

## Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2009

### KEY FINDINGS

- **In 2009, 43.7 percent of U.S. households owned shares of mutual funds or other U.S.-registered investment companies—including exchange-traded funds, closed-end funds, and unit investment trusts—representing an estimated 51.2 million households and 88.5 million investors.** The most common type of investment company owned was mutual funds, with 50.4 million U.S. households, or about 43 percent, owning mutual funds in 2009. The survey also finds that 87.1 million individual investors owned mutual funds in 2009.
- **Most U.S. mutual fund shareholders had moderate household incomes and were in their peak earning and saving years.** About three in five U.S. households owning mutual funds had incomes between \$25,000 and \$99,999, and about two-thirds were headed by individuals between the ages of 35 and 64 in 2009. About twice as many U.S. households owned mutual funds through tax-deferred accounts—employer-sponsored retirement plans, IRAs, and variable annuities—as owned funds outside such accounts.
- **Mutual fund owners reported that investment performance was the most influential of the many factors that shaped their opinions of the fund industry.** Two-thirds of mutual fund shareholders indicated that fund performance was a “very” important factor influencing their views of the industry, and four in 10 cited fund performance as the most important factor.
- **Mutual fund companies’ favorability rating moves with stock market performance.** Mutual funds’ favorability among shareholders declined in 2009 as the stock market trended downward, with favorability falling to 64 percent, down from 73 percent in 2008. Shareholders’ opinion of the fund industry was at its lowest point since ICI started surveying shareholders about favorability in 1997.
- **Younger mutual fund investors reported higher favorability ratings compared with older investors and those who first bought mutual funds in the more distant past.** Seventy-two percent of mutual fund-owning households with a household head younger than 35 had a “very” or “somewhat” favorable rating of fund companies, compared with 61 percent of fund-owning household heads aged 65 or older. Mutual funds’ favorability among households purchasing funds prior to 1990 was 66 percent compared with 69 percent among households purchasing funds in 2003 or later.
- **Mutual fund-owning households often used the Internet for financial purposes.** Nine in 10 households owning funds had Internet access in 2009. Four in five mutual fund-owning households with Internet access went online at least once a day, and about eight in 10 used the Internet for financial purposes.

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## U.S. HOUSEHOLDS' OWNERSHIP OF MUTUAL FUNDS

### *More Than 50 Million U.S. Households Owned Mutual Funds in 2009*

Assets in U.S.-registered investment companies—mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs)—totaled \$10.8 trillion as of mid-year 2009. Households held about 93 percent, or \$10.0 trillion, of all these fund assets; registered fund assets represented about one-quarter of households' financial assets.<sup>1</sup> In 2009, 43.7 percent of U.S. households owned some type of registered fund, representing an estimated 51.2 million households and 88.5 million investors.

While 3.0 million households owned ETFs and 1.8 million households owned closed-end funds in 2009, mutual funds were the most common type of fund owned by households. An estimated 50.4 million U.S. households, or 43.0 percent, owned mutual funds in 2009 (Figure 1),<sup>2</sup> and more than eight in 10 households that owned ETFs or closed-end funds also owned mutual funds. The number of households owning funds decreased after increasing for five years following the 2000–2002 bear market. The percentage of U.S. households owning funds has stayed about the same since 2002. The current estimate of the number of individual investors owning mutual funds is 87.1 million, a decrease of nearly five million from the estimate for 2008, but only slightly below the estimate for 2007 (Figure 2).<sup>3, 4</sup>

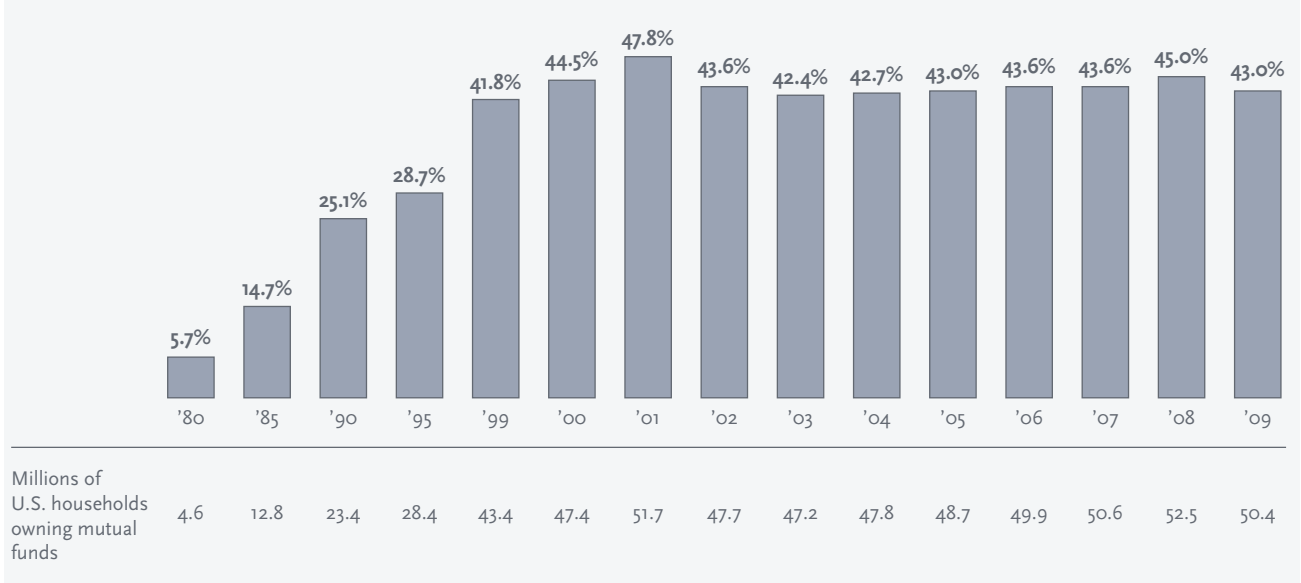
### ABOUT THE ANNUAL MUTUAL FUND SHAREHOLDER TRACKING SURVEY

ICI conducts the Mutual Fund Shareholder Tracking Survey each spring to gather information on the demographic and financial characteristics of mutual fund–owning households in the United States. The most recent survey was conducted in May 2009 and was based on a sample of 4,201 U.S. households selected by random digit dialing, of which 1,805 households, or 43.0 percent, owned mutual funds. Eligible households included those owning mutual funds inside or outside employer-sponsored retirement plans. All interviews were conducted over the telephone with the member of the household who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments. The standard error for the 2009 sample of households is  $\pm 1.5$  percentage points at the 95 percent confidence level.

FIGURE 1

**43 PERCENT OF U.S. HOUSEHOLDS OWNED MUTUAL FUNDS IN 2009**

Number and percentage of U.S. households owning mutual funds,<sup>1</sup> selected years<sup>2</sup>



<sup>1</sup>Households owning mutual funds in 1980 through 1986 were estimated by dividing the total number of household accounts by the number of accounts per household. Beginning in 1987, the incidence of mutual fund ownership is estimated through household surveys. Incidence estimates for 1987 through 1993 exclude households owning mutual funds only through employer-sponsored retirement plans; estimates for 1994 through 2009 include households owning mutual funds only through employer-sponsored retirement plans. Incidence estimates for 1998 through 2009 include fund ownership through variable annuities. Incidence estimates for 2000 through 2009 include fund ownership through Roth IRAs, Education Savings Accounts, SAR-SEPs, SEP-IRAs, and SIMPLE IRAs.

<sup>2</sup>For the complete time series of data from 1980 through 2009, see Figure A1 in the appendix.

