

Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2010

KEY FINDINGS

- In 2010, 44.5 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 52.3 million households and 91.4 million investors. The most common type of investment company owned was mutual funds, with 51.6 million U.S. households, or 43.9 percent, owning mutual funds in 2010. The survey also found that 90.2 million individual investors owned mutual funds in 2010.
- **Most U.S. mutual fund shareholders had moderate household incomes and were in their peak earning and saving years.** About three in five U.S. households owning mutual funds had incomes between \$25,000 and \$99,999, and about two-thirds were headed by individuals between the ages of 35 and 64 in 2010. More than twice as many U.S. households owned mutual funds through tax-deferred accounts—employer-sponsored retirement plans, 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.** Two-thirds of mutual fund shareholders indicated that fund performance was a “very” important factor influencing their views of the industry, and four in 10 cited fund performance as the most important factor.
- **Shareholders willingness to take investment risk remained the same as in 2009.** Thirty percent of shareholders were willing to take substantial or above-average risk for financial gain in May 2010, the same fraction as in May 2009. Younger shareholders’ risk tolerance declined slightly, while risk tolerance for the older age groups stayed the same or rebounded slightly.
- **Mutual fund companies’ favorability rating moves with stock market performance.** Mutual funds’ favorability among shareholders rose in 2010 as the stock market trended upward, with favorability rising to 67 percent, up from 64 percent in 2009. In 2010, older mutual fund investors reported higher favorability ratings compared with younger investors and more recent investors.
- **Mutual fund-owning households often used the Internet for financial purposes.** Nine in 10 households owning mutual funds had Internet access in 2010. Eight in ten mutual fund-owning households with Internet access went online at least once a day, and about eight in 10 used the Internet for financial purposes.

TABLE OF CONTENTS

U.S. Households' Ownership of Mutual Funds	2
<i>More Than 51 Million U.S. Households Owned Mutual Funds in 2010</i>	
<i>Most Mutual Fund Shareholders Are in Their Peak Earning and Saving Years</i>	
<i>Mutual Fund Shareholders Typically Have Moderate Household Incomes</i>	
<i>Fund Ownership Inside Tax-Deferred Accounts Is Significant</i>	
Shareholder Sentiment About the Mutual Fund Industry	7
<i>Shareholder Opinion of the Mutual Fund Industry Rebounded in 2010</i>	
<i>Fund Performance Influences Investor Opinion of the Fund Industry</i>	
<i>Older Investors Had a More Favorable View of the Mutual Fund Industry in 2010</i>	
<i>Risk Tolerance and Investing</i>	
<i>Fund Owners Remain Confident About Achieving Investment Goals</i>	
Shareholder Interaction with Advisers	14
Mutual Fund Owners and Internet Access	14
<i>Nearly All Mutual Fund–Owning Households Have Access to the Internet</i>	
<i>Mutual Fund Shareholders Report Frequent Use of the Internet</i>	
<i>Mutual Fund Shareholders Use the Internet for Financial Purposes</i>	
Appendix: Additional Data on Ownership of Mutual Funds, 2010	18
Notes	32
References	33

U.S. HOUSEHOLDS' OWNERSHIP OF MUTUAL FUNDS

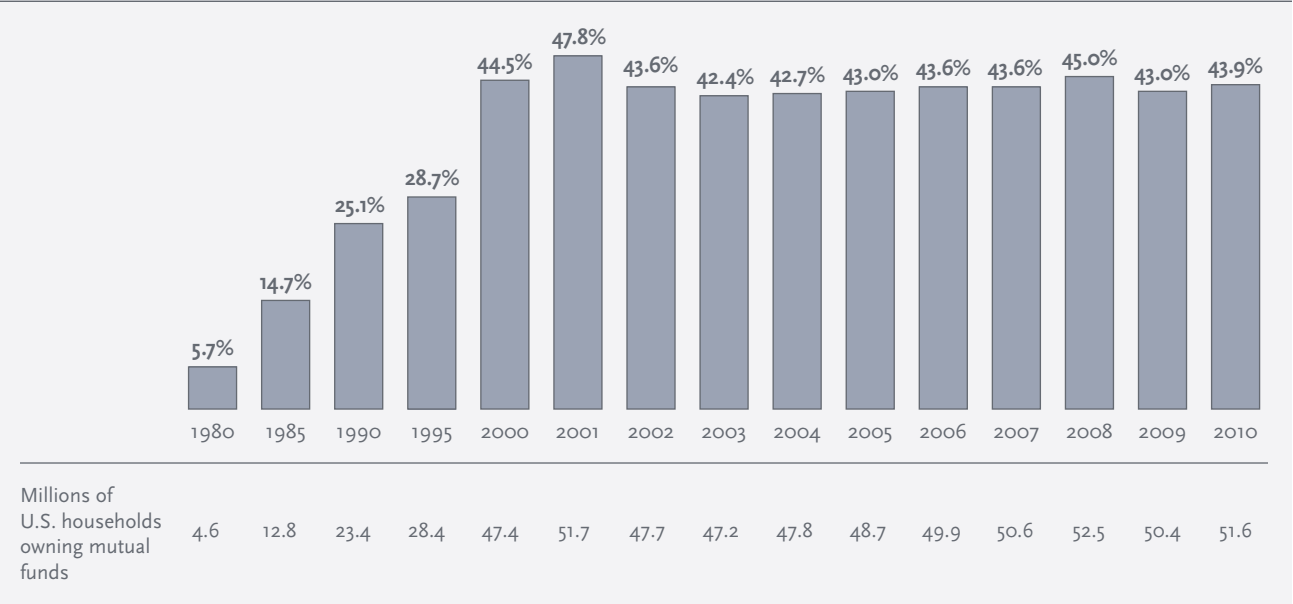
More Than 51 Million U.S. Households Owned Mutual Funds in 2010

Assets in U.S.-registered investment companies—mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs)—totaled \$11.5 trillion as of mid-year 2010. Households held about 67 percent, or \$7.8 trillion, of all these fund assets; registered fund assets represented about one-fifth of households' financial assets.¹ In 2010, 44.5 percent of U.S. households owned some type of registered fund, representing an estimated 52.3 million households and 91.4 million investors.

While 3.3 million households owned ETFs and 2.1 million households owned closed-end funds in 2010, mutual funds were the most common type of fund owned by households. An estimated 51.6 million U.S. households, or 43.9 percent, owned mutual funds in 2010 (Figure 1),² and more than eight in 10 households that owned ETFs or closed-end funds also owned mutual funds. The number of households owning mutual funds increased slightly in 2010. The percentage of U.S. households owning mutual funds has stayed about the same since 2002. The current estimate of the number of individual investors owning mutual funds is 90.2 million, an increase of 3.1 million investors compared with 2009 (Figure 2).³

ABOUT THE ANNUAL MUTUAL FUND SHAREHOLDER TRACKING SURVEY

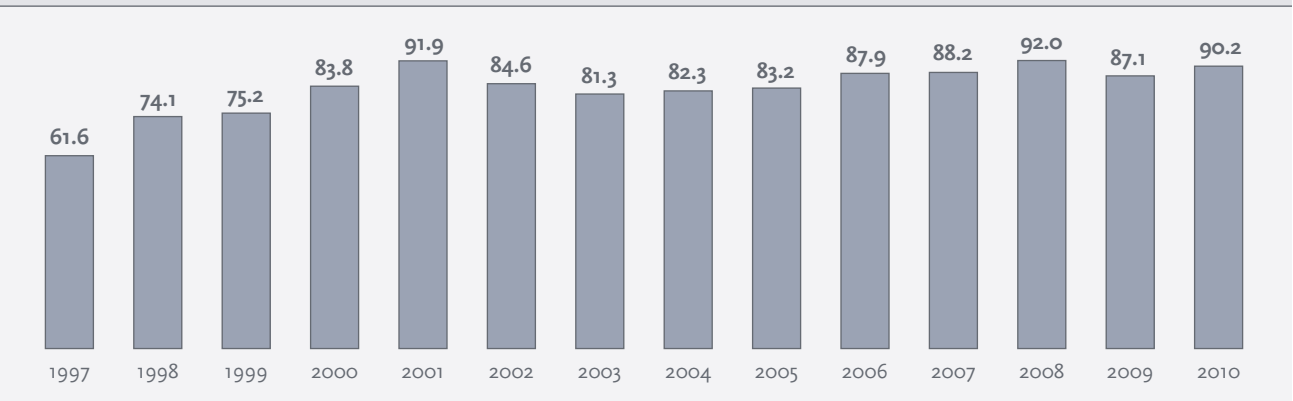
ICI conducts the Mutual Fund Shareholder Tracking Survey each spring to gather information on the demographic and financial characteristics of mutual fund–owning households in the United States. The most recent survey was conducted in May 2010 and was based on a sample of 4,200 U.S. households selected by random digit dialing, of which 1,844 households, or 43.9 percent, owned mutual funds. 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. The standard error for the 2010 sample of households is ± 1.5 percentage points at the 95 percent confidence level.

FIGURE 1**44 PERCENT OF U.S. HOUSEHOLDS OWNED MUTUAL FUNDS IN 2010***Number and percentage of U.S. households owning mutual funds,¹ selected years²*

¹Households 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 2010 include households owning mutual funds only through employer-sponsored retirement plans. Incidence estimates for 1998 through 2010 include fund ownership through variable annuities. Incidence estimates for 2000 through 2010 include fund ownership through Roth IRAs, Education Savings Accounts, SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

²For the complete time series of data from 1980 through 2010, see Figure A1 in the appendix.

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

FIGURE 2**90 MILLION INDIVIDUAL U.S. INVESTORS OWNED MUTUAL FUNDS IN 2010***Millions of individual U.S. investors owning mutual funds, 1997–2010*

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

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

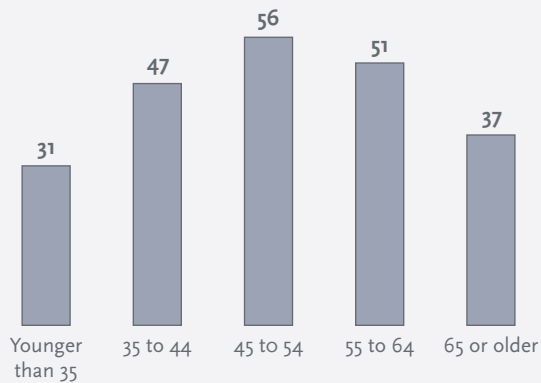
People of all ages own mutual funds, but ownership is concentrated among individuals in their prime saving and investing years. For most of the past decade, the incidence of mutual fund ownership has been greatest among households headed by individuals between ages 35 and 64.⁴ In the most recent survey, a majority of households in the 45 to 54 and 55 to 64 age groups and almost half in the 35 to 44 age group owned

mutual funds (Figure 3). Slightly fewer than one-third of households younger than 35 and less than 40 percent of households 65 or older owned mutual funds. As a result, the bulk (two-thirds) of households owning mutual funds were headed by individuals between the ages of 35 and 64, the age range in which saving and investing traditionally is greatest.^{5, 6} Among all U.S. households, by comparison, fewer than six in 10 were headed by individuals in this age group in 2010 (Figure 4).

