

ICI RESEARCH REPORT

# Profile of Mutual Fund Shareholders, 2015

MARCH 2016



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*Suggested citation:* Bogdan, Michael, and Daniel Schrass. 2016. "Profile of Mutual Fund Shareholders, 2015." *ICI Research Report* (March). Washington, DC: Investment Company Institute. Available at [www.ici.org/pdf/rpt\\_16\\_profiles.pdf](http://www.ici.org/pdf/rpt_16_profiles.pdf).

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All figures are available in a Microsoft Excel file located at [www.ici.org/info/rpt\\_16\\_profiles\\_data.xls](http://www.ici.org/info/rpt_16_profiles_data.xls). Those with page numbers indicated are available in this report.

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# Profile of Mutual Fund Shareholders, 2015

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## Introduction

Ownership of mutual funds by U.S. households grew significantly in the 1980s and 1990s and has remained steady over the past decade. On average since 2000, household ownership of mutual funds has been about 45 percent each year; this is down a bit from 49 percent in 2001, but higher than the 41 percent rate in 1998. Between mid-2000 and mid-2015, assets held in mutual funds increased from \$7.1 trillion to \$16.1 trillion.<sup>1</sup> In mid-2015, 43.0 percent of U.S. households owned mutual funds, representing 90.9 million individual mutual fund shareholders.<sup>2</sup> Mutual fund holdings represent a significant component of the savings and investments of many U.S. households, with mutual fund assets now accounting for more than one-fifth of households' financial assets.<sup>3</sup>

## Annual Survey

The Investment Company Institute (ICI) conducts an annual survey to track U.S. households' ownership of mutual funds and to gather information on their demographic and financial characteristics. The most recent survey was conducted from May to July 2015 and was based on a dual frame telephone sample of 6,000 randomly selected U.S. households. Of these, 3,000 households were from a landline random digit dial (RDD) frame and 3,000 households were from a cell phone RDD frame. Of the households contacted, 2,581 (43.0 percent) owned mutual funds. Eligible households were those owning mutual funds inside or outside employer-sponsored retirement plans, including funds purchased through investment professionals or directly from mutual fund companies or discount brokers. All interviews were conducted with the investment decisionmaker, the person most knowledgeable about the household's savings and investments.<sup>4</sup>

## The “Typical” Mutual Fund–Owning Household

This report summarizes the findings of the 2015 survey.<sup>5</sup> As described in the first chapter, in mid-2015 the “typical” mutual fund–owning head of household:

- » was middle-aged, employed, educated, married or living with a partner, and shared investment decisionmaking with his or her spouse or partner;
- » was of moderate financial means, with \$87,500 in household income and \$200,000 in household financial assets;
- » owned investments other than mutual funds, including individual stocks, and had more than half of the household’s financial assets (excluding the primary residence) invested in mutual funds;
- » had \$120,000 invested in three mutual funds, including at least one equity fund;
- » owned mutual funds inside an employer-sponsored retirement plan, such as a 401(k) plan, 403(b) plan, 457 plan, SEP IRA, SAR-SEP IRA, or SIMPLE IRA;
- » owned mutual funds outside employer-sponsored retirement plans, primarily purchased through investment professionals (e.g., registered investment advisers, full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, or accountants); and
- » was confident that mutual funds could help him or her reach financial goals.

Chapter 1 discusses a full set of figures highlighting demographic and financial characteristics of mutual fund–owning households, the variety of mutual funds they own, and the different ways they purchase mutual funds, as well as their financial assets, financial goals, and willingness to take investment risk. The remaining chapters present similar information for subgroups of mutual fund–owning households. Figures for all of the chapters are available in a Microsoft Excel file located at [www.ici.org/info/rpt\\_16\\_profiles\\_data.xls](http://www.ici.org/info/rpt_16_profiles_data.xls).

## Variations in Characteristics of Households That Own Mutual Funds

Chapters 2, 3, and 4 focus on the principal channels used by mutual fund–owning households to purchase fund shares. With the growth of 401(k) plans since 1990, employer-sponsored retirement plans have become a common channel through which households own mutual funds. In mid-2015, 80 percent of mutual fund–owning households held funds through these plans. Sixty percent of mutual fund–owning households held mutual funds purchased outside employer-sponsored retirement plans. Forty-seven percent of mutual fund–owning households held mutual funds purchased from the sales force channel, that is, through investment professionals, which include registered investment advisers, full-service brokers, independent

financial planners, bank or savings institution representatives, insurance agents, and accountants. Thirty-four percent owned fund shares purchased from the direct market channel, which consists of purchases made directly from fund companies and through discount brokers. Nearly half of mutual fund-owning households held mutual funds through multiple sources.<sup>6</sup> In identifying their primary source for purchasing funds, 63 percent of mutual fund-owning households pointed to employer-sponsored retirement plans, 27 percent reported the sales force channel (investment professionals), and 10 percent cited the direct market channel.

Chapter 5 presents mutual fund-owning households by generation. Sixteen percent were members of the Millennial Generation (born between 1981 and 2004), and 32 percent were members of Generation X (born between 1965 and 1980).<sup>7</sup> The Baby Boom Generation (those born between 1946 and 1964) made up the largest proportion of individuals heading mutual fund-owning households, 40 percent. Twelve percent were members of the Silent and GI Generations (born between 1904 and 1945).<sup>8</sup> Figures in this chapter highlight how demographic characteristics, mutual fund ownership, financial assets, and savings goals vary among mutual fund-owning households by generation.

Chapter 6 describes mutual fund-owning households by age. Sixteen percent of individuals heading households owning mutual funds were younger than 35 years old. The largest age group was individuals between the ages of 35 and 54, who comprised 43 percent of mutual fund-owning household heads. Households aged 55 to 64 accounted for 21 percent of mutual fund-owning households. The remaining 20 percent of individuals heading mutual fund-owning households were 65 or older. Figures in this chapter reveal how demographic characteristics, mutual fund ownership, financial assets, and savings goals vary among mutual fund-owning households by age group.

Chapter 7 describes mutual fund-owning households by their level of household income. Twenty percent of mutual fund-owning households had incomes below \$50,000, 35 percent had incomes between \$50,000 and \$99,999, 24 percent had incomes between \$100,000 and \$149,999, and 21 percent had incomes of \$150,000 or more. Figures in this chapter focus on how demographic characteristics, mutual fund ownership, financial assets, and savings goals vary among mutual fund-owning households by household income.

Chapter 8 examines mutual fund-owning households by household financial assets. Twenty-one percent of mutual fund-owning households had financial assets of less than \$50,000, 12 percent had assets between \$50,000 and \$99,999, 22 percent had assets between \$100,000 and \$249,999, and 45 percent had assets of \$250,000 or more. Figures in this chapter show how demographic characteristics, mutual fund ownership, financial assets, and savings goals vary among mutual fund-owning households by household financial assets.

