

## Characteristics of Mutual Fund Investors, 2009

### KEY FINDINGS

- **In 2009, most households that owned mutual funds were headed by individuals in their peak earning and saving years.** About two-thirds of mutual fund–owning households were headed by individuals between the ages of 35 and 64.
- **The majority of mutual fund owners were employed and had moderate household incomes.** Nearly three-quarters of individuals heading households owning mutual funds were employed either full- or part-time. Nearly three in five U.S. households owning mutual funds had incomes between \$25,000 and \$99,999.
- **Mutual fund–owning households often held several funds, and equity funds were the most commonly owned type of mutual fund.** Among households owning mutual funds, 86 percent held more than one fund, and more than three-quarters owned equity funds.
- **Almost all mutual fund investors were focused on retirement saving.** Saving for retirement was one of the financial goals for 94 percent of mutual fund–owning households, and more than three-quarters indicated that retirement saving was the household’s primary financial goal.
- **Employer-sponsored retirement plans are increasingly the gateway to fund ownership.** More than two-thirds of fund-owning households that purchased their first fund in 2000 or later purchased that fund through an employer-sponsored retirement plan, as compared to 56 percent of those that made their first purchase before 1990. In 2009, 37 percent of mutual fund–owning households owned funds both inside and outside employer-sponsored retirement plans. An additional 31 percent owned mutual funds only inside employer-sponsored retirement plans.

### U.S. HOUSEHOLD OWNERSHIP OF MUTUAL FUNDS IN 2009

In 2009, an annual ICI survey of mutual fund ownership found that 50.4 million, or 43.0 percent, of households in the United States owned mutual funds.<sup>1</sup> This report highlights the characteristics of those households.

### MOST MUTUAL FUND OWNERS ARE MARRIED, EDUCATED, AND IN THEIR PRIME EARNING YEARS

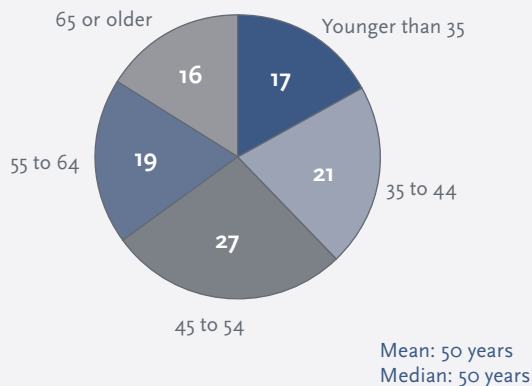
Mutual fund shareholders vary in their age, educational attainment, and marital status. In 2009, the median age of individuals heading mutual fund–owning households was 50 (Figure 1). Most mutual fund–owning households (67 percent) were headed by individuals between the ages of 35 and 64, the age

