt Account                          | ts (IRAs) Wi                                 | th Extreme                                   | Asset  |  |
|                           |                                  | Allocation                       | าs <sup>a</sup> , by Vari           | ous Chara                           | cteristics, 2                                | 2012   |  |  |
|                           | Less Than<br>10%<br>In<br>Bonds⁵ | More Than<br>90%<br>in<br>Bonds⁵ | Less Than<br>10%<br>In<br>Equities° | More Than<br>90%<br>in<br>Equities° | Less Than<br>10%<br>In<br>Money <sup>d</sup> | More Than<br>90%<br>in<br>Money <sup>d</sup> | Less Than<br>10%<br>In<br>Bonds <sup>b</sup> &<br>Money <sup>d</sup> | More Than<br>90%<br>in<br>Bonds <sup>b</sup> &<br>Money <sup>d</sup> |
| All                       | 66.3%                            | 3.1%                             | 23.7%                               | 35.5%                               | 72.5%  | 14.7%  | 41.9%  | 18.5%  |
| Туре                      |                                  |                                  |                                     |                                     |  |  |  |  |
| Traditional–Cont.<br>Roth | 61.5<br>69.8                     | 4.5<br>2.4                       | 21.5<br>16.4                        | 36.2<br>46.0                        | 80.0<br>79.8                                 | 9.5<br>9.2                                   | 44.0<br>51.8   | 14.7<br>12.0   |
| Iraditional–Rivr          | 68.8                             | 2.1                              | 32.2                                | 26.5                                | 58.7   | 24.7   | 32.0   | 27.6   |
| SEP/SIVIPLE               | 70.0                             | 2.2                              | 25.4<br>26.4                        | 35.4                                | 00.4<br>70.1                                 | 18.9   | 39.7   | 21.8   |
| Gender                    | 04.9                             | 5.4                              | 20.4                                | 51.7                                | 70.1   | 10.5   | 30.5   | 20.0   |
| Female<br>Male            | 67.8<br>70.1                     | 3.1<br>2.6                       | 23.7<br>24.0                        | 37.3<br>36.5                        | 70.5<br>69.4                                 | 16.0<br>15.5                                 | 41.8<br>42.9   | 19.9<br>18.8   |
|                           | 57.7                             | 4.0                              | 23.3                                | 31.4                                | 80.6   | 11.6   | 40.2   | 16.0   |
| Age<br>Less than 25       | 69.0                             | 1.4                              | 24.2                                | 38.6                                | 72.2   | 19.0   | 42.6   | 20.7   |
| 25–44                     | 70.2                             | 1.2                              | 25.8                                | 36.0                                | 68.5   | 20.6   | 41.0   | 22.2   |
| 45–54                     | 70.5                             | 2.0                              | 21.9                                | 40.0                                | 72.5   | 15.3   | 45.5   | 17.7   |
| 55–64                     | 65.4                             | 3.3                              | 22.8                                | 35.4                                | 73.1   | 13.2   | 41.9   | 17.3   |
| 65–69                     | 62.4                             | 4.4                              | 24.2                                | 32.1                                | 73.1   | 11.8   | 39.7   | 17.2   |
| 70–74                     | 60.7                             | 5.1                              | 23.9                                | 31.2                                | 74.7   | 10.1   | 39.6   | 16.2   |
| 75–84                     | 58.3                             | 6.9                              | 24.4                                | 31.1                                | 77.3   | 8.6  | 39.6   | 16.7   |
| 85 or older               | 55.2                             | 11.4                             | 29.5                                | 29.6                                | 78.4   | 9.1  | 37.4   | 22.0   |
| Unknow n                  | 49.9                             | 4.7                              | 22.0                                | 27.6                                | 85.7   | 9.1  | 37.2   | 14.2   |
| Account Balance           |                                  |                                  |                                     |                                     |  |  |  |  |
| Less than \$10,000        | 78.3                             | 3.1                              | 39.2                                | 37.3                                | 61.9   | 31.0   | 41.6   | 34.6   |
| \$10,000-\$24,999         | 67.1                             | 3.5                              | 17.8                                | 43.2                                | 78.9   | 9.6  | 48.4   | 13.7   |
| \$25,000-\$49,999         | 63.2                             | 3.3                              | 16.2                                | 38.5                                | 78.5   | 7.5  | 45.0   | 11.4   |
| \$50,000-\$99,999         | 59.7                             | 3.1                              | 15.9                                | 33.8                                | 78.2   | 6.4  | 41.7   | 10.1   |
| \$100,000-\$149,999       | 57.2                             | 2.9                              | 16.3                                | 29.5                                | 77.0   | 5.7  | 38.7   | 9.3  |
| \$150,000-\$249,999       | 54.3                             | 2.7                              | 15.8                                | 25.8                                | 75.7   | 5.1  | 35.3   | 8.5  |
| \$250,000 or more         | 49.3                             | 2.5                              | 14.8                                | 20.3                                | 73.8   | 3.8  | 29.7   | 7.1  |

Source: EBRI IRA Database.

<sup>a</sup> Extreme asset allocations refer to almost no assets (less than 10 percent) or almost all (more than 90 percent).

<sup>b</sup> Bonds include the bond portion of the balanced funds.

<sup>c</sup> Equities include the equity portion from balanced funds. Equity includes directly held stocks, equity mutual funds, and other equity products.

<sup>d</sup> Money includes money market mutual funds and certificates of deposits (CDs).

**Account Balance**—In general, IRA owners with higher account balances were less likely to have extreme asset allocations (Figure 9). For instance, while 43.2 percent of those with an account balance of \$10,000–\$24,999 had 90 percent or more of their assets in equities, only 20.3 percent of those with an account balance of \$250,000 or more did. Furthermore, for IRAs with balances of \$10,000 or above, the proportion of them who had less than 10 percent or more than 90 percent in money and bonds combined decreased as the account balance increased.

#### Longitudinal 2010–2012

Each year's database is a unique snapshot (cross section) of that year's IRA asset allocation. However, the changes in asset allocation over time provide pertinent information about the behavior of IRA owners. Two types of comparisons are presented to examine the changes in asset allocation:

- 1) Each year's database snapshot.
- 2) A consistent database of individual IRA owners who have a traditional, Roth, or SEP/SIMPLE IRA with a positive balance in the database and complete asset allocation data for each year from 2010–2012.

