

# Fundamentals

Investment Company Institute Research In Brief

Vol. 8 / No. 5  
September 1999

1401 H Street, NW  
Suite 1200  
Washington, DC 20005  
202/326-5800  
<http://www.ici.org>

Copyright © 1999 by the  
Investment Company Institute

## U.S. Household Ownership of Mutual Funds in 1999

An estimated 48.4 million, or 47.4 percent, of all U.S. households owned mutual funds in 1999 (Figure 1), up 9 percent from 44.4 million in 1998.<sup>1,2</sup> The growth in fund

ownership occurred primarily in two household groups: those with incomes under \$50,000 and those with financial decisionmakers under age 55. The number of individual investors owning mutual funds rose to 82.8 million in 1999, from 77.3 million in 1998.<sup>3</sup>

figure 1

### U.S. Households That Own Mutual Funds, 1980-1999<sup>1</sup>

(percent)

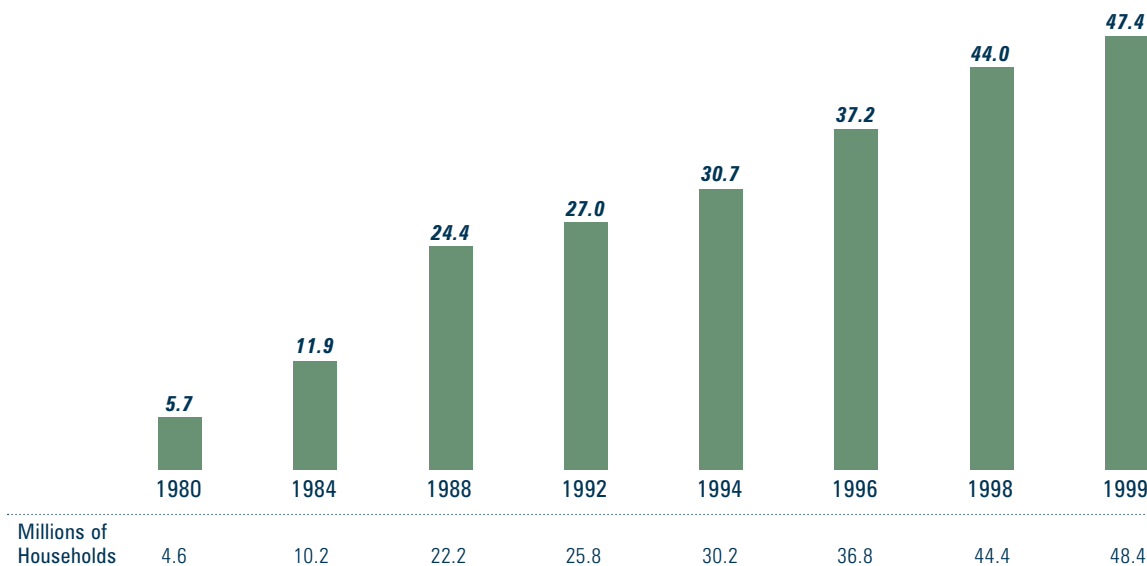


figure footnotes:

<sup>1</sup> Households owning mutual funds in 1980 and 1984 were estimated from data on the number of accounts held by individual shareholders and the number of funds owned by fund-owning households; data for 1980 through 1992 exclude households owning mutual funds only through employer-sponsored retirement plans; data for 1994 through 1999 include households owning mutual funds only through employer-sponsored retirement plans. Data for 1998 and 1999 include fund ownership through variable annuities. An estimated 1.9 million households owned mutual funds solely through variable annuities in 1999.

<sup>2</sup> Based on a June 1999 ICI survey with a random sample of 3,000 U.S. households. The standard error is +/-1.8 percent at the 95 percent confidence level. The Institute weighted its sample to match the age distribution of the U.S. population. (See U.S. Census, Current Population Reports, Series P25-1129, *Projections of the Number of Households and Families in the United States: 1995 to 2010*). Prior to 1997, ICI surveys on the number of U.S. households owning mutual funds were not weighted. Population samples are comparable in the 1998 and 1999 surveys.

<sup>3</sup> The 1999 data indicate an 18.5 percent increase in the number of households owning a mutual fund IRA. This includes Traditional, Roth, Education, SIMPLE, SEP-IRA or SAR-SEP IRAs.