FIGURE 3

INCIDENCE OF MUTUAL FUND OWNERSHIP GREATEST AMONG 35- TO 64-YEAR-OLDS

Percentage of U.S. households within each age group,¹ 2010²



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

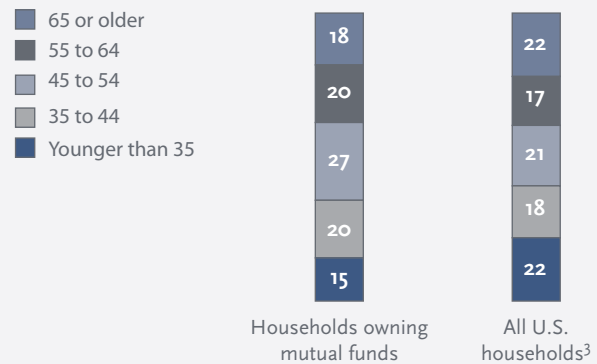
²For the complete time series of data from 1994 through 2010, see Figure A3 in the appendix.

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

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,¹ 2010²



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

²For the complete time series of data from 1994 through 2010, see Figure A4 in the appendix.

³The 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

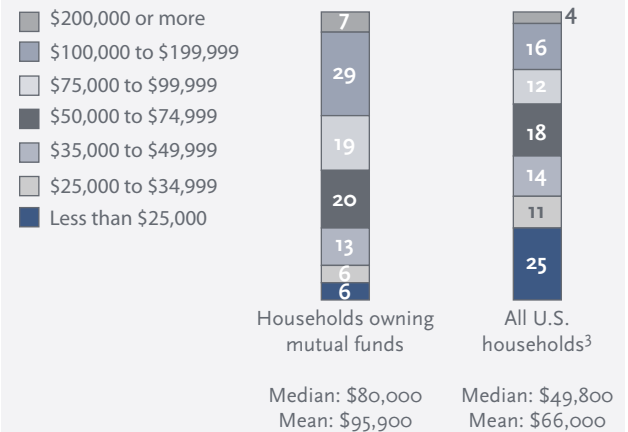
Mutual Fund Shareholders Typically Have Moderate Household Incomes

The majority of U.S. households owning mutual funds had moderate incomes. Nearly six in 10 households owning funds in 2010 had incomes between \$25,000 and \$99,999 (Figure 5).^{7, 8} Nevertheless, incomes among mutual fund-owning households tended to be somewhat higher than that of the typical U.S. household. Twelve percent of U.S. households owning mutual funds had incomes of less than \$35,000, while 36 percent of all U.S. households earned less than \$35,000. Thirty-six percent of households owning mutual funds reported incomes of \$100,000 or more, compared with only one-fifth of households overall. The mix 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 2010, 66 percent of all U.S. households with incomes of \$50,000 or more owned mutual funds, compared with 22 percent of households with incomes of less than \$50,000 (Figure 6).⁹ In fact, lower-income households are less likely to have any type of savings.

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,¹ 2010²



¹Total reported is household income before taxes in 2009.

²For the complete time series of data from 1998 through 2010, see Figure A5 in the appendix.

³The 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.

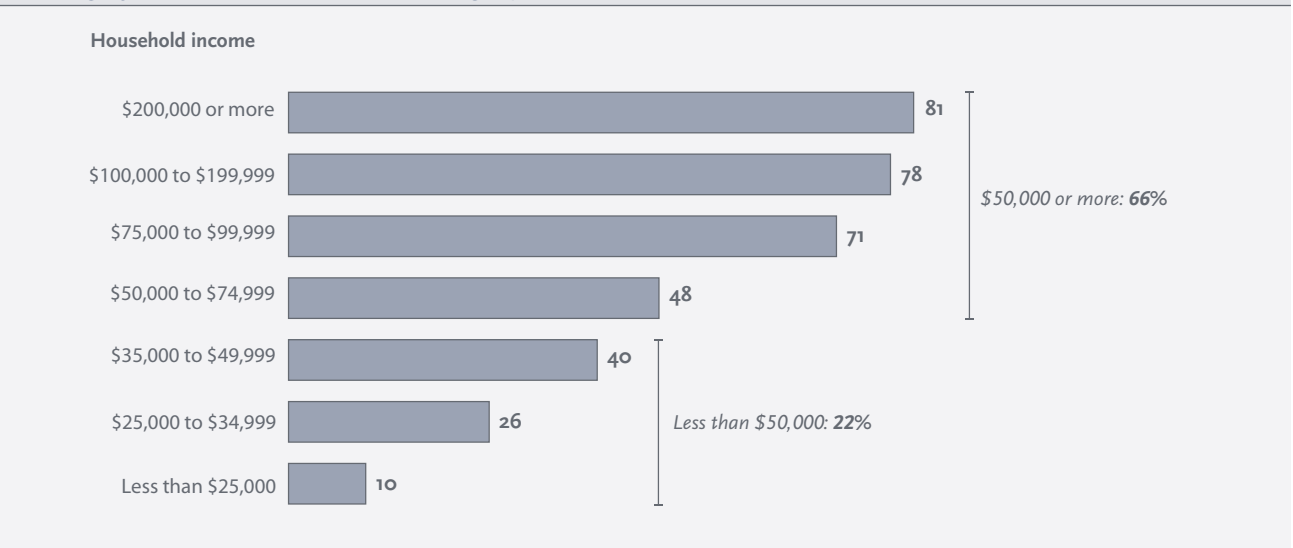
Sources: Investment Company Institute and U.S. Census Bureau

The typical household with income less than \$50,000 had \$15,000 in savings and investments, while the typical household with incomes of \$50,000 or more held \$160,000 in savings and investments.

FIGURE 6

OWNERSHIP OF MUTUAL FUNDS INCREASES WITH HOUSEHOLD INCOME

Percentage of U.S. households within each income group,¹ 2010²



¹Total reported is household income before taxes in 2009.

²For the complete time series of data from 1994 to 2010, see Figure A6 in the appendix.

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

Fund Ownership Inside Tax-Deferred Accounts Is Significant

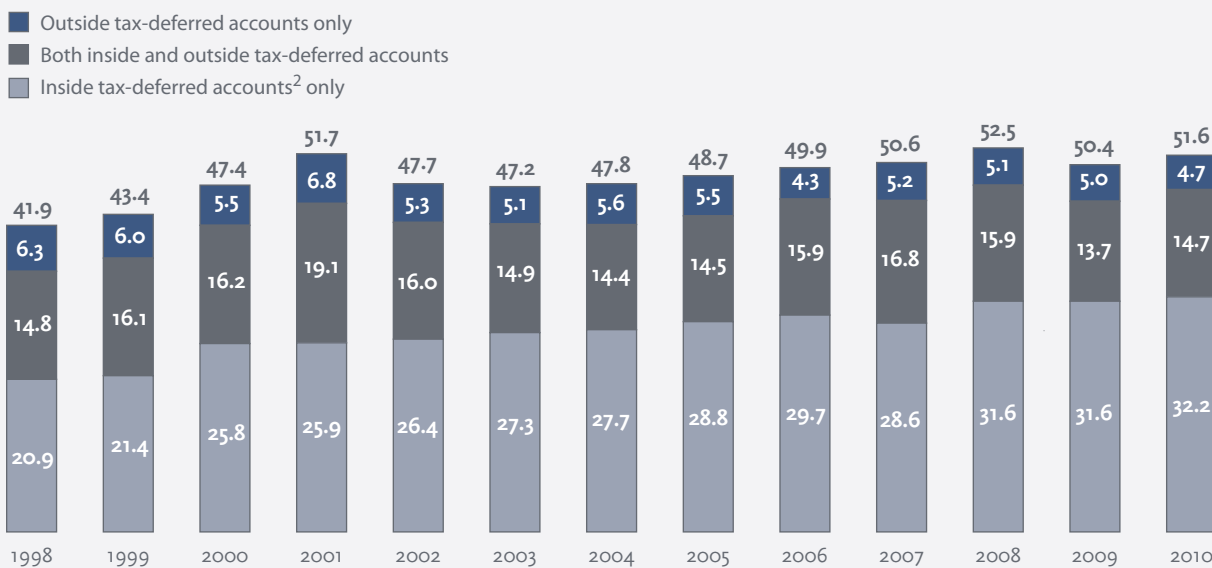
More households own mutual funds inside tax-deferred accounts—such as 401(k) and other defined contribution (DC) plans, individual retirement accounts (IRAs), and variable annuities—than outside these accounts.¹⁰ In 2010, an estimated 46.9 million households owned mutual funds inside tax-deferred accounts, compared with 19.4 million households owning funds outside tax-deferred accounts (Figure 7). Among those households that owned funds outside tax-deferred accounts, about three-quarters, or 14.7 million households, also held funds in tax-deferred accounts. The number of households owning mutual

funds through tax-deferred accounts has grown by 11.2 million since 1998, while the number of households owning mutual funds outside tax-deferred accounts has declined. Indeed, much of the growth in the number of households owning mutual funds through tax-deferred accounts has occurred among those for whom this is their only form of fund ownership. Of the 46.9 million U.S. households owning mutual funds through tax-deferred accounts, 32.2 million households owned mutual funds only through such accounts, up from 20.9 million in 1998. The number of households holding mutual funds only in taxable accounts has declined since 1998.

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,¹ 1998–2010



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

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

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

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

ADDITIONAL READING

For more detailed information about mutual fund owners, see *Profile of Mutual Fund Shareholders, 2010*, ICI's full report of the findings of the 2010 Annual Mutual Fund Shareholder Tracking Survey. *Profile* 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, 2010* will be published in early 2011. For a summary of the characteristics of mutual fund-owning households in 2010, see "Characteristics of Mutual Fund Investors, 2010," *Investment Company Institute Fundamentals* 19, no. 7 (September). Available at www.ici.org/pdf/fm-v19n7.pdf.

SHAREHOLDER SENTIMENT ABOUT THE MUTUAL FUND INDUSTRY

Shareholder Opinion of the Mutual Fund Industry Rebounded in 2010

The percentage of fund shareholders with positive opinions about the mutual fund industry increased in 2010. Sixty-seven percent of shareholders familiar with mutual fund companies had “very” or “somewhat” favorable impressions of fund companies, up from 64 percent in 2009 (Figure 8). The share of fund investors with “very” favorable impressions of fund

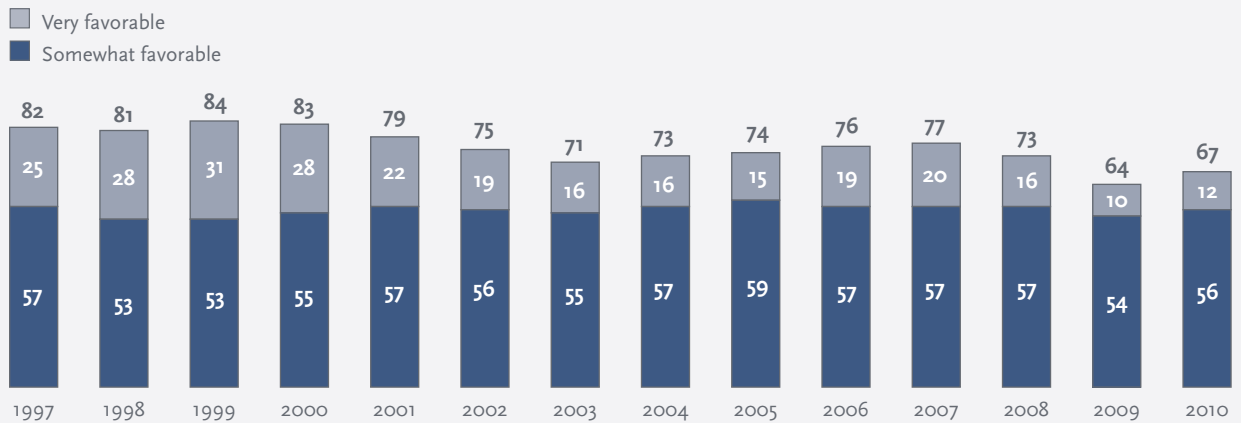
companies also increased. In 2010, 12 percent of fund investors had a “very” favorable view of the industry, compared with 10 percent in 2009.

People who no longer owned funds had mixed views of the mutual fund industry. Forty-three percent of former fund investors who said they were familiar with fund companies had favorable impressions of fund companies (Figure 9). Another one-third had unfavorable impressions and nearly one-quarter had no opinion.

FIGURE 8

MOST SHAREHOLDERS VIEW MUTUAL FUND INDUSTRY FAVORABLY

Percentage of mutual fund shareholders familiar with mutual fund companies, 1997–2010

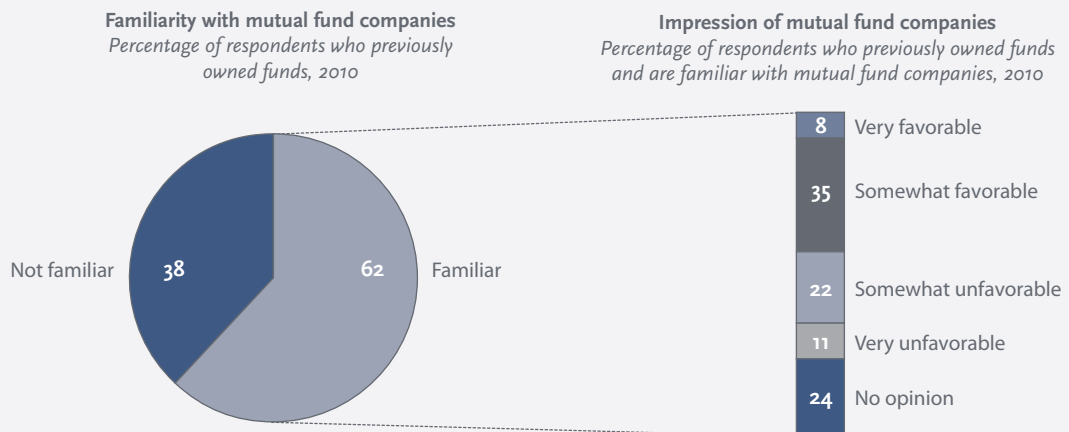


Note: Components may not add to the total because of rounding. The question has five choices; the other three possible responses are “somewhat unfavorable,” “very unfavorable,” and “no opinion.”

Source: Investment Company Institute

FIGURE 9

FORMER FUND OWNERS HAVE MIXED IMPRESSIONS OF MUTUAL FUND INDUSTRY



Source: Investment Company Institute

Fund Performance Influences Investor Opinion of the Fund Industry

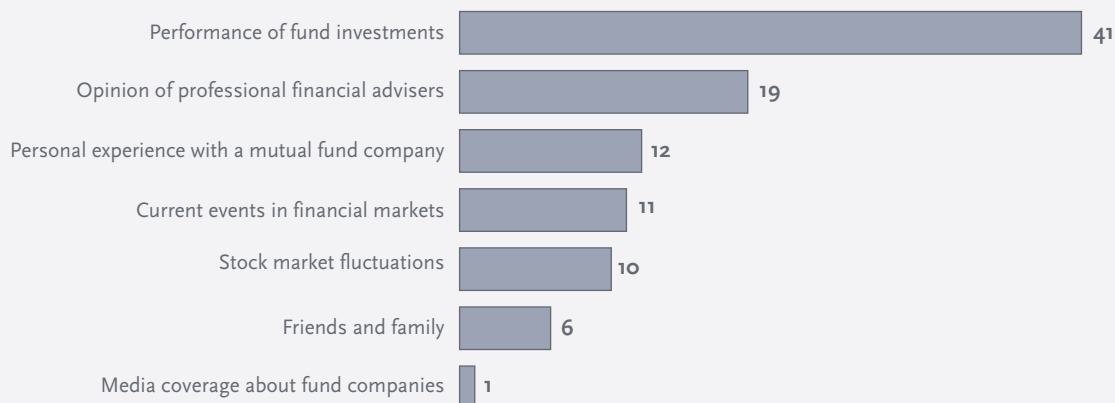
Although many factors influence shareholders' overall opinion of the mutual fund industry, investors said fund performance was the primary factor that shaped sentiment. In 2010, 41 percent of all fund shareholders familiar with mutual fund companies cited fund performance as the most important factor in forming their opinions of the industry (Figure 10). This is consistent with the movement of the mutual

fund favorability rating with stock market performance, which can affect mutual fund returns. For example, mutual fund companies' favorability rose in the late 1990s along with stock prices (measured by the S&P 500), declined between May 2000 and May 2003 as stock prices fell, increased from 2003 to 2007 as the stock market gained, and fell following the market decline in 2008 and 2009 (Figure 11). As the stock market gained in 2010, mutual fund favorability rebounded.

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, 2010

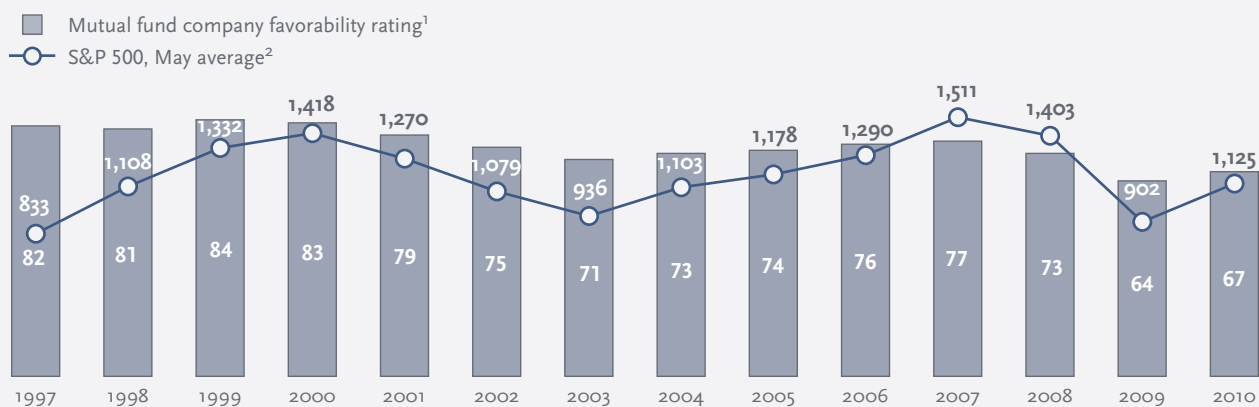


Source: Investment Company Institute

FIGURE 11

MUTUAL FUND INDUSTRY FAVORABILITY RISES AND FALLS WITH STOCK MARKET PERFORMANCE

Mutual fund company favorability rating and S&P 500 index, 1997–2010



¹The mutual fund industry favorability rating is the percentage of mutual fund shareholders familiar with the mutual fund industry who have a "very" or "somewhat" favorable impression of the fund industry. The question has five choices; the other three possible responses are "somewhat unfavorable," "very unfavorable," and "no opinion."

²The S&P 500 is an index of 500 stocks chosen for market size, liquidity, and industry group representation.

Sources: Investment Company Institute and Standard & Poor's

Other important factors that influence shareholder views of mutual fund companies include personal experience with a mutual fund company, current events in financial markets, and the opinion of professional financial advisers (Figure 12). Investors reported that media coverage and the opinions of friends and family were less influential in shaping their opinions of the fund industry.

Older Investors Had a More Favorable View of the Mutual Fund Industry in 2010

Mutual fund favorability among older investors was higher than among younger investors in 2010. 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 2010, 62 percent of fund

FIGURE 12

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,¹ selected years²

	1998	2000	2002	2004	2006	2008	2009	2010
Performance of fund investments	83	71	70	70	73	71	67	67
Current events in financial markets	50	50	51	50	52	40	47	43
Personal experience with a mutual fund company	55	63	58	57	54	45	44	45
Stock market fluctuations	44	43	39	40	43	36	37	36
Opinion of professional financial advisers	44	45	45	48	41	36	36	38
Friends and family	35	46	45	46	32	22	23	20
Media coverage about fund companies	22	21	23	22	19	12	11	11

¹Multiple responses are included.

²For the complete time series of data from 1998 through 2010, see Figure A10 in the appendix.

Source: Investment Company Institute

owners younger than 35 who were familiar with mutual fund companies had “very” or “somewhat” favorable impressions of mutual fund companies, compared with 78 percent of mutual fund owners 65 or older.¹¹ Investors whose first mutual fund purchase was made before 1990 were also more favorable toward the mutual fund industry. Three-quarters of shareholders

familiar with mutual fund companies who first purchased funds before 1990 had a favorable view of the industry, whereas 52 percent of shareholders familiar with mutual fund companies who had first purchased funds in 2005 or later viewed fund companies favorably (Figure 13).

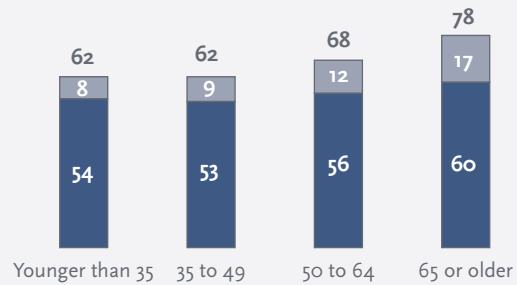
FIGURE 13

OLDER SHAREHOLDERS AND SEASONED SHAREHOLDERS VIEWED MUTUAL FUND INDUSTRY MORE FAVORABLY

Very favorable
Somewhat favorable

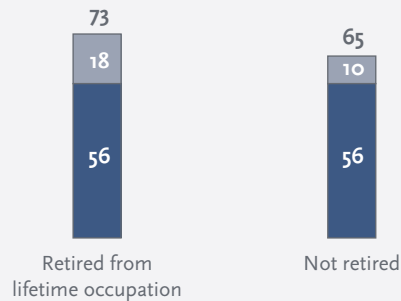
OLDER SHAREHOLDERS VIEWED MUTUAL FUND INDUSTRY MORE FAVORABLY

Percentage of mutual fund shareholders familiar with mutual fund companies by age of head of household, 2010



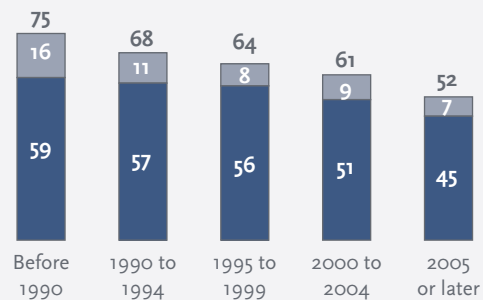
RETIRED SHAREHOLDERS VIEWED MUTUAL FUND INDUSTRY MORE FAVORABLY

Percentage of mutual fund shareholders familiar with mutual fund companies by retirement status, 2010



SEASONED SHAREHOLDERS VIEWED MUTUAL FUND INDUSTRY MORE FAVORABLY

Percentage of mutual fund shareholders familiar with mutual fund companies by year of initial mutual fund purchase, 2010



Note: Components may not add to the total because of rounding. The question has five choices; the other three possible responses are “somewhat unfavorable,” “very unfavorable,” and “no opinion.”

Source: Investment Company Institute

Risk Tolerance and Investing

There are various ways to measure risk tolerance using survey data, and ICI's Annual Mutual Fund Shareholder Tracking Survey takes the approach of asking respondents to choose from a range that describes how much risk they are willing to take to get higher investment returns. Willingness to take risk is strongly affected by age, but has also varied over time within age groups.

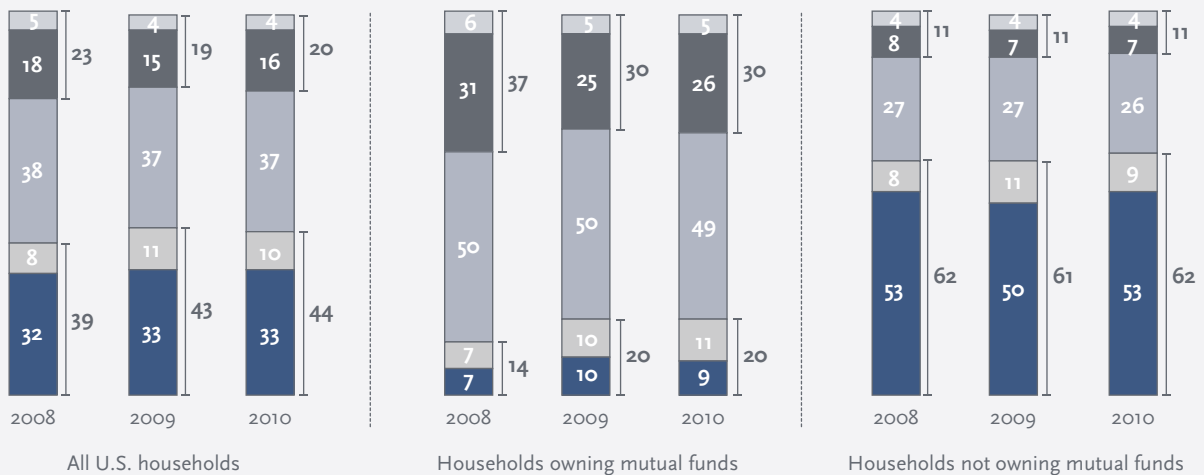
U.S. households became less tolerant of investment risk from 2008 to 2010, reflecting the reduced risk tolerance of households owning mutual funds. Risk tolerance for households not owning mutual funds remained nearly the same from 2008 to 2010. In May 2008, 37 percent of U.S. households owning mutual funds were willing to take above-average or substantial risk with their investments (Figure 14). By May 2010, this fraction had fallen to 30 percent of mutual fund–owning households.

FIGURE 14

HOUSEHOLDS' WILLINGNESS TO TAKE INVESTMENT RISK

Percentage of U.S. households by mutual fund ownership status; May 2008, May 2009, and May 2010

- Substantial financial risk for substantial financial 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



Note: Components may not add to 100 percent or to the totals because of rounding.

Source: Investment Company Institute

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 15). In 2010, the fraction of mutual fund–owning households younger than 35 willing to take above-average or substantial financial risk was 32 percent, while only 16 percent of mutual fund–owning households 65 or older were willing to do so. Mutual fund–owning households of all age groups are more willing to take investment risk than U.S. households of the same age group.¹²

Between 2009 and 2010, the willingness to take investment risk among the youngest shareholder age group moved lower, while all other age groups maintained or increased their willingness to take risk. In 2010, 32 percent of mutual fund–owning households younger than 35 were willing to take above-average or substantial financial risk, compared with 34 percent in 2009 (Figure 15). Among mutual fund–owning

households aged 35 to 49, 40 percent were willing to take at least above-average risk, the same share as in 2009. Among mutual fund–owning households aged 50 to 64, the share that was willing to take at least above-average risk increased from 26 percent in 2009 to 28 percent in 2010. The oldest shareholder age group also increased their willingness to take at least above-average risk, from 13 percent in 2009 to 16 percent in 2010.

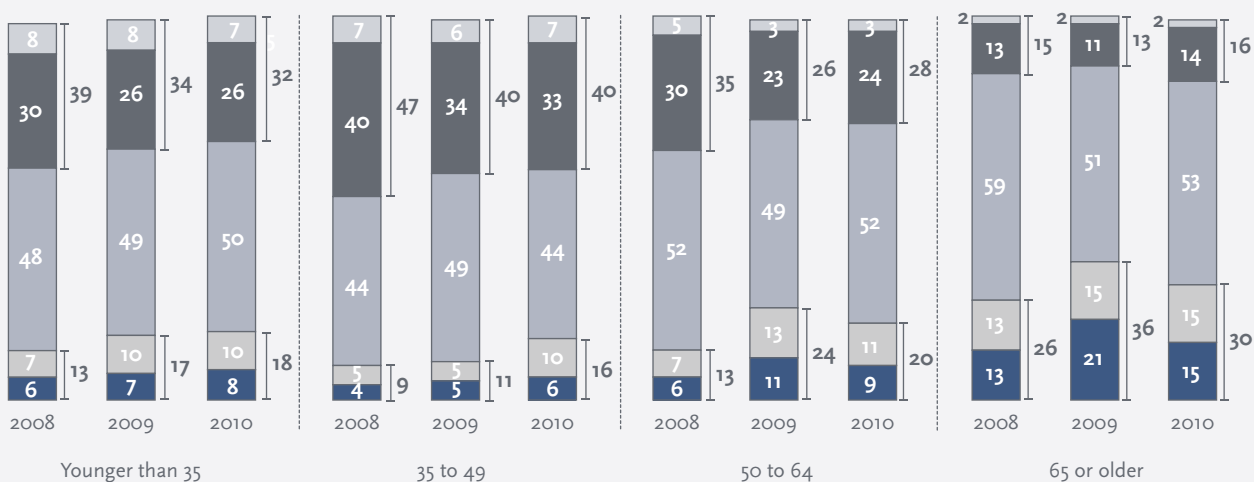
Shareholders who indicated they have a higher tolerance for risk when investing were more favorable towards the mutual fund industry than shareholders who indicated less tolerance for risk (Figure 16). For example, among shareholders who indicated they take little or no investment risk when investing, only 53 percent had favorable views of the mutual fund industry in 2010. This fraction increased to 73 percent for those shareholders who were willing to take at least above-average investment risk.

FIGURE 15

SHAREHOLDERS' WILLINGNESS TO TAKE INVESTMENT RISK VARIES WITH AGE

Percentage of U.S. households owning mutual funds within each age group;* May 2008, May 2009, and May 2010

- Substantial financial risk for substantial financial 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

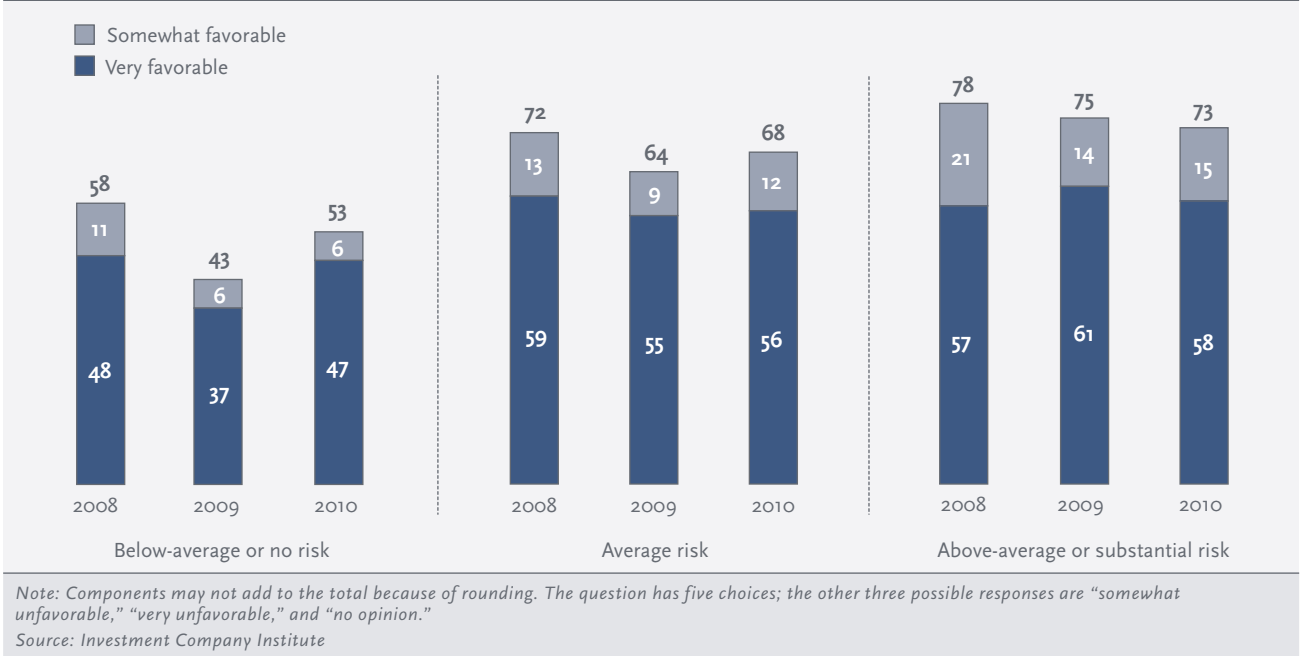


*Age is based on the age of the sole or co-decisionmaker for household saving and investing.
 Note: Components may not add to 100 percent or to the totals because of rounding.
 Source: Investment Company Institute

FIGURE 16

FAVORABILITY RISES WITH SHAREHOLDERS' RISK TOLERANCE

Percentage of mutual fund shareholders familiar with mutual fund companies by willingness to take risk; May 2008, May 2009, and May 2010



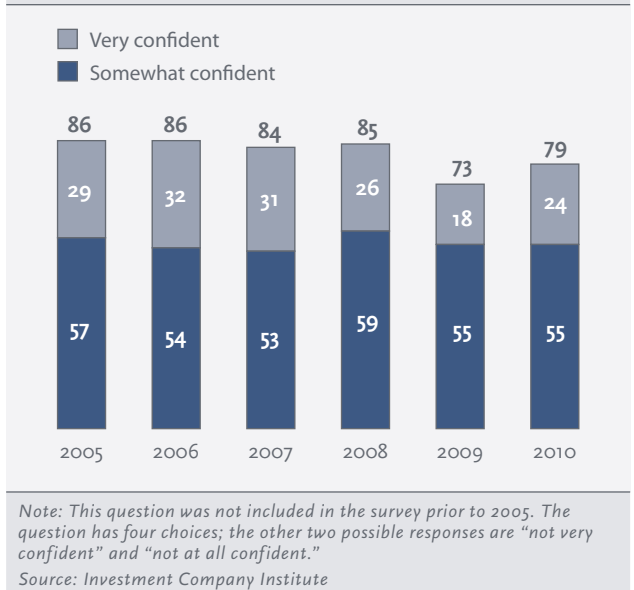
Fund Owners Remain Confident About Achieving Investment Goals

The results of ICI's Annual Mutual Fund Shareholder Tracking Survey show that investors were confident that mutual funds could help them reach their financial goals. In 2010, 79 percent of all fund shareholders said they were confident in mutual funds' ability to help them achieve their financial goals (Figure 17). Indeed, nearly one-quarter of fund investors were "very" confident that mutual funds could help them meet their financial goals.

FIGURE 17

SHAREHOLDERS' CONFIDENCE REBOUNDS IN 2010

Percentage of all mutual fund shareholders, by level of confidence that mutual funds can help them meet their investment goals, 2005-2010



SHAREHOLDER INTERACTION WITH ADVISERS

In 2010, about half of all mutual fund shareholders indicated they had ongoing relationships with financial advisers (Figure 18).¹³ In the year prior to the survey, nearly all shareholders with advisers had contact with their advisers. Seventy-eight percent of shareholders who reported using an adviser indicated that both they and their advisers initiated contact between June 2009 and May 2010. Another 12 percent reported contact initiated only by the shareholder, and 8 percent reported contact initiated only by their adviser. These levels of interaction were similar to those observed a year earlier (between June 2008 and June 2009).¹⁴

MUTUAL FUND OWNERS AND INTERNET ACCESS

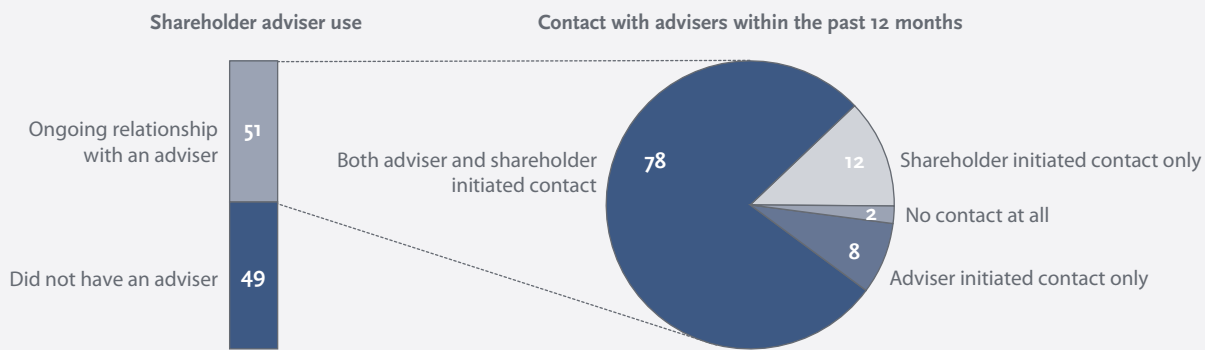
Nearly All Mutual Fund–Owning Households Have Access to the Internet

The number of mutual fund investors with Internet access has grown considerably this past decade. In 2010, nine in 10 households owning funds had Internet access, up from two-thirds in 2000, the first year in which ICI measured shareholders' access to the Internet (Figure 19). Altogether, 45.9 million fund-owning households, or an estimated 78 million individual mutual fund investors, had Internet access in 2010.

FIGURE 18

ABOUT HALF OF MUTUAL FUND SHAREHOLDERS USE AN ADVISER

Percentage of all mutual fund–owning households, May 2010

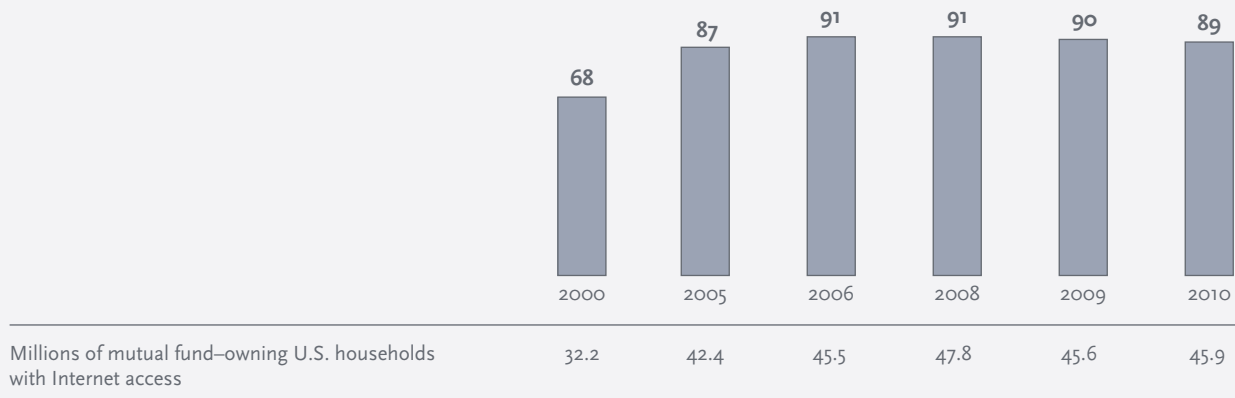


Source: Investment Company Institute

FIGURE 19

NINE OUT OF 10 HOUSEHOLDS OWNING MUTUAL FUNDS HAVE INTERNET ACCESS

Number and percentage of all mutual fund–owning households with Internet access,* selected years



*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.

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

Source: Investment Company Institute

Although younger households were more likely to report Internet access, 70 percent of mutual fund–owning households with a household head aged 65 or older had Internet access in 2010 (Figure 20). Internet

access among mutual fund–owning household heads younger than 35 was essentially universal, with 96 percent reporting Internet access.

FIGURE 20

INTERNET ACCESS NEARLY UNIVERSAL AMONG MUTUAL FUND–OWNING HOUSEHOLDS

Percentage of U.S. households owning mutual funds with Internet access, selected years

	Household had Internet access			
	in 2000 ¹	in 2005	in 2009	in 2010
Respondent age				
Younger than 35	83	95	95	96
35 to 49	75	91	97	95
50 to 64	60	90	92	91
65 or older	30	60	70	70
Respondent education				
High school graduate or less	39	75	78	77
Some college or associate's degree	68	87	92	90
College or postgraduate degree	81	94	96	96
Household income²				
Less than \$50,000	47	74	78	76
\$50,000 to \$99,999	77	90	91	90
\$100,000 to \$149,999	92	97	98	97
\$150,000 or more	94	96	98	97
Total	68	87	90	89

¹In 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.

²Total 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

Mutual Fund Shareholders Report Frequent Use of the Internet

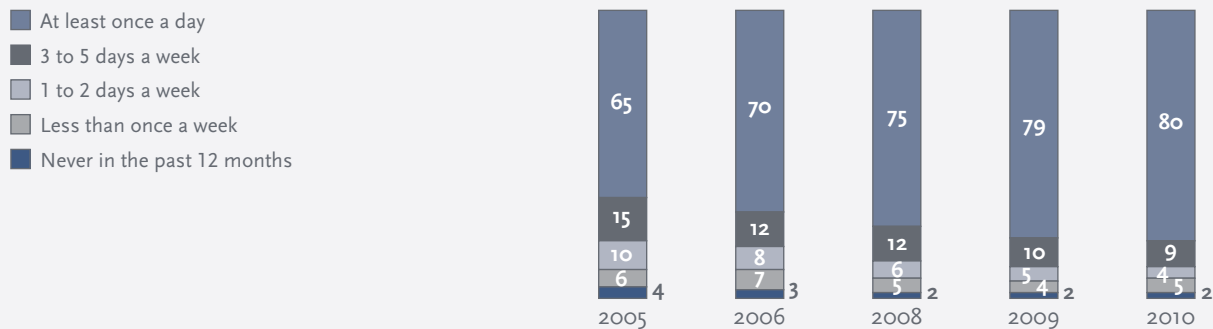
Shareholders' daily use of the Internet is increasing. Eighty percent of mutual fund–owning households with Internet access went online at least once a day, up from about two-thirds in 2005 (Figure 21).

Younger shareholders, shareholders with higher reported education levels, and shareholders with higher household incomes all reported higher daily usage of the Internet (Figure 22). Between 88 percent and 92 percent of these groups reported using the Internet at least once a day.

FIGURE 21

MUTUAL FUND SHAREHOLDERS' DAILY USE OF THE INTERNET REMAINS STEADY

Percentage of mutual fund–owning households with Internet access by frequency of Internet use;* selected years



*Internet use is based on the sole or co-decisionmaker for household saving and investing.
 Note: Internet access includes access to the Internet at home, work, or some other location.
 Source: Investment Company Institute

FIGURE 22

MUTUAL FUND OWNERS' DAILY USE OF THE INTERNET, 2010

Percentage of U.S. households owning mutual funds with Internet access, 2010

	Household had Internet access	Frequency of use			
		Never in the past 12 months or less than once a week	1 to 2 days a week	3 to 5 days a week	At least once a day
Respondent age					
Younger than 35	96	6	2	3	89
35 to 49	95	6	2	10	82
50 to 64	91	7	4	10	79
65 or older	70	16	7	11	66
Respondent education					
High school graduate or less	77	17	6	13	64
Some college or associate's degree	90	7	4	9	80
College or postgraduate degree	96	3	2	7	88
Household income*					
Less than \$50,000	76	15	5	9	71
\$50,000 to \$99,999	90	7	4	9	80
\$100,000 to \$149,999	97	6	3	10	81
\$150,000 or more	97	1	2	5	92
Total	89	7	4	9	80

*Total reported is household income before taxes in 2009.
 Note: Internet access includes access to the Internet at home, work, or some other location.
 Source: Investment Company Institute

Mutual Fund Shareholders Use the Internet for Financial Purposes

The Internet has become central to many mutual fund shareholders' management of their finances. About eight in 10 mutual fund-owning households with Internet access went online for financial purposes, such as to check their bank or investment accounts, obtain investment information, or buy or sell investments (Figure 23).¹⁵

In addition, mutual fund owners were much more likely than non-fund owners to engage in common online activities, such as accessing email, obtaining information about nonfinancial products and services, or purchasing products and services other than investments.

FIGURE 23

MOST MUTUAL FUND SHAREHOLDERS USE THE INTERNET FOR FINANCIAL PURPOSES

Percentage of U.S. households with Internet access by mutual fund ownership and online activities in past 12 months,^{1, 2} 2010

	Own mutual funds	Do not own mutual funds
Accessed email	91	85
Used Internet for a financial purpose (total)	82	62
Accessed any type of financial account, such as bank or investment accounts	79	57
Obtained investment information	58	23
Bought or sold investments online	21	9
Used Internet for a nonfinancial purpose (total)	91	78
Obtained information about products and services other than investments	83	68
Bought or sold something other than investments online	81	64

¹Online activities are based on the sole or co-decisionmaker for household saving and investing.

²For this survey, the past 12 months were June 2009 through May 2010.

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

Source: Investment Company Institute

Younger shareholders, shareholders with higher reported education levels, and shareholders with higher household incomes all reported the highest levels of Internet use for email and for financial and nonfinancial purposes (Figure 24). About nine in 10 members of these groups indicated using the Internet for these online tasks.

APPENDIX: ADDITIONAL DATA ON OWNERSHIP OF MUTUAL FUNDS, 2010

Figure A1 presents the data displayed in Figure 1 for all years, along with the total number of U.S. households. Figure A2 reports the average number of mutual fund owners per household.

FIGURE 24

SHAREHOLDERS' USE OF THE INTERNET BY AGE, EDUCATION, OR INCOME FOR 2010

Percentage of U.S. households with Internet access by mutual fund ownership and online activities in past 12 months,^{1, 2} 2010

	Accessed email	Used Internet for a financial purpose	Used Internet for a nonfinancial purpose
Respondent age			
Younger than 35	95	89	92
35 to 49	93	86	93
50 to 64	92	79	92
65 or older	83	73	82
Respondent education			
High school graduate or less	80	69	83
Some college or associate's degree	92	84	90
College or postgraduate degree	96	87	95
Household income³			
Less than \$50,000	85	69	83
\$50,000 to \$99,999	91	83	91
\$100,000 to \$149,999	92	87	94
\$150,000 or more	98	91	97
Total	91	82	91

¹Online activities are based on the sole or co-decisionmaker for household saving and investing.

²For this survey, the past 12 months were June 2009 through May 2010.

³Total reported is household income before taxes in 2009.

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

Source: Investment Company Institute

FIGURE A1

HOUSEHOLD OWNERSHIP OF MUTUAL FUNDSNumber and percentage of U.S. households owning mutual funds,^{1,2} 1980–2010

	Number of U.S. households owning mutual funds Millions	Share of U.S. households Percent	Memo: total number of U.S. households ³ Millions
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
2000	47.4	44.5	106.4
2001	51.7	47.8	108.2
2002	47.7	43.6	109.3
2003	47.2	42.4	111.3
2004	47.8	42.7	112.0
2005	48.7	43.0	113.3
2006	49.9	43.6	114.4
2007	50.6	43.6	116.0
2008	52.5	45.0	116.8
2009	50.4	43.0	117.2
2010	51.6	43.9	117.5

¹Households 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 2010 include households owning mutual funds only through employer-sponsored retirement plans. Incidence estimates for 1998 through 2010 include fund ownership through variable annuities. Incidence estimates for 2000 through 2010 include fund ownership through Roth IRAs, Education Savings Accounts, SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

²Prior to 1994, survey weights are based on census region and householder age. For 1994 and later, survey weights are based on census region, householder age, household income, and educational attainment.

³The number of households is as of March of the year indicated.

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, 1997–2010

	Mutual fund owners per household	Millions of individuals owning mutual funds
1997	1.747	61.6
1998	1.767	74.1
1999	1.732	75.2
2000	1.769	83.8
2001	1.777	91.9
2002	1.775	84.6
2003	1.723	81.3
2004	1.721	82.3
2005	1.707	83.2
2006	1.764	87.9
2007	1.744	88.2
2008	1.751	92.0
2009	1.729	87.1
2010	1.748	90.2

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

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 A3

INCIDENCE OF MUTUAL FUND OWNERSHIP GREATEST AMONG 35- TO 64-YEAR-OLDS
Percentage of U.S. households within each age group owning mutual funds, 1994–2010*

	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	42	24
1998	34	50	49	45	30
1999	36	51	52	42	28
2000	36	55	59	50	26
2001	43	57	58	48	32
2002	36	49	58	48	29
2003	36	48	54	47	29
2004	35	53	51	48	29
2005	36	50	52	51	29
2006	33	48	58	49	33
2007	34	48	51	53	34
2008	34	52	56	51	33
2009	33	49	54	48	33
2010	31	47	56	51	37

**Age is based on the sole or co-decisionmaker for household saving and investing.
 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,¹ 1994–2010

	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	24	15	15
1998	20	28	23	14	15
1999	21	28	24	13	14
2000	19	28	26	15	12
2001	21	27	25	13	14
2002	19	25	27	15	14
2003	19	25	26	16	14
2004	19	26	25	17	14
2005	19	24	25	18	14
2006	17	22	28	18	15
2007	18	22	24	20	16
2008	17	22	26	19	15
2009	17	21	27	19	16
2010	15	20	27	20	18

	Share of U.S. households ²				
	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	21
2005	23	21	21	15	20
2006	23	20	21	16	21
2007	22	20	21	17	20
2008	22	19	21	17	21
2009	22	19	21	17	21
2010	22	18	21	17	22

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

²The 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: Components may not add to 100 percent because of rounding.

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

FIGURE A5

MOST HOUSEHOLDS OWNING MUTUAL FUNDS HAVE MODERATE INCOMES*Percent distribution of U.S. households owning mutual funds and all U.S. households by income,¹ 1998–2010*

	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	6	12	25	20	26	4
1999	7	6	12	24	21	24	6
2000	5	6	11	24	21	26	6
2001	6	5	14	24	21	25	5
2002	4	6	13	23	20	28	6
2003	6	6	12	25	15	30	5
2004	6	7	10	24	18	30	6
2005	6	7	13	23	19	27	6
2006	8	6	12	23	17	29	6
2007	8	6	12	24	17	27	7
2008	5	5	12	21	19	30	8
2009	6	6	14	21	20	27	5
2010	6	6	13	20	19	29	7

	Share of U.S. households ²						
	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	26	12	15	18	13	14	2
1999	24	11	16	18	14	13	3
2000	23	11	14	19	13	14	4
2001	24	11	16	19	13	14	4
2002	24	11	16	17	14	15	3
2003	24	11	16	20	10	15	3
2004	25	14	13	20	11	16	3
2005	26	12	14	19	11	16	3
2006	25	12	15	19	11	16	3
2007	24	11	14	19	11	16	4
2008	25	10	14	18	12	17	4
2009	26	11	15	17	13	14	3
2010	25	11	14	18	12	16	4

¹Total reported is household income before taxes in prior year. Income is reported in 2009 CPI-U-RS adjusted dollars.²The 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: Components may not add to 100 percent because of rounding.

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 owning mutual funds, 1994–2010*

	Incidence 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 or more	Less than \$50,000	\$50,000 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	33	46	66	75	78	26	71
2001	14	31	51	70	82	80	27	76
2002	9	28	45	62	76	82	23	71
2003	12	27	38	57	76	82	22	69
2004	12	25	39	59	72	81	22	69
2005	10	28	46	56	73	77	23	67
2006	14	25	39	54	70	81	23	67
2007	13	25	37	57	66	74	23	66
2008	10	22	39	53	73	81	21	69
2009	10	20	39	50	68	77	20	65
2010	10	26	40	48	71	79	22	66

*Total reported is household income before taxes in prior year.

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

Figure A7 reports the number and percentage of U.S. households owning mutual funds through tax-deferred accounts. Figure A8 reports 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 A9 reports ownership of mutual funds through employer-sponsored retirement plans. Figure A10 shows the history for the data reported in Figure 12.

FIGURE A7
U.S. HOUSEHOLDS' OWNERSHIP OF MUTUAL FUNDS INSIDE AND OUTSIDE TAX-DEFERRED ACCOUNTS
Number and percentage of U.S. households owning mutual funds inside and outside tax-deferred accounts,¹ 1998–2010

	Number of U.S. households owning mutual funds <i>Millions</i>		Share of U.S. households <i>Percent</i>	
	Inside tax-deferred accounts ²	Outside tax-deferred accounts	Inside tax-deferred accounts ²	Outside tax-deferred accounts
1998	35.7	21.1	34.8%	20.6%
1999	37.5	22.0	36.1	21.2
2000	41.9	21.6	39.4	20.3
2001	44.9	25.9	41.5	23.9
2002	42.4	21.3	38.8	19.5
2003	42.2	19.9	37.9	17.9
2004	42.1	20.0	37.6	17.9
2005	43.3	19.9	38.2	17.6
2006	45.6	20.2	39.9	17.7
2007	45.4	22.0	39.1	19.0
2008	47.5	21.0	40.7	18.0
2009	45.3	18.7	38.7	16.0
2010	46.9	19.4	39.9	16.5

¹Multiple responses are included.
²Mutual funds held in employer-sponsored retirement plans, IRAs, and variable annuities are included.
Sources: Investment Company Institute and U.S. Census Bureau

FIGURE A8

MUTUAL FUND OWNERSHIP INSIDE AND OUTSIDE TAX-DEFERRED ACCOUNTS*Number and percentage of U.S. households, 1998–2010*

Number of U.S. households owning mutual funds				
<i>Millions</i>				
	Inside tax-deferred accounts only ¹	Both inside and outside tax-deferred accounts	Outside tax-deferred accounts only	Total ²
1998	20.9	14.8	6.3	41.9
1999	21.4	16.1	6.0	43.4
2000	25.8	16.2	5.5	47.4
2001	25.9	19.1	6.8	51.7
2002	26.4	16.0	5.3	47.7
2003	27.3	14.9	5.1	47.2
2004	27.7	14.4	5.6	47.8
2005	28.8	14.5	5.5	48.7
2006	29.7	15.9	4.3	49.9
2007	28.6	16.8	5.2	50.6
2008	31.6	15.9	5.1	52.5
2009	31.6	13.7	5.0	50.4
2010	32.2	14.7	4.7	51.6

Share of U.S. households				
<i>Percent</i>				
	Inside tax-deferred accounts only ¹	Both inside and outside tax-deferred accounts	Outside tax-deferred accounts only	Total ²
1998	20.4%	14.4%	6.1%	40.9%
1999	20.6	15.5	5.7	41.8
2000	24.2	15.2	5.1	44.5
2001	23.9	17.7	6.3	47.8
2002	24.1	14.7	4.9	43.6
2003	24.5	13.4	4.6	42.4
2004	24.7	12.9	5.0	42.7
2005	25.4	12.8	4.9	43.0
2006	26.0	13.9	3.7	43.6
2007	24.6	14.5	4.4	43.6
2008	27.0	13.6	4.3	45.0
2009	27.0	11.7	4.3	43.0
2010	27.4	12.5	4.0	43.9

¹ Mutual funds held in employer-sponsored retirement plans, IRAs, and variable annuities are included.² Components may not add to the total because of rounding.

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

FIGURE A9

OWNERSHIP OF MUTUAL FUNDS INSIDE AND OUTSIDE RETIREMENT PLANS*Number and percentage of U.S. households, 1998–2010*

	Number of U.S. households owning mutual funds <i>Millions</i>			Total ²
	Inside employer-sponsored retirement plans only ¹	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	14.5	17.3	15.7	47.4
2001	13.9	20.0	17.8	51.7
2002	13.3	19.0	15.4	47.7
2003	13.7	18.9	14.6	47.2
2004	13.4	19.6	14.8	47.8
2005	13.7	19.6	15.5	48.7
2006	13.5	21.8	14.6	49.9
2007	13.1	20.0	17.4	50.6
2008	14.4	21.5	16.7	52.5
2009	15.4	18.7	16.3	50.4
2010	14.6	20.3	16.7	51.6

	Share of U.S. households <i>Percent</i>			Total ²
	Inside employer-sponsored retirement plans only ¹	Both inside and outside employer-sponsored retirement plans	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	13.6	16.2	14.7	44.5
2001	12.9	18.5	16.4	47.8
2002	12.2	17.4	14.1	43.6
2003	12.3	17.0	13.2	42.4
2004	12.0	17.5	13.2	42.7
2005	12.1	17.3	13.7	43.0
2006	11.8	19.1	12.8	43.6
2007	11.3	17.3	15.0	43.6
2008	12.3	18.4	14.3	45.0
2009	13.1	16.0	13.9	43.0
2010	12.4	17.3	14.2	43.9

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

² Components may not add to the total because of rounding.

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

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,* 1998–2010

	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	44	44	35	22
1999	85	52	58	45	46	39	23
2000	71	50	63	43	45	46	21
2001	67	51	58	45	43	47	21
2002	70	51	58	39	45	45	23
2003	69	48	59	43	48	44	18
2004	70	50	57	40	48	46	22
2005	72	50	52	43	40	30	20
2006	73	52	54	43	41	32	19
2007	70	36	47	32	40	24	12
2008	71	40	45	36	36	22	12
2009	67	47	44	37	36	23	11
2010	67	43	45	36	38	20	11

*Multiple responses are included.

Source: Investment Company Institute

Figure A11 reports the willingness to take investment risk for all U.S. households. Figure 15 reports the willingness to take investment risk for U.S. households owning mutual funds.

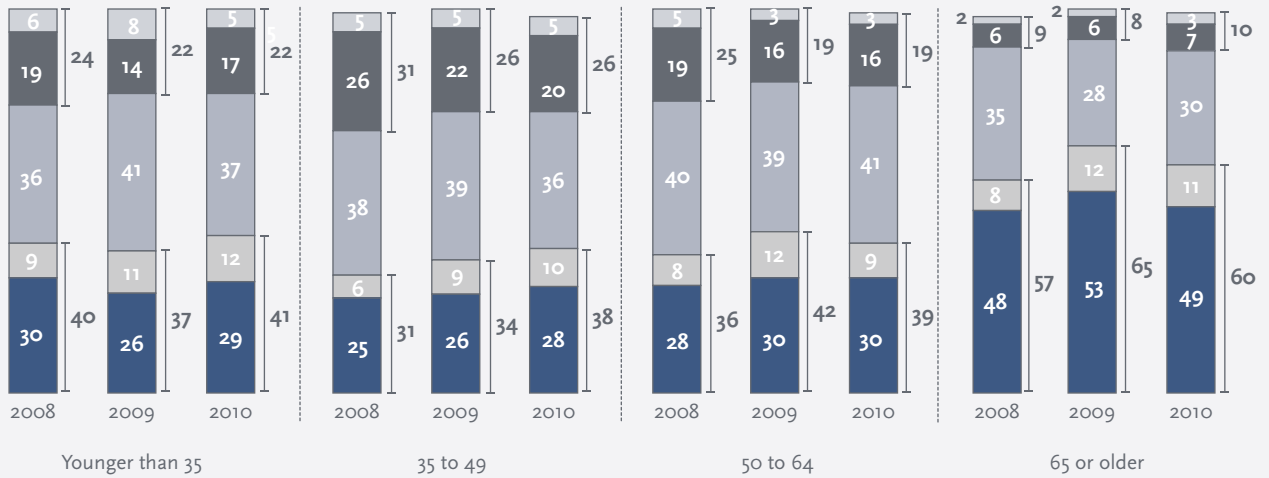
Figure 8 reports favorability ratings for the mutual fund industry among all mutual fund owners. Figure 10 reports the factors that shape shareholders' opinions of the mutual fund industry. Figure 17 reports shareholders' level of confidence that mutual funds can help them achieve their investment goals. Figures A12, A13, and A14 report the same data among respondents whose households own mutual funds inside their DC accounts.

FIGURE A11

HOUSEHOLDS' WILLINGNESS TO TAKE INVESTMENT RISK VARIES WITH AGE

Percentage of U.S. households within each age group;* May 2008, May 2009, and May 2010

- Substantial financial risk for substantial financial 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



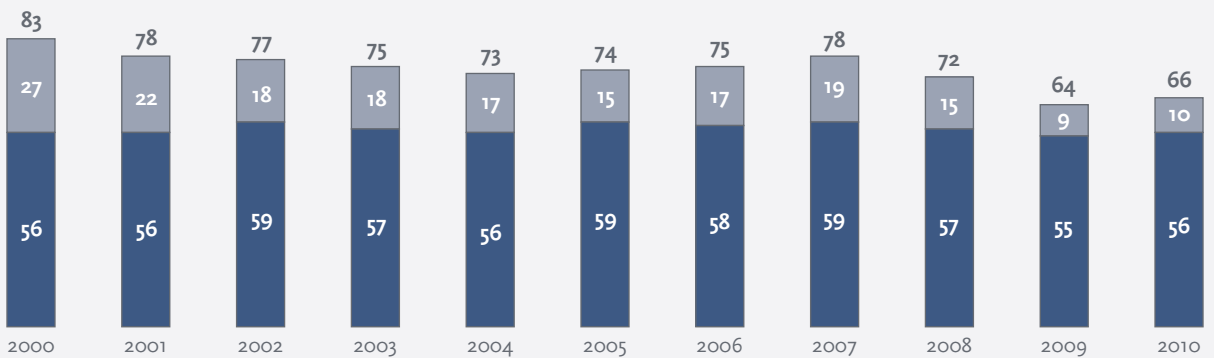
*Age is based on the age of the sole or co-decisionmaker for household saving and investing.
 Note: Components may not add to 100 percent or to the totals because of rounding.
 Source: Investment Company Institute

FIGURE A12

MOST DEFINED CONTRIBUTION SHAREHOLDERS VIEW FUND COMPANIES FAVORABLY

Percentage of respondents whose households have mutual funds in their DC accounts* and are familiar with mutual fund companies, 2000–2010

- Very favorable
- Somewhat favorable

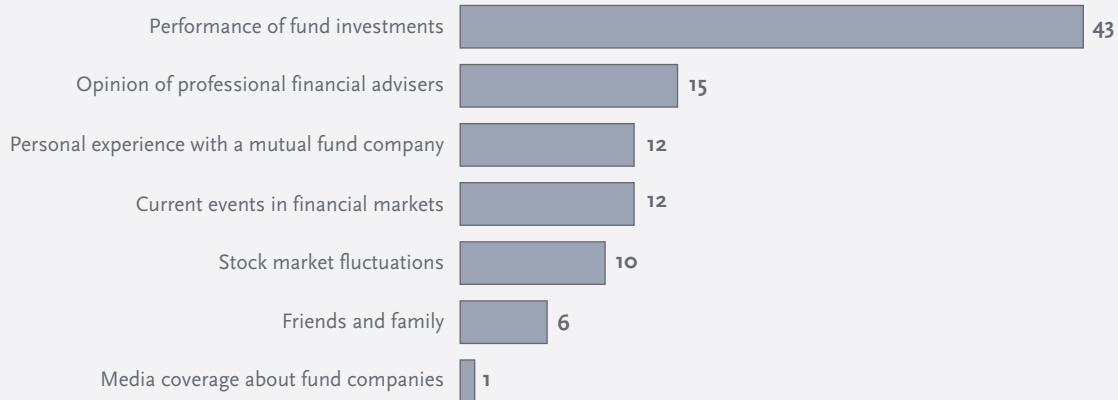


*DC accounts include 401(k), 403(b), 457, and other DC accounts.
 Note: Components may not add to the total because of rounding. The question has five choices; the other three possible responses are "somewhat unfavorable," "very unfavorable," and "no opinion."
 Source: Investment Company Institute

FIGURE A13

FUND PERFORMANCE IS THE MOST IMPORTANT FACTOR SHAPING DEFINED CONTRIBUTION MUTUAL FUND OWNERS' OPINIONS OF THE FUND INDUSTRY

Percentage of respondents whose households have mutual funds in their DC accounts* and are familiar with mutual fund companies who indicate each factor is "most" important, 2010

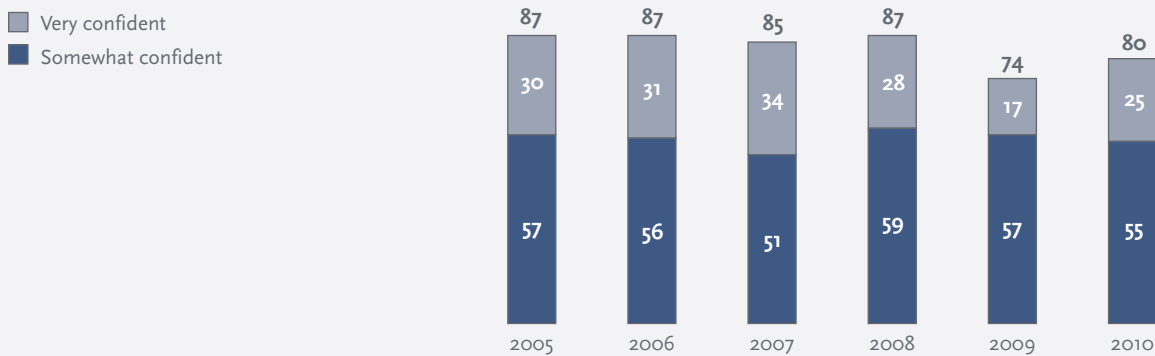


*DC accounts include 401(k), 403(b), 457, and other DC accounts.
Source: Investment Company Institute

FIGURE A14

DEFINED CONTRIBUTION PLAN SHAREHOLDERS ARE CONFIDENT THAT FUNDS CAN HELP THEM ACHIEVE THEIR INVESTMENT GOALS

Percentage of respondents whose households have mutual funds in their DC accounts* by level of confidence that mutual funds can help them meet their investment goals, 2005–2010



*DC accounts include 401(k), 403(b), 457, and other DC accounts.
Note: This question was not included in the survey prior to 2005. The question has four choices; the other two possible responses are "not very confident" and "not at all confident."
Source: Investment Company Institute

Figure A15 reports the financial goals that respondents whose households own mutual funds inside their DC accounts have for their mutual funds.

FIGURE A15

NEARLY ALL DEFINED CONTRIBUTION OWNERS WITH MUTUAL FUNDS IN THEIR DEFINED CONTRIBUTION ACCOUNTS ARE INVESTING IN MUTUAL FUNDS FOR RETIREMENT

Percentage of respondents whose households have mutual funds in their DC accounts,¹ 2010

	Households' financial goals for mutual fund investments ²	Households' primary financial goal for mutual fund investments
To finance retirement	96	81
To reduce taxable income	54	3
To provide money for an emergency	41	4
To pay for education	26	6
To provide yourself with income now	13	2
To buy a house or some other large purchase	13	2
Other	5	2

¹DC accounts include 401(k), 403(b), 457, and other DC accounts.
²Multiple responses are included.
Source: Investment Company Institute

NOTES

- ¹ Households' total financial assets were \$43.7 trillion as of June 2010. See U.S. Federal Reserve Board 2010.
- ² Ownership includes mutual funds held in variable annuities.
- ³ The survey data include number of mutual fund owners per household, which is applied to 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.
- ⁴ See Figure A3 in the appendix for the complete time series showing incidence of mutual fund ownership by age.
- ⁵ 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 Sigrist 2008. See Figure A4 in the appendix for the complete time series showing the age composition of mutual fund–owning households.
- ⁶ For additional information on the characteristics of mutual fund–owning households, see Sabelhaus, Bogdan and Schrass 2010 and Bogdan and Schrass 2011 (forthcoming).
- ⁷ See Figure A5 in the appendix for the complete time series showing the income composition of mutual fund–owning households.
- ⁸ For additional information on the characteristics of mutual fund–owning households, see Sabelhaus, Bogdan and Schrass 2010 and Bogdan and Schrass 2011 (forthcoming).
- ⁹ See Figure A6 in the appendix for the complete time series showing incidence of mutual fund ownership by income.
- ¹⁰ 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 Brady, Holden, and Short 2010.
- ¹¹ 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, 25 percent of the youngest age group had “no opinion” in 2010, compared with 12 percent of the oldest age group.
- ¹² See Figure A11 in the appendix for the risk tolerance of all U.S. households from 2008 to 2010.
- ¹³ For discussion of reasons mutual fund investors use professional financial advisers, see Leonard-Chambers and Bogdan 2007 and Schrass 2008.
- ¹⁴ See Investment Company Institute 2010.
- ¹⁵ Other ICI household survey research has found that a majority of shareholders use the Internet for financial purposes. According to a 2006 ICI survey, 85 percent of recent fund investors who went online used the Internet to obtain financial information during the 12 months preceding the survey, 26 percent used it to buy or sell investments, and 19 percent used it to contact a professional financial adviser (see Investment Company Institute 2006). In addition, a winter 2007 survey of more than 500 mutual fund shareholders gathered respondents' views of the Securities and Exchange Commission's proposed Summary Prospectus as well as information on their Internet use. Almost all (95 percent) respondents reported that they accessed the Internet, and about three-quarters reported doing so at least once a day. Rates of Internet access and use were lower for respondents aged 60 or older, but were still quite significant: 85 percent accessed the Internet, and more than half reported using the Internet daily (see Sabelhaus 2008).

REFERENCES

- Bogdan, Michael, and Daniel Schrass. 2011 (forthcoming). *Profile of Mutual Fund Shareholders, 2010*. Washington, DC: Investment Company Institute, 2011.
- Brady, Peter, Sarah Holden, and Erin Short. "The U.S. Retirement Market, First Quarter 2010." *Investment Company Institute Fundamentals* 19, no. 3–Q1 (August). Available at www.ici.org/pdf/fm-v19n3-q1.pdf.
- Brady, Peter, and Stephen Sigrist. 2008. "Who Gets Retirement Plans and Why." *Investment Company Institute Perspective* 14, no. 2 (September). Available at www.ici.org/pdf/per14-02.pdf.
- Browning, Martin, and Thomas F. Crossley. 2001. "The Life-Cycle Model of Consumption and Saving." *Journal of Economic Perspectives* 15, no. 3: 3–22 (Summer).
- Investment Company Institute. 2006. *Understanding Investor Preferences for Mutual Fund Information*. Washington, DC: Investment Company Institute. Available at www.ici.org/pdf/rpt_o6_inv_prefs_full.pdf.
- Investment Company Institute. 2010. *2010 Investment Company Fact Book: A Review of Trends and Activity in the Investment Company Industry*. Washington, DC: Investment Company Institute, 2010. Available at www.icifactbook.org.
- Leonard-Chambers, Victoria, and Michael Bogdan. 2007. "Why Do Mutual Fund Investors Use Professional Financial Advisers?" *Investment Company Institute Fundamentals* 16, no. 1 (April). Available at www.ici.org/pdf/fm-v16n1.pdf.
- Sabelhaus, John. 2008. *Investor Views on the U.S. Securities and Exchange Commission's Proposed Summary Prospectus*. Washington, DC: Investment Company Institute. Available at www.ici.org/pdf/ppr_o8_summary_prospectus.pdf.
- Sabelhaus, John, Michael Bogdan, and Daniel Schrass. "Characteristics of Mutual Fund Investors, 2010." *Investment Company Institute Fundamentals* 19, no. 7 (September). Available at www.ici.org/pdf/fm-v19n7.pdf.
- Schrass, Daniel. 2008. "Ownership of Mutual Funds Through Professional Financial Advisers, 2007." *Investment Company Institute Fundamentals* 17, no. 4 (September). Available at www.ici.org/pdf/fm-v17n4.pdf.
- U.S. Census Bureau. 2010. "Income, Poverty, and Health Insurance Coverage in the United States: 2009." Current Population Reports, P60-238 (September). Washington, DC: U.S. Government Printing Office. Available at www.census.gov/prod/2010pubs/p60-238.pdf.
- U.S. Federal Reserve Board. 2010. "Flow of Funds Accounts of the United States, Second Quarter 2010." Z.1 Release (September). Available at www.federalreserve.gov/releases/z1/.

The ICI Research Department maintains a comprehensive program of research and statistical data collections on investment companies and their shareholders. The Research staff collects and disseminates industry statistics, and conducts research studies relating to issues of public policy, economic and market developments, and shareholder demographics.

For a current list of ICI research and statistics, visit the Institute's website at www.ici.org/research. For more information on this issue of Fundamentals, contact ICI's Research Department at 202/326-5913.

Copyright © 2010 by the Investment Company Institute

The Investment Company Institute is the national association of U.S. investment companies, including mutual funds, closed-end funds, exchange-traded funds (ETFs), and unit investment trusts (UITs). ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers.