



PROFILE OF
Mutual Fund Shareholders



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Introduction

Mutual funds have grown to represent an important part of the U.S. financial system over the past two decades. Between mid-1987 and mid-2007, assets held in mutual funds have increased from just under \$818 billion to over \$11 trillion. The number of U.S. households that own mutual funds rose from 22.5 million to 50.6 million over the same period. As a result, at the end of 2007, more than two in five U.S. households own mutual funds, representing more than 88 million individual fund shareholders. Furthermore, mutual fund holdings represent a significant component of the savings and investments of many American households, with mutual fund assets now accounting for more than one-fifth of all U.S. households' financial assets.

The Investment Company Institute (ICI) conducts an annual survey to track U.S. households' ownership of mutual funds, and to gather information on their demographic and financial characteristics. The most recent survey, undertaken in May 2007, involved interviews with 1,733 randomly selected mutual fund-owning households. Eligible households included those owning mutual funds inside or outside employer-sponsored retirement plans. All interviews were conducted with the investment decisionmaker, the person most knowledgeable about the household's savings and investments.¹

This report presents the findings of the 2007 survey. As described in Chapter 1, the "typical" mutual fund-owning head of household:

- » Is middle-aged, employed, educated, married or living with a partner, and shares investment decisionmaking with his or her spouse or partner;
- » Is of moderate financial means, with \$74,000 in household income and \$175,000 in household financial assets;
- » Owns investments other than mutual funds, including individual stocks, and has over half of the household's financial assets (excluding the primary residence) invested in mutual funds;
- » Has \$100,000 invested in four mutual funds, including at least one equity fund;
- » Owns mutual funds inside an employer-sponsored retirement plan, such as a 401(k) plan, 403(b) plan, 457 plan, SEP IRA, SAR-SEP IRA, or SIMPLE IRA;
- » Also owns mutual funds outside employer-sponsored retirement plans, primarily through the sales force channel; and
- » Is confident that mutual funds can help him or her reach financial goals.

This portrayal of the typical fund owner by no means implies that all shareholders are identical or nearly so. Indeed, the remaining seven chapters of the report discuss variations in shareholder characteristics from several dimensions.

¹ See Appendix: Research Methodology for details on the survey's design, interviewing procedures, survey weights, and overall sampling error.

Chapters 2, 3, and 4 focus on the principal channels mutual fund-owning households use to purchase fund shares. With the growth of 401(k) plans since 1990, employer-sponsored retirement plans have become a common channel through which households own mutual funds. Sixty-six percent of mutual fund-owning households currently own funds through these plans. Seventy-four percent of mutual fund-owning households own mutual funds purchased outside employer-sponsored retirement plans. Among these households, 59 percent own mutual funds purchased from the sales force channel (which includes full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, and accountants), and 36 percent own fund shares purchased from the direct market channel (which consists of purchases made directly from fund companies and through discount brokers). In identifying their primary source for purchasing funds, 49 percent of mutual fund-owning households point to employer-sponsored retirement plans, 39 percent report the sales force channel, and 12 percent cite the direct market channel.

Chapter 5 presents mutual fund shareholders by generation. Ten percent are members of Generation Y (born after 1976). Twenty-four percent are members of Generation X (born between 1965 and 1976). The largest proportion of individuals heading mutual fund-owning households, 45 percent, are members of the Baby Boom Generation (born between 1946 and 1964). Twenty-one percent are members of the Silent Generation (born before 1946).²

Chapter 6 describes mutual fund shareholders by age. Twenty-seven percent of individuals heading households owning mutual funds are younger than 40 years old. The largest share of individuals heading mutual fund-owning households, 57 percent, is between the ages of 40 and 64. The remaining 16 percent of individuals heading mutual fund-owning households are 65 or older.

Chapter 7 describes mutual fund shareholders by their level of household income. Twenty-six percent of shareholder households have incomes below \$50,000, 41 percent have incomes between \$50,000 and \$99,999, 19 percent have incomes between \$100,000 and \$149,999, and 14 percent have incomes of \$150,000 or more.

Chapter 8 examines shareholders by their level of household financial assets. Twenty percent of shareholder households have financial assets of less than \$50,000, 15 percent have assets between \$50,000 and \$99,999, 21 percent have assets between \$100,000 and \$249,999, and 44 percent have assets of \$250,000 or more.

Taken together, these chapters present an overview of the millions of Americans who invest in mutual funds, 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.

² In previous reports, the GI Generation, which includes individuals born between 1904 and 1924, was reported as a separate generation category. In this report, the GI Generation is grouped together with the Silent Generation. One percent of individuals heading mutual fund-owning households are members of the GI Generation in 2007.

The Mutual Fund Shareholder

Demographic Characteristics

According to a survey conducted by the Investment Company Institute in 2007, more than 50 million U.S. households, or about 44 percent, own mutual funds (Figure 1.1). The median age of individuals heading households owning mutual funds is 49 (Figure 1.2).³ Forty-six percent of these individuals have college or postgraduate degrees. Three-quarters of U.S. households that own mutual funds consist of couples that are married or living with a partner. Investment decisionmaking is a shared responsibility in 61 percent of mutual fund-owning households.

Employment Status and Household Income

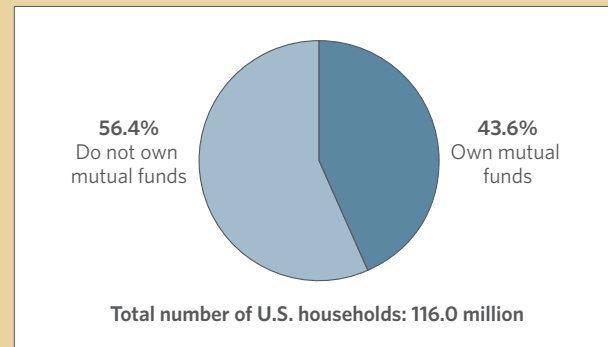
Seventy-three percent of individuals heading households that own mutual funds are employed full- or part-time (Figure 1.3). Among these household heads that are employed, 7 percent indicate they are retired from their lifetime occupation. Twenty-seven percent of individuals heading households that own mutual funds are not employed, but three-quarters of these household heads are retired. All told, 25 percent of individuals heading households that own mutual funds are retired from their lifetime occupations.

Mutual fund-owning households have a median income of \$74,000 (Figure 1.3). Twenty-six percent have household incomes of less than \$50,000, 24 percent have household incomes between \$50,000 and \$74,999, and half have incomes of \$75,000 or more.

FIGURE 1.1

50.6 MILLION U.S. HOUSEHOLDS OWN MUTUAL FUNDS

PERCENT OF ALL U.S. HOUSEHOLDS, 2007



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

Financial Characteristics

Households that own mutual funds have median household financial assets of \$175,000 (Figure 1.4). Mutual fund-owning households typically have other types of savings and investments as well. Thirty-eight percent own certificates of deposit, 46 percent own individual stocks, and 17 percent own individual bonds (excluding U.S. Savings Bonds). In addition, 28 percent hold investment real estate and 31 percent hold fixed or variable annuities.

³ Throughout this report, “head of household” refers to the sole or co-decisionmaker for household saving and investing.

A significant number of mutual fund-owning households make use of tax-advantaged savings vehicles. Seventy-nine percent have assets in employer-sponsored retirement plans, usually 401(k) plans, and 68 percent own Individual Retirement Accounts (IRAs; Figure 1.4).⁴ Eighteen percent of U.S. households owning mutual funds have education-targeted savings program accounts: 14 percent have Coverdell Education Savings Accounts (ESAs) and 9 percent have 529 plan accounts.

Mutual Fund Ownership Characteristics

Among households that own mutual funds, the median mutual fund holdings are \$100,000 (Figure 1.5). The largest percentage of mutual fund-owning households, 80 percent, own equity funds. Forty-five percent own hybrid funds, 45 percent own bond funds, and 65 percent own money market funds.⁵ Mutual fund holdings represent more than half of household financial assets for 64 percent of households that own mutual funds. Sixty-three percent of households owning mutual funds did not conduct mutual fund transactions in the previous 12 months.⁶

The vast majority of mutual fund-owning households have invested in mutual funds for many years (Figure 1.5). Thirty-nine percent bought their first mutual fund before 1990; 17 percent purchased their first fund between 1990 and 1994; and 24 percent bought their first fund between 1995 and 1999. Twenty percent bought their first fund in 2000 or later.

Mutual fund-owning households own many funds and acquire them through multiple purchase channels (Figure 1.6). Shareholder households own a median of four mutual funds. Forty-five percent own three or fewer funds and 55 percent own four or more. Among households that own funds outside employer-sponsored retirement plans, 36 percent own funds purchased from one source, 34 percent own funds purchased from two sources, and 30 percent own funds purchased from three or more sources.

Twenty-six percent of mutual fund-owning households hold mutual funds solely inside employer-sponsored retirement plans, which include defined contribution plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs); 34 percent own funds solely outside these plans; and 40 percent have funds both inside and outside employer-sponsored retirement plans (Figure 1.7). Altogether, 66 percent of mutual fund-owning households own funds through employer-sponsored retirement plans and 74 percent own funds outside these plans, purchased either through sales force or direct market channels. Fifty-nine percent of mutual fund-owning households own funds through the sales force channel, which includes full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, and accountants. Thirty-six percent own funds through the direct market channel, which includes fund companies and discount brokers.

Forty-nine percent of all U.S. households that own mutual funds consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds, 39 percent consider the sales force channel to be their primary source, and 12 percent consider the direct market channel to be their primary source (Figure 1.7). Nearly three out of every five mutual fund-owning households bought their first fund through an employer-sponsored retirement plan.

Goals and Mutual Fund Investing

The vast majority of shareholders are using mutual funds to save for retirement (Figure 1.8). Ninety-one percent of mutual fund-owning households indicate that saving for retirement is one of their household's financial goals, and 73 percent indicate that retirement saving is their primary financial goal. Sixty-six percent of households owning mutual funds hold funds in employer-sponsored retirement plans, and 56 percent own funds inside IRAs. Over 80 percent are confident that mutual funds can help them meet their household's financial goals.

⁴ IRAs include traditional IRAs and Roth IRAs, as well as employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

⁵ Hybrid funds invest in a mix of equities and fixed-income securities. The bulk of lifecycle and lifestyle funds is counted in this category.

⁶ Throughout this report, mutual fund transactions include those conducted inside and outside employer-sponsored retirement plans. Mutual fund transactions exclude automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 1.2**MUTUAL FUND SHAREHOLDER HEAD OF HOUSEHOLD CHARACTERISTICS**

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2007

Age of Household Sole or Co-Decisionmaker for Saving and Investing	
Younger than 35	18
35 to 44	22
45 to 54	24
55 to 64	20
65 or older	16
Median	49 years
Mean	49 years
Educational Level	
High school or less	25
Some college or associate's degree	29
Completed four years of college	21
Some graduate school	5
Completed graduate school	20
Marital Status	
Married or living with a partner	75
Single	10
Divorced or separated	9
Widowed	6
Household Investment Decisionmaker	
Male is sole decisionmaker	19
Female is sole decisionmaker	20
Co-decisionmakers	61
Ethnic Background¹	
Caucasian	88
African-American	7
Hispanic	5
Asian	2
Other	4

¹Multiple responses are included.

FIGURE 1.3

EMPLOYMENT STATUS AND INCOME OF HOUSEHOLDS OWNING MUTUAL FUNDS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2007

Employment Status¹	
Employed full-time	62
Not retired	60
Retired from lifetime occupation	2
Employed part-time	11
Not retired	8
Retired from lifetime occupation	3
Not employed	27
Not retired	7
Retired from lifetime occupation	20
Total Household Income²	
Less than \$25,000	8
\$25,000 to \$34,999	6
\$35,000 to \$49,999	12
\$50,000 to \$74,999	24
\$75,000 to \$99,999	17
\$100,000 to \$149,999	19
\$150,000 to \$249,999	10
\$250,000 or more	4
Median	\$74,000
Mean	\$92,900

¹Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).

²Total reported is household income before taxes in 2006.

FIGURE 1.4

MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2007

Total Household Financial Assets¹	
Less than \$25,000	12
\$25,000 to \$49,999	7
\$50,000 to \$74,999	9
\$75,000 to \$99,999	6
\$100,000 to \$249,999	21
\$250,000 to \$499,999	19
\$500,000 to \$999,999	14
\$1 million or more	12
Median	\$175,000
Mean	\$453,700
Household Ownership of Non-Mutual Fund Investments²	
Certificates of deposit	38
Individual stocks, individual bonds, or annuities (total)	63
Individual stocks	46
Individual bonds (excluding U.S. Savings Bonds)	17
Fixed or variable annuities	31
Investment real estate	28
Closed-end funds	4
Exchange-traded funds	4
Household Ownership of Employer-Sponsored Retirement Plan Accounts²	
Household owns employer-sponsored retirement plan accounts (total)	79
Defined contribution retirement plan accounts (total)	76
401(k) plan account	62
403(b), state, local, or federal government plan account	32
Employer-sponsored IRA ³	15
Household Ownership of IRAs²	
Household owns IRAs (total)	68
Traditional IRA or Roth IRA	64
Employer-sponsored IRA ³	15
Household Ownership of Education-Targeted Savings Accounts²	
Household owns education-targeted savings program accounts (total)	18
Coverdell education savings account	14
529 prepaid tuition or college savings plan accounts (total)	9
529 savings plan	8
529 prepaid tuition plan	2

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Multiple responses are included.

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 1.5

MUTUAL FUND INVESTING AMONG HOUSEHOLDS OWNING MUTUAL FUNDS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2007

Total Household Mutual Fund Assets	
Less than \$5,000	6
\$5,000 to \$9,999	5
\$10,000 to \$19,999	7
\$20,000 to \$29,999	5
\$30,000 to \$49,999	8
\$50,000 to \$74,999	10
\$75,000 to \$99,999	7
\$100,000 to \$249,999	25
\$250,000 or more	27
Median	\$100,000
Mean	\$234,200
Percent Allocation of Household Financial Assets to Mutual Funds	
25% or less	18
Between 26% and 50%	18
Between 51% and 75%	22
More than 75%	42
Types of Mutual Funds Owned¹	
Equity funds	80
Hybrid funds	45
Bond funds	45
Money market funds	65
Other fund type specified	7
Mutual Fund Transaction Activity in the Previous 12 Months²	
Conducted mutual fund transactions	37
Year of Initial Mutual Fund Purchase	
Before 1990	39
Between 1990 and 1994	17
Between 1995 and 1999	24
2000 or later	20
Median	1992
Mean	1990

¹Multiple responses are included.

²Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, automatic payroll contributions to employer-sponsored retirement plans; and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 1.6

HOUSEHOLDS OWN MANY FUNDS THROUGH MULTIPLE PURCHASE CHANNELS

Total Number of Mutual Funds Owned

Percent of U.S. households owning mutual funds, 2007

One	17
Two	16
Three	12
Four	10
Five to six	16
Seven to ten	15
Eleven or more	14
Median	4 funds
Mean	7 funds

Number of Mutual Fund Purchase Channels Used Outside Employer-Sponsored Retirement Plans¹

Percent of U.S. households owning mutual funds outside employer-sponsored retirement plans, 2007

One	36
Two	34
Three	19
Four or more	11
Median	2 sources
Mean	2 sources

¹Purchase channels outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.

FIGURE 1.7

CHANNELS USED TO PURCHASE MUTUAL FUNDS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2007

Source of Mutual Fund Ownership	
Only inside employer-sponsored retirement plans	26
Only outside employer-sponsored retirement plans	34
Both inside and outside employer-sponsored retirement plans	40
Purchase Channels Through Which Funds Are Currently Owned¹	
Inside employer-sponsored retirement plans (total)	66
Inside defined contribution retirement plans (total)	61
401(k) plan	50
403(b), state, local, or federal government plan	19
Inside employer-sponsored IRA ²	11
Outside employer-sponsored retirement plans (total)	74
Sales force (total)	59
Full-service broker	32
Independent financial planner	29
Bank or savings institution representative	19
Insurance agent	11
Accountant	8
Direct market (total)	36
Fund company directly	24
Discount broker	20
Primary Mutual Fund Purchase Channel	
Inside employer-sponsored retirement plans	49
Outside employer-sponsored retirement plans	51
Sales force	39
Full-service broker	14
Independent financial planner	12
Bank or savings institution representative	9
Insurance agent	3
Accountant	1
Direct market	12
Fund company directly	7
Discount broker	5
Source of First Mutual Fund Purchase	
Inside employer-sponsored retirement plans	57
Outside employer-sponsored retirement plans	43

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 1.8

FINANCIAL GOALS OF HOUSEHOLDS OWNING MUTUAL FUNDS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2007

Financial Goals for Mutual Fund Investments¹	
Retirement	91
Reduce taxable income	52
Emergency	45
Education	26
Current income	23
House or other large purchase	12
Other	6
Primary Financial Goal for Mutual Fund Investments	
Retirement	73
Reduce taxable income	5
Emergency	6
Education	6
Current income	6
House or other large purchase	2
Other	2
Level of Confidence that Mutual Funds Can Help Meet Household Financial Goals	
Very confident	31
Somewhat confident	53
Not very confident	10
Not at all confident	6
Ownership of Mutual Funds in Employer-Sponsored Retirement Plans¹	
Inside employer-sponsored retirement plans (total)	66
Inside defined contribution retirement plans (total)	61
401(k) plan	50
403(b), state, local, or federal government plan	19
Inside employer-sponsored IRA ²	11
Ownership of Mutual Funds in IRAs¹	
Have IRA invested in mutual funds (total)	56
Traditional IRA or Roth IRA	52
Employer-sponsored IRA ²	11

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

Mutual Fund Shareholders by Ownership Inside and Outside Employer-Sponsored Retirement Plans

In 2007, 66 percent of mutual fund-owning households in the United States hold mutual funds inside employer-sponsored retirement plan accounts (Figure 2.1), which include defined contribution plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). Seventy-four percent of mutual fund-owning households own mutual funds outside employer-sponsored retirement plan accounts, purchased through either the sales force or the direct market channels. Forty percent of mutual fund-owning households own funds both inside and outside employer-sponsored retirement plans.

Household Mutual Fund Ownership Inside Employer-Sponsored Retirement Plans

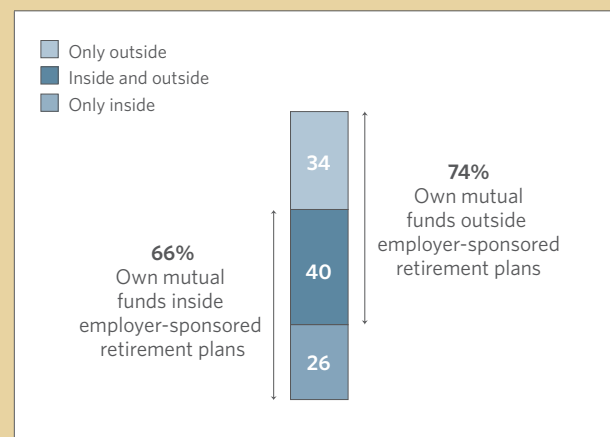
Among households that own mutual funds inside employer-sponsored retirement plans, the median age of the household head is 47 (Figure 2.2). Forty-nine percent of these individuals have college or postgraduate degrees, and 80 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 64 percent of these households.

Eighty-two percent of individuals heading households that own mutual funds inside employer-sponsored retirement plans are employed full- or part-time, and 17 percent are retired from their lifetime occupation (Figure 2.3). The median household income among households in this group is \$79,700. Twenty-one percent of households that own mutual funds inside employer-sponsored retirement plans have household incomes of less than \$50,000, 23 percent have household incomes between \$50,000 and \$74,999, and 56 percent have incomes of \$75,000 or more.

FIGURE 2.1

MUTUAL FUND SHAREHOLDERS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2007



Among households that own mutual funds inside employer-sponsored retirement plans, median household financial assets are \$175,000 (Figure 2.4). These households have a variety of savings and investments: 35 percent of mutual fund-owning households in this group own certificates of deposit, 47 percent own individual stocks, and 15 percent own individual bonds.

Households that hold mutual funds inside employer-sponsored retirement plans have median mutual fund holdings of \$100,000 (Figure 2.5). Eighty-five percent of mutual fund-owning households in this group own equity funds, half own hybrid funds, half own bond funds, and 66 percent own money market funds. Sixty-seven percent of these households have more than half of their household financial assets in mutual funds. Thirty-nine percent purchased their first fund before 1990; 43 percent bought their first fund in 1995 or later.

The median number of mutual funds owned by households that hold funds inside employer-sponsored retirement plans is four (Figure 2.6). Forty-one percent own three or fewer funds; 59 percent own four or more. Among mutual fund-owning households in this group that also own funds outside employer-sponsored retirement plans, 62 percent own funds purchased through multiple channels.

The vast majority (93 percent) of U.S. households that own funds inside employer-sponsored retirement plans owns funds in defined contribution plans, predominately in 401(k) plans (Figure 2.7). Seventeen percent own funds through employer-sponsored IRAs. Seventy-two percent consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-nine percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-four percent of households that own mutual funds inside employer-sponsored retirement plans indicate that saving for retirement is one of their household's financial goals, and 78 percent list saving for retirement as their household's primary financial goal (Figure 2.8). Fifty-two percent own mutual funds inside IRAs. Eighty-five percent of mutual fund-owning households in this group are confident that mutual funds can help them meet their household's financial goals.

Household Mutual Fund Ownership Outside Employer-Sponsored Retirement Plans

Among households that own mutual funds outside employer-sponsored retirement plans, the median age of the household head is 50 (Figure 2.2). Fifty-one percent of these individuals hold college or postgraduate degrees, and 74 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in three-fifths of these households.

Seventy percent of individuals heading households that own mutual funds outside employer-sponsored retirement plans are employed full- or part-time (Figure 2.3). Twenty-nine percent are retired from their lifetime occupation. The median household income for mutual fund-owning households in this group is \$77,000. One-quarter have household incomes of less than \$50,000, 22 percent have household incomes between \$50,000 and \$74,999, and 53 percent have incomes of \$75,000 or more.

