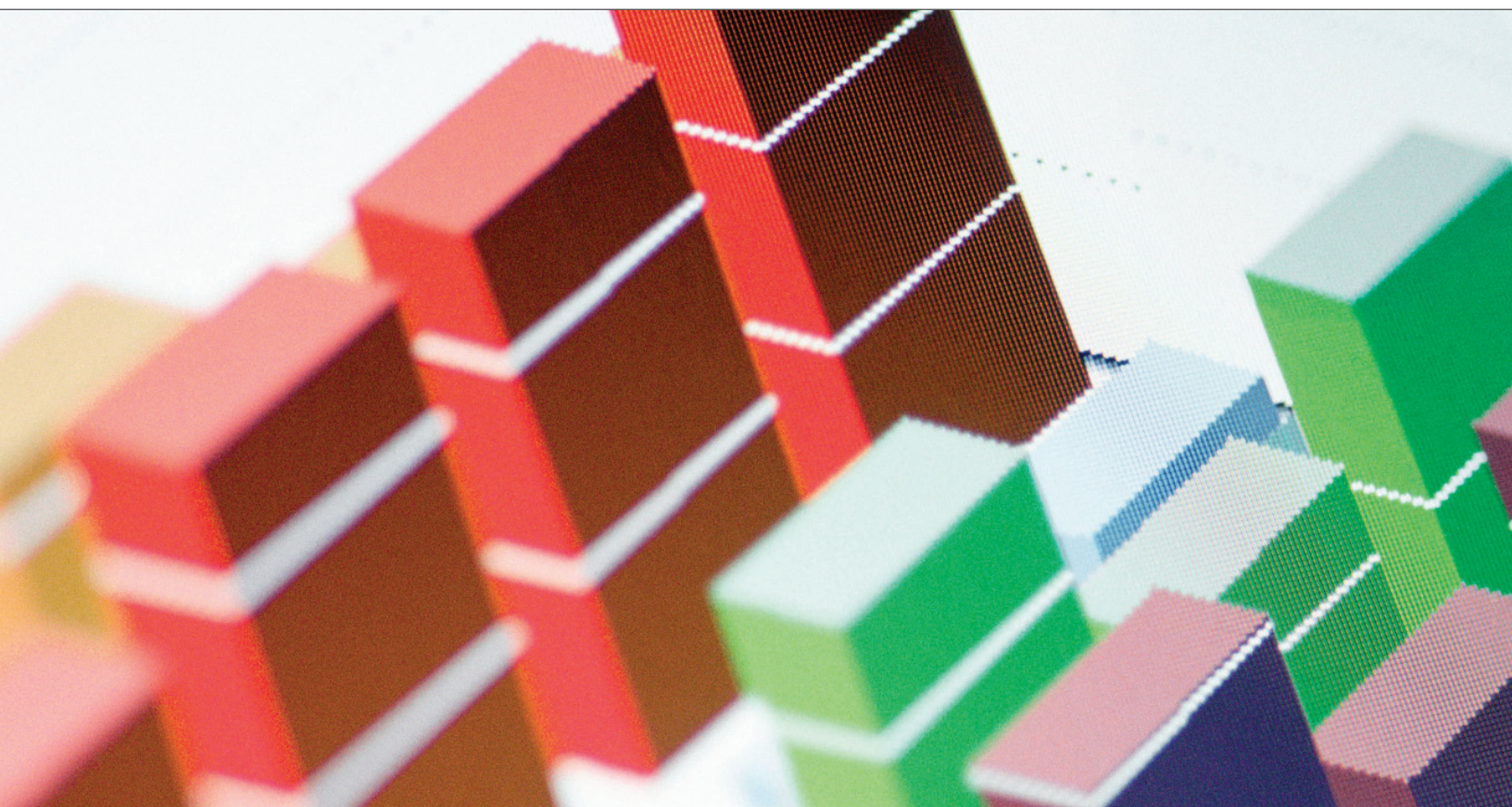


PROFILE OF

# Mutual Fund Shareholders, 2009







PROFILE OF

# Mutual Fund Shareholders, 2009

Daniel Schrass, Associate Economist, and Steven Bass, Senior Research Associate, prepared this report.

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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-year 1989 and mid-year 2009, assets held in mutual funds have increased from \$899 billion to \$10.0 trillion. The number of U.S. households that owned mutual funds rose from 23.2 million to 50.4 million over the same period. As a result, as of mid-year 2009, 43 percent of U.S. households owned mutual funds, representing 87.1 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 one-fifth of 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 2009, involved interviews with 1,805 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.<sup>1</sup>

This report summarizes the findings of the 2009 survey. As described in the first chapter, in 2009 the "typical" mutual fund-owning head of household

- » was middle-aged, employed, educated, married or living with a partner, and shared investment decisionmaking with his or her spouse or partner;
- » was of moderate financial means, with \$80,000 in household income and \$150,000 in household financial assets;
- » owned investments other than mutual funds, including individual stocks, and had over half of the household's financial assets (excluding the primary residence) invested in mutual funds;
- » had \$80,000 invested in four mutual funds, including at least one equity fund;
- » owned 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;
- » owned mutual funds outside employer-sponsored retirement plans, primarily through the sales force channel; and
- » was confident that mutual funds could help him or her reach financial goals.

<sup>1</sup> See "Appendix: Research Methodology" on page 133 for details on the survey's design, interviewing procedures, and sampling tolerances.

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

Chapters 2, 3, and 4 focus on the principal channels used by mutual fund–owning households 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. In 2009, 68 percent of mutual fund–owning households owned funds through these plans. Sixty-nine percent of mutual fund–owning households owned mutual funds purchased outside employer-sponsored retirement plans. Fifty-five percent of mutual fund–owning households owned 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. Thirty-one percent owned 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, 54 percent of mutual fund–owning households pointed to employer-sponsored retirement plans, 36 percent reported the sales force channel, and 10 percent cited the direct market channel.

Chapter 5 presents mutual fund shareholders by generation. Thirteen percent were members of Generation Y (born between 1977 and 2001). One-quarter were members of Generation X (born between 1965 and 1976). The largest proportion of individuals heading mutual fund–owning households, 44 percent, were members of the Baby Boom Generation (born between 1946 and 1964). Eighteen percent were members of the Silent and GI Generations (born between 1904 and 1945).<sup>2</sup>

Chapter 6 describes mutual fund shareholders by age. Twenty-six percent of individuals heading households owning mutual funds were younger than 40 years old. The largest age group was individuals between the ages of 40 and 64, who were 58 percent of mutual–owning household heads. The remaining 16 percent of individuals heading mutual fund–owning households were 65 or older.

Chapter 7 describes mutual fund shareholders by their level of household income. Twenty-four percent of shareholder households had incomes below \$50,000, 40 percent had incomes between \$50,000 and \$99,999, 21 percent had incomes between \$100,000 and \$149,999, and 15 percent had incomes of \$150,000 or more.

Chapter 8 examines shareholders by their level of household financial assets. Twenty-four percent of shareholder households had financial assets of less than \$50,000, 14 percent had assets between \$50,000 and \$99,999, 24 percent had assets between \$100,000 and \$249,999, and 38 percent had assets of \$250,000 or more.

Chapter 9 examines shareholders by the level of financial risk they are willing to take. Thirty percent of mutual fund–owning households were willing to take above-average or substantial financial risk for similar levels of financial gain, half were willing to take average financial risk for average financial gain, and 20 percent were willing to take below-average financial risk for below-average financial gain or were unwilling to take financial risk.

Chapter 10 describes mutual fund shareholders by the year of their initial mutual fund purchase. Thirty-eight percent of shareholder households purchased their first mutual fund before 1990, 16 percent purchased their first mutual fund between 1990 and 1994, 21 percent purchased their first mutual fund between 1995 and 1999, and 25 percent purchased their first mutual fund in 2000 or later.

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.

<sup>2</sup> The majority of this grouping is the Silent Generation. The GI Generation, which includes individuals born between 1904 and 1924, represented 1 percent of individuals heading mutual fund–owning households in 2009.

## Mutual Fund Shareholders

### Demographic Characteristics

In 2009, more than 50 million U.S. households, or about 43 percent, owned mutual funds (Figure 1.1). The median age of individuals heading households that owned mutual funds was 50 (Figure 1.2).<sup>3</sup> Forty-seven percent of these individuals had college or postgraduate degrees. Seventy-six percent of U.S. households that owned mutual funds consisted of couples that were married or living with a partner. Investment decisionmaking was a shared responsibility in 61 percent of mutual fund-owning households.

### Employment Status and Household Income

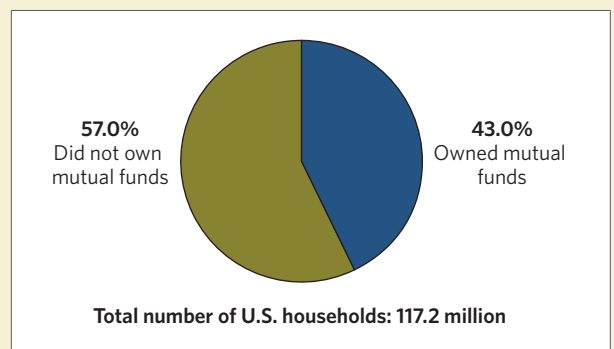
Seventy-three percent of individuals heading households that owned mutual funds were employed full- or part-time (Figure 1.3). Among these household heads that were employed, 5 percent indicated they were retired from their lifetime occupations. Twenty-seven percent of individuals heading households that owned mutual funds were not employed, but two-thirds of these household heads were retired. All told, 22 percent of individuals heading households that owned mutual funds were retired from their lifetime occupations.

The median income of mutual fund-owning households was \$80,000 in 2008. Twenty-three percent had household incomes of less than \$50,000, 21 percent had household incomes between \$50,000 and \$74,999, and 56 percent had incomes of \$75,000 or more.

FIGURE 1.1

### 50.4 MILLION U.S. HOUSEHOLDS OWNED MUTUAL FUNDS

PERCENTAGE OF ALL U.S. HOUSEHOLDS, 2009



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

### Financial Characteristics

Among households that owned mutual funds, median household financial assets were \$150,000 (Figure 1.4). Mutual fund-owning households typically had other types of savings and investments. Thirty-four percent owned certificates of deposit, 43 percent owned individual stocks, and 14 percent owned individual bonds (excluding U.S. savings bonds). In addition, 30 percent held investment real estate and 28 percent held fixed or variable annuities.

A significant number of mutual fund-owning households made use of tax-advantaged savings vehicles. Eighty-two percent had assets in employer-sponsored retirement plan accounts, usually 401(k) plans, and 67 percent owned individual retirement accounts (IRAs).<sup>4</sup> Eighteen percent of U.S. households owning mutual funds had education-targeted savings program accounts—12 percent had Coverdell education savings accounts (ESAs) and 11 percent had 529 plan accounts.

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

<sup>4</sup> IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).



## Mutual Fund Ownership Characteristics

Among households that owned mutual funds, the median mutual fund holdings were \$80,000 (Figure 1.5). The largest percentage of mutual fund–owning households, 77 percent, owned equity funds. Forty-two percent owned hybrid funds, 49 percent owned bond funds, and 64 percent owned money market funds.<sup>5</sup> In addition, 41 percent of mutual fund–owning households owned global or international funds. Mutual fund holdings represented more than half of household financial assets for 66 percent of households that owned mutual funds. Sixty-four percent of households owning mutual funds did not conduct mutual fund transactions in the previous 12 months.<sup>6</sup>

The vast majority of mutual fund–owning households had invested in mutual funds for many years (Figure 1.5). Thirty-eight percent reported that the household bought its first mutual fund before 1990; 16 percent reported that the household purchased its first fund between 1990 and 1994; and 21 percent reported that the household bought its first fund between 1995 and 1999. Twenty-five percent reported that the household bought its first fund in 2000 or later.

Mutual fund–owning households owned many funds through multiple purchase sources (Figure 1.6). Shareholder households owned a median of four mutual funds. Forty-two percent owned three or fewer funds and 58 percent owned four or more. Among households that owned funds outside employer-sponsored retirement plans, 37 percent owned funds purchased from one source; 33 percent owned funds purchased from two sources; and 30 percent owned funds purchased from three or more sources.

Thirty-one percent of mutual fund–owning households held mutual funds solely inside employer-sponsored retirement plans, which include defined contribution (DC) plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs); 32 percent owned funds solely outside these plans; and 37 percent had funds both inside and outside employer-sponsored retirement plans (Figure 1.7). Altogether, 68 percent of mutual fund–owning households owned

funds through employer-sponsored retirement plans and 69 percent owned funds outside these plans, either through the sales force or direct market channels. Fifty-five percent of mutual fund–owning households owned funds through the sales force channel, which includes full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, and accountants. Thirty-one percent owned funds through the direct market channel, which includes fund companies and discount brokers.

Fifty-four percent of all U.S. households that owned mutual funds considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds, 36 percent considered the sales force channel to be their primary source, and 10 percent considered the direct market channel to be their primary source (Figure 1.7). Sixty-one percent of mutual fund–owning households reported that the household bought its first fund through an employer-sponsored retirement plan.

## Goals and Mutual Fund Investing

The vast majority of shareholders were using mutual funds to save for retirement (Figure 1.8). Ninety-four percent of mutual fund–owning households indicated that saving for retirement was one of their household's financial goals, and 76 percent indicated that retirement saving was their primary financial goal. Sixty-eight percent of households owning mutual funds held funds in employer-sponsored retirement plans, and 52 percent owned funds inside IRAs. Seventy-three percent were confident that mutual funds were an investment that could help them meet their household's financial goals.

## Views on Investment Risk

Almost all shareholders were willing to take some financial risk for financial gain (Figure 1.9). Thirty percent of shareholders said they were willing to take substantial or above-average financial risk for similar levels of financial gain. The largest percentage of shareholders, 50 percent, were willing to take average risk for average gain. Twenty percent were willing to take below-average risk for below-average gain or were unwilling to take any financial risk.

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

<sup>6</sup> 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**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009

<b>Age of household sole or co-decisionmaker for saving and investing</b>	
Younger than 35	17
35 to 44	21
45 to 54	27
55 to 64	19
65 or older	16
Median	50 years
Mean	50 years
<b>Education level</b>	
High school graduate or less	25
Some college or associate's degree	28
Completed four years of college	21
Some graduate school	6
Completed graduate school	20
<b>Marital status</b>	
Married or living with a partner	76
Single	10
Divorced or separated	8
Widowed	6
<b>Household investment decisionmaker</b>	
Male is sole decisionmaker	20
Female is sole decisionmaker	19
Co-decisionmakers	61
<b>Ethnic background*</b>	
Caucasian	89
African-American	5
Hispanic	5
Asian	1
Other	4

\*Multiple responses are included.

FIGURE 1.3

**EMPLOYMENT STATUS AND INCOME OF HOUSEHOLDS OWNING MUTUAL FUNDS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009

<b>Employment status<sup>1</sup></b>	
Employed full-time	65
Not retired	63
Retired from lifetime occupation	2
Employed part-time	8
Not retired	6
Retired from lifetime occupation	2
Not employed	27
Not retired	9
Retired from lifetime occupation	18
<b>Total household income<sup>2</sup></b>	
Less than \$25,000	5
\$25,000 to \$34,999	5
\$35,000 to \$49,999	13
\$50,000 to \$74,999	21
\$75,000 to \$99,999	19
\$100,000 to \$149,999	21
\$150,000 to \$249,999	12
\$250,000 or more	4
Median	\$80,000
Mean	\$97,300

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

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

FIGURE 1.4

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009

<b>Total household financial assets<sup>1</sup></b>	
Less than \$25,000	13
\$25,000 to \$49,999	11
\$50,000 to \$74,999	9
\$75,000 to \$99,999	5
\$100,000 to \$249,999	24
\$250,000 to \$499,999	16
\$500,000 to \$999,999	14
\$1 million or more	8
Median	\$150,000
Mean	\$346,300
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>	
Certificates of deposit	34
Individual stocks, individual bonds, or annuities (total)	60
Individual stocks	43
Individual bonds (excluding U.S. savings bonds)	14
Fixed or variable annuities	28
Investment real estate	30
Closed-end funds	3
Exchange-traded funds	5
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>	
Household owned employer-sponsored retirement plan accounts (total)	82
DC retirement plan accounts (total)	78
401(k) plan account	65
403(b), state, local, or federal government plan account	31
Employer-sponsored IRA <sup>3</sup>	15
<b>Household ownership of IRAs<sup>2</sup></b>	
Household owned IRA (total)	67
Traditional IRA or Roth IRA	63
Employer-sponsored IRA <sup>3</sup>	15
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>	
Household owned education-targeted savings program account (total)	18
Coverdell education savings account	12
529 prepaid tuition or college savings plan account (total)	11
529 savings plan	10
529 prepaid tuition plan	3

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

<sup>2</sup>Multiple responses are included.

<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 1.5

**MUTUAL FUND INVESTING AMONG HOUSEHOLDS OWNING MUTUAL FUNDS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009

<b>Total household mutual fund assets</b>	
Less than \$5,000	3
\$5,000 to \$9,999	6
\$10,000 to \$19,999	9
\$20,000 to \$29,999	6
\$30,000 to \$49,999	11
\$50,000 to \$74,999	11
\$75,000 to \$99,999	8
\$100,000 to \$249,999	24
\$250,000 or more	22
Median	\$80,000
Mean	\$179,700
<b>Percent allocation of household financial assets to mutual funds</b>	
25% or less	15
Between 26% and 50%	19
Between 51% and 75%	22
More than 75%	44
<b>Types of mutual funds owned<sup>1</sup></b>	
Equity funds	77
Hybrid funds	42
Bond funds	49
Money market funds	64
Other fund type specified	5
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>	
Conducted mutual fund transactions	36
<b>Year of initial mutual fund purchase</b>	
Before 1990	38
Between 1990 and 1994	16
Between 1995 and 1999	21
2000 or later	25
Median	1993
Mean	1991

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

<sup>2</sup>Mutual 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 SOURCES**

<b>Total number of mutual funds owned</b>	
<i>Percentage of U.S. households owning mutual funds, 2009</i>	
One	14
Two	15
Three	13
Four	9
Five to six	17
Seven to ten	18
Eleven or more	14
Median	4 funds
Mean	6 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans*</b>	
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans, 2009</i>	
One	37
Two	33
Three	19
Four or more	11
Median	2 sources
Mean	2 sources

*\*Purchase sources 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

**SOURCES USED TO PURCHASE MUTUAL FUNDS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009

<b>Source of mutual fund ownership</b>	
Only inside employer-sponsored retirement plan	31
Only outside employer-sponsored retirement plan	32
Both inside and outside employer-sponsored retirement plan	37
<b>Purchase sources through which funds are currently owned<sup>1</sup></b>	
Inside employer-sponsored retirement plans (total)	68
Inside DC retirement plans (total)	64
401(k) plan	53
403(b), state, local, or federal government plan	19
Inside employer-sponsored IRA <sup>2</sup>	9
Outside employer-sponsored retirement plans (total)	69
Sales force (total)	55
Full-service broker	29
Independent financial planner	26
Bank or savings institution representative	19
Insurance agent	11
Accountant	6
Direct market (total)	31
Mutual fund company directly	20
Discount broker	17
<b>Primary mutual fund purchase source</b>	
Inside employer-sponsored retirement plans	54
Outside employer-sponsored retirement plans	46
Sales force	36
Full-service broker	13
Independent financial planner	12
Bank or savings institution representative	8
Insurance agent	2
Accountant	1
Direct market	10
Mutual fund company directly	6
Discount broker	4
<b>Source of first mutual fund purchase</b>	
Inside employer-sponsored retirement plan	61
Outside employer-sponsored retirement plan	39

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

**FIGURE 1.8**

**FINANCIAL GOALS OF HOUSEHOLDS OWNING MUTUAL FUNDS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009

<b>Financial goals for mutual fund investments<sup>1</sup></b>	
Retirement	94
Reduce taxable income	49
Emergency	46
Education	26
Current income	21
House or other large item	11
Other	5
<b>Primary financial goal for mutual fund investments</b>	
Retirement	76
Reduce taxable income	3
Emergency	6
Education	6
Current income	5
House or other large item	2
Other	2
<b>Level of confidence that mutual funds are an investment that can help the household meet financial goals</b>	
Very confident	18
Somewhat confident	55
Not very confident	19
Not at all confident	8
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>	
Inside employer-sponsored retirement plans (total)	68
Inside DC retirement plans (total)	64
401(k) plan	53
403(b), state, local, or federal government plan	19
Inside employer-sponsored IRA <sup>2</sup>	9
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>	
Have IRA invested in mutual funds (total)	52
Traditional IRA or Roth IRA	48
Employer-sponsored IRA <sup>2</sup>	9

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 1.9

**VIEWS ON INVESTMENT RISK**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009

<b>Level of risk willing to take with financial investments</b>	
Substantial risk for substantial gain	5
Above-average risk for above-average gain	25
Average risk for average gain	50
Below-average risk for below-average gain	10
Unwilling to take any risk	10

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

In 2009, 68 percent of mutual fund–owning households in the United States held mutual funds inside employer-sponsored retirement plan accounts (Figure 2.1), which include DC plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). Sixty-nine percent of mutual fund–owning households owned mutual funds outside employer-sponsored retirement plan accounts, purchased either through the sales force or direct market channel. Thirty-seven percent of mutual fund–owning households owned funds both inside and outside employer-sponsored retirement plans.

### Household Mutual Fund Ownership Inside Employer-Sponsored Retirement Plans

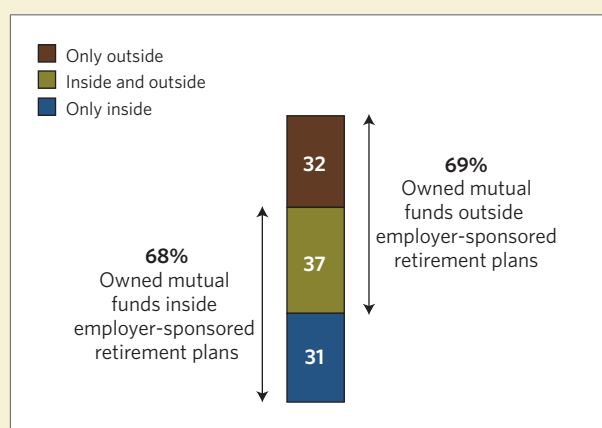
Among households that owned mutual funds inside employer-sponsored retirement plans, the median age of the household head was 47 (Figure 2.2). Forty-eight percent of these individuals had college or postgraduate degrees and 81 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 66 percent of these households.

Eighty-two percent of individuals heading households that owned mutual funds inside employer-sponsored retirement plans were employed full- or part-time, and 13 percent were retired from their lifetime occupations (Figure 2.3). The median household income among households in this group was \$87,000. Seventeen percent of households that owned mutual funds inside employer-sponsored retirement plans had household incomes of less than \$50,000, 20 percent had household incomes between \$50,000 and \$74,999, and 63 percent had incomes of \$75,000 or more.

FIGURE 2.1

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

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009



Among households that owned mutual funds inside employer-sponsored retirement plans, median household financial assets were \$150,000 (Figure 2.4). These households had a variety of savings and investments. Thirty-one percent of mutual fund–owning households in this group owned certificates of deposit, 44 percent owned individual stocks, and 13 percent owned individual bonds.

Households that held mutual funds inside employer-sponsored retirement plans had median mutual fund holdings of \$86,000 (Figure 2.5). Eighty-one percent of mutual fund–owning households in this group owned equity funds, 45 percent owned hybrid funds, 54 percent owned bond funds, and 65 percent owned money market funds. Seventy percent of these households had more than half of their household financial assets in mutual funds. Thirty-six percent of these households reported that the household purchased its first fund before 1990, and 48 percent reported that the household bought its first fund in 1995 or later.



The median number of mutual funds owned by households that held funds inside employer-sponsored retirement plans was five (Figure 2.6). Thirty-nine percent owned three or fewer funds and 61 percent owned four or more. Among mutual fund-owning households in this group that also owned funds outside employer-sponsored retirement plans, 63 percent owned funds purchased from multiple sources.

The vast majority of U.S. households that owned funds inside employer-sponsored retirement plans, 94 percent, owned funds in DC plans, predominately in 401(k) plans (Figure 2.7). Fourteen percent of households that owned funds inside employer-sponsored retirement plans owned funds through employer-sponsored IRAs. Seventy-eight percent of households that owned mutual funds inside employer-sponsored retirement plans considered those plans to be their primary source for purchasing mutual funds. Seventy-two percent reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of households that owned mutual funds inside employer-sponsored retirement plans indicated that saving for retirement was one of their household's financial goals, and 80 percent listed saving for retirement as their household's primary financial goal (Figure 2.8). Forty-seven percent owned mutual funds inside IRAs. Seventy-four percent of mutual fund-owning households in this group were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-four percent of households that owned mutual funds inside employer-sponsored retirement plans were willing to take substantial or above-average risk for similar levels of financial gain (Figure 2.9). Forty-eight percent were willing to take average risk for average gain. Eighteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## Household Mutual Fund Ownership Outside Employer-Sponsored Retirement Plans

Among households that owned mutual funds outside employer-sponsored retirement plans, the median age of the household head was 51 (Figure 2.2). Fifty-one percent of these individuals held college or postgraduate degrees and 75 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 60 percent of households that owned mutual funds outside employer-sponsored retirement plans.

Seventy percent of individuals heading households that owned mutual funds outside employer-sponsored retirement plans were employed full- or part-time (Figure 2.3). Twenty-seven percent were retired from their lifetime occupations. The median household income for mutual fund-owning households in this group was \$82,900. Twenty-three percent had household incomes of less than \$50,000, 19 percent had household incomes between \$50,000 and \$74,999, and 58 percent had incomes of \$75,000 or more.

Among households that owned mutual funds outside employer-sponsored retirement plans, median household financial assets were \$200,000 (Figure 2.4). These households had a variety of savings and investments. Thirty-nine percent of mutual fund-owning households in this group owned certificates of deposit, 48 percent owned individual stocks, and 17 percent owned individual bonds. Thirty-four percent owned investment real estate.

Households that held mutual funds outside employer-sponsored retirement plans had median mutual fund holdings of \$100,000 (Figure 2.5). Seventy-eight percent of mutual fund-owning households in this group owned equity funds, 47 percent owned hybrid funds, 53 percent owned bond funds, and 70 percent owned money market funds. Sixty-four percent of households that owned mutual funds outside employer-sponsored retirement plans had more than half of their household financial assets in mutual funds. Forty-two percent reported that the household purchased its first fund before 1990, and 41 percent reported that the household bought its first fund in 1995 or later.

The median number of mutual funds owned by households that held mutual funds outside employer-sponsored retirement plans was five (Figure 2.6). Thirty-five percent owned three or fewer funds and 65 percent owned four or more. Sixty-three percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

Fifty-three percent of households that held mutual funds outside employer-sponsored retirement plans also owned funds inside employer-sponsored retirement plans (Figure 2.7). Seventy-nine percent of mutual fund-owning households in this group owned sales force-distributed funds and 44 percent owned direct-marketed funds. Fifty-two percent considered the sales force channel to be their primary source for purchasing mutual funds. Forty-nine percent purchased their first mutual fund outside an employer-sponsored retirement plan.

