

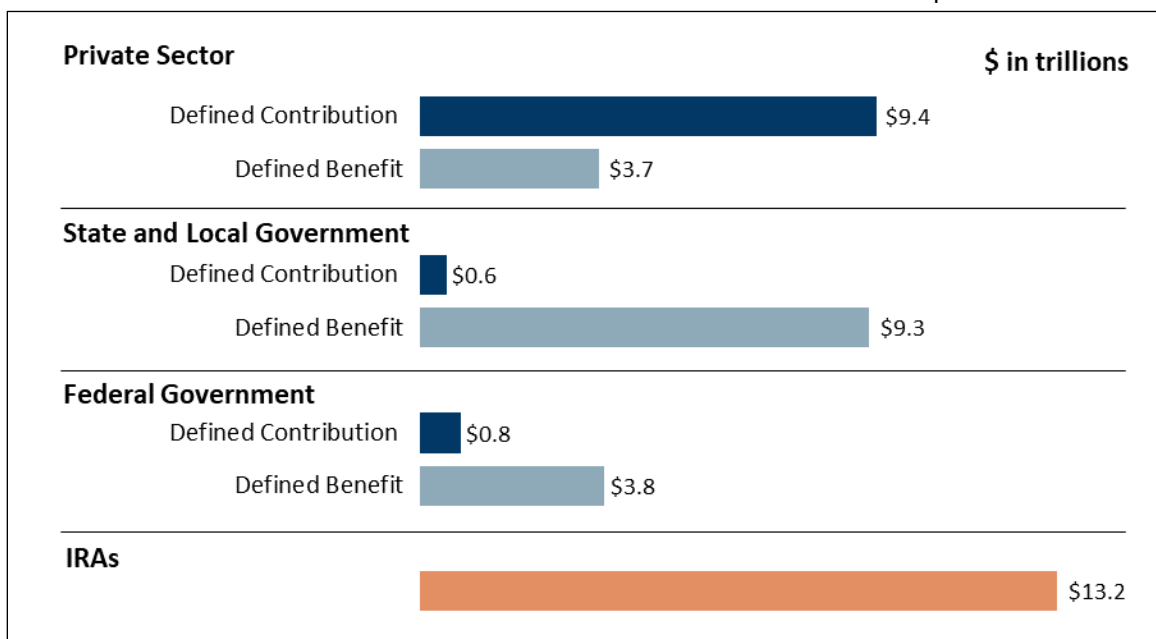
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U.S. Retirement Assets: Amount in Pensions and IRAs

The Federal Reserve’s Financial Accounts of the United States reported that the total amount of U.S. retirement assets (outside of Social Security) was \$40.8 trillion at the end of 2021. **Figure 1** shows the total amount of financial assets (in trillions of dollars) in pension plans sponsored by

private-sector employers, state and local governments, and the federal government. **Figure 1** also shows the amount of assets in Individual Retirement Accounts (IRAs). **Table 1** provides historical data on end-of-year assets from 2012 to 2021.

Figure 1. Total Financial Assets in U.S. Pension Plans and Individual Retirement Accounts (IRAs)
Pension Plan Data in Trillions of Dollars, as of December 31, 2021; IRA Data as of September 30, 2021



Source: Board of Governors of the Federal Reserve System, *Financial Accounts of the United States*, <https://www.federalreserve.gov/apps/fof/FOFTables.aspx>.

Notes: IRAs include employer-sponsored IRAs and state-administered IRA programs.

Many employers in both the private and public sectors offer one of two types of pension plans: defined benefit (DB) plans or defined contribution (DC) plans. Some employers offer both types. Individuals can also save for retirement outside of the workplace with IRAs.

In DB plans, participants usually receive monthly payments in retirement based on a formula that typically uses either (1) a combination of length of service, accrual rate, and average of final years’ salary or (2) a flat dollar amount times the number of months or years in the plan.

In DC plans—such as 401(k) plans, 403(b) plans, 457(b) plans, and the federal government’s Thrift Savings Plan (TSP)—workers and/or employers contribute a portion of their wages (up to an annual dollar limit that is adjusted annually for changes in the cost of living) to individual accounts established by the employers. An employer may provide a *match*, which is equal to some or all of the

worker’s contribution. The account may accrue investment returns and can be used as a source of income in retirement.

An IRA is a privately held retirement savings account funded by individual contributions from wage income and *rollovers* (i.e., transfers) of DC plan savings at job change or retirement and lump sums from DB plans, typically at retirement. Most assets in IRAs are from rollovers.

About two-thirds of U.S. households had a financial stake in the U.S. retirement system in 2019 (outside of Social Security, which covers most households) through participation in one or more pension plans and/or ownership of DC plans or IRA assets.

CRS analysis of the triennial Federal Reserve’s Survey of Consumer Finances (SCF) found that among all U.S. households (which includes working and retired households) in 2019,

- 63.3% had DC assets, participated in DB plans, or had IRA assets,
- 37.5% had DC assets,
- 30.2% participated in DB plans, and
- 25.4% had IRA assets.

Historical Retirement Asset Data

Table 1 reports the amount in (non-Social Security) retirement assets from 2012 to 2021. Total amount of financial assets increased by 46% in real terms from \$27.8

billion in 2012 to \$40.8 billion in 2021. Federal DC assets, IRAs, and private-sector DC assets showed the largest real increases (111.2%, 87.4%, and 83.5%, respectively). The increase in assets is likely from both investment returns and an increase in the number of participants. For example, the S&P 500 was 70.1% higher at the end of 2021 compared to at the end of 2012. The number of participants in private-sector DC plans was 16.8% higher in 2019 (the most recent year for which there is data) compared to 2012, and the number of taxpayers with IRAs was 10.7% higher in 2019 (the most recent year for which there is data) compared to 2012.

Table 1. End-of-Year Total Financial Assets in U.S. Pension Plans and Individual Retirement Accounts (IRAs)
2012-2021; in Trillions of Dollars; Adjusted to Constant December 2021 Dollars

| Year | Private Sector | | State and Local Government | | Federal Government | | Individual Retirement Accounts (IRAs) | Total |
|-----------------------------|----------------|-------|----------------------------|-------|--------------------|-------|---------------------------------------|--------|
| | DC | DB | DC | DB | DC | DB | | |
| 2012 | \$5.1 | \$3.7 | \$0.6 | \$7.3 | \$0.4 | \$3.7 | \$7.0 | \$27.8 |
| 2013 | \$6.0 | \$4.1 | \$0.6 | \$8.3 | \$0.5 | \$3.7 | \$8.2 | \$31.4 |
| 2014 | \$6.3 | \$4.1 | \$0.6 | \$8.7 | \$0.5 | \$3.8 | \$8.7 | \$32.7 |
| 2015 | \$6.2 | \$4.0 | \$0.5 | \$9.0 | \$0.5 | \$3.8 | \$8.8 | \$32.8 |
| 2016 | \$6.5 | \$4.0 | \$0.5 | \$9.2 | \$0.6 | \$3.8 | \$9.3 | \$33.9 |
| 2017 | \$7.4 | \$3.9 | \$0.5 | \$9.3 | \$0.6 | \$3.8 | \$10.7 | \$36.2 |
| 2018 | \$6.9 | \$3.9 | \$0.5 | \$9.4 | \$0.6 | \$3.9 | \$10.1 | \$35.3 |
| 2019 | \$8.0 | \$3.9 | \$0.5 | \$9.5 | \$0.7 | \$3.9 | \$11.8 | \$38.3 |
| 2020 | \$8.9 | \$3.9 | \$0.6 | \$9.7 | \$0.8 | \$3.9 | \$13.1 | \$40.9 |
| 2021 | \$9.4 | \$3.7 | \$0.6 | \$9.3 | \$0.8 | \$3.8 | \$13.2 | \$40.8 |
| Percentage Change (2012-21) | 83.5% | 1.1% | -4.7% | 26.3% | 111.2% | 2.9% | 87.4% | 46.4% |

Source: Board of Governors of the Federal Reserve System, *Financial Accounts of the United States*, <https://www.federalreserve.gov/apps/fof/FOFTables.aspx>.

Notes: DC refers to defined contribution plans; DB refers to defined benefit plans. Data are from December 31 of each year, except for IRA assets in 2021, which were as of September 30, 2021. Data are adjusted for inflation to December 2021 dollars using the Consumer Price Index for All Urban Consumers (CPI-U).

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