Among households that own mutual funds outside employer-sponsored retirement plans, median household financial assets are \$250,000 (Figure 2.4). These households have a variety of savings and investments. Forty-two percent of mutual fund-owning households in this group own certificates of deposit, 51 percent own individual stocks, and 19 percent own individual bonds. Thirty-two percent own investment real estate.

Households that hold mutual funds outside employer-sponsored retirement plans have median mutual fund holdings of \$125,000 (Figure 2.5). Eighty-three percent of mutual fund-owning households in this group own equity funds, 48 percent own hybrid funds, 48 percent own bond funds, and 69 percent own money market funds. Sixty-three percent have more than half of their household financial assets in mutual funds. Forty-four percent purchased their first fund before 1990, and 38 percent bought their first fund in 1995 or later.

The median number of mutual funds owned by households that hold mutual funds outside employer-sponsored retirement plans is five (Figure 2.6). Thirty-eight percent of these households own three or fewer funds; 62 percent own four or more. Sixty-four percent own funds purchased from multiple sources outside employer-sponsored retirement plans.

Fifty-three percent of households that hold mutual funds outside employer-sponsored retirement plans also own funds inside employer-sponsored retirement plans (Figure 2.7). Seventy-nine percent own sales force-distributed funds and 49 percent own direct-marketed funds. Fifty-four percent consider the sales force channel to be their primary source for purchasing mutual funds. Fifty-three percent purchased their first mutual fund outside an employer-sponsored retirement plan.

Ninety-one percent of households that own mutual funds outside employer-sponsored retirement plans indicate that saving for retirement is one of their household's financial goals, and 72 percent list saving for retirement as their household's primary financial goal (Figure 2.8). In addition, 47 percent say saving for an emergency is a household financial goal. Fifty-three percent hold funds in employer-sponsored retirement plans; 72 percent own funds inside IRAs. Among households that only own funds outside employer-sponsored retirement plans, 65 percent own mutual funds in traditional or Roth IRAs. Eighty-five percent of households that own mutual funds outside employer-sponsored retirement plans are confident that mutual funds can help them meet their household's financial goals.

FIGURE 2.2

HEAD OF HOUSEHOLD CHARACTERISTICS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Households Owning Funds Inside Employer-Sponsored Retirement Plans		Households Owning Funds Outside Employer-Sponsored Retirement Plans		Households Owning Funds Inside and Outside Employer-Sponsored Retirement Plans
	Total	Only Own Funds Inside Employer-Sponsored Retirement Plans	Total	Only Own Funds Outside Employer-Sponsored Retirement Plans	
Age of Household Sole or Co-Decisionmaker for Saving and Investing					
Younger than 35	19	26	15	14	15
35 to 44	25	26	20	16	24
45 to 54	28	27	23	18	28
55 to 64	18	14	23	24	22
65 or older	10	7	19	28	11
Median	47 years	43 years	50 years	55 years	49 years
Mean	47 years	44 years	51 years	54 years	48 years
Educational Level					
High school or less	23	31	22	27	18
Some college or associate's degree	28	34	27	31	24
Completed four years of college	21	15	23	21	25
Some graduate school	6	4	6	5	6
Completed graduate school	22	16	22	16	27
Marital Status					
Married or living with a partner	80	76	74	65	82
Single	9	9	10	12	10
Divorced or separated	9	13	8	9	6
Widowed	2	2	8	14	2
Household Investment Decisionmaker					
Male is sole decisionmaker	18	15	20	20	21
Female is sole decisionmaker	18	20	20	25	16
Co-decisionmakers	64	65	60	55	63
Ethnic Background¹					
Caucasian	86	85	89	92	87
African-American	8	10	6	5	7
Hispanic	5	6	5	5	5
Asian	2	1	2	1	3
Other	4	5	4	3	4

¹Multiple responses are included.

FIGURE 2.3

EMPLOYMENT STATUS AND INCOME BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Households Owning Funds Inside Employer-Sponsored Retirement Plans		Households Owning Funds Outside Employer-Sponsored Retirement Plans		Households Owning Funds Inside and Outside Employer-Sponsored Retirement Plans
	Total	Only Own Funds Inside Employer-Sponsored Retirement Plans	Total	Only Own Funds Outside Employer-Sponsored Retirement Plans	
Employment Status¹					
Employed full-time	71	73	59	46	70
Not retired	69	72	56	43	67
Retired from lifetime occupation	2	1	3	3	3
Employed part-time	11	9	11	11	11
Not retired	8	7	8	7	9
Retired from lifetime occupation	3	2	3	4	2
Not employed	18	18	30	43	19
Not retired	6	9	7	10	4
Retired from lifetime occupation	12	9	23	33	15
Total Household Income²					
Less than \$25,000	6	9	7	11	4
\$25,000 to \$34,999	4	8	6	10	2
\$35,000 to \$49,999	11	15	12	15	9
\$50,000 to \$74,999	23	28	22	24	20
\$75,000 to \$99,999	19	19	16	14	19
\$100,000 to \$149,999	22	15	20	13	26
\$150,000 to \$249,999	11	5	12	9	14
\$250,000 or more	4	1	5	4	6
Median	\$79,700	\$62,500	\$77,000	\$60,000	\$90,000
Mean	\$97,900	\$73,700	\$99,600	\$83,300	\$113,800

¹Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).

²Total reported is household income before taxes in 2006.

FIGURE 2.4

MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Households Owning Funds Inside Employer-Sponsored Retirement Plans		Households Owning Funds Outside Employer-Sponsored Retirement Plans		Households Owning Funds Inside and Outside Employer-Sponsored Retirement Plans
	Total	Only Own Funds Inside Employer-Sponsored Retirement Plans	Total	Only Own Funds Outside Employer-Sponsored Retirement Plans	
Total Household Financial Assets¹					
Less than \$25,000	13	22	9	12	7
\$25,000 to \$49,999	8	13	5	6	5
\$50,000 to \$74,999	9	13	8	10	6
\$75,000 to \$99,999	6	8	5	5	5
\$100,000 to \$249,999	22	23	20	19	21
\$250,000 to \$499,999	19	13	21	18	23
\$500,000 to \$999,999	13	4	18	16	19
\$1 million or more	10	4	14	14	14
Median	\$175,000	\$79,000	\$250,000	\$200,000	\$300,000
Mean	\$419,800	\$185,900	\$546,400	\$522,200	\$565,900
Household Ownership of Non-Mutual Fund Investments²					
Certificates of deposit	35	26	42	43	42
Individual stocks, individual bonds, or annuities (total)	63	46	70	64	74
Individual stocks	47	30	51	43	58
Individual bonds (excluding U.S. Savings Bonds)	15	10	19	19	18
Fixed or variable annuities	30	19	35	34	36
Investment real estate	26	15	32	31	34
Closed-end funds	3	1	4	5	4
Exchange-traded funds	4	1	4	2	6
Household Ownership of Employer-Sponsored Retirement Plan Accounts²					
Household owns employer-sponsored retirement plan accounts (total)	100	100	72	40	100
Defined contribution retirement plan accounts (total)	96	97	68	37	95
401(k) plan account	81	84	53	25	79
403(b), state, local, or federal government plan account	40	35	31	18	44
Employer-sponsored IRA ³	20	15	15	6	23
Household Ownership of IRAs²					
Household owns IRAs (total)	64	33	80	76	84
Traditional IRA or Roth IRA	58	22	79	75	82
Employer-sponsored IRA ³	20	15	15	6	23

FIGURE 2.4 CONTINUED

	Households Owning Funds Inside Employer-Sponsored Retirement Plans		Households Owning Funds Outside Employer-Sponsored Retirement Plans		Households Owning Funds Inside and Outside Employer-Sponsored Retirement Plans
	Total	Only Own Funds Inside Employer-Sponsored Retirement Plans	Total	Only Own Funds Outside Employer-Sponsored Retirement Plans	
Household Ownership of Education-Targeted Savings Accounts²					
Household owns education-targeted savings program accounts (total)	20	8	21	13	28
Coverdell education savings account	15	5	17	11	21
529 prepaid tuition or college savings plan accounts (total)	11	4	11	5	15
529 savings plan	10	4	10	5	14
529 prepaid tuition plan	2	1	2	1	3

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Multiple responses are included.

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 2.5

MUTUAL FUND INVESTING BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Households Owning Funds Inside Employer-Sponsored Retirement Plans		Households Owning Funds Outside Employer-Sponsored Retirement Plans		Households Owning Funds Inside and Outside Employer-Sponsored Retirement Plans
	Total	Only Own Funds Inside Employer-Sponsored Retirement Plans	Total	Only Own Funds Outside Employer-Sponsored Retirement Plans	
Total Household Mutual Fund Assets					
Less than \$5,000	6	9	5	6	5
\$5,000 to \$9,999	4	6	4	5	3
\$10,000 to \$19,999	7	14	5	8	3
\$20,000 to \$29,999	6	9	4	5	3
\$30,000 to \$49,999	8	11	6	7	6
\$50,000 to \$74,999	9	10	10	12	9
\$75,000 to \$99,999	8	10	6	6	6
\$100,000 to \$249,999	24	20	27	27	26
\$250,000 or more	28	11	33	24	39
Median	\$100,000	\$50,000	\$125,000	\$100,000	\$150,000
Mean	\$245,500	\$111,200	\$277,000	\$211,500	\$329,800
Percent Allocation of Household Financial Assets to Mutual Funds					
25% or less	15	18	18	22	13
Between 26% and 50%	18	16	19	18	20
Between 51% and 75%	24	18	23	19	27
More than 75%	43	48	40	41	40
Types of Mutual Funds Owned¹					
Equity funds	85	70	83	71	93
Hybrid funds	50	35	48	35	58
Bond funds	50	37	48	36	58
Money market funds	66	50	69	62	75
Other fund type specified	9	5	9	6	12
Mutual Fund Transaction Activity in the Previous 12 Months²					
Conducted mutual fund transactions	42	22	42	28	55
Year of Initial Mutual Fund Purchase					
Before 1990	39	26	44	40	47
Between 1990 and 1994	18	14	18	15	20
Between 1995 and 1999	23	25	23	25	23
2000 or later	20	35	15	20	10
Median	1992	1997	1990	1992	1990
Mean	1991	1995	1989	1989	1988

¹Multiple responses are included.

²Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, automatic payroll contributions to employer-sponsored retirement plans; and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 2.6

NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Households Owning Funds Inside Employer-Sponsored Retirement Plans		Households Owning Funds Outside Employer-Sponsored Retirement Plans		Households Owning Funds Inside and Outside Employer-Sponsored Retirement Plans
	Total	Only Own Funds Inside Employer-Sponsored Retirement Plans	Total	Only Own Funds Outside Employer-Sponsored Retirement Plans	
Total Number of Mutual Funds Owned					
One	13	28	13	24	5
Two	16	28	13	18	8
Three	12	13	12	12	12
Four	10	8	10	9	11
Five to six	16	12	18	17	18
Seven to ten	17	6	17	10	24
Eleven or more	16	5	17	10	23
Median	4 funds	2 funds	5 funds	3 funds	6 funds
Mean	7 funds	4 funds	7 funds	6 funds	8 funds
Number of Mutual Fund Purchase Channels Used Outside Employer-Sponsored Retirement Plans¹					
One	38	N/A	36	33	38
Two	34	N/A	34	34	34
Three	16	N/A	19	22	16
Four or more	12	N/A	11	11	12
Median	2 sources	N/A	2 sources	2 sources	2 sources
Mean	2 sources	N/A	2 sources	2 sources	2 sources

N/A = not applicable

¹Purchase channels outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.

FIGURE 2.7

CHANNELS USED TO PURCHASE MUTUAL FUNDS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Households Owning Funds Inside Employer-Sponsored Retirement Plans		Households Owning Funds Outside Employer-Sponsored Retirement Plans		Households Owning Funds Inside and Outside Employer-Sponsored Retirement Plans
	Total	Only Own Funds Inside Employer-Sponsored Retirement Plans	Total	Only Own Funds Outside Employer-Sponsored Retirement Plans	
Source of Mutual Fund Ownership					
Only inside employer-sponsored retirement plans	40	100	0	0	0
Only outside employer-sponsored retirement plans	0	0	47	100	0
Both inside and outside employer-sponsored retirement plans	60	0	53	0	100
Purchase Channels Through Which Funds Are Currently Owned¹					
Inside employer-sponsored retirement plans (total)	100	100	53	N/A	100
Inside defined contribution retirement plans (total)	93	95	49	N/A	92
401(k) plan	77	79	40	N/A	75
403(b), state, local, or federal government plan	30	27	17	N/A	31
Inside employer-sponsored IRA ²	17	11	11	N/A	20
Outside employer-sponsored retirement plans (total)	60	N/A	100	100	100
Sales force (total)	46	N/A	79	83	76
Full-service broker	25	N/A	44	46	42
Independent financial planner	23	N/A	39	40	37
Bank or savings institution representative	13	N/A	26	30	22
Insurance agent	8	N/A	14	15	14
Accountant	6	N/A	11	12	10
Direct market (total)	31	N/A	49	47	51
Fund company directly	20	N/A	32	31	32
Discount broker	17	N/A	27	24	29

FIGURE 2.7 CONTINUED

	Households Owning Funds Inside Employer-Sponsored Retirement Plans		Households Owning Funds Outside Employer-Sponsored Retirement Plans		Households Owning Funds Inside and Outside Employer-Sponsored Retirement Plans
	Total	Only Own Funds Inside Employer-Sponsored Retirement Plans	Total	Only Own Funds Outside Employer-Sponsored Retirement Plans	
Primary Mutual Fund Purchase Channel					
Inside employer-sponsored retirement plans	72	100	29	N/A	53
Outside employer-sponsored retirement plans	28	N/A	71	100	47
Sales force	20	N/A	54	80	34
Full-service broker	8	N/A	19	28	13
Independent financial planner	7	N/A	17	23	13
Bank or savings institution representative	3	N/A	12	21	5
Insurance agent	1	N/A	4	5	2
Accountant	1	N/A	2	3	1
Direct market	8	N/A	17	20	13
Fund company directly	4	N/A	10	13	6
Discount broker	4	N/A	7	7	7
Source of First Mutual Fund Purchase					
Inside employer-sponsored retirement plans	69	87	47	34	58
Outside employer-sponsored retirement plans	31	13	53	66	42

N/A = not applicable

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 2.8

FINANCIAL GOALS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Households Owning Funds Inside Employer-Sponsored Retirement Plans		Households Owning Funds Outside Employer-Sponsored Retirement Plans		Households Owning Funds Inside and Outside Employer-Sponsored Retirement Plans
	Total	Only Own Funds Inside Employer-Sponsored Retirement Plans	Total	Only Own Funds Outside Employer-Sponsored Retirement Plans	
Financial Goals for Mutual Fund Investments¹					
Retirement	94	92	91	86	96
Reduce taxable income	56	54	51	45	57
Emergency	43	42	47	50	44
Education	29	23	26	20	32
Current income	18	17	25	32	19
House or other large purchase	13	16	11	11	11
Other	5	6	7	10	4
Primary Financial Goal for Mutual Fund Investments					
Retirement	78	77	72	64	79
Reduce taxable income	4	4	5	5	4
Emergency	4	6	6	10	3
Education	6	6	5	5	6
Current income	4	2	7	10	5
House or other large purchase	3	4	2	1	2
Other	1	1	3	5	1
Level of Confidence that Mutual Funds Can Help Meet Household Financial Goals					
Very confident	34	25	33	26	40
Somewhat confident	51	54	52	57	48
Not very confident	10	14	9	9	8
Not at all confident	5	7	6	8	4
Ownership of Mutual Funds in Employer-Sponsored Retirement Plans¹					
Inside employer-sponsored retirement plans (total)	100	100	53	N/A	100
Inside defined contribution retirement plans (total)	93	95	49	N/A	92
401(k) plan	77	79	40	N/A	75
403(b), state, local, or federal government plan	30	27	17	N/A	31
Inside employer-sponsored IRA ²	17	11	11	N/A	20
Ownership of Mutual Funds in IRAs¹					
Have IRA invested in mutual funds (total)	52	11	72	65	79
Traditional IRA or Roth IRA	46	N/A	71	65	76
Employer-sponsored IRA ²	17	11	11	N/A	20

N/A = not applicable

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

Mutual Fund Shareholders by Channels Used to Purchase Mutual Funds Outside Employer-Sponsored Retirement Plans

In 2007, 66 percent of mutual fund-owning households hold mutual funds through employer-sponsored retirement plans, and 74 percent own mutual funds outside such plans (Figure 3.1).⁷ This latter group purchases funds through two sources: the sales force channel and the direct market channel.⁸ In 2007, 59 percent of households owning mutual funds hold funds purchased through the sales force channel, and 36 percent own funds purchased through the direct market channel.

Sales Force Channel

Among households that own mutual funds purchased through the sales force channel, the median age of the household head is 52 (Figure 3.2). Forty-nine percent of these individuals have college or postgraduate degrees, and 73 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in three-fifths of these households.

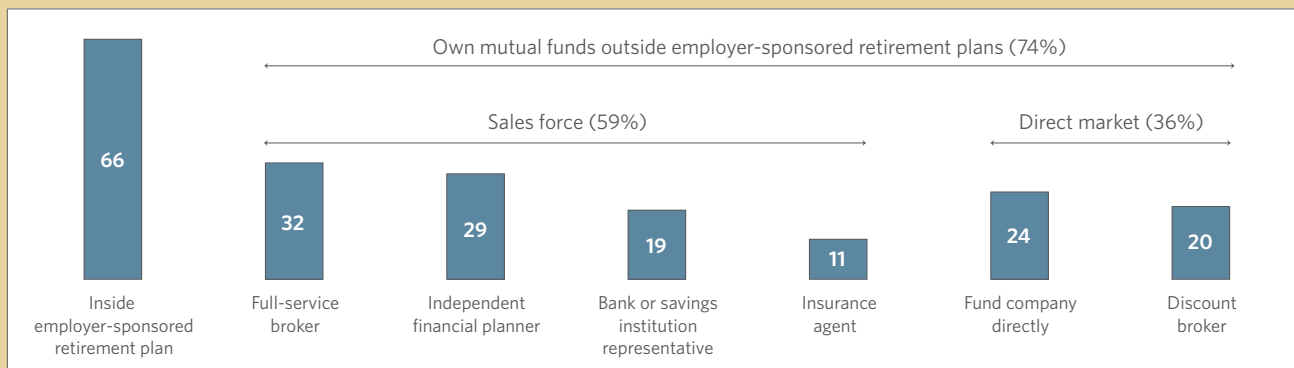
Sixty-eight percent of individuals heading households that own sales force-distributed funds are employed full- or part-time, and 31 percent are retired from their lifetime occupation (Figure 3.3). The median household income of mutual fund-owning households in this group is \$75,000. One-quarter of these households have household incomes of less than \$50,000, 23 percent have household incomes between \$50,000 and \$74,999, and 52 percent have incomes of \$75,000 or more.

Households that own sales force-distributed mutual funds have median household financial assets of \$250,000 (Figure 3.4). These households have a variety of savings and investments. Forty-four percent of mutual fund-owning households in this group own certificates of deposit, 53 percent own individual stocks, and 21 percent own individual bonds. Thirty-five percent of households that own mutual funds purchased through the sales force channel own investment real estate.

FIGURE 3.1

MUTUAL FUND SHAREHOLDERS' USE OF CHANNELS TO PURCHASE MUTUAL FUNDS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS,¹ 2007



¹Multiple responses are included.

⁷ See chapter 2 on page 13 for further discussion.

⁸ The sales force channel traditionally includes full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, and accountants. The direct market channel traditionally includes fund companies and discount brokers.

Households that own funds through the sales force channel have median mutual fund holdings of \$125,000 (Figure 3.5). Eighty-two percent of households in this group own equity funds, 47 percent own hybrid funds, 49 percent own bond funds, and 69 percent own money market funds. Sixty-three percent of households that own sales force-distributed funds have more than half of their household financial assets in mutual funds. Forty-five percent purchased their first fund before 1990; 55 percent bought their first fund in 1990 or later.

Households that own sales force-distributed funds hold many funds through multiple purchase channels. The median number of mutual funds owned by households in this group is five (Figure 3.6). Thirty-nine percent own three or fewer funds and 61 percent own four or more. Seventy-one percent own funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning funds through the sales force channel, 51 percent of these households own funds through employer-sponsored retirement plans, and 46 percent own funds purchased directly from fund companies or discount brokers (Figure 3.7). Among households owning sales force-distributed funds, 65 percent consider the sales force channel to be their primary source for purchasing mutual funds; 25 percent regard employer-sponsored retirement plans as primary, and 10 percent, the direct market channel. Fifty-seven percent of households that own sales force-distributed funds bought their first mutual fund outside an employer-sponsored retirement plan.

Ninety-one percent of households that own sales force-distributed mutual funds indicate that saving for retirement is one of their household's financial goals, and seven in ten list saving for retirement as their household's primary financial goal (Figure 3.8). Fifty-one percent own funds inside employer-sponsored retirement plans; 73 percent hold funds inside IRAs. Eighty-seven percent of mutual fund-owning households in this group are confident that mutual funds can help them meet their household's financial goals.

Direct Market Channel

Among households that own mutual funds purchased through the direct market channel, the median age of the household head is 49 (Figure 3.2). Fifty-one percent of these individuals have college or postgraduate degrees, and 74 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 55 percent of these households.

Seventy percent of individuals heading households that own mutual funds through the direct market channel are employed full- or part-time, and 29 percent are retired from their lifetime occupation (Figure 3.3). The median household income for mutual fund-owning households in this group is \$80,000. Twenty-four percent of households that own direct-marketed funds have household incomes of less than \$50,000, 22 percent have household incomes between \$50,000 and \$74,999, and 54 percent have incomes of \$75,000 or more.

