

The Costs of Investing

Institute President Matthew P. Fink on Costs of Investing

Washington, DC, September 15, 1999 - In a press briefing today, ICI President Matthew P. Fink discussed the results of the Institute's [most recent research](#) on the costs of mutual fund investing during the period 1980 through 1998.

Costs Have Fallen....

Text of sound bite [Institute President Matthew P. Fink]:

"The key findings, just to enumerate them, are as follows. All types of funds—equity funds, bond funds, and money market funds—have had a substantial decline in their total costs over that 18-year period. Equity fund total costs have fallen approximately 40% over that period. Bond fund total costs have declined 29% and money market funds, 24%."

....Across the Industry....

Text of sound bite [Institute President Matthew P. Fink]:

"The decline has been very broad based. For example, it has not been heavily influenced by particular types of funds. So the paper looked at certain kinds of funds—index funds, institutional funds, and the funds of the three largest fund groups—and even if you take them out of the mix, the remaining equity funds still show a 27% decline, which indicates that the decline was not caused just by certain specialized funds but was very much across the industry."

....For Two Reasons....

Text of sound bite [Institute President Matthew P. Fink]:

"Generally, the sharp decline—40% for equity funds and somewhat less for the other funds—basically can be attributed to two factors. One, there has been a sharp decline in the distribution costs of mutual funds. The combination of sales loads and 12b-1 fees, that aggregate has been coming down very steeply over the 18 year period. So, that's one reason for the decline. The second reason for the decline is shareholders have been moving to lower cost funds over time. And so, for example, today something like three-quarters of all mutual fund accounts are in funds that charge less than the industry simple average."

For more information, please see the [Mutual Fund Fees and Expenses](#) section of this website.