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# ICI Reports That Americans Own a Record $14.3 Trillion in Retirement Assets, May 2006

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## 2006 Investment Company Fact Book Offers Comprehensive Data on Mutual Funds, Shareholders

**Washington, DC, May 10, 2006** – Americans held a record $14.3 trillion in retirement assets, of which $3.4 trillion were invested in mutual funds, at the end of 2005, the Investment Company Institute reported today. The 6 percent growth in retirement assets during 2005 was powered by strong growth in individual retirement accounts (IRAs) and employer-sponsored defined contribution plans.

The *2006 Investment Company Fact Book*, released today, provides the first comprehensive look at the scope of the retirement market in 2005. ICI serves as a primary source of IRA data and provides detailed measures of 401(k), 403(b), and other defined contribution plans. Federal agencies use ICI data to help measure the retirement holdings of American households.

Investors held $7.3 trillion in IRAs and DC plans at year-end 2005, accounting for more than half of the entire retirement market. Institute researchers combine their data on IRAs and defined contribution plans with publicly available data on defined benefit plans and annuities to produce an authoritative overall measure of Americans' retirement savings.

"New data continue to show that the wealth of U.S. households is growing and that a significant portion is dedicated to funding retirement," says Brian Reid, ICI Chief Economist. "Retirement assets make up well over one-third of household financial assets at the end of 2005. Today's workers face a range of potential challenges as they move toward retirement. But the data indicate that they are also building up their retirement savings and that mutual funds are a key vehicle through which households have accumulated and are accumulating wealth."

The 46th edition of the *Fact Book* also contains comprehensive statistics and historical trends for the investment company industry. The 2006 Fact Book offers expanded coverage on the characteristics of mutual fund investors and new sections devoted to closed-end funds and exchange-traded funds. Key facts include:

- 91 million individuals, comprising 54 million U.S. households, owned mutual funds in 2005. The median fund-owning household held $48,000 in mutual funds in 2005.
- Shareholders continue to migrate toward lower-cost funds. Since 1980, the cost of owning mutual funds has fallen by more than half. Stock fund shareholders paid total fees and expenses (including sales loads and ongoing expenses) of 1.13 percent of assets in 2005, versus 2.32 percent in 1980. For bond fund shareholders, total fees and expenses fell to 0.90 percent in 2005 from 2.05 percent in 1980.
- Financial help and advice is key to mutual fund investors. Nearly 90 percent of fund shareholders invest through employer-sponsored plans (which generally offer menus of selected funds) or through financial advisers.
- Investors are increasingly turning toward hybrid funds designed to meet their risk preferences (lifestyle funds) or to rebalance as investors age (lifecycle funds). In 2005, assets held in lifestyle funds grew by 67 percent; lifecycle fund assets grew by 59 percent.
- Registered investment companies managed a record $9.5 trillion at year-end 2005. (That figure climbed to $10.0 trillion by March 2006.)
- Exchange-traded funds grew rapidly in 2005. ETF assets grew 31 percent to $296 billion by year-end.
- Closed-end funds maintained their share of the investment market, rising 9 percent to $276 billion.

- Registered investment companies employed an estimated 146,250 workers in 2005.

The Investment Company Institute, the national association of the U.S. investment company industry, is an authoritative source of information on the investment company industry, its shareholders and its economics, and on the U.S. retirement and education savings markets.

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