

ICI RESEARCH REPORT

Profile of Mutual Fund Shareholders, 2011

February 2012



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Contents

Introduction	1
Annual Survey	1
The “Typical” Mutual Fund Owner	2
Variations in Shareholder Characteristics	2
Chapter 1: Mutual Fund Shareholders	5
Demographic Characteristics	5
Employment Status and Household Income	6
Financial Characteristics	6
Mutual Fund Ownership Characteristics	7
Goals and Mutual Fund Investing	8
Views on Investment Risk	8
Chapter 2: Mutual Fund Shareholders by Ownership Inside and Outside Employer-Sponsored Retirement Plans	17
Household Mutual Fund Ownership Inside Employer-Sponsored Retirement Plans	18
Household Mutual Fund Ownership Outside Employer-Sponsored Retirement Plans	19
Chapter 3: Mutual Fund Shareholders by Channels Used to Purchase Mutual Funds Outside Employer-Sponsored Retirement Plans	35
Sales Force Channel	36
Direct Market Channel	37
Chapter 4: Mutual Fund Shareholders by Primary Source for Purchasing Funds	53
Employer-Sponsored Retirement Plans as the Primary Purchase Source for Funds	54
The Sales Force Channel as the Primary Purchase Source for Funds	55
The Direct Market Channel as the Primary Purchase Source for Funds	57

Chapter 5: Mutual Fund Shareholders by Generation	73
Generation Y (Born Between 1977 and 2001)	74
Generation X (Born Between 1965 and 1976)	75
Baby Boom Generation (Born Between 1946 and 1964)	76
Silent and GI Generations (Born Between 1904 and 1945)	77
Chapter 6: Mutual Fund Shareholders by Age	91
Household Head Younger Than 40 Years of Age	91
Household Head Between 40 and 64 Years of Age	93
Household Head Aged 65 or Older	94
Chapter 7: Mutual Fund Shareholders by Household Income	105
Household Incomes Less Than \$50,000	106
Household Incomes Between \$50,000 and \$99,999	107
Household Incomes Between \$100,000 and \$149,999	108
Household Incomes of \$150,000 or More	110
Chapter 8: Mutual Fund Shareholders by Household Financial Assets	123
Household Financial Assets Less Than \$50,000	123
Household Financial Assets Between \$50,000 and \$99,999	125
Household Financial Assets Between \$100,000 and \$249,999	126
Household Financial Assets of \$250,000 or More	127
Chapter 9: Mutual Fund Shareholders by Investment Risk Tolerance	141
Willing to Take Substantial or Above-Average Financial Risk	141
Willing to Take Average Financial Risk	143
Willing to Take Below-Average or No Financial Risk	144
Chapter 10: Mutual Fund Shareholders by Year of Initial Mutual Fund Purchase	157
Initial Mutual Fund Purchase Before 1990	158
Initial Mutual Fund Purchase Between 1990 and 1994	159
Initial Mutual Fund Purchase Between 1995 and 1999	160
Initial Mutual Fund Purchase Between 2000 and 2004	162
Initial Mutual Fund Purchase in 2005 or Later	163
Appendix: Research Methodology	177
Research Design	177
Interviewing	177
Survey Weights	178
Sampling Error	178

Figures

Chapter 1: Mutual Fund Shareholders

FIGURE 1.1	52.3 Million U.S. Households Owned Mutual Funds	5
FIGURE 1.2	Mutual Fund Shareholder Head of Household Characteristics	9
FIGURE 1.3	Employment Status and Income of Households Owning Mutual Funds	10
FIGURE 1.4	Mutual Fund–Owning Households’ Financial Assets	11
FIGURE 1.5	Mutual Fund Investing Among Households Owning Mutual Funds.	12
FIGURE 1.6	Households Own Many Funds Through Multiple Purchase Sources	13
FIGURE 1.7	Sources Used to Purchase Mutual Funds	14
FIGURE 1.8	Financial Goals of Households Owning Mutual Funds	15
FIGURE 1.9	Views on Investment Risk	16

Chapter 2: Mutual Fund Shareholders by Ownership Inside and Outside Employer-Sponsored Retirement Plans

FIGURE 2.1	Mutual Fund Shareholders by Ownership Inside and Outside Employer-Sponsored Retirement Plans.	17
FIGURE 2.2	Head of Household Characteristics by Ownership Inside and Outside Employer-Sponsored Retirement Plans	21
FIGURE 2.3	Employment Status and Income by Ownership Inside and Outside Employer-Sponsored Retirement Plans	23
FIGURE 2.4	Mutual Fund–Owning Households’ Financial Assets by Ownership Inside and Outside Employer-Sponsored Retirement Plans.	24
FIGURE 2.5	Mutual Fund Investing by Ownership Inside and Outside Employer-Sponsored Retirement Plans	26
FIGURE 2.6	Number of Funds Owned and Purchase Sources Used by Ownership Inside and Outside Employer-Sponsored Retirement Plans	28
FIGURE 2.7	Sources Used to Purchase Mutual Funds by Ownership Inside and Outside Employer-Sponsored Retirement Plans.	29
FIGURE 2.8	Financial Goals by Ownership Inside and Outside Employer-Sponsored Retirement Plans	31
FIGURE 2.9	Views on Investment Risk by Ownership Inside and Outside Employer-Sponsored Retirement Plans	33

Chapter 3: Mutual Fund Shareholders by Channels Used to Purchase Mutual Funds Outside Employer-Sponsored Retirement Plans

FIGURE 3.1	Sources Used by Mutual Fund Shareholders to Purchase Mutual Funds. . . .	35
FIGURE 3.2	Head of Household Characteristics by Ownership Outside Employer-Sponsored Retirement Plans	39
FIGURE 3.3	Employment Status and Income by Ownership Outside Employer-Sponsored Retirement Plans	41
FIGURE 3.4	Mutual Fund–Owning Households’ Financial Assets by Ownership Outside Employer-Sponsored Retirement Plans.	42
FIGURE 3.5	Mutual Fund Investing by Ownership Outside Employer-Sponsored Retirement Plans	44
FIGURE 3.6	Number of Funds Owned and Purchase Sources Used by Ownership Outside Employer-Sponsored Retirement Plans.	46
FIGURE 3.7	Sources Used to Purchase Mutual Funds by Ownership Outside Employer-Sponsored Retirement Plans	47
FIGURE 3.8	Financial Goals by Ownership Outside Employer-Sponsored Retirement Plans	49
FIGURE 3.9	Views on Investment Risk by Ownership Outside Employer-Sponsored Retirement Plans	51

Chapter 4: Mutual Fund Shareholders by Primary Source for Purchasing Funds

FIGURE 4.1	Mutual Fund Shareholders by Primary Source for Purchasing Funds	53
FIGURE 4.2	Head of Household Characteristics by Primary Purchase Source	59
FIGURE 4.3	Employment Status and Income by Primary Purchase Source	61
FIGURE 4.4	Mutual Fund–Owning Households’ Financial Assets by Primary Purchase Source.	62
FIGURE 4.5	Mutual Fund Investing by Primary Purchase Source	64
FIGURE 4.6	Number of Funds Owned and Purchase Sources Used by Primary Purchase Source	66
FIGURE 4.7	Sources Used to Purchase Mutual Funds by Primary Purchase Source.	67
FIGURE 4.8	Financial Goals by Primary Purchase Source	69
FIGURE 4.9	Views on Investment Risk by Primary Purchase Source	71

Chapter 5: Mutual Fund Shareholders by Generation

FIGURE 5.1	Mutual Fund Shareholders by Generation	73
FIGURE 5.2	Head of Household Characteristics by Generation.	79
FIGURE 5.3	Employment Status and Income by Generation	80
FIGURE 5.4	Mutual Fund–Owning Households’ Financial Assets by Generation.	81
FIGURE 5.5	Mutual Fund Investing by Generation	83

FIGURE 5.6	Number of Funds Owned and Purchase Sources Used by Generation	85
FIGURE 5.7	Sources Used to Purchase Mutual Funds by Generation	86
FIGURE 5.8	Financial Goals by Generation	88
FIGURE 5.9	Views on Investment Risk by Generation	89

Chapter 6: Mutual Fund Shareholders by Age

FIGURE 6.1	Mutual Fund Shareholders by Age	91
FIGURE 6.2	Head of Household Characteristics by Age	96
FIGURE 6.3	Employment Status and Income by Age	97
FIGURE 6.4	Mutual Fund–Owning Households’ Financial Assets by Age	98
FIGURE 6.5	Mutual Fund Investing by Age	100
FIGURE 6.6	Number of Funds Owned and Purchase Sources Used by Age	101
FIGURE 6.7	Sources Used to Purchase Mutual Funds by Age	102
FIGURE 6.8	Financial Goals by Age	103
FIGURE 6.9	Views on Investment Risk by Age	104

Chapter 7: Mutual Fund Shareholders by Household Income

FIGURE 7.1	Mutual Fund Shareholders by Household Income	105
FIGURE 7.2	Head of Household Characteristics by Household Income	112
FIGURE 7.3	Employment Status and Income by Household Income	113
FIGURE 7.4	Mutual Fund–Owning Households’ Financial Assets by Household Income	114
FIGURE 7.5	Mutual Fund Investing by Household Income	116
FIGURE 7.6	Number of Funds Owned and Purchase Sources Used by Household Income	118
FIGURE 7.7	Sources Used to Purchase Mutual Funds by Household Income	119
FIGURE 7.8	Financial Goals by Household Income	121
FIGURE 7.9	Views on Investment Risk by Household Income	122

Chapter 8: Mutual Fund Shareholders by Household Financial Assets

FIGURE 8.1	Mutual Fund Shareholders by Household Financial Assets	123
FIGURE 8.2	Head of Household Characteristics by Household Financial Assets	130
FIGURE 8.3	Employment Status and Income by Household Financial Assets	131
FIGURE 8.4	Mutual Fund–Owning Households’ Financial Assets by Household Financial Assets	132
FIGURE 8.5	Mutual Fund Investing by Household Financial Assets	134

FIGURE 8.6	Number of Funds Owned and Purchase Sources Used by Household Financial Assets	136
FIGURE 8.7	Sources Used to Purchase Mutual Funds by Household Financial Assets . .	137
FIGURE 8.8	Financial Goals by Household Financial Assets	139
FIGURE 8.9	Views on Investment Risk by Household Financial Assets	140

Chapter 9: Mutual Fund Shareholders by Investment Risk Tolerance

FIGURE 9.1	Mutual Fund Shareholders by Investment Risk Tolerance	141
FIGURE 9.2	Head of Household Characteristics by Investment Risk Tolerance	146
FIGURE 9.3	Employment Status and Income by Investment Risk Tolerance	147
FIGURE 9.4	Mutual Fund–Owning Households’ Financial Assets by Investment Risk Tolerance	148
FIGURE 9.5	Mutual Fund Investing by Investment Risk Tolerance	150
FIGURE 9.6	Number of Funds Owned and Purchase Sources Used by Investment Risk Tolerance	152
FIGURE 9.7	Sources Used to Purchase Mutual Funds by Investment Risk Tolerance . . .	153
FIGURE 9.8	Financial Goals by Investment Risk Tolerance	154
FIGURE 9.9	Views on Investment Risk by Investment Risk Tolerance	155

Chapter 10: Mutual Fund Shareholders by Year of Initial Mutual Fund Purchase

FIGURE 10.1	Mutual Fund Shareholders by Year of Initial Mutual Fund Purchase	157
FIGURE 10.2	Head of Household Characteristics by Year of Initial Mutual Fund Purchase	165
FIGURE 10.3	Employment Status and Income by Year of Initial Mutual Fund Purchase	166
FIGURE 10.4	Mutual Fund–Owning Households’ Financial Assets by Year of Initial Mutual Fund Purchase	167
FIGURE 10.5	Mutual Fund Investing by Year of Initial Mutual Fund Purchase	169
FIGURE 10.6	Number of Funds Owned and Purchase Sources Used by Year of Initial Mutual Fund Purchase	171
FIGURE 10.7	Sources Used to Purchase Mutual Funds by Year of Initial Mutual Fund Purchase	172
FIGURE 10.8	Financial Goals by Year of Initial Mutual Fund Purchase	174
FIGURE 10.9	Views on Investment Risk by Year of Initial Mutual Fund Purchase	175

Profile of Mutual Fund Shareholders, 2011

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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 2011, assets held in mutual funds have increased from \$899 billion to \$12.2 trillion. The number of U.S. households that owned mutual funds rose from 23.2 million to 52.3 million over the same period. As a result, as of mid-year 2011, 44.1 percent of U.S. households owned mutual funds, representing 90.4 million individual mutual fund shareholders. Further, 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.

Annual Survey

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 2011, involved interviews with 1,859 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.¹

¹ See the appendix on page 177 for details on the survey's design, interviewing procedures, and sampling tolerances.

The “Typical” Mutual Fund Owner

This report summarizes the findings of the 2011 survey. As described in the first chapter, in 2011 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 \$200,000 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 \$120,000 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.

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.

Variations in Shareholder Characteristics

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 2011, 69 percent of mutual fund–owning households owned funds through these plans. Sixty-eight percent of mutual fund–owning households owned mutual funds purchased outside employer-sponsored retirement plans. Fifty-four percent of mutual fund–owning households owned mutual funds purchased from the sales force channel, which includes registered investment advisers, full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, and accountants. Thirty-two 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, 55 percent of mutual fund–owning households pointed to employer-sponsored retirement plans, 35 percent reported the sales force channel, and 10 percent cited the direct market channel.

Chapter 5 presents mutual fund shareholders by generation. Sixteen percent were members of Generation Y (born between 1977 and 2001). Twenty-five percent were members of Generation X (born between 1965 and 1976). The largest proportion of individuals heading mutual fund-owning households, 42 percent, was members of the Baby Boom Generation (born between 1946 and 1964). Seventeen percent were members of the Silent and GI Generations (born between 1904 and 1945).²

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 fund-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, 38 percent had incomes between \$50,000 and \$99,999, 22 percent had incomes between \$100,000 and \$149,999, and 16 percent had incomes of \$150,000 or more.

Chapter 8 examines shareholders by their level of household financial assets. Nineteen percent of shareholder households had financial assets of less than \$50,000, 12 percent had assets between \$50,000 and \$99,999, 27 percent had assets between \$100,000 and \$249,999, and 42 percent had assets of \$250,000 or more.

Chapter 9 examines shareholders by the level of financial risk they are willing to take. Twenty-nine percent of mutual fund-owning households were willing to take above-average or substantial financial risk for similar levels of financial gain, 48 percent were willing to take average financial risk for average financial gain, and 23 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, 18 percent purchased their first mutual fund between 1995 and 1999, 16 percent purchased their first mutual fund between 2000 and 2004, and 12 percent purchased their first mutual fund in 2005 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.

² 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 2011.

CHAPTER 1

Mutual Fund Shareholders

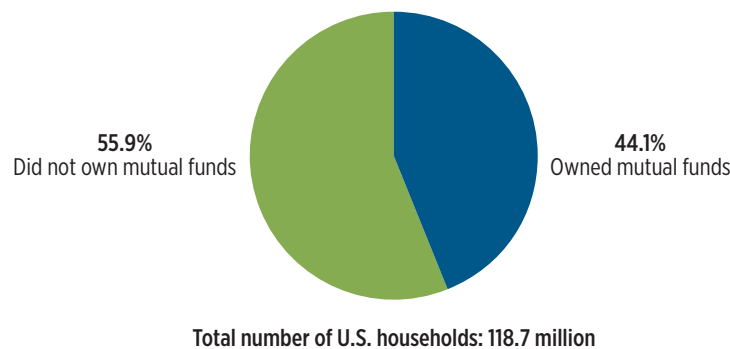
Demographic Characteristics

In 2011, more than 52 million U.S. households, or about 44 percent, owned mutual funds (Figure 1.1). The median age of individuals heading households that owned mutual funds was 50 (Figure 1.2).³ Forty-seven percent of these individuals had college or postgraduate degrees. Seventy-four 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 62 percent of mutual fund-owning households.

FIGURE 1.1

52.3 Million U.S. Households Owned Mutual Funds

Percentage of all U.S. households, 2011



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

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

Employment Status and Household Income

Seventy-one percent of individuals heading households that owned mutual funds were employed full- or part-time (Figure 1.3). Five percent of individuals heading households that owned mutual funds indicated they were retired from their lifetime occupations and employed either full- or part-time. Twenty-nine percent of individuals heading households that owned mutual funds were not employed, but 72 percent of these household heads were retired. All told, 26 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 2010. Twenty-four percent had household incomes of less than \$50,000, 21 percent had household incomes between \$50,000 and \$74,999, and 55 percent had incomes of \$75,000 or more.

Financial Characteristics

Among households that owned mutual funds, median household financial assets were \$200,000 (Figure 1.4). Mutual fund-owning households typically had other types of savings and investments. Twenty-nine percent owned certificates of deposit, 44 percent owned individual stocks, and 9 percent owned individual bonds (excluding U.S. savings bonds). In addition, 29 percent held investment real estate and 33 percent held fixed or variable annuities. A significant number of mutual fund-owning households made use of tax-advantaged savings vehicles. Eighty-one percent had assets in employer-sponsored retirement plan accounts, usually 401(k) plans, and 65 percent owned individual retirement accounts (IRAs).⁴ Sixteen percent of U.S. households owning mutual funds had education-targeted savings program accounts—11 percent had Coverdell education savings accounts (ESAs) and 9 percent had 529 plan accounts.

⁴ 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, median mutual fund holdings were \$120,000 (Figure 1.5). The largest percentage of mutual fund-owning households, 81 percent, owned equity funds. Forty-four percent owned hybrid funds, 52 percent owned bond funds, and 63 percent owned money market funds.⁵ In addition, 40 percent of mutual fund-owning households owned global or international funds. Mutual fund holdings represented more than half of household financial assets for 68 percent of households that owned mutual funds. Seventy-two percent of households owning mutual funds had not conducted mutual fund transactions in the previous 12 months.⁶

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 18 percent reported that the household bought its first fund between 1995 and 1999. Twelve percent reported that the household bought its first fund in 2005 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-one percent owned three or fewer funds and 59 percent owned four or more. Among households that owned funds outside employer-sponsored retirement plans, 37 percent owned funds purchased from one source; 31 percent owned funds purchased from two sources; and 32 percent owned funds purchased from three or more sources.

Thirty-two 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); 31 percent owned funds solely outside these plans; and 37 percent had funds both inside and outside employer-sponsored retirement plans (Figure 1.7). Altogether, 69 percent of mutual fund-owning households owned funds through employer-sponsored retirement plans and 68 percent owned funds outside these plans, either through the sales force or direct market channels. Fifty-four percent of mutual fund-owning households owned funds through the sales force channel, which includes registered investment advisers, full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, and accountants. Thirty-two percent owned funds through the direct market channel, which includes fund companies and discount brokers.

⁵ Hybrid funds invest in a mix of equities and fixed-income securities. The bulk of target date and lifestyle mutual funds is counted in this category.

⁶ 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.

Fifty-five percent of all U.S. households that owned mutual funds considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds, 35 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-two 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 73 percent indicated that retirement saving was their primary financial goal. Sixty-nine percent of households owning mutual funds held funds in employer-sponsored retirement plans, and 52 percent owned funds inside IRAs. Eighty-two 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). Twenty-nine 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, 48 percent, were willing to take average risk for average gain. Twenty-three percent were willing to take below-average risk for below-average gain or were unwilling to take any financial risk.

FIGURE 1.2

Mutual Fund Shareholder Head of Household Characteristics*Percentage of U.S. households owning mutual funds, 2011*

Age of household sole or co-decisionmaker for saving and investing	
Younger than 35	16
35 to 44	21
45 to 54	24
55 to 64	21
65 or older	18
Median	50 years
Mean	50 years
Education level	
High school graduate or less	24
Some college or associate's degree	29
Completed four years of college	23
Some graduate school	6
Completed graduate school	18
Marital status	
Married or living with a partner	74
Single	10
Divorced or separated	9
Widowed	7
Household investment decisionmaker	
Male is sole decisionmaker	19
Female is sole decisionmaker	19
Co-decisionmakers	62
Ethnic background*	
Caucasian	90
African American	6
Hispanic	4
Asian	1
Other	3

*Multiple responses are included.

FIGURE 1.3

Employment Status and Income of Households Owning Mutual Funds*Percentage of U.S. households owning mutual funds, 2011*

Employment status¹	
Employed full-time	63
Not retired	61
Retired from lifetime occupation	2
Employed part-time	8
Not retired	5
Retired from lifetime occupation	3
Not employed	29
Not retired	8
Retired from lifetime occupation	21
Total household income²	
Less than \$25,000	7
\$25,000 to \$34,999	7
\$35,000 to \$49,999	10
\$50,000 to \$74,999	21
\$75,000 to \$99,999	17
\$100,000 to \$149,999	22
\$150,000 to \$249,999	12
\$250,000 or more	4
Median	\$80,000
Mean	\$99,900

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

² Total reported is household income before taxes in 2010.

FIGURE 1.4

Mutual Fund–Owning Households' Financial Assets*Percentage of U.S. households owning mutual funds, 2011*

Total household financial assets¹	
Less than \$25,000	11
\$25,000 to \$49,999	8
\$50,000 to \$74,999	7
\$75,000 to \$99,999	5
\$100,000 to \$249,999	27
\$250,000 to \$499,999	18
\$500,000 to \$999,999	15
\$1 million or more	9
Median	\$200,000
Mean	\$362,900
Household ownership of non–mutual fund investments²	
Certificates of deposit	29
Individual stocks, individual bonds, or annuities (total)	62
Individual stocks	44
Individual bonds (excluding U.S. savings bonds)	9
Fixed or variable annuities	33
Investment real estate	29
Closed-end funds	3
Exchange-traded funds	6
Household ownership of employer-sponsored retirement plan accounts²	
Household owned employer-sponsored retirement plan accounts (total)	81
DC retirement plan accounts (total)	78
401(k) plan account	62
403(b), state, local, or federal government plan account	34
Employer-sponsored IRA ³	13
Household ownership of IRAs²	
Household owned IRA (total)	65
Traditional IRA or Roth IRA	61
Employer-sponsored IRA ³	13
Household ownership of education-targeted savings accounts²	
Household owned education-targeted savings program account (total)	16
Coverdell education savings account	11
529 prepaid tuition or college savings plan account (total)	9
529 savings plan	9
529 prepaid tuition plan	1

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

² Multiple responses are included.

³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 1.5

Mutual Fund Investing Among Households Owning Mutual Funds*Percentage of U.S. households owning mutual funds, 2011*

Total household mutual fund assets	
Less than \$5,000	3
\$5,000 to \$9,999	5
\$10,000 to \$19,999	7
\$20,000 to \$29,999	5
\$30,000 to \$49,999	8
\$50,000 to \$74,999	10
\$75,000 to \$99,999	5
\$100,000 to \$249,999	28
\$250,000 or more	29
Median	\$120,000
Mean	\$225,500
Percent allocation of household financial assets to mutual funds	
25% or less	15
Between 26% and 50%	17
Between 51% and 75%	21
More than 75%	47
Types of mutual funds owned¹	
Equity funds	81
Hybrid funds	44
Bond funds	52
Money market funds	63
Other fund type specified	6
Mutual fund transaction activity in the previous 12 months²	
Conducted mutual fund transactions	28
Year of initial mutual fund purchase	
Before 1990	38
Between 1990 and 1994	16
Between 1995 and 1999	18
Between 2000 and 2004	16
2005 or later	12
Median	1992
Mean	1992

¹ Multiple responses are included.² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes 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 1.6

Households Own Many Funds Through Multiple Purchase Sources

Total number of mutual funds owned	
<i>Percentage of U.S. households owning mutual funds, 2011</i>	
One	14
Two	12
Three	15
Four	12
Five to six	15
Seven to ten	15
Eleven or more	17
Median	4 funds
Mean	7 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*	
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans, 2011</i>	
One	37
Two	31
Three	18
Four or more	14
Median	2 sources
Mean	2 sources

*Purchase sources outside employer-sponsored retirement plans include registered investment advisers, 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, 2011*

Source of mutual fund ownership	
Only inside employer-sponsored retirement plan	32
Only outside employer-sponsored retirement plan	31
Both inside and outside employer-sponsored retirement plan	37
Purchase sources through which funds are currently owned¹	
Inside employer-sponsored retirement plans (total)	69
Inside DC retirement plans (total)	66
401(k) plan	53
403(b), state, local, or federal government plan	23
Inside employer-sponsored IRA ²	9
Outside employer-sponsored retirement plans (total)	68
Sales force (total)	54
Full-service broker	31
Independent financial planner	27
Bank or savings institution representative	18
Insurance agent	9
Accountant	7
Direct market (total)	32
Mutual fund company directly	23
Discount broker	16
Primary mutual fund purchase source	
Inside employer-sponsored retirement plans	55
Outside employer-sponsored retirement plans	45
Sales force	35
Full-service broker	13
Independent financial planner	11
Bank or savings institution representative	7
Insurance agent	3
Accountant	1
Direct market	10
Mutual fund company directly	6
Discount broker	4
Source of first mutual fund purchase	
Inside employer-sponsored retirement plan	62
Outside employer-sponsored retirement plan	38

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

FIGURE 1.8

Financial Goals of Households Owning Mutual Funds

Percentage of U.S. households owning mutual funds, 2011

Financial goals for mutual fund investments¹	
Retirement	94
Reduce taxable income	49
Emergency	48
Education	24
Current income	22
House or other large item	12
Other	7
Primary financial goal for mutual fund investments	
Retirement	73
Reduce taxable income	3
Emergency	6
Education	6
Current income	7
House or other large item	2
Other	3
Level of confidence that mutual funds are an investment that can help the household meet financial goals	
Very confident	21
Somewhat confident	61
Not very confident	13
Not at all confident	5
Ownership of mutual funds in employer-sponsored retirement plans¹	
Inside employer-sponsored retirement plans (total)	69
Inside DC retirement plans (total)	66
401(k) plan	53
403(b), state, local, or federal government plan	23
Inside employer-sponsored IRA ²	9
Ownership of mutual funds in IRAs¹	
Had IRA invested in mutual funds (total)	52
Traditional IRA or Roth IRA	48
Employer-sponsored IRA ²	9

¹ Multiple responses are included.

² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 1.9

Views on Investment Risk

Percentage of U.S. households owning mutual funds, 2011

Level of risk willing to take with financial investments	
Substantial risk for substantial gain	4
Above-average risk for above-average gain	25
Average risk for average gain	48
Below-average risk for below-average gain	10
Unwilling to take any risk	13

CHAPTER 2

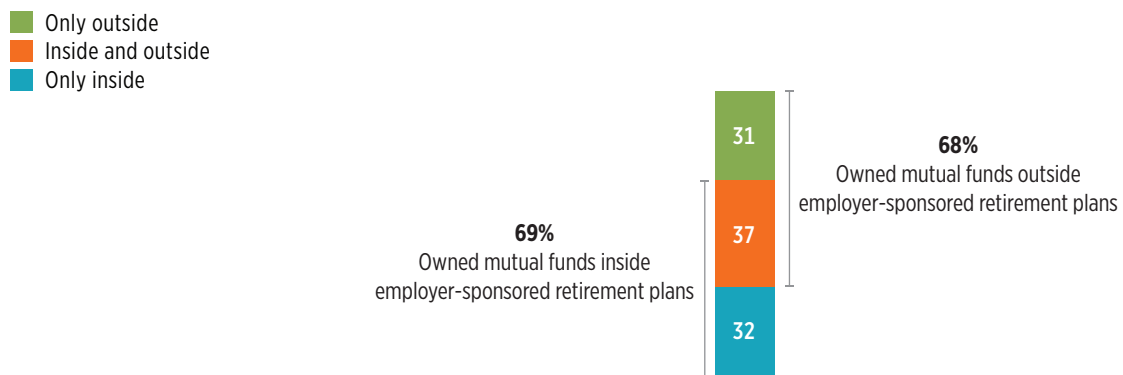
Mutual Fund Shareholders by Ownership Inside and Outside Employer-Sponsored Retirement Plans

In 2011, 69 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-eight 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.

FIGURE 2.1

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

Percentage of U.S. households owning mutual funds, 2011



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 48 (Figure 2.2). Half of these individuals had college or postgraduate degrees and 78 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 65 percent of these households.

Eighty-one percent of individuals heading households that owned mutual funds inside employer-sponsored retirement plans were employed full- or part-time, and 17 percent were retired from their lifetime occupations (Figure 2.3). The median household income among households in this group was \$85,000. Eighteen percent of households that owned mutual funds inside employer-sponsored retirement plans had household incomes of less than \$50,000, 21 percent had household incomes between \$50,000 and \$74,999, and 61 percent had incomes of \$75,000 or more.

Among households that owned mutual funds inside employer-sponsored retirement plans, median household financial assets were \$200,000 (Figure 2.4). These households had a variety of savings and investments. Twenty-five percent of mutual fund-owning households in this group owned certificates of deposit, 44 percent owned individual stocks, and 8 percent owned individual bonds (excluding U.S. savings bonds).

Households that held mutual funds inside employer-sponsored retirement plans had median mutual fund holdings of \$120,000 (Figure 2.5). Eighty-six percent of mutual fund-owning households in this group owned equity funds, 49 percent owned hybrid funds, 57 percent owned bond funds, and 65 percent owned money market funds. Seventy-one percent of these households had more than half of their household financial assets in mutual funds. Thirty-four percent of these households reported that the household purchased its first fund before 1990, and nearly half 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-eight percent owned three or fewer funds and 62 percent owned four or more. Among mutual fund-owning households in this group that also owned funds outside employer-sponsored retirement plans, 60 percent owned funds purchased from multiple sources.

The vast majority of U.S. households that owned funds inside employer-sponsored retirement plans, 95 percent, owned funds in DC plans, predominantly in 401(k) plans (Figure 2.7). Thirteen percent of households that owned funds inside employer-sponsored retirement plans owned funds through employer-sponsored IRAs. Seventy-six 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-three percent reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-seven 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-six percent owned mutual funds inside IRAs. Eighty-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-two 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-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.

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 52 (Figure 2.2). Fifty-one percent of these individuals held college or postgraduate degrees and 74 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 62 percent of households that owned mutual funds outside employer-sponsored retirement plans.

Sixty-six percent of individuals heading households that owned mutual funds outside employer-sponsored retirement plans were employed full- or part-time (Figure 2.3). Thirty-two percent were retired from their lifetime occupations. The median household income for mutual fund-owning households in this group was \$83,900. Twenty-two percent 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 mutual funds outside employer-sponsored retirement plans, median household financial assets were \$250,000 (Figure 2.4). These households had a variety of savings and investments. Thirty-four percent of mutual fund-owning households in this group owned certificates of deposit, 50 percent owned individual stocks, and 11 percent owned individual bonds (excluding U.S. savings bonds). Thirty-four percent owned investment real estate.

Households that held mutual funds outside employer-sponsored retirement plans had median mutual fund holdings of \$150,000 (Figure 2.5). Eighty-two percent of mutual fund-owning households in this group owned equity funds, 48 percent owned hybrid funds, 56 percent owned bond funds, and 68 percent owned money market funds. Sixty-nine 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-five percent reported that the household purchased its first fund before 1990, and 38 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-three percent owned three or fewer funds and 67 percent owned four or more. Sixty-three percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

Fifty-five 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 47 percent owned direct-marketed funds. Fifty-three 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 70 percent listed saving for retirement as their household's primary financial goal (Figure 2.8). In addition, half reported saving for an emergency as a household financial goal. Fifty-five percent held funds in employer-sponsored retirement plans, and 73 percent owned funds inside IRAs. Among households that owned funds only outside employer-sponsored retirement plans, 64 percent owned mutual funds in traditional or Roth IRAs. Eighty-one 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-one 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). Forty-eight 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.

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, 2011

	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	
Age of household sole or co-decisionmaker for saving and investing					
Younger than 35	16	22	13	16	11
35 to 44	25	27	18	11	24
45 to 54	28	26	24	17	29
55 to 64	21	17	23	21	24
65 or older	10	8	22	35	12
Median	48 years	45 years	52 years	56 years	50 years
Mean	48 years	46 years	52 years	56 years	50 years
Education level					
High school graduate or less	21	29	21	31	14
Some college or associate's degree	29	31	28	29	27
Completed four years of college	23	21	24	22	26
Some graduate school	6	6	6	6	6
Completed graduate school	21	13	21	12	27
Marital status					
Married or living with a partner	78	73	74	64	82
Single	9	11	10	14	7
Divorced or separated	9	12	8	9	8
Widowed	4	4	8	13	3
Household investment decisionmaker					
Male is sole decisionmaker	18	18	19	22	17
Female is sole decisionmaker	17	20	19	23	15
Co-decisionmakers	65	62	62	55	68

Continued on next page

FIGURE 2.2 CONTINUED

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, 2011

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	Households owning funds inside and outside employer-sponsored retirement plans
Ethnic background*					
Caucasian	90	90	91	91	90
African American	7	7	6	4	6
Hispanic	3	4	3	4	3
Asian	1	1	1	2	1
Other	3	5	2	2	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, 2011

	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	
Employment status¹					
Employed full-time	74	76	57	40	71
Not retired	72	76	54	38	68
Retired from lifetime occupation	2	(*)	3	2	3
Employed part-time	7	6	9	9	9
Not retired	5	5	6	6	6
Retired from lifetime occupation	2	1	3	3	3
Not employed	19	18	34	51	20
Not retired	6	9	8	13	3
Retired from lifetime occupation	13	9	26	38	17
Total household income²					
Less than \$25,000	5	8	6	12	1
\$25,000 to \$34,999	5	8	7	11	3
\$35,000 to \$49,999	8	11	9	14	6
\$50,000 to \$74,999	21	24	20	21	18
\$75,000 to \$99,999	19	20	16	14	19
\$100,000 to \$149,999	23	18	24	19	27
\$150,000 to \$249,999	15	9	13	5	20
\$250,000 or more	4	2	5	4	6
Median	\$85,000	\$72,000	\$83,900	\$60,800	\$100,000
Mean	\$108,700	\$83,700	\$107,700	\$80,100	\$130,700

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

² Total reported is household income before taxes in 2010.

(*) = less than 0.5 percent

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, 2011

	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	
Total household financial assets¹					
Less than \$25,000	11	19	7	11	4
\$25,000 to \$49,999	8	10	7	7	7
\$50,000 to \$74,999	7	9	6	8	5
\$75,000 to \$99,999	6	6	5	5	5
\$100,000 to \$249,999	26	32	24	28	21
\$250,000 to \$499,999	18	13	20	16	23
\$500,000 to \$999,999	15	8	19	15	22
\$1 million or more	9	3	12	10	13
Median	\$200,000	\$110,000	\$250,000	\$200,000	\$300,000
Mean	\$355,800	\$207,400	\$438,500	\$381,300	\$479,200
Household ownership of non-mutual fund investments²					
Certificates of deposit	25	18	34	36	31
Individual stocks, individual bonds, or annuities (total)	61	46	70	64	75
Individual stocks	44	31	50	43	56
Individual bonds (excluding U.S. savings bonds)	8	5	11	12	11
Fixed or variable annuities	30	22	39	40	37
Investment real estate	27	18	34	33	34
Closed-end funds	4	2	4	2	6
Exchange-traded funds	7	3	7	4	10

Continued on next page

FIGURE 2.4 CONTINUED

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, 2011

	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	
Household ownership of employer-sponsored retirement plan accounts²					
Household owned employer-sponsored retirement plan accounts (total)	100	100	72	38	100
DC retirement plan accounts (total)	97	99	69	36	96
401(k) plan account	81	82	53	20	80
403(b), state, local, or federal government plan account	40	39	31	20	41
Employer-sponsored IRA ³	16	10	15	6	22
Household ownership of IRAs²					
Household owned IRA (total)	60	29	82	74	88
Traditional IRA or Roth IRA	56	22	80	73	86
Employer-sponsored IRA ³	16	9	14	6	22
Household ownership of education-targeted savings accounts²					
Household owned education-targeted savings program account (total)	18	9	20	12	25
Coverdell education savings account	13	7	14	9	18
529 prepaid tuition or college savings plan account (total)	10	4	12	6	16
529 savings plan	10	3	11	6	15
529 prepaid tuition plan	1	(*)	1	(*)	2

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

² Multiple responses are included.

³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

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, 2011

	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	
Total household mutual fund assets					
Less than \$5,000	3	7	1	3	(*)
\$5,000 to \$9,999	4	9	4	8	1
\$10,000 to \$19,999	7	8	7	8	6
\$20,000 to \$29,999	4	7	4	6	2
\$30,000 to \$49,999	8	10	7	8	6
\$50,000 to \$74,999	10	11	9	9	9
\$75,000 to \$99,999	6	7	4	3	6
\$100,000 to \$249,999	27	29	28	29	27
\$250,000 or more	31	12	36	26	43
Median	\$120,000	\$60,000	\$150,000	\$100,000	\$200,000
Mean	\$233,800	\$126,900	\$264,600	\$206,300	\$307,100
Percent allocation of household financial assets to mutual funds					
25% or less	13	19	13	19	9
Between 26% and 50%	16	15	18	21	16
Between 51% and 75%	21	15	24	20	26
More than 75%	50	51	45	40	49
Types of mutual funds owned¹					
Equity funds	86	77	82	71	91
Hybrid funds	49	35	48	34	58
Bond funds	57	41	56	40	67
Money market funds	65	51	68	61	73
Other fund type specified	8	6	7	3	9
Mutual fund transaction activity in the previous 12 months²					
Conducted mutual fund transactions	32	17	34	21	44

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FIGURE 2.5 CONTINUED

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, 2011

	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	
Year of initial mutual fund purchase					
Before 1990	34	21	45	46	44
Between 1990 and 1994	17	14	17	15	20
Between 1995 and 1999	20	21	17	14	19
Between 2000 and 2004	16	22	13	14	12
2005 or later	13	22	8	11	5
Median	1994	1998	1990	1990	1990
Mean	1993	1996	1990	1990	1990

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes 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.

(*) = 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	
Total number of mutual funds owned					
<i>Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2011</i>					
One	14	31	8	16	2
Two	11	14	10	14	7
Three	13	14	15	19	13
Four	12	12	12	11	13
Five to six	15	12	17	15	18
Seven to ten	16	11	17	13	20
Eleven or more	19	6	21	12	27
Median	5 funds	3 funds	5 funds	4 funds	6 funds
Mean	8 funds	4 funds	9 funds	7 funds	10 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*					
<i>Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2011</i>					
One	40	N/A	37	33	40
Two	32	N/A	31	31	32
Three	17	N/A	18	20	17
Four or more	11	N/A	14	16	11
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 registered investment advisers, 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, 2011

	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	
Source of mutual fund ownership					
Only inside employer-sponsored retirement plan	47	100	0	0	0
Only outside employer-sponsored retirement plan	0	0	45	100	0
Both inside and outside employer-sponsored retirement plan	53	0	55	0	100
Purchase sources through which funds are currently owned¹					
Inside employer-sponsored retirement plans (total)	100	100	55	N/A	100
Inside DC retirement plans (total)	95	97	51	N/A	94
401(k) plan	76	77	41	N/A	76
403(b), state, local, or federal government plan	33	33	19	N/A	34
Inside employer-sponsored IRA ²	13	7	10	N/A	18
Outside employer-sponsored retirement plans (total)	53	N/A	100	100	100
Sales force (total)	40	N/A	79	83	76
Full-service broker	24	N/A	46	47	45
Independent financial planner	20	N/A	40	42	37
Bank or savings institution representative	13	N/A	27	31	24
Insurance agent	6	N/A	14	16	12
Accountant	4	N/A	10	13	8
Direct market (total)	27	N/A	47	44	51
Mutual fund company directly	18	N/A	33	32	34
Discount broker	14	N/A	24	23	26

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FIGURE 2.7 CONTINUED

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, 2011

	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	
Primary mutual fund purchase source					
Inside employer-sponsored retirement plans	76	100	31	N/A	54
Outside employer-sponsored retirement plans	24	N/A	69	100	46
Sales force	17	N/A	53	81	32
Full-service broker	8	N/A	19	27	15
Independent financial planner	6	N/A	17	26	10
Bank or savings institution representative	2	N/A	11	19	4
Insurance agent	1	N/A	4	6	2
Accountant	(*)	N/A	2	3	1
Direct market	7	N/A	16	19	14
Mutual fund company directly	3	N/A	9	12	6
Discount broker	4	N/A	7	7	8
Source of first mutual fund purchase					
Inside employer-sponsored retirement plan	73	89	51	38	62
Outside employer-sponsored retirement plan	27	11	49	62	38

¹ Multiple responses are included.

² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

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, 2011

	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	
Financial goals for mutual fund investments¹					
Retirement	97	96	94	89	97
Reduce taxable income	51	49	49	45	53
Emergency	44	42	50	55	45
Education	27	21	26	19	32
Current income	16	14	25	34	17
House or other large item	11	11	12	12	12
Other	6	3	9	11	8
Primary financial goal for mutual fund investments					
Retirement	80	82	70	59	78
Reduce taxable income	3	3	3	4	3
Emergency	4	5	7	10	3
Education	6	3	7	6	8
Current income	4	5	7	12	4
House or other large item	2	1	2	2	2
Other	1	1	4	7	2
Level of confidence that mutual funds are an investment that can help the household meet financial goals					
Very confident	22	13	24	20	27
Somewhat confident	64	70	57	54	59
Not very confident	11	14	12	16	10
Not at all confident	3	3	7	10	4
Ownership of mutual funds in employer-sponsored retirement plans¹					
Inside employer-sponsored retirement plans (total)	100	100	55	N/A	100
Inside DC retirement plans (total)	95	97	51	N/A	94
401(k) plan	76	77	41	N/A	76
403(b), state, local, or federal government plan	33	33	19	N/A	34
Inside employer-sponsored IRA ²	13	7	10	N/A	18

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FIGURE 2.8 CONTINUED

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, 2011

	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	
Ownership of mutual funds in IRAs¹					
Had IRA invested in mutual funds (total)	46	7	73	64	81
Traditional IRA or Roth IRA	42	N/A	72	64	78
Employer-sponsored IRA ²	13	7	10	N/A	18

¹ Multiple responses are included.

² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE 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, 2011

	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	
Level of risk willing to take with financial investments					
Substantial risk for substantial gain	4	3	5	4	5
Above-average risk for above-average gain	28	21	26	18	33
Average risk for average gain	49	49	48	46	49
Below-average risk for below-average gain	8	9	10	14	8
Unwilling to take any risk	11	18	11	18	5

CHAPTER 3

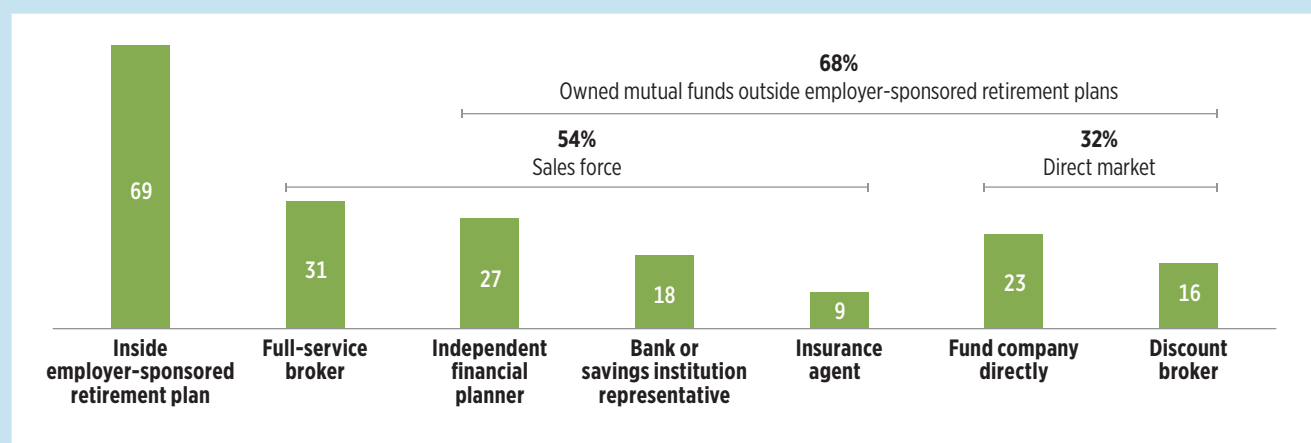
Mutual Fund Shareholders by Channels Used to Purchase Mutual Funds Outside Employer-Sponsored Retirement Plans

In 2011, 69 percent of mutual fund-owning households held mutual funds through employer-sponsored retirement plans, and 68 percent owned mutual funds outside such plans (Figure 3.1).⁷ This latter group purchased funds through two sources: the sales force channel and the direct market channel.⁸ In 2011, 54 percent of households owning mutual funds held funds purchased through the sales force channel, and 32 percent owned funds purchased through the direct market channel.

FIGURE 3.1

Sources Used by Mutual Fund Shareholders to Purchase Mutual Funds

Percentage of U.S. households owning mutual funds,* 2011



*Multiple responses are included.

⁷ See chapter 2 on page 17 for further discussion.

⁸ The sales force channel traditionally includes registered investment advisers, 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.

Sales Force Channel

Among households that owned mutual funds purchased through the sales force channel, the median age of the household head was 53 (Figure 3.2). Forty-eight 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 63 percent of these households.

Sixty-four percent of individuals heading households that owned sales force–distributed funds were employed full- or part-time, and 35 percent were retired from their lifetime occupations (Figure 3.3). The median household income of mutual fund–owning households in this group was \$83,900. Twenty-one percent of these households had household incomes of less than \$50,000, 20 percent had household incomes between \$50,000 and \$74,999, and 59 percent had incomes of \$75,000 or more.

Among households that owned sales force–distributed mutual funds, median household financial assets were \$250,000 (Figure 3.4). These households had a variety of savings and investments. Thirty-six percent of mutual fund–owning households in this group owned certificates of deposit, 49 percent owned individual stocks, and 11 percent owned individual bonds (excluding U.S. savings bonds). Thirty-four percent of households that owned mutual funds purchased through the sales force channel owned investment real estate.

Households that owned funds through the sales force channel had median mutual fund holdings of \$150,000 (Figure 3.5). Eighty-two percent of households in this group owned equity funds, 48 percent owned hybrid funds, 57 percent owned bond funds, and 69 percent owned money market funds. Sixty-eight percent of households that owned sales force–distributed funds had more than half of their household financial assets in mutual funds. Forty-five percent reported that the household purchased its first fund before 1990, and 55 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. Seventy percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning funds through the sales force channel, 52 percent of these households owned funds through employer-sponsored retirement plans, and 44 percent owned funds purchased directly from fund companies or discount brokers (Figure 3.7). Sixty-four percent of households owning sales force–distributed funds considered the sales force channel to be their primary source for purchasing mutual funds; 26 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-three percent of households that owned sales force–distributed mutual funds indicated that saving for retirement was one of their household’s financial goals, and 70 percent listed saving for retirement as their household’s primary financial goal (Figure 3.8). Fifty-two percent owned funds inside employer-sponsored retirement plans, and 76 percent held funds inside IRAs. Eighty-one percent of mutual fund–owning households in this group were confident that mutual funds could help them meet their household’s financial goals.

Thirty 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). Forty-nine 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.

Direct Market Channel

Among households that owned mutual funds purchased through the direct market channel, the median age of the household head was 53 (Figure 3.2). Fifty-two percent of these individuals had college or postgraduate degrees, and 78 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 63 percent of these households.

Sixty-five percent of individuals heading households that owned mutual funds through the direct market channel were employed full- or part-time, and 36 percent were retired from their lifetime occupations (Figure 3.3). The median household income for mutual fund–owning households in this group was \$87,500. Nineteen percent of households that owned direct-marketed funds had household incomes of less than \$50,000, and 22 percent had household incomes between \$50,000 and \$74,999. Fifty-nine 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 \$300,000 (Figure 3.4). These households typically had other investments. Thirty-one percent of mutual fund–owning households in this group owned certificates of deposit, 55 percent owned individual stocks, and 12 percent owned individual bonds (excluding U.S. savings 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 \$175,000 (Figure 3.5). Eighty-five percent of households in this group owned equity funds, 49 percent owned hybrid funds, 58 percent owned bond funds, and 71 percent owned money market funds. Seventy-four 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-six percent 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 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). Thirty-one percent owned three or fewer funds and 69 percent owned four or more. Eighty percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning funds through the direct market channel, 58 percent of these households owned funds through employer-sponsored retirement plans, and nearly 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; 31 percent, employer-sponsored retirement plans; and 37 percent, the sales force channel. Fifty-two percent of households that owned direct-marketed funds bought their first mutual fund outside an employer-sponsored retirement plan.

Ninety-three percent of households that owned mutual funds purchased through the direct market channel were saving for retirement, and 70 percent listed saving for retirement as their household's primary financial goal (Figure 3.8). Fifty-eight percent owned funds inside employer-sponsored retirement plans, and 76 percent held funds inside IRAs. Eighty-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-two 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-eight 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.