Chapter 9 examines mutual fund–owning households by the level of investment risk the respondent is willing to take. Thirty-one percent of mutual fund–owning households were willing to take above-average or substantial investment risk for similar levels of financial gain, 47 percent were willing to take average investment risk for average financial gain, and 22 percent were willing to take below-average investment risk for below-average financial gain or were unwilling to take investment risk. Figures in this chapter illustrate how demographic characteristics, mutual fund ownership, financial assets, and savings goals vary among mutual fund–owning households by level of investment risk.

Chapter 10 describes mutual fund–owning households by the year of their initial mutual fund purchase. Twenty-nine percent of mutual fund–owning households purchased their first mutual fund before 1990 and 14 percent purchased their first mutual fund between 1990 and 1994. Eighteen percent purchased their first mutual fund between 1995 and 1999, 16 percent between 2000 and 2004, and 23 percent in 2005 or later. Figures in this chapter highlight how demographic characteristics, mutual fund ownership, financial assets, and savings goals vary among mutual fund–owning households by year of initial mutual fund purchase.

Taken together, these chapters present an overview of the millions of U.S. households that invest in mutual funds, the ways in which they purchase fund shares, and the ways in which they use funds to meet their current and long-term financial needs.

## CHAPTER 1

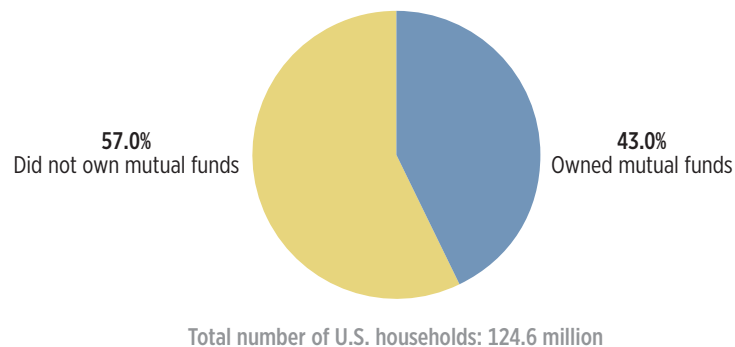
# Mutual Fund–Owning Households

## Demographic Characteristics

In mid-2015, nearly 54 million, or 43 percent of, U.S. households owned mutual funds (Figure 1.1). The median age of individuals heading households that owned mutual funds was 51 (Figure 1.2).<sup>9</sup> Fifty-one percent of these individuals had college or postgraduate degrees. Seventy-one percent of U.S. households that owned mutual funds consisted of couples that were married or living with a partner, and investment decisionmaking was a shared responsibility in 60 percent of mutual fund–owning households.

FIGURE 1.1

### 53.6 Million U.S. Households Owned Mutual Funds



Sources: Investment Company Institute and U.S. Census Bureau

## Employment Status and Household Income

The majority of mutual fund–owning households were employed and earned moderate, although above-average, household incomes. Seventy-one percent of individuals heading households that owned mutual funds were employed full- or part-time (Figure 1.3). Five percent of individuals heading households that owned mutual funds indicated they were retired from their lifetime occupations and employed either full- or part-time. Twenty-nine percent of individuals heading households that owned mutual funds were not employed, but 72 percent of these household heads were retired. All told, 26 percent of individuals heading households that owned mutual funds were retired from their lifetime occupations. The median income of mutual fund–owning households was \$87,500 in 2014. Twenty percent had household incomes of less than \$50,000, 19 percent had household incomes between \$50,000 and \$74,999, and 61 percent had incomes of \$75,000 or more.

## Financial Characteristics

The majority of mutual fund–owning households have accumulated a variety of financial assets and retirement accounts. Among households that owned mutual funds, median household financial assets were \$200,000 (Figure 1.4). Mutual fund–owning households typically had other types of savings and investments. Twenty-three percent owned certificates of deposit, 37 percent owned individual stocks, and 12 percent owned individual bonds (excluding U.S. savings bonds). In addition, 24 percent held investment real estate and 29 percent held fixed or variable annuities. A significant number of mutual fund–owning households made use of tax-advantaged savings vehicles. Eighty-six percent had assets in employer-sponsored retirement plan accounts, usually 401(k) plans, and 61 percent owned individual retirement accounts (IRAs).<sup>10</sup> Seventeen percent of U.S. households owning mutual funds had education-targeted savings program accounts—6 percent had Coverdell education savings accounts (ESAs) and 15 percent had 529 plan accounts.

## Mutual Fund Ownership

Equity mutual funds were the most commonly held mutual funds. Among households that owned mutual funds, median mutual fund holdings were \$120,000 (Figure 1.5). The largest percentage of mutual fund–owning households, 88 percent, owned equity funds. Thirty-five percent had invested in balanced funds,<sup>11</sup> 42 percent in bond funds, and 54 percent in money market funds. In addition, 36 percent of mutual fund–owning households held global or international equity



funds. Mutual fund holdings represented more than half of household financial assets for 67 percent of households that owned mutual funds. The vast majority of mutual fund-owning households were longtime mutual fund investors (Figure 1.5). Twenty-nine percent reported that the household bought its first mutual fund before 1990; 14 percent between 1990 and 1994; 18 percent between 1995 and 1999; and 16 percent between 2000 and 2004. Twenty-three percent reported that the household bought its first fund in 2005 or later.

Mutual fund-owning households owned many funds through multiple purchase sources (Figure 1.6). In mid-2015, these households owned a median of three mutual funds. Fifty-one percent owned three or fewer funds and 49 percent owned four or more. Among households that owned funds outside employer-sponsored retirement plans, 33 percent owned funds purchased from one source; 29 percent owned funds purchased from two sources; and 38 percent owned funds purchased from three or more sources.

Forty percent of mutual fund-owning households held mutual funds solely inside employer-sponsored retirement plans, which include defined contribution (DC) plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs); 20 percent owned funds solely outside these plans; and 40 percent had funds both inside and outside employer-sponsored retirement plans (Figure 1.7). Altogether, 80 percent of mutual fund-owning households owned funds through employer-sponsored retirement plans and 60 percent owned funds outside these plans, through either the sales force or direct market channels. Forty-seven percent of mutual fund-owning households owned funds through the sales force channel, that is, through investment professionals, which include registered investment advisers, full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, and accountants. Thirty-four percent owned funds through the direct market channel, which includes mutual fund companies directly and discount brokers.

Sixty-three percent of all U.S. households that owned mutual funds reported that employer-sponsored retirement plans were their primary source for purchasing mutual funds; 27 percent regarded the sales force channel (investment professionals) as their primary source; and 10 percent considered the direct market channel to be their primary source (Figure 1.7). Sixty-three percent of mutual fund-owning households in mid-2015 reported that the household bought its first fund through an employer-sponsored retirement plan.

