

2001 Profile of Mutual Fund Shareholders

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Introduction

As of May 2001, 93.3 million individuals, representing 52 percent of all U.S. households, owned mutual funds.¹ In these households, generally the primary decisionmaker or co-decisionmaker on saving and investing matters:²

► **Is middle-aged, married, and college-educated.**

The median age of these financial decisionmakers in mutual fund households is 46 years. Two-thirds are married or living with a partner, and 52 percent have college or post-graduate degrees.

► **Is employed and of moderate financial means.**

Seventy-eight percent of these financial decisionmakers in shareholder households are employed full- or part-time; 77 percent of those who are married have a spouse who works. Median income in shareholder households is \$62,100 and median household financial assets are \$100,000.

► **Invests in mutual funds through defined**

contribution retirement plans.³ Sixty-two percent of all shareholder households hold mutual funds in defined contribution retirement plans, and nearly half view the workplace as their primary purchase channel for mutual funds.

► **Has \$40,000 invested in mutual funds, or 40**

percent of household financial assets. Nearly nine out of ten shareholder households have equity fund holdings. On average, equity fund investments represent 65 percent of shareholders' mutual fund portfolios.

► **Has a long-term investment horizon.**

Shareholder households typically invest in funds to meet retirement objectives and generally are not focused on short-term market fluctuations. Nearly half of all shareholder households made their first fund purchase before 1990 and 39 percent bought their first fund between 1990 and 1997.

¹ Based on a survey of 3,019 randomly selected U.S. households in May 2001. Mutual fund ownership includes holdings of money market, stock, bond, or hybrid mutual funds, including through variable annuities or Individual Retirement Accounts (IRAs). Mutual funds may be held inside defined contribution plans or outside such plans.

² Results are based on an annual survey, conducted in Spring 2001, of 2,592 U.S. primary or most knowledgeable co-financial decisionmakers in households with mutual fund investments. These financial decisionmakers were randomly selected and are representative of mutual fund shareholders nationwide. Chapters 1 through 10 of the report provide an in-depth analysis of mutual fund shareholders from the survey. Appendix A: Research Methodology discusses the survey's design, interviewing procedures, and sampling tolerances. Appendices B through D provide additional survey data. Appendix E lists the U.S. Census regions used in the report.

³ Defined contribution plans include 401(k) plans, 403(b) plans, and 457 plans.

Chapter 1:

The Mutual Fund Shareholder

Demographic Characteristics

The median age of financial decisionmakers in households owning mutual funds is 46 years (Figure 1). Two-thirds of these decisionmakers are married or living with a partner, and 52 percent have college or post-graduate degrees. Seventy-eight percent are employed, and 77 percent who are married or living with a partner have a spouse or partner who is employed.

Financial Characteristics

The median income of mutual fund-owning households is \$62,100 and median household financial assets are \$100,000. More than half of these households own individual stocks, 40 percent own U.S. savings bonds, and 12 percent own bonds other than U.S. savings bonds. Sixty percent have Individual Retirement Accounts (IRAs), and 81 percent participate in defined contribution retirement plans.

Mutual Fund Ownership Characteristics

Median mutual fund holdings of shareholder households is \$40,000, or 40 percent of household financial assets (Figure 2). The median number of funds shareholders own is four, and nearly nine out of ten own

equity funds. Nearly half own money market funds, while 37 percent own bond funds, and 34 percent own hybrid funds.⁴ On average, equity fund holdings compose 65 percent of a shareholder's mutual fund portfolio.

More than 60 percent of shareholders own mutual funds through defined contribution retirement plans. Nearly half of all shareholders consider defined contribution retirement plans as their primary purchase channel, and 57 percent made their first fund purchase through these plans.

Most fund shareholders have held mutual funds for a considerable length of time. Forty-seven percent made their first purchase before 1990, 39 percent between 1990 and 1997, and the remaining 14 percent after 1997.

Mutual fund shareholders generally regard themselves as long-term investors and are not overly concerned with short-term market fluctuations (Figure 3). Most describe themselves as having a basic understanding of mutual funds and willing to take some risk when investing in funds.

⁴ A hybrid fund invests in stocks, bonds, and other securities.

FIGURE 1**Shareholder Characteristics**

Median

Age of household primary or co-decisionmaker	46 years
Household income	\$62,100
Household financial assets ¹	\$100,000

Average

Age of household primary or co-decisionmaker	47 years
Household income	\$95,700
Household financial assets ¹	\$256,400

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
Completed graduate school ²	19
Employed ²	78
Spouse or partner employed ³	77
Retired from life-time occupation ²	19
Household owns: ⁵	
Bank or thrift deposits	79
Individual stocks	54
Individual bonds (excluding U.S. savings bonds)	12
U.S. savings bonds	40
Investment real estate	31
Household has IRA(s) ⁴	60
Household has defined contribution retirement plan(s) (total) ⁵	81
401 (k) plan	64
403(b) plan	11
State, local, or federal government plan	35
Household has accessed the Internet (total) ⁵	82
To send email	78
To access the World Wide Web	79
Ethnic background: ^{2,5}	
Caucasian	88
African-American	6
Asian	2
Hispanic	5
Other	5

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

Note: Number of respondents varies.

FIGURE 2

Mutual Fund Ownership Characteristics

Median Per Mutual Fund-Owning Household

Total mutual fund assets	\$40,000
Number of mutual funds owned	4
Year of first fund purchase	1990

Average Per Mutual Fund-Owning Household

Total mutual fund assets	\$119,700
Number of mutual funds owned	6
Year of first fund purchase	1988

Percent of Mutual Fund-Owning Households

Own: ¹	
Equity funds	88
Bond funds	37
Hybrid funds	34
Money market funds	48
Fund type not specified	3
Mean percent of mutual fund assets allocated to: ²	
Equity funds	65
Bond funds	9
Hybrid funds	11
Money market funds	14
Fund type not specified	1
Have IRA invested in mutual funds ³	35
Own mutual funds bought: ¹	
Outside defined contribution retirement plan(s) (total)	69
Sales force ⁴	55
Direct market ⁵	33
Inside defined contribution retirement plan(s) (total)	62
401(k) plan	48
403(b) plan	6
State, local, or federal government plan	14
Primary mutual fund purchase channel:	
Outside defined contribution retirement plan(s) (total)	52
Sales force ⁴	37
Direct market ⁵	15
Inside defined contribution retirement plan(s)	48
Bought first mutual fund:	
Before 1990	47
1990 to 1997	39
1998 or later	14
Purchased first mutual fund through defined contribution retirement plan	57

¹ Multiple responses included.

² Simple average.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

⁵ Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

FIGURE 3**Views on Mutual Fund Investing***(percent)*

Strongly or somewhat agree: ¹	
My mutual fund investments are savings for the long term	97
I am not concerned about short-term fluctuations in my mutual fund investments	83
I am confident that I will have enough money at retirement on which to live comfortably	83
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	69
Self-assessed understanding of mutual fund investing:	
Comprehensive	20
Basic	56
Limited or none	24
Financial goals for mutual fund investments: ¹	
Retirement	91
Emergency	43
Education	32
Income	18
Car or other large purchase	13
Primary financial goal for mutual fund investments:	
Retirement	72
Education	11
Other	17
Level of risk willing to take:	
Substantial risk for substantial gain	7
Above-average risk for above-average gain	31
Average risk for average gain	48
Below-average risk for below-average gain	9
No risk at all	5

¹ Multiple responses included.

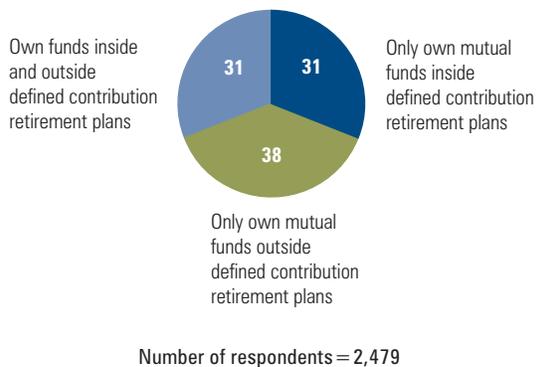
Note: Number of respondents varies.

Chapter 2:

Mutual Fund Shareholders by Ownership Inside and Outside Defined Contribution Retirement Plans

Thirty-one percent of shareholders own funds solely through defined contribution retirement plans, and 38 percent own funds only outside such plans. Thirty-one percent hold funds both inside and outside defined contribution retirement plans (Figure 4).⁵

FIGURE 4
Mutual Fund Shareholders by Fund Ownership Inside and Outside Defined Contribution Plans
(percent)



Note: Excludes 113 respondents who were unable to provide this information.

Shareholders Owning Mutual Funds Solely Through Defined Contribution Retirement Plans

Shareholders who own mutual funds solely through defined contribution plans have a median age of 42 years (Figure 5). The median household income of these shareholders is \$60,000, and household financial assets are \$62,500. Most are married and employed, and more than two-fifths have college or post-graduate degrees.

These shareholders have median mutual fund holdings of \$25,000, or 40 percent of household financial assets (Figure 6). They own a median of three mutual funds. Forty-four percent bought their first fund between 1990 and 1997, and 20 percent in 1998 or later. Eighty-five percent own equity funds; 32 percent, bond funds; 34 percent, hybrid funds; and 38 percent, money market funds. Most describe themselves as saving for the long term and not concerned with short-term market fluctuations (Figure 7).

⁵ This analysis excludes 113 respondents who were unable to identify the sources of their mutual fund purchases.

Shareholders Owning Mutual Funds Solely Outside Defined Contribution Retirement Plans

Shareholders owning funds only outside defined contribution retirement plans have a median age of 52 years (Figure 5). Median household income for these fund owners is \$54,000, and household financial assets are \$100,000. One-half of these shareholders completed college or post-graduate studies. Although the majority are employed, one-third are retired.

Median mutual fund holdings of these shareholders are \$30,000, or 30 percent of household financial assets (Figure 6). Eighty-four percent own equity funds; 32 percent, bond funds; 24 percent, hybrid funds; and 51 percent, money market mutual funds. Forty-six percent bought their first fund before 1990, and 37 percent purchased their initial fund between 1990 and 1997. These shareholders own a median of three mutual funds. Most describe themselves as having a basic knowledge of fund investing and say they rely on professional financial advisers when making fund purchase and sales decisions (Figure 7).

Shareholders Owning Mutual Funds Inside and Outside Defined Contribution Retirement Plans

Shareholders who own funds both inside and outside defined contribution retirement plans have a median age of 45 years (Figure 5). Median household income for these fund owners is \$82,000, and household financial assets are \$200,000. Nearly 90 percent are employed, and nearly two-thirds completed college or post-graduate studies.

Median fund assets of these shareholders is \$119,700, or 60 percent of household financial assets (Figure 6). Nearly two-thirds bought their first fund through defined contribution retirement plans, but at the time of the survey half considered their primary fund purchase channel to be outside such plans. Nearly 60 percent purchased their first fund before 1990.

Shareholders owning funds inside and outside defined contribution retirement plans own a median of eight mutual funds. Ninety-six percent own equity funds; 47 percent, bond funds; 48 percent, hybrid funds; and 57 percent, money market funds. This shareholder group is also the most likely to describe themselves as having a comprehensive understanding of mutual fund investing (Figure 7).

FIGURE 5

Shareholder Characteristics by Fund Ownership Inside and Outside Defined Contribution Retirement Plans

	Only Own Mutual Funds Inside Defined Contribution Retirement Plans	Only Own Mutual Funds Outside Defined Contribution Retirement Plans	Own Mutual Funds Inside and Outside Defined Contribution Retirement Plans
Median			
Age of household primary or co-decisionmaker	42 years	52 years	45 years
Household income	\$60,000	\$54,000	\$82,000
Household financial assets ¹	\$62,500	\$100,000	\$200,000
Average			
Age of household primary or co-decisionmaker	43 years	52 years	46 years
Household income	\$70,400	\$94,600	\$130,500
Household financial assets ¹	\$138,400	\$286,700	\$366,700
Percent			
Household investment decisionmaker:			
Male is sole decisionmaker	21	26	26
Female is sole decisionmaker	24	25	18
Co-decisionmakers	55	49	56
Married or living with a partner ²	69	61	71
Four-year college degree or more ²	43	50	65
Completed graduate school ²	15	17	26
Employed ²	89	61	87
Spouse or partner employed ³	83	66	83
Retired from life-time occupation ²	10	33	11
Household owns: ⁵			
Bank or thrift deposits	79	79	78
Individual stocks	53	46	68
Individual bonds (excluding U.S. savings bonds)	9	14	13
U.S. savings bonds	39	39	44
Investment real estate	23	36	33
Household has IRA(s) ⁴	47	55	74
Household has defined contribution retirement plan(s) (total) ⁵			
401(k) plan	88	33	80
403(b) plan	13	8	14
State, local, or federal government plan	36	34	36
Household has accessed the Internet (total) ⁵			
To send email	78	72	88
To access the World Wide Web	82	68	90
Ethnic background: ^{2,5}			
Caucasian	85	89	91
African-American	10	5	4
Asian	2	1	2
Hispanic	3	5	2
Other	4	6	4

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

Note: Number of respondents varies.

FIGURE 6

Mutual Fund Ownership Characteristics by Fund Ownership Inside and Outside Defined Contribution Retirement Plans

	Only Own Mutual Funds Inside Defined Contribution Retirement Plans	Only Own Mutual Funds Outside Defined Contribution Retirement Plans	Own Mutual Funds Inside and Outside Defined Contribution Retirement Plans
Median Per Mutual Fund-Owning Household			
Total mutual fund assets	\$25,000	\$30,000	\$119,700
Number of mutual funds owned	3	3	8
Year of first fund purchase	1992	1990	1987
Average Per Mutual Fund-Owning Household			
Total mutual fund assets	\$63,200	\$87,900	\$229,400
Number of mutual funds owned	4	4	11
Year of first fund purchase	1990	1988	1986
Percent of Mutual Fund-Owning Households			
Own: ¹			
Equity funds	85	84	96
Bond funds	32	32	47
Hybrid funds	34	24	48
Money market funds	38	51	57
Fund type not specified	2	4	4
Mean percent of mutual fund assets allocated to: ²			
Equity funds	63	63	68
Bond funds	10	9	8
Hybrid funds	13	9	10
Money market funds	14	17	13
Fund type not specified	0	2	1
Have IRA(s) invested in mutual funds ³	20	25	56
Primary mutual fund purchase channel:			
Outside defined contribution retirement plan(s) (total)	-	100	52
Sales force ⁴	-	72	37
Direct market ⁵	-	28	15
Inside defined contribution retirement plan(s)	100	-	48
Bought first mutual fund:			
Before 1990	36	46	59
1990 to 1997	44	37	37
1998 or later	20	17	4
Purchased first mutual fund through defined contribution retirement plan			
	90	23	63

¹ Multiple responses included.

