News From The Employee Benefit Research Institute

New Research Finds Substantial Growth in Individual Account Retirement Plan Assets

- Percentage of Families With These Assets Also Showed Significant Increases -

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(Washington, D.C.) – A new research report published today by the Employee Benefit Research Institute (EBRI) found that after modest growth and declines in individual account (IA) retirement plan ownership and assets from 2016 to 2019, there was substantial growth from 2019 to 2022.

Individual account retirement plans include employment-based defined contribution plans, such as 401(k) plans, individual retirement accounts (IRAs) and Keogh plans. The median total IA plan balance increased by 15% from 2019 to 2022, while the percentage of families with assets in an IA plan increased from 50.5% to 54.3%. This change was driven by the sharp increase in IRA ownership, which was largely in the form of Roth accounts. In addition, the percentage of working family heads who were eligible for defined contribution (DC) plans and who chose to participate increased in 2022 by 3 percentage points from 2019 after a slight decrease from 2016 to 2019.

Key findings in the new report, "The Status of American Families' Accumulations in Individual Account Retirement Plans. An Analysis of the 2022 Survey of Consumer Finances," include:

- In 2022, 63.9% of all families who had an active participant in an employment-based retirement plan from a current employer had a defined contribution (DC) plan only. This is up substantially from 37.5% in 1992.
- Among these families with an active participant, a significant shift occurred from 1992 to 2022: The percentage having a defined benefit (DB) plan only decreased from 40% in 1992 to 15.6% in 2022.
- The average IA account balance of those families owning IA plans increased from $91,881 in 1992 to $334,097 in 2022, including an increase from $299,598 in 2019.
- As DC plans have proliferated in the private sector, IA retirement plan assets have become the predominate source of financial assets for American families holding these assets. In 2022, IA assets constituted 65% of financial assets at the median among these families owning IA assets.
- Not only do IA assets make up a large portion of families' financial assets, but those with IA assets also have substantially higher levels of net worth than those families without IA assets. The median net worth for families who owned IA assets was $442,900 in 2022 compared with $47,450 for families without IA assets.

“Our research assesses the status of American families' accumulations in IA plans in 2022, a first analysis post-pandemic, both through the incidence of ownership and the average and median amounts accumulated,” said Craig Copeland, director, Wealth Benefits Research, EBRI. “While the results of this study do not answer questions about what is needed for retirement, it does show the continued importance of individual account plans. Consequently, considering the substantial amount IA assets contribute to a family’s net worth, any policy that alters this system could have consequences either positive or negative for Americans’ ability to fund a comfortable retirement.”

Individual account retirement plans include employment-based retirement savings plans financed by both employer and employee contributions. Most notably, these include defined contribution plans such as 401(k) plans, as well as Keogh plans for the self-employed and individual retirement accounts for savings outside of the workplace. (In certain cases, these accounts are a workplace savings plan).

The Survey of Consumer Finances, the Federal Reserve’s triennial survey of wealth, is the basis for this research study. This survey is the leading source of data on Americans’ wealth, as it provides information on the incidence of retirement plan ownership and account balances that families have accumulated along with all the other assets that families may have amassed.

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(Media Note: To receive the complete research report, email Ron Dresner at dresner@ebri.org).