## Goals and Mutual Fund Investing

In mid-2015, the vast majority of mutual fund-owning households were using mutual funds to save for retirement (Figure 1.8). Ninety-one percent of mutual fund-owning households indicated that saving for retirement was one of their household's financial goals, and 72 percent indicated that retirement saving was their primary financial goal. Eighty percent of households owning mutual funds held funds in employer-sponsored retirement plans, and 42 percent owned funds inside IRAs. Eighty-four percent were confident that mutual funds were an investment that could help them meet their household's financial goals.

## Views on Investment Risk

Willingness to take investment risk is higher among mutual fund-owning households than among non-owning households.<sup>12</sup> Almost all mutual fund-owning households were willing to take some investment risk for financial gain (Figure 1.9). Thirty-one percent of mutual fund-owning households said they were willing to take substantial or above-average investment risk for similar levels of financial gain. Forty-seven percent of mutual fund-owning households were willing to take average risk for average gain. Only 22 percent of mutual fund-owning households were willing to take below-average risk for below-average gain or were unwilling to take any investment risk.

FIGURE 1.2

## Mutual Fund Shareholder Head of Household Characteristics

Percentage of U.S. households owning mutual funds, 2015

<b>Age of household sole or co-decisionmaker for saving and investing</b>	
Younger than 35	16
35 to 44	19
45 to 54	24
55 to 64	21
65 or older	20
Median	51 years
Mean	51 years
<b>Education level</b>	
High school diploma or less	22
Some college or associate's degree	27
Completed four years of college	22
Some graduate school	5
Completed graduate school	24
<b>Marital status</b>	
Married or living with a partner	71
Single	14
Divorced or separated	9
Widowed	6
<b>Household investment decisionmaker</b>	
Male is sole decisionmaker	24
Female is sole decisionmaker	16
Co-decisionmakers	60
<b>Ethnic background*</b>	
Caucasian	83
African American	8
Hispanic	7
Asian	3
Other	5

\*Multiple responses are included.

FIGURE 1.3

### Employment Status and Income of Households Owning Mutual Funds

Percentage of U.S. households owning mutual funds, 2015

<b>Employment status<sup>1</sup></b>	
Employed full-time	65
Not retired	62
Retired from lifetime occupation	3
Employed part-time	6
Not retired	4
Retired from lifetime occupation	2
Not employed	29
Not retired	8
Retired from lifetime occupation	21
<b>Total household income<sup>2</sup></b>	
Less than \$25,000	5
\$25,000 to \$34,999	5
\$35,000 to \$49,999	10
\$50,000 to \$74,999	19
\$75,000 to \$99,999	16
\$100,000 to \$149,999	24
\$150,000 to \$249,999	16
\$250,000 or more	5
Median	\$87,500
Mean	\$107,700

<sup>1</sup> Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).

<sup>2</sup> Total reported is household income before taxes in 2014.

FIGURE 1.4

**Mutual Fund–Owning Households' Financial Assets***Percentage of U.S. households owning mutual funds, 2015*

<b>Total household financial assets<sup>1</sup></b>	
Less than \$25,000	13
\$25,000 to \$49,999	8
\$50,000 to \$74,999	7
\$75,000 to \$99,999	5
\$100,000 to \$249,999	22
\$250,000 to \$499,999	17
\$500,000 to \$999,999	18
\$1 million or more	10
Median	\$200,000
Mean	\$429,000
<b>Household ownership of non–mutual fund investments<sup>2</sup></b>	
Certificates of deposit	23
Individual stocks, individual bonds, or annuities (total)	54
Individual stocks	37
Individual bonds (excluding U.S. savings bonds)	12
Fixed or variable annuities	29
Investment real estate	24
Closed-end funds	5
Exchange-traded funds	10
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>	
Household owned employer-sponsored retirement plan accounts (total)	86
DC retirement plan accounts (total)	84
401(k) plan account	72
403(b); state, local, or federal government plan account	33
Employer-sponsored IRA <sup>3</sup>	11
<b>Household ownership of IRAs<sup>2</sup></b>	
Household owned IRA (total)	61
Traditional IRA or Roth IRA	58
Employer-sponsored IRA <sup>3</sup>	11
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>	
Household owned education-targeted savings program account (total)	17
Coverdell education savings account	6
529 prepaid tuition or college savings plan account (total)	15

<sup>1</sup>Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

<sup>2</sup>Multiple responses are included.

<sup>3</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 1.5

**Mutual Fund Investing Among Households Owning Mutual Funds***Percentage of U.S. households owning mutual funds, 2015*

<b>Total household mutual fund assets</b>	
Less than \$5,000	5
\$5,000 to \$9,999	4
\$10,000 to \$19,999	6
\$20,000 to \$29,999	5
\$30,000 to \$49,999	8
\$50,000 to \$74,999	10
\$75,000 to \$99,999	5
\$100,000 to \$249,999	22
\$250,000 or more	35
Median	\$120,000
Mean	\$272,000
<b>Percent allocation of household financial assets to mutual funds</b>	
25% or less	17
Between 26% and 50%	16
Between 51% and 75%	19
More than 75%	48
<b>Types of mutual funds owned*</b>	
Equity funds	88
Hybrid funds	35
Bond funds	42
Money market funds	54
Other fund type specified	5
<b>Year of initial mutual fund purchase</b>	
Before 1990	29
Between 1990 and 1994	14
Between 1995 and 1999	18
Between 2000 and 2004	16
2005 or later	23
Median	1996
Mean	1995

\*Multiple responses are included.

FIGURE 1.6

**Households Own Many Funds Through Multiple Purchase Sources**

**Total number of mutual funds owned**

*Percentage of U.S. households owning mutual funds, 2015*

One	19
Two	18
Three	14
Four	10
Five to six	15
Seven to ten	11
Eleven or more	13
Median	3 funds
Mean	6 funds

**Number of mutual fund purchase sources used outside employer-sponsored retirement plans\***

*Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans, 2015*

One	33
Two	29
Three	19
Four or more	19
Median	2 sources
Mean	2 sources

\*Purchase sources outside employer-sponsored retirement plans include registered investment advisers, full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.