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, 2011

	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
Age of household sole or co-decisionmaker for saving and investing								
Younger than 35	11	9	10	18	10	13	12	11
35 to 44	17	18	16	16	20	18	18	18
45 to 54	24	20	27	23	21	23	21	27
55 to 64	24	26	22	21	24	21	23	21
65 or older	24	27	25	22	25	25	26	23
Median	53 years	55 years	53 years	52 years	54 years	53 years	53 years	52 years
Mean	54 years	55 years	53 years	51 years	54 years	53 years	54 years	53 years
Education level								
High school graduate or less	23	23	23	23	29	21	21	23
Some college or associate's degree	29	28	30	31	32	27	25	26
Completed four years of college	23	23	22	22	17	22	22	20
Some graduate school	6	6	5	8	7	6	7	7
Completed graduate school	19	20	20	16	15	24	25	24
Marital status								
Married or living with a partner	75	75	76	74	76	78	78	79
Single	8	8	7	9	8	7	7	8
Divorced or separated	8	7	7	9	8	7	8	5
Widowed	9	10	10	8	8	8	7	8
Household investment decisionmaker								
Male is sole decisionmaker	19	18	18	20	22	21	21	21
Female is sole decisionmaker	18	17	17	18	18	16	16	15
Co-decisionmakers	63	65	65	62	60	63	63	64

Continued on next page

FIGURE 3.2 CONTINUED

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, 2011

	Sales force channel					Direct market channel		
	<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Insurance agent</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Ethnic background*								
Caucasian	91	92	91	88	90	89	88	91
African American	6	5	6	6	5	7	6	7
Hispanic	3	2	4	5	3	4	6	1
Asian	1	2	(*)	3	2	2	2	1
Other	2	2	2	3	4	2	3	(*)

*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, 2011

	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
Employment status¹								
Employed full-time	54	52	53	51	58	55	54	55
Not retired	52	50	50	48	52	52	51	52
Retired from lifetime occupation	2	2	3	3	6	3	3	3
Employed part-time	10	10	10	13	7	10	9	10
Not retired	6	6	7	10	4	6	6	7
Retired from lifetime occupation	4	4	3	3	3	4	3	3
Not employed	36	38	37	36	35	35	37	35
Not retired	7	7	7	9	6	6	7	5
Retired from lifetime occupation	29	31	30	27	29	29	30	30
Total household income²								
Less than \$25,000	4	4	5	6	7	4	3	5
\$25,000 to \$34,999	7	7	6	6	5	5	5	5
\$35,000 to \$49,999	10	11	10	9	13	10	10	11
\$50,000 to \$74,999	20	18	21	21	19	22	23	18
\$75,000 to \$99,999	18	17	18	21	18	14	15	14
\$100,000 to \$149,999	23	25	23	22	22	26	27	26
\$150,000 to \$249,999	13	14	11	10	8	16	15	17
\$250,000 or more	5	4	6	5	8	3	2	4
Median	\$83,900	\$86,700	\$84,500	\$80,000	\$80,000	\$87,500	\$87,500	\$89,200
Mean	\$109,900	\$107,200	\$119,800	\$118,100	\$135,600	\$104,200	\$102,300	\$107,900

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

² Total reported is household income before taxes in 2010.

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, 2011

	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
Total household financial assets¹								
Less than \$25,000	5	3	4	11	5	7	8	7
\$25,000 to \$49,999	6	6	7	4	7	8	6	9
\$50,000 to \$74,999	6	4	7	9	8	6	7	5
\$75,000 to \$99,999	5	5	5	4	12	3	3	3
\$100,000 to \$249,999	26	26	24	27	21	21	19	23
\$250,000 to \$499,999	20	20	18	19	18	23	24	24
\$500,000 to \$999,999	20	22	23	16	15	20	20	19
\$1 million or more	12	14	12	10	14	12	13	10
Median	\$250,000	\$300,000	\$275,000	\$200,000	\$200,000	\$300,000	\$300,000	\$300,000
Mean	\$459,600	\$489,900	\$483,300	\$418,800	\$406,300	\$469,300	\$497,900	\$434,900
Household ownership of non-mutual fund investments²								
Certificates of deposit	36	36	35	42	35	31	30	30
Individual stocks, individual bonds, or annuities (total)	71	74	73	68	71	74	75	76
Individual stocks	49	54	46	47	42	55	55	56
Individual bonds (excluding U.S. savings bonds)	11	14	12	9	9	12	13	12
Fixed or variable annuities	44	42	52	47	59	39	40	42
Investment real estate	34	38	33	30	29	34	34	34
Closed-end funds	4	6	3	3	3	4	4	4
Exchange-traded funds	6	7	5	5	7	10	9	13

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FIGURE 3.4 CONTINUED

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, 2011

	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
Household ownership of employer-sponsored retirement plan accounts²								
Household owned employer-sponsored retirement plan accounts (total)	71	71	72	71	65	77	75	77
DC retirement plan accounts (total)	67	67	68	68	59	73	72	74
401(k) plan account	50	49	49	49	43	55	54	55
403(b), state, local, or federal government plan account	31	31	33	32	32	35	35	39
Employer-sponsored IRA ³	15	16	17	18	19	16	15	16
Household ownership of IRAs²								
Household owned IRA (total)	84	84	86	84	82	84	85	83
Traditional IRA or Roth IRA	83	82	84	84	80	83	83	81
Employer-sponsored IRA ³	15	15	17	17	19	16	15	16
Household ownership of education-targeted savings accounts²								
Household owned education-targeted savings program account (total)	19	20	19	18	19	22	20	25
Coverdell education savings account	14	13	16	14	17	14	12	17
529 prepaid tuition or college savings plan account (total)	11	12	9	11	9	13	12	15
529 savings plan	11	11	9	11	8	12	11	14
529 prepaid tuition plan	1	1	1	1	1	2	2	2

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

² Multiple responses are included.

³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE 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, 2011

	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
Total household mutual fund assets								
Less than \$5,000	2	1	1	2	(*)	1	1	1
\$5,000 to \$9,999	3	3	3	3	2	3	3	4
\$10,000 to \$19,999	6	6	6	7	6	8	8	6
\$20,000 to \$29,999	3	3	1	4	8	3	3	2
\$30,000 to \$49,999	7	6	8	8	7	7	6	9
\$50,000 to \$74,999	9	10	9	9	6	7	8	6
\$75,000 to \$99,999	5	4	4	5	6	5	5	4
\$100,000 to \$249,999	29	26	29	28	30	27	25	33
\$250,000 or more	36	41	39	34	35	39	41	35
Median	\$150,000	\$200,000	\$170,000	\$150,000	\$150,000	\$175,000	\$200,000	\$157,000
Mean	\$272,000	\$289,900	\$303,600	\$259,400	\$273,800	\$282,900	\$298,700	\$266,900
Percent allocation of household financial assets to mutual funds								
25% or less	13	14	9	12	11	10	10	10
Between 26% and 50%	19	20	20	17	21	16	13	17
Between 51% and 75%	24	25	26	25	19	24	26	22
More than 75%	44	41	45	46	49	50	51	51
Types of mutual funds owned¹								
Equity funds	82	85	82	78	82	85	86	83
Hybrid funds	48	50	51	42	48	49	47	50
Bond funds	57	58	60	56	49	58	57	59
Money market funds	69	71	73	73	75	71	72	71
Other fund type specified	6	5	7	9	7	8	9	8
Mutual fund transaction activity in the previous 12 months²								
Conducted mutual fund transactions	34	38	37	33	30	39	40	41

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FIGURE 3.5 CONTINUED

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, 2011

	Sales force channel					Direct market channel		
	<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Insurance agent</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Year of initial mutual fund purchase								
Before 1990	45	48	50	44	51	46	47	45
Between 1990 and 1994	17	18	16	15	12	20	20	19
Between 1995 and 1999	17	15	15	18	13	16	16	14
Between 2000 and 2004	14	13	13	16	16	11	10	14
2005 or later	7	6	6	7	8	7	7	8
Median	1990	1990	1989	1992	1989	1990	1990	1990
Mean	1990	1989	1989	1990	1988	1989	1989	1989

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes 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.

(*) = less than 0.5 percent

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, 2011

	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
Total number of mutual funds owned								
One	8	5	4	10	6	6	6	6
Two	10	11	8	9	9	10	10	11
Three	16	15	17	21	20	15	15	12
Four	13	12	14	12	20	12	11	12
Five to six	16	16	18	17	12	14	14	13
Seven to ten	17	18	18	15	15	19	21	22
Eleven or more	20	23	21	16	18	24	23	24
Median	5 funds	5 funds	5 funds	4 funds	4 funds	6 funds	6 funds	6 funds
Mean	8 funds	9 funds	10 funds	9 funds	12 funds	9 funds	9 funds	10 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*								
One	30	24	14	21	12	20	21	9
Two	33	32	33	24	30	31	28	31
Three	21	24	27	29	26	25	24	29
Four or more	16	20	26	26	32	24	27	31
Median	2 sources	2 sources	3 sources	3 sources	3 sources	2 sources	3 sources	3 sources
Mean	2 sources	2 sources	3 sources	3 sources	3 sources	3 sources	3 sources	3 sources

*Purchase sources outside employer-sponsored retirement plans include registered investment advisers, 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, 2011

	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
Source of mutual fund ownership								
Only inside employer-sponsored retirement plan	0	0	0	0	0	0	0	0
Only outside employer-sponsored retirement plan	48	46	49	52	52	42	44	42
Both inside and outside employer-sponsored retirement plan	52	54	51	48	48	58	56	58
Purchase source through which funds are currently owned¹								
Inside employer-sponsored retirement plans (total)	52	54	51	48	48	58	56	58
Inside DC retirement plans (total)	48	50	47	44	41	55	53	55
401(k) plan	39	39	36	34	30	44	41	44
403(b), state, local, or federal government plan	17	18	18	17	19	21	21	21
Inside employer-sponsored IRA ²	10	10	11	11	13	11	11	12
Outside employer-sponsored retirement plans (total)	100	100	100	100	100	100	100	100
Sales force (total)	100	100	100	100	100	74	72	79
Full-service broker	58	100	50	38	38	46	44	50
Independent financial planner	50	43	100	43	56	39	38	42
Bank or savings institution representative	34	22	29	100	33	27	27	30
Insurance agent	17	11	20	17	100	12	13	14
Accountant	13	10	18	17	21	14	14	13
Direct market (total)	44	47	47	47	42	100	100	100
Mutual fund company directly	30	32	32	33	30	70	100	42
Discount broker	24	27	26	27	25	51	31	100

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FIGURE 3.7 CONTINUED

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, 2011

	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
Primary mutual fund purchase source								
Inside employer-sponsored retirement plans	26	25	23	25	20	31	30	30
Outside employer-sponsored retirement plans	74	75	77	75	80	69	70	70
Sales force	64	65	68	66	69	37	38	35
Full-service broker	24	41	13	10	11	15	15	14
Independent financial planner	21	15	42	11	19	10	10	12
Bank or savings institution representative	13	5	8	39	9	7	8	6
Insurance agent	4	3	2	1	27	2	2	1
Accountant	2	1	3	5	3	3	3	2
Direct market	10	10	9	9	11	32	32	35
Mutual fund company directly	5	3	4	4	6	17	25	7
Discount broker	5	7	5	5	5	15	7	29
Source of first mutual fund purchase								
Inside employer-sponsored retirement plan	47	43	47	49	43	48	46	49
Outside employer-sponsored retirement plan	53	57	53	51	57	52	54	51

¹ Multiple responses are included.

² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE 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, 2011

	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
Financial goals for mutual fund investments¹								
Retirement	93	93	94	93	91	93	92	93
Reduce taxable income	49	48	54	51	50	53	51	56
Emergency	51	51	56	57	53	55	55	56
Education	24	23	23	23	23	31	29	31
Current income	26	28	29	26	27	28	30	26
House or other large item	11	11	11	16	17	14	14	12
Other	9	10	12	9	13	8	9	8
Primary financial goal for mutual fund investments								
Retirement	70	69	70	64	64	70	70	67
Reduce taxable income	3	3	4	4	6	3	3	4
Emergency	7	7	6	9	8	7	6	9
Education	7	6	7	7	7	7	7	7
Current income	8	10	8	8	9	7	8	7
House or other large item	2	2	2	5	4	3	3	2
Other	3	3	3	3	2	3	3	4
Level of confidence that mutual funds are an investment that can help the household meet financial goals								
Very confident	25	29	23	22	24	27	26	29
Somewhat confident	56	54	58	56	58	57	57	54
Not very confident	13	12	12	14	7	10	10	13
Not at all confident	6	5	7	8	11	6	7	4
Ownership of mutual funds in employer-sponsored retirement plans¹								
Inside employer-sponsored retirement plans (total)	52	54	51	48	48	58	56	58
Inside DC retirement plans (total)	48	50	47	44	41	55	53	55
401(k) plan	39	39	36	34	30	44	41	44
403(b), state, local, or federal government plan	17	18	18	17	19	21	21	21
Inside employer-sponsored IRA ²	10	10	11	11	13	11	11	12

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FIGURE 3.8 CONTINUED

Financial Goals by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2011

	Sales force channel					Direct market channel		
	<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Insurance agent</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Ownership of mutual funds in IRAs¹								
Had IRA invested in mutual funds (total)	76	75	78	75	72	76	78	74
Traditional IRA or Roth IRA	75	74	76	73	68	74	77	72
Employer-sponsored IRA ²	10	10	11	11	13	11	11	12

¹ Multiple responses are included.

² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE 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, 2011

	Sales force channel					Direct market channel		
	<i>Sales force channel total</i>	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	<i>Direct market channel total</i>	Mutual fund company directly	Discount broker
Level of risk willing to take with financial investments								
Substantial risk for substantial gain	4	4	4	5	9	5	4	6
Above-average risk for above-average gain	26	26	27	21	21	27	25	29
Average risk for average gain	49	51	48	46	49	48	51	47
Below-average risk for below-average gain	11	11	11	15	8	11	11	10
Unwilling to take any risk	10	8	10	13	13	9	9	8

CHAPTER 4

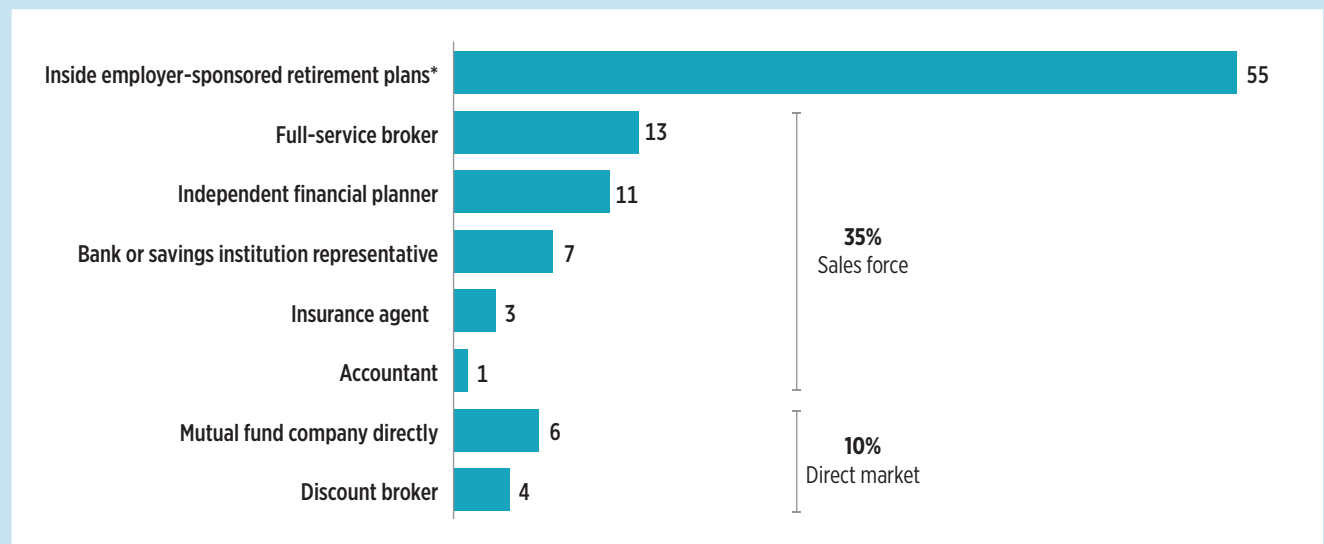
Mutual Fund Shareholders by Primary Source for Purchasing Funds

In 2011, 55 percent of mutual fund–owning households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds (Figure 4.1). Another 35 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; 11 percent, independent financial planners; 7 percent, bank or savings institution representatives; 3 percent, insurance agents; and 1 percent, accountants).⁹ Finally, 10 percent of mutual fund–owning households viewed the direct market

FIGURE 4.1

Mutual Fund Shareholders by Primary Source for Purchasing Funds

Percentage of U.S. households owning mutual funds, 2011



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

⁹ 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.

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 46—the youngest median age of any shareholder group classified by the three primary mutual fund purchase channels (Figure 4.2). Forty-six 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 66 percent of these households.

Eighty-four percent of individuals heading households that considered employer-sponsored retirement plans 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 \$84,000. Twenty 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, 21 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 their primary source for purchasing mutual funds, median household financial assets were \$140,000 (Figure 4.4). These households had a variety of savings and investments. Twenty-two percent of mutual fund-owning households in this group owned certificates of deposit, 41 percent owned individual stocks, and 6 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households that considered employer-sponsored retirement plans their primary source for purchasing mutual funds had median mutual fund holdings of \$100,000 (Figure 4.5). Eighty-three percent of households in this group owned equity funds, 45 percent owned hybrid funds, 53 percent owned bond funds, and 60 percent owned money market funds. Seventy-one percent had more than half of their household financial assets in mutual funds. Twenty-eight percent of mutual fund-owning households in this group reported that the household purchased its first fund before 1990, and 56 percent reported that the household bought its first fund in 1995 or later.

Households that considered employer-sponsored retirement plans 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-four percent owned three or fewer funds and 56 percent owned four or more. Fifty-seven percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through their employer-sponsored retirement plans, 37 percent of these households owned funds outside employer-sponsored retirement plans: 26 percent owned sales force–distributed funds and 19 percent owned direct-marketed funds (Figure 4.7). Eighty-two 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 their primary source for purchasing mutual funds were saving for retirement, and 81 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, 34 percent held funds inside IRAs. Eighty-five 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 percent of mutual fund–owning households that considered employer-sponsored retirement plans 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-nine 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 Sales Force Channel as the Primary Purchase Source for Funds

Among mutual fund–owning households that considered the sales force channel their primary source for purchasing mutual funds, the median age of the household head was 56—the oldest 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 69 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 58 percent of households that considered the sales force channel to be their primary source for purchasing mutual funds.

Fifty-eight percent of individuals heading households that considered the sales force channel their primary source for purchasing mutual funds were employed full or part-time (Figure 4.3). Forty percent were retired from their lifetime occupations. The median household income of mutual fund–owning households in this group was \$78,900. Twenty-six percent had household incomes of less than \$50,000, 21 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 their primary source for purchasing mutual funds, median household financial assets were \$250,000 (Figure 4.4). These households had other savings and investments. Thirty-seven percent of mutual fund–owning households in this group owned certificates of deposit, 46 percent owned individual stocks, and 13 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households that considered the sales force channel their primary source for purchasing mutual funds had median mutual fund holdings of \$157,000 (Figure 4.5). Seventy-eight percent of mutual fund-owning households in this group owned equity funds, 43 percent owned hybrid funds, 51 percent owned bond funds, and 69 percent owned money market funds. Sixty-two percent had more than half of their household financial assets in mutual funds. Forty-eight 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 1990 or later.

Households that considered the sales force channel 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 four (Figure 4.6). Thirty-seven percent owned three or fewer funds and 63 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 sales force channel, 34 percent of these households owned funds inside employer-sponsored retirement plans, and 34 percent owned funds purchased through the direct market channel (Figure 4.7). Sixty 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 their primary source for purchasing funds 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 4.8). Thirty-four percent held funds in employer-sponsored retirement plans, and 74 percent owned funds inside IRAs. Seventy-nine 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.

Twenty-six percent of mutual fund-owning households that considered the sales force channel 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-nine percent were willing to take average risk for average gain. Twenty-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.

The Direct Market Channel as the Primary Purchase Source for Funds

Among mutual fund-owning households that considered the direct market channel their primary source for purchasing mutual funds, the median age of the household head was 54 (Figure 4.2). Fifty-seven percent of these individuals had college or postgraduate degrees—the largest percentage of any shareholder group classified by the three broad primary mutual fund purchase channels. Seventy-four percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 58 percent of households that considered the direct market channel their primary source for purchasing mutual funds.

Fifty-nine percent of individuals heading households that considered the direct market channel their primary source for purchasing mutual funds were employed full- or part-time, and 41 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. Twenty-six percent had household incomes of less than \$50,000, and 21 percent had household incomes between \$50,000 and \$74,999. Fifty-three percent of mutual fund-owning households that considered the direct market channel their primary source for purchasing funds had incomes of \$75,000 or more.

Among mutual fund-owning households that considered the direct market channel their primary source for purchasing mutual funds, median household financial assets were \$235,000 (Figure 4.4). These households had a variety of savings and investments. Thirty-one percent of mutual fund-owning households in this group owned certificates of deposit, 57 percent owned individual stocks, and 9 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households that considered the direct market channel their primary source for purchasing mutual funds had median mutual fund holdings of \$140,000 (Figure 4.5). Eighty-four percent of mutual fund-owning households in this group held equity funds, 46 percent owned hybrid funds, half held bond funds, and 57 percent owned money market funds. Seventy-three percent had more than half of their household financial assets in mutual funds. Forty-seven percent of mutual fund-owning households in this group 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.

Households that considered the direct market channel 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-five percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through the direct market channel, 49 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-one 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 72 percent listed saving for retirement as their household's primary financial goal (Figure 4.8). Forty-nine percent held funds in employer-sponsored retirement plans, and 74 percent owned funds inside IRAs. Eighty-five 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 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-eight 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.

FIGURE 4.2

Head of Household Characteristics by Primary Purchase Source*Percentage of U.S. households owning mutual funds by primary purchase source, 2011*

	Sales force channel					Direct market channel		
	<i>Employer-sponsored retirement plan</i>	<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Age of household sole or co-decisionmaker for saving and investing								
Younger than 35	18	11	6	6	20	8	5	11
35 to 44	28	14	12	16	11	15	14	16
45 to 54	28	19	17	20	25	27	23	33
55 to 64	18	27	33	27	21	21	25	16
65 or older	8	29	32	31	23	29	33	24
Median	46 years	56 years	59 years	57 years	53 years	54 years	57 years	52 years
Mean	46 years	55 years	58 years	56 years	52 years	55 years	57 years	53 years
Education level								
High school graduate or less	24	26	22	23	31	19	20	18
Some college or associate's degree	30	29	32	28	28	24	22	26
Completed four years of college	24	22	23	23	15	22	25	18
Some graduate school	5	6	6	6	8	8	8	8
Completed graduate school	17	17	17	20	18	27	25	30
Marital status								
Married or living with a partner	79	69	64	75	67	74	71	77
Single	8	10	14	5	15	9	6	12
Divorced or separated	10	9	8	8	9	11	14	8
Widowed	3	12	14	12	9	6	9	3
Household investment decisionmaker								
Male is sole decisionmaker	16	21	24	16	15	26	30	22
Female is sole decisionmaker	18	21	20	19	25	16	17	15
Co-decisionmakers	66	58	56	65	60	58	53	63

Continued on next page

FIGURE 4.2 CONTINUED

Head of Household Characteristics by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2011

	<i>Employer-sponsored retirement plan</i>	Sales force channel			Direct market channel			
		<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Ethnic background*								
Caucasian	90	91	92	93	83	90	94	85
African American	6	5	6	3	7	6	3	10
Hispanic	4	3	1	2	3	2	3	2
Asian	1	2	1	1	5	2	2	2
Other	4	3	2	2	6	1	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, 2011

	<i>Employer-sponsored retirement plan</i>	Sales force channel				Direct market channel		
		<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Employment status¹								
Employed full-time	78	47	47	46	36	51	47	55
Not retired	77	44	45	43	34	49	46	52
Retired from lifetime occupation	1	3	2	3	2	2	1	3
Employed part-time	6	11	13	9	17	8	10	6
Not retired	5	7	7	4	14	5	6	4
Retired from lifetime occupation	1	4	6	5	3	3	4	2
Not employed	16	42	40	45	47	41	43	39
Not retired	7	9	4	11	17	5	6	3
Retired from lifetime occupation	9	33	36	34	30	36	37	36
Total household income²								
Less than \$25,000	5	6	4	4	10	7	5	10
\$25,000 to \$34,999	6	8	8	8	8	9	9	9
\$35,000 to \$49,999	9	12	12	12	11	10	8	11
\$50,000 to \$74,999	21	21	19	24	27	21	29	11
\$75,000 to \$99,999	19	17	13	18	24	15	17	12
\$100,000 to \$149,999	22	22	26	19	12	26	24	28
\$150,000 to \$249,999	15	9	12	8	7	9	5	15
\$250,000 or more	3	5	6	7	1	3	3	4
Median	\$84,000	\$78,900	\$85,000	\$80,000	\$65,000	\$80,000	\$71,300	\$87,500
Mean	\$96,700	\$100,200	\$112,000	\$104,500	\$80,600	\$91,700	\$83,200	\$101,700

¹ Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).² Total reported is household income before taxes in 2010.