<sup>4</sup> For a complete demographic and financial profile of mutual fund shareholders, refer to *1998 Profile of Mutual Fund Shareholders*, Investment Company Institute, 1999.

figure 2

### Household Income of Mutual Fund Owners, 1999<sup>1</sup>

(percent)

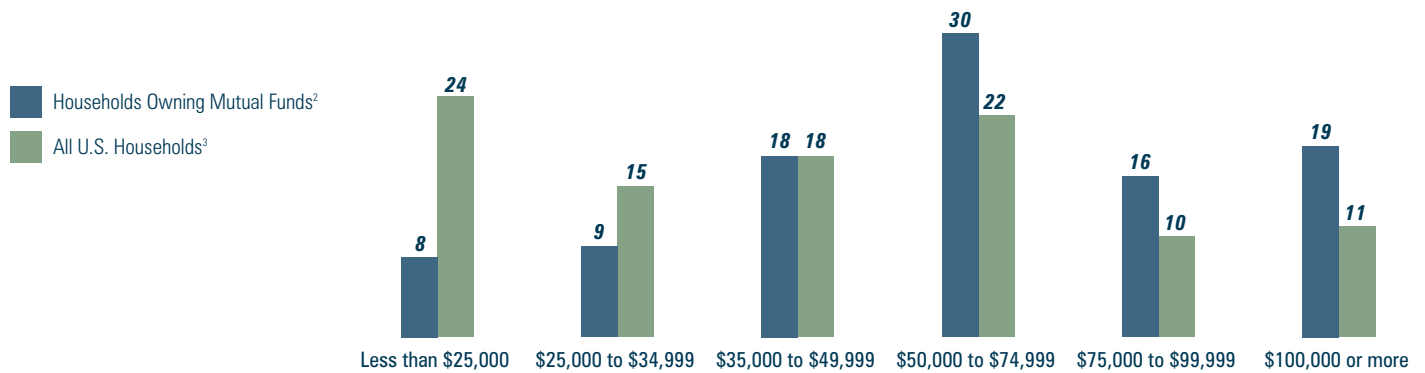


figure footnotes:

<sup>1</sup> Pre-tax household income for 1998.

<sup>2</sup> Includes money market, stock, bond and hybrid, variable annuity, IRA, Keogh and employer-sponsored retirement plan fund owners.

<sup>3</sup> The percent of households in each income group is based on the Institute's survey data, and is not significantly different from the U.S. Census' 1997 household income data. (See U.S. Census, Current Population Reports, Series P60-200, *Money Income in the United States: 1997*).

figure 3

### Mutual Fund Ownership Within Income Groups, 1999<sup>1,2</sup>

(percent of U.S. households)

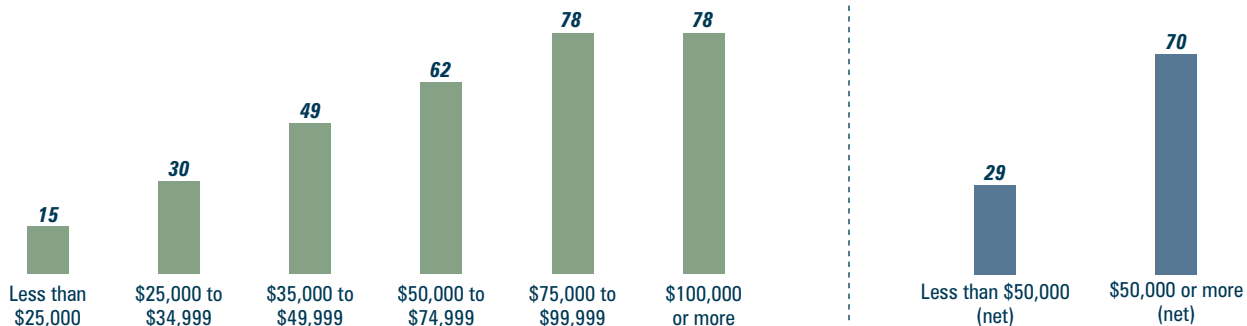


figure footnotes:

<sup>1</sup> Pre-tax household income for 1998.

<sup>2</sup> Includes money market, stock, bond and hybrid, variable annuity, IRA, Keogh and employer-sponsored retirement plan fund owners.

figure 4

### Ownership of Fund Types Within Income Groups, 1999<sup>1,2</sup>

(percent of U.S. households)

	Equity Funds	Bond and Hybrid Funds	Money Market Funds
<b>All U.S. Households</b>	31	24	21
Less than \$35,000	10	9	8
\$35,000 to \$49,999	28	21	17
\$50,000 to \$74,999	40	30	27
\$75,000 to \$99,999	61	45	36
\$100,000 or more	64	49	39

figure footnotes:

<sup>1</sup> Pre-tax household income for 1998.

<sup>2</sup> Includes money market, stock, bond and hybrid, variable annuity, IRA, Keogh and employer-sponsored retirement plan fund owners.

## Household Income and Mutual Fund Ownership

Most U.S. mutual fund shareholders have moderate household income. Fifty-seven percent have household income of \$25,000 to \$74,999 and 8 percent have household income under \$25,000 (Figure 2). Thirty-five percent have household income more than \$75,000.

Fund ownership tends to increase with income. Twenty-nine percent of all households with income less than \$50,000 own mutual funds, while 70 percent of those with incomes

figure 5

### Age of Mutual Fund Owners, 1999<sup>1</sup>

(percent)

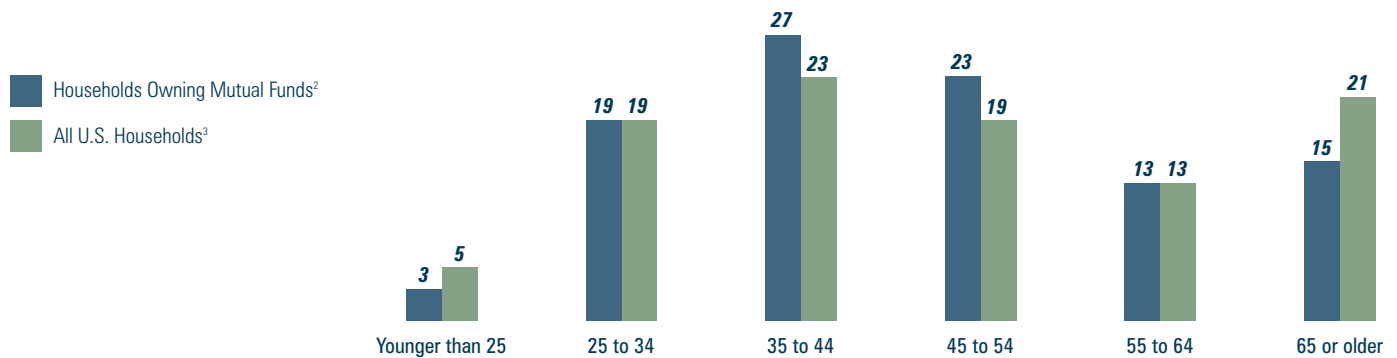


figure footnotes:

<sup>1</sup> Age of head of household.

<sup>2</sup> Includes money market, stock, bond and hybrid, variable annuity, IRA, Keogh and employer-sponsored retirement plan fund owners.

<sup>3</sup> The percent of U.S. households in each age group is based on the Institute's survey data, and is weighted to match that of the U.S. Census' 1999 estimate of the age distribution of heads of households. (See U.S. Census, Current Population Reports, Series P25-1129, *Projections of the Number of Households and Families in the United States: 1995 to 2010*).

of \$50,000 or more own mutual funds (Figure 3). Households in all income groups typically own equity mutual funds more than bond and hybrid funds or money market funds (Figure 4).

### Household Age and Mutual Fund Ownership

More than 80 percent of fund-owning U.S. households are headed by individuals aged 25 to 64, with the heaviest concentration in the 35-to-54 age group (Figure 5). Fifteen percent of fund-owning households are headed by individuals age 65 or older; 3 percent are headed by individuals younger than age 25.

Among all U.S. households, fund ownership is highest among those headed by individuals in the 35-to-54 age group (Figure 6). Fund ownership is lowest in the younger-than-25 and 65-or-older groups. U.S. households in all age groups are more likely to own equity funds than bond and hybrid funds or money market funds (Figure 7).

figure 6

### Mutual Fund Ownership Within Age Groups, 1999<sup>1,2</sup>

(percent of U.S. households)

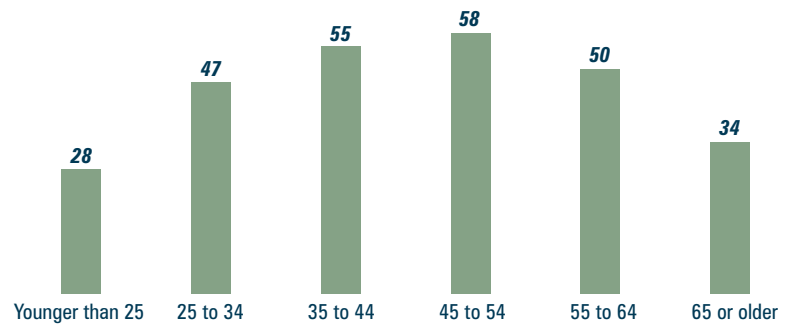


figure footnotes:

<sup>1</sup> Age of head of household.