The first comparison will give an overall look at the asset allocation in IRAs in each year, but will be affected by additions and subtractions to the database that could also affect the distribution of assets, whereas the second comparison will show the changes for the same individuals from 2010–2012.

**Snapshot Comparison**—The percentage allocated to equities decreased from 45.7 percent in 2010 to 44.4 percent in 2011 before a sharp increase in 2012 to 52.1 percent (Figure 10). The amount allocated to balanced funds was constant from 2010 to 2011 before a slight decline in 2012, while the percentage in money increased in 2011 and was virtually unchanged in 2012. The percentages allocated to both bonds and "other" assets trended downward in both years with larger decreases in 2012.

The equity allocation, for the most part, followed this trend of decrease then significant increase across each of the categories examined, except for among owners of traditional-rollover IRAs, for those ages 70 or older, and for those with account balances of \$250,000 or more. Furthermore, the allocation to bonds trended downward in all categories, except among traditional-contribution IRA owners (a slight increase in 2012) and among those ages 25–44 (an increase in 2011 before a decline in 2012). The balanced funds allocation was lower in 2012 than it was in 2010 across all categories, while the money allocation increased for all categories from 2010 to 2012 (except among traditional-rollover and SEP/SIMPLE owners). Finally, the allocation to "other" assets declined from 2010 to 2012 except among those with small balances (less than \$25,000), younger IRA owners (under age 45), and Roth and SEP/SIMPLE IRA owners.

*Consistent Sample Comparison*—In order to compare the same account owners longitudinally, only the individuals who owned an IRA with a positive account balance and who had complete asset allocation data in the database in each year (2010–2012) were included to form a consistent sample of individuals.<sup>13</sup> Each individual's total asset allocation was compared to determine the change in asset allocation from 2010 to 2012, with particular focus on the equity allocation. This provides results on how the same individuals' asset allocation changed during this period, which allows for a better understanding of how the allocation changes for those maintaining their IRAs.<sup>14</sup>

In general, the changes in the asset allocation from 2010 to 2012 were very small. For instance, the share of assets allocated to equities in 2010 was 47.6 percent, compared with 47.0 percent in 2012 (Figure 11). The largest percentage-point change was a decrease of 1.8 percentage points for the allocation to "other" assets from 2010 to 2012. The bond and balanced-fund percentages increased, while money was virtually unchanged.

However, some allocation differences emerged within demographic categories. For individuals with account balances of less than \$100,000, the equity allocation increased from 2010 to 2012, but for those with balances of \$100,000 or more, the equity allocation declined. Furthermore, the average equity allocation increased for individuals younger than age 45, decreased for those ages 45–74, but increased for those ages 75 or older.

The allocations of other asset types moved in different directions based on the individuals' total account balance. For individuals with account balances of less \$25,000, the amount allocated to bonds on average declined from 2010 to 2012, but it increased for individuals with \$25,000 or more. Money allocations increased for those with the lowest account balances (less than \$5,000) and for those with balances of \$150,000 or more, while in between the average money allocation declined.

The overall direction can mask what happens at the individual level, so given that the sample consists of the same individuals, the distribution of the changes in the allocations can be examined. First, since in the section above a significant percentage of individuals were shown to have allocations at the extremes (0 percent or 100 percent),<sup>15</sup> a comparison of the individuals' initial equity-allocation grouping (0 percent, 100 percent, or something in between in

2010) with its 2012 grouping was conducted. One third (33.2 percent) of IRA owners in the consistent sample had 0 percent allocated to equities in 2010 and 2012, while 22.5 percent had 100 percent allocated to equities in both years (Figure 12). Just less than 3 percent had a 0 percent allocation to equities in 2010 but something greater than 0 percent in 2012, which means that only 8 percent of those with a 0 percent allocation in 2010 changed to something larger than 0 percent in 2012.<sup>16</sup> Similarly, 12.5 percent of those who had a 100 percent allocation in 2010 changed the allocation to something less than 100 percent in 2012.<sup>17</sup> After accounting for those individuals who moved to 0 percent (2.3 percent) and to 100 percent (1.5 percent), only 34.5 percent had an allocation of more than 0 percent but less than 100 percent in both years.

The high percentage who have either 0 percent or 100 percent equity allocation remained across all categories except for those with balances of \$100,000 or more, where more than 50 percent of the individuals have an equity allocation not at the extremes in either year. Yet, as the balance increased, the more likely it was that an individual did not have an allocation at the extremes, reaching 72.4 percent for those with balances of \$250,000 or more not having an extreme equity allocation. There was also a reduced likelihood of having an extreme equity allocation for older IRA owners through ages 70–74.

Going one step further and examining the distribution of changes in each grouping provides another level of information on how IRA owners allocate assets to equities over time. Among those who start out at an extreme allocation in 2010, between 10 percent and 25 percent move to the other extreme in 2012, shown by the 100 percentage point (or close to 100 percentage point) change in the allocation from 2010 to 2012 in Figure 13. This change is the percentage point difference from the percentage in 2012 minus the percentage in 2010, so that either a 100 percentage point change or a -100 percentage point change represents a movement from one extreme to the other from 2010 to 2012. This group is small (approximately 3 percent of the total) as shown in Figure 12, but a significant portion of the IRA owners that do make the change from an extreme value switch completely to the other extreme.

Looking at the group of individuals who did not have an extreme value in either year, the distribution of the changes were close to symmetrical with the 10th percentile change at -14.6 percentage points, the median at 0.1 percentage points, and the 90th percentile at 13.8 percentage points. This held true for each gender, age, and account balance.

#### Conclusion

This study provides the latest look at asset allocation in IRAs from the EBRI IRA Database. Just over one-half of all IRA assets were found to be allocated to equities, although this varied with age, account balance, and IRA type. Gender differences in asset allocations were minimal. Those older or owning a traditional-contributions IRA had, on average, lower allocations to equities. Furthermore, those individuals with the largest balances had the lowest combined exposure to equities (including the equity share of balanced funds to the pure equity funds).

