

Equity Ownership in America



2002

Investment Company Institute
and the
Securities Industry Association

Equity Ownership in America, 2002

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Securities Industry Association

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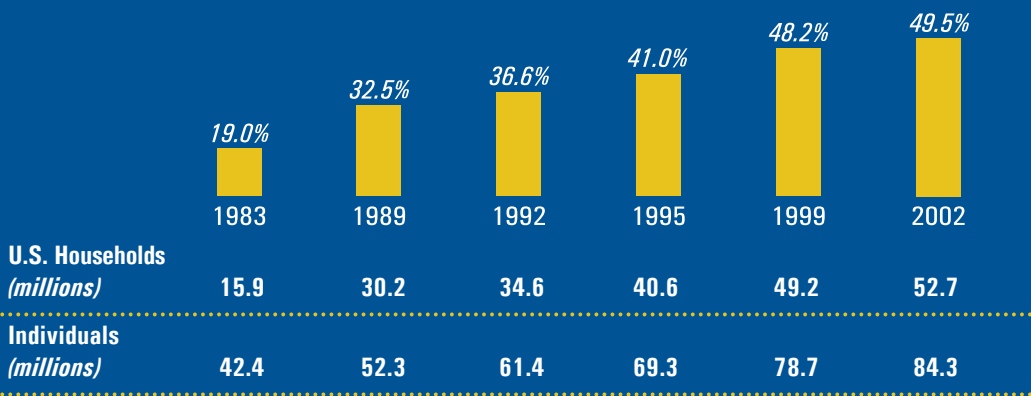
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Executive Summary

Background

An estimated 52.7 million U.S. households and 84.3 million investors owned equities — individual stock or stock mutual funds — in January 2002, a finding from a nationally representative survey of U.S. households owning equities conducted by the Investment Company Institute (ICI)¹ and the Securities Industry Association (SIA).² It is the second survey of equity ownership the two organizations have undertaken. The first survey was conducted in January 1999 and estimated that 49.2 million U.S. households and 78.7 million individual investors owned equities. The number of U.S. households owning equities, therefore, increased 3.5 million between the two surveys, or 7.1 percent. The percentage of all U.S. households owning equities rose from 48.2 percent in January 1999 to 49.5 percent in January 2002 (Figure 1).

FIGURE 1
Equity Ownership in the U.S., 1983 – 2002, Selected Years
(number and percent of U.S. households, and number of individuals)



Sources: Shareholder data for 1983 are from Shareownership 1985, New York Stock Exchange, p. 3; 1989–1995 shareholder data are from Shareownership 1998, New York Stock Exchange, p. 9; household estimates for 1983–1995 are from the Survey of Consumer Finances, Board of Governors of the Federal Reserve System. Data for 1999 and 2002 are from ICI/SIA 1999 and 2002 equity ownership surveys.

¹ The Investment Company Institute (ICI) is the national association of the U.S. investment company industry. Its membership includes 8,973 open-end investment companies (“mutual funds”), 514 closed-end investment companies, and six sponsors of unit investment trusts. Its mutual fund members have assets of about \$6.363 trillion, accounting for approximately 95 percent of total industry assets, and more than 87.8 million individual shareholders. (More information about ICI is available on its policy website: www.ici.org.)

² The Securities Industry Association (SIA) brings together the shared interests of more than 600 securities firms to accomplish common goals. SIA member-firms (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. The U.S. securities industry manages the accounts of nearly 93 million investors directly and indirectly through corporate, thrift, and pension plans. In the year 2001, the industry generated \$198 billion in U.S. revenue and \$358 billion in global revenues. Securities firms employ approximately 750,000 individuals in the United States. (More information about SIA is available on its home page: www.sia.com.)

The principal objectives of the two ICI/SIA surveys have been to measure equity ownership in the United States and to profile the characteristics of equity investors, including their demographic and financial characteristics, equity transaction activity in the preceding 12 months, use of the Internet to conduct equity transactions, and views about equity investing. In addition, the January 2002 study examines the effects of the downturn in equity prices since March 2000 and the September 11, 2001 terrorist attacks on equity investors' assets, investment attitudes, and risk tolerance.³

When the January 2002 survey of equity ownership was conducted, stock prices had improved from the lows reached after the September 11, 2001 attacks, but were still considerably below their levels at the start of the bear market in March 2000. In contrast, the January 1999 survey was conducted when stock prices were rising.

A random digit dial national probability sample was used to generate a representative sample of equity investors for the January 2002 survey. Equity investors are defined as households owning either publicly traded stock or stock mutual funds, inside or outside employer-sponsored retirement plans.^{4,5} The sample was augmented with an oversample of high-net-worth equity investors.⁶ The same sample design and procedures were used in the 1999 survey, making the results directly comparable.

Several sections of this report discuss equity transaction activity. Equity transactions may be either the purchase or sale of shares of individual stock or stock mutual funds. Purchases of individual stock and stock mutual funds in employer-sponsored retirement plans⁷ exclude automatic reinvestment of dividends and regular, automatic payroll

³ After the survey was conducted in January 2002, the stock market declined following substantial accounting irregularities at several large corporations, including Enron, WorldCom, and Tyco. The 2002 survey did not explore explicitly investor confidence in institutions underlying equity investments.

⁴ Households consist of all persons who occupy a housing unit. A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters. A household includes related family members and all unrelated persons, if any, such as lodgers, foster children, wards, or employees who share a housing unit. A person living alone in a housing unit, or a group of unrelated persons sharing a housing unit as partners, is also counted as a household.

⁵ Employer-sponsored retirement plans include 401(k) plans; 403(b) plans; federal, state, or local government plans; SEP-IRAs; SAR-SEP IRAs; and SIMPLE IRAs. Traditional and Roth IRAs are not employer-sponsored retirement plans.

⁶ All interviews were conducted in January and February 2002 with the household decision-maker most knowledgeable about savings and investments. A total of 2,165 interviews were completed with financial decisionmakers of households owning equities, of which 370 were from an oversample of high-net-worth equity owners. Weights were applied to ensure that the high-net-worth interviews were represented in the total sample in proportion to their incidence in the entire U.S. population. The overall sampling error for the survey is plus or minus 2 percent at the 95 percent confidence level. See Appendix A: Detailed Research Methodology for more information.

⁷ Employer-sponsored retirement plans are also referred to as "employer plans."

contributions, but include employee allocation changes to these investments through either payroll contribution changes or account balance changes. Purchases of individual stock and stock mutual funds outside employer-sponsored retirement plans exclude automatic reinvestment of dividends and regular purchases made through systematic deductions from paychecks or bank accounts.⁸

Main Findings

Ownership of Equity Investments in the U.S.

- ▶ **The estimated number of U.S. households owning equities increased 7.1 percent between 1999 and 2002.** A total of 52.7 million U.S. households owned equities in January 2002, compared with 49.2 million U.S. households in January 1999 (Figure 2). The number of individuals owning equities in the U.S. reached an estimated 84.3 million in January 2002, from 78.7 million in January 1999.

FIGURE 2

Number of U.S. Households Owning Equities, 1999 and 2002

	Number of Households (millions)		Percent Change Between 1999 and 2002
	1999	2002	
Any type of equity (net)^{1,2}	49.2	52.7	7.1
Any equity inside employer-sponsored retirement plans	32.5	36.2	11.4
Any equity outside employer-sponsored retirement plans	36.3	35.9	-1.1
Individual stock (net)¹	26.7	25.4	-4.9
Individual stock inside employer-sponsored retirement plans	10.7	8.8	-17.8
Employer stock inside employer-sponsored retirement plans ³	6.1	6.0	-1.6
Non-employer stock inside employer-sponsored retirement plans ⁴	8.2	3.7	-54.9
Individual stock outside employer-sponsored retirement plans ³	21.9	21.0	-4.1
Stock mutual funds (net)¹	41.8	47.0	12.4
Stock mutual funds inside employer-sponsored retirement plans	28.5	33.2	16.5
Stock mutual funds outside employer-sponsored retirement plans	27.8	28.7	3.2

¹ Multiple responses included.

² The average number of individuals owning equities per household owning equities was 1.6 in 1999 and 2002.

³ Excludes employer stock options.

⁴ The decline in the number of households and individual investors owning non-employer stock inside employer-sponsored retirement plans reflects a change in questionnaire design. In the 2002 survey, respondents owning non-employer stock inside retirement plans had to indicate that their plans provided a brokerage account window. The 1999 survey did not include a question about brokerage account windows.

Note: The U.S. had approximately 106.4 million households in 2001, the most recent estimate available. [U.S. Bureau of the Census, Current Population Reports, P60-213 (September 2001).]

⁸ The number of purchases of stock mutual fund shares made outside employer-sponsored retirement plans from the 1999 Equity Ownership in America survey was revised to exclude automatic purchases.

- ▶ **Ownership of stock mutual funds in employer-sponsored retirement plans increased significantly between 1999 and 2002.** A total of 33.2 million U.S. households owned stock mutual funds through such plans in January 2002, up from 28.5 million in January 1999, a 16.5 percent increase.
- ▶ **Ownership of stock mutual funds outside employer-sponsored retirement plans grew modestly between 1999 and 2002.** The number of U.S. households owning stock mutual funds outside employer plans increased 3.2 percent between January 1999 and January 2002, from 27.8 million to 28.7 million.
- ▶ **Ownership of individual stock declined between 1999 and 2002.** The number of U.S. households owning individual stock dropped from 26.7 million to 25.4 million between January 1999 and January 2002, a decrease of 4.9 percent. Ownership fell both in employer-sponsored retirement plans and in accounts outside these plans.
- ▶ **Employer-sponsored retirement plans have introduced many U.S. households to investing in equities.** Forty-eight percent of U.S. households owning equities in January 2002 initially bought equities inside employer plans and 44 percent initially bought equities outside these plans (Figure 3). Eight percent of equity-owning households first bought equities both inside and outside employer plans in the same year.
- ▶ **The majority of equity investors own equities in employer-sponsored retirement plans.** Sixty-six percent of equity investors in January 2002 owned stock mutual funds in employer plans, and 17 percent owned individual stock (including employer stock).

Composition and Level of Equity Investments

- ▶ **More equity investors own stock mutual funds than individual stock.** Eighty-nine percent owned stock mutual funds in January 2002, while 49 percent owned individual stock directly. Furthermore, 51.5 percent of U.S. equity investors only held stock mutual funds, 11.0 percent only held individual stock, and 37.5 percent held both stock mutual funds and individual stock (Figure 4). A similar pattern of ownership was reported in 1999.

FIGURE 3

Source of First Equity Purchase, 1999 and 2002

(percent of all equity investors)

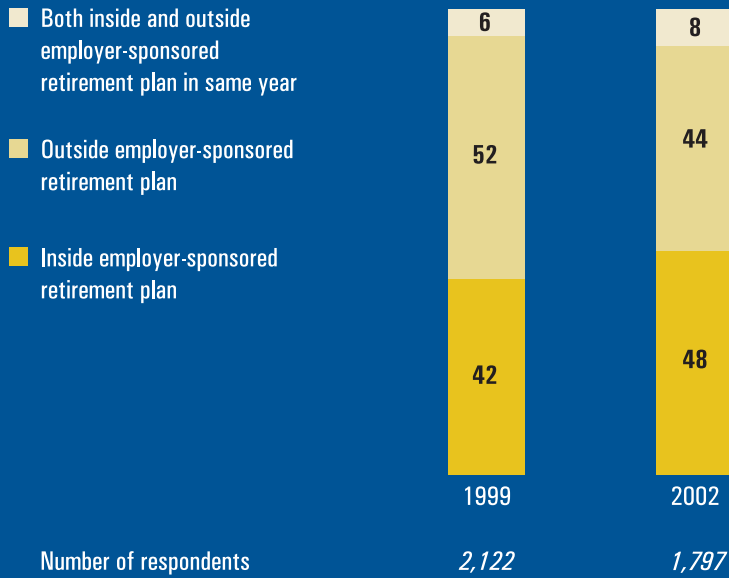
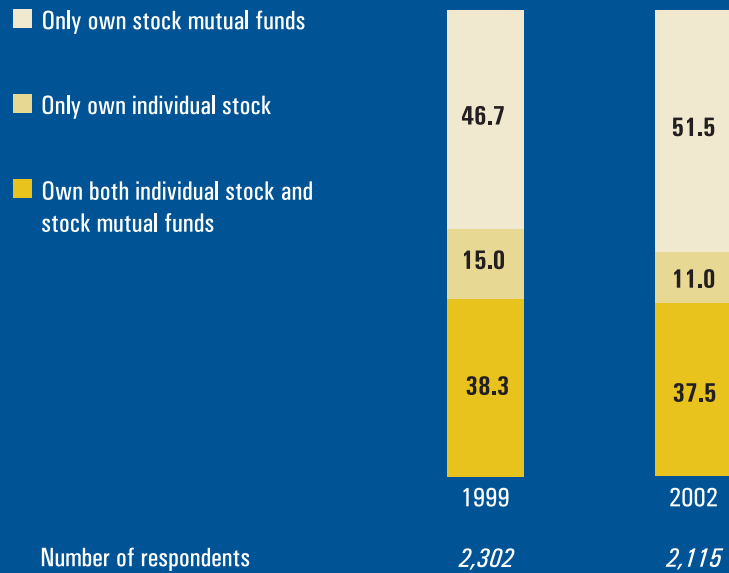


FIGURE 4

Types of Equities Owned, 1999 and 2002

(percent of all equity investors)



- ▶ **Equity investors generally have equity portfolios of moderate value.** In January 2002, nearly half of all equity investors had equity assets of less than \$50,000 and only 7 percent had equity assets of \$500,000 or more (Figure 5).
- ▶ **Equity investors' first equity purchases were usually stock mutual funds.** Sixty-six percent of equity owners initially bought stock mutual funds, 22 percent initially purchased individual stock, and 12 percent made their initial investments in stock mutual funds and individual stock in the same year (Figure 6).
- ▶ **Most equity investors have owned equities for several years.** Forty-four percent first purchased equities before 1990, and 26 percent first purchased equities between 1990 and 1995 (Figure 7).
- ▶ **Equity investors typically hold only a modest number of equity investments.** Equity investors owned a median of four equity investments (individual stock or stock mutual funds) as of January 2002, the same median number owned in 1999.
- ▶ **Equity investors' ownership of non-U.S. companies is primarily through stock mutual funds.** Eighteen percent of individual stock investors held individual stock in foreign companies in January 2002. The percentage of stock mutual fund investors holding international or global fund shares was 56 percent. This pattern was also evident in 1999.

FIGURE 5
Household Financial Assets in Equities, 1999 and 2002
(percent of all equity investors)

	1999	2002
Less than \$10,000	15	14
\$10,000 to \$24,999	15	11
\$25,000 to \$49,999	20	24
\$50,000 to \$74,999	12	15
\$75,000 to \$99,999	7	7
\$100,000 to \$249,999	16	15
\$250,000 to \$499,999	8	7
\$500,000 to \$999,999	4	4
\$1,000,000 or more	3	3
Mean	\$167,100	\$171,000
Median	\$50,000	\$50,000
Number of respondents	2,237	2,027

FIGURE 6

Type of Equity First Purchased, 1999 and 2002

(percent of all equity investors)

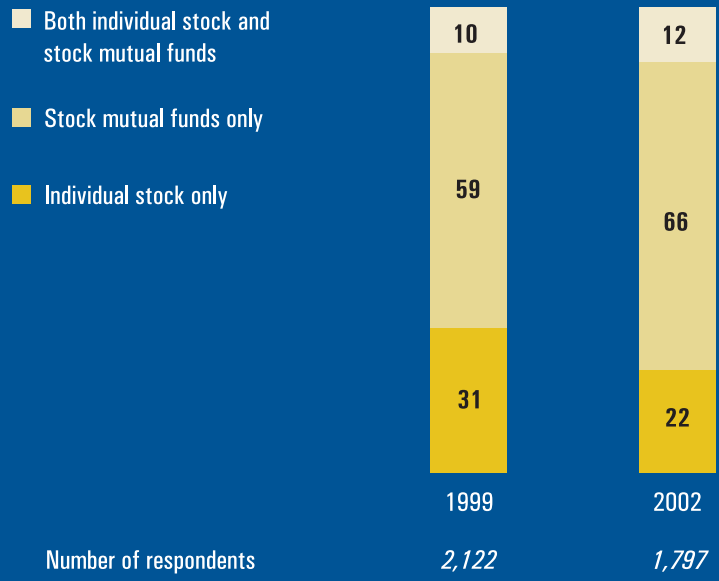
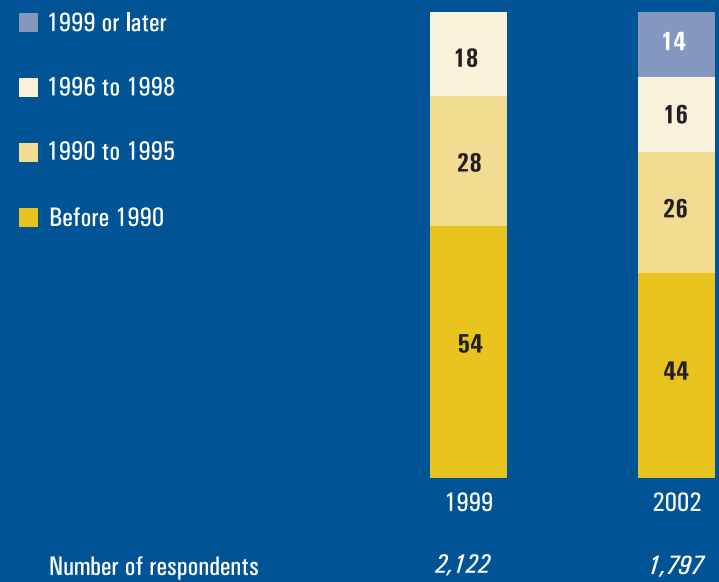


FIGURE 7

Year of First Equity Purchase, 1999 and 2002

(percent of all equity investors)



Demographics of U.S. Equity Investors

- ▶ **The typical equity investor in 2002 is married, employed, has a median age in the late forties, and has a median household income in the low \$60,000s (Figure 8).**
- ▶ **Nearly half of all equity investors are Baby Boomers.** Twenty-five percent are members of Generation X (born in 1965 or later), 48 percent are Baby Boomers (born between 1946 and 1964), 23 percent are from the Silent Generation (born between 1926 and 1945), and 4 percent are members of the GI Generation (born in 1925 or earlier).
- ▶ **Most equity investors are saving for retirement.** Sixty-five percent cited saving for retirement as their primary financial goal. In addition, 87 percent of equity owners said they are investing in equities to finance retirement.
- ▶ **The majority of equity owners have obtained investment advice from financial services professionals.** Fifty-eight percent said they rely on professional financial advisers when making equity purchase and sales decisions.
- ▶ **Investment decisionmaking is shared in most equity-owning households.** Co-decisionmakers, usually married couples, share the responsibility for making financial decisions in 57 percent of equity-owning households.
- ▶ **The regional distribution of equity investors closely matches that of all U.S. households.** Thirty-two percent of equity owners live in the South, 28 percent in the Midwest, 21 percent in the West, and 19 percent in the Northeast. According to 2000 Census figures, 36 percent of all U.S. households live in the South, 24 percent are in the Midwest, 21 percent are in the West, and 19 percent are in the Northeast.⁹

FIGURE 8

Characteristics of Equity Investors by Generation, 2002

	All Equity Investors	Generation X (born in 1965 or later)	Baby Boom Generation (born between 1946 and 1964)	Silent or GI Generation (born in 1945 or earlier)
Percent of All Equity Investors	100%	25%	48%	27%
Median				
Age ¹	47 years	30 years	46 years	65 years
Household income	\$62,500	\$60,000	\$70,000	\$50,000
Household financial assets ²	\$100,000	\$35,000	\$125,000	\$350,000
Household financial assets in equities	\$50,000	\$25,000	\$51,000	\$69,600
Number of equities owned	4	3	5	5
Percent of Equity-Owning Households				
Married or living with a partner ¹	71	66	76	66
College or postgraduate degree ¹	50	52	49	48
Employed ¹	77	93	91	38
Own:				
Individual stock (net) ³	49	43	49	54
Inside employer-sponsored retirement plans	17	18	20	11
Outside employer-sponsored retirement plans	41	34	41	48
Stock mutual funds (net) ³	89	86	92	88
Inside employer-sponsored retirement plans	66	69	76	43
Outside employer-sponsored retirement plans	56	48	53	68

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

Investment Activity and Investment Attitudes During the Bear Market

- ▶ **Forty percent of equity investors conducted equity transactions in 2001, a year in which stock prices fell.** In comparison, 42 percent of equity investors made equity transactions in 1998, a year of rising stock prices (Figure 9). The percentage of equity investors purchasing equities was lower in 2001 than in 1998, while the percentage selling equities in both years was about the same.
- ▶ **Most equity investors who purchased or sold equities in 2001 conducted a small number of transactions.** Sixty-two percent of these investors conducted five or fewer equity transactions, while 20 percent conducted more than 12 transactions. The median number of equity transactions in 2001 was four.
- ▶ **Household equity purchases in 2001 were financed largely by accumulated savings.** About two-thirds of equity owners purchasing equities outside employer-sponsored retirement plans in 2001 used accumulated savings to finance their most recent purchase.
- ▶ **Proceeds from equity sales outside employer plans in 2001 generally were reinvested in other equities.** Individual stock sellers typically reinvested in shares of individual stock, and stock mutual fund sellers in shares of other stock funds.

FIGURE 9

Individual Stock and Stock Mutual Fund Transaction Activity During 1998 and 2001

	1998	2001
Percent of all equity investors who:		
Conducted equity transactions (net) ¹	42	40
Bought equities	39	31
Sold equities	27	24
Percent of individual stock investors who:		
Conducted individual stock transactions (net) ¹	48	46
Bought individual stock	45	37
Sold individual stock	32	30
Percent of stock mutual fund investors who:		
Conducted stock mutual fund transactions (net) ¹	32	32
Bought stock mutual funds	29	22
Sold stock mutual funds	18	16

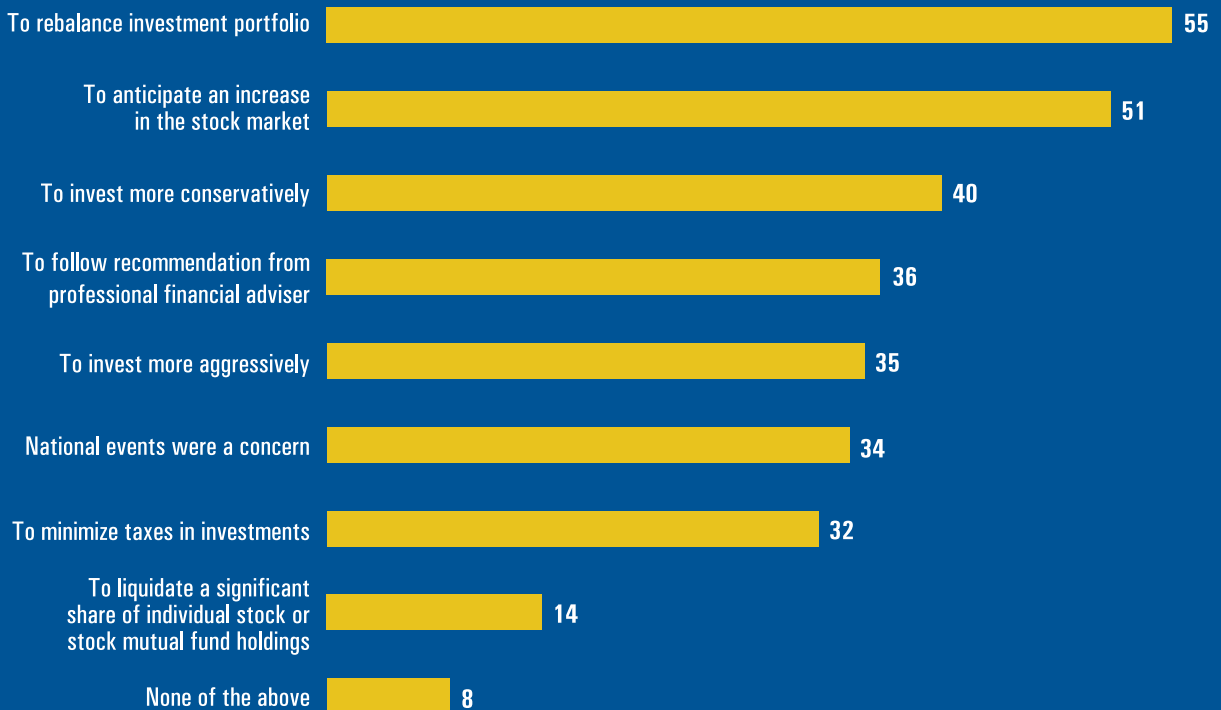
¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

- ▶ **Purchasers of individual stock and stock mutual funds outnumbered the sellers of these investments in 2001.** Thirty-seven percent of individual stock investors bought individual stock, while 30 percent sold individual stock that year. Among stock mutual fund investors, 22 percent bought stock funds and 16 percent sold stock funds.
- ▶ **Equity investors tended to conduct transactions outside employer-sponsored retirement plans rather than inside such plans in 2001.** Forty percent of individual stock investors bought or sold individual stock outside employer plans, whereas 9 percent bought or sold inside these plans. Twenty-one percent of stock mutual fund investors bought or sold stock funds outside employer plans, compared with 15 percent who bought or sold inside employer plans.
- ▶ **Fifty-five percent of investors who conducted equity transactions during the April 2000 – December 2001 bear market did so to rebalance their investment portfolios.** Fifty-one percent were anticipating an increase in the stock market (Figure 10). Very few equity investors conducted transactions to liquidate large percentages of their equity holdings.

FIGURE 10

Reasons for Conducting Equity Transactions Between April 2000 and December 2001¹
(percent of all equity investors who conducted equity transactions between April 2000 and December 2001)



¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transactions definitions.

- ▶ **In the aftermath of the September 11 attacks, nearly three-quarters of U.S. equity investors indicated that their investment strategy was to maintain the proportion of their investment portfolios held in equities.** Another 17 percent expected to increase the percentage, and 10 percent expected to decrease the percentage of household financial assets held in equities. Less than one-quarter of all equity investors bought or sold equities between September 17, 2001 and December 31, 2001, and the majority of these investors stated that their transactions were not directly in response to the events of September 11.
- ▶ **Equity investors expressed somewhat less tolerance for investment risk in 2002 than in 1999.** Thirty-two percent were willing to take above-average or substantial risk for similar gain in 2002, compared with 40 percent in 1999 (Figure 11).

FIGURE 11
Willingness to Take Investment Risk, 1999 and 2002
(percent of all equity investors)

	1999	2002
Willing to take ...		
Substantial risk for substantial gain	9	8
Above-average risk for above-average gain	31	24
Average risk for average gain	48	51
Below-average risk for below-average gain	7	10
Unwilling to take any risk	6	7
Number of respondents	2,299	2,104

- ▶ **Most investors describe themselves as adhering to a long-term investment strategy and generally expect the value of their investments to recover from a down market.** Ninety-six percent of equity investors indicated they were investing in equities for the long term, and 86 percent reported following a buy-and-hold investment strategy. About three-quarters said they could withstand short-term fluctuations in their long-term investments, and 95 percent believed the value of their investments generally would recover after a bear market.

