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Sen. Ron Wyden (D., Ore.) cosponsored a bill that would require annual withdrawals from accounts over $10 million.

Retirement Accounts Get Supersized

More than 1,000 Americans racked up IRAs worth at least $25 million

BY ANNE TERGESEN AND THEO FRANCIS

Note

The average American family has about $268,300 in individual retirement accounts. Gregory Baszucki's holds at least $68 million—and possibly a whole lot more.

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Baszucki, 61 years old, is one of hundreds of people who bought stakes in promising startups when the shares were worth peanuts, stashing them in retirement accounts and watching their values balloon to eight figures or more. What they are getting, essentially, is the mother of all tax breaks.

IRAs and workplace retirement accounts were created to help working Americans save for old age by providing tax incentives for doing so. The accounts have been supercharged by startup founders, hedge-fund managers and Silicon Valley insiders who have access to investment opportunities unavailable to most Americans.

Those entrepreneurs and their financial backers are increasingly using that strategy to pile up giant retirement-account balances, all subsidized

by U.S. taxpayers, The Wall Street Journal determined by analyzing regulatory filings, government data and other documents. The number of people with giant retirement accounts has soared in recent years, aided by booms in both stock prices and startup formation.

More than 1,000 individuals had IRA balances of at least $25 million in 2024, the latest year for which figures are available, according to new data prepared by the nonpartisan congressional Joint Committee on Taxation. That was more than double the number with similarsize accounts in 2019.

Those with $10 million or more in IRAs also rose, to about 11,600 people in 2024, from 3,625 in 2019, the joint committee found in its analysis of anonymized tax-return data. About 200 Americans had balances of $100 million or more in 2024, counting both IRAs and 401(k)type accounts, the committee estimated.

"We aren't talking about saving enough for your needs in retirement," said Steven Rosenthal, a corporate tax lawyer who recently retired after about a dozen years at the nonprofit Tax Policy Center. "This is yacht financing or dynasty building."

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Sen. Ron Wyden, an Oregon Democrat, and Rep. Richard Neal, a Massachusetts Democrat, introduced a bill this week that would require annual withdrawals from accounts over $10 million for individuals of any age. The legislation stemmed in part from long-running concerns that some investors might circumvent annual contribution limits on retirement accounts by undervaluing shares in companies that aren't public, "thus substantially increasing their tax benefits," the Government Accountability Office wrote in 2014.

"This is an egregious loophole we've got to close," Wyden said.

Tax angle

Baszucki is the brother of the founder and CEO of the onlinegaming company Roblox, and is himself a longtime board member at that company. Others with huge retirement-account balances also are insiders at some of the most successful startups of recent decades.

By purchasing early at low prices, they could amass big stakes inside their retirement accounts while remaining within annual contribution limits intended to keep tax subsidies modest. Those are currently $7,500 for IRAs and $24,500 for 401(k)s, with people 50 and older allowed to contribute more. Note

The strategy drew attention when former Sen. Mitt Romney, the Utah Republican, disclosed during his 2012 presidential campaign that his IRA had as much as $101 million in assets. An aide said at the time the tax treatment for his IRA "is the same for Gov. Romney as it is for every citizen of the U.S."

When both IRAs and 401(k)type balances are taken into account, the 200 or so Americans who had amassed $100 million or more in 2024 accounted for a total of $85.1 billion in assets, for an average balance of $409 million, the joint committee concluded in its analysis for Wyden and Neal. Another 31,887 people held more than $10 million in their IRAs and 401(k) accounts at the end of 2024, the research estimated.

Since the end of 2024, the totals have likely grown along with the S&P 500, which has risen about 29%, including reinvested dividends, according to FactSet.

Much of this tax-subsidized wealth is hidden from view. It surfaces occasionally in securities disclosures, including when executives, directors or other big investors in public companies disclose share sales. The Journal used those documents to identify insiders who held large numbers of shares in IRAs or workplace retirement plans and to calculate values for these holdings.

When individuals reported selling retirement-account shares, the Journal assumed the proceeds remained in the accounts to avoid paying income taxes and a 10% penalty on withdrawals in some cases, and the loss of tax-free compounding on that money. Insiders selling shares typically must report the transactions, but not whether or how they reinvest the funds. The Journal's analysis assumed proceeds from those sales were reinvested, and estimated how they would have grown if returns matched changes in the S&P 500.

Baszucki disclosed the number of Roblox shares in his Roth IRA at least 49 times since 2020, as well as sales on six occasions since March 2021 that yielded about $48 million. If those sales proceeds were reinvested in a manner that matched changes in the S&P 500 stock index, they would have grown to about $90 million.

Note

The Joint Committee on Taxation concluded that tax breaks for IRAs and 401(k)-style retirement accounts added up to about $249.6 billion in revenue the U.S. government didn't collect in 2025, one of the biggest breaks on its books. An esti--mated 63% of the income-tax benefits go to households in the top 20% of the income distribution, which can afford to set more aside in the accounts, according to the Congressional Budget Office. They also get a bigger tax break because they would otherwise be taxed in a higher bracket.

The breaks benefit millions of Americans, but especially sophisticated people with substantial wealth, a group that least needs incentives to save, said John Friedman, a Brown University professor whose research has concluded tax incentives aren't especially effective for encouraging retirement savings.

