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The Role of IRAs in US Households' Saving for Retirement, 2024

KEY FINDINGS

» **Individual retirement accounts (IRAs) play an important role in US households' retirement saving.** In mid-2024, 44 percent of US households owned IRAs. Traditional IRAs were the most common type of IRA owned (33 percent of US households), followed by Roth IRAs (26 percent) and employer-sponsored IRAs (4 percent). IRA-owning households often also had employer-sponsored retirement plan accumulations or had defined benefit plan coverage.

» **The majority of US households have tax-advantaged retirement savings.** All told, nearly three-quarters of US households had retirement plans through work or IRAs; being later in the life-cycle of saving, more than eight in 10 near-retiree households did.

» **Rollovers from employer-sponsored retirement plans have fueled the growth in IRAs.** In mid-2024, 59 percent of traditional IRA–owning households indicated that their traditional IRAs contained rollovers from employer-sponsored retirement plans. Among households with rollovers in their traditional IRAs, 85 percent indicated that they had rolled over the entire retirement account balance in their most recent rollover; 41 percent had also made contributions to their traditional IRAs at some point.

» **Traditional IRA–owning households with rollovers cite multiple reasons for rolling over their retirement plan assets into traditional IRAs.** The three most common primary reasons for rolling over were not wanting to leave assets behind at the former employer, wanting to consolidate assets, and wanting more investment options (23 percent, 19 percent, and 14 percent of traditional IRA–owning households with rollovers, respectively).

» **Recent years show a slight upward trend in contribution activity, although fewer than one in five US households make contributions to IRAs.** Across all US households, 16 percent contributed to traditional or Roth IRAs in tax year 2023. Looking at households owning traditional or Roth IRAs in mid-2024, 37 percent made contributions in tax year 2023.

Key findings continued »

What's Inside

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For more information about the role of IRAs in US households' saving for retirement, see the appendix to this paper, available at www.ici.org/files/2025/per31-02-data.xls.

Key findings continued »

- **Households cite economic reasons for not contributing to their IRAs.** Noncontributing traditional IRA–owning households cited being retired, ability to save, or meeting eligibility requirements to help explain lack of contributions. More than four in 10 noncontributing traditional IRA–owning households indicated they were retired and no longer saving. Nearly four in 10 indicated they either didn't have extra money to save or their retirement plans at work met their savings needs. About one-quarter were unable to meet eligibility requirements. More than four in 10 noncontributing Roth IRA–owning households indicated an inability to save, two in 10 had eligibility issues, and three in 10 were retired and no longer saving.
- **IRA withdrawals were infrequent and mostly retirement related.** Thirty-one percent of traditional IRA–owning households in mid-2024 took withdrawals in tax year 2023, in line with recent prior years.
- **The majority of traditional IRA withdrawals were made by retirees.** Ninety percent of households that made traditional IRA withdrawals were retired. Indeed, only 5 percent of traditional IRA–owning households in mid-2024 headed by individuals younger than 59 took withdrawals. Seventy-three percent of traditional IRA–owning households with withdrawals calculated the withdrawal using the RMD rule—this was the most common amount withdrawn.
- **Most IRA-owning households have a planned retirement strategy.** In mid-2024, 69 percent of traditional IRA–owning households and 65 percent of Roth IRA–owning households indicated that they have a strategy for managing income and assets in retirement. Typically, these strategies have many components, including: reviewing asset allocations, determining their retirement expenses, developing a retirement income plan, setting aside emergency funds, and determining when to take Social Security benefits.

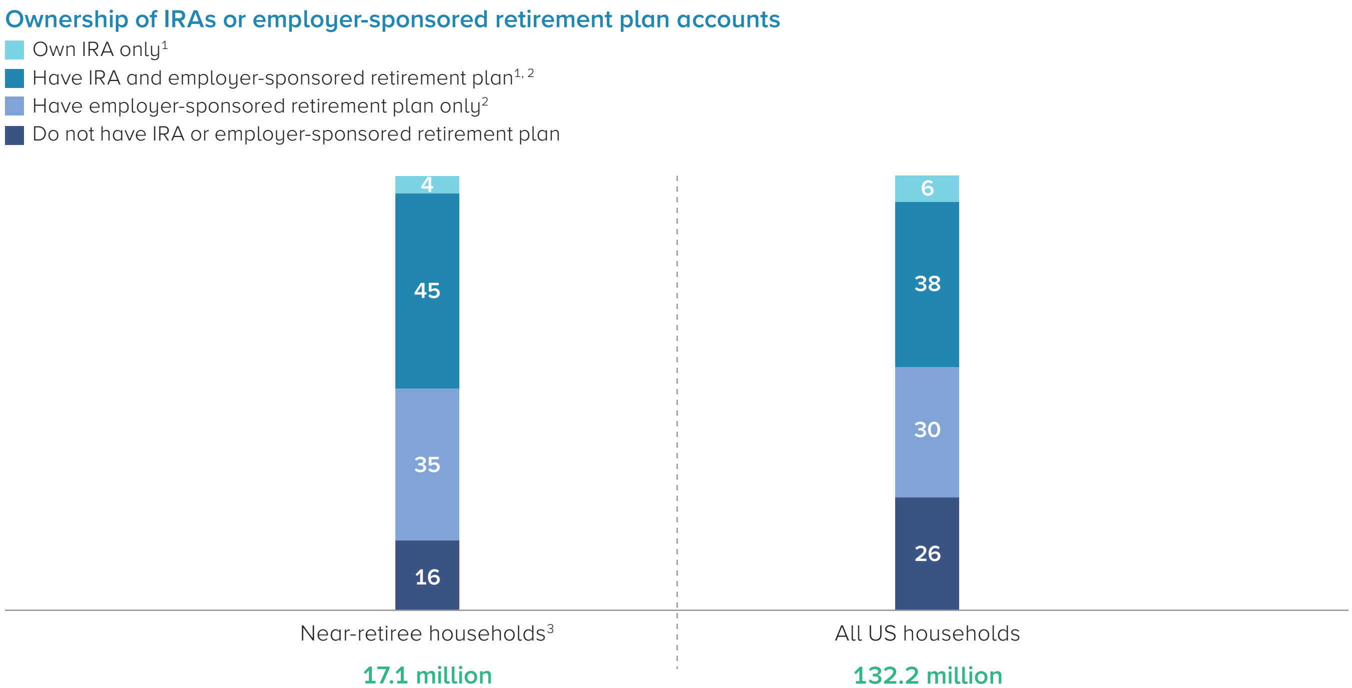
IRAs Play an Increasingly Important Role in Saving for Retirement

IRAs are a significant component of US retirement savings. With $16.2 trillion in assets in mid-2024, individual retirement accounts (IRAs) represented 38 percent of US total retirement market assets, compared with 24 percent two decades ago and 18 percent three decades ago.[1] IRAs have also risen in importance on household balance sheets. In mid-2024, IRA assets were 13 percent of all household financial assets, up from 8 percent of assets two decades ago and 5 percent three decades ago.[2] In mid-2024, 57.9 million US households, or 43.8 percent, reported that they owned IRAs (Figures 1 and 2).[3] Among all IRA-owning households in mid-2024, nearly nine in 10 also had employer-sponsored retirement plans; that is, they had defined contribution (DC) plan balances, current defined benefit (DB) plan payments, or expected future DB plan payments (Figure 1). Another 30 percent of US households reported employer-sponsored retirement plan coverage but no IRAs. All told, about 98 million US households, or 74 percent, had some type of formal, tax-advantaged retirement savings. Being later in the life-cycle of saving, 84 percent of near-retiree households had retirement accumulations.

FIGURE 1

Many US Households Have Tax-Advantaged Retirement Savings

Percentage of US households, 2024



[1] IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

[2] Employer-sponsored retirement plans include DC and DB retirement plans.

[3] *Near-retiree households* are those with a household survey respondent aged 55 to 64 who is working or whose spouse is working.

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and US Census Bureau

Traditional IRAs are the oldest and most common type of IRA. In mid-2024, 43.1 million US households, or 32.6 percent, owned traditional IRAs (Figure 2).[4] In addition to being a repository for contributions, the traditional IRA is a key vehicle for rollovers from employer-sponsored retirement plans. Indeed, about six in 10 US households with traditional IRAs indicated that their IRAs contained rollover assets.[5] Roth IRAs, which were first available in 1998, are the second most frequently owned type of IRA, held by 34.6 million US households, or 26.2 percent.[6] Overall, 42.7 percent of US households, or 56.4 million, owned traditional or Roth IRAs (16.1 percent of US households owned both traditional and Roth IRAs). In mid-2024, 4.0 percent of US households owned employer-sponsored IRAs, which include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 2

Millions of US Households Own IRAs

	Year created	Number of US households with type of IRA,[1] 2024	Percentage of US households with type of IRA,[1] 2024
Traditional IRA	1974 (Employee Retirement Income Security Act)	43.1 million	32.6%
SEP IRA[2]	1978 (Revenue Act)	5.3 million	4.0%
SAR-SEP IRA[2]	1986 (Tax Reform Act)		
SIMPLE IRA[2]	1996 (Small Business Job Protection Act)		
Roth IRA	1997 (Taxpayer Relief Act)	34.6 million	26.2%
Any IRA[1]		57.9 million	43.8%

[1] Households may own more than one type of IRA.