FIGURE 1.7

## Sources Used to Purchase Mutual Funds

Percentage of U.S. households owning mutual funds, 2015

<b>Source of mutual fund ownership</b>	
Only inside employer-sponsored retirement plan	40
Only outside employer-sponsored retirement plan	20
Both inside and outside employer-sponsored retirement plan	40
<b>Purchase sources through which funds are currently owned<sup>1</sup></b>	
Inside employer-sponsored retirement plans (total)	80
Inside DC retirement plans (total)	78
401(k) plan	69
403(b); state, local, or federal government plan	21
Inside employer-sponsored IRA <sup>2</sup>	7
Outside employer-sponsored retirement plans (total)	60
Sales force (total)	47
Full-service broker	27
Independent financial planner	22
Bank or savings institution representative	17
Insurance agent	10
Accountant	7
Direct market (total)	34
Mutual fund company directly	19
Discount broker	24
<b>Primary mutual fund purchase source</b>	
Inside employer-sponsored retirement plans	63
Outside employer-sponsored retirement plans	37
Sales force	27
Full-service broker	10
Independent financial planner	8
Bank or savings institution representative	6
Insurance agent	2
Accountant	1
Direct market	10
Mutual fund company directly	5
Discount broker	5
<b>Source of first mutual fund purchase</b>	
Inside employer-sponsored retirement plan	63
Outside employer-sponsored retirement plan	37

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

<sup>2</sup> Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.



FIGURE 1.8

## Financial Goals of Households Owning Mutual Funds

Percentage of U.S. households owning mutual funds, 2015

<b>Financial goals for mutual fund investments<sup>1</sup></b>	
Retirement	91
Reduce taxable income	49
Emergency	50
Education	24
Current income	30
House or other large item	15
Other	4
<b>Primary financial goal for mutual fund investments</b>	
Retirement	72
Reduce taxable income	4
Emergency	8
Education	5
Current income	7
House or other large item	3
Other	1
<b>Level of confidence that mutual funds are an investment that can help the household meet financial goals</b>	
Very confident	30
Somewhat confident	54
Not very confident	10
Not at all confident	6
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>	
Inside employer-sponsored retirement plans (total)	80
Inside DC retirement plans (total)	78
401(k) plan	69
403(b); state, local, or federal government plan	21
Inside employer-sponsored IRA <sup>2</sup>	7
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>	
Had IRA invested in mutual funds (total)	42
Traditional IRA or Roth IRA	40
Employer-sponsored IRA <sup>2</sup>	7

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

<sup>2</sup> Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 1.9

### Views on Investment Risk

*Percentage of U.S. households owning mutual funds, 2015*

<b>Level of risk willing to take with financial investments</b>	
Substantial risk for substantial gain	6
Above-average risk for above-average gain	25
Average risk for average gain	47
Below-average risk for below-average gain	10
Unwilling to take any risk	12

## CHAPTER 2

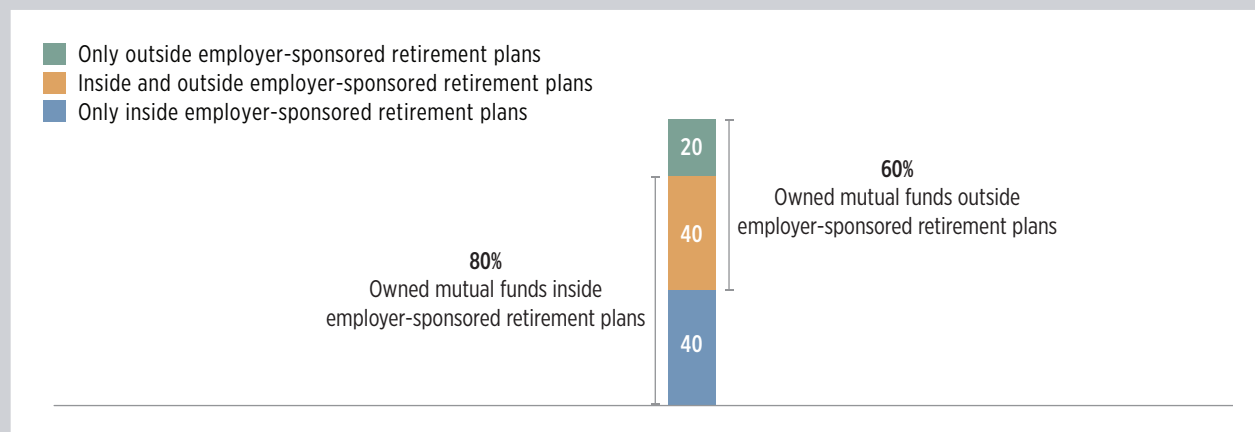
# Mutual Fund–Owning Households by Fund Ownership Inside and Outside Employer-Sponsored Retirement Plans

In mid-2015, 80 percent of mutual fund–owning households in the United States held mutual funds inside employer-sponsored retirement plan accounts (Figure 2.1), which include DC plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). Sixty percent of mutual fund–owning households owned mutual funds outside employer-sponsored retirement plan accounts, purchased through either the sales force channel (investment professionals) or direct market channel. Forty percent of mutual fund–owning households owned funds both inside and outside employer-sponsored retirement plans.

FIGURE 2.1

### Mutual Fund–Owning Households by Fund Ownership Inside and Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds, 2015



Note: Employer-sponsored retirement plans include DC plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

The remaining figures for this chapter show how mutual fund-owning households' demographic and financial characteristics, pattern of mutual fund ownership, financial assets, financial goals, and willingness to take risk vary by whether the mutual fund-owning households held mutual funds inside or outside employer-sponsored retirement plans (see Figures 2.2 to 2.9, available in a Microsoft Excel file located at [www.ici.org/info/rpt\\_16\\_profiles\\_data.xls](http://www.ici.org/info/rpt_16_profiles_data.xls)).

CHAPTER 3

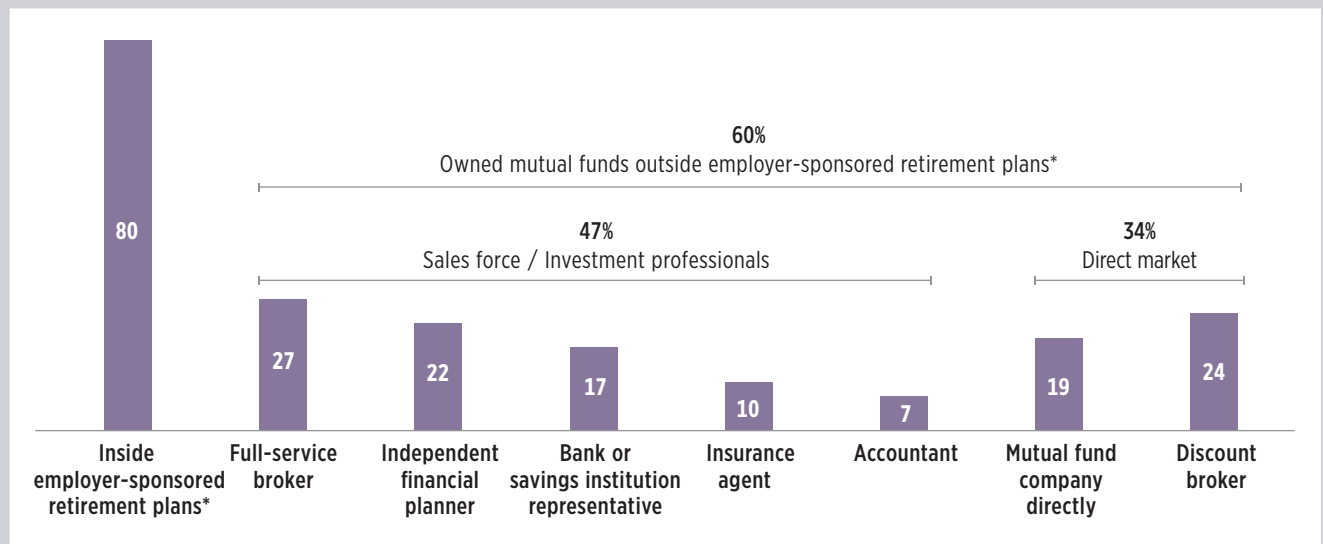
# Mutual Fund–Owning Households by Channels Used to Purchase Mutual Funds Outside Employer-Sponsored Retirement Plans