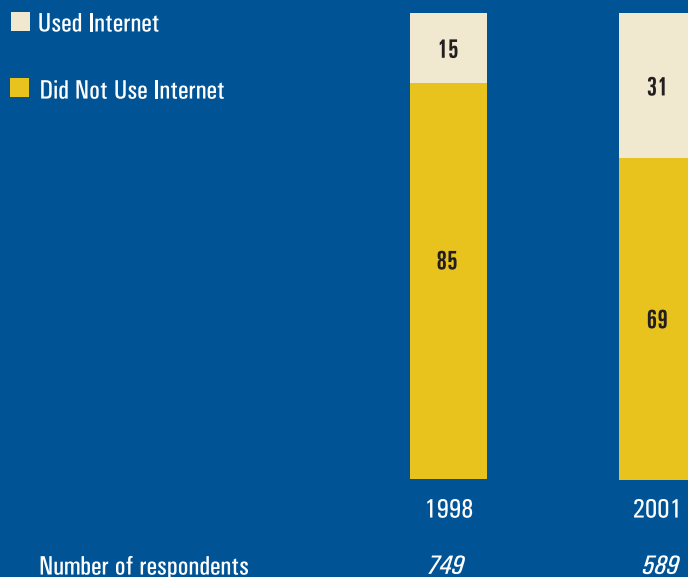
U.S. Equity Investors' Use of the Internet

- ▶ **Use of the Internet to conduct equity transactions has increased substantially.** Thirty-one percent of investors buying or selling equities outside employer-sponsored retirement plans during 2001 used the Internet to execute some or all of these transactions, up from 15 percent in 1998 (Figure 12). Retirement plan participants also are using the Internet to conduct equity transactions. Thirty-three percent of investors buying or selling equities inside employer plans during 2001 used the Internet to conduct some or all of these transactions.

FIGURE 12

Use of the Internet to Conduct Equity Transactions Outside Employer-Sponsored Retirement Plans During 1998 and 2001

(percent of equity investors who conducted equity transactions outside employer-sponsored retirement plans during 1998 or 2001)



Note: See pp. 2–3 for transaction definitions.

- ▶ **Equity investors use the Internet to collect a variety of financial information.** Forty-six percent of equity investors used the Internet during 2001 to check stock prices and 38 percent used it to read online financial publications (Figure 13). More than one-third accessed brokerage accounts or bank accounts using the Internet, and a similar proportion used the Internet to obtain retirement or financial planning information. Very few used the Internet to send email to professional financial advisers or brokers, or seek specific recommendations on how to invest their money.

FIGURE 13
Financial-Related Uses of the Internet During 2001¹
(percent of all equity investors)



¹ Multiple responses included.

Note: Number of respondents varies.

Chapter 1:

Profile of Equity Ownership

Household Ownership of Equities

The number of U.S. households owning equities increased 7.1 percent between 1999 and 2002. As of January 2002, the number of U.S. households holding equities stood at 52.7 million, or 49.5 percent of all U.S. households (Figure 14). In January 1999, 49.2 million U.S. households, or 48.2 percent, owned equities. The number of individual equity investors in the U.S. increased to 84.3 million in January 2002 from 78.7 million in January 1999, a gain of 5.6 million individuals.

The number of U.S. households owning individual stock declined to an estimated 25.4 million in January 2002 from 26.7 million in January 1999, or 4.9 percent. The decline, in part, reflects a change in questionnaire design regarding ownership of non-employer stock inside employer-sponsored retirement plans. To qualify as an owner of non-employer stock inside employer plans in the 2002 survey, respondents had to indicate that their plans provided a brokerage account window. The 1999 survey did not include such a question.

To estimate the effect of the change in questionnaire design on the incidence of individual stock ownership, ICI and SIA undertook an exercise that assumed all 1999 survey respondents who solely owned non-employer stock inside employer plans were non-owners of individual stock. Omitting these respondents would reduce the decline in stock ownership between January 1999 and January 2002 from 4.9 percent to 2.3 percent.

The number of U.S. households owning employer stock in employer plans declined 1.6 percent between 1999 and 2002. As of January 2002, 6.0 million U.S. households owned employer stock in employer plans. The number of U.S. households owning individual stock outside employer plans declined to 21.0 million in January 2002 from 21.9 million in January 1999, or 4.1 percent.

The number of households owning stock mutual funds increased 12.4 percent between 1999 and 2002. A total of 47.0 million households held stock mutual funds as of January 2002. Ownership of stock mutual funds inside employer-sponsored retirement plans increased sharply between 1999 and 2002. The number of U.S. households holding stock mutual funds in these plans increased by 4.7 million, or 16.5 percent, from January 1999 to January 2002. In contrast, the number of U.S. households owning stock mutual funds outside employer-sponsored retirement plans grew an estimated 900,000, or 3.2 percent, from January 1999 to January 2002.

Characteristics of Equity Investors

The median age of equity investors as of January 2002 was 47 years, and the majority were employed and married or living with a partner (Figure 15). Equity investors' median household income was \$62,500 and median household financial assets were \$100,000. One-half of equity investors were college graduates, and less than one-quarter were retired from their lifetime occupations. More than half had IRAs, and about four-fifths participated in or were covered by defined benefit or defined contribution retirement plans.

Most equity holders in January 2002 had owned equity securities for a considerable period of time. Seventy percent made their first equity investment before 1996. A greater percentage of equity investors in 2002 had purchased their first equity investment inside employer-sponsored retirement plans than in 1999, and a greater percentage indicated that their first equity purchase was a stock mutual fund. In addition, more equity owners in 2002 owned bond investments than in 1999.

Individual Stock and Stock Mutual Fund Investors

A total of 51.5 percent of equity investors in 2002 owned only stock mutual funds, 11.0 percent owned only individual stock, and 37.5 percent owned both stock mutual funds and individual stock. (See Figure 4 on page 5.) Individual stock investors tended to have a higher household income and greater household financial assets than stock mutual fund shareholders (Figure 15). In addition, individual stock shareholders generally had owned equity investments for a longer period of time than had stock mutual fund shareholders.

FIGURE 14

U.S. Household Ownership of Equities, 1999 and 2002

	Percent of All Households		Number of Households (millions)		Number of Individual Investors (millions)	
	1999	2002	1999	2002	1999	2002
Any type of equity (net) ^{1,2}	48.2	49.5	49.2	52.7	78.7	84.3
Any equity inside employer-sponsored retirement plans	31.8	34.0	32.5	36.2	52.0	57.9
Any equity outside employer-sponsored retirement plans	35.5	33.7	36.3	35.9	61.6	57.4
Individual stock (net) ¹	26.1	23.9	26.7	25.4	40.0	38.1
Individual stock inside employer-sponsored retirement plans	10.5	8.3	10.7	8.8	14.0	12.3
Employer stock inside employer-sponsored retirement plans ³	6.0	5.6	6.1	6.0	8.0	7.8
Non-employer stock inside employer-sponsored retirement plans ⁴	8.0	3.5	8.2	3.7	11.4	5.2
Individual stock outside employer-sponsored retirement plans ³	21.4	19.7	21.9	21.0	32.8	31.5
Stock mutual funds (net) ¹	40.9	44.2	41.8	47.0	66.8	70.5
Stock mutual funds inside employer-sponsored retirement plans	27.9	31.2	28.5	33.2	39.9	46.5
Stock mutual funds outside employer-sponsored retirement plans	27.2	27.0	27.8	28.7	44.4	43.1

¹ Multiple responses included.

² The average number of individuals owning equities per household owning equities was 1.6 in 1999 and 2002.

³ Excludes employer stock options.

⁴ The decline in the number of households and individual investors owning non-employer stock inside employer-sponsored retirement plans reflects a change in questionnaire design. In the 2002 survey, respondents owning non-employer stock inside retirement plans had to indicate that their plans provided a brokerage account window. The 1999 survey did not include a question about brokerage account windows.

Note: The U.S. had approximately 106.4 million households in 2001, the most recent estimate available. [U.S. Bureau of the Census, Current Population Reports, P60-213 (September 2001).]

FIGURE 15

Characteristics of Equity Investors, 1999 and 2002

	1999 Equity Investors	2002 Equity Investors	Type of Equity Owned in 2002	
			Individual Stock	Stock Mutual Fund
Median				
Age ¹	47 years	47 years	48 years	47 years
Household income	\$60,000	\$62,500	\$72,400	\$64,000
Household financial assets ²	\$85,000	\$100,000	\$180,000	\$100,000
Percent				
Household investment decisionmaker:				
Male	26	24	29	24
Female	20	19	18	19
Co-decisionmakers	54	57	53	57
Married or living with a partner ¹	72	71	70	71
College or postgraduate degree ¹	53	50	57	51
Employed ¹	80	77	75	77
Retired from lifetime occupation ¹	21	22	25	21
Equity investments owned:				
Individual stock (net) ³	54	49	100	42
Inside employer-sponsored retirement plans	20	17	36	14
Outside employer-sponsored retirement plans	44	41	87	37
Stock mutual funds (net) ³	85	89	77	100
Inside employer-sponsored retirement plans	58	66	56	74
Outside employer-sponsored retirement plans	57	56	59	63
Bought first equity:				
Before 1990	54	44	57	46
1990 to 1995	28	26	19	27
1996 to 1998	18	16	14	15
1999 or later	NA	14	10	12
Source of first equity purchase:				
Inside employer-sponsored retirement plan	42	48	35	50
Outside employer-sponsored retirement plan	52	44	56	42
Both inside and outside employer-sponsored retirement plan in same year	6	8	9	8
Type of equity first purchased:				
Individual stock only	31	22	47	12
Stock mutual funds only	59	66	29	75
Both individual stock and stock mutual funds	10	12	24	13

FIGURE 15, *continued*

	Type of Equity Owned in 2002			
	1999 Equity Investors	2002 Equity Investors	Individual Stock	Stock Mutual Fund
Non-equity investments owned:³				
Savings accounts, money market deposit accounts, or certificates of deposit	83	86	86	85
Bond investments (net) ³	22	36	38	37
Individual bonds (excluding U.S. savings bonds)	9	17	21	17
Bond mutual funds	16	26	26	27
Fixed or variable annuities	21	23	23	24
Hybrid mutual funds	39	52	53	56
Money market mutual funds	26	35	41	37
Investment real estate	26	24	29	24
Participate in or covered by defined benefit or defined contribution retirement plan	80	79	78	80
Have IRA ⁴	53	57	62	59
Ethnic background:³				
Caucasian	90	92	94	92
African-American	5	4	3	4
Asian	2	2	2	2
Hispanic	5	4	3	4

NA = Not applicable

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

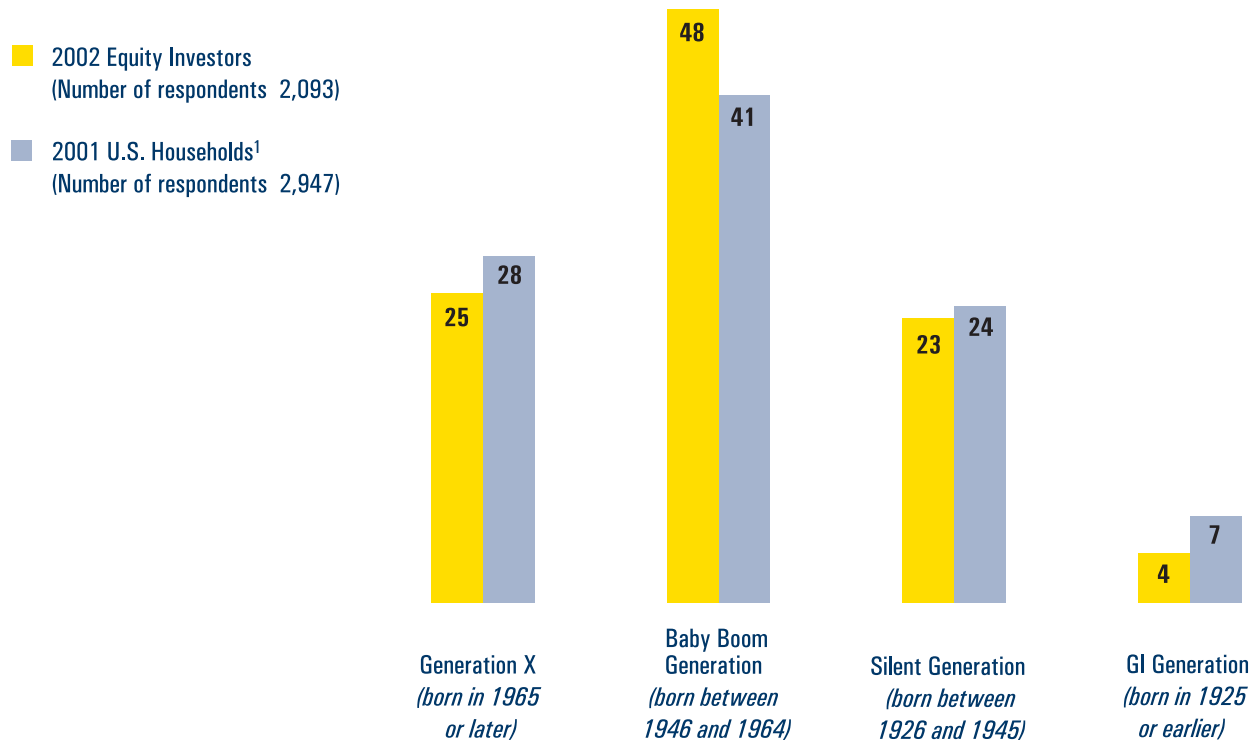
⁴ Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP-IRAs, and SAR-SEP IRAs.

Note: Number of respondents varies. Refer to Appendix B for more details on the demographic and financial characteristics of all equity investors, individual stock shareholders, and stock mutual fund shareholders. Small variations in incidence calculations due to don't know responses.

FIGURE 16

Equity Investors by Generation, 2002

(percent)



¹ Based on a 2001 ICI survey of randomly selected U.S. households conducted in May 2001.

Equity Investors by Generation

In 2002, Generation X investors (born in 1965 or later) represented 25 percent of all equity investors, and Baby Boom Generation investors (born between 1946 and 1964) accounted for 48 percent (Figure 16). Silent Generation and GI Generation investors (born between 1926 and 1945, and in 1925 or earlier, respectively) together represented 27 percent of equity owners.¹⁰

¹⁰ The sample size of GI Generation equity investors was small; therefore, data for this group are combined with that of Silent Generation equity investors throughout the report.

Baby Boom Generation equity investors had the greatest median household income of all equity investors, followed by Generation X equity investors.¹¹ Partly reflecting their older ages, Silent and GI Generation equity investors had the lowest median household income but the greatest median household financial assets. More Silent and GI Generation equity investors owned individual stock than did Generation X or Baby Boom Generation equity investors. Nearly all equity investors in each of the three age groups held stock mutual funds.

Characteristics of Equity Holdings

Value of Equity Holdings

The median value of U.S. households' total equity assets as of January 2002 was \$50,000 and the mean value was \$171,000 (Figure 17). In January 1999, the median value of U.S. households' total equity assets was also \$50,000, and the mean value was \$167,100.

The large difference between the median and mean values in 1999 and 2002 indicates that a large number of investors held small-to-moderate equity portfolios in both years, and a few had large equity portfolios. In 2002, for example, 7 percent of equity investors had equity assets of \$500,000 or more, whereas 25 percent had less than \$25,000.

Assets in equities generally increase with the age of the household's financial decisionmaker(s). The median value of Generation X equity investors' equity holdings was \$25,000 in January 2002, compared with a median of \$51,000 for Baby Boom Generation equity investors and \$69,600 for Silent or GI Generation equity investors (Figure 18).

Value of Individual Stock Holdings

In January 2002, 31 percent of individual stock investors had individual stock holdings valued at less than \$25,000, and 12 percent had holdings of \$250,000 or more (Figure 17). The median value of individual stock holdings was \$25,000, and the mean value was \$145,800. In January 1999, the median value was \$30,000 and the mean value was \$152,000.

Value of Stock Mutual Fund Holdings

Twenty-six percent of stock mutual fund investors had stock fund assets of less than \$25,000 in January 2002, and 11 percent had stock fund assets of \$250,000 or more. The median value of investors' stock mutual fund holdings in January 2002 was \$37,900, and the mean value was \$113,600. In January 1999, the median value of investors' stock fund portfolios was \$38,000, and the mean value was \$100,400.

¹¹ See Figures 83 and 84 in Appendix C for the data discussed in this paragraph.

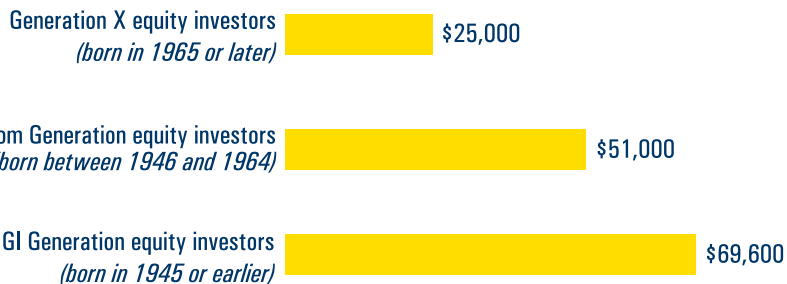
FIGURE 17

**Assets in All Equities, Individual Stock, and
Stock Mutual Funds, 1999 and 2002**

	1999	2002
Equity Assets		
<i>(percent of all equity investors)</i>		
Less than \$10,000	15	14
\$10,000 to \$24,999	15	11
\$25,000 to \$49,999	20	24
\$50,000 to \$74,999	12	15
\$75,000 to \$99,999	7	7
\$100,000 to \$249,999	16	15
\$250,000 to \$499,999	8	7
\$500,000 to \$999,999	4	4
\$1,000,000 or more	3	3
Mean	\$167,100	\$171,000
Median	\$50,000	\$50,000
Number of respondents	2,237	2,027
Individual Stock Assets		
<i>(percent of all individual stock shareholders)</i>		
Less than \$10,000	21	20
\$10,000 to \$24,999	17	11
\$25,000 to \$49,999	19	32
\$50,000 to \$74,999	10	11
\$75,000 to \$99,999	9	3
\$100,000 to \$249,999	13	12
\$250,000 to \$499,999	5	5
\$500,000 to \$999,999	4	4
\$1,000,000 or more	2	3
Mean	\$152,000	\$145,800
Median	\$30,000	\$25,000
Number of respondents	1,277	1,062
Stock Mutual Fund Assets		
<i>(percent of all stock mutual fund shareholders)</i>		
Less than \$10,000	15	15
\$10,000 to \$24,999	18	11
\$25,000 to \$49,999	24	29
\$50,000 to \$74,999	14	17
\$75,000 to \$99,999	7	5
\$100,000 to \$249,999	14	13
\$250,000 to \$499,999	5	6
\$500,000 to \$999,999	2	3
\$1,000,000 or more	1	2
Mean	\$100,400	\$113,600
Median	\$38,000	\$37,900
Number of respondents	1,942	1,843

FIGURE 18

Median Equity Assets by Generation, 2002



Note: Number of respondents varies.

Number of Equity Holdings

The overall number of equity investments held by U.S. equity investors has changed only slightly since 1999. The median number of equities owned in January 1999 and in January 2002 was four. The mean number held was seven in 1999 and eight in 2002 (Figure 19).

The number of equities owned increases with age, household income, household financial assets, and tenure in holding equities. For example, investors who purchased their first equity investment in 1999 or later owned a median of two equity investments in 2002, whereas those who purchased their first equity in 1992 or earlier owned a median of six equity investments (Figure 20). The number of equities owned also varies by where equities were purchased. Equity investors who use discount brokers owned a median of seven equity investments outside employer plans. In contrast, investors using full-service brokers owned a median of five equity investments. Those using independent financial planners, bank or savings institution representatives, or insurance agents, or buying directly from the issuing company each owned a median of four equity investments outside employer plans.

Number of Individual Stocks Owned

Among individual stock investors, the median number of individual stocks owned rose to four in January 2002 from three in January 1999; the mean number owned held constant at seven (Figure 19). The percentage owning only one individual stock was 21 percent in 2002, while the percentage owning seven or more was 33 percent.

Number of Stock Mutual Funds Owned

Stock mutual fund investors held a median of four stock funds in January 2002, up from three in January 1999; the mean number owned was five in both years (Figure 19). Eighteen percent of stock mutual fund investors owned only one stock fund in 2002; 23 percent owned seven or more.

FIGURE 19

Number of All Equities, Individual Stocks, and Stock Mutual Funds Owned, 1999 and 2002

	1999	2002
Total Number of Equities Owned <i>(percent of all equity investors)</i>		
One	17	15
Two	15	15
Three	12	11
Four to six	22	23
Seven or more	34	36
Mean	7	8
Median	4	4
Number of respondents	1,850	1,510
Number of Individual Stocks Owned <i>(percent of individual stock shareholders)</i>		
One	25	21
Two	16	19
Three	12	9
Four to six	20	18
Seven or more	27	33
Mean	7	7
Median	3	4
Number of respondents	1,137	900
Number of Stock Mutual Funds Owned <i>(percent of stock mutual fund shareholders)</i>		
One	19	18
Two	19	18
Three	15	13
Four to six	26	28
Seven or more	22	23
Mean	5	5
Median	3	4
Number of respondents	1,615	1,381

FIGURE 20

Median Number of Equities Owned, 2002

Generation	
Generation X (<i>born in 1965 or later</i>)	3
Baby Boom Generation (<i>born between 1946 and 1964</i>)	5
Silent or GI Generation (<i>born in 1945 or earlier</i>)	5
Household Income	
Less than \$50,000	3
\$50,000 to \$99,999	5
\$100,000 or more	8
Household Financial Assets	
Less than \$25,000	3
\$25,000 to \$99,999	4
\$100,000 to \$499,999	6
\$500,000 or more	11
Year of First Equity Purchase	
1999 or later	2
1993 through 1998	4
1992 or earlier	6
Channels Through Which Equities Are Owned Outside Employer Plans	
Full-service brokerage	5
Discount brokerage with walk-in offices	7
Discount brokerage available only online	7
Direct from the company issuing the individual stock or stock mutual fund	4
Independent financial planning firm	4
Bank or savings institution representative	4
Insurance agency	4

Ownership of Foreign Stock and International or Global Mutual Funds

Ownership of non-U.S. equities continues to be greater among stock mutual fund investors than among individual stock investors. In January 2002, 56 percent of stock mutual fund investors held international or global stock mutual funds, compared with 18 percent of individual stock investors owning foreign stock (Figure 21). The percentage of stock mutual fund investors owning international or global stock funds in January 2002, however, was six percentage points lower than in January 1999. The lower ownership rate of international or global stock funds in 2002 is consistent with weaker demand for these funds, which began in late 1997 when foreign equity stock prices moved lower with U.S. prices and many foreign currencies declined relative to the U.S. dollar.

FIGURE 21

Overall Ownership of Individual Stock in Foreign Companies or International or Global Mutual Funds, 1999 and 2002

	1999	2002
Own Individual Stock in Foreign Companies or International or Global Mutual Funds <i>(percent of all equity investors)</i>		
Yes	55	54
No	45	46
Number of respondents	1,954	1,596
Own Individual Stock in Foreign Companies <i>(percent of individual stock shareholders)</i>		
Yes	15	18
No	85	82
Number of respondents	1,209	964
Own International or Global Mutual Funds <i>(percent of stock mutual fund shareholders)</i>		
Yes	62	56
No	38	44
Number of respondents	1,635	1,396

Ownership of Equities Through Investment Channels Outside Employer-Sponsored Retirement Plans

Forty-seven percent of owners of individual stock outside employer plans in 2002 purchased those stocks from a full-service broker, and 32 percent bought directly from the issuer (Figure 22). Seventeen percent owned individual stock purchased from a discount brokerage firm only available online, and 16 percent purchased from a discount broker with walk-in offices. Use of discount brokerage firms available only online has increased since 1999, when only 9 percent of owners of individual stock outside employer plans had purchased from this type of brokerage firm.

The full-service brokerage firm is the chief method used to purchase stock mutual funds outside employer plans. Moreover, a greater percentage of investors owning stock funds outside employer plans in January 2002 used full-service brokers to purchase stock funds than in January 1999 — 45 percent, compared with 33 percent. One-quarter of investors owning stock funds outside employer plans in 2002 purchased from mutual fund companies, and 23 percent purchased from independent financial planners. Use of online-only discount brokerage firms for buying stock funds is not as extensive as for buying individual stock, but the percentage of investors owning stock funds through this channel did increase five percentage points, to 6 percent, in 2002.

FIGURE 22

Channels Used to Purchase or Obtain Individual Stock or Stock Mutual Funds Held Outside Employer-Sponsored Retirement Plans, 1999 and 2002

	1999	2002
Channels Used to Purchase or Obtain Individual Stock Held Outside Employer Plans¹		
<i>(percent of individual stock shareholders owning individual stock outside employer-sponsored retirement plans)</i>		
Full-service brokerage	44	47
Discount brokerage with walk-in offices	20	16
Discount brokerage available only online	9	17
Direct from the company issuing the individual stock	23	32
Independent financial planning firm	11	13
Bank or savings institution representative	7	10
Insurance agency	2	3
Gift or inheritance	17	12
Channels Used to Purchase or Obtain Stock Mutual Funds Held Outside Employer Plans¹		
<i>(percent of stock mutual fund shareholders owning stock mutual funds outside employer-sponsored retirement plans)</i>		
Full-service brokerage	33	45
Discount brokerage with walk-in offices	10	11
Discount brokerage available only online	1	6
Direct from the company issuing the stock mutual fund	26	25
Independent financial planning firm	20	23
Bank or savings institution representative	10	12
Insurance agency	8	6
Gift or inheritance	5	5

¹ Multiple responses included.
 Note: Number of respondents varies.

Investors owning equities outside employer-sponsored retirement plans in 2002 typically had more than one investment account outside these plans. The median number of investment accounts held was two; the mean was four (Figure 23). Thirty percent had one investment account outside retirement plans; 25 percent had five or more.

Investors with equities outside retirement plans typically had multiple investment accounts with the same type of financial institution. Investors owning equities purchased from full-service brokerages, for example, had a median of two investment accounts with full-service brokerages (Figure 24).

FIGURE 23

Number of Investment Accounts Held Outside Employer-Sponsored Retirement Plans, 2002

(percent of equity investors owning equities outside employer-sponsored retirement plans)

	Type of Equity Owned		
	All Equity Investors	Individual Stock	Stock Mutual Fund
1 account	30	28	26
2 accounts	21	21	22
3 accounts	14	14	15
4 accounts	10	10	10
5 to 10 accounts	20	21	22
11 or more accounts	5	7	5
Mean	4	4	4
Median	2	3	3
Number of respondents	1,189	745	918

FIGURE 24

Mean and Median Number of Investment Accounts Held Outside Employer-Sponsored Retirement Plans by Distribution Channel, 2002

	Mean	Median
<i>Have accounts with a ...</i>		
Full-service brokerage	3	2
Discount brokerage with walk-in offices	3	2
Discount brokerage available only online	2	1
Company directly issuing the individual stock or stock mutual fund	3	2
Independent financial planning firm	3	2
Bank or savings institution representative	2	1
Insurance agency	2	2
Total number of accounts	4	2

Chapter 2:

Investment Activity and Investment Attitudes During the Bear Market

Comparison of Equity Transaction Activity During 1998 and 2001

The January 2002 ICI/SIA survey collected data on equity transactions conducted during 2001 to enable a comparison with the 1998 transaction data collected in January 1999. The stock market conditions of 1998 and 2001 were different.