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

FIGURE 2

**87 MILLION INDIVIDUAL U.S. INVESTORS OWNED MUTUAL FUNDS IN 2009**

Millions of individual U.S. investors owning mutual funds, 1997–2009



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

### Most Mutual Fund Shareholders Are in Their Peak Earning and Saving Years

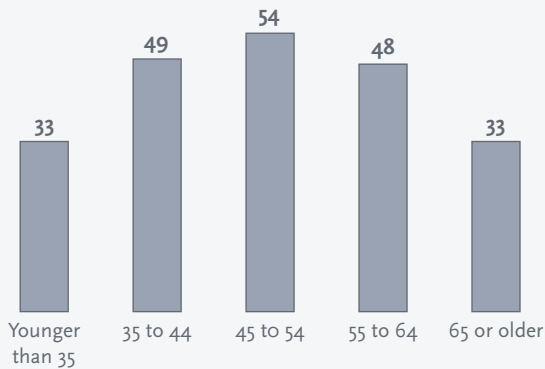
People of all ages own mutual funds, but ownership is concentrated among individuals in their prime saving and investing years. For most of the past decade, the incidence of mutual fund ownership has been greatest among households headed by individuals between ages 35 and 64.<sup>5</sup> In the most recent survey, a majority of households in the 45 to 54 age group and roughly half in the 35 to 44 and 55 to 64 age groups owned mutual

funds, whereas about one-third of households younger than 35 or older than 64 owned mutual funds (Figure 3). As a result, the bulk (two-thirds) of households owning mutual funds were headed by individuals between the ages of 35 and 64, the age range in which saving and investing traditionally is greatest.<sup>6</sup> Among all U.S. households, by comparison, fewer than six in 10 were headed by individuals in this age group in 2009 (Figure 4).

FIGURE 3

#### INCIDENCE OF MUTUAL FUND OWNERSHIP GREATEST AMONG 35- TO 64-YEAR-OLDS

Percentage of U.S. households within each age group,\* 2009



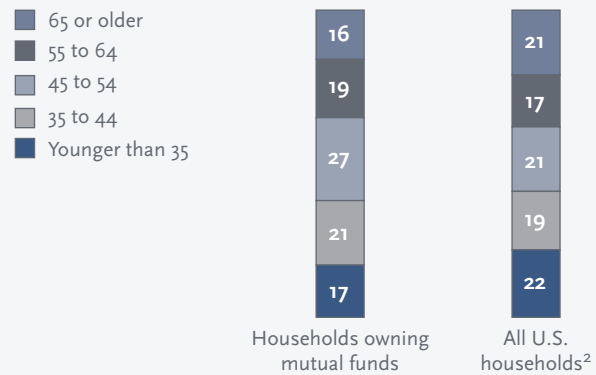
\*Age is based on the age of the sole or co-decisionmaker for household saving and investing.

Source: Investment Company Institute

FIGURE 4

#### MOST MUTUAL FUND SHAREHOLDERS ARE BETWEEN AGES 35 AND 64

Percent distribution of households owning mutual funds and all U.S. households by age,<sup>1</sup> 2009



<sup>1</sup>Age is based on the age of the sole or co-decisionmaker for household saving and investing.

<sup>2</sup>The percentage of all households in each age group is based on ICI survey data and is weighted to match the U.S. Census Bureau's Current Population Survey.

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

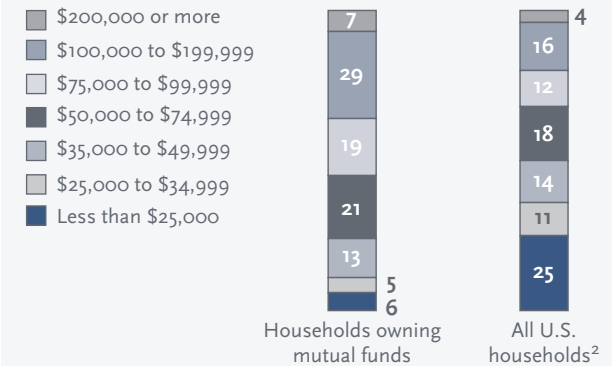
### Mutual Fund Shareholders Typically Have Moderate Household Incomes

The majority of U.S. households owning mutual funds had moderate incomes. Nearly six in 10 households owning funds in 2009 had incomes between \$25,000 and \$99,999 (Figure 5).<sup>7</sup> Nevertheless, incomes among mutual fund–owning households tended to be somewhat higher than that of the typical U.S. household. Eleven percent of U.S. households owning mutual funds had incomes less than \$35,000, while 36 percent of all U.S. households earned less than \$35,000. More than one-third of households owning mutual funds reported income of \$100,000 or more, compared with only one-fifth of households overall. This mix of incomes among mutual fund–owning households reflects the fact that individuals across all income groups own mutual funds, but it also shows that households with higher incomes are more likely to own mutual funds than are lower-income households. In 2009, 65 percent of all U.S. households with incomes of \$50,000 or more owned mutual funds, compared with 20 percent of households with incomes less than \$50,000 (Figure 6).<sup>8</sup> In fact, lower-income households are less likely to have any type of savings.

FIGURE 5

### MOST HOUSEHOLDS OWNING MUTUAL FUNDS HAVE MODERATE INCOMES

Percent distribution of households owning mutual funds and all U.S. households by household income,<sup>1</sup> 2009



<sup>1</sup>Total reported is household income before taxes in 2008.

<sup>2</sup>The percentage of all households in each income group is based on ICI survey data and is weighted to match the U.S. Census Bureau's Current Population Survey.

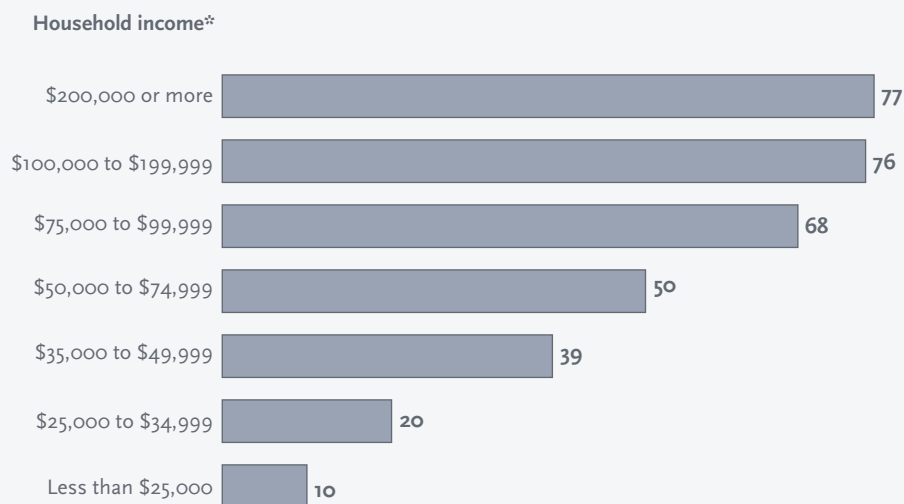
Sources: Investment Company Institute and U.S. Census Bureau

The typical household with income less than \$50,000 had \$15,000 in savings and investments, while the typical household with income of \$50,000 or more held \$140,000 in savings and investments.

FIGURE 6

### OWNERSHIP OF MUTUAL FUNDS INCREASES WITH HOUSEHOLD INCOME

Percentage of U.S. households within each income group,\* 2009



\*Total reported is household income before taxes in 2008.

Source: Investment Company Institute

## Fund Ownership Inside Tax-Deferred Accounts Is Significant

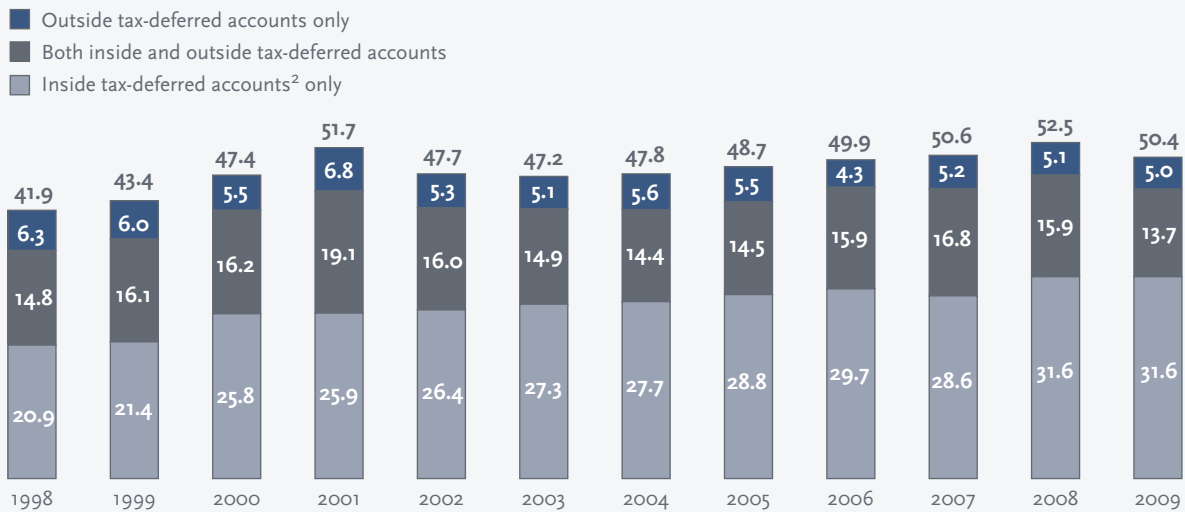
More households own mutual funds inside tax-deferred accounts—such as 401(k) and other defined contribution (DC) plans, individual retirement accounts (IRAs), and variable annuities—than outside these accounts.<sup>9</sup> In 2009, an estimated 45.3 million households owned mutual funds inside tax-deferred

