

WHAT'S INSIDE

- 2 U.S. Households' Ownership of Mutual Funds
- 8 Shareholder Sentiment About the Mutual Fund Industry
- 19 Mutual Fund Owners and Internet Access
- 25 Appendix: Additional Data on the Ownership of Mutual Funds, 2012
- 45 Notes
- 46 References

Daniel Schrass, Associate Economist; Michael Bogdan, Associate Economist; and Sarah Holden, Senior Director of Retirement and Investor Research prepared this report.

Suggested citation: Schrass, Daniel, Michael Bogdan, and Sarah Holden. 2012. "Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2012." *ICI Research Perspective* 18, no. 6 (November). Available at www.ici.org/pdf/per18-06.pdf.

Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2012

KEY FINDINGS

- » **In 2012, 45.1 percent of U.S. households owned shares of mutual funds or other U.S.-registered investment companies—including exchange-traded funds, closed-end funds, and unit investment trusts—representing an estimated 54.6 million households and 93.7 million investors.** Mutual funds were the most common type of investment company owned, with 53.8 million U.S. households, or 44.4 percent, owning mutual funds in 2012. The survey also found that 92.4 million individual investors owned mutual funds in 2012.
- » **Most U.S. mutual fund shareholders had moderate household incomes and were in their peak earning and saving years.** More than half of U.S. 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 in 2012. More than twice as many U.S. households owned mutual funds through tax-deferred accounts—employer-sponsored retirement plans, IRAs, and variable annuities—as owned mutual funds outside such accounts.
- » **Mutual fund owners reported that investment performance was the most influential of the many factors that shaped their opinions of the fund industry.** About two-thirds of mutual fund shareholders indicated that fund performance was a “very” important factor influencing their views of the industry, and four in 10 cited fund performance as the most important factor.
- » **Shareholders’ willingness to take investment risk remained at the same subdued levels seen since the 2008 financial crisis.** Nearly three in 10 mutual fund shareholders were willing to take substantial or above-average risk for financial gain in May 2012, similar to the prior two years. Younger shareholders’ willingness to take financial risk increased between 2011 and 2012, while risk tolerance for the oldest age group decreased.

- » **Mutual fund companies' favorability rating tends to move with stock market performance.** Mutual funds' favorability among shareholders edged down in 2012 as the stock market moved down in April and May 2012 to end up relatively flat for the year, with favorability falling to 65 percent in 2012, down from 69 percent in 2011. In 2012, older mutual fund investors reported higher favorability ratings compared with younger investors and more recent investors.
- » **Mutual fund-owning households often used the Internet for financial purposes.** More than nine in 10 households owning mutual funds had Internet access in 2012. About eight in 10 mutual fund-owning households with Internet access went online at least once a day, and more than eight in 10 used the Internet for financial purposes.

U.S. Households' Ownership of Mutual Funds

More Than 53 Million U.S. Households Owned Mutual Funds in 2012

Assets in U.S.-registered investment companies—mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs)—totaled \$13.7 trillion as of midyear 2012. Households held about 86 percent, or \$11.7 trillion, of all these fund assets; registered fund assets represented almost one-quarter of households' financial assets.¹ In 2012, 45.1 percent of U.S. households owned some type of registered fund, representing an estimated 54.6 million households and 93.7 million investors.

While 3.4 million households owned ETFs and 1.9 million households owned closed-end funds in 2012, mutual funds were the most common type of fund owned by households. An estimated 53.8 million U.S. households, or 44.4 percent, owned mutual funds in 2012 (Figure 1),² and more than eight in 10 households that owned ETFs or closed-end funds also owned mutual funds. The percentage of U.S. households owning mutual funds has stayed about the same since 2002; however, the number of households owning mutual funds increased slightly in 2012. The current estimate of the number of individual investors owning mutual funds is 92.4 million (Figure 2).³

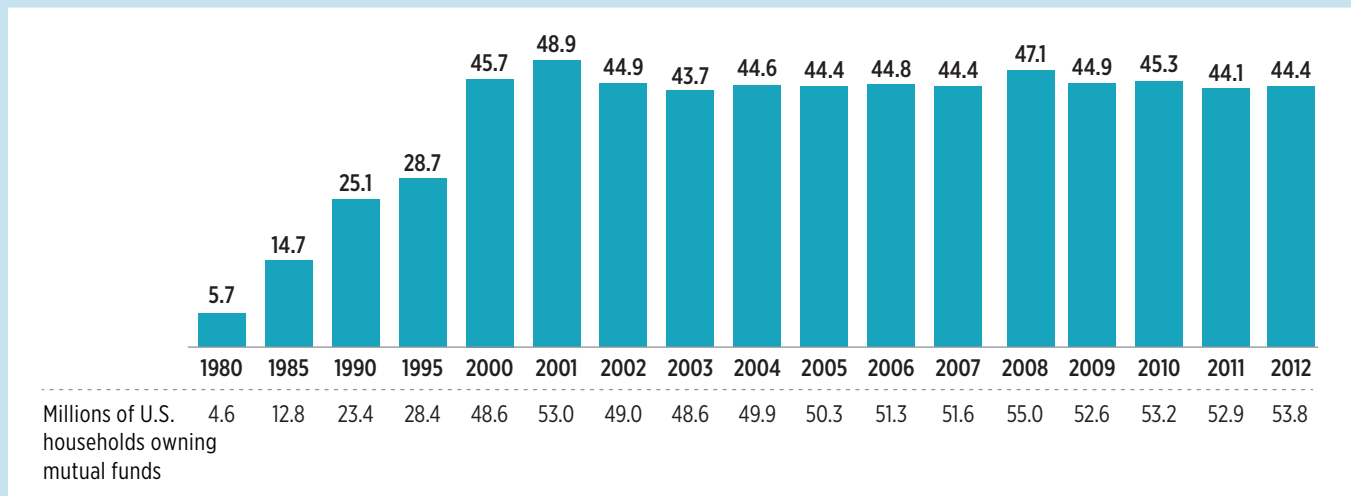
About the Annual Mutual Fund Shareholder Tracking Survey

ICI conducts the Mutual Fund Shareholder Tracking Survey each spring to gather information on the demographic and financial characteristics of mutual fund-owning households in the United States. The most recent survey was conducted in May 2012 and was based on a sample of 4,019 U.S. households selected by random digit dialing, of which 1,786 households, or 44.4 percent, owned mutual funds. 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. The standard error for the 2012 sample of households is ± 1.6 percentage points at the 95 percent confidence level.

FIGURE 1

44 Percent of U.S. Households Owned Mutual Funds in 2012

Number and percentage of U.S. households owning mutual funds,¹ selected years²



¹ Households owning mutual funds in 1980 through 1986 were estimated by dividing the total number of household accounts by the number of accounts per household. Beginning in 1987, the incidence of mutual fund ownership is estimated through household surveys. Incidence estimates for 1987 through 1993 exclude households owning mutual funds only through employer-sponsored retirement plans; estimates for 1994 through 2012 include households owning mutual funds only through employer-sponsored retirement plans. Incidence estimates for 1998 through 2012 include fund ownership through variable annuities. Incidence estimates for 2000 through 2012 include fund ownership through Roth IRAs, Coverdell Education Savings Accounts, SAR-SEPs, SEP-IRAs, and SIMPLE IRAs.

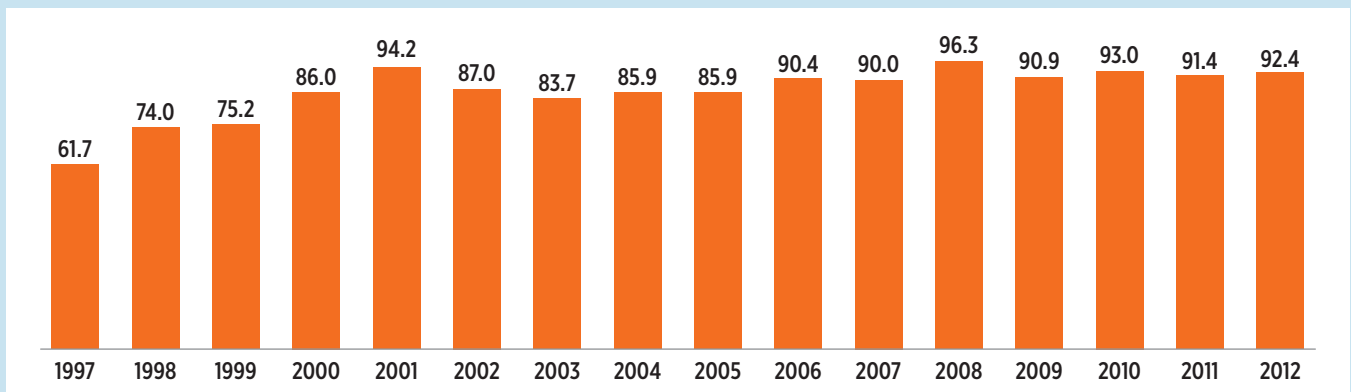
² For the complete time series of data from 1980 through 2012, see Figure A1 in the appendix.

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

FIGURE 2

92 Million Individual U.S. Investors Owned Mutual Funds in 2012

Millions of individual U.S. investors owning mutual funds, 1997–2012



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

Most Mutual Fund Shareholders Are in Their Peak Earning and Saving Years

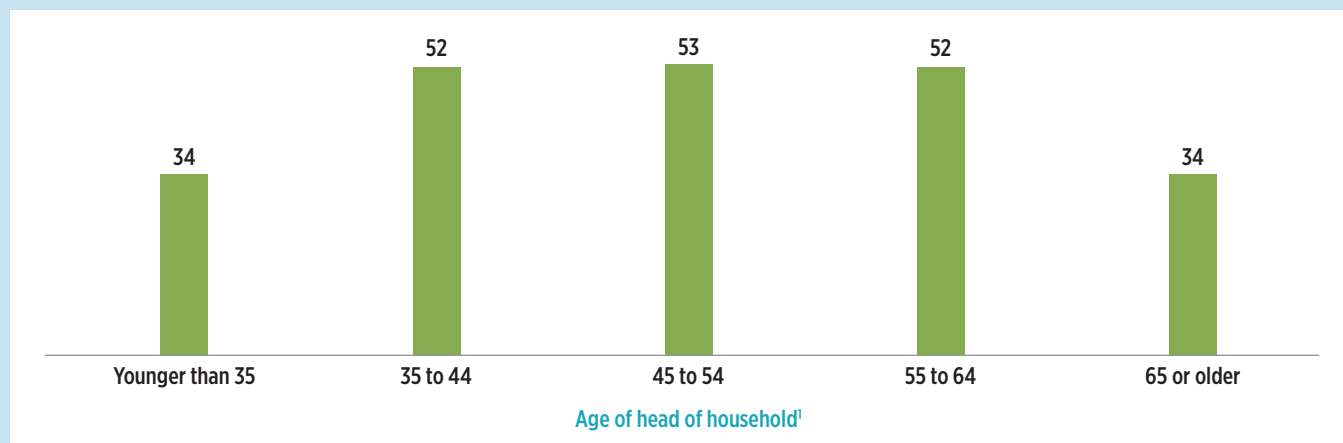
People of all ages own mutual funds, but ownership is concentrated among individuals in their prime earning and saving years. For most of the past decade, the incidence

of mutual fund ownership has been greatest among households headed by individuals between ages 35 and 64.⁴ In the most recent survey, a majority of households in the 35 to 44, 45 to 54, and 55 to 64 age groups owned mutual funds (Figure 3). Thirty-four percent of households

FIGURE 3

Incidence of Mutual Fund Ownership Greatest Among 35- to 64-Year-Olds

Percentage of U.S. households within each age group,¹ 2012²



¹ Age is based on the age of the sole or co-decisionmaker for household saving and investing.

² For the complete time series of data from 1994 through 2012, see Figure A3 in the appendix.

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

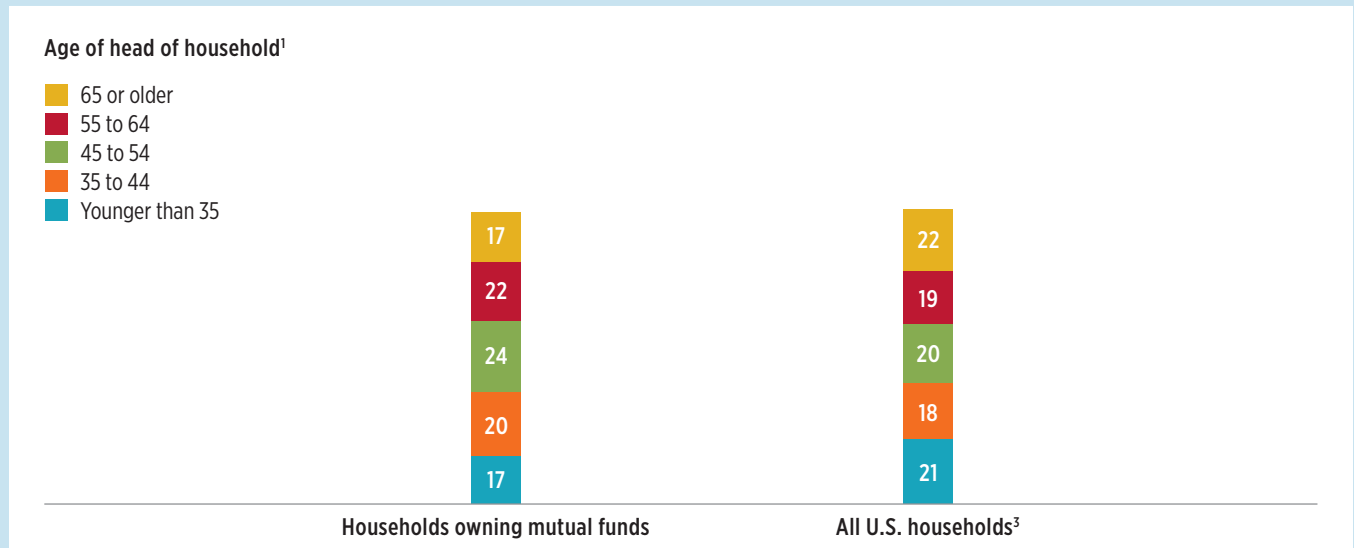
younger than 35 and 34 percent of households aged 65 or older owned mutual funds. As a result, the bulk (about two-thirds) of households owning mutual funds was headed by individuals between the ages of 35 and 64, the age range

in which saving and investing traditionally is greatest.^{5, 6} Among all U.S. households, by comparison, fewer than six in 10 were headed by individuals in this age group in 2012 (Figure 4).

FIGURE 4

Most Mutual Fund Shareholders Are Between Ages 35 and 64

Percent distribution of households owning mutual funds and all U.S. households by age,¹ 2012²



¹ Age is based on the age of the sole or co-decisionmaker for household saving and investing.