FIGURE 1

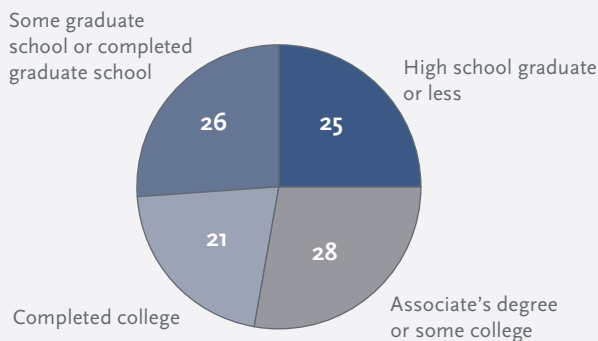
**MUTUAL FUND OWNERS REPRESENT A VARIETY OF DEMOGRAPHIC GROUPS**

Percentage of U.S. households owning mutual funds, 2009

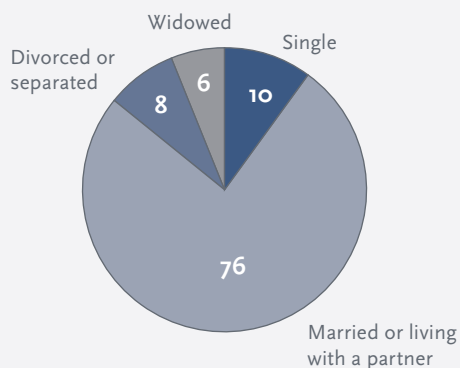
**AGE OF HEAD OF HOUSEHOLD**



**EDUCATION LEVEL OF HEAD OF HOUSEHOLD**



**MARITAL STATUS OF HEAD OF HOUSEHOLD**



Note: Head of household refers to the sole or co-decisionmaker for household saving and investing.  
Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

range in which saving and investing traditionally is the greatest.<sup>2</sup> Seventeen percent of mutual fund-owning households were headed by individuals younger than 35, and 16 percent were headed by individuals 65 or older. Among heads of mutual fund-owning households, 47 percent had college degrees or postgraduate education, and another 28 percent had obtained associate's degrees or some college education. Seventy-six percent were married or living with a partner.

**MOST MUTUAL FUND OWNERS ARE EMPLOYED AND ARE MIDDLE-INCOME**

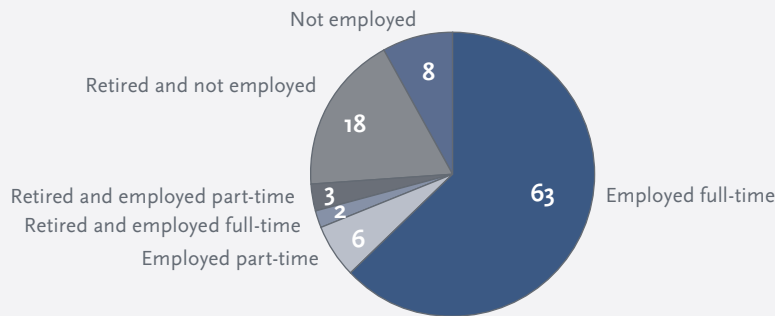
Individuals across all employment and income groups own mutual funds. Among households that owned mutual funds in 2009, 74 percent were headed by individuals who were employed full- or part-time (Figure 2). Among the 26 percent who were not employed, 69 percent were retired—that is to say, they responded affirmatively to: “Are you retired from your lifetime occupation?” Overall, 23 percent of individuals heading households that owned mutual funds said that they were retired.<sup>3</sup> The median household income of mutual fund-owning households was \$80,000; 24 percent had household incomes of less than \$50,000; 21 percent had household incomes between \$50,000 and \$74,999; and 19 percent had incomes between \$75,000 and \$99,999. The remaining 36 percent had incomes of \$100,000 or more.

FIGURE 2

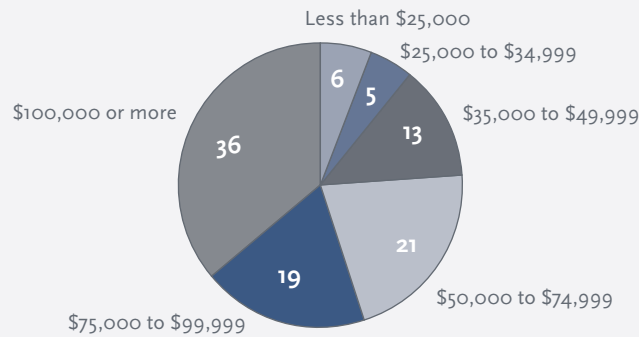
## MUTUAL FUND OWNERS REPRESENT MANY DIFFERENT EMPLOYMENT AND INCOME GROUPS

Percentage of U.S. households owning mutual funds, 2009

### EMPLOYMENT STATUS OF HEAD OF HOUSEHOLD<sup>1</sup>



### TOTAL HOUSEHOLD INCOME<sup>2</sup>



Mean: \$97,300  
Median: \$80,000

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

<sup>2</sup>Total reported is household income before taxes in 2008.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

