

ICI Study: More than 50 Million U.S. Households Own Mutual Funds

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Washington, DC, December 3, 2009 - More than 50 million U.S. households owned mutual funds in 2009, according to a newly updated ICI annual survey of U.S. households. While mutual funds are the most commonly held type of fund, 3.0 million households reported owning exchange-traded funds (ETFs) and 1.8 million households reported owning closed-end funds.

“Mutual funds continue to be a key investment vehicle for millions of Americans who are saving for retirement or education costs, or building personal savings for emergency reserves,” said Sarah Holden, ICI Senior Director of Retirement and Investor Research.

ICI’s annual survey, released in two studies, *Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2009* and *Characteristics of Mutual Fund Investors, 2009*, also reported that shareholders’ views of mutual funds continued to track stock market performance. Shareholders’ sentiment toward mutual funds declined in 2009, following the sharp drop in stock prices, with favorability falling to 64 percent, down from 73 percent in 2008. The ICI survey was conducted in May 2009, when the S&P 500 index averaged 900, below its average of 1,400 in May 2008.

“Although last year’s market performance was jarring, the majority of mutual fund investors continued to have a favorable outlook toward fund investing,” noted John Sabelhaus, ICI Senior Economist and a coauthor of the studies.

Other survey findings include:

- Most U.S. mutual fund shareholders had moderate incomes and were in their peak earning and saving years. About three in five households owning mutual funds had incomes between \$25,000 and \$99,999, and about two-thirds were headed by individuals between the ages of 35 and 64.
- Baby Boomers are the largest mutual fund-owning generation. In 2009, 46 percent of mutual fund-owning households were headed by Baby Boomers, and they held 59 percent of households’ mutual fund assets.
- Fund performance continues to have the most influence over investors’ opinions of the fund industry overall—with two-thirds of owners familiar with mutual fund companies indicating that fund performance was a “very” important factor. Other important factors that influenced shareholder views included the opinion of professional financial advisers, personal experience with a mutual fund company, and current financial events.
- Younger mutual fund investors had a more favorable view of mutual funds than older investors. For example, in 2009, 72 percent of fund owners younger than 35 who were familiar with mutual fund companies had “very” or “somewhat” favorable impressions of mutual fund companies, compared with 61 percent of fund owners 65 or older.
- Although shareholder confidence was shaken somewhat in 2009, the majority of mutual fund investors were still confident in mutual funds’ ability to help them achieve their financial goals. In 2009, 73 percent of fund shareholders said they were “very” or “somewhat” confident, compared with 85 percent of fund shareholders in 2008.
- Employer-sponsored retirement plans and financial advisers are the main avenues for fund investments. Specifically, 68 percent of mutual fund-owning households owned funds through employer-sponsored retirement plans, and 69 percent owned funds outside of these plans. Among households owning mutual funds outside of employer-sponsored retirement plans, 80 percent owned funds purchased from professional financial advisers.
- Nine in 10 mutual fund owners reported having Internet access. Among that group, eight in 10 used the Internet for financial purposes.

ICI’s 2009 Annual Mutual Fund Shareholder Tracking Survey results are based on a sample of 4,201 U.S. households selected by random digit dialing, of which, 1,805 households, or 43 percent owned mutual funds. In addition, the survey collected information on households’ ownership of closed-end funds and ETFs. Overall, nearly 44 percent of U.S. households owned shares of mutual funds

or other U.S.-registered investment companies in 2009, representing an estimated 51.2 million U.S. households and 88.5 million investors. All interviews were conducted over the telephone with the member of the household who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments.

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