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, 2011

	<i>Employer-sponsored retirement plan</i>	Sales force channel				Direct market channel		
		<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Total household financial assets¹								
Less than \$25,000	14	5	3	2	15	10	10	11
\$25,000 to \$49,999	8	7	4	6	9	8	5	11
\$50,000 to \$74,999	8	7	4	5	14	7	9	4
\$75,000 to \$99,999	6	5	3	2	2	2	2	3
\$100,000 to \$249,999	29	25	24	27	31	23	23	23
\$250,000 to \$499,999	18	17	16	19	16	18	16	20
\$500,000 to \$999,999	11	22	29	27	9	20	23	15
\$1 million or more	6	12	17	12	4	12	12	13
Median	\$140,000	\$250,000	\$375,000	\$390,000	\$175,000	\$235,000	\$250,000	\$200,000
Mean	\$272,200	\$477,200	\$595,900	\$495,500	\$259,800	\$471,500	\$483,500	\$457,100
Household ownership of non-mutual fund investments²								
Certificates of deposit	22	37	37	37	44	31	30	32
Individual stocks, individual bonds, or annuities (total)	55	70	76	69	63	74	66	82
Individual stocks	41	46	56	41	41	57	53	61
Individual bonds (excluding U.S. savings bonds)	6	13	19	12	6	9	9	10
Fixed or variable annuities	25	46	41	50	44	32	29	36
Investment real estate	23	35	40	42	24	29	24	36
Closed-end funds	2	5	9	4	(*)	5	3	8
Exchange-traded funds	4	5	8	4	2	15	9	22

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FIGURE 4.4 CONTINUED

Mutual Fund–Owning Households' Financial Assets by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2011

	<i>Employer-sponsored retirement plan</i>	Sales force channel				Direct market channel		
		<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Household ownership of employer-sponsored retirement plan accounts²								
Household owned employer-sponsored retirement plan accounts (total)	100	59	61	61	54	73	69	76
DC retirement plan accounts (total)	99	56	58	55	53	67	61	74
401(k) plan account	84	39	40	39	36	44	42	46
403(b), state, local, or federal government plan account	38	25	27	28	22	40	34	47
Employer-sponsored IRA ³	13	13	13	13	13	17	18	15
Household ownership of IRAs²								
Household owned IRA (total)	51	83	83	90	76	83	85	81
Traditional IRA or Roth IRA	46	81	81	90	74	81	83	80
Employer-sponsored IRA ³	12	12	13	13	11	17	18	15
Household ownership of education-targeted savings accounts²								
Household owned education-targeted savings program account (total)	15	16	22	13	11	22	22	23
Coverdell education savings account	10	11	14	8	10	16	17	15
529 prepaid tuition or college savings plan account (total)	8	9	12	9	3	11	9	13
529 savings plan	8	9	12	9	3	11	9	13
529 prepaid tuition plan	1	1	(*)	1	0	1	1	1

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

(*) = less than 0.5 percent

FIGURE 4.5

Mutual Fund Investing by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2011

	<i>Employer-sponsored retirement plan</i>	Sales force channel				Direct market channel		
		<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Total household mutual fund assets								
Less than \$5,000	4	2	1	1	6	2	2	2
\$5,000 to \$9,999	5	3	1	3	8	5	3	8
\$10,000 to \$19,999	6	7	9	5	7	11	9	14
\$20,000 to \$29,999	6	4	2	1	4	2	3	2
\$30,000 to \$49,999	9	7	5	7	13	6	7	4
\$50,000 to \$74,999	12	8	5	8	11	7	9	4
\$75,000 to \$99,999	7	3	3	2	2	4	6	2
\$100,000 to \$249,999	28	29	30	32	25	29	22	39
\$250,000 or more	23	37	44	41	24	34	39	25
Median	\$100,000	\$157,000	\$200,000	\$200,000	\$87,500	\$140,000	\$200,000	\$115,000
Mean	\$174,800	\$273,800	\$335,000	\$301,000	\$161,000	\$272,500	\$294,500	\$243,100
Percent allocation of household financial assets to mutual funds								
25% or less	14	15	16	8	24	13	12	15
Between 26% and 50%	15	23	17	37	8	14	13	16
Between 51% and 75%	21	23	26	15	38	23	19	27
More than 75%	50	39	41	40	30	50	56	42
Types of mutual funds owned¹								
Equity funds	83	78	84	82	65	84	85	83
Hybrid funds	45	43	45	50	33	46	38	55
Bond funds	53	51	53	60	46	50	46	55
Money market funds	60	69	69	66	67	57	60	54
Other fund type specified	6	5	3	7	6	11	12	9
Mutual fund transaction activity in the previous 12 months²								
Conducted mutual fund transactions	27	30	36	30	29	36	34	38

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FIGURE 4.5 CONTINUED

Mutual Fund Investing by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2011

	<i>Employer-sponsored retirement plan</i>	Sales force channel			Direct market channel			
		<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Year of initial mutual fund purchase								
Before 1990	28	48	50	55	35	47	44	50
Between 1990 and 1994	16	14	15	19	11	27	31	23
Between 1995 and 1999	23	14	14	11	17	10	15	5
Between 2000 and 2004	18	15	14	9	22	9	5	13
2005 or later	15	9	7	6	15	7	5	9
Median	1996	1990	1989	1988	1996	1990	1990	1989
Mean	1995	1990	1989	1988	1993	1987	1987	1986

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes 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 4.6

Number of Funds Owned and Purchase Sources Used by Primary Purchase Source

	<i>Employer-sponsored retirement plan</i>	Sales force channel			Direct market channel			
		<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Total number of mutual funds owned								
<i>Percentage of U.S. households owning mutual funds by primary purchase source, 2011</i>								
One	18	10	8	3	21	10	9	12
Two	12	10	14	8	7	12	12	13
Three	14	17	13	12	26	14	15	14
Four	11	14	13	15	15	11	10	11
Five to six	16	17	14	20	18	12	12	12
Seven to ten	16	13	15	15	7	17	18	15
Eleven or more	13	19	23	27	6	24	24	23
Median	4 funds	4 funds	5 funds	5 funds	3 funds	5 funds	6 funds	5 funds
Mean	6 funds	8 funds	10 funds	9 funds	5 funds	8 funds	8 funds	9 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*								
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by primary purchase source, 2011</i>								
One	43	35	43	28	40	35	45	23
Two	31	32	30	35	23	31	32	29
Three	15	18	13	23	23	22	17	29
Four or more	11	15	14	14	14	12	6	19
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	3 sources

*Purchase sources outside employer-sponsored retirement plans include registered investment advisers, 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, 2011

	<i>Employer-sponsored retirement plan</i>	Sales force channel				Direct market channel		
		<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Source of mutual fund ownership								
Only inside employer-sponsored retirement plan	63	0	0	0	0	0	0	0
Only outside employer-sponsored retirement plan	0	66	58	66	77	51	58	43
Both inside and outside employer-sponsored retirement plan	37	34	42	34	23	49	42	57
Purchase sources through which funds are currently owned¹								
Inside employer-sponsored retirement plans (total)	100	34	42	34	23	49	42	57
Inside DC retirement plans (total)	97	32	39	32	23	44	35	54
401(k) plan	80	24	28	24	19	32	26	38
403(b), state, local, or federal government plan	32	12	14	14	6	21	14	30
Inside employer-sponsored IRA ²	10	7	7	7	4	10	10	9
Outside employer-sponsored retirement plans (total)	37	100	100	100	100	100	100	100
Sales force (total)	26	100	100	100	100	54	48	61
Full-service broker	14	58	100	42	22	31	20	44
Independent financial planner	11	52	28	100	31	23	19	27
Bank or savings institution representative	8	34	14	18	100	16	15	19
Insurance agent	3	18	8	15	12	9	9	10
Accountant	3	14	8	15	14	6	5	8

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FIGURE 4.7 CONTINUED

Sources Used to Purchase Mutual Funds by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2011

	<i>Employer-sponsored retirement plan</i>	Sales force channel				Direct market channel		
		<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Direct market (total)	19	34	38	30	31	100	100	100
Mutual fund company directly	13	25	26	20	26	69	100	34
Discount broker	9	16	19	17	15	57	20	100
Source of first mutual fund purchase								
Inside employer-sponsored retirement plan	82	40	35	47	41	39	41	36
Outside employer-sponsored retirement plan	18	60	65	53	59	61	59	64

¹ Multiple responses are included.

² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 4.8

Financial Goals by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2011

	<i>Employer-sponsored retirement plan</i>	Sales force channel				Direct market channel		
		<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Financial goals for mutual fund investments¹								
Retirement	97	92	93	95	89	93	93	93
Reduce taxable income	52	46	45	48	41	49	41	58
Emergency	43	52	50	54	54	55	59	50
Education	26	20	24	19	20	31	30	32
Current income	13	29	33	27	26	29	30	29
House or other large item	10	12	11	11	14	13	10	16
Other	3	11	11	12	10	7	7	8
Primary financial goal for mutual fund investments								
Retirement	81	67	64	77	58	72	76	67
Reduce taxable income	3	4	4	2	6	4	3	6
Emergency	5	8	6	6	14	5	7	4
Education	6	5	8	3	5	5	5	4
Current income	3	10	13	8	6	9	6	12
House or other large item	1	2	1	(*)	8	1	(*)	2
Other	1	4	4	4	3	4	3	5
Level of confidence that mutual funds are an investment that can help the household meet financial goals								
Very confident	18	24	30	22	20	29	25	34
Somewhat confident	67	55	54	58	55	56	62	48
Not very confident	12	15	11	16	22	12	8	17
Not at all confident	3	6	5	4	3	3	5	1

Continued on next page

FIGURE 4.8 CONTINUED

Financial Goals by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2011

	<i>Employer-sponsored retirement plan</i>	<i>Sales force channel</i>			<i>Direct market channel</i>			
		<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Ownership of mutual funds in employer-sponsored retirement plans¹								
Inside employer-sponsored retirement plans (total)	100	34	42	34	23	49	42	57
Inside DC retirement plans (total)	97	32	39	32	23	44	35	54
401(k) plan	80	24	28	24	19	32	26	38
403(b), state, local, or federal government plan	32	12	14	14	6	21	14	30
Inside employer-sponsored IRA ²	10	7	7	7	4	10	10	9
Ownership of mutual funds in IRAs¹								
Had IRA invested in mutual funds (total)	34	74	75	83	66	74	76	71
Traditional IRA or Roth IRA	29	74	75	81	65	71	75	67
Employer-sponsored IRA ²	10	7	7	7	4	10	10	9

¹ Multiple responses are included.

² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

FIGURE 4.9

Views on Investment Risk by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2011

	Sales force channel					Direct market channel		
	<i>Employer-sponsored retirement plan</i>	<i>Sales force channel total</i>	<i>Full-service broker</i>	<i>Independent financial planner</i>	<i>Bank or savings institution representative</i>	<i>Direct market channel total</i>	<i>Mutual fund company directly</i>	<i>Discount broker</i>
Level of risk willing to take with financial investments								
Substantial risk for substantial gain	4	4	4	1	3	6	7	4
Above-average risk for above-average gain	26	22	23	26	12	31	19	45
Average risk for average gain	49	49	55	49	41	48	58	37
Below-average risk for below-average gain	8	13	10	12	22	8	9	8
Unwilling to take any risk	13	12	8	12	22	7	7	6

CHAPTER 5

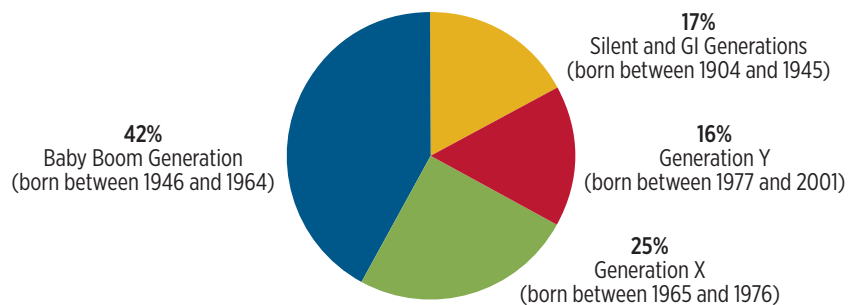
Mutual Fund Shareholders by Generation

Multiple generations of Americans own mutual funds. In 2011, 16 percent of individuals heading households that owned mutual funds were members of Generation Y, those persons born between 1977 and 2001, and thus aged 34 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 35 to 46 at the time of the survey. The largest proportion of individuals heading mutual fund-owning households, 42 percent, was members of the Baby Boom Generation, individuals born between 1946 and 1964, who were between 47 and 65 at the time of the survey. The remaining 17 percent of individuals heading mutual fund-owning households were members of the Silent and GI Generations, born between 1904 and 1945, who were 66 or older at the time of the survey.¹⁰

FIGURE 5.1

Mutual Fund Shareholders by Generation

Percentage of U.S. households owning mutual funds, 2011



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

¹⁰ 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 2011.

Generation Y (Born Between 1977 and 2001)

The median age of Generation Y mutual fund–owning household heads was 31 (Figure 5.2). Fifty-seven percent of these individuals held college or postgraduate degrees and 73 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 62 percent of Generation Y mutual fund–owning households.

Eighty-five percent of Generation Y mutual fund–owning household heads were employed full- or part-time (Figure 5.3). Their median household income was \$75,000. Twenty-nine percent had household incomes of less than \$50,000, 19 percent had household incomes between \$50,000 and \$74,999, and 52 percent had incomes of \$75,000 or more.

Among Generation Y mutual fund–owning households, median household financial assets were \$45,000—the lowest of the generation groups (Figure 5.4). These households had a variety of savings and investments. Seventeen percent of Generation Y mutual fund–owning households owned certificates of deposit, 34 percent owned individual stocks, and 8 percent owned individual bonds (excluding U.S. savings bonds).

Generation Y mutual fund–owning households had median mutual fund holdings of \$30,000, the smallest median mutual fund holdings among shareholder groups classified by generation (Figure 5.5). Eighty-five percent of Generation Y mutual fund–owning households owned equity funds, 37 percent owned hybrid funds, 52 percent held bond funds, and 61 percent owned money market funds. Sixty-five percent had more than half of their household financial assets in mutual funds. Sixty-eight percent of Generation Y mutual fund–owning households reported that the household purchased its first fund in 2000 or later, and 16 percent reported that the household bought its first fund between 1995 and 1999.

The median number of mutual funds owned by Generation Y mutual fund–owning households was three (Figure 5.6). Fifty-seven percent owned three or fewer funds and 43 percent owned four or more. Among Generation Y mutual fund–owning households that owned funds outside employer-sponsored retirement plans, 63 percent owned funds purchased from multiple sources.

Seventy percent of Generation Y mutual fund–owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Fifty-six percent owned funds outside employer-sponsored retirement plans: 37 percent owned sales force–distributed funds and 25 percent owned direct-marketed funds. Sixty-eight percent of Generation Y mutual fund–owning households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-five percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of Generation Y mutual fund–owning households indicated that saving for retirement was one of their household’s financial goals, and 63 percent listed saving for retirement as their household’s primary financial goal (Figure 5.8). Seventy percent of Generation Y mutual fund–owning households held funds in employer-sponsored retirement plans, and 36 percent owned funds inside IRAs. Eighty-five 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.

Thirty 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). Forty-three percent were willing to take average risk for average gain. Twenty-seven 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 41 (Figure 5.2). Fifty-two percent of these individuals held college or postgraduate degrees and 82 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 70 percent of Generation X mutual fund-owning households.

Eighty-eight 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. Eighteen percent had household incomes of less than \$50,000, 18 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 \$143,000 (Figure 5.4). In addition to mutual funds, 20 percent of these households owned certificates of deposit, 44 percent owned individual stocks, and 7 percent owned individual bonds (excluding U.S. savings bonds). Twenty-four 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 \$100,000 (Figure 5.5). Eighty-five percent of Generation X mutual fund-owning households owned equity funds, 44 percent owned hybrid funds, 50 percent held bond funds, and 60 percent owned money market funds. Sixty-nine percent had more than half of their household financial assets in mutual funds. Eighty-two 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 five (Figure 5.6). Thirty-eight percent owned three or fewer funds and 62 percent owned four or more. Among Generation X mutual fund-owning households that owned funds outside employer-sponsored retirement plans, 63 percent owned funds purchased from multiple sources.

Eighty-three percent of Generation X mutual fund-owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Fifty-nine percent owned funds outside employer-sponsored retirement plans: 45 percent owned sales force-distributed funds and 29 percent owned direct-marketed funds. Sixty-eight percent of Generation X mutual fund-

owning households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds, and 72 percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-eight percent of Generation X 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). Eighty-three percent of Generation X mutual fund-owning households held funds in employer-sponsored retirement plans, and 48 percent owned funds inside IRAs. Eighty-four 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.

Thirty-seven 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-eight 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.

Baby Boom Generation (Born Between 1946 and 1964)

The median age of Baby Boom Generation mutual fund-owning household heads was 55 (Figure 5.2). Forty-five percent of these individuals held college or postgraduate degrees and 74 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 62 percent of Baby Boom Generation mutual fund-owning households.

Seventy-four percent of Baby Boom Generation mutual fund-owning household heads were employed full- or part-time (Figure 5.3). Twenty-five percent were retired from their lifetime occupations. Their median household income was \$85,000. Eighteen percent had household incomes of less than \$50,000, 22 percent had household incomes between \$50,000 and \$74,999, and 60 percent had incomes of \$75,000 or more.

Among Baby Boom Generation mutual fund-owning households, median household financial assets were \$260,000 (Figure 5.4). These households typically had other investments. Forty-six percent owned individual stocks, 9 percent owned individual bonds (excluding U.S. savings bonds), and 36 percent had investment real estate.

Baby Boom Generation mutual fund-owning households had median mutual fund holdings of \$175,000 (Figure 5.5). Eighty-one percent owned equity funds, 48 percent owned hybrid funds, 55 percent owned bond funds, and 65 percent owned money market funds. Seventy percent had more than half of their household financial assets in mutual funds. Forty-nine 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). Thirty-six percent owned three or fewer funds and 64 percent owned four or more. Among Baby Boom Generation mutual fund-owning households that owned funds outside employer-sponsored retirement plans, 59 percent owned funds purchased from multiple sources.

Seventy-three percent of Baby Boom Generation mutual fund-owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Seventy percent owned funds outside employer-sponsored retirement plans: 57 percent owned sales force-distributed funds and 30 percent owned direct-marketed funds. Fifty-three percent of these households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-two 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 81 percent listed saving for retirement as their household's primary financial goal (Figure 5.8). Seventy-three percent held funds in employer-sponsored retirement plans, and 57 percent owned funds inside IRAs. Eighty-one 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-eight 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-one 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 73 (Figure 5.2). Thirty-seven percent of these individuals held college or postgraduate degrees and 59 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 49 percent of Silent and GI Generation mutual fund-owning households.

The vast majority of Silent and GI Generation mutual fund-owning household heads, 80 percent, were retired from their lifetime occupations (Figure 5.3). The median household income of Silent and GI Generation mutual fund-owning households was \$53,900. Forty-four percent had household incomes of less than \$50,000, 24 percent had household incomes between \$50,000 and \$74,999, and 32 percent had incomes of \$75,000 or more.

Among Silent and GI Generation mutual fund-owning households, median household financial assets were \$350,000 (Figure 5.4). These households had a variety of savings and investments. Thirty-nine percent of Silent and GI Generation mutual fund-owning households owned certificates of deposit, 47 percent owned individual stocks, and 14 percent owned individual bonds (excluding U.S. savings bonds).

Silent and GI Generation mutual fund-owning households had median mutual fund holdings of \$200,000 (Figure 5.5). Seventy-two percent of Silent and GI Generation mutual fund-owning households owned equity funds, 41 percent owned hybrid funds, 47 percent owned bond funds, and 66 percent owned money market funds. Sixty-three 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 four (Figure 5.6). Forty-one percent owned three or fewer funds and 59 percent owned four or more. Among Silent and GI Generation mutual fund-owning households that owned funds outside employer-sponsored retirement plans, 73 percent owned funds purchased from multiple sources.

Thirty-nine percent of Silent and GI Generation mutual fund-owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Eighty-five percent owned funds outside these plans, with 73 percent owning sales force-distributed funds and 47 percent owning direct-marketed funds. Fifty-nine percent of Silent and GI Generation mutual fund-owning households considered the sales force channel to be their primary source for purchasing mutual funds. Fifty-six percent purchased their first mutual fund outside an employer-sponsored retirement plan.

Eighty-three percent of Silent and GI Generation mutual fund-owning households indicated that saving for retirement was one of their household's financial goals, and 54 percent listed saving for retirement as their household's primary financial goal (Figure 5.8). Fifty-two 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-nine percent held funds in employer-sponsored retirement plans, and 58 percent owned funds inside IRAs. Seventy-eight 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.

Eighteen 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). Forty-five percent were willing to take average risk for average gain. Thirty-seven 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, 2011

	Generation Y (born between 1977 and 2001)	Generation X (born between 1965 and 1976)	Baby Boom Generation (born between 1946 and 1964)	Silent and GI Generations (born between 1904 and 1945)
Age of household sole or co-decisionmaker for saving and investing				
Younger than 35	100	0	0	0
35 to 44	0	81	0	0
45 to 54	0	19	47	0
55 to 64	0	0	50	0
65 or older	0	0	3	100
Median	31 years	41 years	55 years	73 years
Mean	29 years	41 years	55 years	74 years
Education level				
High school graduate or less	12	22	25	35
Some college or associate's degree	31	26	30	28
Completed four years of college	33	27	21	13
Some graduate school	8	5	6	7
Completed graduate school	16	20	18	17
Marital status				
Married or living with a partner	73	82	74	59
Single	24	6	9	6
Divorced or separated	3	11	12	8
Widowed	0	1	5	27
Household investment decisionmaker				
Male is sole decisionmaker	22	14	19	24
Female is sole decisionmaker	16	16	19	27
Co-decisionmakers	62	70	62	49
Ethnic background*				
Caucasian	80	90	93	95
African American	11	6	5	3
Hispanic	12	3	2	1
Asian	3	2	(*)	1
Other	5	4	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, 2011*

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Employment status¹				
Employed full-time	78	82	66	12
Not retired	76	81	64	10
Retired from lifetime occupation	2	1	2	2
Employed part-time	7	6	8	11
Not retired	7	6	5	4
Retired from lifetime occupation	0	0	3	7
Not employed	15	12	26	77
Not retired	14	10	6	6
Retired from lifetime occupation	1	2	20	71
Total household income²				
Less than \$25,000	14	3	5	11
\$25,000 to \$34,999	8	6	4	15
\$35,000 to \$49,999	7	9	9	18
\$50,000 to \$74,999	19	18	22	24
\$75,000 to \$99,999	23	17	18	11
\$100,000 to \$149,999	18	26	24	14
\$150,000 to \$249,999	8	17	13	5
\$250,000 or more	3	4	5	2
Median	\$75,000	\$90,000	\$85,000	\$53,900
Mean	\$101,200	\$111,200	\$104,600	\$69,700

¹ Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).² Total reported is household income before taxes in 2010.

FIGURE 5.4

Mutual Fund–Owning Households' Financial Assets by Generation*Percentage of U.S. households owning mutual funds by head of household generation, 2011*

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Total household financial assets¹				
Less than \$25,000	32	9	6	2
\$25,000 to \$49,999	18	9	4	4
\$50,000 to \$74,999	7	9	7	4
\$75,000 to \$99,999	8	5	4	6
\$100,000 to \$249,999	22	33	26	21
\$250,000 to \$499,999	9	20	18	23
\$500,000 to \$999,999	1	11	21	25
\$1 million or more	3	4	14	15
Median	\$45,000	\$143,000	\$260,000	\$350,000
Mean	\$122,400	\$264,200	\$464,100	\$572,800
Household ownership of non–mutual fund investments²				
Certificates of deposit	17	20	34	39
Individual stocks, individual bonds, or annuities (total)	49	59	65	71
Individual stocks	34	44	46	47
Individual bonds (excluding U.S. savings bonds)	8	7	9	14
Fixed or variable annuities	21	25	37	45
Investment real estate	16	25	36	30
Closed-end funds	1	3	4	5
Exchange-traded funds	5	6	6	6
Household ownership of employer-sponsored retirement plan accounts²				
Household owned employer-sponsored retirement plan accounts (total)	81	93	84	54
DC retirement plan accounts (total)	80	91	81	51
401(k) plan account	69	77	63	30
403(b), state, local, or federal government plan account	32	37	35	27
Employer-sponsored IRA ³	12	13	16	8
Household ownership of IRAs²				
Household owned IRA (total)	46	59	72	72
Traditional IRA or Roth IRA	43	55	68	71
Employer-sponsored IRA ³	11	12	16	7

Continued on next page

FIGURE 5.4 CONTINUED

Mutual Fund–Owning Households’ Financial Assets by Generation

Percentage of U.S. households owning mutual funds by head of household generation, 2011

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Household ownership of education-targeted savings accounts²				
Household owned education-targeted savings program account (total)	20	24	13	9
Coverdell education savings account	18	15	9	6
529 prepaid tuition or college savings plan account (total)	7	16	7	5
529 savings plan	7	15	7	4
529 prepaid tuition plan	0	1	1	(*)

¹ Household financial assets include assets in employer-sponsored retirement plans but exclude the household’s primary residence.

² Multiple responses are included.

³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

FIGURE 5.5

Mutual Fund Investing by Generation*Percentage of U.S. households owning mutual funds by head of household generation, 2011*

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Total household mutual fund assets				
Less than \$5,000	13	1	1	1
\$5,000 to \$9,999	10	6	4	2
\$10,000 to \$19,999	16	9	4	1
\$20,000 to \$29,999	8	7	3	2
\$30,000 to \$49,999	11	9	7	5
\$50,000 to \$74,999	18	10	6	11
\$75,000 to \$99,999	4	8	5	4
\$100,000 to \$249,999	12	31	30	33
\$250,000 or more	8	19	40	41
Median	\$30,000	\$100,000	\$175,000	\$200,000
Mean	\$89,900	\$161,500	\$285,300	\$323,200
Percent allocation of household financial assets to mutual funds				
25% or less	16	14	14	16
Between 26% and 50%	19	17	16	21
Between 51% and 75%	18	23	20	23
More than 75%	47	46	50	40
Types of mutual funds owned¹				
Equity funds	85	85	81	72
Hybrid funds	37	44	48	41
Bond Funds	52	50	55	47
Money market funds	61	60	65	66
Other fund type specified	4	9	6	7
Mutual fund transaction activity in the previous 12 months²				
Conducted mutual fund transactions	22	31	31	24

Continued on next page

FIGURE 5.5 CONTINUED

Mutual Fund Investing by Generation

Percentage of U.S. households owning mutual funds by head of household generation, 2011

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Year of initial mutual fund purchase				
Before 1990	13	18	49	66
Between 1990 and 1994	3	25	16	15
Between 1995 and 1999	16	28	16	10
Between 2000 and 2004	38	17	10	6
2005 or later	30	12	9	3
Median	2002	1996	1990	1984
Mean	2000	1996	1990	1982

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes 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 5.6

Number of Funds Owned and Purchase Sources Used by Generation

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Total number of mutual funds owned				
<i>Percentage of U.S. households owning mutual funds by head of household generation, 2011</i>				
One	26	16	10	12
Two	9	10	13	12
Three	22	12	13	17
Four	11	11	13	13
Five to six	8	21	15	13
Seven to ten	6	17	16	17
Eleven or more	18	13	20	16
Median	3 funds	5 funds	5 funds	4 funds
Mean	9 funds	7 funds	7 funds	7 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by head of household generation, 2011</i>				
One	37	37	41	27
Two	27	31	31	36
Three	20	17	17	22
Four or more	16	15	11	15
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 registered investment advisers, 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, 2011

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Source of mutual fund ownership				
Only inside employer-sponsored retirement plan	44	41	30	15
Only outside employer-sponsored retirement plan	30	17	27	61
Both inside and outside employer-sponsored retirement plan	26	42	43	24
Purchase sources through which funds are currently owned¹				
Inside employer-sponsored retirement plans (total)	70	83	73	39
Inside DC retirement plans (total)	65	81	69	37
401(k) plan	54	69	55	23
403(b), state, local, or federal government plan	20	27	24	17
Inside employer-sponsored IRA ²	8	8	11	4
Outside employer-sponsored retirement plans (total)	56	59	70	85
Sales force (total)	37	45	57	73
Full-service broker	18	26	32	46
Independent financial planner	18	22	29	37
Bank or savings institution representative	21	14	18	23
Insurance agent	6	9	9	14
Accountant	7	7	5	13
Direct market (total)	25	29	30	47
Mutual fund company directly	17	21	21	34
Discount broker	11	17	16	22

Continued on next page

FIGURE 5.7 CONTINUED

Sources Used to Purchase Mutual Funds by Generation*Percentage of U.S. households owning mutual funds by head of household generation, 2011*

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Primary mutual fund purchase source				
Inside employer-sponsored retirement plans	68	68	53	23
Outside employer-sponsored retirement plans	32	32	47	77
Sales force	26	23	37	59
Full-service broker	5	7	15	24
Independent financial planner	5	9	12	19
Bank or savings institution representative	10	4	7	10
Insurance agent	3	2	2	4
Accountant	3	1	1	2
Direct market	6	9	10	18
Mutual fund company directly	2	5	5	11
Discount broker	4	4	5	7
Source of first mutual fund purchase				
Inside employer-sponsored retirement plan	65	72	62	44
Outside employer-sponsored retirement plan	35	28	38	56

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

FIGURE 5.8

Financial Goals by Generation

Percentage of U.S. households owning mutual funds by head of household generation, 2011

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Financial goals for mutual fund investments¹				
Retirement	97	98	96	83
Reduce taxable income	39	54	52	44
Emergency	47	43	45	63
Education	35	42	16	9
Current income	14	13	17	52
House or other large item	28	11	8	7
Other	11	4	6	13
Primary financial goal for mutual fund investments				
Retirement	63	79	81	54
Reduce taxable income	2	2	4	5
Emergency	10	5	4	11
Education	13	10	3	2
Current income	0	3	5	22
House or other large item	6	1	1	(*)
Other	6	(*)	2	6
Level of confidence that mutual funds are an investment that can help the household meet financial goals				
Very confident	23	22	19	23
Somewhat confident	62	62	62	55
Not very confident	4	13	14	15
Not at all confident	11	3	5	7
Ownership of mutual funds in employer-sponsored retirement plans¹				
Inside employer-sponsored retirement plans (total)	70	83	73	39
Inside DC retirement plans (total)	65	81	69	37
401(k) plan	54	69	55	23
403(b), state, local, or federal government plan	20	27	24	17
Inside employer-sponsored IRA ²	8	8	11	4
Ownership of mutual funds in IRAs¹				
Had IRA invested in mutual funds (total)	36	48	57	58
Traditional IRA or Roth IRA	33	45	53	57
Employer-sponsored IRA ²	8	8	11	4

¹ Multiple responses are included.

² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE 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, 2011

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Level of risk willing to take with financial investments				
Substantial risk for substantial gain	10	4	3	2
Above-average risk for above-average gain	20	33	25	16
Average risk for average gain	43	48	51	45
Below-average risk for below-average gain	8	6	11	16
Unwilling to take any risk	19	9	10	21

CHAPTER 6

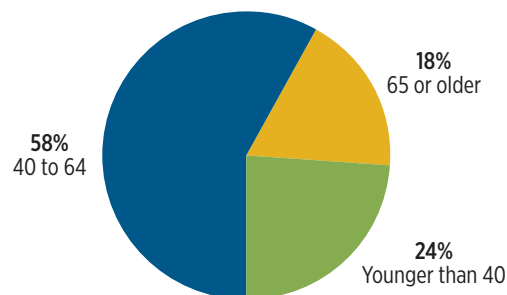
Mutual Fund Shareholders by Age

In 2011, 24 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 composed of individuals between the ages of 40 and 64, who were 58 percent of mutual fund–owning household heads. The remaining 18 percent were 65 or older at the time of the survey.

FIGURE 6.1

Mutual Fund Shareholders by Age

Percentage of U.S. households owning mutual funds, 2011



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

Household Head Younger Than 40 Years of Age

Among this youngest group of mutual fund–owning households, the median age of the head of household was 33 (Figure 6.2). Fifty-five percent of these individuals held college or postgraduate degrees and 80 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 68 percent of mutual fund–owning households in this age group.

Eighty-five 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 \$80,000. Twenty-four percent had household incomes of less than \$50,000, and 19 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 \$75,000—the lowest of any of the age groups (Figure 6.4). These households had a variety of savings and investments. Sixteen percent of mutual fund-owning households in this age group owned certificates of deposit, 38 percent owned individual stocks, and 8 percent owned individual bonds (excluding U.S. savings bonds). Twenty-two percent of these households had an education-targeted savings program account—the largest proportion of any of the age groups.

Mutual fund-owning households headed by an individual younger than 40 had median mutual fund holdings of \$40,000—the smallest median mutual fund holdings among shareholder groups classified by age (Figure 6.5). Eighty-three percent of these households owned equity funds, 41 percent owned hybrid funds, 51 percent held bond funds, and 61 percent owned money market funds. Sixty-seven percent had more than half of their household financial assets in mutual funds. Fifty-five 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 25 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-eight percent owned three or fewer funds and 52 percent owned four or more. Among households in this age 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 headed by an individual younger than 40 owned funds through employer-sponsored retirement plans (Figure 6.7). Fifty-six percent owned funds outside employer-sponsored retirement plans: 39 percent owned sales force-distributed funds and 25 percent owned direct-marketed funds. Seventy 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-seven 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 67 percent listed saving for retirement as their household's primary financial goal (Figure 6.8). Seventy-five percent of mutual fund-owning households in this age group held funds in employer-sponsored retirement plans, and 39 percent owned funds inside IRAs. Eighty-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-five 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-three percent were willing to take average risk for average gain. Twenty-two 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 Head Between 40 and 64 Years of Age

Among this middle age group of mutual fund–owning households, the median age of the household head was 52 (Figure 6.2). Forty-seven percent of these individuals held college or postgraduate degrees and seventy-five percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 63 percent of mutual fund–owning households in this age group.

Eighty percent of mutual fund–owning household heads in this age group were employed full- or part-time (Figure 6.3). Eighteen percent were retired from their lifetime occupations. Their median household income was \$87,500. Nineteen percent had household incomes of less than \$50,000, 20 percent had household incomes between \$50,000 and \$74,999, and 61 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: 45 percent owned individual stocks, 8 percent owned individual bonds (excluding U.S. savings 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 \$150,000 (Figure 6.5). Eighty-three percent of mutual fund–owning households in this age group owned equity funds, 46 percent owned hybrid funds, 53 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. Forty-two 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-seven percent owned three or fewer funds and 63 percent owned four or more. Among households in this age group that owned funds outside employer-sponsored retirement plans, 61 percent owned funds purchased from multiple sources.

Seventy-six 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-seven percent owned funds outside employer-sponsored retirement plans: 54 percent owned sales force–distributed funds and 31 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-seven 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-six percent held funds in employer-sponsored retirement plans, and 55 percent owned funds inside IRAs. Eighty-two 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 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). 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.

Household Head Aged 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-nine 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 50 percent of mutual fund–owning households in this age group.

The vast majority of mutual fund–owning household heads in this age group, 80 percent, were retired from their lifetime occupations (Figure 6.3). Their median household income was \$55,000. Forty-two percent had household incomes of less than \$50,000, 25 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 aged 65 or older, median household financial assets were \$375,000—the greatest of any of the age groups (Figure 6.4). These households had a variety of savings and investments. Thirty-nine percent of mutual fund–owning households in this age group owned certificates of deposit, 47 percent owned individual stocks, and 15 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households headed by an individual 65 or older had median mutual fund holdings of \$200,000 (Figure 6.5). Seventy-three percent of mutual fund–owning households in this age group owned equity funds, 41 percent owned hybrid funds, 48 percent held bond funds, and 66 percent owned money market funds. Sixty-three 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 aged 65 or older was four (Figure 6.6). Forty percent owned three or fewer funds and 60 percent owned four or more. Among households in this age group that owned funds outside employer-sponsored retirement plans, 71 percent owned funds purchased from multiple sources.

Forty percent of mutual fund-owning households headed by an individual aged 65 or older owned funds through employer-sponsored retirement plans (Figure 6.7). Eighty-five percent owned funds outside these plans, with 73 percent owning sales force-distributed funds and 46 percent owning direct-marketed funds. Fifty-nine percent of mutual fund-owning households in this age group considered the sales force channel to be their primary source for purchasing mutual funds. Fifty-five percent reported that the household purchased its first mutual fund outside an employer-sponsored retirement plan.

Eighty-four percent of mutual fund-owning households headed by an individual aged 65 or older indicated that saving for retirement was one of their household's financial goals, and 55 percent listed saving for retirement as their household's primary financial goal (Figure 6.8). Fifty-two 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. Forty percent held funds in employer-sponsored retirement plans, and 59 percent owned funds inside IRAs. Seventy-eight percent of mutual fund-owning households headed by an individual aged 65 or older were confident that mutual funds were an investment that could help them meet their financial goals.

Eighteen percent of mutual fund-owning households headed by an individual aged 65 or older were willing to take substantial or above-average risk for similar levels of financial gain (Figure 6.9). Forty-five percent were willing to take average risk for average gain. Thirty-seven 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, 2011*

	Younger than 40	40 to 64	65 or older
Age of household sole or co-decisionmaker for saving and investing			
Younger than 35	65	0	0
35 to 44	35	21	0
45 to 54	0	43	0
55 to 64	0	36	0
65 or older	0	0	100
Median	33 years	52 years	72 years
Mean	32 years	52 years	74 years
Education level			
High school graduate or less	14	25	33
Some college or associate's degree	31	28	28
Completed four years of college	31	22	14
Some graduate school	7	6	7
Completed graduate school	17	19	18
Marital status			
Married or living with a partner	80	75	60
Single	17	9	6
Divorced or separated	3	12	8
Widowed	0	4	26
Household investment decisionmaker			
Male is sole decisionmaker	17	18	23
Female is sole decisionmaker	15	19	27
Co-decisionmakers	68	63	50
Ethnic background*			
Caucasian	83	92	95
African American	9	5	3
Hispanic	9	2	1
Asian	2	1	1
Other	5	3	3

* 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, 2011*

	Younger than 40	40 to 64	65 or older
Employment status¹			
Employed full-time	78	72	13
Not retired	77	70	11
Retired from lifetime occupation	1	2	2
Employed part-time	7	8	11
Not retired	7	6	4
Retired from lifetime occupation	0	2	7
Not employed	15	20	76
Not retired	14	6	5
Retired from lifetime occupation	1	14	71
Total household income²			
Less than \$25,000	10	5	11
\$25,000 to \$34,999	6	5	14
\$35,000 to \$49,999	8	9	17
\$50,000 to \$74,999	19	20	25
\$75,000 to \$99,999	22	17	12
\$100,000 to \$149,999	22	24	14
\$150,000 to \$249,999	10	15	5
\$250,000 or more	3	5	2
Median	\$80,000	\$87,500	\$55,000
Mean	\$102,700	\$107,800	\$70,500

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

² Total reported is household income before taxes in 2010.

FIGURE 6.4

Mutual Fund–Owning Households' Financial Assets by Age*Percentage of U.S. households owning mutual funds by age of household head, 2011*

	Younger than 40	40 to 64	65 or older
Total household financial assets¹			
Less than \$25,000	24	7	3
\$25,000 to \$49,999	15	5	4
\$50,000 to \$74,999	11	7	4
\$75,000 to \$99,999	7	4	6
\$100,000 to \$249,999	24	30	20
\$250,000 to \$499,999	12	19	21
\$500,000 to \$999,999	5	18	26
\$1 million or more	2	10	16
Median	\$75,000	\$200,000	\$375,000
Mean	\$151,700	\$407,800	\$580,200
Household ownership of non–mutual fund investments²			
Certificates of deposit	16	31	39
Individual stocks, individual bonds, or annuities (total)	53	63	71
Individual stocks	38	45	47
Individual bonds (excluding U.S. savings bonds)	8	8	15
Fixed or variable annuities	23	34	45
Investment real estate	18	32	31
Closed-end funds	1	4	5
Exchange-traded funds	5	6	6
Household ownership of employer-sponsored retirement plan accounts²			
Household owned employer-sponsored retirement plan accounts (total)	86	87	55
DC retirement plan accounts (total)	85	84	51
401(k) plan account	72	68	31
403(b), state, local, or federal government plan account	34	36	28
Employer-sponsored IRA ³	13	15	8
Household ownership of IRAs²			
Household owned IRA (total)	50	68	73
Traditional IRA or Roth IRA	46	65	71
Employer-sponsored IRA ³	12	15	8

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FIGURE 6.4 CONTINUED

Mutual Fund–Owning Households’ Financial Assets by Age

Percentage of U.S. households owning mutual funds by age of household head, 2011

	Younger than 40	40 to 64	65 or older
Household ownership of education-targeted savings accounts²			
Household owned education-targeted savings program account (total)	22	16	9
Coverdell education savings account	17	11	6
529 prepaid tuition or college savings plan account (total)	11	10	5
529 savings plan	11	9	5
529 prepaid tuition plan	(*)	1	(*)

¹ Household financial assets include assets in employer-sponsored retirement plans but exclude the household’s primary residence.

² Multiple responses are included.

³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

FIGURE 6.5

Mutual Fund Investing by Age*Percentage of U.S. households owning mutual funds by age of household head, 2011*

	Younger than 40	40 to 64	65 or older
Total household mutual fund assets			
Less than \$5,000	9	1	1
\$5,000 to \$9,999	7	5	2
\$10,000 to \$19,999	15	5	1
\$20,000 to \$29,999	10	4	2
\$30,000 to \$49,999	10	8	5
\$50,000 to \$74,999	17	6	11
\$75,000 to \$99,999	5	6	4
\$100,000 to \$249,999	18	31	32
\$250,000 or more	9	34	42
Median	\$40,000	\$150,000	\$200,000
Mean	\$98,700	\$252,100	\$331,500
Percent allocation of household financial assets to mutual funds			
25% or less	14	15	16
Between 26% and 50%	19	16	21
Between 51% and 75%	22	20	23
More than 75%	45	49	40
Types of mutual funds owned¹			
Equity funds	83	83	73
Hybrid funds	41	46	41
Bond funds	51	53	48
Money market funds	61	63	66
Other fund type specified	5	7	7
Mutual fund transaction activity in the previous 12 months²			
Conducted mutual fund transactions	25	31	25
Year of initial mutual fund purchase			
Before 1990	10	42	65
Between 1990 and 1994	10	19	15
Between 1995 and 1999	25	18	11
Between 2000 and 2004	32	11	6
2005 or later	23	10	3
Median	2000	1991	1984
Mean	1999	1991	1982

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes 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 6.6

Number of Funds Owned and Purchase Sources Used by Age

	Younger than 40	40 to 64	65 or older
Total number of mutual funds owned			
<i>Percentage of U.S. households owning mutual funds by age of household head, 2011</i>			
One	20	13	11
Two	11	11	12
Three	17	13	17
Four	11	12	13
Five to six	14	17	12
Seven to ten	13	16	18
Eleven or more	14	18	17
Median	4 funds	5 funds	4 funds
Mean	8 funds	7 funds	7 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*			
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by age of household head, 2011</i>			
One	38	39	29
Two	26	32	34
Three	20	17	22
Four or more	16	12	15
Median	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources

*Purchase sources outside employer-sponsored retirement plans include registered investment advisers, 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, 2011

	Younger than 40	40 to 64	65 or older
Source of mutual fund ownership			
Only inside employer-sponsored retirement plan	44	33	15
Only outside employer-sponsored retirement plan	25	24	60
Both inside and outside employer-sponsored retirement plan	31	43	25
Purchase sources through which funds are currently owned¹			
Inside employer-sponsored retirement plans (total)	75	76	40
Inside DC retirement plans (total)	71	73	38
401(k) plan	59	59	23
403(b), state, local, or federal government plan	23	25	18
Inside employer-sponsored IRA ²	8	10	4
Outside employer-sponsored retirement plans (total)	56	67	85
Sales force (total)	39	54	73
Full-service broker	20	31	46
Independent financial planner	19	27	37
Bank or savings institution representative	19	17	23
Insurance agent	7	9	13
Accountant	7	5	13
Direct market (total)	25	31	46
Mutual fund company directly	17	21	33
Discount broker	12	17	21
Primary mutual fund purchase source			
Inside employer-sponsored retirement plans	70	58	24
Outside employer-sponsored retirement plans	30	42	76
Sales force	24	32	59
Full-service broker	5	13	24
Independent financial planner	6	11	20
Bank or savings institution representative	7	6	10
Insurance agent	3	2	3
Accountant	3	(*)	2
Direct market	6	10	17
Mutual fund company directly	2	5	11
Discount broker	4	5	6
Source of first mutual fund purchase			
Inside employer-sponsored retirement plan	67	65	45
Outside employer-sponsored retirement plan	33	35	55

¹ Multiple responses are included.

² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

FIGURE 6.8

Financial Goals by Age*Percentage of U.S. households owning mutual funds by age of household head, 2011*

	Younger than 40	40 to 64	65 or older
Financial goals for mutual fund investments¹			
Retirement	97	97	84
Reduce taxable income	44	53	45
Emergency	47	43	63
Education	41	23	9
Current income	13	16	52
House or other large item	22	9	7
Other	9	5	13
Primary financial goal for mutual fund investments			
Retirement	67	81	55
Reduce taxable income	3	3	5
Emergency	7	5	10
Education	14	4	2
Current income	1	4	21
House or other large item	4	1	1
Other	4	2	6
Level of confidence that mutual funds are an investment that can help the household meet financial goals			
Very confident	22	20	22
Somewhat confident	61	62	56
Not very confident	8	14	15
Not at all confident	9	4	7
Ownership of mutual funds in employer-sponsored retirement plans¹			
Inside employer-sponsored retirement plans (total)	75	76	40
Inside DC retirement plans (total)	71	73	38
401(k) plan	59	59	23
403(b), state, local, or federal government plan	23	25	18
Inside employer-sponsored IRA ²	8	10	4
Ownership of mutual funds in IRAs¹			
Had IRA invested in mutual funds (total)	39	55	59
Traditional IRA or Roth IRA	35	51	58
Employer-sponsored IRA ²	8	10	4

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

FIGURE 6.9

Views on Investment Risk by Age

Percentage of U.S. households owning mutual funds by age of household head, 2011

	Younger than 40	40 to 64	65 or older
Level of risk willing to take with financial investments			
Substantial risk for substantial gain	9	3	2
Above-average risk for above-average gain	26	27	16
Average risk for average gain	43	51	45
Below-average risk for below-average gain	8	9	16
Unwilling to take any risk	14	10	21

CHAPTER 7

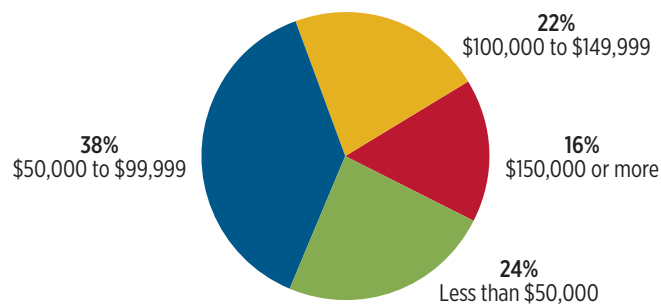
Mutual Fund Shareholders by Household Income

Households in all income categories own mutual funds. In 2011, 24 percent of mutual fund–owning households had incomes of less than \$50,000, 38 percent had household incomes between \$50,000 and \$99,999, 22 percent had household incomes between \$100,000 and \$149,999, and 16 percent had household incomes of \$150,000 or more (Figure 7.1).^{11, 12}

FIGURE 7.1

Mutual Fund Shareholders by Household Income

Percentage of U.S. households owning mutual funds, 2011



Note: Total reported is household income before taxes in 2010.

¹¹ Total reported is household income before taxes in 2010.

¹² The median household income nationwide was \$49,445 in 2010. See *Income, Poverty, and Health Insurance Coverage in the United States: 2010*, U.S. Census Bureau. Available at www.census.gov/prod/2011pubs/p60-239.pdf.

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 53 (Figure 7.2). Thirty percent of these individuals had college or postgraduate degrees. Forty-four 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 39 percent of these households.

Forty-eight percent of mutual fund-owning household heads in this income group were employed full- or part-time (Figure 7.3). Thirty-nine 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 \$32,000. Twenty-nine percent of households in this group had incomes of less than \$25,000, 29 percent had incomes between \$25,000 and \$34,999, and 42 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 \$50,000—the lowest of any shareholder group classified by household income (Figure 7.4). These households had a variety of savings and investments. Twenty-seven percent of mutual fund-owning households in this income group owned certificates of deposit, 28 percent owned individual stocks, and 11 percent owned individual bonds (excluding U.S. savings 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-nine percent owned equity funds, 38 percent owned hybrid funds, 38 percent held bond funds, and 58 percent owned money market funds. Sixty-five percent had more than half of their household financial assets in mutual funds. Thirty-seven percent of mutual fund-owning households with incomes of less than \$50,000 reported that the household purchased its first fund before 1990, and 34 percent reported that the household bought its first fund in 2000 or later.

The median number of mutual funds owned by mutual fund-owning households in this income group was three—the lowest median of any of the income groups (Figure 7.6). Sixty-two percent owned three or fewer funds and 38 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 67 percent owned funds purchased from multiple sources.

Fifty-three percent of mutual fund-owning households with incomes of less than \$50,000 owned funds through employer-sponsored retirement plans (Figure 7.7). Sixty-three percent owned funds outside employer-sponsored retirement plans: 48 percent owned sales force-distributed funds and 25 percent owned direct-marketed funds. Forty-eight 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 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 60 percent listed saving for retirement as their household’s primary financial goal (Figure 7.8). Sixty-two percent listed saving for an emergency as one of their household’s financial goals—the largest percentage of any of the income groups. Fifty-three percent of mutual fund–owning households in this income group held funds in employer-sponsored retirement plans, and 40 percent owned funds inside IRAs. Seventy-five 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.

Seventeen percent of 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-eight 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 50 (Figure 7.2). Forty percent of these individuals had college or postgraduate degrees and 78 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 67 percent of mutual fund–owning households with incomes between \$50,000 and \$99,999.

Seventy-three percent of mutual fund–owning household heads in this income group were employed full- or part-time, and 24 percent were retired from their lifetime occupations (Figure 7.3). The median household income in this group was \$70,800. Fifty-four percent of households in this group had incomes between \$50,000 and \$74,999, and 46 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 \$150,000 (Figure 7.4). These households typically had other investments. Twenty-eight percent of mutual fund–owning households in this income group owned certificates of deposit, 37 percent owned individual stocks, and 7 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households with incomes between \$50,000 and \$99,999 had median mutual fund holdings of \$80,000 (Figure 7.5). Eighty-one percent of these households owned equity funds, 41 percent owned hybrid funds, 53 percent held bond funds, and 63 percent owned money market funds. Sixty-eight percent had more than half of their household financial assets in mutual funds. Thirty-one 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 53 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, 62 percent owned funds purchased from multiple sources.

Seventy-two percent of mutual fund-owning households with incomes between \$50,000 and \$99,999 owned funds through employer-sponsored retirement plans (Figure 7.7). In addition, 64 percent owned funds outside these plans, with 53 percent owning sales force-distributed funds and 30 percent owning direct-marketed funds. Fifty-six 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 \$50,000 and \$99,999 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-five percent of mutual fund-owning households with incomes between \$50,000 and \$99,999 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 7.8). Forty-six percent reported that reducing their taxable income was one of their household's financial goals. Seventy-two percent of mutual fund-owning households in this income group held funds in employer-sponsored retirement plans, and 51 percent owned funds inside IRAs. Eighty-three 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-six 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-one percent were willing to take average risk for average 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.

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). Sixty-three percent of these individuals had college or postgraduate degrees and 90 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 71 percent of mutual fund-owning households with incomes between \$100,000 and \$149,999.

Eighty-one percent of mutual fund-owning household heads in this income group were employed full- or part-time, and 19 percent were retired from their lifetime occupations (Figure 7.3). The median household income in this group was \$114,900.

Among mutual fund-owning households with incomes between \$100,000 and \$149,999, median household financial assets were \$300,000 (Figure 7.4). These households had a variety of savings and investments. Twenty-eight percent of mutual fund-owning households in this income group owned certificates of deposit, 54 percent owned individual stocks, and 10 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households with incomes between \$100,000 and \$149,999 had median mutual fund holdings of \$200,000 (Figure 7.5). Eighty-four percent of these households owned equity funds, 47 percent owned hybrid funds, 56 percent owned bond funds, and 68 percent owned money market funds. Sixty-eight percent had more than half of their household financial assets in mutual funds. Forty-five 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 55 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-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, 63 percent owned funds purchased from multiple sources.

Seventy-three 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, 73 percent owned funds outside these plans, with 57 percent owning sales force-distributed funds and 38 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. Sixty-two percent of households with incomes between \$100,000 and \$149,999 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-six 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 80 percent listed saving for retirement as their household's primary financial goal (Figure 7.8). Fifty-three percent reported that reducing their taxable income was one of their household's financial goals. Seventy-three percent of mutual fund-owning households in this income group held funds in employer-sponsored retirement plans, and 60 percent owned funds inside IRAs. Eighty-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-nine 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). Forty-five 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.

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). Sixty-seven percent of these individuals had college or postgraduate degrees—the largest percentage of any of the income groups. Eighty-six percent of household heads in this group were married or living with a partner. Investment decisionmaking was a shared responsibility in 71 percent of mutual fund–owning households with incomes of \$150,000 or more.

Eighty-seven percent of mutual fund–owning household heads in this income group were employed full- or part-time, and 17 percent were retired from their lifetime occupations (Figure 7.3). The median household income in this group was \$188,000. 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 \$450,000—the greatest of any of the income groups (Figure 7.4). These households typically had other investments. Thirty-three percent of mutual fund–owning households in this income group owned certificates of deposit, 69 percent owned individual stocks, 11 percent owned individual bonds (excluding U.S. savings bonds), and 44 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). Ninety-one percent of these households owned equity funds, 54 percent owned hybrid funds, 61 percent owned bond funds, and 63 percent owned money market funds. Seventy percent had more than half of their household financial assets in mutual funds. Forty-five percent of mutual fund–owning households with incomes of \$150,000 or more reported that the household purchased its first fund before 1990, and 55 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 six (Figure 7.6). Nineteen percent of households in this group owned three or fewer funds and 81 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.

Eighty-two 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, 77 percent owned funds outside these plans, with 59 percent owning sales force–distributed funds and 39 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-two 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-four 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 79 percent listed saving for retirement as their household's primary financial goal (Figure 7.8). Fifty-six percent reported that reducing their taxable income was one of their household's financial goals. Eighty-three percent of mutual fund-owning households in this income group held funds in employer-sponsored retirement plans, and 60 percent owned funds inside IRAs. Eighty-five 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 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). Fifty-one percent were willing to take average risk for average gain. Nine 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,¹ 2011*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Age of household sole or co-decisionmaker for saving and investing				
Younger than 35	19	18	13	11
35 to 44	16	20	23	28
45 to 54	16	24	29	31
55 to 64	18	21	23	22
65 or older	31	17	12	8
Median	53	50	48	48
Mean	53	50	49	49
Education level				
High school graduate or less	37	27	12	15
Some college or associate's degree	33	33	25	18
Completed four years of college	16	22	29	27
Some graduate school	5	6	8	5
Completed graduate school	9	12	26	35
Marital status				
Married or living with a partner	44	78	90	86
Single	24	8	4	4
Divorced or separated	17	8	3	9
Widowed	15	6	3	1
Household investment decisionmaker				
Male is sole decisionmaker	20	17	20	23
Female is sole decisionmaker	41	16	9	6
Co-decisionmakers	39	67	71	71
Ethnic background²				
Caucasian	87	92	92	90
African American	9	5	4	6
Hispanic	3	5	4	2
Asian	1	1	2	2
Other	5	3	1	2

¹ Total reported is household income before taxes in 2010.² 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,¹ 2011*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Employment status²				
Employed full-time	37	65	75	82
Not retired	37	63	73	77
Retired from lifetime occupation	1	2	2	5
Employed part-time	11	8	6	5
Not retired	8	6	4	2
Retired from lifetime occupation	3	2	2	3
Not employed	52	27	19	13
Not retired	17	7	4	4
Retired from lifetime occupation	35	20	15	9
Total household income¹				
Less than \$25,000	29	0	0	0
\$25,000 to \$34,999	29	0	0	0
\$35,000 to \$49,999	42	0	0	0
\$50,000 to \$74,999	0	54	0	0
\$75,000 to \$99,999	0	46	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	\$32,000	\$70,800	\$114,900	\$188,000
Mean	\$30,000	\$71,100	\$115,900	\$254,100

¹ Total reported is household income before taxes in 2010.² Figure reports 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,¹ 2011*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Total household financial assets²				
Less than \$25,000	34	9	2	1
\$25,000 to \$49,999	12	12	4	2
\$50,000 to \$74,999	12	9	5	2
\$75,000 to \$99,999	5	6	6	19
\$100,000 to \$249,999	23	34	24	26
\$250,000 to \$499,999	8	16	22	28
\$500,000 to \$999,999	4	10	25	22
\$1 million or more	2	4	12	24
Median	\$50,000	\$150,000	\$300,000	\$450,000
Mean	\$135,200	\$246,500	\$472,200	\$707,200
Household ownership of non-mutual fund investments³				
Certificates of deposit	27	28	28	33
Individual stocks, individual bonds, or annuities (total)	51	58	68	80
Individual stocks	28	37	54	69
Individual bonds (excluding U.S. savings bonds)	11	7	10	11
Fixed or variable annuities	31	31	37	35
Investment real estate	14	29	34	44
Closed-end funds	2	2	4	7
Exchange-traded funds	3	3	9	14
Household ownership of employer-sponsored retirement plan accounts³				
Household owned employer-sponsored retirement plan accounts (total)	61	83	92	91
DC retirement plan accounts (total)	57	80	90	89
401(k) plan account	39	65	72	78
403(b), state, local, or federal government plan account	26	32	44	36
Employer-sponsored IRA ⁴	12	13	11	20
Household ownership of IRAs³				
Household owned IRA (total)	53	64	72	73
Traditional IRA or Roth IRA	49	61	69	69
Employer-sponsored IRA ⁴	10	13	11	20

Continued on next page

FIGURE 7.4 CONTINUED

Mutual Fund–Owning Households’ Financial Assets by Household Income

Percentage of U.S. households owning mutual funds by household income,¹ 2011

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Household ownership of education-targeted savings accounts³				
Household owned education-targeted savings program account (total)	6	15	20	29
Coverdell education savings account	5	12	13	18
529 prepaid tuition or college savings plan account (total)	2	6	13	21
529 savings plan	2	6	13	19
529 prepaid tuition plan	(*)	1	1	2

¹ Total reported is household income before taxes in 2010.

² Household financial assets include assets in employer-sponsored retirement plans but exclude the household’s primary residence.

³ Multiple responses are included.

⁴ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

FIGURE 7.5

Mutual Fund Investing by Household Income*Percentage of U.S. households owning mutual funds by household income,¹ 2011*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Total household mutual fund assets				
Less than \$5,000	9	3	(*)	(*)
\$5,000 to \$9,999	20	2	1	0
\$10,000 to \$19,999	14	10	3	0
\$20,000 to \$29,999	4	7	5	1
\$30,000 to \$49,999	12	12	4	2
\$50,000 to \$74,999	9	14	7	3
\$75,000 to \$99,999	3	7	6	3
\$100,000 to \$249,999	18	26	34	36
\$250,000 or more	11	19	40	55
Median	\$30,000	\$80,000	\$200,000	\$250,000
Mean	\$105,000	\$155,400	\$310,900	\$390,600
Percent allocation of household financial assets to mutual funds				
25% or less	18	15	12	15
Between 26% and 50%	17	17	20	15
Between 51% and 75%	19	21	23	21
More than 75%	46	47	45	49
Types of mutual funds owned²				
Equity funds	69	81	84	91
Hybrid funds	38	41	47	54
Bond funds	38	53	56	61
Money market funds	58	63	68	63
Other fund type specified	2	5	6	14
Mutual fund transaction activity in the previous 12 months³				
Conducted mutual fund transactions	14	28	35	41

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FIGURE 7.5 CONTINUED

Mutual Fund Investing by Household Income*Percentage of U.S. households owning mutual funds by household income,¹ 2011*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Year of initial mutual fund purchase				
Before 1990	37	31	45	45
Between 1990 and 1994	14	16	18	18
Between 1995 and 1999	15	20	18	19
Between 2000 and 2004	16	17	13	14
2005 or later	18	16	6	4
Median	1994	1995	1990	1990
Mean	1992	1994	1990	1990

¹ Total reported is household income before taxes in 2010.

² Multiple responses are included.

³ Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes 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.

(*) = less than 0.5 percent

FIGURE 7.6

Number of Funds Owned and Purchase Sources Used by Household Income

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Total number of mutual funds owned				
<i>Percentage of U.S. households owning mutual funds by household income,¹ 2011</i>				
One	29	15	4	10
Two	17	13	9	5
Three	16	17	18	4
Four	10	13	10	14
Five to six	10	14	19	20
Seven to ten	12	12	18	23
Eleven or more	6	16	22	24
Median	3 funds	4 funds	5 funds	6 funds
Mean	5 funds	7 funds	9 funds	11 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans²				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by household income,¹ 2011</i>				
One	33	38	37	37
Two	33	29	31	34
Three	21	18	16	21
Four or more	13	15	16	8
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

¹ Total reported is household income before taxes in 2010.

² Purchase sources outside employer-sponsored retirement plans include registered investment advisers, 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,¹ 2011*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Source of mutual fund ownership				
Only inside employer-sponsored retirement plan	37	36	27	23
Only outside employer-sponsored retirement plan	47	28	27	18
Both inside and outside employer-sponsored retirement plan	16	36	46	59
Purchase sources through which funds are currently owned²				
Inside employer-sponsored retirement plans (total)	53	72	73	82
Inside DC retirement plans (total)	48	69	71	78
401(k) plan	33	56	58	68
403(b), state, local, or federal government plan	19	22	29	25
Inside employer-sponsored IRA ³	7	8	8	14
Outside employer-sponsored retirement plans (total)	63	64	73	77
Sales force (total)	48	53	57	59
Full-service broker	28	28	36	35
Independent financial planner	23	27	28	29
Bank or savings institution representative	16	20	19	17
Insurance agent	10	9	9	9
Accountant	9	7	6	7
Direct market (total)	25	30	38	39
Mutual fund company directly	17	22	28	25
Discount broker	14	14	19	22

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FIGURE 7.7 CONTINUED

Sources Used to Purchase Mutual Funds by Household Income*Percentage of U.S. households owning mutual funds by household income,¹ 2011*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Primary mutual fund purchase source				
Inside employer-sponsored retirement plans	48	56	53	61
Outside employer-sponsored retirement plans	52	44	47	39
Sales force	40	34	35	31
Full-service broker	14	11	15	14
Independent financial planner	12	12	10	11
Bank or savings institution representative	9	9	4	4
Insurance agent	3	2	3	2
Accountant	2	(*)	2	1
Direct market	12	10	12	8
Mutual fund company directly	6	7	6	3
Discount broker	6	3	6	5
Source of first mutual fund purchase				
Inside employer-sponsored retirement plan	59	64	62	62
Outside employer-sponsored retirement plan	41	36	38	38

¹ Total reported is household income before taxes in 2010.² Multiple responses are included.³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

FIGURE 7.8

Financial Goals by Household Income*Percentage of U.S. households owning mutual funds by household income,¹ 2011*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Financial goals for mutual fund investments²				
Retirement	90	95	96	94
Reduce taxable income	46	46	53	56
Emergency	62	48	40	36
Education	19	21	32	31
Current income	41	20	15	8
House or other large item	20	9	8	11
Other	11	8	4	6
Primary financial goal for mutual fund investments				
Retirement	60	75	80	79
Reduce taxable income	3	4	3	4
Emergency	12	7	3	2
Education	5	5	6	8
Current income	14	5	3	2
House or other large item	1	1	3	3
Other	5	3	2	2
Level of confidence that mutual funds are an investment that can help the household meet financial goals				
Very confident	18	19	23	28
Somewhat confident	57	64	62	57
Not very confident	16	13	10	12
Not at all confident	9	4	5	3
Ownership of mutual funds in employer-sponsored retirement plans²				
Inside employer-sponsored retirement plans (total)	53	72	73	83
Inside defined contribution retirement plans (total)	48	69	71	78
401(k) plan	33	56	58	68
403(b), state, local, or federal government plan	19	22	29	25
Inside employer-sponsored IRA ³	7	8	8	14
Ownership of mutual funds in IRAs¹				
Had IRA invested in mutual funds (total)	40	51	60	60
Traditional IRA or Roth IRA	36	48	57	57
Employer-sponsored IRA ³	7	8	8	14

¹ Total reported is household income before taxes in 2010.² Multiple responses are included.³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 7.9

Views on Investment Risk by Household Income

Percentage of U.S. households owning mutual funds by household income,* 2011

	Household income*			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Level of risk willing to take with financial investments				
Substantial risk for substantial gain	3	3	5	8
Above-average risk for above-average gain	14	23	34	32
Average risk for average gain	45	51	45	51
Below-average risk for below-average gain	12	10	10	5
Unwilling to take any risk	26	13	6	4

*Total reported is household income before taxes in 2010.

CHAPTER 8

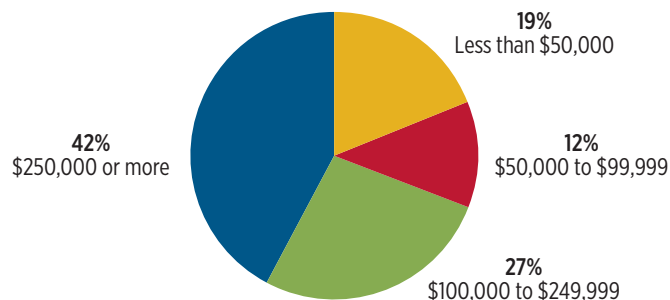
Mutual Fund Shareholders by Household Financial Assets

In 2011, 19 percent of mutual fund–owning households in the United States had household financial assets of less than \$50,000, and 12 percent had household financial assets between \$50,000 and \$99,999 (Figure 8.1).¹³ Another 27 percent had household financial assets between \$100,000 and \$249,999, and 42 percent had household financial assets of \$250,000 or more.

FIGURE 8.1

Mutual Fund Shareholders by Household Financial Assets

Percentage of U.S. households owning mutual funds, 2011



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

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-seven percent of these individuals had college or postgraduate degrees and 64 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 60 percent of these households.

¹³ Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

Seventy-nine percent of mutual fund-owning household heads in this asset group were employed full- or part-time, and 13 percent were retired from their lifetime occupations (Figure 8.3). The median household income in this group was \$48,000. Fifty-one percent of households in this group had incomes of less than \$50,000, 30 percent had incomes between \$50,000 and \$74,999, and 19 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 \$18,000 (Figure 8.4). These households had a variety of savings and investments. Fourteen percent of mutual fund-owning households in this asset group owned certificates of deposit, 26 percent owned individual stocks, and 9 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households with financial assets of less than \$50,000 had median mutual fund holdings of \$13,000 (Figure 8.5). Seventy-four percent of these households owned equity funds, 33 percent owned hybrid funds, 37 percent held bond funds, and 60 percent owned money market funds. Seventy-nine percent had more than half of their household financial assets in mutual funds. Sixty-seven 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.

The median number of mutual funds owned by mutual fund-owning households in this asset group was three (Figure 8.6). Sixty-three percent owned three or fewer funds and 37 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.

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). Forty-nine percent owned funds outside employer-sponsored retirement plans: 32 percent owned sales force-distributed funds and 25 percent owned direct-marketed funds. Sixty-eight 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-six 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-three 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 61 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 31 percent owned funds inside IRAs. Eighty-three 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-one 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). Fifty-seven percent were willing to take average risk for average gain.

Twenty-two 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 44 (Figure 8.2). Thirty-one 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 54 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 \$70,000. Twenty-nine percent of households in this group had incomes of less than \$50,000, and 25 percent had incomes between \$50,000 and \$74,999. Forty-six 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 between \$50,000 and \$99,999, median household financial assets were \$70,000 (Figure 8.4). These households typically had other investments. Nineteen percent of mutual fund–owning households in this asset group owned certificates of deposit, 38 percent owned individual stocks, and 7 percent owned individual bonds (excluding U.S. savings 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). Eighty-one percent of these households owned equity funds, 31 percent owned hybrid funds, 45 percent owned bond funds, and 66 percent owned money market funds. Seventy-five percent had more than half of their household financial assets in 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 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-five percent owned three or fewer funds and 45 percent owned four or more. Among households in this asset group that owned mutual funds outside employer-sponsored retirement plans, 61 percent owned funds purchased from multiple sources.

Seventy-one 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, 61 percent owned funds outside these plans, with 46 percent owning sales force–distributed funds and 24 percent owning direct-marketed funds. Sixty-three 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 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-eight 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 74 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 43 percent owned funds inside IRAs. Eighty-six 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.

Thirty-seven 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). Forty-two 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.

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 47 (Figure 8.2). Forty-three 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.

Eighty percent of mutual fund-owning household heads in this asset group were employed full- or part-time, and 18 percent were retired from their lifetime occupations (Figure 8.3). The median household income in this group was \$82,000. Eighteen percent of households in this asset group had incomes of less than \$50,000, 19 percent had household incomes between \$50,000 and \$74,999, and 63 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 \$160,000 (Figure 8.4). These households had a variety of savings and investments. Thirty percent of mutual fund-owning households in this asset group owned certificates of deposit, 44 percent owned individual stocks, and 6 percent owned individual bonds (excluding U.S. savings 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). Eighty-two percent of these households owned equity funds, 41 percent owned hybrid funds, 51 percent owned bond funds, and 52 percent owned money market funds. Sixty-seven percent had more than half of their household financial assets in mutual funds. Thirty-two 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 29 percent reported that the household bought its first fund in 2000 or later.

The median number of mutual funds owned by mutual fund-owning households in this asset group was four (Figure 8.6). Forty-seven percent owned three or fewer funds and 53 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, 61 percent owned funds outside these plans, with 51 percent owning sales force-distributed funds and 25 percent 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-five 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-eight 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 82 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 48 percent owned funds inside IRAs. Eighty-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.

Twenty-six 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-nine percent were willing to take average risk for average gain. Twenty-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 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 54 (Figure 8.2). Sixty percent of these individuals had college or postgraduate degrees—the largest percentage of any shareholder group classified by household financial assets. Eighty-three percent of household heads in this group were married or living with a partner. Investment decisionmaking was a shared responsibility in 69 percent of mutual fund-owning households with financial assets of \$250,000 or more.

Seventy-one percent of mutual fund-owning household heads in this asset group were employed full- or part-time (Figure 8.3). Thirty-two 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 \$120,000. Seven 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. Eighty-one 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-one percent of mutual fund-owning households in this asset group owned certificates of deposit, 57 percent owned individual stocks, 15 percent owned individual bonds (excluding U.S. savings bonds), and 44 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-seven percent of these households owned equity funds, 55 percent owned hybrid funds, 62 percent owned bond funds, and 70 percent owned money market funds. Sixty-three 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, 53 percent reported that the household purchased its first fund before 1990, and 12 percent reported that the household bought its first fund in 2000 or later.

The median number of mutual funds owned by mutual fund-owning households in this asset group was six (Figure 8.6). Twenty percent of households in this asset group owned three or fewer funds and 80 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-three 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, 82 percent owned funds outside these plans, with 66 percent owning sales force-distributed funds and 42 percent owning direct-marketed funds. Forty 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-four 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 74 percent listed saving for retirement as their household's primary financial goal (Figure 8.8). Fifty-two percent reported that reducing their taxable income was one of their household's financial goals. Seventy-three percent of mutual fund-owning households in this asset group held funds in employer-sponsored retirement plans, and 66 percent owned funds inside IRAs. Eighty-five 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-nine 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). Forty-seven 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,¹ 2011*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Age of household sole or co-decisionmaker for saving and investing				
Younger than 35	44	21	14	5
35 to 44	24	29	29	19
45 to 54	18	24	27	27
55 to 64	9	16	20	29
65 or older	5	10	10	20
Median	37 years	44 years	47 years	54 years
Mean	40 years	47 years	48 years	55 years
Education level				
High school graduate or less	30	26	31	14
Some college or associate's degree	33	43	26	26
Completed four years of college	20	15	23	26
Some graduate school	3	4	5	8
Completed graduate school	14	12	15	26
Marital status				
Married or living with a partner	64	68	72	83
Single	22	13	7	6
Divorced or separated	11	12	16	6
Widowed	3	7	5	5
Household investment decisionmaker				
Male is sole decisionmaker	20	23	22	21
Female is sole decisionmaker	20	23	20	10
Co-decisionmakers	60	54	58	69
Ethnic background²				
Caucasian	84	89	93	94
African American	10	7	5	3
Hispanic	7	4	2	2
Asian	1	1	(*)	1
Other	6	2	2	3

¹ Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.² Multiple responses are included.

(*) = less than 0.5 percent

FIGURE 8.3

Employment Status and Income by Household Financial Assets*Percentage of U.S. households owning mutual funds by household financial assets,¹ 2011*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Employment status²				
Employed full-time	67	67	74	64
Not retired	66	66	72	61
Retired from lifetime occupation	1	1	2	3
Employed part-time	12	7	6	7
Not retired	10	5	4	3
Retired from lifetime occupation	2	2	2	4
Not employed	21	26	20	29
Not retired	11	8	6	4
Retired from lifetime occupation	10	18	14	25
Total household income³				
Less than \$25,000	17	6	4	2
\$25,000 to \$34,999	14	9	8	2
\$35,000 to \$49,999	20	14	6	3
\$50,000 to \$74,999	30	25	19	12
\$75,000 to \$99,999	11	19	28	14
\$100,000 to \$149,999	7	20	21	32
\$150,000 to \$249,999	1	6	13	24
\$250,000 or more	0	1	1	11
Median	\$48,000	\$70,000	\$82,000	\$120,000
Mean	\$50,000	\$76,100	\$88,800	\$158,300

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

² Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).

³ Total reported is household income before taxes in 2010.

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,¹ 2011*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Total household financial assets¹				
Less than \$25,000	58	0	0	0
\$25,000 to \$49,999	42	0	0	0
\$50,000 to \$74,999	0	57	0	0
\$75,000 to \$99,999	0	43	0	0
\$100,000 to \$249,999	0	0	100	0
\$250,000 to \$499,999	0	0	0	42
\$500,000 to \$999,999	0	0	0	37
\$1 million or more	0	0	0	21
Median	\$18,000	\$70,000	\$160,000	\$500,000
Mean	\$19,900	\$69,200	\$161,000	\$733,400
Household ownership of non–mutual fund investments²				
Certificates of deposit	14	19	30	41
Individual stocks, individual bonds, or annuities (total)	44	54	62	76
Individual stocks	26	38	44	57
Individual bonds (excluding U.S. savings bonds)	9	7	6	15
Fixed or variable annuities	20	31	29	40
Investment real estate	14	17	25	44
Closed-end funds	(*)	1	1	7
Exchange-traded funds	(*)	6	2	13
Household ownership of employer-sponsored retirement plan accounts²				
Household owned employer-sponsored retirement plan accounts (total)	80	79	84	84
DC retirement plan accounts (total)	78	77	82	80
401(k) plan account	60	62	67	65
403(b), state, local, or federal government plan account	28	38	36	32
Employer-sponsored IRA ³	13	11	9	17
Household ownership of IRAs²				
Household owned IRA (total)	49	56	69	76
Traditional IRA or Roth IRA	45	53	66	73
Employer-sponsored IRA ³	11	15	12	15

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FIGURE 8.4 CONTINUED

Mutual Fund–Owning Households’ Financial Assets by Household Financial Assets

Percentage of U.S. households owning mutual funds by household financial assets,¹ 2011

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Household ownership of education-targeted savings accounts²				
Household owned education-targeted savings program account (total)	11	11	18	22
Coverdell education savings account	10	9	14	14
529 prepaid tuition or college savings plan account (total)	3	6	8	16
529 savings plan	3	6	7	14
529 prepaid tuition plan	0	0	1	2

¹ Household financial assets include assets in employer-sponsored retirement plans but exclude the household’s primary residence.

² Multiple responses are included.

³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

FIGURE 8.5

Mutual Fund Investing by Household Financial Assets*Percentage of U.S. households owning mutual funds by household financial assets,¹ 2011*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Total household mutual fund assets				
Less than \$5,000	16	(*)	1	0
\$5,000 to \$9,999	20	4	5	1
\$10,000 to \$19,999	31	3	2	1
\$20,000 to \$29,999	15	14	2	(*)
\$30,000 to \$49,999	18	24	6	1
\$50,000 to \$74,999	0	37	15	2
\$75,000 to \$99,999	0	18	6	3
\$100,000 to \$249,999	0	0	63	26
\$250,000 or more	0	0	0	66
Median	\$13,000	\$50,000	\$100,000	\$300,000
Mean	\$15,700	\$48,200	\$108,200	\$431,400
Percent allocation of household financial assets to mutual funds				
25% or less	6	8	18	18
Between 26% and 50%	15	17	15	19
Between 51% and 75%	19	27	15	24
More than 75%	60	48	52	39
Types of mutual funds owned²				
Equity funds	74	81	82	87
Hybrid funds	33	31	41	55
Bond funds	37	45	51	62
Money market funds	60	66	52	70
Other fund type specified	2	4	9	8
Mutual fund transaction activity in the previous 12 months³				
Conducted mutual fund transactions	13	26	25	44

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FIGURE 8.5 CONTINUED

Mutual Fund Investing by Household Financial Assets

Percentage of U.S. households owning mutual funds by household financial assets,¹ 2011

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Year of initial mutual fund purchase				
Before 1990	13	19	32	53
Between 1990 and 1994	7	14	17	19
Between 1995 and 1999	13	22	22	16
Between 2000 and 2004	34	31	13	9
2005 or later	33	14	16	3
Median	2002	1999	1995	1989
Mean	1999	1996	1994	1988

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

² Multiple responses are included.

³ Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes 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.

(*) = less than 0.5 percent

FIGURE 8.6

Number of Funds Owned and Purchase Sources Used by Household Financial Assets

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Total number of mutual funds owned				
<i>Percentage of U.S. households owning mutual funds by household financial assets,¹ 2011</i>				
One	32	13	21	4
Two	16	17	9	6
Three	15	25	17	10
Four	10	13	10	12
Five to six	14	11	17	21
Seven to ten	8	13	11	21
Eleven or more	5	8	15	26
Median	3 funds	3 funds	4 funds	6 funds
Mean	4 funds	5 funds	7 funds	11 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans²				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by household financial assets,¹ 2011</i>				
One	39	39	43	34
Two	29	34	31	34
Three	15	13	14	20
Four or more	17	14	12	12
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

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

² Purchase sources outside employer-sponsored retirement plans include registered investment advisers, 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,¹ 2011

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Source of mutual fund ownership				
Only inside employer-sponsored retirement plan	51	39	39	19
Only outside employer-sponsored retirement plan	27	29	30	27
Both inside and outside employer-sponsored retirement plan	22	32	31	54
Purchase sources through which funds are currently owned²				
Inside employer-sponsored retirement plans (total)	73	71	71	73
Inside DC retirement plans (total)	70	68	69	68
401(k) plan	51	55	59	56
403(b), state, local, or federal government plan	24	29	21	21
Inside employer-sponsored IRA ³	9	9	5	12
Outside employer-sponsored retirement plans (total)	49	61	61	82
Sales force (total)	32	46	51	66
Full-service broker	15	23	30	42
Independent financial planner	15	24	23	32
Bank or savings institution representative	13	18	17	19
Insurance agent	6	15	8	11
Accountant	5	5	6	6
Direct market (total)	25	24	25	42
Mutual fund company directly	17	19	16	31
Discount broker	14	10	15	22

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FIGURE 8.7 CONTINUED

Sources Used to Purchase Mutual Funds by Household Financial Assets*Percentage of U.S. households owning mutual funds by household financial assets,¹ 2011*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Primary mutual fund purchase source				
Inside employer-sponsored retirement plans	68	63	60	47
Outside employer-sponsored retirement plans	32	37	40	53
Sales force	21	29	30	40
Full-service broker	6	7	12	20
Independent financial planner	4	5	10	14
Bank or savings institution representative	8	8	7	4
Insurance agent	2	7	2	2
Accountant	1	2	(*)	(*)
Direct market	11	8	9	13
Mutual fund company directly	5	5	5	7
Discount broker	6	3	4	6
Source of first mutual fund purchase				
Inside employer-sponsored retirement plan	76	65	65	55
Outside employer-sponsored retirement plan	24	35	35	45

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

² Multiple responses are included.

³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

FIGURE 8.8

Financial Goals by Household Financial Assets*Percentage of U.S. households owning mutual funds by household financial assets,¹ 2011*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Financial goals for mutual fund investments²				
Retirement	93	98	98	94
Reduce taxable income	47	52	50	52
Emergency	58	48	46	43
Education	33	22	24	30
Current income	24	21	17	21
House or other large item	29	15	8	10
Other	11	6	6	7
Primary financial goal for mutual fund investments				
Retirement	61	74	82	74
Reduce taxable income	4	5	1	3
Emergency	14	5	4	4
Education	14	9	3	6
Current income	5	4	7	7
House or other large item	1	2	1	3
Other	1	1	2	3
Level of confidence that mutual funds are an investment that can help the household meet financial goals				
Very confident	15	17	16	31
Somewhat confident	68	69	69	54
Not very confident	12	9	10	11
Not at all confident	5	5	5	4
Ownership of mutual funds in employer-sponsored retirement plans²				
Inside employer-sponsored retirement plans (total)	73	71	71	73
Inside DC retirement plans (total)	70	68	69	68
401(k) plan	51	55	59	56
403(b), state, local, or federal government plan	24	29	21	21
Inside employer-sponsored IRA ³	9	9	5	12
Ownership of mutual funds in IRAs²				
Had IRA invested in mutual funds (total)	31	43	48	66
Traditional IRA or Roth IRA	23	35	46	65
Employer-sponsored IRA ³	9	9	5	12

¹ Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.² Multiple responses are included.³ 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, * 2011

	Household financial assets*			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Level of risk willing to take with financial investments				
Substantial risk for substantial gain	4	9	5	5
Above-average risk for above-average gain	17	28	21	34
Average risk for average gain	57	42	49	47
Below-average risk for below-average gain	11	12	9	7
Unwilling to take any risk	11	9	16	7

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

CHAPTER 9

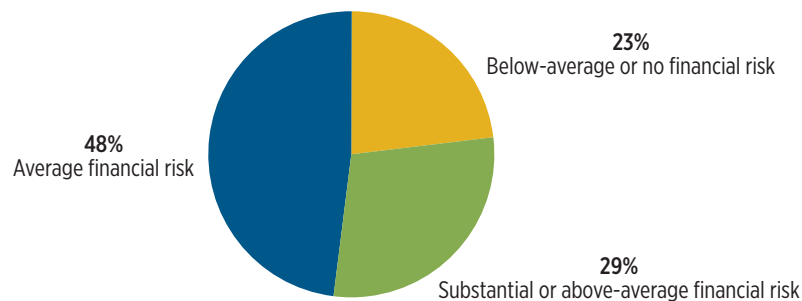
Mutual Fund Shareholders by Investment Risk Tolerance

In 2011, 29 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 nearly half of all mutual fund–owning households. Twenty-three percent of shareholders described themselves as willing to take below-average risk for below-average financial gain or unwilling to take any financial risk.

FIGURE 9.1

Mutual Fund Shareholders by Investment Risk Tolerance

Percentage of U.S. households owning mutual funds, 2011



Willing to Take Substantial or Above-Average Financial 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 46—the youngest of any of the risk groups (Figure 9.2). Fifty-seven 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 63 percent of these households.

Eighty-one percent of mutual fund-owning household heads in this risk group were employed full- or part-time, and 19 percent were retired from their lifetime occupations (Figure 9.3). The median household income in this group was \$100,000. Fourteen percent of households in this group had incomes of less than \$50,000, 15 percent had incomes between \$50,000 and \$74,999, and 71 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 \$250,000 (Figure 9.4). These households had a variety of savings and investments. Twenty-two percent of mutual fund-owning households in this risk group owned certificates of deposit, 58 percent owned individual stocks, and 9 percent owned individual bonds (excluding U.S. savings 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 \$140,000 (Figure 9.5). Ninety-one percent of these households owned equity funds, 50 percent owned hybrid funds, 55 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. Fifty-seven 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-four percent 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, 59 percent owned funds purchased from multiple sources.

Seventy-seven 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-three percent owned funds outside employer-sponsored retirement plans: 55 percent owned sales force-distributed funds and 36 percent owned direct-marketed funds. Fifty-six 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-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 mutual fund through an employer-sponsored retirement plan.

Ninety-six 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 80 percent listed saving for retirement as their household's primary financial goal (Figure 9.8). Seventy-seven percent of mutual fund-owning households in this risk group held funds in employer-sponsored retirement plans, and 59 percent owned funds inside IRAs. Eighty-four 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, 14 percent were willing to take substantial financial risk for substantial financial gain (Figure 9.9). Eighty-six percent were willing to take above-average financial risk for above-average financial gain.

Willing to Take Average Financial Risk

Among mutual fund–owning households willing to take average risk for average financial gain, the median age of the head of household was 51 (Figure 9.2). Forty-seven percent of these individuals had college or postgraduate degrees and 73 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 64 percent of these households.

Seventy-three percent of mutual fund–owning household heads in this risk group were employed full- or part-time, and 25 percent were retired from their lifetime occupations (Figure 9.3). The median household income in this group was \$79,700. Twenty-two percent of households in this group had incomes of less than \$50,000, and 24 percent had incomes between \$50,000 and \$74,999. Fifty-four 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 \$200,000 (Figure 9.4). These households typically had other investments. Twenty-nine percent of mutual fund–owning households in this risk group owned certificates of deposit, 42 percent owned individual stocks, and 11 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households willing to take average risk for average financial gain had median mutual fund holdings of \$120,000 (Figure 9.5). Eighty-two percent of these households owned equity funds, 45 percent owned hybrid funds, 52 percent owned bond funds, and 62 percent owned money market funds. Seventy-one percent had more than half of their household financial assets in mutual funds. Fifty-four 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, 63 percent owned funds purchased from multiple sources.

Seventy-one 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, 67 percent owned funds outside these plans, with 55 percent owning sales force–distributed funds and 32 percent owning direct-marketed funds. Fifty-five percent of mutual fund–owning households in this group considered employer-sponsored retirement plans to be

their primary source for purchasing mutual funds. Sixty-three 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-six 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). Seventy-one percent of mutual fund-owning households in this risk group held funds in employer-sponsored retirement plans, and 53 percent owned funds inside IRAs. Eighty-six 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 54—the oldest of any of the risk groups (Figure 9.2). Thirty-five percent of these individuals had college or postgraduate degrees and 64 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 57 percent of these households.

Fifty-five percent of mutual fund-owning household heads in this risk group were employed full- or part-time (Figure 9.3). Thirty-four percent were retired from their lifetime occupations—the highest percentage of any of the risk groups. The median household income in this group was \$55,000. Forty percent of households in this risk group had incomes of less than \$50,000, 22 percent had household incomes between \$50,000 and \$74,999, and 38 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 \$180,000 (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 6 percent owned individual bonds (excluding U.S. savings 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 \$70,000 (Figure 9.5). Sixty-five percent of these households owned equity funds, 34 percent owned hybrid funds, 45 percent owned bond funds, and 67 percent owned money market funds. Sixty-one percent had more than half of their household financial assets in mutual funds. Thirty-six 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 half 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 percent owned three or fewer funds and 40 percent owned four or more. Among households in this risk group that owned mutual funds outside employer-sponsored retirement plans, 70 percent owned funds purchased from multiple sources.

Fifty-eight 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, 62 percent owned funds outside these plans, with 49 percent owning sales force-distributed funds and 27 percent owning direct-marketed funds. Fifty-three 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-two 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.

Eighty-nine 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 59 percent listed saving for retirement as their household's primary financial goal (Figure 9.8). Fifty-eight percent of mutual fund-owning households in this risk group held funds in employer-sponsored retirement plans, and 39 percent owned funds inside IRAs. Sixty-nine 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.

Among this risk group, 43 percent were willing to take below-average financial risk for below-average financial gain (Figure 9.9). Fifty-seven percent were unwilling to take financial risk.

FIGURE 9.2

Head of Household Characteristics by Investment Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2011*

	Substantial or above-average risk	Average risk	Below-average or no risk
Age of household sole or co-decisionmaker for saving and investing			
Younger than 35	17	14	18
35 to 44	27	21	15
45 to 54	28	26	18
55 to 64	17	23	21
65 or older	11	16	28
Median	46 years	51 years	54 years
Mean	47 years	50 years	53 years
Education level			
High school graduate or less	16	24	35
Some college or associate's degree	27	29	30
Completed four years of college	26	24	18
Some graduate school	7	6	4
Completed graduate school	24	17	13
Marital status			
Married or living with a partner	81	73	64
Single	9	11	13
Divorced or separated	7	10	11
Widowed	3	6	12
Household investment decisionmaker			
Male is sole decisionmaker	24	19	13
Female is sole decisionmaker	13	17	30
Co-decisionmakers	63	64	57
Ethnic background*			
Caucasian	92	91	89
African American	3	6	8
Hispanic	5	3	3
Asian	1	1	2
Other	4	3	2

* Multiple responses are included.

FIGURE 9.3

Employment Status and Income by Investment Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2011*

	Substantial or above-average risk	Average risk	Below-average or no risk
Employment status¹			
Employed full-time	76	65	44
Not retired	73	63	43
Retired from lifetime occupation	3	2	1
Employed part-time	5	8	11
Not retired	3	5	8
Retired from lifetime occupation	2	3	3
Not employed	19	27	44
Not retired	5	7	14
Retired from lifetime occupation	14	20	30
Total household income²			
Less than \$25,000	4	5	12
\$25,000 to \$34,999	3	6	16
\$35,000 to \$49,999	7	11	12
\$50,000 to \$74,999	15	24	22
\$75,000 to \$99,999	20	17	16
\$100,000 to \$149,999	29	20	15
\$150,000 to \$249,999	17	13	5
\$250,000 or more	5	4	2
Median	\$100,000	\$79,700	\$55,000
Mean	\$125,150	\$98,700	\$72,800

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

² Total reported is household income before taxes in 2010.

FIGURE 9.4

Mutual Fund–Owning Households’ Financial Assets by Investment Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2011*

	Substantial or above-average risk	Average risk	Below-average or no risk
Total household financial assets¹			
Less than \$25,000	6	13	12
\$25,000 to \$49,999	6	9	9
\$50,000 to \$74,999	8	6	8
\$75,000 to \$99,999	7	5	5
\$100,000 to \$249,999	22	27	35
\$250,000 to \$499,999	22	18	11
\$500,000 to \$999,999	18	14	13
\$1 million or more	11	8	7
Median	\$250,000	\$200,000	\$180,000
Mean	\$440,300	\$324,400	\$323,100
Household ownership of non–mutual fund investments²			
Certificates of deposit	22	29	36
Individual stocks, individual bonds, or annuities (total)	72	60	54
Individual stocks	58	42	29
Individual bonds (excluding U.S. savings bonds)	9	11	6
Fixed or variable annuities	32	32	37
Investment real estate	30	28	27
Closed-end funds	5	3	2
Exchange-traded funds	12	4	3
Household ownership of employer-sponsored retirement plan accounts²			
Household owned employer-sponsored retirement plan accounts (total)	88	82	70
DC retirement plan accounts (total)	85	79	68
401(k) plan account	72	64	48
403(b), state, local, or federal government plan account	34	33	33
Employer-sponsored IRA ³	15	13	11
Household ownership of IRAs²			
Household owned IRA (total)	71	66	54
Traditional IRA or Roth IRA	68	62	51
Employer-sponsored IRA ³	15	13	10

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FIGURE 9.4 CONTINUED

Mutual Fund–Owning Households’ Financial Assets by Investment Risk Tolerance

Percentage of U.S. households owning mutual funds by risk tolerance, 2011

	Substantial or above-average risk	Average risk	Below-average or no risk
Household ownership of education-targeted savings accounts²			
Household owned education-targeted savings program account (total)	19	16	14
Coverdell education savings account	13	11	11
529 prepaid tuition or college savings plan account (total)	13	9	4
529 savings plan	12	9	4
529 prepaid tuition plan	1	1	(*)

¹ Household financial assets include assets in employer-sponsored retirement plans but exclude the household’s primary residence.

² Multiple responses are included.

³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

FIGURE 9.5

Mutual Fund Investing by Investment Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2011*

	Substantial or above-average risk	Average risk	Below-average or no risk
Total household mutual fund assets			
Less than \$5,000	1	5	1
\$5,000 to \$9,999	2	5	11
\$10,000 to \$19,999	6	8	7
\$20,000 to \$29,999	5	5	5
\$30,000 to \$49,999	10	6	10
\$50,000 to \$74,999	9	7	17
\$75,000 to \$99,999	6	6	2
\$100,000 to \$249,999	26	31	22
\$250,000 or more	35	27	25
Median	\$140,000	\$120,000	\$70,000
Mean	\$256,800	\$203,000	\$226,300
Percent allocation of household financial assets to mutual funds			
25% or less	14	12	23
Between 26% and 50%	18	17	16
Between 51% and 75%	20	22	21
More than 75%	48	49	40
Types of mutual funds owned¹			
Equity funds	91	82	65
Hybrid funds	50	45	34
Bond funds	55	52	45
Money market funds	62	62	67
Other fund type specified	8	7	2
Mutual fund transaction activity in the previous 12 months²			
Conducted mutual fund transactions	41	27	16

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FIGURE 9.5 CONTINUED

Mutual Fund Investing by Investment Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2011*

	Substantial or above-average risk	Average risk	Below-average or no risk
Year of initial mutual fund purchase			
Before 1990	39	37	36
Between 1990 and 1994	18	17	14
Between 1995 and 1999	19	18	18
Between 2000 and 2004	15	16	15
2005 or later	9	12	17
Median	1992	1993	1994
Mean	1991	1992	1992

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes 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 9.6

Number of Funds Owned and Purchase Sources Used by Investment Risk Tolerance

	Substantial or above-average risk	Average risk	Below-average or no risk
Total number of mutual funds owned			
<i>Percentage of U.S. households owning mutual funds by risk tolerance, 2011</i>			
One	4	15	28
Two	9	13	13
Three	11	16	19
Four	10	13	13
Five to six	18	14	13
Seven to ten	22	16	4
Eleven or more	26	13	10
Median	6 funds	4 funds	3 funds
Mean	10 funds	6 funds	6 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*			
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by risk tolerance, 2011</i>			
One	41	37	30
Two	32	31	30
Three	14	18	26
Four or more	13	14	14
Median	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources

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

FIGURE 9.7

Sources Used to Purchase Mutual Funds by Investment Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2011*

	Substantial or above-average risk	Average risk	Below-average or no risk
Source of mutual fund ownership			
Only inside employer-sponsored retirement plan	27	33	38
Only outside employer-sponsored retirement plan	24	29	42
Both inside and outside employer-sponsored retirement plan	50	38	20
Purchase sources through which funds are currently owned¹			
Inside employer-sponsored retirement plans (total)	77	71	58
Inside DC retirement plans (total)	73	67	56
401(k) plan	62	54	40
403(b), state, local, or federal government plan	24	23	22
Inside employer-sponsored IRA ²	11	9	5
Outside employer-sponsored retirement plans (total)	73	67	62
Sales force (total)	55	55	49
Full-service broker	32	33	26
Independent financial planner	28	27	25
Bank or savings institution representative	16	18	22
Insurance agent	10	10	9
Accountant	6	8	7
Direct market (total)	36	32	27
Mutual fund company directly	23	24	20
Discount broker	20	16	13
Primary mutual fund purchase source			
Inside employer-sponsored retirement plans	56	55	53
Outside employer-sponsored retirement plans	44	45	47
Sales force	31	35	39
Full-service broker	12	14	11
Independent financial planner	11	11	12
Bank or savings institution representative	3	6	14
Insurance agent	3	2	2
Accountant	2	1	1
Direct market	13	10	7
Mutual fund company directly	5	7	4
Discount broker	8	4	3
Source of first mutual fund purchase			
Inside employer-sponsored retirement plan	62	63	62
Outside employer-sponsored retirement plan	38	37	38

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

FIGURE 9.8

Financial Goals by Investment Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2011*

	Substantial or above-average risk	Average risk	Below-average or no risk
Financial goals for mutual fund investments¹			
Retirement	96	96	89
Reduce taxable income	51	52	42
Emergency	41	47	59
Education	26	24	24
Current income	14	20	34
House or other large item	10	11	15
Other	6	6	11
Primary financial goal for mutual fund investments			
Retirement	80	76	59
Reduce taxable income	2	4	3
Emergency	2	6	11
Education	6	7	4
Current income	5	5	13
House or other large item	3	1	3
Other	2	1	7
Level of confidence that mutual funds are an investment that can help the household meet financial goals			
Very confident	30	19	13
Somewhat confident	54	67	56
Not very confident	11	10	22
Not at all confident	5	4	9
Ownership of mutual funds in employer-sponsored retirement plans¹			
Inside employer-sponsored retirement plans (total)	77	71	58
Inside DC retirement plans (total)	73	67	56
401(k) plan	62	54	40
403(b), state, local, or federal government plan	24	23	22
Inside employer-sponsored IRA ²	11	9	5
Ownership of mutual funds in IRAs¹			
Had IRA invested in mutual funds (total)	59	53	39
Traditional IRA or Roth IRA	56	49	37
Employer-sponsored IRA ²	11	9	5

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

FIGURE 9.9

Views on Investment Risk by Investment Risk Tolerance

Percentage of U.S. households owning mutual funds by risk tolerance, 2011

	Substantial or above-average risk	Average risk	Below-average or no risk
Level of risk willing to take with financial investments			
Substantial risk for substantial gain	14	0	0
Above-average risk for above-average gain	86	0	0
Average risk for average gain	0	100	0
Below-average risk for below-average gain	0	0	43
Unwilling to take any risk	0	0	57

CHAPTER 10

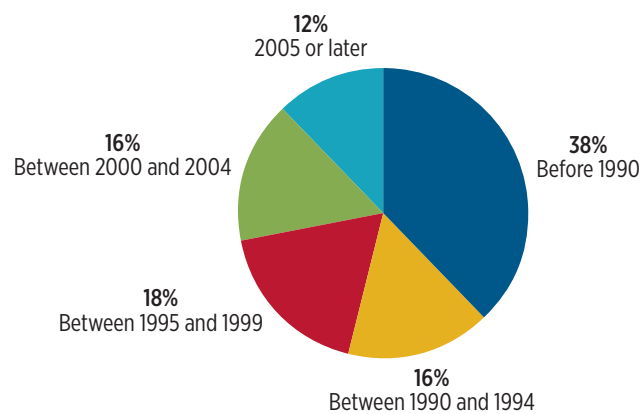
Mutual Fund Shareholders by Year of Initial Mutual Fund Purchase

In 2011, 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 18 percent reported that the household purchased its first mutual fund between 1995 and 1999, and 16 percent reported that the household purchased its first mutual fund between 2000 and 2004. Twelve percent of mutual fund–owning households purchased its first mutual fund in 2005 or later.