Among households that own mutual funds through the direct market channel, median household financial assets are \$300,000 (Figure 3.4). These households typically have other investments. Forty-three percent of mutual fund-owning households in this group own certificates of deposit, 56 percent own individual stocks, and 21 percent own individual bonds. Thirty-three percent of households that own mutual funds purchased through the direct market channel own investment real estate.

Households that hold direct-marketed funds have median mutual fund holdings of \$140,000 (Figure 3.5). Eighty-six percent of households in this group own equity funds, 46 percent own hybrid funds, 48 percent own bond funds, and 74 percent own money market funds. Sixty-eight percent of households that own mutual funds purchased through the direct market channel have more than half of their household financial assets in mutual funds. Forty-five percent purchased their first fund before 1990, and 55 percent bought their first fund in 1990 or later.

Households that own direct-marketed funds hold many funds through multiple purchase channels. The median number of mutual funds owned by households in this group is five (Figure 3.6). Thirty-six percent own three or fewer funds; 64 percent own four or more. Four in five own funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning funds through the direct market channel, 56 percent of these households own funds through employer-sponsored retirement plans, and three-quarters own funds purchased through the sales force channel (Figure 3.7). Among households owning direct-marketed funds, 32 percent consider the direct market channel to be their primary source for purchasing mutual funds; 29 percent regard employer-sponsored retirement plans as their primary source; and 39 percent, the sales force channel. Fifty-seven percent of households that own direct-marketed funds bought their first mutual fund outside an employer-sponsored retirement plan.

Ninety percent of households that own mutual funds purchased through the direct market channel are saving for retirement, and 69 percent list saving for retirement as their household's primary financial goal (Figure 3.8). Fifty-six percent own funds inside employer-sponsored retirement plans, and 72 percent hold funds inside IRAs. Eighty-five percent of mutual fund-owning households in this group are confident that mutual funds are an investment that can help them meet their household's financial goals.

FIGURE 3.2

HEAD OF HOUSEHOLD CHARACTERISTICS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Sales Force Channel					Direct Market Channel		
	Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Insurance Agent	Direct Market Channel Total	Fund Company Directly	Discount Broker
Age of Household Sole or Co-Decisionmaker for Saving and Investing								
Younger than 35	15	12	14	18	20	17	16	17
35 to 44	18	17	17	19	17	22	20	23
45 to 54	23	23	24	23	23	23	23	22
55 to 64	23	24	25	20	21	19	24	17
65 or older	21	24	20	20	19	19	17	21
Median	52 years	53 years	52 years	50 years	50 years	49 years	50 years	48 years
Mean	51 years	53 years	51 years	51 years	50 years	50 years	50 years	50 years
Educational Level								
High school or less	23	22	21	28	36	22	19	27
Some college or associate's degree	28	29	32	26	25	27	28	23
Completed four years of college	23	22	22	23	17	22	22	21
Some graduate school	6	6	4	6	5	6	7	6
Completed graduate school	20	21	21	17	17	23	24	23
Marital Status								
Married or living with a partner	73	73	75	67	72	74	71	74
Single	11	11	11	15	13	10	12	9
Divorced or separated	8	7	8	10	7	8	10	9
Widowed	8	9	6	8	8	8	7	8
Household Investment Decisionmaker								
Male is sole decisionmaker	19	22	15	22	20	25	25	26
Female is sole decisionmaker	21	20	21	23	20	20	20	20
Co-decisionmakers	60	58	64	55	60	55	55	54
Ethnic Background¹								
Caucasian	88	91	89	85	83	86	88	85
African-American	6	4	5	7	10	7	7	7
Hispanic	5	5	3	7	6	5	4	6
Asian	2	1	2	2	4	3	2	3
Other	4	4	3	5	3	4	3	5

¹Multiple responses are included.

FIGURE 3.3

EMPLOYMENT STATUS AND INCOME BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Sales Force Channel					Direct Market Channel		
	Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Insurance Agent	Direct Market Channel Total	Fund Company Directly	Discount Broker
Employment Status¹								
Employed full-time	56	54	54	59	59	60	61	58
Not retired	54	51	52	56	57	57	59	55
Retired from lifetime occupation	2	3	2	3	2	3	2	3
Employed part-time	12	12	13	11	14	10	10	11
Not retired	8	7	9	8	11	7	6	8
Retired from lifetime occupation	4	5	4	3	3	3	4	3
Not employed	32	34	33	30	27	30	29	31
Not retired	7	6	7	7	11	7	8	7
Retired from lifetime occupation	25	28	26	23	16	23	21	24
Total Household Income²								
Less than \$25,000	7	6	8	8	6	6	8	5
\$25,000 to \$34,999	6	7	5	7	11	6	5	6
\$35,000 to \$49,999	12	14	12	12	11	12	11	13
\$50,000 to \$74,999	23	21	21	23	28	22	21	22
\$75,000 to \$99,999	16	16	16	17	17	15	16	15
\$100,000 to \$149,999	19	19	21	18	14	21	20	21
\$150,000 to \$249,999	12	12	12	11	10	13	13	13
\$250,000 or more	5	6	5	4	3	5	6	5
Median	\$75,000	\$76,000	\$76,600	\$73,300	\$67,500	\$80,000	\$80,000	\$80,000
Mean	\$100,500	\$101,900	\$99,600	\$94,800	\$88,000	\$102,200	\$103,800	\$102,600

¹Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).

²Total reported is household income before taxes in 2006.

FIGURE 3.4

MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Sales Force Channel					Direct Market Channel		
	Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Insurance Agent	Direct Market Channel Total	Fund Company Directly	Discount Broker
Total Household Financial Assets¹								
Less than \$25,000	8	7	8	9	11	8	8	7
\$25,000 to \$49,999	6	5	5	7	5	4	3	4
\$50,000 to \$74,999	8	8	8	9	11	7	6	8
\$75,000 to \$99,999	5	3	7	5	3	5	5	5
\$100,000 to \$249,999	20	18	18	21	22	20	19	21
\$250,000 to \$499,999	21	20	19	21	21	25	22	28
\$500,000 to \$999,999	18	19	20	17	16	17	21	13
\$1 million or more	14	20	15	11	11	14	16	14
Median	\$250,000	\$350,000	\$268,000	\$200,000	\$225,000	\$300,000	\$300,000	\$250,000
Mean	\$560,000	\$696,400	\$496,500	\$518,200	\$455,900	\$531,800	\$570,300	\$478,900
Household Ownership of Non-Mutual Fund Investments²								
Certificates of deposit	44	46	42	54	52	43	43	46
Individual stocks, individual bonds, or annuities (total)	72	76	74	68	76	72	72	75
Individual stocks	53	57	54	49	48	56	55	58
Individual bonds (excluding U.S. Savings Bonds)	21	23	20	20	25	21	22	19
Fixed or variable annuities	39	40	41	42	52	37	39	36
Investment real estate	35	36	35	32	37	33	34	34
Closed-end funds	4	6	4	3	5	5	6	5
Exchange-traded funds	4	6	2	4	5	7	6	7
Household Ownership of Employer-Sponsored Retirement Plan Accounts²								
Household owns employer-sponsored retirement plan accounts (total)	70	68	72	69	74	71	72	70
Defined contribution retirement plan accounts (total)	66	62	67	65	69	67	68	66
401(k) plan account	51	48	54	52	52	54	53	55
403(b), state, local, or federal government plan account	30	29	29	31	34	31	30	31
Employer-sponsored IRA ³	15	17	15	17	19	16	17	17
Household Ownership of IRAs²								
Household owns IRAs (total)	82	85	83	83	78	80	79	83
Traditional IRA or Roth IRA	80	82	82	80	74	78	77	81
Employer-sponsored IRA ³	15	17	15	17	19	16	17	17

FIGURE 3.4 CONTINUED

	Sales Force Channel					Direct Market Channel		
	Sales Force Channel Total	Full- Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Insurance Agent	Direct Market Channel Total	Fund Company Directly	Discount Broker
Household Ownership of Education-Targeted Savings Accounts²								
Household owns education- targeted savings program accounts (total)	22	22	23	20	27	25	24	26
Coverdell education savings account	18	18	19	17	25	18	18	21
529 prepaid tuition or college savings plan accounts (total)	10	10	11	7	11	13	14	11
529 savings plan	9	9	10	7	10	12	13	9
529 prepaid tuition plan	2	2	4	1	3	3	3	3

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Multiple responses are included.

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 3.5

MUTUAL FUND INVESTING BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Sales Force Channel					Direct Market Channel		
	Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Insurance Agent	Direct Market Channel Total	Fund Company Directly	Discount Broker
Total Household Mutual Fund Assets								
Less than \$5,000	5	6	4	7	5	4	2	6
\$5,000 to \$9,999	3	3	3	5	9	5	6	4
\$10,000 to \$19,999	5	5	5	4	6	3	3	2
\$20,000 to \$29,999	4	3	5	4	4	2	1	3
\$30,000 to \$49,999	7	6	7	7	2	6	5	9
\$50,000 to \$74,999	11	11	11	9	11	11	9	13
\$75,000 to \$99,999	6	5	5	9	4	6	7	6
\$100,000 to \$249,999	26	24	24	27	30	27	29	25
\$250,000 or more	33	37	36	28	29	36	38	32
Median	\$125,000	\$130,000	\$130,000	\$100,000	\$125,000	\$140,000	\$150,000	\$120,000
Mean	\$284,200	\$332,800	\$310,000	\$231,000	\$258,800	\$301,000	\$325,400	\$261,800
Percent Allocation of Household Financial Assets to Mutual Funds								
25% or less	18	21	15	20	13	15	11	17
Between 26% and 50%	19	18	20	20	14	17	16	17
Between 51% and 75%	23	23	23	24	25	28	29	31
More than 75%	40	38	42	36	48	40	44	35
Types of Mutual Funds Owned¹								
Equity funds	82	87	84	75	79	86	87	85
Hybrid funds	47	50	48	42	49	46	48	46
Bond funds	49	51	50	48	44	48	49	48
Money market funds	69	68	65	78	74	74	74	74
Other fund type specified	8	8	7	8	7	8	9	7
Mutual Fund Transaction Activity in the Previous 12 Months²								
Conducted mutual fund transactions	42	46	42	36	35	47	45	51
Year of Initial Mutual Fund Purchase								
Before 1990	45	50	44	41	46	45	49	43
Between 1990 and 1994	17	17	17	16	17	17	19	15
Between 1995 and 1999	23	21	23	26	21	25	21	28
2000 or later	15	12	16	17	16	13	11	14
Median	1990	1989	1990	1992	1990	1990	1990	1992
Mean	1989	1987	1989	1989	1989	1989	1988	1989

¹Multiple responses are included.

²Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, automatic payroll contributions to employer-sponsored retirement plans; and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 3.6

NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Sales Force Channel					Direct Market Channel		
	Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Insurance Agent	Direct Market Channel Total	Fund Company Directly	Discount Broker
Total Number of Mutual Funds Owned								
One	12	10	10	20	10	11	12	10
Two	14	12	12	16	12	13	10	15
Three	13	12	11	14	15	12	12	11
Four	11	9	13	9	19	9	12	7
Five to six	18	18	21	19	20	17	16	19
Seven to ten	17	20	17	12	12	18	16	19
Eleven or more	15	19	16	10	12	20	22	19
Median	5 funds	5 funds	5 funds	4 funds	4 funds	5 funds	5 funds	5 funds
Mean	7 funds	8 funds	7 funds	7 funds	7 funds	7 funds	8 funds	7 funds
Number of Mutual Fund Purchase Channels Used Outside Employer-Sponsored Retirement Plans¹								
One	29	18	19	20	14	20	23	10
Two	37	38	36	28	24	35	29	36
Three	21	26	26	28	30	25	26	25
Four or more	13	18	19	24	32	20	22	29
Median	2 sources	2 sources	2 sources	3 sources	3 sources	2 sources	2 sources	3 sources
Mean	2 sources	3 sources	3 sources	3 sources	3 sources	3 sources	3 sources	3 sources

¹Purchase channels outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.

FIGURE 3.7

CHANNELS USED TO PURCHASE MUTUAL FUNDS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Sales Force Channel					Direct Market Channel		
	Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Insurance Agent	Direct Market Channel Total	Fund Company Directly	Discount Broker
Source of Mutual Fund Ownership								
Only inside employer-sponsored retirement plan	0	0	0	0	0	0	0	0
Only outside employer-sponsored retirement plan	49	49	48	55	50	44	45	42
Both inside and outside employer-sponsored retirement plan	51	51	52	45	50	56	55	58
Purchase Channels Through Which Funds Are Currently Owned¹								
Inside employer-sponsored retirement plans (total)	51	51	52	45	50	56	55	58
Inside defined contribution retirement plans (total)	47	45	48	41	46	51	50	53
401(k) plan	38	37	40	35	37	43	42	45
403(b), state, local, or federal government plan	15	14	14	16	16	17	16	18
Inside employer-sponsored IRA ²	12	12	11	13	14	12	13	13
Outside employer-sponsored retirement plans (total)	100	100	100	100	100	100	100	100
Sales force (total)	100	100	100	100	100	75	71	81
Full-service broker	55	100	49	40	41	46	40	54
Independent financial planner	49	43	100	33	45	33	33	35
Bank or savings institution representative	32	23	22	100	32	25	25	27
Insurance agent	18	13	17	18	100	15	18	14
Accountant	14	12	15	17	18	13	12	18
Direct market (total)	46	52	43	48	52	100	100	100
Fund company directly	28	29	28	30	39	65	100	35
Discount broker	27	33	24	27	26	54	29	100

FIGURE 3.7 CONTINUED

	Sales Force Channel					Direct Market Channel		
	Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Insurance Agent	Direct Market Channel Total	Fund Company Directly	Discount Broker
Primary Mutual Fund Purchase Channel								
Inside employer-sponsored retirement plans	25	21	23	24	31	29	30	28
Outside employer-sponsored retirement plans	75	79	77	76	69	71	70	72
Sales force	65	67	69	69	62	39	37	39
Full-service broker	23	42	15	13	12	16	14	18
Independent financial planner	21	15	43	6	16	11	11	10
Bank or savings institution representative	15	7	7	45	8	8	8	7
Insurance agent	4	2	3	4	24	2	3	2
Accountant	2	1	1	1	2	2	1	2
Direct market	10	12	8	7	7	32	33	33
Fund company directly	4	5	3	4	3	18	28	7
Discount broker	6	7	5	3	4	14	5	26
Source of First Mutual Fund Purchase								
Inside employer-sponsored retirement plan	43	39	43	46	43	43	43	45
Outside employer-sponsored retirement plan	57	61	57	54	57	57	57	55

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 3.8

FINANCIAL GOALS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2007

	Sales Force Channel					Direct Market Channel		
	Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Insurance Agent	Direct Market Channel Total	Fund Company Directly	Discount Broker
Financial Goals for Mutual Fund Investments¹								
Retirement	91	91	91	89	93	90	91	90
Reduce taxable income	53	53	54	57	64	52	53	55
Emergency	48	51	47	56	48	49	49	50
Education	26	27	26	26	30	34	33	34
Current income	27	32	29	27	22	29	27	29
House or other large purchase	12	12	12	15	13	14	14	18
Other	7	7	7	9	9	7	8	6
Primary Financial Goal for Mutual Fund Investments								
Retirement	70	69	70	66	66	69	72	65
Reduce taxable income	5	6	5	6	9	6	7	8
Emergency	7	5	8	8	6	6	4	7
Education	5	5	5	6	6	7	6	7
Current income	8	10	8	7	8	7	5	8
House or other large purchase	2	2	2	3	2	2	2	3
Other	3	3	2	4	3	3	4	2
Level of Confidence that Mutual Funds Can Help Meet Household Financial Goals								
Very confident	33	36	33	32	36	36	38	33
Somewhat confident	54	50	54	56	51	49	49	51
Not very confident	8	9	7	6	7	8	7	9
Not at all confident	5	5	6	6	6	7	6	7
Ownership of Mutual Funds in Employer-Sponsored Retirement Plans¹								
Inside employer-sponsored retirement plans (total)	51	51	52	45	50	56	55	58
Inside defined contribution retirement plans (total)	47	45	48	41	46	51	50	53
401(k) plan	38	37	40	35	37	43	42	45
403(b), state, local, or federal government plan	15	14	14	16	16	17	16	18
Inside employer-sponsored IRA ²	12	12	11	13	14	12	13	13
Ownership of Mutual Funds in IRAs¹								
Have IRA invested in mutual funds (total)	73	75	74	74	66	72	71	76
Traditional IRA or Roth IRA	72	74	74	72	62	71	69	74
Employer-sponsored IRA ²	12	12	11	13	14	12	13	13

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

Mutual Fund Shareholders by Primary Source for Purchasing Funds

In 2007, 49 percent of mutual fund-owning households consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds (Figure 4.1). Another 39 percent view the sales force channel as their main source for buying funds (14 percent consider full-service brokers to be their primary fund source; 12 percent, independent financial planners; 9 percent, bank or savings institution representatives; 3 percent, insurance agents; and 1 percent, accountants).⁹ Finally, 12 percent of mutual fund-owning households view the direct market channel as their main source for buying funds (with 7 percent indicating fund companies as their primary source, and 5 percent citing discount brokers).

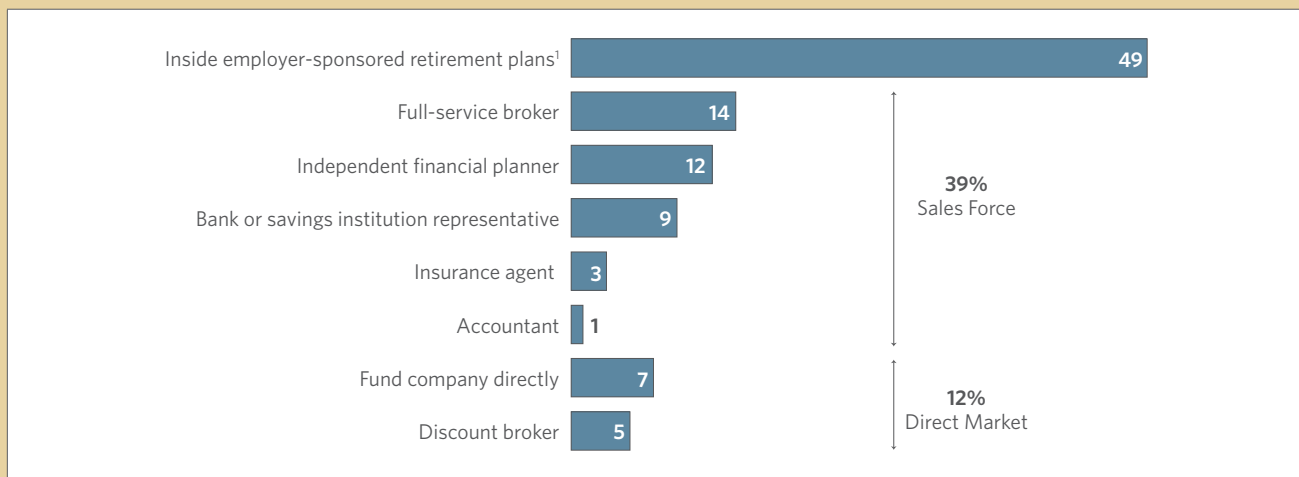
Employer-Sponsored Retirement Plans as the Primary Purchase Channel for Funds

Among mutual fund-owning households that consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds, the median age of the household head is 45—the youngest median age of any shareholder group classified by primary mutual fund purchase source (Figure 4.2). Forty-five percent of these individuals have college or postgraduate degrees, and 79 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 64 percent of these households.

FIGURE 4.1

MUTUAL FUND SHAREHOLDERS BY PRIMARY SOURCE FOR PURCHASING FUNDS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2007



¹Employer-sponsored retirement plans include defined contribution plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

⁹ The sample sizes for mutual fund-owning households that consider either insurance agents or accountants to be their primary source for purchasing mutual funds are too small to analyze.

Eighty-six percent of individuals heading households that consider employer-sponsored retirement plans to be their primary channel for purchasing mutual funds are employed full- or part-time, and 10 percent are retired from their lifetime occupation (Figure 4.3). The median household income of mutual fund-owning households in this group is \$75,000. Twenty-three percent of mutual fund-owning households that consider employer-sponsored retirement plans to be their primary mutual fund purchase source have household incomes of less than \$50,000, 24 percent have household incomes between \$50,000 and \$74,999, and 53 percent have household incomes of \$75,000 or more.

Among mutual fund-owning households that consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds, median household financial assets are \$130,000 (Figure 4.4). These households have a variety of savings and investments. Thirty-one percent of mutual fund-owning households in this group own certificates of deposit, 41 percent own individual stocks, and 12 percent own individual bonds.

Mutual fund-owning households that consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds have median mutual fund holdings of \$75,000 (Figure 4.5). Eighty-one percent of households in this group own equity funds, 46 percent own hybrid funds, 47 percent own bond funds, and 61 percent own money market funds. Sixty-six percent have more than half of their household financial assets in mutual funds. Thirty-two percent of mutual fund-owning households in this group purchased their first fund before 1990, and half bought their first fund in 1995 or later.

Households that consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds hold many funds through multiple purchase channels. The median number of mutual funds owned by households in this group is four (Figure 4.6); 49 percent own three or fewer funds and 51 percent own four or more. Fifty-seven percent own funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through their employer-sponsored retirement plans, 44 percent of these households own funds outside employer-sponsored retirement plans: three in 10 own sales force-distributed funds and 22 percent own direct-marketed funds (Figure 4.7). Seventy-seven percent of mutual fund-owning households in this group purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-five percent of households that consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds are saving for retirement, and 81 percent list saving for retirement as their household's primary financial goal (Figure 4.8). In addition to holding funds through employer-sponsored retirement plans, 39 percent hold funds inside IRAs. Eighty-three percent of mutual fund-owning households in this group are confident that mutual funds are an investment that can help them meet their household's financial goals.

The Sales Force Channel as the Primary Purchase Channel for Funds

Among mutual fund-owning households that consider the sales force channel to be their primary source for purchasing mutual funds, the median age of the household head is 54—the oldest median age of any shareholder group classified by the three broad primary mutual fund purchase sources (Figure 4.2). Forty-six percent of these individuals have college or postgraduate degrees, and 69 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 59 percent of households that consider the sales force channel to be their primary source for purchasing mutual funds.