[2] SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs are employer-sponsored IRAs.

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and US Census Bureau

IRA Ownership Rates Increase with Household Age and Income

People of all ages own IRAs, but ownership is higher among households aged 35 or older, particularly for traditional IRAs. This reflects the life-cycle effect on saving; that is, households tend to focus on retirement-related saving as they get older (when younger, they save for other goals, such as education or buying a house).[7] Also, many traditional IRA owners became owners as a result of rollovers from employer-sponsored plans, which occur after at least some years in the workforce.[8] In mid-2024, 38 percent of households headed by an individual aged 35 to 44 owned IRAs, 40 percent of households headed by an individual aged 45 to 54 owned IRAs, 46 percent of households headed by an individual aged 55 to 64 owned IRAs, and 55 percent of households headed by an individual aged 65 or older owned IRAs (see Figure A2). As a result, 69 percent of IRA-owning households were headed by individuals aged 45 or older (see Figure A3).

The rising IRA ownership rates by age are primarily reflecting traditional IRA ownership. In mid-2024, 16 percent of US households younger than 35 owned traditional IRAs, compared with 49 percent of US households 65 or older (see Figure A2). Roth IRA ownership shows a much more even, slightly declining pattern across age groups. Nearly three in 10 US households up to age 54 owned Roth IRAs, compared with 26 percent of US households age 55 to 64 and 22 percent of US households 65 or older.

IRA ownership rates also rise across older generations. In mid-2024, more than half of Baby Boom households owned IRAs, compared with more than three in 10 Gen Z households and more than four in 10 Gen X households (see Figure A4). This pattern again reflects the lifecycle of moving through a career and into retirement. In mid-2024, 38 percent of IRA-owning households were Baby Boom households (see Figure A5).

IRA-owning households cover a range of incomes, although IRA ownership tends to increase with household income. This pattern is consistent with the fact that lower-income households, which tend to be focused on near-term spending needs and which receive a higher replacement benefit through Social Security,[9] generally have a lower propensity to save for retirement.[10]

In mid-2024, 55 percent of households with household incomes of $50,000 or more owned IRAs, compared with 19 percent of households with household incomes of less than $50,000 (see Figure A6). Sixty-three percent of households with incomes of $100,000 or more owned IRAs in mid-2024. Reflecting these ownership rates, among IRA-owning households, 14 percent earned less than $50,000, 27 percent had household incomes between $50,000 and $99,999, and 59 percent had household incomes of $100,000 or more (see Figure A7).

IRA Owners Tend to Be Savers

IRA owners build substantial financial assets. The median financial assets of IRA-owning households was more than 15 times the median financial assets of households that did not own IRAs (Figure 3).[11] Those assets included DC retirement plan accounts—76 percent of households that owned IRAs also owned such accounts.[12] IRA owners typically exhibit the characteristics that correlate with a greater propensity to save: the financial decisionmakers of households with IRAs are more likely than households that do not own IRAs to be married, employed, and have college or postgraduate degrees.[13]

Like other investing households, the majority of IRA-owning households were willing to take some investment risk for financial gain. In mid-2024, 33 percent of IRA-owning households were willing to take substantial or above-average investment risk for similar levels of financial gain (see Figure A12);[14] the figure was about the same (32 percent) for mutual fund–owning households[15] but was substantially less (24 percent) for all US households. Willingness to take investment risk among households owning IRAs generally decreases with age.[16]

Just as 401(k) balances tend to be higher the longer a worker's job tenure,[17] IRA balances tend to rise with length of ownership. In mid-2024, households owning traditional or Roth IRAs for less than 10 years had median IRA holdings of $30,000, while households owning traditional or Roth IRAs for 20 years or more had median traditional and Roth IRA holdings of $350,000 (see Figure A13). Across all traditional or Roth IRA–owning households, median IRA traditional and Roth IRA holdings were $130,000 (see Figure A14). Mean traditional and Roth IRA holdings, though considerably higher than the median values, display a similar pattern.

FIGURE 3

IRA Owners Are Typically Middle-Aged, Married, and Employed

Characteristics of US households by ownership of IRAs,[1] 2024

Median per household	Households owning IRAs[1]	Households not owning IRAs
Age of household survey respondent	58 years	49 years
Household income[2]	$120,000	$58,700
Household financial assets[3]	$375,000	$23,000
Household financial assets in traditional or Roth IRAs	$130,000	N/A
Share of household financial assets in traditional or Roth IRAs (percent)	40%	N/A
Percentage of households		
Household survey respondent:		
Married or living with a partner	72%	58%
College or postgraduate degree	59	25
Employed full- or part-time	63	60
Retired from lifetime occupation	39	27
Household has DC account or DB plan coverage (total)	86	54
DC retirement plan account	76	46
DB plan coverage	41	21
Household income less than $150,000	63	87
Age of household sole or co-decisionmaker for saving and investing between 35 and 64	48	53
Household willing to take above-average or substantial risk with financial investments	33	15

[1] IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

[2] Total reported is household income before taxes in 2023.

[3] Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

N/A = not applicable

Sources: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey and Investment Company Institute IRA Owners Survey

Rollovers to Traditional IRAs Fuel Growth

From their inception, traditional IRAs have been designed so that investors could accumulate retirement assets either through contributions[18] or by rolling over balances from employer-sponsored retirement plans (to help workers consolidate and preserve these assets).[19, 20] Rollover activity, which helps many Americans preserve their retirement savings, has fueled recent IRA growth. The most recent available data show that households transferred $670 billion from employer-sponsored (DC or DB or both) retirement plans to traditional IRAs in 2022.[21] In mid-2024, about 25 million US households (or 59 percent of all US households owning traditional IRAs) had traditional IRAs that included rollover assets (Figure 4).[22, 23] With their most recent rollovers, the vast majority of these households (85 percent) transferred the entire retirement plan account balance into the traditional IRA.[24] More than six in 10 traditional IRA–owning households with rollovers made their most recent rollover in 2015 or later, including 40 percent whose most recent rollover was in 2020 or later. Among households with rollovers in their traditional IRAs, 41 percent had made traditional IRA contributions in addition to their rollovers.

FIGURE 4

Rollovers Are Often a Source of Assets for Traditional IRAs

Households with traditional IRAs that include rollovers
Percentage of households owning traditional IRAs, 2024

Traditional IRA includes rollover	59%
Traditional IRA does not include rollover	41

Traditional IRA rollover activity
Percentage of households owning traditional IRAs that include rollovers, 2024

Reason for traditional IRA rollover(s):*	
Job change, layoff, or termination	69
Retirement	46
Other	8
Amount of most recent traditional IRA rollover:	
All assets in employer-sponsored retirement plan were rolled over	85
Some assets in employer-sponsored retirement plan were rolled over	15
Contributions to traditional IRA other than rollover:	
Have made contribution other than rollover	41
Have never made contribution in addition to rollover	59
Percentage of traditional IRA balance from rollovers or transfers from former employer-sponsored retirement plans:	
Less than 25 percent	10
25 to 49 percent	11
50 to 74 percent	18
75 percent or more	61
Year of most recent rollover:	
Before 2000	6
Between 2000 and 2004	8
Between 2005 and 2009	9
Between 2010 and 2014	14
Between 2015 and 2019	23
2020 or later	40
Median percentage of traditional IRA balance from rollovers or transfers from former employer-sponsored retirement plans (among households with rollovers)	88