This study includes the first look at asset allocation longitudinally from 2010–2012. The equity allocations in 2010 were very similar to those of 2012, with lower values in 2011. This result appears to be driven by the almost 60 percent that remained at an extreme value (0 percent or 100 percent allocation) in both years. Furthermore, for those who were not at an extreme value in either year, the distribution of the asset allocation changes between 2010 and 2012 was virtually symmetrical with equal amounts of equal degrees in changes to and away from equities.

|  |            |                     |            |             |                       | i          |                   |         |          |       |                    |       |       |       | ſ     |
|--|------------|---------------------|------------|-------------|-----------------------|------------|-------------------|---------|----------|-------|--------------------|-------|-------|-------|-------|
|  |            |                     | Individ    | lual Ref    | 'iremen               | r Acco     | re 10<br>unt (IR/ | A) Asse | at Alloc | ation |                    |       |       |       |       |
|  |            |                     | Full S     | amples      | , by Va               | rious (    | Sharact           | eristic | s, 2010  | -2012 |                    | -     |       |       |       |
|  |            | Equity <sup>a</sup> |            | ш           | 3alanced <sup>b</sup> |            |                   | Bonds   |          |       | Money <sup>c</sup> |       |       | Other |       |
|  | 2010       | 2011                | 2012       | 2010        | 2011                  | 2012       | 2010              | 2011    | 2012     | 2010  | 2011               | 2012  | 2010  | 2011  | 2012  |
| AII                                      | 45.7%      | 44.4%               | 52.1%      | 10.7%       | 10.7%                 | 9.5%       | 19.9%             | 18.0%   | 15.1%    | 8.9%  | 13.0%              | 12.8% | 14.8% | 13.9% | 10.6% |
| Gender                                   |            |                     |            |             |                       |            |                   |         |          |       |                    |       |       |       |       |
| Female                                   | 45.6       | 43.9                | 53.7       | 11.6        | 13.2                  | 10.9       | 18.1              | 16.3    | 13.1     | 11.3  | 15.4               | 14.1  | 13.4  | 11.2  | 8.2   |
| Male                                     | 44.7       | 43.9                | 53.5       | 8.8         | 9.4                   | 7.9        | 18.8              | 16.7    | 13.5     | 11.3  | 15.2               | 14.5  | 16.4  | 14.8  | 10.6  |
| Unknown                                  | 46.9       | 45.8                | 47.2       | 12.4        | 11.0                  | 11.7       | 21.9              | 21.7    | 20.5     | 5.1   | 7.1                | 7.5   | 13.7  | 14.4  | 13.2  |
| Age                                      |            |                     |            |             |                       |            |                   |         |          |       |                    |       |       |       |       |
| Less than 25                             | 52.1       | 47.9                | 59.2       | 19.4        | 14.0                  | 15.1       | 18.6              | 13.3    | 6.8      | 8.4   | 12.4               | 13.2  | 1.5   | 12.4  | 5.7   |
| 25-44                                    | 58.6       | 49.0                | 56.6       | 18.6        | 14.9                  | 16.2       | 7.9               | 9.7     | 6.5      | 8.6   | 15.0               | 13.9  | 6.3   | 11.4  | 6.9   |
| 45-54                                    | 55.4       | 50.1                | 58.4       | 13.3        | 12.0                  | 11.0       | 12.1              | 11.8    | 9.1      | 8.9   | 14.2               | 13.5  | 10.3  | 11.9  | 8.1   |
| 55-64                                    | 45.8       | 44.6                | 52.4       | 10.8        | 10.8                  | 9.4        | 18.7              | 17.2    | 14.2     | 9.1   | 13.5               | 13.5  | 15.6  | 13.9  | 10.5  |
| 65-69                                    | 41.0       | 41.2                | 49.2       | 9.1         | 9.7                   | 8.3        | 22.9              | 21.2    | 17.6     | 9.5   | 12.6               | 13.0  | 17.6  | 15.3  | 11.9  |
| 70–74                                    | 39.8       | 40.7                | 49.1       | 8.7         | 9.3                   | 7.8        | 24.5              | 22.8    | 18.7     | 9.6   | 11.7               | 12.2  | 17.5  | 15.5  | 12.2  |
| 75–84                                    | 40.3       | 41.4                | 49.6       | 8.5         | 9.3                   | 7.9        | 25.3              | 24.0    | 19.6     | 9.1   | 10.5               | 11.1  | 16.8  | 14.8  | 11.9  |
| 85 or older                              | 40.7       | 42.1                | 49.0       | 8.0         | 8.7                   | 7.8        | 28.2              | 26.1    | 21.8     | 9.3   | 9.4                | 10.3  | 14.0  | 13.7  | 11.1  |
| Unknown                                  | 48.8       | 44.2                | 46.5       | 9.4         | 6.3                   | 9.0        | 26.2              | 19.1    | 22.4     | 1.5   | 17.0               | 8.3   | 14.1  | 13.4  | 13.8  |
| Account Balance                          |            |                     |            |             |                       |            |                   |         |          |       |                    |       |       |       |       |
| Less than \$10,000                       | 56.8       | 48.2                | 52.3       | 21.2        | 20.5                  | 17.9       | 6.9               | 5.3     | 5.0      | 12.4  | 20.5               | 20.5  | 2.7   | 5.5   | 4.2   |
| \$10,000-\$24,999                        | 56.7       | 50.2                | 55.3       | 19.6        | 20.2                  | 18.1       | 10.1              | 8.2     | 7.3      | 8.7   | 14.6               | 14.2  | 4.9   | 6.8   | 5.2   |
| \$25,000-\$49,999                        | 55.2       | 49.9                | 55.4       | 16.6        | 17.6                  | 16.0       | 12.6              | 10.6    | 9.1      | 8.3   | 13.6               | 13.1  | 7.3   | 8.3   | 6.4   |
| \$50,000-\$99,999                        | 51.5       | 48.5                | 55.1       | 13.9        | 14.1                  | 12.9       | 15.2              | 13.3    | 11.3     | 8.4   | 13.4               | 12.7  | 11.0  | 10.7  | 8.0   |
| \$100,000-\$149,999                      | 48.4       | 46.5                | 53.7       | 12.1        | 12.2                  | 11.0       | 16.8              | 15.3    | 12.8     | 8.6   | 13.4               | 12.9  | 14.1  | 12.6  | 9.6   |
| \$150,000-\$249,999                      | 45.8       | 44.8                | 52.5       | 11.0        | 10.9                  | 9.9        | 18.7              | 17.2    | 14.2     | 8.7   | 13.3               | 13.0  | 15.8  | 13.8  | 10.4  |
| \$250,000 or more                        | 41.1       | 41.5                | 50.4       | 7.7         | 7.5                   | 6.8        | 24.2              | 22.2    | 18.0     | 9.2   | 12.3               | 12.4  | 17.8  | 16.5  | 12.4  |
| Type                                     |            |                     |            |             |                       |            |                   |         |          |       |                    |       |       |       |       |
| Traditional-Cont.                        | 45.5       | 43.9                | 49.6       | 10.5        | 11.1                  | 10.2       | 20.5              | 17.6    | 17.8     | 7.7   | 13.7               | 12.8  | 15.8  | 13.7  | 9.6   |
| Roth                                     | 59.1       | 52.5                | 60.4       | 15.5        | 14.5                  | 12.5       | 9.8               | 8.8     | 8.0      | 7.2   | 12.3               | 8.6   | 8.4   | 11.9  | 10.5  |
| Traditional-Rlvr                         | 41.3       | 42.1                | 52.2       | 9.9         | 9.8                   | 8.3        | 19.8              | 17.1    | 13.7     | 12.8  | 17.3               | 9.5   | 16.2  | 13.7  | 16.3  |
| SEP/SIMPLE                               | 51.1       | 46.8                | 56.2       | 12.2        | 4.2                   | 9.7        | 13.5              | 11.1    | 9.7      | 12.6  | 21.2               | 8.2   | 10.6  | 16.7  | 16.2  |
| All Traditional                          | 43.8       | 42.8                | 51.0       | 10.3        | 10.3                  | 9.2        | 20.2              | 17.3    | 15.6     | 9.7   | 15.8               | 11.0  | 16.0  | 13.8  | 13.2  |
| Source: EBRI IRA Databas                 | se.        |                     |            |             |                       |            |                   |         |          |       |                    |       |       |       |       |
| <sup>a</sup> Equity includes directly he | eld stock: | s, equity ı         | mutual fui | nds, and i  | other equ             | ity produ  | cts.              |         |          |       |                    |       |       |       |       |
| <sup>b</sup> Balanced funds include b    | alanced    | funds, life         | cycle/styl | le funds, ¿ | and targe             | t-date fur | .spr              |         |          |       |                    |       |       |       |       |
| <sup>c</sup> Money includes money m      | larket mu  | Itual fund:         | s and cer  | tificate of | deposits              | (CDs).     |                   |         |          |       |                    |       |       |       |       |