Summary of U.S. Stock Market Conditions

The U.S. stock market was volatile in 1998 but nonetheless posted gains. Nearly 45 percent of the days during the third quarter of 1998 had an intra-day trading range of more than two percent of the previous day's close.¹² In addition, in the six weeks between mid-July and the end of August 1998, most major equity indexes experienced their steepest declines since 1990. By year-end 1998, however, the Nasdaq equity composite index was up 40 percent, its fourth largest gain since the creation of the Nasdaq in 1971. The S&P 500 index posted a 27 percent gain in 1998, its seventh largest gain since World War II; and the Dow Jones industrial average increased 16 percent in 1998 (Figure 25).

In contrast, the year 2001 produced significant declines in stock prices. The bear market that had begun in March 2000 continued, and the economy slid into recession.¹³ The stock market rallied in the spring of 2001 but as the year progressed, the expected rebound in the economy did not materialize. By late summer 2001, stock prices had returned to the lows reached earlier in the year. The terrorist attacks on Tuesday, September 11, 2001 disrupted equity and bond markets and forced U.S. stock exchanges to close for the remainder

¹²For more information on U.S. equity markets in 1998, see "Mutual Fund Developments in 1998," Perspective, Vol. 5, No. 2, Investment Company Institute, February 1999, p. 5.

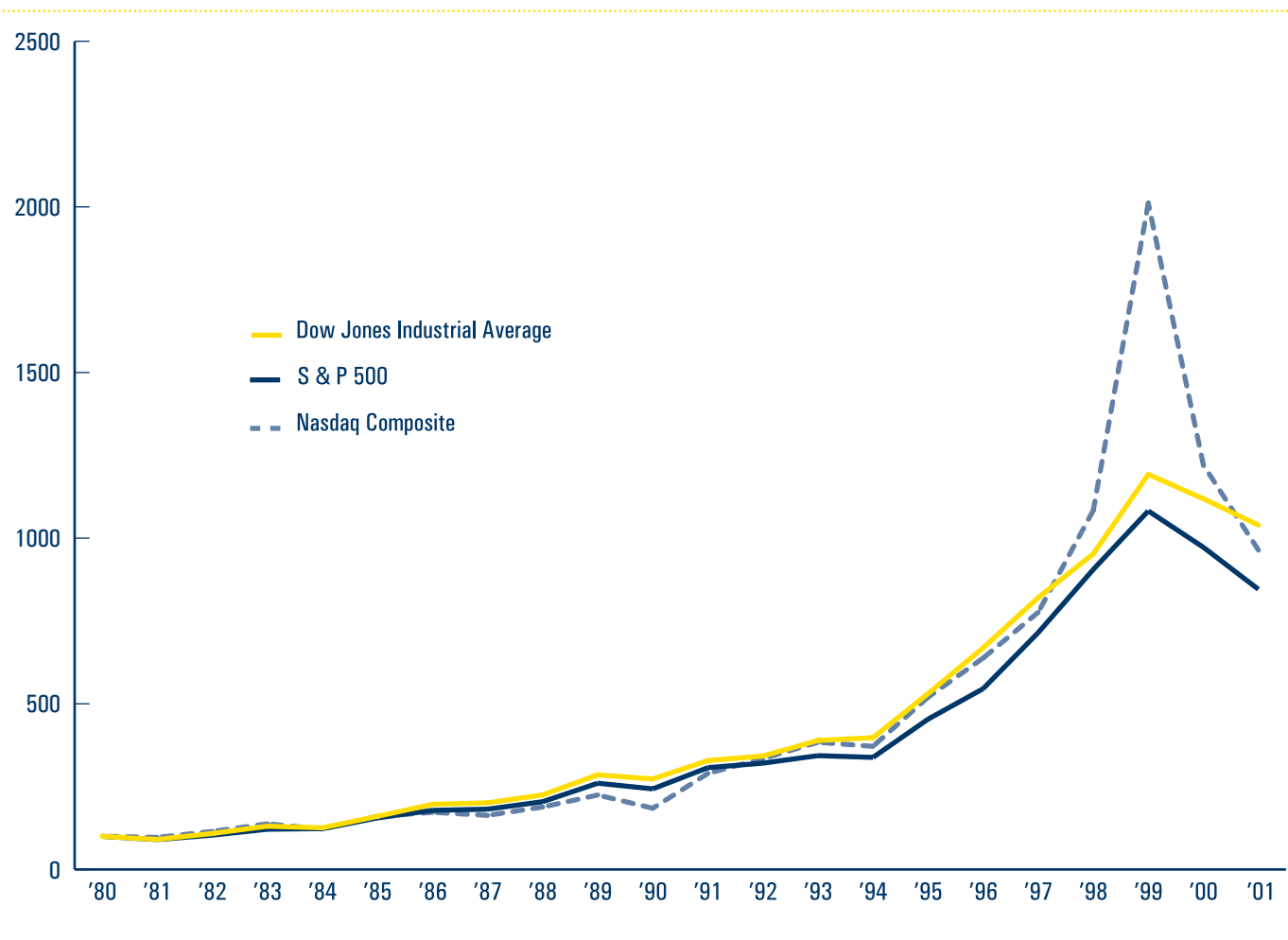
¹³Although U.S. equity markets were strong at the beginning of 2000, by mid-March a slowing of the U.S. economy, which was exacerbated by unfavorable earnings reports from many U.S. corporations, pushed U.S. stock prices downward. Between mid-March and late May 2000, the Nasdaq equity composite index had fallen by more than 3 percent on about one-quarter of all trading days. At year-end 2000, the Nasdaq was down 40 percent for the year—its biggest annual loss. The S&P 500 index was down 10 percent for the year, and the Dow Jones industrial average had fallen 6 percent. [2001 Securities Industry Fact Book, Securities Industry Association, p. 5.]

of the week. After the exchanges reopened on Monday, September 17, stock prices dropped sharply and economic activity slipped further.¹⁴ Despite rebounding over the remainder of the year, on balance, major stock indexes posted significant declines. For the year, the Nasdaq equity composite index was down 21 percent, its fourth largest annual decline ever. The S&P 500 index was down 13 percent in 2001, its fifth largest decline since World War II. The Dow Jones industrial average fell 7 percent in 2001, its 11th largest drop since World War II.

FIGURE 25

Stock Market Performance Indexes, 1980 – 2001

(percent at year-end)



Note: Indexes are set at 100 in 1980.

Sources: Securities Industries Association and Bloomberg L.P.

¹⁴For more information on U.S. equity markets in 2001, see "Mutual Fund Industry Developments in 2001," Perspective, Vol. 8, No. 1, Investment Company Institute, February 2002, pp. 3–5.

Overall Equity Transaction Activity During 1998 and 2001

Incidence and Number of Equity Transactions During 1998 and 2001

In most respects, declining stock prices in 2001 produced few significant changes in transaction activity between 1998 and 2001. For example, 40 percent of equity investors conducted equity transactions in 2001, compared with 42 percent in 1998 (Figure 26). In addition, the median number of transactions undertaken was four in both years (Figure 27). Moreover, the median number of purchases and sales of equities among those conducting these types of transactions was the same in both years.

Characteristics of Investors Who Conducted Equity Transactions During 2001

Investors who conducted 12 or more equity transactions (purchases and/or sales) during 2001 tended to be more affluent, seasoned investors (Figure 28). These investors, for example, had greater median household income and household financial assets and had owned equities for a greater length of time than investors who conducted fewer than 12 equity purchases or sales. A significantly greater percentage of investors who conducted 12 or more equity purchases or sales were male sole decisionmakers compared with those who made fewer purchases or sales. The high-transaction groups were also more likely to accept substantial or above-average financial risk than those who conducted fewer transactions.

FIGURE 26

Equity Transaction Activity During 1998 and 2001

(percent of equity investors who conducted equity transactions during 1998 or 2001)

	1998	2001
Conducted equity transactions (net) ¹	42	40
Bought equities	39	31
Sold equities	27	24
Did not conduct equity transactions	58	60

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 27**Number of Equity Transactions Conducted During 1998 and 2001***(percent of equity investors who conducted equity transactions during 1998 or 2001)*

	1998	2001
Number of Equity Transactions Conducted		
<i>(percent of equity investors who conducted transactions during 1998 or 2001)</i>		
1	20	20
2	18	19
3 to 5	24	23
6 to 12	20	19
More than 12	19	20
Mean	10	11
Median	4	4
Number of respondents	908	676
Number of Equity Purchases		
<i>(percent of equity investors who bought equities during 1998 or 2001)</i>		
1	25	25
2	21	19
3 to 5	23	22
6 to 12	19	18
More than 12	12	16
Mean	7	9
Median	3	3
Number of respondents	858	607
Number of Equity Sales		
<i>(percent of equity investors who sold equities during 1998 or 2001)</i>		
1	35	31
2	19	22
3 to 5	20	22
6 to 12	14	14
More than 12	11	11
Mean	7	6
Median	2	2
Number of respondents	622	483
<i>Note: See pp. 2–3 for transaction definitions.</i>		

FIGURE 28

Characteristics of Investors Who Purchased or Sold Equities During 2001 by Number of Purchases or Sales

	Purchased Equities		Sold Equities	
	Conducted Less than 12 Purchases	Conducted 12 or More Purchases	Conducted Less than 12 Sales	Conducted 12 or More Sales*
Median				
Age ¹	46 years	44 years	47 years	48 years
Household income	\$80,000	\$90,000	\$80,000	\$101,400
Household financial assets ²	\$163,300	\$335,400	\$200,000	\$642,600
Percent				
Household investment decisionmaker:				
Male	27	42	32	46
Female	16	11	17	18
Co-decisionmakers	57	47	51	36
Married or living with a partner ¹	74	84	74	72
College or postgraduate degree ¹	63	61	65	66
Employed ¹	81	85	75	79
Retired from lifetime occupation ¹	19	19	22	31
Equity investments owned:				
Individual stock (net) ³	72	77	73	91
Inside employer-sponsored retirement plans	24	33	24	41
Outside employer-sponsored retirement plans	67	73	68	88
Stock mutual funds (net) ³	89	89	89	85
Inside employer-sponsored retirement plans	69	78	68	65
Outside employer-sponsored retirement plans	70	62	69	65
Bought first equity:				
Before 1990	51	61	57	71
1990 to 1995	22	19	23	15
1996 to 1998	13	14	13	11
1999 or later	13	6	6	3
Participate in or covered by defined benefit or defined contribution retirement plan	83	80	82	75
Have IRA ⁴	70	75	70	82
Willing to take:				
Substantial risk for substantial gain	8	21	9	24
Above-average risk for above-average gain	34	36	30	37
Average risk for average gain	48	41	50	37
Below-average risk for below-average gain	6	0	7	2
Unwilling to take any risk	3	2	4	0
Agree: ³				
I am not concerned about short-term fluctuations in my investments	78	75	74	79
I tend to rely on advice from a professional financial adviser when making investment decisions	50	46	47	48
Ethnic background: ³				
Caucasian	93	92	94	93
African-American	3	1	3	0
Asian	2	4	2	4
Hispanic	4	2	4	3

*Small sample size.

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

⁴ Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP-IRAs, and SAR-SEP IRAs.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

Individual Stock Transaction Activity During 1998 and 2001

Incidence and Number of Individual Stock Transactions During 1998 and 2001

Similar percentages of individual stock investors conducted individual stock transactions in both years— 48 percent in 1998 and 46 percent in 2001 (Figure 29). However, the percentage of investors purchasing individual stock dropped to 37 percent in 2001 from 45 percent in 1998. In contrast, the percentage of investors selling individual stock was about the same in both years. Individual stock transactions in both 1998 and 2001 occurred primarily outside employer-sponsored retirement plans.

More than two-thirds of those who purchased individual stock outside employer-sponsored retirement plans in 2001 used accumulated savings to finance their most recent purchases. More than one-half used current salary or income, an option not included in the earlier survey. (See Figure 63 on page 83.)

More than four-fifths of those who sold individual stock outside employer-sponsored retirement plans in 2001 reinvested at least part of the proceeds they received. Most purchased shares of other individual stock. Reinvestment activity in 1998 was similar. (See Figure 63 on page 83.)

FIGURE 29

Types of Individual Stock Transactions Conducted During 1998 and 2001

(percent of individual stock shareholders)

	1998	2001
Conducted individual stock transactions (net) ¹	48	46
Bought individual stock	45	37
Sold individual stock	32	30
Conducted individual stock transactions outside employer-sponsored retirement plans (net) ¹	42	40
Bought individual stock	39	32
Sold individual stock	28	25
Conducted individual stock transactions inside employer-sponsored retirement plans (net) ^{1,2}	10	9
Bought individual stock	9	7
Sold individual stock	6	6

¹ Multiple responses included.

² Employer-sponsored retirement plans include 401(k) plans; 403(b) plans; federal, state, or local government plans; SEP-IRAs; SAR-SEP IRAs; and SIMPLE IRAs.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

The number of individual stocks purchased in 2001 was similar to that in 1998. In both years, investors buying individual stock conducted a median of three purchases (Figure 30). Individual stock sales activity, however, was somewhat greater in 2001 than in 1998. Investors who sold individual stock in 2001 conducted a median of three sales whereas in 1998 the median number of sales was two.

FIGURE 30

**Number of Individual Stock Purchases and Sales
During 1998 and 2001**

	1998	2001
Number of Individual Stock Purchases		
<i>(percent of individual stock shareholders who bought individual stock during 1998 or 2001)</i>		
1 to 2	39	41
3 to 5	29	27
6 to 12	18	17
More than 12	14	14
Mean	8	10
Median	3	3
Number of respondents	570	397
Number of Individual Stock Sales		
<i>(percent of individual stock shareholders who sold individual stock during 1998 or 2001)</i>		
1 to 2	54	47
3 to 5	21	27
6 to 12	12	14
More than 12	13	12
Mean	8	7
Median	2	3
Number of respondents	414	326

Note: See pp. 2–3 for transaction definitions.

Characteristics of Investors Who Conducted Individual Stock Transactions During 2001

Investors who conducted individual stock transactions in 2001 typically had greater household income and household financial assets than did those who did not conduct individual stock transactions (Figure 31). Investors who conducted individual stock transactions were also more likely to have college or postgraduate degrees and typically had owned equities for a greater number of years.

The demographic characteristics of individual stock investors who conducted individual stock transactions in 2001 inside employer plans were very similar to those of investors who conducted stock transactions outside such plans. However, a greater percentage of decisionmakers who conducted stock transactions outside employer plans were male and retired. Individual stock investors who conducted stock transactions outside employer plans were less concerned about short-term price fluctuations in their investments than those who conducted stock transactions inside such plans.

FIGURE 31

Characteristics of Individual Stock Investors Who Conducted Individual Stock Transactions During 2001

	Source of Individual Stock Transactions			
	Conducted Individual Stock Transactions	Inside Employer Plans	Outside Employer Plans	Did Not Conduct Individual Stock Transactions
Median				
Age ¹	48 years	44 years	49 years	47 years
Household income	\$87,500	\$90,000	\$87,500	\$62,500
Household financial assets ²	\$215,000	\$226,500	\$225,000	\$133,400
Percent				
Household investment decisionmaker:				
Male	31	23	33	27
Female	15	14	16	20
Co-decisionmakers	54	63	51	53
Married or living with a partner ¹	75	86	73	68
College or postgraduate degree ¹	65	60	67	51
Employed ¹	77	86	75	75
Retired from lifetime occupation ¹	24	14	26	25
Equity investments owned:				
Individual stock (net) ³	100	100	100	100
Inside employer-sponsored retirement plans	37	100	28	35
Outside employer-sponsored retirement plans	94	69	100	81
Stock mutual funds (net) ³	84	85	84	73
Inside employer-sponsored retirement plans	65	82	63	50
Outside employer-sponsored retirement plans	65	60	67	55
Bought first equity:				
Before 1990	62	55	64	53
1990 to 1995	17	20	16	20
1996 to 1998	14	18	14	15
1999 or later	7	7	6	12
Participate in or covered by defined benefit or defined contribution retirement plan	79	100	77	80
Have IRA ⁴	72	80	71	54
Willing to take:				
Substantial risk for substantial gain	12	12	12	6
Above-average risk for above-average gain	32	32	33	21
Average risk for average gain	48	51	47	53
Below-average risk for below-average gain	5	3	6	9
Unwilling to take any risk	2	3	2	11
Agree: ³				
I am not concerned about short-term fluctuations in my investments	76	67	78	80
I tend to rely on advice from a professional financial adviser when making investment decisions	48	49	48	54
Ethnic background: ³				
Caucasian	94	89	96	94
African-American	3	8	1	3
Asian	2	3	2	2
Hispanic	3	6	2	3

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

⁴ Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP-IRAs, and SAR-SEP IRAs.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

Stock Mutual Fund Transaction Activity During 1998 and 2001

Incidence and Number of Stock Mutual Fund Transactions During 1998 and 2001

In both 1998 and 2001, about one-third of stock mutual fund investors conducted stock mutual fund transactions (Figure 32). However, the percentage buying stock funds was lower in 2001 than in 1998, while the percentage selling stock funds in both years was similar. In addition, stock mutual fund investors making stock mutual fund purchases in 2001 outnumbered those making sales.

Sixty-five percent of stock mutual fund investors who bought stock mutual fund shares outside employer-sponsored retirement plans in 2001 cited accumulated savings as the source of money for their most recent purchases. Fifty-three percent also mentioned current salary or income. (See Figure 72 on page 101.)

Of those who sold stock mutual funds outside employer-sponsored retirement plans in 2001, 59 percent reinvested all of the proceeds from their most recent sale, and 13 percent reinvested some but not all of the proceeds. Of the group reinvesting proceeds, nearly two-thirds purchased shares of other stock mutual funds. (See Figure 72 on page 101.)

FIGURE 32

Types of Stock Mutual Fund Transactions Conducted During 1998 and 2001

(percent of stock mutual fund shareholders)

	1998	2001
Conducted stock mutual fund transactions (net)¹	32	32
Bought stock mutual funds	29	22
Sold stock mutual funds	18	16
Conducted stock mutual fund transactions outside employer-sponsored retirement plans (net)¹	19	21
Bought stock mutual funds	16	15
Sold stock mutual funds	11	10
Conducted stock mutual fund transactions inside employer-sponsored retirement plans (net)^{1,2}	17	15
Bought stock mutual funds	16	10
Sold stock mutual funds	8	7

¹ Multiple responses included.

² Employer-sponsored retirement plans include 401(k) plans; 403(b) plans; federal, state, or local government plans; SEP-IRAs; SAR-SEP IRAs; and SIMPLE IRAs.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

Although the median number of stock fund purchases was two in both 1998 and 2001, a smaller percentage of investors made one or two stock fund purchases in 2001 than in 1998, and a greater percentage made six or more purchases (Figure 33). The mean number of stock fund purchases in 2001 was six.

Stock mutual fund sales activity was slightly greater in 2001 than in 1998. The median number of stock fund sales was two in 2001; the mean was four. In 1998, the median number of stock fund sales was one and the mean was three.

FIGURE 33

Number of Stock Mutual Fund Purchases and Sales During 1998 and 2001

	1998	2001
Number of Stock Mutual Fund Purchases		
<i>(percent of stock mutual fund shareholders who bought stock mutual funds during 1998 or 2001)</i>		
1	39	31
2	26	21
3 to 5	21	24
6 to 12	10	15
More than 12	4	9
Mean	4	6
Median	2	2
Number of respondents	551	398
Number of Stock Mutual Fund Sales		
<i>(percent of stock mutual fund shareholders who sold stock mutual funds during 1998 or 2001)</i>		
1	52	45
2	18	22
3 to 5	18	21
6 to 12	10	7
More than 12	2	5
Mean	3	4
Median	1	2
Number of respondents	358	291

Note: See pp. 2–3 for transaction definitions.

Characteristics of Investors Who Conducted Stock Mutual Fund Transactions During 2001

Investors who conducted stock fund transactions in 2001 generally were a few years younger and had greater household income and household financial assets than investors who did not conduct stock fund transactions (Figure 34). Those who conducted stock fund transactions were more likely to have college or postgraduate degrees and less likely to rely on professional financial advisers. This investor group also tended to have owned equities for a greater number of years than those who did not conduct stock fund transactions.

Investors who conducted stock fund transactions in 2001 outside employer plans generally were older and had greater household financial assets but lower household incomes than those who conducted stock fund transactions inside employer plans. Greater percentages of the decisionmakers who transacted outside employer plans were male and retired, and a smaller percentage were married or living with a partner.

Equity Transaction Activity Between April 2000 and December 2001

Incidence of Equity Transaction Activity Between April 2000 and December 2001

When the most recent ICI/SIA survey was conducted in January 2002, the bear market that began in mid-March 2000 was 21 months old and was the second-longest bear market since World War II. Fifty-four percent of equity investors conducted equity transactions between April 2000 and December 2001, with the incidence of individual stock transactions among individual stock investors greater than the incidence of stock mutual fund transactions among stock mutual fund investors (Figure 35).

FIGURE 34

Characteristics of Stock Mutual Fund Investors Who Conducted Stock Mutual Fund Transactions During 2001

	Source of Stock Mutual Fund Transactions			
	Conducted Stock Mutual Fund Transactions	Inside Employer Plans	Outside Employer Plans	Did Not Conduct Stock Mutual Fund Transactions
Median				
Age ¹	45 years	43 years	48 years	47 years
Household income	\$75,000	\$80,000	\$75,000	\$61,100
Household financial assets ²	\$175,000	\$162,000	\$203,300	\$86,100
Percent				
Household investment decisionmaker:				
Male	28	24	32	22
Female	17	12	19	20
Co-decisionmakers	55	64	49	58
Married or living with a partner ¹	74	84	68	71
College or postgraduate degree ¹	62	61	65	47
Employed ¹	80	87	76	77
Retired from lifetime occupation ¹	17	10	21	22
Equity investments owned:				
Individual stock (net) ³	58	56	63	35
Inside employer-sponsored retirement plans	22	30	19	10
Outside employer-sponsored retirement plans	51	44	59	32
Stock mutual funds (net) ³	100	100	100	100
Inside employer-sponsored retirement plans	78	100	66	73
Outside employer-sponsored retirement plans	78	54	100	56
Bought first equity:				
Before 1990	51	51	53	43
1990 to 1995	26	27	26	27
1996 to 1998	13	12	12	16
1999 or later	10	10	9	14
Participate in or covered by defined benefit or defined contribution retirement plan	85	100	80	80
Have IRA ⁴	71	68	77	54
Willing to take:				
Substantial risk for substantial gain	11	12	11	8
Above-average risk for above-average gain	30	31	29	22
Average risk for average gain	47	47	47	53
Below-average risk for below-average gain	8	6	8	9
Unwilling to take any risk	5	4	5	8
Agree: ³				
I am not concerned about short-term fluctuations in my investments	80	82	80	78
I tend to rely on advice from a professional financial adviser when making investment decisions	54	48	58	61
Ethnic background: ³				
Caucasian	93	93	95	91
African-American	2	4	1	5
Asian	2	2	2	2
Hispanic	4	5	3	4

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

⁴ Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP-IRAs, and SAR-SEP IRAs.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 35

Equity Transaction Activity Between April 2000 and December 2001

Conducted Equity Transactions

(percent of all equity investors)

Yes	54
No	46
Number of respondents	1,950

Conducted Individual Stock Transactions

(percent of individual stock shareholders)

Yes	59
No	41
Number of respondents	1,020

Conducted Stock Mutual Fund Transactions

(percent of stock mutual fund shareholders)

Yes	47
No	53
Number of respondents	1,717

Note: See pp. 2–3 for transaction definitions.

Types of Equity Transactions Conducted Between April 2000 and December 2001

Fifty-eight percent of the investors who conducted equity transactions between April 2000 and December 2001 both bought and sold equities during this 21-month period (Figure 36). About one-third bought equities only, and one in 10 sold equities only. Investors who conducted individual stock transactions were more likely to conduct both purchases and sales than were investors who made stock mutual fund transactions.

FIGURE 36

Individual Stock and Stock Mutual Fund Transaction Activity Between April 2000 and December 2001

Types of Equity Transactions Conducted

(percent of equity investors who conducted equity transactions between April 2000 and December 2001)

Bought equities only	32
Sold equities only	10
Both bought and sold equities	58
Bought equities (net)	90
Sold equities (net)	68
Number of respondents	1,038

Types of Individual Stock Transactions

(percent of individual stock shareholders who conducted individual stock transactions between April 2000 and December 2001)

Bought individual stock only	29
Sold individual stock only	8
Both bought and sold individual stock	63
Bought individual stock (net)	92
Sold individual stock (net)	71
Number of respondents	612

Types of Stock Mutual Fund Transactions

(percent of stock mutual fund shareholders who conducted stock mutual fund transactions between April 2000 and December 2001)

Bought stock mutual funds only	39
Sold stock mutual funds only	13
Both bought and sold stock mutual funds	48
Bought stock mutual funds (net)	87
Sold stock mutual funds (net)	61
Number of respondents	798

Note: See pp. 2–3 for transaction definitions.

Reasons for Conducting Equity Transactions Between April 2000 and December 2001

Equity investors who conducted equity transactions during the 21-month period did so for a variety of reasons. Fifty-five percent cited a desire to rebalance their investment portfolios, and 51 percent were anticipating an increase in the stock market (Figure 37). Forty percent wanted to invest more conservatively and 35 percent wanted to invest more aggressively. Very few of those who conducted equity transactions during this period intended to liquidate a significant share of their equity holdings.

The reasons for conducting equity transactions during the 21-month period varied greatly by the mix of transactions conducted. For example, the largest percentage (nearly two-thirds) of investors who both bought and sold equities wanted to rebalance their portfolios. In contrast, those who only sold equities were about equally interested in investing more conservatively, rebalancing their portfolios, and liquidating a significant portion of their equity holdings. Investors who only bought equities were the group who most frequently mentioned wanting to invest more aggressively.

FIGURE 37

Reasons for Conducting Equity Transactions Between April 2000 and December 2001 by Types of Transactions Conducted¹

(percent of all equity investors who conducted equity transactions between April 2000 and December 2001)

	Type of Equity Transactions Conducted			
	Conducted Equity Transactions	Bought Equities Only	Sold Equities Only	Both Bought and Sold Equities
To rebalance investment portfolio	55	48	32	64
To anticipate an increase in the stock market	51	56	29	52
To invest more conservatively	40	35	34	44
To follow recommendation from professional financial adviser	36	36	22	39
To invest more aggressively	35	46	11	33
National events were a concern	34	30	30	36
To minimize taxes in investments	32	33	18	35
To liquidate a significant share of individual stock or stock mutual fund holdings	14	5	31	17
None of the above	8	7	26	4

¹Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

Equity Transactions After September 11, 2001

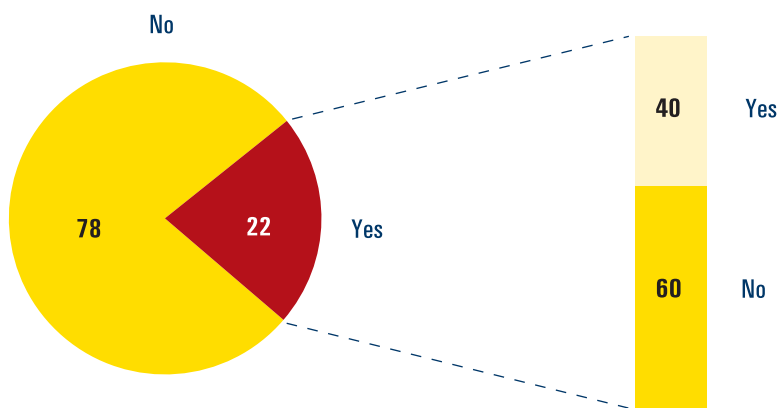
Twenty-two percent of equity investors conducted equity transactions after September 11, 2001 through year-end 2001 (Figure 38). Forty percent of this group conducted these transactions in direct response to the events of that day.