Sixty-two percent of individuals heading households that consider the sales force channel to be their primary source for purchasing mutual funds are employed full- or part-time (Figure 4.3). Thirty-seven percent are retired from their lifetime occupation—the largest percentage of any shareholder group classified by the three broad primary mutual fund purchase sources. The median household income of mutual fund-owning households in this group is \$70,000. Three in ten have household incomes of less than \$50,000, 23 percent have household incomes between \$50,000 and \$74,999, and 47 percent have household incomes of \$75,000 or more.

Among mutual fund-owning households that consider the sales force channel to be their primary source for purchasing mutual funds, median household financial assets are \$300,000 (Figure 4.4). These households have other savings and investments. Forty-two percent of mutual fund-owning households in this group own certificates of deposit, 47 percent own individual stocks, and 22 percent own individual bonds.

Mutual fund-owning households that consider the sales force channel to be their primary source for purchasing mutual funds have median mutual fund holdings of \$102,000 (Figure 4.5). Seventy-seven percent of mutual fund-owning households in this group own equity funds, 47 percent own hybrid funds, 47 percent own bond funds, and 66 percent own money market funds. Three-fifths have more than half of their household financial assets in mutual funds. Forty-five percent of mutual fund-owning households in this group purchased their first fund before 1990, and 55 percent bought their first fund in 1990 or later.

Households that consider the sales force channel to be their primary source for purchasing mutual funds hold many funds through multiple purchase sources. The median number of mutual funds owned by mutual fund-owning households in this group is four (Figure 4.6). Forty-five percent own three or fewer funds and 55 percent own four or more. Sixty-seven percent own funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through the sales force channel, 35 percent of these households own funds inside employer-sponsored retirement plans, and 37 percent own funds purchased through the direct market channel (Figure 4.7). Sixty-three percent of mutual fund-owning households in this group purchased their first mutual fund outside an employer-sponsored retirement plan.

Nine in 10 mutual fund-owning households that consider the sales force channel to be their primary source for purchasing funds indicate that saving for retirement is one of their household's financial goals, and 67 percent list saving for retirement as their household's primary financial goal (Figure 4.8). Thirty-five percent hold funds in employer-sponsored retirement plans, and 72 percent own funds inside IRAs. Eighty-eight percent of mutual fund-owning households in this group are confident that mutual funds are an investment that can help them meet their household's financial goals.

The Direct Market Channel as the Primary Purchase Channel for Funds

Among mutual fund-owning households that consider the direct market channel to be their primary source for purchasing mutual funds, the median age of the household head is 49 (Figure 4.2). Sixty-one percent of these individuals have college or postgraduate degrees—the largest percentage of any shareholder group classified by the three broad primary mutual fund purchase channels. Seventy-nine percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 59 percent of households that consider the direct market channel to be their primary source for purchasing mutual funds.

Sixty-five percent of individuals heading households that consider the direct market channel to be their primary source for purchasing mutual funds are employed full- or part-time, and 33 percent are retired from their lifetime occupation (Figure 4.3). The median household income of mutual fund-owning households in this group is \$83,000—the greatest of any shareholder group classified by the three broad primary mutual fund purchase sources. Twenty-one percent have household incomes of less than \$50,000, 22 percent have household incomes between \$50,000 and \$74,999, and 57 percent of mutual fund-owning households that consider the direct market channel to be their primary source for purchasing funds have incomes of \$75,000 or more.

Among mutual fund-owning households that consider the direct market channel to be their primary source for purchasing mutual funds, median household financial assets are \$325,000—the greatest of any shareholder group classified by the three broad primary mutual fund purchase channels (Figure 4.4). These households have a variety of savings and investments. Fifty-one percent of mutual fund-owning households in this group own certificates of deposit, 64 percent own individual stocks, and 19 percent own individual bonds.

Mutual fund-owning households that consider the direct market channel to be their primary source for purchasing mutual funds have median mutual fund holdings of \$200,000—the greatest of the three main shareholder groups classified by primary mutual fund purchase source (Figure 4.5). Eighty-eight percent of mutual fund-owning households in this group hold equity funds, 37 percent own hybrid funds, 39 percent hold bond funds, and 73 percent own money market funds. Sixty-nine percent have more than half of their household financial assets in mutual funds. Forty-three percent of mutual fund-owning households in this group purchased their first fund before 1990, and 57 percent bought their first fund in 1990 or later.

Households that consider the direct market channel to be their primary source for purchasing mutual funds hold many funds through multiple purchase sources. Mutual fund-owning households in this group own a median number of six mutual funds (Figure 4.6). Twenty-six percent own three or fewer funds and 74 percent own four or more. Sixty-two percent own funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through the direct market channel, 45 percent of these households own funds inside employer-sponsored retirement plans, and 52 percent own funds purchased through the sales force channel (Figure 4.7). Fifty-nine percent of mutual fund-owning households in this group purchased their first mutual fund outside an employer-sponsored retirement plan.

Eighty-eight percent of mutual fund-owning households that consider the direct market channel to be their primary source for purchasing funds are saving for retirement, and 68 percent list saving for retirement as their household's primary financial goal (Figure 4.8). Forty-five percent hold funds in employer-sponsored retirement plans, and 74 percent own funds inside IRAs. Eighty-two percent of mutual fund-owning households in this group are confident that mutual funds are an investment that can help them meet their household's financial goals.

FIGURE 4.2

HEAD OF HOUSEHOLD CHARACTERISTICS BY PRIMARY PURCHASE CHANNEL

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY PRIMARY PURCHASE CHANNEL, 2007

	Employer-Sponsored Retirement Plan	Sales Force Channel				Direct Market Channel		
		Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Direct Market Channel Total	Mutual Fund Company Directly	Discount Broker
Age of Household Sole or Co-Decisionmaker for Saving and Investing								
Younger than 35	22	15	8	16	20	12	12	12
35 to 44	26	16	15	17	15	23	23	24
45 to 54	30	19	19	18	20	19	22	16
55 to 64	16	26	27	28	21	23	29	14
65 or older	6	24	30	21	24	23	14	34
Median	45 years	54 years	58 years	53 years	53 years	49 years	50 years	49 years
Mean	45 years	53 years	56 years	52 years	52 years	51 years	51 years	50 years
Educational Level								
High school or less	25	24	21	17	31	16	14	18
Some college or associate's degree	30	30	31	35	29	23	18	30
Completed four years of college	20	21	20	24	19	23	28	16
Some graduate school	5	6	6	4	8	9	11	7
Completed graduate school	20	19	23	20	13	29	29	29
Marital Status								
Married or living with a partner	79	69	68	76	62	79	73	88
Single	9	12	11	11	15	8	10	4
Divorced or separated	10	8	7	5	12	7	8	5
Widowed	2	11	14	8	11	6	9	3
Household Investment Decisionmaker								
Male is sole decisionmaker	18	18	24	10	22	26	30	22
Female is sole decisionmaker	18	23	25	18	26	15	14	16
Co-decisionmakers	64	59	51	72	52	59	56	62
Ethnic Background¹								
Caucasian	85	90	94	90	83	85	88	82
African-American	9	4	2	4	9	9	6	12
Hispanic	5	5	4	4	8	6	5	6
Asian	1	2	2	1	2	3	2	3
Other	4	3	2	4	5	3	4	3

¹Multiple responses are included.

FIGURE 4.3

EMPLOYMENT STATUS AND INCOME BY PRIMARY PURCHASE CHANNEL

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY PRIMARY PURCHASE CHANNEL, 2007

	Employer-Sponsored Retirement Plan	Sales Force Channel				Direct Market Channel		
		Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Direct Market Channel Total	Mutual Fund Company Directly	Discount Broker
Employment Status¹								
Employed full-time	75	50	46	50	54	58	60	55
Not retired	74	47	43	47	52	56	57	55
Retired from lifetime occupation	1	3	3	3	2	2	3	0
Employed part-time	11	12	10	17	11	7	7	6
Not retired	9	8	4	14	6	3	4	2
Retired from lifetime occupation	2	4	6	3	5	4	3	5
Not employed	14	38	44	33	35	35	33	39
Not retired	7	8	8	7	6	8	8	8
Retired from lifetime occupation	7	30	36	26	29	27	25	31
Total Household Income²								
Less than \$25,000	7	10	7	10	11	4	6	1
\$25,000 to \$34,999	5	7	8	5	8	6	8	4
\$35,000 to \$49,999	11	13	13	11	13	11	7	17
\$50,000 to \$74,999	24	23	21	22	27	22	20	24
\$75,000 to \$99,999	20	14	12	17	15	18	21	13
\$100,000 to \$149,999	20	19	20	21	16	17	13	23
\$150,000 to \$249,999	10	9	12	10	7	15	16	15
\$250,000 or more	3	5	7	4	3	7	9	3
Median	\$75,000	\$70,000	\$75,000	\$75,000	\$60,000	\$83,000	\$86,000	\$82,100
Mean	\$91,300	\$93,600	\$109,200	\$94,500	\$82,200	\$108,000	\$114,500	\$99,500

¹Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).

²Total reported is household income before taxes in 2006.

FIGURE 4.4

MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY PRIMARY PURCHASE CHANNEL

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY PRIMARY PURCHASE CHANNEL, 2007

	Employer-Sponsored Retirement Plan	Sales Force Channel				Direct Market Channel		
		Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Direct Market Channel Total	Mutual Fund Company Directly	Discount Broker
Total Household Financial Assets¹								
Less than \$25,000	15	10	6	11	11	5	4	7
\$25,000 to \$49,999	11	5	1	5	6	4	5	2
\$50,000 to \$74,999	10	9	5	12	10	7	7	7
\$75,000 to \$99,999	5	5	3	6	9	9	6	12
\$100,000 to \$249,999	25	17	18	15	19	15	14	16
\$250,000 to \$499,999	17	19	19	18	23	25	25	25
\$500,000 to \$999,999	11	18	18	21	14	17	23	10
\$1 million or more	6	17	30	12	8	18	16	21
Median	\$130,000	\$300,000	\$400,000	\$250,000	\$180,000	\$325,000	\$350,000	\$250,000
Mean	\$290,700	\$614,600	\$879,500	\$548,800	\$442,600	\$639,100	\$707,600	\$546,300
Household Ownership of Non-Mutual Fund Investments²								
Certificates of deposit	31	42	51	31	45	51	51	51
Individual stocks, individual bonds, or annuities (total)	56	70	80	70	59	75	67	85
Individual stocks	41	47	60	45	40	64	54	77
Individual bonds (excluding U.S. Savings Bonds)	12	22	30	18	16	19	20	18
Fixed or variable annuities	25	40	43	37	37	27	27	28
Investment real estate	22	34	42	36	23	35	27	45
Closed-end funds	2	5	9	3	0	5	7	3
Exchange-traded funds	3	4	7	2	1	9	7	12
Household Ownership of Employer-Sponsored Retirement Plan Accounts²								
Household owns employer-sponsored retirement plan accounts (total)	100	61	56	68	60	66	64	69
Defined contribution retirement plan accounts (total)	97	56	51	62	59	61	57	65
401(k) plan account	85	39	34	46	41	46	42	50
403(b), state, local, or federal government plan account	37	29	27	29	31	31	30	32
Employer-sponsored IRA ³	18	14	13	15	12	12	13	11

Table continued on page 44.

FIGURE 4.4 CONTINUED

	Employer-Sponsored Retirement Plan	Sales Force Channel			Direct Market Channel			
		Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Direct Market Channel Total	Mutual Fund Company Directly	Discount Broker
Household Ownership of IRAs²								
Household owns IRAs (total)	54	81	86	82	76	82	83	79
Traditional IRA or Roth IRA	46	80	85	81	74	81	83	79
Employer-sponsored IRA ³	18	14	13	15	12	12	13	11
Household Ownership of Education-Targeted Savings Accounts²								
Household owns education-targeted savings program accounts (total)	18	18	20	19	11	24	20	30
Coverdell education savings account	13	15	15	17	9	17	11	25
529 prepaid tuition or college savings plan accounts (total)	10	7	11	7	4	14	14	13
529 savings plan	9	7	10	7	3	13	14	11
529 prepaid tuition plan	2	2	1	3	1	3	2	4

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Multiple responses are included.

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 4.5

MUTUAL FUND INVESTING BY PRIMARY PURCHASE CHANNEL

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY PRIMARY PURCHASE CHANNEL, 2007

	Employer-Sponsored Retirement Plan	Sales Force Channel				Direct Market Channel		
		Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Direct Market Channel Total	Mutual Fund Company Directly	Discount Broker
Total Household Mutual Fund Assets								
Less than \$5,000	7	6	4	3	10	3	2	4
\$5,000 to \$9,999	5	5	3	3	6	1	1	1
\$10,000 to \$19,999	9	6	4	7	4	4	3	5
\$20,000 to \$29,999	7	5	3	5	6	1	2	0
\$30,000 to \$49,999	9	6	6	6	7	5	5	6
\$50,000 to \$74,999	9	11	11	13	13	12	9	18
\$75,000 to \$99,999	9	6	3	4	12	2	1	3
\$100,000 to \$249,999	23	24	26	22	27	32	36	26
\$250,000 or more	22	31	40	37	15	40	41	37
Median	\$75,000	\$102,000	\$150,000	\$150,000	\$75,000	\$200,000	\$200,000	\$187,000
Mean	\$176,600	\$289,000	\$401,300	\$320,400	\$147,000	\$328,600	\$355,900	\$288,800
Percent Allocation of Household Financial Assets to Mutual Funds								
25% or less	15	21	24	17	26	18	22	11
Between 26% and 50%	19	19	16	25	18	13	11	17
Between 51% and 75%	20	21	22	18	17	35	27	45
More than 75%	46	39	38	40	39	34	40	27
Types of Mutual Funds Owned¹								
Equity funds	81	77	83	82	59	88	88	87
Hybrid funds	46	47	52	46	39	37	41	32
Bond funds	47	47	52	48	40	39	46	29
Money market funds	61	66	69	58	73	73	73	73
Other fund type specified	8	7	9	6	7	8	9	7
Mutual Fund Transaction Activity in the Previous 12 Months²								
Conducted mutual fund transactions	37	34	44	36	25	53	51	56
Year of Initial Mutual Fund Purchase								
Before 1990	32	45	54	42	38	43	41	47
Between 1990 and 1994	18	16	17	17	13	19	22	14
Between 1995 and 1999	25	22	22	21	24	28	25	33
2000 or later	25	17	7	20	25	10	12	6
Median	1994	1990	1988	1991	1993	1990	1990	1992
Mean	1993	1989	1986	1989	1990	1988	1988	1987

¹Multiple responses are included.

²Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, automatic payroll contributions to employer-sponsored retirement plans; and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 4.6

NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY PRIMARY PURCHASE CHANNEL

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY PRIMARY PURCHASE CHANNEL, 2007

	Employer-Sponsored Retirement Plan	Sales Force Channel			Direct Market Channel			
		Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Direct Market Channel Total	Mutual Fund Company Directly	Discount Broker
Total Number of Mutual Funds Owned								
One	18	15	11	9	30	10	7	15
Two	19	17	10	11	29	8	7	9
Three	12	13	14	14	12	8	10	7
Four	10	10	7	13	3	8	9	6
Five to six	15	17	16	20	15	21	23	19
Seven to ten	14	13	18	17	5	21	16	27
Eleven or more	12	15	24	16	6	24	28	17
Median	4 funds	4 funds	6 funds	5 funds	2 funds	6 funds	6 funds	5 funds
Mean	6 funds	7 funds	10 funds	7 funds	5 funds	7 funds	8 funds	7 funds
Number of Mutual Fund Purchase Channels Used Outside Employer-Sponsored Retirement Plans¹								
One	43	33	31	34	34	38	50	22
Two	29	35	36	36	33	38	31	48
Three	17	21	22	19	23	10	9	12
Four or more	11	11	11	11	10	14	10	18
Median	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	1 source	2 sources
Mean	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources

¹Purchase channels outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.

FIGURE 4.7

CHANNELS USED TO PURCHASE MUTUAL FUNDS BY PRIMARY PURCHASE CHANNEL

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY PRIMARY PURCHASE CHANNEL, 2007

	Employer-Sponsored Retirement Plan	Sales Force Channel			Direct Market Channel			
		Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Direct Market Channel Total	Mutual Fund Company Directly	Discount Broker
Source of Mutual Fund Ownership								
Only inside employer-sponsored retirement plan	56	0	0	0	0	0	0	0
Only outside employer-sponsored retirement plan	0	65	62	59	76	55	62	45
Both inside and outside employer-sponsored retirement plan	44	35	38	41	24	45	38	55
Purchase Channels Through Which Funds Are Currently Owned¹								
Inside employer-sponsored retirement plans (total)	100	35	38	41	24	45	38	55
Inside defined contribution retirement plans (total)	95	32	33	37	24	40	34	49
401(k) plan	81	23	22	29	17	31	27	37
403(b), state, local, or federal government plan	27	13	13	12	12	15	15	15
Inside employer-sponsored IRA ²	14	9	9	9	7	8	8	7
Outside employer-sponsored retirement plans (total)	44	100	100	100	100	100	100	100
Sales force (total)	30	100	100	100	100	52	40	68
Full-service broker	14	57	100	38	24	33	23	46
Independent financial planner	14	51	31	100	24	20	13	30
Bank or savings institution representative	9	34	18	10	100	12	13	10
Insurance agent	7	17	10	14	11	7	5	9
Accountant	4	15	12	13	12	6	4	8
Direct market (total)	22	37	43	32	33	100	100	100
Fund company directly	15	23	23	20	23	67	100	23
Discount broker	11	20	25	16	17	55	20	100
Source of First Mutual Fund Purchase								
Inside employer-sponsored retirement plan	77	37	29	40	40	41	42	40
Outside employer-sponsored retirement plan	23	63	71	60	60	59	58	60

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 4.8

FINANCIAL GOALS BY PRIMARY PURCHASE CHANNEL

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY PRIMARY PURCHASE CHANNEL, 2007

	Employer-Sponsored Retirement Plan	Sales Force Channel				Direct Market Channel		
		Sales Force Channel Total	Full-Service Broker	Independent Financial Planner	Bank or Savings Institution Representative	Direct Market Channel Total	Mutual Fund Company Directly	Discount Broker
Financial Goals for Mutual Fund Investments¹								
Retirement	95	90	91	93	83	88	89	86
Reduce taxable income	54	52	53	49	52	51	43	62
Emergency	41	50	50	49	53	44	40	49
Education	27	23	18	27	20	32	28	37
Current income	14	32	37	32	29	25	23	28
House or other large purchase	13	13	13	10	16	11	14	7
Other	5	7	5	7	10	9	8	9
Primary Financial Goal for Mutual Fund Investments								
Retirement	81	67	70	68	61	68	78	55
Reduce taxable income	4	5	7	1	6	7	5	9
Emergency	3	8	4	8	12	8	3	15
Education	6	5	3	7	6	6	2	10
Current income	2	10	13	11	6	6	6	6
House or other large purchase	3	2	1	3	3	1	1	1
Other	1	3	2	2	6	4	5	4
Level of Confidence that Mutual Funds Can Help Meet Household Financial Goals								
Very confident	31	33	37	32	27	33	41	22
Somewhat confident	52	55	51	60	58	49	46	55
Not very confident	11	7	8	5	9	11	5	19
Not at all confident	6	5	4	3	6	7	8	4
Ownership of Mutual Funds in Employer-Sponsored Retirement Plans¹								
Inside employer-sponsored retirement plans (total)	100	35	38	41	24	45	38	55
Inside defined contribution retirement plans (total)	95	32	33	37	24	40	34	49
401(k) plan	81	23	22	29	17	31	27	37
403(b), state, local, or federal government plan	27	13	13	12	12	15	15	15
Inside employer-sponsored IRA ²	14	9	9	9	7	8	8	7
Ownership of Mutual Funds in IRAs¹								
Have IRA invested in mutual funds (total)	39	72	76	75	64	74	74	74
Traditional IRA or Roth IRA	32	71	75	75	63	73	72	74
Employer-sponsored IRA ²	14	9	9	9	7	8	8	7

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

Mutual Fund Shareholders by Generation

Multiple generations of Americans own mutual funds. In 2007, 10 percent of individuals heading households that own mutual funds are members of Generation Y, persons born in 1977 or later, and thus age 30 or younger at the time of the survey (Figure 5.1). Twenty-four percent are members of Generation X, born between 1965 and 1976, and 31 to 42 at the time of the survey. The largest proportion of individuals heading mutual fund-owning households, 45 percent, is made up of members of the Baby Boom Generation, individuals born between 1946 and 1964, who were between 43 and 61 at the time of the survey. The remaining 21 percent of individuals heading mutual fund-owning households are members of the Silent Generation, born in 1945 or earlier, who were 62 or older at the time of the survey.¹⁰

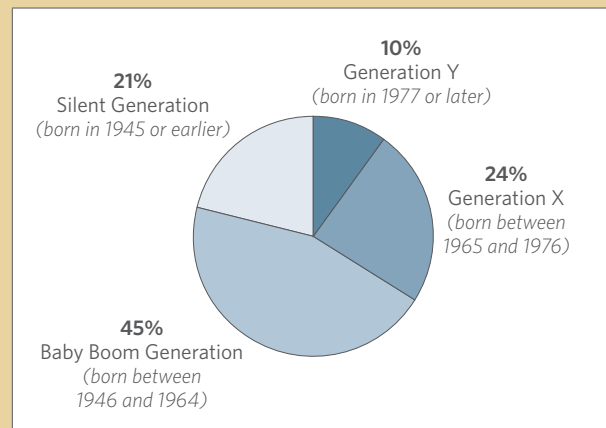
Generation Y (Born in 1977 or Later)

The median age of Generation Y mutual fund-owning household heads is 26 (Figure 5.2). Half of these individuals hold college or postgraduate degrees, and 73 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 72 percent of Generation Y mutual fund-owning households.