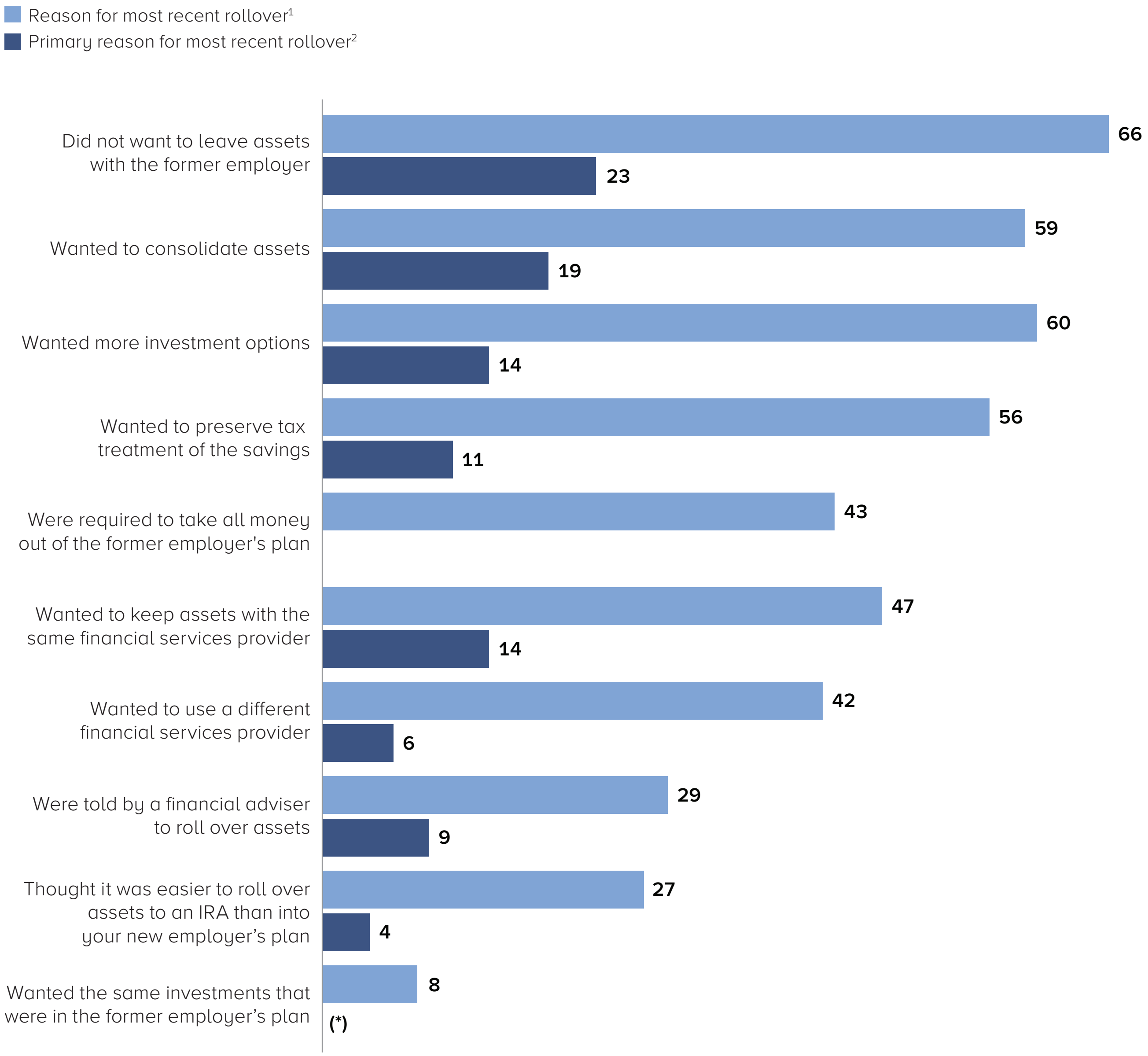
* Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

FIGURE 5

Rollovers Often Consolidate Retirement Assets

Percentage of households owning traditional IRAs that include rollovers, 2024



[1] Multiple responses are included for all responses except for respondents who were required to take the money out of their former employer's plan. Eighty-two percent of traditional IRA–owning households with rollovers had multiple reasons for rolling over.

[2] Figure does not include households with traditional IRAs that made their most recent or only rollover because they were required to take the money out of their former employer's plan.

(*) = less than 0.5 percent

Source: Investment Company Institute IRA Owners Survey

Rollovers Often Provide Consolidation

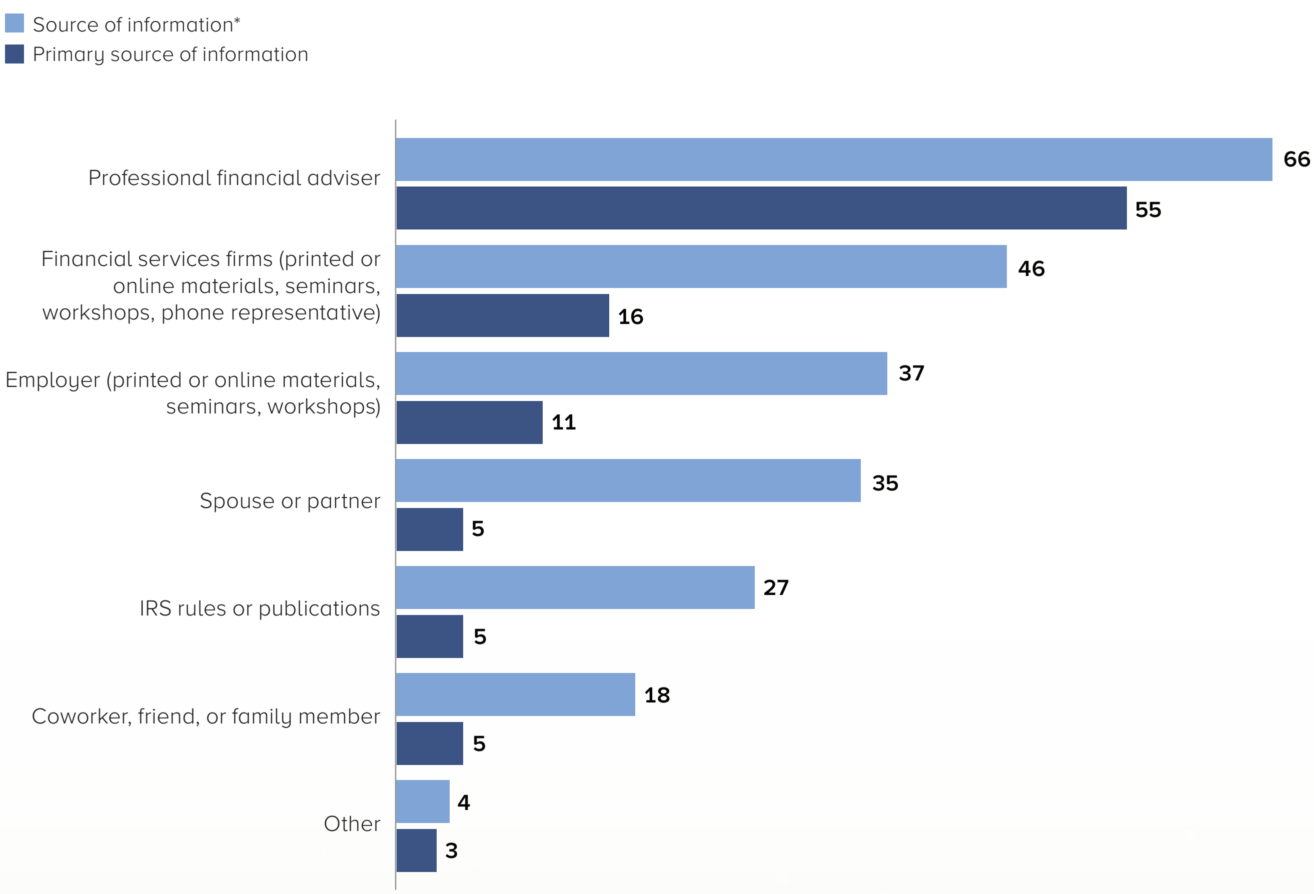
Most traditional IRA–owning households with rollovers (82 percent) had multiple reasons for rolling over the accumulations from their employer-sponsored retirement plans to traditional IRAs (Figure 5).[25] For example, 66 percent did not want to leave assets with their former employer, and 59 percent said they wanted to consolidate assets. Sixty percent wanted more investment options. Fifty-six percent said they wanted to preserve the tax treatment of the savings. Forty-seven percent of traditional IRA–owning households with rollovers kept their assets with the same financial services provider when they rolled over assets, and 42 percent rolled over to change financial services providers. Twenty-nine percent were told by a financial adviser to roll over, and 27 percent thought it was easier to roll over to an IRA than into their new employer's plan. Forty-three percent reported that they were required to take all of their money out of their former employer's plan.

Rollovers often are primarily used to consolidate retirement assets. When traditional IRA–owning households that chose to roll over assets were asked to identify the primary reason for the rollover, 23 percent said they did not want to leave the assets with their former employer, and 19 percent said they wanted to consolidate assets (Figure 5).[26]

FIGURE 6

Sources of Information Consulted for Rollover Decision

Percentage of households owning traditional IRAs that include rollovers, 2024



* Multiple responses are included; 65 percent of traditional IRA–owning households with rollovers consulted multiple sources of information.

Note: Other responses given included myself, other online information, and banks.