Ninety-four percent of households that owned mutual funds outside employer-sponsored retirement plans indicated that saving for retirement was one of their household's financial goals, and 73 percent listed saving for retirement as their household's primary financial goal (Figure 2.8). In addition, 48 percent reported saving for an emergency as a household financial goal. Fifty-three percent held funds in employer-sponsored retirement plans, and 71 percent owned funds inside IRAs. Among households that only owned funds outside employer-sponsored retirement plans, 63 percent owned mutual funds in traditional or Roth IRAs. Seventy-three percent of households that owned mutual funds outside employer-sponsored retirement plans were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty percent of households that owned mutual funds outside employer-sponsored retirement plans were willing to take substantial or above-average risk for similar levels of financial gain (Figure 2.9). Fifty-one percent were willing to take average risk for average gain. Nineteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 2.2

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

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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 owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
<b>Age of household sole or co-decisionmaker for saving and investing</b>					
Younger than 35	18	23	14	14	14
35 to 44	26	29	18	12	23
45 to 54	29	25	27	22	31
55 to 64	19	17	20	19	21
65 or older	8	6	21	33	11
Median	47 years	44 years	51 years	55 years	49 years
Mean	47 years	45 years	52 years	55 years	48 years
<b>Education level</b>					
High school graduate or less	24	28	23	28	20
Some college or associate's degree	28	34	26	29	23
Completed four years of college	21	16	23	20	25
Some graduate school	6	6	6	6	6
Completed graduate school	21	16	22	17	26
<b>Marital status</b>					
Married or living with a partner	81	77	75	65	84
Single	9	10	10	11	8
Divorced or separated	7	9	8	10	6
Widowed	3	4	7	14	2
<b>Household investment decisionmaker</b>					
Male is sole decisionmaker	19	20	20	21	19
Female is sole decisionmaker	15	17	20	28	13
Co-decisionmakers	66	63	60	51	68
<b>Ethnic background*</b>					
Caucasian	88	85	91	91	90
African-American	6	7	4	3	5
Hispanic	6	8	4	4	4
Asian	1	1	2	1	2
Other	4	6	3	4	2

\*Multiple responses are included.

FIGURE 2.3

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

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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 owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
<b>Employment status<sup>1</sup></b>					
Employed full-time	74	75	61	45	74
Not retired	73	73	59	43	73
Retired from lifetime occupation	1	2	2	2	1
Employed part-time	8	7	9	11	8
Not retired	6	5	6	6	6
Retired from lifetime occupation	2	2	3	5	2
Not employed	18	18	30	44	18
Not retired	8	10	8	9	7
Retired from lifetime occupation	10	8	22	35	11
<b>Total household income<sup>2</sup></b>					
Less than \$25,000	3	5	6	12	1
\$25,000 to \$34,999	3	5	5	9	2
\$35,000 to \$49,999	11	15	12	15	9
\$50,000 to \$74,999	20	23	19	21	18
\$75,000 to \$99,999	21	22	18	15	20
\$100,000 to \$149,999	24	21	22	17	26
\$150,000 to \$249,999	14	8	13	7	19
\$250,000 or more	4	1	5	4	5
Median	\$87,000	\$75,000	\$82,900	\$65,000	\$100,000
Mean	\$102,200	\$84,100	\$103,100	\$87,100	\$117,100

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

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

FIGURE 2.4

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

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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 owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
<b>Total household financial assets<sup>1</sup></b>					
Less than \$25,000	12	20	9	14	4
\$25,000 to \$49,999	14	17	9	7	11
\$50,000 to \$74,999	10	13	8	9	7
\$75,000 to \$99,999	4	5	5	6	4
\$100,000 to \$249,999	25	25	24	23	25
\$250,000 to \$499,999	15	10	19	18	20
\$500,000 to \$999,999	14	8	16	13	19
\$1 million or more	6	2	10	10	10
Median	\$150,000	\$70,000	\$200,000	\$150,000	\$230,000
Mean	\$326,400	\$171,100	\$429,800	\$390,700	\$462,600
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>					
Certificates of deposit	31	22	39	40	39
Individual stocks, individual bonds, or annuities (total)	59	44	67	62	72
Individual stocks	44	31	48	40	54
Individual bonds (excluding U.S. savings bonds)	13	6	17	16	18
Fixed or variable annuities	27	18	33	32	34
Investment real estate	28	20	34	32	36
Closed-end funds	2	1	4	4	4
Exchange-traded funds	5	2	6	5	7
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>					
Household owned employer-sponsored retirement plan accounts (total)	100	100	73	43	100
DC retirement plan accounts (total)	97	97	70	40	96
401(k) plan account	84	85	56	25	83
403(b), state, local, or federal government plan account	37	37	29	19	38
Employer-sponsored IRA <sup>3</sup>	18	14	15	9	21
<b>Household ownership of IRAs<sup>2</sup></b>					
Household owned IRA (total)	63	36	81	76	85
Traditional IRA or Roth IRA	57	27	79	74	83
Employer-sponsored IRA <sup>3</sup>	18	14	15	9	21

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 owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>					
Household owned education-targeted savings program account (total)	19	10	21	14	27
Coverdell education savings account	12	5	15	11	19
529 prepaid tuition or college savings plan account (total)	13	7	13	8	17
529 savings plan	11	6	11	7	15
529 prepaid tuition plan	4	3	3	1	4

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

<sup>2</sup>Multiple responses are included.

<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 2.5

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

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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 owned employer-sponsored retirement plans	Total	Only owned employer-sponsored retirement plans	
<b>Total household mutual fund assets</b>					
Less than \$5,000	2	4	2	5	(*)
\$5,000 to \$9,999	5	9	5	8	2
\$10,000 to \$19,999	9	13	7	9	5
\$20,000 to \$29,999	7	11	4	5	3
\$30,000 to \$49,999	11	11	11	12	11
\$50,000 to \$74,999	11	14	10	11	9
\$75,000 to \$99,999	7	7	8	8	8
\$100,000 to \$249,999	25	21	25	21	28
\$250,000 or more	23	10	28	21	34
Median	\$86,000	\$50,000	\$100,000	\$70,000	\$150,000
Mean	\$180,800	\$99,600	\$218,600	\$177,200	\$251,900
<b>Percent allocation of household financial assets to mutual funds</b>					
25% or less	12	14	15	20	11
Between 26% and 50%	18	16	21	23	19
Between 51% and 75%	24	24	20	17	23
More than 75%	46	46	44	40	47
<b>Types of mutual funds owned<sup>1</sup></b>					
Equity funds	81	73	78	67	87
Hybrid funds	45	29	47	35	57
Bond funds	54	38	53	38	66
Money market funds	65	49	70	61	77
Other fund type specified	6	3	6	3	8
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>					
Conducted mutual fund transactions	43	32	38	23	51
<b>Year of initial mutual fund purchase</b>					
Before 1990	36	27	42	41	44
Between 1990 and 1994	16	14	17	17	18
Between 1995 and 1999	23	20	22	18	25
2000 or later	25	39	19	24	13
Median	1994	1997	1992	1992	1991
Mean	1992	1995	1990	1990	1990

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

<sup>2</sup>Mutual 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.

(\*) = less than 0.5 percent

FIGURE 2.6

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

	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 owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
<b>Total number of mutual funds owned</b>					
<i>Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2009</i>					
One	12	22	11	19	4
Two	14	21	13	17	10
Three	13	17	11	12	10
Four	9	7	10	10	10
Five to six	18	16	18	16	20
Seven to ten	19	11	20	15	24
Eleven or more	15	6	17	11	22
Median	5 funds	3 funds	5 funds	4 funds	6 funds
Mean	7 funds	4 funds	7 funds	6 funds	8 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans*</b>					
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans, 2009</i>					
One	37	N/A	37	37	37
Two	34	N/A	33	33	34
Three	19	N/A	19	19	19
Four or more	10	N/A	11	11	10
Median	2 sources	N/A	2 sources	2 sources	2 sources
Mean	2 sources	N/A	2 sources	2 sources	2 sources

\*Purchase sources 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.  
N/A = not applicable



FIGURE 2.7

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

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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 owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
<b>Source of mutual fund ownership</b>					
Only inside employer-sponsored retirement plan	45	100	0	0	0
Only outside employer-sponsored retirement plan	0	0	47	100	0
Both inside and outside employer-sponsored retirement plan	55	0	53	0	100
<b>Purchase sources through which funds are currently owned<sup>1</sup></b>					
Inside employer-sponsored retirement plans (total)	100	100	53	N/A	100
Inside DC retirement plans (total)	94	95	50	N/A	94
401(k) plan	79	79	42	N/A	79
403(b), state, local, or federal government plan	28	28	15	N/A	28
Inside employer-sponsored IRA <sup>2</sup>	14	10	9	N/A	17
Outside employer-sponsored retirement plans (total)	55	N/A	100	100	100
Sales force (total)	42	N/A	79	83	76
Full-service broker	21	N/A	42	47	38
Independent financial planner	20	N/A	37	38	36
Bank or savings institution representative	15	N/A	28	29	26
Insurance agent	9	N/A	16	15	16
Accountant	4	N/A	8	9	8
Direct market (total)	25	N/A	44	42	45
Mutual fund company directly	16	N/A	28	28	29
Discount broker	14	N/A	24	24	25

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 owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
<b>Primary mutual fund purchase source</b>					
Inside employer-sponsored retirement plans	78	100	33	N/A	59
Outside employer-sponsored retirement plans	22	N/A	67	100	41
Sales force	17	N/A	52	78	32
Full-service broker	5	N/A	19	29	10
Independent financial planner	7	N/A	18	23	13
Bank or savings institution representative	3	N/A	12	19	6
Insurance agent	1	N/A	3	5	1
Accountant	1	N/A	2	2	2
Direct market	5	N/A	15	22	9
Mutual fund company directly	3	N/A	8	13	5
Discount broker	2	N/A	6	9	4
<b>Source of first mutual fund purchase</b>					
Inside employer-sponsored retirement plan	72	85	51	40	60
Outside employer-sponsored retirement plan	28	15	49	60	40

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

N/A = not applicable

FIGURE 2.8

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

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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 owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
<b>Financial goals for mutual fund investments<sup>1</sup></b>					
Retirement	96	96	94	91	96
Reduce taxable income	51	49	49	45	53
Emergency	44	42	48	51	45
Education	28	20	29	22	35
Current income	15	15	23	34	14
House or other large item	11	10	11	9	12
Other	5	4	5	5	5
<b>Primary financial goal for mutual fund investments</b>					
Retirement	80	82	73	66	79
Reduce taxable income	2	2	3	4	3
Emergency	5	6	6	8	4
Education	6	4	7	7	7
Current income	3	3	7	11	3
House or other large item	2	2	2	2	2
Other	2	1	2	2	2
<b>Level of confidence that mutual funds are an investment that can help the household meet financial goals</b>					
Very confident	17	13	19	18	21
Somewhat confident	57	58	54	52	56
Not very confident	18	21	18	20	16
Not at all confident	8	8	9	10	7
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>					
Inside employer-sponsored retirement plans (total)	100	100	53	N/A	100
Inside DC retirement plans (total)	94	95	50	N/A	94
401(k) plan	79	79	42	N/A	79
403(b), state, local, or federal government plan	28	28	15	N/A	28
Inside employer-sponsored IRA <sup>2</sup>	14	10	9	N/A	17
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>					
Have IRA invested in mutual funds (total)	47	10	71	63	78
Traditional IRA or Roth IRA	41	N/A	70	63	75
Employer-sponsored IRA <sup>2</sup>	14	10	9	N/A	17

<sup>1</sup>Multiple responses are included.<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

N/A = not applicable

FIGURE 2.9

**VIEWS ON INVESTMENT RISK BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside <i>and</i> outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
<b>Level of risk willing to take with financial investments</b>					
Substantial risk for substantial gain	5	4	5	4	6
Above-average risk for above-average gain	29	25	25	18	31
Average risk for average gain	48	47	51	53	49
Below-average risk for below-average gain	9	10	11	12	9
Unwilling to take any risk	9	14	8	13	5



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

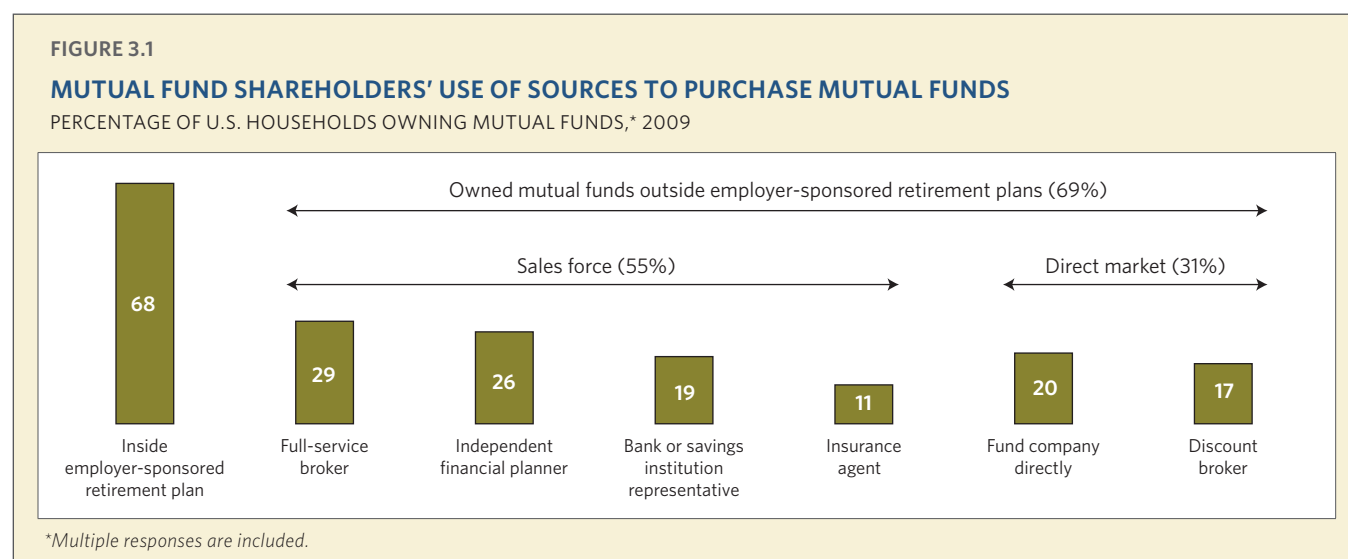
In 2009, 68 percent of mutual fund–owning households held mutual funds through employer-sponsored retirement plans, and 69 percent owned mutual funds outside such plans (Figure 3.1).<sup>7</sup> This latter group purchased funds through two sources: the sales force channel and the direct market channel.<sup>8</sup> In 2009, 55 percent of households owning mutual funds held funds purchased through the sales force channel, and 31 percent owned funds purchased through the direct market channel.

### Sales Force Channel

Among households that owned mutual funds purchased through the sales force channel, the median age of the household head was 52 (Figure 3.2). Forty-nine percent of these individuals had college or postgraduate degrees and 75 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 61 percent of these households.

Sixty-eight percent of individuals heading households that owned sales force–distributed funds were employed full- or part-time, and 29 percent were retired from their lifetime occupations (Figure 3.3). The median household income of mutual fund–owning households in this group was \$83,300. Twenty-two percent of these households had household incomes of less than \$50,000, 20 percent had household incomes between \$50,000 and \$74,999, and 58 percent had incomes of \$75,000 or more.

Among households that owned sales force–distributed mutual funds, median household financial assets were \$200,000 (Figure 3.4). These households had a variety of savings and investments. Forty-two percent of mutual fund–owning households in this group owned certificates of deposit, 49 percent owned individual stocks, and 19 percent owned individual bonds. Thirty-seven percent of households that owned mutual funds purchased through the sales force channel owned investment real estate.



<sup>7</sup> See chapter 2 on page 13 for further discussion.

<sup>8</sup> 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 owned funds through the sales force channel had median mutual fund holdings of \$100,000 (Figure 3.5). Seventy-seven percent of households in this group owned equity funds, 48 percent owned hybrid funds, 54 percent owned bond funds, and 72 percent owned money market funds. Sixty-four percent of households that owned sales force-distributed funds had more than half of their household financial assets in mutual funds. Forty-four percent reported that the household purchased its first fund before 1990, and 56 percent reported that the household bought its first fund in 1990 or later.

Households that owned sales force-distributed funds held many funds through multiple purchase sources. The median number of mutual funds owned by households in this group was five (Figure 3.6). Thirty-four percent owned three or fewer funds and 66 percent owned four or more. Sixty-eight percent owned 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 owned funds through employer-sponsored retirement plans, and 42 percent owned funds purchased directly from fund companies or discount brokers (Figure 3.7). Sixty-three percent of households owning sales force-distributed funds considered the sales force channel to be their primary source for purchasing mutual funds; 27 percent, employer-sponsored retirement plans; and 10 percent, the direct market channel. Fifty-three percent of households that owned sales force-distributed funds bought their first mutual fund outside an employer-sponsored retirement plan.

Ninety-four percent of households that owned sales force-distributed mutual funds indicated that saving for retirement was one of their household's financial goals, and 73 percent listed saving for retirement as their household's primary financial goal (Figure 3.8). Fifty-one percent owned funds inside employer-sponsored retirement plans, and 72 percent held funds inside IRAs. Seventy-four percent of mutual fund-owning households in this group were confident that mutual funds could help them meet their household's financial goals.

Twenty-eight percent of households that owned sales force-distributed mutual funds were willing to take substantial or above-average risk for similar levels of financial gain (Figure 3.9). Fifty-two percent were willing to take average risk for average gain. Twenty percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## Direct Market Channel

Among households that owned mutual funds purchased through the direct market channel, the median age of the household head was 50 (Figure 3.2). Fifty-five percent of these individuals had college or postgraduate degrees, and 79 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 59 percent of these households.

Seventy percent of individuals heading households that owned mutual funds through the direct market channel were employed full- or part-time, and 26 percent were retired from their lifetime occupations (Figure 3.3). The median household income for mutual fund-owning households in this group was \$86,600. Twenty-three percent of households that owned direct-marketed funds had household incomes of less than \$50,000, and 20 percent had household incomes between \$50,000 and \$74,999. Fifty-seven percent of households that owned direct-marketed funds had incomes of \$75,000 or more.

Among households that owned mutual funds through the direct market channel, median household financial assets were \$200,000 (Figure 3.4). These households typically had other investments. Thirty-nine percent of mutual fund-owning households in this group owned certificates of deposit, 53 percent owned individual stocks, and 21 percent owned individual bonds. Thirty-four percent of households that owned mutual funds purchased through the direct market channel owned investment real estate.

Households that held direct-marketed funds had median mutual fund holdings of \$110,000 (Figure 3.5). Seventy-nine percent of households in this group owned equity funds, 51 percent owned hybrid funds, 56 percent owned bond funds, and 70 percent owned money market funds. Sixty-three percent of households that owned mutual funds purchased through the direct market channel had more than half of their household financial assets in mutual funds. Forty-two percent reported that the household purchased its first fund before 1990, and 58 percent reported that the household bought its first fund in 1990 or later.

Households that owned direct-marketed funds held many funds through multiple purchase sources. The median number of mutual funds owned by households in this group was six (Figure 3.6). Twenty-nine percent owned three or fewer funds and 71 percent owned four or more. Eighty-one percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning funds through the direct market channel, 55 percent of these households owned funds through employer-sponsored retirement plans, and three-quarters owned funds purchased through the sales force channel (Figure 3.7). Thirty-two percent of households owning direct-marketed funds considered the direct market channel to be their primary source for purchasing mutual funds; 32 percent, employer-sponsored retirement plans; and 36 percent, the sales force channel. Fifty-five percent of households that owned direct-marketed funds bought their first mutual fund outside an employer-sponsored retirement plan.

Ninety-four percent of households that owned mutual funds purchased through the direct market channel were saving for retirement, and 72 percent listed saving for retirement as their household's primary financial goal (Figure 3.8). Fifty-five percent owned funds inside employer-sponsored retirement plans, and 75 percent held funds inside IRAs. Seventy-six percent of mutual fund-owning households in this group were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-seven percent of households that purchased mutual funds through the direct market channel were willing to take substantial or above-average risk for similar levels of financial gain (Figure 3.9). Forty-six percent were willing to take average risk for average gain. Seventeen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.



FIGURE 3.2

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

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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	Mutual fund company directly	Discount broker
<b>Age of household sole or co-decisionmaker for saving and investing</b>								
Younger than 35	13	12	10	18	13	15	13	17
35 to 44	16	14	20	16	20	19	16	23
45 to 54	27	27	26	26	23	30	31	28
55 to 64	21	22	23	18	23	16	17	15
65 or older	23	25	21	22	21	20	23	17
Median	52 years	53 years	52 years	51 years	51 years	50 years	51 years	48 years
Mean	52 years	54 years	53 years	51 years	52 years	50 years	52 years	49 years
<b>Education level</b>								
High school graduate or less	24	21	26	28	23	22	22	24
Some college or associate's degree	27	27	26	30	31	23	25	19
Completed four years of college	22	25	21	21	22	25	24	25
Some graduate school	6	6	6	5	6	7	7	7
Completed graduate school	21	21	21	16	18	23	22	25
<b>Marital status</b>								
Married or living with a partner	75	74	78	75	79	79	78	80
Single	9	7	8	9	7	8	8	9
Divorced or separated	8	9	7	8	6	7	7	6
Widowed	8	9	7	9	8	6	7	5
<b>Household investment decisionmaker</b>								
Male is sole decisionmaker	18	21	15	21	19	24	25	26
Female is sole decisionmaker	21	20	21	21	18	17	17	17
Co-decisionmakers	61	59	64	58	63	59	58	57
<b>Ethnic background*</b>								
Caucasian	91	89	91	88	90	88	86	86
African-American	4	4	5	5	5	4	4	5
Hispanic	4	5	5	5	5	4	5	2
Asian	1	1	(*)	3	2	3	2	4
Other	3	5	3	3	2	5	6	4

\*Multiple responses are included.  
 (\*) = less than 0.5 percent

FIGURE 3.3

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

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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	Mutual fund company directly	Discount broker
<b>Employment status<sup>1</sup></b>								
Employed full-time	59	57	60	59	61	62	60	65
Not retired	57	55	58	58	60	60	58	63
Retired from lifetime occupation	2	2	2	1	1	2	2	2
Employed part-time	9	8	11	10	10	8	8	9
Not retired	6	4	7	7	5	6	5	6
Retired from lifetime occupation	3	4	4	3	5	2	3	3
Not employed	32	35	29	31	29	30	32	26
Not retired	8	8	6	8	7	8	7	6
Retired from lifetime occupation	24	27	23	23	22	22	25	20
<b>Total household income<sup>2</sup></b>								
Less than \$25,000	6	7	5	7	5	6	6	4
\$25,000 to \$34,999	5	5	5	5	3	5	5	5
\$35,000 to \$49,999	11	9	12	12	9	12	13	11
\$50,000 to \$74,999	20	19	20	20	15	20	19	21
\$75,000 to \$99,999	18	16	20	23	20	14	14	13
\$100,000 to \$149,999	21	23	21	18	28	20	19	19
\$150,000 to \$249,999	14	15	13	10	14	18	18	21
\$250,000 or more	5	6	5	5	6	5	6	6
Median	\$83,300	\$87,500	\$82,000	\$80,000	\$90,000	\$86,600	\$85,000	\$87,500
Mean	\$103,400	\$110,500	\$106,000	\$98,000	\$109,000	\$111,300	\$112,200	\$116,200

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

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

FIGURE 3.4

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

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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	Mutual fund company directly	Discount broker
<b>Total household financial assets<sup>1</sup></b>								
Less than \$25,000	7	6	6	9	5	8	9	10
\$25,000 to \$49,999	9	5	7	12	8	7	6	8
\$50,000 to \$74,999	8	9	9	9	5	8	8	9
\$75,000 to \$99,999	5	5	6	6	7	5	4	4
\$100,000 to \$249,999	23	20	20	19	28	23	23	20
\$250,000 to \$499,999	20	22	18	18	25	19	19	19
\$500,000 to \$999,999	17	18	22	16	17	17	17	18
\$1 million or more	11	15	12	11	5	13	14	12
Median	\$200,000	\$300,000	\$250,000	\$189,000	\$200,000	\$200,000	\$200,000	\$220,000
Mean	\$451,900	\$516,000	\$488,600	\$447,800	\$347,200	\$508,900	\$529,200	\$473,300
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>								
Certificates of deposit	42	44	40	52	43	39	40	38
Individual stocks, individual bonds, or annuities (total)	69	73	71	68	74	69	69	70
Individual stocks	49	56	48	47	43	53	51	57
Individual bonds (excluding U.S. savings bonds)	19	23	18	18	21	21	21	20
Fixed or variable annuities	37	35	44	39	56	32	36	27
Investment real estate	37	39	37	38	37	34	35	34
Closed-end funds	4	5	3	1	4	5	4	7
Exchange-traded funds	6	7	5	6	4	10	12	11
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>								
Household owned employer-sponsored retirement plan accounts (total)	71	69	72	70	77	74	70	77
DC retirement plan accounts (total)	67	65	69	68	73	70	67	73
401(k) plan account	53	50	55	54	60	56	52	57
403(b), state, local, or federal government plan account	29	29	29	29	32	28	29	28
Employer-sponsored IRA <sup>3</sup>	15	16	15	14	16	18	16	18
<b>Household ownership of IRAs<sup>2</sup></b>								
Household owned IRA (total)	81	82	83	79	87	83	83	83
Traditional IRA or Roth IRA	79	81	81	77	84	81	82	80
Employer-sponsored IRA <sup>3</sup>	15	16	15	14	16	18	16	18

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	Mutual fund company directly	Discount broker
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>								
Household owned education- targeted savings program account (total)	21	19	23	25	25	25	24	25
Coverdell education savings account	16	13	17	21	21	18	20	17
529 prepaid tuition or college savings plan account (total)	13	12	13	13	12	15	14	17
529 savings plan	11	10	11	11	10	14	13	16
529 prepaid tuition plan	3	3	2	5	4	4	4	3

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

<sup>2</sup>Multiple responses are included.

<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 3.5

**MUTUAL FUND INVESTING BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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	Mutual fund company directly	Discount broker
<b>Total household mutual fund assets</b>								
Less than \$5,000	1	1	2	1	2	2	1	2
\$5,000 to \$9,999	5	5	4	6	3	6	5	9
\$10,000 to \$19,999	7	3	7	11	8	5	6	5
\$20,000 to \$29,999	4	4	3	7	1	4	5	3
\$30,000 to \$49,999	11	12	9	11	14	9	8	10
\$50,000 to \$74,999	9	9	9	11	11	9	9	9
\$75,000 to \$99,999	7	7	9	7	7	8	7	7
\$100,000 to \$249,999	26	26	23	19	28	25	26	23
\$250,000 or more	30	33	34	27	26	32	33	32
Median	\$100,000	\$129,000	\$125,000	\$80,000	\$100,000	\$110,000	\$125,000	\$100,000
Mean	\$226,000	\$243,100	\$271,700	\$208,300	\$188,400	\$250,700	\$277,700	\$228,100
<b>Percent allocation of household financial assets to mutual funds</b>								
25% or less	15	15	14	17	16	16	12	19
Between 26% and 50%	21	21	20	27	20	21	19	21
Between 51% and 75%	20	23	20	18	18	19	24	15
More than 75%	44	41	46	38	46	44	45	45
<b>Types of mutual funds owned<sup>1</sup></b>								
Equity funds	77	81	82	71	75	79	78	80
Hybrid funds	48	48	51	47	55	51	54	49
Bond funds	54	55	56	54	53	56	58	55
Money market funds	72	70	75	76	71	70	70	70
Other fund type specified	6	6	5	6	11	8	10	6
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>								
Conducted mutual fund transactions	37	40	38	28	39	45	46	50
<b>Year of initial mutual fund purchase</b>								
Before 1990	44	47	48	41	49	42	44	39
Between 1990 and 1994	17	18	15	16	15	19	20	17
Between 1995 and 1999	21	19	22	20	19	22	20	25
2000 or later	18	16	15	23	17	17	16	19
Median	1991	1990	1990	1992	1990	1991	1990	1993
Mean	1990	1989	1989	1991	1990	1990	1990	1991

<sup>1</sup>Multiple responses are included.<sup>2</sup>Mutual 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 SOURCES USED BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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	Mutual fund company directly	Discount broker
<b>Total number of mutual funds owned</b>								
One	11	9	7	15	6	10	11	9
Two	12	10	12	13	13	11	10	13
Three	11	11	9	12	13	8	6	8
Four	10	9	11	12	12	8	8	8
Five to six	19	21	22	21	18	19	19	20
Seven to ten	20	22	20	15	21	23	26	20
Eleven or more	17	18	19	12	17	21	20	22
Median	5 funds	6 funds	6 funds	4 funds	5 funds	6 funds	6 funds	6 funds
Mean	7 funds	8 funds	8 funds	6 funds	7 funds	8 funds	8 funds	8 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans*</b>								
One	32	22	20	19	16	19	19	12
Two	35	35	35	30	28	35	33	33
Three	21	25	26	29	31	27	29	27
Four or more	12	18	19	22	25	19	19	28
Median	2 sources	2 sources	2 sources	3 sources	3 sources	2 sources	2 sources	3 sources
Mean	2 sources	2 sources	2 sources	3 sources	3 sources	3 sources	3 sources	3 sources

\*Purchase sources 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

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

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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	Mutual fund company directly	Discount broker
<b>Source of mutual fund ownership</b>								
Only inside employer-sponsored retirement plan	0	0	0	0	0	0	0	0
Only outside employer-sponsored retirement plan	49	52	48	49	45	45	46	45
Both inside and outside employer-sponsored retirement plan	51	48	52	51	55	55	54	55
<b>Purchase sources through which funds are currently owned<sup>1</sup></b>								
Inside employer-sponsored retirement plans (total)	51	48	52	51	55	55	54	55
Inside DC retirement plans (total)	48	44	49	49	52	51	50	51
401(k) plan	40	36	40	41	46	41	42	40
403(b), state, local, or federal government plan	15	14	16	14	14	15	15	14
Inside employer-sponsored IRA <sup>2</sup>	9	9	9	9	9	12	12	10
Outside employer-sponsored retirement plans (total)	100	100	100	100	100	100	100	100
Sales force (total)	100	100	100	100	100	75	74	77
Full-service broker	54	100	44	40	38	44	42	47
Independent financial planner	47	39	100	37	38	35	32	39
Bank or savings institution representative	35	26	27	100	36	26	27	25
Insurance agent	20	14	16	20	100	14	15	15
Accountant	10	9	10	14	11	10	9	11
Direct market (total)	42	45	42	41	41	100	100	100
Mutual fund company directly	26	28	25	27	28	65	100	36
Discount broker	24	27	26	22	24	56	31	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	Mutual fund company directly	Discount broker
<b>Primary mutual fund purchase source</b>								
Inside employer-sponsored retirement plans	27	25	22	26	33	32	32	32
Outside employer-sponsored retirement plans	73	75	78	74	67	68	68	68
Sales force	63	65	70	66	55	36	35	36
Full-service broker	23	42	13	12	7	14	13	14
Independent financial planner	21	13	45	10	15	12	11	13
Bank or savings institution representative	14	7	9	40	12	7	8	7
Insurance agent	4	2	2	2	18	2	2	1
Accountant	2	1	1	2	2	1	1	1
Direct market	10	10	8	8	12	32	33	32
Mutual fund company directly	5	5	4	4	6	18	28	7
Discount broker	5	5	4	4	6	14	5	25
<b>Source of first mutual fund purchase</b>								
Inside employer-sponsored retirement plan	47	43	51	46	49	45	43	47
Outside employer-sponsored retirement plan	53	57	49	54	51	55	57	53

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.



FIGURE 3.8

**FINANCIAL GOALS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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	Mutual fund company directly	Discount broker
<b>Financial goals for mutual fund investments<sup>1</sup></b>								
Retirement	94	94	95	89	92	94	93	95
Reduce taxable income	51	49	54	54	60	49	49	48
Emergency	49	49	54	56	54	48	49	46
Education	29	27	31	31	33	32	29	36
Current income	25	28	27	27	24	23	25	22
House or other large item	10	9	10	18	12	10	11	9
Other	5	6	6	6	6	5	6	5
<b>Primary financial goal for mutual fund investments</b>								
Retirement	73	72	74	66	69	72	70	72
Reduce taxable income	3	3	3	5	4	4	4	4
Emergency	6	6	6	8	7	5	6	4
Education	7	7	6	8	9	8	6	9
Current income	7	8	7	7	5	7	9	7
House or other large item	2	2	2	4	3	2	2	2
Other	2	2	2	2	3	2	3	2
<b>Level of confidence that mutual funds are an investment that can help the household meet financial goals</b>								
Very confident	20	19	21	21	16	24	25	22
Somewhat confident	54	56	55	49	54	52	49	55
Not very confident	19	18	18	23	21	16	15	16
Not at all confident	7	7	6	7	9	8	11	7
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>								
Inside employer-sponsored retirement plans (total)	51	48	52	51	55	55	54	55
Inside DC retirement plans (total)	48	44	49	49	52	51	50	51
401(k) plan	40	36	40	41	46	41	42	40
403(b), state, local, or federal government plan	15	14	16	14	14	15	15	14
Inside employer-sponsored IRA <sup>2</sup>	9	9	9	9	9	12	12	10
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>								
Have IRA invested in mutual funds (total)	72	73	75	68	73	75	76	75
Traditional IRA or Roth IRA	71	71	74	67	71	73	75	73
Employer-sponsored IRA <sup>2</sup>	9	9	9	9	9	12	12	10

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 3.9

**VIEWS ON INVESTMENT RISK BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2009

	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	Mutual fund company directly	Discount broker
<b>Level of risk willing to take with financial investments</b>								
Substantial risk for substantial gain	5	4	6	6	6	4	4	6
Above-average risk for above-average gain	23	23	23	20	24	33	34	32
Average risk for average gain	52	54	53	48	50	46	43	47
Below-average risk for below-average gain	11	10	10	13	10	10	11	9
Unwilling to take any risk	9	9	8	13	10	7	8	6



## Mutual Fund Shareholders by Primary Source for Purchasing Funds

In 2009, 54 percent of mutual fund–owning households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds (Figure 4.1). Another 36 percent viewed the sales force channel as their main source for buying funds (13 percent considered full-service brokers to be their primary fund source; 12 percent, independent financial planners; 8 percent, bank or savings institution representatives; 2 percent, insurance agents; and 1 percent, accountants).<sup>9</sup> Finally, 10 percent of mutual fund–owning households viewed the direct market channel as their main source for buying funds (6 percent indicated fund companies as their primary source, and 4 percent cited discount brokers).

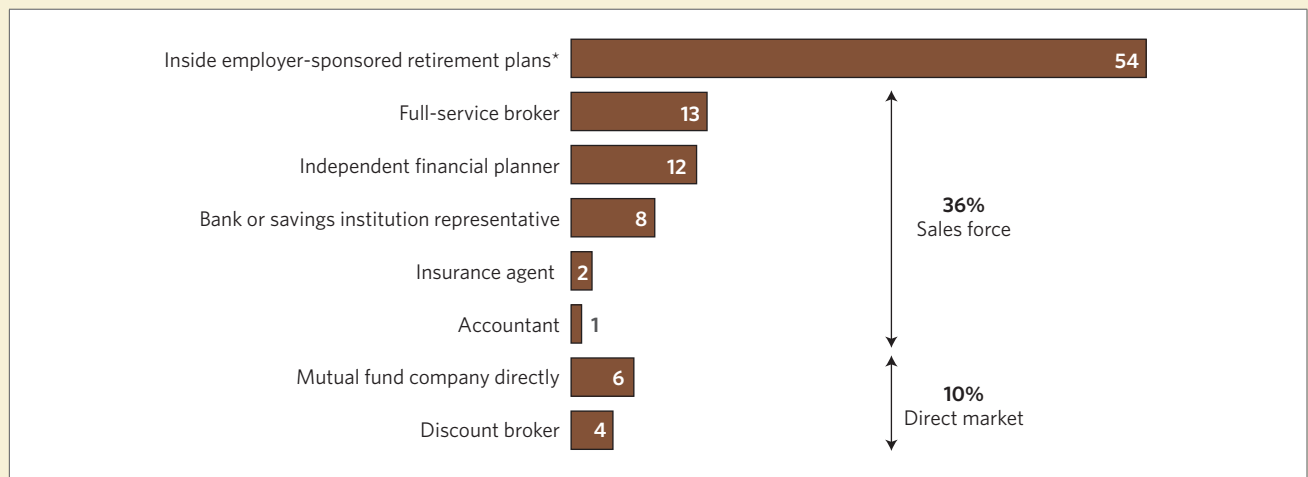
### Employer-Sponsored Retirement Plans as the Primary Purchase Source for Funds

Among mutual fund–owning households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds, the median age of the household head was 45—the youngest median age of any shareholder group classified by the three broad primary mutual fund purchase channels (Figure 4.2). Forty-five percent of these individuals had college or postgraduate degrees and 80 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 66 percent of these households.

FIGURE 4.1

#### MUTUAL FUND SHAREHOLDERS BY PRIMARY SOURCE FOR PURCHASING FUNDS

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009



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

<sup>9</sup> The sample sizes for mutual fund–owning households that consider either insurance agents or accountants to be their primary source for purchasing mutual funds were too small to analyze.

Eighty-three percent of individuals heading households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds were employed full- or part-time, and 11 percent were retired from their lifetime occupations (Figure 4.3). The median household income of mutual fund–owning households in this group was \$80,000. Nineteen percent of mutual fund–owning households that considered employer-sponsored retirement plans to be their primary mutual fund purchase source had household incomes of less than \$50,000, 22 percent had household incomes between \$50,000 and \$74,999, and 59 percent had household incomes of \$75,000 or more.

Among mutual fund–owning households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds, median household financial assets were \$100,000 (Figure 4.4). These households had a variety of savings and investments. Twenty-eight percent of mutual fund–owning households in this group owned certificates of deposit, 40 percent owned individual stocks, and 10 percent owned individual bonds.

Mutual fund–owning households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds had median mutual fund holdings of \$70,000 (Figure 4.5). Seventy-nine percent of households in this group owned equity funds, 41 percent owned hybrid funds, 50 percent owned bond funds, and 60 percent owned money market funds. Seventy percent had more than half of their household financial assets in mutual funds. Thirty-two percent of mutual fund–owning households in this group reported that the household purchased its first fund before 1990, and 52 percent reported that the household bought its first fund in 1995 or later.

Households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds held many funds through multiple purchase sources. The median number of mutual funds owned by households in this group was four (Figure 4.6). Forty-seven percent owned three or fewer funds and 53 percent owned four or more. Sixty percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through their employer-sponsored retirement plans, 41 percent of these households owned funds outside employer-sponsored retirement plans: 28 percent owned sales force–distributed funds and 18 percent owned direct-marketed funds (Figure 4.7). Seventy-nine percent of mutual fund–owning households in this group purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds were saving for retirement, and 83 percent listed saving for retirement as their household's primary financial goal (Figure 4.8). In addition to holding funds through employer-sponsored retirement plans, 37 percent held funds inside IRAs. Seventy-three percent of mutual fund–owning households in this group were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-three percent of mutual fund–owning households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds were willing to take substantial or above-average risk for similar levels of financial gain (Figure 4.9). Forty-eight percent were willing to take average risk for average gain. Nineteen percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## **The Sales Force Channel as the Primary Purchase Source for Funds**

Among mutual fund–owning households that considered the sales force channel to be their primary source for purchasing mutual funds, the median age of the household head was 54—the oldest median age of any shareholder group classified by the three broad primary mutual fund purchase channels (Figure 4.2). Forty-six percent of these individuals had college or postgraduate degrees and 71 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 56 percent of households that considered the sales force channel to be their primary source for purchasing mutual funds.

Sixty-three percent of individuals heading households that considered the sales force channel to be their primary source for purchasing mutual funds were employed full- or part-time (Figure 4.3). Thirty-five percent were retired from their lifetime occupations. The median household income of mutual fund-owning households in this group was \$77,000. Twenty-seven percent had household incomes of less than \$50,000, 20 percent had household incomes between \$50,000 and \$74,999, and 53 percent had household incomes of \$75,000 or more.

Among mutual fund-owning households that considered the sales force channel to be their primary source for purchasing mutual funds, median household financial assets were \$250,000 (Figure 4.4). These households had other savings and investments. Forty-three percent of mutual fund-owning households in this group owned certificates of deposit, 46 percent owned individual stocks, and 18 percent owned individual bonds.

Mutual fund-owning households that considered the sales force channel to be their primary source for purchasing mutual funds had median mutual fund holdings of \$100,000 (Figure 4.5). Seventy-six percent of mutual fund-owning households in this group owned equity funds, 43 percent owned hybrid funds, 49 percent owned bond funds, and 69 percent owned money market funds. Sixty-four percent had more than half of their household financial assets in mutual funds. Forty-six percent of mutual fund-owning households in this group reported that the household purchased its first fund before 1990, and 54 percent reported that the household bought its first fund in 1990 or later.

Households that considered the sales force channel to be their primary source for purchasing mutual funds held many funds through multiple purchase sources. The median number of mutual funds owned by mutual fund-owning households in this group was five (Figure 4.6). Thirty-six percent owned three or fewer funds and 64 percent owned four or more. Sixty-three percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through the sales force channel, 34 percent of these households owned funds inside employer-sponsored retirement plans, and 31 percent owned funds purchased through the direct market 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.

Ninety-two percent of mutual fund-owning households that considered the sales force channel to be their primary source for purchasing funds indicated that saving for retirement was one of their household's financial goals, and 69 percent listed saving for retirement as their household's primary financial goal (Figure 4.8). Thirty-four percent held funds in employer-sponsored retirement plans, and 69 percent owned funds inside IRAs. Seventy-six percent of mutual fund-owning households in this group were confident that mutual funds were an investment that could help them meet their household's financial goals.

One-quarter of mutual fund-owning households that considered the sales force channel to be their primary source for purchasing mutual funds were willing to take substantial or above-average risk for similar levels of financial gain (Figure 4.9). Fifty-four percent were willing to take average risk for average gain. Twenty-one percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## The Direct Market Channel as the Primary Purchase Source for Funds

Among mutual fund-owning households that considered the direct market channel to be their primary source for purchasing mutual funds, the median age of the household head was 51 (Figure 4.2). Fifty-nine percent of these individuals had college or postgraduate degrees—the largest percentage of any shareholder group classified by primary mutual fund purchase source. Three-quarters were married or living with a partner. Investment decisionmaking was a shared responsibility in 53 percent of households that considered the direct market channel to be their primary source for purchasing mutual funds.

Fifty-nine percent of individuals heading households that considered the direct market channel to be their primary source for purchasing mutual funds were employed full- or part-time, and 35 percent were retired from their lifetime occupations (Figure 4.3). The median household income of mutual fund-owning households in this group was \$75,000. Thirty-three percent had household incomes of less than \$50,000, and 17 percent had household incomes between \$50,000 and \$74,999. Half of mutual fund-owning households that considered the direct market channel to be their primary source for purchasing funds had incomes of \$75,000 or more.

Among mutual fund-owning households that considered the direct market channel to be their primary source for purchasing mutual funds, median household financial assets were \$150,000 (Figure 4.4). These households had a variety of savings and investments. Thirty-eight percent of mutual fund-owning households in this group owned certificates of deposit, 48 percent owned individual stocks, and 19 percent owned individual bonds.

Mutual fund-owning households that considered the direct market channel to be their primary source for purchasing mutual funds had median mutual fund holdings of \$89,000 (Figure 4.5). Seventy-four percent of mutual fund-owning households in this group held equity funds, 49 percent owned hybrid funds, 44 percent held bond funds, and 63 percent owned money market funds. Fifty-three percent had more than half of their household financial assets in mutual funds. Forty percent of mutual fund-owning households in this group reported that the household purchased its first fund before 1990, and 60 percent reported that the household bought its first fund in 1990 or later.

Households that considered the direct market channel to be their primary source for purchasing mutual funds held many funds through multiple purchase sources. The median number of mutual funds owned by mutual fund-owning households in this group was five (Figure 4.6). Thirty-four percent owned three or fewer funds and 66 percent owned four or more. Sixty-five percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through the direct market channel, 34 percent of these households owned funds inside employer-sponsored retirement plans, and 54 percent owned funds purchased through the sales force channel (Figure 4.7). Sixty-seven percent of mutual fund-owning households in this group purchased their first mutual fund outside an employer-sponsored retirement plan.

Ninety-three percent of mutual fund-owning households that considered the direct market channel to be their primary source for purchasing funds were saving for retirement, and 67 percent listed saving for retirement as their household's primary financial goal (Figure 4.8). Thirty-four percent held funds in employer-sponsored retirement plans, and 74 percent owned funds inside IRAs. Seventy percent of mutual fund-owning households in this group were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-eight percent of mutual fund-owning households that considered the direct market channel to be their primary source for purchasing mutual funds were willing to take substantial or above-average risk for similar levels of financial gain (Figure 4.9). Forty-six percent were willing to take average risk for average gain. Sixteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 4.2

**HEAD OF HOUSEHOLD CHARACTERISTICS BY PRIMARY PURCHASE SOURCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE SOURCE, 2009

	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
<b>Age of household sole or co-decisionmaker for saving and investing</b>								
Younger than 35	19	13	10	10	18	15	6	28
35 to 44	27	14	9	17	18	20	15	25
45 to 54	29	24	25	28	21	24	25	21
55 to 64	18	22	24	22	18	15	20	10
65 or older	7	27	32	23	25	26	34	16
Median	45 years	54 years	56 years	53 years	53 years	51 years	56 years	44 years
Mean	46 years	54 years	57 years	53 years	53 years	52 years	56 years	45 years
<b>Education level</b>								
High school graduate or less	25	28	24	28	38	20	20	20
Some college or associate's degree	30	26	24	21	28	21	24	17
Completed four years of college	19	22	27	22	18	26	25	27
Some graduate school	6	6	7	6	4	5	5	6
Completed graduate school	20	18	18	23	12	28	26	30
<b>Marital status</b>								
Married or living with a partner	80	71	70	76	68	75	73	78
Single	9	10	9	9	13	11	10	12
Divorced or separated	8	8	9	9	6	7	7	7
Widowed	3	11	12	6	13	7	10	3
<b>Household investment decisionmaker</b>								
Male is sole decisionmaker	19	18	22	14	19	29	27	32
Female is sole decisionmaker	15	26	26	20	31	18	20	14
Co-decisionmakers	66	56	52	66	50	53	53	54
<b>Ethnic background*</b>								
Caucasian	87	91	91	93	88	93	95	91
African-American	6	4	4	4	4	2	3	1
Hispanic	6	5	5	4	7	2	2	1
Asian	2	1	(*)	0	3	3	1	7
Other	5	4	5	2	5	1	2	1

\*Multiple responses are included.

(\*) = less than 0.5 percent



FIGURE 4.3

**EMPLOYMENT STATUS AND INCOME BY PRIMARY PURCHASE SOURCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE SOURCE, 2009

	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
<b>Employment status<sup>1</sup></b>								
Employed full-time	76	53	47	59	51	50	44	59
Not retired	75	51	43	58	50	47	41	54
Retired from lifetime occupation	1	2	4	1	1	3	2	5
Employed part-time	7	10	9	10	10	9	7	12
Not retired	5	6	6	5	6	6	5	7
Retired from lifetime occupation	2	4	3	5	4	3	2	5
Not employed	17	37	44	31	39	41	49	29
Not retired	9	8	7	8	11	12	14	9
Retired from lifetime occupation	8	29	36	23	28	29	35	20
<b>Total household income<sup>2</sup></b>								
Less than \$25,000	3	8	7	7	9	8	11	4
\$25,000 to \$34,999	4	7	6	6	8	8	9	6
\$35,000 to \$49,999	12	12	11	12	19	17	19	14
\$50,000 to \$74,999	22	20	22	20	18	17	19	15
\$75,000 to \$99,999	20	19	16	17	28	13	10	16
\$100,000 to \$149,999	24	18	18	21	9	23	18	30
\$150,000 to \$249,999	13	11	13	13	6	11	11	12
\$250,000 or more	2	5	7	4	3	3	3	3
Median	\$80,000	\$77,000	\$82,000	\$78,000	\$70,000	\$75,000	\$65,000	\$87,500
Mean	\$96,500	\$99,500	\$111,600	\$100,500	\$82,000	\$92,900	\$90,600	\$96,000

<sup>1</sup>Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).<sup>2</sup>Total reported is household income before taxes in 2008.

FIGURE 4.4

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY PRIMARY PURCHASE SOURCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE SOURCE, 2009

	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
<b>Total household financial assets<sup>1</sup></b>								
Less than \$25,000	14	9	6	7	18	13	10	15
\$25,000 to \$49,999	15	5	3	7	7	10	7	15
\$50,000 to \$74,999	11	8	6	7	17	6	1	12
\$75,000 to \$99,999	5	6	5	6	5	5	1	8
\$100,000 to \$249,999	25	20	19	20	19	28	40	15
\$250,000 to \$499,999	15	20	21	17	15	13	12	14
\$500,000 to \$999,999	11	19	19	27	11	14	20	8
\$1 million or more	4	13	21	9	8	11	9	13
Median	\$100,000	\$250,000	\$350,000	\$250,000	\$100,000	\$150,000	\$200,000	\$100,000
Mean	\$252,700	\$490,900	\$578,900	\$469,900	\$448,300	\$400,000	\$386,100	\$415,600
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>								
Certificates of deposit	28	43	44	36	51	38	39	36
Individual stocks, individual bonds, or annuities (total)	54	68	74	65	63	65	69	60
Individual stocks	40	46	60	39	39	48	43	54
Individual bonds (excluding U.S. savings bonds)	10	18	26	13	12	19	17	22
Fixed or variable annuities	22	39	33	47	33	26	31	18
Investment real estate	24	38	41	39	37	30	32	28
Closed-end funds	2	3	6	1	0	8	4	14
Exchange-traded funds	4	6	5	6	6	11	11	11
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>								
Household owned employer-sponsored retirement plan accounts (total)	100	61	54	70	58	63	57	70
DC retirement plan accounts (total)	98	56	49	66	54	57	53	62
401(k) plan account	85	42	35	51	39	40	35	46
403(b), state, local, or federal government plan account	38	25	23	29	22	26	28	23
Employer-sponsored IRA <sup>3</sup>	16	13	13	16	9	16	12	21

Table continued on page 48.

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
<b>Household ownership of IRAs<sup>2</sup></b>								
Household owned IRA (total)	55	80	80	87	71	82	84	79
Traditional IRA or Roth IRA	49	78	78	85	68	81	84	77
Employer-sponsored IRA <sup>3</sup>	16	13	13	16	9	16	12	21
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>								
Household owned education-targeted savings program account (total)	17	18	17	20	20	23	23	22
Coverdell education savings account	10	14	12	16	15	16	15	16
529 prepaid tuition or college savings plan account (total)	12	10	11	11	9	13	13	13
529 savings plan	10	9	10	10	8	12	13	12
529 prepaid tuition plan	3	2	2	2	2	1	1	1

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

<sup>2</sup>Multiple responses are included.