|                                       |           |                     |            |              |                       | i              |                  |          |          |         |                    |        |       |       |      |
|---------------------------------------|-----------|---------------------|------------|--------------|-----------------------|----------------|------------------|----------|----------|---------|--------------------|--------|-------|-------|------|
|                                       | Indiv     | idual R             | etirem     | ent Acc      | ount (I               | rigu<br>RA) Av | re 11<br>erage / | Asset A  | llocatic | on, Ass | iet Wei            | ghted, |       |       |      |
|                                       |           | 0                   | consist    | ent Sar      | nple, b               | y Vario        | us Cha           | Iracteri | stics, 2 | 010-20  | 12                 | _      |       |       |      |
|                                       |           | Equity <sup>a</sup> |            | Ш            | 3alanced <sup>t</sup> |                |                  | Bonds    |          |         | Money <sup>c</sup> |        |       | Other |      |
| <u> </u>                              | 2010      | 2011                | 2012       | 2010         | 2011                  | 2012           | 2010             | 2011     | 2012     | 2010    | 2011               | 2012   | 2010  | 2011  | 2012 |
| AII                                   | 47.6%     | 45.8%               | 47.0%      | 11.8%        | 12.3%                 | 12.9%          | 16.4%            | 17.6%    | 17.7%    | 14.3%   | 14.7%              | 14.2%  | 10.0% | 9.5%  | 8.2% |
| Gender                                |           |                     |            |              |                       |                |                  |          |          |         |                    |        |       |       |      |
| Female                                | 46.3      | 44.6                | 46.1       | 17.9         | 18.6                  | 19.3           | 14.8             | 16.1     | 16.0     | 14.9    | 15.1               | 14.4   | 6.2   | 5.6   | 4.2  |
| Male                                  | 46.6      | 44.6                | 46.0       | 13.3         | 13.8                  | 14.4           | 16.7             | 18.2     | 18.2     | 14.2    | 14.9               | 14.7   | 9.2   | 8.5   | 6.8  |
| Unknown                               | 49.7      | 48.5                | 49.3       | 5.4          | 5.7                   | 6.0            | 17.1             | 17.9     | 18.3     | 13.9    | 14.0               | 13.3   | 13.9  | 13.8  | 13.2 |
| Age                                   |           |                     |            |              |                       |                |                  |          |          |         |                    |        |       |       |      |
| Less than 25                          | 51.1      | 50.4                | 51.4       | 21.0         | 22.6                  | 23.9           | 6.7              | 6.7      | 6.4      | 13.5    | 13.3               | 12.1   | 7.7   | 7.1   | 6.2  |
| 25-44                                 | 53.6      | 52.4                | 53.8       | 19.6         | 20.1                  | 20.8           | 6.3              | 7.1      | 7.2      | 14.3    | 14.2               | 13.6   | 6.3   | 6.1   | 4.7  |
| 4554                                  | 54.6      | 52.9                | 53.9       | 13.9         | 14.4                  | 14.8           | 9.7              | 10.9     | 11.1     | 14.1    | 14.5               | 14.2   | 7.7   | 7.4   | 6.0  |
| 55-64                                 | 48.4      | 46.1                | 46.7       | 11.8         | 12.3                  | 12.7           | 15.7             | 17.3     | 17.8     | 14.4    | 15.0               | 14.8   | 9.7   | 9.3   | 8.1  |
| 65-69                                 | 44.3      | 42.3                | 43.0       | 10.1         | 10.5                  | 11.0           | 20.0             | 21.5     | 21.9     | 14.6    | 15.1               | 14.6   | 11.1  | 10.6  | 9.4  |
| 70–74                                 | 43.1      | 41.5                | 42.9       | 9.5          | 10.0                  | 10.5           | 21.4             | 22.9     | 23.1     | 14.3    | 14.5               | 13.6   | 11.6  | 11.1  | 10.0 |
| 75–84                                 | 42.9      | 41.6                | 43.1       | 9.6          | 10.0                  | 10.5           | 21.9             | 23.4     | 23.4     | 13.2    | 13.3               | 12.4   | 12.3  | 11.7  | 10.6 |
| 85 or older                           | 41.7      | 41.0                | 42.5       | 8.5          | 8.8                   | 9.4            | 22.5             | 23.8     | 23.8     | 13.4    | 13.2               | 12.3   | 13.9  | 13.2  | 12.0 |
| Unknown                               | 45.1      | 43.6                | 47.3       | 7.5          | 7.6                   | 8.3            | 11.6             | 12.7     | 13.5     | 24.6    | 27.4               | 27.7   | 11.2  | 8.7   | 3.3  |
| Account Balance                       |           |                     |            |              |                       |                |                  |          |          |         |                    |        |       |       |      |
| Less than \$5,000                     | 41.7      | 41.4                | 43.1       | 10.2         | 10.7                  | 18.9           | 10.6             | 10.9     | 3.5      | 26.2    | 27.5               | 33.4   | 11.4  | 9.5   | 1.2  |
| \$5,000-\$9,999                       | 49.2      | 49.1                | 52.3       | 19.0         | 20.6                  | 22.8           | 6.9              | 6.8      | 5.8      | 20.2    | 19.8               | 17.3   | 4.7   | 3.7   | 1.7  |
| \$10,000-\$24,999                     | 50.6      | 49.7                | 52.1       | 19.7         | 21.2                  | 22.8           | 7.6              | 7.9      | 7.4      | 17.8    | 17.6               | 15.5   | 4.3   | 3.6   | 2.2  |
| \$25,000-\$49,999                     | 51.2      | 50.1                | 52.0       | 19.3         | 20.4                  | 21.5           | 8.7              | 9.3      | 9.1      | 16.1    | 16.1               | 14.5   | 4.7   | 4.1   | 2.9  |
| \$50,000-\$99,999                     | 51.7      | 50.3                | 52.0       | 16.6         | 17.4                  | 18.1           | 10.8             | 11.7     | 11.6     | 15.2    | 15.5               | 14.4   | 5.7   | 5.2   | 3.9  |
| \$100,000-\$149,999                   | 50.1      | 48.4                | 49.7       | 15.0         | 15.7                  | 16.4           | 12.7             | 13.8     | 13.8     | 15.3    | 15.8               | 15.0   | 6.9   | 6.4   | 5.1  |
| \$150,000-\$249,999                   | 48.9      | 47.0                | 48.1       | 13.7         | 14.3                  | 14.9           | 14.5             | 15.6     | 15.6     | 14.8    | 15.6               | 15.1   | 8.1   | 7.6   | 6.3  |
| \$250,000 or more                     | 45.7      | 43.8                | 44.7       | 8.6          | 9.0                   | 9.4            | 20.1             | 21.5     | 21.6     | 13.0    | 13.5               | 13.5   | 12.7  | 12.3  | 10.8 |
| Type                                  | ļ         |                     |            |              | (                     |                | 1                |          |          |         |                    |        |       |       | 0    |
| Traditional-Cont.                     | 47.6      | 45.6                | 46.6       | 11.8         | 12.3                  | 12.9           | 17.5             | 18.7     | 18.9     | 12.6    | 13.1               | 12.4   | 10.5  | 10.2  | 9.2  |
| Roth                                  | 56.7      | 55.0                | 55.9       | 15.4         | 16.4                  | 16.8           | 8.3              | 9.2      | 9.5      | 11.0    | 11.3               | 10.9   | 86    | 8.2   | 7.0  |
| Traditional-Rlvr                      | 45.8      | 44.2                | 45.5       | 10.6         | 11.0                  | 11.5           | 17.2             | 18.6     | 18.8     | 16.3    | 16.6               | 16.4   | 10.1  | 9.5   | 7.8  |
| SEP/SIMPLE                            | 49.6      | 46.9                | 47.0       | 20.2         | 21.4                  | 22.1           | 13.3             | 14.7     | 14.5     | 10.5    | 10.8               | 10.2   | 6.3   | 6.1   | 6.2  |
| All Traditional                       | 46.5      | 44.8                | 46.0       | 11.1         | 11.5                  | 12.1           | 17.3             | 18.7     | 18.9     | 17.7    | 15.2               | 14.7   | 10.3  | 9.8   | 8.4  |
| Source: EBRI IRA Databi               | ase.      |                     |            |              |                       |                |                  |          |          |         |                    |        |       |       |      |
| <sup>a</sup> Equity includes directly | held stoc | ks, equity          | r mutual f | unds, and    | d other eq            | uity prod      | ucts.            |          |          |         |                    |        |       |       |      |
| <sup>b</sup> Balanced funds include   | balancec  | d funds, li         | fecycle/st | yle funds    | , and targ            | et-date fu     | .spur            |          |          |         |                    |        |       |       |      |
| <sup>c</sup> Money includes money     | market m  | nutual fun          | ds and c∈  | ertificate c | of deposit            | s (CDs).       |                  |          |          |         |                    |        |       |       |      |