² Simple average.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

⁵ Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

FIGURE 7

Views on Mutual Fund Investing by Fund Ownership Inside and Outside Retirement Plans

(percent)

	Only Own Mutual Funds Inside Defined Contribution Retirement Plans	Only Own Mutual Funds Outside Defined Contribution Retirement Plans	Own Mutual Funds Inside and Outside Defined Contribution Retirement Plans
Strongly or somewhat agree: ¹			
My mutual fund investments are savings for the long term	98	96	99
I am not concerned about short-term fluctuations in my mutual fund investments	80	83	84
I am confident that I will have enough money at retirement on which to live comfortably	79	84	88
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	66	72	67
Self-assessed understanding of mutual fund investing:			
Comprehensive	15	20	30
Basic	53	56	56
Limited or none	32	24	14
Financial goals for mutual fund investments: ¹			
Retirement	95	83	97
Emergency	40	47	41
Education	30	28	39
Income	13	26	11
Car or other large purchase	13	13	13
Primary financial goal for mutual fund investments:			
Retirement	77	62	79
Education	10	12	11
Other	13	26	10
Level of risk willing to take:			
Substantial risk for substantial gain	7	4	10
Above-average risk for above-average gain	31	26	38
Average risk for average gain	48	52	43
Below-average risk for below-average gain	8	13	5
No risk at all	6	5	4

¹ Multiple responses included.

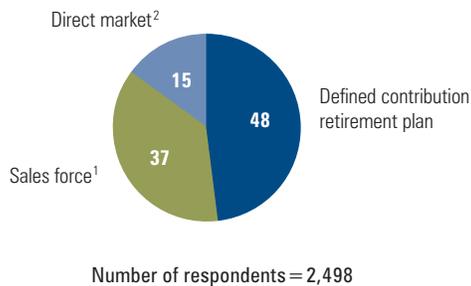
Note: Number of respondents varies.

Chapter 3:

Mutual Fund Shareholders by Primary Mutual Fund Purchase Channel

Forty-eight percent of mutual fund shareholders cite defined contribution retirement plans as their primary method for purchasing mutual funds (Figure 8). Thirty-seven percent list the sales force channel⁶ as a primary mutual fund purchase method, and 15 percent report the direct market channel.⁷

FIGURE 8
Shareholders' Primary Mutual Fund Purchase Channel
(percent)



¹ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

² Includes funds purchased directly from fund companies and through discount brokers.

Shareholders Whose Primary Mutual Fund Purchase Channel Is a Defined Contribution Retirement Plan

Shareholders who consider defined contribution retirement plans as a primary purchase channel for mutual funds have a median age of 43 years (Figure 9). The median household income of these shareholders is \$62,500, and household financial assets are \$80,000. Most are married or living with a partner and employed, and nearly one-half completed college or post-graduate studies.

Median mutual fund holdings of these shareholders is \$40,000, or 50 percent of household financial assets (Figure 10). Forty-two percent purchased their first fund before 1990; 42 percent between 1990 and 1997; and 16 percent in 1998 or later. Eighty-four percent bought their first fund through defined contribution retirement plans, and just 31 percent currently own funds outside such plans. They own a median of four

⁶ The sales force channel includes full-service brokers, independent financial planners, insurance agents, and bank or saving institution representatives.

⁷ The direct market channel includes mutual fund companies and discount brokers, including those available only online.

mutual funds. Eighty-eight percent own equity funds; 36 percent, bond funds; 36 percent, hybrid funds; and 42 percent, money market funds. Compared with shareholders who consider the direct market or sales force channels as their primary source of funds, more of these shareholders cite retirement as their main financial goal (Figure 11).

Shareholders Whose Primary Mutual Fund Purchase Channel Is the Sales Force Channel

Shareholders who consider the sales force channel as their primary source of mutual funds have a median age of 51 years—eight years greater than the median age of shareholders who primarily buy funds through retirement plans at work (Figure 9). Median household income for these shareholders is \$60,000, and household financial assets are \$150,000. More than half completed college or post-graduate studies. Although the majority are employed, 30 percent are retired.

The median mutual fund holdings of these shareholders is \$40,000, or 27 percent of household financial assets (Figure 10). Half purchased their first fund before 1990, and 37 percent bought their initial fund between 1990 and 1997. Two-thirds bought their first fund outside defined contribution retirement plans, and about a third owned funds through these plans at the time of the survey. The median number of funds this shareholder group owns is four. Eighty-seven percent own equity funds; 36 percent, bond funds; 29 percent, hybrid funds; and 53 percent, money market funds. Nearly three-fifths reported a basic understanding of

mutual funds, and more than two-thirds list saving for retirement as the main objective of their fund investments (Figure 11).

Shareholders Whose Primary Mutual Fund Purchase Channel Is the Direct Market Channel

Shareholders who consider the direct market channel as their primary source of mutual funds have a median age of 49 years (Figure 9). Median household income of these shareholders is \$63,000, and household financial assets are \$175,000—higher than any other group classified by purchase channel. Like most shareholders, members of this group tend to be married or living with a partner and employed. Compared with shareholders who primarily use other channels, significantly more who mainly use the direct market channel have college or post-graduate degrees.

These shareholders have a median of \$61,500, or 35 percent of household financial assets, invested in funds (Figure 10). Fifty-two percent purchased their first fund before 1990, and 38 percent between 1990 and 1997. Seventy-one percent bought their first fund outside defined contribution retirement plans, and 31 percent owned funds through these plans at the time of the survey. These shareholders own a median of five mutual funds. Ninety percent own equity funds; 41 percent, bond funds; 37 percent, hybrid funds; and 58 percent, money market funds. The majority of shareholders who primarily buy through the direct market channel say they tend not to rely on professional financial advisers when making mutual fund investment decisions (Figure 11).

FIGURE 9

Shareholder Characteristics by Primary Purchase Channel

	Defined Contribution Retirement Plan	Sales Force	Direct Market
Median			
Age of household primary or co-decisionmaker	43 years	51 years	49 years
Household income	\$62,500	\$60,000	\$63,000
Household financial assets ¹	\$80,000	\$150,000	\$175,000
Average			
Age of household primary or co-decisionmaker	44 years	51 years	50 years
Household income	\$77,900	\$87,900	\$190,800
Household financial assets ¹	\$173,700	\$306,000	\$412,100
Percent			
Household investment decisionmaker:			
Male is sole decisionmaker	22	24	31
Female is sole decisionmaker	22	23	22
Co-decisionmakers	56	53	47
Married or living with a partner ²	70	64	66
Four-year college degree or more ²	48	52	66
Completed graduate school ²	17	18	28
Employed ²	89	67	68
Spouse or partner employed ³	83	70	72
Retired from life-time occupation ²	8	30	24
Household owns: ⁵			
Bank or thrift deposits	79	80	77
Individual stocks	55	50	61
Individual bonds (excluding U.S. savings bonds)	9	14	16
U.S. savings bonds	41	40	36
Investment real estate	25	37	38
Household has IRA(s) ⁴	58	62	64
Household has defined contribution retirement plan(s) (total) ⁵			
401(k) plan	82	46	47
403(b) plan	13	9	12
State, local, or federal government plan	33	38	32
Household has accessed the Internet (total) ⁵			
To send email	80	75	82
To access the World Wide Web	83	73	80
Ethnic background: ^{2,5}			
Caucasian	86	90	89
African-American	8	5	4
Asian	2	1	2
Hispanic	5	5	6
Other	4	6	4

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

Note: Number of respondents varies.

FIGURE 10

Mutual Fund Ownership Characteristics by Primary Purchase Channel

	Defined Contribution Retirement Plan	Sales Force	Direct Market
Median Per Mutual Fund-Owning Household			
Total mutual fund assets	\$40,000	\$40,000	\$61,500
Number of mutual funds owned	4	4	5
Year of first fund purchase	1991	1989	1989
Average Per Mutual Fund-Owning Household			
Total mutual fund assets	\$97,600	\$129,400	\$157,500
Number of mutual funds owned	6	6	7
Year of first fund purchase	1989	1987	1986
Percent of Mutual Fund-Owning Households			
Own: ¹			
Equity funds	88	87	90
Bond funds	36	36	41
Hybrid funds	36	29	37
Money market funds	42	53	58
Fund type not specified	2	3	5
Mean percent of mutual fund assets allocated to: ²			
Equity funds	65	64	59
Bond funds	9	11	9
Hybrid funds	12	9	11
Money market funds	14	14	19
Fund type not specified	0	2	2
Have IRA(s) invested in mutual funds ³	35	32	42
Own mutual funds bought: ¹			
Outside defined contribution retirement plan(s) (total)			
Sales force ⁴	31	100	100
Direct market ⁵	23	100	47
	15	28	100
Inside defined contribution retirement plan(s) (total)			
401(k) plan	100	29	31
403(b) plan	78	19	22
State, local, or federal government plan	9	3	5
	22	7	6
Bought first mutual fund:			
Before 1990	42	50	52
1990 to 1997	42	37	38
1998 or later	16	13	10
Purchased first mutual fund through defined contribution retirement plan	84	33	29

¹ Multiple responses included.

² Simple average.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

⁵ Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

FIGURE 11

Views on Mutual Fund Investing by Primary Purchase Channel

(percent)

	Defined Contribution Retirement Plan	Sales Force	Direct Market
Strongly or somewhat agree: ¹			
My mutual fund investments are savings for the long term	98	97	98
I am not concerned about short-term fluctuations in my mutual fund investments	82	82	85
I am confident that I will have enough money at retirement on which to live comfortably	81	85	85
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	66	85	46
Self-assessed understanding of mutual fund investing:			
Comprehensive	18	20	32
Basic	55	58	53
Limited or none	27	22	15
Financial goals for mutual fund investments: ¹			
Retirement	96	87	90
Emergency	40	48	42
Education	33	29	35
Income	13	21	22
Car or other large purchase	12	13	14
Primary financial goal for mutual fund investments:			
Retirement	78	68	62
Education	10	11	14
Other	12	21	24
Level of risk willing to take:			
Substantial risk for substantial gain	9	4	6
Above-average risk for above-average gain	33	28	32
Average risk for average gain	46	53	47
Below-average risk for below-average gain	7	10	11
No risk at all	5	5	4

¹ Multiple responses included.

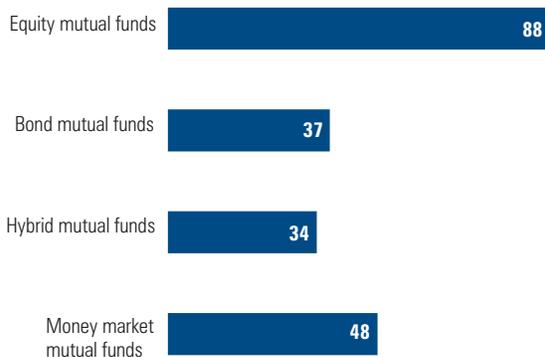
Note: Number of respondents varies.

Chapter 4:

Mutual Fund Shareholders by Type of Funds Owned

Mutual fund shareholders may own several different types of funds. Eighty-eight percent own equity funds, 37 percent own bond funds, and 34 percent own hybrid mutual funds. Forty-eight percent of mutual fund shareholders own money market mutual funds (Figure 12).⁸

FIGURE 12
Types of Funds Owned by Mutual Fund Shareholders¹
(percent)



¹ Multiple responses included.

Note: Number of respondents varies.

Equity Fund Shareholders

Equity fund shareholders have a median age of 45 years (Figure 13). These shareholders have a median household income of \$65,000 and median household financial assets of \$125,000. Most are married or living with a partner, employed, and college-educated.

The median fund holdings of equity fund shareholders is \$50,000, or 40 percent of household financial assets (Figure 14). Equity fund shareholders own a median of five mutual funds. Most equity fund owners bought their first fund through defined contribution retirement plans, and 47 percent now consider such plans as their primary source for purchasing funds. In addition to owning equity funds, 37 percent own bond funds; 33 percent, hybrid funds; and 48 percent, money market funds. Most equity fund shareholders rely on professional financial advisers for investment advice, and are not concerned about short-term fluctuations in their fund investments (Figure 15).

⁸ Equity funds invest primarily in stocks and include aggressive growth funds, growth funds, sector funds, growth and income funds, and income-equity funds. Bond funds invest primarily in bonds. Examples of bond funds are corporate bond funds, U.S. government bond funds, and municipal bond funds. Hybrid funds invest in a mix of stocks, bonds, and other securities. This category includes balanced funds, asset allocation funds, flexible portfolio funds, and income mixed funds. Money market funds invest in short-term securities. (For more information on mutual fund investment objectives, see *Mutual Fund Fact Book, 41st Edition*, Investment Company Institute, 2001, pp. 3–6.)

Bond Fund Shareholders

Bond fund shareholders have a median age of 47 years, two years greater than the median age of equity fund shareholders (Figure 13). Median household income of bond fund shareholders is \$67,600, and household financial assets are \$150,000.

Median mutual fund assets in these shareholder households is \$75,000, or 50 percent of household financial assets (Figure 14). The median number of funds held by bond fund shareholders is six, compared with five for equity fund shareholders. Like equity owners, most bond fund owners bought their first fund through defined contribution retirement plans, but more than half now consider either the direct market or the sales force channel as a primary source for purchasing funds. In addition to owning bond funds, 88 percent own equity funds; 47 percent own hybrid funds; and 58 percent own money market funds. Similar to equity fund shareholders, bond fund shareholders tend to rely on professional financial advisers when making fund investment decisions, and express minimal concern about short-term market fluctuations (Figure 15).

Hybrid Fund Shareholders

Hybrid fund shareholders have a median age of 46 years (Figure 13). Their median household income is \$70,000, and household financial assets are \$150,000. The demographic and financial characteristics of hybrid fund owners resemble those of equity and bond mutual fund shareholders.

Median mutual fund assets of hybrid fund owners are \$80,000, or 53 percent of household financial assets (Figure 14). Similar to bond fund owners, members of this group own a median of six mutual funds. Seventy-four percent of hybrid fund owners hold funds inside defined contribution retirement plans, and 73 percent hold funds outside such plans. In addition to owning hybrid funds, 85 percent own equity funds; 50 percent, bond funds; and 52 percent, money market funds. Most hybrid fund owners are saving for retirement, and seek advice from professional financial advisers when making fund investment decisions (Figure 15).

Money Market Fund Shareholders

Shareholders owning money market funds have a median age of 47 years (Figure 13). The median household income of this group is \$65,000, and household financial assets are \$150,000.

Median fund assets of money market shareholders is \$62,500, or 42 percent of household financial assets (Figure 14). These shareholders own a median of five mutual funds. More money market fund shareholders own mutual funds outside defined contribution retirement plans than inside such plans, although most purchased their first fund through defined contribution plans. Forty-one percent consider employer plans as a primary source for purchasing mutual funds while 41 percent view the sales force channel as their main fund purchase method. Eighty-seven percent of money market fund shareholders also own equity funds; 44 percent, bond funds; and 36 percent, hybrid funds. Similar to owners of other types of funds, most money market fund shareholders are saving for retirement, and rely on professional financial advisers when making fund purchase and sales decisions (Figure 15).

