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Ownership of Retirement Assets: Data in Brief

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Introduction

Retirement assets are one of several possible income sources in retirement. In 2019, about half of U.S. households had retirement assets, which included savings in defined contribution (DC) pension plans and Individual Retirement Accounts (IRAs).

In DC plans, workers are provided individual accounts funded by their own contributions, contributions from their employers, or both.[1] DC plans do not provide guaranteed income. The funds in the account experience investment gains and losses, and the contributions and earnings, if any, are used as a source of income in retirement. Examples of DC plans include 401(k) plans, 403(b) plans, 457(b) plans.[2]

IRAs are tax-advantaged accounts for individuals (or married couples) to save for retirement, typically outside of the workplace.[3] Though individuals with taxable (and certain non-taxable) compensation may contribute directly to IRAs, the majority of inflows to IRAs come from *rollovers*, which are transfers of savings from a retirement account, such as a 401(k) account, to another retirement account, such as an IRA.[4] Most workers with DC plans roll over their savings to IRAs at job change or retirement.[5]

This report provides data on retirement asset ownership among U.S. households in 2019—specifically, household ownership and account balances of DC accounts, IRAs, and retirement assets (DC accounts plus IRAs)—to provide a snapshot of households' retirement savings based on different socioeconomic and demographic characteristics. As Congress considers various retirement-related bills, a greater understanding of how households save for retirement—either through DC plans, IRAs, or both—could help inform discussions.[6]

Data in this report is from the 2019 Survey of Consumer Finances (SCF). The SCF is a triennial survey conducted on behalf of the Board of Governors of the Federal Reserve and contains detailed information on U.S. household finances, such as the amount and types of assets owned, the amount and types of debt owed, and detailed demographic information on the reference person and, if applicable, his or her spouse.[7] The SCF is designed to be nationally representative

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[1] For more background on pension plans, see CRS Report R47119, *Pensions and Individual Retirement Accounts (IRAs): An Overview*.

[2] For more information on different types of DC plans, see CRS Report R47152, *Private-Sector Defined Contribution Pension Plans: An Introduction*.

[3] Congress has authorized two types of IRAs: traditional and Roth. Contributions to traditional IRAs may be deductible from taxable income (depending on household adjusted gross income and workplace pension coverage), and withdrawals are included in taxable income. Contributions to Roth IRAs are not tax-deductible, but qualified distributions (those made after age 59½, death, or disability from an account that is at least five years old) are tax free. An individual can move traditional IRA savings to a Roth IRA in what is referred to as a conversion. Congress has also authorized several types of IRA-based retirement plans that employers can offer, such as SIMPLE IRAs and SEP-IRAs.

[4] Examples of compensation include wages, salaries, tips, commissions, self-employment income, nontaxable combat pay, and alimony (which is treated as compensation for IRA purposes).

[5] Lump sum payments from defined benefit plans may also be rolled over to IRAs. In 2018 (the latest year for which data are available), about 97% of inflows to traditional IRAs were from rollovers, while about 52% of Roth IRA inflows came from rollovers and conversions.

[6] See, for example, H.R. 2954 and S. 4353 in the 117th Congress, and the Enhancing American Retirement Now section-by-section summary, at https://www.finance.senate.gov/imo/media/doc/EARN%20Act%20section%20by%20section%20summary1.pdf.

[7] The *reference person* is the single individual in a single-person household, the male in a mixed-sex couple household, and the older individual in a same-sex couple household. The SCF codebook states that no judgment about the internal

of the population of U.S. households, of which there were 128.6 million in 2019.[8] *Household* in the SCF is defined as "the primary economic unit, which consists of an economically dominant single individual or couple (married or living as partners) in a household and all other individuals in the household who are financially interdependent with that individual or couple."

As previously mentioned, retirement assets are not the only source of income in retirement for many households. Most households receive Social Security payments throughout retirement. Social Security is a federal social insurance program that provides monthly benefits to insured retired and disabled workers and their families.[9] Because Social Security has a progressive benefit structure, low earners generally receive higher replacement rates as measured by the amount of pre-retirement earnings replaced by monthly benefits.[10]

Another source of income for many households—particularly among older households and those in the public sector—is defined benefit (DB) plans, which are another type of employer-sponsored pension plan that typically provide workers with monthly benefits throughout retirement. The presence of Social Security and DB plans likely influences households' retirement saving decisions.

