Mutual Fund Ownership in the U.S.

Household Ownership of Mutual Funds

An estimated 63 million individuals, making up 36.8 million households, owned mutual funds either directly or through a retirement plan as of April 1996.1 These fund-owning households represented 37 percent of all U.S. households, up from 31 percent in mid-1994. Over this period, the estimated number of households owning mutual funds rose 6.6 million, or more than 20 percent (Figure 1).

Figure 1

Ownership of Mutual Funds by U.S. Households, 1980-19961

(percent of U.S. households)

Mutual Fund Ownership by Income

Mutual fund ownership among U.S. households tends to increase with household income. For example, in April 1996, 18 percent of U.S. households with annual income below $35,000 owned mutual funds, while 73 percent of those with annual income of $75,000 or more owned mutual funds (Figure 2). Stock funds, owned by 23 percent of all U.S. households, are the most widely held type of mutual fund. Sixteen percent of U.S. households owned bond and income funds, while 13 percent owned money market mutual funds. Ownership of each type of fund also tends to rise with household income (Figure 3).

Despite the correlation between ownership rates and household income, the majority of U.S. households owning mutual funds at the time of the survey had moderate income. Nearly one half had income ranging from $35,000 to $74,999, while another quarter had income below this range (Figure 4).

Figure 2

Mutual Fund Ownership Within Household Income Groups, 1996

(percent of U.S. households1)

1This analysis is based on a survey conducted by the Investment Company Institute with a representative, random sample of 2,644 U.S. households. The standard error is ± 2.0 percent at the 95 percent confidence level. The U.S. Census estimates that there were 98.9 million U.S. households in July 1996 (See U.S. Census, Current Population Reports, Series P60-189, Income, Poverty, and Valuation of Noncash Benefits: 1994).
Mutual Fund Ownership by Age

Mutual fund ownership by age was more uniform than ownership by income. Fund ownership was greatest among households headed by individuals aged 35 to 44 years, and was least frequent among those aged 65 or older (Figure 5).

Stock funds appear to be most popular among U.S. households in the 35-to-44 and 45-to-54 age groups, with about one quarter of all U.S. households in these two age groups owning such funds. In contrast, 14 percent of elderly households (defined as those representing the 65-or-older age group) owned stock funds (Figure 6).

Among all owners of mutual funds, 60 percent are below age 45, with 32 percent between 35 and 44, and 28 percent younger than 35. The percentage of mutual fund households accounted for by those aged 45 to 54 was 19 percent, and the percentage accounted for by those 55 or older was 21 percent (Figure 7).