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*Suggested citation:* Burham, Kimberly, Michael Bogdan, and Daniel Schrass. 2014. "Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2014." *ICI Research Perspective* 20, no. 8 (November). Available at [www.ici.org/pdf/per20-08.pdf](http://www.ici.org/pdf/per20-08.pdf).

## Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2014

### KEY FINDINGS

- » **In mid-2014, 44.3 percent of U.S. households owned shares of mutual funds or other U.S.-registered investment companies—including exchange-traded funds, closed-end funds, and unit investment trusts—representing an estimated 54.5 million households and 92.7 million investors.** Mutual funds were the most common type of investment company owned, with 53.2 million U.S. households, or 43.3 percent, owning mutual funds in mid-2014. The survey also found that 90.4 million individual investors owned mutual funds in mid-2014.
- » **Most U.S. mutual fund shareholders had moderate household incomes and were in their peak earning and saving years.** More than half of U.S. households owning mutual funds had incomes between \$25,000 and \$99,999, and nearly two-thirds were headed by individuals between the ages of 35 and 64 in mid-2014. Three times as many U.S. households owned mutual funds through tax-deferred accounts—employer-sponsored retirement plans, individual retirement accounts (IRAs), and variable annuities—as owned mutual funds outside such accounts.
- » **Mutual fund owners reported that investment performance was the most influential of the many factors that shaped their opinions of the fund industry.** About two-thirds of mutual fund shareholders indicated that fund performance was a “very” important factor influencing their views of the industry, and more than four in 10 cited fund performance as the most important factor.
- » **Shareholders' willingness to take investment risk remained at the same subdued levels seen since the 2008 financial crisis.** Thirty-one percent of mutual fund-owning households were willing to take substantial or above-average risk for financial gain in mid-2014, compared with 36 percent in May 2008. As in previous years, households that do not own mutual funds are less willing to take investment risk than mutual fund shareholders.

- » **Mutual fund companies' favorability rating among shareholders remained the same in mid-2014, with favorability at 68 percent.** Seventeen percent of mutual fund–owning households reported having “very favorable” impressions, an increase of 31 percent from 2013. In mid-2014, older mutual fund investors reported higher favorability ratings compared with younger investors and more recent investors.
  - » **Mutual fund–owning households used the Internet extensively.** More than nine in 10 households owning mutual funds had Internet access in mid-2014. The gaps in Internet access between younger and older households and between higher- and lower-income households have narrowed, and in mid-2014, more than eight in 10 mutual fund–owning households had Internet access across each age or income grouping.
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## U.S. Households' Ownership of Mutual Funds

### More Than 53 Million U.S. Households Owned Mutual Funds in Mid-2014

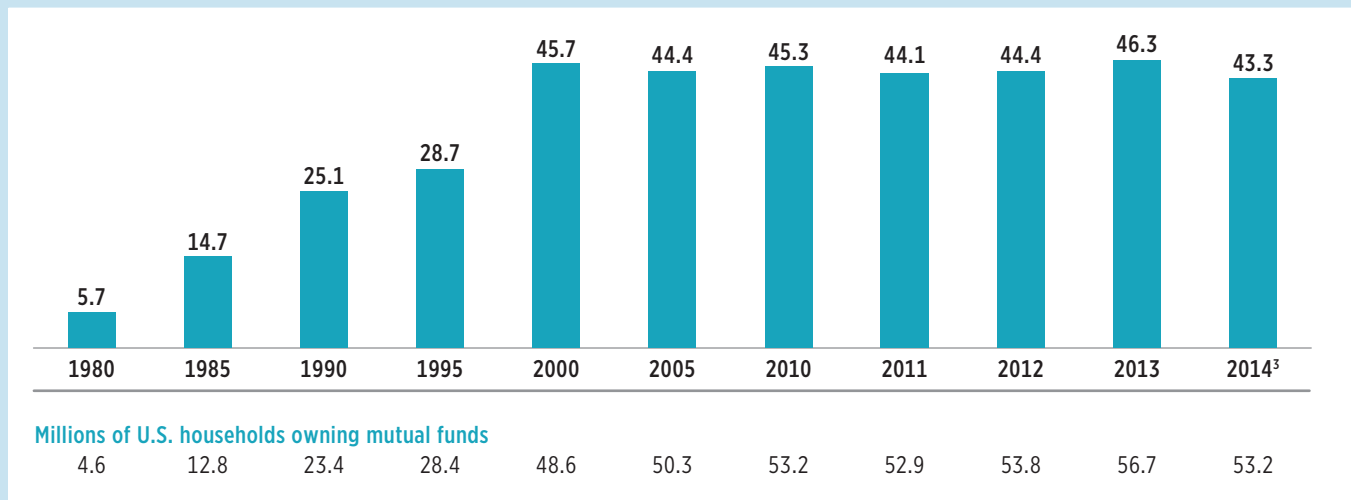
Assets in U.S.-registered investment companies—mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs)—totaled \$17.8 trillion as of mid-2014. Households held about 86 percent, or \$15.4 trillion, of all these fund assets; registered fund assets represented more than one-fifth of households' financial assets.<sup>1</sup> In mid-2014, 44.3 percent of U.S. households owned some type of registered fund, representing an estimated 54.5 million households and 92.7 million investors.

While 5.2 million households owned ETFs and 3.4 million households owned closed-end funds in mid-2014, mutual funds were the most common type of fund owned by households. An estimated 53.2 million U.S. households, or 43.3 percent, owned mutual funds in mid-2014 (Figure 1),<sup>2</sup> and more than eight in 10 households that owned ETFs or closed-end funds also owned mutual funds. The estimated number of individual investors owning mutual funds was 90.4 million in mid-2014 (Figure 2).<sup>3</sup>

FIGURE 1

### 43 Percent of U.S. Households Owned Mutual Funds in 2014

Number and percentage of U.S. households owning mutual funds,<sup>1</sup> selected years<sup>2</sup>



<sup>1</sup> Households owning mutual funds in 1980 through 1986 were estimated by dividing the total number of household accounts by the number of accounts per household. Beginning in 1987, the incidence of mutual fund ownership is estimated through household surveys. Incidence estimates for 1987 through 1993 exclude households owning mutual funds only through employer-sponsored retirement plans; estimates for 1994 through 2014 include households owning mutual funds only through employer-sponsored retirement plans. Incidence estimates for 1998 through 2014 include fund ownership through variable annuities. Incidence estimates for 2000 through 2014 include fund ownership through Roth IRAs, Coverdell Education Savings Accounts, SAR-SEPs, SEP-IRAs, and SIMPLE IRAs.

<sup>2</sup> For the complete time series of data from 1980 through 2014, see Figure A1 in the appendix.

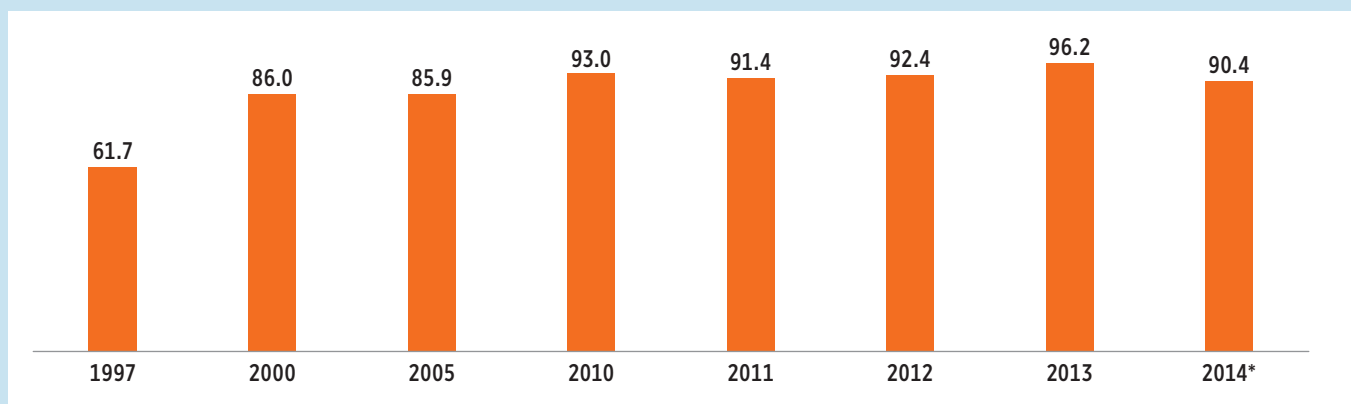
<sup>3</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Sources: Investment Company Institute and U.S. Census Bureau

FIGURE 2

### 90 Million Individual U.S. Investors Owned Mutual Funds in 2014

Millions of individual U.S. investors owning mutual funds, selected years



\* In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Note: For the complete time series of data from 1997 through 2014, see Figure A2 in the appendix.

Sources: Investment Company Institute and U.S. Census Bureau

### ***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 July 2014 and was based on a dual frame telephone sample of 6,003 U.S. households. Of these, 3,000 households were from a landline random digit dial (RDD) frame and 3,003 households were from a cell phone RDD frame. Of the households contacted, 2,599 (43.3 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 2014 sample of households is  $\pm 1.3$  percentage points at the 95 percent confidence level.

### ***Revisions to ICI's Annual Mutual Fund Shareholder Tracking Survey***

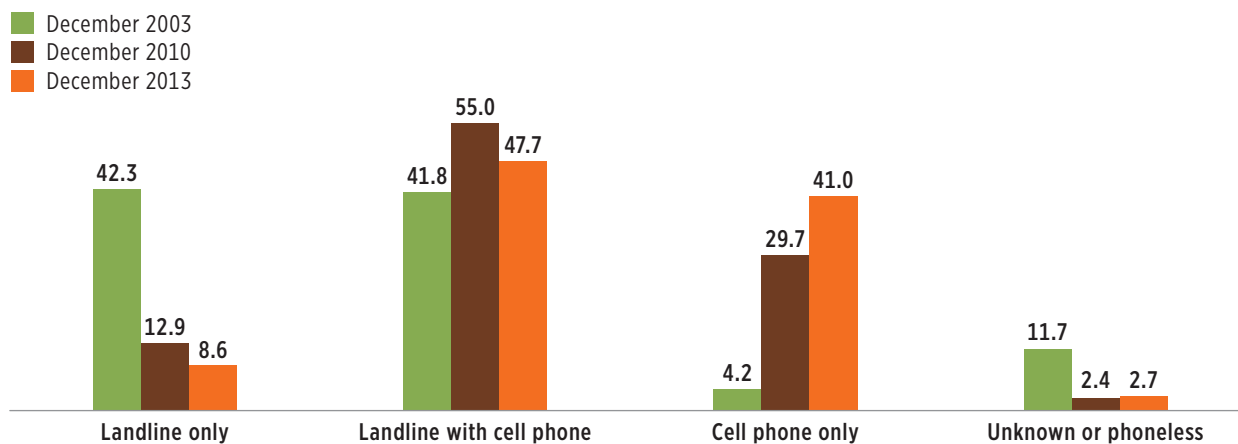
The Annual Mutual Fund Shareholder Tracking Survey interviews a random sample of U.S. households to determine their ownership of a variety of financial assets and accounts, including mutual funds, individual stocks, individual bonds, defined contribution (DC) plan accounts, individual retirement accounts (IRAs), and education savings accounts. In the usual course of household survey work, researchers periodically reexamine sampling and weighting methods to ensure that the results published are representative of the millions of households in the United States. ICI reexamined its Annual Mutual Fund Shareholder Tracking Survey this year, and the figures presented in this paper for the 2014 survey reflect a revised sampling and weighting methodology and an increased sample size. In order to achieve a representative sample of U.S. households, the 2014 Annual Mutual Fund Shareholder Tracking Survey is based on a dual frame sample of landline and cell phone numbers. The combined sample includes about 50 percent of households reached on a landline and about 50 percent of households reached on a cell phone. In previous years, the Annual Mutual Fund Shareholder Tracking Survey was based on a sample of landline phone numbers. The change to a combined sample of cell and landline phone numbers improves the representativeness of the sample.

### ***Revision of Survey Sample***

Survey researchers have reconsidered the representativeness of surveys based on RDD samples using only landline telephone numbers.<sup>4</sup> The portion of U.S. households that primarily use cell phones for telephone service has been steadily increasing while landline use has been steadily falling. At year-end 2013, 41.0 percent of U.S. households only had cell phones, compared with 4.2 percent at year-end 2003 (see figure on opposite page).<sup>5</sup> In contrast, 8.6 percent of households only had landline telephone service at year-end 2013, compared with 42.3 percent at year-end 2003.

The increase in the portion of U.S. households that rely on cell phones for telephone service creates a potential coverage error for surveys based on a landline RDD sample. Because the increase in the use of cell phones is not distributed evenly across demographic characteristics such as age, income, and education, surveys that are based on a landline RDD sample may underrepresent groups with a higher incidence of cell phone use.<sup>6</sup> For example, at the end of 2013 more than 65 percent of adults aged 25 to 29 lived in households with only cell phones.<sup>7</sup> Older age groups have lower rates of reliance on cell phones. Cell phone incidence also is unevenly distributed across income and education levels. Applying a dual frame sampling method improves both the coverage and the representativeness of a survey. In response to this challenge, many organizations have supplemented their traditional landline RDD frame with an independent sample of cell phone numbers.<sup>8</sup> This dual frame design is rapidly becoming the standard in modern telephone survey research.<sup>9</sup>

## Percentage of U.S. Households by Telephone Status



Source: Center for Disease Control/National Center for Health Statistics, National Health Interview Survey; December 2003, December 2010, and December 2013

The 2014 Annual Mutual Fund Shareholder Tracking Survey used a dual frame telephone survey methodology and found that 43.3 percent of U.S. households owned mutual funds in mid-2014. If ICI had used a similar sampling and weighting method as in previous years, this year's landline sample would have found that 46.4 percent of U.S. households owned mutual funds in mid-2014.

### Revision of Survey Weights

When a survey sample is drawn from a population, the proportions of segments within the sample (by age, income, or other key variables) may not match the distribution of those segments within the population. The sample's distribution may be different due to sampling techniques, varying degrees of nonresponse from segments of the population, or a survey design that was not able to cover the entire population. It is possible to improve the relation between the sample and the population from which it was drawn by applying weights to the sample that match the proportions present in the population. This process is known as sample-balancing, or raking.<sup>10</sup>

Because the sample methodology for the Annual Mutual Fund Shareholder Tracking Survey was changed to a dual frame RDD survey to include cell phones, it was necessary to adjust the weighting methodology for the survey. In order to combine the landline and cell phone samples, an initial base weight was created to adjust for households that could have been in both the landline and cell phone sample frames. A second stage of weighting included the standard raking to control totals based on census region, householder age, household income, and educational attainment of the head of household from the most recent version of the Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS).<sup>11</sup> In the 2014 survey, the second stage of weighting also included raking to control totals based on household telephone status from the most recent version of the National Health Interview Survey (NHIS).<sup>12</sup> The weighting adjusts for differences among the households sampled in the ICI survey and the population of U.S. households.

## Most Mutual Fund Shareholders Are in Their Peak Earning and Saving Years

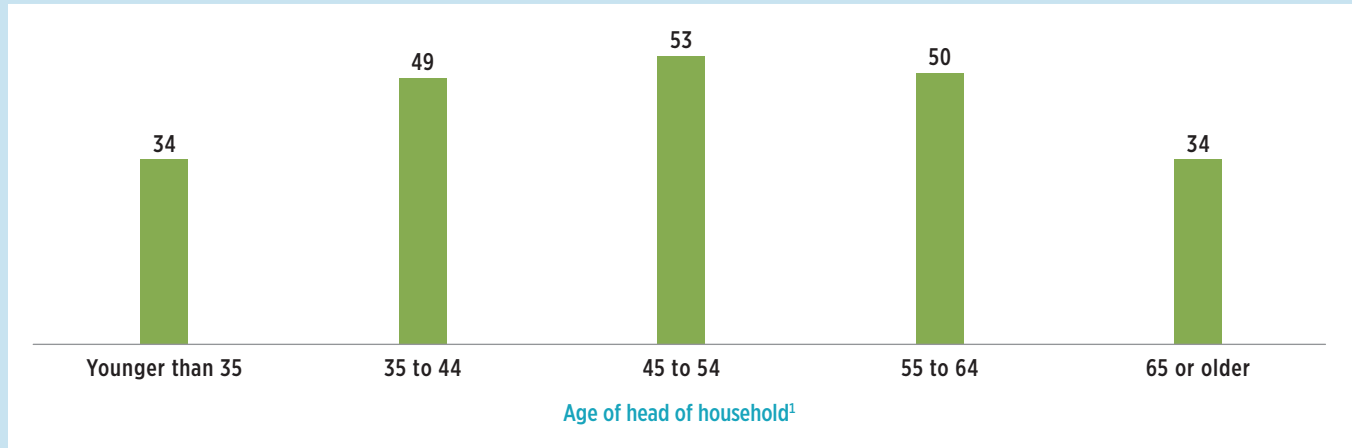
People of all ages own mutual funds, but ownership is concentrated among individuals in their prime earning and saving years. For most of the past decade, the incidence of mutual fund ownership has been greatest among

households headed by individuals between the ages of 35 and 64.<sup>13</sup> In the most recent survey, a majority of households aged 45 to 54, nearly half of households aged 35 to 44, and half of households aged 55 to 64 owned mutual funds (Figure 3). In addition, 34 percent of households younger than 35 and 34 percent of households aged 65 or older

FIGURE 3

### Incidence of Mutual Fund Ownership Is Greatest Among 35- to 64-Year-Olds

Percentage of U.S. households within each age group,<sup>1</sup> 2014<sup>2</sup>



<sup>1</sup> Age is based on the age of the sole or co-decisionmaker for household saving and investing.

<sup>2</sup> For the complete time series of data from 1994 through 2014, see Figure A3 in the appendix.

Sources: Investment Company Institute and U.S. Census Bureau

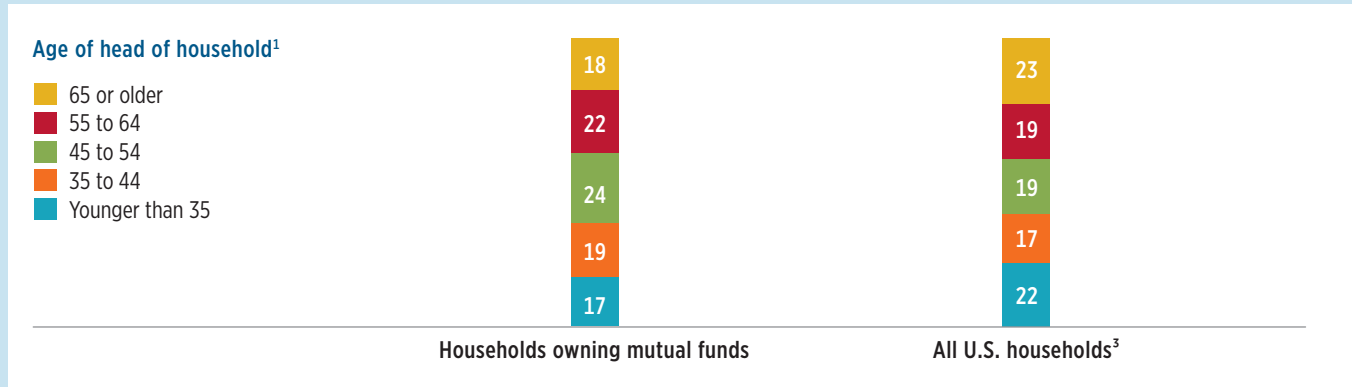
owned mutual funds. As a result, the majority (nearly two-thirds) of households owning mutual funds were headed by individuals between the ages of 35 and 64 in mid-2014 (Figure 4), the age range in which saving and investing

traditionally is greatest.<sup>14,15</sup> By comparison, among all U.S. households, fewer than six in 10 were headed by individuals in this age group.

FIGURE 4

### Most Mutual Fund Shareholders Are Between Ages 35 and 64

Percent distribution of households owning mutual funds and all U.S. households by age,<sup>1</sup> 2014<sup>2</sup>



<sup>1</sup> Age is based on the age of the sole or co-decisionmaker for household saving and investing.

<sup>2</sup> For the complete time series of data from 1994 through 2014, see Figure A4 in the appendix.

<sup>3</sup> The percentage of all households in each age group is based on ICI survey data and is weighted to match the U.S. Census Bureau's Current Population Survey.

Sources: Investment Company Institute and U.S. Census Bureau

## Mutual Fund Shareholders Typically Have Moderate Household Incomes

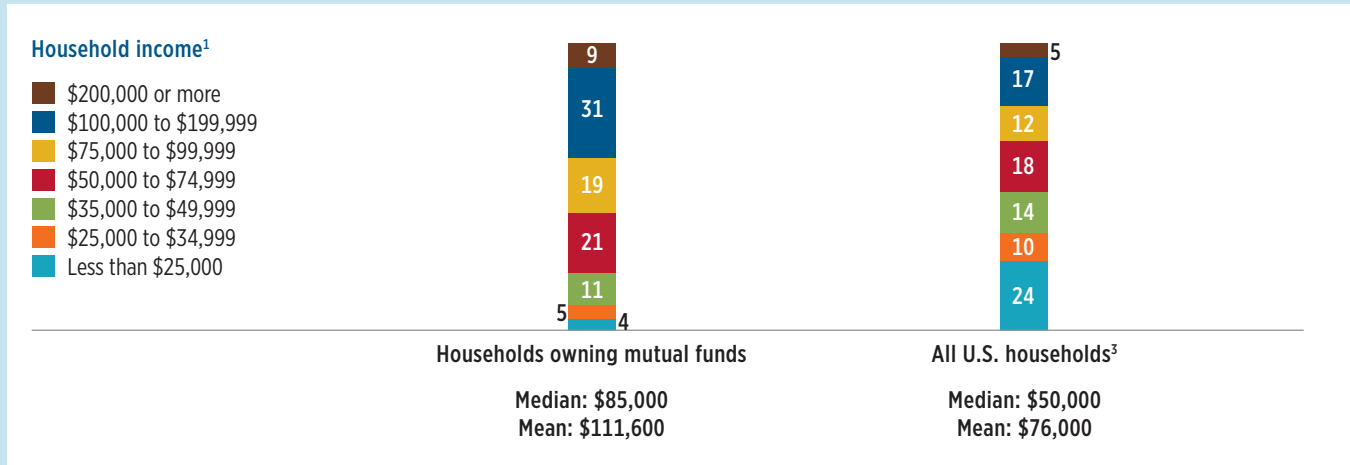
The majority of U.S. households owning mutual funds had moderate incomes. Fifty-six percent of households owning mutual funds in mid-2014 had incomes between \$25,000 and \$99,999 (Figure 5).<sup>16</sup> Nevertheless, incomes among mutual fund-owning households tended to be somewhat higher

than that of the typical U.S. household. Nine percent of U.S. households owning mutual funds had incomes of less than \$35,000, while 34 percent of all U.S. households earned less than \$35,000. Forty percent of households owning mutual funds reported incomes of \$100,000 or more, compared with only 22 percent of U.S. households overall.

FIGURE 5

### Most Households Owning Mutual Funds Have Moderate Incomes

Percent distribution of households owning mutual funds and all U.S. households by household income,<sup>1</sup> 2014<sup>2</sup>



<sup>1</sup> Total reported is household income before taxes in 2013.

<sup>2</sup> For the complete time series of data from 1998 through 2014, see Figure A5 in the appendix.

<sup>3</sup> The percentage of all households in each income group is based on ICI survey data and is weighted to match the U.S. Census Bureau's Current Population Survey (CPS). For 2013, the estimated median and mean income for all U.S. households from the CPS is \$51,939 and \$72,641, respectively.

Sources: Investment Company Institute and U.S. Census Bureau



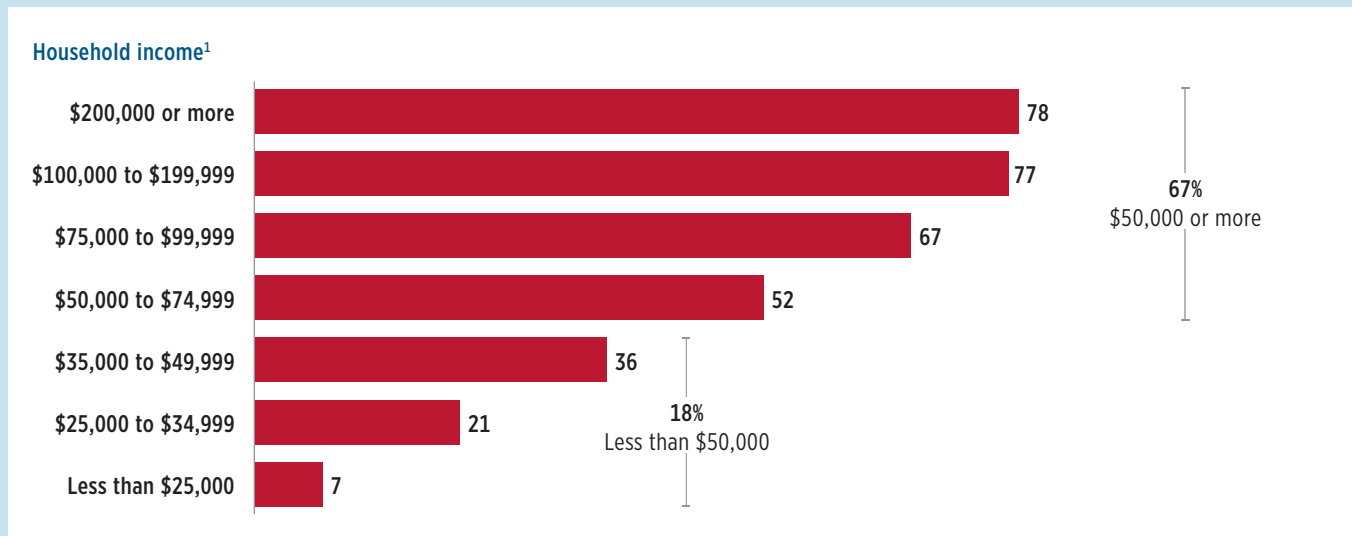
The range of incomes among mutual fund-owning households reflects the fact that individuals across all income groups own mutual funds, but it also shows that households with higher incomes are more likely to own mutual funds than are lower-income households. In mid-2014, 67 percent of all U.S. households with incomes of \$50,000 or more owned mutual funds, compared

with 18 percent of households with incomes of less than \$50,000 (Figure 6).<sup>17</sup> In fact, lower-income households are less likely to have any type of savings. The typical household with income less than \$50,000 had \$12,000 in savings and investments, while the typical household with income of \$50,000 or more held \$190,000 in savings and investments.<sup>18</sup>

FIGURE 6

### Ownership of Mutual Funds Increases with Household Income

Percentage of U.S. households within each income group,<sup>1</sup> 2014<sup>2</sup>



<sup>1</sup> Total reported is household income before taxes in 2013.

<sup>2</sup> For the complete time series of data from 1994 to 2014, see Figure A6 in the appendix.

Sources: Investment Company Institute and U.S. Census Bureau

## Fund Ownership Inside Tax-Deferred Accounts Is Significant

More households own mutual funds inside tax-deferred accounts—such as 401(k) and other defined contribution (DC) plans, individual retirement accounts (IRAs), and variable annuities—than outside these accounts.<sup>19</sup> In mid-2014, an estimated 50.0 million households owned mutual funds inside tax-deferred accounts, compared with 14.6 million households owning funds outside tax-deferred accounts (Figure 7). Among those households that owned funds outside tax-deferred accounts, more than three-quarters, or 11.4 million households, also held funds in tax-deferred accounts. The number of households owning mutual funds only through tax-deferred accounts has grown by 11.6 million since 2000, while the number of households owning mutual funds outside tax-deferred accounts has declined.<sup>20</sup> Indeed, households owning mutual funds only through tax-deferred accounts comprise much of the growth

in household mutual fund ownership. Of the 50.0 million U.S. households owning mutual funds through tax-deferred accounts in mid-2014, 38.6 million households owned mutual funds only through such accounts, up from 27.0 million in 2000. The number of households holding mutual funds only in taxable accounts has declined since 2000.

## Shareholder Sentiment About the Mutual Fund Industry

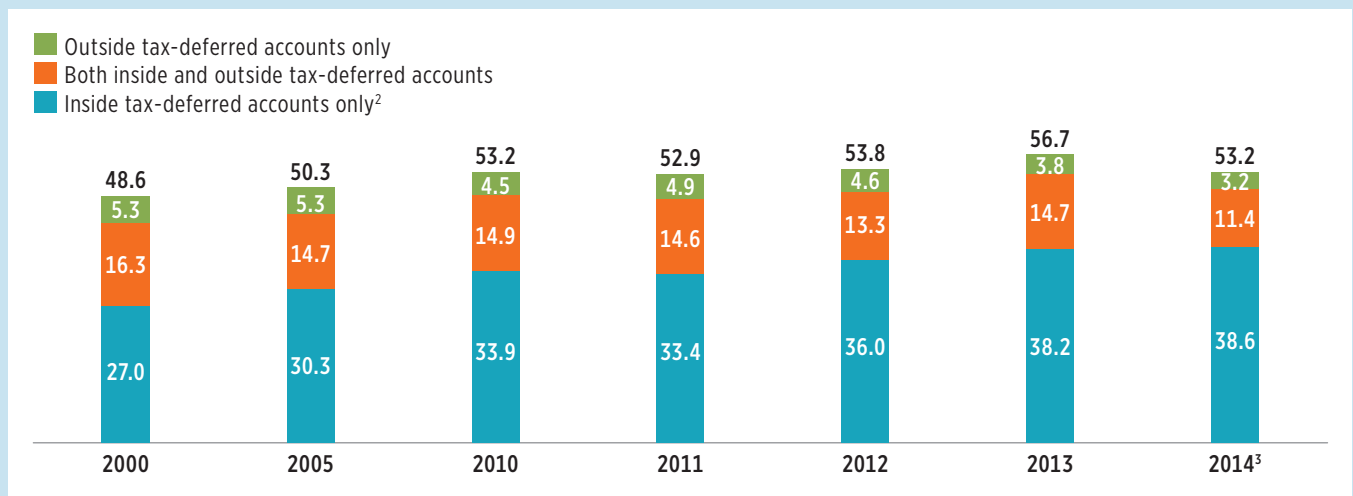
### Positive Shareholder Opinion of the Mutual Fund Industry Remained Steady in Mid-2014

The percentage of fund shareholders with positive opinions about the mutual fund industry remained steady in mid-2014. Sixty-eight percent of mutual fund-owning households familiar with mutual fund companies had

FIGURE 7

### Tax-Deferred Accounts Are a Popular Way to Hold Mutual Funds

Millions of U.S. households owning mutual funds by account type indicated,<sup>1</sup> selected years



<sup>1</sup> For the incidence (percentage of U.S. households) of mutual fund ownership by account type, see Figures A7 and A8 in the appendix.

<sup>2</sup> Mutual funds held in employer-sponsored retirement plans, IRAs, and variable annuities are included.

<sup>3</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Note: Components may not add to the total because of rounding.

Sources: Investment Company Institute and U.S. Census Bureau

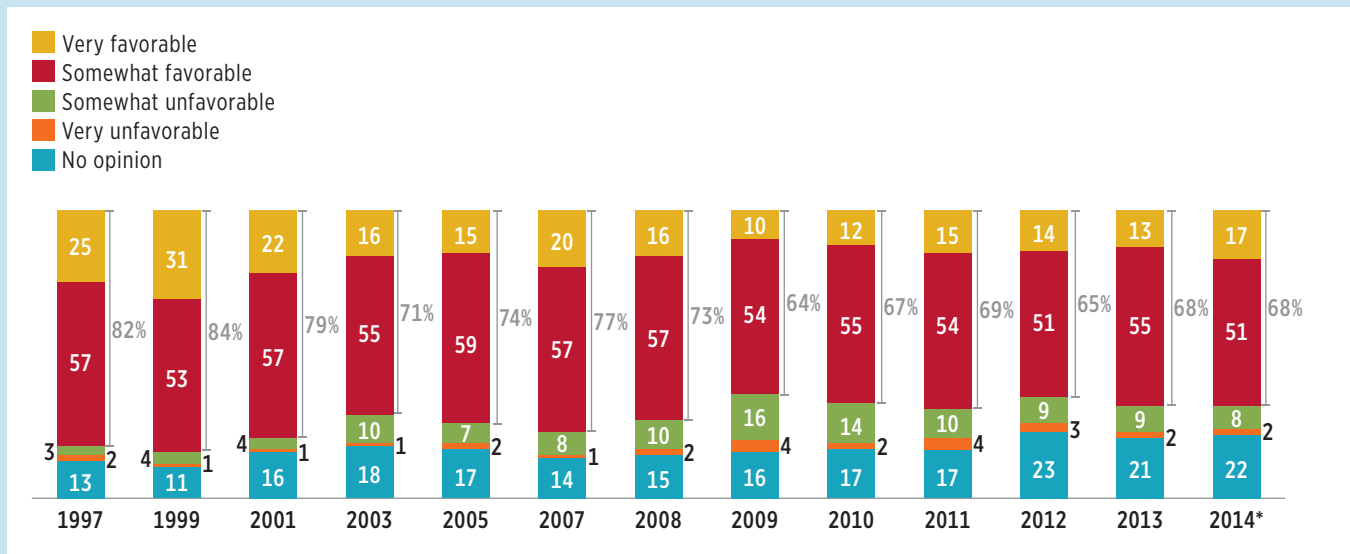
“very” or “somewhat” favorable impressions of fund companies, the same as in May 2013 (Figure 8). The share of fund investors with “very” favorable impressions of fund companies increased. In mid-2014, 17 percent of fund investors had a “very” favorable view of the industry,

compared with 13 percent in May 2013. Among mutual fund shareholders familiar with mutual fund companies and with an opinion about fund companies, 87 percent had “very” or “somewhat” favorable impressions of fund companies (Figure 9).

FIGURE 8

### Most Shareholders View the Mutual Fund Industry Favorably

Percentage of mutual fund shareholders familiar with mutual fund companies, selected years



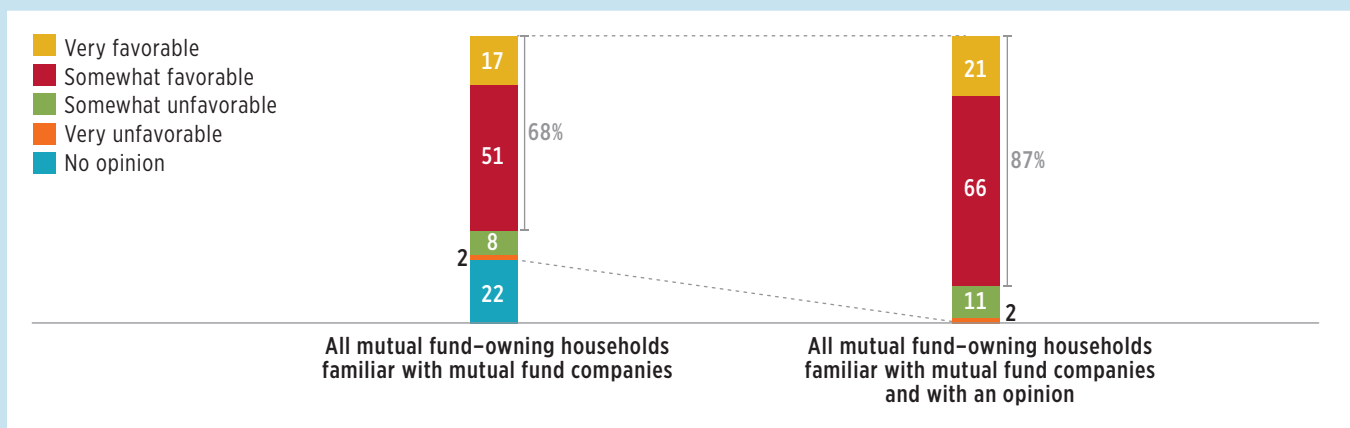
\*In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Sources: Investment Company Institute

FIGURE 9

### Most Shareholders with an Opinion View Mutual Fund Industry Favorably

Percentage of mutual fund shareholders familiar with mutual fund companies, 2014



Source: Investment Company Institute

## Fund Performance Influences Investor Opinion of the Fund Industry

Although many factors influence shareholders' overall opinion of the mutual fund industry, investors said fund performance was the primary factor that shaped sentiment. In mid-2014, 41 percent of all fund shareholders familiar with mutual fund companies cited fund performance as the most important factor in forming their opinions of the industry (Figure 10). Other important factors that influence shareholder views of mutual fund companies include the opinion of professional financial advisers, personal experience with a mutual fund company, friends and family, and current events in financial markets.<sup>21</sup> Investors reported that stock market fluctuations and media coverage were less influential in shaping their opinions of the fund industry.

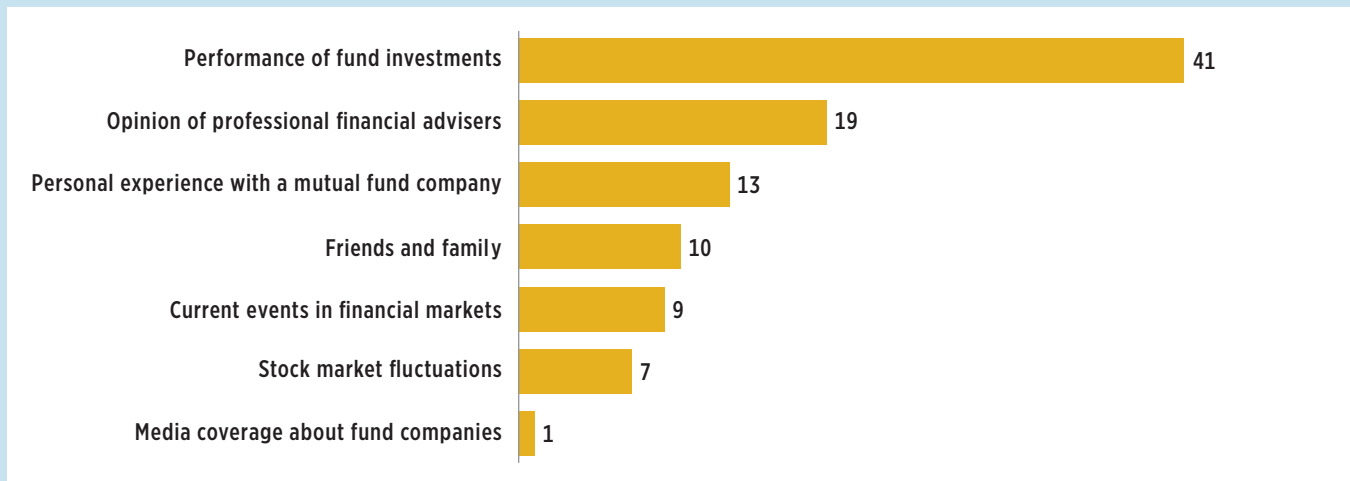
## Older Investors Had a More Favorable View of the Mutual Fund Industry in Mid-2014

Older investors viewed the mutual fund industry more favorably than younger investors did in mid-2014. Retired investors, older investors, and investors who purchased mutual funds earlier all viewed the mutual fund industry more favorably than the average investor in the current market. In mid-2014, 58 percent of fund owners younger than 35 who were familiar with mutual fund companies had "very" or "somewhat" favorable impressions of mutual fund companies, compared with 70 percent of mutual fund owners aged 50 to 64 and 67 percent of mutual fund owners aged 65 or older (Figure 11).<sup>22</sup> Investors whose first mutual fund purchase was made before 2000 also were more favorable toward the mutual fund industry. About seven in 10 shareholders familiar with mutual fund companies who first purchased funds before 2000 had favorable views of the industry, whereas 58 percent of shareholders familiar with mutual fund companies who had first purchased funds in 2005 or later viewed fund companies favorably.

FIGURE 10

### Fund Performance Is the Most Important Factor Shaping Opinions of the Fund Industry

Percentage of shareholders familiar with mutual fund companies who indicate each factor is "most" important, 2014



Source: Investment Company Institute

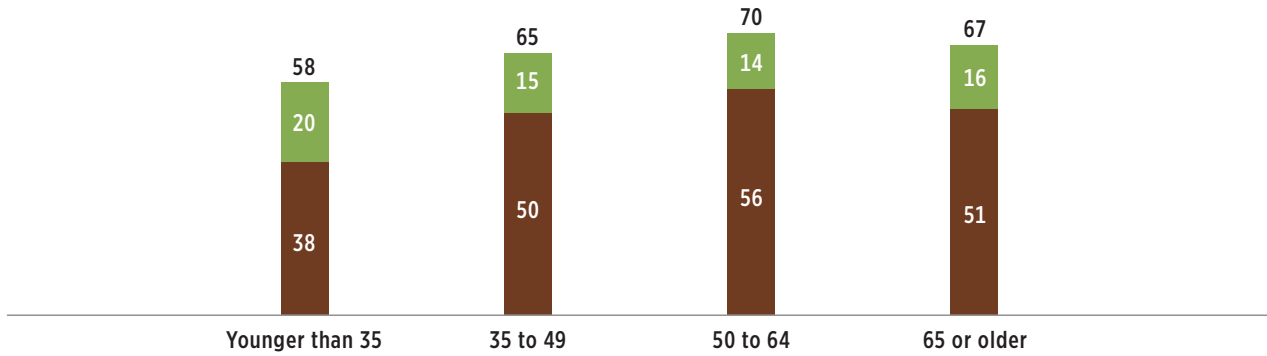
FIGURE 11

## Older Shareholders and Seasoned Shareholders Viewed Mutual Fund Industry More Favorably

- Very favorable
- Somewhat favorable

### Older Shareholders Viewed Mutual Fund Industry More Favorably

Percentage of mutual fund shareholders familiar with mutual fund companies by age of head of household,\* 2014



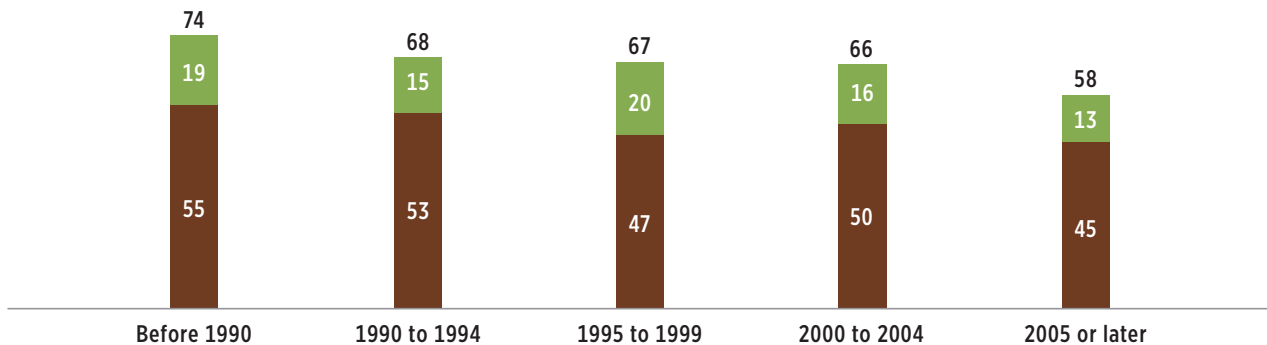
### Retired Shareholders Viewed Mutual Fund Industry More Favorably

Percentage of mutual fund shareholders familiar with mutual fund companies by retirement status, 2014



### Seasoned Shareholders Viewed Mutual Fund Industry More Favorably

Percentage of mutual fund shareholders familiar with mutual fund companies by year of first mutual fund purchase, 2014



\* Age is based on the age of the sole or co-decisionmaker for household saving and investing.

Note: The survey question on mutual fund industry favorability had five choices; the other three possible responses were “somewhat unfavorable,” “very unfavorable,” and “no opinion.”

Source: Investment Company Institute

## Risk Tolerance and Investing

Risk tolerance can be measured using survey data in various ways—ICI's Annual Mutual Fund Shareholder Tracking Survey asks respondents to choose from a range that describes how much risk they are willing to take to get higher investment returns. Willingness to take financial risk is strongly affected by age, but also has varied over time within age groups.

U.S. households became less willing to take investment risk in the past six years since the financial crisis in 2008, reflecting the reduced risk tolerance of households owning mutual funds (Figure 12). Willingness to take financial risk among households not owning mutual funds remained nearly the same from 2008 through 2014. In May 2008, 36 percent of U.S. households owning mutual funds were willing to take above-average or substantial risk with their investments. By May 2012, this fraction had fallen to 28 percent of mutual fund–owning households. In mid-2014, 31 percent of U.S. households owning mutual funds were willing to take above-average or substantial risk with their investments.

Risk tolerance varies with the age of the head of household, and younger households tend to be more willing to take investment risk than older households (Figure 13). In mid-2014, 35 percent of mutual fund–owning households aged 35 to 49 were willing to take above-average or substantial financial risk, while only 22 percent of mutual fund–owning households aged 65 or older were willing to do so. Mutual fund–owning households of all age groups are more willing to take investment risk than the same age groups among all U.S. households.<sup>23</sup>

Between May 2013 and mid-2014, the willingness to take investment risk among all mutual fund–owning households remained about the same, although the cohort aged 50 to 64 increased their willingness to take investment risk. In mid-2014, 34 percent of mutual fund–owning households younger than 35 were willing to take above-average or substantial financial risk, compared with 33 percent in May 2013 (Figure 13). Among mutual fund–owning households aged 35 to 49, 35 percent were willing to take at least above-average risk in mid-2014, compared with 36 percent in May 2013. Among mutual fund–owning households aged 50 to 64, the share that was willing to take at least above-average risk was 33 percent in mid-2014, up from 29 percent in May 2013. The oldest shareholder age group increased their willingness to take at least above-average risk to 22 percent in mid-2014, compared with 20 percent in May 2013.

Shareholders who indicated that they have a higher tolerance for financial risk when investing were more favorable toward the mutual fund industry than shareholders who indicated less tolerance for financial risk (Figure 14). For example, among shareholders familiar with mutual funds who indicated they take little or no investment risk when investing, only 48 percent had favorable views of the mutual fund industry in mid-2014. This fraction increased to 76 percent for those shareholders who were willing to take at least above-average investment risk. Shareholders with no opinion of mutual funds contribute to this pattern: in mid-2014, 37 percent of shareholders familiar with mutual funds who indicated they take little or no investment risk when investing had no opinion of mutual funds, compared with 16 percent of households familiar with mutual funds and willing to take above-average or substantial risk.

FIGURE 12

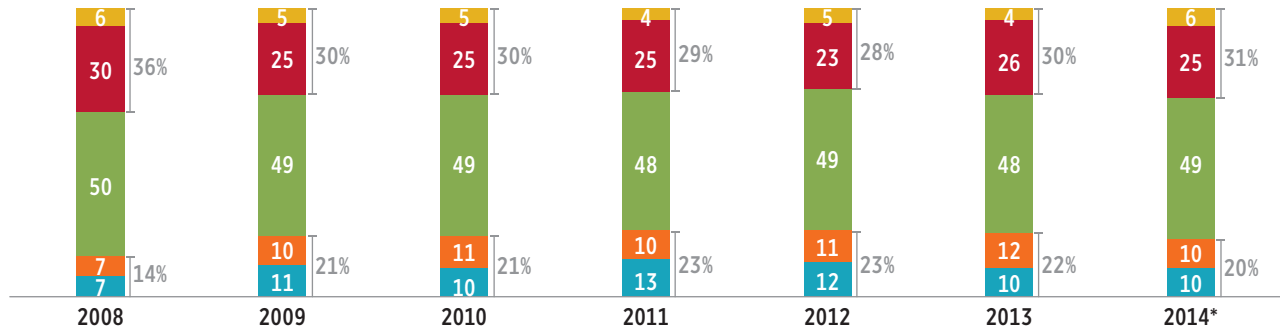
## Households' Willingness to Take Investment Risk

Percentage of U.S. households by mutual fund ownership status, 2008–2014

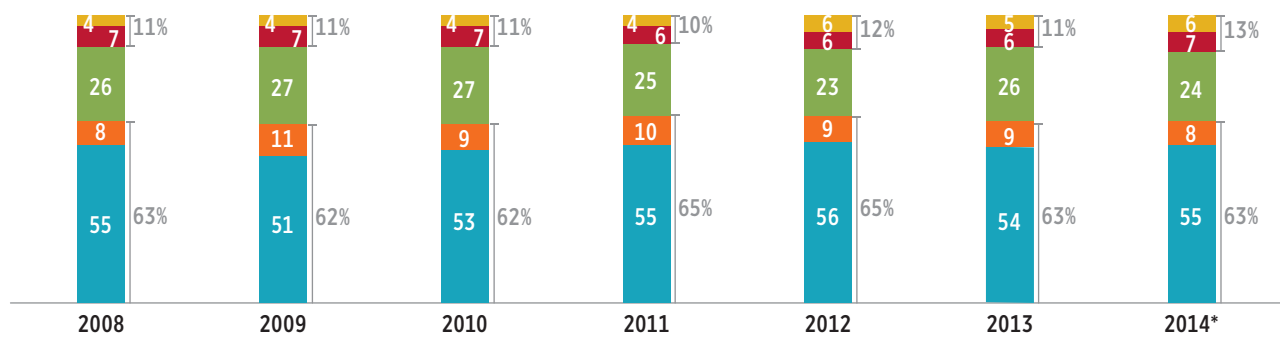
### Level of risk willing to take with financial investments

- Substantial risk for substantial gain
- Above-average risk for above-average gain
- Average risk for average gain
- Below-average risk for below-average gain
- Unwilling to take any risk

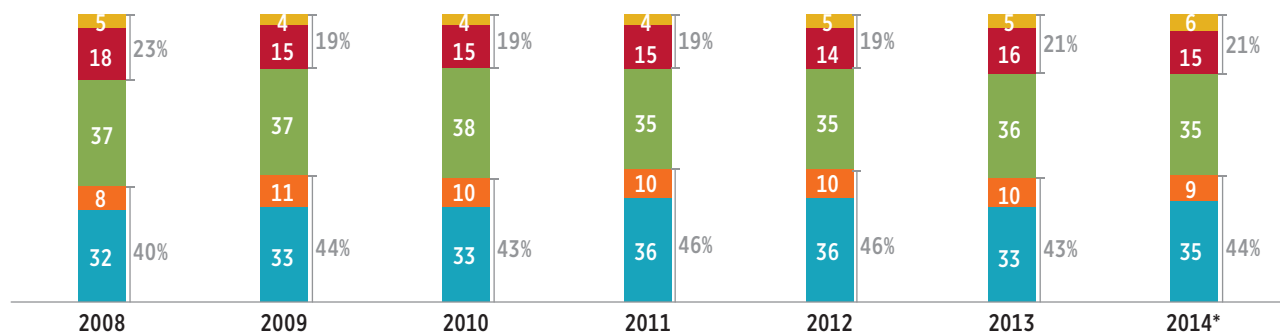
### Households owning mutual funds



### Households not owning mutual funds



### All U.S. households



\*In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Source: Investment Company Institute

FIGURE 13

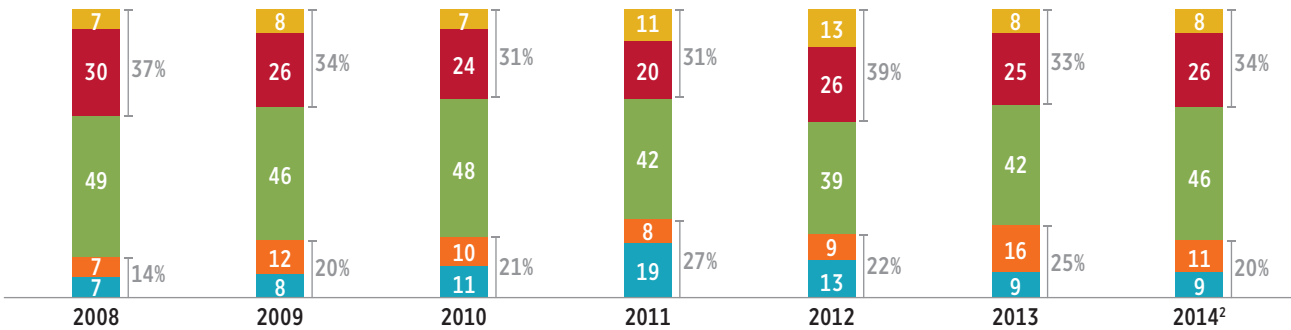
### Mutual Fund Shareholders' Willingness to Take Investment Risk Varies with Age

Percentage of mutual fund-owning households within each age group,<sup>1</sup> 2008–2014

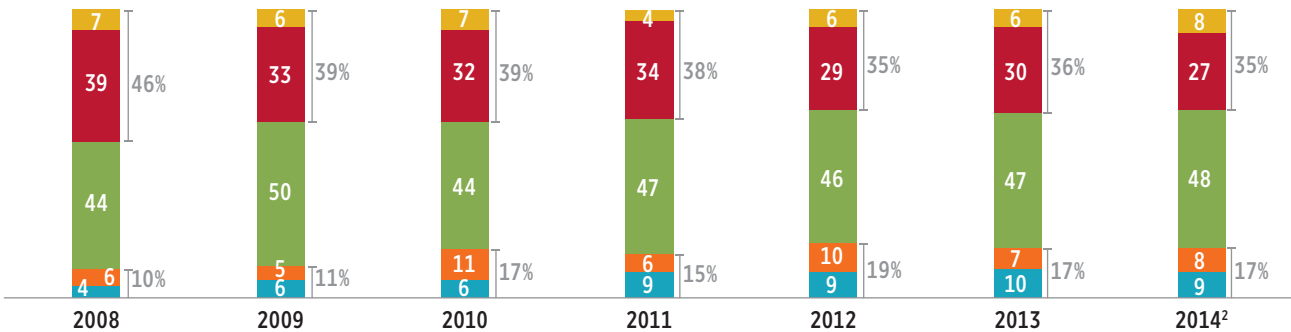
#### Level of risk willing to take with financial investments

- Substantial risk for substantial gain
- Above-average risk for above-average gain
- Average risk for average gain
- Below-average risk for below-average gain
- Unwilling to take any risk

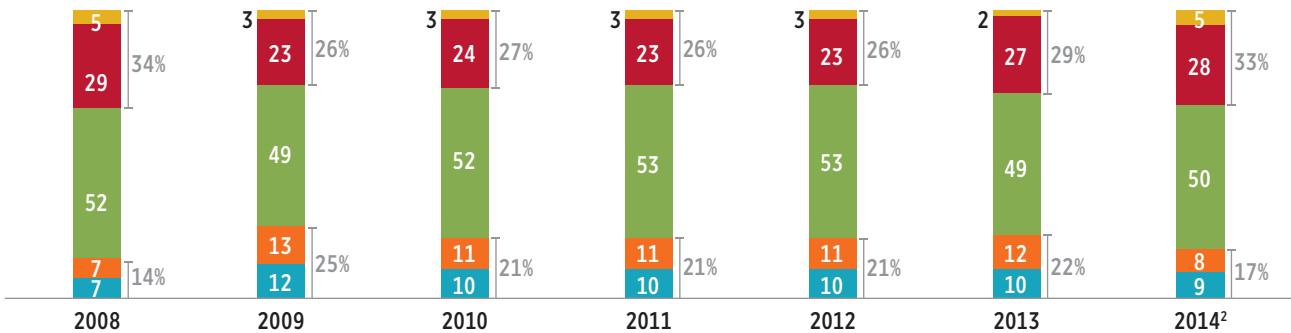
#### Younger than 35



#### 35 to 49



#### 50 to 64



Continued on next page



FIGURE 13 CONTINUED

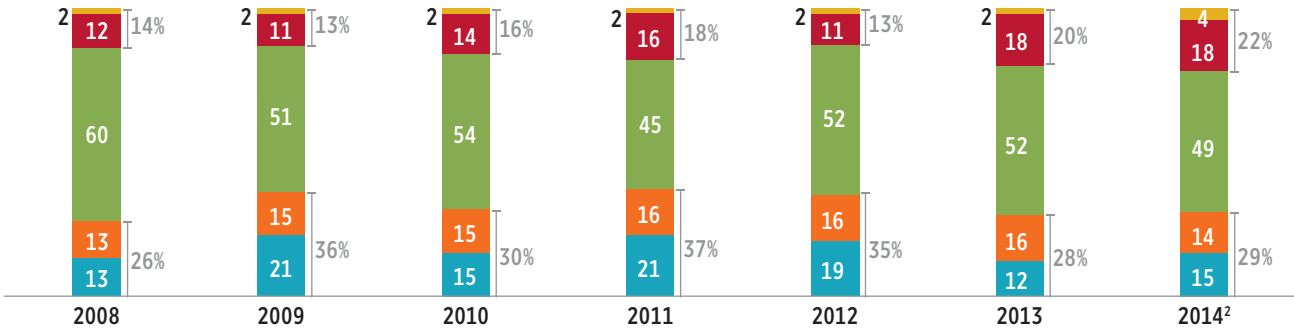
### Mutual Fund Shareholders' Willingness to Take Investment Risk Varies with Age

Percentage of mutual fund-owning households within each age group,<sup>1</sup> 2008–2014

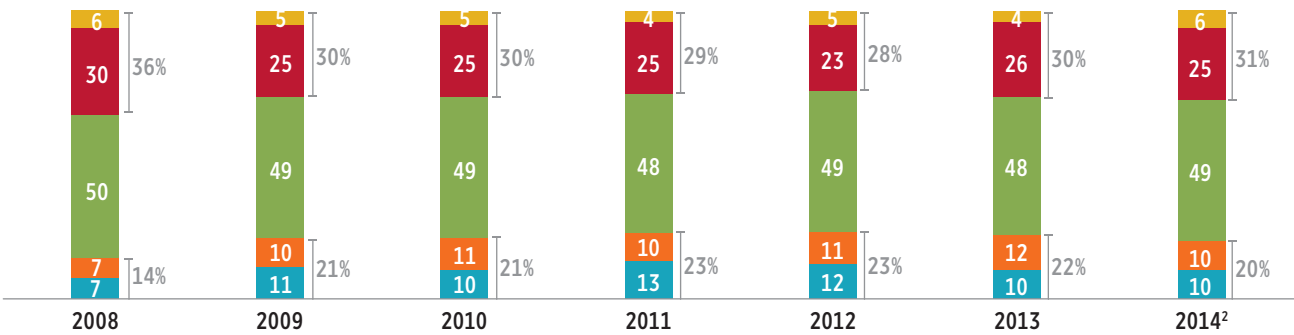
#### Level of risk willing to take with financial investments

- Substantial risk for substantial gain
- Above-average risk for above-average gain
- Average risk for average gain
- Below-average risk for below-average gain
- Unwilling to take any risk

#### 65 or older



#### All mutual fund-owning households



<sup>1</sup> Age is based on the age of the sole or co-decisionmaker for household saving and investing.

<sup>2</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Source: Investment Company Institute

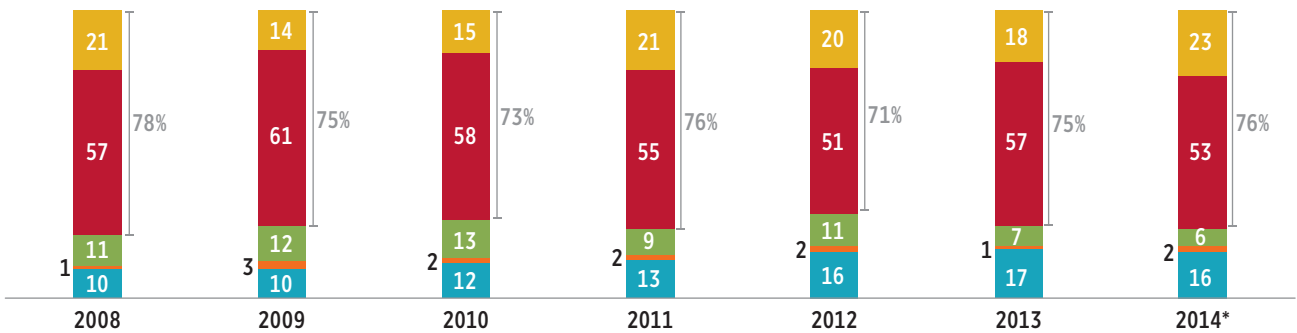
FIGURE 14

### Favorability Rises with Shareholders' Risk Tolerance

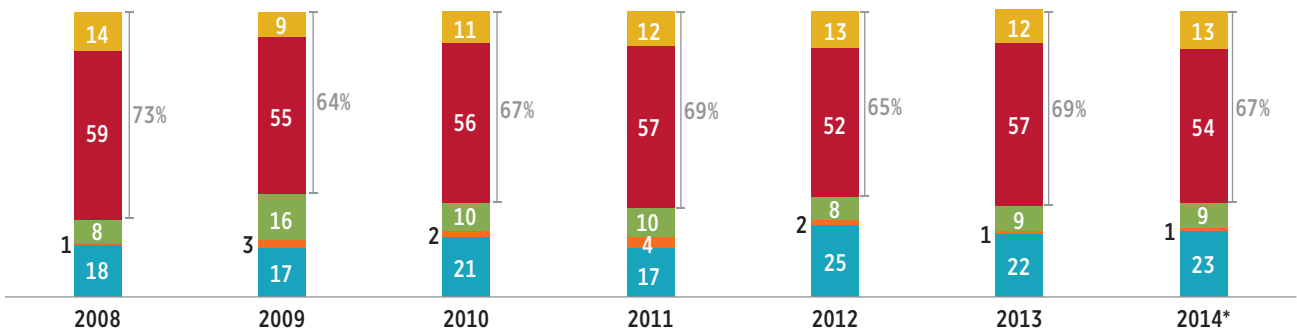
Percentage of mutual fund shareholders familiar with mutual fund companies by willingness to take financial risk, 2008–2014

- Very favorable
- Somewhat favorable
- Somewhat unfavorable
- Very unfavorable
- No opinion

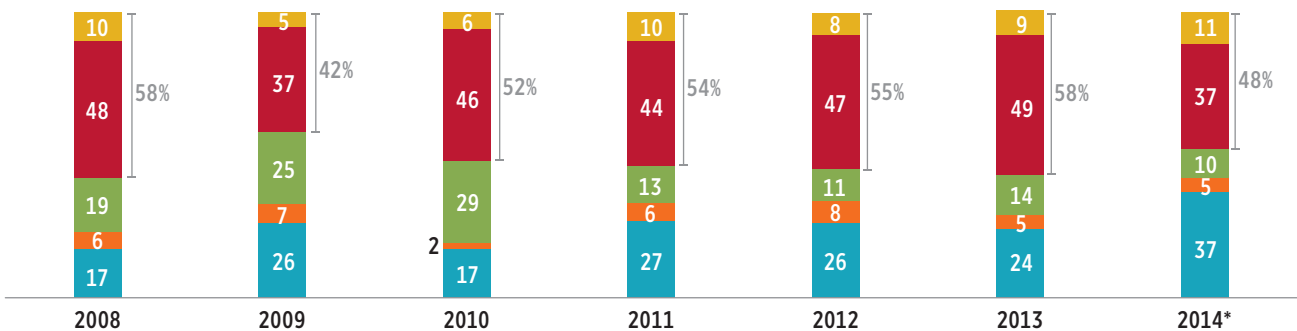
#### Above-average or substantial risk



#### Average risk



#### Below-average or no risk



\*In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Source: Investment Company Institute

## Fund Owners' Confidence About Achieving Investment Goals Increased in 2014

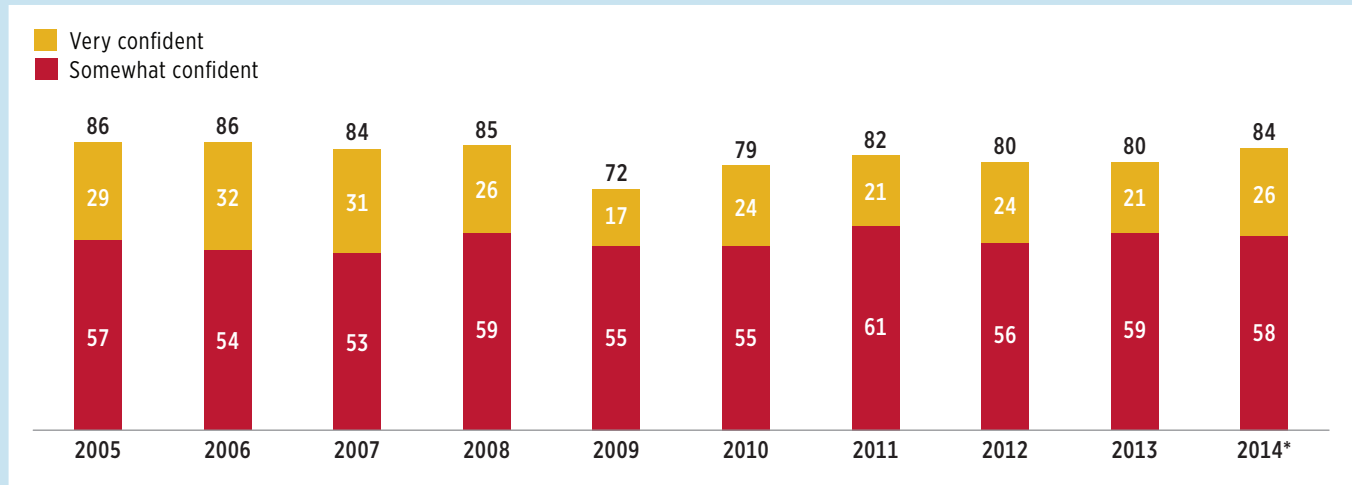
ICI's Annual Mutual Fund Shareholder Tracking Survey finds that investors' confidence that mutual funds could help them reach their financial goals increased in 2014. In mid-2014, 84 percent of all mutual fund shareholders said they

were confident in mutual funds' ability to help them achieve their financial goals (Figure 15). Indeed, more than one in four fund investors were "very" confident that mutual funds could help them meet their financial goals in mid-2014, up from about one in five in May 2013.

FIGURE 15

### More Than Eight in 10 Mutual Fund–Owning Households Have Confidence in Mutual Funds

Percentage of all mutual fund shareholders by level of confidence that mutual funds can help them meet their investment goals, 2005–2014



\*In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Note: This question was not included in the survey prior to 2005. The question has four choices; the other two possible responses were "not very confident" and "not at all confident."

Source: Investment Company Institute

## Mutual Fund Owners and Internet Access

### More Than Nine in 10 Mutual Fund–Owning Households Have Access to the Internet

The number of mutual fund investors with Internet access has grown considerably in the past decade.<sup>24</sup> In mid-2014, 94 percent of households owning mutual funds had Internet access, up from about two-thirds in 2000, the first year in which ICI measured shareholders’ access to the Internet (Figure 16). Altogether, 50.1 million mutual fund–owning households had Internet access in mid-2014.

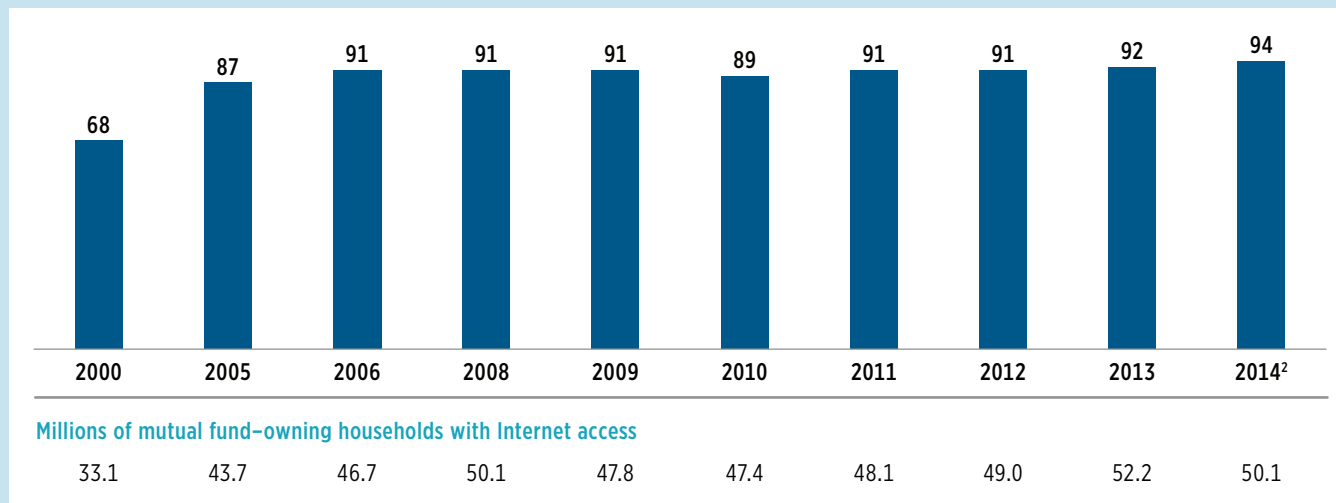
Although younger households were more likely to report Internet access, 86 percent of mutual fund–owning households with a household head aged 65 or older had Internet access in mid-2014 (Figure 17). Internet access among mutual fund–owning household heads younger than 65 was essentially universal, with about 95 percent reporting Internet access.

The majority of mutual fund–owning households in each income group had Internet access in mid-2014. Eighty-four percent of households with annual incomes less than \$50,000 had Internet access in mid-2014, up substantially from 47 percent in 2000 (Figure 17). Households with incomes above \$50,000 had nearly universal Internet access in mid-2014.

FIGURE 16

### 94 Percent of Households Owning Mutual Funds Have Internet Access

Number and percentage of all mutual fund–owning households with Internet access,<sup>1</sup> selected years



<sup>1</sup> In 2000, shareholders not using the Internet in the past 12 months or solely using the Internet for email were not counted as having Internet access.

<sup>2</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

FIGURE 17

**Internet Access Nearly Universal Among Mutual Fund–Owning Households***Percentage of mutual fund–owning households with Internet access, selected years*

	Household had Internet access						
	in 2000 <sup>1</sup>	in 2005	in 2009	in 2011	in 2012	in 2013	in 2014 <sup>2</sup>
<b>Respondent age</b>							
Younger than 35	83%	94%	95%	94%	93%	93%	96%
35 to 49	75	91	96	98	95	96	95
50 to 64	60	90	92	93	92	93	95
65 or older	30	60	70	72	77	79	86
<b>Respondent education</b>							
High school diploma or less	39	75	79	82	78	80	84
Some college or associate's degree	68	87	92	90	92	94	95
College or postgraduate degree	81	94	96	96	96	96	97
<b>Household income<sup>3</sup></b>							
Less than \$50,000	47	74	78	78	75	78	84
\$50,000 to \$99,999	77	90	92	93	93	95	94
\$100,000 to \$149,999	92	97	98	99	96	96	98
\$150,000 or more	94	96	98	96	98	97	98
<b>Total</b>	68	87	91	91	91	92	94

<sup>1</sup> In 2000, shareholders not using the Internet in the past 12 months or solely using the Internet for email were not counted as having Internet access.

<sup>2</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

<sup>3</sup> Total reported is household income before taxes in prior year.

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

## Appendix: Additional Data on the Ownership of Mutual Funds, 2014

Figure A1 presents the data displayed in Figure 1 for all years, along with the total number of U.S. households. Mutual fund incidence in 2014 reflects a revised sampling and weighting methodology (a dual frame sample including landline and cell phone samples) that better represents mutual fund ownership by U.S. households.<sup>25</sup> Standard statistical methods (imputation) to deal with uncertain responses were used from 2000 to 2014 to better represent 401(k) and 403(b) plan participants who own mutual funds.<sup>26</sup> Figure A2 reports the average number of mutual fund owners per household and millions of individuals owning mutual funds (the latter also is reported in Figure 2).

Figure A3 contains the full historical data displayed in Figure 3. Although households in their peak earning and saving years have always had the highest incidence of mutual fund ownership, ownership rates have increased significantly for all age groups. Similarly, Figure A4 shows the history for the data displayed in Figure 4; Figure A5 shows the history for the data displayed in Figure 5; and Figure A6 shows the history for the data in Figure 6.

Figure A7 reports the number and percentage of U.S. households owning mutual funds through tax-deferred accounts, along with the number and percentage of U.S. households owning mutual funds only inside tax-deferred accounts, only outside tax-deferred accounts, and both inside and outside tax-deferred accounts. Figure A8 reports ownership of mutual funds through employer-sponsored retirement plans.

Figure A9 contains the full historical data for mutual fund favorability displayed in Figure 8. Figure A10 shows the many factors that shape shareholders' opinions of the mutual fund industry (multiple responses are included).

Figure A11 reports the willingness to take investment risk for all U.S. households. Figure 13 reports the willingness to take investment risk for U.S. households owning mutual funds.

FIGURE A1

**Household Ownership of Mutual Funds***Number and percentage of U.S. households owning mutual funds, 1980–2014*

	<b>U.S. households owning mutual funds</b> <i>Millions</i>	<b>Share of U.S. households</b> <i>Percent</i>	<b>Memo: total number of U.S. households<sup>1</sup></b> <i>Millions</i>
1980	4.6	5.7%	80.8
1981	6.9	8.4	82.4
1982	9.0	10.8	83.5
1983	9.8	11.7	83.9
1984	10.1	11.9	85.3
1985	12.8	14.7	86.8
1986	17.3	19.6	88.5
1987	22.5	25.1	89.5
1988	22.2	24.4	91.1
1989	23.2	25.0	92.8
1990	23.4	25.1	93.3
1991	25.5	27.0	94.3
1992	25.8	27.0	95.7
1993	27.0	28.0	96.4
1994	27.6	28.4	97.1
1995	28.4	28.7	99.0
1996	32.6	32.7	99.6
1997	35.3	34.9	101.0
1998	41.9	40.9	102.5
1999	43.4	41.8	103.9

*Continued on next page*

FIGURE A1 CONTINUED

## Household Ownership of Mutual Funds

Number and percentage of U.S. households owning mutual funds, 1980–2014

	<b>U.S. households owning mutual funds</b> <i>Millions</i>	<b>Share of U.S. households</b> <i>Percent</i>	<b>Memo: total number of U.S. households<sup>1</sup></b> <i>Millions</i>
2000	48.6	45.7%	106.4
2001	53.0	48.9	108.2
2002	49.0	44.9	109.3
2003	48.6	43.7	111.3
2004	49.9	44.6	112.0
2005	50.3	44.4	113.3
2006	51.3	44.8	114.4
2007	51.6	44.4	116.0
2008	55.0	47.1	116.8
2009	52.6	44.9	117.2
2010	53.2	45.3	117.5
2011	52.9	44.1	119.9
2012	53.8	44.4	121.1
2013	56.7	46.3	122.5
2014 <sup>2</sup>	53.2	43.3	123.0

<sup>1</sup> The number of households is as of March of the year indicated.

<sup>2</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Note: Households owning mutual funds from 1980 through 1986 were estimated by dividing the total number of household accounts by the number of accounts per household. Beginning in 1987, the incidence of mutual fund ownership is estimated through household surveys. Incidence estimates for 1987 through 1993 exclude households owning mutual funds only through employer-sponsored retirement plans; estimates for 1994 through 2014 include households owning mutual funds only through employer-sponsored retirement plans. Incidence estimates for 1998 through 2014 include fund ownership through variable annuities. Incidence estimates for 2000 through 2014 include fund ownership through Roth IRAs, Coverdell Education Savings Accounts, SAR-SEPs, SEP-IRAs, and SIMPLE IRAs. Prior to 1994, survey weights are based on census region and householder age. For 1994 through 2013, survey weights are based on census region, householder age, household income, and educational attainment of the head of household. In 2014, survey weights are based on census region, householder age, household income, educational attainment of the head of household, and household telephone status.

Sources: Investment Company Institute and U.S. Census Bureau



FIGURE A2

**Ownership of Mutual Funds by Individual Investors**

*Millions of individual U.S. investors owning mutual funds, 1997–2014*

	<b>Mutual fund owners per household</b>	<b>Millions of individuals owning mutual funds</b>
1997	1.747	61.7
1998	1.767	74.0
1999	1.732	75.2
2000	1.769	86.0
2001	1.777	94.2
2002	1.775	87.0
2003	1.723	83.7
2004	1.721	85.9
2005	1.707	85.9
2006	1.763	90.4
2007	1.744	90.0
2008	1.751	96.3
2009	1.729	90.9
2010	1.748	93.0
2011	1.728	91.4
2012	1.717	92.4
2013	1.697	96.2
2014*	1.700	90.4

\*In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Note: See note to Figure A.1 for survey methods regarding mutual fund ownership.

Sources: Investment Company Institute and U.S. Census Bureau

FIGURE A3

**Incidence of Mutual Fund Ownership***Percentage of U.S. households within each age group owning mutual funds,<sup>1</sup> 1994–2014*

	Incidence of mutual fund–owning households				
	Younger than 35	35 to 44	45 to 54	55 to 64	65 or older
1994	26%	36%	34%	30%	17%
1995	25	36	38	33	16
1996	28	41	38	37	22
1997	27	42	44	41	24
1998	33	50	49	45	30
1999	36	51	52	42	28
2000	37	57	59	51	27
2001	45	59	59	49	33
2002	38	51	58	49	30
2003	36	50	56	48	30
2004	37	55	53	50	30
2005	37	53	53	52	30
2006	34	49	60	49	33
2007	35	49	52	54	34
2008	38	54	58	52	35
2009	35	51	57	49	34
2010	33	48	57	53	37
2011	32	52	52	50	37
2012	34	52	53	52	34
2013	31	49	60	58	37
2014 <sup>2</sup>	34	49	53	50	34

<sup>1</sup> Age is based on the sole or co-decisionmaker for household saving and investing.

<sup>2</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Note: See note to Figure A.1 for survey methods regarding mutual fund ownership.

Sources: Investment Company Institute and U.S. Census Bureau

FIGURE A4

**Most Mutual Fund Shareholders Are Between Ages 35 and 64**

*Percent distribution of U.S. households owning mutual funds and all U.S. households by age,<sup>1</sup> 1994–2014*

	Share of mutual fund-owning households				
	Younger than 35	35 to 44	45 to 54	55 to 64	65 or older
1994	24%	29%	21%	13%	13%
1995	22	29	23	14	12
1996	21	29	21	14	15
1997	19	28	23	15	15
1998	20	28	23	14	15
1999	21	28	24	13	14
2000	19	28	26	14	13
2001	21	27	25	13	14
2002	20	25	26	15	14
2003	19	25	26	16	14
2004	19	26	24	17	14
2005	19	24	25	18	14
2006	17	22	28	18	15
2007	18	22	24	20	16
2008	18	22	26	19	15
2009	17	21	27	19	16
2010	16	19	27	20	18
2011	16	21	24	21	18
2012	17	20	24	22	17
2013	15	19	25	23	18
2014 <sup>2</sup>	17	19	24	22	18

*Continued on next page*

FIGURE A4 CONTINUED

**Most Mutual Fund Shareholders Are Between Ages 35 and 64**

*Percent distribution of U.S. households owning mutual funds and all U.S. households by age,<sup>1</sup> 1994–2014*

	Share of U.S. households <sup>3</sup>				
	Younger than 35	35 to 44	45 to 54	55 to 64	65 or older
1994	26%	23%	17%	13%	21%
1995	25	23	18	12	22
1996	25	23	18	12	22
1997	24	24	19	12	21
1998	24	23	19	13	21
1999	24	23	19	13	21
2000	23	23	20	13	21
2001	24	22	20	13	21
2002	23	22	20	14	21
2003	23	22	20	15	20
2004	23	21	21	15	20
2005	23	21	21	15	20
2006	23	20	21	16	20
2007	22	20	21	17	20
2008	22	19	21	17	21
2009	22	19	21	17	21
2010	22	18	21	17	22
2011	22	18	21	18	21
2012	21	18	20	19	22
2013	21	17	20	19	23
2014 <sup>2</sup>	22	17	19	19	23

<sup>1</sup> Age is based on the age of the sole or co-decisionmaker for household saving and investing.

<sup>2</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

<sup>3</sup> The percentage of all households in each age group is based on ICI survey data and is weighted to match the U.S. Census Bureau's Current Population Survey.

Note: See note to Figure A.1 for survey methods regarding mutual fund ownership.

Sources: Investment Company Institute and U.S. Census Bureau

FIGURE A5

**Income Distribution of Mutual Fund–Owning Households and All U.S. Households***Percent distribution of U.S. households owning mutual funds and all U.S. households by household income,<sup>1</sup> 1998–2014*

	Share of mutual fund–owning households						
	Less than \$25,000	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 to \$199,999	\$200,000 or more
1998	7%	3%	11%	23%	20%	30%	6%
1999	7	4	12	23	20	27	7
2000	4	5	11	23	21	29	7
2001	4	5	11	23	19	30	8
2002	4	4	12	22	21	31	6
2003	5	5	12	19	20	33	6
2004	5	6	9	20	19	34	7
2005	5	5	13	19	20	30	7
2006	7	5	11	23	14	31	9
2007	7	5	9	23	17	30	9
2008	4	5	9	22	19	33	8
2009	5	5	12	18	22	30	8
2010	5	6	12	18	21	30	8
2011	6	7	10	20	18	31	8
2012	5	5	12	21	18	31	8
2013	6	6	11	21	17	31	8
2014 <sup>2</sup>	4	5	11	21	19	31	9

*Continued on next page*

FIGURE A5 CONTINUED

**Income Distribution of Mutual Fund–Owning Households and All U.S. Households**

*Percent distribution of U.S. households owning mutual funds and all U.S. households by household income,<sup>1</sup> 1998–2014*

	Share of U.S. households <sup>3</sup>						
	Less than \$25,000	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 to \$199,999	\$200,000 or more
1998	24%	10%	15%	19%	13%	16%	3%
1999	22	10	17	18	14	15	4
2000	22	10	14	19	14	16	5
2001	20	11	15	19	13	17	5
2002	22	9	16	17	15	17	4
2003	22	11	14	17	14	18	4
2004	22	12	12	18	13	19	4
2005	24	9	16	16	13	17	5
2006	22	11	15	20	10	18	4
2007	22	11	13	19	12	18	5
2008	22	11	12	19	13	19	4
2009	24	9	15	16	14	18	4
2010	24	10	15	17	13	17	4
2011	25	11	13	18	11	18	4
2012	25	11	14	18	11	17	4
2013	24	11	13	18	12	17	5
2014 <sup>2</sup>	24	10	14	18	12	17	5

<sup>1</sup> Total reported is household income before taxes in prior year. Income is reported in 2013 CPI-U-RS adjusted dollars.

<sup>2</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

<sup>3</sup> The percentage of all U.S. households in each income group is based on ICI survey data and is weighted to match the U.S. Census Bureau's Current Population Survey.

Note: See note to Figure A.1 for survey methods regarding mutual fund ownership.

Sources: Investment Company Institute and U.S. Census Bureau

FIGURE A6

**Incidence of Mutual Fund Ownership Increases with Household Income***Percentage of U.S. households within each income group<sup>1</sup> owning mutual funds, 1994–2014*

	Incidence of mutual fund–owning households						Less than \$50,000	\$50,000 or more
	Less than \$25,000	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 or more		
1994	10%	22%	41%	47%	59%	64%	19%	52%
1995	9	21	36	46	60	73	18	55
1996	9	28	39	53	65	73	20	60
1997	10	28	39	54	65	77	20	62
1998	12	31	48	63	76	76	25	69
1999	15	29	47	60	77	74	26	67
2000	13	35	48	68	76	78	27	72
2001	14	32	52	71	85	81	28	77
2002	10	30	47	64	76	83	24	72
2003	13	29	40	58	77	83	23	70
2004	12	26	43	62	74	83	23	71
2005	10	31	47	58	74	78	24	69
2006	14	28	41	55	72	82	24	68
2007	14	26	38	57	67	75	24	66
2008	10	24	41	58	75	83	22	72
2009	10	22	42	53	71	79	21	68
2010	10	28	40	50	73	80	23	68
2011	12	29	32	52	67	81	21	68
2012	8	25	36	53	71	81	20	69
2013	12	27	39	55	67	81	23	69
2014 <sup>2</sup>	7	21	36	52	67	77	18	67

<sup>1</sup> Total reported is household income before taxes in prior year.

<sup>2</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Note: See note to Figure A.1 for survey methods regarding mutual fund ownership.

Sources: Investment Company Institute and U.S. Census Bureau

FIGURE A7

**Mutual Fund Ownership Inside and Outside Tax-Deferred Accounts***Number and percentage of U.S. households, 1998–2014*

	Number of U.S. households <i>Millions</i>			Total <sup>2</sup>
	Own mutual funds inside tax-deferred accounts only <sup>1</sup>	Own mutual funds both inside and outside tax-deferred accounts	Own mutual funds outside tax-deferred accounts only	
1998	20.9	14.8	6.3	41.9
1999	21.4	16.1	6.0	43.4
2000	27.0	16.3	5.3	48.6
2001	27.1	19.5	6.4	53.0
2002	27.7	16.2	5.1	49.0
2003	28.6	15.1	4.8	48.6
2004	29.8	14.5	5.6	49.9
2005	30.3	14.7	5.3	50.3
2006	31.1	16.0	4.3	51.3
2007	29.6	17.0	5.0	51.6
2008	34.0	16.2	4.8	55.0
2009	33.9	14.0	4.7	52.6
2010	33.9	14.9	4.5	53.2
2011	33.4	14.6	4.9	52.9
2012	36.0	13.3	4.6	53.8
2013	38.2	14.7	3.8	56.7
2014 <sup>3</sup>	38.6	11.4	3.2	53.2

*Continued on next page*



FIGURE A7 CONTINUED

**Mutual Fund Ownership Inside and Outside Tax-Deferred Accounts**

*Number and percentage of U.S. households, 1998–2014*

	Share of U.S. households Percent			Total <sup>2</sup>
	Own mutual funds inside tax-deferred accounts only <sup>1</sup>	Own mutual funds both inside and outside tax-deferred accounts	Own mutual funds outside tax-deferred accounts only	
1998	20.4%	14.4%	6.1%	40.9%
1999	20.6	15.5	5.7	41.8
2000	25.4	15.3	5.0	45.7
2001	25.0	18.0	5.9	48.9
2002	25.3	14.9	4.7	44.9
2003	25.7	13.6	4.3	43.7
2004	26.6	12.9	5.0	44.6
2005	26.7	13.0	4.6	44.4
2006	27.2	13.9	3.7	44.8
2007	25.5	14.7	4.3	44.4
2008	29.2	13.9	4.1	47.1
2009	28.9	12.0	4.0	44.9
2010	28.8	12.7	3.8	45.3
2011	27.8	12.2	4.1	44.1
2012	29.7	11.0	3.8	44.4
2013	31.2	12.0	3.1	46.3
2014 <sup>3</sup>	31.4	9.3	2.6	43.3

*Continued on next page*

FIGURE A7 CONTINUED

**Mutual Fund Ownership Inside and Outside Tax-Deferred Accounts***Number and percentage of U.S. households, 1998–2014*

	Number of U.S. households <i>Millions</i>		Share of U.S. households <i>Percent</i>	
	Own mutual funds inside tax-deferred accounts (total) <sup>1, 2, 4</sup>	Own mutual funds outside tax-deferred accounts (total) <sup>2, 4</sup>	Own mutual funds inside tax-deferred accounts (total) <sup>1, 2, 4</sup>	Own mutual funds outside tax-deferred accounts (total) <sup>2, 4</sup>
1998	35.7	21.1	34.8%	20.6%
1999	37.5	22.0	36.1	21.2
2000	43.3	21.6	40.7	20.3
2001	46.6	25.9	43.1	23.9
2002	43.9	21.3	40.2	19.5
2003	43.8	19.9	39.4	17.9
2004	44.3	20.1	39.6	17.9
2005	45.0	20.0	39.7	17.6
2006	47.0	20.2	41.1	17.7
2007	46.6	22.0	40.1	19.0
2008	50.2	21.0	43.0	17.9
2009	47.9	18.7	40.9	16.0
2010	48.7	19.4	41.5	16.5
2011	48.0	19.5	40.0	16.3
2012	49.3	17.8	40.7	14.7
2013	52.9	18.5	43.2	15.1
2014 <sup>3</sup>	50.0	14.6	40.7	11.9

<sup>1</sup> Mutual funds held in employer-sponsored retirement plans, IRAs, and variable annuities are included.<sup>2</sup> Components may not add to the total because of rounding.<sup>3</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.<sup>4</sup> Multiple responses are included.

Note: See note to Figure A.1 for survey methods regarding mutual fund ownership.

Sources: Investment Company Institute and U.S. Census Bureau

FIGURE A8

**Ownership of Mutual Funds Inside and Outside Retirement Plans***Number and percentage of U.S. households, 1998–2014*

	Number of U.S. households owning mutual funds			Total <sup>2</sup>
	Inside employer-sponsored retirement plans only <sup>1</sup>	Both inside and outside employer-sponsored retirement plans	Outside employer-sponsored retirement plans only	
1998	12.2	14.8	14.9	41.9
1999	10.6	17.3	15.5	43.4
2000	15.7	17.8	15.1	48.6
2001	15.2	20.7	17.1	53.0
2002	14.6	19.5	14.9	49.0
2003	15.1	19.6	13.9	48.6
2004	15.6	20.1	14.3	49.9
2005	15.2	20.3	14.8	50.3
2006	14.8	22.4	14.1	51.3
2007	14.1	20.7	16.7	51.6
2008	16.8	22.6	15.5	55.0
2009	17.6	19.9	15.0	52.6
2010	16.2	21.1	16.0	53.2
2011	17.1	19.5	16.2	52.9
2012	18.6	20.2	14.9	53.8
2013	22.1	23.9	10.8	56.7
2014 <sup>3</sup>	22.9	20.7	9.7	53.2

*Continued on next page*

FIGURE A8 CONTINUED

**Ownership of Mutual Funds Inside and Outside Retirement Plans***Number and percentage of U.S. households, 1998–2014*

	Share of U.S. households			Total <sup>2</sup>
	Own mutual funds inside employer-sponsored retirement plans only <sup>1</sup>	Own mutual funds both inside and outside employer-sponsored retirement plans	Own mutual funds outside employer-sponsored retirement plans only	
1998	11.9%	14.5%	14.6%	40.9%
1999	10.2	16.7	14.9	41.8
2000	14.8	16.7	14.2	45.7
2001	14.0	19.1	15.8	48.9
2002	13.4	17.8	13.7	44.9
2003	13.5	17.6	12.5	43.7
2004	13.9	17.9	12.7	44.6
2005	13.4	17.9	13.1	44.4
2006	13.0	19.6	12.3	44.8
2007	12.2	17.9	14.4	44.4
2008	14.4	19.4	13.3	47.1
2009	15.0	17.0	12.8	44.9
2010	13.8	17.9	13.6	45.3
2011	14.3	16.3	13.5	44.1
2012	15.4	16.7	12.3	44.4
2013	18.0	19.5	8.8	46.3
2014 <sup>3</sup>	18.6	16.8	7.9	43.3

<sup>1</sup> Mutual funds held in DC plans (401(k) plans, 403(b) plans, and 457 plans) and employer-sponsored IRAs (SAR-SEP IRAs, SEP-IRAs, and SIMPLE IRAs) are included.

<sup>2</sup> Components may not add to the total because of rounding.

<sup>3</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Note: See note to Figure A.1 for survey methods regarding mutual fund ownership.

Sources: Investment Company Institute and U.S. Census Bureau

FIGURE A9

**Most Shareholders View Fund Companies Favorably**

*Percentage of mutual fund shareholders familiar with mutual fund companies, 1997–2014*

	<b>No opinion</b>	<b>Very unfavorable</b>	<b>Somewhat unfavorable</b>	<b>Somewhat favorable</b>	<b>Very favorable</b>
1997	13%	2%	3%	57%	25%
1998	15	(*)	4	53	28
1999	11	1	4	53	31
2000	13	1	3	55	28
2001	16	1	4	57	22
2002	16	3	7	56	18
2003	18	1	10	55	16
2004	15	2	11	56	16
2005	17	2	7	59	15
2006	16	2	6	57	19
2007	14	1	8	57	20
2008	15	2	10	57	16
2009	16	4	16	54	10
2010	17	2	14	55	12
2011	17	4	10	54	15
2012	23	3	9	51	14
2013	21	2	9	55	13
2014*	22	2	8	51	17

\*In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

(\*) = less than 0.5 percent

Note: See note to Figure A.1 for survey methods regarding mutual fund ownership.

Sources: Investment Company Institute

FIGURE A10

### Many Factors Shape Shareholders' Opinions of the Fund Industry

Percentage of mutual fund shareholders familiar with the mutual fund industry who indicate each factor is "very" important,<sup>1</sup> 1998–2014

	Performance of fund investments	Current events in financial markets	Personal experience with a mutual fund company	Stock market fluctuations	Opinion of professional financial advisers	Friends and family	Media coverage about fund companies
1998	83%	50%	55%	45%	44%	34%	22%
1999	85	52	58	45	45	39	23
2000	71	50	63	42	46	47	21
2001	68	51	58	45	43	47	20
2002	69	50	58	39	45	45	22
2003	69	49	60	43	49	44	18
2004	69	49	57	39	48	45	21
2005	73	51	53	42	39	30	19
2006	74	52	54	43	40	32	19
2007	71	36	47	32	40	23	12
2008	71	40	45	35	36	22	12
2009	67	47	44	37	35	23	12
2010	67	43	45	36	38	20	11
2011	69	43	47	36	37	22	10
2012	66	42	49	30	38	27	13
2013	67	35	45	30	35	27	11
2014 <sup>2</sup>	66	36	42	32	38	24	11

<sup>1</sup> Multiple responses are included.

<sup>2</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Note: See note to Figure A.1 for survey methods regarding mutual fund ownership.

Sources: Investment Company Institute

FIGURE A11

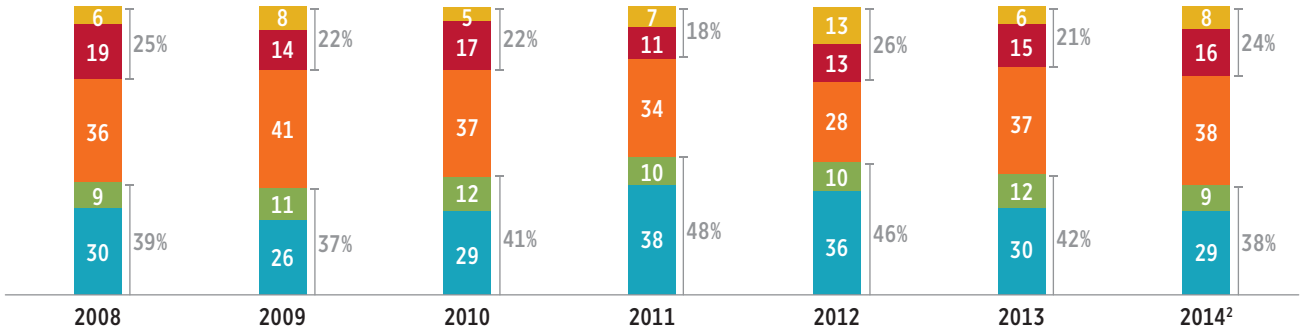
## Households' Willingness to Take Investment Risk Varies with Age

Percentage of U.S. households within each age group,<sup>1</sup> 2008–2014

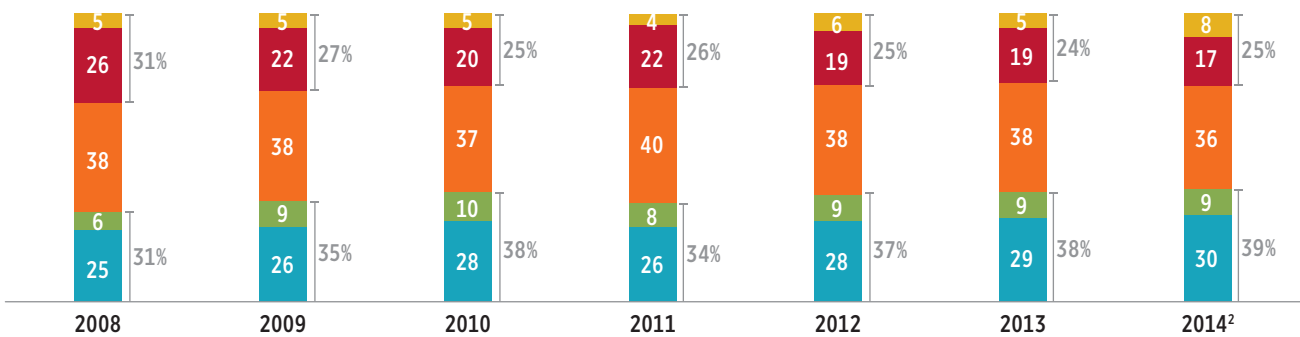
### Level of risk willing to take with financial investments

- Substantial risk for substantial gain
- Above-average risk for above-average gain
- Average risk for average gain
- Below-average risk for below-average gain
- Unwilling to take any risk

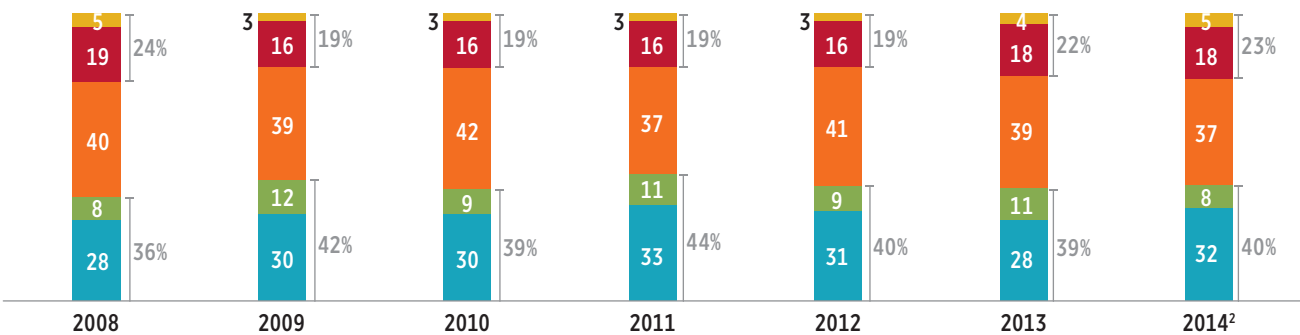
#### Younger than 35



#### 35 to 49



#### 50 to 64



Continued on next page

FIGURE A11 CONTINUED

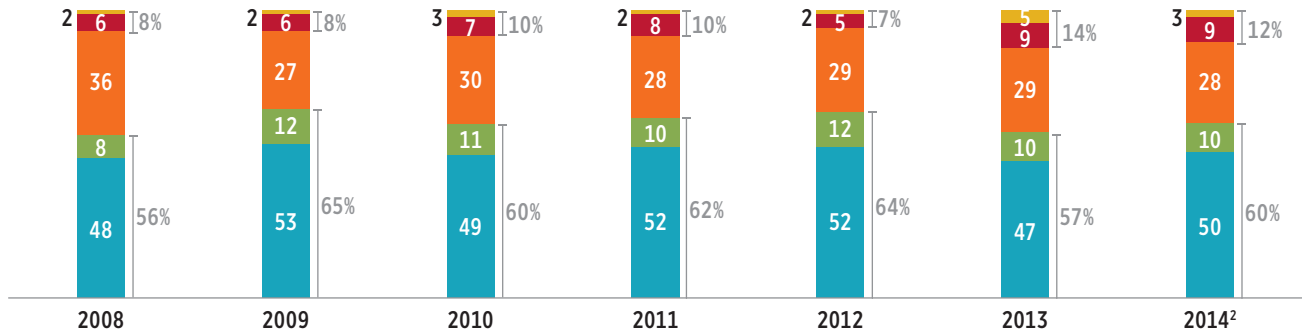
## Households' Willingness to Take Investment Risk Varies with Age

Percentage of U.S. households within each age group,<sup>1</sup> 2008–2014

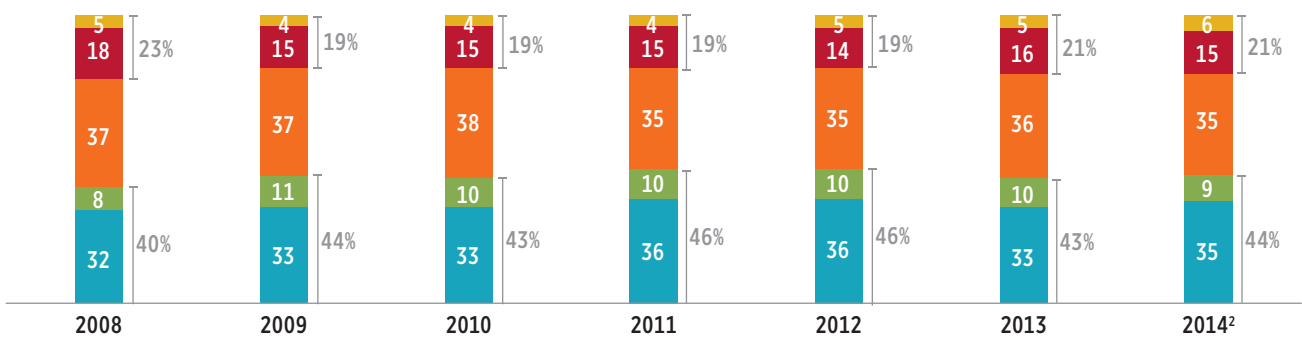
### Level of risk willing to take with financial investments

- Substantial risk for substantial gain
- Above-average risk for above-average gain
- Average risk for average gain
- Below-average risk for below-average gain
- Unwilling to take any risk

#### 65 or older



#### All U.S. households



<sup>1</sup> Age is based on the age of the sole or co-decisionmaker for household saving and investing.

<sup>2</sup> In 2014, the Annual Mutual Fund Shareholder Tracking Survey was revised to include a dual frame random digit dial (RDD) sample design. In prior years, the survey used a landline RDD sampling frame. Please see the callout box on page 4 for a discussion on the revision to the survey methodology and the effect of that revision on the results.

Source: Investment Company Institute



## Notes

- <sup>1</sup> Households' total financial assets were \$67.0 trillion as of June 2014. See U.S. Federal Reserve Board 2014.
- <sup>2</sup> Ownership includes mutual funds held in variable annuities. See Figure A1 in the appendix for the complete time series of mutual fund ownership.
- <sup>3</sup> The survey data include the number of mutual fund owners per household, which is applied to the number of U.S. households owning mutual funds. The average number of mutual fund owners per household is reported in Figure A2 in the appendix.
- <sup>4</sup> See Ehlen and Ehlen 2007; Blumberg and Luke 2007; Kennedy 2007; Keeter et al. 2007; and Link et al. 2007.
- <sup>5</sup> In addition to the 41.0 percent of households that use only cell phones, 16.1 percent got most of their calls on cell phones. See Blumberg and Luke 2014.
- <sup>6</sup> See Ehlen and Ehlen 2007; Blumberg and Luke 2007; Kennedy 2007; Keeter et al. 2007; and Link et al. 2007.
- <sup>7</sup> See Blumberg and Luke 2014.
- <sup>8</sup> See Pew Research Center for the People and the Press 2014 and Gallup 2014.
- <sup>9</sup> See Fahimi 2014.
- <sup>10</sup> See Izrael, Hoaglin, and Battaglia 2004.
- <sup>11</sup> See U.S. Census Bureau 2014.
- <sup>12</sup> Responses were weighted to five telephone status categories: cell phone-only; both, cell phone-mostly; both, equally; both, landline-mostly; and landline-only. See Blumberg and Luke 2014.
- <sup>13</sup> See Figure A3 in the appendix for the complete time series showing incidence of mutual fund ownership by age.
- <sup>14</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 and/or putting children through college and/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 2014. See Figure A4 in the appendix for the complete time series showing the age composition of mutual fund-owning households.
- <sup>15</sup> For additional information on the characteristics of mutual fund-owning households, see Burham, Bogdan, and Schrass 2014 and Bogdan and Schrass 2015, forthcoming.
- <sup>16</sup> See Figure A5 in the appendix for the complete time series showing the income composition of mutual fund-owning households. For additional information on the characteristics of mutual fund-owning households, see Burham, Bogdan, and Schrass 2014 and Bogdan and Schrass 2015, forthcoming.
- <sup>17</sup> See Figure A6 in the appendix for the complete time series showing incidence of mutual fund ownership by household income.
- <sup>18</sup> These results are from the 2014 ICI Annual Mutual Fund Shareholder Tracking Survey.
- <sup>19</sup> Mutual fund ownership inside tax-deferred accounts includes ownership of funds held inside employer-sponsored retirement plans, any type of IRA, educational savings accounts, and mutual funds held in variable annuities. For additional information on mutual funds in DC plans and IRAs, see Investment Company Institute 2014.
- <sup>20</sup> See Figure A7 in the appendix.
- <sup>21</sup> See Figure A10 in the appendix.
- <sup>22</sup> Some of the variation in the mutual fund favorability rating across the age groups is affected by differences in the frequency of the "no opinion" response. For example, 33 percent of the youngest age group had "no opinion" in 2014, compared with 18 percent of the oldest age group.
- <sup>23</sup> See Figure A11 in the appendix for the risk tolerance of all U.S. households from 2008 to 2014.
- <sup>24</sup> To shorten the survey, the questions about how mutual fund-owning households use the Internet were dropped. For 2013 results, see Burham, Bogdan and Schrass 2013.

<sup>25</sup> Starting in 2013, the survey questionnaire was refined in several ways. First, the order of the account type choices in the question regarding ownership of retirement and other savings accounts was changed in 2013. This change was made to avoid possible confusion between individual accounts in 401(k) and other employer-sponsored DC plan accounts versus IRAs. Starting in 2013, respondents were asked if they own a 401(k) and other employer-sponsored DC retirement plans, then respondents were asked if they own a traditional IRA or a Roth IRA, then if they own an employer-sponsored IRA, and finally, if they own a 529 plan or Coverdell Education Savings Account (ESA). In prior years, respondents were asked first if they own a traditional IRA or Roth IRA, then if they own a Coverdell ESA, then if they own an employer-sponsored IRA, and finally, if they own a 401(k) or other employer-sponsored plan account (529 plan ownership was a separate question).

In previous years, respondents were asked separately if they have an employer-sponsored IRA and about the size of their employer. Starting in 2013, the questions were not asked separately. When asked what type of employer-sponsored IRA they own, respondents were told that a SIMPLE IRA is offered by businesses with less than 100 employees and has employer and employee contributions, a SAR-SEP includes only employee contributions, and a SEP-IRA includes only employer contributions.

Respondents who owned any type of account were asked about the mutual funds in that account. Starting in 2013, the list of possible mutual funds was refined to include more types of mutual funds and names most commonly used for different mutual fund types. This change was made to keep up to date with new types of investments and the names used for them. For example, “stock funds, such as equity income or growth funds” was not familiar to some respondents, but the phrases “large-, mid-, or small-cap stock funds” and “stock index funds including the S&P 500 index fund” triggered respondent recollection of their holdings of such funds. Respondents also were asked if they hold “money market funds that pay a money market rate of interest, are not federally insured, and may be taxable or tax-exempt,” if they hold “international or global stock funds,” if they hold “bond funds including corporate, municipal, or government bond funds,” if they hold “balanced funds including hybrid, lifestyle, or asset allocation funds,” if they hold “target date funds,” and in 2014, a category for “lifecycle funds” was added. Finally, respondents were asked if they hold “any other funds.”

In 2014, detailed questions on how mutual fund-owning households use the Internet were dropped to reduce survey respondent burden. See Burham, Bogdan, and Schrass 2013 for those results from the 2013 survey.

<sup>26</sup> For 2000 through 2014, households with 401(k) or 403(b) plan accounts who indicated they did not know if they owned mutual funds were assigned mutual fund ownership using a technique known as “hot deck” imputation—where a missing value is imputed from a randomly selected similar record. See Little and Rubin 1987.

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