FIGURE 38

Equity Transaction Activity After September 11, 2001 Through December 2001

Conducted Equity Transactions
(percent of all equity investors)

Events of September 11, 2001 Directly Influenced Decision to Conduct Equity Transactions
(percent of equity investors who conducted equity transactions after September 11, 2001 through December 2001)



Note: See pp. 2–3 for transaction definitions.

Reasons for Conducting Equity Transactions After September 11

Many investors who conducted equity transactions in direct response to the events of September 11 did so because they thought U.S. equity markets would either begin to recover or decline further. Seventy percent of these investors said they were influenced to either a great extent or some extent by expectations of a market rebound (Figure 39). At the same time, 56 percent were influenced to a great extent or some extent by expectations of further market declines. Investors who conducted equity transactions after September 11 but not in response to the events of that day were less likely to have been influenced by their expectations about the stock market's direction than those who made transactions in direct response to the events of that day.

FIGURE 39

Extent to Which Factors Influenced Decision to Conduct Equity Transactions After September 11, 2001 Through December 2001

(percent of equity investors who conducted equity transactions after September 11, 2001 through December 2001)

	To a Great Extent	To Some Extent	To Very Little Extent	To No Extent at All
All Equity Investors Who Conducted Equity Transactions				
Expectations of further declines in the stock market	14	25	22	39
Expectations that the stock market would rebound	21	33	18	27
Immediate personal needs	7	12	13	69
A desire to support the U.S. economy	11	21	19	49
Equity Investors Who Conducted Equity Transactions in Direct Response to the Events of September 11, 2001				
Expectations of further declines in the stock market	25	31	20	24
Expectations that the stock market would rebound	38	32	16	15
Immediate personal needs	4	13	15	69
A desire to support the U.S. economy	15	30	21	35
Equity Investors Who Conducted Equity Transactions But Not in Direct Response to the Events of September 11, 2001				
Expectations of further declines in the stock market	8	22	23	47
Expectations that the stock market would rebound	12	35	20	34
Immediate personal needs	9	12	12	67
A desire to support the U.S. economy	9	16	19	57

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

Types of Equity Transactions Conducted After September 11

Forty-seven percent of investors who conducted equity transactions after September 11 through year-end 2001 only bought equities, and 37 percent both bought and sold equities (Figure 40). Just 16 percent only sold equities.

However, the types of transactions conducted after September 11 varied by whether or not the transactions were direct responses to that day. Most investors whose transactions were direct responses to September 11 both bought and sold equities, whereas most whose transactions were not direct responses only bought equities.

FIGURE 40

Types of Equity Transactions Conducted After September 11, 2001 Through December 2001 (percent of equity investors who conducted equity transactions after September 11, 2001 through December 2001)

	Conducted Any Equity Transactions	Equity Transactions Were in Direct Response to the Events of September 11, 2001	Equity Transactions Were Not in Direct Response to the Events of September 11, 2001
Only bought equities	47	41	52
Only sold equities	16	7	21
Both bought and sold equities	37	52	27
Bought equities (net)	84	93	79
Sold equities (net)	53	59	48
Number of respondents	430	161	252

Note: See pp. 2–3 for transaction definitions.

Primary Investment Strategy Since September 11

The majority of equity investors— whether or not they conducted equity transactions after September 11— said their primary investment strategy since September 11 was to maintain the percentage of equities in their investment portfolios (Figure 41). Nonetheless, 31 percent of investors who conducted equity transactions after September 11 indicated that their primary investment strategy was to increase the percentage of equities in their investment portfolios, compared with 13 percent who did not transact after this date. Moreover, 40 percent of investors who conducted equity transactions after September 11 in direct response to that day said their post-September 11 investment strategy was to increase the percentage of their portfolios invested in equities.

FIGURE 41

Primary Investment Strategy Since September 11, 2001 (percent)

	Conducted Equity Transactions After September 11, 2001 Through December 2001				
	All Equity Investors	Conducted Any Equity Transactions	Equity Transactions Were in Direct Response to the Events of September 11, 2001	Equity Transactions Were Not in Direct Response to the Events of September 11, 2001	Did Not Conduct Equity Transactions After September 11, 2001 Through December 2001
Maintain percentage of equities in investment portfolio	73	60	47	67	77
Increase percentage of equities in investment portfolio	17	31	40	27	13
Decrease percentage of equities in investment portfolio	10	9	13	6	10
Number of respondents	2,123	469	173	251	1,356

Note: See pp. 2–3 for transaction definitions.

Views on Equity Investing

Investment Philosophy and Financial Goals

Despite the downturn in the stock market that began in March 2000, as of January 2002 equity investors continued to have a long-term investment horizon and a focus on saving for retirement. Ninety-six percent of equity investors viewed their equity holdings as long-term investments and 86 percent said they tend to follow a buy-and-hold investment philosophy (Figure 42). Sixty-five percent cited saving for retirement as their primary financial goal. These figures are little changed from those reported in 1999.

Nonetheless, some evidence shows that the bear market has had an effect on investment attitudes. Although the vast majority of equity investors expressed minimal concern about short-term fluctuations in the value of their investments, the percentage unconcerned about short-term investment volatility declined from 83 percent in 1999 to 77 percent in 2002.

Tolerance for Investment Risk

Similarly, the declining stock market that began in 2000 appears to have dampened some equity investors' tolerance for investment risk. Thirty-two percent of equity investors were willing to take above-average or substantial investment risk for commensurate gain in 2002, down from 40 percent in 1999. The decline in willingness to take above-average or substantial investment risk was consistent across all age, income, and financial asset groups of equity investors. Younger equity investors, however, continued to have a greater tolerance for investment risk than older equity investors (Figure 43).

FIGURE 42

Views on Equity Investing, 1999 and 2002

(percent)

	Type of Equity Owned in 2002			
	1999 Equity Investors	2002 Equity Investors	Individual Stock	Stock Mutual Fund
Strongly or somewhat agree:¹				
I view my equity investments as savings for the long term	96	96	96	97
I tend to follow a buy-and-hold investment strategy	87	86	86	86
I am not concerned about short-term fluctuations in my equity investments	83	77	78	78
I tend to rely on advice from a professional financial adviser when making equity purchase and sales decisions	64	58	52	59
I generally expect the value of my investments to recover from a down market	NA	95	95	95
Willingness to take financial risk with equity investments:				
Substantial risk for substantial gain	9	8	8	8
Above-average risk for above-average gain	31	24	26	24
Average risk for average gain	48	51	51	51
Below-average risk for below-average gain	7	10	8	10
Unwilling to take any risk	6	7	7	7
Financial goals for equity investments:¹				
Retirement	89	87	84	88
Inheritance	NA	34	37	33
Emergency	42	33	35	32
Minimizing taxes	NA	31	31	32
Education	32	29	30	29
Current income	20	18	21	17
Purchase of home or other large item	15	14	15	13
Primary financial goal for equity investments:				
Retirement	66	65	60	67
Education	11	10	11	9
Current income	6	6	8	6
Emergency	5	5	6	4
Minimizing taxes	NA	3	2	3
Other	12	11	13	11

NA = Not asked

¹Multiple responses included.

Note: Number of respondents varies.

FIGURE 43

Willingness to Take Financial Risk with Equity Investments by Generation, 2002
(percent)

	Generation X <i>(born in 1965 or later)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent or GI Generation <i>(born in 1945 or earlier)</i>
Willing to take...			
Substantial risk for substantial gain	12	8	6
Above-average risk for above-average gain	31	27	12
Average risk for average gain	42	52	55
Below-average risk for below-average gain	9	7	15
Unwilling to take any risk	6	6	12
Number of respondents	453	955	629

Chapter 3:

Use of the Internet

Equity Transaction Activity Using the Internet

The 1999 and 2002 ICI/SIA surveys collected data on investors' use of the Internet to conduct equity transactions in 1998 and 2001, respectively. Both surveys considered use of the Internet outside employer plans. In addition, the 2002 survey examined use of the Internet inside employer plans.

Of the 40 percent of investors who bought or sold equities in 2001, 34 percent conducted some or all of these transactions using the Internet (Figure 44). More investors used the Internet to conduct equity transactions outside employer plans in 2001 than in 1998—31 percent and 15 percent, respectively. Furthermore, use of the Internet to conduct transactions in 2001 was greater for individual stock transactions than for stock mutual fund transactions (Figures 45 and 48).

FIGURE 44

Use of the Internet to Conduct Equity Transactions During 1998 and 2001

(percent of equity investors who conducted equity transactions during 1998 or 2001)

	1998		2001	
	Conducted Equity Transactions Outside Employer Plans	Conducted Equity Transactions	Conducted Equity Transactions Outside Employer Plans	Conducted Equity Transactions Inside Employer Plans
Yes, used the Internet	15	34	31	33
No, did not use the Internet	85	66	69	67
Number of respondents	749	698	589	254

Note: See pp. 2–3 for transaction definitions.

Individual Stock Transactions Using the Internet

Nearly two-fifths of investors who bought or sold individual stock in 2001 used the Internet to conduct some or all of these transactions (Figure 45). Investors who conducted individual stock transactions inside and outside employer plans were about as likely to have used the Internet.

FIGURE 45

Use of the Internet to Conduct Individual Stock Transactions During 1998 and 2001

(percent of individual stock shareholders who conducted individual stock transactions during 1998 or 2001)

	1998		2001	
	Conducted Individual Stock Transactions Outside Employer Plans	Conducted Individual Stock Transactions	Conducted Individual Stock Transactions Outside Employer Plans	Conducted Individual Stock Transactions Inside Employer Plans
Yes, used the Internet	19	39	37	40
No, did not use the Internet	81	61	63	60
Number of respondents	546	444	406	77

Note: See pp. 2–3 for transaction definitions.

Individual Stock Purchases

Thirty-seven percent of investors who bought individual stock outside employer plans in 2001 used the Internet to conduct some or all of these transactions (Figure 46). The median number of this group's Internet purchases was four and the mean was 14. In 1998, 20 percent of those who bought individual stock outside employer plans used the Internet to conduct some or all of their transactions.

Among investors who bought individual stock inside employer plans in 2001, 37 percent conducted some or all of their transactions using the Internet. The median number of purchases this group made using the Internet was three, and the mean was seven.

FIGURE 46

Use of the Internet to Purchase Individual Stock During 1998 and 2001

	1998	2001	
	Purchased Individual Stock Outside Employer Plans	Purchased Individual Stock Outside Employer Plans	Purchased Individual Stock Inside Employer Plans
Use of the Internet for Individual Stock Purchases <i>(percent of individual stock shareholders conducting individual stock purchases outside or inside employer-sponsored retirement plans)</i>			
Yes, used the Internet	20	37	37
No, did not use the Internet	80	63	63
Number of respondents	519	359	67
Number of Individual Stock Purchases Conducted Using the Internet <i>(percent of individual stock shareholders conducting individual stock purchases using the Internet outside or inside employer-sponsored retirement plans)</i>			
1 to 2	27	37	47
3 to 5	31	25	29
6 to 9	9	14	15
10 to 19	18	12	2
20 or more	15	12	7
Mean	8	14	7
Median	4	4	3
Number of respondents	100	127	25

Note: See pp. 2–3 for transaction definitions.

Individual Stock Sales

Thirty-four percent of investors selling individual stock outside employer plans in 2001 used the Internet to conduct some or all of these sales, up from 19 percent in 1998 (Figure 47). However, investors who conducted Internet stock sales outside employer plans in 2001 typically conducted fewer sales than their 1998 counterparts. The median number of Internet sales of individual stock outside employer plans in 2001 was three, compared with a median number of six sales in 1998.

Thirty-five percent of investors who sold individual stock inside employer plans in 2001 used the Internet to conduct some or all of their sales. The median number of this group's Internet sales was three; the mean was four.

FIGURE 47

Use of the Internet to Sell Individual Stock During 1998 and 2001

	1998	2001	
	Sold Individual Stock Outside Employer Plans	Sold Individual Stock Outside Employer Plans	Sold Individual Stock Inside Employer Plans
Use of the Internet for Individual Stock Sales <i>(percent of individual stock shareholders conducting individual stock sales outside employer-sponsored retirement plans)</i>			
Yes, used the Internet	19	34	35
No, did not use the Internet	81	66	65
Number of respondents	378	296	59
Number of Individual Stock Sales Conducted Using the Internet <i>(percent of individual stock shareholders conducting individual stock sales using the Internet outside employer-sponsored retirement plans)</i>			
1 to 2	26	42	46
3 to 5	22	26	42
6 to 9	17	11	3
10 to 19	15	10	3
20 or more	20	11	6
Mean	10	8	4
Median	6	3	3
Number of respondents	65	99	21

Note: See pp. 2–3 for transaction definitions.

Stock Mutual Fund Transactions Using the Internet

More than one quarter of investors who conducted stock fund transactions in 2001 used the Internet for some or all of these transactions (Figure 48). Use of the Internet to conduct stock fund transactions was greater inside employer-sponsored plans than outside such plans.

Stock Mutual Fund Purchases

Investors' use of the Internet to make stock fund purchases outside employer plans was significantly greater in 2001 than in 1998. Twenty-one percent of investors buying stock funds outside employer plans in 2001 conducted some or all of their purchases using the Internet, compared with 5 percent in 1998 (Figure 49). The median number of Internet stock fund purchases outside employer plans in 2001 was three; the mean was seven.

One-quarter of those who bought stock fund shares inside employer plans in 2001 used the Internet to conduct some or all of these purchases. The median number of this group's Internet purchases was two; the mean was six.

FIGURE 48

Use of the Internet to Conduct Stock Mutual Fund Transactions During 1998 and 2001

(percent of stock mutual fund shareholders who conducted stock mutual fund transactions during 1998 or 2001)

	1998		2001	
	Conducted Stock Mutual Fund Transactions Outside Employer Plans	Conducted Stock Mutual Fund Transactions	Conducted Stock Mutual Fund Transactions Outside Employer Plans	Conducted Stock Mutual Fund Transactions Inside Employer Plans
Yes, used the Internet	6	26	21	31
No, did not use the Internet	94	74	79	69
Number of respondents	392	464	326	220

Note: See pp. 2–3 for transaction definitions.

FIGURE 49

Use of the Internet to Purchase Stock Mutual Funds During 1998 and 2001

	1998	2001	
	Purchased Stock Mutual Funds Outside Employer Plans	Purchased Stock Mutual Funds Outside Employer Plans	Purchased Stock Mutual Funds Inside Employer Plans
Use of the Internet for Stock Mutual Fund Purchases <i>(percent of stock mutual fund shareholders conducting stock mutual fund purchases outside employer-sponsored retirement plans)</i>			
Yes, used the Internet	5	21	25
No, did not use the Internet	95	79	75
Number of respondents	320	283	185
Number of Stock Mutual Fund Purchases Conducted Using the Internet <i>(percent of stock mutual fund shareholders conducting stock mutual fund purchases outside or inside employer-sponsored retirement plans using the Internet)</i>			
1 to 2	33	50	54
3 to 5	27	26	23
6 to 9	4	2	8
10 to 19	30	11	10
20 or more	6	11	5
Mean	7	7	6
Median	4	3	2
Number of respondents	21	62	48

Note: Small sample sizes. See pp. 2–3 for transaction definitions.

Stock Mutual Fund Sales

Nineteen percent of investors who sold stock funds outside employer plans in 2001 conducted some or all of these sales using the Internet, compared with 7 percent in 1998 (Figure 50). The median number of Internet stock fund sales outside employer plans in 2001 was two; the mean seven.

Thirty-four percent of investors who sold stock fund shares inside employer plans in 2001 used the Internet to conduct some or all of these sales. This group's median number of Internet sales was two; the mean was four.

FIGURE 50

Use of the Internet to Sell Stock Mutual Funds During 1998 and 2001

	1998	2001	
	Sold Stock Mutual Funds Outside Employer Plans	Sold Stock Mutual Funds Outside Employer Plans	Sold Stock Mutual Funds Inside Employer Plans
Use of the Internet for Stock Mutual Fund Sales Outside Employer Plans			
<i>(percent of stock mutual fund shareholders conducting stock mutual fund sales outside or inside employer-sponsored retirement plans)</i>			
Yes, used the Internet	7	19	34
No, did not use the Internet	93	81	66
Number of respondents	246	200	129
Number of Stock Mutual Fund Sales Outside Employer Plans Conducted Using the Internet			
<i>(percent of stock mutual fund shareholders conducting stock mutual fund sales outside or inside employer-sponsored retirement plans using the Internet)</i>			
1 to 2	61	50	70
3 to 5	13	22	23
6 or more	26	28	7
Mean	4	7	4
Median	2	2	2
Number of respondents	17	39	41

Note: Small sample sizes. See pp. 2–3 for transaction definitions.

Characteristics of Investors Who Used the Internet to Conduct Equity Transactions During 2001

Investors who used the Internet to conduct some or all of their equity transactions in 2001 made more purchases or sales overall than those who conducted equity transactions by other means (Figure 51). Those who used the Internet were more likely to conduct individual stock transactions, tended to be younger, and had greater household incomes but lower household financial assets than investors who conducted equity transactions by means other than the Internet. While most equity investors using the Internet to conduct equity transactions shared financial decisionmaking with a spouse or partner, 36 percent of this group were sole male decisionmakers, compared with 28 percent of those who conducted equity transactions by means other than the Internet. The investors who used the Internet to conduct equity transactions also were more likely to have college or postgraduate degrees, be employed, and own individual stock. This group generally made equity purchase and sell decisions independently, without input from professional financial advisers. More than half were willing to take substantial or above-average investment risk for commensurate gain, compared with 39 percent of investors who did not use the Internet to conduct equity transactions.

FIGURE 51

Characteristics of Equity Investors Who Conducted Equity Transactions During 2001 by Use of the Internet

	Conducted Equity Transactions Using the Internet	Conducted Equity Transactions But Not Using the Internet
Median		
Age ¹	41 years	48 years
Household income	\$87,500	\$75,000
Household financial assets ²	\$143,900	\$190,000
Number of equity transactions conducted during 2001	7	3
Percent		
Bought equities during 2001	92	82
Bought individual stock	65	41
Bought stock mutual funds	52	56
Sold equities during 2001	75	60
Sold individual stock	52	33
Sold stock mutual funds	40	39
Household investment decisionmaker:		
Male	36	28
Female	13	17
Co-decisionmakers	51	55
Married or living with a partner ¹	75	73
College or postgraduate degree ¹	69	58
Employed ¹	87	76
Retired from lifetime occupation ¹	10	24
Equity investments owned:		
Individual stock (net) ³	86	64
Inside employer-sponsored retirement plans	33	20
Outside employer-sponsored retirement plans	80	60

FIGURE 51, *continued*

	Conducted Equity Transactions Using the Internet	Conducted Equity Transactions But Not Using the Internet
Stock mutual funds (net) ³	90	90
Inside employer-sponsored retirement plans	78	67
Outside employer-sponsored retirement plans	66	71
Bought first equity:		
Before 1990	50	56
1990 to 1995	22	22
1996 to 1998	17	13
1999 or later	11	9
Source of first equity purchase:		
Inside employer-sponsored retirement plan	46	35
Outside employer-sponsored retirement plan	43	57
Both inside and outside employer-sponsored retirement plan in same year	12	8
Type of equity first purchased:		
Individual stock only	27	32
Stock mutual funds only	56	52
Both individual stock and stock mutual funds	17	16
Non-equity investments owned: ³		
Savings accounts, money market deposit accounts, or certificates of deposit	90	89
Bond investments (net) ³	38	47
Individual bonds (excluding U.S. savings bonds)	19	23
Bond mutual funds	30	33
Fixed or variable annuities	17	29
Hybrid mutual funds	65	61
Money market mutual funds	50	42
Investment real estate	21	32
Participate in or covered by defined benefit or defined contribution retirement plan	80	83
Have IRA ⁴	74	70
Willingness to take financial risk with equity investments:		
Substantial risk for substantial gain	15	10
Above-average risk for above-average gain	38	29
Average risk for average gain	42	50
Below-average risk for below-average gain	4	6
Unwilling to take any risk	1	5
Tend to rely on professional financial adviser when making equity purchase and sales decisions	27	57
Ethnic background: ³		
Caucasian	91	94
African-American	1	4
Asian	5	1
Hispanic	5	3

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

⁴ Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP-IRAs, and SAR-SEP IRAs.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

Use of the Internet for Obtaining Financial Information

Many equity investors used the Internet to obtain financial information in 2001. Nearly half used the Internet to check stock prices (Figure 52). Thirty-eight percent used the Internet to read online financial publications, while 35 percent used it to access brokerage accounts for information. Thirty-five percent used the Internet to access bank accounts, and 34 percent used it to gather retirement or financial planning information. Very few used the Internet to send email to professional financial advisers or brokers. Similarly, very few used the Internet to seek specific recommendations on how to invest their money.

Individual stock investors generally tended to use the Internet to obtain financial information more often than stock mutual fund investors. Investors who conducted equity transactions in 2001 also were far more likely to use the Internet to obtain investment information than were investors who did not conduct transactions. In addition, use of the Internet for obtaining financial information typically decreased with age, and increased with household income (Figure 53).

FIGURE 52

Financial-Related Uses of the Internet During 2001 by Type of Equity Owned and Equity Transaction Activity¹

(percent)

	Type of Equity Owned			Equity Transaction Activity During 2001	
	All Equity Investors	Individual Stock	Stock Mutual Fund	Conducted Equity Transactions	Did Not Conduct Equity Transactions
Check stock prices	46	60	46	65	36
Read online financial publications	38	49	38	53	30
Access brokerage account for information	35	43	35	50	26
Access bank account	35	38	35	40	32
Obtain information on retirement planning or personal financial planning	34	42	34	47	27
Send email to professional financial adviser or broker	15	20	16	23	11
Seek specific recommendations on how to invest money	15	20	15	23	11

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2-3 for transactions definitions.

FIGURE 53

Financial-Related Uses of the Internet During 2001 by Generation and Household Income¹

(percent)

	Generation			Household Income		
	Generation X <i>(born in 1965 or later)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent or GI Generation <i>(born in 1945 or earlier)</i>	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
Check stock prices	51	50	35	29	54	64
Read online financial publications	43	42	27	25	41	55
Access brokerage account for information	40	37	26	19	38	51
Access bank account	47	34	24	27	36	46
Obtain information on retirement planning or personal financial planning	41	38	21	21	41	46
Send email to professional financial adviser or broker	16	17	13	10	15	26
Seek specific recommendations on how to invest money	16	17	10	9	17	23

¹ Multiple responses included.

Note: Number of respondents varies.

Chapter 4:

Profiles of Individual Stock Shareholders Inside and Outside Employer-Sponsored Retirement Plans

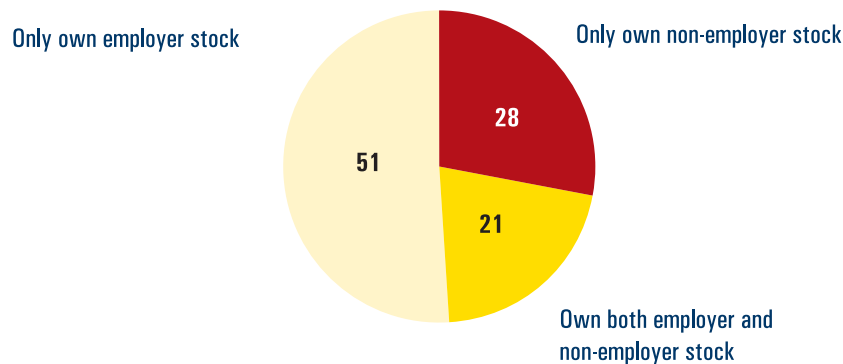
Individual Stock Shareholders Inside Employer Plans

As of January 2002, a total of 8.8 million households representing 12.3 million individual investors owned individual stock inside employer-sponsored retirement plans. (See Figure 14 on page 17.) Fifty-one percent of this investor group owned only employer stock inside employer-sponsored retirement plans, 28 percent owned only non-employer stock, and 21 percent held both types of individual stock (Figure 54).

FIGURE 54

Ownership of Employer Stock and Non-Employer Stock Inside Employer-Sponsored Retirement Plans, 2002

(percent of individual stock shareholders owning individual stock inside employer-sponsored retirement plans)



Number of respondents 338

Characteristics of Individual Stock Shareholders Inside Employer Plans

Investors owning individual stock inside employer plans in 2002 had a median age of 44 years, median household income of \$75,000, and median household financial assets of \$175,000 (Figure 55). The majority were married, employed, and college graduates. Nearly two-thirds owned IRAs. Those owning non-employer stock tended to be older and more affluent than those owning employer stock inside employer plans.

The majority of investors with individual stock inside employer plans in 2002 bought their first equity inside such plans. Most made their initial equity purchases, usually individual stock, before 1990. The vast majority also owned individual stock outside employer plans and most owned stock mutual funds. The percentage of this group also owning bond investments increased to nearly two-fifths in 2002 from less than one-quarter in 1999.

Investors holding individual stock inside employer plans in 2002 generally were more conservative about taking investment risk than their counterparts in 1999 (Figure 56). Thirty-four percent of these investors in 2002 described themselves as willing to take above-average or substantial risk for commensurate gain, compared with 45 percent in 1999. As of January 2002, most indicated they had a long-term investment outlook, said they can accept short-term market fluctuations, and generally expected the value of their investments to recover from a down market. More than half stated that they tend to rely on professional financial advisers for investment advice. Nearly three-quarters said their primary investment strategy since September 11 is to maintain the percentage of their investment portfolios allocated to equities.