² For the complete time series of data from 1994 through 2012, see Figure A4 in the appendix.

³ The percentage of all households in each age group is based on ICI survey data and is weighted to match the U.S. Census Bureau's Current Population Survey.

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

Mutual Fund Shareholders Typically Have Moderate Household Incomes

The majority of U.S. households owning mutual funds had moderate incomes. Fifty-six percent of households owning funds in 2012 had incomes between \$25,000 and \$99,999 (Figure 5).⁷ Nevertheless, incomes among mutual fund-owning households tended to be somewhat higher than that of the typical U.S. household. Eleven percent of U.S. households owning mutual funds had incomes of less than \$35,000, while 36 percent of all U.S. households earned less than \$35,000. Thirty-nine percent of households owning mutual funds reported incomes of \$100,000 or more, compared with only 21 percent of U.S. households overall.

The mix of incomes among mutual fund-owning households reflects the fact that individuals across all income groups own mutual funds, but it also shows that households with higher incomes are more likely to own mutual funds than are lower-income households. In 2012, 69 percent of all U.S. households with incomes of \$50,000 or more owned mutual funds, compared with 20 percent of households with incomes of less than \$50,000 (Figure 6).⁸ In fact, lower-income households are less likely to have any type of savings. The typical household with income less than \$50,000 had \$15,000 in savings and investments, while the typical household with income of \$50,000 or more held \$155,000 in savings and investments.⁹

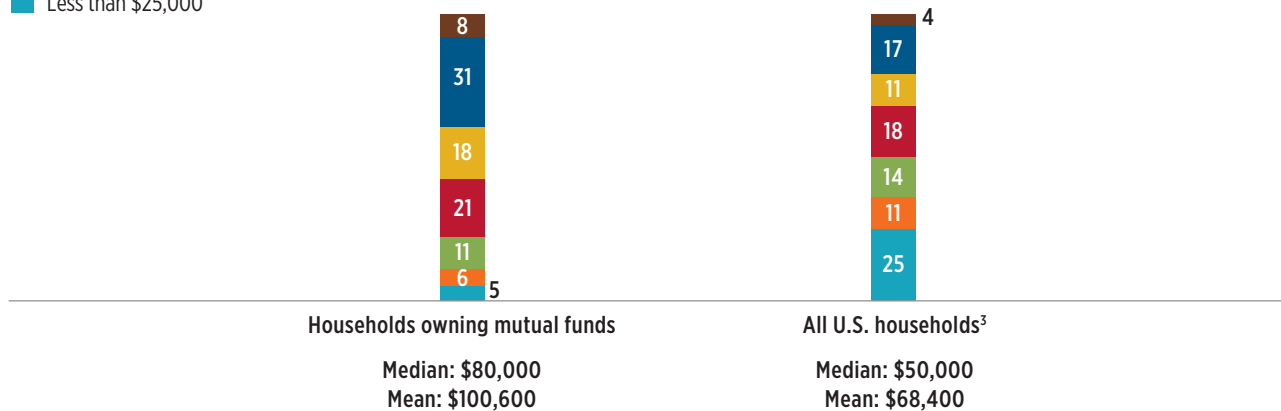
FIGURE 5

Most Households Owning Mutual Funds Have Moderate Incomes

Percent distribution of households owning mutual funds and all U.S. households by household income,¹ 2012²

Household income¹

- \$200,000 or more
- \$100,000 to \$199,999
- \$75,000 to \$99,999
- \$50,000 to \$74,999
- \$35,000 to \$49,999
- \$25,000 to \$34,999
- Less than \$25,000



¹ Total reported is household income before taxes in 2011.

² For the complete time series of data from 1998 through 2012, see Figure A5 in the appendix.

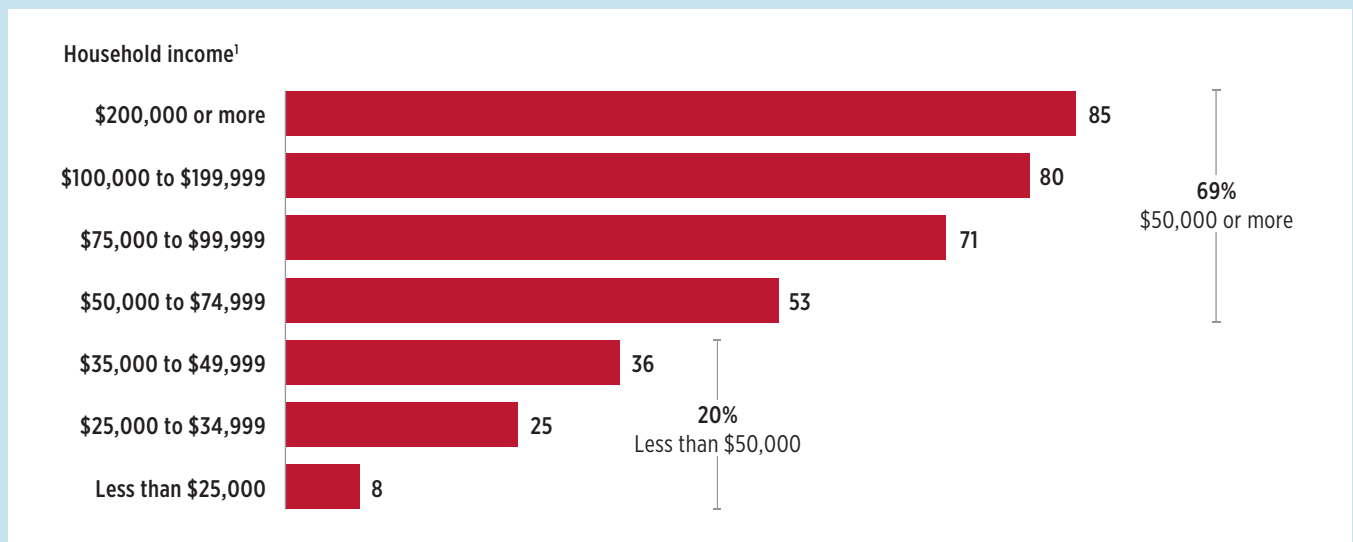
³ The percentage of all households in each income group is based on ICI survey data and is weighted to match the U.S. Census Bureau's Current Population Survey.

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

FIGURE 6

Ownership of Mutual Funds Increases with Household Income

Percentage of U.S. households within each income group,¹ 2012²



¹ Total reported is household income before taxes in 2011.

² For the complete time series of data from 1994 to 2012, see Figure A6 in the appendix.

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

Fund Ownership Inside Tax-Deferred Accounts Is Significant

More households own mutual funds inside tax-deferred accounts—such as 401(k) and other defined contribution (DC) plans, individual retirement accounts (IRAs), and variable annuities—than outside these accounts.¹⁰ In 2012, an estimated 49.3 million households owned mutual funds inside tax-deferred accounts, compared with 17.9 million households owning funds outside tax-deferred accounts (Figure 7). Among those households that owned funds outside tax-deferred accounts, nearly three-quarters, or 13.3 million households, also held funds in tax-deferred accounts. The number of households owning mutual funds

through tax-deferred accounts has grown by 13.6 million since 1998, while the number of households owning mutual funds outside tax-deferred accounts has declined.¹¹ Indeed, much of the growth in the number of households owning mutual funds through tax-deferred accounts has occurred among those for whom this is their only form of fund ownership. Of the 49.3 million U.S. households owning mutual funds through tax-deferred accounts in 2012, 36.0 million households owned mutual funds only through such accounts, up from 20.9 million in 1998. The number of households holding mutual funds only in taxable accounts has declined since 1998.

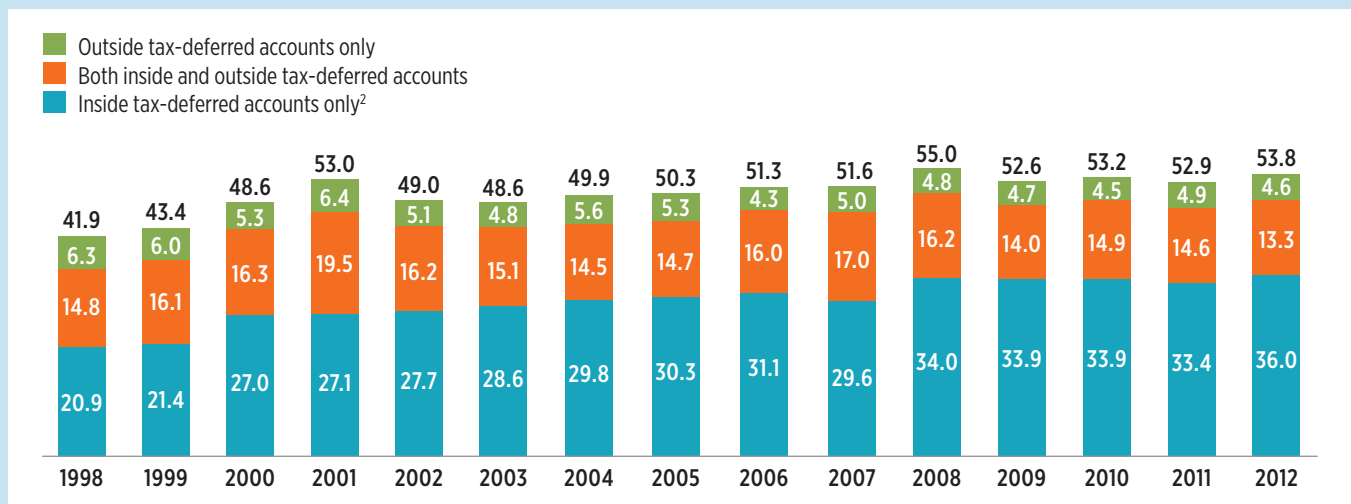
Additional Reading

For more detailed information about mutual fund owners, see “Profile of Mutual Fund Shareholders, 2012,” ICI’s full report of the findings of the 2012 Annual Mutual Fund Shareholder Tracking Survey. “Profile” presents a comprehensive overview of mutual fund owners, including their demographic characteristics, 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. “Profile of Mutual Fund Shareholders, 2012” will be published in early 2013. For a summary of the characteristics of mutual fund-owning households in 2012, see “Characteristics of Mutual Fund Investors, 2012,” *ICI Research Perspective* 18, no. 7 (November), available at www.ici.org/pdf/per18-07.pdf.

FIGURE 7

Tax-Deferred Accounts Are a Popular Way to Hold Mutual Funds

Millions of U.S. households owning mutual funds by account type indicated,¹ 1998–2012



¹ For the incidence (percentage of U.S. households) of mutual fund ownership by account type, see Figures A7 and A8 in the appendix.

² Mutual funds held in employer-sponsored retirement plans, IRAs, and variable annuities are included.

Note: Components may not add to the total because of rounding.

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

Shareholder Sentiment About the Mutual Fund Industry

Shareholder Opinion of the Mutual Fund Industry Edged Down in 2012

The percentage of fund shareholders with positive opinions about the mutual fund industry decreased in 2012. Sixty-five percent of shareholders familiar with mutual fund companies had “very” or “somewhat” favorable impressions of fund companies, down from 69 percent in 2011 and 67 percent in 2010 (Figure 8). A factor contributing to the decline in favorability between 2011 and 2012 is an increase in the percentage of mutual fund–owning households familiar with the industry who indicate they have no opinion

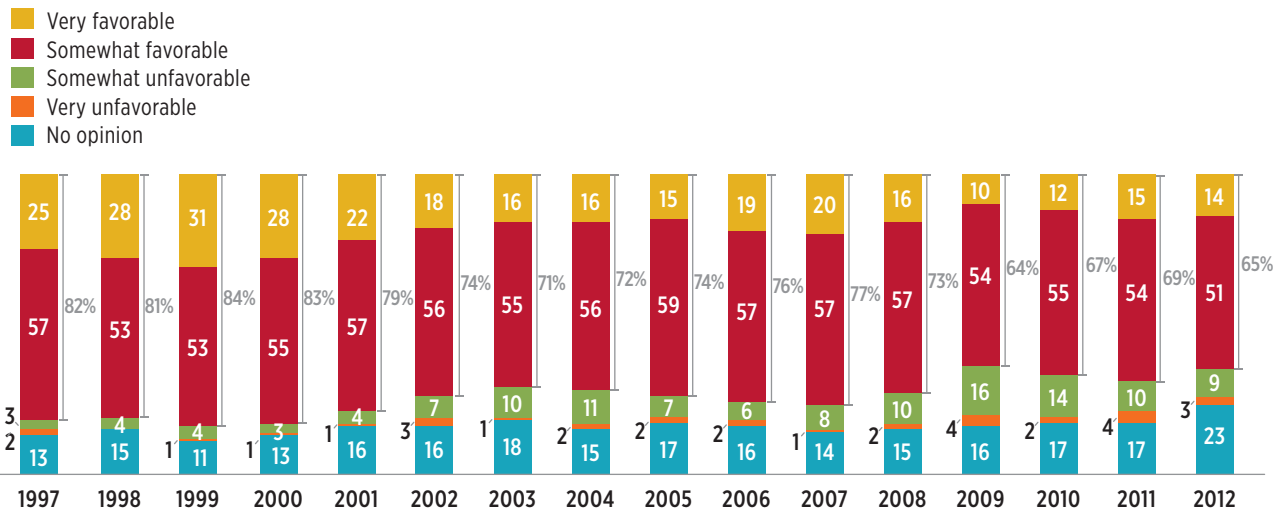
of the industry. In 2012, 23 percent of mutual fund–owning households familiar with mutual fund companies had no opinion of mutual fund companies, compared with 17 percent in 2011.

People who no longer owned funds had mixed views of the mutual fund industry. Forty-four percent of former mutual fund investors who said they were familiar with fund companies had favorable impressions of fund companies (Figure 9). Another 25 percent had unfavorable impressions and 31 percent had no opinion.

