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## Characteristics of Mutual Fund Investors, 2011

### KEY FINDINGS

- » **In 2011, most households that owned mutual funds were headed by individuals in their peak earning and saving years.** About two-thirds of mutual fund-owning households were headed by individuals between the ages of 35 and 64.
- » **The majority of mutual fund owners was employed and had moderate household incomes.** Seventy-one percent of individuals heading households owning mutual funds were employed either full- or part-time. Fifty-five percent of U.S. households owning mutual funds had incomes between \$25,000 and \$99,999.
- » **Mutual fund-owning households often held several funds, and equity funds were the most commonly owned type of mutual fund.** Among households owning mutual funds in 2011, 86 percent held more than one fund and 81 percent owned equity funds.
- » **Almost all mutual fund investors were focused on retirement saving.** Saving for retirement was one of the financial goals for 94 percent of mutual fund-owning households, and almost three-quarters indicated that retirement saving was the household's primary financial goal.
- » **Employer-sponsored retirement plans increasingly are the gateway to mutual fund ownership.** Almost three-quarters of mutual fund-owning households that purchased their first fund in 2005 or later purchased that fund through an employer-sponsored retirement plan, as compared with 55 percent of those that made their first purchase before 1990. In 2011, 37 percent of mutual fund-owning households owned funds both inside and outside employer-sponsored retirement plans. An additional 32 percent owned mutual funds only inside employer-sponsored retirement plans.

### U.S. Household Ownership of Mutual Funds in 2011

In 2011, the annual ICI survey of mutual fund ownership found that 52.3 million, or 44.1 percent, of households in the United States owned mutual funds.<sup>1</sup> This report highlights the characteristics of those households.

## Most Mutual Fund Owners Are Married, Educated, and in Their Prime Earning Years

Mutual fund shareholders vary in their age, educational attainment, and marital status. In 2011, the median age of individuals heading mutual fund-owning households

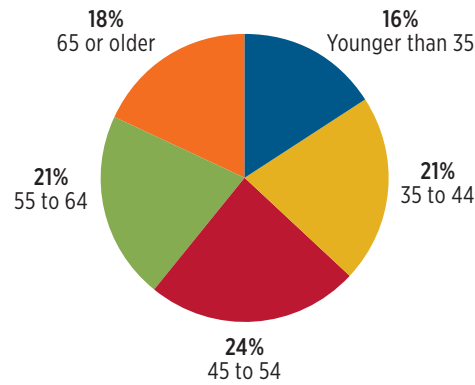
was 50 (Figure 1). Most mutual fund-owning households (66 percent) were headed by individuals between the ages of 35 and 64, the age range in which saving and investing traditionally is the greatest.<sup>2</sup>

FIGURE 1

### Mutual Fund Owners Represent a Variety of Demographic Groups

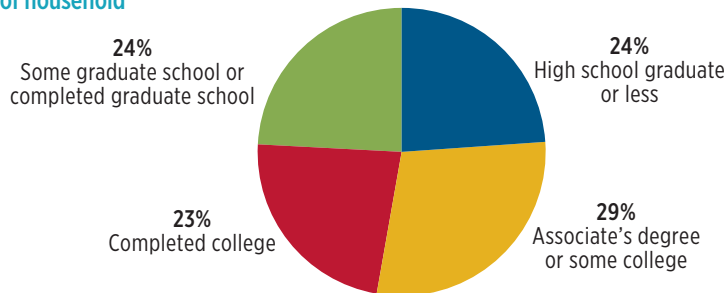
Percentage of U.S. households owning mutual funds, 2011

#### Age of head of household

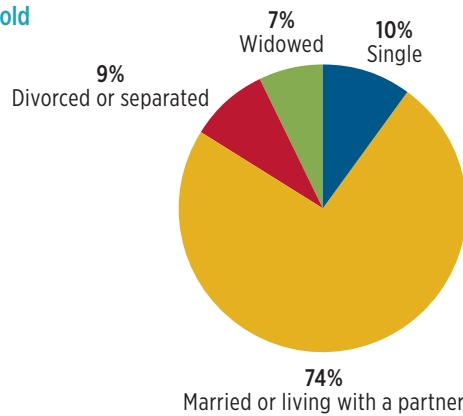


Mean: 50 years  
Median: 50 years

#### Education level of head of household



#### Marital status of head of household



Note: Head of household refers to the sole or co-decisionmaker for household saving and investing.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

In 2011, 16 percent of mutual fund-owning households were headed by individuals younger than 35, and 18 percent were headed by individuals aged 65 or older (Figure 1). Among heads of mutual fund-owning households, 47 percent had college degrees or postgraduate education, and another 29 percent had obtained associate's degrees or some college education. Seventy-four percent were married or living with a partner.