|                       |                  |                             | i  |  |                                      |   |                                       |
|-----------------------|------------------|-----------------------------|--|--|--------------------------------------|---|---------------------------------------|
|                       | Consistent S     | Distributio<br>ample, by Eq | Fi<br>n of Individual Re<br>uity Allocation Cł | gure 12<br>ttirement Accour<br>nange and Vario | nt (IRA) Owners,<br>us Characteristi | cs, 2010 to 2012                          |                                       |
|                       | 0%<br>Allocation | 100%<br>Allocation          | 0% in 2010<br>to Greater                       | 100% in 2010<br>to Less Than                   | Greater Than<br>0% in 2010* to       | Less Than 100%<br>in 2010 <sup>A</sup> to | Greater Than 0%<br>and Less Than 100% |
|                       | Both Years       | Both Years                  | Than 0% in 2012                                | 100% in 2012                                   | 0% in 2012                           | 100% in 2012                              | in Both Years                         |
| AII                   | 33.2%            | 22.5%                       | 2.9%   | 3.2%   | 2.3%                                 | 1.5%                                      | 34.5%                                 |
| Gender                |                  |                             |  |  |                                      |   |                                       |
| Female                | 38.6             | 24.6                        | 2.7  | 2.5  | 1.8                                  | 1.2                                       | 28.6                                  |
| Male                  | 33.8             | 22.7                        | 3.1  | 2.9  | 2.5                                  | 1.5                                       | 33.6                                  |
| Unknown               | 27.6             | 20.4                        | 2.8  | 4.1  | 2.5                                  | 1.8                                       | 40.8                                  |
| Age                   |                  |                             |  |  |                                      |   |                                       |
| Less than 25          | 49.2             | 25.6                        | 5.2  | 4.0  | 1.0                                  | 1.3                                       | 13.8                                  |
| 25-44                 | 40.5             | 24.1                        | 3.3  | 3.3  | 1.5                                  | 1.5                                       | 25.9                                  |
| 45-54                 | 31.0             | 26.2                        | 2.6  | 3.3  | 2.0                                  | 1.5                                       | 33.5                                  |
| 55-64                 | 29.8             | 21.4                        | 2.9  | 3.4  | 2.7                                  | 1.4                                       | 38.3                                  |
| 65-69                 | 28.7             | 17.9                        | 2.9  | 2.9  | 3.2                                  | 1.4                                       | 43.0                                  |
| 70–74                 | 28.1             | 17.1                        | 2.6  | 2.5  | 3.0                                  | 1.8                                       | 45.0                                  |
| 75–84                 | 30.3             | 18.3                        | 2.4  | 2.3  | 2.8                                  | 1.9                                       | 42.1                                  |
| 85 or older           | 38.2             | 17.9                        | 2.3  | 2.4  | 3.2                                  | 1.9                                       | 34.2                                  |
| Unknown               | 35.4             | 20.8                        | 3.3  | 2.0  | 4.0                                  | 1.2                                       | 33.3                                  |
| Account Balance       |                  |                             |  |  |                                      |   |                                       |
| Less than \$5,000     | 60.5             | 23.0                        | 1.7  | 1.9  | 2.9                                  | 1.1                                       | 8.9                                   |
| \$5,000-\$9,999       | 37.8             | 35.7                        | 3.0  | 2.9  | 1.4                                  | 1.6                                       | 17.6                                  |
| \$10,000-\$24,999     | 33.6             | 31.4                        | 3.3  | 3.5  | 1.6                                  | 1.8                                       | 24.8                                  |
| \$25,000-\$49,999     | 28.5             | 26.0                        | 3.0  | 3.8  | 1.9                                  | 1.9                                       | 34.9                                  |
| \$50,000-\$99,999     | 22.6             | 20.2                        | 3.0  | 3.8  | 2.3                                  | 1.7                                       | 46.4                                  |
| \$100,000-\$149,999   | 19.5             | 13.8                        | 3.3  | 3.6  | 2.7                                  | 1.6                                       | 55.6                                  |
| \$150,000-\$249,999   | 17.0             | 9.8                         | 3.4  | 3.4  | 2.9                                  | 1.4                                       | 62.3                                  |
| \$250,000 or more     | 12.3             | 5.0                         | 3.5  | 3.0  | 2.9                                  | 1.0                                       | 72.4                                  |
| Type                  |                  |                             |  |  |                                      |   |                                       |
| Roth                  | 31.9             | 34.5                        | 3.6  | 4.2  | 1.6                                  | 1.6                                       | 22.6                                  |
| All Traditional       | 35.1             | 20.0                        | 2.8  | 2.8  | 2.5                                  | 1.5                                       | 35.4                                  |
| Source: EBRI IRA Data | abase.           |                             |  |  |                                      |   |                                       |
| * Not 100 percent.    |                  |                             |  |  |                                      |   |                                       |
| ^ Not 0 percent.      |                  |                             |  |  |                                      |   |                                       |

