Shareholders of Municipal Bond Mutual Funds

Shareholders owning municipal bond mutual funds display different investment habits and traits from those who do not, according to a recent ICI survey. Sixteen percent of 1,165 fund-owning households surveyed in July 1995 held long-term or money market municipal bond mutual funds outside of employer-sponsored retirement plans (Figure 1).1

The typical municipal bond fund owner was 50 years old, with a household income of $65,000 and household financial assets of $150,000. The typical shareholder not owning such funds was 43 years old, with a household income of $58,000 and household financial assets of $50,000. Also, nearly twice as many municipal bond fund owners were retired (Figure 2).

The typical municipal bond mutual fund shareholder had $60,000 invested in mutual funds at the time of the survey, or 40 percent of household financial assets. Shareholders not owning such funds had $12,000 invested in mutual funds, or 24 percent of household financial assets. Shareholders with municipal bond mutual funds also tended to own a greater number of mutual funds and were more likely to be customers of full-service brokers (Figure 3). Municipal bond fund shareholders typically had 38 percent of mutual fund assets in bond and income funds, 32 percent in equity funds, and 28 percent in money market mutual funds. Shareholders not owning such funds had the majority of their fund assets invested in equity funds (Figure 4).

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1 The research did not distinguish ownership according to funds’ average maturity.
Shareholders with municipal bond mutual funds typically conducted more mutual fund transactions during the twelve months preceding the survey than did other shareholders. For example, 37 percent of municipal bond mutual fund shareholders exchanged or moved money from one fund to another within the same family of funds, compared with 23 percent of those not owning such funds (Figure 5).

Owners of municipal bond mutual funds held a variety of other types of savings and investments. Nearly two thirds owned individual stock and more than half had investments in real estate other than a primary residence, proportions exceeding those of shareholders not owning such funds (Figure 6).

For more information on various segments of the mutual fund shareholder population, call ICI’s Research Department at (202) 326-5913.