For more detailed information about mutual fund owners, see *Profile of Mutual Fund Shareholders, 2009*, ICI's full report of the findings of the 2009 Annual Mutual Fund Shareholder Tracking Survey. This report presents a comprehensive overview of mutual fund owners, including their demographic characteristics, the ways in which they purchase fund shares, and the ways in which U.S. households use funds to meet their current and long-term financial needs. *Profile of Mutual Fund Shareholders, 2009* will be published in early 2010.

## MUTUAL FUND OWNERS HOLD A RANGE OF OTHER INVESTMENTS

Mutual fund–owning households typically have other types of savings and investments: 43 percent owned individual stocks, 34 percent owned certificates of deposit, and 28 percent owned fixed or variable annuities in 2009 (Figure 3). In addition, 30 percent held investment real estate and 14 percent owned individual bonds (excluding U.S. savings bonds).

## MUTUAL FUNDS ARE IMPORTANT COMPONENTS IN INVESTOR PORTFOLIOS

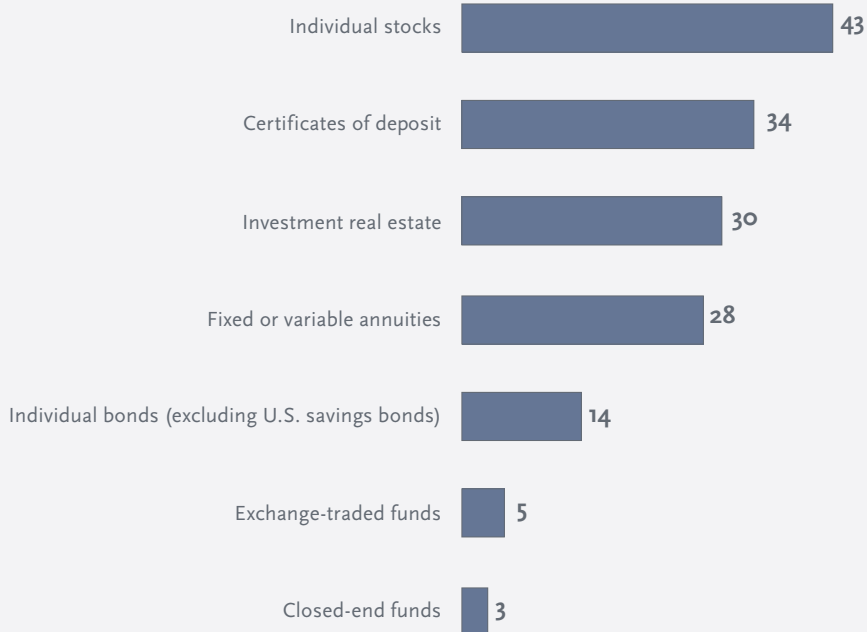
Mutual fund–owning households often hold more than one mutual fund. In 2009, the median number of mutual funds owned by shareholder households was four (Figure 4). Among these households, 42 percent owned three or fewer funds, and 58 percent owned four or more, with 14 percent reporting they held 11 or more funds.

FIGURE 3

### MUTUAL FUND–OWNING HOUSEHOLDS HOLD A MIX OF FINANCIAL ASSETS

Percentage of U.S. households owning mutual funds, 2009

#### TYPE OF FINANCIAL ASSET



Note: Multiple responses are included.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

Equity funds were the most commonly owned type of mutual fund, held by 77 percent of mutual fund–owning households (Figure 5). In addition, 42 percent owned hybrid funds, 49 percent owned bond funds, and 64 percent owned money market funds. Mutual

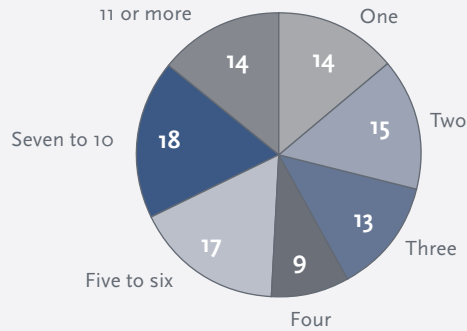
fund holdings represented a significant portion of these households' financial assets: 66 percent had more than half of their household financial assets invested in mutual funds (Figure 6).

**FIGURE 4**

**MOST MUTUAL FUND–OWNING HOUSEHOLDS OWN MULTIPLE FUNDS**

Percentage of U.S. households owning mutual funds, 2009

**NUMBER OF MUTUAL FUNDS HOUSEHOLD OWNS**



Mean: Six mutual funds  
Median: Four mutual funds

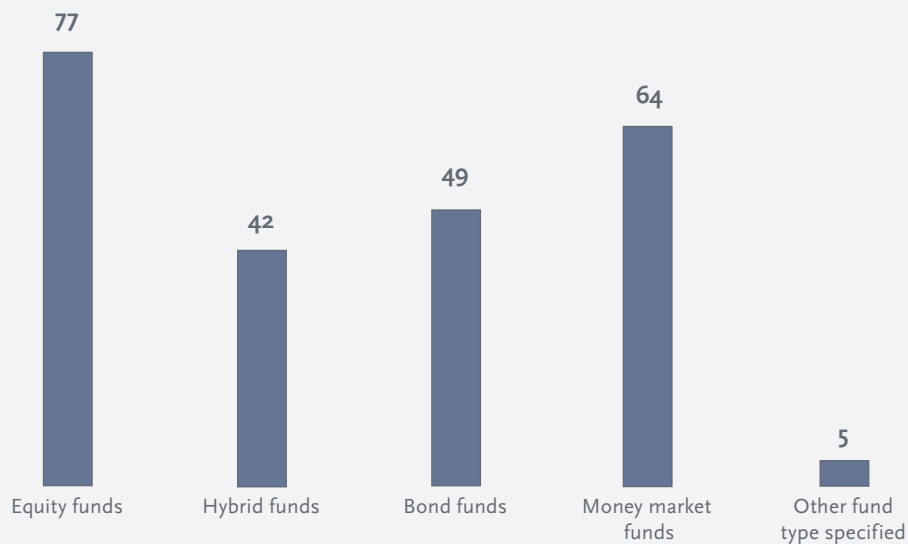
Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

**FIGURE 5**

**EQUITY FUNDS ARE THE MOST COMMONLY OWNED TYPE OF MUTUAL FUND**

Percentage of U.S. households owning mutual funds, 2009

**TYPE OF MUTUAL FUND OWNED**



Note: Multiple responses are included.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

## RETIREMENT SAVING IS OFTEN THE GOAL OF MUTUAL FUND INVESTORS

Mutual fund–owning households have a variety of financial goals for their mutual fund investments. The vast majority, 94 percent, indicated they were using mutual funds to save for retirement (Figure 7); 76 percent indicated that saving for retirement was their household’s primary financial goal. Many mutual fund–owning households (45.3 million) held funds in tax-deferred savings accounts.<sup>4</sup> Nevertheless,

14.0 million U.S. households held long-term mutual funds (stock, bond, and balanced/hybrid funds) in taxable accounts in 2009.

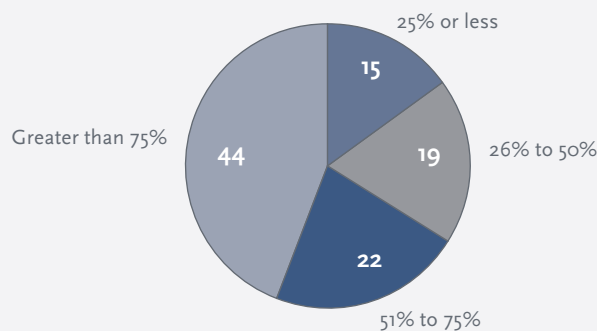
Retirement is not the only financial goal for households’ mutual fund investments. Forty-nine percent of mutual fund–owning households reported that reducing their taxable income was one of their goals; 46 percent listed saving for an emergency as a goal; and 26 percent reported saving for education among their goals.