| Figure 13   |   |                 |        |                 |                 |  |  |  |
|---|---|-----------------|--------|-----------------|-----------------|--|--|--|
| Distribution of Percentage-Point Change in the Equity Allocation of Individual Retirement |   |                 |        |                 |                 |  |  |  |
| Account Owners, by Intital Allocation and Various Characteristics, 2010 to 2012           |   |                 |        |                 |                 |  |  |  |
|   | 10th Percentile   | 25th Percentile | Median | 75th Percentile | 90th Percentile |  |  |  |
|   | 0% Allocation in 2010 to Greater Than 0% in 2012                    |                 |        |                 |                 |  |  |  |
| All   | 9.3% 24.5% 55.8% 95.1% 100.0%                                       |                 |        |                 |                 |  |  |  |
| Female  | 9.6   | 24.5            | 55.2   | 94.8            | 100.0           |  |  |  |
| Male  | 87  | 23.5            | 55.9   | 94.4            | 100.0           |  |  |  |
| Less than Age 45  | 13.9  | 32.3            | 67.2   | 97.4            | 100.0           |  |  |  |
| Ages 45-64  | 8 9   | 23.9            | 55.7   | 94.5            | 100.0           |  |  |  |
| Age 65 or older   | 6.4   | 17.0            | 41 3   | 84 0            | 100.0           |  |  |  |
| Acct Balance <\$50,000  | 16.9  | 36.8            | 74 7   | 04.0<br>00 4    | 100.0           |  |  |  |
| Acet Balance \$50,000 or more   | 10:5<br>5 /   | 1/ 1            | 36.4   | 67.7            | 95.1            |  |  |  |
| Act balance \$50,000 of more  | 5.4   |                 | 50.4   | 07.7            | 35.1            |  |  |  |
| A11   | 100% Allocation in 2010 to Less Than 100% in 2012                   |                 |        |                 |                 |  |  |  |
| Fomala  | -100.0  | -00.0           | -54.1  | -10.1           | -2.3            |  |  |  |
| Mala  | -100.0  | -99.2           | -43.0  | -10.3           | -5.4            |  |  |  |
| Iviale  | -100.0  | -90.3           | -41.7  | - 15.0          | -4.4            |  |  |  |
| Less than Age 45  | -100.0  | -73.1           | -28.0  | -9.4            | -2.4            |  |  |  |
| Ages 45–64  | -100.0  | -92.8           | -36.2  | -11.3           | -2.6            |  |  |  |
| Age 65 or older   | -100.0  | -99.0           | -39.1  | -7.9            | -1.7            |  |  |  |
| Acct Balance <\$50,000  | -100.0  | -99.7           | -35.2  | -8.8            | -1.9            |  |  |  |
| Acct Balance \$50,000 or more   | -100.0  | -/4.4           | -32.7  | -11.4           | -3.6            |  |  |  |
|   | Greater Than 0% Allocation (But Not 100%) in 2010 to 0% in 2012     |                 |        |                 |                 |  |  |  |
| All   | -87.1   | -70.8           | -45.5  | -21.6           | -8.6            |  |  |  |
| Female  | -84.1   | -67.8           | -42.8  | -20.2           | -8.2            |  |  |  |
| Male  | -85.3   | -68.6           | -42.5  | -19.3           | -7.7            |  |  |  |
| Less than Age 45  | -90.8   | -75.7           | -50.4  | -26.0           | -11.3           |  |  |  |
| Ages 45–64  | -87.5   | -72.9           | -48.2  | -23.4           | -9.4            |  |  |  |
| Age 65 or older   | -82.6   | -63.2           | -38.4  | -16.5           | -6.5            |  |  |  |
| Acct Balance <\$50,000  | -90.5   | -74.9           | -50.8  | -27.4           | -12.3           |  |  |  |
| Acct Balance \$50,000 or more   | -81.6   | -63.8           | -37.2  | -15.2           | -6.0            |  |  |  |
|   | Less Than 100% Allocation (But Not 0%) in 2010 to 100% in 2012      |                 |        |                 |                 |  |  |  |
| All   | 1.3   | 4.9             | 18.7   | 40.6            | 63.2            |  |  |  |
| Female  | 2.8   | 9.2             | 24.2   | 46.1            | 67.5            |  |  |  |
| Male  | 2.5   | 8.3             | 22.5   | 44.9            | 67.6            |  |  |  |
| Less than Age 45  | 1.3   | 5.6             | 20.3   | 42.1            | 63.0            |  |  |  |
| Ages 45–64  | 1.3   | 5.8             | 20.2   | 42.3            | 65.0            |  |  |  |
| Age 65 or older   | 1.3   | 3.7             | 13.4   | 35.6            | 59.5            |  |  |  |
| Acct Balance <\$50,000  | 1.2   | 4.7             | 20.9   | 43.6            | 64.6            |  |  |  |
| Acct Balance \$50,000 or more   | 1.7   | 5.1             | 15.3   | 34.5            | 59.9            |  |  |  |
|   | Greater Than 0% and Less Than 100% Allocation in Both 2010 and 2012 |                 |        |                 |                 |  |  |  |
| All   | -14.6   | -4.2            | 0.1    | 3.1             | 13.8            |  |  |  |
| Female  | -11.3   | -3.1            | 0.3    | 2.8             | 13.0            |  |  |  |
| Male  | -14.5   | -4.5            | 0.2    | 3.4             | 15.6            |  |  |  |
| Less than Age 45  | -13.3   | -3.0            | 0.3    | 3.1             | 16.5            |  |  |  |
| Ages 45–64  | -15.2   | -4.3            | 0.1    | 2.6             | 13.0            |  |  |  |
| Age 65 or older   | -14.7   | -5.1            | 0.1    | 4.1             | 13.5            |  |  |  |
| Acct Balance <\$50,000  | -11.7   | -2.3            | 0.3    | 2.9             | 14.2            |  |  |  |
| Acct Balance \$50,000 or more   | -16.4   | -5.9            | -0.1   | 3.3             | 13.7            |  |  |  |
| Source: EBRI IRA Database.  |   |                 |        |                 |                 |  |  |  |

