

ICI Reports on Fund Ownership Through Financial Advisers, April 2005

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Washington, DC, April 12, 2005 – The vast majority of people who own mutual funds outside defined contribution retirement plans own fund shares through professional financial advisers, according to [data published today](#) by the Investment Company Institute.

“Eight in ten mutual fund investors who own funds outside defined contribution retirement plans hold shares through professional financial adviser to help them select funds and achieve their long-term financial objectives. This is a basic feature of the marketplace for mutual funds,” said ICI President Paul Schott Stevens. “In addition to assisting with investment decisions, these advisers typically provide a range of continuing services, answering investor inquiries, maintaining records, and coordinating the distribution of reports and statements.”

An analysis of data from ICI’s 2004 survey of mutual fund-owning households found that about two-thirds of all mutual fund shareholders hold funds outside defined contribution retirement plans. More than 80 percent of that group holds shares through professional financial advisers.

The analysis found that fund ownership through advisers is predominant across all shareholder classifications, including age, education, length of ownership, and size of mutual fund holdings. For instance, 83 percent of individuals 34 years of age or younger who own mutual funds outside retirement plans hold their funds either solely or partially through professional advisers. Among those 65 or older, 85 percent hold their funds solely or partially through advisers.

One means of compensating financial advisers is an annual fee collected by some mutual funds under SEC Rule 12b-1. A [recent survey by ICI](#) found that 92 percent of these annual fees go to compensate financial advisers and others who provide assistance to investors.

The analysis of fund ownership through advisers draws on data gathered from a 2004 survey of 3,613 randomly selected households owning mutual funds and is representative of U.S. mutual fund shareholders. All interviews were conducted with the sole decisionmaker or co-decisionmaker most knowledgeable about household savings and investments.

The Investment Company Institute is the national association of the mutual fund industry, which manages about \$8.1 trillion of assets on behalf of more than 92 million shareholders.