Eighty-six percent of Generation Y mutual fund-owning household heads are employed full- or part-time (Figure 5.3). Their median household income is \$60,000. Thirty-seven percent have household incomes of less than \$50,000, 29 percent have household incomes between \$50,000 and \$74,999, and 34 percent have incomes of \$75,000 or more.

FIGURE 5.1

MUTUAL FUND SHAREHOLDERS BY GENERATION
PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS,
BY HEAD OF HOUSEHOLD GENERATION, 2007



Among Generation Y mutual fund-owning households, median household financial assets are \$50,000—the lowest among the generation groups (Figure 5.4). These households have a variety of savings and investments. Twenty-six percent of Generation Y mutual fund-owning households own certificates of deposit, 33 percent own individual stocks, and 21 percent own individual bonds.

Generation Y mutual fund-owning households have median mutual fund holdings of \$15,000, the smallest median mutual fund holdings among shareholder groups classified by generation (Figure 5.5). Seventy-seven percent of Generation Y mutual fund-owning households own equity funds, 41 percent own hybrid funds, 40 percent hold bond funds, and 58 percent own money market funds.

¹⁰ In previous reports, the GI Generation, which includes individuals born between 1904 and 1924, was reported as a separate generation category. In this report, the GI Generation is grouped together with the Silent Generation. One percent of individuals heading mutual fund-owning households are members of the GI Generation in 2007.

Sixty-one percent have more than half of their household financial assets in mutual funds. Nearly two-thirds of Generation Y mutual fund-owning households purchased their first fund in 2000 or later, and 24 percent bought their first fund between 1995 and 1999.

The median number of mutual funds owned by Generation Y mutual fund-owning households is three (Figure 5.6). Sixty-two percent own three or fewer funds, and 38 percent own four or more. Among Generation Y mutual fund-owning households that own funds outside employer-sponsored retirement plans, 62 percent own funds purchased from multiple sources.

Sixty-six percent of Generation Y mutual fund-owning households currently own funds through employer-sponsored retirement plans (Figure 5.7). Sixty-six percent own funds outside employer-sponsored retirement plans: 53 percent own sales force-distributed funds and 34 percent own direct-marketed funds. Fifty-two percent of Generation Y mutual fund-owning households consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-four percent purchased their first mutual fund through an employer-sponsored retirement plan.

Eighty-eight percent of Generation Y mutual fund-owning households indicate that saving for retirement is one of their household's financial goals, and 59 percent list saving for retirement as their household's primary financial goal (Figure 5.8). Sixty-six percent of Generation Y mutual fund-owning households own funds in employer-sponsored retirement plans, and 38 percent own funds inside IRAs. Nearly nine in 10 Generation Y mutual fund-owning households are confident that mutual funds are an investment that can help them meet their household's financial goals.

Generation X (Born Between 1965 and 1976)

The median age of Generation X mutual fund-owning household heads is 37 (Figure 5.2). More than half of these individuals hold college or postgraduate degrees, and four-fifths are married or living with a partner. Investment decisionmaking is a shared responsibility in 62 percent of Generation X mutual fund-owning households.

Ninety-one percent of Generation X mutual fund-owning household heads are employed full- or part-time (Figure 5.3). Their median household income is \$80,000. Seventeen percent have household incomes of less than \$50,000, 28 percent have household incomes between \$50,000 and \$74,999, and more than half have incomes of \$75,000 or more.

Among Generation X mutual fund-owning households, median household financial assets are \$100,000 (Figure 5.4). In addition to mutual funds, 29 percent of these households own certificates of deposit, 43 percent own individual stocks, and 13 percent own individual bonds. Three in 10 Generation X mutual fund-owning households have an education-targeted savings program account—the largest proportion of any of the generation groups.

Generation X mutual fund-owning households have median mutual fund holdings of \$70,000 (Figure 5.5). Eighty-one percent of Generation X mutual fund-owning households own equity funds, 47 percent own hybrid funds, 42 percent hold bond funds, and 64 percent own money market funds. Seventy-two percent have more than half of their household financial assets in mutual funds—the largest percentage of any of the generation groups. Eighty-seven percent of Generation X mutual fund-owning households purchased their first mutual fund after 1989, usually between 1995 and 1999.

The median number of mutual funds owned by Generation X mutual fund-owning households is four (Figure 5.6). Forty-four percent own three or fewer funds and 56 percent own four or more. Among Generation X mutual fund-owning households that own funds outside employer-sponsored retirement plans, 67 percent own funds purchased from multiple sources.

Seventy-six percent of Generation X mutual fund-owning households currently own funds through employer-sponsored retirement plans (Figure 5.7). Sixty-five percent own funds outside employer-sponsored retirement plans: 48 percent own sales force-distributed funds and 37 percent own direct-marketed funds. Sixty-three percent of Generation X mutual fund-owning households consider employer-sponsored retirement plans to be their primary

source for purchasing mutual funds, and 67 percent purchased their first mutual fund through an employer-sponsored retirement plan—the largest percentages of any of the generation groups.

Ninety-four percent of Generation X mutual fund-owning households indicate that saving for retirement is one of their household's financial goals, and 79 percent list saving for retirement as their household's primary financial goal (Figure 5.8). Seventy-six percent of Generation X mutual fund-owning households hold funds in employer-sponsored retirement plans, and 51 percent own funds inside IRAs. Eighty-three percent of Generation X mutual fund-owning households are confident that mutual funds are an investment that can help them meet their household's financial goals.

Baby Boom Generation (Born Between 1946 and 1964)

The median age of Baby Boom Generation mutual fund-owning household heads is 52 (Figure 5.2). Forty-five percent of these individuals hold college or postgraduate degrees, and 77 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 62 percent of Baby Boom Generation mutual fund-owning households.

Eighty-one percent of Baby Boom Generation mutual fund-owning household heads are employed full- or part-time (Figure 5.3). Eighteen percent are retired from their lifetime occupation. Their median household income is \$80,000. Twenty-one percent have household incomes of less than \$50,000, 21 percent have household incomes between \$50,000 and \$74,999, and 58 percent have incomes of \$75,000 or more—the largest percentage of any of the generation groups.

Among Baby Boom Generation mutual fund-owning households, median household financial assets are \$250,000 (Figure 5.4). These households typically have other investments. Forty-nine percent own individual stocks, 15 percent own individual bonds, and 32 percent have investment real estate.

Baby Boom Generation mutual fund-owning households have median mutual fund holdings of \$120,000 (Figure 5.5). Eighty-four percent own equity funds, 47 percent own hybrid funds, half own bond funds, and 63 percent own money market funds. Sixty-two percent have more than half of their household financial assets in mutual funds. Nearly half of Baby Boom Generation mutual fund-owning households purchased their first fund before 1990.

The median number of mutual funds owned by Baby Boom Generation mutual fund-owning households is four (Figure 5.6). Forty-three percent own three or fewer funds and 57 percent own four or more. Among Baby Boom Generation mutual fund-owning households that own funds outside employer-sponsored retirement plans, 61 percent own funds purchased from multiple sources.

Seven out of 10 Baby Boom Generation mutual fund-owning households currently own funds through employer-sponsored retirement plans (Figure 5.7). Seventy-four percent own funds outside employer-sponsored retirement plans: 58 percent own sales force-distributed funds and 34 percent own direct-marketed funds. Fifty-three percent of these households consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-seven percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-four percent of Baby Boom Generation mutual fund-owning households report that saving for retirement is one of their household's financial goals, and 80 percent list saving for retirement as their household's primary financial goal (Figure 5.8). Seven in 10 hold funds in employer-sponsored retirement plans, and three-fifths own funds inside IRAs. Eighty-six percent of Baby Boom Generation mutual fund-owning households are confident that mutual funds are an investment that can help them meet their household's financial goals.

Silent Generation (Born in 1945 or Earlier)

The median age of Silent Generation mutual fund-owning household heads is 68 (Figure 5.2).¹¹ Thirty-eight percent of these individuals hold college or postgraduate degrees, and 64 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 51 percent of Silent Generation mutual fund-owning households.

The vast majority of Silent Generation mutual fund-owning household heads, 76 percent, are retired from their lifetime occupation (Figure 5.3). The median household income of Silent Generation mutual fund-owning households is \$55,200. Forty-three percent have household incomes of less than \$50,000, 22 percent have household incomes between \$50,000 and \$74,999, and 35 percent have incomes of \$75,000 or more.

Among Silent Generation mutual fund-owning households, median household financial assets are \$400,000—the greatest of any of the generation groups (Figure 5.4). These households have a variety of savings and investments. Fifty-one percent of Silent Generation mutual fund-owning households own certificates of deposit, half own individual stocks, and 21 percent own individual bonds.

Silent Generation mutual fund-owning households have median mutual fund holdings of \$150,000, the greatest of any of the generation groups (Figure 5.5). Seventy-three percent of Silent Generation mutual fund-owning households own equity funds, 41 percent own hybrid funds, 42 percent own bond funds, and 72 percent own money market funds. Fifty-nine percent have more than half of their household financial assets in mutual funds. Two-thirds of Silent Generation mutual fund-owning households purchased their first fund before 1990.

The median number of mutual funds owned by Silent Generation mutual fund-owning households is four (Figure 5.6). Forty-two percent own three or fewer funds and 58 percent own four or more. Among Silent Generation mutual fund-owning households that own funds outside employer-sponsored retirement plans, 69 percent own funds purchased from multiple sources.

Forty-two percent of Silent Generation mutual fund-owning households currently own funds through employer-sponsored retirement plans (Figure 5.7). Eighty-eight percent own funds outside these plans, with almost three-quarters owning sales force-distributed funds and 43 percent owning direct-marketed funds. Sixty-three percent of Silent Generation mutual fund-owning households consider the sales force channel to be their primary source for purchasing mutual funds. Fifty-eight percent purchased their first mutual fund outside an employer-sponsored retirement plan.

Eighty-five percent of Silent Generation mutual fund-owning households indicate that financing retirement is one of their household's financial goals, and 60 percent list financing retirement as their household's primary financial goal (Figure 5.8). Fifty-four percent of Silent Generation mutual fund-owning households report current income as a household financial goal—the largest percentage of any of the generation groups. Forty-two percent hold funds in employer-sponsored retirement plans, and 64 percent own funds inside IRAs. Eighty-one percent of Silent Generation mutual fund-owning households are confident that mutual funds are an investment that can help them meet their household's financial goals.

¹¹ In previous reports, the GI Generation, which includes individuals born between 1904 and 1924, was reported as a separate generation category. In this report, the GI Generation is grouped together with the Silent Generation. One percent of individuals heading mutual fund-owning households are members of the GI Generation in 2007.

FIGURE 5.2

HEAD OF HOUSEHOLD CHARACTERISTICS BY GENERATION

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HEAD OF HOUSEHOLD GENERATION, 2007

	Generation Y <i>(born in 1977 or later)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent Generation <i>(born in 1945 or earlier)</i>
Age of Household Sole or Co-Decisionmaker for Saving and Investing				
Younger than 35	100	31	0	0
35 to 44	0	69	11	0
45 to 54	0	0	55	0
55 to 64	0	0	34	25
65 or older	0	0	0	75
Median	26 years	37 years	52 years	68 years
Mean	26 years	37 years	52 years	70 years
Educational Level				
High school or less	15	21	23	36
Some college or associate's degree	35	26	32	26
Completed four years of college	25	24	20	15
Some graduate school	8	5	6	4
Completed graduate school	17	24	19	19
Marital Status				
Married or living with a partner	73	80	77	64
Single	23	13	8	5
Divorced or separated	4	7	12	8
Widowed	0	0	3	23
Household Investment Decisionmaker				
Male is sole decisionmaker	13	20	20	20
Female is sole decisionmaker	15	18	18	29
Co-decisionmakers	72	62	62	51
Ethnic Background¹				
Caucasian	80	82	89	95
African-American	11	11	6	2
Hispanic	12	6	4	2
Asian	2	2	1	2
Other	7	4	4	2

¹Multiple responses are included.

FIGURE 5.3

EMPLOYMENT STATUS AND INCOME BY GENERATION

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HEAD OF HOUSEHOLD GENERATION, 2007

	Generation Y <i>(born in 1977 or later)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent Generation <i>(born in 1945 or earlier)</i>
Employment Status¹				
Employed full-time	74	83	70	19
Not retired	74	82	66	17
Retired from lifetime occupation	0	1	4	2
Employed part-time	12	8	11	12
Not retired	12	7	9	3
Retired from lifetime occupation	0	1	2	9
Not employed	14	9	19	69
Not retired	13	7	7	5
Retired from lifetime occupation	1	2	12	65
Total Household Income²				
Less than \$25,000	13	3	6	14
\$25,000 to \$34,999	6	5	5	11
\$35,000 to \$49,999	18	9	10	18
\$50,000 to \$74,999	29	28	21	22
\$75,000 to \$99,999	15	18	20	12
\$100,000 to \$149,999	15	20	21	14
\$150,000 to \$249,999	3	14	12	5
\$250,000 or more	1	3	5	4
Median	\$60,000	\$80,000	\$80,000	\$55,200
Mean	\$70,200	\$95,200	\$103,000	\$79,800

¹Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).

²Total reported is household income before taxes in 2006.

FIGURE 5.4

MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY GENERATION

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HEAD OF HOUSEHOLD GENERATION, 2007

	Generation Y <i>(born in 1977 or later)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent Generation <i>(born in 1945 or earlier)</i>
Total Household Financial Assets¹				
Less than \$25,000	34	14	9	6
\$25,000 to \$49,999	15	11	5	3
\$50,000 to \$74,999	13	14	6	5
\$75,000 to \$99,999	7	8	6	3
\$100,000 to \$249,999	15	22	23	17
\$250,000 to \$499,999	8	16	21	21
\$500,000 to \$999,999	2	11	16	23
\$1 million or more	6	4	14	22
Median	\$50,000	\$100,000	\$250,000	\$400,000
Mean	\$207,000	\$260,000	\$525,600	\$725,000
Household Ownership of Non-Mutual Fund Investments²				
Certificates of deposit	26	29	39	51
Individual stocks, individual bonds, or annuities (total)	52	56	66	72
Individual stocks	33	43	49	50
Individual bonds (excluding U.S. Savings Bonds)	21	13	15	21
Fixed or variable annuities	27	22	33	41
Investment real estate	14	23	32	32
Closed-end funds	1	1	4	5
Exchange-traded funds	2	4	4	4
Household Ownership of Employer-Sponsored Retirement Plan Accounts²				
Household owns employer-sponsored retirement plan accounts (total)	86	88	85	54
Defined contribution retirement plan accounts (total)	83	85	80	51
401(k) plan account	73	73	67	32
403(b), state, local, or federal government plan account	31	33	33	30
Employer-sponsored IRA ³	10	15	18	10
Household Ownership of IRAs²				
Household owns IRAs (total)	51	60	73	75
Traditional IRA or Roth IRA	44	55	69	73
Employer-sponsored IRA ³	10	15	18	10
Household Ownership of Education-Targeted Savings Accounts²				
Household owns education-targeted savings program accounts (total)	18	30	15	10
Coverdell education savings account	16	21	12	8
529 prepaid tuition or college savings plan accounts (total)	4	18	8	4
529 savings plan	4	16	7	4
529 prepaid tuition plan	0	5	1	1

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Multiple responses are included.

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 5.5

MUTUAL FUND INVESTING BY GENERATION

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HEAD OF HOUSEHOLD GENERATION, 2007

	Generation Y (born in 1977 or later)	Generation X (born between 1965 and 1976)	Baby Boom Generation (born between 1946 and 1964)	Silent Generation (born in 1945 or earlier)
Total Household Mutual Fund Assets				
Less than \$5,000	17	6	6	4
\$5,000 to \$9,999	16	3	3	3
\$10,000 to \$19,999	23	7	6	3
\$20,000 to \$29,999	9	7	5	2
\$30,000 to \$49,999	8	13	6	4
\$50,000 to \$74,999	3	16	9	8
\$75,000 to \$99,999	7	7	6	8
\$100,000 to \$249,999	11	25	26	29
\$250,000 or more	6	16	33	39
Median	\$15,000	\$70,000	\$120,000	\$150,000
Mean	\$73,000	\$135,300	\$285,300	\$335,400
Percent Allocation of Household Financial Assets to Mutual Funds				
25% or less	18	15	18	20
Between 26% and 50%	21	13	20	21
Between 51% and 75%	19	27	19	22
More than 75%	42	45	43	37
Types of Mutual Funds Owned¹				
Equity funds	77	81	84	73
Hybrid funds	41	47	47	41
Bond funds	40	42	50	42
Money market funds	58	64	63	72
Other fund type specified	4	7	10	8
Mutual Fund Transaction Activity in the Previous 12 Months²				
Conducted mutual fund transactions	41	38	40	28
Year of Initial Mutual Fund Purchase				
Before 1990	5	13	49	67
Between 1990 and 1994	7	23	18	12
Between 1995 and 1999	24	38	20	15
2000 or later	64	26	13	6
Median	2001	1997	1990	1984
Mean	2000	1996	1989	1982

¹Multiple responses are included.

²Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, automatic payroll contributions to employer-sponsored retirement plans; and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 5.6

NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY GENERATION

	Generation Y <i>(born in 1977 or later)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent Generation <i>(born in 1945 or earlier)</i>
Total Number of Mutual Funds Owned				
<i>Percent of U.S. households owning mutual funds, by head of household generation, 2007</i>				
One	21	16	17	16
Two	28	16	14	15
Three	13	12	12	11
Four	15	10	8	9
Five to six	10	19	15	19
Seven to ten	5	13	17	18
Eleven or more	8	14	17	12
Median	3 funds	4 funds	4 funds	4 funds
Mean	4 funds	6 funds	7 funds	7 funds
Number of Mutual Fund Purchase Channels Used Outside Employer-Sponsored Retirement Plans¹				
<i>Percent of U.S. households owning mutual funds outside employer-sponsored retirement plans, by head of household generation, 2007</i>				
One	38	33	39	31
Two	26	41	33	34
Three	22	17	16	23
Four or more	14	9	12	12
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

¹Purchase channels outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.

FIGURE 5.7

CHANNELS USED TO PURCHASE MUTUAL FUNDS BY GENERATION

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HEAD OF HOUSEHOLD GENERATION, 2007

	Generation Y <i>(born in 1977 or later)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent Generation <i>(born in 1945 or earlier)</i>
Source of Mutual Fund Ownership				
Only inside employer-sponsored retirement plan	34	35	25	12
Only outside employer-sponsored retirement plan	34	24	30	58
Both inside and outside employer-sponsored retirement plan	32	41	45	30
Purchase Channels Through Which Funds Are Currently Owned¹				
Inside employer-sponsored retirement plans (total)	66	76	70	42
Inside defined contribution retirement plans (total)	64	72	65	40
401(k) plan	53	61	56	25
403(b), state, local, or federal government plan	20	22	19	18
Inside employer-sponsored IRA ²	7	10	14	8
Outside employer-sponsored retirement plans (total)	66	65	74	88
Sales force (total)	53	48	58	74
Full-service broker	24	22	33	47
Independent financial planner	26	22	29	36
Bank or savings institution representative	19	17	17	24
Insurance agent	13	9	11	12
Accountant	13	5	9	9
Direct market (total)	34	37	34	43
Fund company directly	24	21	23	27
Discount broker	17	21	18	24
Primary Mutual Fund Purchase Channel				
Inside employer-sponsored retirement plans	52	63	53	20
Outside employer-sponsored retirement plans	48	37	47	80
Sales force	42	24	37	63
Full-service broker	8	8	13	27
Independent financial planner	15	8	12	18
Bank or savings institution representative	10	6	8	14
Insurance agent	6	1	3	3
Accountant	3	1	1	1
Direct market	6	13	10	17
Fund company directly	4	7	7	8
Discount broker	2	6	3	9
Source of First Mutual Fund Purchase				
Inside employer-sponsored retirement plan	64	67	57	42
Outside employer-sponsored retirement plan	36	33	43	58

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 5.8

FINANCIAL GOALS BY GENERATION

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HEAD OF HOUSEHOLD GENERATION, 2007

	Generation Y <i>(born in 1977 or later)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent Generation <i>(born in 1945 or earlier)</i>
Financial Goals for Mutual Fund Investments¹				
Retirement	88	94	94	85
Reduce taxable income	45	56	53	49
Emergency	49	41	41	58
Education	45	40	22	9
Current income	20	11	15	54
House or other large purchase	32	14	9	8
Other	11	5	5	8
Primary Financial Goal for Mutual Fund Investments				
Retirement	59	79	80	60
Reduce taxable income	7	2	5	7
Emergency	9	5	4	8
Education	8	10	5	1
Current income	3	0	3	18
House or other large purchase	11	3	1	1
Other	3	1	2	5
Level of Confidence that Mutual Funds Can Help Meet Household Financial Goals				
Very confident	37	36	31	25
Somewhat confident	51	47	55	56
Not very confident	7	11	9	10
Not at all confident	5	6	5	9
Ownership of Mutual Funds in Employer-Sponsored Retirement Plans¹				
Inside employer-sponsored retirement plans (total)	66	76	70	42
Inside defined contribution retirement plans (total)	64	72	65	40
401(k) plan	53	61	56	25
403(b), state, local, or federal government plan	20	22	19	18
Inside employer-sponsored IRA ²	7	10	14	8
Ownership of Mutual Funds in IRAs¹				
Have IRA invested in mutual funds (total)	38	51	60	64
Traditional IRA or Roth IRA	33	47	56	61
Employer-sponsored IRA ²	7	10	14	8

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

Mutual Fund Shareholders by Age

In 2007, 27 percent of individuals heading households that own mutual funds are younger than 40 at the time of the survey (Figure 6.1). The largest share of individuals heading mutual fund-owning households, 57 percent, is between the ages of 40 and 64. The remaining 16 percent are 65 or older at the time of the survey.

Age of Household Head Younger than 40

Among this youngest group of mutual fund-owning households, the median age of the head of household is 32 (Figure 6.2). Fifty-four percent of these individuals hold college or postgraduate degrees, and 78 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 68 percent of mutual fund-owning households in this age group.

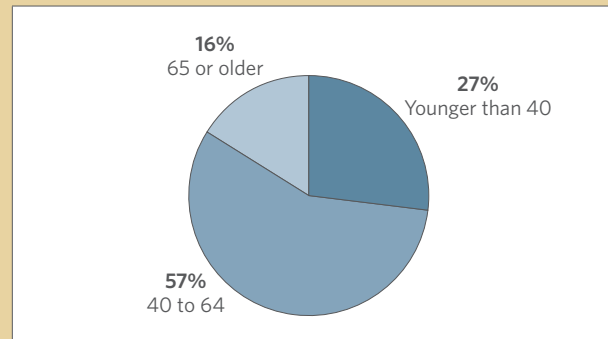
Eighty-nine percent of mutual fund-owning household heads in this age group are employed full- or part-time (Figure 6.3). Their median household income is \$70,000. Twenty-three percent have household incomes of less than \$50,000, and 29 percent have household incomes between \$50,000 and \$74,999. Forty-eight percent of mutual fund-owning households in this age group have incomes of \$75,000 or more.

Among mutual fund-owning households headed by an individual younger than age 40, median household financial assets are \$75,000—the lowest of any of the age groups (Figure 6.4). These households have a variety of savings and investments. Twenty-eight percent of mutual fund-owning households in this age group own certificates of deposit, 40 percent own individual stocks, and 16 percent own individual bonds. One-quarter of these households have an education-targeted savings program account—the largest proportion of any of the age groups.

FIGURE 6.1

MUTUAL FUND SHAREHOLDERS BY AGE

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY AGE OF HOUSEHOLD HEAD, 2007



Mutual fund-owning households headed by an individual younger than 40 have median mutual fund holdings of \$48,000, the smallest median mutual fund holdings among shareholder groups classified by age (Figure 6.5). Four-fifths of these households own equity funds, 43 percent own hybrid funds, 41 percent hold bond funds, and 63 percent own money market funds. Seventy-two percent have more than half of their household financial assets in mutual funds. More than two-fifths of mutual fund-owning households headed by an individual younger than 40 purchased their first fund in 2000 or later, and 36 percent bought their first fund between 1995 and 1999.

The median number of mutual funds owned by mutual fund-owning households headed by an individual younger than 40 is four (Figure 6.6). Forty-nine percent own three or fewer funds and 51 percent own four or more. Among households in this age group that own mutual funds outside employer-sponsored retirement plans, 69 percent own funds purchased from multiple sources.

Seventy-three percent of mutual fund-owning households headed by an individual younger than 40 currently own funds through employer-sponsored retirement plans—the largest percentage of any of the age groups (Figure 6.7). Sixty-three percent own funds outside employer-sponsored retirement plans: 50 percent own sales force-distributed funds and 36 percent own direct-marketed funds. Three-fifths of mutual fund-owning households in this age group consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-six percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-two percent of mutual fund-owning households headed by an individual younger than 40 indicate that saving for retirement is one of their household's financial goals, and 70 percent list saving for retirement as their household's primary financial goal (Figure 6.8). Seventy-three percent of mutual fund-owning households in this age group hold funds in employer-sponsored retirement plans, and 45 percent own funds inside IRAs. Nearly nine in 10 mutual fund-owning households in this age group are confident that mutual funds are an investment that can help them meet their household's financial goals.

Age of Household Head Between 40 and 64

Among this middle-aged group of mutual fund-owning households, the median age of the household head is 51 (Figure 6.2). Forty-five percent of these individuals hold college or postgraduate degrees, and 77 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in three-fifths of mutual fund-owning households in this age group.

Seventy-nine percent of mutual fund-owning household heads in this age group are employed full- or part-time (Figure 6.3). One in five is retired from their lifetime occupation. Their median household income is \$80,000. Twenty-one percent have household incomes of less than \$50,000, 22 percent have household incomes between \$50,000 and \$74,999, and 57 percent have incomes of \$75,000 or more—the largest percentage of any of the age groups.

Among mutual fund-owning households headed by an individual age 40 to 64, median household financial assets are \$250,000 (Figure 6.4). These households typically have other investments: 48 percent own individual stocks, 15 percent own individual bonds, and 32 percent have investment real estate.

Mutual fund-owning households headed by an individual age 40 to 64 have median mutual fund holdings of \$115,000 (Figure 6.5). Eighty-two percent of mutual fund-owning households in this age group own equity funds, 47 percent own hybrid funds, 49 percent hold bond funds, and 64 percent own money market funds. Sixty-one percent have more than half of their household financial assets in mutual funds. Forty-seven percent of mutual fund-owning households headed by an individual age 40 to 64 purchased their first fund before 1990.

The median number of mutual funds owned by mutual fund-owning households in the 40 to 64 age group is four (Figure 6.6). Forty-three percent own three or fewer funds and 57 percent own four or more. Among households in this age group that own funds outside employer-sponsored retirement plans, three-fifths own funds purchased from multiple sources.

Sixty-nine percent of mutual fund-owning households headed by an individual age 40 to 64 currently own funds through employer-sponsored retirement plans (Figure 6.7). Three-quarters own funds outside employer-sponsored retirement plans: 58 percent own sales force-distributed funds and 34 percent own direct-marketed funds. Fifty-two percent of mutual fund-owning households in this age group consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-seven percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-three percent of mutual fund-owning households headed by an individual age 40 to 64 report that saving for retirement is one of their household's financial goals, and 80 percent list saving for retirement as their household's primary financial goal (Figure 6.8). Sixty-nine percent hold funds in employer-sponsored retirement plans, and three-fifths own funds inside IRAs. Eighty-four percent of mutual fund-owning households in this age group are confident that mutual funds are an investment that can help them meet their household's financial goals.

Age of Household Head 65 or Older

Among this oldest group of mutual fund-owning households, the median age of the head of household is 71 (Figure 6.2). Thirty-six percent of these individuals hold college or postgraduate degrees, and 61 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in half of mutual fund-owning households in this age group.

The vast majority of mutual fund-owning household heads in this age group, 79 percent, are retired from their lifetime occupation (Figure 6.3). Their median household income is \$49,000. Fifty-one percent have household incomes of less than \$50,000, 19 percent have household incomes between \$50,000 and \$74,999, and three in 10 have incomes of \$75,000 or more.

Among mutual fund-owning households headed by an individual 65 or older, median household financial assets are \$375,000—the greatest of any of the age groups (Figure 6.4). These households have a variety of savings and investments. Half of mutual fund-owning households in this age group own certificates of deposit, 49 percent own individual stocks, and 22 percent own individual bonds.

Mutual fund-owning households headed by an individual 65 or older have median mutual fund holdings of \$150,000, the greatest of any shareholder group classified by age (Figure 6.5). Seventy-three percent of mutual fund-owning households in this age group own equity funds, 39 percent own hybrid funds, 41 percent hold bond funds, and 70 percent own money market funds. Sixty-two percent have more than half of their household financial assets in mutual funds. Two-thirds of mutual fund-owning households headed by an individual 65 or older purchased their first fund before 1990.

The median number of mutual funds owned by mutual fund-owning households headed by an individual 65 or older is four (Figure 6.6). Forty-four percent own three or fewer funds and 56 percent own four or more. Among households in this age group that own funds outside employer-sponsored retirement plans, 71 percent own funds purchased from multiple sources.

Two-fifths of mutual fund-owning households headed by an individual 65 or older currently own funds through employer-sponsored retirement plans (Figure 6.7).

Eighty-eight percent own funds outside these plans, with three-quarters owning sales force-distributed funds and 44 percent owning direct-marketed funds.

Sixty-four percent of mutual fund-owning households in this age group consider the sales force channel to be their primary source for purchasing mutual funds. Fifty-six percent purchased their first mutual fund outside an employer-sponsored retirement plan.

Eighty-five percent of mutual fund-owning households headed by an individual 65 or older indicate that financing retirement is one of their household's financial goals, and 56 percent list financing retirement as their household's primary financial goal (Figure 6.8). Three-fifths of mutual fund-owning households in this age group report current income as a household financial goal—the largest percentage of any of the age groups. Two in five hold funds in employer-sponsored retirement plans, and 61 percent own funds inside IRAs. Eighty-one percent of mutual fund-owning households headed by an individual age 65 or older are confident that mutual funds are an investment that can help them meet their financial goals.

FIGURE 6.2

HEAD OF HOUSEHOLD CHARACTERISTICS BY AGE

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY AGE OF HOUSEHOLD HEAD, 2007

	Younger than 40	40 to 64	65 or Older
Age of Household Sole or Co-Decisionmaker for Saving and Investing			
Younger than 35	66	0	0
35 to 44	34	22	0
45 to 54	0	42	0
55 to 64	0	36	0
65 or older	0	0	100
Median	32 years	51 years	71 years
Mean	32 years	52 years	73 years
Educational Level			
High school or less	17	25	36
Some college or associate's degree	29	30	28
Completed four years of college	26	20	14
Some graduate school	6	5	4
Completed graduate school	22	20	18
Marital Status			
Married or living with a partner	78	77	61
Single	17	8	6
Divorced or separated	5	12	6
Widowed	0	3	27
Household Investment Decisionmaker			
Male is sole decisionmaker	16	21	19
Female is sole decisionmaker	16	19	31
Co-decisionmakers	68	60	50
Ethnic Background¹			
Caucasian	80	90	94
African-American	12	6	2
Hispanic	9	4	2
Asian	2	1	2
Other	5	4	2

¹Multiple responses are included.

FIGURE 6.3

EMPLOYMENT STATUS AND INCOME BY AGE

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY AGE OF HOUSEHOLD HEAD, 2007

	Younger than 40	40 to 64	65 or Older
Employment Status¹			
Employed full-time	80	67	15
Not retired	79	64	14
Retired from lifetime occupation	1	3	1
Employed part-time	9	12	11
Not retired	9	9	2
Retired from lifetime occupation	0	3	9
Not employed	11	21	74
Not retired	10	7	5
Retired from lifetime occupation	1	14	69
Total Household Income²			
Less than \$25,000	6	6	18
\$25,000 to \$34,999	5	5	13
\$35,000 to \$49,999	12	10	20
\$50,000 to \$74,999	29	22	19
\$75,000 to \$99,999	18	19	11
\$100,000 to \$149,999	19	20	12
\$150,000 to \$249,999	9	13	4
\$250,000 or more	2	5	3
Median	\$70,000	\$80,000	\$49,000
Mean	\$84,800	\$102,000	\$73,700

¹Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).

²Total reported is household income before taxes in 2006.

FIGURE 6.4

MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY AGE

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY AGE OF HOUSEHOLD HEAD, 2007

	Younger than 40	40 to 64	65 or Older
Total Household Financial Assets¹			
Less than \$25,000	21	9	6
\$25,000 to \$49,999	13	5	3
\$50,000 to \$74,999	15	7	4
\$75,000 to \$99,999	8	6	3
\$100,000 to \$249,999	19	23	16
\$250,000 to \$499,999	12	20	27
\$500,000 to \$999,999	7	17	20
\$1 million or more	5	13	21
Median	\$75,000	\$250,000	\$375,000
Mean	\$242,400	\$505,700	\$731,500
Household Ownership of Non-Mutual Fund Investments²			
Certificates of deposit	28	39	50
Individual stocks, individual bonds, or annuities (total)	56	64	72
Individual stocks	40	48	49
Individual bonds (excluding U.S. Savings Bonds)	16	15	22
Fixed or variable annuities	24	32	42
Investment real estate	18	32	30
Closed-end funds	1	4	6
Exchange-traded funds	3	4	3
Household Ownership of Employer-Sponsored Retirement Plan Accounts²			
Household owns employer-sponsored retirement plan accounts (total)	89	82	53
Defined contribution retirement plan accounts (total)	86	77	50
401(k) plan account	76	64	30
403(b), state, local, or federal government plan account	31	34	31
Employer-sponsored IRA ³	14	17	9
Household Ownership of IRAs²			
Household owns IRAs (total)	56	72	75
Traditional IRA or Roth IRA	50	68	73
Employer-sponsored IRA ³	14	17	9
Household Ownership of Education-Targeted Savings Accounts²			
Household owns education-targeted savings program accounts (total)	25	16	11
Coverdell education savings account	18	13	9
529 prepaid tuition or college savings plan accounts (total)	11	9	4
529 savings plan	11	8	4
529 prepaid tuition plan	3	2	1

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Multiple responses are included.

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 6.5

MUTUAL FUND INVESTING BY AGE

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY AGE OF HOUSEHOLD HEAD, 2007

	Younger than 40	40 to 64	65 or Older
Total Household Mutual Fund Assets			
Less than \$5,000	9	5	3
\$5,000 to \$9,999	8	3	4
\$10,000 to \$19,999	13	5	5
\$20,000 to \$29,999	8	5	2
\$30,000 to \$49,999	12	6	5
\$50,000 to \$74,999	12	10	8
\$75,000 to \$99,999	7	7	7
\$100,000 to \$249,999	18	28	25
\$250,000 or more	13	31	41
Median	\$48,000	\$115,000	\$150,000
Mean	\$113,200	\$267,100	\$352,400
Percent Allocation of Household Financial Assets to Mutual Funds			
25% or less	15	19	15
Between 26% and 50%	13	20	23
Between 51% and 75%	26	20	24
More than 75%	46	41	38
Types of Mutual Funds Owned¹			
Equity funds	80	82	73
Hybrid funds	43	47	39
Bond funds	41	49	41
Money market funds	63	64	70
Other fund type specified	5	10	7
Mutual Fund Transaction Activity in the Previous 12 Months²			
Conducted mutual fund transactions	39	39	27
Year of Initial Mutual Fund Purchase			
Before 1990	7	47	67
Between 1990 and 1994	16	18	14
Between 1995 and 1999	36	21	13
2000 or later	41	14	6
Median	1998	1990	1984
Mean	1998	1989	1982

¹Multiple responses are included.

²Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, automatic payroll contributions to employer-sponsored retirement plans; and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 6.6

NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY AGE

	Younger than 40	40 to 64	65 or Older
Total Number of Mutual Funds Owned			
<i>Percent of U.S. households owning mutual funds, by age of household head, 2007</i>			
One	18	16	18
Two	19	14	18
Three	12	13	8
Four	13	8	9
Five to six	17	16	18
Seven to ten	10	16	18
Eleven or more	11	17	11
Median	4 funds	4 funds	4 funds
Mean	5 funds	7 funds	7 funds
Number of Mutual Fund Purchase Channels Used Outside Employer-Sponsored Retirement Plans¹			
<i>Percent of U.S. households owning mutual funds outside employer-sponsored retirement plans, by age of household head, 2007</i>			
One	31	40	29
Two	37	33	35
Three	19	16	27
Four or more	13	11	9
Median	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources

¹Purchase channels outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.

FIGURE 6.7

CHANNELS USED TO PURCHASE MUTUAL FUNDS BY AGE

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY AGE OF HOUSEHOLD HEAD, 2007

	Younger than 40	40 to 64	65 or Older
Source of Mutual Fund Ownership			
Only inside employer-sponsored retirement plan	37	25	12
Only outside employer-sponsored retirement plan	27	31	60
Both inside and outside employer-sponsored retirement plan	36	44	28
Purchase Channels Through Which Funds Are Currently Owned¹			
Inside employer-sponsored retirement plans (total)	73	69	40
Inside defined contribution retirement plans (total)	70	64	38
401(k) plan	60	53	23
403(b), state, local, or federal government plan	20	20	18
Inside employer-sponsored IRA ²	9	13	6
Outside employer-sponsored retirement plans (total)	63	75	88
Sales force (total)	50	58	75
Full-service broker	22	33	48
Independent financial planner	23	29	35
Bank or savings institution representative	18	18	24
Insurance agent	11	10	13
Accountant	9	8	9
Direct market (total)	36	34	44
Fund company directly	21	24	25
Discount broker	21	17	26
Primary Mutual Fund Purchase Channel			
Inside employer-sponsored retirement plans	60	52	18
Outside employer-sponsored retirement plans	40	48	82
Sales force	29	37	64
Full-service broker	6	14	28
Independent financial planner	10	12	18
Bank or savings institution representative	8	8	14
Insurance agent	3	2	3
Accountant	2	1	1
Direct market	11	11	18
Fund company directly	5	8	6
Discount broker	6	3	12
Source of First Mutual Fund Purchase			
Inside employer-sponsored retirement plan	66	57	44
Outside employer-sponsored retirement plan	34	43	56

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 6.8

FINANCIAL GOALS BY AGE

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY AGE OF HOUSEHOLD HEAD, 2007

	Younger than 40	40 to 64	65 or Older
Financial Goals for Mutual Fund Investments¹			
Retirement	92	93	85
Reduce taxable income	51	53	50
Emergency	46	41	61
Education	42	22	9
Current income	15	16	60
House or other large purchase	22	9	8
Other	7	5	10
Primary Financial Goal for Mutual Fund Investments			
Retirement	70	80	56
Reduce taxable income	4	4	7
Emergency	7	4	9
Education	9	5	1
Current income	2	4	21
House or other large purchase	6	1	1
Other	2	2	5
Level of Confidence that Mutual Funds Can Help Meet Household Financial Goals			
Very confident	37	30	26
Somewhat confident	50	54	55
Not very confident	8	10	10
Not at all confident	5	6	9
Ownership of Mutual Funds in Employer-Sponsored Retirement Plans¹			
Inside employer-sponsored retirement plans (total)	73	69	40
Inside defined contribution retirement plans (total)	70	64	38
401(k) plan	60	53	23
403(b), state, local, or federal government plan	20	20	18
Inside employer-sponsored IRA ²	9	13	6
Ownership of Mutual Funds in IRAs¹			
Have IRA invested in mutual funds (total)	45	60	61
Traditional IRA or Roth IRA	40	56	60
Employer-sponsored IRA ²	9	13	6

¹Multiple responses are included.

²Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

Mutual Fund Shareholders by Household Income

Households in all income categories own mutual funds. In 2007, 26 percent of mutual fund-owning households have incomes of less than \$50,000, 41 percent have household incomes between \$50,000 and \$99,999, 19 percent have household incomes between \$100,000 and \$149,999, and 14 percent have household incomes of \$150,000 or more (Figure 7.1).^{12,13}

Household Incomes Less than \$50,000

Among mutual fund-owning households with incomes of less than \$50,000, the median age of the head of household is 53 (Figure 7.2). Thirty-one percent of these individuals have college or postgraduate degrees. Half are married or living with a partner—the lowest percentage of any of the household income groups. Investment decisionmaking is a shared responsibility in 44 percent of these households.

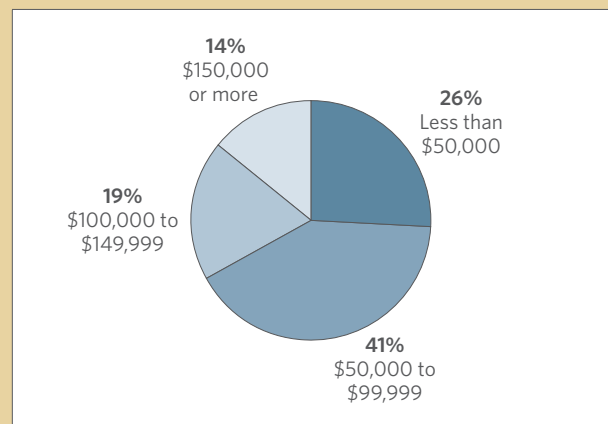
Fifty-seven percent of mutual fund-owning household heads in this income group are employed full- or part-time (Figure 7.3). Thirty-four percent are retired from their lifetime occupation—the largest percentage of any of the household income groups. The median household income among households in this group is \$33,000. Twenty-nine percent of households in this group have incomes of less than \$25,000, 24 percent have incomes between \$25,000 and \$34,999, and 47 percent have incomes between \$35,000 and \$49,999.

Among mutual fund-owning households with incomes of less than \$50,000, median household financial assets are \$55,000—the lowest of any shareholder group classified by household income (Figure 7.4). These households have a variety of savings and investments. Thirty-two percent of

FIGURE 7.1

MUTUAL FUND SHAREHOLDERS BY HOUSEHOLD INCOME

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2007



Note: Total reported is household income before taxes in 2006.

mutual fund-owning households in this income group own certificates of deposit, 29 percent own individual stocks, and 10 percent own individual bonds.

Mutual fund-owning households with incomes of less than \$50,000 have median mutual fund holdings of \$30,000—the smallest median mutual fund holdings among any of the income groups (Figure 7.5). Seven in 10 own equity funds, 40 percent own hybrid funds, 37 percent hold bond funds, and 65 percent own money market funds. Sixty-seven percent have more than half of their household financial assets in mutual funds. Thirty-five percent of mutual fund-owning households with incomes of less than \$50,000 purchased their first fund before 1990, and one-quarter bought their first fund in 2000 or later.

¹² Total household income reported is before taxes in 2006.

¹³ The median household income nationwide was \$48,201 in 2006. See U.S. Census Bureau, “Income, Poverty, and Health Insurance Coverage in the United States: 2006.”

The median number of mutual funds owned by mutual fund-owning households in this income group is two—the lowest median of any of the income groups (Figure 7.6). Sixty-eight percent own three or fewer funds and 32 percent own four or more. Among households in this group that own mutual funds outside employer-sponsored retirement plans, 67 percent own funds purchased from multiple sources.

Fifty-three percent of mutual fund-owning households with incomes of less than \$50,000 currently own funds through employer-sponsored retirement plans (Figure 7.7). Seven in 10 own funds outside employer-sponsored retirement plans: 56 percent own sales force-distributed funds and 33 percent own direct-marketed funds. Forty-four percent of mutual fund-owning households in this group consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-four percent of households with incomes of less than \$50,000 purchased their first mutual fund through an employer-sponsored retirement plan.

Eighty-eight percent of mutual fund-owning households with incomes of less than \$50,000 indicate that saving for retirement is one of their household's financial goals, and 62 percent list saving for retirement as their household's primary financial goal (Figure 7.8). More than half list saving for an emergency as one of their household's financial goals—the largest percentage of any of the income groups. Fifty-three percent of mutual fund-owning households in this income group hold funds in employer-sponsored retirement plans, and 45 percent own funds inside IRAs. Seventy-seven percent of mutual fund-owning households with incomes of less than \$50,000 are confident that mutual funds are an investment that can help them meet their household's financial goals.

Household Incomes Between \$50,000 and \$99,999

Among mutual fund-owning households with incomes between \$50,000 and \$99,999, the median age of the head of household is 46 (Figure 7.2). Thirty-eight percent of these individuals have college or postgraduate degrees, and four-fifths are married or living with a partner. Investment decisionmaking is a shared responsibility in 63 percent of mutual fund-owning households with incomes between \$50,000 and \$99,999.

Seventy-seven percent of mutual fund-owning household heads in this income group are employed full- or part-time, and 21 percent are retired from their lifetime occupation (Figure 7.3). The median household income in this group is \$70,000. Fifty-eight percent of households in this group have incomes between \$50,000 and \$74,999, and 42 percent have incomes between \$75,000 and \$99,999.

Among mutual fund-owning households with incomes between \$50,000 and \$99,999, median household financial assets are \$130,000 (Figure 7.4). These households typically have other investments. Thirty-seven percent of mutual fund-owning households in this income group own certificates of deposit, 46 percent own individual stocks, and 18 percent own individual bonds.

Mutual fund-owning households with incomes between \$50,000 and \$99,999 have median mutual fund holdings of \$75,000 (Figure 7.5). Eighty-two percent of these households own equity funds, 43 percent hold hybrid funds, 43 percent own bond funds, and 61 percent own money market funds. Sixty-seven percent have more than half of their household financial assets in mutual funds. Thirty-eight percent of mutual fund-owning households with incomes between \$50,000 and \$99,999 purchased their first fund before 1990, and 47 percent bought their first fund in 1995 or later.

The median number of mutual funds owned by households in this income group is four (Figure 7.6). Forty-six percent own three or fewer funds and 54 percent own four or more. Among households in this group that own mutual funds outside employer-sponsored retirement plans, 62 percent own funds purchased from multiple sources.

Sixty-eight percent of mutual fund-owning households with incomes between \$50,000 and \$99,999 currently own funds through employer-sponsored retirement plans (Figure 7.7). In addition, 70 percent own funds outside these plans, with 56 percent owning sales force-distributed funds and 33 percent owning direct-marketed funds. Fifty-three percent of mutual fund-owning households in this group consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-one percent of households with incomes between \$50,000 and \$99,999 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-two percent of mutual fund-owning households with incomes between \$50,000 and \$99,999 indicate that saving for retirement is one of their household's financial goals, and 76 percent list saving for retirement as their household's primary financial goal (Figure 7.8). More than half report that reducing their taxable income is one of their household's financial goals. Sixty-eight percent of mutual fund-owning households in this income group hold funds in employer-sponsored retirement plans, and 55 percent own funds inside IRAs. Eighty-five percent of mutual fund-owning households with incomes between \$50,000 and \$99,999 are confident that mutual funds are an investment that can help them meet their household's financial goals.

Household Incomes Between \$100,000 and \$149,999

Among mutual fund-owning households with incomes between \$100,000 and \$149,999, the median age of the head of household is 49 (Figure 7.2). Three-fifths of these individuals have college or postgraduate degrees, and nine in 10 are married or living with a partner. Investment decisionmaking is a shared responsibility in three-quarters of mutual fund-owning households with incomes between \$100,000 and \$149,999.

Four-fifths of mutual fund-owning household heads in this income group are employed full- or part-time, and 20 percent are retired from their lifetime occupation (Figure 7.3). The median household income in this group is \$111,500.

Among mutual fund-owning households with incomes between \$100,000 and \$149,999, median household financial assets are \$300,000 (Figure 7.4). These households have a variety of savings and investments. Two-fifths of mutual fund-owning households in this income group own certificates of deposit, 57 percent own individual stocks, and 19 percent own individual bonds.

Mutual fund-owning households with incomes between \$100,000 and \$149,999 have median mutual fund holdings of \$150,000 (Figure 7.5). Eighty-six percent of these households own equity funds, half own hybrid funds,

49 percent own bonds funds, and 68 percent own money market funds. Sixty-two percent have more than half of their household financial assets in mutual funds. Forty-one percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 purchased their first fund before 1990, and 59 percent bought their first fund in 1990 or later.

The median number of mutual funds owned by mutual fund-owning households in this income group is six (Figure 7.6). Thirty-three percent own three or fewer funds and 67 percent own four or more. Among households in this group that own mutual funds outside employer-sponsored retirement plans, 67 percent own funds purchased from multiple sources.

Seventy-six percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 currently own funds through employer-sponsored retirement plans (Figure 7.7). In addition, 79 percent own funds outside these plans, with three-fifths owning sales force-distributed funds and two-fifths owning direct-marketed funds. Fifty-one percent of mutual fund-owning households in this group consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-seven percent of households with incomes between \$100,000 and \$149,999 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-five percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 indicate that saving for retirement is one of their household's financial goals, and four-fifths list saving for retirement as their household's primary financial goal (Figure 7.8). Fifty-five percent report that reducing their taxable income is one of their household's financial goals. Seventy-six percent of mutual fund-owning households in this income group hold funds in employer-sponsored retirement plans, and 67 percent own funds inside IRAs. Eighty-nine percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 are confident that mutual funds are an investment that can help them meet their household's financial goals.

Household Incomes of \$150,000 or More

Among mutual fund-owning households with incomes of \$150,000 or more, the median age of the head of household is 49 (Figure 7.2). Seventy-seven percent of these individuals have college or postgraduate degrees—the largest percentage of any of the income groups. Eighty-six percent of household heads in this group are married or living with a partner. Investment decisionmaking is a shared responsibility in 68 percent of mutual fund-owning households with incomes of \$150,000 or more.

Eighty-three percent of mutual fund-owning household heads in this income group are employed full- or part-time, and 22 percent are retired from their lifetime occupation (Figure 7.3). The median household income in this group is \$185,000. Seventy-two percent of households in this group have incomes between \$150,000 and \$244,999, and 28 percent have incomes of \$250,000 or more.

Among mutual fund-owning households with incomes of \$150,000 or more, median household financial assets are \$600,000—the greatest of any of the income groups (Figure 7.4). These households typically have other investments. Half of mutual fund-owning households in this income group own certificates of deposit, 64 percent own individual stocks, 22 percent own individual bonds, and 44 percent own investment real estate.

Mutual fund-owning households with incomes of \$150,000 or more have median mutual fund holdings of \$350,000—the greatest of any shareholder group classified by household income (Figure 7.5). Eighty-four percent of these households own equity funds, 51 percent own hybrid funds, 60 percent own bond funds, and 71 percent own money market funds. Fifty-nine percent have more than half of their household financial assets in mutual funds. Forty-eight percent of mutual fund-owning households with incomes of \$150,000 or more purchased their first fund before 1990, and 52 percent bought their first fund in 1990 or later.

The median number of mutual funds owned by mutual fund-owning households in this group is six (Figure 7.6). One-quarter of households in this group own three or fewer funds and three-quarters own four or more. Among households in this group that own mutual funds outside employer-sponsored retirement plans, 62 percent own funds purchased from multiple sources.

Sixty-nine percent of mutual fund-owning households with incomes of \$150,000 or more currently own funds through employer-sponsored retirement plans (Figure 7.7). In addition, 89 percent own funds outside these plans, with 72 percent owning sales force-distributed funds and 47 percent owning direct-marketed funds. Forty-four percent of mutual fund-owning households in this group consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-one percent of households with incomes of \$150,000 or more purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-one percent of mutual fund-owning households with incomes of \$150,000 or more indicate that saving for retirement is one of their household's financial goals, and 77 percent list saving for retirement as their household's primary financial goal (Figure 7.8). Fifty-nine percent report that reducing their taxable income is one of their household's financial goals. Sixty-nine percent of mutual fund-owning households in this income group hold funds in employer-sponsored retirement plans, and 67 percent own funds inside IRAs. Eighty-eight percent of mutual fund-owning households with incomes of \$150,000 or more are confident that mutual funds are an investment that can help them meet their household's financial goals.

FIGURE 7.2

HEAD OF HOUSEHOLD CHARACTERISTICS BY HOUSEHOLD INCOME

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS IN 2007, BY HOUSEHOLD INCOME¹

	Household Income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Age of Household Sole or Co-Decisionmaker for Saving and Investing				
Younger than 35	18	21	16	10
35 to 44	16	23	23	26
45 to 54	18	24	28	32
55 to 64	17	20	23	24
65 or older	31	12	10	8
Median	53 years	46 years	49 years	49 years
Mean	53 years	47 years	48 years	49 years
Educational Level				
High school or less	35	30	13	7
Some college or associate's degree	34	32	27	16
Completed four years of college	16	20	25	25
Some graduate school	4	4	7	9
Completed graduate school	11	14	28	43
Marital Status				
Married or living with a partner	50	80	90	86
Single	18	9	4	6
Divorced or separated	16	8	4	3
Widowed	16	3	2	5
Household Investment Decisionmaker				
Male is sole decisionmaker	20	19	17	19
Female is sole decisionmaker	36	18	8	13
Co-decisionmakers	44	63	75	68
Ethnic Background²				
Caucasian	85	90	87	86
African-American	9	5	8	6
Hispanic	5	5	4	7
Asian	1	1	2	3
Other	5	4	2	4

¹Total reported is household income before taxes in 2006.

²Multiple responses are included.

FIGURE 7.3

EMPLOYMENT STATUS AND INCOME BY HOUSEHOLD INCOME

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS IN 2007, BY HOUSEHOLD INCOME¹

	Household Income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Employment Status²				
Employed full-time	45	66	75	68
Not retired	45	64	72	64
Retired from lifetime occupation	0	2	3	4
Employed part-time	12	11	5	15
Not retired	9	8	3	11
Retired from lifetime occupation	3	3	2	4
Not employed	43	23	20	17
Not retired	12	7	5	3
Retired from lifetime occupation	31	16	15	14
Total Household Income¹				
Less than \$25,000	29	0	0	0
\$25,000 to \$34,999	24	0	0	0
\$35,000 to \$49,999	47	0	0	0
\$50,000 to \$74,999	0	58	0	0
\$75,000 to \$99,999	0	42	0	0
\$100,000 to \$149,999	0	0	100	0
\$150,000 to \$249,999	0	0	0	72
\$250,000 or more	0	0	0	28
Median	\$33,000	\$70,000	\$111,500	\$185,000
Mean	\$30,500	\$70,100	\$115,300	\$248,000

¹Total reported is household income before taxes in 2006.

²Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).

FIGURE 7.4

MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY HOUSEHOLD INCOME

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS IN 2007, BY HOUSEHOLD INCOME¹

	Household Income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Total Household Financial Assets²				
Less than \$25,000	34	9	4	1
\$25,000 to \$49,999	11	11	3	0
\$50,000 to \$74,999	12	13	5	1
\$75,000 to \$99,999	6	10	3	1
\$100,000 to \$249,999	17	25	24	13
\$250,000 to \$499,999	12	18	27	19
\$500,000 to \$999,999	5	9	18	33
\$1 million or more	3	5	16	32
Median	\$55,000	\$130,000	\$300,000	\$600,000
Mean	\$163,300	\$261,300	\$558,900	\$1,119,400
Household Ownership of Non-Mutual Fund Investments³				
Certificates of deposit	32	37	40	50
Individual stocks, individual bonds, or annuities (total)	53	64	68	76
Individual stocks	29	46	57	64
Individual bonds (excluding U.S. Savings Bonds)	10	18	19	22
Fixed or variable annuities	32	29	29	39
Investment real estate	11	27	43	44
Closed-end funds	5	2	4	5
Exchange-traded funds	3	2	5	7
Household Ownership of Employer-Sponsored Retirement Plan Accounts³				
Household owns employer-sponsored retirement plan accounts (total)	64	84	89	85
Defined contribution retirement plan accounts (total)	58	80	86	80
401(k) plan account	44	66	72	68
403(b), state, local, or federal government plan account	27	32	36	38
Employer-sponsored IRA ⁴	10	15	19	21
Household Ownership of IRAs³				
Household owns IRAs (total)	58	67	77	80
Traditional IRA or Roth IRA	54	63	72	76
Employer-sponsored IRA ⁴	10	15	19	21
Household Ownership of Education-Targeted Savings Accounts³				
Household owns education-targeted savings program accounts (total)	10	14	23	37
Coverdell education savings account	8	12	16	25
529 prepaid tuition or college savings plan accounts (total)	3	7	11	24
529 savings plan	3	6	10	22
529 prepaid tuition plan	1	1	2	4

¹Total reported is household income before taxes in 2006.

²Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

³Multiple responses are included.

⁴Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 7.5

MUTUAL FUND INVESTING BY HOUSEHOLD INCOME

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS IN 2007, BY HOUSEHOLD INCOME¹

	Household Income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Total Household Mutual Fund Assets				
Less than \$5,000	14	6	1	1
\$5,000 to \$9,999	11	3	3	1
\$10,000 to \$19,999	15	7	4	2
\$20,000 to \$29,999	7	6	4	4
\$30,000 to \$49,999	11	9	5	3
\$50,000 to \$74,999	9	16	7	3
\$75,000 to \$99,999	5	10	7	2
\$100,000 to \$249,999	17	25	33	25
\$250,000 or more	11	18	36	59
Median	\$30,000	\$75,000	\$150,000	\$350,000
Mean	\$85,100	\$149,700	\$303,100	\$550,100
Percent Allocation of Household Financial Assets to Mutual Funds				
25% or less	18	14	18	23
Between 26% and 50%	15	19	20	18
Between 51% and 75%	16	22	25	25
More than 75%	51	45	37	34
Types of Mutual Funds Owned²				
Equity funds	70	82	86	84
Hybrid funds	40	43	50	51
Bond funds	37	43	49	60
Money market funds	65	61	68	71
Other fund type specified	5	6	11	11
Mutual fund Transaction Activity in the Previous 12 Months³				
Conducted mutual fund transactions	23	37	48	52
Year of Initial Mutual Fund Purchase				
Before 1990	35	38	41	48
Between 1990 and 1994	17	15	17	22
Between 1995 and 1999	23	25	26	21
2000 or later	25	22	16	9
Median	1993	1993	1992	1990
Mean	1991	1991	1990	1988

¹Total reported is household income before taxes in 2006.

²Multiple responses are included.

³Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, automatic payroll contributions to employer-sponsored retirement plans; and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 7.6

NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY HOUSEHOLD INCOME

	Household Income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Total Number of Mutual Funds Owned				
<i>Percent of U.S. households owning mutual funds in 2007, by household income¹</i>				
One	29	16	12	6
Two	25	17	10	11
Three	14	13	11	8
Four	5	14	9	4
Five to six	12	17	15	22
Seven to ten	9	12	22	21
Eleven or more	6	11	21	28
Median	2 funds	4 funds	6 funds	6 funds
Mean	4 funds	6 funds	8 funds	10 funds
Number of Mutual Fund Purchase Channels Used Outside Employer-Sponsored Retirement Plans²				
<i>Percent of U.S. households owning mutual funds outside employer-sponsored retirement plans in 2007, by household income¹</i>				
One	33	38	33	38
Two	34	32	39	34
Three	20	19	19	17
Four or more	13	11	9	11
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

¹Total reported is household income before taxes in 2006.

²Purchase channels outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.

FIGURE 7.7

CHANNELS USED TO PURCHASE MUTUAL FUNDS BY HOUSEHOLD INCOME

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS IN 2007, BY HOUSEHOLD INCOME¹

	Household Income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Source of Mutual Fund Ownership				
Only inside employer-sponsored retirement plan	30	30	21	12
Only outside employer-sponsored retirement plan	47	32	24	31
Both inside and outside employer-sponsored retirement plan	23	38	55	57
Purchase Channels Through Which Funds Are Currently Owned²				
Inside employer-sponsored retirement plans (total)	53	68	76	69
Inside defined contribution retirement plans (total)	49	64	70	63
401(k) plan	36	53	60	54
403(b), state, local, or federal government plan	18	19	21	22
Inside employer-sponsored IRA ³	7	11	14	15
Outside employer-sponsored retirement plans (total)	70	70	79	89
Sales force (total)	56	56	60	72
Full-service broker	32	29	33	41
Independent financial planner	27	26	33	34
Bank or savings institution representative	20	19	18	21
Insurance agent	11	12	8	10
Accountant	9	8	8	7
Direct market (total)	33	33	40	47
Fund company directly	21	21	26	32
Discount broker	18	18	22	25
Primary Mutual Fund Purchase Channel				
Inside employer-sponsored retirement plans	44	53	51	44
Outside employer-sponsored retirement plans	56	47	49	56
Sales force	46	36	39	38
Full-service broker	16	11	15	19
Independent financial planner	13	12	14	13
Bank or savings institution representative	11	9	7	6
Insurance agent	4	3	1	0
Accountant	2	1	2	0
Direct market	10	11	10	18
Fund company directly	5	7	4	12
Discount broker	5	4	6	6
Source of First Mutual Fund Purchase				
Inside employer-sponsored retirement plan	54	61	57	51
Outside employer-sponsored retirement plan	46	39	43	49

¹Total reported is household income before taxes in 2006.

²Multiple responses are included.

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 7.8

FINANCIAL GOALS BY HOUSEHOLD INCOME

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS IN 2007, BY HOUSEHOLD INCOME¹

	Household Income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Financial Goals for Mutual Fund Investments²				
Retirement	88	92	95	91
Reduce taxable income	48	51	55	59
Emergency	56	46	35	37
Education	21	24	31	31
Current income	36	20	15	17
House or other large purchase	16	12	12	6
Other	8	6	4	9
Primary Financial Goal for Mutual Fund Investments				
Retirement	62	76	80	77
Reduce taxable income	5	3	5	9
Emergency	11	6	1	1
Education	5	6	9	3
Current income	10	5	2	6
House or other large purchase	5	2	1	0
Other	2	2	2	4
Level of Confidence that Mutual Funds Can Help Meet Household Financial Goals				
Very confident	25	31	34	40
Somewhat confident	52	54	55	48
Not very confident	13	9	6	9
Not at all confident	10	6	5	3
Ownership of Mutual Funds in Employer-Sponsored Retirement Plans²				
Inside employer-sponsored retirement plans (total)	53	68	76	69
Inside defined contribution retirement plans (total)	49	64	70	63
401(k) plan	36	53	60	54
403(b), state, local, or federal government plan	18	19	21	22
Inside employer-sponsored IRA ³	7	11	14	15
Ownership of Mutual Funds in IRAs²				
Have IRA invested in mutual funds (total)	45	55	67	67
Traditional IRA or Roth IRA	42	51	63	64
Employer-sponsored IRA ³	7	11	14	15

¹Total reported is household income before taxes in 2006.

²Multiple responses are included.

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

Mutual Fund Shareholders by Household Financial Assets

In 2007, 20 percent of mutual fund-owning households in the United States have household financial assets of less than \$50,000, and 15 percent have household financial assets between \$50,000 and \$99,999 (Figure 8.1).¹⁴ Another 21 percent have household financial assets between \$100,000 and \$249,999, and 44 percent have household financial assets of \$250,000 or more.

Household Financial Assets Less than \$50,000

Among mutual fund-owning households with financial assets of less than \$50,000, the median age of the head of household is 38 (Figure 8.2). Forty-three percent of these individuals have college or postgraduate degrees, and 68 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 59 percent of these households.

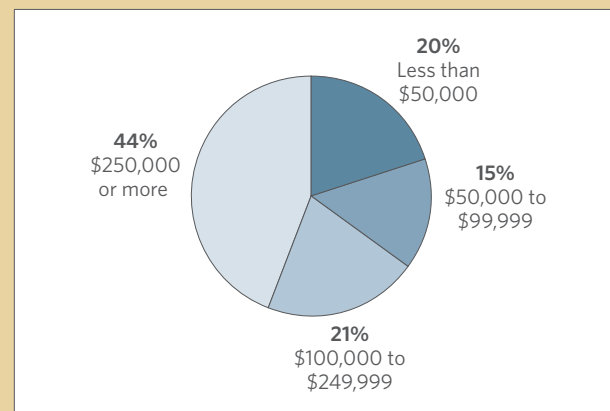
Eighty-one percent of mutual fund-owning household heads in this asset group are employed full- or part-time, and 10 percent are retired from their lifetime occupation (Figure 8.3). The median household income in this group is \$45,000. Fifty-two percent of households in this group have incomes of less than \$50,000, 22 percent have incomes between \$50,000 and \$74,999, and 26 percent have incomes of \$75,000 or more.

Among mutual fund-owning households with financial assets of less than \$50,000, median household financial assets are \$15,000 (Figure 8.4). These households have a variety of savings and investments. One-fifth of mutual fund-owning households in this asset group own certificates of deposit, 21 percent own individual stocks, and 9 percent own individual bonds.

FIGURE 8.1

MUTUAL FUND SHAREHOLDERS BY HOUSEHOLD FINANCIAL ASSETS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2007



Note: Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

Mutual fund-owning households with financial assets of less than \$50,000 have median mutual fund holdings of \$10,000 (Figure 8.5). Seventy-eight percent of these households own equity funds, 43 percent own hybrid funds, 41 percent hold bond funds, and 53 percent own money market funds. Seventy-four percent have more than half of their household financial assets in mutual funds. Forty-four percent of mutual fund-owning households with financial assets of less than \$50,000 purchased their first fund in 2000 or later.

¹⁴ Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

The median number of mutual funds owned by mutual fund-owning households in this asset group is two (Figure 8.6). Seventy percent own three or fewer funds and 30 percent own four or more. Among households in this group that own mutual funds outside employer-sponsored retirement plans, 55 percent own funds purchased from multiple sources.