FIGURE 10.1

Mutual Fund Shareholders by Year of Initial Mutual Fund Purchase

Percentage of U.S. households owning mutual funds, 2011



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 57—the oldest of any of the initial purchase groups (Figure 10.2). Fifty-four 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 59 percent of these households.

Fifty-eight percent of mutual fund-owning household heads in this initial purchase group were employed full- or part-time, and 39 percent were retired from their lifetime occupations (Figure 10.3). The median household income in this group was \$90,000. Twenty-two percent of households in this group had incomes of less than \$50,000, 17 percent had 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 before 1990, median household financial assets were \$388,400 (Figure 10.4). These households had a variety of savings and investments. Thirty-five percent of mutual fund-owning households in this initial purchase group owned certificates of deposit, 55 percent owned individual stocks, and 14 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households whose initial mutual fund purchase was before 1990 had median mutual fund holdings of \$225,000 (Figure 10.5). Eighty-six percent of these households owned equity funds, 50 percent owned hybrid funds, 58 percent held bond funds, and 67 percent owned money market funds. Seventy-one 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). 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, 69 percent owned funds purchased from multiple sources.

Sixty-three percent of mutual fund-owning households whose initial mutual fund purchase was before 1990 owned funds through employer-sponsored retirement plans (Figure 10.7). Eighty-three percent owned funds outside employer-sponsored retirement plans: 67 percent owned sales force-distributed funds and 41 percent owned direct-marketed funds. Forty 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-five 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-four 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 74 percent listed saving for retirement as their household's primary financial goal (Figure 10.8).

Sixty-three percent of mutual fund–owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 68 percent owned funds inside IRAs. Eighty-one 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.

Thirty-two 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 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-one 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 68 percent of these households.

Seventy-five percent of mutual fund–owning household heads in this initial purchase group were employed full- or part-time, and 23 percent were retired from their lifetime occupations (Figure 10.3). The median household income in this group was \$87,500. Eighteen percent of households in this group had incomes of less than \$50,000, and 22 percent had incomes between \$50,000 and \$74,999. Sixty 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 \$250,000 (Figure 10.4). These households typically had other investments. Twenty-eight percent of mutual fund–owning households in this initial purchase group owned certificates of deposit, 42 percent owned individual stocks, and 5 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994 had median mutual fund holdings of \$150,000 (Figure 10.5). Eighty-three percent of these households owned equity funds, 45 percent owned hybrid funds, 50 percent owned bond funds, and 63 percent owned money market funds. Seventy-three 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-four percent owned three or fewer funds and 66 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.

Seventy-three 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, 75 percent owned funds outside these plans, with 59 percent owning sales force-distributed funds and 40 percent owning direct-marketed funds. Fifty-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-four 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-five 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 81 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 60 percent owned funds inside IRAs. Eighty-four 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-four 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). Forty-eight percent were willing to take average financial risk for average financial 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.

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 45 (Figure 10.2). Forty-seven 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.

Eighty-four percent of mutual fund-owning household heads in this initial purchase group were employed full- or part-time, and 16 percent were retired from their lifetime occupations (Figure 10.3). The median household income in this group was \$84,000. Seventeen percent of households in this initial purchase group had 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.

Among mutual fund-owning households whose initial mutual fund purchase was between 1995 and 1999, median household financial assets were \$200,000 (Figure 10.4). These households had a variety of savings and investments. Twenty-eight percent of mutual fund-owning households in this initial purchase group owned certificates of deposit, 46 percent owned individual stocks, and 8 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households whose initial mutual fund purchase was between 1995 and 1999 had median mutual fund holdings of \$100,000 (Figure 10.5). Seventy-seven percent of these households owned equity funds, 42 percent owned hybrid funds, 54 percent owned bond funds, and 62 percent owned money market funds. Sixty-eight 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). 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, 55 percent owned funds purchased from multiple sources.

Seventy-seven 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, 66 percent owned funds outside these plans, with 50 percent owning sales force–distributed funds and 29 percent owning direct-marketed funds. Sixty-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. Sixty-eight 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-seven 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 78 percent listed saving for retirement as their household’s primary financial goal (Figure 10.8). Seventy-seven percent of mutual fund–owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 52 percent owned funds inside IRAs. Eighty-three 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-two 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-seven percent were willing to take average financial risk for average financial 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.

Initial Mutual Fund Purchase Between 2000 and 2004

Among mutual fund-owning households whose initial mutual fund purchase was between 2000 and 2004, the median age of the head of household was 39 (Figure 10.2). Forty-two percent of these individuals had college or postgraduate degrees and 78 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 59 percent of these households.

Eighty-two percent of mutual fund-owning household heads in this initial purchase group were employed full- or part-time, and 12 percent were retired from their lifetime occupations (Figure 10.3). The median household income in this group was \$80,000. Twenty-three percent of households in this initial purchase group had incomes of less than \$50,000, 20 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 whose initial mutual fund purchase was between 2000 and 2004, median household financial assets were \$87,500 (Figure 10.4). These households had a variety of savings and investments. Eighteen percent of mutual fund-owning households in this initial purchase group owned certificates of deposit, 31 percent owned individual stocks, and 8 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households whose initial mutual fund purchase was between 2000 and 2004 had median mutual fund holdings of \$45,000 (Figure 10.5). Seventy-five percent of these households owned equity funds, 42 percent owned hybrid funds, 44 percent owned bond funds, and 59 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 three (Figure 10.6). Fifty-five percent owned three or fewer funds and 45 percent owned four or more. Among households in this initial purchase group that owned mutual funds outside employer-sponsored retirement plans, 60 percent owned funds purchased from multiple sources.

Seventy-two percent of mutual fund-owning households whose initial mutual fund purchase was between 2000 and 2004 owned funds through employer-sponsored retirement plans (Figure 10.7). In addition, 59 percent owned funds outside these plans, with 51 percent owning sales force-distributed funds and 24 percent owning direct-marketed funds. Sixty 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 percent of mutual fund-owning households whose initial mutual fund purchase was between 2000 and 2004 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of mutual fund–owning households whose initial mutual fund purchase was between 2000 and 2004 indicated that saving for retirement was one of their household’s financial goals, and 71 percent listed saving for retirement as their household’s primary financial goal (Figure 10.8). Seventy-two percent of mutual fund–owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 39 percent owned funds inside IRAs. Eighty-one percent of mutual fund–owning households whose initial mutual fund purchase was between 2000 and 2004 were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Thirty percent of mutual fund–owning households whose initial mutual fund purchase was between 2000 and 2004 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 10.9). Fifty percent were willing to take average financial risk for average financial 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.

Initial Mutual Fund Purchase in 2005 or Later

Among mutual fund–owning households whose initial mutual fund purchase was in 2005 or later, the median age of the head of household was 40 (Figure 10.2). Thirty-eight percent of these individuals had college or postgraduate degrees. Seventy-seven 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 whose initial mutual fund purchase was in 2005 or later.

Eighty-five percent of mutual fund–owning household heads in this initial purchase group were employed full- or part-time (Figure 10.3). Six percent were retired from their lifetime occupations. The median household income among households in this group was \$65,000. Thirty-two percent of households in this initial purchase group had incomes of less than \$50,000, and 27 percent had household incomes between \$50,000 and \$74,999. Forty-one 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 2005 or later, median household financial assets were \$50,000 (Figure 10.4). These households had a variety of savings and investments. Twenty-two percent of mutual fund–owning households in this initial purchase group owned certificates of deposit, 33 percent owned individual stocks, and 2 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households whose initial mutual fund purchase was in 2005 or later had median mutual fund holdings of \$25,000 (Figure 10.5). Eighty percent of these households owned equity funds, 30 percent owned hybrid funds, 47 percent owned bond funds, and 59 percent owned money market funds. Fifty 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 two (Figure 10.6). Seventy-one percent of households in this initial purchase group owned three or fewer funds and 29 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 53 percent owned funds purchased from multiple sources.

Seventy-two percent of mutual fund-owning households whose initial mutual fund purchase was in 2005 or later owned funds through employer-sponsored retirement plans (Figure 10.7). In addition, 45 percent owned funds outside these plans, with 34 percent owning sales force-distributed funds and 20 percent owning direct-marketed funds. Sixty-eight percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Seventy-four percent of mutual fund-owning households whose initial mutual fund purchase was in 2005 or later 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 in 2005 or later indicated that saving for retirement was one of their household's financial goals, and 66 percent listed saving for retirement as their household's primary financial goal (Figure 10.8). Seventy-two percent of mutual fund-owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 28 percent owned funds inside IRAs. Eighty-four percent of mutual fund-owning households whose initial mutual fund purchase was in 2005 or later were confident that mutual funds were an investment that could help them meet their household's financial goals.

Twenty-three percent of mutual fund-owning households whose initial mutual fund purchase was in 2005 or later were willing to take substantial or above-average risk for similar levels of financial gain (Figure 10.9). Forty-seven percent were willing to take average financial risk for average financial gain. Thirty 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, 2011*

	Year of initial mutual fund purchase				
	Before 1990	1990 to 1994	1995 to 1999	2000 to 2004	2005 or later
Age of household sole or co-decisionmaker for saving and investing					
Younger than 35	5	3	13	36	38
35 to 44	8	32	36	27	26
45 to 54	28	32	27	18	19
55 to 64	31	19	15	13	13
65 or older	28	14	9	6	4
Median	57 years	48 years	45 years	39 years	40 years
Mean	57 years	50 years	47 years	42 years	41 years
Education level					
High school graduate or less	19	20	24	24	29
Some college or associate's degree	27	29	29	34	33
Completed four years of college	23	26	25	18	25
Some graduate school	8	5	6	6	3
Completed graduate school	23	20	16	18	10
Marital status					
Married or living with a partner	70	79	77	78	77
Single	10	7	7	14	12
Divorced or separated	10	10	11	6	8
Widowed	10	4	5	2	3
Household investment decisionmaker					
Male is sole decisionmaker	21	17	18	23	15
Female is sole decisionmaker	20	15	17	18	22
Co-decisionmakers	59	68	65	59	63
Ethnic background*					
Caucasian	94	93	92	83	88
African American	5	3	6	13	5
Hispanic	3	2	3	2	9
Asian	1	(*)	1	1	1
Other	2	4	2	2	7

* 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, 2011*

	Year of initial mutual fund purchase				
	Before 1990	1990 to 1994	1995 to 1999	2000 to 2004	2005 or later
Employment status¹					
Employed full-time	50	68	79	72	79
Not retired	48	65	77	69	79
Retired from lifetime occupation	2	3	2	3	(*)
Employed part-time	8	7	5	10	6
Not retired	4	6	3	10	6
Retired from lifetime occupation	4	1	2	(*)	(*)
Not employed	42	25	16	18	15
Not retired	9	6	4	9	9
Retired from lifetime occupation	33	19	12	9	6
Total household income²					
Less than \$25,000	8	3	3	3	9
\$25,000 to \$34,999	6	6	5	7	12
\$35,000 to \$49,999	8	9	9	13	11
\$50,000 to \$74,999	17	22	20	20	27
\$75,000 to \$99,999	14	16	23	23	24
\$100,000 to \$149,999	27	26	22	19	11
\$150,000 to \$249,999	16	15	14	11	3
\$250,000 or more	4	3	4	4	3
Median	\$90,000	\$87,500	\$84,000	\$80,000	\$65,000
Mean	\$106,043	\$101,054	\$108,574	\$119,521	\$75,907

¹ Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).² Total reported is household income before taxes in 2010.

(*) = less than 0.5 percent

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, 2011*

	Year of initial mutual fund purchase				
	Before 1990	1990 to 1994	1995 to 1999	2000 to 2004	2005 or later
Total household financial assets¹					
Less than \$25,000	4	5	5	16	28
\$25,000 to \$49,999	2	2	8	18	16
\$50,000 to \$74,999	3	7	8	13	11
\$75,000 to \$99,999	3	4	7	10	2
\$100,000 to \$249,999	24	28	32	21	32
\$250,000 to \$499,999	20	26	23	13	8
\$500,000 to \$999,999	27	20	11	5	2
\$1 million or more	17	8	6	4	1
Median	\$388,400	\$250,000	\$200,000	\$87,500	\$50,000
Mean	\$605,000	\$371,200	\$303,400	\$174,900	\$114,800
Household ownership of non-mutual fund investments²					
Certificates of deposit	35	28	28	18	22
Individual stocks, individual bonds, or annuities (total)	77	60	61	53	46
Individual stocks	55	42	46	31	33
Individual bonds (excluding U.S. savings bonds)	14	5	8	8	2
Fixed or variable annuities	45	31	29	31	20
Investment real estate	36	32	27	17	24
Closed-end funds	6	3	2	3	2
Exchange-traded funds	7	8	3	8	4
Household ownership of employer-sponsored retirement plan accounts²					
Household owned employer-sponsored retirement plan accounts (total)	77	87	85	82	82
DC retirement plan accounts (total)	74	83	83	81	79
401(k) plan account	53	65	73	69	67
403(b), state, local, or federal government plan account	34	41	37	37	24
Employer-sponsored IRA ³	13	15	14	14	11
Household ownership of IRAs²					
Household owned IRA (total)	79	72	63	55	44
Traditional IRA or Roth IRA	77	67	60	50	37
Employer-sponsored IRA ³	13	15	12	14	11

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FIGURE 10.4 CONTINUED

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, 2011

	Year of initial mutual fund purchase				
	Before 1990	1990 to 1994	1995 to 1999	2000 to 2004	2005 or later
Household ownership of education-targeted savings accounts²					
Household owned education-targeted savings program account (total)	14	22	21	16	13
Coverdell education savings account	10	13	15	13	12
529 prepaid tuition or college savings plan account (total)	8	14	13	10	4
529 savings plan	7	12	12	10	3
529 prepaid tuition plan	1	1	1	0	1

¹ Household financial assets include assets in employer-sponsored retirement plans but exclude the household’s primary residence.

² Multiple responses are included.

³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE 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, 2011*

	Year of initial mutual fund purchase				
	Before 1990	1990 to 1994	1995 to 1999	2000 to 2004	2005 or later
Total household mutual fund assets					
Less than \$5,000	1	3	1	4	14
\$5,000 to \$9,999	2	2	2	7	17
\$10,000 to \$19,999	2	4	8	16	15
\$20,000 to \$29,999	1	3	7	12	6
\$30,000 to \$49,999	4	8	7	12	17
\$50,000 to \$74,999	5	9	13	12	16
\$75,000 to \$99,999	4	5	9	6	2
\$100,000 to \$249,999	33	31	36	20	9
\$250,000 or more	48	35	17	11	4
Median	\$225,000	\$150,000	\$100,000	\$45,000	\$25,000
Mean	\$356,900	\$237,600	\$172,000	\$117,800	\$46,000
Percent allocation of household financial assets to mutual funds					
25% or less	12	9	18	15	27
Between 26% and 50%	17	18	14	16	23
Between 51% and 75%	19	29	26	19	15
More than 75%	52	44	42	50	35
Types of mutual funds owned¹					
Equity funds	86	83	77	75	80
Hybrid funds	50	45	42	42	30
Bond funds	58	50	54	44	47
Money market funds	67	63	62	59	59
Other fund type specified	11	5	4	5	(*)
Mutual fund transaction activity in the previous 12 months²					
Conducted mutual fund transactions	35	38	26	24	23

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FIGURE 10.5 CONTINUED

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, 2011

	Year of initial mutual fund purchase				
	Before 1990	1990 to 1994	1995 to 1999	2000 to 2004	2005 or later
Year of initial mutual fund purchase					
Before 1990	100	0	0	0	0
Between 1990 and 1994	0	100	0	0	0
Between 1995 and 1999	0	0	100	0	0
Between 2000 and 2004	0	0	0	100	0
2005 or later	0	0	0	0	100
Median	1983	1991	1997	2001	2007
Mean	1980	1992	1997	2002	2007

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes 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.

(*) = less than 0.5 percent

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	1990 to 1994	1995 to 1999	2000 to 2004	2005 or later
Total number of mutual funds owned					
<i>Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2011</i>					
One	8	10	12	17	40
Two	8	8	14	12	19
Three	12	16	10	26	12
Four	13	10	14	10	8
Five to six	15	20	18	14	7
Seven to ten	20	17	15	10	10
Eleven or more	24	19	17	11	4
Median	6 funds	5 funds	4 funds	3 funds	2 funds
Mean	9 funds	7 funds	7 funds	8 funds	5 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*					
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by year of initial mutual fund purchase, 2011</i>					
One	31	36	45	40	47
Two	33	36	29	28	29
Three	20	18	12	20	13
Four or more	16	10	14	12	11
Median	2 sources	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources	2 sources

*Purchase sources outside employer-sponsored retirement plans include registered investment advisers, full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, 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, 2011*

	Year of initial mutual fund purchase				
	Before 1990	1990 to 1994	1995 to 1999	2000 to 2004	2005 or later
Source of mutual fund ownership					
Only inside employer-sponsored retirement plan	17	25	34	41	55
Only outside employer-sponsored retirement plan	37	27	23	27	28
Both inside and outside employer-sponsored retirement plan	46	48	43	32	17
Purchase sources through which funds are currently owned¹					
Inside employer-sponsored retirement plans (total)	63	73	77	72	72
Inside DC retirement plans (total)	60	68	74	69	67
401(k) plan	45	53	64	58	57
403(b), state, local, or federal government plan	22	29	26	25	14
Inside employer-sponsored IRA ²	9	12	9	9	8
Outside employer-sponsored retirement plans (total)	83	75	66	59	45
Sales force (total)	67	59	50	51	34
Full-service broker	40	35	26	27	17
Independent financial planner	37	27	23	23	14
Bank or savings institution representative	22	17	18	20	12
Insurance agent	13	7	7	10	7
Accountant	9	7	7	7	4
Direct market (total)	41	40	29	24	20
Mutual fund company directly	30	29	21	15	13
Discount broker	21	20	13	16	11

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FIGURE 10.7 CONTINUED

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, 2011*

	Year of initial mutual fund purchase				
	Before 1990	1990 to 1994	1995 to 1999	2000 to 2004	2005 or later
Primary mutual fund purchase source					
Inside employer-sponsored retirement plans	40	51	66	60	68
Outside employer-sponsored retirement plans	60	49	34	40	32
Sales force	46	30	28	34	26
Full-service broker	18	12	10	12	8
Independent financial planner	17	13	7	7	6
Bank or savings institution representative	7	4	7	10	9
Insurance agent	3	1	3	5	3
Accountant	2	1	2	1	1
Direct market	14	18	6	6	6
Mutual fund company directly	7	11	5	2	2
Discount broker	7	7	1	4	4
Source of first mutual fund purchase					
Inside employer-sponsored retirement plan	55	64	68	60	74
Outside employer-sponsored retirement plan	45	36	32	40	26

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

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, 2011*

	Year of initial mutual fund purchase				
	Before 1990	1990 to 1994	1995 to 1999	2000 to 2004	2005 or later
Financial goals for mutual fund investments¹					
Retirement	94	95	97	96	93
Reduce taxable income	53	53	53	42	42
Emergency	49	44	41	47	54
Education	19	32	28	23	28
Current income	28	20	14	9	23
House or other large item	8	10	9	15	22
Other	12	4	5	8	5
Primary financial goal for mutual fund investments					
Retirement	74	81	78	71	66
Reduce taxable income	3	2	3	3	5
Emergency	4	2	6	10	11
Education	3	8	8	8	4
Current income	9	5	4	3	8
House or other large item	1	1	(*)	4	4
Other	6	1	1	1	2
Level of confidence that mutual funds are an investment that can help the household meet financial goals					
Very confident	25	23	21	18	12
Somewhat confident	56	61	62	63	72
Not very confident	12	14	13	14	12
Not at all confident	7	2	4	5	4
Ownership of mutual funds in employer-sponsored retirement plans¹					
Inside employer-sponsored retirement plans (total)	63	73	77	72	72
Inside DC retirement plans (total)	60	68	74	69	67
401(k) plan	45	53	64	58	57
403(b), state, local, or federal government plan	22	29	26	25	14
Inside employer-sponsored IRA ²	9	12	9	9	8
Ownership of mutual funds in IRAs¹					
Had IRA invested in mutual funds (total)	68	60	52	39	28
Traditional IRA or Roth IRA	66	57	50	35	22
Employer-sponsored IRA ²	9	12	9	9	8

¹ Multiple responses are included.² Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE 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, 2011

	Year of initial mutual fund purchase				
	Before 1990	1990 to 1994	1995 to 1999	2000 to 2004	2005 or later
Level of risk willing to take with financial investments					
Substantial risk for substantial gain	4	4	3	11	2
Above-average risk for above-average gain	28	30	29	19	21
Average risk for average gain	48	48	47	50	47
Below-average risk for below-average gain	10	8	9	9	8
Unwilling to take any risk	10	10	12	11	22

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 gathered data 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 2011 using a random digit dial (RDD) national probability sample of 4,216 U.S. households, of which 1,859 households, or 44.1 percent, owned mutual funds.¹⁴ 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.¹⁵ A total of 4,216 telephone interviews, each lasting an average of 15 minutes, were completed.

¹⁴ For additional discussion, see Michael Bogdan, Sarah Holden, and Daniel Schrass. 2011. "Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2011." *ICI Research Perspective* 17, no. 5 (October). Available at www.ici.org/pdf/per17-05.pdf.

¹⁵ 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.

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 nonresponse 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.¹⁶

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 2011 sample of households owning mutual funds was ± 2.3 percentage points at the 95 percent confidence level. Percentages may not add to 100 percent because of rounding. Where respondents were allowed to provide multiple responses, percentages may add to more than 100 percent.

¹⁶ The distribution of households by census region and householder age are published in U.S. Census Bureau, Current Population Reports, Series P60-239, *Income, Poverty, and Health Insurance Coverage in the United States: 2010*, September 2011 (www.census.gov/prod/2011pubs/p60-239.pdf). The distribution of households by household income and education of head of household are tabulated from the March 2011 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/).



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