Source: Investment Company Institute IRA Owners Survey

Households Research the Rollover Decision

Traditional IRA–owning households generally researched the decision to roll over money from their former employer's retirement plan into a traditional IRA. Sixty-five percent consulted multiple sources of information. The most common source of information was professional financial advisers, who were consulted by 66 percent of traditional IRA–owning households with rollovers (Figure 6). Thirty-seven percent of traditional IRA–owning households with rollovers relied on information provided by their employers, with 29 percent using printed materials from their employers as a source of information and 24 percent consulting online materials from their employers (see Figure A17). Forty-six percent of traditional IRA–owning households with rollovers relied on information provided by financial services firms, with 24 percent using printed materials provided by financial services firms. Twenty-seven percent indicated that they used online materials from financial services firms.

When asked to identify their primary source of information on the rollover decision, 55 percent of traditional IRA–owning households with rollovers primarily relied on professional financial advisers (Figure 6). Older households were more likely to consult professional financial advisers than younger households (see Figure A17). Sixteen percent of traditional IRA–owning households with rollovers identified their primary source of information on the rollover decision as financial services firms. Eight percent of traditional IRA–owning households with rollovers said their primary source of information was online materials from these firms, with younger households more likely to rely primarily on online resources than older households.

Selecting the Investments

When asked about the selection of the initial asset allocation of rollover assets in traditional IRAs, 23 percent of traditional IRA–owning households with rollovers indicated that their professional financial adviser selected the investments, and 42 percent indicated that they worked together with a professional financial adviser to select the investments. Thirty-five percent of traditional IRA–owning households with rollovers reported that the household selected the investments without outside help.

Traditional IRA–owning households generally exhibit an appetite for equity investing. Nearly three-quarters of traditional IRA–owning households (72 percent) indicated they held mutual funds in their traditional IRAs, including a little over half (52 percent) holding equity funds (see Figure A16).[27] About half (49 percent) indicated they held individual equities in their traditional IRAs, and about one-third (32 percent) held exchange-traded funds (ETFs).

Households with rollover assets in their traditional IRAs tend to have higher IRA balances, compared with IRAs funded purely by individual contributions. Median traditional IRA holdings that include rollovers were $180,000 in mid-2024, compared with median traditional IRA holdings of $50,000 for balances that did not include rollovers (see Figure A9).[28]

Few Households Make Contributions to IRAs

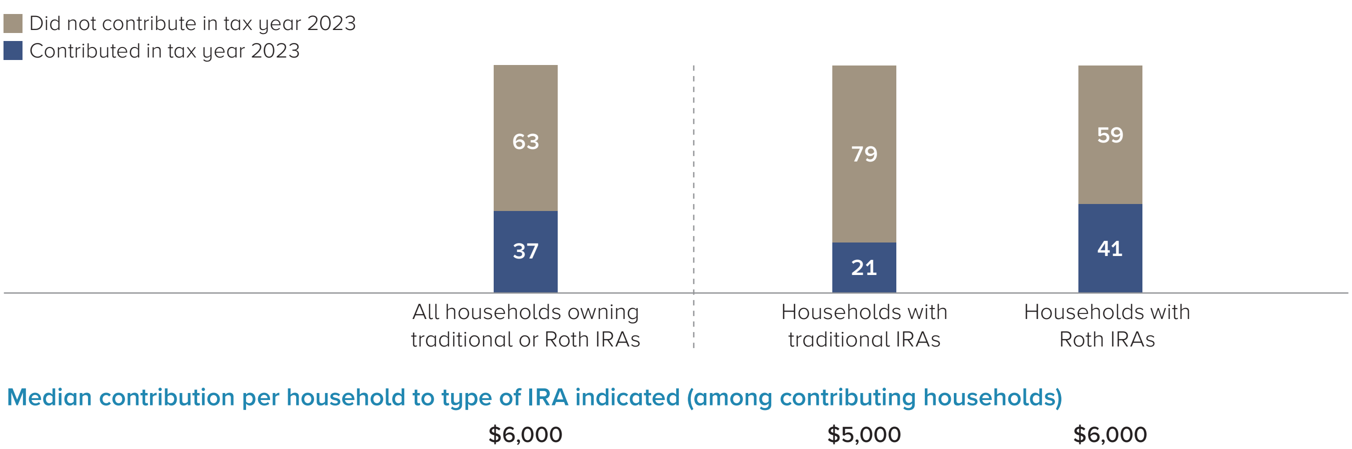
Although IRAs can play the role of a contributory savings vehicle for Americans to build their retirement savings, the majority of US households do not contribute to them. Nevertheless, recent years show a slight upward trend in contribution activity in traditional and Roth IRAs. In tax year 2023, 16 percent of all US households made contributions to traditional IRAs or Roth IRAs, compared with 15 percent in tax year 2022 and 11 percent in tax year 2017. Being retired, meeting eligibility requirements, not having extra money to save, or meeting retirement savings needs through employer-sponsored retirement plans help explain the lower contribution rates to IRAs versus employer-sponsored retirement plans.[29]

Among households owning IRAs, contribution rates were higher: 37 percent of households owning traditional IRAs or Roth IRAs in mid-2024 made contributions in tax year 2023 (Figure 7), compared with 36 percent in tax year 2022 and 36 percent in tax year 2021.[30] Households may, depending on their eligibility, contribute to more than one type of IRA in each tax year.[31]

FIGURE 7

Contribution Activity to Roth IRAs Outpaces Contribution Activity to Traditional IRAs in Tax Year 2023

Percentage of US households owning each type of IRA in 2024 by contribution status



Note: Households may hold more than one type of IRA. Contribution activity reported is for type of IRA indicated. Some of these households may have been ineligible to make contributions.

Source: Investment Company Institute IRA Owners Survey

Roth IRA Owners Are More Likely to Contribute

Traditional IRA owners were less likely than Roth IRA owners to have made contributions. Forty-one percent of households owning Roth IRAs in mid-2024 made contributions in tax year 2023 (Figure 7). In contrast, 21 percent of traditional IRA–owning households in mid-2024 contributed to their traditional IRAs in tax year 2023.[32]

Several factors play a role in the lower contribution rate to traditional IRAs.[33] For example, restrictions on the tax deductibility of contributions[34] must be considered by traditional IRA–owning households that have retirement plan coverage at work.[35] Prior to tax year 2020, traditional IRA investors aged 70½ or older were not permitted to make contributions to traditional IRAs.[36] In addition, traditional IRA–owning households may have someone in the household who was retired. Furthermore, some households that own traditional IRAs use them to preserve rollovers rather than as a contributory savings vehicle. And some households may be able to meet their retirement savings needs through their retirement plans at work.

Traditional IRA–owning households without contributions tended to have rollovers (63 percent) or have a DC plan account (67 percent) (see Figure A20). Fifty-three percent of traditional IRA–owning households without contributions were retired, and 49 percent were not employed (suggesting a lack of earnings to contribute). Nevertheless, other research finds that traditional IRA investors who make contributions tend to do so on a recurring basis.[37]

Noncontributing IRA-Owning Households Cite Economic Reasons

When asked, IRA-owning households not making contributions in tax year 2023 cited economic reasons for not contributing. Indeed, more than four in 10 noncontributing traditional IRA–owning households (43 percent) indicated they were retired and no longer saving (see Figures 8 and A18). About one-quarter of noncontributing traditional IRA–owning households indicated they were unable to meet eligibility requirements, one-fifth just didn't have extra money to save, and 18 percent said their retirement plans at work met their savings needs.[38]

Among noncontributing Roth IRA–owning households, more than four in 10 indicated an inability to save, including 25 percent who didn't have extra money to save and 18 percent who met their savings needs through their workplace retirement plan (see Figures 8 and A19). Thirty percent of noncontributing Roth IRA–owning households indicated they were retired and no longer saving.

FIGURE 8

Reasons Why IRA-Owning Households Did Not Contribute to an IRA in Tax Year 2023

Percentage of IRA-owning households that did not make contributions in tax year 2023 by type of IRA and retirement status

	Noncontributing traditional IRA–owning households			Noncontributing Roth IRA–owning households		
		Retirement status			Retirement status	
	All	Retired	Not retired	All	Retired	Not retired
Ability to save	38	18	76	43	20	67
You are saving enough through your retirement plan at work	18	5	43	18	6	30
You do not have extra money to save	20	13	33	25	14	37
Eligibility issue	26	29	21	21	22	19
You are not eligible to make a deductible contribution	13	14	12	N/A	N/A	N/A
You are ineligible to contribute to an IRA	16	18	12	21	22	19
You are retired and no longer saving	43	65	N/A	30	58	N/A
You own an inherited IRA	4	4	4	3	3	2
The rules for IRA contributions are confusing	3	2	4	4	2	5
Some other reason	5	4	8	7	5	9

Note: Multiple responses are included. The household was considered retired if either the head of household or spouse responded affirmatively to the question: “Are you retired from your lifetime occupation?”

