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Ownership of Retirement Accounts in 2022: Amounts in Defined Contribution Plans and Individual Retirement Accounts

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Introduction

Households rely on a variety of income sources in retirement. In 2022, about 54% of U.S. households had savings in retirement accounts, which are defined as certain employer-sponsored, account-type pension plans, typically referred to as defined contribution (DC) plans, and individual retirement accounts (IRAs) (outlined in boxes in **Figure 1**). The term *DC accounts* is defined in this report as employer-sponsored accounts—such as 401(k), 403(b), and thrift savings accounts from current or past jobs—other current job plans from which loans or withdrawals can be made and accounts from past jobs from which the households expect to receive the account balances in the future.[1] The term *retirement accounts*, as defined, does not include other possible income sources in retirement, such as savings in defined benefit (DB) pension plans[2] or payments from Social Security.[3] Most households receive Social Security payments during retirement.[4]

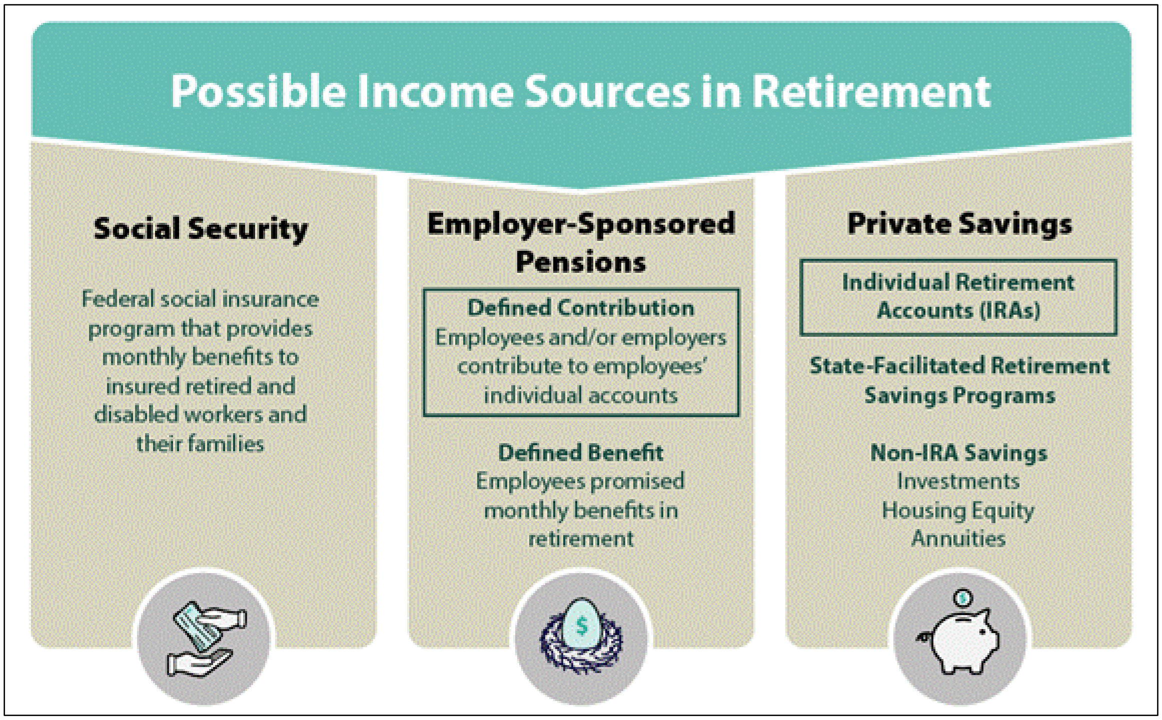
[1] This definition is derived from the definition of *retirement accounts* used by the Board of Governors of the Federal Reserve System (which also includes IRAs and Keogh plans) in its "Changes in U.S. Family Finances from 2019 to 2022" report. See https://www.federalreserve.gov/publications/october-2023-changes-in-us-family-finances-from-2019-to-2022.htm.

[2] Defined benefit plans are another type of employer-sponsored pension plan that typically provide workers with monthly benefits throughout retirement. DB plans are common among public sector workers.

[3] Social Security is a federal social insurance program that provides monthly benefits to insured retired or disabled workers and their eligible family members. 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. For more information on Social Security benefits, see CRS Report R42035, *Social Security Primer* and CRS Report R46658, *Social Security: Benefit Calculation*.

[4] The receipt of Social Security and DB plan benefits likely influences many households' retirement saving decisions. See CRS Report R46441, *Saving for Retirement: Household Decisionmaking and Policy Options*.

Figure 1. U.S. Retirement Income Sources



Source: CRS.

In DC plans, workers are provided individual accounts funded by their own contributions, contributions from their employers, or both.[5] 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, and 457(b) plans.[6] In DB plans—which are not included in the data in this report—participants do not have individual accounts but typically receive monthly payments throughout retirement.

IRAs are tax-advantaged accounts for individuals (or married couples) to save for retirement, typically outside of the workplace.[7] Though individuals with taxable (and certain nontaxable) compensation may contribute directly to IRAs, the majority of inflows to IRAs come from *rollovers*, which are transfers of savings from one retirement account, such as a 401(k) account,

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

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

[7] 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.

to another retirement account, such as an IRA.[8] Most workers with DC plans roll over their savings to IRAs at job change or retirement.[9]

This report provides data on retirement account ownership among U.S. households in 2022—specifically, household ownership and account balances of DC accounts, IRAs, and DC accounts plus IRAs together—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.

Data in this report are from the 2022 Survey of Consumer Finances (SCF). The SCF is a triennial survey conducted on behalf of the Board of Governors of the Federal Reserve that 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.[10] The SCF is designed to be nationally representative of the population of U.S. households, of which there were 131.3 million in 2022.[11] *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."

Household Ownership of Defined Contribution and Individual Retirement Accounts

Table 1 includes data on DC account ownership and balances, IRA ownership and balances, and combined ownership (DC savings and IRA savings together) among U.S. households in 2022.[12] Because many households roll over assets from DC accounts to IRAs at job change or retirement, examining DC account and IRA savings on a combined basis can provide a more complete picture of the retirement account assets available to a household during retirement.

Ownership and *balances* refer to household ownership and account balances (i.e., a household was counted as owning a DC account if the reference person or the spouse/partner indicated having one; account balances were aggregated across households).[13] Because the analysis in this

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

[9] Lump sum payments from DB plans may also be rolled over to IRAs. In 2020 (the latest year for which data are available), 96.4% of inflows to traditional IRAs were from rollovers, while 61.1% of Roth IRA inflows came from rollovers and conversions. (Note that conversions were higher in 2020 than in previous years.) See Investment Company Institute, Quarterly Retirement Market Data, First Quarter 2024, Tables 11 and 12, https://www.ici.org/research/stats/retirement.

[10] The *reference person* is the single individual in a single-person household, the male in a mixed-sex couple household, or the older individual in a same-sex couple household. The SCF codebook states that no judgment about the internal organization of the household is implied by this organization of the data. 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.

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

[12] A Keogh plan is a retirement plan for self-employed individuals. The Internal Revenue Service indicates that the term *Keogh* is seldom used because the law no longer distinguishes between corporate and other plan sponsors. The SCF combines Keogh plan assets into the IRA asset category.

[13] A household was counted as owning IRA assets if the reference person, spouse/partner, or other member in the household indicated owning IRA assets. Questions about DC account ownership were asked only of the reference person and spouse/partner.

report calculates medians and averages for households with these kinds of accounts, 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 these retirement accounts in 2022 (see columns G, H, and I):

- Over half (54.3%) of households had savings in DC accounts or IRAs. Among households with these retirement accounts, the median balance was $87,000, and the average balance was $334,097.
- Ownership rates and balances (among households with accounts) increased with household income, net worth, and education level.[14] For example, 91.1% of households with household income of $150,000 or more had savings in these retirement accounts compared to 13.2% of households with income of less than $30,000.
- Ownership and account balances varied based on the race or ethnicity of the household respondent.[15] Households in which the respondents identified as Hispanic or Latino had the lowest rates of retirement account ownership (27.5%) compared to households in other racial groups—including those in which the respondent identified as White (non-Hispanic), Black/African-American (non-Hispanic), Asian, or Other/multiple race.
- Married households were more likely than single households to own these retirement accounts. Nearly two-thirds (65.6%) of married households owned these retirement accounts compared to 39.1% of single households. In addition, the median balance of married households with these retirement accounts ($113,500) was more than double that of single households with these retirement accounts ($42,000).

Table 1 illustrates the following regarding DC account ownership in 2022 (see columns A, B, and C):

- Among U.S. households, 38.0% owned DC accounts. Among households with DC accounts, the median balance was $53,000, and the average balance was $225,594.
- DC account ownership peaked when the reference person was 45-54 years old and 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 DB plans compared to relatively younger households (and so might not have needed to save for retirement in DC accounts to the same extent as younger households; data not shown).[16]
- Households in which respondents identified as Asian had the highest rates of DC account ownership (60.8%) and the highest median balance among those with accounts ($100,000) when compared to households in which respondents identified as different races or ethnicities. DC-plan-owning households in which

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

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

[16] 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*.

the respondents identified as White (non-Hispanic) had the highest average balance at $260,858.

Table 1 illustrates the following regarding IRA ownership in 2022 (see columns D, E, and F):

- About 30% of households owned IRAs. Among IRA-owning households, the median balance was $87,000, and the average balance was $309,130.
- The median and average IRA balances for all IRA-owning households exceeded those of DC account owners despite IRA contribution limits being lower than DC plan contribution limits.[17] One reason for this is likely rollovers from DC accounts as workers change jobs or retire. (The average age of the reference person in an IRA-owning household was 56.0 compared to 47.2 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 2022, the median household wealth of IRA-owning households was $788,600 compared to $91,850 for non-IRA-owning households; data not shown.)
- About 63% of households with household income of $150,000 or greater owned IRAs compared to 8.8% of households with income of less than $30,000.[18]

[17] In 2022, for workers under age 50, the IRA contribution limit was $6,000 compared to a $20,500 elective deferral limit for DC plans.

[18] As shown in **Table 1**, the average IRA balance for IRA-owning households with income of less than $30,000, was higher than the average IRA balance for IRA-owning households with income between $30,000, and $54,999. This appears to be because several households with little to no income had relatively large IRA balances (e.g., over $2 million), which increased the average IRA balance for this income group.

Table 1. Retirement Account Ownership and Balances Among U.S. Households in 2022

	Defined Contribution (DC) Accounts			Individual Retirement Accounts (IRAs)			Retirement Accounts (DC Accounts plus IRAs)[a]		
	Percentage of Households with DC Accounts [A]	Median Account Balance (for Households with Accounts) [B]	Average Account Balance (for Households with Accounts) [C]	Percentage of Households with IRAs [D]	Median Account Balance (for Households with Accounts) [E]	Average Account Balance (for Households with Accounts) [F]	Percentage of Households with Retirement Accounts [G]	Median Asset Balance (for Households with Accounts) [H]	Average Asset Balance (for Households with Accounts) [I]
All Households	38.0%	$53,000	$225,594	31.0%	$87,000	$309,130	54.3%	$87,000	$334,097
Age of the Household Reference Person:[b]									
Younger than 35	42.0%	$15,000	$38,521	21.8%	$12,000	$37,752	49.6%	$18,880	$49,127
35-44	51.1%	$42,000	$112,574	28.0%	$30,000	$105,656	61.5%	$45,000	$141,517
45-54	54.8%	$90,000	$233,859	27.9%	$105,000	$238,666	62.2%	$115,000	$313,230
55-64	42.8%	$125,000	$397,696	32.4%	$167,000	$420,095	57.0%	$185,000	$537,563
65 and older	14.5%	$160,000	$500,964	40.2%	$150,000	$468,891	47.1%	$170,000	$554,422
2021 Household Income (in 2022 Dollars):									
Less than $30,000[c]	5.6%	$5,600	$58,734	8.8%	$28,000	$110,345	13.2%	$17,000	$98,254
$30,000-$54,999	22.0%	$11,500	$38,777	15.8%	$57,000	$100,984	34.4%	$20,000	$71,072
$55,000-$89,999	38.1%	$25,000	$65,026	26.6%	$51,000	$139,340	56.4%	$39,000	$109,545
$90,000-$149,999	54.3%	$50,000	$116,209	39.8%	$64,000	$175,750	75.2%	$73,000	$177,007
$150,000 or more	69.0%	$200,000	$469,546	63.1%	$199,000	$539,663	91.1%	$316,000	$729,866