FIGURE 13

Shareholder Characteristics by Types of Funds Owned

	Equity	Bond	Hybrid	Money Market
Median				
Age of household primary or co-decisionmaker	45 years	47 years	46 years	47 years
Household income	\$65,000	\$67,600	\$70,000	\$65,000
Household financial assets ¹	\$125,000	\$150,000	\$150,000	\$150,000
Average				
Age of household primary or co-decisionmaker	47 years	49 years	48 years	48 years
Household income	\$104,300	\$133,100	\$118,000	\$119,300
Household financial assets ¹	\$275,000	\$343,200	\$347,700	\$347,400
Percent				
Household investment decisionmaker:				
Male is sole decisionmaker	26	24	25	25
Female is sole decisionmaker	21	25	22	22
Co-decisionmakers	53	51	52	53
Married or living with a partner ²	68	68	68	68
Four-year college degree or more ²	55	55	59	55
Completed graduate school ²	21	21	23	19
Employed ²	80	77	80	77
Spouse or partner employed ³	78	76	76	77
Retired from life-time occupation ²	18	21	18	20
Household owns: ⁵				
Bank or thrift deposits	79	81	78	79
Individual stocks	59	58	58	58
Individual bonds (excluding U.S. savings bonds)	13	20	15	16
U.S. savings bonds	41	47	41	43
Investment real estate	31	34	34	36
Household has IRA(s) ⁴	61	60	62	64
Household has defined contribution retirement plan(s) (total) ⁵				
401(k) plan	64	67	72	64
403(b) plan	11	11	12	12
State, local, or federal government plan	34	35	33	34
Household has accessed the Internet (total) ⁵				
To send email	81	80	83	82
To access the World Wide Web	82	82	83	82
Ethnic background: ^{2,5}				
Caucasian	89	89	89	89
African-American	5	6	7	6
Asian	2	2	2	1
Hispanic	5	3	3	5
Other	4	4	3	4

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

Note: Number of respondents varies.

FIGURE 14

Mutual Fund Ownership Characteristics by Types of Funds Owned

	Equity	Bond	Hybrid	Money Market
Median Per Mutual Fund-Owning Household				
Total mutual fund assets	\$50,000	\$75,000	\$80,000	\$62,500
Number of mutual funds owned	5	6	6	5
Year of first fund purchase	1990	1988	1988	1989
Average Per Mutual Fund-Owning Household				
Total mutual fund assets	\$129,100	\$171,300	\$181,800	\$166,500
Number of mutual funds owned	7	8	8	8
Year of first fund purchase	1988	1986	1986	1986
Percent of Mutual Fund-Owning Households				
Own: ¹				
Equity funds	100	88	85	87
Bond funds	37	100	50	44
Hybrid funds	33	47	100	36
Money market funds	48	58	52	100
Fund type not specified	3	3	3	4
Mean percent of mutual fund assets allocated to: ²				
Equity funds	75	44	44	48
Bond funds	7	33	10	9
Hybrid funds	7	10	37	8
Money market funds	11	12	8	34
Fund type not specified	0	1	1	1
Have IRA(s) invested in mutual funds ³	36	37	42	39
Own mutual funds bought: ¹				
Outside defined contribution retirement plan(s) (total)	72	75	73	78
Sales force ⁴	57	61	57	64
Direct market ⁵	36	40	41	41
Inside defined contribution retirement plan(s) (total)	65	68	74	61
401(k) plan	50	55	60	48
403(b) plan	6	6	8	6
State, local, or federal government plan	14	15	15	13
Primary mutual fund purchase channel:				
Outside defined contribution retirement plan(s) (total)	53	54	50	59
Sales force ⁴	37	37	33	41
Direct market ⁵	16	17	17	18
Inside defined contribution retirement plan(s)	47	46	50	41
Bought first mutual fund:				
Before 1990	48	57	56	53
1990 to 1997	39	33	35	37
1998 or later	13	10	9	10
Purchased first mutual fund through defined contribution retirement plan	58	59	60	53

¹ Multiple responses included.

² Simple average.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

⁵ Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

FIGURE 15

Views on Mutual Fund Investing by Types of Funds Owned

(percent)

	Equity	Bond	Hybrid	Money Market
Strongly or somewhat agree: ¹				
My mutual fund investments are savings for the long term	98	98	98	98
I am not concerned about short-term fluctuations in my mutual fund investments	84	83	83	82
I am confident that I will have enough money at retirement on which to live comfortably	85	87	86	85
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	69	67	67	70
Self-assessed understanding of mutual fund investing:				
Comprehensive	23	23	25	23
Basic	56	57	58	58
Limited or none	21	20	17	19
Financial goals for mutual fund investments: ¹				
Retirement	92	91	96	92
Emergency	42	44	42	48
Education	33	34	31	33
Income	17	21	18	19
Car or other large purchase	13	15	14	15
Primary financial goal for mutual fund investments:				
Retirement	74	70	75	71
Education	10	10	9	11
Other	16	20	16	18
Level of risk willing to take:				
Substantial risk for substantial gain	7	7	7	7
Above-average risk for above-average gain	33	31	37	31
Average risk for average gain	48	48	44	48
Below-average risk for below-average gain	8	10	9	9
No risk at all	4	4	3	5

¹ Multiple responses included.

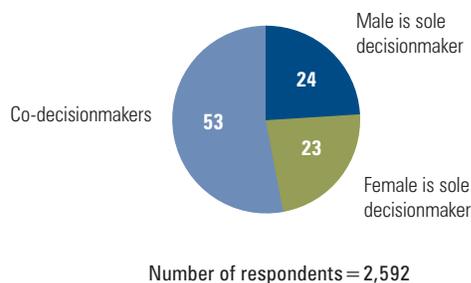
Note: Number of respondents varies.

Chapter 5:

Mutual Fund Shareholders by Gender

Males make the investment decisions in 24 percent of fund-owning households, and females do so in 23 percent of these households.⁹ Investment decisionmaking is a shared responsibility in 53 percent of fund-owning households (Figure 16).¹⁰

FIGURE 16
**Investment Decisionmaker in Fund-Own-
ing Households**
(percent)



Male Shareholders with Sole Responsibility for Investment Decisions

Male shareholders with sole responsibility for household investments have a median age of 46 years (Figure 17). Their median household income is \$63,900, and household financial assets are \$150,000. Half of these males are married or living with a partner, and most are employed and college-educated.

Shareholder households in which a male has sole responsibility for household investments have a median of \$60,000 in mutual fund assets, or 40 percent of household financial assets (Figure 18). Members of this shareholder group own a median of five mutual funds. Slightly more than half purchased their first fund prior to 1990. Most purchased their first fund outside defined contribution retirement plans. Forty-four percent considered a retirement plan at work as their primary source for purchasing funds at the time of the survey. Ninety-two percent own equity funds; 38 percent, bond

⁹ Referred to as male and female shareholders, respectively.

¹⁰ Referred to as co-decisionmaking shareholders. Fifty-one percent of responding co-decisionmakers are female, 49 percent are male. Co-decisionmakers were screened to ensure they were the decisionmakers most knowledgeable and responsible for household investments.

funds; 35 percent, hybrid funds; and 50 percent, money market funds. Fifty-two percent describe their understanding of mutual fund investing as basic, and 32 percent termed it as comprehensive (Figure 19).

Female Shareholders with Sole Responsibility for Investment Decisions

Typical female shareholders with sole responsibility for household investments are 47 years old (Figure 17). Their median household income is \$49,200, and household financial assets are \$70,000. Fewer than one-quarter of these females are married or living with a partner. Nearly one-half are college graduates.

Shareholder households in which a female has sole responsibility for household investments have median mutual fund assets of \$30,000, or 43 percent of household financial assets (Figure 18). The median number of funds these shareholders own is four. Fifty-seven percent purchased their first fund through defined contribution retirement plans, and 47 percent consider a retirement plan as their primary mutual fund purchase channel. Nearly one-fifth purchased their first fund in 1998 or later. Eighty-four percent own equity funds; 39 percent, bond funds; 34 percent, hybrid funds; and 49 percent, money market funds. Members of this shareholder group tend to describe themselves as having a basic knowledge of fund investing (Figure 19).

Co-Decisionmaking Shareholders

The median age of co-decisionmaking shareholders who responded to the survey is 46 years (Figure 17). Median income in their households is \$70,000, and household financial assets are \$100,000.

Co-decisionmaking shareholders hold a median of \$40,000 in mutual funds, or 40 percent of household financial assets (Figure 18). Forty-six percent of these shareholders bought their first fund prior to 1990, and 42 percent purchased their first fund between 1990 and 1997. Members of this group own a median of four mutual funds. Most purchased their first fund through defined contribution retirement plans, and considered these plans as their primary source for purchasing funds at the time of the survey. Eighty-eight percent own equity funds; 35 percent, bond funds; 33 percent, hybrid funds; and 48 percent, money market funds. Most co-decisionmaking shareholders view themselves as having a basic understanding of mutual fund investing and as accepting average risk for average gain (Figure 19).

FIGURE 17

Shareholder Characteristics by Gender of Investment Decisionmaker

	Male Is Sole Decision-maker	Female Is Sole Decision-maker	Co-Decision-makers ⁶
Median			
Age of household primary or co-decisionmaker	46 years	47 years	46 years
Household income	\$63,900	\$49,200	\$70,000
Household financial assets ¹	\$150,000	\$70,000	\$100,000
Average			
Age of household primary or co-decisionmaker	48 years	49 years	46 years
Household income	\$120,000	\$60,500	\$99,600
Household financial assets ¹	\$325,100	\$180,700	\$254,500
Percent			
Married or living with a partner ²	50	24	93
Four-year college degree or more ²	58	48	50
Completed graduate school ²	23	17	18
Employed ²	81	73	78
Spouse or partner employed ³	64	79	80
Retired from life-time occupation ²	20	23	17
Household owns: ⁵			
Bank or thrift deposits	74	81	80
Individual stocks	60	50	53
Individual bonds (excluding U.S. savings bonds)	13	14	11
U.S. savings bonds	37	34	44
Investment real estate	37	23	32
Household has IRA(s) ⁴	60	59	60
Household has defined contribution retirement plan(s) (total) ⁵			
401(k) plan	61	54	69
403(b) plan	10	11	12
State, local, or federal government plan	33	32	36
Household has accessed the Internet (total) ⁵			
To send email	75	70	83
To access the World Wide Web	76	71	83
Ethnic background: ^{2,5}			
Caucasian	90	86	88
African-American	4	10	6
Asian	2	1	2
Hispanic	8	6	3
Other	4	5	6

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

⁶ Fifty-one percent of responding co-decisionmakers are female. Co-decisionmakers were screened to ensure they were the decisionmakers most knowledgeable and responsible for household investments.

Note: Number of respondents varies.

FIGURE 18

Mutual Fund Ownership Characteristics by Gender of Investment Decisionmaker

	Male Is Sole Decision-maker	Female Is Sole Decision-maker	Co-Decision-makers
Median Per Mutual Fund-Owning Household			
Total mutual fund assets	\$60,000	\$30,000	\$40,000
Number of mutual funds owned	5	4	4
Year of first fund purchase	1989	1990	1990
Average Per Mutual Fund-Owning Household			
Total mutual fund assets	\$128,600	\$77,100	\$133,800
Number of mutual funds owned	7	5	6
Year of first fund purchase	1987	1988	1988
Percent of Mutual Fund-Owning Households			
Own: ¹			
Equity funds	92	84	88
Bond funds	38	39	35
Hybrid funds	35	34	33
Money market funds	50	49	48
Fund type not specified	3	4	3
Mean percent of mutual fund assets allocated to: ²			
Equity funds	68	57	66
Bond funds	9	12	8
Hybrid funds	9	14	10
Money market funds	13	15	15
Fund type not specified	1	2	1
Have IRA(s) invested in mutual funds ³	32	37	36
Own mutual funds bought: ¹			
Outside defined contribution retirement plan(s) (total)			
Sales force ⁴	73	68	68
Direct market ⁵	56	54	55
Direct market ⁵	38	28	33
Inside defined contribution retirement plan(s) (total)			
401(k) plan	60	58	66
403(b) plan	45	41	52
State, local, or federal government plan	6	6	6
State, local, or federal government plan	14	13	15
Primary mutual fund purchase channel:			
Outside defined contribution retirement plan(s) (total)			
Sales force ⁴	56	53	49
Direct market ⁵	37	39	36
Direct market ⁵	19	14	13
Inside defined contribution retirement plan(s)	44	47	51
Bought first mutual fund:			
Before 1990	52	43	46
1990 to 1997	34	38	42
1998 or later	14	19	12
Purchased first mutual fund through defined contribution retirement plan	48	57	61

¹ Multiple responses included.

² Simple average.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

⁵ Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

FIGURE 19

Views on Mutual Fund Investing by Gender of Investment Decisionmaker

(percent)

	Male Is Sole Decision- maker	Female Is Sole Decision- maker	Co-Decision- makers
Strongly or somewhat agree: ¹			
My mutual fund investments are savings for the long term	98	96	97
I am not concerned about short-term fluctuations in my mutual fund investments	84	80	83
I am confident that I will have enough money at retirement on which to live comfortably	88	76	84
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	60	73	72
Self-assessed understanding of mutual fund investing:			
Comprehensive	32	13	18
Basic	52	54	58
Limited or none	16	33	24
Financial goals for mutual fund investments: ¹			
Retirement	89	89	93
Emergency	40	45	44
Education	28	25	36
Income	18	22	16
Car or other large purchase	11	13	14
Primary financial goal for mutual fund investments:			
Retirement	70	69	74
Education	8	10	13
Other	22	21	13
Level of risk willing to take:			
Substantial risk for substantial gain	9	4	7
Above-average risk for above-average gain	36	26	30
Average risk for average gain	42	51	51
Below-average risk for below-average gain	8	12	8
No risk at all	5	7	4

¹ Multiple responses included.

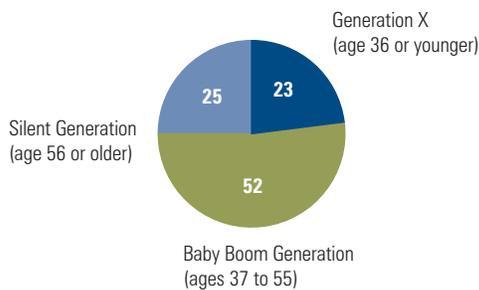
Note: Number of respondents varies.

Chapter 6:

Mutual Fund Shareholders by Generation

Twenty-three percent of mutual fund shareholders were born in 1965 or later, members of Generation X (age 36 or younger at the time of the survey). Fifty-two percent are members of the Baby Boom Generation, individuals born between 1946 and 1964 (ages 37 to 55 at the time of the survey). Twenty-five percent of mutual fund shareholders are members of the Silent Generation, individuals born before 1946 (age 56 or older at the time of the survey) (Figure 20).

FIGURE 20
Generation of Mutual Fund Shareholders¹
(percent)



Number of respondents = 2,490

¹ At the time of the survey.