<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 4.5

**MUTUAL FUND INVESTING BY PRIMARY PURCHASE SOURCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE SOURCE, 2009

	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
<b>Total household mutual fund assets</b>								
Less than \$5,000	2	2	1	2	2	1	0	3
\$5,000 to \$9,999	6	6	6	7	4	8	1	15
\$10,000 to \$19,999	11	7	3	6	17	7	4	11
\$20,000 to \$29,999	8	3	3	2	7	9	11	6
\$30,000 to \$49,999	11	10	9	9	15	13	12	15
\$50,000 to \$74,999	12	10	7	7	17	9	10	7
\$75,000 to \$99,999	8	7	7	9	3	8	11	5
\$100,000 to \$249,999	25	25	31	20	15	21	22	19
\$250,000 or more	17	30	33	38	20	24	29	19
Median	\$70,000	\$100,000	\$200,000	\$125,000	\$50,000	\$89,000	\$100,000	\$55,000
Mean	\$142,500	\$244,000	\$257,100	\$308,800	\$154,400	\$205,000	\$254,500	\$149,500
<b>Percent allocation of household financial assets to mutual funds</b>								
25% or less	12	18	19	15	14	18	15	21
Between 26% and 50%	18	18	19	15	27	29	23	34
Between 51% and 75%	24	20	21	23	18	16	19	13
More than 75%	46	44	41	47	41	37	43	32
<b>Types of mutual funds owned<sup>1</sup></b>								
Equity funds	79	76	79	81	64	74	79	68
Hybrid funds	41	43	44	51	27	49	53	44
Bond funds	50	49	56	48	41	44	45	43
Money market funds	60	69	61	73	74	63	61	66
Other fund type specified	5	3	4	4	2	8	10	6
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>								
Conducted mutual fund transactions	40	32	40	35	14	42	39	46
<b>Year of initial mutual fund purchase</b>								
Before 1990	32	46	48	50	39	40	46	32
Between 1990 and 1994	16	16	17	15	11	19	23	14
Between 1995 and 1999	23	19	18	21	18	20	18	23
2000 or later	29	19	17	14	32	21	13	31
Median	1995	1990	1990	1990	1995	1992	1990	1995
Mean	1993	1989	1988	1989	1991	1991	1989	1993

<sup>1</sup>Multiple responses are included.<sup>2</sup>Mutual 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 SOURCES USED BY PRIMARY PURCHASE SOURCE**

	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
<b>Total number of mutual funds owned</b>								
<i>Percentage of U.S. households owning mutual funds by primary purchase source, 2009</i>								
One	14	12	9	6	22	16	15	18
Two	17	13	8	14	19	13	14	12
Three	16	11	13	8	14	5	6	4
Four	8	12	11	12	10	5	4	5
Five to six	16	19	21	17	23	21	18	24
Seven to ten	17	17	23	19	7	19	26	10
Eleven or more	12	16	15	24	5	21	17	27
Median	4 funds	5 funds	5 funds	6 funds	3 funds	5 funds	6 funds	5 funds
Mean	6 funds	7 funds	8 funds	8 funds	4 funds	7 funds	7 funds	8 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans*</b>								
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by primary purchase source, 2009</i>								
One	40	37	40	36	36	35	40	28
Two	36	31	30	33	27	34	33	36
Three	17	21	20	19	22	15	20	9
Four or more	7	11	10	12	15	16	7	27
Median	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources

\*Purchase sources 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

**SOURCES USED TO PURCHASE MUTUAL FUNDS BY PRIMARY PURCHASE SOURCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE SOURCE, 2009

	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
<b>Source of mutual fund ownership</b>								
Only inside employer-sponsored retirement plan	59	0	0	0	0	0	0	0
Only outside employer-sponsored retirement plan	0	66	70	59	72	66	67	64
Both inside and outside employer-sponsored retirement plan	41	34	30	41	28	34	33	36
<b>Purchase sources through which funds are currently owned<sup>1</sup></b>								
Inside employer-sponsored retirement plans (total)	100	34	30	41	28	34	33	36
Inside DC retirement plans (total)	96	30	28	36	27	29	28	31
401(k) plan	81	25	22	28	23	22	21	23
403(b), state, local, or federal government plan	28	10	9	14	6	11	12	9
Inside employer-sponsored IRA <sup>2</sup>	12	6	6	6	5	7	6	9
Outside employer-sponsored retirement plans (total)	41	100	100	100	100	100	100	100
Sales force (total)	28	100	100	100	100	54	52	57
Full-service broker	14	56	100	35	27	30	26	35
Independent financial planner	11	52	29	100	30	20	18	23
Bank or savings institution representative	9	37	18	17	100	15	15	15
Insurance agent	7	17	6	14	16	14	12	16
Accountant	2	11	8	6	12	8	3	15
Direct market (total)	18	31	33	31	29	100	100	100
Mutual fund company directly	12	19	21	18	19	67	100	23
Discount broker	10	18	20	18	16	55	20	100
<b>Source of first mutual fund purchase</b>								
Inside employer-sponsored retirement plan	79	41	35	49	41	33	32	35
Outside employer-sponsored retirement plan	21	59	65	51	59	67	68	65

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 4.8

**FINANCIAL GOALS BY PRIMARY PURCHASE SOURCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE SOURCE, 2009

	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
<b>Financial goals for mutual fund investments<sup>1</sup></b>								
Retirement	97	92	95	93	87	93	94	92
Reduce taxable income	50	50	50	51	48	43	45	40
Emergency	41	54	54	49	63	46	53	38
Education	26	26	26	25	28	27	22	33
Current income	14	29	35	26	29	27	27	27
House or other large item	12	10	8	9	15	8	7	9
Other	4	5	6	5	5	7	8	6
<b>Primary financial goal for mutual fund investments</b>								
Retirement	83	69	68	76	60	67	65	69
Reduce taxable income	2	4	4	2	6	3	3	3
Emergency	4	8	7	4	14	4	7	2
Education	5	7	8	6	6	11	9	15
Current income	2	8	11	7	8	10	12	7
House or other large item	2	2	1	3	4	2	1	2
Other	2	2	1	2	2	3	3	2
<b>Level of confidence that mutual funds are an investment that can help the household meet financial goals</b>								
Very confident	15	21	21	21	23	23	22	24
Somewhat confident	58	55	55	56	54	47	47	46
Not very confident	20	18	17	17	17	17	13	23
Not at all confident	7	6	7	6	6	13	18	7
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>								
Inside employer-sponsored retirement plans (total)	100	34	30	41	28	34	33	36
Inside DC retirement plans (total)	96	30	28	36	27	29	28	31
401(k) plan	81	25	22	28	23	22	21	23
403(b), state, local, or federal government plan	28	10	9	14	6	11	12	9
Inside employer-sponsored IRA <sup>2</sup>	12	6	6	6	5	7	6	9
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>								
Have IRA invested in mutual funds (total)	37	69	70	77	55	74	79	67
Traditional IRA or Roth IRA	31	68	68	76	54	72	78	65
Employer-sponsored IRA <sup>2</sup>	12	6	6	6	5	7	6	9

<sup>1</sup>Multiple responses are included.<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 4.9

**VIEWS ON INVESTMENT RISK BY PRIMARY PURCHASE SOURCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE SOURCE, 2009

	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
<b>Level of risk willing to take with financial investments</b>								
Substantial risk for substantial gain	5	5	3	3	11	6	2	10
Above-average risk for above-average gain	28	20	23	21	7	32	33	30
Average risk for average gain	48	54	55	62	48	46	41	53
Below-average risk for below-average gain	9	11	10	8	17	10	15	5
Unwilling to take any risk	10	10	9	6	17	6	9	2





## Mutual Fund Shareholders by Generation

Multiple generations of Americans own mutual funds. In 2009, 13 percent of individuals heading households that owned mutual funds were members of Generation Y, those persons born between 1977 and 2001, and thus age 32 or younger at the time of the survey (Figure 5.1). Twenty-five percent were members of Generation X, those born between 1965 and 1976, and aged 33 to 44 at the time of the survey. The largest proportion of individuals heading mutual fund–owning households, 44 percent, were members of the Baby Boom Generation, individuals born between 1946 and 1964, who were between 45 and 63 at the time of the survey. The remaining 18 percent of individuals heading mutual fund–owning households were members of the Silent and GI Generations, born between 1904 and 1945, who were 64 or older at the time of the survey.<sup>10</sup>

### Generation Y (Born Between 1977 and 2001)

The median age of Generation Y mutual fund–owning household heads was 30 (Figure 5.2). Forty-eight percent of these individuals held college or postgraduate degrees and 84 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 64 percent of Generation Y mutual fund–owning households.

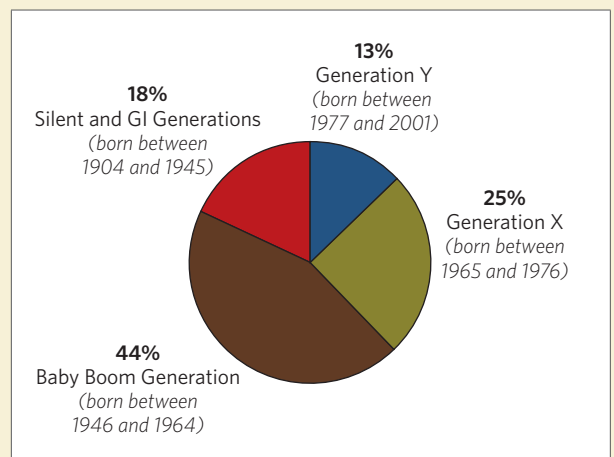
Eighty-eight percent of Generation Y mutual fund–owning household heads were employed full- or part-time (Figure 5.3). Their median household income was \$70,000. Thirty percent had household incomes of less than \$50,000, 21 percent had household incomes between \$50,000 and \$74,999, and 49 percent had incomes of \$75,000 or more.

Among Generation Y mutual fund–owning households, median household financial assets were \$40,000—the lowest of the generation groups (Figure 5.4). These households had a variety of savings and investments.

FIGURE 5.1

### MUTUAL FUND SHAREHOLDERS BY GENERATION

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009



Note: Generation is based on the age of the household sole or co-decisionmaker for saving and investing.

Eighteen percent of Generation Y mutual fund–owning households owned certificates of deposit, 30 percent owned individual stocks, and 5 percent owned individual bonds.

Generation Y mutual fund–owning households had median mutual fund holdings of \$15,000, the smallest median mutual fund holdings among shareholder groups classified by generation (Figure 5.5). Seventy-four percent of Generation Y mutual fund–owning households owned equity funds, 35 percent owned hybrid funds, 47 percent held bond funds, and 52 percent owned money market funds. Sixty-two percent had more than half of their household financial assets in mutual funds. Seventy-six percent of Generation Y mutual fund–owning households reported that the household purchased its first fund in 2000 or later, and 19 percent reported that the household bought its first fund between 1995 and 1999.

<sup>10</sup> The majority of this grouping is the Silent Generation. The GI Generation, which includes individuals born between 1904 and 1924, represented 1 percent of individuals heading mutual fund–owning households in 2009.

The median number of mutual funds owned by Generation Y mutual fund-owning households was three (Figure 5.6). Half owned three or fewer funds and half owned four or more. Among Generation Y mutual fund-owning households that owned funds outside employer-sponsored retirement plans, 69 percent owned funds purchased from multiple sources.

Sixty-nine percent of Generation Y mutual fund-owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Sixty percent owned funds outside employer-sponsored retirement plans: 46 percent owned sales force-distributed funds and 31 percent owned direct-marketed funds. Sixty percent of Generation Y mutual fund-owning households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-one percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-four percent of Generation Y mutual fund-owning households indicated that saving for retirement was one of their household's financial goals, and 79 percent listed saving for retirement as their household's primary financial goal (Figure 5.8). Sixty-nine percent of Generation Y mutual fund-owning households held funds in employer-sponsored retirement plans, and 40 percent owned funds inside IRAs. Eighty-one percent of Generation Y mutual fund-owning households were confident that mutual funds were an investment that could help them meet their household's financial goals.

Twenty-nine percent of Generation Y mutual fund-owning households were willing to take substantial or above-average risk for similar levels of financial gain (Figure 5.9). Fifty-three percent were willing to take average risk for average gain. Eighteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## **Generation X (Born Between 1965 and 1976)**

The median age of Generation X mutual fund-owning household heads was 39 (Figure 5.2). Fifty-three percent of these individuals held college or postgraduate degrees and 85 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 71 percent of Generation X mutual fund-owning households.

Eighty-five percent of Generation X mutual fund-owning household heads were employed full- or part-time (Figure 5.3). Their median household income was \$90,000. Sixteen percent had household incomes of less than \$50,000, 20 percent had household incomes between \$50,000 and \$74,999, and 64 percent had incomes of \$75,000 or more.

Among Generation X mutual fund-owning households, median household financial assets were \$100,000 (Figure 5.4). In addition to mutual funds, 27 percent of these households owned certificates of deposit, 44 percent owned individual stocks, and 10 percent owned individual bonds. Thirty percent of Generation X mutual fund-owning households had an education-targeted savings program account—the largest proportion of any of the generation groups.

Generation X mutual fund-owning households had median mutual fund holdings of \$50,000 (Figure 5.5). Eighty-three percent of Generation X mutual fund-owning households owned equity funds, 45 percent owned hybrid funds, 45 percent held bond funds, and 62 percent owned money market funds. Sixty-eight percent had more than half of their household financial assets in mutual funds. Eighty-six 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 was four (Figure 5.6). Forty-two percent owned three or fewer funds and 58 percent owned four or more. Among Generation X mutual fund-owning households that owned funds outside employer-sponsored retirement plans, 68 percent owned funds purchased from multiple sources.

Eighty-two percent of Generation X mutual fund-owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Fifty-eight percent owned funds outside employer-sponsored retirement plans: 42 percent owned sales force-distributed funds and 26 percent owned direct-marketed funds. Sixty-nine percent of Generation X mutual fund-owning households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds, and 75 percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of Generation X mutual fund–owning households indicated that saving for retirement was one of their household’s financial goals, and 74 percent listed saving for retirement as their household’s primary financial goal (Figure 5.8). Eighty-two percent of Generation X mutual fund–owning households held funds in employer-sponsored retirement plans, and 45 percent owned funds inside IRAs. Seventy-seven percent of Generation X mutual fund–owning households were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Forty-three percent of Generation X mutual fund–owning households were willing to take substantial or above-average risk for similar levels of financial gain (Figure 5.9). Forty-six percent were willing to take average risk for average gain. Eleven percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

### **Baby Boom Generation (Born Between 1946 and 1964)**

The median age of Baby Boom Generation mutual fund–owning household heads was 53 (Figure 5.2). Forty-seven percent of these individuals held college or postgraduate degrees and 75 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 60 percent of Baby Boom Generation mutual fund–owning households.

Eighty percent of Baby Boom Generation mutual fund–owning household heads were employed full- or part-time (Figure 5.3). Eighteen percent were retired from their lifetime occupations. Their median household income was \$87,500. Seventeen percent had household incomes of less than \$50,000, 21 percent had household incomes between \$50,000 and \$74,999, and 62 percent had incomes of \$75,000 or more.

Among Baby Boom Generation mutual fund–owning households, median household financial assets were \$200,000 (Figure 5.4). These households typically had other investments. Forty-four percent owned individual stocks, 14 percent owned individual bonds, and 32 percent had investment real estate.

Baby Boom Generation mutual fund–owning households had median mutual fund holdings of \$125,000 (Figure 5.5). Seventy-seven percent owned equity funds, 43 percent owned hybrid funds, 50 percent owned bond funds, and 67 percent owned money market funds. Sixty-eight percent had more than half of their household financial assets in mutual funds. Fifty-two percent of Baby Boom Generation mutual fund–owning households reported that the household purchased its first fund before 1990.

The median number of mutual funds owned by Baby Boom Generation mutual fund–owning households was five (Figure 5.6). Forty percent owned three or fewer funds and 60 percent owned four or more. Among Baby Boom Generation mutual fund–owning households that owned funds outside employer-sponsored retirement plans, 61 percent owned funds purchased from multiple sources.

Seventy-two percent of Baby Boom Generation mutual fund–owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Seventy-one percent owned funds outside employer-sponsored retirement plans: 56 percent owned sales force–distributed funds and 31 percent owned direct-marketed funds. Fifty-six percent of these households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-three percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of Baby Boom Generation mutual fund–owning households reported that saving for retirement was one of their household’s financial goals, and 84 percent listed saving for retirement as their household’s primary financial goal (Figure 5.8). Seventy-two percent held funds in employer-sponsored retirement plans, and 56 percent owned funds inside IRAs. Seventy-two percent of Baby Boom Generation mutual fund–owning households were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Twenty-nine percent of Baby Boom Generation mutual fund–owning households were willing to take substantial or above-average risk for similar levels of financial gain (Figure 5.9). Fifty percent were willing to take average risk for average gain. Twenty-one percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## Silent and GI Generations (Born Between 1904 and 1945)

The median age of Silent and GI Generation mutual fund–owning household heads was 71 (Figure 5.2). Thirty-seven percent of these individuals held college or postgraduate degrees and 60 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 47 percent of Silent and GI Generation mutual fund–owning households.

The vast majority of Silent and GI Generation mutual fund–owning household heads, 74 percent, were retired from their lifetime occupations (Figure 5.3). The median household income of Silent and GI Generation mutual fund–owning households was \$53,600. Forty-six percent had household incomes of less than \$50,000, 20 percent had household incomes between \$50,000 and \$74,999, and 34 percent had incomes of \$75,000 or more.

Among Silent and GI Generation mutual fund–owning households, median household financial assets were \$320,000—the greatest of any of the generation groups (Figure 5.4). These households had a variety of savings and investments. Fifty percent of Silent and GI Generation mutual fund–owning households owned certificates of deposit, 46 percent owned individual stocks, and 23 percent owned individual bonds.

Silent and GI Generation mutual fund–owning households had median mutual fund holdings of \$150,000 (Figure 5.5). Seventy percent of Silent and GI Generation mutual fund–owning households owned equity funds, 40 percent owned hybrid funds, 52 percent owned bond funds, and 67 percent owned money market funds. Fifty-nine percent had more than half of their household financial assets in mutual funds. Sixty-six percent of Silent and GI Generation mutual fund–owning households reported that the household purchased its first fund before 1990.

The median number of mutual funds owned by Silent and GI Generation mutual fund–owning households was five (Figure 5.6). Forty-two percent owned three or fewer funds and 58 percent owned four or more. Among Silent and GI Generation mutual fund–owning households that owned funds outside employer-sponsored retirement plans, 59 percent owned funds purchased from multiple sources.

Thirty-six percent of Silent and GI Generation mutual fund–owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Eighty-nine percent owned funds outside these plans, with 76 percent owning sales force–distributed funds and 37 percent owning direct-marketed funds. Sixty percent of Silent and GI Generation mutual fund–owning households considered the sales force channel to be their primary source for purchasing mutual funds. Sixty-one percent purchased their first mutual fund outside an employer-sponsored retirement plan.

Eighty-eight percent of Silent and GI Generation mutual fund–owning households indicated that saving for retirement was one of their household’s financial goals, and 58 percent listed saving for retirement as their household’s primary financial goal (Figure 5.8). Fifty-five percent of Silent and GI Generation mutual fund–owning households reported current income as a household financial goal—the largest percentage of any of the generation groups. Thirty-six percent held funds in employer-sponsored retirement plans, and 62 percent owned funds inside IRAs. Sixty-two percent of Silent and GI Generation mutual fund–owning households were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Thirteen percent of Silent and GI Generation mutual fund–owning households were willing to take substantial or above-average risk for similar levels of financial gain—the smallest percentage of any of the generation groups (Figure 5.9). Fifty-two percent were willing to take average risk for average gain. Thirty-five percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 5.2

**HEAD OF HOUSEHOLD CHARACTERISTICS BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2009

	<b>Generation Y</b> <i>(born between 1977 and 2001)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent and GI Generations</b> <i>(born between 1904 and 1945)</i>
<b>Age of household sole or co-decisionmaker for saving and investing</b>				
Younger than 35	100	16	0	0
35 to 44	0	84	0	0
45 to 54	0	0	60	0
55 to 64	0	0	40	8
65 or older	0	0	0	92
Median	30 years	39 years	53 years	71 years
Mean	28 years	39 years	53 years	72 years
<b>Education level</b>				
High school graduate or less	21	20	23	38
Some college or associate's degree	31	27	30	25
Completed four years of college	21	22	22	17
Some graduate school	9	7	5	5
Completed graduate school	18	24	20	15
<b>Marital status</b>				
Married or living with a partner	84	85	75	60
Single	13	9	10	6
Divorced or separated	3	6	12	7
Widowed	0	(*)	3	27
<b>Household investment decisionmaker</b>				
Male is sole decisionmaker	21	17	21	21
Female is sole decisionmaker	15	12	19	32
Co-decisionmakers	64	71	60	47
<b>Ethnic background*</b>				
Caucasian	84	83	92	94
African-American	5	7	4	3
Hispanic	5	8	4	4
Asian	3	3	1	1
Other	8	5	2	2

\*Multiple responses are included.  
(\*) = less than 0.5 percent

FIGURE 5.3

**EMPLOYMENT STATUS AND INCOME BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2009

	<b>Generation Y</b> <i>(born between 1977 and 2001)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent and GI Generations</b> <i>(born between 1904 and 1945)</i>
<b>Employment status<sup>1</sup></b>				
Employed full-time	83	77	72	19
Not retired	83	76	69	18
Retired from lifetime occupation	0	1	3	1
Employed part-time	5	8	8	11
Not retired	4	7	6	4
Retired from lifetime occupation	1	1	2	7
Not employed	12	15	20	70
Not retired	12	13	7	4
Retired from lifetime occupation	0	2	13	66
<b>Total household income<sup>2</sup></b>				
Less than \$25,000	4	2	4	15
\$25,000 to \$34,999	3	3	4	13
\$35,000 to \$49,999	23	11	9	18
\$50,000 to \$74,999	21	20	21	20
\$75,000 to \$99,999	26	18	19	16
\$100,000 to \$149,999	16	26	24	11
\$150,000 to \$249,999	7	15	14	5
\$250,000 or more	0	5	5	2
Median	\$70,000	\$90,000	\$87,500	\$53,600
Mean	\$77,000	\$112,600	\$106,300	\$67,800

<sup>1</sup>Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).<sup>2</sup>Total reported is household income before taxes in 2008.

FIGURE 5.4

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2009

	<b>Generation Y</b> <i>(born between 1977 and 2001)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent and GI Generations</b> <i>(born between 1904 and 1945)</i>
<b>Total household financial assets<sup>1</sup></b>				
Less than \$25,000	37	12	6	7
\$25,000 to \$49,999	19	18	7	3
\$50,000 to \$74,999	18	10	7	4
\$75,000 to \$99,999	5	6	5	3
\$100,000 to \$249,999	12	26	27	24
\$250,000 to \$499,999	8	13	19	21
\$500,000 to \$999,999	1	11	19	21
\$1 million or more	0	4	10	17
Median	\$40,000	\$100,000	\$200,000	\$320,000
Mean	\$74,600	\$227,700	\$465,200	\$547,500
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>				
Certificates of deposit	18	27	36	50
Individual stocks, individual bonds, or annuities (total)	40	56	64	71
Individual stocks	30	44	44	46
Individual bonds (excluding U.S. savings bonds)	5	10	14	23
Fixed or variable annuities	10	22	33	39
Investment real estate	12	28	32	38
Closed-end funds	1	2	2	7
Exchange-traded funds	6	5	5	5
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>				
Household owned employer-sponsored retirement plan accounts (total)	90	93	84	52
DC retirement plan accounts (total)	87	90	81	49
401(k) plan account	77	81	66	30
403(b), state, local, or federal government plan account	33	28	34	27
Employer-sponsored IRA <sup>3</sup>	13	16	17	10
<b>Household ownership of IRAs<sup>2</sup></b>				
Household owned IRA (total)	53	61	72	74
Traditional IRA or Roth IRA	47	56	67	72
Employer-sponsored IRA <sup>3</sup>	13	16	17	10
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>				
Household owned education-targeted savings program account (total)	13	30	14	12
Coverdell education savings account	7	19	10	9
529 prepaid tuition or college savings plan account (total)	9	21	8	7
529 savings plan	9	19	6	6
529 prepaid tuition plan	1	4	3	3

<sup>1</sup>Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.<sup>2</sup>Multiple responses are included.<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs



FIGURE 5.5

**MUTUAL FUND INVESTING BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2009

	<b>Generation Y</b> (born between 1977 and 2001)	<b>Generation X</b> (born between 1965 and 1976)	<b>Baby Boom Generation</b> (born between 1946 and 1964)	<b>Silent and GI Generations</b> (born between 1904 and 1945)
<b>Total household mutual fund assets</b>				
Less than \$5,000	9	2	2	1
\$5,000 to \$9,999	18	7	3	3
\$10,000 to \$19,999	26	11	4	5
\$20,000 to \$29,999	8	9	6	3
\$30,000 to \$49,999	15	17	6	10
\$50,000 to \$74,999	14	12	11	8
\$75,000 to \$99,999	2	8	9	7
\$100,000 to \$249,999	6	21	29	27
\$250,000 or more	2	13	30	36
Median	\$15,000	\$50,000	\$125,000	\$150,000
Mean	\$35,500	\$111,700	\$241,800	\$265,900
<b>Percent allocation of household financial assets to mutual funds</b>				
25% or less	17	11	15	21
Between 26% and 50%	21	21	17	20
Between 51% and 75%	22	23	23	15
More than 75%	40	45	45	44
<b>Types of mutual funds owned<sup>1</sup></b>				
Equity funds	74	83	77	70
Hybrid funds	35	45	43	40
Bond funds	47	45	50	52
Money market funds	52	62	67	67
Other fund type specified	4	5	5	6
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>				
Conducted mutual fund transactions	39	38	38	28
<b>Year of initial mutual fund purchase</b>				
Before 1990	3	14	52	66
Between 1990 and 1994	2	22	18	15
Between 1995 and 1999	19	34	18	11
2000 or later	76	30	12	8
Median	2003	1997	1989	1984
Mean	2002	1996	1989	1983

<sup>1</sup>Multiple responses are included.<sup>2</sup>Mutual 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 SOURCES USED BY GENERATION

	<b>Generation Y</b> (born between 1977 and 2001)	<b>Generation X</b> (born between 1965 and 1976)	<b>Baby Boom Generation</b> (born between 1946 and 1964)	<b>Silent and GI Generations</b> (born between 1904 and 1945)
<b>Total number of mutual funds owned</b>				
<i>Percentage of U.S. households owning mutual funds by head of household generation, 2009</i>				
One	22	11	12	17
Two	17	18	13	14
Three	11	13	15	11
Four	9	8	10	8
Five to six	14	17	18	19
Seven to ten	17	18	17	17
Eleven or more	10	15	15	14
Median	3 funds	4 funds	5 funds	5 funds
Mean	6 funds	7 funds	6 funds	6 funds
<b>Number of mutual fund purchase channels used outside employer-sponsored retirement plans*</b>				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by head of household generation, 2009</i>				
One	31	32	39	41
Two	35	43	30	30
Three	21	16	20	18
Four or more	13	9	11	11
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

\*Purchase sources 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

**SOURCES USED TO PURCHASE MUTUAL FUNDS BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2009

	<b>Generation Y</b> <i>(born between 1977 and 2001)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent and GI Generations</b> <i>(born between 1904 and 1945)</i>
<b>Source of mutual fund ownership</b>				
Only inside employer-sponsored retirement plan	39	43	29	11
Only outside employer-sponsored retirement plan	31	18	28	64
Both inside and outside employer-sponsored retirement plan	30	39	43	25
<b>Purchase sources through which funds are currently owned<sup>1</sup></b>				
Inside employer-sponsored retirement plans (total)	69	82	72	36
Inside DC retirement plans (total)	65	78	68	33
401(k) plan	57	69	56	22
403(b), state, local, or federal government plan	13	20	22	14
Inside employer-sponsored IRA <sup>2</sup>	8	9	10	7
Outside employer-sponsored retirement plans (total)	60	58	71	89
Sales force (total)	46	42	56	76
Full-service broker	22	19	31	45
Independent financial planner	16	22	27	33
Bank or savings institution representative	22	15	18	26
Insurance agent	6	11	11	15
Accountant	8	3	6	7
Direct market (total)	31	26	31	37
Mutual fund company directly	18	14	21	28
Discount broker	19	17	17	16
<b>Primary mutual fund purchase source</b>				
Inside employer-sponsored retirement plans	60	69	56	24
Outside employer-sponsored retirement plans	40	31	44	76
Sales force	29	23	35	60
Full-service broker	7	6	13	25
Independent financial planner	8	9	13	18
Bank or savings institution representative	10	6	7	12
Insurance agent	2	2	1	3
Accountant	2	(*)	1	2
Direct market	11	8	9	16
Mutual fund company directly	2	4	6	12
Discount broker	9	4	3	4
<b>Source of first mutual fund purchase</b>				
Inside employer-sponsored retirement plan	61	75	63	39
Outside employer-sponsored retirement plan	39	25	37	61

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

(\*) = less than 0.5 percent

FIGURE 5.8

**FINANCIAL GOALS BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2009

	<b>Generation Y</b> <i>(born between 1977 and 2001)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent and GI Generations</b> <i>(born between 1904 and 1945)</i>
<b>Financial goals for mutual fund investments<sup>1</sup></b>				
Retirement	94	96	96	88
Reduce taxable income	39	51	52	47
Emergency	40	46	42	62
Education	27	45	22	7
Current income	9	13	14	55
House or other large item	22	15	7	5
Other	4	5	4	7
<b>Primary financial goal for mutual fund investments</b>				
Retirement	79	74	84	58
Reduce taxable income	3	3	2	3
Emergency	5	7	3	13
Education	7	11	5	1
Current income	1	2	2	21
House or other large item	4	2	2	(*)
Other	1	1	2	4
<b>Level of confidence that mutual funds are an investment that can help the household meet financial goals</b>				
Very confident	24	22	14	15
Somewhat confident	57	55	58	47
Not very confident	14	17	19	25
Not at all confident	5	6	9	13
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>				
Inside employer-sponsored retirement plans (total)	69	82	72	36
Inside DC retirement plans (total)	65	78	68	33
401(k) plan	57	69	56	22
403(b), state, local, or federal government plan	13	20	22	14
Inside employer-sponsored IRA <sup>2</sup>	8	9	10	7
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>				
Have IRA invested in mutual funds (total)	40	45	56	62
Traditional IRA or Roth IRA	36	39	52	60
Employer-sponsored IRA <sup>2</sup>	8	9	10	7

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

(\*) = less than 0.5 percent

FIGURE 5.9

**VIEWS ON INVESTMENT RISK BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2009

	<b>Generation Y</b> <i>(born between 1977 and 2001)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent and GI Generations</b> <i>(born between 1904 and 1945)</i>
<b>Level of risk willing to take with financial investments</b>				
Substantial risk for substantial gain	8	7	3	2
Above-average risk for above-average gain	21	36	26	11
Average risk for average gain	53	46	50	52
Below-average risk for below-average gain	12	5	11	15
Unwilling to take any risk	6	6	10	20

## Mutual Fund Shareholders by Age

In 2009, 26 percent of individuals heading households that owned mutual funds were younger than 40 at the time of the survey (Figure 6.1). The largest age group was individuals between the ages of 40 and 64, who were 58 percent of mutual-owning household heads. The remaining 16 percent were 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 was 33 (Figure 6.2). Fifty-four percent of these individuals held college or postgraduate degrees and 87 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 70 percent of mutual fund-owning households in this age group.