N/A = not applicable

Source: Investment Company Institute IRA Owners Survey

Catch-Up Contributions

In tax year 2023, the median household contribution to traditional IRAs was $5,000, and the median household contribution to Roth IRAs was $6,000 (Figure 7). In tax year 2023, the traditional and Roth IRA contribution limit was $6,500 for individuals younger than 50 (see Figure A21).[39] Since tax year 2002, individuals aged 50 or older are eligible to make catch-up contributions to their IRAs.[40] Among households aged 50 or older, 48 percent owned traditional or Roth IRAs in mid-2024 (see Figure A22). Of these IRA-owning households, 21 percent made contributions to traditional or Roth IRAs; half of these contributing households made catch-up contributions.[41] Among the 38 percent of households aged 50 or older that owned but did not contribute to a traditional or Roth IRA, 73 percent were retired, and 54 percent were not working (27 percent of those that were retired were working full- or part-time). In addition, 61 percent of these households owned a DC account, and 61 percent of them reported either a traditional IRA rollover or that some of the assets in their Roth IRAs were originally from an employer-sponsored retirement plan.

All told, catch-up contributions are not prevalent, with only 5 percent of all US households aged 50 or older reporting catch-up contributions to traditional or Roth IRAs (see Figure A22). However, it should be noted that US households aged 50 or older include households ineligible to make deductible contributions to traditional IRAs or contributions to Roth IRAs because of restrictions on such contributions based on income.[42] Furthermore, 47 percent of US households aged 50 or older were not employed, and 60 percent were retired.

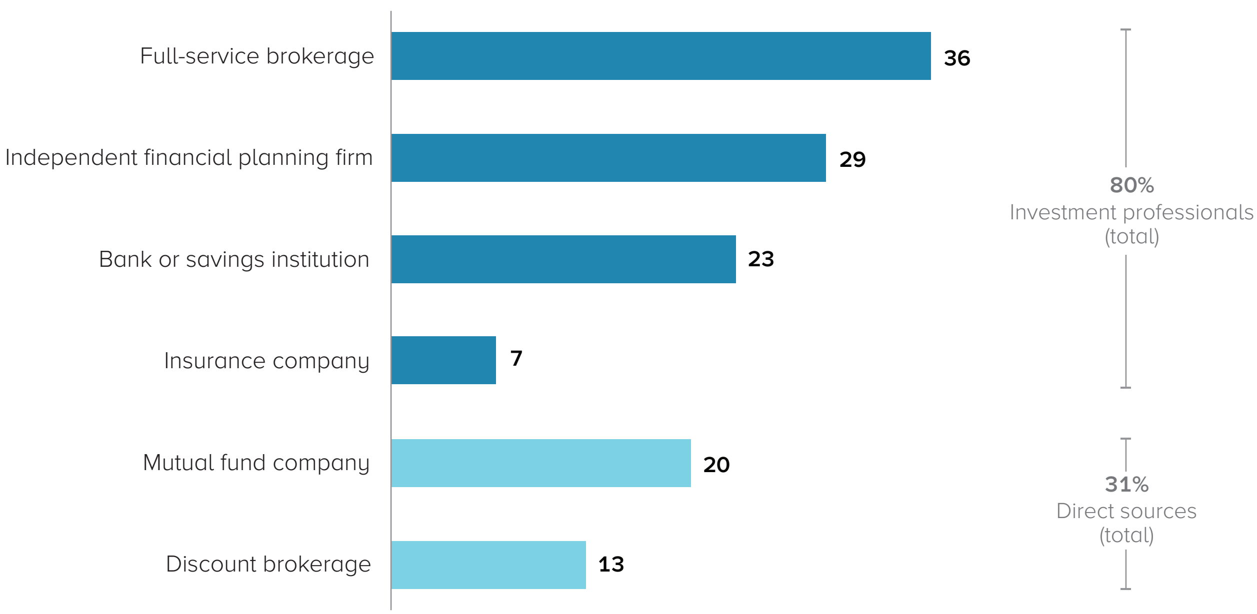
IRAs Are Held Through a Variety of Financial Institutions

Households with traditional or Roth IRAs held them through a wide array of financial institutions (see Figure A11).[43] In mid-2024, 80 percent of households that owned traditional IRAs held them through investment professionals, and 31 percent held them directly at mutual fund companies or discount brokers (Figure 9).[44] Older traditional IRA–owning households were more likely to use investment professionals (82 percent among those aged 65 or older) than younger traditional IRA–owning households (77 percent among those younger than 35, and 72 percent among those aged 35 to 44) (see Figure A11). Younger traditional IRA–owning households were more likely to hold their traditional IRAs through direct sources (37 percent among those aged 35 to 54) than older traditional IRA–owning households (29 percent among those aged 55 to 64, and 28 percent among those aged 65 or older). Roth IRA–owning households similarly held their Roth IRAs through a variety of financial institutions, following a similar pattern of ownership location as traditional IRA–owning households (see Figure A11).

FIGURE 9

Traditional IRAs Are Held Through a Variety of Financial Institutions

Percentage of households owning traditional IRAs, 2024



Note: Multiple responses are included.

Source: Investment Company Institute IRA Owners Survey

IRA Withdrawals Are Infrequent, Mostly Retirement Related

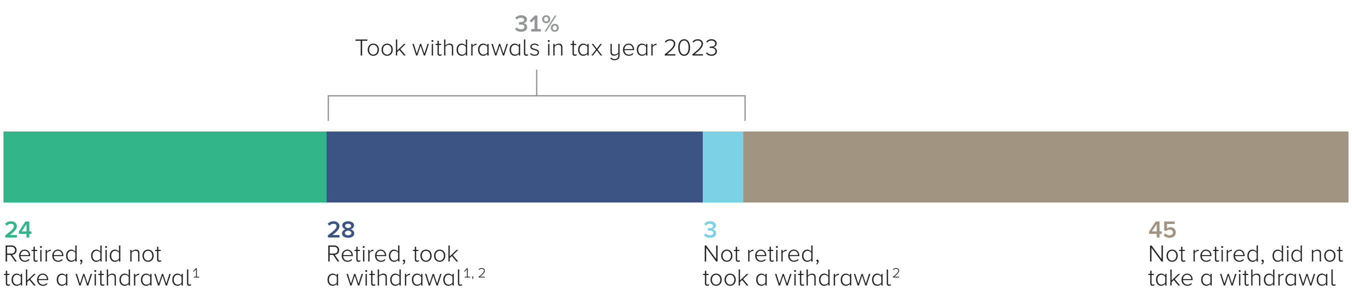
Few households withdraw money from their IRAs in any given year, and most withdrawals are retirement related. A traditional IRA withdrawal taken by an individual prior to age 59½ is generally subject to a 10 percent penalty on the taxable portion of the withdrawal (in addition to the federal, state, and local income tax that may be due).[45] Starting in 2023, taxpayers older than 59½ but younger than 73 may take withdrawals without penalty but generally are not required to do so.[46] Traditional IRA owners aged 73 or older are required to withdraw an annual amount based on life expectancy or pay a penalty for failing to do so; these withdrawals are called required minimum distributions (RMDs).[47] Households with inherited IRAs are also generally required to take distributions.

Thirty-one percent of households owning traditional IRAs in 2024 reported taking withdrawals from these IRAs in tax year 2023, compared with 31 percent in tax year 2022, 29 percent in tax year 2021, and 23 percent in tax year 2020 (see Figure A24).[48] The Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted March 27, 2020, suspended RMDs for tax year 2020.[49] Withdrawal activity among traditional IRA–owning households fell to lower levels in tax year 2020, likely in part due to the suspension of RMDs from traditional IRAs. Some of the increase in withdrawal activity in tax year 2021 resulted from the return of RMDs. Among households taking traditional IRA withdrawals in tax year 2023, 90 percent reported that someone in the household was retired from their lifetime occupation (Figure 10). Nevertheless, 46 percent of retired households owning traditional IRAs in mid-2024 did not take withdrawals in tax year 2023.

FIGURE 10

Withdrawals from Traditional IRAs Are Infrequent

Percentage of US households with traditional IRAs in 2024



Number of respondents: 2,467

[1] The household was considered retired if either the head of household or spouse responded affirmatively to the question: “Are you retired from your lifetime occupation?”

[2] Households that made a withdrawal exclude those that closed and no longer own traditional IRAs.

Source: Investment Company Institute IRA Owners Survey

Traditional IRA–owning households that made withdrawals generally took modest-sized amounts (see Figure A25). Although some withdrawals appear large in dollar amounts, a median of 6 percent of the account balance was typically withdrawn. In line with the incentives and disincentives of the tax code, younger households were much less likely to make withdrawals than older households. Among traditional IRA–owning households in mid-2024 headed by individuals younger than 59, only 5 percent took withdrawals in tax year 2023 (see Figure A24).[50] Twenty-nine percent of households owning traditional IRAs and headed by an individual aged 59 to 72 in mid-2024 reported withdrawals in tax year 2023. Eighty-four percent of households owning traditional IRAs and headed by an individual aged 73 or older took withdrawals in tax year 2023.[51]

Typically, withdrawals from traditional IRAs were taken to fulfill RMDs. Seventy-three percent of households owning traditional IRAs in mid-2024 and making withdrawals in tax year 2023 calculated their withdrawal amount based on the RMD, compared with 76 percent in tax year 2022, and 74 percent in tax year 2021 (see Figure A26).[52] Another 15 percent of traditional IRA–owning households taking withdrawals reported they withdrew lump sums based on needs in tax year 2023, compared with 12 percent in tax year 2022, and 14 percent in tax year 2021. In tax year 2023, 9 percent reported a scheduled withdrawal amount, either as a percentage of the account or a regular dollar amount, compared with 8 percent in tax year 2022, and 8 percent in tax year 2021.

Reflecting the rules governing distributions from traditional IRAs, households headed by individuals aged 73 or older were much more likely to cite RMDs as the way they calculated their withdrawal amounts,[53] while younger households were much more likely to take lump-sum withdrawals based on needs. Among traditional IRA–owning households in mid-2024 with a head of household aged 73 or older and taking a withdrawal in tax year 2023, 96 percent indicated their withdrawal was based on the RMD rules—only 2 percent took lump sums based on needs (see Figure A27). In contrast, among withdrawing households younger than age 73, 36 percent took RMDs, and 37 percent took lump sums based on needs.

Traditional IRA–owning households that took withdrawals in tax year 2023 usually consulted outside sources to determine the amount of the withdrawal. Sixty-two percent consulted a professional financial adviser to determine the amount to withdraw in tax year 2023 (see Figure A28). Twenty-seven percent consulted Internal Revenue Service (IRS) rules or publications.

Few Roth IRA–Owning Take Withdrawals

Among households owning Roth IRAs in mid-2024, only 5 percent took withdrawals in tax year 2023 (see Figure A31). Roth IRAs are not subject to RMDs during the lifetime of the owner, in contrast to traditional IRAs. Nearly half (48 percent) of Roth IRA–owning households taking withdrawals reported they withdrew lump sums based on needs in tax year 2023. Thirty-five percent reported a scheduled withdrawal amount, either as a percentage of the account or a regular dollar amount. Fifty-eight percent of Roth IRA–owning households taking withdrawals consulted with professional advisers to determine the withdrawal amount and 29 percent consulted Internal Revenue Service (IRS) rules or publications (see Figure A28).

IRA Withdrawals Are Used for a Variety of Purposes

Households use traditional IRA withdrawals for a variety of purposes, mainly in retirement.[54] Among households in which either the head of household or spouse was retired, 41 percent reported using traditional IRA withdrawals to pay for living expenses (see Figure A30). Forty percent of retired households that took traditional IRA withdrawals in tax year 2023 reinvested or saved at least some of the withdrawal amount into another account.[55] Fifteen percent reported using their withdrawals for home purchase, repair, or remodeling; and 5 percent reported using their withdrawals for healthcare expenses. Five percent used their withdrawals for emergencies. Nonretired traditional IRA–owning households that reported taking withdrawals in tax year 2023 had different uses for the funds. These households were more likely to use the funds for home purchase, repair, or remodeling (22 percent) or for emergencies (21 percent) than retired households.

Households use Roth IRA withdrawals for a variety of purposes; the most commonly cited was to pay for living expenses (31 percent) (see Figure A31). More than one-quarter reinvested their Roth IRA withdrawal into another account. About one-fifth used their Roth IRA withdrawals for a home-related expense and 17 percent used the withdrawal for some other big-ticket item. Fourteen percent reported using their withdrawals for emergencies, and 10 percent reported using Roth IRA withdrawals for healthcare expenses.

Most IRA Owners Have a Planned Retirement Strategy

Sixty-nine percent of traditional IRA–owning households in mid-2024 said they have a strategy for managing income and assets in retirement (see Figure A32). These households typically seek advice when building their retirement income and asset management strategy. Seventy-eight percent of traditional IRA–owning households with a strategy consulted a professional financial adviser when creating the strategy, with older households more likely to do so than younger households. Twenty-two percent used a website to help create their retirement income and asset management strategy, with younger households more likely to do so than older households. Twenty-two percent consulted with friends or family, and 19 percent consulted written materials (e.g., a book or article in a magazine or newspaper). Seven percent of households with a strategy used a financial software package to build their retirement income and asset management strategy, with younger households slightly more likely to do so than older households.

Traditional IRA–owning households with a strategy for managing their income and assets in retirement reported that their strategy had multiple components. Seventy-two percent of these households reviewed their asset allocation, and 66 percent developed a retirement income plan (see Figure A33). Sixty-nine percent of traditional IRA–owning households with a strategy for managing their income and assets in retirement determined their retirement expenses as part of their strategy. Fifty-seven percent set aside emergency funds, and 44 percent reviewed their insurance policies. Fifty-seven percent determined when to take Social Security benefits, with households aged 50 or older more likely to have done so than households younger than 50. Seventy-one percent of traditional IRA–owning households with a strategy took three or more steps in developing their strategy.

Sixty-five percent of Roth IRA–owning households in mid-2024 said they have a strategy for managing income and assets in retirement (see Figure A34). These households typically seek advice when building their retirement income and asset management strategy. Seventy-two percent of Roth IRA–owning households with a strategy consulted a professional financial adviser when creating the strategy, with older households more likely to do so than younger households. Thirty percent used a website to help create their retirement income and asset management strategy, with younger households more likely to do so than older households. Twenty-eight percent consulted with friends or family, and 23 percent consulted written materials (e.g., a book or article in a magazine or newspaper). Eight percent of households with a strategy used a financial software package to build their retirement income and asset management strategy.

Roth IRA–owning households with a strategy for managing their income and assets in retirement reported that their strategy had multiple components. Seventy-three percent of these households reviewed their asset allocation, and 70 percent developed a retirement income plan (see Figure A35). Sixty-seven percent of Roth IRA–owning households with a strategy for managing their income and assets in retirement determined their retirement expenses as part of their strategy. Sixty-four percent set aside emergency funds, and 50 percent reviewed their insurance policies. Fifty-five percent determined when to take Social Security benefits, with households aged 50 or older more likely to have done so than households younger than 50. Seventy-four percent of Roth IRA–owning households with a strategy took three or more steps in developing their strategy.

Additional Reading

- Individual Retirement Accounts in the *Investment Company Fact Book*
  www.icifactbook.org/pdf/2024-factbook-ch8.pdf
- The IRA Investor Database
  www.ici.org/research/investors/database
- The Evolving Role of IRAs in US Retirement Planning
  www.ici.org/system/files/attachments/pdf/per15-03.pdf
- The Individual Retirement Account at Age 30: A Retrospective
  www.ici.org/system/files/attachments/per11-01.pdf
- The US Retirement Market, Fourth Quarter 2024
  www.ici.org/research/stats/retirement
- Ten Important Facts About IRAs
  www.ici.org/files/2024/ten-facts-iras.pdf
- Individual Retirement Account Resource Center
  www.ici.org/ira

Description of the Surveys

About the ICI Annual Mutual Fund Shareholder Tracking Survey

ICI conducts the Annual Mutual Fund Shareholder Tracking Survey each year to gather information on the demographic and financial characteristics of mutual fund–owning households in the United States. The most recent survey was conducted from May to June 2024 and was fielded on the KnowledgePanel®, a probability based online panel designed to be representative of the US population. The KnowledgePanel® is designed and administered by Ipsos. Ipsos is one of the largest market research and polling companies globally, operating in 90 markets and employing over 18,000 people. The Annual Mutual Fund Shareholder Tracking Survey sample for 2024 included 9,011 US households drawn from the KnowledgePanel®. The overall margin of sampling error for the 2024 sample of US households is ± 1.0 percentage points at the 95 percent confidence level. For a discussion of the revisions to ICI's Annual Mutual Fund Shareholder Tracking Survey and the detail on the sampling and weighting procedures, see "Ownership of Mutual Funds and Shareholder Sentiment, 2024," *ICI Research Perspective* 30, no. 8 (October), available at www.ici.org/files/2024/per30-08.pdf.

About the IRA Owners Survey

ICI conducts the IRA Owners Survey each year to gather information on the characteristics and activities of IRA-owning households in the United States. The most recent survey was conducted from May to June 2024 using the KnowledgePanel®, a probability-based online panel designed to be representative of the US population. The 2024 sample of IRA owners included 3,222 representative US households owning traditional IRAs or Roth IRAs. All surveys were conducted online with the member of the household aged 18 or older who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments. The standard error for the total sample is ± 1.7 percentage points at the 95 percent confidence level. In the 2016 through 2024 surveys, households owning traditional or Roth IRAs were surveyed, and thus households owning only employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs) or Coverdell education savings accounts (formerly called education IRAs) are not included.

Revisions to ICI's IRA Owners Survey

Starting in 2016, the ICI IRA Owners Survey was changed from a dual-frame RDD telephone survey to a self-administered online survey on the KnowledgePanel®, a probability-based online panel administered by Ipsos. In addition to the change in the survey mode for the ICI IRA Owners Survey in 2016, the questionnaire was also revised to collect only demographic and financial characteristics of households owning traditional IRAs or Roth IRAs. In previous years, the survey collected information on households owning employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). These survey changes were implemented in 2016 to reduce the cost of data collection, improve the representativeness of the sample, and reduce the burden on survey respondents.

Because the methodology for the IRA Owners Survey was changed to an online survey in 2016, it was necessary to adjust the weighting methodology for the survey. For the 2016 through 2024 data, the weighting included the standard raking to control totals based on census region, householder age, household income, and educational attainment of US households owning traditional or Roth IRAs.

Notes

[1] See Investment Company Institute 2025. For the rules governing IRAs, see Internal Revenue Service 2024b and 2025.

[2] Households' total financial assets were $123.4 trillion as of June 2024, $42.6 trillion at year-end 2004, and $20.9 trillion at year-end 1994. See US Federal Reserve Board 2025 and Investment Company Institute 2025.

[3] Data in this *ICI Research Perspective* on the number and percentage of households owning IRAs are based on ICI's Annual Mutual Fund Shareholder Tracking Survey, which was conducted from May to June 2024. Starting in 2022, the Annual Mutual Fund Shareholder Tracking Survey was changed from a dual frame RDD telephone survey to a self-administered online survey on the KnowledgePanel®, a probability based online panel administered by Ipsos, an online consumer research company. The Federal Reserve has also used the KnowledgePanel®; see US Federal Reserve Board 2024. The Annual Mutual Fund Shareholder Tracking Survey sample for 2024 included 9,011 US households drawn from the KnowledgePanel®. The standard error for the total sample is ± 1.0 percentage points at the 95 percent confidence level. For further discussion and additional results from this survey, see Holden, Schrass, and Bogdan 2024a and 2024b and Schrass and Bogdan 2024.

The demographic and financial characteristics of IRA owners are derived from a separate IRA Owners Survey of 3,222 representative US households owning traditional IRAs or Roth IRAs. The 2024 IRA Owners Survey was also conducted using the KnowledgePanel®. The standard error for the total sample is ± 1.7 percentage points at the 95 percent confidence level. IRA ownership does not include ownership of employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs) or Coverdell education savings accounts (formerly called education IRAs).

The incidence of IRA ownership is calculated from the ICI Annual Mutual Fund Shareholder Tracking Survey, which collects information on retirement and other investment account ownership among US households headed by individuals aged 18 or older. Starting in 2013, the order of the account type choices in the question regarding ownership of retirement and other savings accounts was changed. This change was made to avoid confusion between individual accounts in 401(k) and other employer-sponsored DC plan accounts versus IRAs. Beginning in 2013, respondents were asked if they own a 401(k) and other employer-sponsored DC retirement plans, then if they own a traditional IRA or a Roth IRA, then if they own an employer-sponsored IRA, and, finally, if they own a 529 plan or Coverdell education savings account (ESA). In prior years, respondents were asked first if they own a traditional IRA or Roth IRA, then if they own a Coverdell ESA, then if they own an employer-sponsored IRA, and, finally, if they own a 401(k) or other employer-sponsored plan account (529 plan ownership was a separate question).

In the surveys from 2014 through 2021, the incidence of IRA ownership is lower than in previous years, possibly due to the reordering of questions regarding retirement and other savings accounts in the questionnaire (introduced in 2013), as well as a sampling and weighting methodology change introduced in 2014. See Figure A1 for the complete time series on IRA incidence. See Holden, Schrass, and Bogdan 2024a for details on the changes to the ICI Annual Mutual Fund Shareholder Tracking Survey.

[4] See note 3 for a discussion of changes in IRA incidence in ICI's surveys. The ICI Annual Mutual Fund Shareholder Tracking Survey results in higher incidence of IRA ownership than the Federal Reserve Board's Survey of Consumer Finances. For example, ICI tabulations of the 2022 Survey of Consumer Finances indicate that 21.4 percent of US households owned traditional IRAs and 16.1 percent of US households owned Roth IRAs. The ICI Annual Mutual Fund Shareholder Tracking Survey finds that 31.2 percent of US households in 2022, 31.3 percent in 2023, and 32.6 percent in 2024 owned traditional IRAs; in addition, 24.6 percent of US households in 2022, 24.3 percent in 2023, and 26.2 percent in 2024 owned Roth IRAs (see Figure A1). For a description of the Survey of Consumer Finances, see Aladangady et al. 2023.

[5] See Figures 4–6 for additional information on rollover activities and Figure A9 for additional information on traditional IRA–owning households with rollovers.

[6] The ability to contribute to Roth IRAs is restricted based on household income. Conversions also used to be limited based on household income, but in 2010, the income restrictions for Roth conversions were lifted. For additional detail, see Internal Revenue Service 2025. It is possible that Roth IRA ownership is not more widespread because income limits restrict the ability of many US households to invest in Roth IRAs.

[7] See Brady and Bass 2021 and Brady, Burham, and Holden 2012 for discussion of the life-cycle model and household survey results regarding savings goals.

[8] See Sabelhaus and Schrass 2009.

[9] For example, the first-year replacement rate (mean scheduled Social Security first-year benefits as a percentage of average inflation-indexed career earnings for retired workers in the 1960–1969 birth cohort [individuals aged 52 to 61 in 2021]) falls as income rises. The mean replacement rate for the lowest lifetime household earnings quintile was 78 percent; for the middle quintile, it was 49 percent; and for the highest quintile, it was 31 percent. See Congressional Budget Office 2021. For additional discussion, see Brady and Bass 2021 and Brady, Burham, and Holden 2012.

[10] For discussion of retirement saving by different income groups, see Brady and Bass 2021; Schrass and Bogdan 2024; and Sabelhaus, Bogdan, and Schrass 2008.

[11] For characteristics by type of IRA, see Figure A8.

[12] Households with formal retirement savings tend to have greater total financial assets (see Figure A15).

[13] See Holden et al. 2005 for a discussion of the relationship between demographic characteristics and the propensity to save. For additional discussion, see also Brady and Bass 2021; Brady, Burham, and Holden 2012; and Sabelhaus, Bogdan, and Schrass 2008.

[14] For data from 1989 through 2007 (based on the Federal Reserve Board's Survey of Consumer Finances), see Figures 8 and 10 in Holden and Schrass 2013.

[15] See Figure 8 in Holden, Schrass, and Bogdan 2024a.

[16] This is a pattern of risk tolerance observed in other types of investors. For example, see Sabelhaus, Bogdan, and Schrass 2008; Holden, Schrass, and Bogdan 2024a; and Schrass and Bogdan 2024. Research also finds that the asset allocation of traditional IRA investors varies over the life cycle. Older traditional IRA investors tended to have higher shares of their IRAs in fixed-income investments compared with younger traditional IRA investors. With the exception of the youngest traditional IRA investors (who tend to have small accounts), younger traditional IRA investors tended to have higher allocations to equity investments compared with older traditional IRA investors. See Holden and Bass 2011 and Schrass and Holden 2024a.

[17] See Holden, Bass, and Copeland 2024a and 2024b.

[18] For a brief history of IRAs and a discussion of the various features of different IRA types, see Holden et al. 2005. For a discussion of the evolving role of IRAs in US retirement planning, see Sabelhaus and Schrass 2009.

[19] Before 2008, Roth IRAs generally were not eligible for direct rollovers from employer-sponsored retirement plan accounts. The Pension Protection Act of 2006 (PPA) allows direct rollovers from employer-sponsored plans to Roth IRAs starting in 2008. For a complete discussion of the specific rules, see Internal Revenue Service 2025.

[20] Rollovers are possible from both DC plans and DB plans. For research on DC plan participants' distribution decisions at retirement, see Sabelhaus, Bogdan, and Holden 2008. For distribution activity from DC plans recordkept by the Vanguard Group, see Clark 2024.

[21] See Internal Revenue Service, Statistics of Income Division 2025. For historical data, see Investment Company Institute 2025.

[22] Household characteristics vary between traditional IRA–owning households with rollovers and without rollovers (see Figure A9). Rollovers into Roth IRAs have been relatively rare. Nevertheless, 22 percent of Roth IRA–owning households indicated that their Roth IRAs contained amounts that had originally been assets in an employer-sponsored retirement plan (see Figure A10). One-fifth of Roth IRA–owning households indicated that their Roth IRAs contained amounts converted from traditional IRAs, and household characteristics vary between Roth IRA–owning households with and without conversions.