	Defined Contribution (DC) Accounts			Individual Retirement Accounts (IRAs)			Retirement Accounts (DC Accounts plus IRAs)[a]		
	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 Accounts	Median Asset Balance (for Households with Accounts)	Average Asset Balance (for Households with Accounts)
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Household Marital Status:									
Married	48.2%	$77,000	$273,497	38.7%	$100,000	$346,847	65.6%	$113,500	$405,381
Single	24.3%	$27,000	$96,924	20.6%	$57,000	$213,567	39.1%	$42,000	$172,598
Single female	24.1%	$27,000	$102,387	19.4%	$67,000	$200,955	38.2%	$43,000	$166,942
Single male	24.4%	$25,000	$88,120	22.5%	$50,000	$231,319	40.6%	$41,000	$181,276
Race or Ethnicity of the Household Respondent:[d]									
White, non-Hispanic	40.6%	$58,000	$260,858	38.6%	$100,000	$334,838	61.7%	$100,000	$380,562
Black/African-American, non-Hispanic	28.7%	$32,000	$100,885	11.4%	$22,000	$104,192	34.8%	$39,000	$117,527
Hispanic or Latino	22.7%	$44,000	$102,461	11.5%	$35,000	$85,748	27.5%	$55,600	$120,318
Asian	60.8%	$100,000	$212,068	37.4%	$80,000	$370,153	74.3%	$130,000	$359,924
Other or multiple race	37.0%	$43,000	$144,548	16.2%	$27,000	$129,836	42.8%	$40,000	$173,577
Education Level of the Household Reference Person:									
High school graduate or less	23.4%	$30,000	$89,269	13.8%	$68,000	$161,877	32.5%	$45,000	$132,845

	Defined Contribution (DC) Accounts			Individual Retirement Accounts (IRAs)			Retirement Accounts (DC Accounts plus IRAs)[a]		
	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 Accounts	Median Asset Balance (for Households with Accounts)	Average Asset Balance (for Households with Accounts)
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
Some college or associate's degree	36.1%	$39,000	$142,260	23.6%	$60,000	$162,748	50.5%	$53,000	$177,831
Bachelor's degree	50.6%	$70,000	$234,956	44.2%	$89,000	$305,290	71.7%	$100,000	$353,724
Advanced degree (master's, professional, doctorate)	52.4%	$134,000	$433,865	58.9%	$150,000	$483,168	79.6%	$210,000	$643,760

Source: CRS analysis of the 2022 Survey of Consumer Finances (SCF).

Notes: Median and average account balances are calculated using the aggregated value of all accounts within an account category: A household was counted as owning a DC account if the reference person or the spouse/partner indicated having one. Account balances were aggregated across households. A household was counted as owning IRA assets if the reference person, spouse/partner, or other member in the household indicated owning IRA assets. *Median account balance* and *average account balance* are calculated for the balances of households with positive account balances. Amounts are in 2022 dollars.

a. The term *retirement accounts* refers to savings in individual retirement accounts (IRAs), Keogh accounts, and certain employer-sponsored accounts—such as 401(k), 403(b), and thrift savings accounts from current or past jobs—other current job plans from which loans or withdrawals can be made, and accounts from past jobs from which the households expect to receive the account balances in the future. IRA assets include those in Keogh accounts. They do not include defined benefit (DB) pension plans or Social Security payments.

b. In the SCF, the "reference person" is the single individual in a single-person household, the male in a mixed-sex couple, or the older individual in a same-sex couple.

c. The average retirement account balance for retirement-account-owning households with income of less than $30,000 was higher than the average balance for retirement-account-owning households with income between $30,000, and $54,999. This appears to be because several households with little to no income had relatively large retirement account balances, which increased the average balances for this income group. This also occurs with DC and IRA balances for this income group.

d. *Race or ethnicity* refers to that of the household respondent. In 80% of sampled households, the designated respondent was the reference person.

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