Seventy-one percent of mutual fund-owning households with financial assets of less than \$50,000 currently own funds through employer-sponsored retirement plans—the largest percentage of any of the financial asset groups (Figure 8.7). Fifty-four percent own funds outside employer-sponsored retirement plans: 40 percent own sales force-distributed funds and 23 percent own direct-marketed funds. Sixty-five percent of mutual fund-owning households in this asset group consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Seventy-three percent of mutual fund-owning households with financial assets of less than \$50,000 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-three percent of mutual fund-owning households with financial assets of less than \$50,000 indicate that saving for retirement is one of their household's financial goals, and 71 percent list saving for retirement as their household's primary financial goal (Figure 8.8). Seventy-one percent of mutual fund-owning households in this asset group hold funds in employer-sponsored retirement plans, and 41 percent own funds inside IRAs. Seventy-two percent of mutual fund-owning households with financial assets of less than \$50,000 are confident that mutual funds are an investment that can help them meet their household's financial goals.

Household Financial Assets Between \$50,000 and \$99,999

Among mutual fund-owning households with financial assets between \$50,000 and \$99,999, the median age of the head of household is 41 (Figure 8.2). Thirty-three percent of these individuals have college or postgraduate degrees, and 72 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in three-fifths of these households.

Eighty-three percent of mutual fund-owning household heads in this asset group are employed full- or part-time, and 15 percent are retired from their lifetime occupation (Figure 8.3). The median household income in this group is \$60,000. Twenty-nine percent of households in this group have incomes of less than \$50,000, and 37 percent have incomes between \$50,000 and \$74,999. Thirty-four percent of mutual fund-owning households in this asset group have incomes of \$75,000 or more.

Among mutual fund-owning households with financial assets between \$50,000 and \$99,999, median household financial assets are \$67,500 (Figure 8.4). These households typically have other investments. Twenty-seven percent of mutual fund-owning households in this asset group own certificates of deposit, two-fifths own individual stocks, and 11 percent own individual bonds.

Mutual fund-owning households with financial assets between \$50,000 and \$99,999 have median mutual fund holdings of \$50,000 (Figure 8.5). Eighty-one percent of these households own equity funds, 39 percent own hybrid funds, 44 percent own bond funds, and 65 percent own money market funds. Seventy-eight percent have more than half of their household financial assets in mutual funds. Sixty-four percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 purchased their first fund in 1995 or later.

The median number of mutual funds owned by mutual fund-owning households in this asset group is four (Figure 8.6). Forty-eight percent own three or fewer funds and 52 percent own four or more. Among households in this asset group that own mutual funds outside employer-sponsored retirement plans, seven in 10 own funds purchased from multiple sources.

Sixty-six percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 currently own funds through employer-sponsored retirement plans (Figure 8.7). In addition, 64 percent own funds outside these plans, with 52 percent owning sales force-distributed funds and 31 percent owning direct-marketed funds. Fifty-one percent of mutual fund-owning households in this group consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds.

Sixty-four percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 indicate that saving for retirement is one of their household's financial goals, and 67 percent list saving for retirement as their household's primary financial goal (Figure 8.8). Sixty-six percent of mutual fund-owning households in this asset group hold funds in employer-sponsored retirement plans, and 43 percent own funds inside IRAs. Nine in 10 mutual fund-owning households with financial assets between \$50,000 and \$99,999 are confident that mutual funds are an investment that can help them meet their household's financial goals.

Household Financial Assets Between \$100,000 and \$249,999

Among mutual fund-owning households with financial assets between \$100,000 and \$249,999, the median age of the head of household is 46 (Figure 8.2). Forty-six percent of these individuals have college or postgraduate degrees, and 73 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 65 percent of these households.

Seventy-nine percent of mutual fund-owning household heads in this asset group are employed full- or part-time, and 20 percent are retired from their lifetime occupation (Figure 8.3). The median household income in this group is \$80,000. Nineteen percent of households in this asset group have incomes of less than \$50,000, 24 percent have household incomes between \$50,000 and \$74,999, and 57 percent have incomes of \$75,000 or more.

Among mutual fund-owning households with financial assets between \$100,000 and \$249,999, median household financial assets are \$150,000 (Figure 8.4). These households have a variety of savings and investments. Thirty-six percent of mutual fund-owning households in this asset group own certificates of deposit, 40 percent own individual stocks, and 10 percent own individual bonds.

Mutual fund-owning households with financial assets between \$100,000 and \$249,999 have median mutual fund holdings of \$100,000 (Figure 8.5). Seventy-nine percent of these households own equity funds, 45 percent own hybrid funds, 45 percent own bond funds, and 66 percent own money market funds. Sixty-four percent have more than half of their household financial assets in mutual funds. Thirty-two percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 purchased their first fund before 1990, and 49 percent bought their first fund in 1995 or later.

The median number of mutual funds owned by mutual fund-owning households in this asset group is four (Figure 8.6). Forty-five percent own three or fewer funds and 55 percent own four or more. Among households in this asset group that own mutual funds outside employer-sponsored retirement plans, 62 percent own funds purchased from multiple sources.

Sixty-nine percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 currently own funds through employer-sponsored retirement plans (Figure 8.7). In addition, 72 percent own funds outside these plans, with 57 percent owning sales force-distributed funds and 36 percent owning direct-marketed funds. Three-fifths of mutual fund-owning households in this asset group consider employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-four percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-one percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 indicate that saving for retirement is one of their household's financial goals, and 77 percent list saving for retirement as their household's primary financial goal (Figure 8.8). Sixty-nine percent of mutual fund-owning households in this asset group hold funds in employer-sponsored retirement plans, and 57 percent own funds inside IRAs. Eighty-five percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 are confident that mutual funds are an investment that can help them meet their household's financial goals.

Household Financial Assets of \$250,000 or More

Among mutual fund-owning households with financial assets of \$250,000 or more, the median age of the head of household is 52 (Figure 8.2). Three-fifths of these individuals have college or postgraduate degrees—the largest percentage of any shareholder group classified by household financial assets—and 78 percent are married or living with a partner. Investment decisionmaking is a shared responsibility in 61 percent of mutual fund-owning households with financial assets of \$250,000 or more.

Seventy percent of mutual fund-owning household heads in this asset group are employed full- or part-time (Figure 8.3). Thirty-four percent are retired from their lifetime occupation—the largest percentage of any of the asset groups. The median household income among households in this group is \$110,000. Ten percent of households in this asset group have incomes of less than \$50,000, 16 percent have household incomes between \$50,000 and \$74,999, and 74 percent have incomes of \$75,000 or more.

Among mutual fund-owning households with financial assets of \$250,000 or more, median household financial assets are \$500,000 (Figure 8.4). These households typically have other investments. Forty-eight percent of mutual fund-owning households in this asset group own certificates of deposit, 59 percent own individual stocks, 23 percent own individual bonds, and 42 percent own investment real estate.

Mutual fund-owning households with financial assets of \$250,000 or more have median mutual fund holdings of \$300,000—the greatest of any of the asset groups (Figure 8.5). Eighty-eight percent of these households own equity funds, 51 percent own hybrid funds, 54 percent own bond funds, and 68 percent own money market funds. Fifty-six percent have more than half of their household financial assets in mutual funds. Among mutual fund-owning households with financial assets of \$250,000 or more, 56 percent purchased their first fund before 1990, and 44 percent bought their first fund in 1990 or later.

The median number of mutual funds owned by mutual fund-owning households in this asset group is six (Figure 8.6). Twenty-nine percent of households in this asset group own three or fewer funds and 71 percent own four or more. Among households in this group that own mutual funds outside employer-sponsored retirement plans, 65 percent own funds purchased from multiple sources.

Sixty-four percent of mutual fund-owning households with financial assets of \$250,000 or more currently own funds through employer-sponsored retirement plans (Figure 8.7). In addition, 88 percent own funds outside these plans, with 70 percent owning sales force-distributed funds and 48 percent owning direct-marketed funds. Forty-five percent of mutual fund-owning households in this group consider the sales force channel to be their primary source for purchasing mutual funds. Fifty-four percent of mutual fund-owning households with financial assets of \$250,000 or more purchased their first mutual fund outside an employer-sponsored retirement plan.

Ninety percent of mutual fund-owning households with financial assets of \$250,000 or more indicate that saving for retirement is one of their household's financial goals, and 72 percent list saving for retirement as their household's primary financial goal (Figure 8.8). Fifty-eight percent report that reducing their taxable income is one of their household's financial goals. Sixty-four percent of mutual fund-owning households in this asset group hold funds in employer-sponsored retirement plans, and seven in 10 own funds inside IRAs. Eighty-nine percent of mutual fund-owning households with financial assets of \$250,000 or more are confident that mutual funds are an investment that can help them meet their household's financial goals.

FIGURE 8.2

HEAD OF HOUSEHOLD CHARACTERISTICS BY HOUSEHOLD FINANCIAL ASSETS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HOUSEHOLD FINANCIAL ASSETS,¹ 2007

	Household Financial Assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or More
Age of Household Sole or Co-Decisionmaker for Saving and Investing				
Younger than 35	38	28	14	9
35 to 44	26	33	31	18
45 to 54	20	17	27	29
55 to 64	10	16	19	26
65 or older	6	6	9	18
Median	38 years	41 years	46 years	52 years
Mean	40 years	43 years	47 years	53 years
Educational Level				
High school or less	23	38	23	15
Some college or associate's degree	34	29	31	25
Completed four years of college	19	15	22	24
Some graduate school	7	7	3	7
Completed graduate school	17	11	21	29
Marital Status				
Married or living with a partner	68	72	73	78
Single	16	15	11	7
Divorced or separated	14	10	13	7
Widowed	2	3	3	8
Household Investment Decisionmaker				
Male is sole decisionmaker	16	19	20	22
Female is sole decisionmaker	25	21	15	17
Co-decisionmakers	59	60	65	61
Ethnic Background²				
Caucasian	87	80	88	88
African-American	6	15	9	5
Hispanic	8	6	3	6
Asian	1	0	1	2
Other	5	5	1	5

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Multiple responses are included.

FIGURE 8.3

EMPLOYMENT STATUS AND INCOME BY HOUSEHOLD FINANCIAL ASSETS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HOUSEHOLD FINANCIAL ASSETS,¹ 2007

	Household Financial Assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or More
Employment Status²				
Employed full-time	70	71	67	60
Not retired	70	69	64	56
Retired from lifetime occupation	0	2	3	4
Employed part-time	11	12	12	10
Not retired	9	11	9	5
Retired from lifetime occupation	2	1	3	5
Not employed	19	17	21	30
Not retired	11	5	7	5
Retired from lifetime occupation	8	12	14	25
Total Household Income³				
Less than \$25,000	20	9	3	3
\$25,000 to \$34,999	13	9	5	2
\$35,000 to \$49,999	19	11	11	5
\$50,000 to \$74,999	22	37	24	16
\$75,000 to \$99,999	18	20	23	12
\$100,000 to \$149,999	7	11	23	28
\$150,000 to \$249,999	1	3	9	23
\$250,000 or more	0	0	2	11
Median	\$45,000	\$60,000	\$80,000	\$110,000
Mean	\$50,800	\$65,400	\$88,500	\$144,600

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).

³Total reported is household income before taxes in 2006.

FIGURE 8.4

MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY HOUSEHOLD FINANCIAL ASSET GROUP

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HOUSEHOLD FINANCIAL ASSETS,¹ 2007

	Household Financial Assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or More
Total Household Financial Assets¹				
Less than \$25,000	62	0	0	0
\$25,000 to \$49,999	38	0	0	0
\$50,000 to \$74,999	0	60	0	0
\$75,000 to \$99,999	0	40	0	0
\$100,000 to \$249,999	0	0	100	0
\$250,000 to \$499,999	0	0	0	42
\$500,000 to \$999,999	0	0	0	32
\$1 million or more	0	0	0	26
Median	\$15,000	\$67,500	\$150,000	\$500,000
Mean	\$18,600	\$67,400	\$152,900	\$918,300
Household Ownership of Non-Mutual Fund Investments²				
Certificates of deposit	20	27	36	48
Individual stocks, individual bonds, or annuities (total)	40	58	63	75
Individual stocks	21	40	40	59
Individual bonds (excluding U.S. Savings Bonds)	9	11	10	23
Fixed or variable annuities	21	29	33	37
Investment real estate	13	18	23	42
Closed-end funds	3	3	2	4
Exchange-traded funds	2	2	1	8
Household Ownership of Employer-Sponsored Retirement Plan Accounts²				
Household owns employer-sponsored retirement plan accounts (total)	82	84	80	79
Defined contribution retirement plan accounts (total)	79	82	76	74
401(k) plan account	64	70	62	60
403(b), state, local, or federal government plan account	30	28	29	36
Employer-sponsored IRA ³	12	9	15	19
Household Ownership of IRAs²				
Household owns IRAs (total)	52	54	70	78
Traditional IRA or Roth IRA	45	51	64	75
Employer-sponsored IRA ³	12	9	15	19
Household Ownership of Education-Targeted Savings Accounts²				
Household owns education-targeted savings program accounts (total)	10	17	17	24
Coverdell education savings account	7	16	12	17
529 prepaid tuition or college savings plan accounts (total)	3	5	9	15
529 savings plan	3	4	8	13
529 prepaid tuition plan	1	1	1	3

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Multiple responses are included.

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 8.5

MUTUAL FUND INVESTING BY HOUSEHOLD FINANCIAL ASSETS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HOUSEHOLD FINANCIAL ASSETS,¹ 2007

	Household Financial Assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or More
Total Household Mutual Fund Assets				
Less than \$5,000	22	5	1	2
\$5,000 to \$9,999	19	3	2	0
\$10,000 to \$19,999	25	7	6	1
\$20,000 to \$29,999	18	5	5	2
\$30,000 to \$49,999	16	16	5	2
\$50,000 to \$74,999	0	47	13	4
\$75,000 to \$99,999	0	17	11	2
\$100,000 to \$249,999	0	0	57	26
\$250,000 or more	0	0	0	61
Median	\$10,000	\$50,000	\$100,000	\$300,000
Mean	\$14,700	\$48,600	\$95,500	\$460,700
Percent Allocation of Household Financial Assets to Mutual Funds				
25% or less	7	13	19	22
Between 26% and 50%	19	9	17	22
Between 51% and 75%	16	23	24	23
More than 75%	58	55	40	33
Types of Mutual Funds Owned²				
Equity funds	78	81	79	88
Hybrid funds	43	39	45	51
Bond funds	41	44	45	54
Money market funds	53	65	66	68
Other fund type specified	5	7	9	10
Mutual Fund Transaction Activity in the Previous 12 Months³				
Conducted mutual fund transactions	30	30	39	48
Year of Initial Mutual Fund Purchase				
Before 1990	13	19	32	56
Between 1990 and 1994	17	17	19	18
Between 1995 and 1999	26	32	33	16
2000 or later	44	32	16	10
Median	1998	1998	1994	1987
Mean	1997	1995	1992	1987

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Multiple responses are included.

³Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, automatic payroll contributions to employer-sponsored retirement plans; and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 8.6

NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY HOUSEHOLD FINANCIAL ASSETS

	Household Financial Assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or More
Total Number of Mutual Funds Owned				
<i>Percent of U.S. households owning mutual funds, by household financial assets,¹ 2007</i>				
One	33	19	14	8
Two	27	17	15	12
Three	10	12	16	9
Four	5	15	11	8
Five to six	9	26	16	20
Seven to ten	10	7	13	21
Eleven or more	6	4	15	22
Median	2 funds	4 funds	4 funds	6 funds
Mean	4 funds	5 funds	6 funds	9 funds
Number of Mutual Fund Purchase Channels Used Outside Employer-Sponsored Retirement Plans²				
<i>Percent of U.S. households owning mutual funds outside employer-sponsored retirement plans, by household financial assets,¹ 2007</i>				
One	45	30	38	35
Two	27	39	32	35
Three	12	19	24	17
Four or more	16	12	6	13
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Purchase channels outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.

FIGURE 8.7

CHANNELS USED TO PURCHASE MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HOUSEHOLD FINANCIAL ASSETS,¹ 2007

	Household Financial Assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or More
Source of Mutual Fund Ownership				
Only inside employer-sponsored retirement plan	46	36	28	12
Only outside employer-sponsored retirement plan	29	34	31	36
Both inside and outside employer-sponsored retirement plan	25	30	41	52
Purchase Channels Through Which Funds Are Currently Owned²				
Inside employer-sponsored retirement plans (total)	71	66	69	64
Inside defined contribution retirement plans (total)	65	64	64	59
401(k) plan	53	56	52	48
403(b), state, local, or federal government plan	19	18	20	22
Inside employer-sponsored IRA ³	10	4	12	14
Outside employer-sponsored retirement plans (total)	54	64	72	88
Sales force (total)	40	52	57	70
Full-service broker	20	24	27	42
Independent financial planner	19	30	25	35
Bank or savings institution representative	15	18	19	20
Insurance agent	9	11	11	12
Accountant	9	7	6	10
Direct market (total)	23	31	36	48
Fund company directly	14	18	22	32
Discount broker	12	19	22	26
Primary Mutual Fund Purchase Channel				
Inside employer-sponsored retirement plans	65	51	60	38
Outside employer-sponsored retirement plans	35	49	40	62
Sales force	29	36	31	45
Full-service broker	5	7	12	20
Independent financial planner	10	15	9	14
Bank or savings institution representative	7	10	7	8
Insurance agent	6	2	3	1
Accountant	1	2	0	2
Direct market	6	13	9	17
Fund company directly	3	6	5	10
Discount broker	3	7	4	7
Source of First Mutual Fund Purchase				
Inside employer-sponsored retirement plan	73	64	64	46
Outside employer-sponsored retirement plan	27	36	36	54

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Multiple responses are included.

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 8.8

FINANCIAL GOALS BY HOUSEHOLD FINANCIAL ASSETS

PERCENT OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, BY HOUSEHOLD FINANCIAL ASSETS,¹2007

	Household Financial Assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or More
Financial Goals for Mutual Fund Investments²				
Retirement	93	90	91	90
Reduce taxable income	49	57	46	58
Emergency	50	52	43	43
Education	25	30	27	28
Current income	19	17	14	29
House or other large purchase	17	13	14	11
Other	7	6	5	8
Primary Financial Goal for Mutual Fund Investments				
Retirement	71	67	77	72
Reduce taxable income	4	1	5	7
Emergency	9	11	6	4
Education	6	8	5	5
Current income	2	4	3	8
House or other large purchase	7	7	2	1
Other	1	2	2	3
Level of Confidence that Mutual Funds Can Help Meet Household Financial Goals				
Very confident	23	22	31	41
Somewhat confident	49	68	54	48
Not very confident	14	6	9	8
Not at all confident	14	4	6	3
Ownership of Mutual Funds in Employer-Sponsored Retirement Plans²				
Inside employer-sponsored retirement plans (total)	71	66	69	64
Inside defined contribution retirement plans (total)	65	64	64	59
401(k) plan	53	56	52	48
403(b), state, local, or federal government plan	19	18	20	22
Inside employer-sponsored IRA ³	10	4	12	14
Ownership of Mutual Funds in IRAs²				
Have IRA invested in mutual funds (total)	41	43	57	70
Traditional IRA or Roth IRA	34	40	52	67
Employer-sponsored IRA ³	10	4	12	14

¹Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

²Multiple responses are included.

³Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

Appendix: Research Methodology

Research Design

TNS, a nationwide opinion research firm, conducted the survey of mutual fund-owning households under the direction of the Investment Company Institute's Research Department. The survey gathered demographic, financial, and fund ownership characteristics of mutual fund-owning households nationwide. The survey collected information on fund ownership inside employer-sponsored retirement plans and outside these plans, including the number and types of funds owned, and total mutual fund assets. The survey also asked households about aspects of fund investing, including financial goals. Finally, the survey collected demographic information on household income and the age, education, and marital status of the head of household.

Interviewing

Interviewing was completed in May 2007 using a random digit dial (RDD) national probability sample of 3,977 U.S. households, of which 1,733 households, or 43.6 percent, own mutual funds.¹⁵ The survey respondents are representative of U.S. mutual fund shareholders nationwide. All interviews were with the member of the household who is the sole or co-decisionmaker most knowledgeable about the household's savings and investments.¹⁶ A total of 3,977 telephone interviews, lasting an average of 20 minutes, were completed.

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 non-response from segments of the population, or a survey design that was not able to cover the entire population. It is possible to improve the relationship 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. The survey data presented in this report are weighted to match census region, age distribution, household income distribution, and educational attainment of the U.S. population.¹⁷

Sampling Error

The use of sample surveys is standard practice for constructing estimates about a total population. Estimates derived through survey sampling are subject to sampling error. As sample size increases, the level of potential sampling error generally becomes smaller. The overall sampling error for the 2007 sample is ± 2.4 percentage points at the 95 percent confidence level.

Percentages may not add to 100 because of weighting or rounding. Where respondents were allowed to provide multiple responses, percentages may add to more than 100 percent.

¹⁵ For an additional discussion, see Holden, Sarah, and Michael Bogdan, "Trends in Ownership of Mutual Funds in the United States, 2007," *ICI Fundamentals*, Vol. 16, No. 5, Washington, DC: Investment Company Institute, November 2007 (www.ici.org/stats/res/fm-v16n5.pdf).

¹⁶ Households consist of all persons who occupy a housing unit. A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters. A household may include related family members and all unrelated persons, such as lodgers, foster children, wards, or employees who share a housing unit. A person living alone in a housing unit, or a group of unrelated persons sharing a housing unit as partners, is also counted as a household.

¹⁷ The distribution of households by census region and householder age are published in U.S. Census Bureau, Current Population Reports, Series P60-233, *Income, Poverty, and Health Insurance Coverage in the United States: 2006*, August 2007 (www.census.gov/prod/2007pubs/p60-233.pdf). The distribution of households by household income and education of head of household are tabulated from the March 2007 Current Population Survey Data (U.S. Bureau of Labor Statistics and U.S. Census Bureau, Current Population Survey data are available at www.bls.gov/cps/).



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