FIGURE 8

Most Shareholders View the Mutual Fund Industry Favorably

Percentage of mutual fund shareholders familiar with mutual fund companies, 1997–2012

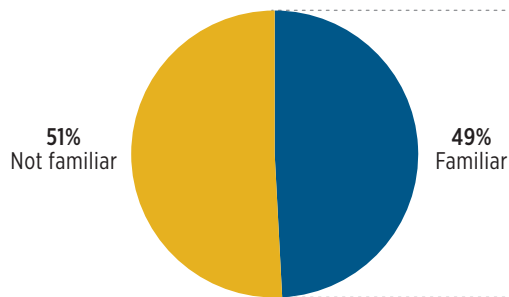


Source: Investment Company Institute

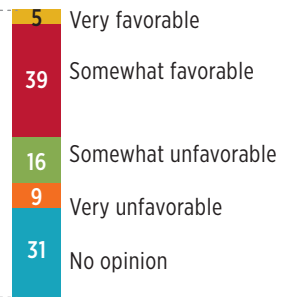
FIGURE 9

Former Fund Owners Have Mixed Impressions of the Mutual Fund Industry

Familiarity with mutual fund companies
Percentage of respondents who previously owned funds, 2012



Impression of mutual fund companies
Percentage of respondents who previously owned funds and are familiar with mutual fund companies, 2012



Source: Investment Company Institute

Fund Performance Influences Investor Opinion of the Fund Industry

Although many factors influence shareholders' overall opinion of the mutual fund industry, investors said fund performance was the primary factor that shaped sentiment. In 2012, 40 percent of all fund shareholders familiar with mutual fund companies cited fund performance as the most important factor in forming their opinions of the industry (Figure 10). This is consistent with the movement of the mutual fund favorability rating with stock market performance, which can affect mutual fund returns. For example, mutual fund companies' favorability rose in the late 1990s along with stock prices (measured by the S&P 500), declined between May 2000 and May 2003 as stock prices fell, increased from 2003 to 2007 as the stock market

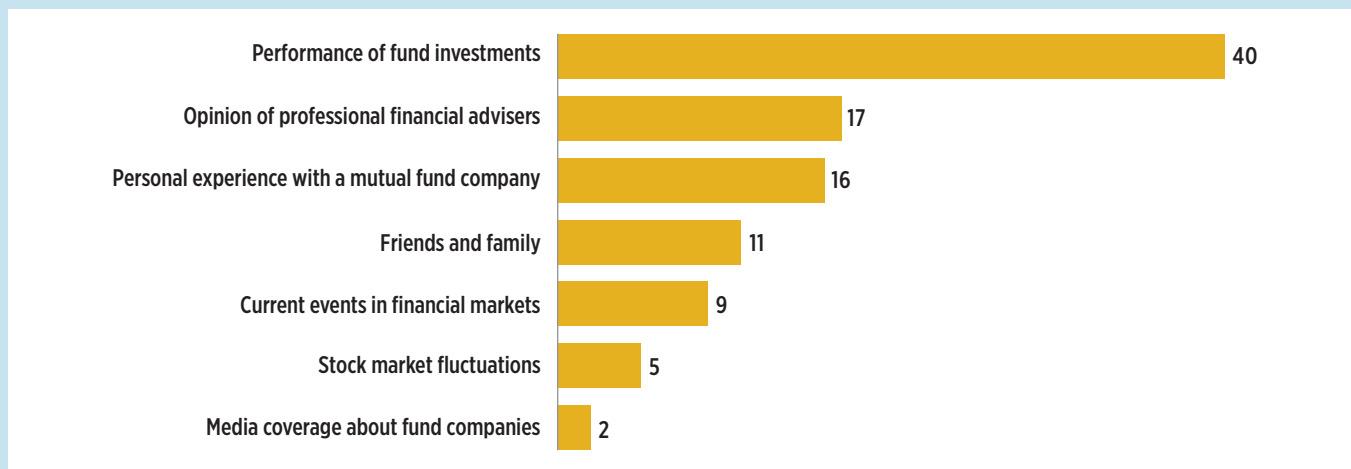
gained, and fell following the market decline in 2008 and 2009 (Figure 11). As the stock market gained in 2010 and 2011, mutual fund favorability rebounded. Mutual fund favorability edged down in 2012 as the stock market moved down in April and May 2012 and remained essentially flat compared with a year earlier.

Other important factors that influence shareholder views of mutual fund companies include the opinion of professional financial advisers, personal experience with a mutual fund company, friends and family, and current events in financial markets (Figure 10).¹² Investors reported that stock market fluctuations and media coverage were less influential in shaping their opinions of the fund industry.

FIGURE 10

Fund Performance Is the Most Important Factor Shaping Opinions of the Fund Industry

Percentage of shareholders familiar with mutual fund companies who indicate each factor is "most" important, 2012

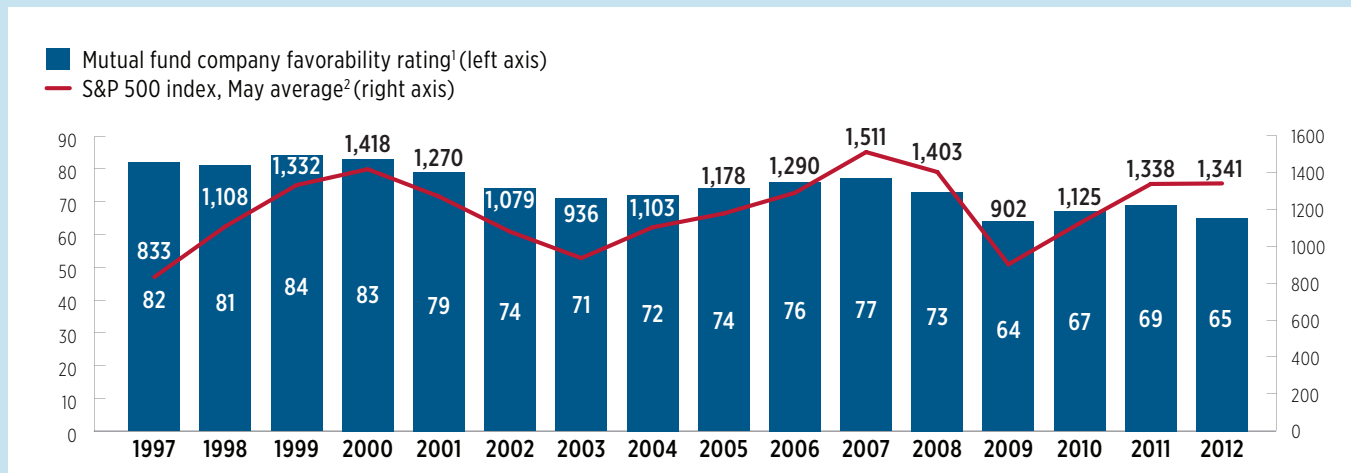


Source: Investment Company Institute

FIGURE 11

Mutual Fund Industry Favorability Tends to Rise and Fall with Stock Market Performance

Mutual fund industry favorability rating and S&P 500 index, 1997–2012



¹ The mutual fund industry favorability rating is the percentage of mutual fund shareholders familiar with the mutual fund industry who have a “very” or “somewhat” favorable impression of the fund industry. The survey question on mutual fund industry favorability had five choices; the other three possible responses were “somewhat unfavorable,” “very unfavorable,” and “no opinion.”

² The S&P 500 is an index of 500 stocks chosen for market size, liquidity, and industry group representation.

Sources: Investment Company Institute and Standard & Poor’s

Older Investors Had a More Favorable View of the Mutual Fund Industry in 2012

Mutual fund favorability among older investors was higher compared with younger investors in 2012. Retired investors, older investors, and investors who purchased mutual funds earlier all viewed the mutual fund industry more favorably than the average investor in the current market. In 2012, 44 percent of fund owners younger than 35 who were familiar with mutual fund companies had “very” or “somewhat” favorable impressions of mutual

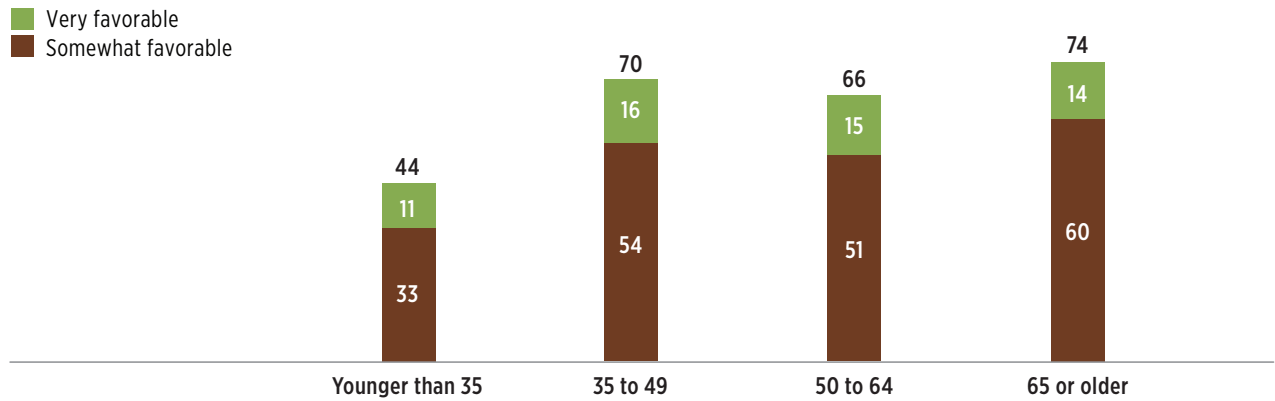
fund companies, compared with 66 percent of mutual fund owners aged 50 to 64 and 74 percent of mutual fund owners aged 65 or older (Figure 12).¹³ Investors whose first mutual fund purchase was made before 2000 also were more favorable toward the mutual fund industry. About seven in 10 shareholders familiar with mutual fund companies who first purchased funds before 2000 had favorable views of the industry, whereas 49 percent of shareholders familiar with mutual fund companies who had first purchased funds in 2005 or later viewed fund companies favorably.

FIGURE 12

Older, Retired, and Seasoned Shareholders Viewed Mutual Fund Industry More Favorably

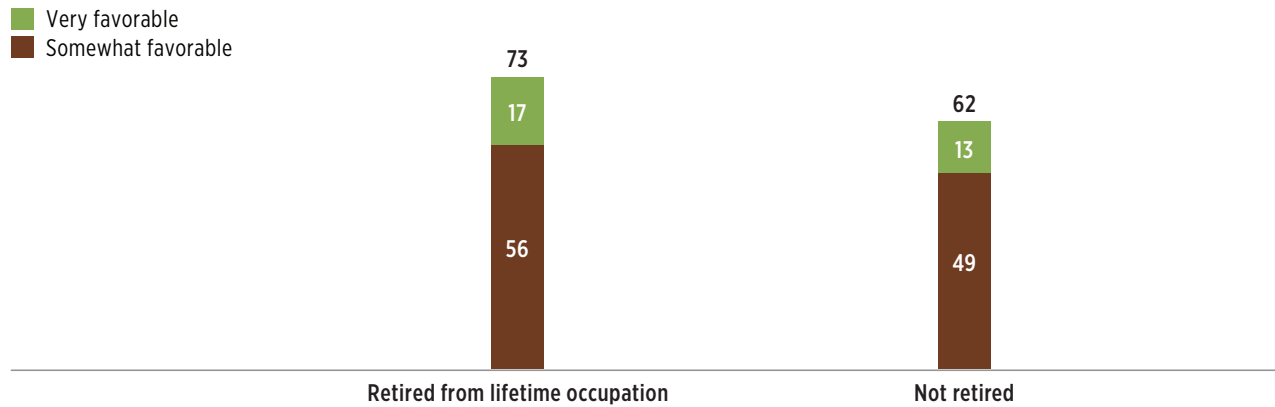
Older Shareholders Viewed Mutual Fund Industry More Favorably

Percentage of mutual fund shareholders familiar with mutual fund companies by age of head of household, 2012



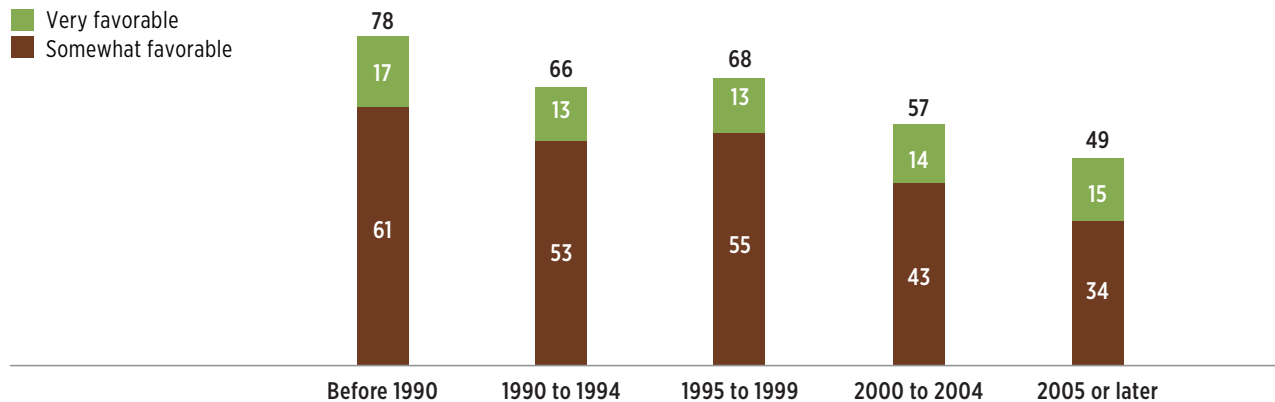
Retired Shareholders Viewed Mutual Fund Industry More Favorably

Percentage of mutual fund shareholders familiar with mutual fund companies by retirement status, 2012



Seasoned Shareholders Viewed Mutual Fund Industry More Favorably

Percentage of mutual fund shareholders familiar with mutual fund companies by year of first mutual fund purchase, 2012



Note: The survey question on mutual fund industry favorability had five choices; the other three possible responses were “somewhat unfavorable,” “very unfavorable,” and “no opinion.”

Source: Investment Company Institute

Risk Tolerance and Investing

There are various ways to measure risk tolerance using survey data, and ICI's Annual Mutual Fund Shareholder Tracking Survey takes the approach of asking respondents to choose from a range that describes how much risk they are willing to take to get higher investment returns. Willingness to take financial risk is strongly affected by age, but also has varied over time within age groups.

U.S. households became less willing to take investment risk in the past four years since the financial crisis in 2008, reflecting the reduced risk tolerance of households owning mutual funds (Figure 13). Willingness to take financial risk among households not owning mutual funds remained nearly the same from 2008 through 2012. In May 2008, 36 percent of U.S. households owning mutual funds were willing to take above-average or substantial risk with their investments. By May 2009, this fraction had fallen to 30 percent of mutual fund-owning households and remains essentially at that level (28 percent) in May 2012.

Risk tolerance varies with the age of the head of household, and younger households tend to be more willing to take investment risk than older households (Figure 14). In 2012, the fraction of mutual fund-owning households younger than 35 willing to take above-average or substantial financial risk was 39 percent, while only 13 percent of mutual fund-owning households aged 65 or older were willing to do so. Mutual fund-owning households of all age groups are more willing to take investment risk than the same age groups among all U.S. households.¹⁴

Between 2011 and 2012, the willingness to take investment risk among all but the youngest shareholder age group fell or remained about the same, while the youngest age group increased their willingness to take risk. In 2012, 39 percent of mutual fund-owning households younger than 35 were willing to take above-average or substantial financial risk, compared with 31 percent in 2011 (Figure 14). Among mutual fund-owning households aged 35 to 49, 35 percent were willing to take at least above-average risk, compared with 38 percent in 2011. Among mutual fund-owning households aged 50 to 64, the share that was willing to take at least above-average risk was 26 percent, the same share as in 2011. The oldest shareholder age group decreased their willingness to take at least above-average risk, from 18 percent in 2011 to 13 percent in 2012.