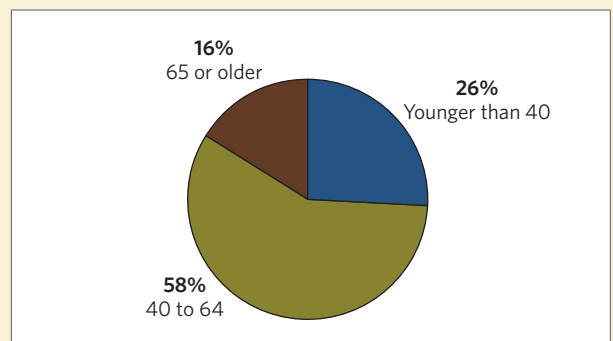
Eighty-four percent of mutual fund-owning household heads in this age group were employed full- or part-time (Figure 6.3). Their median household income was \$76,000. Twenty-two percent had household incomes of less than \$50,000, and 21 percent had household incomes between \$50,000 and \$74,999. Fifty-seven percent of mutual fund-owning households in this age group had incomes of \$75,000 or more.

Among mutual fund-owning households headed by an individual younger than 40, median household financial assets were \$50,000—the lowest of any of the age groups (Figure 6.4). These households had a variety of savings and investments. Twenty-one percent of mutual fund-owning households in this age group owned certificates of deposit, 37 percent owned individual stocks, and 7 percent owned individual bonds. One-quarter of these households had an education-targeted savings program account—the largest proportion of any of the age groups.

FIGURE 6.1

### MUTUAL FUND SHAREHOLDERS BY AGE

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009



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

Mutual fund-owning households headed by an individual younger than 40 had median mutual fund holdings of \$30,000—the smallest median mutual fund holdings among shareholder groups classified by age (Figure 6.5). Seventy-seven percent of these households owned equity funds, 41 percent owned hybrid funds, 47 percent held bond funds, and 58 percent owned money market funds. Sixty-four percent had more than half of their household financial assets in mutual funds. Fifty-seven percent of mutual fund-owning households headed by an individual younger than 40 reported that the household purchased its first fund in 2000 or later, and 31 percent reported that the household bought its 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 was four (Figure 6.6). Forty-seven percent owned three or fewer funds and 53 percent owned four or more. Among households in this age group that owned mutual funds outside employer-sponsored retirement plans, 68 percent owned funds purchased from multiple sources.

Seventy-seven percent of mutual fund–owning households headed by an individual younger than 40 owned funds through employer-sponsored retirement plans (Figure 6.7). Fifty-eight percent owned funds outside employer-sponsored retirement plans: 44 percent owned sales force–distributed funds and 30 percent owned direct-marketed funds. Sixty-six percent of mutual fund–owning households in this age group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-seven percent reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of mutual fund–owning households headed by an individual younger than 40 indicated that saving for retirement was one of their household’s financial goals, and 77 percent listed saving for retirement as their household’s primary financial goal (Figure 6.8). Seventy-seven percent of mutual fund–owning households in this age group held funds in employer-sponsored retirement plans, and 44 percent owned funds inside IRAs. Seventy-eight percent of mutual fund–owning households in this age group were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Thirty-seven percent of mutual fund–owning households headed by an individual younger than 40 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 6.9). Forty-nine percent were willing to take average risk for average gain. Fourteen percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

### **Age of Household Head Between 40 and 64**

Among this middle age group of mutual fund–owning households, the median age of the household head was 51 (Figure 6.2). Forty-seven percent of these individuals held college or postgraduate degrees and three-quarters were married or living with a partner. Investment decisionmaking was a shared responsibility in 61 percent of mutual fund–owning households in this age group.

Eighty-one percent of mutual fund–owning household heads in this age group were employed full- or part-time (Figure 6.3). Sixteen percent were retired from their lifetime occupations. Their median household income was \$87,500. Seventeen percent had household incomes

of less than \$50,000, one in five had household incomes between \$50,000 and \$74,999, and 63 percent had incomes of \$75,000 or more—the largest percentage of any of the age groups.

Among mutual fund–owning households headed by an individual aged 40 to 64, median household financial assets were \$200,000 (Figure 6.4). These households typically had other investments: 44 percent owned individual stocks, 14 percent owned individual bonds, and 32 percent had investment real estate.

Mutual fund–owning households headed by an individual aged 40 to 64 had median mutual fund holdings of \$100,000 (Figure 6.5). Seventy-nine percent of mutual fund–owning households in this age group owned equity funds, 43 percent owned hybrid funds, 49 percent held bond funds, and 66 percent owned money market funds. Sixty-eight percent had more than half of their household financial assets in mutual funds. Forty-seven percent of mutual fund–owning households headed by an individual aged 40 to 64 reported that the household purchased its first fund before 1990.

The median number of mutual funds owned by mutual fund–owning households headed by an individual aged 40 to 64 was five (Figure 6.6). Thirty-nine percent owned three or fewer funds and 61 percent owned four or more. Among households in this age group that owned funds outside employer-sponsored retirement plans, 62 percent owned funds purchased from multiple sources.

Seventy-two percent of mutual fund–owning households headed by an individual aged 40 to 64 owned funds through employer-sponsored retirement plans (Figure 6.7). Sixty-nine percent owned funds outside employer-sponsored retirement plans: 54 percent owned sales force–distributed funds and 29 percent owned direct-marketed funds. Fifty-eight percent of mutual fund–owning households in this age group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-five percent reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of mutual fund–owning households headed by an individual aged 40 to 64 reported that saving for retirement was one of their household’s financial goals, and 81 percent listed saving for retirement as their

household's primary financial goal (Figure 6.8). Seventy-two percent held funds in employer-sponsored retirement plans, and 54 percent owned funds inside IRAs. Seventy-three percent of mutual fund-owning households in this age group were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-one percent of mutual fund-owning households headed by an individual aged 40 to 64 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 6.9). Forty-nine percent were willing to take average risk for average gain. Nineteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

### Age of Household Head 65 or Older

Among this oldest group of mutual fund-owning households, the median age of the head of household was 72 (Figure 6.2). Thirty-six percent of these individuals held college or postgraduate degrees and 58 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 46 percent of mutual fund-owning households in this age group.

The vast majority of mutual fund-owning household heads in this age group, three-quarters, were retired from their lifetime occupations (Figure 6.3). Their median household income was \$50,000. Forty-seven percent had household incomes of less than \$50,000, 20 percent had household incomes between \$50,000 and \$74,999, and 33 percent had incomes of \$75,000 or more.

Among mutual fund-owning households headed by an individual 65 or older, median household financial assets were \$320,000—the greatest of any of the age groups (Figure 6.4). These households had a variety of savings and investments. Forty-nine percent of mutual fund-owning households in this age group owned certificates of deposit, 45 percent owned individual stocks, and 24 percent owned individual bonds.

Mutual fund-owning households headed by an individual 65 or older had median mutual fund holdings of \$150,000 (Figure 6.5). Sixty-nine percent of mutual fund-owning households in this age group owned equity funds, 40 percent owned hybrid funds, 50 percent held bond funds, and 66 percent owned money market funds.

Fifty-eight percent had more than half of their household financial assets in mutual funds. Sixty-five percent of mutual fund-owning households headed by an individual 65 or older reported that the household purchased its first fund before 1990.

The median number of mutual funds owned by mutual fund-owning households headed by an individual 65 or older was four (Figure 6.6). Forty-three percent owned three or fewer funds and 57 percent owned four or more. Among households in this age group that owned funds outside employer-sponsored retirement plans, 58 percent owned funds purchased from multiple sources.

Thirty-six percent of mutual fund-owning households headed by an individual 65 or older owned funds through employer-sponsored retirement plans (Figure 6.7).

Eighty-eight percent owned funds outside these plans, with 76 percent owning sales force-distributed funds and 38 percent owning direct-marketed funds. Sixty percent of mutual fund-owning households in this age group considered the sales force channel to be their primary source for purchasing mutual funds. Sixty-two percent reported that the household purchased its first mutual fund outside an employer-sponsored retirement plan.

Eighty-eight percent of mutual fund-owning households headed by an individual 65 or older indicated that saving for retirement was one of their household's financial goals, and 57 percent listed saving for retirement as their household's primary financial goal (Figure 6.8). Fifty-six percent of mutual fund-owning households in this age group reported current income as a household financial goal—the largest percentage of any of the age groups. Thirty-six percent held funds in employer-sponsored retirement plans, and 61 percent owned funds inside IRAs. Sixty-two percent of mutual fund-owning households headed by an individual 65 or older were confident that mutual funds were an investment that could help them meet their financial goals.

Thirteen percent of mutual fund-owning households headed by an individual 65 or older were willing to take substantial or above-average risk for similar levels of financial gain (Figure 6.9). Fifty-one percent were willing to take average risk for average gain. Thirty-six percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.



FIGURE 6.2

**HEAD OF HOUSEHOLD CHARACTERISTICS BY AGE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2009

	Younger than 40	40 to 64	65 or older
<b>Age of household sole or co-decisionmaker for saving and investing</b>			
Younger than 35	64	0	0
35 to 44	36	21	0
45 to 54	0	46	0
55 to 64	0	33	0
65 or older	0	0	100
Median	33 years	51 years	72 years
Mean	32 years	51 years	73 years
<b>Education level</b>			
High school graduate or less	15	24	40
Some college or associate's degree	31	29	24
Completed four years of college	23	21	17
Some graduate school	9	5	5
Completed graduate school	22	21	14
<b>Marital status</b>			
Married or living with a partner	87	75	58
Single	9	11	5
Divorced or separated	3	11	8
Widowed	1	3	29
<b>Household investment decisionmaker</b>			
Male is sole decisionmaker	18	20	21
Female is sole decisionmaker	12	19	33
Co-decisionmakers	70	61	46
<b>Ethnic background*</b>			
Caucasian	81	91	94
African-American	7	5	3
Hispanic	7	5	3
Asian	3	1	1
Other	8	3	2

\*Multiple responses are included.

FIGURE 6.3

**EMPLOYMENT STATUS AND INCOME BY AGE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2009

	Younger than 40	40 to 64	65 or older
<b>Employment status<sup>1</sup></b>			
Employed full-time	78	72	19
Not retired	78	70	18
Retired from lifetime occupation	(*)	2	1
Employed part-time	6	9	11
Not retired	5	7	4
Retired from lifetime occupation	1	2	7
Not employed	16	19	70
Not retired	15	7	3
Retired from lifetime occupation	1	12	67
<b>Total household income<sup>2</sup></b>			
Less than \$25,000	3	4	16
\$25,000 to \$34,999	4	3	13
\$35,000 to \$49,999	15	10	18
\$50,000 to \$74,999	21	20	20
\$75,000 to \$99,999	22	19	16
\$100,000 to \$149,999	21	25	10
\$150,000 to \$249,999	11	14	5
\$250,000 or more	3	5	2
Median	\$76,000	\$87,500	\$50,000
Mean	\$94,900	\$107,700	\$64,600

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

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

(\*) = less than 0.5 percent

FIGURE 6.4

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY AGE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2009

	Younger than 40	40 to 64	65 or older
<b>Total household financial assets<sup>1</sup></b>			
Less than \$25,000	24	7	7
\$25,000 to \$49,999	22	8	3
\$50,000 to \$74,999	14	8	4
\$75,000 to \$99,999	5	5	3
\$100,000 to \$249,999	18	28	24
\$250,000 to \$499,999	11	17	22
\$500,000 to \$999,999	4	18	20
\$1 million or more	2	9	17
Median	\$50,000	\$200,000	\$320,000
Mean	\$137,000	\$417,800	\$554,600
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>			
Certificates of deposit	21	35	49
Individual stocks, individual bonds, or annuities (total)	49	62	71
Individual stocks	37	44	45
Individual bonds (excluding U.S. savings bonds)	7	14	24
Fixed or variable annuities	17	30	40
Investment real estate	20	32	37
Closed-end funds	2	2	8
Exchange-traded funds	7	4	5
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>			
Household owned employer-sponsored retirement plan accounts (total)	92	86	51
DC retirement plan accounts (total)	89	82	47
401(k) plan account	79	69	28
403(b), state, local, or federal government plan account	32	32	27
Employer-sponsored IRA <sup>3</sup>	14	17	10
<b>Household ownership of IRAs<sup>2</sup></b>			
Household owned IRA (total)	57	70	73
Traditional IRA or Roth IRA	52	65	71
Employer-sponsored IRA <sup>3</sup>	14	17	10
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>			
Household owned education-targeted savings program account (total)	25	16	11
Coverdell education savings account	16	11	9
529 prepaid tuition or college savings plan account (total)	17	10	6
529 savings plan	16	8	6
529 prepaid tuition plan	3	3	3

<sup>1</sup>Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.<sup>2</sup>Multiple responses are included.<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 6.5

**MUTUAL FUND INVESTING BY AGE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2009

	Younger than 40	40 to 64	65 or older
<b>Total household mutual fund assets</b>			
Less than \$5,000	6	2	1
\$5,000 to \$9,999	12	4	3
\$10,000 to \$19,999	18	5	5
\$20,000 to \$29,999	8	6	3
\$30,000 to \$49,999	19	8	10
\$50,000 to \$74,999	13	11	8
\$75,000 to \$99,999	6	8	7
\$100,000 to \$249,999	12	28	28
\$250,000 or more	6	28	35
Median	\$30,000	\$100,000	\$150,000
Mean	\$66,700	\$218,000	\$263,000
<b>Percent allocation of household financial assets to mutual funds</b>			
25% or less	16	13	22
Between 26% and 50%	20	19	20
Between 51% and 75%	24	22	12
More than 75%	40	46	46
<b>Types of mutual funds owned<sup>1</sup></b>			
Equity funds	77	79	69
Hybrid funds	41	43	40
Bond funds	47	49	50
Money market funds	58	66	66
Other fund type specified	4	5	6
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>			
Conducted mutual fund transactions	41	37	27
<b>Year of initial mutual fund purchase</b>			
Before 1990	3	47	65
Between 1990 and 1994	9	20	15
Between 1995 and 1999	31	19	11
2000 or later	57	14	9
Median	2000	1990	1984
Mean	2000	1990	1983

<sup>1</sup>Multiple responses are included.<sup>2</sup>Mutual 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 SOURCES USED BY AGE**

	Younger than 40	40 to 64	65 or older
<b>Total number of mutual funds owned</b>			
<i>Percentage of U.S. households owning mutual funds by age of household head, 2009</i>			
One	16	12	17
Two	18	14	13
Three	13	13	13
Four	9	9	8
Five to six	14	19	18
Seven to ten	19	17	17
Eleven or more	11	16	14
Median	4 funds	5 funds	4 funds
Mean	6 funds	7 funds	6 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans*</b>			
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by age of household head, 2009</i>			
One	32	38	42
Two	37	33	29
Three	21	18	19
Four or more	10	11	10
Median	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources

\*Purchase sources 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

**SOURCES USED TO PURCHASE MUTUAL FUNDS BY AGE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2009

	Younger than 40	40 to 64	65 or older
<b>Source of mutual fund ownership</b>			
Only inside employer-sponsored retirement plan	42	31	12
Only outside employer-sponsored retirement plan	23	28	64
Both inside and outside employer-sponsored retirement plan	35	41	24
<b>Purchase sources through which funds are currently owned<sup>1</sup></b>			
Inside employer-sponsored retirement plans (total)	77	72	36
Inside DC retirement plans (total)	73	69	32
401(k) plan	64	58	21
403(b), state, local, or federal government plan	18	21	14
Inside employer-sponsored IRA <sup>2</sup>	8	10	7
Outside employer-sponsored retirement plans (total)	58	69	88
Sales force (total)	44	54	76
Full-service broker	21	29	44
Independent financial planner	17	28	32
Bank or savings institution representative	19	17	26
Insurance agent	9	11	14
Accountant	6	5	7
Direct market (total)	30	29	38
Mutual fund company directly	17	19	28
Discount broker	19	16	17
<b>Primary mutual fund purchase source</b>			
Inside employer-sponsored retirement plans	66	58	24
Outside employer-sponsored retirement plans	34	42	76
Sales force	24	34	60
Full-service broker	7	12	25
Independent financial planner	7	13	17
Bank or savings institution representative	7	7	12
Insurance agent	2	2	3
Accountant	1	1	2
Direct market	10	8	16
Mutual fund company directly	3	5	12
Discount broker	6	3	4
<b>Source of first mutual fund purchase</b>			
Inside employer-sponsored retirement plan	67	65	38
Outside employer-sponsored retirement plan	33	35	62

<sup>1</sup>Multiple responses are included.<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 6.8

**FINANCIAL GOALS BY AGE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2009

	Younger than 40	40 to 64	65 or older
<b>Financial goals for mutual fund investments<sup>1</sup></b>			
Retirement	96	96	88
Reduce taxable income	43	53	46
Emergency	42	43	63
Education	39	25	7
Current income	12	15	56
House or other large item	19	8	5
Other	5	4	7
<b>Primary financial goal for mutual fund investments</b>			
Retirement	77	81	57
Reduce taxable income	3	3	3
Emergency	5	4	13
Education	10	6	1
Current income	1	3	22
House or other large item	3	2	(*)
Other	1	2	4
<b>Level of confidence that mutual funds are an investment that can help the household meet financial goals</b>			
Very confident	22	16	15
Somewhat confident	56	57	47
Not very confident	16	18	24
Not at all confident	5	8	13
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>			
Inside employer-sponsored retirement plans (total)	77	72	36
Inside DC retirement plans (total)	73	69	32
401(k) plan	64	58	21
403(b), state, local, or federal government plan	18	21	14
Inside employer-sponsored IRA <sup>2</sup>	8	10	7
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>			
Have IRA invested in mutual funds (total)	44	54	61
Traditional IRA or Roth IRA	39	49	59
Employer-sponsored IRA <sup>2</sup>	8	10	7

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

(\*) = less than 0.5 percent

FIGURE 6.9

**VIEWS ON INVESTMENT RISK BY AGE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2009

	Younger than 40	40 to 64	65 or older
<b>Level of risk willing to take with financial investments</b>			
Substantial risk for substantial gain	7	4	2
Above-average risk for above-average gain	30	27	11
Average risk for average gain	49	49	51
Below-average risk for below-average gain	8	10	15
Unwilling to take any risk	6	9	21





## Mutual Fund Shareholders by Household Income

Households in all income categories own mutual funds. In 2009, 24 percent of mutual fund–owning households had incomes of less than \$50,000, 40 percent had household incomes between \$50,000 and \$99,999, 21 percent had household incomes between \$100,000 and \$149,999, and 15 percent had household incomes of \$150,000 or more (Figure 7.1).<sup>11, 12</sup>

### 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 was 54 (Figure 7.2). Twenty-six percent of these individuals had college or postgraduate degrees. Forty-five percent were married or living with a partner—the lowest percentage of any of the household income groups. Investment decisionmaking was a shared responsibility in 37 percent of these households.

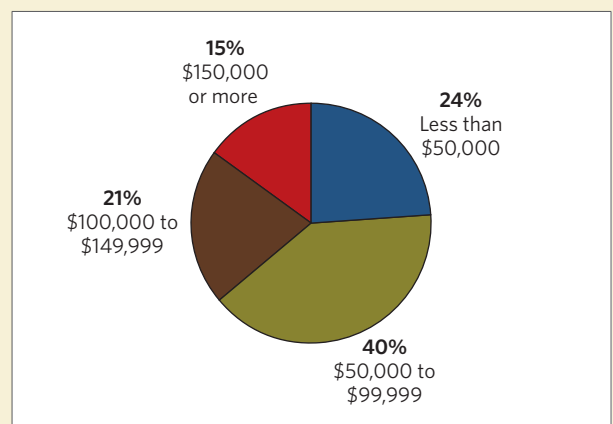
Fifty-two percent of mutual fund–owning household heads in this income group were employed full- or part-time (Figure 7.3). Forty-one percent were retired from their lifetime occupations—the largest percentage of any of the household income groups. The median household income among households in this group was \$35,000. Twenty-four percent of households in this group had incomes of less than \$25,000, 22 percent had incomes between \$25,000 and \$34,999, and 54 percent had incomes between \$35,000 and \$49,999.

Among mutual fund–owning households with incomes of less than \$50,000, median household financial assets were \$45,000—the lowest of any shareholder group classified by household income (Figure 7.4). These households had a variety of savings and investments. Twenty-eight percent

FIGURE 7.1

### MUTUAL FUND SHAREHOLDERS BY HOUSEHOLD INCOME

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009



Note: Total reported is household income before taxes in 2008.

of mutual fund–owning households in this income group owned certificates of deposit, 24 percent owned individual stocks, and 9 percent owned individual bonds.

Mutual fund–owning households with incomes of less than \$50,000 had median mutual fund holdings of \$30,000—the smallest median mutual fund holdings among any of the income groups (Figure 7.5). Sixty-six percent owned equity funds, 29 percent owned hybrid funds, 36 percent held bond funds, and 64 percent owned money market funds. Sixty-seven percent had more than half of their household financial assets in mutual funds. Thirty-six percent of mutual fund–owning households with incomes of less than \$50,000 reported that the household purchased its first fund before 1990, and 31 percent reported that the household bought its first fund in 2000 or later.

<sup>11</sup> Total reported is household income before taxes in 2008.

<sup>12</sup> The median household income nationwide was \$50,303 in 2008. See *Income, Poverty, and Health Insurance Coverage in the United States: 2008*, U.S. Census Bureau. Available at [www.census.gov/prod/2009pubs/p60-236.pdf](http://www.census.gov/prod/2009pubs/p60-236.pdf).

The median number of mutual funds owned by mutual fund-owning households in this income group was two—the lowest median of any of the income groups (Figure 7.6). Sixty-nine percent owned three or fewer funds and 31 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 61 percent owned funds purchased from multiple sources.

Half of mutual fund-owning households with incomes of less than \$50,000 owned funds through employer-sponsored retirement plans (Figure 7.7). Sixty-eight percent owned funds outside employer-sponsored retirement plans: 53 percent owned sales force-distributed funds and 29 percent owned direct-marketed funds. Forty-five percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-five percent of households with incomes of less than \$50,000 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Nine in 10 mutual fund-owning households with incomes of less than \$50,000 indicated that saving for retirement was one of their household's financial goals, and 61 percent listed saving for retirement as their household's primary financial goal (Figure 7.8). Fifty-eight percent listed saving for an emergency as one of their household's financial goals—the largest percentage of any of the income groups. Half of mutual fund-owning households in this income group held funds in employer-sponsored retirement plans, and 46 percent owned funds inside IRAs. Sixty-nine percent of mutual fund-owning households with incomes of less than \$50,000 were confident that mutual funds were an investment that could help them meet their household's financial goals.

One in five mutual fund-owning households with incomes of less than \$50,000 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 7.9). Forty-five percent were willing to take average risk for average gain. Thirty-five percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## 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 was 49 (Figure 7.2). Forty percent of these individuals had college or postgraduate degrees and 79 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 65 percent of mutual fund-owning households with incomes between \$50,000 and \$99,999.

Seventy-four percent of mutual fund-owning household heads in this income group were employed full- or part-time, and 21 percent were retired from their lifetime occupations (Figure 7.3). The median household income in this group was \$72,000. Fifty-two percent of households in this group had incomes between \$50,000 and \$74,999, and 48 percent had incomes between \$75,000 and \$99,999.

Among mutual fund-owning households with incomes between \$50,000 and \$99,999, median household financial assets were \$100,000 (Figure 7.4). These households typically had other investments. Thirty-one percent of mutual fund-owning households in this income group owned certificates of deposit, 39 percent owned individual stocks, and 13 percent owned individual bonds.

Mutual fund-owning households with incomes between \$50,000 and \$99,999 had median mutual fund holdings of \$60,000 (Figure 7.5). Seventy-eight percent of these households owned equity funds, 41 percent owned hybrid funds, 50 percent held bond funds, and 62 percent owned money market funds. Sixty-eight percent had 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 reported that the household purchased its first fund before 1990, and 47 percent reported that the household bought its first fund in 1995 or later.

The median number of mutual funds owned by households in this income group was four (Figure 7.6). Forty-five percent owned three or fewer funds and 55 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 63 percent owned funds purchased from multiple sources.

Seven in 10 mutual fund–owning households with incomes between \$50,000 and \$99,999 owned funds through employer-sponsored retirement plans (Figure 7.7). In addition, 65 percent owned funds outside these plans, with 52 percent owning sales force–distributed funds and 26 percent owning direct-marketed funds. Fifty-seven percent of mutual fund–owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-five percent of households with incomes between \$50,000 and \$99,999 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of mutual fund–owning households with incomes between \$50,000 and \$99,999 indicated that saving for retirement was one of their household’s financial goals, and 80 percent listed saving for retirement as their household’s primary financial goal (Figure 7.8). Forty-nine percent reported that reducing their taxable income was one of their household’s financial goals. Seventy percent of mutual fund–owning households in this income group held funds in employer-sponsored retirement plans, and half owned funds inside IRAs. Seventy-two percent of mutual fund–owning households with incomes between \$50,000 and \$99,999 were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Twenty-eight percent of mutual fund–owning households with incomes between \$50,000 and \$99,999 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 7.9). Fifty-two percent were willing to take average risk for average gain. Twenty percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## 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 was 48 (Figure 7.2). Fifty-nine percent of these individuals had college or postgraduate degrees and 93 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in three-quarters of mutual fund–owning households with incomes between \$100,000 and \$149,999.

Eighty-four percent of mutual fund–owning household heads in this income group were employed full- or part-time, and 13 percent were retired from their lifetime occupations (Figure 7.3). The median household income in this group was \$113,400.

Among mutual fund–owning households with incomes between \$100,000 and \$149,999, median household financial assets were \$200,000 (Figure 7.4). These households had a variety of savings and investments. Thirty-eight percent of mutual fund–owning households in this income group owned certificates of deposit, 55 percent owned individual stocks, and 15 percent owned individual bonds.

Mutual fund–owning households with incomes between \$100,000 and \$149,999 had median mutual fund holdings of \$100,000 (Figure 7.5). Seventy-nine percent of these households owned equity funds, 50 percent owned hybrid funds, 49 percent owned bond funds, and 62 percent owned money market funds. Sixty-six percent had more than half of their household financial assets in mutual funds. Thirty-two percent of mutual fund–owning households with incomes between \$100,000 and \$149,999 reported that the household purchased its first fund before 1990, and 68 percent reported that the household bought its first fund in 1990 or later.

The median number of mutual funds owned by mutual fund-owning households in this income group was five (Figure 7.6). Thirty-three percent owned three or fewer funds and 67 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 62 percent owned funds purchased from multiple sources.

Seventy-five percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 owned funds through employer-sponsored retirement plans (Figure 7.7). In addition, 71 percent owned funds outside these plans, with 55 percent owning sales force-distributed funds and 28 percent owning direct-marketed funds. Sixty percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-four percent of households with incomes between \$100,000 and \$149,999 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 indicated that saving for retirement was one of their household's financial goals, and 87 percent listed saving for retirement as their household's primary financial goal (Figure 7.8). Half reported that reducing their taxable income was one of their household's financial goals. Seventy-five percent of mutual fund-owning households in this income group held funds in employer-sponsored retirement plans, and 54 percent owned funds inside IRAs. Seventy-five percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-three percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 7.9). Fifty-four percent were willing to take average risk for average gain. Thirteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## 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 was 48 (Figure 7.2). Seventy-eight percent of these individuals had college or postgraduate degrees—the largest percentage of any of the income groups. Ninety-one percent of household heads in this group were married or living with a partner. Investment decisionmaking was a shared responsibility in 67 percent of mutual fund-owning households with incomes of \$150,000 or more.

Nine in 10 mutual fund-owning household heads in this income group were employed full- or part-time, and 11 percent were retired from their lifetime occupations (Figure 7.3). The median household income in this group was \$190,000. Seventy-six percent of households in this group had incomes between \$150,000 and \$249,999, and 24 percent had incomes of \$250,000 or more.

Among mutual fund-owning households with incomes of \$150,000 or more, median household financial assets were \$500,000—the greatest of any of the income groups (Figure 7.4). These households typically had other investments. Forty-five percent of mutual fund-owning households in this income group owned certificates of deposit, 61 percent owned individual stocks, 21 percent owned individual bonds, and 49 percent owned investment real estate.

Mutual fund-owning households with incomes of \$150,000 or more had median mutual fund holdings of \$250,000—the greatest of any shareholder group classified by household income (Figure 7.5). Eighty-seven percent of these households owned equity funds, 52 percent owned hybrid funds, 64 percent owned bond funds, and 72 percent owned money market funds. Sixty-two percent had more than half of their household financial assets in mutual funds. Forty-seven percent of mutual fund-owning households with incomes of \$150,000 or more reported that the household purchased its first fund before 1990, and 53 percent reported that the household bought its first fund in 1990 or later.

The median number of mutual funds owned by mutual fund-owning households in this group was eight (Figure 7.6). Fifteen percent of households in this group owned three or fewer funds and 85 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 66 percent owned funds purchased from multiple sources.

Seventy-seven percent of mutual fund-owning households with incomes of \$150,000 or more owned funds through employer-sponsored retirement plans (Figure 7.7). In addition, 81 percent owned funds outside these plans, with 64 percent owning sales force-distributed funds and 46 percent owning direct-marketed funds. Fifty-three percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-nine percent of households with incomes of \$150,000 or more reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-three percent of mutual fund-owning households with incomes of \$150,000 or more indicated that saving for retirement was one of their household's financial goals, and 73 percent listed saving for retirement as their household's primary financial goal (Figure 7.8). Fifty-seven percent reported that reducing their taxable income was one of their household's financial goals. Seventy-seven percent of mutual fund-owning households in this income group held funds in employer-sponsored retirement plans, and 65 percent owned funds inside IRAs. Seventy-eight percent of mutual fund-owning households with incomes of \$150,000 or more were confident that mutual funds were an investment that could help them meet their household's financial goals.

Forty-six percent of mutual fund-owning households with incomes of \$150,000 or more were willing to take substantial or above-average risk for similar levels of financial gain (Figure 7.9). Forty-four percent were willing to take average risk for average gain. Ten percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 7.2

**HEAD OF HOUSEHOLD CHARACTERISTICS BY HOUSEHOLD INCOME**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD INCOME,<sup>1</sup> 2009

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Age of household sole or co-decisionmaker for saving and investing</b>				
Younger than 35	19	19	13	10
35 to 44	15	20	27	28
45 to 54	16	27	33	33
55 to 64	17	19	19	23
65 or older	33	15	8	6
Median	54 years	49 years	48 years	48 years
Mean	54 years	49 years	48 years	48 years
<b>Education level</b>				
High school graduate or less	42	29	11	6
Some college or associate's degree	32	31	30	16
Completed four years of college	13	22	25	25
Some graduate school	5	5	7	7
Completed graduate school	8	13	27	46
<b>Marital status</b>				
Married or living with a partner	45	79	93	91
Single	21	9	2	4
Divorced or separated	16	7	4	4
Widowed	18	5	1	1
<b>Household investment decisionmaker</b>				
Male is sole decisionmaker	23	19	15	23
Female is sole decisionmaker	40	16	10	10
Co-decisionmakers	37	65	75	67
<b>Ethnic background<sup>2</sup></b>				
Caucasian	88	89	91	87
African-American	7	5	4	5
Hispanic	5	5	5	5
Asian	1	1	2	1
Other	4	4	3	6

<sup>1</sup>Total reported is household income before taxes in 2008.

<sup>2</sup>Multiple responses are included.

FIGURE 7.3

**EMPLOYMENT STATUS AND INCOME BY HOUSEHOLD INCOME**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD INCOME,<sup>1</sup> 2009

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Employment status<sup>2</sup></b>				
Employed full-time	42	64	78	84
Not retired	41	63	76	81
Retired from lifetime occupation	1	1	2	3
Employed part-time	10	10	6	6
Not retired	6	7	4	4
Retired from lifetime occupation	4	3	2	2
Not employed	48	26	16	10
Not retired	12	9	7	4
Retired from lifetime occupation	36	17	9	6
<b>Total household income<sup>1</sup></b>				
Less than \$25,000	24	0	0	0
\$25,000 to \$34,999	22	0	0	0
\$35,000 to \$49,999	54	0	0	0
\$50,000 to \$74,999	0	52	0	0
\$75,000 to \$99,999	0	48	0	0
\$100,000 to \$149,999	0	0	100	0
\$150,000 to \$249,999	0	0	0	76
\$250,000 or more	0	0	0	24
Median	\$35,000	\$72,000	\$113,400	\$190,000
Mean	\$32,700	\$72,000	\$115,600	\$234,800

<sup>1</sup>Total reported is household income before taxes in 2008.

<sup>2</sup>Figure 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**PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD INCOME,<sup>1</sup> 2009

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Total household financial assets<sup>2</sup></b>				
Less than \$25,000	29	13	3	3
\$25,000 to \$49,999	21	14	5	1
\$50,000 to \$74,999	11	13	9	1
\$75,000 to \$99,999	4	6	6	3
\$100,000 to \$249,999	20	26	31	15
\$250,000 to \$499,999	8	14	22	23
\$500,000 to \$999,999	5	10	18	29
\$1 million or more	2	4	6	25
Median	\$45,000	\$100,000	\$200,000	\$500,000
Mean	\$142,700	\$232,500	\$329,400	\$902,700
<b>Household ownership of non-mutual fund investments<sup>3</sup></b>				
Certificates of deposit	28	31	38	45
Individual stocks, individual bonds, or annuities (total)	45	58	72	72
Individual stocks	24	39	55	61
Individual bonds (excluding U.S. savings bonds)	9	13	15	21
Fixed or variable annuities	26	27	29	34
Investment real estate	16	27	36	49
Closed-end funds	2	2	2	7
Exchange-traded funds	2	4	5	12
<b>Household ownership of employer-sponsored retirement plan accounts<sup>3</sup></b>				
Household owned employer-sponsored retirement plan accounts (total)	64	84	91	89
DC retirement plan accounts (total)	59	82	90	82
401(k) plan account	47	68	72	72
403(b), state, local, or federal government plan account	23	31	37	37
Employer-sponsored IRA <sup>4</sup>	13	13	16	22
<b>Household ownership of IRAs<sup>3</sup></b>				
Household owned IRA (total)	62	64	70	77
Traditional IRA or Roth IRA	57	59	68	73
Employer-sponsored IRA <sup>4</sup>	13	13	16	22
<b>Household ownership of education-targeted savings accounts<sup>3</sup></b>				
Household owned education-targeted savings program account (total)	9	15	21	33
Coverdell education savings account	7	10	15	21
529 prepaid tuition or college savings plan account (total)	4	9	15	24
529 savings plan	3	7	14	20
529 prepaid tuition plan	1	3	2	7

<sup>1</sup>Total reported is household income before taxes in 2008.<sup>2</sup>Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.<sup>3</sup>Multiple responses are included.<sup>4</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 7.5

**MUTUAL FUND INVESTING BY HOUSEHOLD INCOME**PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD INCOME,<sup>1</sup> 2009

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Total household mutual fund assets</b>				
Less than \$5,000	9	2	1	0
\$5,000 to \$9,999	14	5	2	3
\$10,000 to \$19,999	14	14	3	1
\$20,000 to \$29,999	10	8	4	1
\$30,000 to \$49,999	15	12	11	3
\$50,000 to \$74,999	9	16	11	5
\$75,000 to \$99,999	6	8	9	5
\$100,000 to \$249,999	14	20	36	27
\$250,000 or more	9	15	23	55
Median	\$30,000	\$60,000	\$100,000	\$250,000
Mean	\$91,000	\$123,200	\$180,900	\$418,600
<b>Percent allocation of household financial assets to mutual funds</b>				
25% or less	18	14	14	13
Between 26% and 50%	15	18	20	25
Between 51% and 75%	21	21	21	25
More than 75%	46	47	45	37
<b>Types of mutual funds owned<sup>2</sup></b>				
Equity funds	66	78	79	87
Hybrid funds	29	41	50	52
Bond funds	36	50	49	64
Money market funds	64	62	62	72
Other fund type specified	4	5	5	7
<b>Mutual fund transaction activity in the previous 12 months<sup>3</sup></b>				
Conducted mutual fund transactions	21	37	37	58
<b>Year of initial mutual fund purchase</b>				
Before 1990	36	38	32	47
Between 1990 and 1994	12	15	23	17
Between 1995 and 1999	21	19	24	22
2000 or later	31	28	21	14
Median	1995	1994	1993	1990
Mean	1992	1992	1992	1989

<sup>1</sup>Total reported is household income before taxes in 2008.<sup>2</sup>Multiple responses are included.<sup>3</sup>Mutual 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 SOURCES USED BY HOUSEHOLD INCOME

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Total number of mutual funds owned</b>				
<i>Percentage of U.S. households owning mutual funds by household income,<sup>1</sup> 2009</i>				
One	33	13	5	4
Two	21	17	15	5
Three	15	15	13	6
Four	6	10	12	7
Five to six	10	19	18	22
Seven to ten	10	16	18	28
Eleven or more	5	10	19	28
Median	2 funds	4 funds	5 funds	8 funds
Mean	4 funds	6 funds	8 funds	9 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans<sup>2</sup></b>				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by household income,<sup>1</sup> 2009</i>				
One	39	37	38	34
Two	32	33	38	30
Three	18	19	15	24
Four or more	11	11	9	12
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

<sup>1</sup>Total reported is household income before taxes in 2008.

<sup>2</sup>Purchase sources 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

**SOURCES USED TO PURCHASE MUTUAL FUNDS BY HOUSEHOLD INCOME**PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD INCOME,<sup>1</sup> 2009

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Source of mutual fund ownership</b>				
Only inside employer-sponsored retirement plan	32	35	29	19
Only outside employer-sponsored retirement plan	50	30	25	23
Both inside and outside employer-sponsored retirement plan	18	35	46	58
<b>Purchase sources through which funds are currently owned<sup>2</sup></b>				
Inside employer-sponsored retirement plans (total)	50	70	75	77
Inside DC retirement plans (total)	46	67	73	70
401(k) plan	37	57	61	61
403(b), state, local, or federal government plan	14	18	22	24
Inside employer-sponsored IRA <sup>3</sup>	6	9	8	16
Outside employer-sponsored retirement plans (total)	68	65	71	81
Sales force (total)	53	52	55	64
Full-service broker	26	26	32	38
Independent financial planner	24	26	25	29
Bank or savings institution representative	20	21	16	19
Insurance agent	8	9	14	14
Accountant	8	5	4	6
Direct market (total)	29	26	28	46
Mutual fund company directly	20	17	18	30
Discount broker	15	14	15	29
<b>Primary mutual fund purchase source</b>				
Inside employer-sponsored retirement plans	45	57	60	53
Outside employer-sponsored retirement plans	55	43	40	47
Sales force	41	35	29	37
Full-service broker	13	12	11	16
Independent financial planner	13	11	11	14
Bank or savings institution representative	12	9	3	5
Insurance agent	2	2	3	1
Accountant	1	1	1	1
Direct market	14	8	11	10
Mutual fund company directly	9	4	5	6
Discount broker	5	4	6	4
<b>Source of first mutual fund purchase</b>				
Inside employer-sponsored retirement plan	55	65	64	59
Outside employer-sponsored retirement plan	45	35	36	41

<sup>1</sup>Total reported is household income before taxes in 2008.<sup>2</sup>Multiple responses are included.<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 7.8

**FINANCIAL GOALS BY HOUSEHOLD INCOME**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD INCOME,<sup>1</sup> 2009

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Financial goals for mutual fund investments<sup>2</sup></b>				
Retirement	90	96	97	93
Reduce taxable income	42	49	50	57
Emergency	58	44	39	44
Education	20	23	30	39
Current income	38	20	9	10
House or other large item	15	11	8	8
Other	7	5	3	4
<b>Primary financial goal for mutual fund investments</b>				
Retirement	61	80	87	73
Reduce taxable income	1	3	1	7
Emergency	11	4	5	3
Education	7	5	3	12
Current income	13	5	2	1
House or other large item	3	2	2	2
Other	4	1	(*)	2
<b>Level of confidence that mutual funds are an investment that can help the household meet financial goals</b>				
Very confident	16	16	19	21
Somewhat confident	53	56	56	57
Not very confident	20	21	18	14
Not at all confident	11	7	7	8
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>2</sup></b>				
Inside employer-sponsored retirement plans (total)	50	70	75	77
Inside DC retirement plans (total)	46	67	73	70
401(k) plan	37	57	61	61
403(b), state, local, or federal government plan	14	18	22	24
Inside employer-sponsored IRA <sup>3</sup>	6	9	8	16
<b>Ownership of mutual funds in IRAs<sup>2</sup></b>				
Have IRA invested in mutual funds (total)	46	50	54	65
Traditional IRA or Roth IRA	42	45	52	61
Employer-sponsored IRA <sup>3</sup>	6	9	8	16

<sup>1</sup>Total reported is household income before taxes in 2008.

<sup>2</sup>Multiple responses are included.

<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

(\*) = less than 0.5 percent

FIGURE 7.9

**VIEWS ON INVESTMENT RISK BY HOUSEHOLD INCOME**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD INCOME,\* 2009

	Household income*			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Level of risk willing to take with financial investments</b>				
Substantial risk for substantial gain	4	6	4	4
Above-average risk for above-average gain	16	22	29	42
Average risk for average gain	45	52	54	44
Below-average risk for below-average gain	15	11	7	7
Unwilling to take any risk	20	9	6	3

\*Total reported is household income before taxes in 2008.



## Mutual Fund Shareholders by Household Financial Assets

In 2009, 24 percent of mutual fund–owning households in the United States had household financial assets of less than \$50,000, and 14 percent had household financial assets between \$50,000 and \$99,999 (Figure 8.1).<sup>13</sup> Another 24 percent had household financial assets between \$100,000 and \$249,999, and 38 percent had 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 was 37 (Figure 8.2). Thirty-three percent of these individuals had college or postgraduate degrees and 74 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 60 percent of these households.

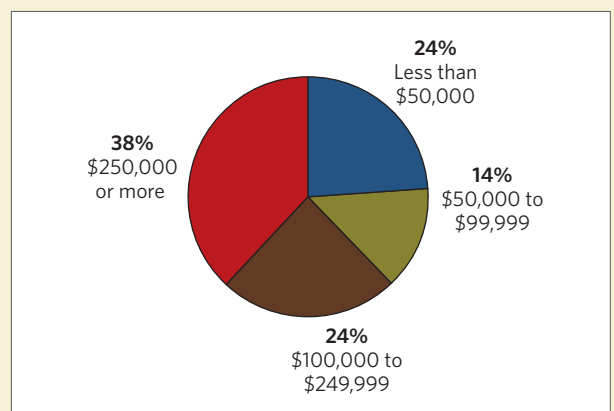
Seventy-eight percent of mutual fund–owning household heads in this asset group were employed full- or part-time, and 10 percent were retired from their lifetime occupations (Figure 8.3). The median household income in this group was \$50,000. Forty-seven percent of households in this group had incomes of less than \$50,000, 22 percent had incomes between \$50,000 and \$74,999, and 31 percent had incomes of \$75,000 or more.

Among mutual fund–owning households with financial assets of less than \$50,000, median household financial assets were \$20,000 (Figure 8.4). These households had a variety of savings and investments. Fifteen percent of mutual fund–owning households in this asset group owned certificates of deposit, 21 percent owned individual stocks, and 4 percent owned individual bonds.

FIGURE 8.1

### MUTUAL FUND SHAREHOLDERS BY HOUSEHOLD FINANCIAL ASSETS

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009



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 had median mutual fund holdings of \$15,000 (Figure 8.5). Seventy percent of these households owned equity funds, 33 percent owned hybrid funds, 40 percent held bond funds, and 51 percent owned money market funds. Seventy-seven percent had more than half of their household financial assets in mutual funds. Fifty-nine percent of mutual fund–owning households with financial assets of less than \$50,000 reported that the household purchased its first fund in 2000 or later.

<sup>13</sup> 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 was two (Figure 8.6). Sixty-four percent owned three or fewer funds and 36 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 57 percent owned funds purchased from multiple sources.

Seventy-three percent of mutual fund-owning households with financial assets of less than \$50,000 owned funds through employer-sponsored retirement plans (Figure 8.7). Half owned funds outside employer-sponsored retirement plans: 33 percent owned sales force-distributed funds and 19 percent owned direct-marketed funds. Seventy-one percent of mutual fund-owning households in this asset group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Seventy-one percent of mutual fund-owning households with financial assets of less than \$50,000 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-four percent of mutual fund-owning households with financial assets of less than \$50,000 indicated that saving for retirement was one of their household's financial goals, and 72 percent listed saving for retirement as their household's primary financial goal (Figure 8.8).

Seventy-three percent of mutual fund-owning households in this asset group held funds in employer-sponsored retirement plans, and 36 percent owned funds inside IRAs. Seventy-two percent of mutual fund-owning households with financial assets of less than \$50,000 were confident that mutual funds were an investment that could help them meet their household's financial goals.

Twenty-seven percent of mutual fund-owning households with financial assets of less than \$50,000 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 8.9). Forty-seven percent were willing to take average risk for average gain. Twenty-six percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## 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 was 41 (Figure 8.2). Forty-six percent of these individuals had college or postgraduate degrees and 70 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 64 percent of these households.

Seventy-six percent of mutual fund-owning household heads in this asset group were employed full- or part-time, and 17 percent were retired from their lifetime occupations (Figure 8.3). The median household income in this group was \$73,000. Twenty-three percent of households in this group had incomes of less than \$50,000, and 27 percent had incomes between \$50,000 and \$74,999. Half of mutual fund-owning households in this asset group had incomes of \$75,000 or more.

Among mutual fund-owning households with financial assets between \$50,000 and \$99,999, median household financial assets were \$65,000 (Figure 8.4). These households typically had other investments. Twenty-three percent of mutual fund-owning households in this asset group owned certificates of deposit, 38 percent owned individual stocks, and 8 percent owned individual bonds.

Mutual fund-owning households with financial assets between \$50,000 and \$99,999 had median mutual fund holdings of \$50,000 (Figure 8.5). Sixty-nine percent of these households owned equity funds, 44 percent owned hybrid funds, 44 percent owned bond funds, and 51 percent owned money market funds. Three-quarters had more than half of their household financial assets in mutual funds. Seventy-two percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 reported that the household purchased its first fund in 1995 or later.

The median number of mutual funds owned by mutual fund-owning households in this asset group was three (Figure 8.6). Fifty-two percent owned three or fewer funds and 48 percent owned four or more. Among households in this asset group that owned mutual funds outside employer-sponsored retirement plans, 68 percent owned funds purchased from multiple sources.

Sixty-seven percent of mutual fund–owning households with financial assets between \$50,000 and \$99,999 owned funds through employer-sponsored retirement plans (Figure 8.7). In addition, 60 percent owned funds outside these plans, with 49 percent owning sales force–distributed funds and 28 percent owning direct-marketed funds. Sixty-one percent of mutual fund–owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-seven percent of mutual fund–owning households with financial assets between \$50,000 and \$99,999 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of mutual fund–owning households with financial assets between \$50,000 and \$99,999 indicated that saving for retirement was one of their household’s financial goals, and 82 percent listed saving for retirement as their household’s primary financial goal (Figure 8.8). Sixty-seven percent of mutual fund–owning households in this asset group held funds in employer-sponsored retirement plans, and 39 percent owned funds inside IRAs. Seventy-nine percent of mutual fund–owning households with financial assets between \$50,000 and \$99,999 were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Twenty-nine percent of mutual fund–owning households with financial assets between \$50,000 and \$99,999 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 8.9). Fifty-six percent were willing to take average risk for average gain. Fifteen percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## 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 was 48 (Figure 8.2). Forty-seven percent of these individuals had college or postgraduate degrees and 72 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 58 percent of these households.

Seventy-four percent of mutual fund–owning household heads in this asset group were employed full- or part-time, and 21 percent were retired from their lifetime occupations (Figure 8.3). The median household income in this group was \$80,000. Eighteen percent of households in this asset group had incomes of less than \$50,000, 25 percent had household incomes between \$50,000 and \$74,999, and 57 percent had incomes of \$75,000 or more.

Among mutual fund–owning households with financial assets between \$100,000 and \$249,999, median household financial assets were \$150,000 (Figure 8.4). These households had a variety of savings and investments. Thirty-seven percent of mutual fund–owning households in this asset group owned certificates of deposit, 41 percent owned individual stocks, and 12 percent owned individual bonds.

Mutual fund–owning households with financial assets between \$100,000 and \$249,999 had median mutual fund holdings of \$100,000 (Figure 8.5). Seventy-seven percent of these households owned equity funds, 42 percent owned hybrid funds, 44 percent owned bond funds, and 60 percent owned money market funds. Sixty-nine percent had more than half of their household financial assets in mutual funds. Thirty-one percent of mutual fund–owning households with financial assets between \$100,000 and \$249,999 reported that the household purchased its first fund before 1990, and 41 percent reported that the household bought its first fund in 1995 or later.

The median number of mutual funds owned by mutual fund–owning households in this asset group was five (Figure 8.6). Forty-one percent owned three or fewer funds and 59 percent owned four or more. Among households in this asset group that owned mutual funds outside employer-sponsored retirement plans, 57 percent owned funds purchased from multiple sources.

Seventy-one percent of mutual fund–owning households with financial assets between \$100,000 and \$249,999 owned funds through employer-sponsored retirement plans (Figure 8.7). In addition, 67 percent owned funds outside these plans, with half owning sales force–distributed funds and three in 10 owning direct-marketed funds. Sixty percent of mutual fund–owning households in this asset group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-eight percent of mutual fund–owning households with financial assets between \$100,000 and \$249,999 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-five percent of mutual fund–owning households with financial assets between \$100,000 and \$249,999 indicated that saving for retirement was one of their household’s financial goals, and 81 percent listed 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 held funds in employer-sponsored retirement plans, and 49 percent owned funds inside IRAs. Seventy-five percent of mutual fund–owning households with financial assets between \$100,000 and \$249,999 were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Thirty-five percent of mutual fund–owning households with financial assets between \$100,000 and \$249,999 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 8.9). Forty-seven percent were willing to take average risk for average gain. Eighteen percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## 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 was 53 (Figure 8.2). Fifty-nine percent of these individuals had college or postgraduate degrees—the largest percentage of any shareholder group classified by household financial assets. Eighty-two percent of household heads in this group were married or living with a partner. Investment decisionmaking was a shared responsibility in 63 percent of mutual fund–owning households with financial assets of \$250,000 or more.

Seventy-two percent of mutual fund–owning household heads in this asset group were employed full- or part-time (Figure 8.3). Twenty-eight percent were retired from their lifetime occupation—the largest percentage of any of the asset groups. The median household income among households in this group was \$110,000. Nine percent of households in this asset group had incomes of less than \$50,000, and 12 percent had household incomes between \$50,000 and \$74,999. Seventy-nine percent of mutual fund–owning households in this asset group had incomes of \$75,000 or more.

Among mutual fund–owning households with financial assets of \$250,000 or more, median household financial assets were \$500,000 (Figure 8.4). These households typically had other investments. Forty-five percent of mutual fund–owning households in this asset group owned certificates of deposit, 56 percent owned individual stocks, 22 percent owned individual bonds, and 49 percent owned investment real estate.

Mutual fund–owning households with financial assets of \$250,000 or more had median mutual fund holdings of \$300,000—the greatest of any of the asset groups (Figure 8.5). Eighty-six percent of these households owned equity funds, 53 percent owned hybrid funds, 58 percent owned bond funds, and 72 percent owned money market funds. Fifty-four percent had more than half of their household financial assets in mutual funds. Among mutual fund–owning households with financial assets of \$250,000 or more, 52 percent reported that the household purchased its first fund before 1990, and 48 percent reported that the household bought its first fund in 1990 or later.

The median number of mutual funds owned by mutual fund–owning households in this asset group was six (Figure 8.6). Twenty-four percent of households in this asset group owned three or fewer funds and 76 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 62 percent owned funds purchased from multiple sources.

Sixty-six percent of mutual fund–owning households with financial assets of \$250,000 or more owned funds through employer-sponsored retirement plans (Figure 8.7). In addition, 83 percent owned funds outside these plans, with 67 percent owning sales force–distributed funds and 40 percent owning direct-marketed funds. Forty-five percent of mutual fund–owning households in this group considered the sales force channel to be their primary source for purchasing mutual funds. Fifty-five percent of mutual fund–owning households with financial assets of \$250,000 or more reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of mutual fund–owning households with financial assets of \$250,000 or more indicated that saving for retirement was one of their household’s financial goals, and 76 percent listed saving for retirement as their household’s primary financial goal (Figure 8.8). Fifty-four percent reported that reducing their taxable income was one of their household’s financial goals. Sixty-six percent of mutual fund–owning households in this asset group held funds in employer-sponsored retirement plans, and 65 percent owned funds inside IRAs. Seventy-six percent of mutual fund–owning households with financial assets of \$250,000 or more were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Thirty-five percent of mutual fund–owning households with financial assets of \$250,000 or more were willing to take substantial or above-average risk for similar levels of financial gain (Figure 8.9). Fifty-one percent were willing to take average risk for average gain. Fourteen percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 8.2

**HEAD OF HOUSEHOLD CHARACTERISTICS BY HOUSEHOLD FINANCIAL ASSETS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS,<sup>1</sup> 2009

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Age of household sole or co-decisionmaker for saving and investing</b>				
Younger than 35	44	32	13	5
35 to 44	29	26	26	20
45 to 54	14	24	31	31
55 to 64	7	12	18	25
65 or older	6	6	12	19
Median	37 years	41 years	48 years	53 years
Mean	40 years	43 years	49 years	54 years
<b>Education level</b>				
High school graduate or less	36	20	21	18
Some college or associate's degree	31	34	32	23
Completed four years of college	19	20	21	24
Some graduate school	4	6	7	6
Completed graduate school	10	20	19	29
<b>Marital status</b>				
Married or living with a partner	74	70	72	82
Single	14	15	11	6
Divorced or separated	7	11	10	7
Widowed	5	4	7	5
<b>Household investment decisionmaker</b>				
Male is sole decisionmaker	21	13	20	24
Female is sole decisionmaker	19	23	22	13
Co-decisionmakers	60	64	58	63
<b>Ethnic background<sup>2</sup></b>				
Caucasian	86	85	92	92
African-American	6	8	3	3
Hispanic	4	10	3	6
Asian	1	4	3	1
Other	6	2	2	3

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

<sup>2</sup>Multiple responses are included.

FIGURE 8.3

**EMPLOYMENT STATUS AND INCOME BY HOUSEHOLD FINANCIAL ASSETS**PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS,<sup>1</sup> 2009

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Employment status<sup>2</sup></b>				
Employed full-time	68	69	67	65
Not retired	68	67	65	62
Retired from lifetime occupation	(*)	2	2	3
Employed part-time	10	7	7	7
Not retired	8	5	5	5
Retired from lifetime occupation	2	2	2	2
Not employed	22	24	26	28
Not retired	14	11	9	5
Retired from lifetime occupation	8	13	17	23
<b>Total household income<sup>3</sup></b>				
Less than \$25,000	12	8	4	2
\$25,000 to \$34,999	8	5	4	2
\$35,000 to \$49,999	27	10	10	5
\$50,000 to \$74,999	22	27	25	12
\$75,000 to \$99,999	20	22	16	17
\$100,000 to \$149,999	8	24	30	28
\$150,000 to \$249,999	3	4	10	23
\$250,000 or more	(*)	0	1	11
Median	\$50,000	\$73,000	\$80,000	\$110,000
Mean	\$59,300	\$76,100	\$90,300	\$145,400

<sup>1</sup>Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.<sup>2</sup>Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).<sup>3</sup>Total reported is household income before taxes in 2008.

(\*) = less than 0.5 percent

FIGURE 8.4

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY HOUSEHOLD FINANCIAL ASSETS**PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS,<sup>1</sup> 2009

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Total household financial assets<sup>1</sup></b>				
Less than \$25,000	53	0	0	0
\$25,000 to \$49,999	47	0	0	0
\$50,000 to \$74,999	0	66	0	0
\$75,000 to \$99,999	0	34	0	0
\$100,000 to \$249,999	0	0	100	0
\$250,000 to \$499,999	0	0	0	43
\$500,000 to \$999,999	0	0	0	37
\$1 million or more	0	0	0	20
Median	\$20,000	\$65,000	\$150,000	\$500,000
Mean	\$21,900	\$67,300	\$152,000	\$788,400
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>				
Certificates of deposit	15	23	37	45
Individual stocks, individual bonds, or annuities (total)	33	56	59	77
Individual stocks	21	38	41	56
Individual bonds (excluding U.S. savings bonds)	4	8	12	22
Fixed or variable annuities	15	22	24	40
Investment real estate	9	13	23	49
Closed-end funds	1	1	2	5
Exchange-traded funds	2	3	6	7
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>				
Household owned employer-sponsored retirement plan accounts (total)	83	82	86	79
DC retirement plan accounts (total)	79	81	84	75
401(k) plan account	69	65	72	61
403(b), state, local, or federal government plan account	23	33	37	32
Employer-sponsored IRA <sup>3</sup>	9	12	14	17
<b>Household ownership of IRAs<sup>2</sup></b>				
Household owned IRA (total)	49	57	65	76
Traditional IRA or Roth IRA	42	56	60	72
Employer-sponsored IRA <sup>3</sup>	9	12	14	17
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>				
Household owned education-targeted savings program account (total)	11	18	15	26
Coverdell education savings account	8	13	10	16
529 prepaid tuition or college savings plan account (total)	8	9	9	19
529 savings plan	7	9	7	17
529 prepaid tuition plan	2	1	3	4

<sup>1</sup>Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.<sup>2</sup>Multiple responses are included.<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 8.5

**MUTUAL FUND INVESTING BY HOUSEHOLD FINANCIAL ASSETS**PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS,<sup>1</sup> 2009

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Total household mutual fund assets</b>				
Less than \$5,000	10	1	1	1
\$5,000 to \$9,999	22	3	1	1
\$10,000 to \$19,999	33	5	2	2
\$20,000 to \$29,999	18	9	3	1
\$30,000 to \$49,999	17	24	7	4
\$50,000 to \$74,999	0	43	15	2
\$75,000 to \$99,999	0	15	15	4
\$100,000 to \$249,999	0	0	56	26
\$250,000 or more	0	0	0	59
Median	\$15,000	\$50,000	\$100,000	\$300,000
Mean	\$16,300	\$48,700	\$103,700	\$393,400
<b>Percent allocation of household financial assets to mutual funds</b>				
25% or less	7	8	11	24
Between 26% and 50%	16	17	20	22
Between 51% and 75%	21	25	23	20
More than 75%	56	50	46	34
<b>Types of mutual funds owned<sup>2</sup></b>				
Equity funds	70	69	77	86
Hybrid funds	33	44	42	53
Bond funds	40	44	44	58
Money market funds	51	51	60	72
Other fund type specified	4	4	5	7
<b>Mutual fund transaction activity in the previous 12 months<sup>3</sup></b>				
Conducted mutual fund transactions	32	33	34	45
<b>Year of initial mutual fund purchase</b>				
Before 1990	13	19	31	52
Between 1990 and 1994	10	9	28	19
Between 1995 and 1999	18	26	26	17
2000 or later	59	46	15	12
Median	2001	1999	1993	1989
Mean	1999	1997	1992	1987

<sup>1</sup>Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.<sup>2</sup>Multiple responses are included.<sup>3</sup>Mutual 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 SOURCES USED BY HOUSEHOLD FINANCIAL ASSETS

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Total number of mutual funds owned</b>				
<i>Percentage of U.S. households owning mutual funds by household financial assets,<sup>1</sup> 2009</i>				
One	28	16	9	6
Two	22	20	15	9
Three	14	16	17	9
Four	7	12	8	10
Five to six	10	21	18	19
Seven to ten	14	11	21	23
Eleven or more	5	4	12	24
Median	2 funds	3 funds	5 funds	6 funds
Mean	4 funds	4 funds	6 funds	9 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans<sup>2</sup></b>				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by household financial assets,<sup>1</sup> 2009</i>				
One	43	32	43	38
Two	28	34	37	30
Three	18	20	14	20
Four or more	11	14	6	12
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

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

<sup>2</sup>Purchase sources 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

**SOURCES USED TO PURCHASE MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS**PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS,<sup>1</sup> 2009

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Source of mutual fund ownership</b>				
Only inside employer-sponsored retirement plan	50	40	33	17
Only outside employer-sponsored retirement plan	27	33	29	34
Both inside and outside employer-sponsored retirement plan	23	27	38	49
<b>Purchase sources through which funds are currently owned<sup>2</sup></b>				
Inside employer-sponsored retirement plans (total)	73	67	71	66
Inside DC retirement plans (total)	69	65	67	62
401(k) plan	62	51	57	52
403(b), state, local, or federal government plan	14	18	23	19
Inside employer-sponsored IRA <sup>3</sup>	7	6	10	12
Outside employer-sponsored retirement plans (total)	50	60	67	83
Sales force (total)	33	49	50	67
Full-service broker	13	27	24	41
Independent financial planner	12	25	20	31
Bank or savings institution representative	15	19	14	21
Insurance agent	5	8	11	12
Accountant	3	11	5	6
Direct market (total)	19	28	30	40
Mutual fund company directly	12	16	19	26
Discount broker	13	17	15	24
<b>Primary mutual fund purchase source</b>				
Inside employer-sponsored retirement plans	71	61	60	45
Outside employer-sponsored retirement plans	29	39	40	55
Sales force	19	32	28	45
Full-service broker	5	10	10	21
Independent financial planner	6	9	9	15
Bank or savings institution representative	7	10	5	6
Insurance agent	1	2	3	2
Accountant	0	1	1	1
Direct market	10	7	12	10
Mutual fund company directly	4	1	9	6
Discount broker	6	6	3	4
<b>Source of first mutual fund purchase</b>				
Inside employer-sponsored retirement plan	71	67	68	55
Outside employer-sponsored retirement plan	29	33	32	45

<sup>1</sup>Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.<sup>2</sup>Multiple responses are included.<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 8.8

**FINANCIAL GOALS BY HOUSEHOLD FINANCIAL ASSETS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS,<sup>1</sup> 2009

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Financial goals for mutual fund investments<sup>2</sup></b>				
Retirement	94	97	95	96
Reduce taxable income	37	49	52	54
Emergency	39	42	42	48
Education	27	30	26	31
Current income	17	19	14	25
House or other large item	17	12	9	9
Other	4	3	4	5
<b>Primary financial goal for mutual fund investments</b>				
Retirement	72	82	81	76
Reduce taxable income	3	2	3	3
Emergency	6	5	5	6
Education	10	3	6	6
Current income	5	4	3	5
House or other large item	3	4	1	2
Other	1	0	1	2
<b>Level of confidence that mutual funds are an investment that can help the household meet financial goals</b>				
Very confident	19	17	18	22
Somewhat confident	53	62	57	54
Not very confident	21	14	18	16
Not at all confident	7	7	7	8
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>2</sup></b>				
Inside employer-sponsored retirement plans (total)	73	67	71	66
Inside DC retirement plans (total)	69	65	67	62
401(k) plan	62	51	57	52
403(b), state, local, or federal government plan	14	18	23	19
Inside employer-sponsored IRA <sup>3</sup>	7	6	10	12
<b>Ownership of mutual funds in IRAs<sup>2</sup></b>				
Have IRA invested in mutual funds (total)	36	39	49	65
Traditional IRA or Roth IRA	31	36	44	61
Employer-sponsored IRA <sup>3</sup>	7	6	10	12

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

<sup>2</sup>Multiple responses are included.

<sup>3</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 8.9

**VIEWS ON INVESTMENT RISK BY HOUSEHOLD FINANCIAL ASSETS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS,\* 2009

	Household financial assets*			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Level of risk willing to take with financial investments</b>				
Substantial risk for substantial gain	4	8	4	4
Above-average risk for above-average gain	23	21	31	31
Average risk for average gain	47	56	47	51
Below-average risk for below-average gain	13	11	7	9
Unwilling to take any risk	13	4	11	5

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



## Mutual Fund Shareholders by Risk Tolerance

In 2009, 30 percent of mutual fund–owning households in the United States were willing to take substantial or above-average risk for similar levels of financial gain (Figure 9.1). Those willing to take average risk for average financial gain—the largest group—accounted for half of all mutual fund–owning households. Twenty percent of shareholders described themselves as willing to take below-average risk for below-average financial gain or unwilling to take any financial risk.

### Willing to Take Substantial or Above-Average Risk

Among mutual fund–owning households willing to take substantial or above-average risk for similar levels of financial gain, the median age of the head of household was 45—the youngest of any of the risk groups (Figure 9.2). Fifty-five percent of these individuals had college or postgraduate degrees and 79 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 58 percent of these households.

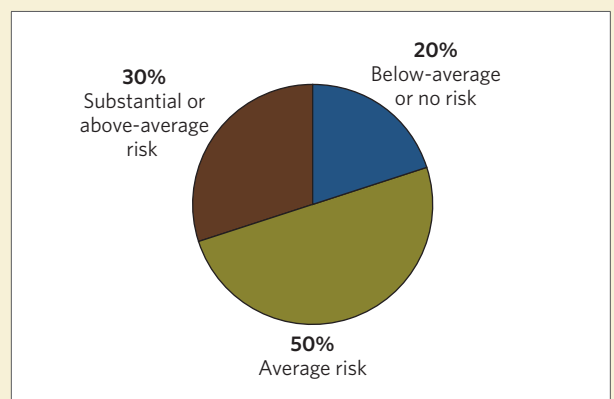
Eighty-four percent of mutual fund–owning household heads in this risk group were employed full- or part-time, and 11 percent were retired from their lifetime occupations (Figure 9.3). The median household income in this group was \$90,000. Fifteen percent of households in this group had incomes of less than \$50,000, 18 percent had incomes between \$50,000 and \$74,999, and 67 percent had incomes of \$75,000 or more.

Among mutual fund–owning households willing to take substantial or above-average risk for similar levels of financial gain, median household financial assets were \$175,000 (Figure 9.4). These households had a variety of

FIGURE 9.1

### MUTUAL FUND SHAREHOLDERS BY RISK TOLERANCE

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009



savings and investments. Thirty-two percent of mutual fund–owning households in this risk group owned certificates of deposit, 52 percent owned individual stocks, and 12 percent owned individual bonds.

Mutual fund–owning households willing to take substantial or above-average risk for similar levels of financial gain had median mutual fund holdings of \$100,000 (Figure 9.5). Eighty-six percent of these households owned equity funds, 49 percent owned hybrid funds, 52 percent held bond funds, and 63 percent owned money market funds. Sixty-nine percent had more than half of their household financial assets in mutual funds. Fifty-two percent of mutual fund–owning households willing to take substantial or above-average risk for similar levels of financial gain reported that the household purchased its first fund before 1995.

The median number of mutual funds owned by mutual fund–owning households in this risk group was six (Figure 9.6). Twenty-eight percent owned three or fewer funds and 72 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 68 percent owned funds purchased from multiple sources.

Seventy-six percent of mutual fund–owning households willing to take substantial or above-average risk for similar levels of financial gain owned funds through employer-sponsored retirement plans (Figure 9.7). Seventy percent owned funds outside employer-sponsored retirement plans: 51 percent owned sales force–distributed funds and 37 percent owned direct-marketed funds. Fifty-nine percent of mutual fund–owning households in this risk group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-four percent of mutual fund–owning households willing to take substantial or above-average risk for similar levels of financial gain reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of mutual fund–owning households willing to take substantial or above-average risk for similar levels of financial gain indicated that saving for retirement was one of their household’s financial goals, and 83 percent listed saving for retirement as their household’s primary financial goal (Figure 9.8). Seventy-six percent of mutual fund–owning households in this risk group held funds in employer-sponsored retirement plans, and 53 percent owned funds inside IRAs. Seventy-nine percent of mutual fund–owning households willing to take substantial or above-average risk for similar levels of financial gain were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Among mutual fund–owning households willing to take substantial or above-average risk for similar levels of financial gain, 15 percent were willing to take substantial financial risk for substantial financial gain (Figure 9.9). Eighty-five percent were willing to take above-average financial risk for above-average financial gain.

## Willing to Take Average Risk

Among mutual fund–owning households willing to take average risk for average financial gain, the median age of the head of household was 50 (Figure 9.2). Forty-eight percent of these individuals had college or postgraduate degrees and 77 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 65 percent of these households.

Seventy-three percent of mutual fund–owning household heads in this risk group were employed full- or part-time, and 24 percent were retired from their lifetime occupations (Figure 9.3). The median household income in this group was \$80,000. Twenty-one percent of households in this group had incomes of less than \$50,000, and 21 percent had incomes between \$50,000 and \$74,999. Fifty-eight percent of mutual fund–owning households in this risk group had incomes of \$75,000 or more.

Among mutual fund–owning households willing to take average risk for average financial gain, median household financial assets were \$148,000 (Figure 9.4). These households typically had other investments. Thirty-four percent of mutual fund–owning households in this risk group owned certificates of deposit, 42 percent owned individual stocks, and 15 percent owned individual bonds.

Mutual fund–owning households willing to take average risk for average financial gain had median mutual fund holdings of \$75,000 (Figure 9.5). Seventy-seven percent of these households owned equity funds, 41 percent owned hybrid funds, half owned bond funds, and 62 percent owned money market funds. Sixty-seven percent had more than half of their household financial assets in mutual funds. Fifty-three percent of mutual fund–owning households willing to take average risk for average financial gain reported that the household purchased its first fund before 1995.

The median number of mutual funds owned by mutual fund–owning households in this risk group was four (Figure 9.6). Forty-four percent owned three or fewer funds and 56 percent owned four or more. Among households in this risk group that owned mutual funds outside employer-sponsored retirement plans, 59 percent owned funds purchased from multiple sources.

Sixty-five percent of mutual fund–owning households willing to take average risk for average financial gain owned funds through employer-sponsored retirement plans (Figure 9.7). In addition, 71 percent owned funds outside these plans, with 58 percent owning sales force–distributed funds and 28 percent owning direct-marketed funds. Fifty-two percent of mutual fund–owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-two percent of mutual fund–owning households willing to take average risk for average financial gain reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-five percent of mutual fund–owning households willing to take average risk for average financial gain indicated that saving for retirement was one of their household’s financial goals, and 76 percent listed saving for retirement as their household’s primary financial goal (Figure 9.8). Sixty-five percent of mutual fund–owning households in this risk group held funds in employer-sponsored retirement plans, and 54 percent owned funds inside IRAs. Seventy-eight percent of mutual fund–owning households willing to take average risk for average financial gain were confident that mutual funds were an investment that could help them meet their household’s financial goals.

### **Willing to Take Below-Average or No Financial Risk**

Among mutual fund–owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk, the median age of the head of household was 55—the oldest of any of the risk groups (Figure 9.2). Thirty-four percent of these individuals had college or postgraduate degrees and 68 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 57 percent of these households.

Sixty percent of mutual fund–owning household heads in this risk group were employed full- or part-time (Figure 9.3). Thirty-six percent were retired from their lifetime occupations—the highest percentage of any of the risk groups. The median household income in this group was \$60,000. Forty percent of households in this risk group had incomes of less than \$50,000, 25 percent had household incomes between \$50,000 and \$74,999, and 35 percent had incomes of \$75,000 or more.

Among mutual fund–owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk, median household financial assets were \$120,000 (Figure 9.4). These households had a variety of savings and investments. Thirty-six percent of mutual fund–owning households in this risk group owned certificates of deposit, 29 percent owned individual stocks, and 13 percent owned individual bonds.

Mutual fund–owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk had median mutual fund holdings of \$50,000 (Figure 9.5). Sixty-three percent of these households owned equity funds, 31 percent owned hybrid funds, 40 percent owned bond funds, and 70 percent owned money market funds. Fifty-eight percent had more than half of their household financial assets in mutual funds. Forty-five percent of mutual fund–owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk reported that the household purchased its first fund before 1990, and 42 percent reported that the household bought its first fund in 1995 or later.

The median number of mutual funds owned by mutual fund–owning households in this risk group was three (Figure 9.6). Sixty-one percent owned three or fewer funds and 39 percent owned four or more. Among households in this risk group that owned mutual funds outside employer-sponsored retirement plans, 65 percent owned funds purchased from multiple sources.



Sixty-one percent of mutual fund–owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk owned funds through employer-sponsored retirement plans (Figure 9.7). In addition, 65 percent owned funds outside these plans, with 54 percent owning sales force–distributed funds and 26 percent owning direct-marketed funds. Fifty-four percent of mutual fund–owning households in this risk group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-seven percent of mutual fund–owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety percent of mutual fund–owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk indicated that saving for retirement was one of their household’s financial goals, and 67 percent listed saving for retirement as their household’s primary financial goal (Figure 9.8). Sixty-one percent of mutual fund–owning households in this risk group held funds in employer-sponsored retirement plans, and 45 percent owned funds inside IRAs. Fifty-four percent of mutual fund–owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Households in this risk group were evenly split between those willing to take below-average financial risk and those unwilling to take financial risk (Figure 9.9).

FIGURE 9.2

**HEAD OF HOUSEHOLD CHARACTERISTICS BY RISK TOLERANCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY RISK TOLERANCE, 2009

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Age of household sole or co-decisionmaker for saving and investing</b>			
Younger than 35	19	16	14
35 to 44	30	21	11
45 to 54	30	27	22
55 to 64	14	19	25
65 or older	7	17	28
Median	45 years	50 years	55 years
Mean	45 years	50 years	55 years
<b>Education level</b>			
High school graduate or less	17	25	33
Some college or associate's degree	28	27	33
Completed four years of college	24	22	16
Some graduate school	8	5	4
Completed graduate school	23	21	14
<b>Marital status</b>			
Married or living with a partner	79	77	68
Single	11	9	10
Divorced or separated	8	8	9
Widowed	2	6	13
<b>Household investment decisionmaker</b>			
Male is sole decisionmaker	27	18	14
Female is sole decisionmaker	15	17	29
Co-decisionmakers	58	65	57
<b>Ethnic background*</b>			
Caucasian	91	89	86
African-American	5	4	8
Hispanic	4	5	7
Asian	2	2	1
Other	2	5	3

\*Multiple responses are included.

FIGURE 9.3

**EMPLOYMENT STATUS AND INCOME BY RISK TOLERANCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY RISK TOLERANCE, 2009

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Employment status<sup>1</sup></b>			
Employed full-time	78	64	49
Not retired	76	62	48
Retired from lifetime occupation	2	2	1
Employed part-time	6	9	11
Not retired	5	6	7
Retired from lifetime occupation	1	3	4
Not employed	16	27	40
Not retired	8	8	9
Retired from lifetime occupation	8	19	31
<b>Total household income<sup>2</sup></b>			
Less than \$25,000	2	5	12
\$25,000 to \$34,999	3	5	9
\$35,000 to \$49,999	10	11	19
\$50,000 to \$74,999	18	21	25
\$75,000 to \$99,999	19	21	14
\$100,000 to \$149,999	24	23	14
\$150,000 to \$249,999	18	11	5
\$250,000 or more	6	3	2
Median	\$90,000	\$80,000	\$60,000
Mean	\$118,800	\$94,800	\$73,100

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

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

FIGURE 9.4

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY RISK TOLERANCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY RISK TOLERANCE, 2009

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Total household financial assets<sup>1</sup></b>			
Less than \$25,000	7	13	22
\$25,000 to \$49,999	13	10	11
\$50,000 to \$74,999	9	10	7
\$75,000 to \$99,999	4	6	5
\$100,000 to \$249,999	26	23	25
\$250,000 to \$499,999	16	17	13
\$500,000 to \$999,999	15	15	9
\$1 million or more	10	6	8
Median	\$175,000	\$148,000	\$120,000
Mean	\$391,800	\$318,300	\$344,800
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>			
Certificates of deposit	32	34	36
Individual stocks, individual bonds, or annuities (total)	64	61	50
Individual stocks	52	42	29
Individual bonds (excluding U.S. savings bonds)	12	15	13
Fixed or variable annuities	26	29	29
Investment real estate	31	28	30
Closed-end funds	3	3	2
Exchange-traded funds	10	4	1
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>			
Household owned employer-sponsored retirement plan accounts (total)	88	82	72
DC retirement plan accounts (total)	84	79	69
401(k) plan account	72	66	52
403(b), state, local, or federal government plan account	31	31	34
Employer-sponsored IRA <sup>3</sup>	16	15	13
<b>Household ownership of IRAs<sup>2</sup></b>			
Household owned IRA (total)	66	69	64
Traditional IRA or Roth IRA	63	65	58
Employer-sponsored IRA <sup>3</sup>	16	15	13
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>			
Household owned education-targeted savings program account (total)	25	16	10
Coverdell education savings account	17	10	7
529 prepaid tuition or college savings plan account (total)	16	11	5
529 savings plan	14	9	4
529 prepaid tuition plan	3	3	1

<sup>1</sup>Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.<sup>2</sup>Multiple responses are included.<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 9.5

**MUTUAL FUND INVESTING BY RISK TOLERANCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY RISK TOLERANCE, 2009

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Total household mutual fund assets</b>			
Less than \$5,000	1	2	7
\$5,000 to \$9,999	4	6	12
\$10,000 to \$19,999	6	10	10
\$20,000 to \$29,999	7	5	10
\$30,000 to \$49,999	11	12	10
\$50,000 to \$74,999	11	13	8
\$75,000 to \$99,999	8	8	5
\$100,000 to \$249,999	29	22	17
\$250,000 or more	23	22	21
Median	\$100,000	\$75,000	\$50,000
Mean	\$204,900	\$167,300	\$168,100
<b>Percent allocation of household financial assets to mutual funds</b>			
25% or less	13	13	22
Between 26% and 50%	18	20	20
Between 51% and 75%	25	22	15
More than 75%	44	45	43
<b>Types of mutual funds owned<sup>1</sup></b>			
Equity funds	86	77	63
Hybrid funds	49	41	31
Bond funds	52	50	40
Money market funds	63	62	70
Other fund type specified	7	4	3
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>			
Conducted mutual fund transactions	49	34	24
<b>Year of initial mutual fund purchase</b>			
Before 1990	35	36	45
Between 1990 and 1994	17	17	13
Between 1995 and 1999	26	19	20
2000 or later	22	28	22
Median	1994	1993	1991
Mean	1992	1992	1990

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

<sup>2</sup>Mutual 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 9.6

## NUMBER OF FUNDS OWNED AND PURCHASE SOURCES USED BY RISK TOLERANCE

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Total number of mutual funds owned</b>			
<i>Percentage of U.S. households owning mutual funds by risk tolerance, 2009</i>			
One	7	12	30
Two	9	17	19
Three	12	15	12
Four	8	9	12
Five to six	21	18	10
Seven to ten	23	17	9
Eleven or more	20	12	8
Median	6 funds	4 funds	3 funds
Mean	8 funds	6 funds	4 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans*</b>			
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by risk tolerance, 2009</i>			
One	32	41	35
Two	39	31	31
Three	19	17	21
Four or more	10	11	13
Median	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources

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

FIGURE 9.7

**SOURCES USED TO PURCHASE MUTUAL FUNDS BY RISK TOLERANCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY RISK TOLERANCE, 2009

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Source of mutual fund ownership</b>			
Only inside employer-sponsored retirement plan	30	29	35
Only outside employer-sponsored retirement plan	24	35	39
Both inside and outside employer-sponsored retirement plan	46	36	26
<b>Purchase sources through which funds are currently owned<sup>1</sup></b>			
Inside employer-sponsored retirement plans (total)	76	65	61
Inside DC retirement plans (total)	71	63	55
401(k) plan	62	53	43
403(b), state, local, or federal government plan	19	19	19
Inside employer-sponsored IRA <sup>2</sup>	10	9	8
Outside employer-sponsored retirement plans (total)	70	71	65
Sales force (total)	51	58	54
Full-service broker	26	32	28
Independent financial planner	25	28	22
Bank or savings institution representative	16	19	24
Insurance agent	10	11	10
Accountant	7	5	6
Direct market (total)	37	28	26
Mutual fund company directly	25	17	18
Discount broker	22	16	13
<b>Primary mutual fund purchase source</b>			
Inside employer-sponsored retirement plans	59	52	54
Outside employer-sponsored retirement plans	41	48	46
Sales force	29	39	38
Full-service broker	11	14	12
Independent financial planner	10	15	8
Bank or savings institution representative	5	7	14
Insurance agent	2	2	3
Accountant	1	1	1
Direct market	12	9	8
Mutual fund company directly	6	4	7
Discount broker	6	5	1
<b>Source of first mutual fund purchase</b>			
Inside employer-sponsored retirement plan	64	62	57
Outside employer-sponsored retirement plan	36	38	43

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 9.8

**FINANCIAL GOALS BY RISK TOLERANCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY RISK TOLERANCE, 2009

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Financial goals for mutual fund investments<sup>1</sup></b>			
Retirement	97	95	90
Reduce taxable income	52	51	41
Emergency	42	46	54
Education	29	27	20
Current income	15	20	29
House or other large item	12	11	9
Other	8	4	3
<b>Primary financial goal for mutual fund investments</b>			
Retirement	83	76	67
Reduce taxable income	2	3	2
Emergency	3	6	11
Education	5	7	6
Current income	2	5	10
House or other large item	2	2	2
Other	3	1	2
<b>Level of confidence that mutual funds are an investment that can help the household meet financial goals</b>			
Very confident	26	17	7
Somewhat confident	53	61	47
Not very confident	12	17	31
Not at all confident	9	5	15
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>			
Inside employer-sponsored retirement plans (total)	76	65	61
Inside DC retirement plans (total)	71	63	55
401(k) plan	62	53	43
403(b), state, local, or federal government plan	19	19	19
Inside employer-sponsored IRA <sup>2</sup>	10	9	8
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>			
Have IRA invested in mutual funds (total)	53	54	45
Traditional IRA or Roth IRA	50	51	41
Employer-sponsored IRA <sup>2</sup>	10	9	8

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.