Household Ownership of Retirement Assets

Table 1 includes data on DC account ownership and balances, IRA ownership and balances, and retirement asset ownership and balances (DC savings and IRA savings together) among U.S. households in 2019.[11] Ownership and balances refer to household ownership and account balances (i.e., a household was counted as owning a DC account if anyone in the household indicated having one; account balances were aggregated for all household members). Because the analysis in this report calculates medians and averages for households *with* assets, note that the actual median and average balance among *all* U.S. households would be lower.

Data in **Table 1** demonstrate several points regarding household ownership of retirement assets in 2019:

- Over half (50.5%) of households had retirement assets in 2019. Among households with retirement assets, the median balance was $65,000, and the average balance was $255,469.
- Ownership rates and balances (among households with accounts) increased with household income, net worth, and education level.[12] For example, 85.2% of

organization of the household is implied by this organization of the data. In some cases, the respondent for a household was different than the reference person. Data referring to the household respondent rather than the reference person is noted throughout this report when applicable. In 79% of sampled households, the designated respondent was the reference person. More information about the SCF, including the data and codebook, is available at https://www.federalreserve.gov/econres/scfindex.htm. Because household wealth is highly concentrated, the SCF includes an oversample of relatively wealthy households.

[8] Estimates in this report are adjusted using population weights provided in the SCF dataset.

[9] For more information on Social Security, see CRS Report R42035, *Social Security Primer*.

[10] For more information on Social Security benefits, see CRS Report R46658, *Social Security: Benefit Calculation*.

[11] A Keogh plan is a retirement plan for self-employed individuals. The Internal Revenue Service (IRS) indicates that the term *Keogh* is seldom used because the law no longer distinguishes between corporate and other plan sponsors. CRS classified Keogh accounts as DC accounts in this report because IRS refers to Keogh plans as qualified plans.

[12] Education level refers to the highest education level completed by the reference person at the time of the survey.

households with household income of $125,000 or more had retirement assets, compared to 12.5% of households with income of less than $30,000.

- Ownership and account balances varied based on the race or ethnicity of the household respondent.[13] Households in which the respondent identified as Hispanic had the lowest rates of DC account and retirement asset ownership (27.2% and 31.7%, respectively) compared to households in other racial groups (which included those in which the respondent identified as White [non-Hispanic], Black/African-American [non-Hispanic], or another race [non-Hispanic]).[14]
- Married households had, on average, more than double the account balance compared to single households. For example, the average retirement asset balance for married households was nearly $310,000, compared to about $140,000 for single households.

Table 1 illustrates the following regarding DC account ownership in 2019:

- Among U.S. households, 37.5% owned a DC account. Among households with DC accounts, the median balance was $50,000, and the average balance was $173,985.
- DC account ownership and balances peaked when the reference person was aged 45-54 then began to decline, likely due to households rolling over DC savings into IRAs. In addition, older households were more likely to have retirement income from a DB plan compared to relatively younger households (and so might not have needed to save for retirement to the same extent as younger households).[15]
- Households in which respondents identified their race or ethnicity as “Other”—which included non-Hispanic respondents who indicated that they identified as Asian, American Indian/Alaska Native, Native Hawaiian/Pacific Islander, or another race not listed[16]—had the highest rates of DC account ownership (51.5% owned a DC account), though DC account-owning households in which the respondents identified as White, non-Hispanic, had the highest median and average balances ($55,000, and $196,772, respectively).

Table 1 illustrates the following regarding IRA ownership in 2019:

- About one-quarter (25.4%) of households owned IRAs. Among IRA-owning households, the median balance was $70,000, and the average balance was $253,088.
- The median and average IRA balances for all IRA-owning households exceeded those of DC account owners, despite IRA contribution limits being lower than

[13] The SCF’s question about race or ethnicity is asked only of the designated respondent.