FIGURE 13

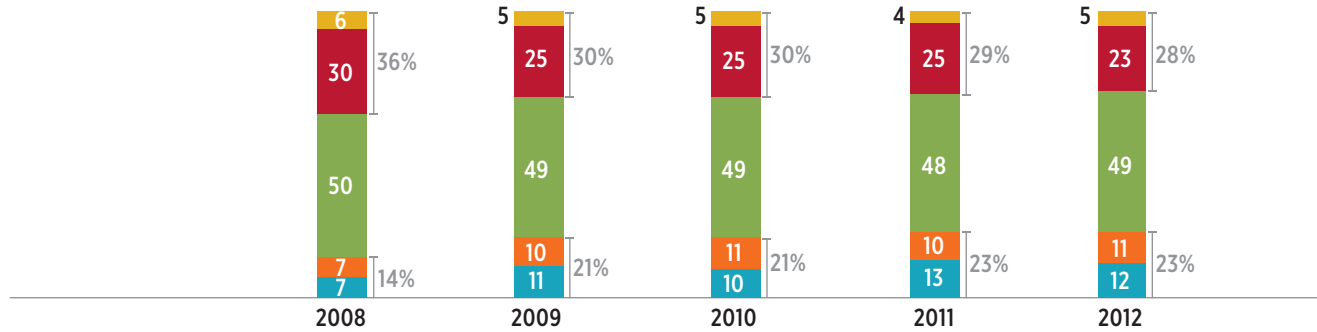
Households' Willingness to Take Investment Risk

Percentage of U.S. households by mutual fund ownership status; May 2008, May 2009, May 2010, May 2011, and May 2012

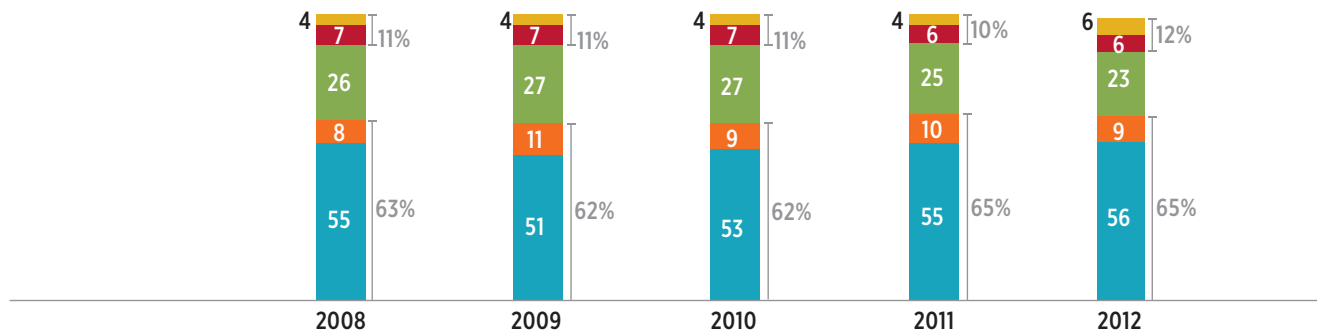
Level of risk willing to take with financial investments

- Substantial risk for substantial gain
- Above-average risk for above-average gain
- Average risk for average gain
- Below-average risk for below-average gain
- Unwilling to take any risk

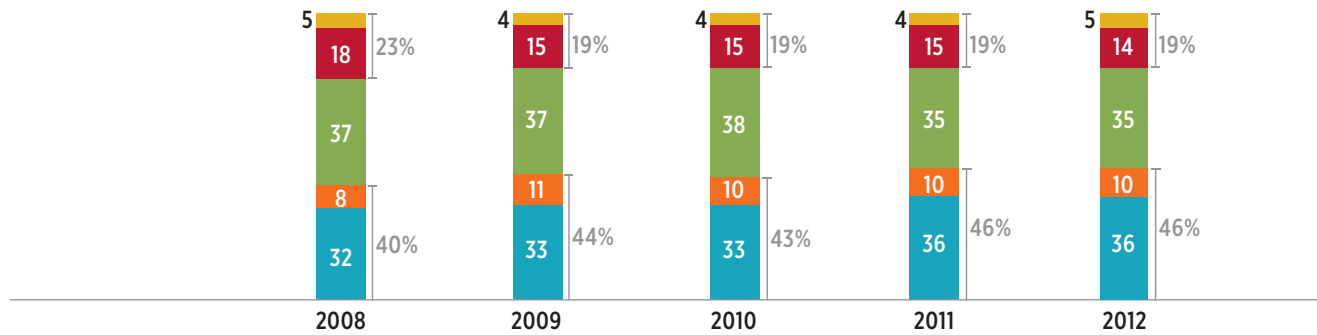
Households owning mutual funds



Households not owning mutual funds



All U.S. households



Source: Investment Company Institute

FIGURE 14

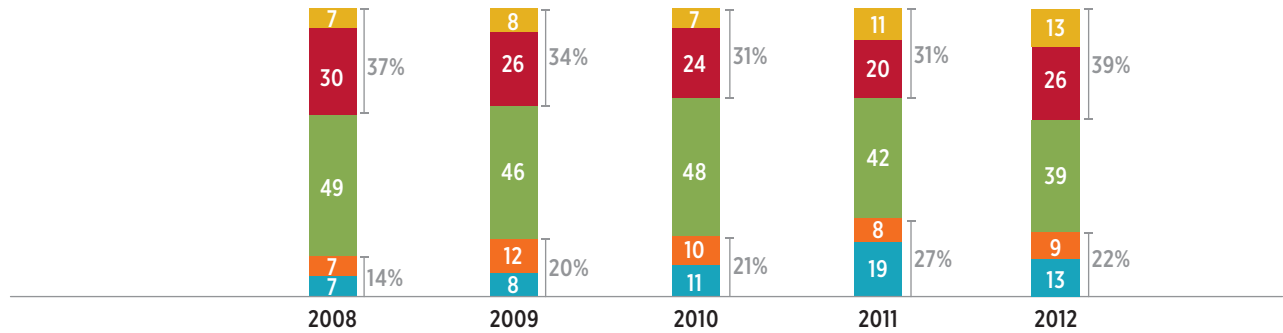
Mutual Fund Shareholders' Willingness to Take Investment Risk Varies with Age

Percentage of mutual fund-owning households within each age group,* May 2008, May 2009, May 2010, May 2011, and May 2012

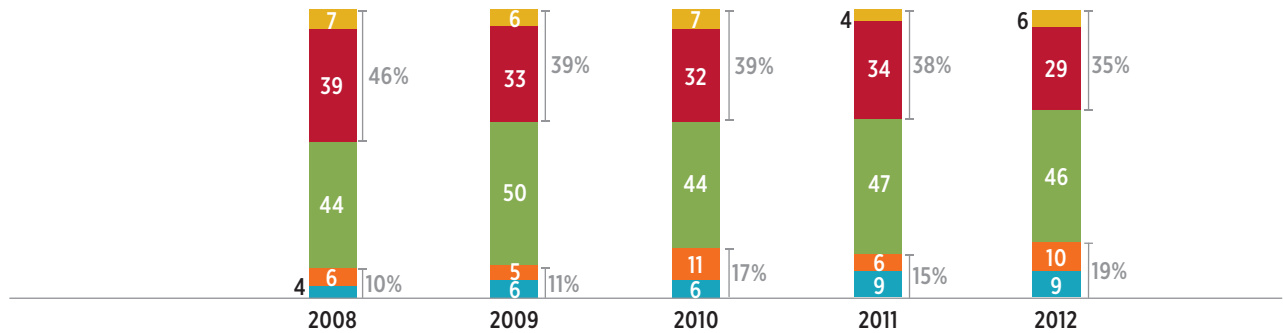
Level of risk willing to take with financial investments

- Substantial risk for substantial gain
- Above-average risk for above-average gain
- Average risk for average gain
- Below-average risk for below-average gain
- Unwilling to take any risk

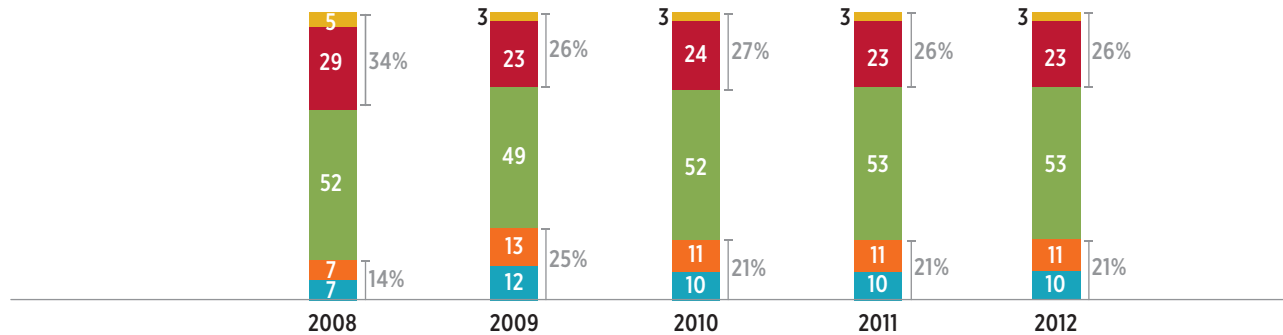
Younger than 35



35 to 49



50 to 64



Continued on next page

FIGURE 14 CONTINUED

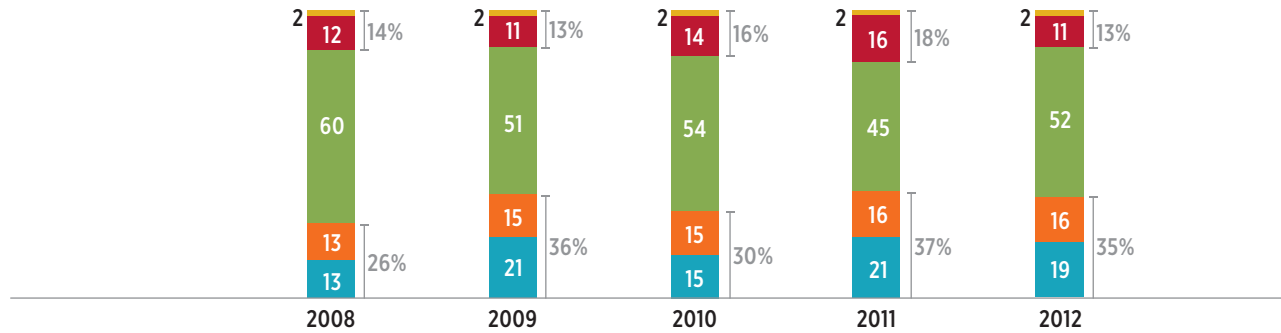
Mutual Fund Shareholders' Willingness to Take Investment Risk Varies with Age

Percentage of mutual fund-owning households within each age group,* May 2008, May 2009, May 2010, May 2011, and May 2012

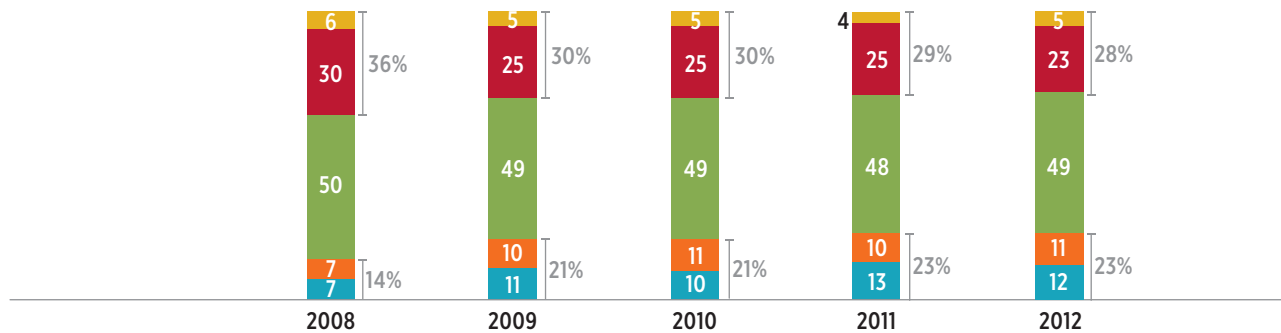
Level of risk willing to take with financial investments

- Substantial risk for substantial gain
- Above-average risk for above-average gain
- Average risk for average gain
- Below-average risk for below-average gain
- Unwilling to take any risk

65 or older



All mutual fund-owning households



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

Source: Investment Company Institute

Shareholders who indicated they have a higher tolerance for financial risk when investing were more favorable toward the mutual fund industry than shareholders who indicated less tolerance for financial risk (Figure 15). For example, among shareholders familiar with mutual funds who indicated they take little or no investment risk when investing, only 55 percent had favorable views of the mutual fund industry in 2012. This fraction increased to 71 percent for those shareholders who were willing to take at least above-average investment risk. Shareholders with no opinion of mutual funds contribute to this pattern: in

2012, 26 percent of shareholders familiar with mutual funds who indicated they take little or no investment risk when investing had no opinion of mutual funds, compared with 16 percent of households familiar with mutual funds and willing to take above-average or substantial risk.