accounts, compared to 18.7 million households owning funds outside tax-deferred accounts (Figure 7). Among those households that owned funds outside tax-deferred accounts, about three-quarters, or 13.7 million households, also held funds in tax-deferred accounts. The number of households owning mutual funds through tax-deferred accounts has grown by almost 10 million since 1998, while the number of households

FIGURE 7

### TAX-DEFERRED ACCOUNTS POPULAR WAY TO HOLD MUTUAL FUNDS

Millions of U.S. households owning mutual funds by account type indicated,<sup>1</sup> 1998–2009



<sup>1</sup>For the incidence (percentage of U.S. households) of mutual fund ownership by account type, see Figure A6 in the appendix.

<sup>2</sup>Mutual funds held in employer-sponsored retirement plans, IRAs, and variable annuities are included.

Note: Components may not add to the total because of rounding.

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

owning mutual funds outside tax-deferred accounts has declined. Indeed, much of the growth in the number of households owning mutual funds through tax-deferred accounts has occurred among those for whom this is their only form of fund ownership. Of the 45.3 million U.S. households owning mutual funds through tax-deferred accounts, 31.6 million households owned mutual funds only through such accounts, up from 20.9 million in 1998. The number of households holding mutual funds only in taxable accounts has declined slightly in the past decade.

## SHAREHOLDER SENTIMENT ABOUT THE MUTUAL FUND INDUSTRY

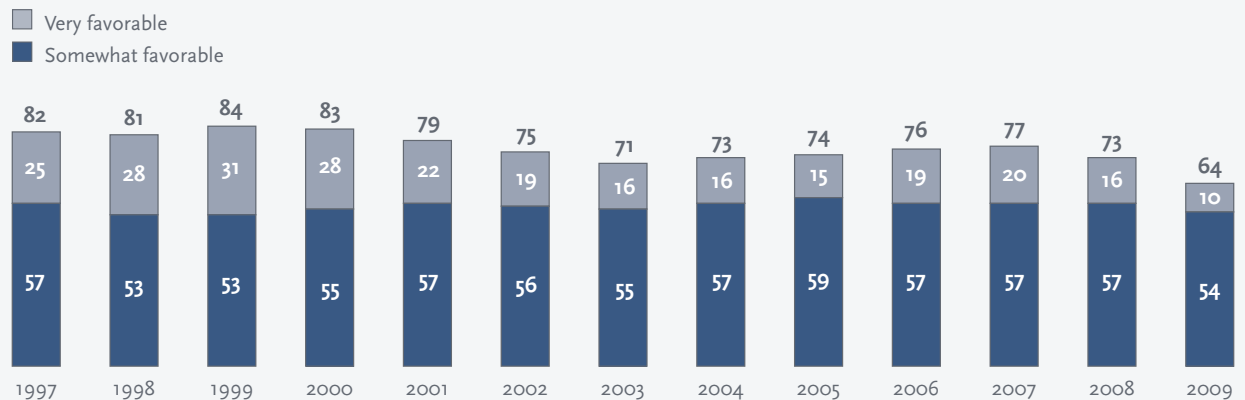
### *Positive Shareholder Opinion of the Mutual Fund Industry Declined This Year*

The percentage of fund shareholders with positive opinions about the mutual fund industry declined again in 2009. Sixty-four percent of shareholders familiar with mutual fund companies had “very” or “somewhat” favorable impressions of fund companies, down from 73 percent in 2008 (Figure 8). The share of fund investors with “very” favorable impressions of fund companies also declined. In 2009, 10 percent of fund investors had a “very” favorable view of the industry, compared with 16 percent in 2008 and 20 percent in 2007.

FIGURE 8

### MOST SHAREHOLDERS STILL VIEWED MUTUAL FUND INDUSTRY FAVORABLY

Percentage of mutual fund shareholders familiar with mutual fund companies, 1997–2009



Source: Investment Company Institute

People who no longer owned funds had mixed views of the mutual fund industry. Only one-third of former fund investors who said they were familiar with fund companies had favorable impressions of them (Figure 9).

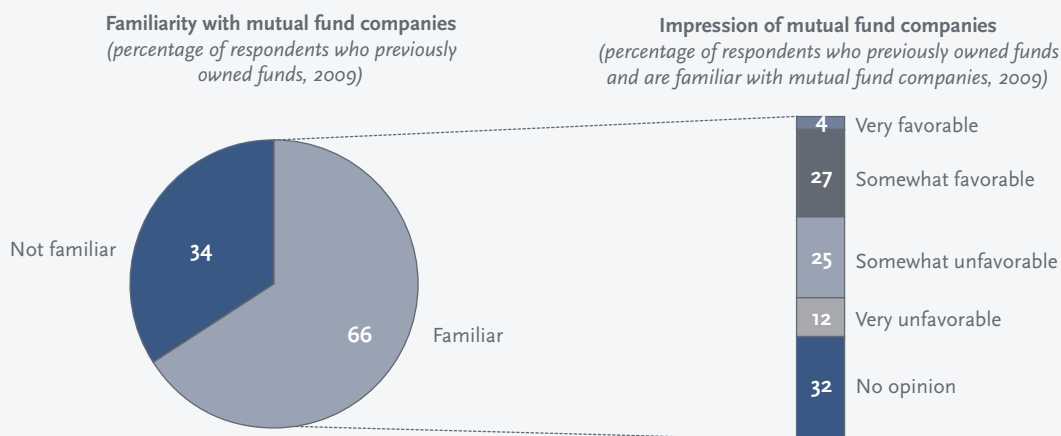
### Fund Performance Influences Investor Opinion of Fund Industry

Although many factors influence shareholders' overall opinion of the mutual fund industry, investors said fund performance was the primary factor that

shaped sentiment. In 2009, 40 percent of all fund shareholders familiar with mutual fund companies cited fund performance as the most important factor in forming their opinions of the industry (Figure 10). This is consistent with the movement of the mutual fund favorability rating with stock market performance, which can affect mutual fund returns. For example, mutual fund companies' favorability rose in the late 1990s along with stock prices (measured by the S&P 500), declined between May 2000 and May 2003 as

FIGURE 9

#### FORMER FUND OWNERS HAVE MIXED IMPRESSIONS OF MUTUAL FUND INDUSTRY

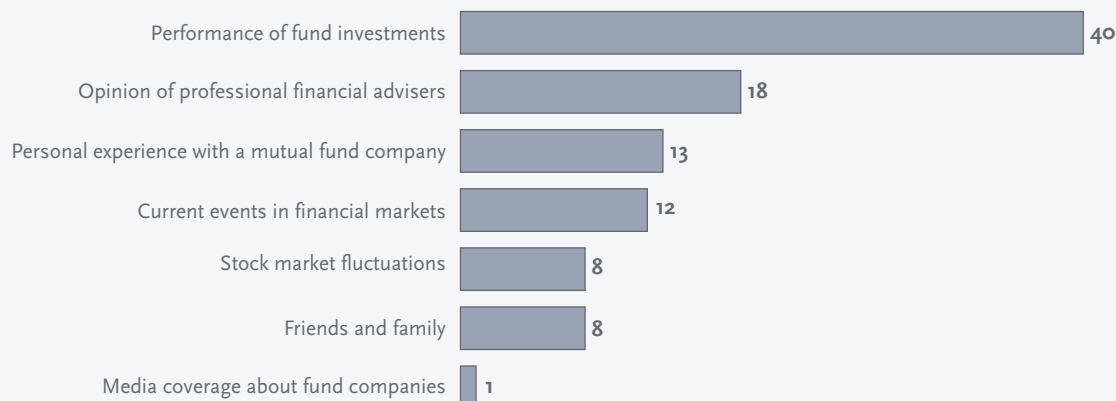


Source: Investment Company Institute

FIGURE 10

#### FUND PERFORMANCE IS THE MOST IMPORTANT FACTOR SHAPING OPINIONS OF THE FUND INDUSTRY

Percentage of shareholders familiar with mutual fund companies who indicate each factor is "most" important, 2009



Source: Investment Company Institute



stock prices fell, increased each year since 2003 as the stock market gained, and fell following the market decline in 2008 and 2009 (Figure 11).