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Inside both IRAs and 401(k)s, investment income is generally shielded from annual taxation, and gains on sales in the accounts aren't taxed. The most attractive benefits go to balances in Roth-style accounts. Their owners contribute aftertax dollars, which can grow and be withdrawn tax-free.

That effectively means Roth contributions can be bigger than those to traditional accounts, which are eventually taxed on withdrawal. Roth balances also can pass to heirs undepleted by age-related mandatory withdrawals that apply to traditional accounts.

Baszucki's account is a Roth IRA. He accumulated about two

DANIEL HEUER/ BLOOMBERG NEWS

million Roblox shares in his Roth, at 72 cents each adjusted for splits, several years before the company's initial public offering in March 2021, according to regulatory filings and a person familiar with the matter. He acquired the shares with proceeds from sales of other investments already inside the IRA, the person said.

By the time Roblox went public in 2021, the share price had gone up and the shares in his Roth IRA were worth $141 million. Baszucki sold about a third of the stake at the time.

By selling inside his retirement account, he avoided a federal capital-gains tax of as much as 20% of his profits, saving himself around $9 million in federal taxes that he could reinvest in other securities. If he were to have reinvested the proceeds of his IPO sales in the S&P 500, that roughly $46 million would have grown to about $88 million through Monday.

Roblox's stock closed Monday at $53.25, so Baszucki's Roth IRA stake is valued at $68 million. If the profits from his prior sales were reinvested in the S&P 500, the total tax-free balance would be about $158 million, in addition to any other investments in the account. At the 20% tax rate, that is about $18 million more than he would have had if he had instead made the 2021 sale—and a series of smaller ones this year—in a taxable brokerage account. Other factors could widen the gap including any state capital-gains taxes—California's tops out at 13.3%—and a 3.8% federal tax on net investment income.

Warren Baker, a Seattle lawyer who provides advice on IRAs, said he frequently hears from people in Silicon Valley wanting to invest in startups through retirement accounts. Few understand the complex rules that govern investments within the accounts, he said.

Company founders and top executives could violate tax rules by having their IRAs buy shares of companies they control, said Baker. That could invite Internal Revenue Service scrutiny into matters including whether they knowingly purchased shares for their IRA at an artificially low price, said Baker, who was speaking generally and not about anyone mentioned in this article.

If the IRS determines a prohibited transaction occurred, it could invalidate the IRA, resulting in extremely unfavorable tax consequences. Baker said he routinely turns away prospective clients intent on taking such risks. But IRA custodians specializing in nontraditional assets often give clients who are making their own investment choices wide latitude—leaving the burden of compliance with the individual, he said.

Silicon Valley

The use of retirement accounts to invest in private equity is popular at some Silicon Valley venture-capital firms. Retirement accounts for at least 16 current and former partners or employees at Sutter Hill Ventures have held shares in companies that the firm also invested in before their IPOs, such as Snowflake and Astera Labs, according to securities filings. Sutter Hill didn't respond to questions from the Journal.

Tench Coxe, 68, a former managing director at Sutter Hill, has $500 million or more in a Roth IRA, according to the Journal's estimates. Other retirement accounts, including his former employer's 401(k)like plan, bring his total tax-advantaged retirement savings to around $2 billion or more. The Journal's estimates for Coxe are based on public disclosures and assume he reinvested the proceeds of sales in holdings that matched the S&P 500's growth.

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An Nvidia board member since 1993, Coxe has held the chip maker's shares in his 401(k)-style retirement account since at least 1999, when the company went public at the equivalent of just under 3 cents a share, adjusting for stock splits. Over the years, he has sold $237 million of those shares tax-free inside his retirement accounts, saving more than $40 million in taxes he would have paid in a taxable account.

Had Coxe instead held the shares in a taxable account, the same transactions would have yielded $63 million less, the Journal estimated, including returns on sale proceeds that would otherwise have gone to cover tax bills. He currently holds nearly $1 billion of Nvidia shares in tax-advantaged retirement accounts.

Coxe's retirement accounts also have held shares of other companies backed by Sutter Hill over the years. They include cloud-storage company Snowflake, and Everpure, formerly known as Pure Storage. At recent prices, his Snowflake shares would be valued at nearly $787 million, and his Everpure shares at about $130 million, though it isn't clear whether he still holds either security.

Federal law once limited taxsubsidized retirement benefits by capping the combined pension and 401(k) retirement-savings balance an individual could accumulate under one employer and taxing "excess" distributions from retirement plans in any given year, according to Mark Iwry, a former senior Treasury Department official who oversaw national retirement policy in the Clinton and Obama administrations.

By 2000, Congress had eliminated both, citing concerns that the restrictions were complex to administer and could stifle savings or penalize successful investment.

More than a decade ago, Congress's investigative arm, the Government Accountability Office, warned that some insiders might have been amassing more in IRAs than the contribution limits allowed by using artificially low share prices to value startup holdings.

Mary Mohr, executive director of the Retirement Industry Trust Association, which represents IRA providers that specialize in alternative investments, said her members try to obtain a fresh annual valuation from the startups its customers invest in.

"If that's not forthcoming in a timely manner, they will go back to the IRA owner and say we need you to update this," she said. "It is not the job or duty of the custodian to figure out what the asset is worth."

The bill from Wyden and Neal would require individuals earning more than $400,000 and married couples with incomes above $450,000 with more than $10 million in their IRAs and 401(k)s to withdraw half the excess annually and pay any taxes due. Any amount over $20 million would have to be withdrawn in full from Roth balances.

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