

Mutual Fund Ownership and Shareholder Characteristics

An estimated 95 million individuals in 54.2 million U.S. households owned mutual funds in 2002. These individuals held about three-quarters of all mutual fund assets, while fiduciaries — banks and individuals serving as trustees, guardians, or administrators — and other institutional investors held the remaining 26 percent.

Mutual Fund Assets by Type of Owner, 1992 and 2002

(percent of total mutual fund assets)



¹Household holdings include mutual funds held in retail accounts as well as through employer-sponsored pension plans, Individual Retirement Accounts, and variable annuities. For more information on household ownership, visit the Institute's policy website at www.ici.org/shareholders/index.html.

²Preliminary data

Note: Total assets of mutual funds were \$1.643 trillion at year-end 1992 and \$6.392 trillion at year-end 2002. Components may not add to 100 percent because of rounding.

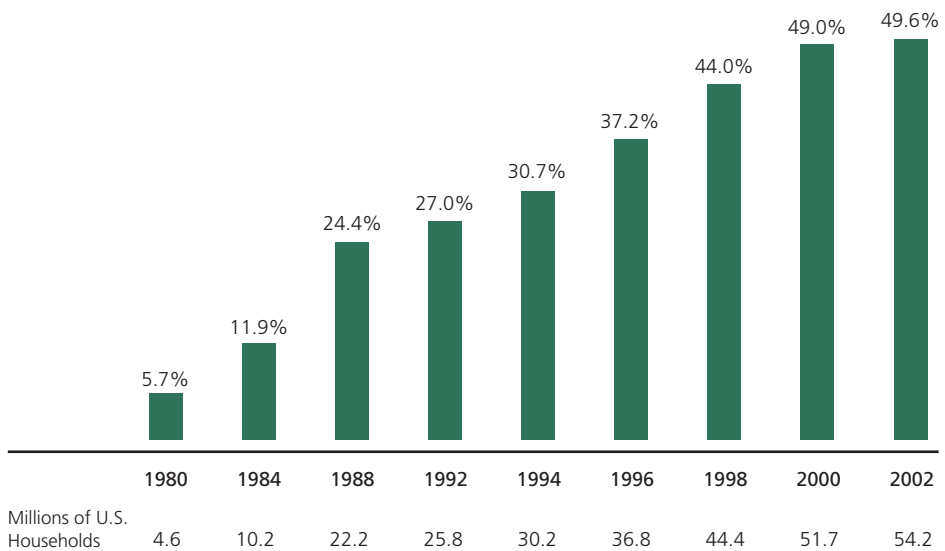
U.S. Household Financial Assets

U.S. households own many financial assets, including mutual funds, stocks, bonds, and bank deposits. In 2002, households made \$668 billion of net purchases of financial assets, up from \$554 billion in 2001. On balance, households were net sellers of directly held stocks but net buyers of mutual funds, bonds, and bank deposits.

U.S. households invested \$164 billion of their total net purchases of financial assets in mutual funds (including reinvested dividends) in 2002. Household net purchases of long-term mutual funds—equity, hybrid, and bond funds—were \$196 billion in 2002, while households, on net, redeemed \$31 billion in money market funds.

U.S. Household Ownership of Mutual Funds, 1980–2002*

(number and percent of all U.S. households)



*Households owning mutual funds in 1980 and 1984 were estimated from data on the number of accounts held by individual shareholders and the number of funds owned by fund-owning households; data for 1980 through 1992 exclude households owning mutual funds only through employer-sponsored retirement plans; data for 1994 through 2002 include households owning mutual funds only through employer-sponsored retirement plans. The data for 1998, 2000, and 2002 include fund ownership through variable annuities.

Stock Mutual Funds Provide Many Investors with Equity Exposure

A January 2002 study conducted by ICI and the Securities Industry Association (www.ici.org/pdf/rpt_02_equity_owners.pdf) found that 89 percent of U.S. equity investors owned stock mutual funds while 49 percent owned individual stock directly. Furthermore, 51.5 percent of equity investors held only stock mutual funds, 11 percent held only individual stock, and 37.5 percent held both stock mutual funds and individual stock.

Equity investors' first equity purchases were usually stock mutual funds, according to the research. Sixty-six percent of equity owners initially bought stock mutual funds, 22 percent initially purchased individual stock, and 12 percent initially bought stock mutual funds and individual stock. At the time of the study, 66 percent of equity investors owned stock mutual funds inside employer-sponsored retirement plans, and 56 percent owned stock funds outside these plans.

The study found that more stock mutual fund shareholders bought stock funds than sold stock funds in 2001. Twenty-two percent of stock mutual fund shareholders bought stock mutual funds in 2001, compared with 16 percent who sold stock mutual funds that year.

In contrast to individual stock investors, the research found that stock mutual fund investors generally had more modest household incomes and fewer household financial assets. The median household income of investors owning stock mutual funds in 2002 was \$64,000 and median household financial assets were \$100,000. Their median age was 47 years, and most were married or living with a partner, employed, and college graduates.

Half of all stock fund investors purchased their first equity—usually a stock mutual fund—inside an employer-sponsored retirement plan. Forty-six percent bought their first equity before 1990, and 27 percent bought their first equity between 1990 and 1995. More than half of stock fund investors also owned hybrid mutual funds, 37 percent owned money market mutual funds, and 27 percent owned bond mutual funds.

Characteristics of Household Owners of Mutual Funds

The median age of financial decisionmakers in households owning mutual funds was 46 years, as of 2001. Two-thirds of these decisionmakers were married or living with a partner, and 52 percent had college or post-graduate degrees. Seventy-eight percent were employed, and 77 percent who were married or living with a partner had a spouse or partner who was employed. The median income of mutual fund-owning households was \$62,100 and median household financial assets were \$100,000.

More than 80 percent of all mutual fund-owning households participated in employer-sponsored defined contribution retirement plans. Sixty-two percent of fund-owning households owned mutual funds in their defined contribution plans, and nearly half viewed the workplace as their primary purchase channel for mutual funds. Sixty percent had Individual Retirement Accounts (IRAs).

Nearly nine out of 10 fund households held equity funds among their holdings. On average, equity fund investments represented 65 percent of shareholders' mutual fund portfolios. Nearly half of all household fund owners made their first mutual fund purchase before 1990, and 39 percent bought their first fund between 1990 and 1997.

As of 2001, investment decisionmaking was shared in 53 percent of fund-owning households. Males were the sole financial decisionmakers in 24 percent of fund-owning households, females in 23 percent. Members of the Baby Boom Generation (individuals born between 1946 and 1964) made up the greatest percentage of mutual fund shareholders, at 52 percent. Twenty-five percent of fund shareholders were members of the so-called Silent Generation (born before 1946), and 23 percent were members of Generation X (born in 1965 or later). Thirty percent of mutual fund shareholders resided in the South; 26 percent in the Midwest; 25 percent in the West; and 19 percent in the Northeast.

U.S. Mutual Fund Shareholder Characteristics¹

Median

Age ²	46 years
Household income	\$62,100
Household financial assets ³	\$100,000
Household mutual fund assets	\$40,000
Number of mutual funds owned	4

Percent

Household investment decisionmaker:	
Male is sole decisionmaker	24
Female is sole decisionmaker	23
Co-decisionmakers	53
Married or living with a partner ²	67
Four-year college degree or more ²	52
Employed ²	78
Spouse or partner employed ⁴	77
Own: ⁵	
Equity funds	88
Bond funds	37
Hybrid funds	34
Money market funds	48
Own mutual funds bought: ⁵	
Outside defined contribution retirement plan(s) (total)	69
Sales force ⁶	55
Direct market ⁷	33
Inside defined contribution retirement plan(s) (total)	62
Primary mutual fund purchase channel:	
Outside defined contribution retirement plan(s) (total)	52
Sales force ⁶	37
Direct market ⁷	15
Inside defined contribution retirement plan(s)	48

¹As of 2001.

²Refers to the household's responding financial decisionmaker for mutual fund investments.

³Excludes primary residence but includes assets in employer-sponsored retirement plans.

⁴Percent of shareholders married or living with a partner.

⁵Multiple responses included.

⁶Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

⁷Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

For More Information on Fund Shareholders

ICI devotes a portion of its policy website to demographic research and statistics on U.S. fund shareholders (www.ici.org/shareholders/index.html). The site includes sections on:

- **General shareholder demographics.** The site includes extensive research on U.S. household ownership of mutual funds, who hold about three-quarters of mutual fund industry assets. The site also includes statistical information on “institutional investors” in funds, including fiduciaries—banks and individuals serving as trustees, guardians, or administrators—and other institutional investors, who hold the remaining 26 percent of fund industry assets.
- **Shareholder decisionmaking.** ICI offers extensive research on specific aspects of shareholder ownership. ICI research examines shareholder reaction to market disruptions; information sources used when choosing an investment; the types of funds and other securities owned by fund shareholders; and how investors assess risk.
- **IRA and 401(k) plan investors.** Because saving for retirement is a primary investment objective in many U.S. households, ICI conducts research designed to gain a better understanding of IRA and 401(k) plan investors.