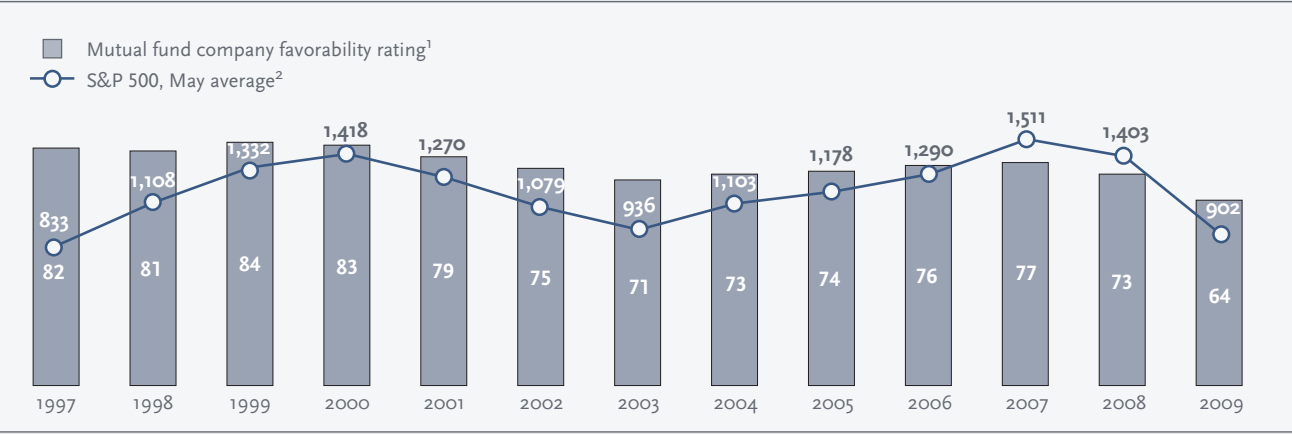
Other important factors that influence shareholder views of mutual fund companies include the opinion of professional financial advisers, personal experience

with a mutual fund company, and current financial events (Figure 12). Investors reported that media coverage and the opinions of friends and family were less influential in shaping their opinions of the fund industry.

FIGURE 11

**MUTUAL FUND INDUSTRY FAVORABILITY RISES AND FALLS WITH STOCK MARKET PERFORMANCE**

Mutual fund company favorability rating and S&P 500, 1997–2009



<sup>1</sup>The mutual fund industry favorability rating is the percentage of mutual fund shareholders familiar with the mutual fund industry who have a "very" or "somewhat" favorable impression of the fund industry.

<sup>2</sup>The S&P 500 is an index of 500 stocks chosen for market size, liquidity, and industry group representation.

Sources: Investment Company Institute and Standard and Poor's

FIGURE 12

**MANY FACTORS SHAPE SHAREHOLDERS' OPINIONS OF THE FUND INDUSTRY**

Percentage of mutual fund shareholders familiar with the mutual fund industry who indicate each factor is "very" important,\* 1998–2009

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Performance of fund investments	83	85	71	67	70	69	70	72	73	70	71	67
Current events in financial markets	50	52	50	51	51	48	50	50	52	36	40	47
Personal experience with a mutual fund company	55	58	63	58	58	59	57	52	54	47	45	44
Stock market fluctuations	44	45	43	45	39	43	40	43	43	32	36	37
Opinion of professional financial advisers	44	46	45	43	45	48	48	40	41	40	36	36
Friends and family	35	39	46	47	45	44	46	30	32	24	22	23
Media coverage about fund companies	22	23	21	21	23	18	22	20	19	12	12	11

\*Multiple responses are included.

Source: Investment Company Institute

## Younger Investors Have a More Favorable View of the Mutual Fund Industry

For younger investors, mutual fund favorability was higher than for older investors in 2009. Retired investors, older investors, and investors who purchased mutual funds earlier all viewed the mutual fund industry about the same as the average investor in the current market. In 2009, 72 percent of fund owners younger than 35 who were familiar with mutual fund companies had “very” or “somewhat” favorable

impressions of mutual fund companies. Investors whose first mutual fund purchase was made recently were also more favorable toward the mutual fund industry. Nearly seven in 10 shareholders familiar with mutual fund companies who first purchased funds after 2002 had a favorable view of the industry, whereas 66 percent of shareholders familiar with mutual fund companies who had first purchased funds in 1989 or earlier viewed fund companies favorably (Figure 13).

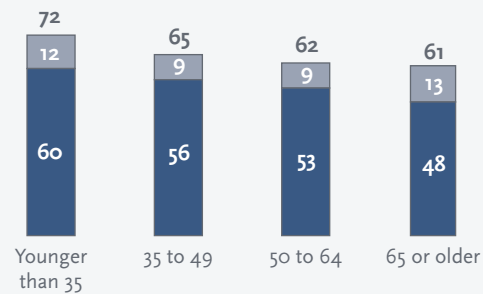
FIGURE 13

### YOUNGER SHAREHOLDERS AND RECENT SHAREHOLDERS VIEWED MUTUAL FUND INDUSTRY MORE FAVORABLY

- Very favorable
- Somewhat favorable

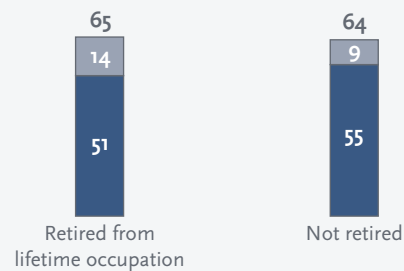
#### YOUNGER SHAREHOLDERS VIEWED MUTUAL FUND INDUSTRY MORE FAVORABLY

Percentage of mutual fund shareholders familiar with mutual fund companies by age of head of household, 2009



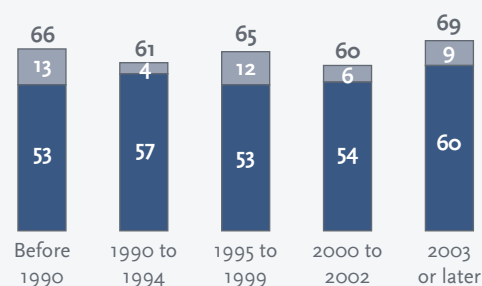
#### RETIRED SHAREHOLDERS VIEWED MUTUAL FUND INDUSTRY MORE FAVORABLY

Percentage of mutual fund shareholders familiar with mutual fund companies by retirement status, 2009



#### RECENT SHAREHOLDERS VIEWED MUTUAL FUND INDUSTRY MORE FAVORABLY

Percentage of mutual fund shareholders familiar with mutual fund companies by year of initial mutual fund purchase, 2009



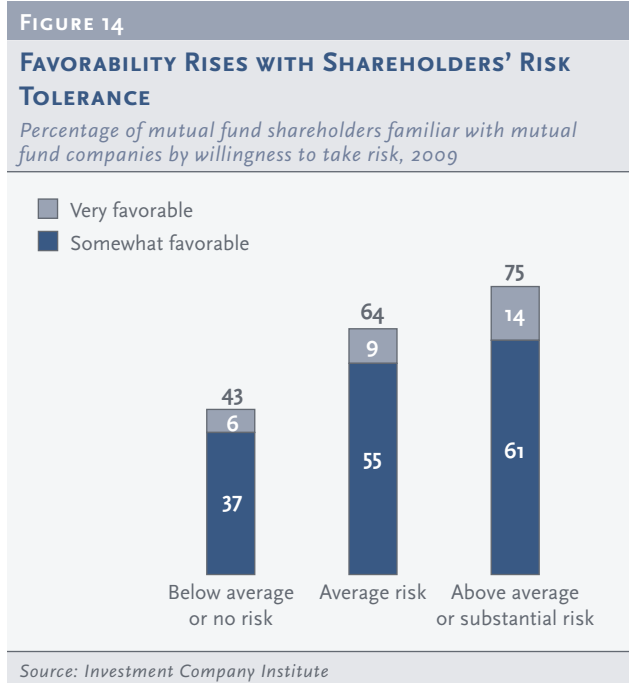
Source: Investment Company Institute

Shareholders who indicated they have a higher tolerance for risk when investing were more favorable towards the mutual fund industry than shareholders who indicated less tolerance for risk (Figure 14).

