

# Fundamentals

INVESTMENT COMPANY INSTITUTE RESEARCH IN BRIEF

Vol. 13 / No. 3

October 2004

1401 H Street, NW  
Suite 1200  
Washington, DC 20005  
202/326-5800  
www.ici.org

Copyright © 2004 by the  
Investment Company  
Institute

## U.S. Household Ownership of Mutual Funds in 2004

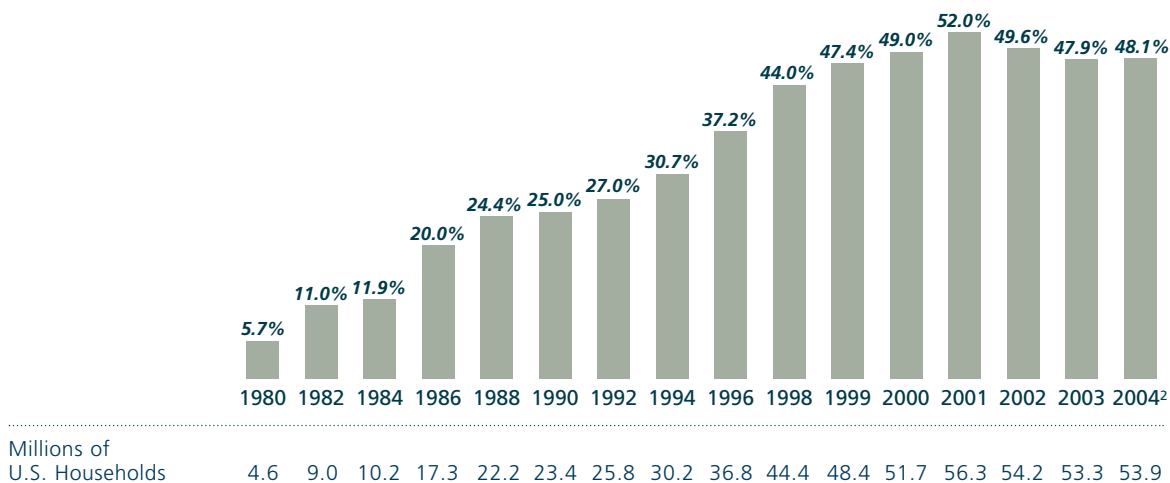
The number of U.S. households owning mutual funds increased in 2004 after declining over the previous two years. In June 2004, an estimated 53.9 million U.S. households owned mutual funds, up from 53.3 million in July 2003 (Figure 1).<sup>1,2</sup> Household mutual fund owners

represented 48.1 percent of all U.S. households in June 2004, compared with 47.9 percent in July 2003. The number of individuals owning mutual funds increased to 92.3 million in June 2004 from 91.2 million in July 2003 (Figure 2).

figure 1

### U.S. Households Owning Mutual Funds, 1980–2004, Selected Years<sup>1</sup>

(number and percent of U.S. households)



<sup>1</sup> Households owning mutual funds in 1980 through 1986 were estimated by dividing the total number of household mutual fund accounts by the number of mutual fund accounts per household.

Beginning in 1988, mutual fund ownership is estimated through household surveys. Estimates for 1988 through 1992 exclude households only owning mutual funds through employer-sponsored retirement plans; estimates for 1994 through 2004 include households only owning mutual funds through employer-sponsored retirement plans. Estimates for 1998 through 2004 include fund ownership through variable annuities.

<sup>2</sup> Based on the U.S. Census Bureau's estimate of 112.0 million total U.S. households as of March 2004. (U.S. Bureau of the Census, Current Population Survey, P60-226, August 2004.)

<sup>1</sup> Based on a survey of 3,000 randomly selected U.S. households conducted in June 2004. The standard error is +/-1.8 percent at the 95 percent confidence level. The sample was weighted to match the age distribution of the U.S. population. Survey data were not weighted before 1997. The number of U.S. households owning mutual funds in 2004 is based on the U.S. Census Bureau's estimate of 112.0 million total U.S. households as of March 2004.

<sup>2</sup> Ownership includes mutual funds held in variable annuities.

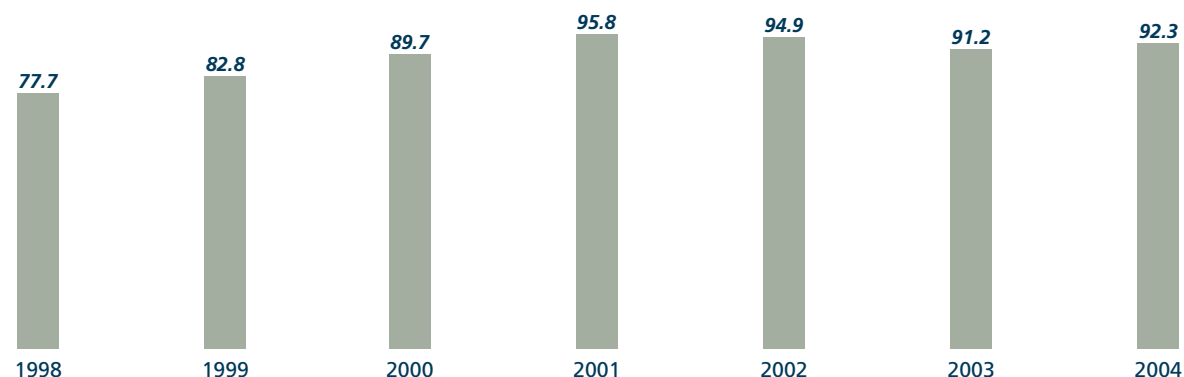
An estimated 36.4 million U.S. households, or 32.5 percent of all U.S. households, held mutual funds in employer-sponsored retirement plans in June 2004 (Figure 3).<sup>3</sup> The number of U.S.

households owning mutual funds outside employer-sponsored retirement plans was 39.3 million in June 2004, or 35.1 percent of all U.S. households.

figure 2

### Individual U.S. Investors Owning Mutual Funds, 1998–2004<sup>1</sup>

(millions)



<sup>1</sup> The mean number of mutual fund shareholders per fund-owning household was 1.741 in 1998, 1.710 in 1999, 1.736 in 2000, 1.702 in 2001, 1.750 in 2002, 1.711 in 2003, and 1.713 in 2004.

figure 3

### U.S. Households Owning Mutual Funds Inside and Outside Employer-Sponsored Retirement Plans, 1998–2004<sup>1</sup>

	Number of U.S. Households (millions)		Share of U.S. Households (percent)	
	Inside Employer-Sponsored Retirement Plans <sup>2</sup>	Outside Employer-Sponsored Retirement Plans	Inside Employer-Sponsored Retirement Plans <sup>2</sup>	Outside Employer-Sponsored Retirement Plans
1998	26.2	33.2	25.9%	32.9%
1999	28.9	37.5	28.3%	36.7%
2000	33.5	36.6	31.8%	34.7%
2001	36.1	41.4	33.4%	38.3%
2002	35.9	39.8	32.8%	36.4%
2003	36.4	38.4	32.7%	34.5%
2004	36.4	39.3	32.5%	35.1%

<sup>1</sup> Multiple responses included.

<sup>2</sup> Includes mutual funds held in 401(k) plans, 403(b) plans, 457 plans, SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs. Formation of new SAR-SEP IRAs was prohibited after December 31, 1996.

<sup>3</sup> Employer-sponsored retirement plans include 401(k) plans, 403(b) plans, 457 plans, SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

## Household Income and Mutual Fund Ownership

Mutual fund ownership increases with household income. As of June 2004, 27 percent of all households with incomes less than \$50,000 owned mutual funds, while 72 percent of those with incomes of \$50,000 or more owned funds (Figure 4). Among households with incomes between \$25,000 and \$49,999, the percentages owning funds in 2004 were virtually unchanged from 2003. Ownership among households with income between \$50,000 to \$74,999 increased slightly but the change is not statistically significant. Ownership among households

with incomes under \$25,000 and among households with incomes of \$75,000 or more was unchanged from 2003 to 2004.

## Age and Mutual Fund Ownership

Incidence of mutual fund ownership continues to be greatest among households headed by individuals age 35 to 64 (Figure 5). Fund ownership in 2004 declined among households headed by individuals younger than age 25, age 45 to 54, and age 55 to 64. Fund ownership in 2004 increased among households headed by individuals age 35 to 44 and age 65 or older.

figure 4

### U.S. Households Owning Mutual Funds by Income, 1998–2004<sup>1</sup>

(percent of U.S. households within each income group)

	1998	1999	2000	2001	2002	2003	2004 <sup>2</sup>
Less than \$25,000	13	15	17	21	14	15	15
\$25,000 to \$34,999	28	30	37	38	36	33	32
\$35,000 to \$49,999	47	49	49	49	48	41	40
\$50,000 to \$74,999	62	62	66	66	67	59	61
\$75,000 to \$99,999	72	78	77	78	79	77	77
\$100,000 or more	77	78	79	85	82	83	83
Less than \$50,000	27	29	32	35	30	28	27
\$50,000 or more	68	70	72	74	74	70	72

<sup>1</sup> Income ranges based upon previous year's pretax household income. Data are based on respondents who provided income data.

<sup>2</sup> Differences between 2003 and 2004 are not statistically significant.

figure 5

### U.S. Households Owning Mutual Funds by Age, 1998–2004<sup>1</sup>

(percent of U.S. households within each age group)

	1998	1999	2000	2001	2002	2003	2004 <sup>2</sup>
Younger than 25	24	28	23	32	27	27	25
25 to 34	42	47	49	50	48	44	43
35 to 44	52	55	58	60	57	54	57
45 to 54	53	58	59	60	59	57	55
55 to 64	51	50	54	54	55	59	55
65 or older	31	34	32	41	37	34	37

<sup>1</sup> Age of individual heading the household. Data are based on respondents who provided the age of the individual heading the household.

<sup>2</sup> Differences between 2003 and 2004 are not statistically significant.

---

## Back Issues Available

Institute research on a variety of subjects can be obtained by ordering back issues of *Fundamentals*. Contact the Institute's Research Department at 202/326-5913. Back issues of *Fundamentals* are also available on the Institute's website at [www.ici.org/fundamentals/index.html](http://www.ici.org/fundamentals/index.html).

June 2004	<i>Mutual Funds and the U.S. Retirement Market in 2003</i>	December 1999	<i>IRA Ownership in 1999</i>
February 2004	<i>The Cost of Buying and Owning Mutual Funds</i>	September 1999	<i>U.S. Household Ownership of Mutual Funds in 1999</i>
November 2003	<i>Institutional Investment Management: A Comparison of Portfolio Management Expenses of Mutual Funds and Defined Benefit Pension Plans</i>	July 1999	<i>Mutual Funds and the Retirement Market</i>
October 2003	<i>U.S. Household Ownership of Mutual Funds in 2003</i>	April 1999	<i>U.S. Household Ownership of Closed-End Funds in 1998</i>
September 2003	<i>IRA Ownership in 2003</i>	March 1999	<i>IRA Ownership in 1998</i>
August 2003	<i>Performance Fees and Expense Ratios</i>	March 1999	<i>U.S. Household Ownership of Mutual Funds in 1998</i>
June 2003	<i>Mutual Funds and the U.S. Retirement Market in 2002</i>	July 1998	<i>Mutual Funds and the Retirement Market</i>
October 2002	<i>U.S. Household Ownership of Mutual Funds in 2002</i>	February 1998	<i>U.S. Household Ownership of Mutual Funds in 1997</i>
September 2002	<i>Total Shareholder Cost of Mutual Funds: An Update</i>	October 1997	<i>Characteristics of Shareholders Using Ranking Services</i>
September 2002	<i>IRA Ownership in 2002</i>	September 1997	<i>How Mutual Funds Use the Internet</i>
June 2002	<i>Mutual Funds and the U.S. Retirement Market in 2001</i>	December 1996	<i>Mutual Fund Ownership in the U.S.</i>
March 2002	<i>U.S. Household Ownership of Closed-End Funds in 2001</i>	November 1996	<i>Mutual Fund Statistics for the Bank Distribution Channel</i>
September 2001	<i>U.S. Household Ownership of Mutual Funds in 2001</i>	October 1996	<i>Public Confidence in the Social Security System</i>
September 2001	<i>IRA Ownership in 2001</i>	May 1996	<i>Shareholders with 401(k) Plans Invested in Mutual Funds</i>
June 2001	<i>Mutual Funds and the Retirement Market in 2000</i>	March 1996	<i>Shareholders of International and Global Mutual Funds</i>
March 2001	<i>Redemption Activity of Mutual Fund Owners</i>	January 1996	<i>Shareholders of Municipal Bond Mutual Funds</i>
November 2000	<i>Financial Decisions at Retirement</i>	November 1995	<i>Shareholders' Use of Home PCs</i>
October 2000	<i>IRA Ownership in 2000</i>	September 1995	<i>Mutual Fund Statistics for the Bank Distribution Channel</i>
August 2000	<i>U.S. Household Ownership of Mutual Funds in 2000</i>	July 1995	<i>Institutional Investors and Mutual Funds</i>
July 2000	<i>Mutual Fund Shareholders' Use of the Internet</i>	May 1995	<i>Households with IRAs</i>
May 2000	<i>Mutual Funds and the Retirement Market</i>	January 1995	<i>First-Time Mutual Fund Buyers and Their Investment Experience</i>
April 2000	<i>Use of Rule 12b-1 Fees by Mutual Funds in 1999</i>	November 1994	<i>Mutual Fund Statistics for the Bank Distribution Channel</i>
		September 1994	<i>Mutual Fund Ownership Among U.S. Households</i>
		July 1994	<i>Institutional Investors and Mutual Funds</i>
		May 1994	<i>Investment Patterns of U.S. Households</i>
		March 1994	<i>Mutual Funds with 12b-1 Plans</i>
		January 1994	<i>Shareholder Perceptions of Investment Risk</i>