Figure 13

#### Endnotes

<sup>1</sup> See Figure A in Craig Copeland, "Individual Retirement Account Balances, Contributions, and Rollovers, 2012; With Longitudinal Results 2010–2012: The EBRI IRA Database," *EBRI Issue Brief*, no. 399 (Employee Benefit Research Institute, May 2014).

<sup>2</sup> See Craig Copeland, "IRA Asset Allocation," EBRI *Notes*, no. 5 (Employee Benefit Research Institute, May 2011): 2–14; Craig Copeland, "IRA Asset Allocation, 2010," *EBRI Notes*, no. 10 (Employee Benefit Research Institute, October 2012): 8– 20; and Craig Copeland, "IRA Asset Allocation, 2011," *EBRI Notes*, no. 10 (Employee Benefit Research Institute, October 2012): 8– 2013): 8–22.

<sup>3</sup> See Copeland (May 2014) for results from the database for 2012 on balances, rollovers, and contributions.

<sup>4</sup> Below is a comparison of the EBRI IRA Database with numbers from the Internal Revenue Service (IRS) and the Federal Reserve's Financial Accounts report.

|  | EBRI Database   | EBRI Database   | Internal Revenue Service | Flow of Funds  |
|--|-----------------|-----------------|--------------------------|----------------|
|  | 2011            | 2012            | 2008 Data                | 2012 Data      |
| Total Assets                           | \$1.46 trillion | \$2.09 trillion | \$3.7 trillion           | \$5.6 trillion |
| Percentage Traditional Assets          | 85.3%           | 85.6%           | 88.5%                    |                |
| Average Rollover Amount                | \$72,398        | \$71,447        | \$48,508                 |                |
| Average Traditional/Roth Contributions | \$3,723         | \$3,904         | \$3,161                  |                |

The above percentage of traditional assets is adjusted for known assets. With the unknown assets included, the traditional IRA asset share is 82.4 percent in 2012. Based on this asset comparison, the database includes about 37 percent of all IRA assets. The number of individuals owning IRAs in the database represents about one-third of all IRA owners, accounting for growth from the 54.5 million individuals the IRS reported owning an IRA in 2008. For 2007, the IRS tabs showed an average rollover amount of \$72,896. See Victoria L. Bryant, "Accumulation and Distribution of Individual Retirement Arrangements, 2008." Statistics of Income Bulletin, Spring 2012, pp. 89–104 for complete IRS tabs of IRAs. Also see Board of Governors of the Federal Reserve System, "Financial Accounts of the United States: Flow of Funds, Balance Sheets, and Integrated Macroeconomic Accounts." Fourth Quarter 2013.

<sup>5</sup> The distributions between the overall database and the portion with complete asset allocation by age and gender of the owner and the account balance and type are very similar. See Figure A for a comparison of these distributions.

| Figure A   |          |            |              |   |                     |          |            |              |
|--|----------|------------|--------------|---|---------------------|----------|------------|--------------|
| Distribution of Individual Retirement Accounts (IRAs),     |          |            |              |   |                     |          |            |              |
| by Asset Allocation Data and Various Characteristics, 2012 |          |            |              |   |                     |          |            |              |
|  | •        | Complete   | Longitudinal |   |                     |          | Complete   | Longitudinal |
|  | All      | Asset      | Asset        |   |                     | All      | Asset      | Asset        |
|  | Accounts | Allocation | Allocation   | _ |                     | Accounts | Allocation | Allocation   |
| All  | 100.0%   | 100.0%     | 100.0%       |   | All                 | 100.0%   | 100.0%     | 100.0%       |
| Gender   |          |            |              |   | Account Balance     |          |            |              |
| Female   | 31.7     | 33.5       | 31.2         |   | Less than \$10,000  | 35.7     | 32.2       | 30.3         |
| Male   | 39.2     | 41.7       | 35.0         |   | \$10,000-\$24,999   | 17.6     | 18.2       | 17.2         |
| Unknown  | 29.1     | 24.8       | 33.8         |   | \$25,000-\$49,999   | 14.4     | 15.3       | 15.4         |
| Age  |          |            |              |   | \$50,000-\$99,999   | 12.8     | 13.7       | 14.3         |
| Less than 25   | 1.4      | 1.1        | 1.1          |   | \$100,000-\$149,999 | 6.0      | 6.5        | 6.7          |
| 25–44  | 23.2     | 23.3       | 27.1         |   | \$150,000-\$249,999 | 5.8      | 6.2        | 6.6          |
| 45–54  | 22.7     | 23.0       | 24.5         |   | \$250,000 or more   | 7.7      | 8.0        | 9.4          |
| 55–64  | 25.9     | 26.0       | 24.5         |   | Туре                |          |            |              |
| 65–69  | 10.5     | 10.6       | 9.1          |   | Traditional-Cont.   | 37.4     | 36.5       | 40.4         |
| 70–74  | 6.7      | 6.7        | 5.8          |   | Roth                | 24.4     | 25.1       | 32.8         |
| 75–84  | 6.5      | 6.4        | 6.2          |   | Traditional-Rlvr    | 30.8     | 31.3       | 40.2         |
| 85 or older  | 1.7      | 1.5        | 1.4          |   | SEP/SIMPLE          | 7.4      | 7.1        | 5.0          |
| Unknown  | 1.5      | 1.5        | 0.3          |   | All Traditional     | 68.2     | 67.8       | 77.1         |
| Source: EBRI IRA Database                                  |          |            |              |   |                     |          |            |              |

<sup>6</sup> Traditional IRAs are broken down into categories based on how the accounts originated with the data providers either through contributions or through rollovers from other tax-qualified vehicles. Both types of these accounts could have received contributions or rollovers after their origination, so these are **NOT** proxies for employment-based dollars vs. IRA-only dollars. The traditional-rollovers do provide an estimate of the dollars that have been moved into a new IRA, regardless of their original holding place. The remainder of this article will use the simplified labels of traditional and rollover to refer to the origination of the account. A category with all traditional IRAs combined is also presented.

<sup>7</sup> See Figure A cited in endnote 5 for a comparison with the full database, where the percentages are within 1 percentage point of the full database.

<sup>8</sup> These percentages are asset weighted. The remaining results will all be asset weighted until the section on "extreme allocations," which is owner weighted.

<sup>9</sup> The one government data source, the Survey of Consumer Finances (SCF), that has significant detail of all U.S. families' wealth, including IRA and defined contribution plan wealth, only reports an allocation between equity and interest-bearing assets. As this database shows, there is a significant amount of assets in balanced funds and "other" assets that are not strictly equities or interest bearing but are being represented as such in the data. See Craig Copeland, "Retirement Plan Participation and Asset Allocation, 2010," *EBRI Notes,* no. 4 (Employee Benefit Research Institute, April 2013): 9–18 for results on asset allocation from the survey; and Jesse Bricker et al. "Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, Vol. 98, no. 2 (June 2012): 1–80 www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf (last reviewed August 2014) for more information on the Survey of Consumer Finances.

<sup>10</sup> The total equity allocation is estimated by assuming that all balanced funds have 60 percent in equities and 40 percent in bonds. However, target date funds are included in the balanced funds, so while this estimation methodology is not likely to hold across ages, on an overall basis it remains a workable indicator of the average allocation between the two asset classes.

<sup>11</sup> The allocations to bonds and equities include the portion of balanced funds that come from each asset type. The assumed percentage, like above, is that 60 percent of the balanced assets are from equities and 40 percent are from bonds.

<sup>12</sup> The full distribution of the allocations to equities, bonds, and money are included as an online appendix, online at <a href="http://www.ebri.org/pdf//Notes.Oct14.IRAs.Appdx-AllFigs.pdf">http://www.ebri.org/pdf//Notes.Oct14.IRAs.Appdx-AllFigs.pdf</a>

<sup>13</sup> This sample includes 9.4 million individuals with \$0.92 trillion (2012 value). See Figure A for comparison of the consistent sample with the asset allocation sample from 2012.

<sup>14</sup> These individuals could have added rollovers or opened new accounts since 2010, as this sample includes all of the individuals' IRAs from each year. The action of rolling over or opening new accounts may cause the individuals to reassess their asset allocation. This is outside the scope of this study, but will be examined more closely to determine if some other action such as opening a new account is more likely to cause a change in asset allocation than for those who do not take such action.

<sup>15</sup> In this section the extreme allocations will refer to the endpoints of the possible allocations—0 percent and 100 percent.

<sup>16</sup> This is calculated by taking the percentage that changed from 0 percent (2.9 percent) and dividing it by the sum of those who had a 0 percent allocation in 2010 (33.2 percent in both years plus the 2.9 percent that changed).

<sup>17</sup> This uses the same calculation as described in the previous endnote (16).



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