**Fund Owners Remain Confident About Achieving Investment Goals**

The results of ICI's Mutual Fund Shareholder Tracking Survey show that investors were still confident that

mutual funds could help them reach their financial goals. In 2009, 73 percent of all fund shareholders said they were confident in mutual funds' ability to help them achieve their financial goals (Figure 15). Indeed, nearly one-fifth of fund investors were "very" confident that mutual funds could help them meet their financial goals.



## MUTUAL FUND OWNERS AND INTERNET ACCESS

### Nearly All Mutual Fund–Owning Households Have Access to the Internet

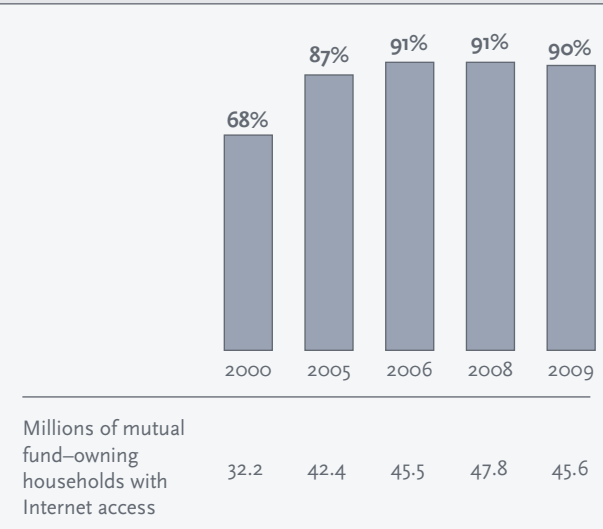
The number of mutual fund investors with Internet access has grown considerably in recent years. In 2009, nine in 10 households owning funds had Internet access, up from two-thirds in 2000, the first year in which ICI measured shareholders' access to the Internet (Figure 16). Altogether, 45.6 million fund-owning households, or an estimated 75.6 million individual mutual fund investors, had Internet access in 2009.

Although younger households were more likely to report Internet access, 70 percent of mutual fund–owning households with a household head aged 65 or older had Internet access in 2009 (Figure 17). Internet access among mutual fund–owning household heads younger than 35 was essentially universal, with 95 percent reporting Internet access.

FIGURE 16

### NINE OUT OF 10 HOUSEHOLDS OWNING MUTUAL FUNDS HAVE INTERNET ACCESS

Number and percentage of all mutual fund–owning households with Internet access,\* selected years



\*In 2000, shareholders not using the Internet in the past 12 months or solely using the Internet for email were not counted as having Internet access.

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

FIGURE 17

### INTERNET ACCESS NEARLY UNIVERSAL AMONG MUTUAL FUND–OWNING HOUSEHOLDS

Percentage of U.S. households owning mutual funds with Internet access, selected years

	Household had Internet access				
	in 2000 <sup>1</sup>	in 2005	in 2006	in 2008	in 2009
<b>Respondent age</b>					
Younger than 35	83	95	96	99	95
35 to 49	75	91	95	97	97
50 to 64	60	90	92	93	92
65 or older	30	60	75	67	70
<b>Respondent education</b>					
High school graduate or less	39	75	80	81	78
Some college or associate's degree	68	87	92	92	92
College or postgraduate degree	81	94	97	96	96
<b>Household income<sup>2</sup></b>					
Less than \$50,000	47	74	80	77	78
\$50,000 to \$99,999	77	90	93	93	91
\$100,000 to \$149,999	92	97	99	98	98
\$150,000 or more	94	96	97	99	98
<b>Total</b>	<b>68</b>	<b>87</b>	<b>91</b>	<b>91</b>	<b>90</b>

<sup>1</sup>In 2000, shareholders not using the Internet in the past 12 months or solely using the Internet for email were not counted as having Internet access.

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

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

## Mutual Fund Shareholders Report Frequent Use of the Internet

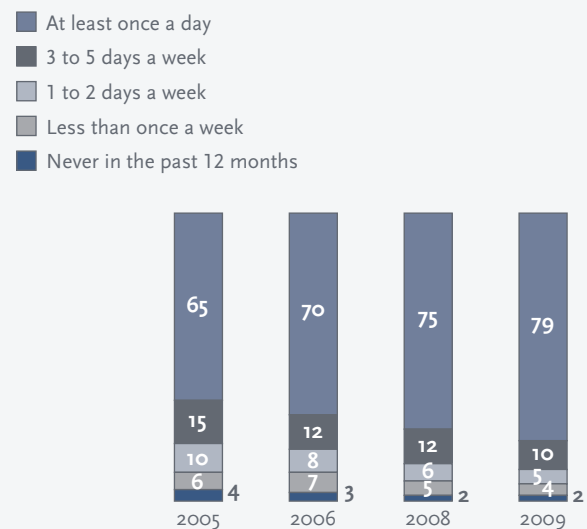
Shareholders' daily use of the Internet is increasing. Seventy-nine percent of mutual fund-owning households with Internet access went online at least once a day, up from about two-thirds in 2005 (Figure 18).

Younger shareholders, shareholders with higher reported education levels, and shareholders with higher household incomes all reported higher daily usage of the Internet (Figure 19). Between 85 percent and 90 percent of these groups reported using the Internet at least once a day.

FIGURE 18

### MUTUAL FUND SHAREHOLDERS' DAILY USE OF THE INTERNET INCREASED

Percentage of mutual fund-owning households with Internet access by frequency of Internet use,\* 2005, 2006, 2008, and 2009



\*Internet use is based on the sole or co-decisionmaker for household saving and investing.

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

FIGURE 19

### MUTUAL FUND OWNERS' DAILY USE OF THE INTERNET, 2009

Percentage of U.S. households owning mutual funds with Internet access, 2009

	Household had Internet access	Frequency of use			
		Never in the past 12 months or less than once a week	1 to 2 days a week	3 to 5 days a week	At least once a day
<b>Respondent age</b>					
Younger than 35	95	2	3	9	85
35 to 49	97	2	4	9	85
50 to 64	92	8	6	10	77
65 or older	70	16	7	12	65
<b>Respondent education</b>					
High school graduate or less	78	14	6	15	64
Some college or associate's degree	92	6	6	11	77
College or postgraduate degree	96	2	3	7	87
<b>Household income*</b>					
Less than \$50,000	78	13	6	15	66
\$50,000 to \$99,999	91	6	5	9	80
\$100,000 to \$149,999	98	3	4	10	82
\$150,000 or more	98	2	3	5	90
<b>Total</b>	<b>90</b>	<b>6</b>	<b>5</b>	<b>10</b>	<b>79</b>

\*Total reported is household income before taxes in 2008.

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

## Mutual Fund Shareholders Use the Internet for Financial Purposes

The Internet has become central to many mutual fund shareholders' management of their finances. About eight in 10 mutual fund-owning households with Internet access went online for financial purposes, such as to check their bank or investment accounts, obtain investment information, or buy or sell investments (Figure 20).<sup>10</sup>

In addition, mutual fund owners were much more likely than non-fund owners to engage in common online activities, such as accessing email, obtaining information about nonfinancial products and services, or purchasing products and services other than investments.