FIGURE 9.9

**VIEWS ON INVESTMENT RISK BY RISK TOLERANCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY RISK TOLERANCE, 2009

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Level of risk willing to take with financial investments</b>			
Substantial risk for substantial gain	15	0	0
Above-average risk for above-average gain	85	0	0
Average risk for average gain	0	100	0
Below-average risk for below-average gain	0	0	50
Unwilling to take any risk	0	0	50

## Mutual Fund Shareholders by Year of Initial Mutual Fund Purchase

In 2009, 38 percent of mutual fund–owning households in the United States reported that the household purchased its first mutual fund before 1990, and 16 percent reported that the household purchased its first mutual fund between 1990 and 1994 (Figure 10.1). Another 21 percent reported that the household purchased its first mutual fund between 1995 and 1999, and 25 percent reported that the household purchased its first mutual fund in 2000 or later.

### Initial Mutual Fund Purchase Before 1990

Among mutual fund–owning households whose initial mutual fund purchase was before 1990, the median age of the head of household was 56—the oldest of any of the initial purchase groups (Figure 10.2). Forty-seven percent of these individuals had college or postgraduate degrees and 72 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 56 percent of these households.

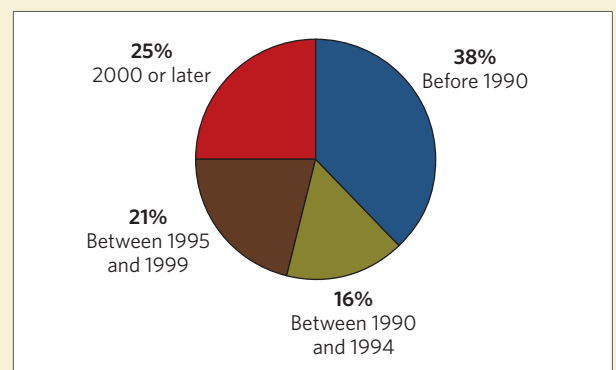
Sixty-six percent of mutual fund–owning household heads in this initial purchase group were employed full- or part-time, and 35 percent were retired from their lifetime occupations (Figure 10.3). The median household income in this group was \$83,000. Twenty-one percent of households in this group had incomes of less than \$50,000, 20 percent had incomes between \$50,000 and \$74,999, and 59 percent had incomes of \$75,000 or more.

Among mutual fund–owning households whose initial mutual fund purchase was before 1990, median household financial assets were \$350,000 (Figure 10.4). These households had a variety of savings and investments. Forty-five percent of mutual fund–owning households in this initial purchase group owned certificates of deposit, half owned individual stocks, and 18 percent owned individual bonds.

FIGURE 10.1

### MUTUAL FUND SHAREHOLDERS BY YEAR OF INITIAL MUTUAL FUND PURCHASE

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2009



Mutual fund–owning households whose initial mutual fund purchase was before 1990 had median mutual fund holdings of \$200,000 (Figure 10.5). Eighty percent of these households owned equity funds, 46 percent owned hybrid funds, 57 percent held bond funds, and 70 percent owned money market funds. Sixty-nine percent had more than half of their household financial assets in mutual funds.

The median number of mutual funds owned by mutual fund–owning households in this initial purchase group was six (Figure 10.6). Thirty-one percent owned three or fewer funds and 69 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 62 percent owned funds purchased from multiple sources.

Sixty-six percent of mutual fund–owning households whose initial mutual fund purchase was before 1990 owned funds through employer-sponsored retirement plans (Figure 10.7). Seventy-eight percent owned funds outside employer-sponsored retirement plans: 64 percent owned sales force–distributed funds and 34 percent owned direct-marketed funds. Forty-six percent of mutual fund–owning households in this initial purchase group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-six percent of mutual fund–owning households whose initial mutual fund purchase was before 1990 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-five percent of mutual fund–owning households whose initial mutual fund purchase was before 1990 indicated that saving for retirement was one of their household’s financial goals, and 75 percent listed saving for retirement as their household’s primary financial goal (Figure 10.8). Sixty-six percent of mutual fund–owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 61 percent owned funds inside IRAs. Sixty-nine percent of mutual fund–owning households whose initial mutual fund purchase was before 1990 were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Twenty-nine percent of mutual fund–owning households whose initial mutual fund purchase was before 1990 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 10.9). Forty-eight percent were willing to take average financial risk for average financial gain. Twenty-three percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## Initial Mutual Fund Purchase Between 1990 and 1994

Among mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994, the median age of the head of household was 48 (Figure 10.2). Fifty-three percent of these individuals had college or postgraduate degrees and 77 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 63 percent of these households.

Seventy-seven percent of mutual fund–owning household heads in this initial purchase group were employed full- or part-time, and 20 percent were retired from their lifetime occupations (Figure 10.3). The median household income in this group was \$94,000. Seventeen percent of households in this group had incomes of less than \$50,000, and 19 percent had incomes between \$50,000 and \$74,999. Sixty-four percent of mutual fund–owning households in this initial purchase group had incomes of \$75,000 or more.

Among mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994, median household financial assets were \$190,000 (Figure 10.4). These households typically had other investments. Thirty-two percent of mutual fund–owning households in this initial purchase group owned certificates of deposit, 48 percent owned individual stocks, and 15 percent owned individual bonds.

Mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994 had median mutual fund holdings of \$100,000 (Figure 10.5). Eighty percent of these households owned equity funds, 47 percent owned hybrid funds, 47 percent owned bond funds, and 62 percent owned money market funds. Sixty-seven percent had more than half of their household financial assets in mutual funds.

The median number of mutual funds owned by mutual fund–owning households in this initial purchase group was five (Figure 10.6). Thirty-six percent owned three or fewer funds and 64 percent owned four or more. Among households in this initial purchase group that owned mutual funds outside employer-sponsored retirement plans, 64 percent owned funds purchased from multiple sources.

Sixty-seven percent of mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994 owned funds through employer-sponsored retirement plans (Figure 10.7). In addition, 74 percent owned funds outside these plans, with 59 percent owning sales force–distributed funds and 36 percent owning direct-marketed funds. Fifty-four percent of mutual fund–owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-two percent of mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994 indicated that saving for retirement was one of their household’s financial goals, and 86 percent listed saving for retirement as their household’s primary financial goal (Figure 10.8). Sixty-seven percent of mutual fund–owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 58 percent owned funds inside IRAs. Seventy-six percent of mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994 were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Thirty-three percent of mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 10.9). Fifty-two percent were willing to take average financial risk for average financial gain. Fifteen percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## Initial Mutual Fund Purchase Between 1995 and 1999

Among mutual fund–owning households whose initial mutual fund purchase was between 1995 and 1999, the median age of the head of household was 43 (Figure 10.2). Fifty-one percent of these individuals had college or postgraduate degrees and 80 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 67 percent of these households.

Eighty-one percent of mutual fund–owning household heads in this initial purchase group were employed full- or part-time, and 13 percent were retired from their lifetime occupations (Figure 10.3). The median household income in this group was \$85,000. Twenty-two percent of households in this initial purchase group had incomes of less than \$50,000, 17 percent had household incomes between \$50,000 and \$74,999, and 61 percent had incomes of \$75,000 or more.

Among mutual fund–owning households whose initial mutual fund purchase was between 1995 and 1999, median household financial assets were \$130,000 (Figure 10.4). These households had a variety of savings and investments. Thirty-two percent of mutual fund–owning households in this initial purchase group owned certificates of deposit, 40 percent owned individual stocks, and 12 percent owned individual bonds.

Mutual fund–owning households whose initial mutual fund purchase was between 1995 and 1999 had median mutual fund holdings of \$70,000 (Figure 10.5). Eighty-two percent of these households owned equity funds, 46 percent owned hybrid funds, 51 percent owned bond funds, and 67 percent owned money market funds. Sixty-five percent had more than half of their household financial assets in mutual funds.

The median number of mutual funds owned by mutual fund-owning households in this initial purchase group was four (Figure 10.6). Forty-four percent owned three or fewer funds and 56 percent owned four or more. Among households in this initial purchase group that owned mutual funds outside employer-sponsored retirement plans, 61 percent owned funds purchased from multiple sources.

Seventy-three percent of mutual fund-owning households whose initial mutual fund purchase was between 1995 and 1999 owned funds through employer-sponsored retirement plans (Figure 10.7). In addition, 71 percent owned funds outside these plans, with 54 percent owning sales force-distributed funds and 32 percent owning direct-marketed funds. Fifty-nine percent of mutual fund-owning households in this initial purchase group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-five percent of mutual fund-owning households whose initial mutual fund purchase was between 1995 and 1999 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-three percent of mutual fund-owning households whose initial mutual fund purchase was between 1995 and 1999 indicated that saving for retirement was one of their household's financial goals, and 72 percent listed saving for retirement as their household's primary financial goal (Figure 10.8). Seventy-three percent of mutual fund-owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 53 percent owned funds inside IRAs. Seventy-five percent of mutual fund-owning households whose initial mutual fund purchase was between 1995 and 1999 were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-seven percent of mutual fund-owning households whose initial mutual fund purchase was between 1995 and 1999 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 10.9). Forty-four percent were willing to take average financial risk for average financial gain. Nineteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

## Initial Mutual Fund Purchase in 2000 or Later

Among mutual fund-owning households whose initial mutual fund purchase was in 2000 or later, the median age of the head of household was 35 (Figure 10.2). Forty-two percent of these individuals had college or postgraduate degrees. Eighty percent of household heads in this group were married or living with a partner. Investment decisionmaking was a shared responsibility in 65 percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later.

Seventy-nine percent of mutual fund-owning household heads in this initial purchase group were employed full- or part-time (Figure 10.3). Twelve percent were retired from their lifetime occupations. The median household income among households in this group was \$70,000. Thirty percent of households in this initial purchase group had incomes of less than \$50,000, and 24 percent had household incomes between \$50,000 and \$74,999. Forty-six percent of mutual fund-owning households in this initial purchase group had incomes of \$75,000 or more.

Among mutual fund-owning households whose initial mutual fund purchase was in 2000 or later, median household financial assets were \$50,000 (Figure 10.4). These households had a variety of savings and investments. Nineteen percent of mutual fund-owning households in this initial purchase group owned certificates of deposit, 32 percent owned individual stocks, and 5 percent owned individual bonds.

Mutual fund-owning households whose initial mutual fund purchase was in 2000 or later had median mutual fund holdings of \$25,000 (Figure 10.5). Seventy percent of these households owned equity funds, 31 percent owned hybrid funds, 38 percent owned bond funds, and 52 percent owned money market funds. Sixty-four percent had more than half of their household financial assets in mutual funds.

The median number of mutual funds owned by mutual fund-owning households in this initial purchase group was three (Figure 10.6). Fifty-eight percent of households in this initial purchase group owned three or fewer funds and 42 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 65 percent owned funds purchased from multiple sources.

Sixty-nine percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later owned funds through employer-sponsored retirement plans (Figure 10.7). In addition, 51 percent owned funds outside these plans, with 39 percent owning sales force-distributed funds and 21 percent owning direct-marketed funds.

Sixty-four percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-eight percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-five percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later indicated that saving for retirement was one of their household's financial goals, and 75 percent listed saving for retirement as their household's primary financial goal (Figure 10.8). Sixty-nine percent of mutual fund-owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 37 percent owned funds inside IRAs. Seventy-seven percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later were confident that mutual funds were an investment that could help them meet their household's financial goals.

Twenty-eight percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later were willing to take substantial or above-average risk for similar levels of financial gain (Figure 10.9). Fifty-five percent were willing to take average financial risk for average financial gain. Seventeen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 10.2

**HEAD OF HOUSEHOLD CHARACTERISTICS BY YEAR OF INITIAL MUTUAL FUND PURCHASE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY YEAR OF INITIAL MUTUAL FUND PURCHASE, 2009

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Age of household sole or co-decisionmaker for saving and investing</b>				
Younger than 35	1	3	22	48
35 to 44	10	34	32	25
45 to 54	33	33	28	14
55 to 64	30	17	10	8
65 or older	26	13	8	5
Median	56 years	48 years	43 years	35 years
Mean	57 years	50 years	45 years	39 years
<b>Education level</b>				
High school graduate or less	26	18	18	28
Some college or associate's degree	27	29	31	30
Completed four years of college	22	19	25	18
Some graduate school	5	8	6	6
Completed graduate school	20	26	20	18
<b>Marital status</b>				
Married or living with a partner	72	77	80	80
Single	9	9	8	12
Divorced or separated	11	9	7	5
Widowed	8	5	5	3
<b>Household investment decisionmaker</b>				
Male is sole decisionmaker	22	21	14	20
Female is sole decisionmaker	22	16	19	15
Co-decisionmakers	56	63	67	65
<b>Ethnic background*</b>				
Caucasian	94	93	85	82
African-American	4	3	8	6
Hispanic	4	1	3	10
Asian	(*)	3	3	1
Other	2	1	3	9

\*Multiple responses are included.

(\*) = less than 0.5 percent

FIGURE 10.3

**EMPLOYMENT STATUS AND INCOME BY YEAR OF INITIAL MUTUAL FUND PURCHASE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY YEAR OF INITIAL MUTUAL FUND PURCHASE, 2009

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Employment status<sup>1</sup></b>				
Employed full-time	56	69	73	71
Not retired	54	67	71	70
Retired from lifetime occupation	2	2	2	1
Employed part-time	10	8	8	8
Not retired	6	6	6	6
Retired from lifetime occupation	4	2	2	2
Not employed	34	23	19	21
Not retired	5	7	10	12
Retired from lifetime occupation	29	16	9	9
<b>Total household income<sup>2</sup></b>				
Less than \$25,000	6	4	3	7
\$25,000 to \$34,999	5	4	6	5
\$35,000 to \$49,999	10	9	13	18
\$50,000 to \$74,999	20	19	17	24
\$75,000 to \$99,999	20	17	20	20
\$100,000 to \$149,999	19	30	25	18
\$150,000 to \$249,999	15	13	13	7
\$250,000 or more	5	4	3	1
Median	\$83,000	\$94,000	\$85,000	\$70,000
Mean	\$104,200	\$107,900	\$100,400	\$82,400

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

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



FIGURE 10.4

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY YEAR OF INITIAL MUTUAL FUND PURCHASE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY YEAR OF INITIAL MUTUAL FUND PURCHASE, 2009

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Total household financial assets<sup>1</sup></b>				
Less than \$25,000	4	3	8	32
\$25,000 to \$49,999	5	10	14	18
\$50,000 to \$74,999	4	3	12	17
\$75,000 to \$99,999	4	4	5	5
\$100,000 to \$249,999	23	38	30	13
\$250,000 to \$499,999	21	20	16	9
\$500,000 to \$999,999	23	14	11	5
\$1 million or more	16	8	4	1
Median	\$350,000	\$190,000	\$130,000	\$50,000
Mean	\$590,600	\$317,800	\$271,200	\$139,900
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>				
Certificates of deposit	45	32	32	19
Individual stocks, individual bonds, or annuities (total)	69	67	58	46
Individual stocks	50	48	40	32
Individual bonds (excluding U.S. savings bonds)	18	15	12	5
Fixed or variable annuities	37	31	25	17
Investment real estate	39	30	28	15
Closed-end funds	6	3	1	1
Exchange-traded funds	7	5	3	4
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>				
Household owned employer-sponsored retirement plan accounts (total)	79	82	86	85
DC retirement plan accounts (total)	75	79	84	81
401(k) plan account	58	66	71	70
403(b), state, local, or federal government plan account	34	30	35	28
Employer-sponsored IRA <sup>3</sup>	17	12	15	13
<b>Household ownership of IRAs<sup>2</sup></b>				
Household owned IRA (total)	76	69	67	52
Traditional IRA or Roth IRA	73	65	64	45
Employer-sponsored IRA <sup>3</sup>	17	12	15	13
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>				
Household owned education-targeted savings program account (total)	15	22	26	12
Coverdell education savings account	10	13	17	8
529 prepaid tuition or college savings plan account (total)	9	15	17	7
529 savings plan	8	14	16	6
529 prepaid tuition plan	3	3	3	2

<sup>1</sup>Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.<sup>2</sup>Multiple responses are included.<sup>3</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

FIGURE 10.5

**MUTUAL FUND INVESTING BY YEAR OF INITIAL MUTUAL FUND PURCHASE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY YEAR OF INITIAL MUTUAL FUND PURCHASE, 2009

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Total household mutual fund assets</b>				
Less than \$5,000	1	1	3	7
\$5,000 to \$9,999	1	3	3	16
\$10,000 to \$19,999	3	5	8	21
\$20,000 to \$29,999	4	6	7	9
\$30,000 to \$49,999	6	7	16	16
\$50,000 to \$74,999	8	10	16	12
\$75,000 to \$99,999	8	13	7	5
\$100,000 to \$249,999	28	31	27	9
\$250,000 or more	41	24	13	5
Median	\$200,000	\$100,000	\$70,000	\$25,000
Mean	\$306,000	\$201,300	\$116,100	\$56,100
<b>Percent allocation of household financial assets to mutual funds</b>				
25% or less	13	15	12	18
Between 26% and 50%	18	18	23	18
Between 51% and 75%	20	20	27	22
More than 75%	49	47	38	42
<b>Types of mutual funds owned<sup>1</sup></b>				
Equity funds	80	80	82	70
Hybrid funds	46	47	46	31
Bond funds	57	47	51	38
Money market funds	70	62	67	52
Other fund type specified	6	7	4	1
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>				
Conducted mutual fund transactions	41	35	40	32
<b>Year of initial mutual fund purchase</b>				
Before 1990	100	0	0	0
Between 1990 and 1994	0	100	0	0
Between 1995 and 1999	0	0	100	0
2000 or later	0	0	0	100
Median	1982	1992	1997	2003
Mean	1980	1992	1997	2004

<sup>1</sup>Multiple responses are included.<sup>2</sup>Mutual 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 10.6

**NUMBER OF FUNDS OWNED AND PURCHASE SOURCES USED BY YEAR OF INITIAL MUTUAL FUND PURCHASE**

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Total number of mutual funds owned</b>				
<i>Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2009</i>				
One	10	9	11	24
Two	11	16	14	21
Three	10	11	19	13
Four	8	8	12	6
Five to six	22	20	12	16
Seven to ten	20	20	17	14
Eleven or more	19	16	15	6
Median	6 funds	5 funds	4 funds	3 funds
Mean	8 funds	7 funds	7 funds	4 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans*</b>				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by year of initial mutual fund purchase, 2009</i>				
One	38	36	39	35
Two	31	40	38	31
Three	18	16	15	23
Four or more	13	8	8	11
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

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

FIGURE 10.7

**SOURCES USED TO PURCHASE MUTUAL FUNDS BY YEAR OF INITIAL MUTUAL FUND PURCHASE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY YEAR OF INITIAL MUTUAL FUND PURCHASE, 2009

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Source of mutual fund ownership</b>				
Only inside employer-sponsored retirement plan	22	26	29	49
Only outside employer-sponsored retirement plan	34	33	27	31
Both inside and outside employer-sponsored retirement plan	44	41	44	20
<b>Purchase sources through which funds are currently owned<sup>1</sup></b>				
Inside employer-sponsored retirement plans (total)	66	67	73	69
Inside DC retirement plans (total)	62	64	69	65
401(k) plan	49	55	59	56
403(b), state, local, or federal government plan	22	20	20	14
Inside employer-sponsored IRA <sup>2</sup>	11	9	8	8
Outside employer-sponsored retirement plans (total)	78	74	71	51
Sales force (total)	64	59	54	39
Full-service broker	37	33	26	20
Independent financial planner	33	25	27	16
Bank or savings institution representative	20	18	18	18
Insurance agent	13	10	9	7
Accountant	7	4	5	6
Direct market (total)	34	36	32	21
Mutual fund company directly	23	24	18	13
Discount broker	18	18	20	13
<b>Primary mutual fund purchase source</b>				
Inside employer-sponsored retirement plans	46	54	59	64
Outside employer-sponsored retirement plans	54	46	41	36
Sales force	43	34	31	27
Full-service broker	16	14	10	9
Independent financial planner	16	11	12	7
Bank or savings institution representative	7	5	6	9
Insurance agent	2	3	2	2
Accountant	2	1	1	(*)
Direct market	11	12	10	9
Mutual fund company directly	7	8	5	3
Discount broker	4	4	5	6
<b>Source of first mutual fund purchase</b>				
Inside employer-sponsored retirement plan	56	62	65	68
Outside employer-sponsored retirement plan	44	38	35	32

<sup>1</sup>Multiple responses are included.<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

(\*) = less than 0.5 percent

FIGURE 10.8

**FINANCIAL GOALS BY YEAR OF INITIAL MUTUAL FUND PURCHASE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY YEAR OF INITIAL MUTUAL FUND PURCHASE, 2009

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Financial goals for mutual fund investments<sup>1</sup></b>				
Retirement	95	97	93	95
Reduce taxable income	52	51	50	45
Emergency	49	40	46	44
Education	20	28	36	28
Current income	28	14	14	16
House or other large item	7	10	13	14
Other	5	1	8	3
<b>Primary financial goal for mutual fund investments</b>				
Retirement	75	86	72	75
Reduce taxable income	3	1	3	3
Emergency	6	4	6	6
Education	4	4	8	10
Current income	8	4	3	3
House or other large item	2	(*)	4	2
Other	2	1	4	1
<b>Level of confidence that mutual funds are an investment that can help the household meet financial goals</b>				
Very confident	17	16	19	20
Somewhat confident	52	60	56	57
Not very confident	20	19	19	18
Not at all confident	11	5	6	5
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>				
Inside employer-sponsored retirement plans (total)	66	67	73	69
Inside DC retirement plans (total)	62	64	69	65
401(k) plan	49	55	59	56
403(b), state, local, or federal government plan	22	20	20	14
Inside employer-sponsored IRA <sup>2</sup>	11	9	8	8
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>				
Have IRA invested in mutual funds (total)	61	58	53	37
Traditional IRA or Roth IRA	58	54	49	32
Employer-sponsored IRA <sup>2</sup>	11	9	8	8

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

<sup>2</sup>Employer-sponsored IRAs include SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

(\*) = less than 0.5 percent

FIGURE 10.9

**VIEWS ON INVESTMENT RISK BY YEAR OF INITIAL MUTUAL FUND PURCHASE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY YEAR OF INITIAL MUTUAL FUND PURCHASE, 2009

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Level of risk willing to take with financial investments</b>				
Substantial risk for substantial gain	5	3	3	7
Above-average risk for above-average gain	24	30	34	21
Average risk for average gain	48	52	44	55
Below-average risk for below-average gain	11	8	12	10
Unwilling to take any risk	12	7	7	7



# 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 and outside employer-sponsored retirement plans, including the number and types of funds owned as well as 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 2009 using a random digit dial (RDD) national probability sample of 4,201 U.S. households, of which 1,805 households, or 43.0 percent, owned mutual funds.<sup>14</sup> The survey respondents are representative of U.S. mutual fund shareholders nationwide. All interviews were with the member of the household who was the sole or co-decisionmaker most knowledgeable about the household’s savings and investments.<sup>15</sup> A total of 4,201 telephone interviews, lasting an average of 15 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 have been weighted to match census region, age distribution, household income distribution, and educational attainment of the U.S. population.<sup>16</sup>

<sup>14</sup> For additional discussion, see Michael Bogdan, John Sabelhaus, and Steven Bass. 2009. “Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2009,” *Investment Company Institute Fundamentals*, 18, no. 7 (December). Available at [www.ici.org/pdf/fm-v18n7.pdf](http://www.ici.org/pdf/fm-v18n7.pdf).

<sup>15</sup> 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.

<sup>16</sup> The distribution of households by census region and householder age are published in U.S. Census Bureau, Current Population Reports, Series P60-236, *Income, Poverty, and Health Insurance Coverage in the United States: 2008, September 2009* ([www.census.gov/prod/2009pubs/p60-236.pdf](http://www.census.gov/prod/2009pubs/p60-236.pdf)). The distribution of households by household income and education of head of household are tabulated from the March 2009 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/](http://www.bls.gov/cps/)).



## 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 2009 sample of households owning mutual funds was  $\pm 2.3$  percentage points at the 95 percent confidence level.

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





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