Generation X Shareholders

Generation X shareholders have a median age of 31 years, median household income of \$55,900, and median household financial assets of \$37,500 (Figure 21). Fifty-five percent of Generation X shareholders have earned college or post-graduate degrees. Most are married and employed.

Generation X shareholders have a median of \$15,000, or 40 percent of household financial assets, invested in mutual funds (Figure 22). These shareholders own a median of four mutual funds. Most Generation X shareholders purchased their first mutual fund after 1990, usually through defined contribution retirement plans, which most consider their primary source for purchasing funds. Ninety percent own equity funds; 30 percent, bond funds; 30 percent, hybrid funds; and 41 percent, money market funds. More than half of Generation X shareholders are willing to take substantial or above-average risk to achieve similar gain (Figure 23).

Baby Boom Shareholders

Baby Boom shareholders have a median age of 46 years (Figure 21). Their median household income is \$70,000, and household financial assets are \$125,000. Most are married and employed, and more than one-half have college or post-graduate degrees.

Baby Boom shareholders have median mutual fund holdings of \$54,700, or 44 percent of household financial assets (Figure 22). They typically bought their first fund in 1989, seven years before Generation X shareholders. The median number of funds Baby Boom shareholders own is five. More than seven out of ten own funds through defined contribution retirement plans, and 55 percent consider these plans as their primary source for purchasing funds. Ninety percent of Baby Boom shareholders own equity funds; 38 percent, bond funds; 36 percent, hybrid funds; and 49 percent, money market funds. More than three-quarters list saving for retirement as their primary financial goal (Figure 23).

Silent Generation Shareholders

Silent Generation shareholders have a median age of 65 years (Figure 21). The median income of these shareholders is \$55,000, and household financial assets are

\$250,000. Sixty-one percent of Silent Generation shareholders are retired. More than two-fifths completed college or post-graduate studies.

Silent Generation shareholders have a median of \$62,700 invested in mutual funds, or 25 percent of household financial assets (Figure 22). Silent Generation shareholders' median tenure in funds began in 1982, exceeding that of Generation X shareholders by 14 years. Most purchased their first fund outside defined contribution retirement plans, and view the sales force channel as their primary source for purchasing funds. Silent Generation shareholders own a median of four mutual funds. Eighty-three percent own equity funds; 41 percent, bond funds; 34 percent, hybrid funds; and 53 percent, money market funds. Silent Generation shareholders also are considerably more risk-averse than younger shareholders (Figure 23).

FIGURE 21

Shareholder Characteristics by Generation

	Generation X (age 36 or younger) ⁶	Baby Boom Generation (ages 37 to 55) ⁶	Silent Generation (age 56 or older) ⁶
Median			
Age of household primary or co-decisionmaker	31 years	46 years	65 years
Household income	\$55,900	\$70,000	\$55,000
Household financial assets ¹	\$37,500	\$125,000	\$250,000
Average			
Age of household primary or co-decisionmaker	30 years	46 years	66 years
Household income	\$72,100	\$98,000	\$118,900
Household financial assets ¹	\$96,200	\$249,300	\$464,600
Percent			
Household investment decisionmaker:			
Male is sole decisionmaker	25	23	26
Female is sole decisionmaker	22	20	27
Co-decisionmakers	53	57	47
Married or living with a partner ²	61	70	67
Four-year college degree or more ²	55	54	44
Completed graduate school ²	16	19	20
Employed ²	88	91	40
Spouse or partner employed ³	85	88	47
Retired from life-time occupation ²	2	6	61
Household owns: ⁵			
Bank or thrift deposits	81	78	79
Individual stocks	55	56	49
Individual bonds (excluding U.S. savings bonds)	11	10	16
U.S. savings bonds	43	42	35
Investment real estate	16	31	45
Household has IRA(s) ⁴	61	60	58
Household has defined contribution retirement plan(s) (total) ⁵	87	86	68
401(k) plan	74	72	35
403(b) plan	12	11	11
State, local, or federal government plan	31	34	41
Household has accessed the Internet (total) ⁵			
To send email	86	84	61
To access the World Wide Web	89	86	55
Ethnic background: ^{2,5}			
Caucasian	85	88	92
African-American	10	6	4
Asian	3	2	1
Hispanic	8	5	2
Other	3	4	2

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

⁶ At the time of the survey.

Note: Number of respondents varies.

FIGURE 22

Mutual Fund Ownership Characteristics by Generation

	Generation X (age 36 or younger)⁶	Baby Boom Generation (ages 37 to 55)⁶	Silent Generation (age 56 or older)⁶
Median Per Mutual Fund-Owning Household			
Total mutual fund assets	\$15,000	\$54,700	\$62,700
Number of mutual funds owned	4	5	4
Year of first fund purchase	1996	1989	1982
Average Per Mutual Fund-Owning Household			
Total mutual fund assets	\$57,500	\$126,200	\$181,700
Number of mutual funds owned	6	7	6
Year of first fund purchase	1995	1988	1981
Percent of Mutual Fund-Owning Households			
Own: ¹			
Equity funds	90	90	83
Bond funds	30	38	41
Hybrid funds	30	36	34
Money market funds	41	49	53
Fund type not specified	3	2	4
Mean percent of mutual fund assets allocated to: ²			
Equity funds	73	65	54
Bond funds	6	9	14
Hybrid funds	9	10	12
Money market funds	12	15	18
Fund type not specified	0	1	2
Have IRA(s) invested in mutual funds ³			
Own mutual funds bought: ¹	38	39	25
Outside defined contribution retirement plan(s) (total)			
Sales force ⁴	58	67	85
Direct market ⁵	44	54	70
Inside defined contribution retirement plan(s) (total)	27	33	37
401(k) plan	69	71	39
403(b) plan	56	56	24
State, local, or federal government plan	7	7	4
Primary mutual fund purchase channel:			
Outside defined contribution retirement plan(s) (total)	12	17	11
Sales force ⁴	41	45	76
Direct market ⁵	31	32	57
Inside defined contribution retirement plan(s)	10	13	19
Bought first mutual fund:			
Before 1990	59	55	24
1990 to 1997	11	53	71
1998 or later	57	37	23
Purchased first mutual fund through defined contribution retirement plan	32	10	6
	65	63	40

¹ Multiple responses included.

² Simple average.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

⁵ Includes funds purchased directly from fund companies and through discount brokers.

⁶ At time of the survey.

Note: Number of respondents varies.

FIGURE 23

Views on Mutual Fund Investing by Generation

(percent)

	Generation X (age 36 or younger)²	Baby Boom Generation (ages 37 to 55)²	Silent Generation (age 56 or older)²
Strongly or somewhat agree: ¹			
My mutual fund investments are savings for the long term	98	98	96
I am not concerned about short-term fluctuations in my mutual fund investments	86	84	78
I am confident that I will have enough money at retirement on which to live comfortably	87	81	86
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	68	69	71
Self-assessed understanding of mutual fund investing:			
Comprehensive	20	20	20
Basic	56	56	55
Limited or none	24	24	25
Financial goals for mutual fund investments: ¹			
Retirement	92	96	81
Emergency	43	41	49
Education	50	36	7
Income	12	10	38
Car or other large purchase	19	11	10
Primary financial goal for mutual fund investments:			
Retirement	66	78	62
Education	17	12	3
Other	17	10	35
Level of risk willing to take:			
Substantial risk for substantial gain	11	7	3
Above-average risk for above-average gain	40	33	19
Average risk for average gain	40	49	55
Below-average risk for below-average gain	6	7	15
No risk at all	3	4	8

¹ Multiple responses included.

² At the time of the survey.

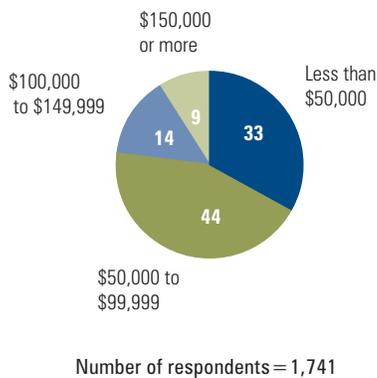
Note: Number of respondents varies.

Chapter 7:

Mutual Fund Shareholders by Household Income

Thirty-three percent of fund-owning households have income below \$50,000, and 44 percent have income between \$50,000 and \$99,999. Fourteen percent have household income between \$100,000 and \$149,999, and 9 percent have household income of \$150,000 or more (Figure 24).

FIGURE 24
Household Income of Mutual Fund Shareholders
(percent)



Shareholders with Household Income Less than \$50,000

Shareholders with household income below \$50,000 have a median age of 43 years (Figure 25). Median household financial assets of these shareholders is \$40,000. Nearly one-half are married or living with a partner, and nearly two-fifths have college or post-graduate degrees. Twenty-three percent are retired. Compared with shareholders with greater household income, this group includes a greater percentage of females as the sole financial decisionmaker.

These shareholders have median mutual fund holdings of \$17,500, or 44 percent of household financial assets (Figure 26). Two-thirds purchased their first mutual fund in 1990 or later; nearly three-fifths made their first purchase through defined contribution retirement plans. They own a median of three mutual funds. Eighty-five percent own equity funds; 31 percent, bond funds; 33 percent, hybrid funds; and 44 percent, money market funds. About three-quarters of shareholders with household income below \$50,000 say they rely on professional financial advisers when making fund purchase and sales decisions (Figure 27).

Shareholders with Household Income Between \$50,000 and \$99,999

Shareholders with household income between \$50,000 and \$99,999 have a median age of 45 years (Figure 25). Median household financial assets of these shareholders are \$100,000. The majority are married or living with a partner, and more than one-half completed college or post-graduate studies.

These shareholders have median mutual fund assets of \$44,700, or 45 percent of household financial assets (Figure 26). Forty-four percent purchased their first fund before 1990, while 56 percent purchased their first fund in 1990 or later. Sixty-two percent made their first purchase through defined contribution retirement plans, and 58 percent considered these plans their primary method for purchasing funds at the time of the survey. Shareholders in this income group own a median of four mutual funds. Eighty-seven percent hold equity funds; 34 percent, bond funds; 32 percent, hybrid funds; and 44 percent, money market funds. Three-quarters cite saving for retirement as a main mutual fund investment goal (Figure 27).

Shareholders with Household Income Between \$100,000 and \$149,999

Shareholders with household income between \$100,000 and \$149,999 have a median age of 43 years (Figure 25). Median household financial assets of these shareholders are \$229,700. More than four-fifths are married or living with a partner, and 70 percent have college or post-graduate degrees.

These shareholders have median mutual fund holdings of \$87,500, or 38 percent of household financial assets (Figure 26). Fifty-four percent purchased their

first fund before 1990. More than two-thirds made that first purchase through defined contribution retirement plans, and 54 percent viewed these plans as their primary method for purchasing funds at the time of the survey. Shareholders in this income group own a median of six mutual funds. Ninety-six percent hold equity funds; 38 percent, bond funds; 42 percent, hybrid funds; and 47 percent, money market funds. Nearly three-quarters primarily use mutual funds to save for retirement (Figure 27).

Shareholders with Household Income of \$150,000 or More

Shareholders with household income of \$150,000 or more have a median age of 49 years (Figure 25). Similar to shareholders in the \$100,000 to \$149,999 income category, most of those in the high-income group are married or living with a partner, and completed college or post-graduate studies. Median household financial assets are \$529,400.

These shareholders have a median of \$260,700 invested in mutual funds, or 49 percent of household financial assets (Figure 26). While 59 percent of these shareholders purchased their first fund through defined contribution retirement plans, most considered either the direct market or sales force channel as their primary method for purchasing funds at the time of the survey. Compared with shareholders with lower household income, those in the high-income category tend to own more funds, and have longer fund tenure. Ninety-six percent own equity funds; 54 percent, bond funds; 43 percent, hybrid funds; and 61 percent, money market mutual funds. Eighty-nine percent of shareholders with household income of \$150,000 or more describe themselves as having a comprehensive or basic understanding of fund investing (Figure 27).

FIGURE 25

Shareholder Characteristics by Household Income

	Household Income			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Median				
Age of household primary or co-decisionmaker	43 years	45 years	43 years	49 years
Household income	\$32,500	\$65,000	\$120,000	\$210,000
Household financial assets ¹	\$40,000	\$100,000	\$229,700	\$529,400
Average				
Age of household primary or co-decisionmaker	46 years	46 years	45 years	48 years
Household income	\$32,000	\$69,400	\$117,100	\$425,400
Household financial assets ¹	\$113,200	\$193,100	\$353,700	\$900,500
Percent				
Household investment decisionmaker:				
Male is sole decisionmaker	25	21	28	31
Female is sole decisionmaker	34	20	11	9
Co-decisionmakers	41	59	61	60
Married or living with a partner ²	46	73	81	81
Four-year college degree or more ²	38	51	70	73
Completed graduate school ²	12	19	34	34
Employed ²	71	84	89	83
Spouse or partner employed ³	68	83	82	78
Retired from life-time occupation ²	23	14	11	12
Household owns: ⁵				
Bank or thrift deposits	76	81	77	81
Individual stocks	42	52	72	63
Individual bonds (excluding U.S. savings bonds)	10	11	9	22
U.S. savings bonds	34	43	41	54
Investment real estate	19	29	43	54
Household has IRA(s) ⁴				
Household has defined contribution retirement plan(s) (total) ⁵	75	88	88	83
401(k) plan	55	68	72	72
403(b) plan	9	12	14	12
State, local, or federal government plan	34	38	45	27
Household has accessed the Internet (total) ⁵				
To send email	69	82	92	88
To access the World Wide Web	67	83	91	91
Ethnic background: ^{2,5}				
Caucasian	85	88	87	91
African-American	9	6	6	5
Asian	1	2	2	1
Hispanic	5	4	4	4
Other	4	6	7	3

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

Note: Number of respondents varies.