## Most Mutual Fund Owners Are Employed and Middle-Income

Individuals across all employment and income groups own mutual funds. Among households that owned mutual funds

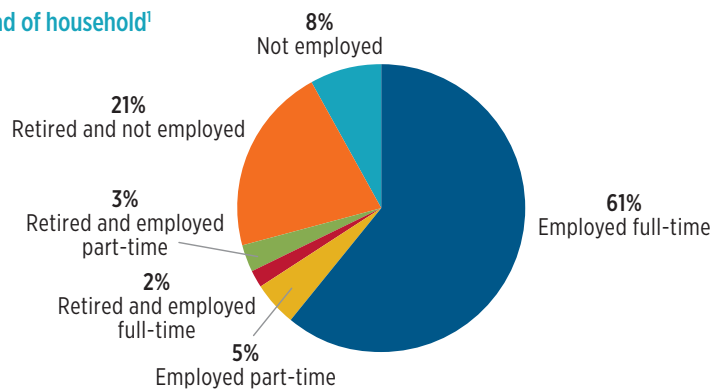
in 2011, 71 percent were headed by individuals who were employed full- or part-time (Figure 2). Among the 29 percent who were not employed, 72 percent were retired—that is to say, they responded affirmatively to: “Are you retired from your lifetime occupation?” Overall, 26 percent of individuals heading households that owned mutual funds said that they were retired.<sup>3</sup> The median household income of mutual fund-owning households was \$80,000; 24 percent had household incomes of less than \$50,000; 21 percent had household incomes between \$50,000 and \$74,999; and 17 percent had incomes between \$75,000 and \$99,999. The remaining 38 percent had household incomes of \$100,000 or more.

FIGURE 2

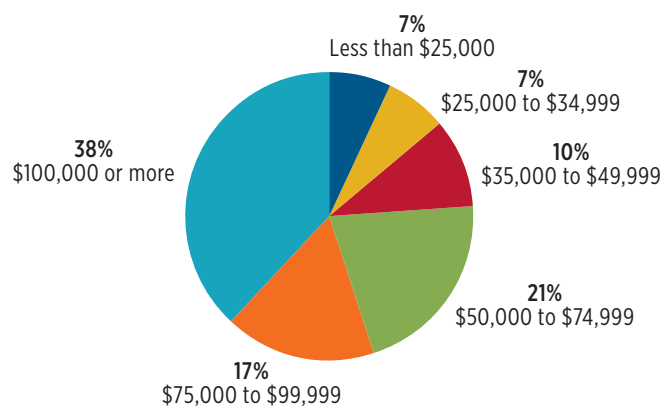
### Mutual Fund Owners Represent Many Different Employment and Income Groups

Percentage of U.S. households owning mutual funds, 2011

#### Employment status of head of household<sup>1</sup>



#### Total household income<sup>2</sup>



Mean: \$99,900  
Median: \$80,000

<sup>1</sup> Head of household refers to the sole or co-decisionmaker for household saving and investing.

<sup>2</sup> Total reported is household income before taxes in 2010.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