In mid-2015, 80 percent of mutual fund–owning households held mutual funds through employer-sponsored retirement plans, and 60 percent owned mutual funds outside such plans (Figure 3.1). This latter group purchased funds through two sources: the sales force channel (investment professionals) and the direct market channel. The sales force channel—that is, investment professionals—includes registered investment advisers, full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, and accountants. The direct market channel includes fund companies and discount brokers. In mid-2015, 47 percent of households owning mutual funds held funds purchased through the sales force channel and 34 percent owned funds purchased through the direct market channel.

FIGURE 3.1

### Sources Used by Mutual Fund–Owning Households to Purchase Mutual Funds

Percentage of U.S. households owning mutual funds, 2015



\* Employer-sponsored retirement plans include DC plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

Note: Multiple responses are included.

The remaining figures for this chapter illustrate how mutual fund–owning households’ demographic and financial characteristics, pattern of mutual fund ownership, financial assets, financial goals, and willingness to take risk vary by purchase channel (see Figures 3.2 to 3.9, available in a Microsoft Excel file located at [www.ici.org/info/rpt\\_16\\_profiles\\_data.xls](http://www.ici.org/info/rpt_16_profiles_data.xls)).

## CHAPTER 4

# Mutual Fund–Owning Households by Primary Source for Purchasing Funds

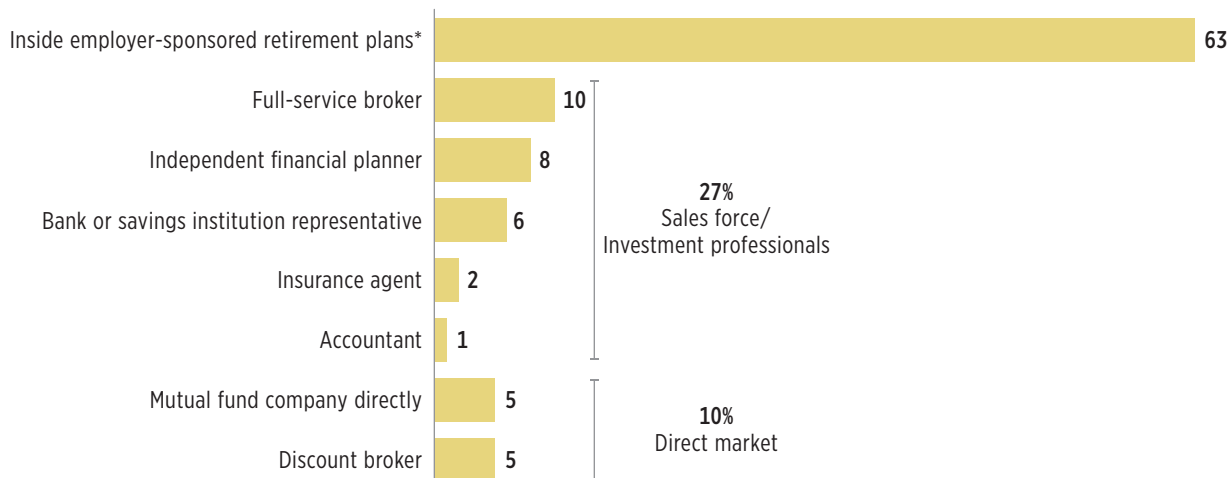
In mid-2015, 63 percent of mutual fund–owning households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds (Figure 4.1). Another 27 percent viewed the sales force channel (investment professionals) as their main source for buying funds—10 percent considered full-service brokers to be their primary fund source; 8 percent, independent financial planners; 6 percent, bank or savings institution representatives; 2 percent, insurance agents; and 1 percent, accountants.<sup>13</sup> Finally, 10 percent of mutual fund–owning households viewed the direct market channel as their main source for buying funds (5 percent indicated fund companies as their primary source, and 5 percent cited discount brokers).

The remaining figures for this chapter demonstrate how mutual fund–owning households’ demographic and financial characteristics, pattern of mutual fund ownership, financial assets, financial goals, and willingness to take risk vary by primary purchase channel (see Figures 4.2 to 4.9, available in a Microsoft Excel file located at [www.ici.org/info/rpt\\_16\\_profiles\\_data.xls](http://www.ici.org/info/rpt_16_profiles_data.xls)).

FIGURE 4.1

### Mutual Fund–Owning Households by Primary Source for Purchasing Funds

Percentage of U.S. households owning mutual funds, 2015



\* Employer-sponsored retirement plans include DC plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).





## CHAPTER 5

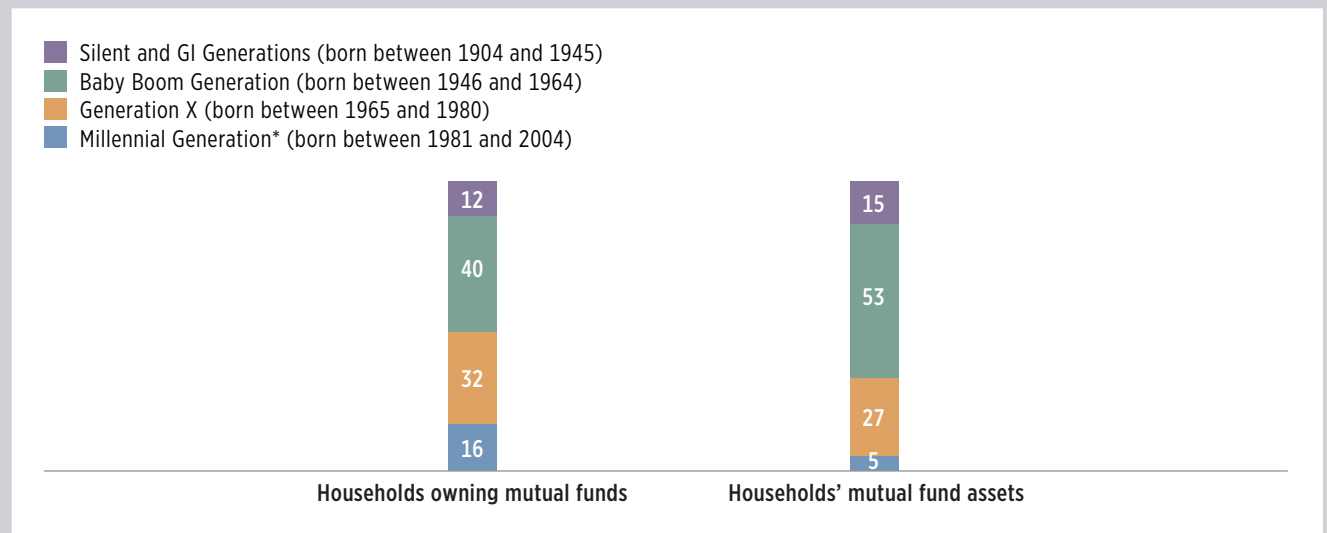
# Mutual Fund–Owning Households by Generation

Multiple generations of Americans own mutual funds. In mid-2015, 16 percent of individuals heading households that owned mutual funds were members of the Millennial Generation, who were born between 1981 and 2004 and were 34 or younger at the time of the survey (Figure 5.1).<sup>14</sup> Thirty-two percent were members of Generation X, those born between 1965 and 1980 and aged 35 to 50 at the time of the survey. The Baby Boom Generation (those born between 1946 and 1964), who were between 51 and 69 at the time of the survey, made up the largest proportion—40 percent—of individuals heading mutual fund–owning households. The remaining 12 percent of individuals heading mutual fund–owning households were members of the Silent and GI Generations, born between 1904 and 1945, who were 70 or older at the time of the survey.<sup>15</sup>

FIGURE 5.1

### Mutual Fund–Owning Households and Assets by Generation

Percentage of the total, 2015



\* The Millennial Generation is aged 11 to 34 in 2015; however, survey respondents must be 18 or older.

Note: Generation is based on the age of the household sole or co-decisionmaker for saving and investing.

Older generations held the majority of mutual fund assets (Figure 5.1). In mid-2015, the Baby Boom Generation held 53 percent of total household mutual fund assets, and the Silent and GI Generations held an additional 15 percent. Generation X held 27 percent of total household mutual fund assets, and the Millennial Generation held the remaining 5 percent.

The remaining figures for this chapter explain how mutual fund-owning households' demographic and financial characteristics, pattern of mutual fund ownership, financial assets, financial goals, and willingness to take risk vary by generation (see Figures 5.2 to 5.9, available in a Microsoft Excel file located at [www.ici.org/info/rpt\\_16\\_profiles\\_data.xls](http://www.ici.org/info/rpt_16_profiles_data.xls)).

## CHAPTER 6

# Mutual Fund–Owning Households by Age

In mid-2015, 16 percent of individuals heading households that owned mutual funds were younger than 35 at the time of the survey (Figure 6.1). The largest age group was composed of individuals between the ages of 35 and 54, who were 43 percent of mutual fund–owning household heads. Twenty-one percent of individuals heading households that owned mutual funds were between the ages of 55 and 64. The remaining 20 percent were 65 or older at the time of the survey.

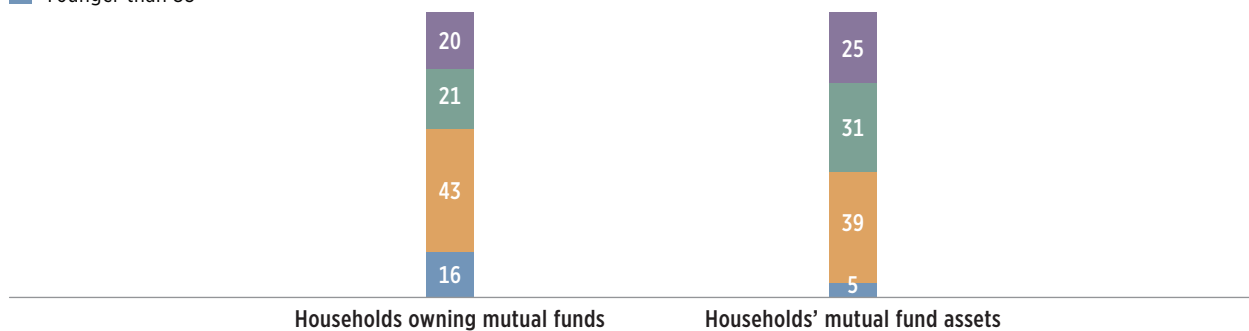
Older age groups held more than half of mutual fund assets (Figure 6.1). In mid-2015, 31 percent of total household mutual fund assets were held by individuals heading households between the ages of 55 and 64. Twenty-five percent was held by individuals heading households aged 65 or older. Individuals heading households aged 35 to 54 held the largest amount of mutual fund

FIGURE 6.1

### Mutual Fund–Owning Households and Assets by Age

Percentage of the total, 2015

- 65 or older
- 55 to 64
- 35 to 54
- Younger than 35



Note: Age is based on the age of the household sole or co-decisionmaker for saving and investing.

assets, 39 percent. The remaining 5 percent was held by individuals heading households aged 34 or younger.

The remaining figures for this chapter reveal how mutual fund-owning households' demographic and financial characteristics, pattern of mutual fund ownership, financial assets, financial goals, and willingness to take risk vary by age group (see Figures 6.2 to 6.9, available in a Microsoft Excel file located at [www.ici.org/info/rpt\\_16\\_profiles\\_data.xls](http://www.ici.org/info/rpt_16_profiles_data.xls)).

## CHAPTER 7

# Mutual Fund–Owning Households by Household Income

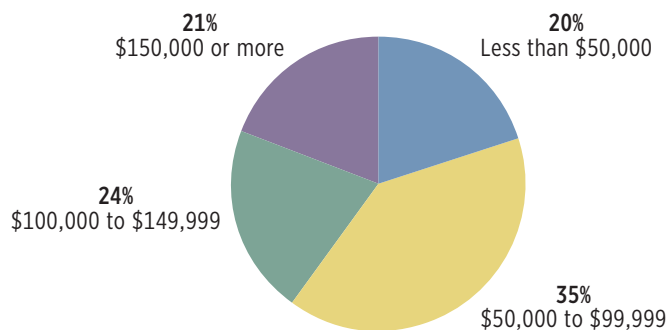
Households in all income categories own mutual funds. In mid-2015, 20 percent of mutual fund–owning households had incomes of less than \$50,000, 35 percent had household incomes between \$50,000 and \$99,999, 24 percent had household incomes between \$100,000 and \$149,999, and 21 percent had household incomes of \$150,000 or more (Figure 7.1).<sup>16</sup> The median household income of mutual fund–owning households (\$87,500) was above the median household income nationwide (\$53,657),<sup>17</sup> reflecting their older age, higher education, and higher likelihood of full-time employment, on average.

The remaining figures for this chapter establish how mutual fund–owning households’ demographic and financial characteristics, pattern of mutual fund ownership, financial assets, financial goals, and willingness to take risk vary by household income (see Figures 7.2 to 7.9, available in a Microsoft Excel file located at [www.ici.org/info/rpt\\_16\\_profiles\\_data.xls](http://www.ici.org/info/rpt_16_profiles_data.xls)).

FIGURE 7.1

### Mutual Fund–Owning Households by Household Income

Percentage of U.S. households owning mutual funds, 2015



Note: Total reported is household income before taxes in 2014.



## CHAPTER 8

# Mutual Fund–Owning Households by Household Financial Assets

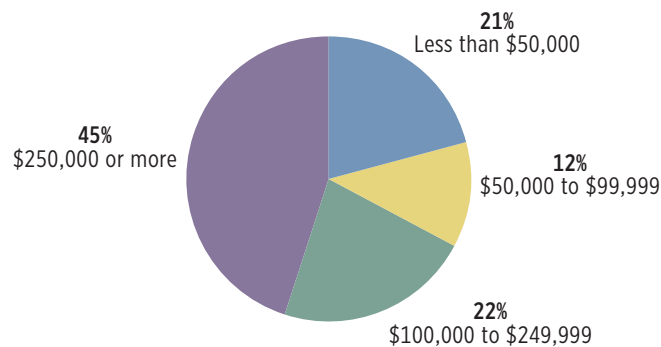
In mid-2015, 21 percent of mutual fund–owning households in the United States had household financial assets of less than \$50,000, and 12 percent had household financial assets between \$50,000 and \$99,999 (Figure 8.1). Another 22 percent had household financial assets between \$100,000 and \$249,999, and 45 percent had household financial assets of \$250,000 or more. Household financial assets include assets in employer-sponsored retirement plans but exclude the household’s primary residence.

The remaining figures for this chapter demonstrate how mutual fund–owning households’ demographic and financial characteristics, pattern of mutual fund ownership, financial assets, financial goals, and willingness to take risk vary by household financial assets (see Figures 8.2 to 8.9, available in a Microsoft Excel file located at [www.ici.org/info/rpt\\_16\\_profiles\\_data.xls](http://www.ici.org/info/rpt_16_profiles_data.xls)).

FIGURE 8.1

### Mutual Fund–Owning Households by Household Financial Assets

Percentage of U.S. households owning mutual funds, 2015



Note: Household financial assets include assets in employer-sponsored retirement plans but exclude the household’s primary residence.





## CHAPTER 9

# Mutual Fund–Owning Households by Investment Risk Tolerance

In mid-2015, 31 percent of mutual fund–owning households in the United States were willing to take substantial or above-average risk for similar levels of financial gain (Figure 9.1). Those willing to take average risk for average financial gain—the largest group—accounted for 47 percent of all mutual fund–owning households. Twenty-two percent of mutual fund–owning households described themselves as willing to take below-average risk for below-average financial gain or unwilling to take any investment risk.

The remaining figures for this chapter show how mutual fund–owning households’ demographic and financial characteristics, pattern of mutual fund ownership, financial assets, and financial goals vary by investment risk tolerance (see Figures 9.2 to 9.9, available in a Microsoft Excel file located at [www.ici.org/info/rpt\\_16\\_profiles\\_data.xls](http://www.ici.org/info/rpt_16_profiles_data.xls)).

FIGURE 9.1

### Mutual Fund–Owning Households by Investment Risk Tolerance

Percentage of U.S. households owning mutual funds, 2015

#### Level of risk willing to take with financial investments

- Substantial risk for substantial gain
- Above-average risk for above-average gain
- Average investment risk for average gain
- Below-average risk for below-average gain
- Unwilling to take any risk





## CHAPTER 10

# Mutual Fund–Owning Households by Year of Initial Mutual Fund Purchase

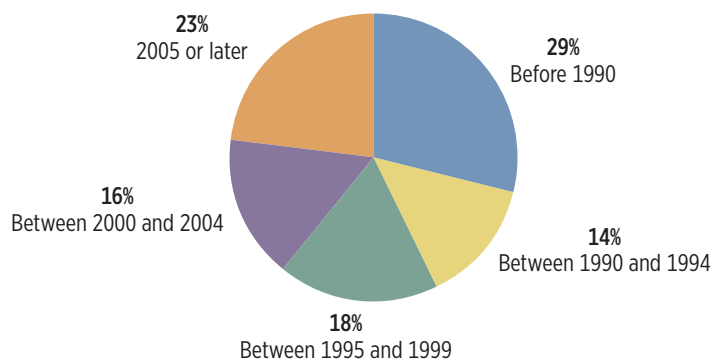
Most mutual fund–owning households have invested in mutual funds for many years. In mid-2015, 29 percent of mutual fund–owning households reported that the household purchased its first mutual fund before 1990; 14 percent purchased their first mutual fund between 1990 and 1994; 18 percent purchased their first mutual fund between 1995 and 1999; and 16 percent purchased their first mutual fund between 2000 and 2004 (Figure 10.1). Twenty-three percent of mutual fund–owning households purchased their first mutual fund in 2005 or later.

The remaining figures for this chapter illustrate how mutual fund–owning households’ demographic and financial characteristics, pattern of mutual fund ownership, financial assets, financial goals, and willingness to take risk vary by year of initial purchase (see Figures 10.2 to 10.9, available in a Microsoft Excel file located at [www.ici.org/info/rpt\\_16\\_profiles\\_data.xls](http://www.ici.org/info/rpt_16_profiles_data.xls)).

FIGURE 10.1

### Mutual Fund–Owning Households by Year of Initial Mutual Fund Purchase

Percentage of U.S. households owning mutual funds, 2015



## APPENDIX

# Research Methodology

## Research Design

TNS, a nationwide opinion research firm, conducted the survey of mutual fund-owning households under the direction of the Investment Company Institute's Research Department. The survey gathered demographic, financial, and fund ownership characteristics of mutual fund-owning households nationwide. The survey collected information on fund ownership inside and outside employer-sponsored retirement plans, including the number and types of funds owned and total mutual fund assets. The survey also gathered data about aspects of fund investing, including financial goals and willingness to take investment risk. Finally, the survey collected information on household income and demographic data such as the age, education, and marital status of the head of household.

## Interviewing

ICI conducts the Annual Mutual Fund Shareholder Tracking Survey each year to gather information on the demographic and financial characteristics of mutual fund-owning households in the United States. The most recent survey was conducted from May to July 2015 and was based on a dual frame sample of 6,000 U.S. households. Of these, 3,000 households were from a landline random digit dial (RDD) frame and 3,000 households were from a cell phone RDD frame. Of the households contacted, 2,581 (43.0 percent) owned mutual funds. All interviews were conducted over the telephone with the member of the household who was either the sole or the co-decisionmaker most knowledgeable about the household's savings and investments.

## Revisions to ICI's Annual Mutual Fund Shareholder Tracking Survey

In the usual course of household survey work, researchers periodically reexamine sampling and weighting methods to ensure that the results published are representative of the millions of households in the United States. ICI reexamined its Annual Mutual Fund Shareholder Tracking Survey in 2014, and the figures presented in this paper for the 2015 survey reflect a revised sampling and weighting methodology that was adopted in 2014. In order to achieve a representative sample of U.S. households, the 2014 and 2015 Annual Mutual Fund Shareholder Tracking Survey is based on a dual frame sample of landline and cell phone numbers. The combined sample includes about 50 percent of households reached on a landline and about 50 percent of households reached on a cell phone. In previous years, the Annual Mutual Fund Shareholder Tracking Survey was based on a sample of landline phone numbers. The change to a combined sample of cell and landline phone numbers improves the representativeness of the sample. For a detailed description of the survey methodology, see "Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2015," *ICI Research Perspective* 21, no. 5 (November), available at [www.ici.org/pdf/per21-05.pdf](http://www.ici.org/pdf/per21-05.pdf).

### Revision of Survey Weights

When a survey sample is drawn from a population, the proportions of segments within the sample (by age, income, or other key variables) may not match the distribution of those segments within the population. The sample's distribution may be different due to sampling techniques, varying degrees of nonresponse from segments of the population, or a survey design that was not able to cover the entire population. It is possible to improve the relation between the sample and the population from which it was drawn by applying weights to the sample that match the proportions present in the population. This process is known as sample-balancing, or raking.<sup>18</sup> Because the sample methodology for the Annual Mutual Fund Shareholder Tracking Survey was changed to a dual frame RDD survey to include cell phones, it was necessary to adjust the weighting methodology for the survey. In order to combine the landline and cell phone samples, an initial base weight was created to adjust for households that could have been in both the landline and cell phone sample frames. A second stage of weighting included the standard raking to control totals based on census region, householder age, household income, and educational attainment of the head of household from the most recent version of the Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS).<sup>19</sup> In the 2014 and 2015 survey, the second stage of weighting also included raking to control totals based on household telephone status from the most recent version of the National Health Interview Survey (NHIS).<sup>20</sup> The weighting adjusts for differences among the households sampled in the ICI survey and the population of U.S. households.

## Sampling Error

The use of sample surveys is standard practice for constructing estimates about a total population. Estimates derived through survey sampling are subject to sampling error. As sample size increases, the level of potential sampling error generally becomes smaller. The overall sampling error for the 2015 sample of households owning mutual funds is  $\pm 1.9$  percentage points at the 95 percent confidence level. Components may not add to 100 percent because of rounding; where respondents were allowed to provide multiple responses, percentages may add to more than 100 percent.

## Notes

- <sup>1</sup> Tabulations of Investment Company Institute data indicate that total net assets in mutual funds for June 2000 were \$7,122 billion. More specifically, in June 2000, equity mutual funds held \$4,292 billion; hybrid mutual funds held \$362 billion; bond mutual funds held \$810 billion; and money market mutual funds held \$1,658 billion. Total net assets in mutual funds for June 2015 were \$16,149 billion. More specifically, equity mutual funds held \$8,601 billion; hybrid mutual funds held \$1,413 billion; bond mutual funds held \$3,519 billion; and money market funds held \$2,616 billion. See Table 1 in Investment Company Institute 2015b.
- <sup>2</sup> For the full series of mutual fund incidence, see Burham, Bogdan, and Schrass 2015a.
- <sup>3</sup> See Figure 1.3 in Investment Company Institute 2015a.
- <sup>4</sup> See “Appendix: Research Methodology” on page 34 for details on the survey’s design, interviewing procedures, revisions to survey sampling and weighting, and sampling error.
- <sup>5</sup> For prior years’ reports, see Schrass and Holden 2008; Schrass and Bass 2009; Schrass and Bass 2010; Schrass and Bogdan 2011; Schrass and Bogdan 2012; Bogdan and Schrass 2013; Bogdan and Schrass 2014; and Bogdan and Schrass 2015.
- <sup>6</sup> See Figure 9 in Burham, Bogdan, and Schrass 2015b.
- <sup>7</sup> Survey participants must be 18 or older and be the most knowledgeable about the household’s savings and investments; so although people born between 1981 and 2004 are members of the Millennial Generation, only those born between 1981 and 1997 are included in this survey.
- <sup>8</sup> The majority of this grouping is the Silent Generation. The GI Generation, which includes individuals born between 1904 and 1924, represented less than 1 percent of individuals heading mutual fund-owning households in 2015. The Silent Generation accounted for 12 percent.
- <sup>9</sup> Throughout this report, head of household refers to the interviewee (respondent) who identified themselves as the sole or co-decisionmaker for household saving and investing.
- <sup>10</sup> IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). For additional information on IRA-owning households, see Holden and Schrass 2016.
- <sup>11</sup> Balanced funds, also called hybrid funds, invest in a mix of equities and fixed-income securities. Most target date and lifestyle mutual funds are counted in this category.
- <sup>12</sup> See Figure 12 in Burham, Bogdan, and Schrass 2015a. In 2015, 31 percent of mutual fund-owning households were willing to take above-average or substantial investment risk, compared with 14 percent of households not owning mutual funds.
- <sup>13</sup> The sample sizes for mutual fund-owning households that consider either insurance agents or accountants to be their primary source for purchasing mutual funds were too small to analyze. Thus, Figures 4.2 to 4.9 do not report separate data for those households.
- <sup>14</sup> Survey participants must be 18 or older and be the most knowledgeable about the household’s savings and investments; so although people born between 1981 and 2004 are members of the Millennial Generation, only those born between 1981 and 1997 are included in this survey.

- <sup>15</sup> The majority of this grouping is the Silent Generation. The GI Generation, which includes individuals born between 1904 and 1924, represented less than 1 percent of individuals heading mutual fund-owning households in 2015. The Silent Generation accounted for 12 percent.
- <sup>16</sup> Total reported is household income before taxes in 2014.
- <sup>17</sup> The median household income nationwide was \$53,657 in 2014. See U.S. Census Bureau 2015.
- <sup>18</sup> See Izrael, Hoaglin, and Battaglia 2004.
- <sup>19</sup> See U.S. Census Bureau 2015.
- <sup>20</sup> Responses were weighted to five telephone status categories: cell phone-only; both, cell phone-mostly; both, equally; both, landline-mostly; and landline-only. See Blumberg and Luke 2015.



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