FIGURE 6

### MUTUAL FUNDS ARE AN IMPORTANT COMPONENT OF INVESTOR PORTFOLIOS

Percentage of U.S. households owning mutual funds, 2009

#### MUTUAL FUNDS’ SHARE OF HOUSEHOLD FINANCIAL ASSETS



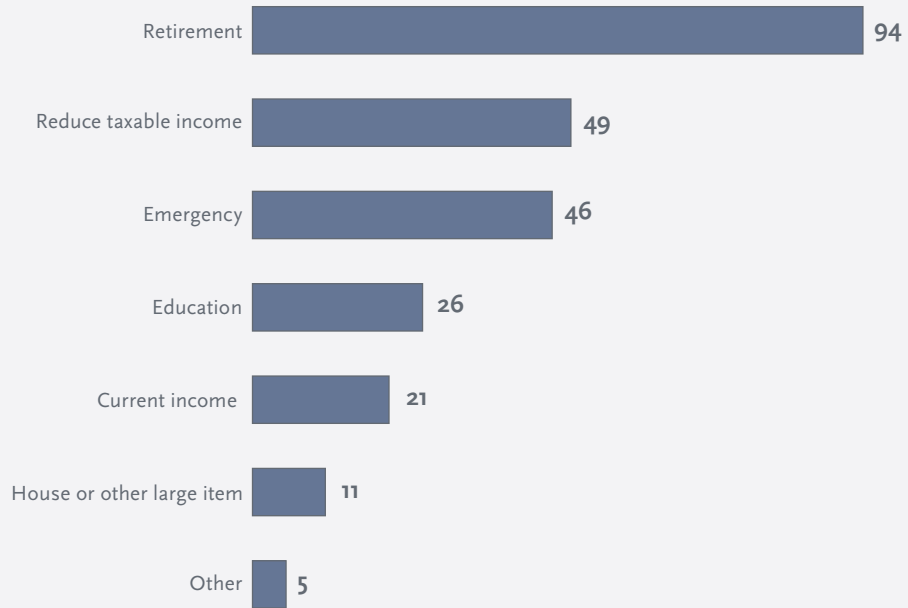
Note: Household financial assets include assets in employer-sponsored retirement plans, but exclude the household's primary residence.  
Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE 7

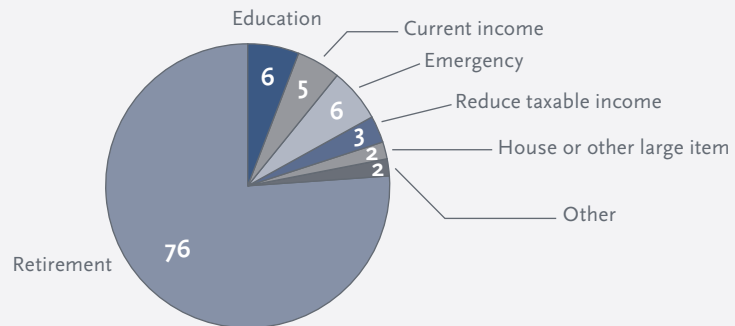
### BULK OF MUTUAL FUND INVESTORS FOCUS ON RETIREMENT

Percentage of U.S. households owning mutual funds, 2009

#### FINANCIAL GOALS FOR MUTUAL FUND INVESTMENTS\*



#### PRIMARY FINANCIAL GOAL FOR MUTUAL FUND INVESTMENTS



\* Multiple responses are included.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