[14] Hispanic household respondents may be of any race.

[15] Over the past five decades, private-sector employees have become less likely to be covered by DB pension plans and more likely to be covered by DC pension plans. See CRS In Focus IF12007, *A Visual Depiction of the Shift from Defined Benefit (DB) to Defined Contribution (DC) Pension Plans in the Private Sector*.

[16] The SCF combined these categories in the public dataset. The SCF noted that due to small sample sizes, the survey did not have the statistical power to further disaggregate this group of families. The SCF allows respondents to indicate more than one race or ethnicity. CRS used the first racial identification reported to classify household respondents. In addition, any respondent who identified as Hispanic or Latino was classified as Hispanic, regardless of race.

DC plan contribution limits.[17] One reason for this is likely due to rollovers from DC accounts as workers change jobs or retire. (The average age of the reference person in an IRA-owning household was 56.5 compared to 47.5 for the reference person in a DC account-owning household.) Another reason could be that IRA-owning households are, at the median, wealthier than non-IRA-owning households and are able to contribute more to both DC plans and IRAs. (In 2019, the median household wealth of IRA-owning households was $580,030, compared to $64,700 for non-IRA-owning households.)

- Over half (54.2%) of households with household income of $125,000 or greater owned IRAs, compared to 6.7% of households with income of less than $30,000.

[17] In 2019, for workers under age 50, the IRA contribution limit was $6,000 compared to a $19,000 elective deferral limit for DC plans.

Table 1. Retirement Asset Ownership and Account Balances Among U.S. Households in 2019

	Defined Contribution (DC) Accounts			Individual Retirement Accounts (IRAs)			Retirement Assets		
	Percentage of Households with DC Accounts	Median Account Balance (for Households with Accounts)	Average Account Balance (for Households with Accounts)	Percentage of Households with IRAs	Median Account Balance (for Households with Accounts)	Average Account Balance (for Households with Accounts)	Percentage of Households with Retirement Assets	Median Asset Balance (for Households with Assets)	Average Asset Balance (for Households with Assets)
All Households	37.5%	$50,000	$173,985	25.4%	$70,000	$253,088	50.5%	$65,000	$255,469
Age of the Household Reference Person:									
Younger than 35	40.4%	$13,000	$26,988	12.1%	$8,000	$22,822	45.3%	$13,000	$30,167
35-44	48.3%	$51,000	$107,646	22.1%	$52,000	$97,960	55.8%	$60,000	$131,952
45-54	49.9%	$73,000	$197,633	28.0%	$64,000	$175,452	57.9%	$100,000	$254,720
55-64	42.5%	$99,000	$305,324	30.1%	$100,000	$316,073	54.5%	$134,000	$408,420
65 and older	17.1%	$96,000	$288,795	32.9%	$125,000	$386,662	43.7%	$125,000	$403,384
2018 Household Income (in 2019 Dollars):									
Less than $30,000	6.7%	$6,000	$27,553	6.7%	$23,200	$95,306	12.5%	$13,000	$66,024
$30,000-$49,999	25.6%	$12,000	$27,851	14.6%	$35,000	$87,567	37.0%	$18,000	$53,821
$50,000-$74,999	42.5%	$22,000	$59,342	21.8%	$36,000	$108,606	56.3%	$32,000	$86,678
$75,000-$124,999	53.0%	$43,000	$93,208	32.3%	$52,000	$181,937	69.8%	$58,600	$154,903
$125,000 or more	66.6%	$157,000	$365,082	54.2%	$142,800	$405,698	85.2%	$243,000	$539,991
Household Net Worth Quintile									
1st (up to $6,370)	18.9%	$5,000	$11,890	4.3%	$2,900	$6,883	21.2%	$4,900	$12,018
2nd ($6,371 to $67,650)	29.2%	$13,000	$20,111	6.5%	$5,000	$11,814	33.4%	$12,500	$19,906
3rd ($67,651 to $200,950)	41.7%	$31,000	$42,012	15.4%	$15,000	$28,237	49.3%	$34,000	$44,308