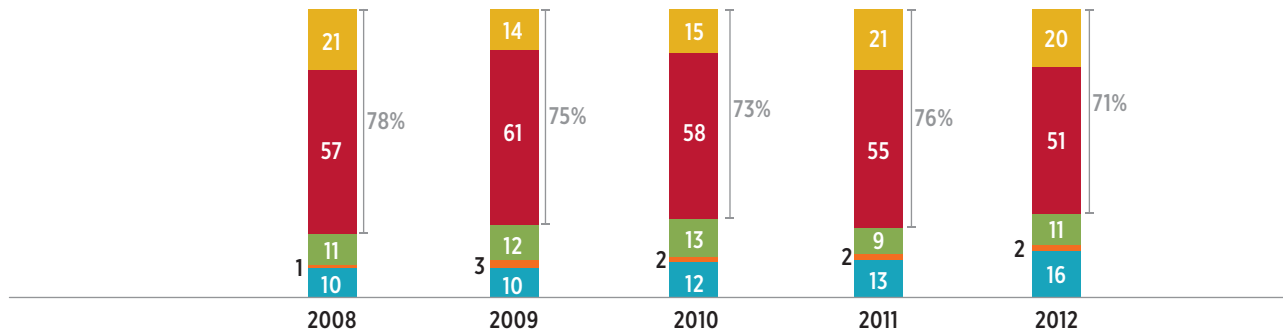
FIGURE 15

Favorability Rises with Shareholders' Risk Tolerance

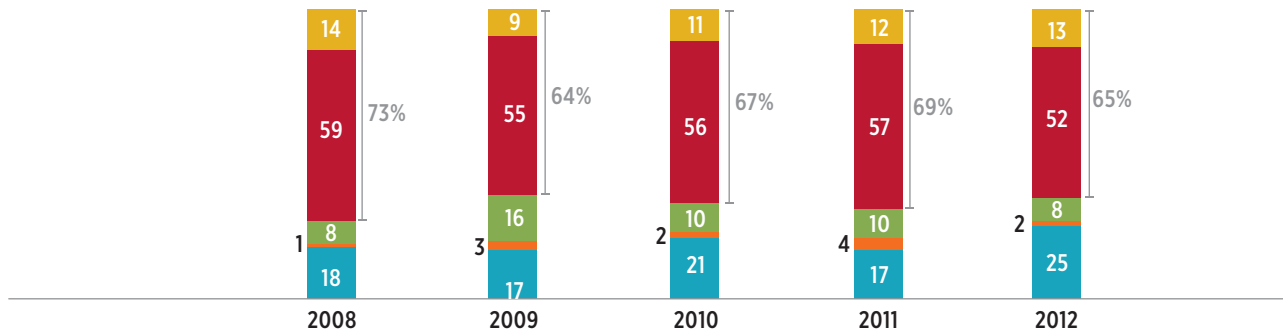
Percentage of mutual fund shareholders familiar with mutual fund companies by willingness to take financial risk; May 2008, May 2009, May 2010, May 2011, and May 2012

- Very favorable
- Somewhat favorable
- Somewhat unfavorable
- Very unfavorable
- No opinion

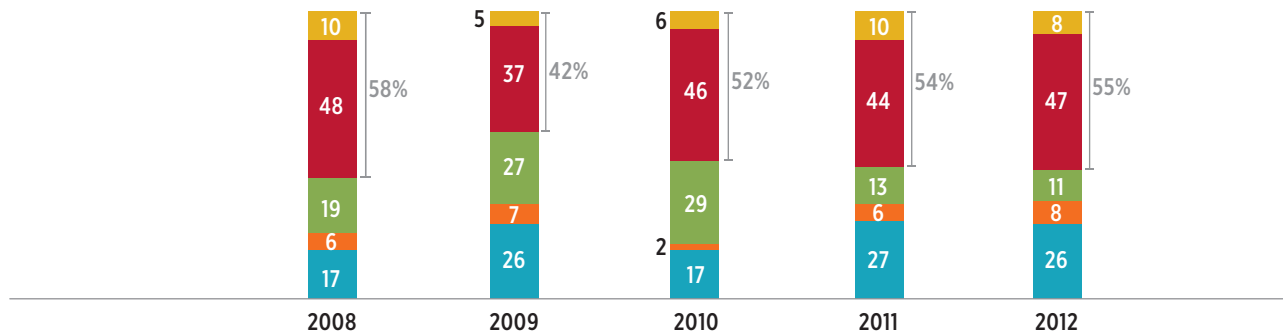
Above-average or substantial risk



Average risk



Below-average or no risk



Source: Investment Company Institute

Fund Owners Remain Confident About Achieving Investment Goals

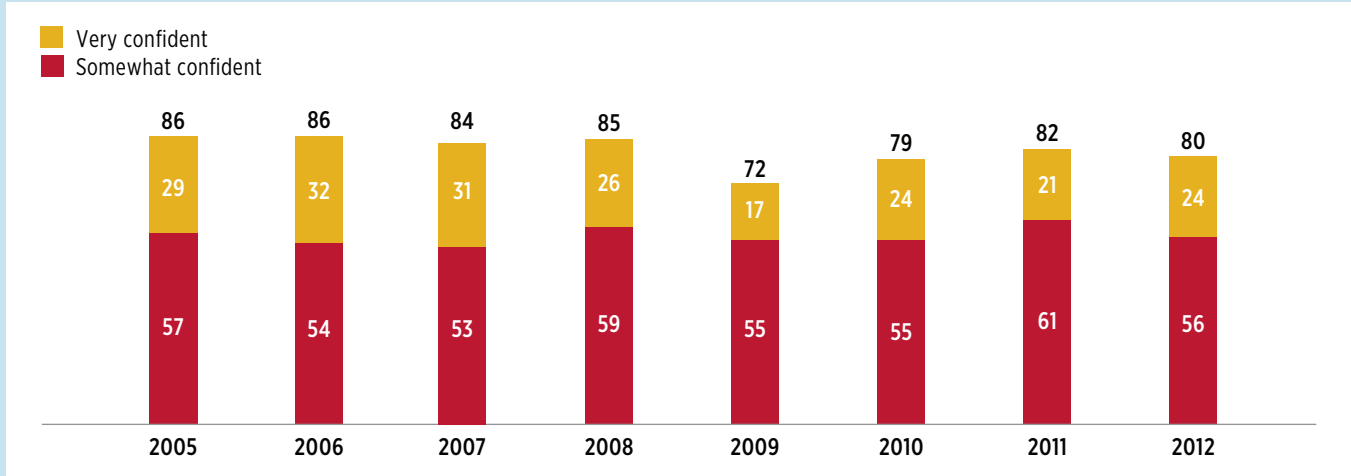
ICI's Annual Mutual Fund Shareholder Tracking Survey finds that investors were confident that mutual funds could help them reach their financial goals. In 2012, 80 percent of

all mutual fund shareholders said they were confident in mutual funds' ability to help them achieve their financial goals (Figure 16). Indeed, more than one in five fund investors were "very" confident that mutual funds could help them meet their financial goals.

FIGURE 16

Eight in 10 Mutual Fund–Owning Households Have Confidence in Mutual Funds

Percentage of all mutual fund shareholders by level of confidence that mutual funds can help them meet their investment goals, 2005–2012



Note: This question was not included in the survey prior to 2005. The question had four choices; the other two possible responses were "not very confident" and "not at all confident."

Source: Investment Company Institute

Mutual Fund Owners and Internet Access

Nearly All Mutual Fund–Owning Households Have Access to the Internet

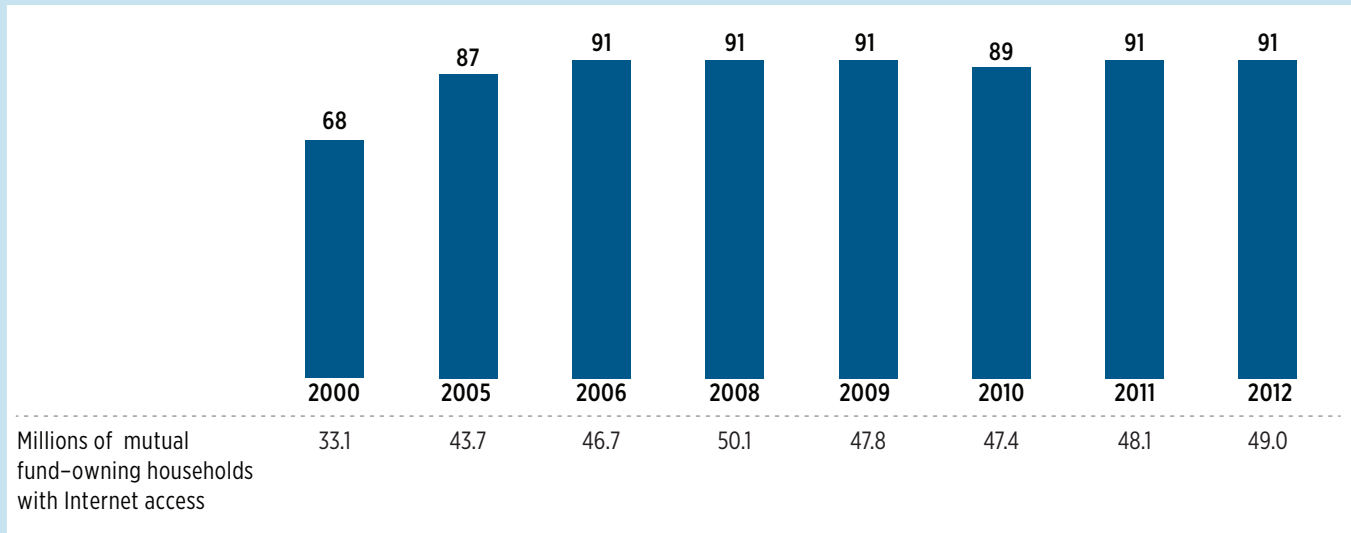
The number of mutual fund investors with Internet access has grown considerably in the past decade. In 2012,

91 percent of households owning mutual funds had Internet access, up from about two-thirds in 2000, the first year in which ICI measured shareholders' access to the Internet (Figure 17). Altogether, 49.0 million mutual fund–owning households had Internet access in 2012.

FIGURE 17

91 Percent of Households Owning Mutual Funds Have Internet Access

Number and percentage of all mutual fund–owning households with Internet access,* selected years



*In 2000, shareholders not using the Internet in the past 12 months or solely using the Internet for email were not counted as having Internet access.

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

Although younger households were more likely to report Internet access, 77 percent of mutual fund–owning households with a household head aged 65 or older had Internet access in 2012 (Figure 18). Internet access among mutual fund–owning household heads younger than 35 was essentially universal, with 93 percent reporting Internet access.

Mutual Fund Shareholders Report Frequent Use of the Internet

Mutual fund shareholders’ daily use of the Internet is widespread. More than eight in 10 mutual fund–owning households with Internet access in 2012 went online at least once a day, up from less than two-thirds in 2005 (Figure 19).

FIGURE 18

Internet Access Is Nearly Universal Among Mutual Fund–Owning Households

Percentage of mutual fund–owning households with Internet access, selected years

	Household had Internet access				
	in 2000 ¹	in 2005	in 2009	in 2011	in 2012
Respondent age					
Younger than 35	83%	94%	95%	94%	93%
35 to 49	75	91	96	98	95
50 to 64	60	90	92	93	92
65 or older	30	60	70	72	77
Respondent education					
High school graduate or less	39	75	79	82	78
Some college or associate’s degree	68	87	92	90	92
College or postgraduate degree	81	94	96	96	96
Household income²					
Less than \$50,000	47	74	78	78	75
\$50,000 to \$99,999	77	90	92	93	93
\$100,000 to \$149,999	92	97	98	99	96
\$150,000 or more	94	96	98	96	98
Total	68	87	91	91	91

¹ In 2000, shareholders not using the Internet in the past 12 months or solely using the Internet for email were not counted as having Internet access.

² Total reported is household income before taxes in prior year.

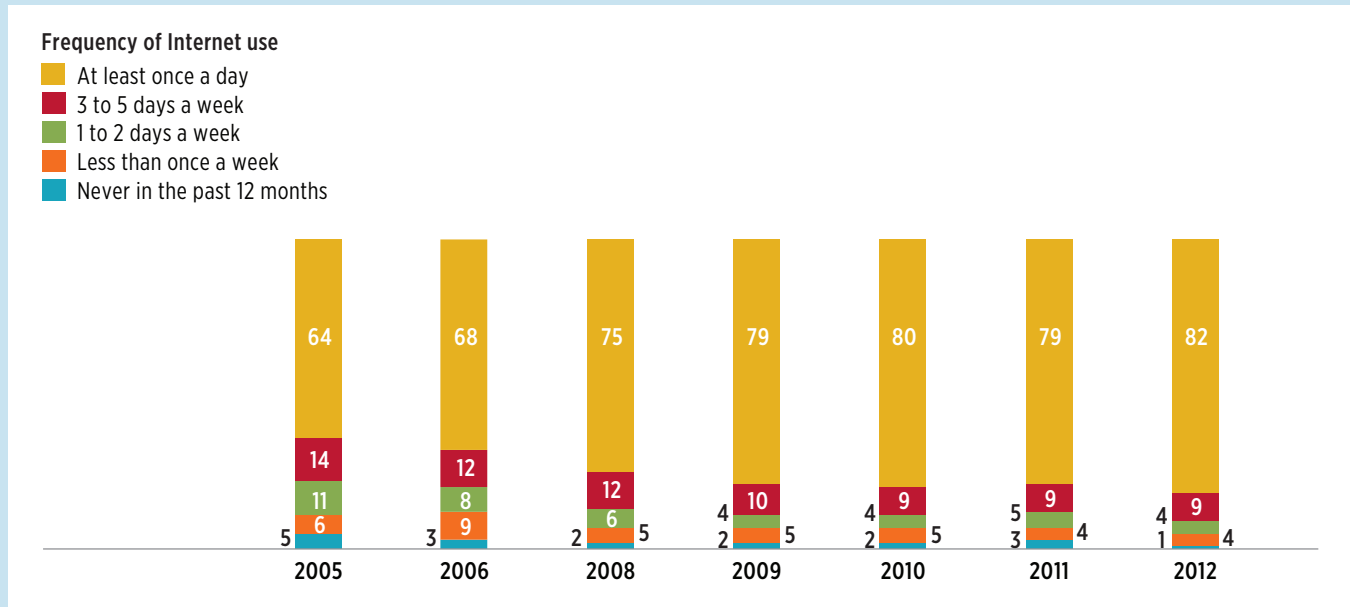
Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

FIGURE 19

Mutual Fund Shareholders' Daily Use of the Internet Edges Up

Percentage of mutual fund-owning households with Internet access by frequency of Internet use;* selected years



*Internet use is based on the sole or co-decisionmaker for household saving and investing.
 Note: Internet access includes access to the Internet at home, work, or some other location.
 Source: Investment Company Institute

Younger shareholders, shareholders with higher reported education levels, and shareholders with higher household incomes all reported higher daily usage of the Internet (Figure 20). Between 88 percent and 95 percent of these groups reported using the Internet at least once a day.

Mutual Fund Shareholders Use the Internet for Financial Purposes

The Internet has become central to many mutual fund shareholders' management of their finances. Eighty-six percent of mutual fund-owning households with Internet access went online for financial purposes, such as to check their bank or investment accounts, obtain investment information, or buy or sell investments (Figure 21).¹⁵

FIGURE 20

Mutual Fund Owners' Daily Use of the Internet

Percentage of mutual fund-owning households with Internet access, 2012

	Household had Internet access	Frequency of Internet use ¹			
		Never in the past 12 months or less than once a week	1 to 2 days a week	3 to 5 days a week	At least once a day
Respondent age					
Younger than 35	93%	2%	3%	6%	89%
35 to 49	95	2	3	6	88
50 to 64	92	5	5	11	78
65 or older	77	14	7	11	68
Respondent education					
High school graduate or less	78	11	5	14	68
Some college or associate's degree	92	4	6	9	81
College or postgraduate degree	96	3	3	7	88
Household income²					
Less than \$50,000	75	10	9	14	66
\$50,000 to \$99,999	93	5	5	10	79
\$100,000 to \$149,999	96	1	2	8	88
\$150,000 or more	98	3	(*)	3	95
Total	91	5	4	9	82

¹ Internet use is based on the sole or co-decisionmaker for household saving and investing.