## EMPLOYER-SPONSORED PLANS AND FINANCIAL ADVISERS ARE MAIN CHANNELS OF FUND INVESTMENTS

Among mutual fund–owning households, 31 percent invested in mutual funds solely inside employer-sponsored retirement plans, which include defined contribution (DC) plans and employer-sponsored individual retirement accounts (IRAs);<sup>5</sup> 32 percent owned funds solely outside these plans; and 37 percent

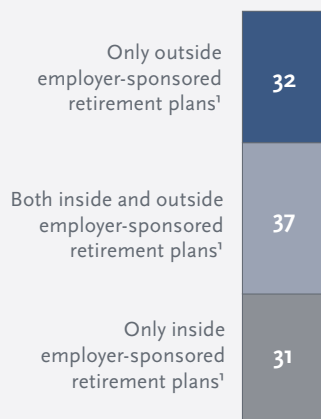
had funds both inside and outside employer-sponsored retirement plans (Figure 8). Altogether, 68 percent of mutual fund–owning households owned funds through employer-sponsored retirement plans, and 69 percent owned funds outside of these plans.<sup>6</sup> Among households owning mutual funds outside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

FIGURE 8

### MUTUAL FUND INVESTMENTS OUTSIDE RETIREMENT PLANS ARE OFTEN GUIDED BY FINANCIAL ADVISERS

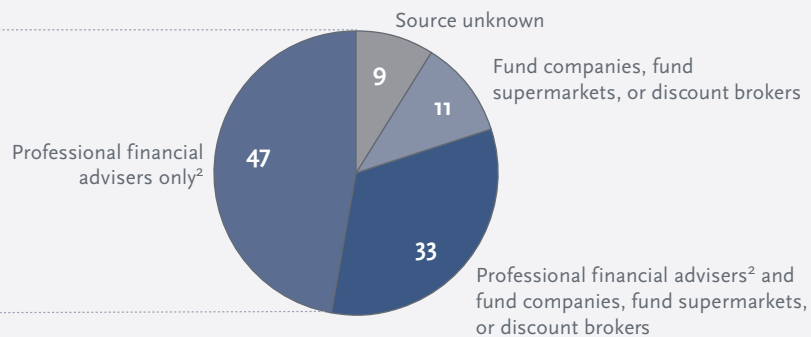
#### SOURCES OF MUTUAL FUND OWNERSHIP

(percentage of U.S. households owning mutual funds, 2009)



#### SOURCES FOR HOUSEHOLDS OWNING MUTUAL FUNDS OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

(percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans,<sup>1</sup> 2009)



<sup>1</sup> Employer-sponsored retirement plans include DC plans (401(k) plans, 403(b) plans, 457 plans, Keoghs, and other DC plans without 401(k) features) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

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

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey



## FIRST FUND PURCHASES ARE INCREASINGLY MADE THROUGH EMPLOYER-SPONSORED PLANS

Mutual fund–owning households often purchase their first mutual fund through employer-sponsored retirement plans: 62 percent purchased their first fund through that channel (Figure 9). Households that made their first mutual fund purchase more recently were more likely to have done so through employer-sponsored retirement plans. Among households that bought their first mutual fund in 2000 or later, 68 percent bought that first fund through such a plan, compared with 56 percent of households that first purchased mutual funds before 1990.

## MOST FUND-OWNING HOUSEHOLDS BOUGHT FIRST FUND BEFORE 1995

The vast majority of mutual fund–owning households have invested in mutual funds for many years: 38 percent bought their first mutual fund before 1990; 16 percent purchased their first fund between 1990 and 1994; and 21 percent bought their first fund between 1995 and 1999 (Figure 10). Twenty-five percent of mutual fund–owning households purchased their first fund in 2000 or later.

FIGURE 9

### EMPLOYER-SPONSORED RETIREMENT PLANS ARE INCREASINGLY THE SOURCE OF FIRST FUND PURCHASE

Percentage of U.S. households owning mutual funds, 2009

Source of first mutual fund purchase	Year of household's first mutual fund purchase				Memo: all mutual fund–owning households
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later	
Inside employer-sponsored retirement plan	56	62	65	68	62
Outside employer-sponsored retirement plan	44	38	35	32	38

Note: Employer-sponsored retirement plans include DC plans (401(k) plans, 403(b) plans, 457 plans, Keoghs, and other DC plans without 401(k) features) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

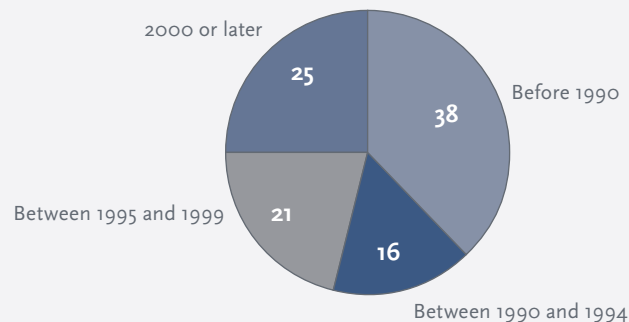
Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE 10

### MOST MUTUAL FUND–OWNING HOUSEHOLDS PURCHASED FIRST FUND MORE THAN A DECADE AGO

Percentage of U.S. households owning mutual funds, 2009

#### YEAR OF HOUSEHOLD'S FIRST MUTUAL FUND PURCHASE



Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

## BABY BOOMERS OWN THE LARGEST SHARE OF MUTUAL FUND ASSETS

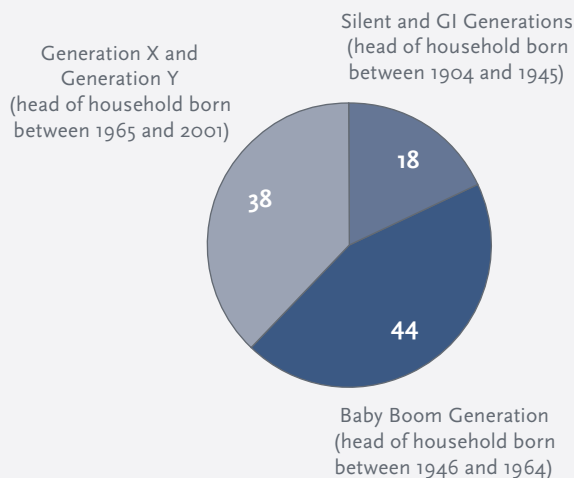
Mutual fund–owning households are headed by members of all generations, but members of the Baby Boom Generation (head of household born between 1946 and 1964) were the largest share in 2009. Forty-four percent of households owning mutual funds were headed by members of the Baby Boom Generation (Figure 11). In addition, 38 percent of households owning mutual funds were headed by members of Generation X and Generation Y (head of household born between 1965 and 2001), and 18 percent were headed by members of the Silent and GI Generations (head of household born between 1904 and 1945).

In addition to being the largest shareholder group, households headed by members of the Baby Boom Generation also held the largest percentage of mutual fund assets. Fifty-nine percent of households' total mutual fund assets were owned by households headed by members of the Baby Boom Generation (Figure 12). Households headed by members of the Silent and GI Generations held another 21 percent of households' total mutual fund assets, and Generation X– and Generation Y–headed households held the remaining 20 percent of households' total mutual fund assets.