## Mutual Fund Owners Hold a Range of Other Investments

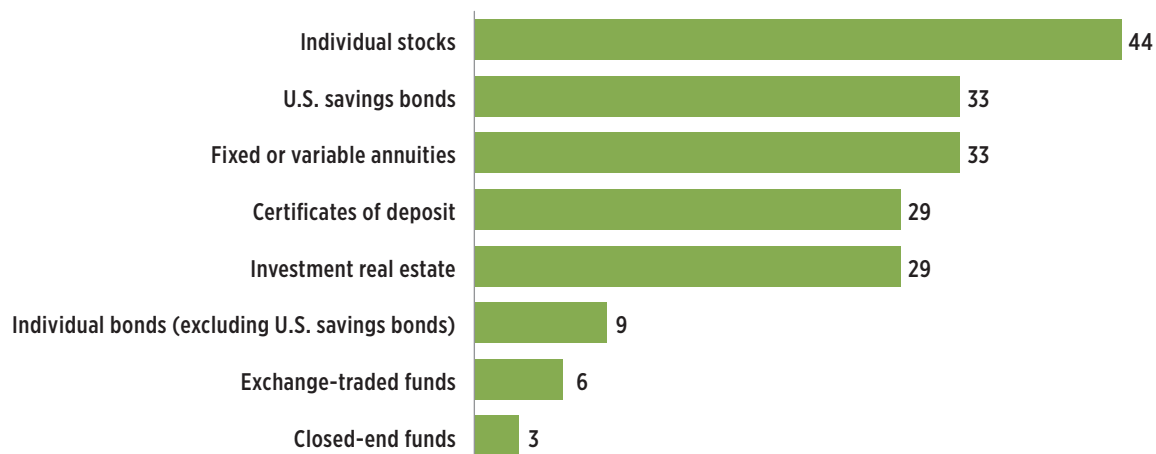
Mutual fund-owning households typically have other types of savings and investments: 44 percent owned individual stocks, 33 percent owned U.S. savings bonds, 33 percent owned fixed or variable annuities, and 29 percent owned

certificates of deposit in 2011 (Figure 3). In addition, 29 percent owned investment real estate, 9 percent owned individual bonds (excluding U.S. savings bonds), 6 percent owned exchange-traded funds (ETFs), and 3 percent owned closed-end funds.

FIGURE 3

### Mutual Fund-Owning Households Hold a Mix of Financial Assets

Percentage of U.S. households owning mutual funds, 2011



Note: Multiple responses are included.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

### Additional Reading

For more detailed information about mutual fund owners, see “Profile of Mutual Fund Shareholders, 2011,” ICI’s full report of the findings of the 2011 Annual Mutual Fund Shareholder Tracking Survey. “Profile” presents a comprehensive overview of mutual fund owners, including their demographic characteristics, the ways in which they purchase fund shares, and the ways in which U.S. households use funds to meet their current and long-term financial needs. “Profile of Mutual Fund Shareholders, 2011” will be published in early 2012. See also “Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2011,” *ICI Research Perspective*, available at [www.ici.org/pdf/per17-05.pdf](http://www.ici.org/pdf/per17-05.pdf).

## Mutual Funds Are Important Components in Investor Portfolios

Mutual fund-owning households often hold more than one mutual fund. In 2011, the median number of mutual funds owned by shareholder households was four (Figure 4). Among these households, 41 percent owned three or fewer funds, and 59 percent owned four or more, with 17 percent reporting they held 11 or more funds.

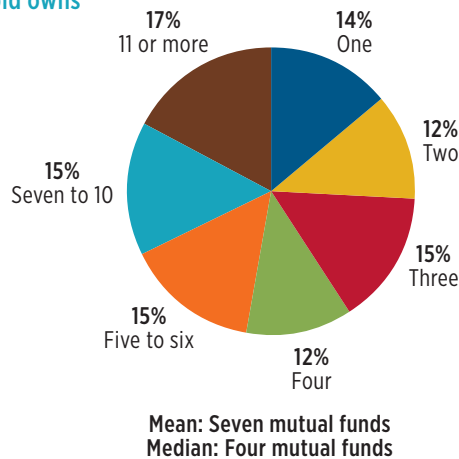
Equity funds were the most commonly owned type of mutual fund, held by 81 percent of mutual fund-owning households (Figure 5). In addition, 44 percent owned hybrid funds, 52 percent owned bond funds, and 63 percent owned money market funds. Mutual fund holdings represented a significant portion of these households' financial assets: 68 percent had more than half of their household financial assets invested in mutual funds (Figure 6).