FIGURE 26

Mutual Fund Ownership Characteristics by Household Income

	Household Income			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Median Per Mutual Fund-Owning Household				
Total mutual fund assets	\$17,500	\$44,700	\$87,500	\$260,700
Number of mutual funds owned	3	4	6	7
Year of first fund purchase	1993	1990	1989	1986
Average Per Mutual Fund-Owning Household				
Total mutual fund assets	\$48,300	\$86,700	\$173,100	\$431,900
Number of mutual funds owned	4	6	8	8
Year of first fund purchase	1990	1988	1986	1984
Percent of Mutual Fund-Owning Households				
Own: ¹				
Equity funds	85	87	96	96
Bond funds	31	34	38	54
Hybrid funds	33	32	42	43
Money market funds	44	44	47	61
Fund type not specified	3	3	4	3
Mean percent of mutual fund assets allocated to: ²				
Equity funds	63	65	71	60
Bond funds	9	9	9	12
Hybrid funds	11	11	11	11
Money market funds	16	13	8	17
Fund type not specified	1	2	1	0
Have IRA(s) invested in mutual funds ³	31	36	40	34
Own mutual funds bought: ¹				
Outside defined contribution retirement plan(s) (total)	64	61	71	85
Sales force ⁴	50	50	60	64
Direct market ⁵	29	26	35	51
Inside defined contribution retirement plan(s) (total)	54	68	80	68
401(k) plan	40	51	61	55
403(b) plan	4	6	10	6
State, local, or federal government plan	11	15	25	16
Primary mutual fund purchase channel:				
Outside defined contribution retirement plan(s) (total)	52	42	46	68
Sales force ⁴	39	32	33	43
Direct market ⁵	13	10	13	25
Inside defined contribution retirement plan(s)	48	58	54	32
Bought first mutual fund:				
Before 1990	33	44	54	64
1990 to 1997	41	42	41	33
1998 or later	26	14	5	3
Purchased first mutual fund through defined contribution retirement plan	57	62	68	59

¹ Multiple responses included.² Simple average.³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.⁵ Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

FIGURE 27

Views on Mutual Fund Investing by Household Income

(percent)

	Household Income			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Strongly or somewhat agree: ¹				
My mutual fund investments are savings for the long term	98	97	98	99
I am not concerned about short-term fluctuations in my mutual fund investments	79	86	83	88
I am confident that I will have enough money at retirement on which to live comfortably	78	82	90	91
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	74	68	62	69
Self-assessed understanding of mutual fund investing:				
Comprehensive	12	16	28	33
Basic	54	59	55	56
Limited or none	34	25	17	11
Financial goals for mutual fund investments: ¹				
Retirement	87	94	93	92
Emergency	51	42	33	39
Education	29	33	35	35
Income	24	14	9	15
Car or other large purchase	17	12	11	8
Primary financial goal for mutual fund investments:				
Retirement	67	75	74	70
Education	9	11	13	14
Other	24	14	13	16
Level of risk willing to take:				
Substantial risk for substantial gain	5	7	9	9
Above-average risk for above-average gain	26	31	44	36
Average risk for average gain	54	49	36	46
Below-average risk for below-average gain	8	9	9	6
No risk at all	7	4	2	3

¹ Multiple responses included.

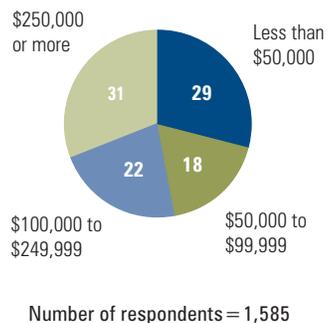
Note: Number of respondents varies.

Chapter 8:

Mutual Fund Shareholders by Household Financial Assets

Nearly half of mutual fund shareholders have household financial assets below \$100,000: 29 percent have less than \$50,000, and 18 percent have between \$50,000 and \$99,999. Twenty-two percent have household financial assets between \$100,000 and \$249,999, and 31 percent have \$250,000 or more (Figure 28).

FIGURE 28
Household Financial Assets of Mutual Fund Shareholders
(percent)



Shareholders with Household Financial Assets Less than \$50,000

Shareholders with household financial assets below \$50,000 have a median age of 37 years and median household income of \$42,900 (Figure 29). Median household financial assets of this group are \$17,500. Most are married and employed, and 44 percent completed college or post-graduate studies. Only 7 percent are retired from their life-time occupations.

These shareholders have a median of \$7,900 invested in funds, or 45 percent of household financial assets (Figure 30). Nearly half purchased their first fund between 1990 and 1997, and more than a third in 1998 or later. The median number of funds these shareholders own is three. Nearly two-thirds bought their first fund through defined contribution retirement plans, and 63 percent list these plans as their primary method for purchasing funds. Eighty-five percent own equity funds; 25 percent, bond funds; 25 percent, hybrid funds; and 40 percent, money market funds. More than half say they have a basic understanding of mutual fund investing, and nearly three-quarters tend to rely on professional financial advisers when making mutual fund investment decisions (Figure 31).

Shareholders with Household Financial Assets Between \$50,000 and \$99,999

Shareholders with household financial assets between \$50,000 and \$99,999 have a median age of 43 years (Figure 29). The median household income of these shareholders is \$60,000 and household financial assets are \$62,500. Most are married and employed, and more than two-fifths have college or post-graduate degrees.

These shareholders have a median of \$40,000, or 64 percent of household financial assets, invested in mutual funds (Figure 30). Nearly half purchased their first fund between 1990 and 1997, and another 37 percent made their initial fund purchase before 1990. Most bought their first fund through defined contribution retirement plans, and view these plans as their primary channel for purchasing funds. Shareholders in this group own a median of four mutual funds. Ninety percent own equity funds; 33 percent, bond funds; 31 percent, hybrid funds; and 43 percent, money market funds. Fifty-one percent of shareholders in this group will take average financial risk for average gain (Figure 31).

Shareholders with Household Financial Assets Between \$100,000 and \$249,999

Shareholders with household financial assets between \$100,000 and \$249,999 have a median age of 45 years (Figure 29). The median household income of these shareholders is \$72,000. The majority are married, employed, and completed college or post-graduate studies.

These shareholders have median mutual fund holdings of \$70,000, or 47 percent of household financial assets (Figure 30). Fifty-two percent purchased their first fund before 1990. Most made their first purchase through defined contribution retirement plans, and

considered such plans as their primary method for purchasing funds at the time of the survey. Shareholders in this asset group own a median of five mutual funds. Eighty-nine percent hold equity funds; 34 percent, bond funds; 37 percent, hybrid funds; and 42 percent, money market funds. Most have a basic understanding of mutual fund investing, and nearly three-fifths tend to rely on professional financial advisers when making fund investment decisions (Figure 31).

Shareholders with Household Financial Assets of \$250,000 or More

The median age of shareholders with household financial assets of \$250,000 or more is 51 years (Figure 29). Shareholders in this group have a median household income of \$90,600. Most are married, and nearly two-thirds have college or post-graduate degrees. Nearly three-quarters of this high-asset group are employed, but compared with shareholders with fewer household assets, they are the likeliest to be retired from their life-time occupations.

These shareholders have a median of \$200,000 invested in mutual funds, or 48 percent of household financial assets (Figure 30). The median number of funds that members of this high-asset group own is six, and more own each fund type—equity, bond, hybrid, and money market—than do shareholders with fewer assets. Nearly three-quarters have owned funds for 12 years or more, and nearly two-thirds view either the direct market or sales force channel as their primary mutual fund purchase channel. Most of these shareholders perceive themselves as long-term investors, and at least two in five will take substantial or above-average financial risk for comparable gain (Figure 31).

FIGURE 29

Shareholder Characteristics by Household Financial Assets

	Household Financial Assets			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or More
Median				
Age of household primary or co-decisionmaker	37 years	43 years	45 years	51 years
Household income	\$42,900	\$60,000	\$72,000	\$90,600
Household financial assets ¹	\$17,500	\$62,500	\$150,000	\$416,700
Average				
Age of household primary or co-decisionmaker	38 years	45 years	47 years	53 years
Household income	\$49,600	\$67,800	\$84,900	\$158,000
Household financial assets ¹	\$21,200	\$68,200	\$151,300	\$665,200
Percent				
Household investment decisionmaker:				
Male is sole decisionmaker	20	20	29	31
Female is sole decisionmaker	30	24	17	16
Co-decisionmakers	50	56	54	53
Married or living with a partner ²	58	67	68	74
Four-year college degree or more ²	44	44	54	64
Completed graduate school ²	15	14	24	28
Employed ²	85	84	83	74
Spouse or partner employed ³	83	86	78	70
Retired from life-time occupation ²	7	12	18	27
Household owns: ⁵				
Bank or thrift deposits	75	82	80	78
Individual stocks	42	50	50	67
Individual bonds (excluding U.S. savings bonds)	7	8	10	17
U.S. savings bonds	38	36	40	45
Investment real estate	12	19	31	56
Household has IRA(s) ⁴	50	58	59	68
Household has defined contribution retirement plan(s) (total) ⁵	81	78	86	82
401(k) plan	67	61	64	63
403(b) plan	9	11	13	9
State, local, or federal government plan	30	33	42	38
Household has accessed the Internet (total) ⁵	82	79	87	85
To send email	78	76	83	81
To access the World Wide Web	80	76	84	81
Ethnic background: ^{2,5}				
Caucasian	84	87	86	92
African-American	8	6	7	4
Asian	3	3	1	2
Hispanic	5	5	4	3
Other	4	6	5	5

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

Note: Number of respondents varies.

FIGURE 30

Mutual Fund Ownership Characteristics by Household Financial Assets

	Household Financial Assets			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or More
Median Per Mutual Fund-Owning Household				
Total mutual fund assets	\$7,900	\$40,000	\$70,000	\$200,000
Number of mutual funds owned	3	4	5	6
Year of first fund purchase	1996	1991	1989	1985
Average Per Mutual Fund-Owning Household				
Total mutual fund assets	\$13,800	\$40,800	\$77,800	\$284,800
Number of mutual funds owned	4	5	6	8
Year of first fund purchase	1994	1990	1987	1983
Percent of Mutual Fund-Owning Households				
Own: ¹				
Equity funds	85	90	89	92
Bond funds	25	33	34	45
Hybrid funds	25	31	37	44
Money market funds	40	43	42	58
Fund type not specified	2	3	3	4
Mean percent of mutual fund assets allocated to: ²				
Equity funds	68	66	66	61
Bond funds	8	8	9	12
Hybrid funds	9	8	12	13
Money market funds	15	16	12	14
Fund type not specified	0	2	1	1
Have IRA(s) invested in mutual funds ³	34	35	37	36
Own mutual funds bought: ¹				
Outside defined contribution retirement plan(s) (total)	51	64	65	84
Sales force ⁴	36	54	52	69
Direct market ⁵	22	24	31	43
Inside defined contribution retirement plan(s) (total)	67	63	69	62
401(k) plan	52	49	50	46
403(b) plan	6	5	6	6
State, local, or federal government plan	11	13	21	17
Primary mutual fund purchase channel:				
Outside defined contribution retirement plan(s) (total)	37	46	45	66
Sales force ⁴	27	36	31	48
Direct market ⁵	10	10	14	18
Inside defined contribution retirement plan(s)	63	54	55	34
Bought first mutual fund:				
Before 1990	16	37	52	73
1990 to 1997	48	48	42	25
1998 or later	36	15	6	2
Purchased first mutual fund through defined contribution retirement plan	65	59	59	56

¹ Multiple responses included.² Simple average.³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.⁵ Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

FIGURE 31

Views on Mutual Fund Investing by Household Financial Assets

(percent)

	Household Financial Assets			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or More
Strongly or somewhat agree: ¹				
My mutual fund investments are savings for the long term	98	97	98	98
I am not concerned about short-term fluctuations in my mutual fund investments	85	80	83	85
I am confident that I will have enough money at retirement on which to live comfortably	76	80	84	92
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	74	71	59	68
Self-assessed understanding of mutual fund investing:				
Comprehensive	11	12	21	30
Basic	55	58	59	56
Limited or none	34	30	20	14
Financial goals for mutual fund investments: ¹				
Retirement	91	90	94	92
Emergency	48	40	39	46
Education	40	37	33	23
Income	16	11	17	18
Car or other large purchase	18	13	10	10
Primary financial goal for mutual fund investments:				
Retirement	69	74	76	72
Education	14	10	10	8
Other	17	16	14	20
Level of risk willing to take:				
Substantial risk for substantial gain	9	5	7	6
Above-average risk for above-average gain	32	30	32	34
Average risk for average gain	48	51	47	48
Below-average risk for below-average gain	7	9	9	9
No risk at all	4	5	5	3

¹ Multiple responses included.

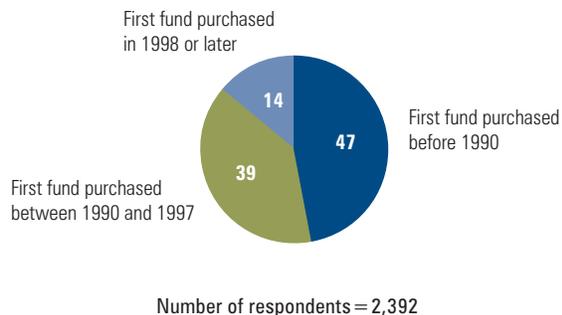
Note: Number of respondents varies.

Chapter 9:

Mutual Fund Shareholders by Tenure in Funds

Forty-seven percent of mutual fund shareholders purchased their first fund shares before 1990; another 39 percent initially bought shares between 1990 and 1997; and 14 percent first purchased shares in 1998 or later (Figure 32).

FIGURE 32
Length of Mutual Fund Ownership of Mutual Fund Shareholders¹
(percent)



¹ At the time of the survey.

Shareholders Who Purchased Their First Fund Before 1990

Shareholders who purchased their first fund before 1990 have a median age of 51 years (Figure 33). The median household income of these shareholders is \$70,000, and household financial assets are \$225,000. Most are married, employed, and completed college or post-graduate studies. Twenty-seven percent are retired.

Median mutual fund holdings of this group of shareholders are \$87,500, or 39 percent of household financial assets (Figure 34). The median number of funds they own is five. Fifty-five percent of these shareholders first purchased funds through defined contribution retirement plans. Fifty-five percent consider either the direct market or sales force channel as their primary mutual fund purchase channel. Nearly nine in ten own equity funds; 44 percent, bond funds; 40 percent, hybrid funds; and 53 percent, money market mutual funds. The majority of these seasoned shareholders say they have a basic understanding of mutual fund investing, with more than one-quarter citing a comprehensive understanding (Figure 35). Saving for retirement is a primary financial goal for nearly three-quarters of these shareholders.

Shareholders Who Purchased Their First Fund Between 1990 and 1997

Shareholders who purchased their first fund between 1990 and 1997 have a median age of 41 years (Figure 33). The median household income of these shareholders is \$62,500, and household financial assets are \$75,000. Most are married, employed, and have college or post-graduate degrees.

These shareholders have median mutual fund holdings of \$30,000, or 40 percent of household financial assets (Figure 34). The median number of funds these shareholders own is four. Sixty-two percent purchased their first fund through defined contribution retirement plans, and 53 percent consider these plans as their primary mutual fund purchase channel. Ninety percent own equity funds; 32 percent, bond funds; 31 percent, hybrid funds; and 46 percent, money market mutual funds. Sixty percent have a basic understanding of mutual fund investing (Figure 35).

Shareholders Who Purchased Their First Fund in 1998 or Later

Shareholders who purchased their first fund in 1998 or later have a median age of 35 years (Figure 33). This group's median household income is \$45,000 and household financial assets are \$29,500. Most are married and employed, and nearly two-fifths completed college or post-graduate studies.

Median mutual fund holdings of these shareholders are \$7,500, or 25 percent of household financial assets (Figure 34). The median number of funds they own is three. Most bought their first mutual fund through defined contribution retirement plans, and most still consider such plans as their primary mutual fund purchase channel. Eighty-six percent own equity funds; 27 percent, bond funds; 23 percent, hybrid funds; and 38 percent, money market mutual funds. Although the majority cite having a basic understanding of mutual funds, compared with the other groups, more of these shareholders described themselves as having a limited understanding of mutual fund investing or no understanding at all (Figure 35).