FIGURE 11

### BABY BOOMERS ARE THE LARGEST MUTUAL FUND–OWNING GENERATION

Percentage of U.S. households owning mutual funds, 2009

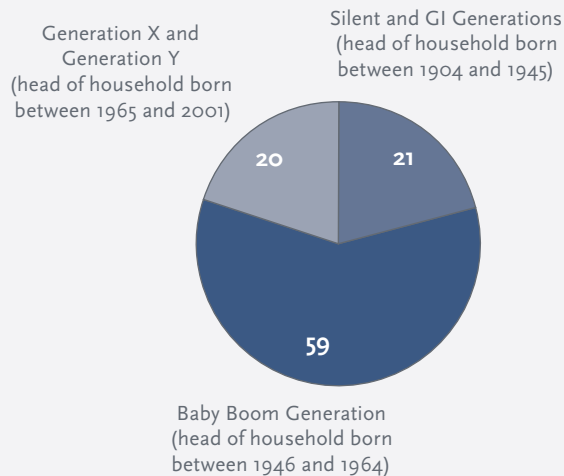


Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

FIGURE 12

### THE MAJORITY OF MUTUAL FUND ASSETS IS HELD BY BABY BOOMERS

Percentage of total mutual fund assets held by generation, 2009



Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

## NOTES

- <sup>1</sup> The 2009 ICI Annual Mutual Fund Shareholder Tracking Survey included a randomly selected sample of 4,201 U.S. households, of which 1,805 households, or 43.0 percent, owned mutual funds. The standard error for the 2009 sample of households owning mutual funds is  $\pm 2.3$  percentage points at the 95 percent confidence level. Survey data have been weighted to match census region, age distribution, household income distribution, and educational attainment of the U.S. population. For additional discussion of incidence of mutual fund ownership in the United States, see Bogdan, Sabelhaus, and Bass 2009. For additional detail on the characteristics of U.S. households that own mutual funds, see Schrass and Bass 2010 (forthcoming). U.S. Census Bureau 2009 reported there were 117.2 million households in the United States in 2009.
- <sup>2</sup> The life-cycle pattern of savings suggests that older individuals are able to save at higher rates because they no longer face the expenses of buying a home, or putting children through college, or paying for their own education. An augmented version of the life-cycle theory predicts that the optimal savings pattern increases with age. For a summary discussion of life-cycle models, see Browning and Crossley 2001. In addition, see discussion in Brady and Sigrist 2008, as well as Sabelhaus, Bogdan, and Schrass 2008.
- <sup>3</sup> Among households whose heads reported they were retired, 78 percent were not employed, 13 percent were employed part-time, and 9 percent were employed full-time (Figure 2).
- <sup>4</sup> Tax-deferred accounts include employer-sponsored retirement plans (including employer-sponsored IRAs), traditional IRAs, Roth IRAs, and variable annuities. See Bogdan, Sabelhaus, and Bass 2009 for additional information.
- <sup>5</sup> DC plans include 401(k), 403(b), 457 plans, and other DC plans. Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs. For more information on employer-sponsored retirement plans, see Brady, Holden, and Short 2009a and 2009b, and Investment Company Institute 2009. For additional information on households that own IRAs, see Holden and Schrass 2009a and 2009b.
- <sup>6</sup> Mutual funds held in traditional IRAs or Roth IRAs were counted as funds owned outside employer-sponsored retirement plans. Forty-eight percent of U.S. households that owned mutual funds held funds in traditional IRAs or Roth IRAs in 2009 (see Schrass and Bass 2010 [forthcoming]).
- <sup>7</sup> Professional financial advisers include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, and accountants. For additional information on mutual fund owners' use of professional financial advisers, see Leonard-Chambers and Bogdan 2007 and Schrass 2008.

### ABOUT THE SURVEY

The Investment Company Institute conducts the Annual Mutual Fund Shareholder Tracking Survey each spring to gather information on the demographic and financial characteristics of mutual fund-owning households in the United States. The most recent survey was undertaken in May 2009 and was based on a sample of 4,201 U.S. households selected by random digit dialing, of which 1,805 households, or 43.0 percent, owned mutual funds. Eligible households included those owning mutual funds inside or outside employer-sponsored retirement plans. All interviews were conducted over the telephone with the member of the household who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments.

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