	Defined Contribution (DC) Accounts			Individual Retirement Accounts (IRAs)			Retirement Assets		
	Percentage of Households with DC Accounts	Median Account Balance (for Households with Accounts)	Average Account Balance (for Households with Accounts)	Percentage of Households with IRAs	Median Account Balance (for Households with Accounts)	Average Account Balance (for Households with Accounts)	Percentage of Households with Retirement Assets	Median Asset Balance (for Households with Assets)	Average Asset Balance (for Households with Assets)
4th ($200,951 to $557,160)	45.3%	$77,000	$102,078	35.3%	$50,000	$73,746	64.5%	$85,000	$111,955
5th ($557,161 or greater)	52.6%	$300,000	$484,578	65.5%	$210,000	$442,930	84.1%	$404,000	$644,659
Household Marital Status:									
Married	46.4%	$60,000	$206,401	32.3%	$85,000	$293,354	61.2%	$85,000	$309,953
Single	26.3%	$27,000	$101,016	16.6%	$47,000	$152,723	36.9%	$40,000	$140,135
Single female	25.4%	$24,000	$69,451	16.7%	$44,300	$135,975	36.4%	$36,000	$110,961
Single male	27.5%	$34,400	$143,795	16.3%	$50,000	$177,885	37.6%	$46,000	$181,616
Race or Ethnicity of the Household Respondent[a]:									
White, non-Hispanic	40.5%	$55,000	$196,772	32.1%	$75,000	$272,638	56.9%	$80,000	$292,423
Black/African-American, non-Hispanic	28.7%	$25,000	$99,451	9.4%	$38,000	$95,639	34.9%	$31,000	$107,410
Hispanic (any race)	27.2%	$28,100	$97,166	9.8%	$23,000	$118,685	31.7%	$31,000	$119,702
Other race, non-Hispanic[b]	51.5%	$50,000	$170,317	27.3%	$100,000	$241,999	62.9%	$70,000	$244,188
Education Level of the Household Reference Person:									
High school graduate or less	26.3%	$25,000	$88,387	12.7%	$40,000	$117,973	34.3%	$32,000	$111,436
Some college or associate's degree	33.4%	$30,000	$104,415	18.9%	$48,000	$137,542	44.4%	$42,000	$136,765

	Defined Contribution (DC) Accounts			Individual Retirement Accounts (IRAs)			Retirement Assets		
	Percentage of Households with DC Accounts	Median Account Balance (for Households with Accounts)	Average Account Balance (for Households with Accounts)	Percentage of Households with IRAs	Median Account Balance (for Households with Accounts)	Average Account Balance (for Households with Accounts)	Percentage of Households with Retirement Assets	Median Asset Balance (for Households with Assets)	Average Asset Balance (for Households with Assets)
Bachelor's degree	51.6%	$57,000	$184,237	37.7%	$85,000	$292,436	67.4%	$87,300	$303,194
Advanced degree (master's, professional, doctorate)	51.9%	$119,000	$343,855	49.9%	$120,000	$373,130	75.9%	$170,000	$477,360

Source: CRS analysis of the 2019 Survey of Consumer Finances (SCF).

Notes: Retirement assets refer to both DC accounts and IRAs. Median and average account balances are calculated using the aggregated value of all accounts within an account category. (For example, the median DC balance refers to the median balance based on a household's aggregated DC accounts.) Median and average account balances refer to the balances of households with accounts in 2019. DC data includes Keogh accounts because the Internal Revenue Service refers to Keogh plans as qualified plans. Amounts are in 2019 dollars.

a. The SCF's question about race or ethnicity is asked only of the designated respondent. In 79% of sampled households, the designated respondent was the reference person.

b. "Other" includes respondents who indicated that they identified as Asian, American Indian/Alaska Native, Native Hawaiian/Pacific Islander, or another race not listed. The SCF noted that due to small sample sizes, the survey did not have the statistical power to further disaggregate the group of families in which the respondent identified as "other." The SCF allows respondents to indicate more than one race or ethnicity. CRS used the first racial identification reported to classify household respondents. In addition, any respondent that identified as Hispanic or Latino was classified as Hispanic, regardless of race.

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