FIGURE 20

### MOST MUTUAL FUND SHAREHOLDERS USE THE INTERNET FOR FINANCIAL PURPOSES

Percentage of U.S. households with Internet access by mutual fund ownership and online activities in past 12 months,<sup>1, 2</sup> 2009

	Own mutual funds	Do not own mutual funds
Accessed email	93	83
<b>Used Internet for a financial purpose (total)</b>	<b>82</b>	<b>60</b>
Accessed any type of financial account, such as bank or investment accounts	80	56
Obtained investment information	61	25
Bought or sold investments online	23	8
<b>Used Internet for a nonfinancial purpose (total)</b>	<b>92</b>	<b>80</b>
Obtained information about products and services other than investments	85	71
Bought or sold something other than investments online	82	62

<sup>1</sup>Online activities are based on the sole or co-decisionmaker for household saving and investing.

<sup>2</sup>For this survey, the past 12 months were June 2008 through May 2009.

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

Younger shareholders, shareholders with higher reported education levels, and shareholders with higher household incomes all reported the highest levels of Internet use for email and for financial and nonfinancial

purposes (Figure 21). About nine in 10 members of these groups indicated using the Internet for these online tasks.

**FIGURE 21**

**SHAREHOLDERS' USE OF THE INTERNET BY AGE, EDUCATION, AND INCOME FOR 2009**

Percentage of U.S. households with Internet access by mutual fund ownership and online activities in past 12 months,<sup>1, 2</sup> 2009

	Accessed email	Used Internet for a financial purpose	Used Internet for a nonfinancial purpose
<b>Respondent age</b>			
Younger than 35	96	92	98
35 to 49	96	86	93
50 to 64	92	81	91
65 or older	80	63	79
<b>Respondent education</b>			
High school graduate or less	82	65	80
Some college or associate's degree	93	83	94
College or postgraduate degree	97	89	95
<b>Household income<sup>3</sup></b>			
Less than \$50,000	84	67	83
\$50,000 to \$99,999	93	82	91
\$100,000 to \$149,999	96	89	95
\$150,000 or more	97	91	98
<b>Total</b>	<b>93</b>	<b>82</b>	<b>92</b>

<sup>1</sup>Online activities are based on the sole or co-decisionmaker for household saving and investing.

<sup>2</sup>For this survey, the past 12 months were June 2008 through May 2009.

<sup>3</sup>Total reported is household income before taxes in 2008.

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

## APPENDIX: ADDITIONAL DATA ON OWNERSHIP OF MUTUAL FUNDS, 2009

Figure A1 presents the data displayed in Figure 1 for all years, along with the total number of U.S. households. Figure A2 reports the average number of mutual fund owners per household.

FIGURE A1

### HOUSEHOLD OWNERSHIP OF MUTUAL FUNDS

Number and percentage of U.S. households owning mutual funds,<sup>1,2</sup> 1980–2009

	Number of U.S. households owning mutual funds (millions)	Share of U.S. households (percent)	Memo: total number of U.S. households <sup>3</sup> (millions)
1980	4.6	5.7%	80.8
1981	6.9	8.4	82.4
1982	9.0	10.8	83.5
1983	9.8	11.7	83.9
1984	10.1	11.9	85.3
1985	12.8	14.7	86.8
1986	17.3	19.6	88.5
1987	22.5	25.1	89.5
1988	22.2	24.4	91.1
1989	23.2	25.0	92.8
1990	23.4	25.1	93.3
1991	25.5	27.0	94.3
1992	25.8	27.0	95.7
1993	27.0	28.0	96.4
1994	27.6	28.4	97.1
1995	28.4	28.7	99.0
1996	32.6	32.7	99.6
1997	35.3	34.9	101.0
1998	41.9	40.9	102.5
1999	43.4	41.8	103.9
2000	47.4	44.5	106.4
2001	51.7	47.8	108.2
2002	47.7	43.6	109.3
2003	47.2	42.4	111.3
2004	47.8	42.7	112.0
2005	48.7	43.0	113.3
2006	49.9	43.6	114.4
2007	50.6	43.6	116.0
2008	52.5	45.0	116.8
2009	50.4	43.0	117.2

<sup>1</sup>Households owning mutual funds in 1980 through 1986 were estimated by dividing the total number of household accounts by the number of accounts per household. Beginning in 1987, the incidence of mutual fund ownership is estimated through household surveys. Incidence estimates for 1987 through 1993 exclude households owning mutual funds only through employer-sponsored retirement plans; estimates for 1994 through 2009 include households owning mutual funds only through employer-sponsored retirement plans. Incidence estimates for 1998 through 2009 include fund ownership through variable annuities. Incidence estimates for 2000 through 2009 include fund ownership through Roth IRAs, Education Savings Accounts, SAR-SEPs, SEP-IRAs, and SIMPLE IRAs.

<sup>2</sup>Prior to 1994, survey weights are based on census region and household age. For 1994 and later, survey weights are based on census region, head of household age, household income, and educational attainment.

<sup>3</sup>The number of households is as of March of the year indicated.

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



**FIGURE A2****OWNERSHIP OF MUTUAL FUNDS BY INDIVIDUAL INVESTORS***Millions of individual U.S. investors owning mutual funds, 1997–2009*

	Mutual fund owners per household	Millions of individuals owning mutual funds
1997	1.747	61.6
1998	1.767	74.1
1999	1.732	75.2
2000	1.769	83.8
2001	1.777	91.9
2002	1.775	84.6
2003	1.723	81.3
2004	1.721	82.3
2005	1.707	83.2
2006	1.764	87.9
2007	1.744	88.2
2008	1.751	92.0
2009	1.729	87.1

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

Figure A3 contains the full historical data displayed in Figure 3. Although households in their peak earning and saving years have always had the highest incidence of mutual fund ownership, ownership rates have

increased significantly for all age groups. Similarly, Figure A4 shows the history for the data displayed in Figure 5, and Figure A5 shows the history for the data displayed in Figure 6.

**FIGURE A3**

**INCIDENCE OF MUTUAL FUND OWNERSHIP GREATEST AMONG 35- TO 64-YEAR-OLDS**

Percentage of U.S. households within each age group owning mutual funds,\* 1997–2009

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Younger than 35	27	34	36	36	43	36	36	35	36	33	34	34	33
35 to 44	42	50	51	55	57	49	48	53	50	48	48	52	49
45 to 54	44	49	52	59	58	58	54	51	52	58	51	56	54
55 to 64	42	45	42	50	48	48	47	48	51	49	53	51	48
65 or older	24	30	28	26	32	29	29	29	29	33	34	33	33

\*Age is based on the sole or co-decisionmaker for household saving and investing.

Source: Investment Company Institute

**FIGURE A4**

**MOST HOUSEHOLDS OWNING MUTUAL FUNDS HAVE MODERATE INCOMES**

Percent distribution of U.S. households owning mutual funds and all U.S. households by income,<sup>1</sup> 2000–2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Households owning mutual funds</b>										
Less than \$25,000	9	9	6	8	8	7	9	8	5	6
\$25,000 to \$34,999	10	9	9	9	8	8	7	6	5	5
\$35,000 to \$49,999	15	15	15	13	12	15	12	12	12	13
\$50,000 to \$74,999	31	30	30	28	28	24	25	24	21	21
\$75,000 to \$99,999	13	15	14	15	15	18	15	17	20	19
\$100,000 to \$199,999	18	19	22	23	25	23	27	26	29	29
\$200,000 or more	4	3	4	4	4	5	5	7	8	7
<b>All U.S. households<sup>2</sup></b>										
Less than \$25,000	31	29	29	29	29	28	27	25	25	25
\$25,000 to \$34,999	13	14	14	13	13	13	13	11	11	11
\$35,000 to \$49,999	15	14	14	14	14	14	14	15	14	14
\$50,000 to \$74,999	21	20	21	21	20	19	20	18	18	18
\$75,000 to \$99,999	7	9	8	9	9	10	9	11	12	12
\$100,000 to \$199,999	10	11	12	12	13	13	14	16	16	16
\$200,000 or more	3	3	2	2	2	3	3	4	4	4

<sup>1</sup>Total reported is household income before taxes in prior year.