<sup>2</sup> Includes money market, stock, bond and hybrid, variable annuity, IRA, Keogh and employer-sponsored retirement plan fund owners.

figure 7

### Ownership of Fund Types Within Age Groups, 1999<sup>1,2</sup>

(percent of U.S. households)

	Equity Funds	Bond and Hybrid Funds	Money Market Funds
<b>All U.S. Households</b>	31	24	21
Younger than 25	17	12	9
25 to 34	31	21	16
35 to 44	37	26	24
45 to 54	41	32	25
55 to 64	35	30	25
65 or older	19	17	18

figure footnotes:

<sup>1</sup> Age of head of household.

<sup>2</sup> Includes money market, stock, bond and hybrid, variable annuity, IRA, Keogh and employer-sponsored retirement plan fund owners.

---

## Back Issues Available

Institute research on a variety of subjects can be obtained by ordering back issues of *Fundamentals*. Contact the Institute's Research Department at 202/326-5913.

Volume 8, Number 4:	<i>Mutual Funds and the Retirement Market</i>
Volume 8, Number 3:	<i>U.S. Household Ownership of Closed-end Funds in 1998</i>
Volume 8, Number 2:	<i>IRA Ownership in 1998</i>
Volume 8, Number 1:	<i>U.S. Household Ownership of Mutual Funds in 1998</i>
Volume 7, Number 2:	<i>Mutual Funds and the Retirement Market</i>
Volume 7, Number 1:	<i>U.S. Household Ownership of Mutual Funds in 1997</i>
Volume 6, Number 2:	<i>Characteristics of Shareholders Using Ranking Services</i>
Volume 6, Number 1:	<i>How Mutual Funds Use the Internet</i>
December 1996:	<i>Mutual Fund Ownership in the U.S.</i>
November 1996:	<i>Mutual Fund Statistics for the Bank Distribution Channel</i>
October 1996:	<i>Public Confidence in the Social Security System</i>
May 1996:	<i>Shareholders with 401(k) Plans Invested in Mutual Funds</i>
March 1996:	<i>Shareholders of International and Global Mutual Funds</i>
January 1996:	<i>Shareholders of Municipal Bond Mutual Funds</i>
November 1995:	<i>Shareholders' Use of Home PCs</i>
September 1995:	<i>Mutual Fund Statistics for the Bank Distribution Channel</i>
July 1995:	<i>Institutional Investors and Mutual Funds</i>
May 1995:	<i>Households with IRAs</i>
January 1995:	<i>First-time Mutual Fund Buyers and Their Investment Experience</i>
November 1994:	<i>Mutual Fund Statistics for the Bank Distribution Channel</i>
September 1994:	<i>Mutual Fund Ownership Among U.S. Households</i>
July 1994:	<i>Institutional Investors and Mutual Funds</i>
May 1994:	<i>Investment Patterns of U.S. Households</i>
March 1994:	<i>Mutual Funds with 12b-1 Plans</i>
January 1994:	<i>Shareholder Perceptions of Investment Risk</i>
November 1993:	<i>America's Top Wealthholders</i>
September 1993:	<i>High-volume Mutual Fund Brokers and Planners</i>
July 1993:	<i>Demographic Trends and Their Implications for the Mutual Fund Industry</i>
May 1993:	<i>Mutual Fund Statistics for the Bank Distribution Channel</i>
March 1993:	<i>Understanding Why Shareholders Close Fund Accounts</i>
January 1993:	<i>Equity, Fixed-Income, and Money Market Fund Shareholders</i>
November 1992:	<i>America's Aging Affluent Mutual Fund Owners</i>
September 1992:	<i>Women Who Invest in Mutual Funds</i>
July 1992:	<i>Baby Boomers: Comparing Fund and Nonfund Owners</i>
May 1992:	<i>Market Penetration of Mutual Funds Among U.S. Households</i>
March 1992:	<i>The Pension Market: 1990</i>