

Growing Share of Young Households Own Mutual Funds, ICI Study Shows

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Washington, DC; November 19, 2020—Almost half of the 37.0 million households headed by a member of the Millennial Generation or Generation Z owned mutual funds in 2020, according to new research published today by the Investment Company Institute (ICI). Forty-seven percent of these households owned mutual funds, up from 41 percent in 2019.

The new data are published in “[Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2020](#)” and “[Characteristics of Mutual Fund Investors, 2020](#).” The survey results also show that saving for retirement was a financial goal for 94 percent of mutual fund–owning households, and 75 percent indicated that retirement saving was the household’s primary financial goal.

“Investors across generations use mutual funds to help meet their household’s most important financial goals, especially saving for retirement,” said Sarah Holden, ICI senior director of retirement and investor research. “The data this year show increasing ownership of mutual funds among younger households, with mutual fund ownership among Millennials and members of Gen Z up significantly. The data show the central and expanding role funds play in the financial lives of American households of all ages.”

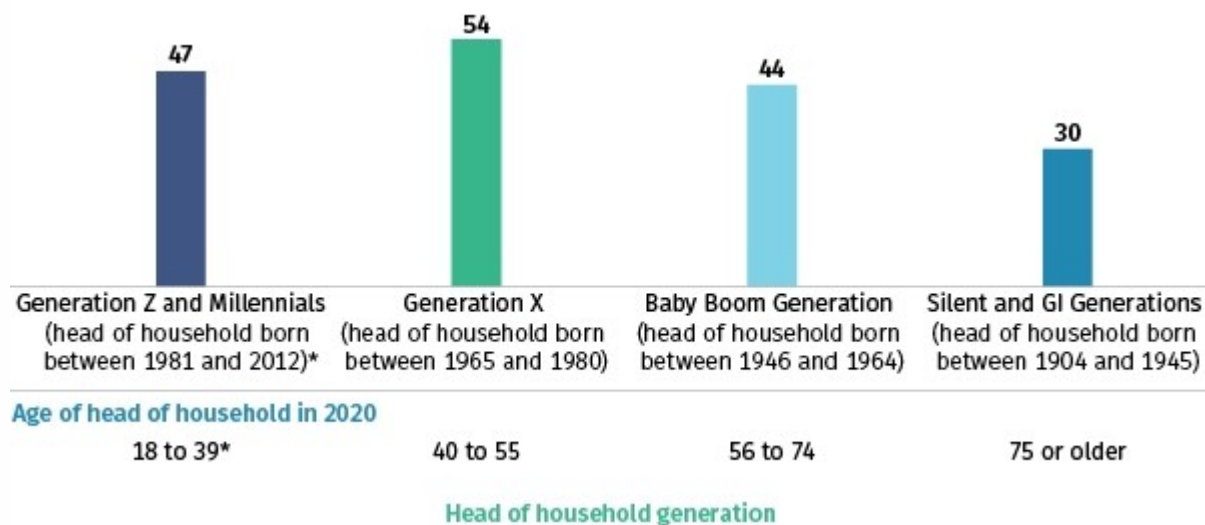
Households Across All Generations Held Mutual Funds

Nearly 59 million US households representing more than 102 million individual investors owned mutual funds in 2020, according to the study. Among the 42 million US households headed by a Baby Boomer, 44 percent owned mutual funds, and their mutual fund holdings accounted for 43 percent of US households’ mutual fund assets in 2020. These data reflect the fact that Baby Boomers have had decades to accumulate savings, as the study notes.

In addition, 54 percent of the 34 million Generation X households owned mutual funds, accounting for 31 percent of US households' mutual fund assets. Among the 37 million Generation Z and Millennial households, 47 percent owned mutual funds, holding 16 percent of household mutual fund assets—reflecting the shorter time of these younger generations to save and invest.

Incidence of Mutual Fund Ownership Varies by Generation

Percentage of US households within each generation group, 2020



*Generation Z (born 1997 to 2012) and the Millennial Generation (born 1981 to 1996) are aged 8 to 39 in 2020; however, survey respondents must be 18 or older. Incidence of mutual fund ownership for the Millennial Generation (head of household born between 1981 and 1996) is 49 percent.

Note: Generation is based on the age of the household sole or co-decisionmaker for saving and investing

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

Other Key Findings

- Shareholders' willingness to take investment risk in 2020 increased over the level seen in 2019. Forty percent of mutual fund-owning households were willing to take substantial or above-average risk for financial gain in 2020, higher than 35 percent in 2019. As in previous years, households that do not own mutual funds are less willing to take investment risk than mutual fund shareholders.
- Many US mutual fund shareholders had moderate household incomes and were in their peak earning and saving years. Two-thirds of US households owning mutual funds had incomes less than \$150,000, and the median household income was \$105,000. Sixty percent of mutual fund-owning households were headed by individuals between the ages of 35 and 64 in 2020.
- More than three times as many US households owned mutual funds through tax-deferred accounts—employer-sponsored retirement plans, individual retirement accounts, and variable annuities—as owned mutual funds outside such accounts.
- Employer-sponsored retirement plans often are the gateway to mutual fund ownership. Sixty-five percent of mutual fund-owning households that purchased their first fund in 2010 or later purchased

that fund through an employer-sponsored retirement plan, compared with 53 percent of those that made their first purchase before 1990. In 2020, 46 percent of mutual fund–owning households owned funds both inside and outside employer-sponsored retirement plans. An additional 37 percent owned mutual funds only inside employer-sponsored retirement plans.

- When ownership of all registered investment companies is considered in 2020, 47.4 percent of US households owned shares of mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts, representing an estimated 60.9 million households and 106.3 million investors.

About the Annual Mutual Fund Shareholder Tracking Survey

ICI conducts the Annual Mutual Fund Shareholder Tracking Survey each year to gather information on the demographic and financial characteristics of mutual fund–owning households in the United States. The most recent survey was conducted from May to June 2020 and was based on a dual-frame telephone sample of 3,001 US households. Of these, 1,350 households were from a landline random digit dial (RDD) frame and 1,651 households were from a cell phone RDD frame.

Of the households contacted, 1,372 households, or 45.7 percent, owned mutual funds. All interviews were conducted over the telephone with the member of the household who was either the sole or the co-decisionmaker most knowledgeable about the household’s savings and investments. The standard error for the 2020 sample of households owning mutual funds is plus or minus 2.6 percentage points at the 95 percent confidence level.

Interested in more data? Download the supplemental tables for “[Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2020](#)” and the supplemental tables for “[Characteristics of Mutual Fund Investors, 2020](#).”

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