[23] Tabulations of the Federal Reserve Board's 2022 Survey of Consumer Finances data find that 53 percent of traditional IRA–owning households had rollovers in their IRAs in 2022, compared with 60 percent of traditional IRA–owning households in ICI's 2022 IRA Owners Survey (see Holden and Schrass 2023). Tabulations of the Survey of Consumer Finances also reveal that 56 percent of traditional IRA assets in 2022 resulted from rollovers from employer-sponsored retirement plans. For a description of the Survey of Consumer Finances, see Aladangady et al. 2023.

[24] In the case of a DC plan, this amount is the account balance. For DB plans, this amount is the lump-sum distribution based on accrued benefits. See Figure A9 for additional information on traditional IRA owners with rollovers.

[25] The Internal Revenue Code sets out a comprehensive disclosure regime covering both plan sponsors and IRA providers with regard to information provided for distribution and rollover decisions. Plan sponsors must inform departing employees of information relevant to their distribution decision. IRA providers must disclose the relevant information to IRA owners at the outset and on an ongoing basis. In addition, financial planners, advisers, or brokers may have fiduciary obligations or be subject to other rules of practice with regard to advice to clients on distribution and rollover decisions. For additional discussion, see Holden 2009, Holden and Chism 2014, and Holden and Salinas 2018.

[26] Traditional IRA–owning households with rollovers tend to have higher traditional IRA balances than those without rollovers (see Figure A9).

[27] Aggregate data on mutual fund assets held in IRAs find that mutual fund assets accounted for 39 percent of total IRA assets at the end of June 2024 (see Investment Company Institute 2025). Equity funds accounted for 58 percent of mutual fund assets held in IRAs, and balanced funds (which include target date funds), which also provide exposure to equities, were another 17 percent.

[28] For more information on rollovers among traditional IRA investors, see Holden, Sabelhaus, and Bass 2010b and Schrass and Holden 2024a.

[29] For example, for contribution activity in the DC plans recordkept by the Vanguard Group, see Clark 2024.

[30] These results are from the 2022 and 2023 ICI IRA Owners Surveys; see Holden and Schrass 2023 and 2024.

[31] Among households making contributions to traditional IRAs or Roth IRAs in tax year 2023, 32 percent contributed to traditional IRAs only, and 56 percent contributed to Roth IRAs only. The remaining 12 percent contributed to both traditional IRAs and Roth IRAs in tax year 2023.

[32] Although it is difficult to compare household-level data and individual-level data, the IRA Owners Survey finds higher rates of contribution activity than the IRA Investor Database finds among individual IRA investors. Analysis of 5.2 million traditional IRA investors aged 18 to 69 in 2020 finds that 10.6 percent of them contributed to their traditional IRAs in tax year 2020 (see Schrass and Holden 2024a). Contribution activity in Roth IRAs was also higher in the IRA Owners Survey. The IRA Investor Database finds that among 4.6 million Roth IRA investors aged 18 or older in 2020, 35.2 percent contributed to their Roth IRAs in tax year 2020 (see Schrass and Holden 2024b).

[33] ICI's 2024 IRA Owners Survey asked traditional IRA–owning households without contributions the reasons why they did not contribute (see Figure A18) and Roth IRA–owning households without contributions the reasons why they did not contribute (see Figure A19).

[34] For traditional IRA contribution eligibility rules, see Internal Revenue Service 2025.

[35] For ownership of DC accounts and access to DB plans among traditional IRA–owning households, see Figure A8.

[36] See Internal Revenue Service 2025 for the rules governing IRA contribution eligibility. In 2019, the Setting Every Community Up for Retirement Enhancement Act (SECURE Act) removed the age restriction for traditional IRA contributions starting in tax year 2020.

[37] For an analysis of the persistence of traditional IRA contribution activity, see Holden, Sabelhaus, and Bass 2010a and Schrass and Holden 2024a.

[38] This question was included in the 2013 IRA Owners Survey. Among traditional IRA–owning households in 2013 that did not make contributions to their traditional IRAs in tax year 2012, 24 percent indicated that they were able to save enough in their retirement plans at work. Among noncontributing traditional IRA–owning households that were not retired, 37 percent saved enough through their workplace retirement plan. See Holden and Schrass 2013.

[39] See Internal Revenue Service 2025 for details on income restrictions and other qualifications for contribution eligibility.

[40] The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) created catch-up contributions, which permit individuals aged 50 or older to make additional contributions to qualified retirement plans and IRAs that exceed the annual deferral limits. Households may make catch-up contributions to Roth IRAs if their incomes are within the limits to contribute to a Roth IRA and if a household member is aged 50 or older. Households may make catchup contributions to traditional IRAs if a household member is at least 50 years old by the end of the year. See Internal Revenue Service 2025.

[41] See Figure A23 for the full history of catch-up contributions among IRA-owning households contributing to traditional IRAs or Roth IRAs.

[42] See Internal Revenue Service 2025.

[43] For discussion of the requirements for financial services firms providing IRAs, see Holden and Chism 2014.

[44] For information on where Roth IRAs are held, see Figure A11. For the variety of investments held in traditional and Roth IRAs, see Figure A16.

[45] Over the years, Congress has created exceptions to the early withdrawal penalty, including qualified first-time home purchase, certain medical expenses, certain educational expenses, and withdrawals made as substantially equal periodic payments (SEPPs) based on a life expectancy calculation. For additional discussion of IRA withdrawal rules and activity, see Internal Revenue Service 2024a and 2024b; Mortenson, Schramm, and Whitten 2016; Poterba, Venti, and Wise 2013; and Holden and Reid 2008.

[46] In 2019, the SECURE Act increased the age for required minimum distributions from 70½ to 72 for individuals who did not reach age 70½ in 2019. SECURE 2.0, passed at the end of 2022, raised the RMD age again. As explained in IRS *Publication 590-b* for 2023:

> Individuals who reach age 72 after December 31, 2022, may delay receiving their required minimum distributions until April 1 of the year following the year in which they reach age 73.

See Internal Revenue Service 2024a.

[47] See note 46.

[48] Data exclude households that closed and no longer owned traditional IRAs.

[49] See Internal Revenue Service 2021.

[50] The withdrawal activity observed in ICI's IRA Owners Survey shows similar results compared with data collected in the IRA Investor Database. In 2018, 7.0 percent of traditional IRA investors younger than 60 had withdrawals, 21.0 percent of traditional IRA investors aged 60 to 69 had withdrawals, and 82.2 percent of traditional IRA investors aged 70 or older had withdrawals. The percentage taking distributions in the IRA Investor Database fell in 2020, likely due, to some extent, to the suspension of RMDs from traditional IRAs. In 2020, 6.0 percent of traditional IRA investors younger than 60 had withdrawals, 18.7 percent of traditional IRA investors aged 60 to 69 had withdrawals, and 59.6 percent of traditional IRA investors aged 70 or older had withdrawals (see Holden, Schrass, and Bass 2021 and Schrass and Holden 2024a).

[51] Withdrawal activity among households with a head of household the RMD age or older is not 100 percent because the traditional IRA owner may be a younger spouse or partner who is not yet required to make withdrawals. The IRA Investor Database finds that among 1.2 million traditional IRA investors aged 70 or older in 2018, 82.2 percent took a withdrawal from their traditional IRAs in tax year 2018 (see Holden, Schrass, and Bass 2021). The older traditional IRA investors without withdrawals may have taken RMDs from IRAs held at financial services firms outside the IRA Investor Database. RMDs were suspended for tax year 2009 and tax year 2020; see Internal Revenue Service 2010 and 2021.

[52] Only 61 percent of households with traditional IRAs taking withdrawals in tax year 2020 did so to meet RMDs (see Figure A26). RMDs were suspended for tax year 2009 and tax year 2020; see Internal Revenue Service 2010 and 2021.

[53] Analysis of 1.0 million traditional IRA investors aged 70 or older who took withdrawals in 2018 in the IRA Investor Database finds that 57.2 percent took the RMD for the individual, 1.5 percent took a joint RMD, and 0.4 percent took the inherited RMD amount. See Holden, Schrass, and Bass 2021.

In 2019, the SECURE Act increased the age for RMDs from 70½ to 72 for individuals who did not reach age 70½ in 2019.

[54] Traditional IRA–owning households taking withdrawals tended to be older and retired, with lower household income, higher financial assets and higher assets in IRAs, compared with households not taking withdrawals (see Figure A29).

[55] Among the 40 percent of retired households that reported reinvesting or saving at least some of the amount of the traditional IRA withdrawal into another account (see Figure A30), 90 percent reported withdrawing the amount based on the RMD.

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