<sup>2</sup>The percentage of all U.S. households in each income group is based on ICI survey data and is weighted to match the U.S. Census Bureau's Current Population Survey.

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

**FIGURE A5**

**INCIDENCE OF MUTUAL FUND OWNERSHIP INCREASES WITH HOUSEHOLD INCOME**

*Percentage of U.S. households within each income group owning mutual funds,\* 1997–2009*

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Less than \$25,000	10	12	15	13	14	9	12	12	10	14	13	10	10
\$25,000 to \$34,999	28	31	29	33	31	28	27	25	28	25	25	22	20
\$35,000 to \$49,999	39	48	47	46	51	45	38	39	46	39	37	39	39
\$50,000 to \$74,999	54	63	60	66	70	62	57	59	56	54	56	53	50
\$75,000 to \$99,999	65	76	77	75	82	76	76	72	73	70	66	73	68
\$100,000 or more	77	76	74	78	80	82	82	81	77	81	74	81	77
Less than \$50,000	21	25	26	26	27	23	22	22	23	23	23	21	20
\$50,000 or more	62	69	67	71	76	71	69	69	67	67	66	69	65

*\*Total reported is household income before taxes in prior year.*

*Source: Investment Company Institute*

Figure 7 highlights the number of U.S. households owning mutual funds through tax-deferred accounts. Figure A6 reports the number and percentage of U.S. households owning mutual funds through tax-deferred accounts. Figure A7 reports the number and percentage

of U.S. households owning mutual funds only inside tax-deferred accounts, only outside tax-deferred accounts, and both inside and outside tax-deferred accounts.

**FIGURE A6**

**MUTUAL FUND OWNERSHIP HIGH IN TAX-DEFERRED ACCOUNTS**

*Number and percentage of U.S. households owning mutual funds inside and outside tax-deferred accounts,<sup>1</sup> 1998–2009*

	Number of U.S. households owning mutual funds (millions)		Share of U.S. households (percent)	
	Inside tax-deferred accounts <sup>2</sup>	Outside tax-deferred accounts	Inside tax-deferred accounts <sup>2</sup>	Outside tax-deferred accounts
1998	35.7	21.1	34.8	20.6
1999	37.5	22.0	36.1	21.2
2000	41.9	21.6	39.4	20.3
2001	44.9	25.9	41.5	23.9
2002	42.4	21.3	38.8	19.5
2003	42.2	19.9	37.9	17.9
2004	42.1	20.0	37.6	17.9
2005	43.3	19.9	38.2	17.6
2006	45.6	20.2	39.9	17.7
2007	45.4	22.0	39.1	19.0
2008	47.5	21.0	40.7	18.0
2009	45.3	18.7	38.7	16.0

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

<sup>2</sup>Mutual funds held in employer-sponsored retirement plans, IRAs, and variable annuities are included.

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

FIGURE A7

**MUTUAL FUND OWNERSHIP INSIDE AND OUTSIDE TAX-DEFERRED ACCOUNTS***Number and percentage of U.S. households, 1998–2009*

	Number of U.S. households (millions)			Total <sup>2</sup>
	Own mutual funds inside tax-deferred accounts only <sup>1</sup>	Own mutual funds both inside and outside tax-deferred accounts	Own mutual funds outside tax-deferred accounts only	
1998	20.9	14.8	6.3	41.9
1999	21.4	16.1	6.0	43.4
2000	25.8	16.2	5.5	47.4
2001	25.9	19.1	6.8	51.7
2002	26.4	16.0	5.3	47.7
2003	27.3	14.9	5.1	47.2
2004	27.7	14.4	5.6	47.8
2005	28.8	14.5	5.5	48.7
2006	29.7	15.9	4.3	49.9
2007	28.6	16.8	5.2	50.6
2008	31.6	15.9	5.1	52.5
2009	31.6	13.7	5.0	50.4

	Share of U.S. households (percent)			Total <sup>2</sup>
	Own mutual funds inside tax-deferred accounts only <sup>1</sup>	Own mutual funds both inside and outside tax-deferred accounts	Own mutual funds outside tax-deferred accounts only	
1998	20.4%	14.4%	6.1%	40.9%
1999	20.6	15.5	5.7	41.8
2000	24.2	15.2	5.1	44.5
2001	23.9	17.7	6.3	47.8
2002	24.1	14.7	4.9	43.6
2003	24.5	13.4	4.6	42.4
2004	24.7	12.9	5.0	42.7
2005	25.4	12.8	4.9	43.0
2006	26.0	13.9	3.7	43.6
2007	24.6	14.5	4.4	43.6
2008	27.0	13.6	4.3	45.0
2009	27.0	11.7	4.3	43.0

<sup>1</sup> Mutual funds held in employer-sponsored retirement plans, IRAs, and variable annuities are included.<sup>2</sup> Components may not add to the total because of rounding.

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

Figure A8 reports ownership of mutual funds through employer-sponsored retirement plans.

**FIGURE A8**

**OWNERSHIP OF MUTUAL FUNDS INSIDE AND OUTSIDE RETIREMENT PLANS**

*Number and percentage of U.S. households, 1998–2009*

Number of U.S. households owning mutual funds (millions)				
	Inside employer-sponsored retirement plans only <sup>1</sup>	Both inside and outside employer-sponsored retirement plans	Outside employer-sponsored retirement plans only	Total <sup>2</sup>
1998	12.2	14.8	14.9	41.9
1999	10.6	17.3	15.5	43.4
2000	14.5	17.3	15.7	47.4
2001	13.9	20.0	17.7	51.7
2002	13.3	19.0	15.4	47.7
2003	13.7	18.9	14.6	47.2
2004	13.4	19.6	14.8	47.8
2005	13.7	19.6	15.5	48.7
2006	13.5	21.8	14.6	49.9
2007	13.1	20.0	17.4	50.6
2008	14.4	21.5	16.7	52.5
2009	15.4	18.7	16.3	50.4

Share of U.S. households (percent)				
	Own mutual funds inside employer-sponsored retirement plans only <sup>1</sup>	Own mutual funds both inside and outside employer-sponsored retirement plans	Own mutual funds outside employer-sponsored retirement plans only	Total <sup>2</sup>
1998	11.9%	14.5%	14.6%	40.9%
1999	10.2	16.7	14.9	41.8
2000	13.6	16.2	14.7	44.5
2001	12.9	18.5	16.4	47.8
2002	12.2	17.4	14.1	43.6
2003	12.3	17.0	13.2	42.4
2004	12.0	17.5	13.2	42.7
2005	12.1	17.3	13.7	43.0
2006	11.8	19.1	12.8	43.6
2007	11.3	17.3	15.0	43.6
2008	12.3	18.4	14.3	45.0
2009	13.1	16.0	13.9	43.0

<sup>1</sup>Mutual funds held in DC plans (401(k) plans, 403(b) plans, 457 plans, Keoghs, and other DC plans) and employer-sponsored IRAs (SAR-SEP IRAs, SEP-IRAs, and SIMPLE IRAs) are included.

<sup>2</sup>Components may not add to the total because of rounding.

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

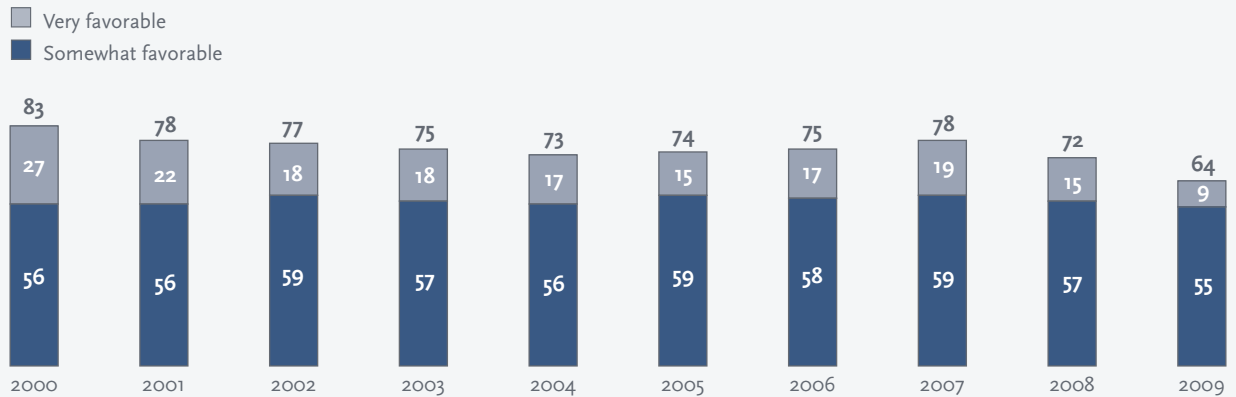
Figure 8 reports favorability ratings for the mutual fund industry among all mutual fund owners. Figure 10 reports the factors that shape shareholders' opinions of the mutual fund industry. Figure 15 reports shareholders' level of confidence that mutual funds can

help them achieve their investment goals. Figures A9, A10, and A11 report the same data among respondents whose households own mutual funds inside their DC accounts.

**FIGURE A9**

**MOST DEFINED CONTRIBUTION SHAREHOLDERS VIEW FUND COMPANIES FAVORABLY**

Percentage of respondents whose households have mutual funds in their DC accounts\* and are familiar with mutual fund companies, 2000–2009

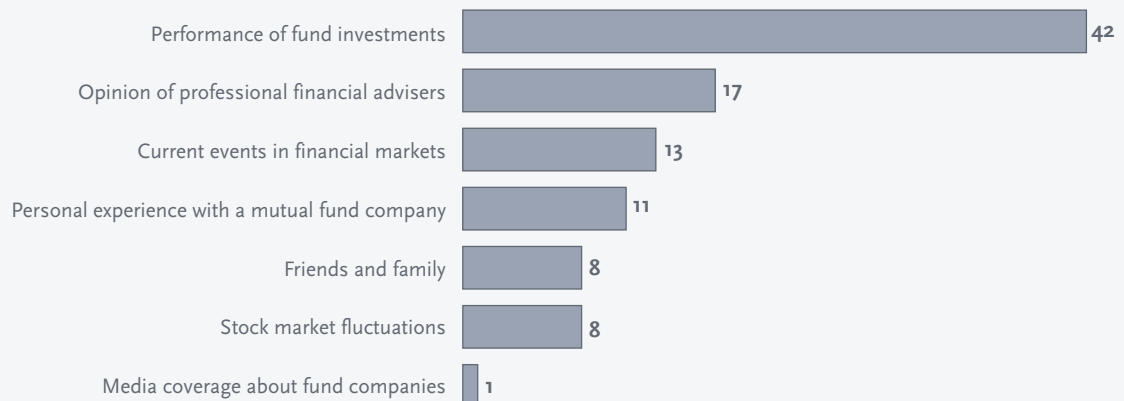


\*DC accounts include 401(k), 403(b), 457, and other DC accounts.  
Source: Investment Company Institute

**FIGURE A10**

**FUND PERFORMANCE IS THE MOST IMPORTANT FACTOR SHAPING DEFINED CONTRIBUTION MUTUAL FUND OWNERS' OPINIONS OF THE FUND INDUSTRY**

Percentage of respondents whose households have mutual funds in their DC accounts\* and are familiar with mutual fund companies who indicate each factor is "most" important, 2009



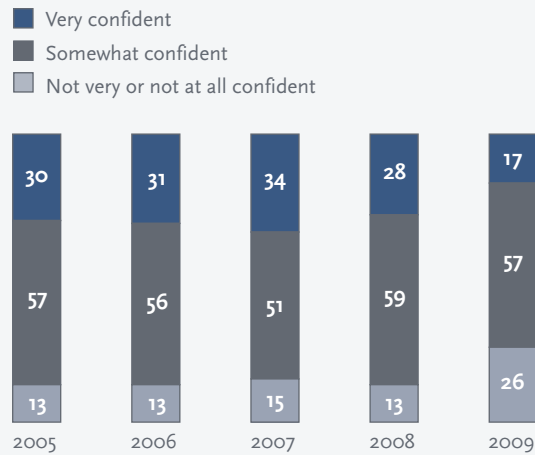
\*DC accounts include 401(k), 403(b), 457, and other DC accounts.  
Source: Investment Company Institute

Figure A12 reports the financial goals that respondents whose households own mutual funds inside their DC accounts have for their mutual funds.

FIGURE A11

**DEFINED CONTRIBUTION PLAN SHAREHOLDERS ARE CONFIDENT THAT FUNDS CAN HELP THEM ACHIEVE THEIR INVESTMENT GOALS**

Percentage of respondents whose households have mutual funds in their DC accounts\* by level of confidence that mutual funds can help them meet their investment goals, 2005–2009



\*DC accounts include 401(k), 403(b), 457, and other DC accounts.  
Source: Investment Company Institute

FIGURE A12

**NEARLY ALL DEFINED CONTRIBUTION OWNERS WITH MUTUAL FUNDS IN THEIR DEFINED CONTRIBUTION ACCOUNTS ARE INVESTING IN MUTUAL FUNDS FOR RETIREMENT**

Percentage of respondents whose households have mutual funds in their DC accounts,<sup>1</sup> 2009

	Households' financial goals for mutual fund investments <sup>2</sup>	Households' primary financial goal for mutual fund investments
To finance retirement	96	81
To reduce taxable income	51	2
To provide money for an emergency	44	5
To pay for education	28	6
To provide yourself with income now	15	2
To buy a house or some other large purchase	12	2
Other	5	2

<sup>1</sup>DC accounts include 401(k), 403(b), 457, and other DC accounts.

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

Source: Investment Company Institute



## NOTES

- <sup>1</sup> Households' total financial assets were \$42.4 trillion as of June 2009. See U.S. Federal Reserve Board 2009.
- <sup>2</sup> Ownership includes mutual funds held in variable annuities.
- <sup>3</sup> Indeed, when one looks at the pattern of changes over the past few years, 2008 stands out as unusually high, which makes the change from 2008 to 2009 seem larger. This pattern may be the result of the sampling variability inherent in household surveys.
- <sup>4</sup> The survey data include number of mutual fund owners per household, which is applied to number of U.S. households owning mutual funds. The average number of mutual fund owners per household is reported in Figure A2 of the appendix.
- <sup>5</sup> See Figure A3 in the appendix for the complete time series showing incidence of mutual fund ownership by age.
- <sup>6</sup> The life-cycle pattern of savings suggests that older individuals are able to save at higher rates because they no longer face the expenses of buying a home and/or putting children through college and/or paying for their own education. An augmented version of the life-cycle theory predicts that the optimal savings pattern increases with age. For a summary discussion of life-cycle models, see Browning and Crossley 2001. In addition, see discussion in Brady and Sigrist 2008.
- <sup>7</sup> See Figure A4 in the appendix for the complete time series showing the income composition of mutual fund–owning households.
- <sup>8</sup> See Figure A5 in the appendix for the complete time series showing incidence of mutual fund ownership by income.
- <sup>9</sup> Mutual fund ownership inside tax-deferred accounts includes ownership of funds held inside employer-sponsored retirement plans, any type of IRA, educational savings accounts, and mutual funds held in variable annuities.
- <sup>10</sup> Other ICI household survey research has found that a majority of shareholders use the Internet for financial purposes. According to a 2006 ICI survey, 85 percent of recent fund investors who went online used the Internet to obtain financial information during the 12 months preceding the survey, 26 percent used it to buy or sell investments, and 19 percent used it to contact a professional financial adviser (see Investment Company Institute 2006). In addition, a winter 2007 survey of more than 500 mutual fund shareholders gathered respondents' views of the Securities and Exchange Commission's proposed Summary Prospectus as well as information on their Internet use. Almost all (95 percent) respondents reported that they accessed the Internet, and about three-quarters reported doing so at least once a day. Rates of Internet access and use were lower for people aged 60 or older, but were still quite significant: 85 percent accessed the Internet, and more than half reported using the Internet daily (see Sabelhaus 2008).

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