

## ICI Study: Mutual Fund–Owning Households' Willingness To Take Investment Risk Remains Subdued

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## More Than 56 Million U.S. Households Own Mutual Funds

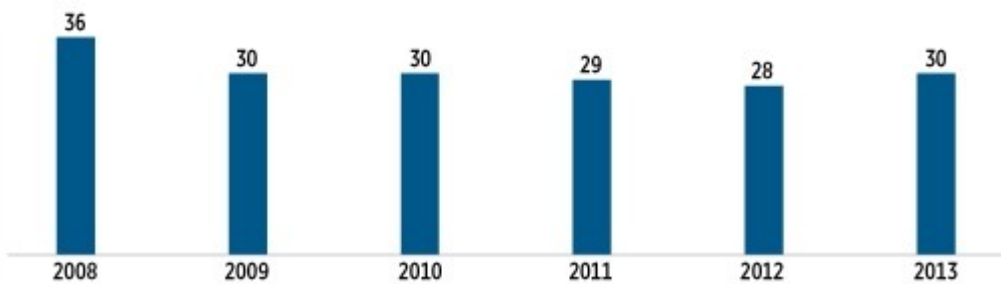
Washington, DC, October 31, 2013 - An annual survey of U.S. households by the Investment Company Institute found that mutual fund–owning households' willingness to take investment risk remained at the same subdued levels seen since the 2008 financial crisis. Three in 10 mutual fund–owning households were willing to take substantial or above-average risk for financial gain in May 2013, compared with 36 percent in May 2008. Older investors continued to report a much lower tolerance for investment risk overall when compared with younger investors.

“The dramatic stock market decline from October 2007 to March 2009 appears to still linger in investors' minds,” said Sarah Holden, ICI senior director of retirement and investor research.

“Nevertheless, equity mutual funds continue to be the most commonly owned type of fund, held by 86 percent of mutual fund–owning households.”

### **Mutual Fund–Owning Households' Willingness to Take Investment Risk**

*Percentage of mutual fund–owning households willing to take above-average or substantial investment risk*



Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

ICI's annual survey, released in two studies, "[Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2013](#)" and "[Characteristics of Mutual Fund Investors, 2013](#)," also reported that in 2013, an estimated 56.7 million, or 46.3 percent of, U.S. households representing more than 96 million individual investors owned mutual funds. While mutual funds are the most commonly held type of fund, 5.7 million households reported owning exchange-traded funds (ETFs) and 3.8 million households reported owning closed-end funds in 2013.

Other survey findings for 2013 include:

- More than twice as many U.S. households owned mutual funds through tax-deferred accounts as owned mutual funds outside such accounts. In 2013, 52.9 million households owned mutual funds through employer-sponsored retirement plans, individual retirement accounts (IRAs), and variable annuities, compared with 18.5 million owning funds outside such tax-deferred accounts.
- Almost all mutual fund investors were focused on saving for retirement. Saving for retirement was one of the household's financial goals for 92 percent of mutual fund-owning households, and almost three-quarters indicated that retirement saving was the household's primary financial goal.
- Most U.S. mutual fund owners had moderate household incomes and were in their peak earning and saving years. Fifty-six percent of households owning mutual funds had incomes between \$25,000 and \$99,999, and two-thirds were headed by individuals between the ages of 35 and 64.
- Performance of fund investments continues to be the most influential of the many factors that shaped shareholders' opinions of the fund industry. Two-thirds of mutual fund shareholders indicated that fund performance was a "very" important factor influencing their views of the industry, and more than 40 percent cited fund performance as the most important factor.
- Mutual fund companies' favorability rating tends to move with stock market performance. As the stock market trended upward, mutual funds' favorability among shareholders was 68 percent in 2013, an increase from 65 percent in 2012. In 2013, older mutual fund investors reported higher favorability ratings compared with younger investors and more recent investors.
- Mutual fund-owning households often used the Internet for financial purposes. More than nine in 10 households owning mutual funds had Internet access in 2013. Among that group, more than eight in 10 used the Internet for financial purposes.

#### About the survey:

ICI's 2013 Annual Mutual Fund Shareholder Tracking Survey results are based on a sample of 4,001 U.S. households selected by random digit dialing, of which, 1,853 households, or 46.3 percent, owned

mutual funds. In addition, the survey collected information on households' ownership of closed-end funds and ETFs. Overall, 47.1 percent of U.S. households owned shares of mutual funds or other U.S.-registered investment companies in 2013, representing an estimated 57.7 million U.S. households and 97.9 million investors. All interviews were conducted over the telephone with the member of the household over 18 who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments.

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