

The Fundamental Role of IRAs in Retirement Planning: Study

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IRAs Play an Increasingly Important Role in Saving for Retirement

ICI's latest research shows that individual retirement accounts (IRAs), powerful tools for long-term savings, are a significant component of U.S. households' retirement planning. In mid-2024, 44% of U.S. households reported that they owned IRAs, up from 34% a decade ago. The study, [The Role of IRAs in US Households' Saving for Retirement, 2024](#), gathers information on the characteristics and activities of IRA-owning households in the United States.

Traditional IRAs were the most common type of IRA, owned by 33% of U.S. households in mid-2024, followed by Roth IRAs (owned by 26% of U.S. households) and employer-sponsored IRAs (4%). Nearly 9-in-10 IRA-owning households also had employer-sponsored retirement plan accumulations or defined benefit plan coverage.

"IRAs, often in tandem with retirement plans at work, are helping millions of people of all ages secure their financial future. The survey results show that a majority of Americans, nearly three-quarters of US households, have tax-advantaged retirement savings through work or IRAs," said Sarah Holden, ICI senior director of Retirement and Investor Research. "Both traditional and Roth IRAs have become increasingly popular over time, with younger households focusing on Roth IRAs and older households more likely to own traditional IRAs."

Younger Households More Likely to Own Roth IRAs; Older

Households Have Rising Focus on Traditional IRAs

Rollovers from employer-sponsored retirement plans have fueled growth in IRAs. In mid-2024, 59% 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% recognized the importance of preserving their work nest egg, indicating that they had rolled over the entire retirement account balance in their most recent rollover. Further building their savings, 41% of traditional IRA-owning households with rollovers had also made contributions to their traditional IRAs at some point.

As policymakers contemplate the role of employer plans and IRAs in completing Americans' financial pictures, it's important to recognize the life-cycle of retirement saving. The fact that 84% of near-retiree households have retirement plans or IRAs highlights the strong position they are in as they approach retirement.

Other findings include:

- **Most IRA-owning households have a planned retirement strategy.** In mid-2024, 69% of traditional IRA-owning households and 65% 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.
 - **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%, 19%, and 14% of traditional IRA-owning households with rollovers, respectively).
 - **Recent years show a slight upward trend in contribution activity, although fewer than one in five U.S. households make contributions to IRAs.** Across all U.S. households, 16% contributed to traditional or Roth IRAs in tax year 2023. Looking at households owning traditional or Roth IRAs in mid-2024, 37% made contributions in tax year 2023.
 - **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.
 - **Majority of traditional IRA withdrawals were made by retirees.** Ninety percent of households that made traditional IRA withdrawals were retired. Only 5% of traditional IRA-owning households in mid-2024 headed by individuals younger than 59 took
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withdrawals.

About the Study

“[The Role of IRAs in US Households’ Saving for Retirement, 2024](#)” reports information from two separate ICI household surveys. ICI’s IRA Owners Survey, which was conducted from May to June 2024, is based on a representative sample of 3,222 U.S. households owning traditional IRAs or Roth IRAs. The IRA Owners Survey was conducted on the KnowledgePanel®, a probability-based online panel designed to be representative of the U.S. population. The KnowledgePanel® is designed and administered by Ipsos. ICI’s Annual Mutual Fund Shareholder Tracking Survey, which was conducted from May to June 2024, is based on a sample of 9,011 U.S. households also drawn from the KnowledgePanel®.

For more information about the role of IRAs in U.S. households’ saving for retirement, see the appendix to the paper, available at <https://www.ici.org/system/files/2025-03/per31-02.pdf>.