FIGURE 4

### Most Mutual Fund-Owning Households Own Multiple Funds

Percentage of U.S. households owning mutual funds, 2011

Number of mutual funds household owns

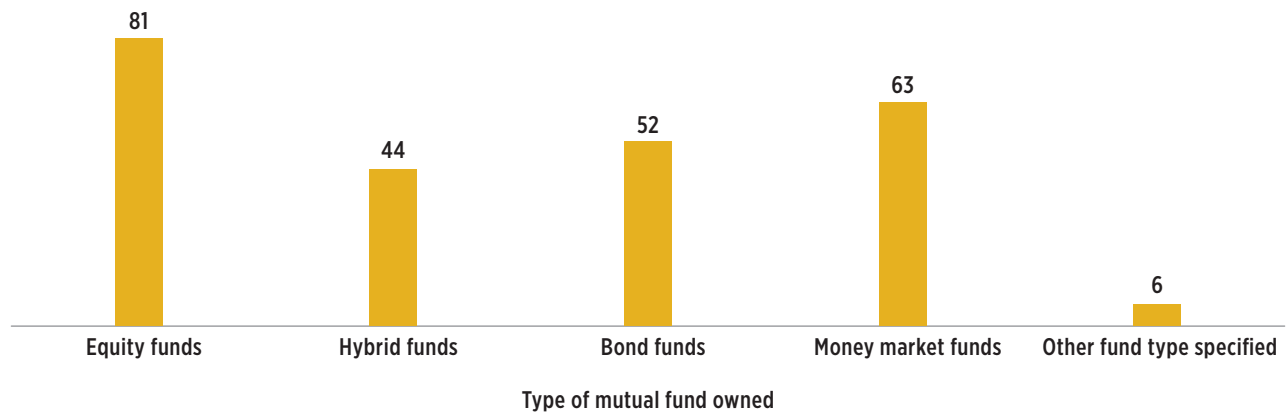


Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE 5

### Equity Funds Are the Most Commonly Owned Type of Mutual Fund

Percentage of U.S. households owning mutual funds, 2011



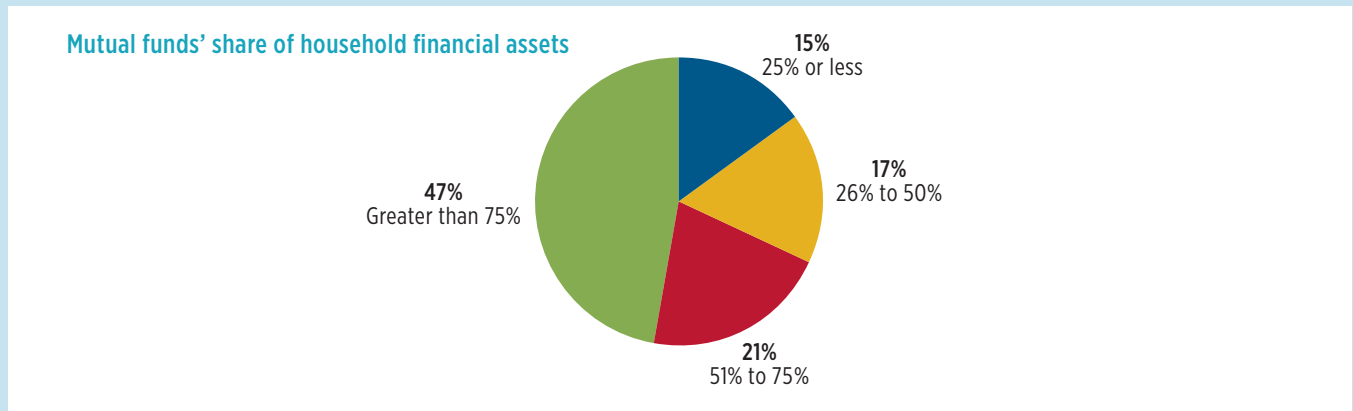
Note: Multiple responses are included.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE 6

## Mutual Funds Are an Important Component of Investor Portfolios

Percentage of U.S. households owning mutual funds, 2011



Note: Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

### Retirement Saving Is Often the Goal of Mutual Fund Investors

Mutual fund-owning households have a variety of financial goals for their mutual fund investments. The vast majority, 94 percent, indicated they were using mutual funds to save for retirement (Figure 7); 73 percent indicated that saving for retirement was their household's primary financial goal.

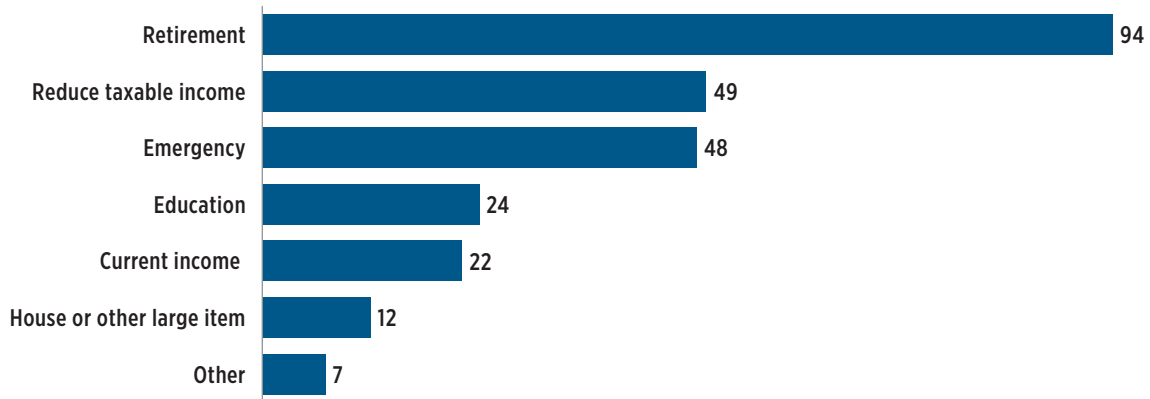
Retirement is not the only financial goal for households' mutual fund investments. Forty-eight percent listed saving for an emergency as a goal; and 24 percent reported saving for education among their goals. Almost half of mutual fund-owning households reported that reducing their taxable income was one of their goals (Figure 7). While many mutual fund-owning households (47.5 million) held funds in tax-deferred savings accounts,<sup>4</sup> 15.8 million U.S. households held long-term mutual funds (stock, bond, and balanced/hybrid funds) in taxable accounts in 2011.

FIGURE 7

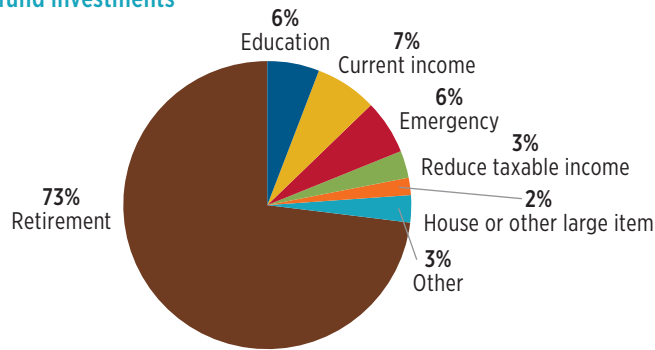
### Bulk of Mutual Fund Investors Focus on Retirement

Percentage of U.S. households owning mutual funds, 2011

#### Financial goals for mutual fund investments\*



#### Primary financial goal for mutual fund investments



\*Multiple responses are included.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

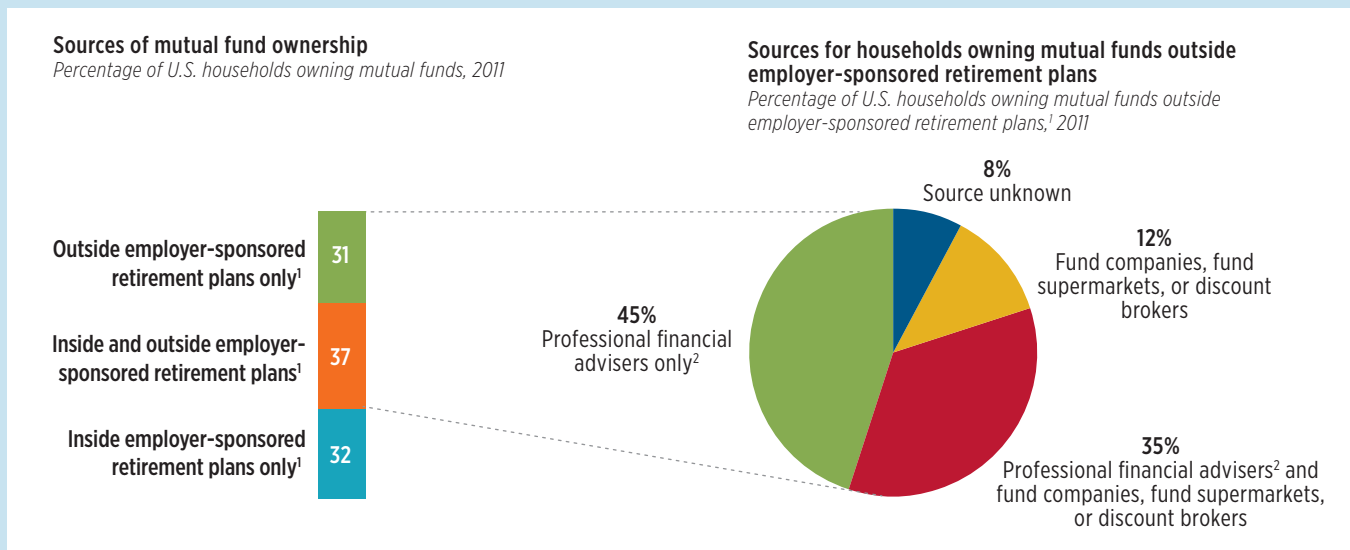
## Employer-Sponsored Plans and Financial Advisers Are the Main Channels of Fund Investments

Among mutual fund-owning households, 32 percent invested in mutual funds solely inside employer-sponsored retirement plans, which include defined contribution (DC) plans and employer-sponsored individual retirement accounts (IRAs);<sup>5</sup> 31 percent owned funds solely outside

these plans; and 37 percent had funds both inside and outside employer-sponsored retirement plans (Figure 8). Altogether, 69 percent of mutual fund-owning households owned funds through employer-sponsored retirement plans, and 68 percent owned funds outside of these plans.<sup>6</sup> Among households owning mutual funds outside of employer-sponsored retirement plans, 80 percent owned funds purchased from a professional financial adviser.<sup>7</sup>

FIGURE 8

### Mutual Fund Investments Outside Retirement Plans Are Often Guided by Financial Advisers



<sup>1</sup> Employer-sponsored retirement plans include DC plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

<sup>2</sup> Professional financial advisers include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, and accountants.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey



## First Mutual Fund Purchases Increasingly Are Made Through Employer-Sponsored Plans

Mutual fund-owning households often purchase their first mutual fund through employer-sponsored retirement plans. In 2011, across all mutual fund-owning households, 62 percent had purchased their first fund through that channel (Figure 9). Households that made their first mutual

fund purchase more recently were more likely to have done so through employer-sponsored retirement plans. Among households that bought their first mutual fund in 2005 or later, 74 percent bought that first fund through such a plan, compared with 55 percent of households that first purchased mutual funds before 1990.

FIGURE 9

### Employer-Sponsored Retirement Plans Are Increasingly the Source of First Fund Purchase

Percentage of U.S. households owning mutual funds, 2011

	Year of household's first mutual fund purchase					Memo: all mutual fund-owning households
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	Between 2000 and 2004	2005 or later	
<b>Source of first mutual fund purchase</b>						
Inside employer-sponsored retirement plan	55	64	68	60	74	62
Outside employer-sponsored retirement plan	45	36	32	40	26	38

Note: Employer-sponsored retirement plans include DC plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

## Most Mutual Fund–Owning Households Bought Their First Fund Before 2000

Most mutual fund–owning households have invested in mutual funds for many years: 38 percent bought their first mutual fund before 1990; 16 percent purchased their first

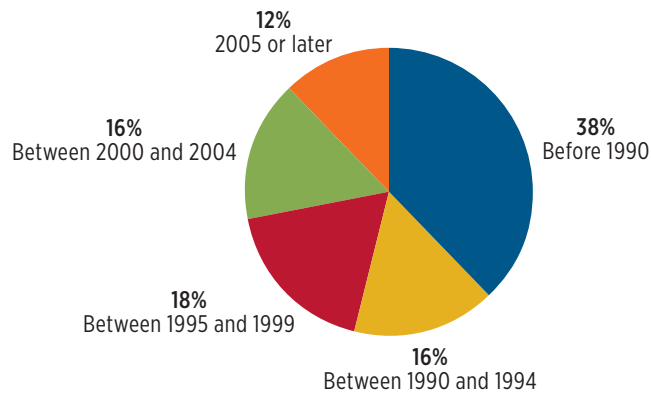
fund between 1990 and 1994; and 18 percent bought their first fund between 1995 and 1999 (Figure 10). Twenty-eight percent of mutual fund–owning households purchased their first fund in 2000 or later.

FIGURE 10

### Most Mutual Fund–Owning Households Purchased Their First Fund More Than a Decade Ago

*Percentage of U.S. households owning mutual funds, 2011*

#### Year of household's first mutual fund purchase



Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

## Baby Boomers Own the Largest Share of Mutual Fund Assets

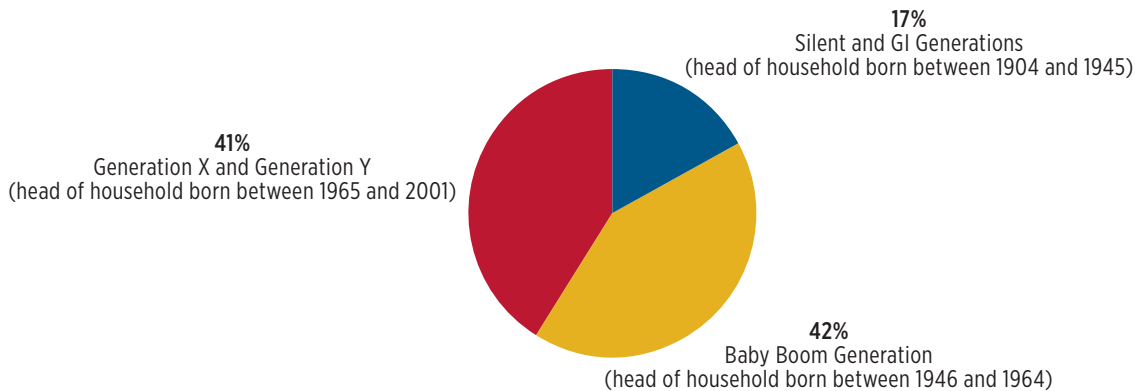
Mutual fund-owning households are headed by members of all generations, but members of the Baby Boom Generation (head of household born between 1946 and 1964) were the largest share in 2011. Forty-two percent of households owning mutual funds were headed by members of the

Baby Boom Generation (Figure 11). In addition, 41 percent of households owning mutual funds were headed by members of Generation X and Generation Y (head of household born between 1965 and 2001),<sup>8</sup> and 17 percent were headed by members of the Silent and GI Generations (head of household born between 1904 and 1945).<sup>9</sup>

FIGURE 11

### Baby Boomers Are the Largest Mutual Fund-Owning Generation

*Percentage of U.S. households owning mutual funds, 2011*



Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

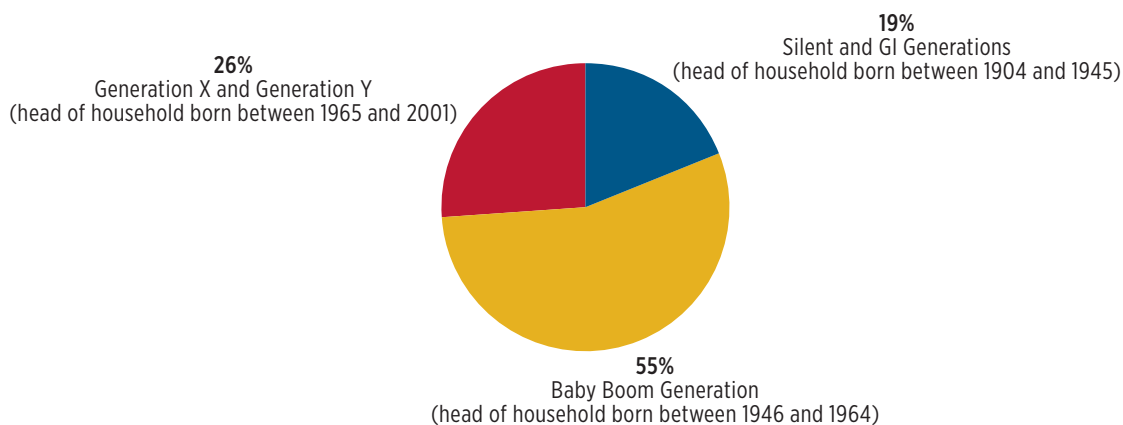
In addition to being the largest shareholder group, households headed by members of the Baby Boom Generation also held the largest percentage of mutual fund assets owned by households. Fifty-five percent of households' total mutual fund assets were owned by households headed by members of the Baby Boom

Generation (Figure 12). Households headed by members of the Silent and GI Generations held another 19 percent of households' total mutual fund assets, and Generation X- and Generation Y-headed households held the remaining 26 percent of households' total mutual fund assets.

FIGURE 12

### The Majority of Mutual Fund Assets Is Held by Baby Boomers

Percentage of households' total mutual fund assets held by generation, 2011



Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

#### About the Survey

The Investment Company Institute conducts the Annual Mutual Fund Shareholder Tracking Survey each spring to gather information on the demographic and financial characteristics of mutual fund-owning households in the United States. The most recent survey was undertaken in May 2011 and was based on a sample of 4,216 U.S. households selected by random digit dialing, of which 1,859 households, or 44.1 percent, owned mutual funds. All interviews were conducted over the telephone with the member of the household who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments. The standard error for the 2011 sample of households owning mutual funds was  $\pm 2.3$  percentage points at the 95 percent confidence level.

## Notes

- <sup>1</sup> The 2011 ICI Annual Mutual Fund Shareholder Tracking Survey included a randomly selected sample of 4,216 U.S. households, of which 1,859 households, or 44.1 percent, owned mutual funds. The standard error for the 2011 sample of households owning mutual funds is  $\pm 2.3$  percentage points at the 95 percent confidence level. Survey data have been weighted to match census region, age distribution, household income distribution, and educational attainment of the U.S. population. For additional discussion of incidence of mutual fund ownership in the United States, see Bogdan, Holden, and Schrass 2011. For additional detail on the characteristics of U.S. households that own mutual funds, see Bogdan and Schrass 2012 (forthcoming). U.S. Census Bureau 2011 reported that there were 118.7 million households in the United States in 2011.
- <sup>2</sup> The life-cycle pattern of savings suggests that older individuals are able to save at higher rates because they no longer face the expenses of buying a home, putting children through college, or paying for their own education. An augmented version of the life-cycle theory predicts that the optimal savings pattern increases with age. For a summary discussion of life-cycle models, see Browning and Crossley 2001. In addition, see discussion in Brady and Bogdan 2011, as well as Sabelhaus, Bogdan, and Schrass 2008.
- <sup>3</sup> Among households whose heads reported they were retired, 82 percent were not employed, 10 percent were employed part-time, and 8 percent were employed full-time.
- <sup>4</sup> Tax-deferred accounts include employer-sponsored retirement plans (including employer-sponsored IRAs), traditional IRAs, Roth IRAs, and variable annuities. See Bogdan, Holden, and Schrass 2011 for additional information.
- <sup>5</sup> DC plans include 401(k), 403(b), 457 plans, and other DC plans. Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs. For more information on employer-sponsored retirement plans, see Investment Company Institute 2011. For additional information on households that own IRAs, see Holden and Schrass 2010a and 2010b.
- <sup>6</sup> Mutual funds held in traditional IRAs or Roth IRAs were counted as funds owned outside employer-sponsored retirement plans. Forty-eight percent of U.S. households that owned mutual funds held funds in traditional IRAs or Roth IRAs in 2011 (see Bogdan and Schrass 2012, forthcoming).
- <sup>7</sup> Professional financial advisers include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, and accountants. For additional information on mutual fund owners' use of professional financial advisers, see Bogdan and Schrass 2012 (forthcoming); Leonard-Chambers and Bogdan 2007; and Schrass 2008.
- <sup>8</sup> Households headed by members of Generation X were 25 percent of all mutual fund-owning households; Generation Y represented 16 percent. For additional information on mutual fund-owning households by generation, see Bogdan and Schrass 2012 (forthcoming).
- <sup>9</sup> Households headed by members of the Silent Generation were 16 percent of all mutual fund-owning households; the GI Generation represented less than 1 percent. For additional information on mutual fund-owning households by generation, see Bogdan and Schrass 2012 (forthcoming).

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