FIGURE 55

Characteristics of Investors Owning Individual Stock Inside Employer-Sponsored Retirement Plans, 1999 and 2002

	1999	2002	Type of Individual Stock Owned Inside Employer Plans in 2002	
	Individual Stock Shareholders Inside Employer Plans	Individual Stock Shareholders Inside Employer Plans	Employer Stock	Non-Employer Stock
Median				
Age ¹	45 years	44 years	42 years	46 years
Household income	\$65,000	\$75,000	\$70,000	\$85,700
Household financial assets ²	\$95,300	\$175,000	\$150,000	\$231,500
Percent				
Household investment decisionmaker:				
Male	30	24	20	27
Female	12	12	13	16
Co-decisionmakers	58	64	67	57
Married or living with a partner ¹	82	81	82	76
College or postgraduate degree ¹	55	53	53	56
Employed ¹	88	86	91	80
Retired from lifetime occupation ¹	14	15	10	19
Equity investments owned:				
Individual stock (net) ³	100	100	100	100
Inside employer-sponsored retirement plans	100	100	100	100
Employer stock	58	72	100	43
Non-employer stock	77	49	29	100
Outside employer-sponsored retirement plans	62	63	60	71
Stock mutual funds (net) ³	69	72	68	76
Inside employer-sponsored retirement plans	63	66	64	71
Outside employer-sponsored retirement plans	49	50	49	56
Bought first equity:				
Before 1990	63	51	48	62
1990 to 1995	24	20	20	16
1996 to 1998	13	19	21	16
1999 or later	NA	10	11	6
Source of first equity purchase:				
Inside employer-sponsored retirement plan	54	65	68	56
Outside employer-sponsored retirement plan	33	22	18	31
Inside and outside employer-sponsored retirement plan in same year	13	13	14	13
Type of equity first purchased:				
Individual stock only	60	51	51	48
Stock mutual funds only	12	20	20	19
Both individual stock and stock mutual funds	27	29	29	33

FIGURE 55, *continued*

Characteristics of Investors Owning Individual Stock Inside Employer-Sponsored Retirement Plans, 1999 and 2002

	1999	2002	Type of Individual Stock Owned Inside Employer Plans in 2002	
	Individual Stock Shareholders Inside Employer Plans	Individual Stock Shareholders Inside Employer Plans	Employer Stock	Non-Employer Stock
Non-equity investments held:³				
Savings accounts, money market deposit accounts, or certificates of deposit	85	88	88	92
Bond investments (net) ³	22	38	36	37
Individual bonds (excluding U.S. savings bonds)	11	19	17	22
Bond mutual funds	16	27	27	25
Fixed or variable annuities	18	22	19	31
Hybrid mutual funds	39	51	50	52
Money market mutual funds	30	41	38	48
Investment real estate	29	26	23	35
Have IRA ⁴	58	63	59	66
Ethnic background:³				
Caucasian	90	93	91	94
African-American	4	4	5	4
Asian	2	2	2	2
Hispanic	4	3	3	2

NA = Not applicable

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

⁴ Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP-IRAs, and SAR-SEP IRAs.

Note: Number of respondents varies.

FIGURE 56

Investment Views of Investors Owning Individual Stock Inside Employer-Sponsored Retirement Plans, 1999 and 2002

(percent of individual stock shareholders owning individual stock inside employer-sponsored retirement plans)

	1999	2002
Strongly or somewhat agree:¹		
I view my equity investments as savings for the long term	96	96
I tend to follow a buy-and-hold investment strategy	86	85
I am not concerned about short-term fluctuations in my equity investments	81	75
I tend to rely on advice from a professional financial adviser when making equity purchase and sales decisions	62	54
I generally expect the value of my investments to recover from a down market	NA	95
Willingness to take financial risk with equity investments:		
Substantial risk for substantial gain	11	8
Above-average risk for above-average gain	34	26
Average risk for average gain	45	54
Below-average risk for below-average gain	4	6
Unwilling to take any risk	6	6
Financial goals for equity investments:¹		
Retirement	94	91
Inheritance	NA	39
Minimizing taxes	NA	34
Emergency	45	38
Education	38	36
Current income	17	16
Purchase of home or other large item	19	18
Primary investment strategy since September 11, 2001:		
Increase percentage of equities in investment portfolio	NA	21
Decrease percentage of equities in investment portfolio	NA	6
Maintain percentage of equities in investment portfolio	NA	73

NA = Not asked

¹ Multiple responses included.

Note: Number of respondents varies.

Characteristics of Individual Stock Holdings Inside Employer Plans

The median value of investors' individual stock portfolios inside employer plans was \$25,000 in 2002, compared with \$30,000 in 1999 (Figure 57). The mean value of these portfolios was \$150,500 in 2002, compared with \$105,800 in 1999.

Among investors holding employer stock inside employer plans, the median value of these stocks was \$17,500 in 2002, and the mean value was \$86,700. Thirty-nine percent of this investor group had less than \$10,000 invested in employer stock in their employer plans in 2002, and only five percent had \$500,000 or more.

Sixty-five percent of investors owning individual stock inside employer plans in 2002 held one or two stocks in these plans; 16 percent owned six or more. The median number held was one; the mean was four. Very few held foreign stocks inside their employer plans. The median number of years this group owned individual stock in employer plans was 10 years, the same as in 1999.

FIGURE 57

Characteristics of Investors' Individual Stock Holdings Inside Employer-Sponsored Retirement Plans, 1999 and 2002

	1999	2002
Individual Stock Assets Held Inside Employer Plans		
<i>(percent of individual stock shareholders owning individual stock inside employer-sponsored retirement plans)</i>		
Less than \$1,000	6	4
\$1,000 to \$4,999	9	17
\$5,000 to \$9,999	10	12
\$10,000 to \$29,999	23	20
\$30,000 to \$99,999	27	25
\$100,000 to \$199,999	14	9
\$200,000 to \$499,999	7	7
\$500,000 to \$999,999	2	3
\$1,000,000 or more	2	3
Mean	\$105,800	\$150,500
Median	\$30,000	\$25,000
Number of respondents	364	252

FIGURE 57, *continued*

	1998	2001
Employer Stock Assets Held Inside Employer Plans		
<i>(percent of individual stock shareholders owning employer stock inside employer-sponsored retirement plans)</i>		
Less than \$1,000	8	6
\$1,000 to \$4,999	16	20
\$5,000 to \$9,999	8	13
\$10,000 to \$29,999	26	23
\$30,000 to \$99,999	25	20
\$100,000 to \$199,999	11	8
\$200,000 to \$499,999	3	5
\$500,000 to \$999,999	2	3
\$1,000,000 or more	1	2
Mean	\$81,900	\$86,700
Median	\$20,000	\$17,500
Number of respondents	202	158
Number of Individual Stocks Owned Inside Employer Plans		
<i>(percent of individual stock shareholders owning individual stock inside employer-sponsored retirement plans)</i>		
1	40	51
2	19	14
3 to 5	21	19
6 to 9	7	6
10 to 19	9	7
20 or more	4	3
Mean	5	4
Median	2	1
Number of respondents	395	235
Ownership of Foreign Stocks Inside Employer Plans		
<i>(percent of individual stock shareholders owning individual stock inside employer-sponsored retirement plans)</i>		
Own foreign stocks	12	12
Do not own foreign stocks	88	88
Number of respondents	437	316
Length of Ownership of Individual Stocks Inside Employer Plans		
<i>(percent of individual stock shareholders owning individual stock inside employer-sponsored retirement plans)</i>		
2 years or less	14	11
3 to 5 years	16	24
6 to 10 years	21	18
11 to 15 years	18	16
16 to 20 years	14	11
21 to 30 years	12	13
More than 30 years	5	7
Mean	12 years	12 years
Median	10 years	10 years
Number of respondents	457	343

Individual Stock Transaction Activity Inside Employer Plans in Previous Year

Even though 2001 was a year in which U.S. equity markets declined, most investors holding individual stock inside employer plans did not buy or sell stocks inside these plans during that year. Just 27 percent conducted individual stock transactions inside employer plans, about the same percentage as in 1998 (Figure 58). At least 80 percent of these transactors in 1998 and 2001 conducted individual stock purchases inside employer plans.

The volume of purchase activity, however, was greater in 2001 than in 1998. In 2001, the median number of individual stock purchases inside employer plans was two and the mean was six.

A greater percentage sold individual stock inside employer plans in 2001 than in 1998 – 75 percent, compared with 63 percent, respectively. The number of sales conducted inside employer plans in 2001 was also greater than in 1998. The median number of individual stock sales in 2001 was two and the mean was four.

FIGURE 58

Individual Stock Transaction Activity Inside Employer-Sponsored Retirement Plans During 1998 and 2001

	1998	2001
Individual Stock Transaction Activity Inside Employer Plans		
<i>(percent of individual stock shareholders owning individual stock inside employer-sponsored retirement plans)</i>		
Conducted individual stock transactions inside employer plans	25	27
Did not conduct individual stock transactions inside employer plans	75	73
Number of respondents	453	361
Use of the Internet to Conduct Individual Stock Transactions Inside Employer Plans		
<i>(percent of individual stock shareholders conducting individual stock transactions inside employer-sponsored retirement plans)</i>		
Yes, used the Internet	NA	40
No, did not use the Internet	NA	60
Number of respondents	NA	77

FIGURE 58, *continued*

	1999	2002
Types of Individual Stock Transactions Conducted Inside Employer Plans		
<i>(percent of individual stock shareholders conducting individual stock transactions inside employer-sponsored retirement plans)</i>		
Only bought individual stock	37	25
Only sold individual stock	20	14
Both bought and sold individual stock	43	61
Bought individual stock (net)	80	86
Sold individual stock (net)	63	75
Number of respondents	150	76
Number of Individual Purchases Inside Employer Plans		
<i>(percent of individual stock shareholders conducting individual stock purchases inside employer-sponsored retirement plans)</i>		
1	57	35
2 to 3	29	24
4 to 5	9	17
6 to 9	1	13
10 to 19	4	6
20 or more	1	5
Mean	2	6
Median	1	2
Number of respondents	130	67
Number of Individual Stock Sales Inside Employer Plans		
<i>(percent of individual stock shareholders conducting individual stock sales inside employer-sponsored retirement plans)</i>		
1	60	39
2 to 3	26	31
4 to 5	8	17
6 to 9	3	6
10 to 19	3	4
20 or more	0	3
Mean	2	4
Median	1	2
Number of respondents	102	59

NA = Not asked

Note: See pp. 2–3 for transaction definitions.

Individual Stock Shareholders Outside Employer Plans

Nearly 21.0 million U.S. households representing 31.5 million individual investors owned individual stock outside employer-sponsored retirement plans as of January 2002. (See Figure 14 on page 17.)

Characteristics of Individual Stock Shareholders Outside Employer Plans

The median age of this investor group in 2002 was 48 years (Figure 59). Most were married or living with a partner, employed, and college graduates. Their median household income was \$75,000 and median household financial assets were \$200,000. More than three-quarters participated in or were covered by defined benefit or defined contribution retirement plans, and nearly two-thirds owned IRAs.

As in 1999, the majority of this investor group in 2002 were experienced equity investors: 59 percent had made their first equity investment before 1990. Nearly two-thirds had made their initial equity purchases outside employer plans and 45 percent solely purchased individual stock as their first equity investment. The percentage of this group owning stock mutual funds in 2002 was greater than in 1999. In addition, more also owned bond investments in 2002 than in 1999.

Most owners of individual stock outside employer plans in January 2002 described themselves as long-term investors with a buy-and-hold investment philosophy (Figure 60). The majority were not concerned by short-term market fluctuations, and nearly all expected the value of their investments to recover after a down market. Nearly three-quarters said that since September 11 their primary investment strategy has been to maintain the percentage of equities in their portfolios.

Overall, owners of individual stock outside employer plans in 2002 were less tolerant of investment risk than were owners in 1999. Thirty-five percent were willing to take above-average or substantial investment risk for commensurate gain in 2002, compared with 42 percent in 1999.

FIGURE 59

Characteristics of Investors Owning Individual Stock Outside Employer-Sponsored Retirement Plans, 1999 and 2002

	1999	2002
Median		
Age ¹	49 years	48 years
Household income	\$62,500	\$75,000
Household financial assets ²	\$140,000	\$200,000
Percent of Individual Stock-Owning Households		
Household investment decisionmaker:		
Male	29	30
Female	17	18
Co-decisionmakers	53	52
Married or living with a partner ¹	74	70
College or postgraduate degree ¹	62	59
Employed ¹	76	74
Retired from lifetime occupation ¹	25	27
Equity investments owned:		
Individual stock (net) ³	100	100
Inside employer-sponsored retirement plans	28	26
Outside employer-sponsored retirement plans	100	100
Stock mutual funds (net) ³	75	81
Inside employer-sponsored retirement plans	50	58
Outside employer-sponsored retirement plans	60	66
Bought first equity:		
Before 1990	70	59
1990 to 1995	20	19
1996 to 1998	10	13
1999 or later	NA	9
Source of first equity purchase:		
Inside employer-sponsored retirement plan	20	26
Outside employer-sponsored retirement plan	72	63
Both inside and outside employer-sponsored retirement plan in same year	8	11
Type of equity first purchased:		
Individual stock only	59	45
Stock mutual funds only	23	30
Both individual stock and stock mutual funds	18	25
Non-equity investments held: ³		
Savings accounts, money market deposit accounts, or certificates of deposit	83	86
Bond investments (net) ³	25	38
Individual bonds (excluding U.S. savings bonds)	13	21
Bond mutual funds	18	26
Fixed or variable annuities	23	24
Hybrid mutual funds	39	55
Money market mutual funds	32	43
Investment real estate	34	30

FIGURE 59, *continued*

Characteristics of Investors Owning Individual Stock Outside Employer-Sponsored Retirement Plans, 1999 and 2002

	1999	2002
Participate in or covered by defined benefit or defined contribution retirement plan	76	77
Have IRA ⁴	60	64
Ethnic background: ³		
Caucasian	93	94
African-American	3	3
Asian	2	2
Hispanic	2	3

NA = Not applicable

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

⁴ Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP-IRAs, and SAR-SEP IRAs.

Note: Number of respondents varies.

FIGURE 60

Investment Views of Investors Owning Individual Stock Outside Employer-Sponsored Retirement Plans, 1999 and 2002

(percent of individual stock shareholders owning individual stock outside employer-sponsored retirement plans)

	1999	2002
Strongly or somewhat agree:¹		
I view my equity investments as savings for the long term	96	96
I tend to follow a buy-and-hold investment strategy	89	87
I am not concerned about short-term fluctuations in my equity investments	85	78
I tend to rely on advice from a professional financial adviser when making equity purchase and sales decisions	59	51
I generally expect the value of my investments to recover from a down market	NA	96
Willingness to take financial risk with equity investments:		
Substantial risk for substantial gain	9	9
Above-average risk for above-average gain	33	26
Average risk for average gain	46	50
Below-average risk for below-average gain	6	8
Unwilling to take any risk	6	7
Financial goals for equity investments:¹		
Retirement	86	84
Inheritance	NA	37
Minimizing taxes	NA	29
Emergency	39	35
Education	32	30
Current income	21	21
Purchase of home or other large item	14	15
Primary investment strategy since September 11, 2001:		
Increase percentage of equities in investment portfolio	NA	19
Decrease percentage of equities in investment portfolio	NA	7
Maintain percentage of equities in investment portfolio	NA	74

NA = Not asked

¹ *Multiple responses included.*

Note: Number of respondents varies.

Characteristics of Individual Stock Holdings Outside Employer Plans

The median value of individual stock holdings outside employer plans in 2002 was \$25,000, the same as in 1999. In 2002, the mean value of these holdings was \$157,500, compared with \$172,900 in 1999 (Figure 61).

The number of individual stocks owned outside employer plans in 2002 was slightly greater than in 1999. The median number owned in 2002 was four; the mean was seven. Seventeen percent owned foreign stocks outside employer plans in 2002, in contrast to 13 percent in 1999.

Investors with individual stock outside employer plans tended to have owned such investments for quite some time. In 2002, 52 percent had held individual stock outside retirement plans for more than 10 years. Their median tenure was 12 years; the mean was 15 years. In 1999, the median number of years owning individual stock outside employer plans was also 12; the mean was 16.

FIGURE 61

Characteristics of Investors' Individual Stock Holdings Outside Employer-Sponsored Retirement Plans, 1999 and 2002

(percent of individual stock shareholders owning individual stock outside employer-sponsored retirement plans)

	1999	2002
Individual Stock Assets Held Outside Employer Plans		
Less than \$1,000	9	5
\$1,000 to \$4,999	13	16
\$5,000 to \$9,999	10	10
\$10,000 to \$29,999	19	22
\$30,000 to \$99,999	23	20
\$100,000 to \$199,999	9	11
\$200,000 to \$499,999	9	7
\$500,000 to \$999,999	4	5
\$1,000,000 or more	4	4
Mean	\$172,900	\$157,500
Median	\$25,000	\$25,000
Number of respondents	847	667
Number of Individual Stocks Owned Outside Employer Plans		
1	27	22
2	17	17
3 to 5	26	25
6 to 9	11	13
10 to 19	12	14
20 or more	7	9
Mean	6	7
Median	3	4
Number of respondents	1,044	841
Ownership of Foreign Stock Outside Employer Plans		
Own foreign stock	13	17
Do not own foreign stock	87	83
Number of respondents	1,076	884
Length of Ownership of Individual Stock Outside Employer Plans		
2 years or less	13	12
3 to 5 years	15	18
6 to 10 years	18	18
11 to 15 years	14	13
16 to 20 years	12	10
21 to 30 years	12	13
More than 30 years	16	16
Mean	16 years	15 years
Median	12 years	12 years
Number of respondents	1,050	874

Individual Stock Transaction Activity Outside Employer Plans in Previous Year

Less than half of investors holding individual stock outside employer plans bought or sold stocks outside such plans in 1998 or 2001 (Figure 62). Among those who conducted individual stock transactions in 2001, 87 percent bought individual stock and 69 percent sold individual stock. Nearly 40 percent used the Internet to conduct their transactions, up from 19 percent in 1998.

The median number of purchases of individual stock outside employer plans in 2001 was three and the mean was nine. The median number of sales was three and the mean was seven. The pattern of individual stock transaction activity outside employer plans in 1998 was similar.

More than two-thirds of investors who bought individual stock outside employer plans in 2001 used accumulated savings to finance their purchases (Figure 63). More than half used current salary or income to purchase stock shares. Thirty-eight percent used proceeds from the sale of another investment; in most instances, the sale of shares of other publicly traded stock.

More than two-thirds of investors who sold individual stock outside employer plans in 2001 reinvested all of the proceeds and 16 percent reinvested some of the proceeds; the same pattern was evident in 1999. More than three-quarters of those who reinvested the proceeds used the money to buy shares of other individual stock.

FIGURE 62

Individual Stock Transaction Activity Outside Employer-Sponsored Retirement Plans During 1998 and 2001

	1998	2001
Individual Stock Transaction Activity Outside Employer Plans		
<i>(percent of individual stock shareholders owning individual stock outside employer-sponsored retirement plans)</i>		
Conducted individual stock transactions outside employer plans	49	46
Did not conduct individual stock transactions outside employer plans	51	54
Number of respondents	1,053	932
Use of the Internet to Conduct Individual Stock Transactions Outside Employer Plans		
<i>(percent of individual stock shareholders conducting individual stock transactions outside employer-sponsored retirement plans)</i>		
Yes, used the Internet	19	37
No, did not use the Internet	81	63
Number of respondents	546	406
Types of Individual Stock Transactions Conducted Outside Employer Plans		
<i>(percent of individual stock shareholders conducting individual stock transactions outside employer-sponsored retirement plans)</i>		
Only bought individual stock	34	32
Only sold individual stock	7	14
Both bought and sold individual stock	59	55
Bought individual stock (net)	93	87
Sold individual stock (net)	66	69
Number of respondents	546	402
Number of Individual Stock Purchases Outside Employer Plans		
<i>(percent of individual stock shareholders conducting individual stock purchases outside employer-sponsored retirement plans)</i>		
1	18	19
2 to 3	30	31
4 to 5	19	17
6 to 9	10	12
10 to 19	12	11
20 or more	11	10
Mean	7	9
Median	4	3
Number of respondents	511	362

FIGURE 62, *continued*

Individual Stock Transaction Activity Outside Employer-Sponsored Retirement Plans During 1998 and 2001

	1998	2001
Number of Individual Stock Sales Outside Employer Plans		
<i>(percent of individual stock shareholders conducting individual stock sales outside employer-sponsored retirement plans)</i>		
1	33	25
2 to 3	28	33
4 to 5	13	15
6 to 9	8	8
10 to 19	7	11
20 or more	11	8
Mean	6	7
Median	2	3
Number of respondents	373	298

Note: See pp. 2–3 for transaction definitions.

FIGURE 63

Most Recent Purchase or Sale of Individual Stock Outside Employer-Sponsored Retirement Plans During 1998 and 2001

	1998	2001
Source of Money for Most Recent Purchase of Individual Stock¹		
<i>(percent of individual stock shareholders conducting individual stock purchases outside employer-sponsored retirement plans)</i>		
Accumulated savings	52	68
Current salary or income	NA	52
Proceeds from the sale of other investments (net) ¹	38	38
Shares of other publicly traded stock	30	35
Shares of stock mutual funds	6	8
Non-equity investments	4	9
Bonus	8	12
Inheritance or gift	8	10
Rollover from an employer-sponsored retirement plan	NA	7
Tax refund	2	6
Some other source	7	2
Disposition of Proceeds from Most Recent Sale of Individual Stock		
<i>(percent of individual stock shareholders conducting individual stock sales outside employer-sponsored retirement plans)</i>		
Reinvested all the proceeds	68	68
Spent all the proceeds	14	16
Spent part of the proceeds and reinvested part of the proceeds	18	16
How Proceeds Were Reinvested from Most Recent Sale of Individual Stock¹		
<i>(percent of individual stock shareholders conducting individual stock sales outside employer-sponsored retirement plans and reinvesting the proceeds)</i>		
Purchased shares of other individual stock	76	76
Purchased shares of stock mutual funds	22	22
Purchased some other type of investment	22	7

NA = Not asked

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

Chapter 5:

Profiles of Stock Mutual Fund Shareholders Inside and Outside Employer-Sponsored Retirement Plans

Stock Mutual Fund Shareholders Inside Employer Plans

An estimated 33.2 million households representing 46.5 million individuals owned stock mutual funds inside employer-sponsored retirement plans as of January 2002. (See Figure 14 on page 17.)

Characteristics of Stock Mutual Fund Shareholders Inside Employer Plans

The median age of investors owning stock mutual funds inside employer plans in 2002 was 45 years, and most were married or living with a partner, employed, and college graduates (Figure 64). This investor group's median household income was \$68,000 and median household financial assets were \$95,000. Sixty percent owned IRAs.

More than two-thirds purchased their first equity, usually a stock mutual fund, inside an employer plan. Forty-six percent had purchased their first equity before 1990, and 27 percent bought their first equity between 1990 and 1995. Half of this group also owned stock mutual funds outside employer plans. Most did not own individual bonds or bond mutual funds, but the percentage owning bond investments was 36 percent in 2002, up from 21 percent in 1999.

As of January 2002, the vast majority of this investor group described themselves as long-term equity investors, said they follow a buy-and-hold investment approach, and were unconcerned about short-term market fluctuations (Figure 65). Fewer expressed a willingness to take above-average or substantial investment risk than in 1999. Almost three-quarters indicated that their primary investment strategy since September 11 was to maintain the percentage of equities in their investment portfolios.

FIGURE 64

Characteristics of Investors Owning Stock Mutual Funds Inside Employer-Sponsored Retirement Plans, 1999 and 2002

	1999	2002
Median		
Age ¹	44 years	45 years
Household income	\$62,500	\$68,000
Household financial assets ²	\$80,300	\$95,000
Percent of Stock Mutual Fund-Owning Households		
Household investment decisionmaker:		
Male	25	22
Female	17	17
Co-decisionmakers	58	61
Married or living with a partner ¹	77	75
College or postgraduate degree ¹	56	53
Employed ¹	90	86
Retired from lifetime occupation ¹	11	12
Equity investments owned:		
Individual stock (net) ³	45	42
Inside employer-sponsored retirement plans	22	17
Outside employer-sponsored retirement plans	38	36
Stock mutual funds (net) ³	100	100
Inside employer-sponsored retirement plans	100	100
Outside employer-sponsored retirement plans	51	50
Bought first equity:		
Before 1990	55	46
1990 to 1995	30	27
1996 to 1998	15	15
1999 or later	NA	12
Source of first equity purchase:		
Inside employer-sponsored retirement plan	62	67
Outside employer-sponsored retirement plan	29	22
Inside and outside employer-sponsored retirement plan in same year	9	11
Type of equity first purchased:		
Individual stock only	17	11
Stock mutual funds only	72	78
Both individual stock and stock mutual funds	11	11
Non-equity investments held: ³		
Savings accounts, money market deposit accounts, or certificates of deposit	83	86
Bond investments (net) ³	21	36
Individual bonds (excluding U.S. savings bonds)	8	16
Bond mutual funds	17	27
Fixed or variable annuities	20	22
Hybrid mutual funds	43	55
Money market mutual funds	27	37
Investment real estate	24	23
Have IRA ⁴	56	60

FIGURE 64, continued

	1999	2002
Ethnic background:³		
Caucasian	90	91
African-American	6	4
Asian	2	2
Hispanic	4	4

NA = Not applicable

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included

⁴ Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP-IRAs, and SAR-SEP IRAs.

Note: Number of respondents varies.

FIGURE 65

**Investment Views of Investors Owning Stock Mutual Funds
Inside Employer-Sponsored Retirement Plans, 1999 and 2002**

(percent of stock mutual fund shareholders owning stock mutual funds inside employer-sponsored retirement plans)

	1999	2002
Strongly or somewhat agree:¹		
I view my equity investments as savings for the long term	97	97
I tend to follow a buy-and-hold investment strategy	87	86
I am not concerned about short-term fluctuations in my equity investments	85	78
I tend to rely on advice from a professional financial adviser when making equity purchase and sales decisions	64	57
I generally expect the value of my investments to recover from a down market	NA	95
Willingness to take financial risk with equity investments:		
Substantial risk for substantial gain	10	9
Above-average risk for above-average gain	36	27
Average risk for average gain	45	51
Below-average risk for below-average gain	5	8
Unwilling to take any risk	4	5
Financial goals for equity investments:¹		
Retirement	94	91
Inheritance	NA	30
Minimizing taxes	NA	34
Emergency	38	32
Education	36	32
Current income	13	13
Purchase of home or other large item	16	14
Primary investment strategy since September 11, 2001:		
Increase percentage of equities in investment portfolio	NA	17
Decrease percentage of equities in investment portfolio	NA	9
Maintain percentage of equities in investment portfolio	NA	74

NA = Not asked

¹ Multiple responses included.

Note: Number of respondents varies.

Characteristics of Stock Mutual Fund Holdings Inside Employer Plans

As in 1999, the median value of investors' stock mutual fund portfolios inside employer plans was \$30,000, which was typically invested in three stock mutual funds (Figure 66). The mean value of these portfolios was \$84,100 in 2002, compared with \$73,900 in 1999.

The majority of investors with stock fund holdings inside employer plans in 2002 held international or global stock mutual funds through these plans. The median number of years owning stock funds inside employer plans was 10 years.

Stock Mutual Fund Transaction Activity Inside Employer Plans in Previous Year

Twenty-one percent of investors holding stock mutual funds inside employer plans conducted stock fund transactions inside these plans during 2001, compared with 25 percent in 1998 (Figure 67). Investors conducting purchases outnumbered those conducting sales by a wide margin in both years. Nearly one-third used the Internet to conduct their transactions in 2001.

Most investors who bought stock mutual fund shares inside employer plans in 2001 made more than one purchase. In 1998, most made a single purchase. The median number of stock fund purchases inside employer plans in 2001 was two; the mean was five.

Fifty-one percent of investors who sold stock fund shares inside employer plans in 2001 made one sale of stock fund shares inside these plans, compared with 69 percent in 1998. The median number sales was one in 2001; the mean was three.

FIGURE 66

Characteristics of Investors' Stock Mutual Fund Holdings Inside Employer-Sponsored Retirement Plans, 1999 and 2002

(percent of stock mutual fund shareholders owning stock mutual funds inside employer-sponsored retirement plans)

	1999	2002
Stock Mutual Fund Assets Held Inside Employer Plans		
Less than \$5,000	16	16
\$5,000 to \$9,999	9	9
\$10,000 to \$19,999	14	15
\$20,000 to \$49,999	24	22
\$50,000 to \$99,999	18	16
\$100,000 to \$199,999	11	11
\$200,000 to \$499,999	6	9
\$500,000 to \$999,999	1	1
\$1,000,000 or more	1	1
Mean	\$73,900	\$84,100
Median	\$30,000	\$30,000
Number of respondents	1,003	976
Number of Stock Mutual Funds Owned Inside Employer Plans		
1	25	24
2	24	22
3	13	14
4 to 5	22	22
6 to 9	11	11
10 to 19	4	6
20 or more	1	1
Mean	4	4
Median	3	3
Number of respondents	1,096	1,020
Ownership of International or Global Stock Mutual Funds Inside Employer Plans		
Own international or global stock mutual funds	59	57
Do not own international or global stock mutual funds	41	43
Number of respondents	1,077	1,034
Length of Ownership of Stock Mutual Funds Inside Employer Plans		
2 years or less	15	10
3 to 5 years	21	19
6 to 10 years	28	24
11 to 15 years	17	19
16 to 20 years	10	15
21 to 30 years	7	10
More than 30 years	2	3
Mean	10 years	12 years
Median	8 years	10 years
Number of respondents	1,269	1,242

FIGURE 67

Stock Mutual Fund Transaction Activity Inside Employer-Sponsored Retirement Plans During 1998 and 2001

	1998	2001
Stock Mutual Fund Transaction Activity Inside Employer Plans		
<i>(percent of stock mutual fund shareholders owning stock mutual funds inside employer-sponsored retirement plans)</i>		
Conducted stock mutual fund transactions inside employer plans	25	21
Did not conduct stock mutual fund transactions inside employer plans	75	79
Number of respondents	1,236	1,310
Use of the Internet to Conduct Stock Mutual Fund Transactions Inside Employer Plans		
<i>(percent of stock mutual fund shareholders conducting stock mutual fund transactions inside employer-sponsored retirement plans)</i>		
Yes, used the Internet	NA	31
No, did not use the Internet	NA	69
Number of respondents	NA	220
Types of Stock Mutual Fund Transactions Conducted Inside Employer Plans		
<i>(percent of stock mutual fund shareholders conducting stock mutual fund transactions inside employer-sponsored retirement plans)</i>		
Only bought stock mutual funds	54	46
Only sold stock mutual funds	10	18
Both bought and sold stock mutual funds	36	36
Bought stock mutual funds (net)	90	82
Sold stock mutual funds (net)	46	54
Number of respondents	326	220
Number of Purchases Inside Employer Plans		
<i>(percent of stock mutual fund shareholders conducting stock mutual fund purchases inside employer-sponsored retirement plans)</i>		
1	53	35
2	29	23
3	7	12
4 to 5	6	9
6 to 9	2	5
10 to 19	2	10
20 or more	1	6
Mean	2	5
Median	1	2
Number of respondents	304	189

FIGURE 67, *continued*

	1998	2001
Number of Sales Inside Employer Plans		
<i>(percent of stock mutual fund shareholders conducting stock mutual fund sales inside employer-sponsored retirement plans)</i>		
1	69	51
2	14	25
3	6	5
4 to 5	7	13
6 to 9	1	2
10 to 19	2	2
20 or more	1	2
Mean	2	3
Median	1	1
Number of respondents	162	131

NA = Not asked

Note: See pp. 2–3 for transaction definitions.

Stock Mutual Fund Shareholders Outside Employer Plans

As of January 2002, 28.7 million U.S. households representing 43.1 million individual investors owned stock mutual funds outside employer-sponsored retirement plans. (See Figure 14 on page 17.)

Characteristics of Stock Mutual Fund Shareholders Outside Employer Plans

Investors owning stock mutual funds outside employer plans in 2002 had a median age of 48 years, and the majority were married or living with a partner, employed, and college-educated (Figure 68). Median household income for this investor group was \$70,000 and median household financial assets were \$175,000. The majority owned IRAs and participated in or were covered by defined benefit or defined contribution retirement plans.

More than half purchased their first equity before 1990. Most bought their first equity, usually a stock mutual fund, outside employer plans. Nearly 60 percent also owned stock mutual funds inside employer-sponsored retirement plans, and 52 percent held individual stock, usually outside such plans. The percentage of this investor group owning bond investments increased to 41 percent in 2002 from 27 percent in 1999.

Nearly all investors owning stock mutual funds outside employer plans as of January 2002 described themselves as long-term investors and said they follow a buy-and-hold investment philosophy (Figure 69). Despite the volatility and the April 2000–December 2001 bear market in U.S. equities, most stock fund investors outside employer plans were unconcerned about short-term fluctuations in the value of their investments, and nearly all expected the value of their investments to recover. Three-quarters of these investors indicated that maintaining the percentage of their investment portfolios allocated to equities has been their primary investment strategy since September 11.

Nonetheless, investors holding stock mutual funds outside employer plans in 2002, as a group, were somewhat more risk-averse than their counterparts in 1999. Thirty-three percent of these investors in 2002 expressed a willingness to take above-average or substantial investment risk, down from 39 percent in 1999.

FIGURE 68

**Characteristics of Investors Owning Stock Mutual Funds
Outside Employer-Sponsored Retirement Plans, 1999 and 2002**

	1999	2002
Median		
Age ¹	48 years	48 years
Household income	\$62,500	\$70,000
Household financial assets ²	\$120,000	\$175,000
Percent of Stock Mutual Fund-Owning Households		
Household investment decisionmaker:		
Male	26	25
Female	21	20
Co-decisionmakers	54	55
Married or living with a partner ¹	73	71
College or postgraduate degree ¹	58	58
Employed ¹	77	73
Retired from lifetime occupation ¹	24	26
Equity investments owned:		
Individual stock (net) ³	52	52
Inside employer-sponsored retirement plans	17	16
Outside employer-sponsored retirement plans	48	49
Stock mutual funds (net) ³	100	100
Inside employer-sponsored retirement plans	53	58
Outside employer-sponsored retirement plans	100	100
Bought first equity:		
Before 1990	60	51
1990 to 1995	26	26
1996 to 1998	15	13
1999 or later	NA	10
Source of first equity purchase:		
Inside employer-sponsored retirement plan	21	24
Outside employer-sponsored retirement plan	71	64
Inside and outside employer-sponsored retirement plan in the same year	8	12
Type of equity first purchased:		
Individual stock only	20	14
Stock mutual funds only	66	69
Both individual stock and stock mutual funds	14	17
Non-equity investments held: ³		
Savings accounts, money market deposit accounts, or certificates of deposit	84	87
Bond investments (net) ³	27	41
Individual bonds (excluding U.S. savings bonds)	11	20
Bond mutual funds	22	30
Fixed or variable annuities	25	28
Hybrid mutual funds	50	62
Money market mutual funds	35	42
Investment real estate	32	26

FIGURE 68, *continued*

**Characteristics of Investors Owning Stock Mutual Funds
Outside Employer-Sponsored Retirement Plans, 1999 and 2002**

	1998	2001
Participate in or covered by defined benefit or defined contribution retirement plan	78	75
Have IRA ⁴	65	70
Ethnic background: ³		
Caucasian	91	94
African-American	4	3
Asian	2	2
Hispanic	4	3

NA = Not applicable

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

⁴ Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP-IRAs, and SAR-SEP IRAs.

Note: Number of respondents varies.

FIGURE 69

**Investment Views of Investors Owning Stock Mutual Funds
Outside Employer-Sponsored Retirement Plans, 1999 and 2002**

(percent of stock mutual fund shareholders owning stock mutual funds outside employer-sponsored retirement plans)

	1999	2002
Strongly or somewhat agree:¹		
I view my equity investments as savings for the long term	98	97
I tend to follow a buy-and-hold investment strategy	89	89
I am not concerned about short-term fluctuations in my equity investments	85	79
I tend to rely on advice from a professional financial adviser when making equity purchase and sales decisions	68	62
I generally expect the value of my investments to recover from a down market	NA	95
Willingness to take financial risk with equity investments:		
Substantial risk for substantial gain	8	8
Above-average risk for above-average gain	31	25
Average risk for average gain	49	51
Below-average risk for below-average gain	7	9
Unwilling to take any risk	4	7
Financial goals for equity investments:¹		
Retirement	90	86
Inheritance	NA	35
Minimizing taxes	NA	31
Emergency	42	34
Education	36	31
Current income	21	20
Purchase of home or other large item	14	13
Primary investment strategy since September 11, 2001:		
Increase percentage of equities in investment portfolio	NA	17
Decrease percentage of equities in investment portfolio	NA	9
Maintain percentage of equities in investment portfolio	NA	75

NA = Not asked

¹ *Multiple responses included.*

Note: Number of respondents varies.

Characteristics of Stock Mutual Fund Holdings Outside Employer Plans

Both the median and mean value of investors' stock mutual fund holdings held outside employer-sponsored retirement plans were greater in 2002 than in 1999. The median value of these holdings was \$30,000 in 2002, compared with \$26,000 in 1999. The mean value increased to \$127,400 in 2002, up from \$101,500 in 1999 (Figure 70).

The number of stock mutual funds that investors held outside employer plans in 2002 was broadly similar to the number held in 1999. The median number owned increased to three in 2002 from two in 1999; the mean number held was four in both years. The percentage owning global or international stock mutual funds outside employer plans declined to 46 percent in 2002 from 52 percent in 1999.

Similar to 1999, the majority of investors holding stock mutual funds outside employer plans in 2002 had owned stock funds outside these plans for a number of years. Forty-six percent purchased their first stock fund outside employer plans more than 10 years ago, and 69 percent made their first such purchase more than five years ago. The median number of years owning stock mutual funds outside these plans was 10.

FIGURE 70

**Characteristics of Investors' Stock Mutual Fund Holdings
Outside Employer-Sponsored Retirement Plans, 1999 and 2002**

(percent of stock mutual fund shareholders owning stock mutual funds outside employer-sponsored retirement plans)

	1999	2002
Stock Mutual Fund Assets Held Outside Employer Plans		
Less than \$5,000	14	16
\$5,000 to \$9,999	11	10
\$10,000 to \$19,999	15	13
\$20,000 to \$49,999	22	21
\$50,000 to \$99,999	17	15
\$100,000 to \$199,999	10	11
\$200,000 to \$499,999	8	9
\$500,000 to \$999,999	2	3
\$1,000,000 or more	2	2
Mean	\$101,500	\$127,400
Median	\$26,000	\$30,000
Number of respondents	1,017	835
Number of Stock Mutual Funds Owned Outside Employer Plans		
1	29	25
2	22	23
3	15	15
4 to 5	17	16
6 to 9	11	12
10 to 19	5	7
20 or more	1	2
Mean	4	4
Median	2	3
Number of respondents	1,205	987
Ownership of International or Global Stock Mutual Funds Outside Employer Plans		
Own international or global stock mutual funds	52	46
Do not own international or global stock mutual funds	48	54
Number of respondents	1,180	989
Length of Ownership of Stock Mutual Funds Outside Employer Plans		
2 years or less	18	12
3 to 5 years	19	19
6 to 10 years	25	23
11 to 15 years	15	16
16 to 20 years	10	12
21 to 30 years	7	11
More than 30 years	6	7
Mean	11 years	12 years
Median	8 years	10 years
Number of respondents	1,258	1,105

Stock Mutual Fund Transaction Activity Outside Employer Plans in Previous Year

Outside employer plans, 33 percent of stock mutual fund investors bought or sold stock funds during 2001, compared with 29 percent in 1998 (Figure 71). A greater percentage used the Internet to conduct their transactions in 2001 than in 1998.

Nonetheless, the types and number of transactions conducted in each year were similar. In 2001, about two-fifths bought only stock mutual funds, roughly one-fifth sold only stock funds, and about two-fifths both bought and sold stock funds. The percentage making a single stock fund purchase outside employer plans in 2001 was 34 percent, and the percentage making six or more purchases was 21 percent. The median number of purchases in 2001 was two; the mean was five. The vast majority of investors selling stock mutual funds outside employer plans in 2001 made three or fewer sales transactions, similar to 1998.

Among investors who bought stock mutual funds outside employer plans in 2001, most used accumulated savings or current salary or income to finance their most recent purchases (Figure 72). Less than one-third used proceeds from the sale of other investments.

The majority of those who sold shares of stock mutual funds outside employer plans in 2001 reinvested some or all of the proceeds from their most recent sale. Only 28 percent spent all of the proceeds they received. Among those who reinvested the proceeds, most purchased shares of other stock mutual funds.

FIGURE 71

Stock Mutual Fund Transaction Activity Outside Employer-Sponsored Retirement Plans During 1998 and 2001

	1998	2001
Stock Mutual Fund Transaction Activity Outside Employer Plans		
<i>(percent of stock mutual fund shareholders owning stock mutual funds outside employer-sponsored retirement plans)</i>		
Conducted stock mutual fund transactions outside employer plans	29	33
Did not conduct stock mutual fund transactions outside employer plans	71	67
Number of respondents	1,260	1,176
Use of the Internet to Conduct Stock Mutual Fund Transactions Outside Employer Plans		
<i>(percent of stock mutual fund shareholders conducting stock mutual fund transactions outside employer-sponsored retirement plans)</i>		
Yes, used the Internet	6	21
No, did not use the Internet	94	79
Number of respondents	392	326
Types of Stock Mutual Fund Transactions Conducted Outside Employer Plans		
<i>(percent of stock mutual fund shareholders conducting stock mutual fund transactions outside employer-sponsored retirement plans)</i>		
Only bought stock mutual funds	42	43
Only sold stock mutual funds	20	19
Both bought and sold stock mutual funds	39	38
Bought stock mutual funds (net)	80	81
Sold stock mutual funds (net)	58	57
Number of respondents	392	325
Number of Stock Mutual Fund Purchases Outside Employer Plans		
<i>(percent of stock mutual fund shareholders conducting stock mutual fund purchases outside employer-sponsored retirement plans)</i>		
1	34	34
2 to 3	34	30
4 to 5	13	15
6 to 9	7	4
10 to 19	10	11
20 or more	2	6
Mean	4	5
Median	2	2
Number of respondents	320	284

FIGURE 71, *continued*

Stock Mutual Fund Transaction Activity Outside Employer-Sponsored Retirement Plans During 1998 and 2001

	1998	2001
Number of Stock Mutual Fund Sales Outside Employer Plans		
<i>(percent of stock mutual fund shareholders conducting stock mutual fund sales outside employer-sponsored retirement plans)</i>		
1	47	45
2 to 3	29	35
4 to 5	11	6
6 to 9	6	5
10 to 19	6	3
20 or more	1	6
Mean	3	4
Median	2	2
Number of respondents	246	202

Note: See pp. 2-3 for transaction definitions.

FIGURE 72

Most Recent Purchase or Sale of Stock Mutual Funds Outside Employer-Sponsored Retirement Plans During 1998 and 2001

	1998	2001
Source of Money for Most Recent Purchase of Stock Mutual Funds¹		
<i>(percent of stock mutual fund shareholders conducting stock mutual fund purchases outside employer-sponsored retirement plans)</i>		
Accumulated savings	55	65
Current salary or income	NA	53
Proceeds from the sale of other investments (net) ¹	30	30
Shares of other stock mutual funds	16	23
Shares of publicly traded stock	12	15
Non-equity investments	4	3
Rollover from an employer-sponsored retirement plan	NA	15
Inheritance or gift	13	10
Bonus	8	13
Tax refund	3	8
Some other source	10	2
Disposition of Proceeds from Most Recent Sale of Stock Mutual Funds		
<i>(percent of stock mutual fund shareholders conducting stock mutual fund sales outside employer-sponsored retirement plans)</i>		
Reinvested all the proceeds	57	59
Spent all the proceeds	26	28
Spent part of the proceeds and reinvested part of the proceeds	17	13
How Proceeds Were Reinvested from Most Recent Sale of Stock Mutual Funds¹		
<i>(percent of stock mutual fund shareholders conducting stock mutual fund sales outside employer-sponsored retirement plans and reinvested the proceeds)</i>		
Purchased shares of other stock mutual funds	75	62
Purchased shares of individual stock	34	34
Purchased some other type of investment	19	14

NA = Not asked

¹Multiple responses included.

Note: Number of respondents varies. See pp. 2-3 for transactions definitions.

Appendix A:

Detailed Research Methodology

This report summarizes results of a survey conducted by the Boston Research Group in 2002 under the direction of the Investment Company Institute (ICI) and the Securities Industry Association (SIA). The survey identified demographic, financial, and individual stock and stock mutual fund ownership characteristics of equity investors nationwide. Throughout the report, results of the 2002 survey are compared with those from the 1999 ICI/SIA survey of U.S. equity investors.

The survey collected detailed information on individual stock and stock mutual fund ownership inside and outside employer-sponsored retirement plans. The survey included sections on ownership of: 1) individual stock inside employer-sponsored retirement plans, 2) stock mutual funds inside employer-sponsored retirement plans, 3) individual stock outside employer-sponsored retirement plans, and 4) stock mutual funds outside employer-sponsored retirement plans. Another section covered equity investors' views on various aspects of equity investing: financial goals of equity investing, willingness to take financial risk with equity investments, reasons for conducting equity transactions, views on the 2000–2001 bear market, and the effect of the terrorist attacks of September 11, 2001 on their equity investments and their investment strategies. The final section of the survey collected demographic data on equity owners: age, household income, household financial assets, education, and marital status. The questionnaire was pretested to ensure that the questions were understandable to respondents.

Interviewing and Sampling Procedures

The 2002 survey used the same methodology as the 1999 version to enable comparisons between the two sets of data. Interviews were conducted by telephone and were completed in January and February 2002. Eligible respondents were age 18 or older and owned individual, publicly traded stock or stock mutual funds, either inside or outside employer-sponsored retirement plans. All interviews were conducted with the household decisionmaker most knowledgeable about savings and investments.¹⁵

¹⁵A household consists of all persons who occupy a housing unit. A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters. A household includes related family members and all unrelated persons, if any, such as lodgers, foster children, wards, or employees who share a housing unit. A person living alone in a housing unit, or a group of unrelated persons sharing a housing unit as partners, is also counted as a household.

A random digit dial national probability sample was used to generate a representative sample of equity owners nationwide. A total of 4,009 household financial decisionmakers were asked whether their households owned equities. Of these, 1,986 decisionmakers, or 49.5 percent, indicated that their households owned equities – 1,795 completed the entire survey and 191 completed part of it.¹⁶ The 191 partial interviews with known equity owners were included in estimates of the incidence of equity ownership among U.S. households.

To ensure that high-net-worth households were represented in the study, 370 additional interviews were conducted with high-net-worth equity owners. A randomly selected sample of affluent equity owners was drawn from the Donnelly Marketing, Inc. Affluence Model, which incorporates available financial, demographic, and geographic information to build a profile of each household in the U.S. Based on that information, each household is assigned an affluence rating. After interviewing, households in this high-net-worth sample were assigned a weight based on the proportion of affluent equity owners in the random digit dial sample and were then included in the database.

The characteristics of survey respondents owning individual stock are similar to those of respondents in other ICI surveys who owned individual stock (Figure 73). Similarly, the characteristics of survey respondents owning stock mutual funds match closely with those of respondents in other ICI surveys who owned stock mutual funds.

Respondents to the 2002 equity ownership survey were asked how many individuals in their households owned individual stock and how many owned stock mutual funds, both inside and outside employer-sponsored retirement plans. The average number of individuals per household and the number of households owning each investment type inside and outside employer plans were multiplied to obtain the estimated number of individual investors owning each investment type inside and outside employer plans. For example, the average number of individuals owning any type of equity, inside or outside employer plans, was 1.6. The total number of households owning equities was 52.7 million. Multiplying 52.7 million by 1.6 results in 84.3 million, the estimated number of individuals owning equities in January 2002.

Throughout this report, percentages may not add to 100 because of weighting or rounding. Where respondents were allowed to provide multiple responses, percentages may add to more than 100. Subgroups of respondents on which percentage results are based exclude those respondents who were unable or unwilling to answer the questions that define the subgroups. Some subgroups of respondents are not mutually exclusive. For example, the subgroup of respondents owning individual stock includes respondents who also own stock mutual funds, and vice versa. Many of the figures in this report include the unweighted number of respondents answering survey questions.

¹⁶ A total of 1,943 respondents from the RDD sample completed the 1999 survey. The large number of randomly selected respondents in both surveys and use of the same sampling procedures in each survey enable detailed comparisons to be made between the two data sets. Both data sets are statistically representative of the entire population of equity investors at the time each survey was conducted.

FIGURE 73

Comparison of 2002 ICI/SIA Survey Respondents to Other Survey Respondents

	Individual Stock Investors		Stock Mutual Fund Investors	
	Respondents to the 2002 ICI/SIA Survey of Equity Owners Who Owned Individual Stocks	Respondents to the 2001 ICI Annual Tracking Survey Who Owned Individual Stocks ¹	Respondents to the 2002 ICI/SIA Survey of Equity Owners Who Owned Stock Mutual Funds	Respondents to the 2001 ICI Survey of Mutual Fund Shareholders Who Owned Stock Mutual Funds ²
Median				
Age ³	48 years	46 years	47 years	45 years
Household income	\$72,400	\$62,500	\$64,000	\$65,000
Household financial assets ⁴	\$180,000	\$130,000	\$100,000	\$125,000
Percent				
Married or living with a partner ³	70	70	71	68
College or postgraduate degree ³	57	53	51	55
Employed ³	75	76	77	80
Retired from life-time occupation ³	25	22	21	18

¹ Based on telephone interviews with 3,019 randomly selected U.S. households conducted in May 2001.

² Based on telephone interviews with 2,592 randomly selected U.S. households that owned mutual funds. The survey was conducted in May and June 2001.

³ Refers to the household's responding financial decisionmaker for investments.

⁴ Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

Sampling Tolerances

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. This confidence level can be used to construct “confidence intervals” — ranges that would include the average estimate taken across all possible samples with known probability. Approximately 95 percent of the intervals figured in all possible samples would contain the average estimate taken across all samples. Figure 74 shows the approximate sampling error for estimates of proportions computed for the sample as a whole and for subsamples of various sizes. The overall sampling error for the survey is plus or minus 2 percent at the 95 percent confidence level.

FIGURE 74

Sampling Error at the 95 Percent Confidence Level for Selected Percentages of Responses, by Sample Size

Sample Size	Percent of Responses				
	10 percent or 90 percent	20 percent or 80 percent	30 percent or 70 percent	40 percent or 60 percent	50 percent
2,500	1	2	2	2	2
2,000	1	2	2	2	2
1,500	2	2	3	3	3
1,450	2	2	3	3	3
1,050	2	3	3	3	3
800	2	3	3	4	4
500	3	4	4	5	5
100	6	8	9	10	10
50	9	11	13	14	14

Note: This table shows, for example, that if the sample size is 1,500 and if 10 percent of the respondents provide the same answer to a question and 90 percent provide the other answer, then, using the same procedures, these responses can be expected to be replicated for the entire population within a range of + or - 2 percent, 95 percent of the time.

Appendix B:

Detailed Tabulations for All Equity Investors, Individual Stock Shareholders, and Stock Mutual Fund Shareholders

FIGURE 75

Demographic Characteristics of All Equity Investors, Individual Stock Shareholders, and Stock Mutual Fund Shareholders, 2002
(percent)

	Type of Equity Owned		
	Equity Investors	Individual Stock	Stock Mutual Fund
Household Investment Decisionmaker			
Male is sole decisionmaker	24	29	24
Female is sole decisionmaker	19	18	19
Co-decisionmakers	57	53	57
Number of respondents	2,165	1,119	1,926
Age of Respondent			
25 years or younger	5	5	4
26 to 34 years	16	13	16
35 to 49 years	36	36	36
50 to 64 years	29	30	30
65 years or older	14	16	14
Mean age	48 years	49 years	48 years
Median age	47 years	48 years	47 years
Number of respondents	2,093	1,080	1,861
Household Income in 2001			
Less than \$20,000	6	7	6
\$20,000 to \$29,999	6	5	6
\$30,000 to \$39,999	10	6	10
\$40,000 to \$49,999	11	9	11
\$50,000 to \$74,999	26	23	25
\$75,000 to \$99,999	18	20	18
\$100,000 to \$149,999	14	18	14
\$150,000 to \$199,999	4	5	4
\$200,000 to \$499,999	4	7	4
\$500,000 to \$749,999	1	1	1
\$750,000 to \$999,999	< 1	< 1	< 1
\$1,000,000 or more	1	1	1
Mean	\$86,300	\$99,400	\$87,100
Median	\$62,500	\$72,400	\$64,000
Number of respondents	1,557	804	1,385
Marital Status of Respondent			
Married or living with a partner	71	70	71
Divorced or separated	10	9	10
Widowed	6	7	6
Single	13	14	13
Number of respondents	2,159	1,114	1,921

FIGURE 75, *continued*

	Type of Equity Owned		
	Equity Investors	Individual Stock	Stock Mutual Fund
Education of Respondent			
Some high school or less	2	1	2
High school graduate	18	15	17
Some college or associate's degree	31	27	30
Completed four years of college	24	27	25
Some graduate school	8	9	8
Completed graduate school	18	21	18
Number of respondents	2,148	1,110	1,911
Employment Status of Respondent			
Employed full-time	67	65	67
Employed part-time	10	10	10
Not employed	23	25	23
Number of respondents	2,158	1,115	1,919
Retirement Status of Respondent			
Retired from lifetime occupation	22	25	21
Not retired from lifetime occupation	78	75	79
Number of respondents	2,157	1,116	1,918
Employment Status of Spouse or Partner¹			
Employed full-time	62	59	63
Employed part-time	11	12	11
Not employed	27	29	26
Number of respondents	1,556	805	1,393
Retirement Status of Spouse or Partner¹			
Retired from lifetime occupation	18	21	18
Not retired from lifetime occupation	82	79	82
Number of respondents	1,555	805	1,392
Ethnic Background of Respondent^{2,3}			
Caucasian	92	94	92
African-American	4	3	4
Asian	2	2	2
Hispanic	4	3	4

¹ Percent of respondents married or living with a partner.

² Multiple responses included.

³ Number of respondents varies.

FIGURE 76

Financial Characteristics of All Equity Investors, Individual Stock Shareholders, and Stock Mutual Fund Shareholders, 2002
(percent)

	Type of Equity Owned		
	Equity Investors	Individual Stock	Stock Mutual Fund
Household Financial Assets¹			
Less than \$5,000	3	2	3
\$5,000 to \$9,999	5	4	5
\$10,000 to \$24,999	11	7	11
\$25,000 to \$49,999	14	12	14
\$50,000 to \$74,999	8	5	8
\$75,000 to \$99,999	8	6	8
\$100,000 to \$149,999	10	8	10
\$150,000 to \$199,999	6	8	6
\$200,000 to \$499,999	19	22	19
\$500,000 to \$749,999	6	9	6
\$750,000 to \$999,999	3	4	3
\$1,000,000 or more	8	13	8
Mean	\$463,400	\$668,200	\$466,800
Median	\$100,000	\$180,000	\$100,000
Number of respondents	1,132	580	1,015
Household Ownership of Non-Equity Investments^{2,3}			
Bank deposit accounts	86	86	85
Bond investments	36	38	37
Individual bonds (excluding U.S. savings bonds)	17	21	17
Bond mutual funds	26	26	27
Hybrid mutual funds	52	53	56
Money market mutual funds	35	41	37
Fixed or variable annuities	23	23	24
Variable annuities	17	17	18
Fixed annuities	11	11	11
Investment real estate	24	29	24
Household Ownership of IRAs^{2,3}			
Traditional or Roth IRA	53	59	55
Traditional IRA	44	52	46
Roth IRA	21	24	23
SIMPLE IRA, SEP-IRA, or SAR-SEP IRA	15	15	16
Any of the above	57	62	59

FIGURE 76, *continued*

	Type of Equity Owned		
	Equity Investors	Individual Stock	Stock Mutual Fund
Household Defined Benefit or Defined Contribution Retirement Plan Coverage^{2,3}			
Defined benefit retirement plan	38	41	38
Defined contribution retirement plan	70	68	71
401(k) plan	57	56	58
403(b) plan	12	10	13
State, local, or federal government retirement plan	18	16	19
Any of the above	79	78	80
Household Ownership of State-Sponsored College Savings Plans			
Yes	5	6	6
No	95	94	94
Number of respondents	2,148	1,109	1,910
Financial Goals^{2,3}			
Retirement	87	84	88
Inheritance	34	37	33
Emergency	33	35	32
Minimizing taxes	31	31	32
Education	29	30	29
Current income	18	21	17
Purchase of a home or other large item	14	15	13
Primary Financial Goal			
Retirement	65	60	67
Education	10	11	9
Current income	6	8	6
Inheritance	6	7	6
Emergency	5	6	4
Purchase of home or other large item	3	4	3
Minimizing taxes	3	2	3
Number of respondents	2,110	1,093	1,878
Financial-Related Uses of the Internet in 2001^{2,3}			
Check stock prices	46	60	46
Read online financial publications	38	49	38
Access brokerage account for information	35	43	35
Access bank account	35	38	35
Collect information on retirement planning or personal financial planning	34	42	34
Send email to professional financial adviser or broker	15	20	16
Seek specific recommendations on how to invest money	15	20	15

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Multiple responses included.

³ Number of respondents varies.

Appendix C:

Detailed Tabulations for All Equity Investors by Key Demographic Variables

FIGURE 77

Characteristics of Equity Investors by Gender of Decisionmaker

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
Median			
Age ¹	48 years	51 years	45 years
Household income	\$60,000	\$42,000	\$70,000
Household financial assets ²	\$129,300	\$80,000	\$100,000
Percent of Equity-Ownning Households			
Married or living with a partner ¹	47	28	95
College or postgraduate degree ¹	55	48	48
Completed graduate school ¹	20	19	16
Employed ¹	78	71	79
Retired from lifetime occupation ¹	27	25	19
Non-equity investments held:³			
Savings accounts, money market deposit accounts, or certificates of deposit	82	87	87
Bond investments (net) ³	37	31	37
Individual bonds (excluding U.S. savings bonds)	19	14	18
Bond mutual funds	27	22	26
Fixed or variable annuities	22	26	23
Hybrid mutual funds	50	55	52
Money market mutual funds	35	35	35
Investment real estate	27	20	25
Participate in or covered by defined benefit or defined contribution retirement plan (net)³			
Defined benefit plan	35	33	41
Defined contribution plan (net) ³	62	59	77
401(k) plan	50	44	65
403(b) plan	9	10	14
State, local, or federal government plan	15	20	19
Have IRA (net)³			
Traditional IRA	44	42	45
Roth IRA	22	21	22
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	13	14	17
Used Internet in 2001 to:³			
Check stock prices	55	30	48
Send email to a professional financial adviser or broker	18	11	16
Seek specific investment recommendations	19	9	16
Access a brokerage account to get information	42	24	35
Ethnic background:³			
Caucasian	91	88	93
African-American	4	6	3
Asian	2	2	2
Hispanic	4	4	4

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 78

Equity Ownership Characteristics by Gender of Decisionmaker

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
Median			
Household financial assets in equities	\$51,000	\$40,000	\$50,000
Number of equities owned	5	4	4
Percent of Equity-Ownning Households			
Own:			
Individual stock (net) ¹	58	46	46
Inside employer-sponsored retirement plans	17	11	19
Outside employer-sponsored retirement plans	50	40	37
Stock mutual funds (net) ¹	87	91	90
Inside employer-sponsored retirement plans	61	59	70
Outside employer-sponsored retirement plans	57	60	54
Conducted equity transaction(s) during 2001	48	36	39
Year of first equity purchase:			
Before 1990	47	42	45
1990 to 1995	25	25	26
1996 to 1998	15	17	16
1999 or later	13	16	13
Source of first equity purchase:			
Inside employer-sponsored retirement plan	41	43	54
Outside employer-sponsored retirement plan	49	52	38
Both inside and outside employer-sponsored retirement plan in same year	9	6	8
Type of equity first purchased:			
Individual stock only	26	21	21
Stock mutual funds only	59	68	69
Both individual stock and stock mutual funds	15	11	10
Willing to take:			
Substantial risk for substantial gain	11	6	8
Above-average risk for above-average gain	30	20	22
Average risk for average gain	44	51	53
Below-average risk for below-average gain	9	11	9
Unwilling to take any risk	6	12	8
Primary financial goal:			
Retirement	62	60	69
Education	6	8	12
Other	32	32	19
Agree: ¹			
I am not concerned about short-term fluctuations in my investments	78	76	78
I tend to rely on advice from a professional financial adviser when making investment decisions	51	67	59

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 79

Characteristics of Equity Investors by Household Income

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
Median			
Age ¹	46 years	44 years	47 years
Household income	\$34,000	\$70,000	\$125,000
Household financial assets ²	\$37,500	\$100,000	\$421,500
Percent of Equity-Ownning Households			
Married or living with a partner ¹	48	78	83
College or postgraduate degree ¹	32	53	66
Completed graduate school ¹	10	17	31
Employed ¹	70	84	84
Retired from lifetime occupation ¹	27	15	16
Non-equity investments held: ³			
Savings accounts, money market deposit accounts, or certificates of deposit	78	89	87
Bond investments (net) ³	26	35	43
Individual bonds (excluding U.S. savings bonds)	13	15	21
Bond mutual funds	17	25	31
Fixed or variable annuities	21	23	24
Hybrid mutual funds	43	51	61
Money market mutual funds	25	33	44
Investment real estate	17	22	40
Participate in or covered by defined benefit or defined contribution retirement plan (net) ³			
Defined benefit plan	32	42	46
Defined contribution plan (net) ³	62	79	76
401(k) plan	48	64	64
403(b) plan	11	14	14
State, local, or federal government plan	17	21	19
Have IRA (net) ³			
Traditional IRA	32	42	60
Roth IRA	15	23	29
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	10	16	21
Used Internet in 2001 to: ³			
Check stock prices	29	54	64
Send email to a professional financial adviser or broker	10	15	26
Seek specific investment recommendations	9	17	23
Access a brokerage account to get information	19	38	51
Ethnic background: ³			
Caucasian	91	91	91
African-American	4	5	2
Asian	2	1	4
Hispanic	4	4	4

¹Refers to the household's responding financial decisionmaker for investments.

²Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³Multiple responses included.

Note: Number of respondents varies.

FIGURE 80

Equity Ownership Characteristics by Household Income

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
Median			
Household financial assets in equities	\$25,000	\$42,100	\$150,000
Number of equities owned	3	5	8
Percent of Equity-Ownning Households			
Own:			
Individual stock (net) ¹	39	48	64
Inside employer-sponsored retirement plans	11	18	22
Outside employer-sponsored retirement plans	31	40	57
Stock mutual funds (net) ¹	88	90	91
Inside employer-sponsored retirement plans	57	73	73
Outside employer-sponsored retirement plans	50	50	67
Conducted equity transaction(s) during 2001	27	39	58
Year of first equity purchase:			
Before 1990	32	41	61
1990 to 1995	27	28	20
1996 to 1998	19	18	12
1999 or later	22	13	7
Source of first equity purchase:			
Inside employer-sponsored retirement plan	52	55	41
Outside employer-sponsored retirement plan	43	37	50
Both inside and outside employer-sponsored retirement plan in same year	5	8	9
Type of equity first purchased:			
Individual stock only	21	22	26
Stock mutual funds only	69	68	61
Both individual stock and stock mutual funds	11	10	13
Willing to take:			
Substantial risk for substantial gain	10	9	11
Above-average risk for above-average gain	16	29	31
Average risk for average gain	51	49	49
Below-average risk for below-average gain	12	8	7
Unwilling to take any risk	11	5	2
Primary financial goal:			
Retirement	56	72	69
Education	11	9	10
Other	33	19	21
Agree:¹			
I am not concerned about short-term fluctuations in my investments	73	80	82
I tend to rely on advice from a professional financial adviser when making investment decisions	65	54	53

¹Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 81

Characteristics of Equity Investors by Household Financial Assets

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 to \$499,999	\$500,000 or More
Median				
Age ¹	34 years	40 years	46 years	55 years
Household income	\$40,000	\$60,000	\$70,000	\$104,200
Household financial assets ²	\$10,000	\$50,000	\$200,000	\$900,000
Percent of Equity-Ownning Households				
Married or living with a partner ¹	65	63	69	80
College or postgraduate degree ¹	37	47	51	71
Completed graduate school ¹	11	15	19	37
Employed ¹	87	89	81	66
Retired from lifetime occupation ¹	7	10	18	41
Non-equity investments held:³				
Savings accounts, money market deposit accounts, or certificates of deposit	81	84	84	88
Bond investments (net) ³	14	26	38	53
Individual bonds (excluding U.S. savings bonds)	6	11	16	31
Bond mutual funds	10	18	28	37
Fixed or variable annuities	12	17	25	34
Hybrid mutual funds	36	48	57	63
Money market mutual funds	16	25	36	51
Investment real estate	7	16	29	47
Participate in or covered by defined benefit or defined contribution retirement plan (net)³				
Defined benefit pension plan	22	36	48	47
Defined contribution plan (net) ³	72	81	77	61
401(k) plan	62	66	65	46
403(b) plan	11	14	12	11
State, local, or federal government plan	14	21	20	17
Have IRA (net)³				
Traditional IRA	17	30	49	68
Roth IRA	18	22	25	21
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	13	12	18	15
Used Internet in 2001 to:³				
Check stock prices	41	46	54	61
Send email to a professional financial adviser or broker	10	11	18	27
Seek specific investment recommendations	14	15	17	23
Access a brokerage account to get information	33	34	40	46
Ethnic background:³				
Caucasian	88	87	92	96
African-American	5	6	4	1
Asian	3	3	2	2
Hispanic	6	6	4	3

¹Refers to the household's responding financial decisionmaker for investments.

²Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³Multiple responses included.

Note: Number of respondents varies.

FIGURE 82

Equity Ownership Characteristics by Household Financial Assets

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 to \$499,999	\$500,000 or More
Median				
Household financial assets in equities	\$6,000	\$25,000	\$100,000	\$497,200
Number of equities owned	3	4	6	11
Percent of Equity-Ownng Households				
Own:				
Individual stock (net) ¹	33	38	53	73
Inside employer-sponsored retirement plans	10	15	20	21
Outside employer-sponsored retirement plans	25	31	44	67
Stock mutual funds (net) ¹	89	88	92	90
Inside employer-sponsored retirement plans	68	76	72	58
Outside employer-sponsored retirement plans	38	39	60	71
Conducted equity transaction(s) during 2001	20	33	44	60
Year of first equity purchase:				
Before 1990	12	27	55	78
1990 to 1995	20	33	25	12
1996 to 1998	25	27	12	9
1999 or later	43	13	8	1
Source of first equity purchase:				
Inside employer-sponsored retirement plan	63	60	49	30
Outside employer-sponsored retirement plan	31	33	41	64
Both inside and outside employer-sponsored retirement plan in same year	6	7	10	6
Type of equity first purchased:				
Individual stock only	17	19	21	31
Stock mutual funds only	74	72	67	51
Both individual stock and stock mutual funds	9	9	12	18
Willing to take:				
Substantial risk for substantial gain	11	10	8	10
Above-average risk for above-average gain	25	29	27	29
Average risk for average gain	45	47	51	50
Below-average risk for below-average gain	11	7	9	8
Unwilling to take any risk	8	7	5	3
Primary financial goal:				
Retirement	63	72	68	64
Education	12	9	10	8
Other	25	19	22	28
Agree: ¹				
I am not concerned about short-term fluctuations in my investments	77	77	80	80
I tend to rely on advice from a professional financial adviser when making investment decisions	54	54	57	56

¹Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 83

Characteristics of Equity Investors by Generation

	Generation X <i>(born in 1965 or later)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent or GI Generation <i>(born in 1945 or earlier)</i>
Median			
Age ¹	30 years	46 years	65 years
Household income	\$60,000	\$70,000	\$50,000
Household financial assets ²	\$35,000	\$125,000	\$350,000
Percent of Equity-Ownning Households			
Married or living with a partner ¹	66	76	66
College or postgraduate degree ¹	52	49	48
Completed graduate school ¹	16	17	20
Employed ¹	93	91	38
Retired from lifetime occupation ¹	1	7	66
Non-equity investments held:³			
Savings accounts, money market deposit accounts, or certificates of deposit	88	85	85
Bond investments (net) ³	28	33	46
Individual bonds (excluding U.S. savings bonds)	13	15	25
Bond mutual funds	19	25	33
Fixed or variable annuities	13	23	33
Hybrid mutual funds	45	53	55
Money market mutual funds	27	35	40
Investment real estate	14	26	32
Participate in or covered by defined benefit or defined contribution retirement plan (net)³			
Defined benefit plan	28	41	44
Defined contribution plan (net) ³	78	81	45
401(k) plan	66	68	32
403(b) plan	14	14	6
State, local, or federal government plan	19	20	14
Have IRA (net)³			
Traditional IRA	26	46	58
Roth IRA	28	23	12
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	15	18	10
Used Internet in 2001 to:³			
Check stock prices	51	50	35
Send email to a professional financial adviser or broker	16	17	13
Seek specific investment recommendations	16	17	10
Access a brokerage account to get information	40	37	26
Ethnic background:³			
Caucasian	87	91	97
African-American	6	4	2
Asian	3	2	1
Hispanic	7	4	2

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 84

Equity Ownership Characteristics by Generation

	Generation X <i>(born in 1965 or later)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent or GI Generation <i>(born in 1945 or earlier)</i>
Median			
Household financial assets in equities	\$25,000	\$51,000	\$69,600
Number of equities owned	3	5	5
Percent of Equity-Ownning Households			
Own:			
Individual stock (net) ¹	43	49	54
Inside employer-sponsored retirement plans	18	20	11
Outside employer-sponsored retirement plans	34	41	48
Stock mutual funds (net) ¹	86	92	88
Inside employer-sponsored retirement plans	69	76	43
Outside employer-sponsored retirement plans	48	53	68
Conducted equity transaction(s) during 2001	35	43	40
Year of first equity purchase:			
Before 1990	8	54	67
1990 to 1995	36	24	18
1996 to 1998	28	13	8
1999 or later	28	9	7
Source of first equity purchase:			
Inside employer-sponsored retirement plan	54	55	29
Outside employer-sponsored retirement plan	36	37	66
Both inside and outside employer-sponsored retirement plan in same year	10	8	5
Type of equity first purchased:			
Individual stock only	21	21	27
Stock mutual funds only	69	68	58
Both individual stock and stock mutual funds	10	11	15
Willing to take:			
Substantial risk for substantial gain	12	8	6
Above-average risk for above-average gain	31	27	12
Average risk for average gain	42	52	55
Below-average risk for below-average gain	9	7	15
Unwilling to take any risk	6	6	12
Primary financial goal:			
Retirement	60	74	54
Education	14	12	2
Other	26	14	44
Agree: ¹			
I am not concerned about short-term fluctuations in my investments	82	78	73
I tend to rely on advice from a professional financial adviser when making investment decisions	56	57	64

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 85

Characteristics of Equity Investors by Census Region

	Northeast	Midwest	South	West
Median				
Age ¹	47 years	46 years	48 years	46 years
Household income	\$68,700	\$62,500	\$62,500	\$62,500
Household financial assets ²	\$128,400	\$103,700	\$95,000	\$79,100
Percent of Equity-Ownning Households				
Married or living with a partner ¹	70	75	71	64
College or postgraduate degree ¹	52	45	48	55
Completed graduate school ¹	18	15	18	20
Employed ¹	78	80	74	77
Retired from lifetime occupation ¹	20	20	25	23
Non-equity investments held:³				
Savings accounts, money market deposit accounts, or certificates of deposit	86	85	85	88
Bond investments (net) ³	39	37	33	37
Individual bonds (excluding U.S. savings bonds)	21	15	16	20
Bond mutual funds	27	27	23	26
Fixed or variable annuities	26	25	23	19
Hybrid mutual funds	51	55	50	53
Money market mutual funds	36	33	33	38
Investment real estate	23	25	26	24
Participate in or covered by defined benefit or defined contribution retirement plan (net)³				
Defined benefit plan	42	40	34	38
Defined contribution plan (net) ³	69	75	67	68
401(k) plan	58	61	55	54
403(b) plan	12	14	11	11
State, local, or federal government plan	14	20	17	20
Have IRA (net)³				
Traditional IRA	45	45	43	44
Roth IRA	19	25	19	22
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	14	16	15	16
Used Internet in 2001 to:³				
Check stock prices	44	43	48	50
Send email to a professional financial adviser or broker	15	12	16	19
Seek specific investment recommendations	13	14	16	18
Access a brokerage account to get information	34	32	34	40
Ethnic background:³				
Caucasian	92	95	89	90
African-American	5	2	7	2
Asian	1	2	1	4
Hispanic	2	2	4	8

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 86

Equity Ownership Characteristics by Census Region

	Northeast	Midwest	South	West
Median				
Household financial assets in equities	\$51,000	\$50,000	\$50,000	\$40,000
Number of equities owned	5	4	4	5
Percent of Equity-Ownng Households				
Own:				
Individual stock (net) ¹	52	45	49	50
Inside employer-sponsored retirement plans	16	17	18	16
Outside employer-sponsored retirement plans	45	37	42	41
Stock mutual funds (net) ¹	90	90	89	89
Inside employer-sponsored retirement plans	65	72	62	63
Outside employer-sponsored retirement plans	60	56	55	53
Conducted equity transaction(s) during 2001	41	37	41	44
Year of first equity purchase:				
Before 1990	47	45	45	44
1990 to 1995	25	28	28	21
1996 to 1998	15	15	14	19
1999 or later	13	12	13	16
Source of first equity purchase:				
Inside employer-sponsored retirement plan	42	52	49	49
Outside employer-sponsored retirement plan	48	39	44	44
Both inside and outside employer-sponsored retirement plan in same year	10	9	7	7
Type of equity first purchased:				
Individual stock only	24	21	22	22
Stock mutual funds only	65	69	65	65
Both individual stock and stock mutual funds	11	10	13	13
Willing to take:				
Substantial risk for substantial gain	8	8	8	9
Above-average risk for above-average gain	25	25	21	25
Average risk for average gain	47	52	50	52
Below-average risk for below-average gain	10	9	11	8
Unwilling to take any risk	10	6	10	6
Primary financial goal:				
Retirement	63	71	63	65
Education	13	9	9	9
Other	24	20	28	26
Agree:¹				
I am not concerned about short-term fluctuations in my investments	76	82	75	77
I tend to rely on advice from a professional financial adviser when making investment decisions	55	61	59	57

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

Appendix D:

Detailed Tabulations for Individual Stock Shareholders by Key Demographic Variables

FIGURE 87

Characteristics of Individual Stock Shareholders by Gender of Decisionmaker

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
Median			
Age ¹	48 years	51 years	47 years
Household income	\$65,000	\$54,700	\$80,000
Household financial assets ²	\$180,000	\$134,700	\$198,000
Percent of Individual Stock-Owning Households			
Married or living with a partner ¹	48	31	96
College or postgraduate degree ¹	58	58	57
Completed graduate school ¹	22	25	20
Employed ¹	75	67	77
Retired from lifetime occupation ¹	30	28	22
Non-equity investments held: ³			
Savings accounts, money market deposit accounts, or certificates of deposit	83	86	88
Bond investments (net) ³	38	31	41
Individual bonds (excluding U.S. savings bonds)	22	16	22
Bond mutual funds	26	20	28
Fixed or variable annuities	21	25	24
Hybrid mutual funds	49	51	55
Money market mutual funds	40	40	42
Investment real estate	30	25	29
Participate in or covered by defined benefit or defined contribution retirement plan (net) ³			
Defined benefit plan	39	39	42
Defined contribution plan (net) ³	57	60	76
401(k) plan	47	46	64
403(b) plan	9	7	12
State, local, or federal government plan	14	18	17
Have IRA (net) ³			
Traditional IRA	50	44	56
Roth IRA	23	26	23
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	13	14	16
Used Internet in 2001 to: ³			
Check stock prices	63	48	63
Send email to a professional financial adviser or broker	20	16	22
Seek specific investment recommendations	22	15	21
Access a brokerage account to get information	50	34	43
Ethnic background: ³			
Caucasian	94	94	94
African-American	2	5	2
Asian	2	1	2
Hispanic	2	2	4

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 88

Individual Stock Ownership Characteristics by Gender of Decisionmaker

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
Median			
Household financial assets in individual stocks	\$25,000	\$25,000	\$25,000
Number of individual stocks owned	5	3	3
Percent of Individual Stock-Owning Households			
Own:			
Individual stock (net) ¹	100	100	100
Inside employer-sponsored retirement plans	29	25	43
Outside employer-sponsored retirement plans	89	90	85
Stock mutual funds (net) ¹	78	79	77
Inside employer-sponsored retirement plans	52	51	60
Outside employer-sponsored retirement plans	58	63	59
Conducted individual stock transaction(s) during 2001	50	39	46
Year of first individual stock purchase:			
Before 1990	45	42	47
1990 to 1995	20	23	20
1996 to 1998	16	20	19
1999 or later	19	15	14
Source of first individual stock purchase:			
Inside employer-sponsored retirement plan	18	22	33
Outside employer-sponsored retirement plan	76	78	62
Both inside and outside employer-sponsored retirement plan in same year	6	0	5
Type of equity first purchased:			
Individual stock only	45	46	48
Stock mutual funds only	29	30	28
Both individual stock and stock mutual funds	26	24	24
Willing to take:			
Substantial risk for substantial gain	11	5	8
Above-average risk for above-average gain	30	28	23
Average risk for average gain	44	48	55
Below-average risk for below-average gain	9	8	7
Unwilling to take any risk	6	11	7
Primary financial goal:			
Retirement	58	59	61
Education	6	8	15
Other	36	33	24
Agree:¹			
I am not concerned about short-term fluctuations in my investments	75	77	79
I tend to rely on advice from a professional financial adviser when making investment decisions	45	63	53

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 89

Characteristics of Individual Stock Shareholders by Household Income

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
Median			
Age ¹	50 years	44 years	48 years
Household income	\$32,000	\$70,000	\$130,000
Household financial assets ²	\$56,500	\$105,000	\$520,000
Percent of Individual Stock-Owning Households			
Married or living with a partner ¹	42	76	84
College or postgraduate degree ¹	34	60	73
Completed graduate school ¹	13	20	37
Employed ¹	61	80	84
Retired from lifetime occupation ¹	37	19	20
Non-equity investments held: ³			
Savings accounts, money market deposit accounts, or certificates of deposit	73	90	86
Bond investments (net) ³	28	36	45
Individual bonds (excluding U.S. savings bonds)	16	16	25
Bond mutual funds	18	24	33
Fixed or variable annuities	17	21	25
Hybrid mutual funds	43	50	61
Money market mutual funds	29	35	50
Investment real estate	21	21	43
Participate in or covered by defined benefit or defined contribution retirement plan (net) ³			
Defined benefit plan	38	42	46
Defined contribution plan (net) ³	54	75	74
401(k) plan	38	63	63
403(b) plan	8	11	12
State, local, or federal government plan	18	17	17
Have IRA (net) ³	42	62	77
Traditional IRA	35	51	65
Roth IRA	11	25	32
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	7	14	22
Used Internet in 2001 to: ³			
Check stock prices	42	66	77
Send email to a professional financial adviser or broker	13	17	32
Seek specific investment recommendations	14	21	29
Access a brokerage account to get information	26	45	59
Ethnic background: ³			
Caucasian	95	94	92
African-American	3	4	1
Asian	2	1	4
Hispanic	2	4	3

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 90

Individual Stock Ownership Characteristics by Household Income

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
Median			
Household financial assets in individual stocks	\$25,000	\$25,000	\$63,600
Number of individual stocks owned	2	3	5
Percent of Individual Stock-Owning Households			
Own:			
Individual stock (net) ¹	100	100	100
Inside employer-sponsored retirement plans	31	38	34
Outside employer-sponsored retirement plans	83	86	91
Stock mutual funds (net) ¹	67	78	85
Inside employer-sponsored retirement plans	34	62	68
Outside employer-sponsored retirement plans	53	53	71
Conducted individual stock transaction(s) during 2001	29	46	59
Year of first individual stock purchase:			
Before 1990	38	39	53
1990 to 1995	19	23	21
1996 to 1998	20	19	17
1999 or later	23	19	9
Source of first individual stock purchase:			
Inside employer-sponsored retirement plan	30	28	21
Outside employer-sponsored retirement plan	68	66	77
Both inside and outside employer-sponsored retirement plan in same year	2	6	3
Type of equity first purchased:			
Individual stock only	55	47	41
Stock mutual funds only	16	30	38
Both individual stock and stock mutual funds	29	23	21
Willing to take:			
Substantial risk for substantial gain	11	8	11
Above-average risk for above-average gain	14	30	37
Average risk for average gain	49	54	44
Below-average risk for below-average gain	12	4	6
Unwilling to take any risk	14	4	2
Primary financial goal:			
Retirement	46	66	66
Education	10	11	13
Other	44	23	21
Agree: ¹			
I am not concerned about short-term fluctuations in my investments	75	81	81
I tend to rely on advice from a professional financial adviser when making investment decisions	61	47	48

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 91

Characteristics of Individual Stock Shareholders by Household Financial Assets

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 to \$499,999	\$500,000 or More
Median				
Age ¹	36 years	39 years	46 years	55 years
Household income	\$45,000	\$63,800	\$75,100	\$125,000
Household financial assets ²	\$10,000	\$48,000	\$212,600	\$1,000,000
Percent of Individual Stock-Owning Households				
Married or living with a partner ¹	67	60	71	81
College or postgraduate degree ¹	40	50	59	77
Completed graduate school ¹	15	14	24	43
Employed ¹	88	91	79	67
Retired from lifetime occupation ¹	7	9	18	43
Non-equity investments held: ³				
Savings accounts, money market deposit accounts, or certificates of deposit	80	84	82	88
Bond investments (net) ³	10	19	40	51
Individual bonds (excluding U.S. savings bonds)	8	8	19	33
Bond mutual funds	6	13	29	36
Fixed or variable annuities	9	9	23	33
Hybrid mutual funds	32	47	57	65
Money market mutual funds	21	28	39	52
Investment real estate	8	15	31	49
Participate in or covered by defined benefit or defined contribution retirement plan (net) ³				
Defined benefit plan	27	41	48	47
Defined contribution plan (net) ³	64	80	78	63
401(k) plan	55	67	66	49
403(b) plan	5	11	10	13
State, local, or federal government plan	13	14	21	16
Have IRA (net) ³				
Traditional IRA	22	37	55	72
Roth IRA	18	27	24	24
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	9	12	19	15
Used Internet in 2001 to: ³				
Check stock prices	72	63	66	68
Send email to a professional financial adviser or broker	18	16	22	31
Seek specific investment recommendations	19	22	22	27
Access a brokerage account to get information	49	44	49	52
Ethnic background: ³				
Caucasian	95	92	94	94
African-American	4	5	3	1
Asian	2	1	2	2
Hispanic	4	2	5	3

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 92

Individual Stock Ownership Characteristics by Household Financial Assets

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 to \$499,999	\$500,000 or More
Median				
Household financial assets in individual stocks	\$3,800	\$13,000	\$35,000	\$200,000
Number of individual stocks owned	2	2	3	8
Percent of Individual Stock-Owning Households				
Own:				
Individual stock (net) ¹	100	100	100	100
Inside employer-sponsored retirement plans	32	40	38	29
Outside employer-sponsored retirement plans	78	83	85	93
Stock mutual funds (net) ¹	65	69	85	85
Inside employer-sponsored retirement plans	36	59	69	55
Outside employer-sponsored retirement plans	46	38	62	72
Conducted individual stock transaction(s) during 2001	24	45	44	62
Year of first individual stock purchase:				
Before 1990	18	22	41	70
1990 to 1995	11	22	24	19
1996 to 1998	31	31	19	6
1999 or later	40	25	16	5
Source of first individual stock purchase:				
Inside employer-sponsored retirement plan	30	32	30	17
Outside employer-sponsored retirement plan	70	60	63	81
Both inside and outside employer-sponsored retirement plan in same year	0	8	7	2
Type of equity first purchased:				
Individual stock only	54	47	40	44
Stock mutual funds only	16	30	38	31
Both individual stock and stock mutual funds	30	23	22	25
Willing to take:				
Substantial risk for substantial gain	14	9	9	11
Above-average risk for above-average gain	29	31	29	31
Average risk for average gain	45	49	49	49
Below-average risk for below-average gain	9	6	9	5
Unwilling to take any risk	3	5	4	4
Primary financial goal:				
Retirement	48	70	65	64
Education	10	11	12	10
Other	42	19	23	26
Agree: ¹				
I am not concerned about short-term fluctuations in my investments	75	80	78	81
I tend to rely on advice from a professional financial adviser when making investment decisions	45	41	49	52

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2-3 for transaction definitions.

FIGURE 93

Characteristics of Individual Stock Shareholders by Generation

	Generation X <i>(born in 1965 or later)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent or GI Generation <i>(born in 1945 or earlier)</i>
Median			
Age ¹	30 years	46 years	67 years
Household income	\$70,000	\$80,000	\$62,400
Household financial assets ²	\$46,000	\$187,500	\$500,000
Percent of Individual Stock-Owning Households			
Married or living with a partner ¹	65	76	66
College or postgraduate degree ¹	60	57	55
Completed graduate school ¹	21	21	23
Employed ¹	94	90	36
Retired from lifetime occupation ¹	1	10	68
Non-equity investments held: ³			
Savings accounts, money market deposit accounts, or certificates of deposit	90	85	86
Bond investments (net) ³	28	35	49
Individual bonds (excluding U.S. savings bonds)	14	18	31
Bond mutual funds	19	26	31
Fixed or variable annuities	13	20	34
Hybrid mutual funds	45	56	52
Money market mutual funds	34	40	46
Investment real estate	17	30	36
Participate in or covered by defined benefit or defined contribution retirement plan (net) ³			
Defined benefit plan	31	41	49
Defined contribution plan (net) ³	75	79	44
401(k) plan	66	68	29
403(b) plan	11	12	6
State, local, or federal government plan	15	19	14
Have IRA (net) ³			
Traditional IRA	29	56	62
Roth IRA	30	28	12
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	13	19	9
Used Internet in 2001 to: ³			
Check stock prices	71	66	44
Send email to a professional financial adviser or broker	23	22	16
Seek specific investment recommendations	24	23	13
Access a brokerage account to get information	53	47	31
Ethnic background: ³			
Caucasian	89	94	98
African-American	4	3	1
Asian	3	2	0
Hispanic	5	4	2

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 94

Individual Stock Ownership Characteristics by Generation

	Generation X <i>(born in 1965 or later)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent or GI Generation <i>(born in 1945 or earlier)</i>
Median			
Household financial assets in individual stocks	\$22,200	\$25,000	\$56,200
Number of individual stocks owned	3	3	5
Percent of Individual Stock-Owning Households			
Own:			
Individual stock (net) ¹	100	100	100
Inside employer-sponsored retirement plans	44	41	22
Outside employer-sponsored retirement plans	82	85	92
Stock mutual funds (net) ¹	66	82	77
Inside employer-sponsored retirement plans	53	69	36
Outside employer-sponsored retirement plans	47	60	67
Conducted individual stock transaction(s) during 2001	41	48	46
Year of first individual stock purchase:			
Before 1990	10	46	73
1990 to 1995	27	21	14
1996 to 1998	38	17	6
1999 or later	25	16	7
Source of first individual stock purchase:			
Inside employer-sponsored retirement plan	30	33	14
Outside employer-sponsored retirement plan	64	61	85
Both inside and outside employer-sponsored retirement plan in same year	6	6	2
Type of equity first purchased:			
Individual stock only	50	44	52
Stock mutual funds only	27	34	18
Both individual stock and stock mutual funds	24	22	30
Willing to take:			
Substantial risk for substantial gain	13	8	6
Above-average risk for above-average gain	32	29	16
Average risk for average gain	42	53	52
Below-average risk for below-average gain	9	4	13
Unwilling to take any risk	4	6	13
Primary financial goal:			
Retirement	47	70	51
Education	17	14	2
Other	36	16	47
Agree:¹			
I am not concerned about short-term fluctuations in my investments	81	80	74
I tend to rely on advice from a professional financial adviser when making investment decisions	47	52	57

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 95

Characteristics of Individual Stock Shareholders by Census Region

	Northeast	Midwest	South	West
Median				
Age ¹	48 years	46 years	50 years	46 years
Household income	\$80,000	\$75,000	\$68,600	\$70,000
Household financial assets ²	\$215,000	\$200,000	\$166,600	\$112,500
Percent of Individual Stock-Owning Households				
Married or living with a partner ¹	71	76	69	65
College or postgraduate degree ¹	60	52	57	62
Completed graduate school ¹	20	21	22	21
Employed ¹	77	78	69	76
Retired from lifetime occupation ¹	23	22	31	23
Non-equity investments held: ³				
Savings accounts, money market deposit accounts, or certificates of deposit	86	86	85	88
Bond investments (net) ³	42	37	38	37
Individual bonds (excluding U.S. savings bonds)	26	17	22	21
Bond mutual funds	28	25	26	26
Fixed or variable annuities	29	25	21	19
Hybrid mutual funds	55	54	52	50
Money market mutual funds	43	39	40	45
Investment real estate	28	29	29	29
Participate in or covered by defined benefit or defined contribution retirement plan (net) ³				
Defined benefit plan	47	42	35	42
Defined contribution plan (net) ³	68	73	66	65
401(k) plan	56	60	53	55
403(b) plan	8	12	11	9
State, local, or federal government plan	16	18	14	19
Have IRA (net) ³				
Traditional IRA	54	53	51	53
Roth IRA	22	28	21	24
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	12	15	16	16
Used Internet in 2001 to: ³				
Check stock prices	61	56	60	65
Send email to a professional financial adviser or broker	20	17	20	25
Seek specific investment recommendations	18	18	20	26
Access a brokerage account to get information	44	37	43	51
Ethnic background: ³				
Caucasian	95	97	92	92
African-American	3	1	6	1
Asian	1	2	1	5
Hispanic	2	3	3	4

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 96

Individual Stock Ownership Characteristics by Census Region

	Northeast	Midwest	South	West
Median				
Household financial assets in individual stocks	\$25,000	\$25,000	\$29,900	\$25,000
Number of individual stocks owned	4	3	4	4
Percent of Individual Stock-Owning Households				
Own:				
Individual stock (net) ¹	100	100	100	100
Inside employer-sponsored retirement plans	32	38	38	34
Outside employer-sponsored retirement plans	89	85	87	85
Stock mutual funds (net) ¹	80	78	76	76
Inside employer-sponsored retirement plans	57	63	51	55
Outside employer-sponsored retirement plans	67	60	57	55
Conducted individual stock transaction(s) during 2001	47	39	48	50
Year of first individual stock purchase:				
Before 1990	48	46	47	41
1990 to 1995	21	23	20	16
1996 to 1998	15	15	18	25
1999 or later	16	16	15	18
Source of first individual stock purchase:				
Inside employer-sponsored retirement plan	21	29	27	28
Outside employer-sponsored retirement plan	73	66	67	70
Both inside and outside employer-sponsored retirement plan in same year	6	5	6	2
Type of equity first purchased:				
Individual stock only	46	50	46	45
Stock mutual funds only	32	27	27	29
Both individual stock and stock mutual funds	22	23	27	26
Willing to take:				
Substantial risk for substantial gain	9	8	8	8
Above-average risk for above-average gain	27	27	22	31
Average risk for average gain	49	51	51	51
Below-average risk for below-average gain	8	7	11	4
Unwilling to take any risk	7	7	8	6
Primary financial goal:				
Retirement	60	64	57	58
Education	12	13	11	9
Other	28	23	32	33
Agree:¹				
I am not concerned about short-term fluctuations in my investments	72	83	76	79
I tend to rely on advice from a professional financial adviser when making investment decisions	49	59	52	49

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

Appendix E:

Detailed Tabulations for Stock Mutual Fund Shareholders by Key Demographic Variables

FIGURE 97

Characteristics of Stock Mutual Fund Shareholders by Gender of Decisionmaker

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
Median			
Age ¹	48 years	52 years	45 years
Household income	\$60,000	\$43,600	\$75,000
Household financial assets ²	\$147,500	\$80,000	\$100,000
Percent of Stock Mutual Fund-Owning Households			
Married or living with a partner ¹	48	29	95
College or postgraduate degree ¹	56	50	49
Completed graduate school ¹	21	19	17
Employed ¹	78	71	79
Retired from lifetime occupation ¹	26	25	18
Non-equity investments held: ³			
Savings accounts, money market deposit accounts, or certificates of deposit	81	87	87
Bond investments (net) ³	38	33	38
Individual bonds (excluding U.S. savings bonds)	19	14	18
Bond mutual funds	30	24	28
Fixed or variable annuities	22	27	24
Hybrid mutual funds	54	60	55
Money market mutual funds	37	38	36
Investment real estate	26	20	25
Participate in or covered by defined benefit or defined contribution retirement plan (net) ³			
Defined benefit plan	35	33	41
Defined contribution plan (net) ³	63	60	79
401(k) plan	52	45	66
403(b) plan	9	11	15
State, local, or federal government plan	14	20	20
Have IRA (net) ³			
Traditional IRA	47	44	47
Roth IRA	22	22	23
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	13	13	17
Used Internet in 2001 to: ³			
Check stock prices	55	30	47
Send email to a professional financial adviser or broker	18	12	16
Seek specific investment recommendations	18	9	16
Access a brokerage account to get information	43	26	36
Ethnic background: ³			
Caucasian	91	88	93
African-American	4	6	3
Asian	2	3	1
Hispanic	4	4	5

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 98

Stock Mutual Fund Ownership Characteristics by Gender of Decisionmaker

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
Median			
Household financial assets in stock mutual funds	\$42,900	\$26,000	\$37,500
Number of stock mutual funds owned	4	3	4
Percent of Stock Mutual Fund-Owning Households			
Own:			
Individual stock (net) ¹	52	40	39
Inside employer-sponsored retirement plans	14	8	15
Outside employer-sponsored retirement plans	46	36	34
Stock mutual funds (net) ¹	100	100	100
Inside employer-sponsored retirement plans	70	65	78
Outside employer-sponsored retirement plans	66	66	61
Conducted stock mutual fund transaction(s) during 2001	37	29	30
Year of first stock mutual fund purchase:			
Before 1990	44	39	43
1990 to 1995	27	27	29
1996 to 1998	16	16	15
1999 or later	13	18	13
Source of first stock mutual fund purchase:			
Inside employer-sponsored retirement plan	52	48	61
Outside employer-sponsored retirement plan	40	45	32
Both inside and outside employer-sponsored retirement plan in same year	8	7	7
Type of equity first purchased:			
Individual stock only	14	12	12
Stock mutual funds only	69	76	77
Both individual stock and stock mutual funds	17	12	12
Willing to take:			
Substantial risk for substantial gain	11	6	8
Above-average risk for above-average gain	30	19	23
Average risk for average gain	45	51	53
Below-average risk for below-average gain	9	12	9
Unwilling to take any risk	5	12	7
Primary financial goal:			
Retirement	65	60	71
Education	5	8	11
Other	30	32	18
Agree:¹			
I am not concerned about short-term fluctuations in my investments	79	76	78
I tend to rely on advice from a professional financial adviser when making investment decisions	53	68	59

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 99

Characteristics of Stock Mutual Fund Shareholders by Household Income

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
Median			
Age ¹	46 years	44 years	47 years
Household income	\$35,000	\$70,000	\$125,000
Household financial assets ²	\$35,900	\$100,000	\$405,000
Percent of Stock Mutual Fund-Owning Households			
Married or living with a partner ¹	48	78	83
College or postgraduate degree ¹	33	54	68
Completed graduate school ¹	10	18	32
Employed ¹	70	84	85
Retired from lifetime occupation ¹	27	14	15
Non-equity investments held: ³			
Savings accounts, money market deposit accounts, or certificates of deposit	78	89	87
Bond investments (net) ³	26	36	43
Individual bonds (excluding U.S. savings bonds)	12	15	19
Bond mutual funds	18	28	33
Fixed or variable annuities	23	23	24
Hybrid mutual funds	48	54	64
Money market mutual funds	26	35	47
Investment real estate	16	21	39
Participate in or covered by defined benefit or defined contribution retirement plan (net) ³	75	88	84
Defined benefit plan	32	42	47
Defined contribution plan (net) ³	63	81	78
401(k) plan	49	65	66
403(b) plan	11	15	14
State, local, or federal government plan	17	23	20
Have IRA (net) ³	46	59	74
Traditional IRA	34	42	62
Roth IRA	16	24	30
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	10	16	21
Used Internet in 2001 to: ³			
Check stock prices	27	52	63
Send email to a professional financial adviser or broker	10	15	26
Seek specific investment recommendations	8	17	23
Access a brokerage account to get information	19	39	51
Ethnic background: ³			
Caucasian	90	91	92
African-American	5	5	2
Asian	2	1	4
Hispanic	5	5	5

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 100

Stock Mutual Fund Ownership Characteristics by Household Income

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
Median			
Household financial assets in stock mutual funds	\$25,000	\$37,000	\$120,000
Number of stock mutual funds owned	2	4	5
Percent of Stock Mutual Fund-Owning Households			
Own:			
Individual stock (net) ¹	29	41	60
Inside employer-sponsored retirement plans	7	13	20
Outside employer-sponsored retirement plans	25	37	55
Stock mutual funds (net) ¹	100	100	100
Inside employer-sponsored retirement plans	66	82	81
Outside employer-sponsored retirement plans	57	56	73
Conducted stock mutual fund transaction(s) during 2001	23	30	44
Year of first stock mutual fund purchase:			
Before 1990	31	38	54
1990 to 1995	28	30	24
1996 to 1998	18	17	14
1999 or later	23	15	8
Source of first stock mutual fund purchase:			
Inside employer-sponsored retirement plan	58	64	51
Outside employer-sponsored retirement plan	37	29	40
Both inside and outside employer-sponsored retirement plan in same year	5	7	9
Type of equity first purchased:			
Individual stock only	9	12	18
Stock mutual funds only	79	76	68
Both individual stock and stock mutual funds	12	12	15
Willing to take:			
Substantial risk for substantial gain	10	8	12
Above-average risk for above-average gain	16	29	31
Average risk for average gain	52	50	50
Below-average risk for below-average gain	12	9	6
Unwilling to take any risk	10	4	1
Primary financial goal:			
Retirement	60	74	70
Education	10	9	10
Other	30	17	20
Agree:¹			
I am not concerned about short-term fluctuations in my investments	74	80	83
I tend to rely on advice from a professional financial adviser when making investment decisions	67	55	53

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2-3 for transaction definitions.

FIGURE 101

Characteristics of Stock Mutual Fund Shareholders by Household Financial Assets

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 to \$499,999	\$500,000 or More
Median				
Age ¹	34 years	40 years	46 years	54 years
Household income	\$40,000	\$60,000	\$70,000	\$109,800
Household financial assets ²	\$10,000	\$50,100	\$205,000	\$899,500
Percent of Stock Mutual Fund-Ownning Households				
Married or living with a partner ¹	65	65	69	80
College or postgraduate degree ¹	37	49	53	73
Completed graduate school ¹	10	16	19	39
Employed ¹	86	89	81	68
Retired from lifetime occupation ¹	7	9	17	39
Non-equity investments held:³				
Savings accounts, money market deposit accounts, or certificates of deposit	80	85	85	87
Bond investments (net) ³	15	28	38	54
Individual bonds (excluding U.S. savings bonds)	6	12	16	30
Bond mutual funds	10	20	29	40
Fixed or variable annuities	13	17	26	35
Hybrid mutual funds	40	51	60	66
Money market mutual funds	16	26	39	55
Investment real estate	6	15	29	47
Participate in or covered by defined benefit or defined contribution retirement plan (net)³				
Defined benefit plan	19	38	49	47
Defined contribution plan (net) ³	72	83	78	64
401(k) plan	63	67	66	47
403(b) plan	11	15	12	11
State, local, or federal government plan	15	22	19	18
Have IRA (net)³				
Traditional IRA	18	29	52	69
Roth IRA	18	23	27	21
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	13	11	18	15
Used Internet in 2001 to:³				
Check stock prices	38	45	54	60
Send email to a professional financial adviser or broker	7	12	18	28
Seek specific investment recommendations	13	15	17	23
Access a brokerage account to get information	32	34	41	48
Ethnic background:³				
Caucasian	88	87	92	96
African-American	5	6	4	1
Asian	3	3	2	2
Hispanic	6	6	4	3

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 102

Stock Mutual Fund Ownership Characteristics by Household Financial Assets

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 to \$499,999	\$500,000 or More
Median				
Household financial assets in stock mutual funds	\$5,000	\$25,000	\$80,000	\$300,000
Number of stock mutual funds owned	2	3	5	6
Percent of Stock Mutual Fund-Owning Households				
Own:				
Individual stock (net) ¹	24	30	48	70
Inside employer-sponsored retirement plans	4	10	17	20
Outside employer-sponsored retirement plans	21	26	41	63
Stock mutual funds (net) ¹	100	100	100	100
Inside employer-sponsored retirement plans	77	86	79	65
Outside employer-sponsored retirement plans	43	45	65	80
Conducted stock mutual fund transaction(s) during 2001	17	27	34	41
Year of first stock mutual fund purchase:				
Before 1990	11	24	51	71
1990 to 1995	22	33	28	17
1996 to 1998	22	28	11	10
1999 or later	45	15	10	2
Source of first stock mutual fund purchase:				
Inside employer-sponsored retirement plan	68	69	56	42
Outside employer-sponsored retirement plan	25	27	35	52
Both inside and outside employer-sponsored retirement plan in same year	7	4	9	6
Type of equity first purchased:				
Individual stock only	6	7	13	22
Stock mutual funds only	83	83	74	57
Both individual stock and stock mutual funds	11	10	13	20
Willing to take:				
Substantial risk for substantial gain	11	10	8	11
Above-average risk for above-average gain	25	29	28	30
Average risk for average gain	44	48	52	49
Below-average risk for below-average gain	11	7	8	8
Unwilling to take any risk	9	6	4	2
Primary financial goal:				
Retirement	67	75	69	66
Education	12	9	10	9
Other	21	16	21	25
Agree: ¹				
I am not concerned about short-term fluctuations in my investments	79	77	80	80
I tend to rely on advice from a professional financial adviser when making investment decisions	55	56	58	56

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 103

Characteristics of Stock Mutual Fund Shareholders by Generation

	Generation X <i>(born in 1965 or later)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent or GI Generation <i>(born in 1945 or earlier)</i>
Median			
Age ¹	30 years	47 years	64 years
Household income	\$60,000	\$71,000	\$50,000
Household financial assets ²	\$35,000	\$127,500	\$303,300
Percent of Stock Mutual Fund-Owning Households			
Married or living with a partner ¹	67	77	65
College or postgraduate degree ¹	54	51	48
Completed graduate school ¹	16	18	20
Employed ¹	92	91	39
Retired from lifetime occupation ¹	2	7	65
Non-equity investments held: ³			
Savings accounts, money market deposit accounts, or certificates of deposit	87	85	84
Bond investments (net) ³	29	35	48
Individual bonds (excluding U.S. savings bonds)	13	15	25
Bond mutual funds	20	27	36
Fixed or variable annuities	13	23	35
Hybrid mutual funds	50	56	61
Money market mutual funds	29	36	43
Investment real estate	14	26	31
Participate in or covered by defined benefit or defined contribution retirement plan (net) ³			
Defined benefit plan	28	41	44
Defined contribution plan (net) ³	79	81	47
401(k) plan	67	68	34
403(b) plan	16	15	7
State, local, or federal government plan	20	20	15
Have IRA (net) ³	50	61	62
Traditional IRA	27	47	60
Roth IRA	29	24	13
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	15	18	11
Used Internet in 2001 to: ³			
Check stock prices	49	49	35
Send email to a professional financial adviser or broker	16	17	13
Seek specific investment recommendations	16	17	9
Access a brokerage account to get information	41	37	27
Ethnic background: ³			
Caucasian	87	92	97
African-American	7	4	2
Asian	3	2	1
Hispanic	8	4	2

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 104

Stock Mutual Fund Ownership Characteristics by Generation

	Generation X <i>(born in 1965 or later)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent or GI Generation <i>(born in 1945 or earlier)</i>
Median			
Household financial assets in stock mutual funds	\$25,000	\$45,000	\$51,000
Number of stock mutual funds owned	3	4	4
Percent of Stock Mutual Fund-Owning Households			
Own:			
Individual stock (net) ¹	33	44	47
Inside employer-sponsored retirement plans	12	16	10
Outside employer-sponsored retirement plans	28	38	42
Stock mutual funds (net) ¹	100	100	100
Inside employer-sponsored retirement plans	81	83	49
Outside employer-sponsored retirement plans	56	58	78
Conducted stock mutual fund transaction(s) during 2001	29	35	27
Year of first stock mutual fund purchase:			
Before 1990	7	50	63
1990 to 1995	37	27	21
1996 to 1998	27	13	9
1999 or later	29	10	7
Source of first stock mutual fund purchase:			
Inside employer-sponsored retirement plan	62	63	36
Outside employer-sponsored retirement plan	29	29	59
Both inside and outside employer-sponsored retirement plan in same year	9	8	5
Type of equity first purchased:			
Individual stock only	7	13	17
Stock mutual funds only	82	75	65
Both individual stock and stock mutual funds	12	12	18
Willing to take:			
Substantial risk for substantial gain	12	8	6
Above-average risk for above-average gain	31	27	12
Average risk for average gain	42	52	56
Below-average risk for below-average gain	9	7	15
Unwilling to take any risk	6	6	11
Primary financial goal:			
Retirement	63	75	56
Education	13	12	2
Other	24	13	42
Agree: ¹			
I am not concerned about short-term fluctuations in my investments	83	79	74
I tend to rely on advice from a professional financial adviser when making investment decisions	58	56	66

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.

FIGURE 105

Characteristics of Stock Mutual Fund Shareholders by Census Region

	Northeast	Midwest	South	West
Median				
Age ¹	47 years	46 years	49 years	47 years
Household income	\$65,600	\$62,500	\$65,000	\$62,500
Household financial assets ²	\$115,000	\$111,500	\$95,000	\$92,800
Percent of Stock Mutual Fund-Owning Households				
Married or living with a partner ¹	70	76	73	63
College or postgraduate degree ¹	53	46	50	57
Completed graduate school ¹	19	16	19	21
Employed ¹	79	79	74	77
Retired from lifetime occupation ¹	18	19	24	23
Non-equity investments held: ³				
Savings accounts, money market deposit accounts, or certificates of deposit	86	84	85	88
Bond investments (net) ³	39	39	34	38
Individual bonds (excluding U.S. savings bonds)	21	15	16	19
Bond mutual funds	28	29	26	27
Fixed or variable annuities	26	27	24	20
Hybrid mutual funds	55	58	53	57
Money market mutual funds	38	35	35	40
Investment real estate	22	25	25	23
Participate in or covered by defined benefit or defined contribution retirement plan (net) ³				
Defined benefit plan	41	41	35	38
Defined contribution plan (net) ³	72	76	68	70
401(k) plan	60	62	56	56
403(b) plan	13	14	12	13
State, local, or federal government plan	15	21	18	21
Have IRA (net) ³				
Traditional IRA	47	47	46	45
Roth IRA	19	28	21	22
SIMPLE IRA, SEP-IRA, SAR-SEP IRA	14	16	16	16
Used Internet in 2001 to: ³				
Check stock prices	44	43	47	48
Send email to a professional financial adviser or broker	15	13	16	19
Seek specific investment recommendations	13	15	15	18
Access a brokerage account to get information	35	34	34	40
Ethnic background: ³				
Caucasian	92	96	89	89
African-American	5	2	6	2
Asian	1	1	1	4
Hispanic	2	3	4	8

¹ Refers to the household's responding financial decisionmaker for investments.

² Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

³ Multiple responses included.

Note: Number of respondents varies.

FIGURE 106

Stock Mutual Fund Ownership Characteristics by Census Region

	Northeast	Midwest	South	West
Median				
Household financial assets in stock mutual funds	\$40,000	\$45,000	\$30,900	\$26,000
Number of stock mutual funds owned	4	4	3	3
Percent of Stock Mutual Fund-Owning Households				
Own:				
Individual stock (net) ¹	46	39	42	43
Inside employer-sponsored retirement plans	13	13	14	14
Outside employer-sponsored retirement plans	41	34	37	37
Stock mutual funds (net) ¹	100	100	100	100
Inside employer-sponsored retirement plans	73	80	71	72
Outside employer-sponsored retirement plans	67	62	63	60
Conducted stock mutual fund transaction(s) during 2001	30	32	31	34
Year of first stock mutual fund purchase:				
Before 1990	42	44	41	41
1990 to 1995	27	30	30	23
1996 to 1998	18	13	15	18
1999 or later	13	13	14	18
Source of first stock mutual fund purchase:				
Inside employer-sponsored retirement plan	50	61	57	56
Outside employer-sponsored retirement plan	41	31	37	37
Both inside and outside employer-sponsored retirement plan in same year	9	8	6	7
Type of equity first purchased:				
Individual stock only	14	12	11	12
Stock mutual funds only	73	78	74	74
Both individual stock and stock mutual funds	12	11	15	14
Willing to take:				
Substantial risk for substantial gain	7	9	8	10
Above-average risk for above-average gain	26	25	21	24
Average risk for average gain	48	53	50	52
Below-average risk for below-average gain	10	8	11	9
Unwilling to take any risk	9	5	10	5
Primary financial goal:				
Retirement	65	73	65	66
Education	13	9	8	9
Other	22	18	27	25
Agree:¹				
I am not concerned about short-term fluctuations in my investments	78	82	75	79
I tend to rely on advice from a professional financial adviser when making investment decisions	56	62	60	58

¹ Multiple responses included.

Note: Number of respondents varies. See pp. 2–3 for transaction definitions.



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