FIGURE 33

Shareholder Characteristics by Length of Fund Ownership

	First Fund Purchased Before 1990	First Fund Purchased Between 1990 and 1997	First Fund Purchased in 1998 or Later
Median			
Age of household primary or co-decisionmaker	51 years	41 years	35 years
Household income	\$70,000	\$62,500	\$45,000
Household financial assets ¹	\$225,000	\$75,000	\$29,500
Average			
Age of household primary or co-decisionmaker	53 years	43 years	37 years
Household income	\$112,000	\$88,300	\$51,700
Household financial assets ¹	\$386,200	\$183,900	\$61,800
Percent			
Household investment decisionmaker:			
Male is sole decisionmaker	27	22	24
Female is sole decisionmaker	21	22	31
Co-decisionmakers	52	57	45
Married or living with a partner ²	70	68	52
Four-year college degree or more ²	56	53	38
Completed graduate school ²	23	18	12
Employed ²	73	83	89
Spouse or partner employed ³	72	83	84
Retired from life-time occupation ²	27	11	6
Household owns: ⁵			
Bank or thrift deposits	77	81	75
Individual stocks	60	53	39
Individual bonds (excluding U.S. savings bonds)	16	10	6
U.S. savings bonds	42	42	31
Investment real estate	40	26	15
Household has IRA(s) ⁴	65	58	50
Household has defined contribution retirement plan(s) (total) ⁵			
401(k) plan	62	67	65
403(b) plan	12	11	8
State, local, or federal government plan	38	32	31
Household has accessed the Internet (total) ⁵			
To send email	79	82	77
To access the World Wide Web	79	83	77
Ethnic background: ^{2,5}			
Caucasian	90	88	83
African-American	5	7	9
Asian	1	3	2
Hispanic	3	5	11
Other	3	4	6

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

Note: Number of respondents varies.

FIGURE 34

Mutual Fund Ownership Characteristics by Length of Fund Ownership

	First Fund Purchased Before 1990	First Fund Purchased Between 1990 and 1997	First Fund Purchased in 1998 or Later
Median Per Mutual Fund-Owning Household			
Total mutual fund assets	\$87,500	\$30,000	\$7,500
Number of mutual funds owned	5	4	3
Year of first fund purchase	1982	1993	1999
Average Per Mutual Fund-Owning Household			
Total mutual fund assets	\$192,600	\$70,700	\$46,200
Number of mutual funds owned	7	7	5
Year of first fund purchase	1980	1993	1999
Percent of Mutual Fund-Owning Households			
Own: ¹			
Equity funds	89	90	86
Bond funds	44	32	27
Hybrid funds	40	31	23
Money market funds	53	46	38
Fund type not specified	4	2	2
Mean percent of mutual fund assets allocated to: ²			
Equity funds	59	70	66
Bond funds	12	7	8
Hybrid funds	13	8	11
Money market funds	14	14	14
Fund type not specified	2	1	1
Have IRA(s) invested in mutual funds ³	38	35	29
Own mutual funds bought: ¹			
Outside defined contribution retirement plan(s) (total)	76	64	53
Sales force ⁴	62	50	40
Direct market ⁵	38	32	19
Inside defined contribution retirement plan(s) (total)	64	66	56
401(k) plan	49	53	43
403(b) plan	7	5	4
State, local, or federal government plan	18	12	11
Primary mutual fund purchase channel:			
Outside defined contribution retirement plan(s) (total)	55	47	43
Sales force ⁴	39	33	33
Direct market ⁵	16	14	10
Inside defined contribution retirement plan(s)	45	53	57
Purchased first mutual fund through defined contribution retirement plan	55	62	58

¹ Multiple responses included.

² Simple average.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

⁵ Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

FIGURE 35

Views on Mutual Fund Investing by Length of Fund Ownership

(percent)

	First Fund Purchased Before 1990	First Fund Purchased Between 1990 and 1997	First Fund Purchased in 1998 or Later
Strongly or somewhat agree: ¹			
My mutual fund investments are savings for the long term	98	97	99
I am not concerned about short-term fluctuations in my mutual fund investments	83	84	81
I am confident that I will have enough money at retirement on which to live comfortably	85	82	79
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	67	69	76
Self-assessed understanding of mutual fund investing:			
Comprehensive	27	16	12
Basic	54	60	51
Limited or none	19	24	37
Financial goals for mutual fund investments: ¹			
Retirement	91	93	89
Emergency	43	43	44
Education	26	39	38
Income	22	13	13
Car or other large purchase	11	14	19
Primary financial goal for mutual fund investments:			
Retirement	73	73	67
Education	8	14	13
Other	19	13	20
Level of risk willing to take:			
Substantial risk for substantial gain	6	9	7
Above-average risk for above-average gain	30	35	28
Average risk for average gain	48	46	54
Below-average risk for below-average gain	11	7	6
No risk at all	5	3	5

¹ Multiple responses included.

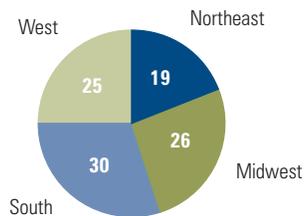
Note: Number of respondents varies.

Chapter 10:

Mutual Fund Shareholders by Region¹¹

Nineteen percent of mutual fund shareholders reside in the Northeast, and 26 percent of shareholders live in the Midwest. Shareholders in the South account for 30 percent of all shareholders, and those in the West represent 25 percent. By comparison, according to 2000 Census figures, 19 percent of all U.S. households are in the Northeast; 24 percent are in the Midwest; 36 percent, in the South; and 21 percent, in the West (Figure 36).

FIGURE 36
Mutual Fund Shareholders by Region¹
(percent)



Number of respondents = 2,592

¹ Refer to Appendix E for a full listing of the states in each region.

Shareholders in the Northeast

Mutual fund shareholders living in the Northeast have a median age of 47 years (Figure 37). This shareholder group's median household income is \$62,500 and household financial assets are \$100,000. As a group, Northeastern fund shareholders are usually married or living with a partner, employed, and college-educated. More than one-fifth have graduate degrees, the highest percentage among the four regions.

Compared with shareholders in other regions, Northeastern shareholders typically have higher balances invested in mutual funds—a median of \$46,200—and a higher percentage of household assets invested in funds—a median of 46 percent (Figure 38). Half bought their first fund before 1990, and 61 percent purchased their first fund through defined contribution retirement plans. However, half considered either the direct market or the sales force channel as their primary method for purchasing funds at the time of the survey. The median number of funds Northeastern shareholders own is four. Ninety percent own equity funds; 38 percent, bond funds; 31 percent, hybrid funds; and 50 percent, money market funds. Most Northeastern shareholders, like shareholders in general, list saving for retirement as the primary financial goal for their fund investments (Figure 39).

¹¹ The regions of the country match those used by the U.S. Census Bureau. Refer to Appendix E for a full listing of the composition of each region.

Shareholders in the Midwest

Midwestern mutual fund shareholders have a median age of 45 years (Figure 37). These shareholders have a median household income of \$60,200, and median household financial assets are \$100,000. Most are married and employed. Half completed college or post-graduate studies.

Midwestern shareholders have a median of \$40,000 invested in mutual funds, or 40 percent of household financial assets (Figure 38). Forty-seven percent bought their first fund before 1990. Fifty-nine percent first purchased funds through defined contribution retirement plans, and 54 percent cite these retirement plans as their primary fund purchase channel. Eighty-seven percent own equity funds; 43 percent, bond funds; 38 percent, hybrid funds; and 48 percent, money market funds. More than three-quarters report they use funds primarily to save for retirement (Figure 39).

Shareholders in the South

Mutual fund shareholders living in the South have a median age of 46 years (Figure 37). The median household income of these shareholders is \$60,000, and household financial assets are \$100,000. Most are married and employed. Fifty-two percent hold undergraduate or graduate degrees.

Median fund holdings of shareholders living in the South are \$42,200, or 42 percent of household financial assets (Figure 38). Fifty-seven percent bought their first fund in 1990 or later—through defined contribution retirement plans in most instances. Eighty-six percent own equity funds; 33 percent, bond funds; 30 percent, hybrid funds; and 49 percent, money market funds. Seventy percent of Southern shareholders indicate they use funds primarily to save for retirement (Figure 39).

Shareholders in the West

Western mutual fund shareholders have a median age of 46 years (Figure 37). The median household income of these shareholders is \$61,000, and household financial assets are \$130,000. Nearly three-quarters are employed, and more than 20 percent are retired.

Median mutual fund holdings of Western shareholders are \$40,000, or 31 percent of household financial assets (Figure 38). More than half first purchased funds through defined contribution retirement plans, but 59 percent considered either the direct market or sales force channel as their primary source for purchasing funds at the time of the survey. Fifty percent bought their first fund before 1990. Ninety percent of Western shareholders own equity funds; 34 percent, bond funds; 36 percent, hybrid funds; and 48 percent, money market funds. Seventy-two percent cite saving for retirement as their primary mutual fund investment goal (Figure 39).

FIGURE 37

Shareholder Characteristics by Region

	Northeast	Midwest	South	West
Median				
Age of household primary or co-decisionmaker	47 years	45 years	46 years	46 years
Household income	\$62,500	\$60,200	\$60,000	\$61,000
Household financial assets ¹	\$100,000	\$100,000	\$100,000	\$130,000
Average				
Age of household primary or co-decisionmaker	48 years	46 years	47 years	48 years
Household income	\$104,100	\$74,200	\$107,300	\$98,300
Household financial assets ¹	\$237,700	\$236,900	\$278,900	\$264,100
Percent				
Household investment decisionmaker:				
Male is sole decisionmaker	23	25	23	25
Female is sole decisionmaker	29	21	22	21
Co-decisionmakers	48	55	55	55
Married or living with a partner ²	61	70	71	64
Four-year college degree or more ²	51	50	52	53
Completed graduate school ²	21	17	18	20
Employed ²	82	80	76	74
Spouse or partner employed ³	83	78	73	76
Retired from life-time occupation ²	15	16	22	21
Household owns: ⁵				
Bank or thrift deposits	78	82	77	78
Individual stocks	54	56	56	50
Individual bonds (excluding U.S. savings bonds)	13	11	12	13
U.S. savings bonds	49	43	37	35
Investment real estate	29	27	34	34
Household has IRA(s) ⁴	60	64	63	52
Household has defined contribution retirement plan(s) (total) ⁵				
401(k) plan	64	69	65	56
403(b) plan	12	11	12	10
State, local, or federal government plan	31	29	37	41
Household has accessed the Internet (total) ⁵				
To send email	75	77	78	83
To access the World Wide Web	79	78	78	80
Ethnic background: ^{2,5}				
Caucasian	87	93	85	87
African-American	8	4	10	3
Asian	2	1	1	2
Hispanic	3	1	6	9
Other	4	3	4	8

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

Note: Number of respondents varies.

FIGURE 38

Mutual Fund Ownership Characteristics by Region

	Northeast	Midwest	South	West
Median Per Mutual Fund-Owning Household				
Total mutual fund assets	\$46,200	\$40,000	\$42,200	\$40,000
Number of mutual funds owned	4	4	4	4
Year of first fund purchase	1990	1990	1990	1989
Average Per Mutual Fund-Owning Household				
Total mutual fund assets	\$111,400	\$103,800	\$136,300	\$123,300
Number of mutual funds owned	6	6	6	6
Year of first fund purchase	1987	1988	1988	1988
Percent of Mutual Fund-Owning Households				
Own: ¹				
Equity funds	90	87	86	90
Bond funds	38	43	33	34
Hybrid funds	31	38	30	36
Money market funds	50	48	49	48
Fund type not specified	3	4	3	2
Mean percent of mutual fund assets allocated to: ²				
Equity funds	68	58	65	68
Bond funds	9	12	9	7
Hybrid funds	8	14	10	10
Money market funds	15	14	15	13
Fund type not specified	0	2	1	2
Have IRA(s) invested in mutual funds ³	35	38	34	34
Own mutual funds bought: ¹				
Outside defined contribution retirement plan(s) (total)	69	66	67	75
Sales force ⁴	55	51	56	59
Direct market ⁵	32	31	34	35
Inside defined contribution retirement plan(s) (total)	66	67	62	55
401(k) plan	51	53	49	39
403(b) plan	6	6	7	5
State, local, or federal government plan	15	12	13	17
Primary mutual fund purchase channel:				
Outside defined contribution retirement plan(s) (total)	50	46	52	59
Sales force ⁴	35	32	39	42
Direct market ⁵	15	14	13	17
Inside defined contribution retirement plan(s)	50	54	48	41
Bought first mutual fund:				
Before 1990	50	47	43	50
1990 to 1997	38	41	42	34
1998 or later	12	12	15	16
Purchased first mutual fund through defined contribution retirement plan	61	59	57	53

¹ Multiple responses included.

² Simple average.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

⁵ Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

FIGURE 39

Views on Mutual Fund Investing by Region

(percent)

	Northeast	Midwest	South	West
Strongly or somewhat agree: ¹				
My mutual fund investments are savings for the long term	97	99	97	97
I am not concerned about short-term fluctuations in my mutual fund investments	79	84	79	88
I am confident that I will have enough money at retirement on which to live comfortably	84	81	84	84
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	69	70	69	70
Self-assessed understanding of mutual fund investing:				
Comprehensive	22	18	25	18
Basic	55	59	51	56
Limited or none	23	23	24	26
Financial goals for mutual fund investments: ¹				
Retirement	88	95	89	92
Emergency	42	43	44	43
Education	32	29	32	33
Income	17	18	19	16
Car or other large purchase	13	11	15	13
Primary financial goal for mutual fund investments:				
Retirement	68	77	70	72
Education	13	9	11	11
Other	19	14	19	17
Level of risk willing to take:				
Substantial risk for substantial gain	8	6	7	6
Above-average risk for above-average gain	29	32	29	33
Average risk for average gain	48	52	49	45
Below-average risk for below-average gain	9	6	10	11
No risk at all	6	4	5	5

¹ Multiple responses included.

Note: Number of respondents varies.

Appendix A:

Research Methodology

Research Design

Under the direction of the Investment Company Institute’s Research Department, Roper Starch Worldwide conducted the household survey of mutual fund shareholders. The survey gathered demographic, financial, and fund ownership characteristics of mutual fund shareholders nationwide.

The survey collected information on fund ownership inside defined contribution retirement plans and outside such plans, including the number and types of funds owned, and the level of mutual fund assets. In addition, the survey asked shareholders about aspects of fund investing, including financial goals and willingness to take financial risk. Finally, the survey sought demographic information from responding shareholders, such as age, household income, and marital status.

Interviewing

Interviewing was completed between May and June of 2001 using a random digit dial (RDD) national probability sample. The survey respondents are representative of U.S. mutual fund shareholders.

All interviews were conducted with the decisionmaker most knowledgeable about household savings and

investments.¹² Eligible respondents included shareholders owning mutual funds inside or outside defined contribution retirement plans, or through variable annuities. A total of 2,592 telephone interviews, lasting an average of 18 minutes, were completed.

Sampling Tolerances

The use of sample surveys is standard practice for constructing estimates about a total population. Estimates derived through survey sampling are subject to sampling error. As sample size increases, the level of potential sampling error generally becomes smaller. This confidence level can be used to construct “confidence intervals”—ranges that would include the average estimate taken across all possible samples with known probability. Approximately 95 percent of the intervals figured in all possible samples would contain the average estimate taken across all samples. Figure 40 shows the approximate sampling error for estimates of proportions computed for the sample as a whole and for subsamples of various sizes.

Percentages may not add to 100 because of weighting or rounding. Where respondents were allowed to provide multiple responses, percentages may add to more than 100 percent.

¹² Households consist of all persons who occupy a housing unit. A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters. A household may include related family members and all unrelated persons, such as lodgers, foster children, wards, or employees who share a housing unit. A person living alone in a housing unit, or a group of unrelated persons sharing a housing unit as partners, is also counted as a household.

FIGURE 40

Sampling Error at the 95 Percent Confidence Level for Selected Percentages of Responses, by Sample Size

Sample Size	Percent of Responses				
	10 percent or 90 percent	20 percent or 80 percent	30 percent or 70 percent	40 percent or 60 percent	50 percent
2,500	1	2	2	2	2
2,000	1	2	2	2	2
1,500	2	2	3	3	3
1,000	2	3	3	3	3
500	3	4	4	5	5
100	6	8	9	10	10
50	9	11	13	14	14

This table shows, for example, that if the sample size is 1,500 and if 10 percent of the respondents provide the same answer to a question and 90 percent provide the other answer, then, using the same procedures, these responses can be expected to be replicated for the entire population within a range of +/- 2 percent, 95 percent of the time.

Appendix B:

Detailed Characteristics of Mutual Fund
Shareholders by Fund Ownership Inside and
Outside Defined Contribution Retirement Plans

FIGURE 41

Detailed Characteristics of Mutual Fund Shareholders¹*(percent)*

	All Shareholders	Own Funds Inside Defined Contribution Retirement Plans	Own Funds Outside Defined Contribution Retirement Plans
Investment Decisionmaker			
Male is sole decisionmaker	24	23	26
Female is sole decisionmaker	23	21	22
Co-decisionmakers	53	56	52
Number of respondents	2,592	1,555	1,732
Age			
Under 35	19	21	16
35 to 44	26	31	23
45 to 54	27	30	28
55 to 64	15	13	17
65 or older	13	5	16
Mean (in years)	47	44	49
Median (in years)	46	44	48
Number of respondents	2,490	1,497	1,671
Total Household Income			
Less than \$25,000	7	5	7
\$25,000 to \$34,999	10	8	10
\$35,000 to \$49,999	16	14	15
\$50,000 to \$74,999	28	27	26
\$75,000 to \$99,999	17	19	16
\$100,000 to \$249,999	18	22	21
\$250,000 or more	4	5	5
Mean	\$103,700	\$111,700	\$110,900
Median	\$61,600	\$68,000	\$62,400
Number of respondents	1,740	1,086	1,103
Educational Level			
High school or less	17	15	16
Some college or associate's degree	31	31	27
Completed four years of college	27	28	29
Some graduate school	6	6	7
Completed graduate school	19	20	21
Number of respondents	2,552	1,533	1,706
Marital Status			
Single	18	18	18
Married or living with partner	67	70	66
Divorce or separated	10	9	9
Widowed	5	3	7
Number of respondents	2,552	1,531	1,704

FIGURE 41 (continued)

	All Shareholders	Own Funds Inside Defined Contribution Retirement Plans	Own Funds Outside Defined Contribution Retirement Plans
Ethnic Background			
Caucasian	88	84	90
African-American	6	7	5
Hispanic	5	4	5
Asian	2	2	1
Other	5	4	3
Number of respondents	2,476	1,555	1,658
Employment Status			
Employed	78	88	73
Employed full-time	70	81	64
Employed part-time	8	7	9
Not employed	22	12	27
Number of respondents	2,554	1,530	1,710
Retirement Status			
Retired from life-time occupation	19	10	23
Not retired from life-time occupation	81	90	77
Number of respondents	2,550	1,529	1,707
Employment Status of Spouse or Partner²			
Employed	77	83	74
Employed full-time	65	73	61
Employed part-time	12	10	13
Not presently employed	23	17	26
Number of respondents	1,692	1,058	1,118
Use of the Internet			
Use Internet to send email	78	83	79
Use Internet to browse World Wide Web	79	86	78
Don't use Internet	18	12	18
Number of respondents	1,692	1,538	1,118
Level of Household Financial Assets			
Less than \$25,000	17	17	12
\$25,000 to \$49,999	12	11	9
\$50,000 to \$74,999	11	11	10
\$75,000 to \$99,999	7	6	7
\$100,000 to \$149,999	10	11	10
\$150,000 to \$499,999	28	30	33
\$500,000 or more	15	14	19
Mean	\$257,300	\$251,100	\$323,200
Median	\$100,900	\$120,000	\$150,500
Number of respondents	1,586	985	1,020

FIGURE 41 (continued)

	All Shareholders	Own Funds Inside Defined Contribution Retirement Plans	Own Funds Outside Defined Contribution Retirement Plans
Own an IRA³			
Yes	60	61	64
No	40	39	36
Household Participation in Various Types of Defined Contribution Retirement Plans⁴			
401(k) plan	64	79	55
403(b) plan	11	10	10
State, local, or federal government plan	35	23	35
Non-Mutual Fund Investments Owned⁴			
Bank or thrift deposits	79	78	79
Individual stocks	54	60	56
Individual bonds (excluding U.S. savings bonds)	12	11	14
U.S. savings bonds	40	42	41
Fixed annuities or nonfund variable annuities	22	21	23
Investment real estate	31	28	35
Closed-end funds	4	4	5

¹ Shareholder refers to the household's primary financial decisionmaker or co-decisionmaker for mutual fund investments.

² Percent of shareholders who are married or living with a partner.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁴ Multiple responses included.

Note: A total of 775 responding mutual fund shareholders own funds inside and outside defined contribution retirement plans. Hence, their responses are included in both the "own funds inside defined contribution retirement plans" and the "own funds outside defined contribution retirement plans" columns.

FIGURE 42

Detailed Mutual Fund Ownership Characteristics of All Shareholders

(percent)

	All Shareholders	Own Funds Inside Defined Contribution Retirement Plans	Own Funds Outside Defined Contribution Retirement Plans
Total Household Financial Assets in Mutual Funds¹			
Less than \$1,000	2	1	2
\$1,000 to \$4,999	11	9	8
\$5,000 to \$9,999	9	7	7
\$10,000 to \$19,999	11	10	9
\$20,000 to \$29,999	8	8	7
\$30,000 to \$49,999	11	9	12
\$50,000 to \$99,999	18	20	18
\$100,000 or more	30	36	37
Mean	\$122,800	\$147,900	\$151,100
Median	\$40,800	\$60,000	\$57,900
Number of respondents	1,687	1,025	1,093
Mean Percent of Mutual Fund Assets by Type of Fund Investments¹			
Equity mutual funds	65	63	65
Bond mutual funds	9	10	9
Hybrid mutual funds	11	14	9
Money market funds	14	13	15
Other	1	0	2
Total Number of Funds Owned¹			
One	12	7	10
Two	15	11	12
Three	15	13	13
Four	12	12	10
Five to six	17	17	16
Seven to ten	16	22	21
Eleven or more	13	18	18
Mean	6	7	7
Median	4	5	5
Number of respondents	1,889	1,209	1,291
Types of Mutual Funds Owned^{1,2}			
Equity mutual funds	88	91	90
Bond mutual funds	37	40	39
Hybrid mutual funds	34	42	35
Money market funds	48	48	54
Ownership of Mutual Funds in IRAs³			
Yes	21	35	31
No	79	65	69

FIGURE 42 (continued)

	All Shareholders	Own Funds Inside Defined Contribution Retirement Plans	Own Funds Outside Defined Contribution Retirement Plans
Ownership of International or Global Mutual Funds¹			
Yes	34	37	37
No	66	63	63
Number of respondents	2,223	1,368	1,527
Year of First Mutual Fund Investment¹			
Prior to 1990	47	48	53
1990 to 1995	28	31	27
1996 to 1997	11	9	10
1998 or later	14	12	10
Mean	1988	1987	1987
Median	1990	1990	1989
Number of respondents	2,392	1,466	1,582
Distribution Channel(s) Through Which Funds Are Currently Owned²			
Inside defined contribution retirement plans	62	100	45
Outside defined contribution retirement plans	69	50	100
Sales force (net)	55	100	83
Full-service broker	30	50	46
Independent financial planner	24	41	36
Bank or savings institution representative	15	25	22
Insurance agent	10	18	15
Other	6	4	9
Direct market (net)	33	100	49
Directly from a fund company	24	46	37
Discount broker with walk-in offices	13	24	19
Discount broker only on the Internet	4	9	6
Primary Mutual Fund Purchase Channel			
Inside defined contribution retirement plans	48	75	21
Outside defined contribution retirement plans	52	25	79
Sales force (total)	37	17	57
Full-service broker	14	7	21
Independent financial planner	12	6	18
Bank or savings institution representative	6	2	10
Insurance agent	3	1	5
Other	2	1	3
Direct market (total)	15	8	22
Directly from a fund company	10	5	15
Discount broker with walk-in offices	4	2	5
Discount broker only on the Internet	1	1	2
Number of respondents	2,498	1,503	1,638

FIGURE 42 (continued)

	All Shareholders	Own Funds Inside Defined Contribution Retirement Plans	Own Funds Outside Defined Contribution Retirement Plans
Types of Defined Contribution Retirement Plans Through Which Funds Are Owned			
401(k) plan	48	79	34
403(b) plan	6	10	5
State, local, or federal government plan	14	23	11

¹ Includes mutual funds held inside and outside defined contribution retirement plans.

² Multiple responses included.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

Note: A total of 775 responding mutual fund shareholders own funds inside and outside defined contribution retirement plans. Hence, their responses are included in both the "own funds inside defined contribution retirement plans" and the "own funds outside defined contribution retirement plans" columns.

FIGURE 43**Detailed Mutual Fund Ownership Characteristics of Shareholders Owning Funds Inside Defined Contribution Retirement Plans***(percent of respondents owning funds inside defined contribution retirement plans)*

Mutual Fund Assets Inside Defined Contribution Retirement Plans

Less than \$1,000	2
\$1,000 to \$4,999	9
\$5,000 to \$9,999	9
\$10,000 to \$19,999	12
\$20,000 to \$29,999	9
\$30,000 to \$49,999	10
\$50,000 to \$99,999	19
\$100,000 or more	30
Mean	\$113,700
Median	\$40,000
Number of respondents	1,072

Number of Funds Owned Inside Defined Contribution Retirement Plans

One	9
Two	16
Three	18
Four to six	37
Seven or more	20
Mean	5
Median	4
Number of respondents	1,152

Types of Mutual Funds Owned Inside Defined Contribution Retirement Plans¹

Equity mutual funds	89
Bond mutual funds	37
Hybrid mutual funds	37
Money market funds	40

¹ Multiple responses included.

FIGURE 44**Detailed Mutual Fund Ownership Characteristics of Shareholders Owning Funds Outside Defined Contribution Retirement Plans***(percent of respondents owning funds outside defined contribution retirement plans)*

Mutual Fund Assets Outside Defined Contribution Retirement Plans

Less than \$1,000	3
\$1,000 to \$4,999	12
\$5,000 to \$9,999	11
\$10,000 to \$19,999	13
\$20,000 to \$29,999	9
\$30,000 to \$49,999	13
\$50,000 to \$99,999	17
\$100,000 or more	22
Mean	\$80,500
Median	\$30,400
Number of respondents	1,119

Number of Funds Owned Outside Defined Contribution Retirement Plans

One	16
Two	19
Three	22
Four to six	28
Seven or more	15
Mean	5
Median	3
Number of respondents	1,347

Types of Mutual Funds Owned Outside Defined Contribution Retirement Plans¹

Equity mutual funds	86
Bond mutual funds	31
Hybrid mutual funds	28
Money market funds	49

¹ Multiple responses included.

FIGURE 45

Detailed Views of Mutual Fund Investing

(percent)

	All Shareholders	Own Funds Inside Defined Contribution Retirement Plans	Own Funds Outside Defined Contribution Retirement Plans
Financial Goals¹			
Finance retirement	91	96	89
Provide for emergencies	43	41	44
Pay for education	32	34	33
Provide current income	18	13	19
Make a large purchase	13	13	13
Other	5	2	6
Primary Financial Goal			
Finance retirement	72	78	70
Pay for education	11	10	12
Provide current income	5	3	6
Make a large purchase	2	2	2
Provide for emergencies	5	3	5
Other	5	4	5
Number of respondents	2,493	1,513	1,658
Understanding of Mutual Fund Investing			
Comprehensive	20	22	24
Basic	56	54	56
Limited	22	22	18
None	2	2	2
Number of respondents	2,576	1,547	1,722
Willingness to Take Financial Risk			
Willing to take substantial risk for substantial gain	7	9	7
Willing to take above-average risk for above-average gain	31	34	31
Willing to take average risk for average gain	48	46	49
Willing to take below-average risk for below-average gain	9	7	9
Unwilling to take risk	5	4	4
Number of respondents	2,520	1,516	1,685

FIGURE 45 (continued)

	All Shareholders	Own Funds Inside Defined Contribution Retirement Plans	Own Funds Outside Defined Contribution Retirement Plans
Agreement with Statements About Mutual Fund Investing^{1,2}			
I view my mutual fund investments as savings for the long term	97	98	97
I am not concerned about short-term fluctuations in my mutual fund investments	83	82	83
I am confident that I will have enough money at retirement on which to live comfortably	83	83	86
I tend to rely on advice from a professional financial adviser when making mutual fund purchase and sales decisions	69	67	70

¹ Multiple response included.

² The percentage represents the proportion of respondents who answered "Strongly Agree" or "Somewhat Agree."

Note: A total of 775 responding mutual fund shareholders own funds inside and outside defined contribution retirement plans. Hence, their responses are included in both the "own funds inside defined contribution retirement plans" and the "own funds outside defined contribution retirement plans" columns.

Appendix C:

Detailed Characteristics of Mutual Fund
Shareholders by Age

FIGURE 46

Shareholder Demographic Characteristics by Age

	Under 40 Years	40 to 64 Years	65 Years or Older
Median			
Household income	\$60,000	\$70,000	\$50,000
Household financial assets ¹	\$50,000	\$150,000	\$243,000
Average			
Household income	\$76,700	\$102,700	\$123,800
Household financial assets ¹	\$123,200	\$304,200	\$445,300
Percent			
Household investment decisionmaker:			
Male is sole decisionmaker	23	24	28
Female is sole decisionmaker	24	19	34
Co-decisionmakers	53	57	38
Married or living with a partner ²	62	71	60
Four-year college degree or more ²	57	51	44
Completed graduate school ²	18	19	19
Employed ²	90	85	13
Spouse or partner employed ³	88	81	29
Retired from life-time occupation ²	2	14	83
Household owns: ⁵			
Bank or thrift deposits	82	77	79
Individual stocks	53	57	44
Individual bonds (excluding U.S. savings bonds)	11	12	16
U.S. savings bonds	44	42	28
Investment real estate	19	36	40
Household has IRA(s) ⁴	59	60	58
Household has defined contribution retirement plan(s) (total) ⁵			
401(k) plan	75	67	20
403(b) plan	12	11	10
State, local, or federal government plan	31	36	42
Household has accessed the Internet (total) ⁵			
To send email	87	81	48
To access the World Wide Web	90	82	39
Ethnic background: ^{2,5}			
Caucasian	87	88	92
African-American	9	5	3
Asian	2	2	0
Hispanic	8	4	2
Other	4	6	4

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

Note: Number of respondents varies.

FIGURE 47

Mutual Fund Ownership Characteristics by Age

	Under 40 Years	40 to 64 Years	65 Years or Older
Median Per Mutual Fund-Owning Household			
Total mutual fund assets	\$20,000	\$60,000	\$59,500
Number of mutual funds owned	4	4	3
Year of first fund purchase	1995	1987	1980
Average Per Mutual Fund-Owning Household			
Total mutual fund assets	\$64,500	\$147,500	\$169,700
Number of mutual funds owned	6	6	5
Year of first fund purchase	1994	1986	1978
Percent of Mutual Fund-Owning Households			
Own: ¹			
Equity funds	90	89	80
Bond funds	31	39	41
Hybrid funds	33	34	34
Money market funds	41	52	50
Fund type not specified	3	3	4
Mean percent of mutual fund assets allocated to: ²			
Equity funds	71	63	51
Bond funds	7	10	17
Hybrid funds	10	10	12
Money market funds	11	16	17
Fund type not specified	1	1	3
Have IRA(s) invested in mutual funds ³	38	36	24
Own mutual funds bought: ¹			
Outside defined contribution retirement plan(s) (total)			
Sales force ⁴	59	71	89
Direct market ⁵	45	58	69
Inside defined contribution retirement plan(s) (total)	30	33	41
401(k) plan	71	66	24
403(b) plan	59	51	10
State, local, or federal government plan	7	6	3
13	16	10	
Primary mutual fund purchase channel:			
Outside defined contribution retirement plan(s) (total)			
Sales force ⁴	40	51	84
Direct market ⁵	29	37	60
Inside defined contribution retirement plan(s)	11	14	24
60	49	16	
Bought first mutual fund:			
Before 1990	19	58	73
1990 to 1997	53	34	23
1998 or later	28	8	4
Purchased first mutual fund through defined contribution retirement plan	68	59	28

¹ Multiple responses included.

² Simple average.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

⁵ Includes funds purchased directly from fund companies and through discount brokers.

Note: Number of respondents varies.

FIGURE 48

Views on Mutual Fund Investing by Age

(percent)

	Under 40 Years	40 to 64 Years	65 Years or Older
Strongly or somewhat agree: ¹			
My mutual fund investments are savings for the long term	98	98	94
I am not concerned about short-term fluctuations in my mutual fund investments	86	82	78
I am confident that I will have enough money at retirement on which to live comfortably	86	81	88
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	68	71	68
Self-assessed understanding of mutual fund investing:			
Comprehensive	20	21	18
Basic	57	55	54
Limited or none	23	24	28
Financial goals for mutual fund investments: ¹			
Retirement	93	95	72
Education	50	27	7
Emergency	43	41	55
Income	11	13	53
Car or other large purchase	17	11	11
Primary financial goal for mutual fund investments:			
Retirement	69	80	42
Education	17	9	4
Other	14	11	54
Level of risk willing to take:			
Substantial risk for substantial gain	10	6	1
Above-average risk for above-average gain	39	30	12
Average risk for average gain	42	51	57
Below-average risk for below-average gain	6	9	18
No risk at all	3	4	12

¹ Multiple responses included.

Note: Number of respondents varies.

Appendix D:

Detailed Characteristics of Mutual Fund Shareholders by Purchase Channels Outside Defined Contribution Retirement Plans¹³

¹³This appendix depicts the characteristics of shareholders according to the channel through which they currently own funds outside employer-sponsored retirement plans. Because shareholders can own funds from more than one channel, the columns of data are not mutually exclusive. For example, the responses of shareholder owning funds purchased from a full-service broker and directly from a fund company would appear in both the “full-service broker” column and the “directly from company” column. In contrast, Chapter 3 of this report presents shareholders according to their primary purchase channel. Therefore, the columns in Chapter 3 are mutually exclusive.

FIGURE 49

Shareholder Demographic Characteristics by Channels Used to Purchase Funds Currently Owned Outside Defined Contribution Retirement Plans

	Sales Force					Direct Market			
	Total	Full-Service Broker	Independent Financial Planner	Bank Representative	Insurance Agent	Total	Directly from Company	Discount Broker with Walk-In Offices	Internet-Only Discount Broker ⁶
Median									
Age of household primary or co-decisionmaker	49 years	50 years	49 years	48 years	48 years	47 years	48 years	47 years	41 years
Household income	\$62,500	\$70,000	\$60,000	\$60,000	\$65,100	\$67,300	\$65,000	\$77,000	\$62,400
Household financial assets ¹	\$150,000	\$200,000	\$150,000	\$150,000	\$150,000	\$175,000	\$175,000	\$175,000	\$100,000
Average									
Age of household primary or co-decisionmaker	50 years	51 years	49 years	49 years	49 years	49 years	49 years	48 years	42 years
Household income	\$97,000	\$113,800	\$109,500	\$87,000	\$96,600	\$140,500	\$147,000	\$120,500	\$103,700
Household financial assets ¹	\$310,500	\$382,000	\$297,600	\$319,100	\$224,000	\$367,500	\$362,900	\$368,200	\$257,300
Percent									
Household investment decisionmaker:									
Male is sole decisionmaker	24	27	22	24	23	27	28	29	28
Female is sole decisionmaker	22	21	21	26	19	20	20	17	12
Co-decisionmakers	53	52	58	50	58	53	52	54	60
Married or living with a partner ²	66	68	67	59	66	68	67	70	74
Four-year college degree or more ²	54	58	55	49	50	61	63	56	71
Completed graduate school ²	19	23	17	18	19	22	24	22	28
Employed ²	73	69	73	75	79	73	74	71	76
Spouse or partner employed ³	74	71	75	73	82	74	73	79	82
Retired from life-time occupation ²	24	27	25	24	17	22	22	21	14
Household owns: ⁵									
Bank or thrift deposits	80	79	80	84	86	78	78	79	83
Individual stocks	56	61	54	51	55	60	59	64	81
Individual bonds (excluding U.S. savings bonds)	14	19	13	16	12	16	16	19	21
U.S. savings bonds	42	40	46	44	49	43	43	43	48
Investment real estate	36	39	38	36	34	38	39	38	51
Household has IRA(s) ⁴	64	67	65	61	67	66	66	68	63
Household has defined contribution retirement plan(s) (total) ⁵	76	73	77	75	76	75	75	79	80
401(k) plan	54	52	56	51	57	57	55	61	72
403(b) plan	10	10	11	8	11	13	13	14	7
State, local, or federal government plan	37	36	39	43	38	33	32	34	27
Household has accessed the Internet (total) ⁵	81	82	81	78	80	85	87	83	96
To send email	78	79	78	73	79	82	84	80	93
To access the World Wide Web	76	78	77	74	78	81	82	79	96

FIGURE 49 (continued)

	Sales Force					Direct Market			
	Total	Full-Service Broker	Independent Financial Planner	Bank Representative	Insurance Agent	Total	Directly from Company	Discount Broker with Walk-In Offices	Internet-Only Discount Broker ⁶
Ethnic background: ^{2,5}									
Caucasian	90	92	89	85	90	90	91	88	78
African-American	5	3	4	9	7	4	3	4	11
Asian	1	1	2	1	1	1	1	2	2
Hispanic	5	4	5	7	2	6	6	6	8
Other	6	6	6	7	3	6	5	7	14

¹ Excludes primary residence but includes assets in employer-sponsored retirement plans.

² Percent of household primary or co-decisionmakers.

³ Percent of shareholders married or living with a partner.

⁴ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁵ Multiple responses included.

⁶ Small sample size.

Note: Number of respondents varies.

FIGURE 50

Mutual Fund Ownership Characteristics by Channels Used to Purchase Funds Currently Owned Outside Defined Contribution Retirement Plan(s)

	Sales Force					Direct Market			
	Total	Full-Service Broker	Independent Financial Planner	Bank Representative	Insurance Agent	Total	Directly from Company	Discount Broker with Walk-In Offices	Internet-Only Discount Broker ⁶
Median Per Mutual Fund-Owning Household									
Total mutual fund assets	\$54,800	\$63,100	\$60,000	\$50,500	\$45,000	\$77,400	\$87,500	\$62,500	\$40,000
Number of mutual funds owned	5	6	6	5	6	6	6	7	10
Year of first fund purchase	1989	1988	1989	1989	1986	1989	1988	1990	1989
Average Per Mutual Fund-Owning Household									
Total mutual fund assets	\$146,100	\$175,000	\$157,300	\$140,400	\$115,000	\$189,800	\$214,400	\$196,900	\$122,800
Number of mutual funds owned	7	8	8	7	9	8	8	8	10
Year of first fund purchase	1986	1986	1986	1987	1985	1986	1986	1987	1988
Percent of Mutual Fund-Owning Households									
Own: ¹									
Equity funds	89	90	91	88	88	92	93	90	99
Bond funds	40	44	39	48	41	43	41	48	54
Hybrid funds	34	36	37	33	39	41	42	39	44
Money market funds	55	58	54	67	57	58	58	65	65
Fund type not specified	4	4	4	4	5	5	6	6	8
Mean percent of mutual fund assets allocated to: ²									
Equity funds	65	66	65	61	63	61	64	57	57
Bond funds	9	10	9	10	9	10	10	9	14
Hybrid funds	9	9	9	9	11	11	10	14	9
Money market funds	15	13	15	19	16	16	15	17	19
Fund type not specified	2	2	2	1	1	2	1	3	1
Have IRA(s) invested in mutual funds ³									
	38	38	39	36	42	43	44	44	43
Own mutual funds bought: ¹									
Outside defined contribution retirement plan(s) (total)									
	100	100	100	100	100	100	100	100	100
Sales force ⁴									
	100	100	100	100	100	68	64	77	73
Direct market ⁵									
	40	44	38	38	39	100	100	100	100
Inside defined contribution retirement plan(s) (total)									
	45	44	46	43	46	48	50	48	60
401(k) plan									
	33	32	35	31	28	37	37	39	54
403(b) plan									
	5	5	5	2	4	7	7	4	4
State, local, or federal government plan									
	11	11	11	14	16	11	11	10	17

FIGURE 50 (continued)

	Sales Force					Direct Market			
	Total	Full-Service Broker	Independent Financial Planner	Bank Representative	Insurance Agent	Total	Directly from Company	Discount Broker with Walk-In Offices	Internet-Only Discount Broker ⁶
Primary mutual fund purchase channel:									
Outside defined contribution retirement plan(s) (total)	80	82	81	81	80	78	76	82	80
Sales force ⁴	67	67	73	72	70	33	29	38	27
Direct market ⁵	13	15	8	9	10	45	47	44	53
Inside defined contribution retirement plan(s)	20	18	19	19	20	22	24	18	20
Bought first mutual fund:									
Before 1990	54	56	55	52	60	54	56	49	54
1990 to 1997	36	35	34	38	34	38	37	39	39
1998 or later	10	9	11	10	6	8	7	12	7
Purchased first mutual fund through defined contribution retirement plan	42	41	43	45	45	41	44	39	42

¹ Multiple responses included.

² Simple average.

³ Includes traditional IRAs, Roth IRAs, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs.

⁴ Includes funds purchased from full-service brokers, insurance agents, financial planners, and bank representatives.

⁵ Includes funds purchased directly from fund companies and through discount brokers.

⁶ Small sample size.

Note: Number of respondents varies.

FIGURE 51

Views on Mutual Fund Investing by Channels Used to Purchase Funds Currently Owned Outside Defined Contribution Retirement Plans¹

(percent)

	Sales Force					Direct Market			
	Total	Full-Service Broker	Independent Financial Planner	Bank Representative	Insurance Agent	Total	Directly from Company	Discount Broker with Walk-In Offices	Internet-Only Discount Broker ²
Strongly or somewhat agree: ¹									
My mutual fund investments are savings for the long term	97	97	97	98	97	97	98	96	97
I am not concerned about short-term fluctuations in my mutual fund investments	82	82	85	79	82	84	86	79	75
I am confident that I will have enough money at retirement on which to live comfortably	86	87	86	88	85	87	87	89	92
I tend to rely on the advice of a professional financial adviser when making fund purchase and sales decisions	77	80	84	75	75	59	55	67	63
Self-assessed understanding of mutual fund investing:									
Comprehensive	22	25	20	17	19	30	31	31	35
Basic	57	56	57	60	55	55	56	48	55
Limited or none	21	19	23	23	26	15	13	21	10
Financial goals for mutual fund investments: ¹									
Retirement	89	89	91	89	91	91	91	91	92
Emergency	46	45	48	48	47	44	41	50	48
Education	32	31	30	32	36	36	37	36	47
Income	20	22	20	23	18	20	19	23	15
Car or other large purchase	13	12	15	18	15	15	13	19	17
Primary financial goal for mutual fund investments:									
Retirement	70	71	74	66	73	69	70	64	57
Education	11	10	8	12	15	13	13	14	18
Other	19	19	18	22	12	18	17	22	25
Level of risk willing to take:									
Substantial risk for substantial gain	6	6	7	6	6	7	7	8	8
Above-average risk for above-average gain	30	30	32	24	28	34	37	29	43
Average risk for average gain	50	50	48	50	53	45	43	49	31
Below-average risk for below-average gain	9	10	8	13	10	10	9	11	17
No risk at all	5	4	5	7	3	4	4	3	1

¹ Multiple responses included.

² Small sample size.

Note: Number of respondents varies.

Appendix E:

U.S. Census Regions Used in the Report

Regions	Divisions	States	Regions	Divisions	States
Northeast	New England	Maine New Hampshire Vermont Massachusetts Rhode Island Connecticut	South	South Atlantic	Delaware Maryland Washington, DC Virginia West Virginia North Carolina South Carolina Georgia Florida
	Middle Atlantic	New York New Jersey Pennsylvania		East South Central	Kentucky Tennessee Alabama Mississippi
Midwest	East North Central	Ohio Indiana Illinois Michigan Wisconsin	West	West South Central	Arkansas Louisiana Oklahoma Texas
	West North Central	Minnesota Iowa Missouri North Dakota South Dakota Nebraska Kansas		Mountain	Montana Idaho Wyoming New Mexico Arizona Utah Nevada Colorado
				Pacific	Washington Oregon California Alaska Hawaii



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