² Total reported is household income before taxes in 2011.

(*) = less than 0.5 percent

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

FIGURE 21

Most Mutual Fund Shareholders Use the Internet for Financial Purposes

Percentage of U.S. households with Internet access by mutual fund ownership and online activities in past 12 months, 2012^{1, 2}

	Own mutual funds	Do not own mutual funds
Accessed email	93%	85%
Used Internet for a financial purpose (total)	86	60
Accessed any type of financial account, such as bank or investment accounts	81	55
Obtained investment information	56	21
Bought or sold investments online	21	13
Used Internet for a nonfinancial purpose (total)	92	78
Obtained information about products and services other than investments	83	65
Bought or sold something other than investments online	85	63

¹ Online activities are based on the sole or co-decisionmaker for household saving and investing.

² For this survey, the past 12 months were June 2011 through May 2012.

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

In addition, mutual fund owners were much more likely than non-fund owners to engage in common online activities, such as accessing email, obtaining information about nonfinancial products and services, or purchasing products and services other than investments (Figure 21). Younger shareholders, shareholders with higher education levels, and

shareholders with higher household incomes all reported the highest levels of Internet use for email and for financial and nonfinancial purposes (Figure 22). About nine in 10 members of these groups indicated using the Internet for the online tasks indicated.

FIGURE 22

Shareholders' Use of the Internet by Age, Education, or Household Income

Percentage of mutual fund-owning U.S. households with Internet access and online activities in past 12 months, 2012^{1, 2}

	Accessed email	Used Internet for a financial purpose	Used Internet for a nonfinancial purpose
Respondent age			
Younger than 35	89%	86%	95%
35 to 49	99	93	94
50 to 64	94	84	93
65 or older	86	72	82
Respondent education			
High school graduate or less	83	73	86
Some college or associate's degree	95	86	93
College or postgraduate degree	96	90	94
Household income³			
Less than \$50,000	83	72	87
\$50,000 to \$99,999	94	83	90
\$100,000 to \$149,999	99	92	96
\$150,000 or more	95	96	97
All	93	86	92

¹ Online activities are based on the sole or co-decisionmaker for household saving and investing.

² For this survey, the past 12 months were June 2011 through May 2012.

³ Total reported is household income before taxes in 2011.

Note: Internet access includes access to the Internet at home, work, or some other location.

Source: Investment Company Institute

Appendix: Additional Data on the Ownership of Mutual Funds, 2012

Figure A1 presents the data displayed in Figure 1 for all years, along with the total number of U.S. households. Mutual fund incidence is revised back to 2000 to better represent 401(k) and 403(b) plan participants who own mutual funds by using standard statistical methods (imputation) to deal with uncertain responses.¹⁶ Figure A2 reports the average number of mutual fund owners per household and millions of individuals owning mutual funds (the latter is also reported in Figure 2).

Figure A3 contains the full historical data displayed in Figure 3. Although households in their peak earning and saving years have always had the highest incidence of mutual fund ownership, ownership rates have increased significantly for all age groups. Similarly, Figure A4 shows the history for the data displayed in Figure 4; Figure A5 shows the history for the data displayed in Figure 5; and Figure A6 shows the history for the data in Figure 6.

Figure A7 reports the number and percentage of U.S. households owning mutual funds through tax-deferred accounts. Figure A8 reports the number and percentage of U.S. households owning mutual funds only inside tax-deferred accounts, only outside tax-deferred accounts, and both inside and outside tax-deferred accounts.

Figure A9 reports ownership of mutual funds through employer-sponsored retirement plans. Figure A10 shows the many factors that shape shareholders' opinions of the mutual fund industry (multiple responses are included).

Figure A11 reports the willingness to take investment risk for all U.S. households. Figure 14 reports the willingness to take investment risk for U.S. households owning mutual funds.

Figure 8 reports favorability ratings for the mutual fund industry among all mutual fund owners familiar with mutual fund companies. Figure 10 reports the factors that shape shareholders' opinions of the mutual fund industry. Figure 16 reports shareholders' level of confidence that mutual funds can help them achieve their investment goals. Figures A12, A13, and A14 report the same data among respondents whose households own mutual funds inside their DC accounts.

Figure A15 reports the financial goals that respondents whose households own mutual funds inside their DC accounts have for their mutual funds.

FIGURE A1

Household Ownership of Mutual Funds*Number and percentage of U.S. households owning mutual funds, 1980–2012^{1, 2, 3}*

	U.S. households owning mutual funds <i>Millions</i>	Share of U.S. households <i>Percent</i>	Memo: total number of U.S. households⁴ <i>Millions</i>
1980	4.6	5.7%	80.8
1981	6.9	8.4	82.4
1982	9.0	10.8	83.5
1983	9.8	11.7	83.9
1984	10.1	11.9	85.3
1985	12.8	14.7	86.8
1986	17.3	19.6	88.5
1987	22.5	25.1	89.5
1988	22.2	24.4	91.1
1989	23.2	25.0	92.8
1990	23.4	25.1	93.3
1991	25.5	27.0	94.3
1992	25.8	27.0	95.7
1993	27.0	28.0	96.4
1994	27.6	28.4	97.1
1995	28.4	28.7	99.0
1996	32.6	32.7	99.6
1997	35.3	34.9	101.0
1998	41.9	40.9	102.5
1999	43.4	41.8	103.9

Continued on next page

FIGURE A1 CONTINUED

Household Ownership of Mutual Funds

Number and percentage of U.S. households owning mutual funds, 1980–2012^{1, 2, 3}

	U.S. households owning mutual funds <i>Millions</i>	Share of U.S. households <i>Percent</i>	Memo: total number of U.S. households⁴ <i>Millions</i>
2000	48.6	45.7%	106.4
2001	53.0	48.9	108.2
2002	49.0	44.9	109.3
2003	48.6	43.7	111.3
2004	49.9	44.6	112.0
2005	50.3	44.4	113.3
2006	51.3	44.8	114.4
2007	51.6	44.4	116.0
2008	55.0	47.1	116.8
2009	52.6	44.9	117.2
2010	53.2	45.3	117.5
2011	52.9	44.1	119.9
2012	53.8	44.4	121.1

¹ Households owning mutual funds in 1980 through 1986 were estimated by dividing the total number of household accounts by the number of accounts per household. Beginning in 1987, the incidence of mutual fund ownership is estimated through household surveys. Incidence estimates for 1987 through 1993 exclude households owning mutual funds only through employer-sponsored retirement plans; estimates for 1994 through 2012 include households owning mutual funds only through employer-sponsored retirement plans. Incidence estimates for 1998 through 2012 include fund ownership through variable annuities. Incidence estimates for 2000 through 2012 include fund ownership through Roth IRAs, Coverdell Education Savings Accounts, SAR-SEPs, SEP-IRAs, and SIMPLE IRAs.

² Prior to 1994, survey weights are based on census region and householder age. For 1994 and later, survey weights are based on census region, householder age, household income, and educational attainment.

³ Mutual fund incidence was revised back to 2000 to better represent 401(k) and 403(b) plan participants who own mutual funds by using standard statistical methods (imputation) to deal with uncertain responses. Households with 401(k) or 403(b) plan accounts who indicated they did not know if they owned mutual funds were assigned mutual fund ownership using a technique known as “hot deck” imputation.

⁴ The number of households is as of March of the year indicated.

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

FIGURE A2

Ownership of Mutual Funds by Individual Investors

Millions of individual U.S. investors owning mutual funds, 1997–2012

	Mutual fund owners per household	Millions of individuals owning mutual funds
1997	1.747	61.7
1998	1.767	74.0
1999	1.732	75.2
2000	1.769	86.0
2001	1.777	94.2
2002	1.775	87.0
2003	1.723	83.7
2004	1.721	85.9
2005	1.707	85.9
2006	1.763	90.4
2007	1.744	90.0
2008	1.751	96.3
2009	1.729	90.9
2010	1.748	93.0
2011	1.728	91.4
2012	1.717	92.4

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

FIGURE A3

Incidence of Mutual Fund Ownership

Percentage of U.S. households within each age group owning mutual funds, 1994–2012*

	Incidence of mutual fund–owning households				
	Younger than 35	35 to 44	45 to 54	55 to 64	65 or older
1994	26%	36%	34%	30%	17%
1995	25	36	38	33	16
1996	28	41	38	37	22
1997	27	42	44	41	24
1998	33	50	49	45	30
1999	36	51	52	42	28
2000	37	57	59	51	27
2001	45	59	59	49	33
2002	38	51	58	49	30
2003	36	50	56	48	30
2004	37	55	53	50	30
2005	37	53	53	52	30
2006	34	49	60	49	33
2007	35	49	52	54	34
2008	38	54	58	52	35
2009	35	51	57	49	34
2010	33	48	57	53	37
2011	32	52	52	50	37
2012	34	52	53	52	34

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

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

FIGURE A4

Most Mutual Fund Shareholders Are Between Ages 35 and 64

Percent distribution of U.S. households owning mutual funds and all U.S. households by age,¹ 1994–2012

	Share of mutual fund–owning households				
	Younger than 35	35 to 44	45 to 54	55 to 64	65 or older
1994	24%	29%	21%	13%	13%
1995	22	29	23	14	12
1996	21	29	21	14	15
1997	19	28	23	15	15
1998	20	28	23	14	15
1999	21	28	24	13	14
2000	19	28	26	14	13
2001	21	27	25	13	14
2002	20	25	26	15	14
2003	19	25	26	16	14
2004	19	26	24	17	14
2005	19	24	25	18	14
2006	17	22	28	18	15
2007	18	22	24	20	16
2008	18	22	26	19	15
2009	17	21	27	19	16
2010	16	19	27	20	18
2011	16	21	24	21	18
2012	17	20	24	22	17

Continued on next page

FIGURE A4 CONTINUED

Most Mutual Fund Shareholders Are Between Ages 35 and 64

Percent distribution of U.S. households owning mutual funds and all U.S. households by age,¹ 1994–2012

	Share of U.S. households ²				
	Younger than 35	35 to 44	45 to 54	55 to 64	65 or older
1994	26%	23%	17%	13%	21%
1995	25	23	18	12	22
1996	25	23	18	12	22
1997	24	24	19	12	21
1998	24	23	19	13	21
1999	24	23	19	13	21
2000	23	23	20	13	21
2001	24	22	20	13	21
2002	23	22	20	14	21
2003	23	22	20	15	20
2004	23	21	21	15	20
2005	23	21	21	15	20
2006	23	20	21	16	20
2007	22	20	21	17	20
2008	22	19	21	17	21
2009	22	19	21	17	21
2010	22	18	21	17	22
2011	22	18	21	18	21
2012	21	18	20	19	22

¹ Age is based on the age of the sole or co-decisionmaker for household saving and investing.

² The percentage of all households in each age group is based on ICI survey data and is weighted to match the U.S. Census Bureau's Current Population Survey.

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

FIGURE A5

Income Distribution of Mutual Fund–Owning Households and All U.S. Households*Percent distribution of U.S. households owning mutual funds and all U.S. households by household income,¹ 1998–2012*

	Share of mutual fund–owning households						
	Less than \$25,000	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 to \$199,999	\$200,000 or more
1998	8%	5%	12%	25%	19%	26%	5%
1999	7	6	11	24	19	26	7
2000	5	6	12	24	21	26	6
2001	5	6	12	23	23	26	5
2002	4	6	13	24	19	28	6
2003	6	6	13	22	18	30	5
2004	6	5	12	24	17	30	6
2005	5	8	12	22	18	28	7
2006	7	7	11	24	15	29	7
2007	8	5	12	22	19	27	7
2008	5	6	11	22	19	30	7
2009	6	5	13	21	19	29	7
2010	6	7	12	20	19	29	7
2011	7	7	10	21	17	31	7
2012	5	6	11	21	18	31	8

Continued on next page

FIGURE A5 CONTINUED

Income Distribution of Mutual Fund–Owning Households and All U.S. Households

Percent distribution of U.S. households owning mutual funds and all U.S. households by household income,¹ 1998–2012

	Share of U.S. households ²						
	Less than \$25,000	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 to \$199,999	\$200,000 or more
1998	26%	11%	15%	19%	12%	14%	3%
1999	23	11	16	19	13	14	4
2000	23	10	15	19	14	15	4
2001	22	12	14	19	14	15	4
2002	24	11	16	17	14	15	3
2003	24	11	16	18	13	15	3
2004	24	11	15	20	10	17	3
2005	25	13	13	18	11	16	4
2006	23	14	12	21	10	16	4
2007	24	10	15	17	13	17	4
2008	24	11	14	18	12	17	4
2009	24	11	14	18	12	17	4
2010	25	11	14	18	12	16	4
2011	26	11	14	18	11	17	3
2012	25	11	14	18	11	17	4

¹ Total reported is household income before taxes in prior year. Income is reported in 2011 CPI-U-RS adjusted dollars.

² The percentage of all U.S. households in each income group is based on ICI survey data and is weighted to match the U.S. Census Bureau's Current Population Survey.

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

FIGURE A6

Incidence of Mutual Fund Ownership Increases with Household Income

Percentage of U.S. households within each income group owning mutual funds, 1994–2012*

	Incidence of mutual fund–owning households						Less than \$50,000	\$50,000 or more
	Less than \$25,000	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 or more		
1994	10%	22%	41%	47%	59%	64%	19%	52%
1995	9	21	36	46	60	73	18	55
1996	9	28	39	53	65	73	20	60
1997	10	28	39	54	65	77	20	62
1998	12	31	48	63	76	76	25	69
1999	15	29	47	60	77	74	26	67
2000	13	35	48	68	76	78	27	72
2001	14	32	52	71	85	81	28	77
2002	10	30	47	64	76	83	24	72
2003	13	29	40	58	77	83	23	70
2004	12	26	43	62	74	83	23	71
2005	10	31	47	58	74	78	24	69
2006	14	28	41	55	72	82	24	68
2007	14	26	38	57	67	75	24	66
2008	10	24	41	58	75	83	22	72
2009	10	22	42	53	71	79	21	68
2010	10	28	40	50	73	80	23	68
2011	12	29	32	52	67	81	21	68
2012	8	25	36	53	71	81	20	69

*Total reported is household income before taxes in prior year.

Source: Investment Company Institute

FIGURE A7

U.S. Households' Ownership of Mutual Funds Inside and Outside Tax-Deferred Accounts

Number and percentage of U.S. households owning mutual funds inside and outside tax-deferred accounts,¹ 1998–2012

	Number of U.S. households owning mutual funds <i>Millions</i>		Share of U.S. households <i>Percent</i>	
	Inside tax-deferred accounts ²	Outside tax-deferred accounts	Inside tax-deferred accounts ²	Outside tax-deferred accounts
1998	35.7	21.1	34.8%	20.6%
1999	37.5	22.0	36.1	21.2
2000	43.3	21.6	40.7	20.3
2001	46.6	25.9	43.1	23.9
2002	43.9	21.3	40.2	19.5
2003	43.8	19.9	39.4	17.9
2004	44.3	20.1	39.6	17.9
2005	45.0	20.0	39.7	17.6
2006	47.0	20.2	41.1	17.7
2007	46.6	22.0	40.1	19.0
2008	50.2	21.0	43.0	17.9
2009	47.9	18.7	40.9	16.0
2010	48.7	19.4	41.5	16.5
2011	48.0	19.5	40.0	16.3
2012	49.3	17.8	40.7	14.7

¹ Multiple responses are included.

² Mutual funds held in employer-sponsored retirement plans, IRAs, and variable annuities are included.

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

FIGURE A8

Mutual Fund Ownership Inside and Outside Tax-Deferred Accounts*Number and percentage of U.S. households, 1998–2012*

	Number of U.S. households <i>Millions</i>			Total ²
	Own mutual funds inside tax-deferred accounts only ¹	Own mutual funds both inside and outside tax-deferred accounts	Own mutual funds outside tax-deferred accounts only	
1998	20.9	14.8	6.3	41.9
1999	21.4	16.1	6.0	43.4
2000	27.0	16.3	5.3	48.6
2001	27.1	19.5	6.4	53.0
2002	27.7	16.2	5.1	49.0
2003	28.6	15.1	4.8	48.6
2004	29.8	14.5	5.6	49.9
2005	30.3	14.7	5.3	50.3
2006	31.1	16.0	4.3	51.3
2007	29.6	17.0	5.0	51.6
2008	34.0	16.2	4.8	55.0
2009	33.9	14.0	4.7	52.6
2010	33.9	14.9	4.5	53.2
2011	33.4	14.6	4.9	52.9
2012	36.0	13.3	4.6	53.8

Continued on next page

FIGURE A8 CONTINUED

Mutual Fund Ownership Inside and Outside Tax-Deferred Accounts

Number and percentage of U.S. households, 1998–2012

	Share of U.S. households			Total ²
	Percent			
	Own mutual funds inside tax-deferred accounts only ¹	Own mutual funds both inside and outside tax-deferred accounts	Own mutual funds outside tax-deferred accounts only	
1998	20.4%	14.4%	6.1%	40.9%
1999	20.6	15.5	5.7	41.8
2000	25.4	15.3	5.0	45.7
2001	25.0	18.0	5.9	48.9
2002	25.3	14.9	4.7	44.9
2003	25.7	13.6	4.3	43.7
2004	26.6	12.9	5.0	44.6
2005	26.7	13.0	4.6	44.4
2006	27.2	13.9	3.7	44.8
2007	25.5	14.7	4.3	44.4
2008	29.2	13.9	4.1	47.1
2009	28.9	12.0	4.0	44.9
2010	28.8	12.7	3.8	45.3
2011	27.8	12.2	4.1	44.1
2012	29.7	11.0	3.8	44.4

¹ Mutual funds held in employer-sponsored retirement plans, IRAs, and variable annuities are included.

² Components may not add to the total because of rounding.

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

FIGURE A9

Ownership of Mutual Funds Inside and Outside Employer-Sponsored Retirement Plans*Number and percentage of U.S. households, 1998–2012*

	Number of U.S. households owning mutual funds			Total ²
	Inside employer-sponsored retirement plans only ¹	Both inside and outside employer-sponsored retirement plans	Outside employer-sponsored retirement plans only	
1998	12.2	14.8	14.9	41.9
1999	10.6	17.3	15.5	43.4
2000	15.7	17.8	15.1	48.6
2001	15.2	20.7	17.1	53.0
2002	14.6	19.5	14.9	49.0
2003	15.1	19.6	13.9	48.6
2004	15.6	20.1	14.3	49.9
2005	15.2	20.3	14.8	50.3
2006	14.8	22.4	14.1	51.3
2007	14.1	20.7	16.7	51.6
2008	16.8	22.6	15.5	55.0
2009	17.6	19.9	15.0	52.6
2010	16.2	21.1	16.0	53.2
2011	17.1	19.5	16.2	52.9
2012	18.6	20.2	14.9	53.8

Continued on next page

FIGURE A9 CONTINUED

Ownership of Mutual Funds Inside and Outside Employer-Sponsored Retirement Plans

Number and percentage of U.S. households, 1998–2012

	Share of U.S. households Percent			Total ²
	Own mutual funds inside employer- sponsored retirement plans only ¹	Own mutual funds both inside and outside employer-sponsored retirement plans	Own mutual funds outside employer- sponsored retirement plans only	
1998	11.9%	14.5%	14.6%	40.9%
1999	10.2	16.7	14.9	41.8
2000	14.8	16.7	14.2	45.7
2001	14.0	19.1	15.8	48.9
2002	13.4	17.8	13.7	44.9
2003	13.5	17.6	12.5	43.7
2004	13.9	17.9	12.7	44.6
2005	13.4	17.9	13.1	44.4
2006	13.0	19.6	12.3	44.8
2007	12.2	17.9	14.4	44.4
2008	14.4	19.4	13.3	47.1
2009	15.0	17.0	12.8	44.9
2010	13.8	17.9	13.6	45.3
2011	14.3	16.3	13.5	44.1
2012	15.4	16.7	12.3	44.4

¹ Mutual funds held in DC plans (including 401(k) plans, 403(b) plans, and 457 plans) and employer-sponsored IRAs (SAR-SEP IRAs, SEP-IRAs, and SIMPLE IRAs) are included.

² Components may not add to the total because of rounding.

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

FIGURE A10

Many Factors Shape Shareholders' Opinions of the Mutual Fund Industry

Percentage of mutual fund shareholders familiar with the mutual fund industry who indicate each factor is "very" important,* 1998–2012

	Performance of fund investments	Current events in financial markets	Personal experience with a mutual fund company	Stock market fluctuations	Opinion of professional financial advisers	Friends and family	Media coverage about fund companies
1998	83%	50%	55%	45%	44%	34%	22%
1999	85	52	58	45	45	39	23
2000	71	50	63	42	46	47	21
2001	68	51	58	45	43	47	20
2002	69	50	58	39	45	45	22
2003	69	49	60	43	49	44	18
2004	69	49	57	39	48	45	21
2005	73	51	53	42	39	30	19
2006	74	52	54	43	40	32	19
2007	71	36	47	32	40	23	12
2008	71	40	45	35	36	22	12
2009	67	47	44	37	35	23	12
2010	67	43	45	36	38	20	11
2011	69	43	47	36	37	22	10
2012	66	42	49	30	38	27	13

*Multiple responses are included.

Source: Investment Company Institute

FIGURE A11

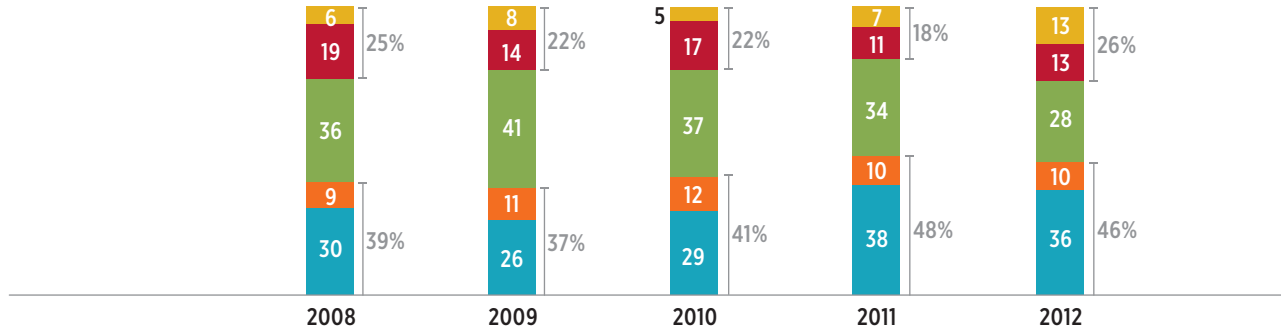
Households' Willingness to Take Investment Risk Varies with Age

Percentage of U.S. households within each age group,* May 2008, May 2009, May 2010, May 2011, and May 2012

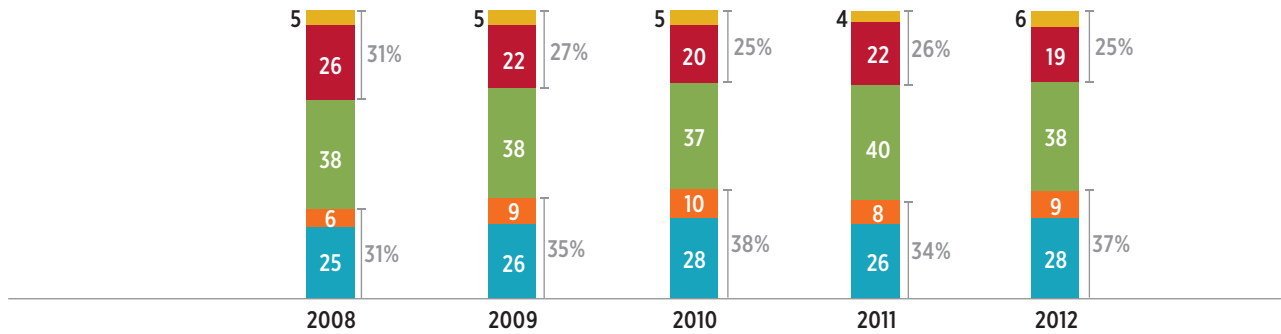
Level of risk willing to take with financial investments

- Substantial risk for substantial gain
- Above-average risk for above-average gain
- Average risk for average gain
- Below-average risk for below-average gain
- Unwilling to take any risk

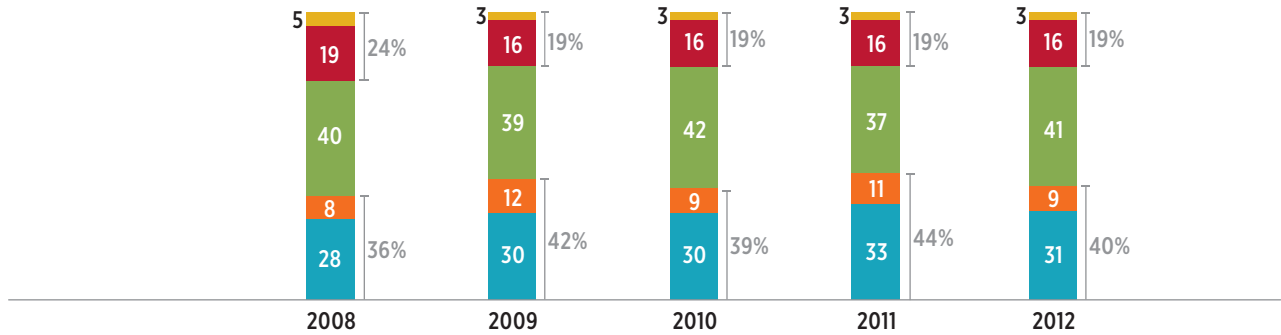
Younger than 35



35 to 49



50 to 64



Continued on next page

FIGURE A11 CONTINUED

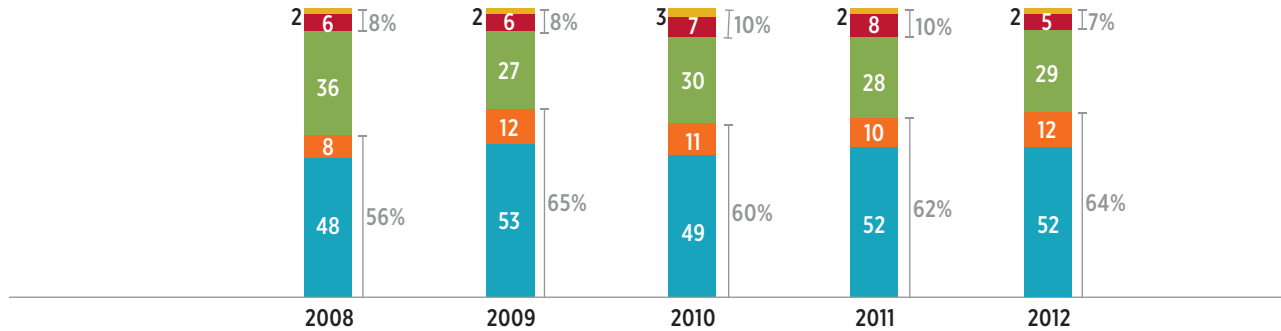
Households' Willingness to Take Investment Risk Varies with Age

Percentage of U.S. households within each age group,* May 2008, May 2009, May 2010, May 2011, and May 2012

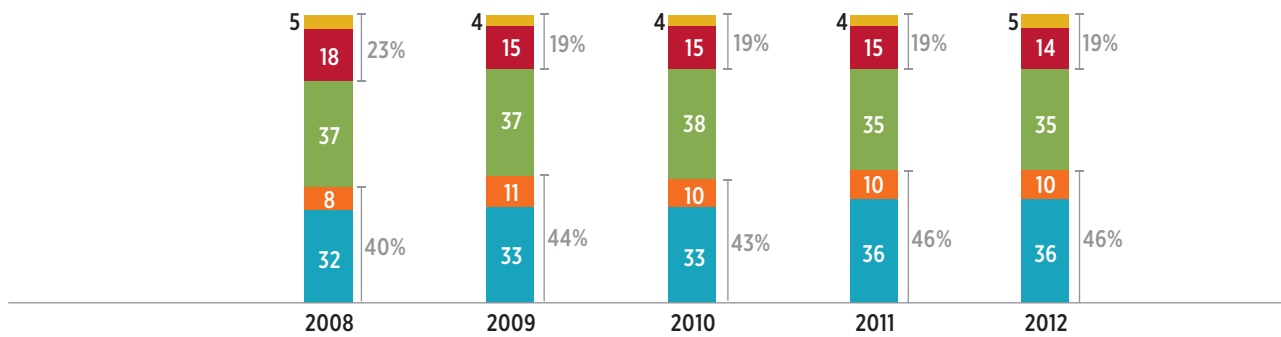
Level of risk willing to take with financial investments

- Substantial risk for substantial gain
- Above-average risk for above-average gain
- Average risk for average gain
- Below-average risk for below-average gain
- Unwilling to take any risk

65 or older



All U.S. households

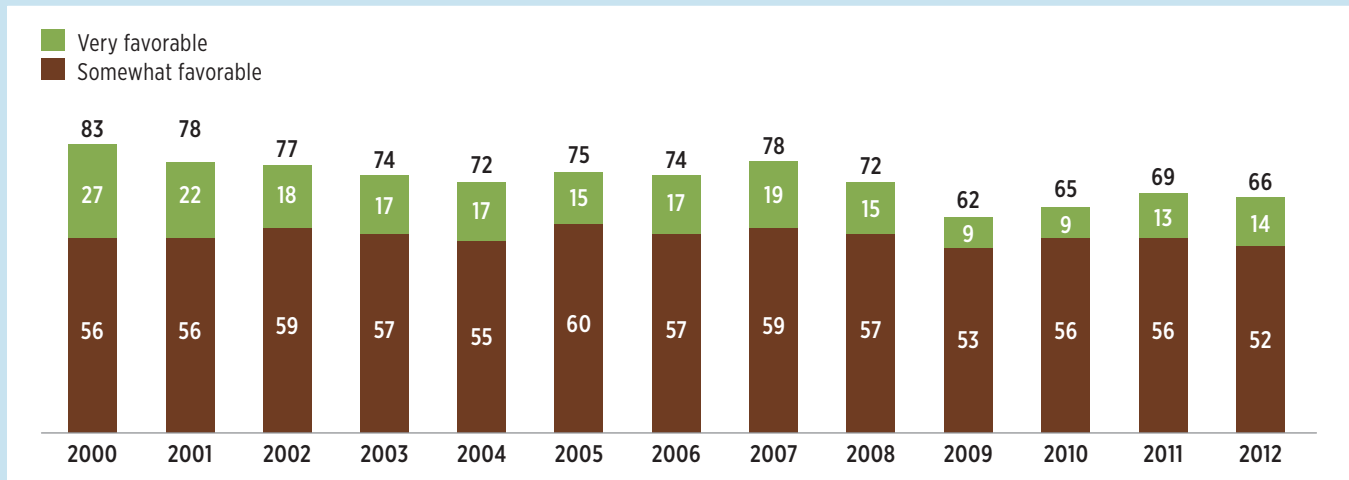


*Age is based on the age of the sole or co-decisionmaker for household saving and investing.
Source: Investment Company Institute

FIGURE A12

Most Defined Contribution Plan Shareholders View the Mutual Fund Industry Favorably

Percentage of respondents whose households have mutual funds in their DC accounts* and are familiar with mutual fund companies, 2000–2012



*DC accounts include 401(k), 403(b), 457, and other DC accounts.

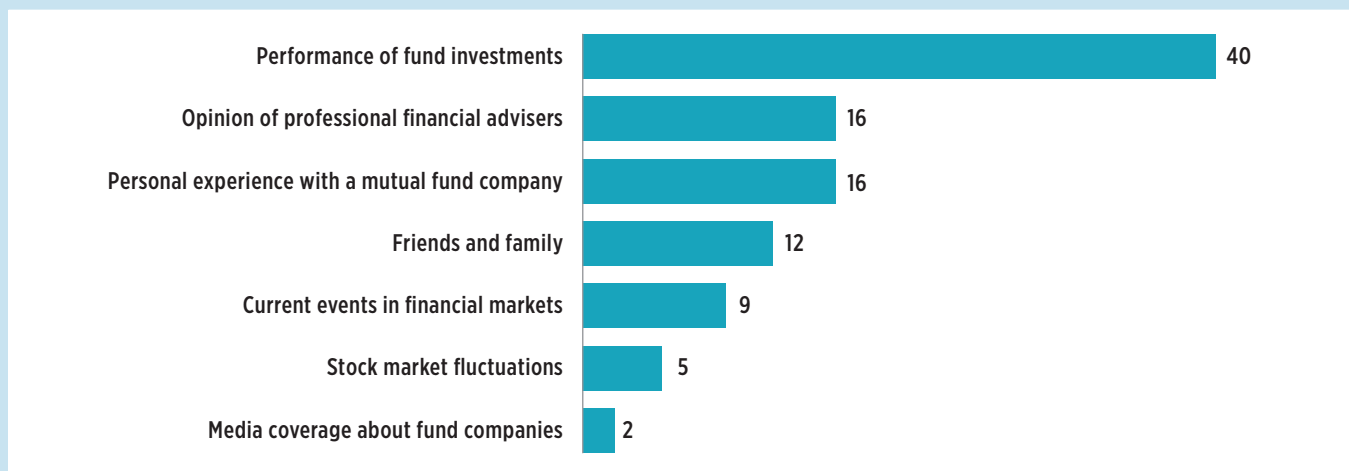
Note: The survey question on mutual fund industry favorability had five choices; the other three possible responses were “somewhat unfavorable,” “very unfavorable,” and “no opinion.”

Source: Investment Company Institute

FIGURE A13

Fund Performance Is the Most Important Factor Shaping Defined Contribution Mutual Fund Owners’ Opinions of the Fund Industry

Percentage of respondents whose households have mutual funds in their DC accounts* and are familiar with mutual fund companies who indicate each factor is “most” important, 2012



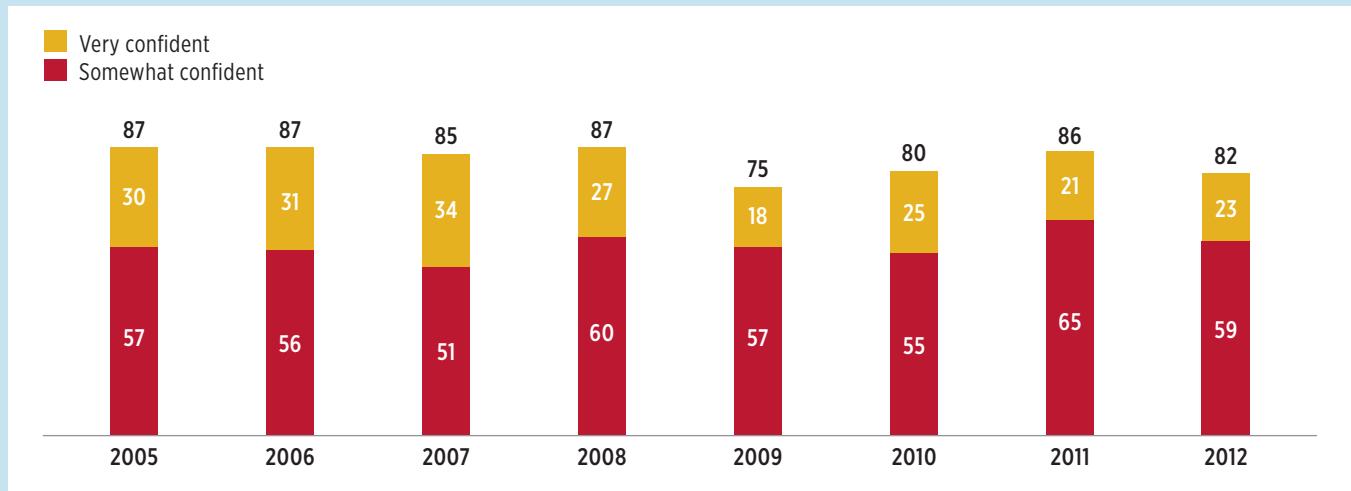
*DC accounts include 401(k), 403(b), 457, and other DC accounts.

Source: Investment Company Institute

FIGURE A14

Defined Contribution Plan Shareholders Are Confident That Funds Can Help Them Achieve Their Investment Goals

Percentage of respondents whose households have mutual funds in their DC accounts* by level of confidence that mutual funds can help them meet their investment goals, 2005–2012



*DC accounts include 401(k), 403(b), 457, and other DC accounts.

Note: This question was not included in the survey prior to 2005. The question had four choices; the other two possible responses were “not very confident” and “not at all confident.”

Source: Investment Company Institute

FIGURE A15

Nearly All Defined Contribution Owners with Mutual Funds in Their Defined Contribution Accounts Are Investing in Mutual Funds for Retirement

Percentage of respondents whose households have mutual funds in their DC accounts,¹ 2012

	Households' financial goals for mutual fund investments ²	Households' primary financial goal for mutual fund investments
To finance retirement	95%	74%
To reduce taxable income	49	2
To provide money for an emergency	48	8
To pay for education	30	7
To provide yourself with income now	21	4
To buy a house or some other large purchase	18	4
Other	5	1

¹ DC accounts include 401(k), 403(b), 457, and other DC accounts.

² Multiple responses are included.

Source: Investment Company Institute

Notes

- ¹ Households' total financial assets were \$51.9 trillion as of June 2012. See U.S. Federal Reserve Board 2012.
- ² Ownership includes mutual funds held in variable annuities.
- ³ The survey data include the number of mutual fund owners per household, which is applied to the number of U.S. households owning mutual funds. The average number of mutual fund owners per household is reported in Figure A2 in the appendix.
- ⁴ See Figure A3 in the appendix for the complete time series showing incidence of mutual fund ownership by age.
- ⁵ The life-cycle pattern of savings suggests that older individuals are able to save at higher rates because they no longer face the expenses of buying a home and/or putting children through college and/or paying for their own education. An augmented version of the life-cycle theory predicts that the optimal savings pattern increases with age. For a summary discussion of life-cycle models, see Browning and Crossley 2001. In addition, see discussion in Brady and Bogdan 2012. See Figure A4 in the appendix for the complete time series showing the age composition of mutual fund-owning households.
- ⁶ For additional information on the characteristics of mutual fund-owning households, see Schrass, Bogdan, and Holden 2012 and Bogdan and Schrass 2013 (forthcoming).
- ⁷ See Figure A5 in the appendix for the complete time series showing the income composition of mutual fund-owning households. For additional information on the characteristics of mutual fund-owning households, see Schrass, Bogdan, and Holden 2012 and Bogdan and Schrass 2013 (forthcoming).
- ⁸ See Figure A6 in the appendix for the complete time series showing incidence of mutual fund ownership by household income.
- ⁹ These results are from the 2012 ICI Annual Mutual Fund Shareholder Tracking Survey.
- ¹⁰ Mutual fund ownership inside tax-deferred accounts includes ownership of funds held inside employer-sponsored retirement plans, any type of IRA, educational savings accounts, and mutual funds held in variable annuities. For additional information on mutual funds in DC plans and IRAs, see Investment Company Institute 2012.
- ¹¹ See Figure A7 in the appendix.
- ¹² See Figure A10 in the appendix.
- ¹³ Some of the variation in the mutual fund favorability rating across the age groups is affected by differences in the frequency of the "no opinion" response. For example, 37 percent of the youngest age group had "no opinion" in 2012, compared with 16 percent of the oldest age group.
- ¹⁴ See Figure A11 in the appendix for the risk tolerance of all U.S. households from 2008 to 2012.
- ¹⁵ Other ICI household survey research has found that a majority of shareholders use the Internet for financial purposes. According to a 2006 ICI survey, 85 percent of recent fund investors who went online used the Internet to obtain financial information during the 12 months preceding the survey, 26 percent used it to buy or sell investments, and 19 percent used it to contact a professional financial adviser (see Investment Company Institute 2006). In addition, a winter 2007 survey of more than 500 mutual fund shareholders gathered respondents' views of the Securities and Exchange Commission's proposed Summary Prospectus as well as information on their Internet use. Almost all (95 percent) respondents reported that they accessed the Internet, and about three-quarters reported doing so at least once a day. Rates of Internet access and use were lower for respondents aged 60 or older, but were still quite significant: 85 percent accessed the Internet, and more than half reported using the Internet daily (see Sabelhaus 2008). For discussion of households' use of the Internet across different U.S. demographic and financial groups, see Investment Company Institute 2011.
- ¹⁶ Households with 401(k) or 403(b) plan accounts who indicated they did not know if they owned mutual funds were assigned mutual fund ownership using a technique known as "hot deck" imputation—where a missing value is imputed from a randomly selected similar record. See Little and Rubin 1987.

References

- Bogdan, Michael, and Daniel Schrass. 2013 (forthcoming). "Profile of Mutual Fund Shareholders, 2012." *ICI Research Report*.
- Brady, Peter, and Michael Bogdan. 2012. "Who Gets Retirement Plans and Why, 2011." *ICI Research Perspective* 18, no. 4 (September). Available at www.ici.org/pdf/per18-04.pdf.
- Browning, Martin, and Thomas F. Crossley. 2001. "The Life-Cycle Model of Consumption and Saving." *Journal of Economic Perspectives* 15, no. 3: 3–22 (Summer).
- Investment Company Institute. 2006. *Understanding Investor Preferences for Mutual Fund Information*. Washington, DC: Investment Company Institute. Available at www.ici.org/pdf/rpt_06_inv_prefs_full.pdf.
- Investment Company Institute. 2011. "ICI Responds to DOL RFI on E-Delivery Rules" (ICI Comment Letter to the Department of Labor). Washington, DC: Investment Company Institute (June 6). Available at www.ici.org/pdf/25270.pdf.
- Investment Company Institute. 2012. "The U.S. Retirement Market, Second Quarter 2012" (September). Available at www.ici.org/info/ret_12_q2_data.xls.
- Little, R. J. A., and Donald B. Rubin. 1987. *Statistical Analysis with Missing Data*. New York: John Wiley.
- Sabelhaus, John. 2008. *Investor Views on the U.S. Securities and Exchange Commission's Proposed Summary Prospectus*. Washington, DC: Investment Company Institute. Available at www.ici.org/pdf/ppr_08_summary_prospectus.pdf.
- Schrass, Daniel, Michael Bogdan, and Sarah Holden. 2012. "Characteristics of Mutual Fund Investors, 2012." *ICI Research Perspective* 18, no. 6 (November). Available at www.ici.org/pdf/per18-06.pdf.
- U.S. Census Bureau. 2012. "Income, Poverty, and Health Insurance Coverage in the United States: 2011." *Current Population Reports*, P60-239 (September). Washington, DC: U.S. Government Printing Office. Available at www.census.gov/prod/2012pubs/p60-239.pdf.
- U.S. Federal Reserve Board. 2012. *Flow of Funds Accounts of the United States, Second Quarter 2012*. Z.1 Release (September). Available at www.federalreserve.gov/releases/z1/.



1401 H Street, NW
Washington, DC 20005
202-326-5800
www.ici.org

Copyright © 2012 by the Investment Company Institute

The Investment Company Institute (ICI) is the national association of U.S. investment companies. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers.