

# Equity Ownership in America

Investment Company Institute  
*and the*  
Securities Industry Association



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*Fall 1999*

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# Introduction

## Bull Market, Other Developments Fuel Growth In Equity Ownership

Equity ownership in the United States has grown dramatically over the past two decades. In 1983, an estimated 42.4 million Americans owned stocks directly or through mutual funds.<sup>1</sup> By 1999, the number grew to almost 78.7 million, an 85.6 percent increase.<sup>2</sup>

Several developments have contributed to the expansion of equity ownership. Declining interest rates and the 19-year bull market of rising stock prices prompted many U.S. households to purchase and hold equities. For example, the yield on 30-year Treasury bonds declined to 5.1 percent in 1998 from 11.9 percent in 1980. The Dow Jones Industrial Average, the S&P 500, and the Nasdaq Composite indices each gained more than 900 percent between 1980 and 1998 (Figures 1 and 2). Total holdings of equities by U.S. households rose from 17.2 percent of household financial assets in 1980 to 34.9 percent in 1998, the highest percentage of total household assets in the post-World War II era (Figure 3).<sup>3</sup> In addition, the shift from employer-directed, defined-benefit pension plans to self-directed, defined-contribution plans—most of which include equity investment options—introduced many U.S. workers to individual stock and stock mutual funds. As of 1997, 66 percent of U.S. workers participated in retirement programs that offer tax-deferred accounts.<sup>4</sup> Also in that year, nearly all (97 percent) 401(k) plans offered equity investments,<sup>5</sup> and in 1998, more than four-fifths of 401(k) plan participants held equities in their plan portfolios.<sup>6</sup> Moreover, many members of the Baby Boom Generation, the first of whom turn 65 in 2011, began investing in equities to finance their retirement years. Finally, financial services companies have made it easier to purchase stocks and mutual funds, for example, by offering online portfolio management, automatic investment programs, and low minimums to open an account.

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<sup>1</sup> *Shareownership 1985* (New York Stock Exchange).

<sup>2</sup> The number of individuals owning stocks in the U.S. in 1999 is based on data from the survey presented in this report.

<sup>3</sup> Federal Reserve Board, Employee Benefit Research Institute and the Investment Company Institute.

<sup>4</sup> Retirement Confidence Survey 1998 (Employee Benefit Research Institute and Matt Greenwald and Associates).

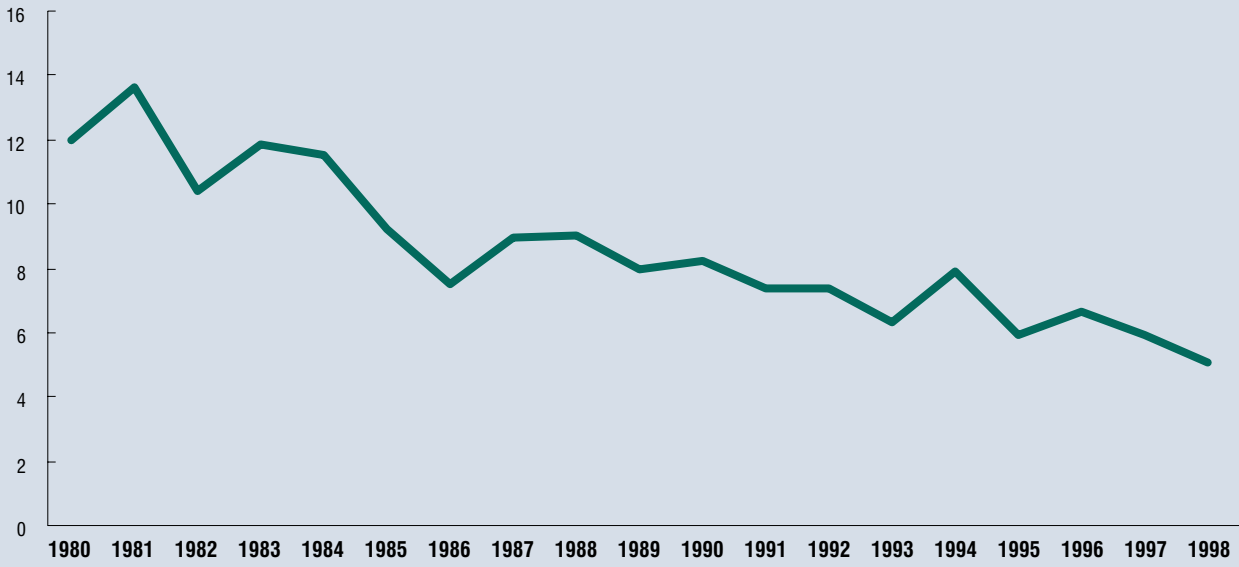
<sup>5</sup> *401(k) Plans: Survey Report on Plan Design* (Buck Consultants), 1998 Plan Year.

<sup>6</sup> Unpublished data from a 1998 Investment Company Institute survey of 401(k) plan participants.

FIGURE 1

**30-Year Treasury Yield, 1980-1998**

(percent, year-end)

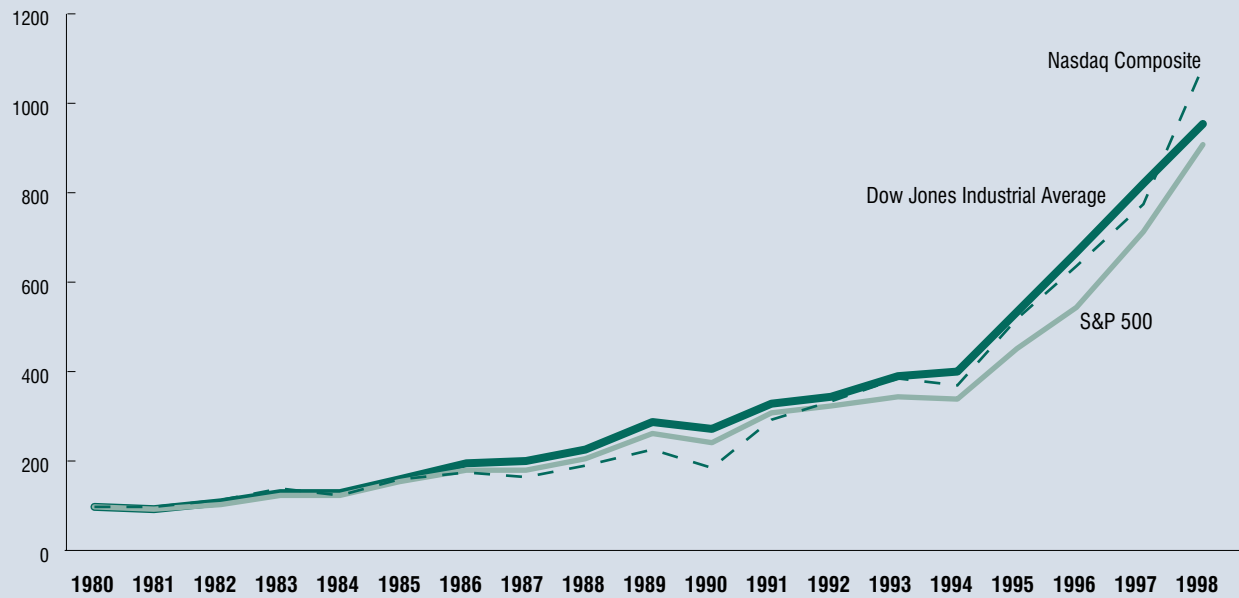


Source: Bloomberg, L.P.

FIGURE 2

**Stock Market Performance Indexes, 1980-1998**

(percent)



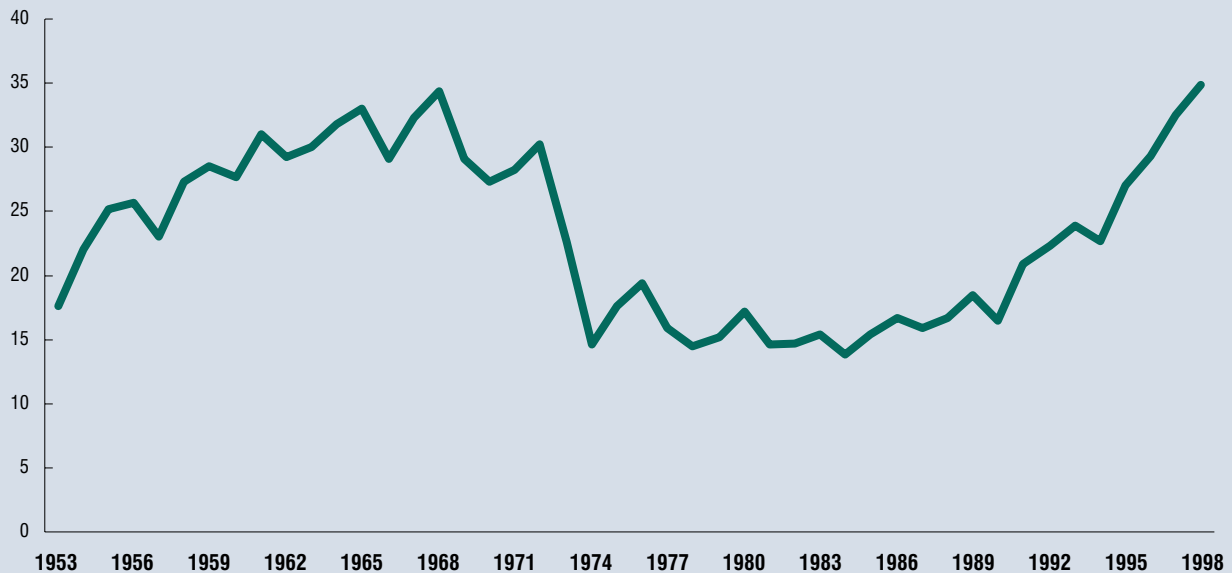
Note: Indexes are set at 100 in 1980.

Source: Securities Industry Association and Bloomberg L.P.

FIGURE 3

**Household Ownership of Equities, 1953-1998**

(percent of U.S. household financial assets)



Source: Federal Reserve Board, Employee Benefit Research Institute, and the Investment Company Institute.

Note: 1953 is the earliest date for which data is available.

To learn more about Americans who own equities, the Investment Company Institute<sup>7</sup> and the Securities Industry Association<sup>8</sup> conducted a comprehensive survey that sought to:

- ▶ Estimate the incidence of equity ownership among U.S. households, both inside and outside employer-sponsored retirement plans;<sup>9</sup>
- ▶ Describe the demographic, financial, and stock ownership characteristics of equity owners, and differentiate between those owning stock directly and indirectly through mutual funds;
- ▶ Identify the extent of individual stock and stock mutual fund transaction activity in 1998; and,
- ▶ Examine the use of the Internet to conduct equity transactions.

<sup>7</sup>The Investment Company Institute (ICI) is the national association of the American investment company industry. Its membership as of September 1, 1999 included 7,733 open-end investment companies (“mutual funds”), 483 closed-end investment companies, and eight sponsors of unit investment trusts. Its mutual fund members have assets of about \$6.009 trillion, accounting for approximately 95 percent of total industry assets, and have over 73 million individual shareholders.

<sup>8</sup>The Securities Industry Association (SIA) is the national association of the North American securities industry. Members of SIA include investment banks, broker-dealers, specialists, and mutual fund companies. Collectively, SIA members account for approximately 90 percent of securities firms’ revenue and manage the accounts of more than 50 million investors and tens of millions of investors indirectly through corporate, thrift, and pension plans.

<sup>9</sup>Employer-sponsored retirement plans include 401(k) plans; 403(b) plans; federal, state, or local government plans; SEP-IRAs; SAR-SEPs; or SIMPLE IRAs. Traditional, Roth, and Education IRAs are not employer-sponsored retirement plans.

## Research Methodology

Equity owners are defined in this study as households owning either publicly traded stock or stock mutual funds.<sup>10</sup> A random digit dial (RDD) national probability sample was used to generate a representative sample of equity owners nationwide. All interviews were conducted in January and February 1999 with the household decisionmaker most knowledgeable about savings and investments. A total of 4,842 household financial decisionmakers was asked whether their households owned equities. Of these, 2,336 decisionmakers, or 48.2 percent, indicated their households did own equities—1,943 completed the entire survey and 393 completed part of it. The 393 partial interviews with known equity owners were included in the estimate of the incidence of equity ownership among U.S. households but were not included in any other analyses.

Separately, an additional 393 interviews were conducted with high-net-worth equity owners. Weights were applied to ensure that the high-net-worth interviews were represented in the total sample in proportion to their incidence in the entire U.S. population. The number of individuals who owned equities in a household was determined by asking respondents how many persons in their households owned each type of equity. The multiplier for number of individuals per household owning equities was 1.6. The overall sampling error for the survey is plus or minus 2 percent at the 95 percent confidence level.<sup>11</sup>

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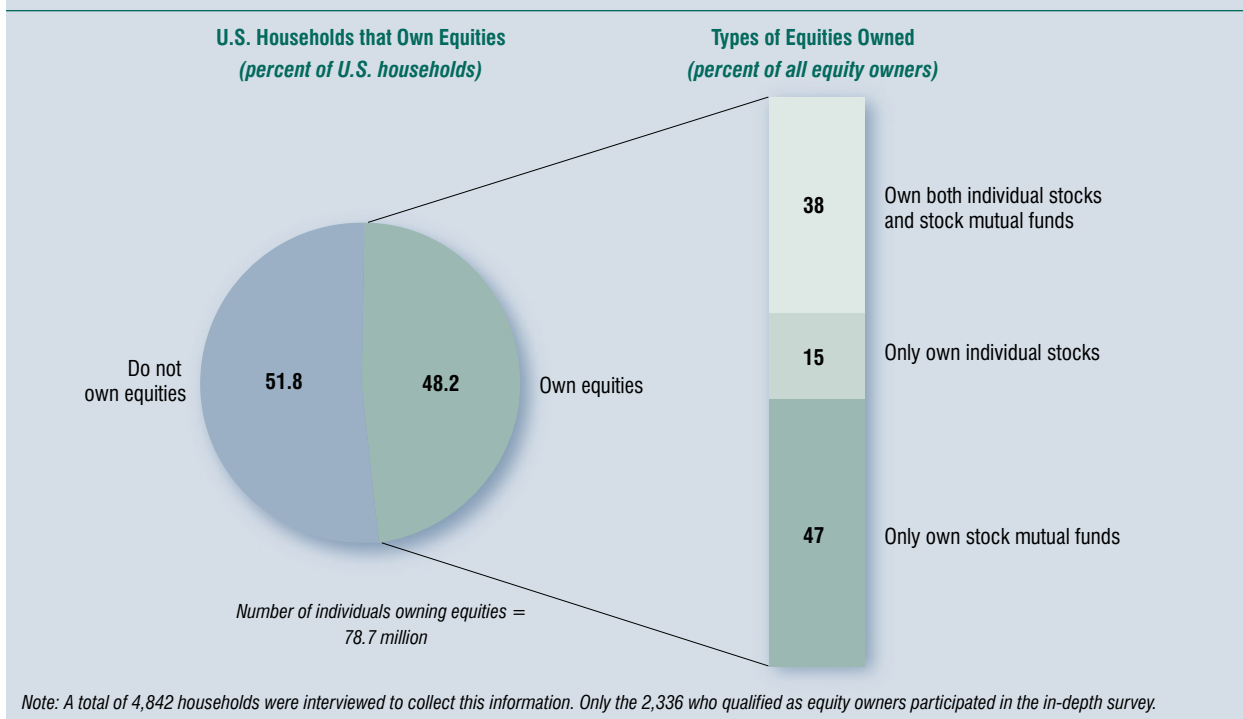
<sup>10</sup> Households include related family members sharing a housing unit, persons living alone, and unrelated persons who are partners. See footnote 32 in Appendix A: Detailed Research Methodology for a detailed definition of the term “household.”

<sup>11</sup> See Appendix A: Detailed Research Methodology for more information.

# Summary of Findings

- ▶ **Equity ownership is on the rise.** A total of 78.7 million individuals owned equities in early 1999, up 85.6 percent from 42.4 million in 1983.<sup>12</sup>
- ▶ **Nearly half of all U.S. households own equities.** An estimated 49.2 million, or 48.2 percent, of all U.S. households owned equities directly or indirectly through stock mutual funds in early 1999 (Figure 4). In 1983, approximately 19.0 percent of all U.S. households owned equities.<sup>13</sup> In 1999, 31.8 percent owned equities through employer-sponsored retirement plans and 35.5 percent owned equities outside such plans.

**FIGURE 4**  
**Equity Ownership in the U.S. in 1999**

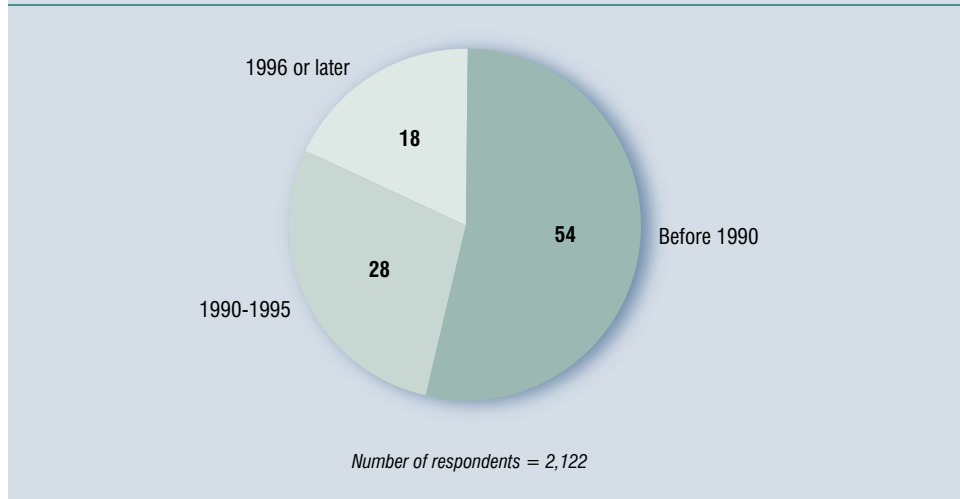


<sup>12</sup>The 1983 data is from *Shareownership 1985* (New York Stock Exchange) and the 1999 data is from this report.

<sup>13</sup>Robert B. Avery, et. al., "Summary Descriptions of the 1983 Survey Results," *Federal Reserve Bulletin*, vol. 70 (September 1984) p. 689.

FIGURE 5

**Year of First Equity Purchase**  
(percent of all equity owners)



## Demographics

- ▶ **Equity owners tend to be middle-aged with moderate income and assets.** The typical equity owner is 47, has household income of \$60,000 and household financial assets of \$85,000. Most equity owners are married, employed, and college graduates. Eighty percent are covered by employer-sponsored retirement plans, and 53 percent own IRAs.
- ▶ **In most equity-owning households, investment decisionmaking is shared.** Co-decisionmakers, usually married couples, share the responsibility in 54 percent of equity-owning households. Males make the decisions in 26 percent of households, and females make the decisions 20 percent of the time.
- ▶ **Most equity owners are seasoned investors.** Fifty-four percent first purchased equities before 1990, and 28 percent made their first purchase between 1990 and 1995. Only 18 percent made their first equity investment after 1995 (Figure 5).
- ▶ **Nearly half of all equity owners are Baby Boomers.** Nineteen percent of equity owners are members of Generation X (age 19 to 35), 48 percent are Baby Boomers (age 36 to 54), 28 percent are from the Silent Generation (age 55 to 74), and 5 percent are members of the GI generation (age 75 or older).
- ▶ **Generation X equity owners have a more aggressive investment approach than older generations.** Generation X equity investors typically allocate a greater portion of their financial portfolios to equities than older generations (Figure 6).
- ▶ **The largest percentage of equity owners reside in the South.** Thirty-three percent of equity owners live in the South, 26 percent in the Midwest, 25 percent in the West, and 16 percent in the Northeast. Although fewest in number, Northeastern equity owners tend to be older, have more household financial assets, and have a greater ownership rate for individual stocks outside retirement plans than other equity owners.

FIGURE 6

**Summary of Characteristics of Equity Owners by Generation<sup>1</sup>**

	<b>Generation X</b> (age 19 to 35)	<b>Baby Boom</b> Generation (age 36 to 54)	<b>Silent</b> Generation (age 55 to 74)	<b>G1</b> Generation (age 75 or older)
<b>Median</b>				
Age	29 years	44 years	61 years	78 years
Household income	\$47,000	\$62,500	\$53,000	\$30,000
Household financial assets <sup>2</sup>	\$25,000	\$88,000	\$200,000	\$200,000
Household financial assets in equities	\$20,000	\$50,000	\$85,000	\$74,000
Number of individual stocks and stock mutual funds owned	3	4	5	5
<b>Percent</b>				
Own:				
Individual stock (net) <sup>3</sup>	45	52	58	63
Inside employer-sponsored retirement plans	21	23	17	6
Outside employer-sponsored retirement plans	35	43	51	59
Stock mutual funds (net) <sup>3</sup>	83	88	84	80
Inside employer-sponsored retirement plans	64	67	47	12
Outside employer-sponsored retirement plans	45	57	62	72

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments. Equity investments include individual stock and stock mutual funds.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Multiple responses included.

Note: Number of respondents varies.

- **The majority of equity owners seek investment advice from financial services professionals.** Sixty-four percent say they rely on professional financial advisers when making equity purchase and sales decisions. Nevertheless, most equity investors are not passive; 75 percent closely follow the value of their investments.

## Ownership Patterns

- **More equity owners own stock mutual funds than individual stocks.** Fifty-four percent of equity-owning households own stocks directly and 85 percent own stock mutual funds. Furthermore, 15 percent hold only individual stocks, 47 percent hold only stock mutual funds, and 38 percent own individual stocks and stock mutual funds (see Figure 4).
- **Equity ownership characteristics differ by the gender of the household's investment decisionmaker.** Co-decisionmaking equity owners have a median of \$50,000 invested in four equities; male equity owners have a median of \$55,000 invested in five equities. Although female equity owners tend to hold a similar number of equities in their portfolios, the median value of their portfolios is typically smaller than that of co-decisionmaking or male equity owners. In addition, more male equity owners than female or co-decisionmaking equity owners hold individual stocks. More female and co-decisionmaking equity owners than male equity owners hold stock mutual funds.



FIGURE 7

### Household Assets in Equities (percent of all equity owners)

Less than \$10,000	15
\$10,000 to \$24,999	15
\$25,000 to \$49,999	20
\$50,000 to \$74,999	12
\$75,000 to \$99,999	7
\$100,000 to \$249,999	16
\$250,000 to \$499,999	8
\$500,000 to \$999,999	4
\$1 million or more	3
Mean	\$167,100
Median	\$50,000
Number of respondents	2,230

- ▶ **The size of equity portfolios varies among U.S. households.** Many equity owners hold small-to-moderate amounts of equities, and only a small number hold exceptionally high asset levels. For example, 50 percent of household owners have equity assets of less than \$50,000, and 7 percent have equity assets of \$500,000 or more (Figure 7).
- ▶ **Equity owners with employer-sponsored retirement plans favor equity investments in those plans.** Equity investors with holdings in employer-sponsored defined-contribution plans on average, allocate 61 percent of plan assets to equity investments.
- ▶ **Ownership of stock in non-U.S. companies is widespread.** More than 60 percent of stock mutual fund shareholders own international or global stock funds, and 15 percent of individual stock owners hold stock in foreign companies.
- ▶ **Investors' first equity purchase was usually a stock mutual fund.** Fifty-nine percent of equity owners initially bought a stock mutual fund, 31 percent purchased individual stock, and 10 percent bought stock mutual funds and individual stock.

### Equity Transactions<sup>14</sup>

- ▶ **The majority of equity owners did not buy or sell equities in 1998.** Only 45 percent conducted equity transactions in 1998 (Figure 8). Of these, buyers outnumbered sellers three to two.

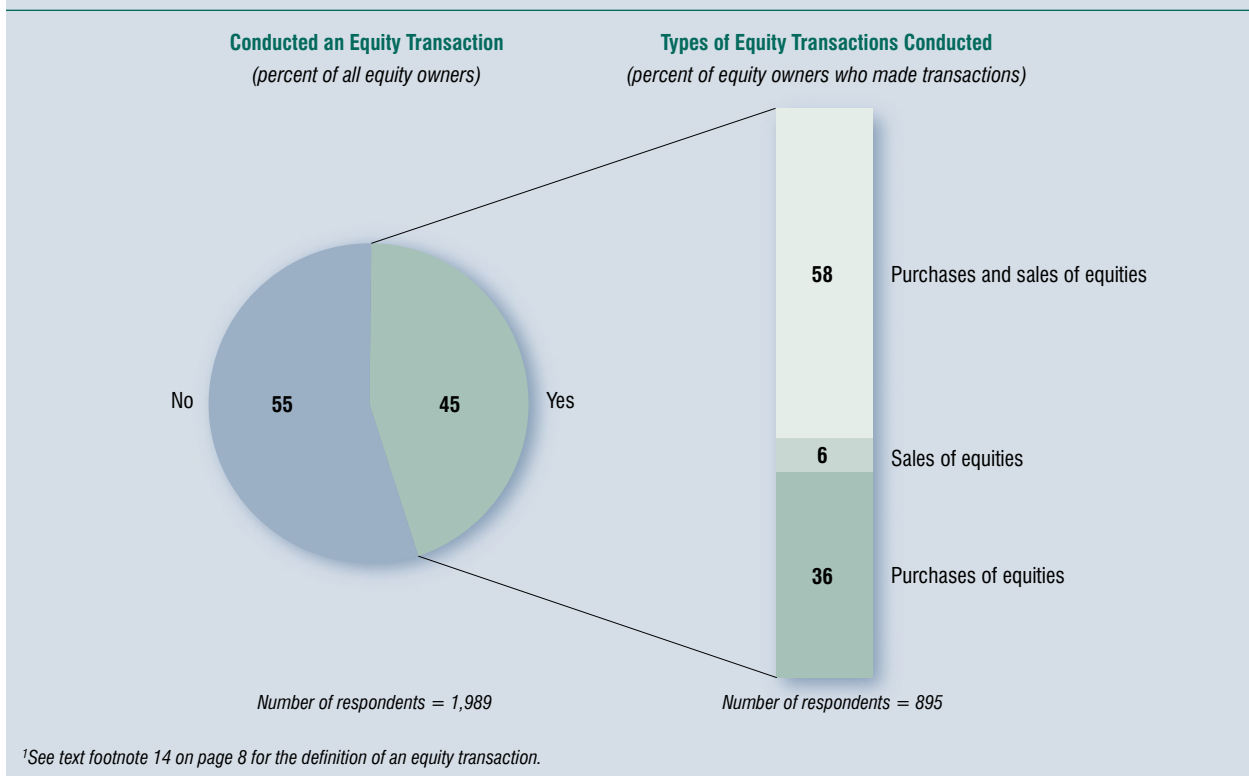
<sup>14</sup>In this report, an **equity transaction** excludes regular, automatic payroll contributions to employer-sponsored retirement plans but includes employee allocation changes to a particular equity within these plans—either through payroll contribution changes or account balance changes. An equity transaction also includes reinvestment of dividends and automatic payroll or savings account purchases of stock funds outside employer plans.

Within this definition, an **individual stock transaction** excludes regular, automatic payroll contributions to employer-sponsored retirement plans but includes employee allocation changes within these plans—either through payroll contribution changes or account balance changes—affecting individual stock holdings.

Also within this definition, a **stock mutual fund transaction** excludes regular, automatic payroll contributions to employer-sponsored retirement plans but includes employee allocation changes within these plans—either through payroll contribution changes or account balance changes—affecting stock mutual fund holdings.

FIGURE 8

Equity Transaction Activity in 1998<sup>1</sup>



- ▶ **More individual stock owners than stock mutual fund owners conducted transactions in 1998.** Outside employer-sponsored retirement plans, 48 percent of individual stock owners bought or sold individual stocks in 1998, compared with 35 percent of stock mutual fund shareholders who bought or sold stock mutual fund shares.
- ▶ **More equity owners conducted transactions outside employer-sponsored retirement plans than inside such plans in 1998.** Thirty-seven percent conducted equity transactions outside retirement plans, compared with 17 percent inside retirement plans.
- ▶ **Household equity purchases are often financed by accumulated savings.** About half of equity owners purchasing equities outside employer-sponsored retirement plans in 1998 used accumulated savings to finance their most recent purchase.
- ▶ **Proceeds from the sale of equities outside employer plans are often reinvested in other equities.** In 1998, 82 percent of individual stock sellers and 74 percent of stock mutual fund sellers outside employer plans reinvested at least some of the proceeds into other equity investments. Individual stock fund sellers typically reinvested in shares of other individual stock; stock fund sellers, in shares of other stock funds.
- ▶ **Use of the Internet to conduct equity transactions is still in its infancy.** Only 11 percent of investors conducting equity transactions executed trades over the Internet in 1998. Internet transactors tend to be high-volume traders. For example, a median of 10 individual stock transactions were conducted by Internet transactors, compared with one individual stock transaction undertaken by those using conventional trading methods (Figure 9).

FIGURE 9

Summary of Characteristics of Equity Owners Who Made Transactions in 1998<sup>1,2</sup>

	Conduct Equity Transactions over the Internet	Conduct Equity Transactions but not over the Internet
<b>Median</b>		
Age	41 years	48 years
Household income	\$73,800	\$65,000
Household financial assets <sup>3</sup>	\$229,000	\$125,000
Household financial assets in equities	\$127,600	\$70,000
Number of individual stock transactions in 1998	10	1
Number of stock mutual fund transactions in 1998	2	1
<b>Percent</b>		
Own individual stock (net) <sup>4</sup>	93	64
Inside employer-sponsored retirement plans	33	22
Outside employer-sponsored retirement plans	93	59
Own stock mutual funds (net) <sup>4</sup>	85	88
Inside employer-sponsored retirement plans	67	57
Outside employer-sponsored retirement plans	63	69

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> See text footnote 14 on page 8 for the definition of an equity transaction.

<sup>3</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>4</sup> Multiple responses included.

Note: Number of respondents varies.

## Individual Stock Owners

- ▶ **Assets in individual stocks rise with age and household income.** The median stock assets for those under age 35 is \$11,900 while the median stock assets for those 65 or older is \$62,500 (Figure 10).
- ▶ **Individual stock investors usually own more than one stock.** Just 25 percent of individual stock owners hold stock in a single company. Twenty-eight percent own stock in two or three companies, and 47 percent own stock in four or more companies.

## Stock Mutual Fund Shareholders

- ▶ **Assets in stock mutual funds rise with age and household income.** The median stock fund assets for those earning less than \$50,000 is \$20,000 while the median stock fund assets for those with incomes of \$150,000 or more is \$150,000 (Figure 11).
- ▶ **Stock mutual fund shareholders usually own more than one stock mutual fund.** Only 19 percent own one stock fund. Thirty-four percent own two or three stock funds, and 48 percent own four or more stock funds.

FIGURE 10

**Individual Stock Assets of Investors Owning Individual Stocks***(percent of all individual stock owners)*

	All Individual Stock Owners	Age				Income			
		Less than 35	35 to 44	45 to 64	65 or Older	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Less than \$10,000	21	39	27	14	12	37	21	16	7
\$10,000 to \$24,999	17	21	21	16	11	22	24	11	4
\$25,000 to \$49,999	19	20	20	18	17	15	16	13	11
\$50,000 to \$74,999	10	8	9	11	12	6	9	12	3
\$75,000 to \$99,999	9	4	6	12	13	5	8	9	11
\$100,000 to \$249,999	13	6	11	16	15	9	15	20	20
\$250,000 to \$499,999	5	1	4	7	8	4	4	9	18
\$500,000 to \$999,999	4	1	3	4	6	3	3	6	10
\$1 million or more	2	1	1	3	6	1	1	4	16
Mean	\$152,000	\$51,300	\$70,400	\$179,300	\$296,100	\$82,500	\$87,900	\$229,800	\$546,800
Median	\$30,000	\$11,900	\$25,000	\$50,000	\$62,500	\$12,600	\$28,500	\$61,100	\$181,900
Number of respondents	1,200	218	256	488	238	282	357	107	85

FIGURE 11

**Stock Mutual Fund Assets of Investors Owning Stock Mutual Funds***(percent of all stock mutual fund shareholders)*

	All Stock Mutual Fund Shareholders	Age				Income			
		Less than 35	35 to 44	45 to 64	65 or Older	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More
Less than \$10,000	15	30	16	9	8	29	14	5	3
\$10,000 to \$24,999	18	25	22	14	13	27	18	10	9
\$25,000 to \$49,999	24	27	26	21	26	20	54	14	10
\$50,000 to \$74,999	14	9	14	16	16	9	14	12	9
\$75,000 to \$99,999	7	4	5	8	12	4	7	9	9
\$100,000 to \$249,999	14	5	12	20	14	7	15	25	28
\$250,000 to \$499,999	5	1	3	8	9	2	6	16	18
\$500,000 to \$999,999	2	1	1	4	1	1	1	5	11
\$1 million or more	1	0	1	1	2	1	1	3	5
Mean	\$100,400	\$36,200	\$75,100	\$142,300	\$116,900	\$49,500	\$82,700	\$247,900	\$298,600
Median	\$38,000	\$20,000	\$30,000	\$56,000	\$50,000	\$20,000	\$40,000	\$94,100	\$150,000
Number of respondents	1,935	394	470	766	304	513	627	156	94

## CHAPTER 1

# Overview of Equity Owners

### Ownership of Equities by U.S. Households

#### *Nearly Half of All U.S. Households Own Equities*

An estimated 49.2 million, or 48.2 percent, of U.S. households owned equities as of January 1999 (Figure 12).<sup>15</sup> In 1983, 19.0 percent of U.S. households owned equities.<sup>16</sup> Over the same period, the number of individual owners rose to 78.7 million from 42.4 million, a gain of 85.6 percent.<sup>17</sup>

FIGURE 12

#### U.S. Household Ownership of Equities in 1999

	Percent of All U.S. Households	Number of Households (millions)	Number of Individual Investors (millions)
Any type of equity (net) <sup>1</sup>	48.2	49.2	78.7
Any equity inside employer-sponsored retirement plans	31.8	32.5	52.0
Any equity outside employer-sponsored retirement plans	35.5	36.3	61.6
Individual stock (net) <sup>1</sup>	26.1	26.7	40.0
Individual stock inside employer-sponsored retirement plans	10.5	10.7	14.0
Individual stock outside employer-sponsored retirement plans	21.4	21.9	32.8
Stock mutual funds (net) <sup>1</sup>	40.9	41.8	66.8
Stock mutual funds inside employer-sponsored retirement plans	27.9	28.5	39.9
Stock mutual funds outside employer-sponsored retirement plans	27.2	27.8	44.4

<sup>1</sup> Multiple responses included.

Note: A total of 4,842 households were interviewed to collect this information. Only the 2,336 who qualified as equity owners participated in the in-depth survey.

<sup>15</sup> The U.S. had approximately 102,118,600 households in 1999, according to the U.S. Bureau of the Census, *Current Population Reports*, P25-1129.

<sup>16</sup> Robert B. Avery, et. al., "Summary Descriptions of the 1983 Survey Results," *Federal Reserve Bulletin*, vol. 70 (September 1984) p. 689.

<sup>17</sup> The 1983 data is from *Shareownership 1985* (New York Stock Exchange) and the 1999 data is from this report.

### *More U.S. Investors Own Stock Mutual Funds than Individual Stock*

An estimated 41.8 million U.S. households—representing 66.8 million individuals and 85 percent of all equity investors—owned stock mutual funds in January 1999. More than 28 million of those households held stock mutual funds through employer-sponsored retirement plans, and 27.8 million held stock mutual funds outside retirement plans. In contrast, 26.7 million U.S. households—representing 40 million individuals and 54 percent of all equity owners—held individual stock in January 1999. Nearly 11 million households owned individual stock through employer-sponsored retirement plans, and 21.9 million households held individual stock outside these plans.

## **Characteristics of Equity Owners**

### *Equity Owners Tend to Be Middle-aged, Seasoned Investors with Moderate Income and Assets*

The median equity owner is 47 years old, with household income of \$60,000 and household financial assets of \$85,000 (Figure 13). Most equity owners are married, employed, and college graduates. About one-fifth are retired from their lifetime occupations. Four-fifths have employer-sponsored retirement plans, usually 401(k) plans. Slightly more than half own IRAs.

Equity owners are typically seasoned investors. Fifty-four percent first purchased equities before 1990; 28 percent, between 1990 and 1995; and the remaining 18 percent, after 1995. The first purchase typically occurred outside an employer-sponsored retirement plan, usually through a stock mutual fund. Besides owning equities, 39 percent of equity owners hold hybrid mutual funds; 26 percent, investment real estate; and 22 percent, individual bonds or bond mutual funds.

### *Individual Stock Investors and Stock Mutual Fund Shareholders Differ*

Individual stock owners differ in several ways from stock mutual fund shareholders. Individual stock owners tend to have greater household financial assets than stock mutual fund shareholders; their median assets are \$125,000 versus \$87,500 for stock mutual fund shareholders. In addition, more individual stock owners bought their first equity before 1990, more have college degrees, and more own investment real estate than do stock mutual fund shareholders.

### *Equity Ownership Characteristics Differ by the Gender of the Household's Investment Decisionmaker*

Co-decisionmakers, usually married couples, make the investment decisions in 54 percent of equity-owning households.<sup>18</sup> Males make the decisions in 26 percent of these households, and females make the decisions 20 percent of the time.<sup>19</sup>

Female equity owners have a median age of 50, whereas male and co-decisionmaking equity owners tend to be in their mid-forties (see Figure 58 in Appendix C). The median

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<sup>18</sup> Referred to as co-decisionmaking equity owners.

<sup>19</sup> Referred to as male equity owners and female equity owners, respectively.

FIGURE 13

Characteristics of Equity Owners<sup>1</sup>

	Type of Equity Owned		
	All Equity Owners	Individual Stock	Stock Mutual Funds
<b>Median</b>			
Age	47 years	48 years	47 years
Household income	\$60,000	\$62,500	\$60,000
Household financial assets <sup>2</sup>	\$85,000	\$125,000	\$87,500
<b>Percent</b>			
Household investment decisionmaker:			
Male	26	29	25
Female	20	17	20
Co-decisionmakers	54	54	55
Married	67	69	68
College or postgraduate degree	53	58	53
Employed	80	77	81
Retired from lifetime occupation	21	24	20
Equity investments owned:			
Individual stock (net) <sup>3</sup>	54	100	43
Inside employer-sponsored retirement plans	20	37	16
Outside employer-sponsored retirement plans	44	83	39
Stock mutual funds (net) <sup>3</sup>	85	72	100
Inside employer-sponsored retirement plans	58	49	69
Outside employer-sponsored retirement plans	57	55	67
Bought first equity:			
Before 1990	54	67	54
1990 to 1995	28	22	29
1996 or later	18	11	17
Source of first equity purchase:			
Inside employer-sponsored retirement plan	44	32	46
Outside employer-sponsored retirement plan	56	68	54
Type of equity first purchased:			
Individual stock only	31	59	18
Stock mutual fund only	59	22	70
Both individual stock and stock mutual funds	10	19	12
Non-equity investments owned: <sup>3</sup>			
Savings accounts, money market deposit accounts, or certificates of deposit	83	84	83
Bond investments (net) <sup>3</sup>	22	24	24
Individual bonds	9	12	9
Bond mutual funds	16	17	19
Fixed or variable annuities	21	23	22
Hybrid mutual funds	39	38	44
Money market mutual funds	26	30	29
Investment real estate	26	32	27
Have employer-sponsored retirement plan coverage	80	79	82
Have IRA	53	57	56
Ethnic background: <sup>4</sup>			
Caucasian	90	91	90
African-American	5	3	5
Asian	2	2	1
Hispanic	5	3	3
Other	2	3	2

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Multiple responses included.

<sup>4</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies. Refer to Appendix B for more details on the demographic and financial characteristics of all equity owners, individual stock owners, and mutual fund shareholders.

household income of female equity owners is \$36,000—considerably lower than the median household incomes of male and co-decisionmaking equity owners, which are \$55,000 and \$62,500, respectively. Household financial assets follow a similar pattern, except that the median assets of male equity owners is higher than that of co-decisionmaking equity owners. Compared with the other two groups, more female equity owners are widowed and retired. Co-decisionmaking equity owners are the most likely to have employer-sponsored retirement plan coverage.

The median equity portfolio of female equity investors is \$35,000, compared with \$55,000 for male equity owners and \$50,000 for co-decisionmaking equity owners (see Figure 59 in Appendix C). Most female and co-decisionmaking equity owners did not conduct equity transactions in 1998. Male equity owners conducted a median of one transaction. More male equity owners than female or co-decisionmaking equity owners hold individual stock, and fewer male equity owners hold stock mutual funds. Male equity owners typically have a higher tolerance for investment risk than either female or co-decisionmaking equity owners.

### *Equity Ownership, Risk Tolerance Vary by Age*

Ownership of equities inside employer-sponsored retirement plans decreases with age, while ownership outside these plans increases with age. Younger equity owners are more willing to take investment risk, and tend to allocate a greater portion of their financial portfolios to equities than do older owners (see Figures 64 and 65 in Appendix C).

## **Characteristics of Equity Investing**

### *Household Equity Portfolios Tend to Be Moderately Sized But Diverse*

The size of equity portfolios varies widely among U.S. households. The median amount held in equities is \$50,000; the mean amount is \$167,100 (Figure 14). The large difference between the median and the mean points to a skewed distribution of equity assets: a large number of equity owners hold small-to-moderate amounts while a small number hold exceptionally high levels of equity assets. For example, 7 percent of household owners have equity assets of \$500,000 or more. In contrast, 30 percent have less than \$25,000 invested in equities.

Household assets in equities tend to increase with age. Half of equity owners under age 35 have less than \$25,000 invested in equities, and only about 10 percent have equity assets of \$100,000 or more. In contrast, 19 percent of equity owners age 65 or older have less than \$10,000 invested in equities, and 44 percent have \$100,000 or more. The median assets in equities for equity investors age 65 or older is \$81,000, compared with \$24,000 for those under age 35.

The value of individual stock portfolios varies considerably among the 26.7 million households owning individual stocks. Twenty-one percent have less than \$10,000 invested in individual stocks while 24 percent hold individual stocks valued at \$100,000 or more. Median individual stock holdings are \$30,000; the mean is \$152,000.

The median amount held in stock mutual funds versus individual stocks is fairly similar—\$38,000 compared with \$30,000. However, the mean amounts are very different primarily because more individual stock owners have high levels of assets in individual stock than do those who own stock mutual funds. For example, the percentage of owners with individual stock assets of \$500,000 or more is double that of owners of stock mutual fund assets.



FIGURE 14

**Assets in All Equities, Individual Stock, and Stock Mutual Funds****Equity Assets of Investors Owning Equities***(percent of all equity owners)*

Less than \$10,000	15
\$10,000 to \$24,999	15
\$25,000 to \$49,999	20
\$50,000 to \$74,999	12
\$75,000 to \$99,999	7
\$100,000 to \$249,999	16
\$250,000 to \$499,999	8
\$500,000 to \$999,999	4
\$1 million or more	3
Mean	\$167,100
Median	\$50,000
Number of respondents	2,230

**Individual Stock Assets of Investors Owning Individual Stocks***(percent of all individual stock owners)*

Less than \$10,000	21
\$10,000 to \$24,999	17
\$25,000 to \$49,999	19
\$50,000 to \$74,999	10
\$75,000 to \$99,999	9
\$100,000 to \$249,999	13
\$250,000 to \$499,999	5
\$500,000 to \$999,999	4
\$1 million or more	2
Mean	\$152,000
Median	\$30,000
Number of respondents	1,200

**Stock Mutual Fund Assets of Investors Owning Stock Mutual Funds***(percent of all stock mutual fund shareholders)*

Less than \$10,000	15
\$10,000 to \$24,999	18
\$25,000 to \$49,999	24
\$50,000 to \$74,999	14
\$75,000 to \$99,999	7
\$100,000 to \$249,999	14
\$250,000 to \$499,999	5
\$500,000 to \$999,999	2
\$1 million or more	1
Mean	\$100,400
Median	\$38,000
Number of respondents	1,935

FIGURE 15

**Number of All Equities, Individual Stock, and Stock Mutual Funds Owned****Total Number of Equities Owned by Investors Owning Equities***(percent of all equity owners)*

One	17
Two	15
Three	12
Four to six	22
Seven or more	34
Mean	7
Median	4
Number of respondents	1,835

**Number of Individual Stocks Owned by Investors Owning Individual Stock***(percent of all individual stock owners)*

One	25
Two	16
Three	12
Four to six	20
Seven or more	27
Mean	7
Median	3
Number of respondents	1,074

**Number of Stock Mutual Funds Owned by Investors Owning Stock Mutual Funds***(percent of all stock mutual fund shareholders)*

One	19
Two	19
Three	15
Four to six	26
Seven or more	22
Mean	5
Median	3
Number of respondents	1,593

*Over Three-quarters Hold Two or More Equities*

Most equity owners own more than one equity security (Figure 15).<sup>20</sup> Only 17 percent own one; 49 percent have two to six; and 34 percent hold seven or more. The median number of equities held is four, and the mean is seven.

The typical individual stock investor owns more than one individual stock. Just 25 percent hold stock in a single company. Twenty-eight percent own stock in two or three companies, and 47 percent own stock in four or more companies. Individual stock owners hold a median of three individual stocks and a mean of seven.

<sup>20</sup> Each stock mutual fund is counted as an equity holding.

FIGURE 16

**Ownership of Individual Stock in Foreign Companies and International or Global Mutual Funds**

<b>Own Individual Stock in Foreign Companies or International or Global Mutual Funds</b> <i>(percent of all equity owners)</i>	
Yes	55
No	45
<b>Own Individual Stock in Foreign Companies</b> <i>(percent of all individual stock owners)</i>	
Yes	15
No	85
<b>Own International or Global Mutual Funds</b> <i>(percent of all stock mutual fund shareholders)</i>	
Yes	62
No	38

*Note: Number of respondents varies.*

Similarly, stock mutual fund shareholders tend to own more than one stock mutual fund. Twenty-two percent own at least seven different stock mutual funds. Stock fund investors hold a median of three stock mutual funds and a mean of five.

*Ownership of International Equities Is Largely Through Mutual Funds*

Ownership of non-U.S. equities is more prevalent among stock mutual fund investors than individual stock investors. More than three-fifths of stock mutual fund shareholders own international or global stock mutual funds (Figure 16). In contrast, just 15 percent of individual stock holders own stock in foreign companies.

**Views on Equity Investing***Equity Owners Are Long-term Investors Saving for Retirement*

Equity owners tend to adopt a long-range investment outlook (Figure 17). Ninety-six percent view their equity holdings as long-term investments, and 87 percent say they follow a buy-and-hold investment philosophy. In response to a separate question, however, 19 percent say they like to cash out their investments to make short-term profits. Two-thirds list saving for retirement as a primary financial goal. Eighty-three percent are not concerned with short-term fluctuations in their equity investments.

*Equity Investors Say They Can Tolerate Investment Risk*

Equity owners tolerate investment risk to some degree. Nine percent are willing to take substantial risk for substantial gain, and 31 percent are willing to take above-average risk for above-average gain. The largest portion of equity owners, 48 percent, are willing to take average risk for average gain. The remaining 13 percent prefer to take below-average or no risk.

Sixty-four percent rely on professional financial advisers when purchasing and selling equities. Nevertheless, 75 percent closely follow the value of their investments. The majority indicate they have at least a basic understanding of investing in individual stocks and stock mutual funds.

FIGURE 17

### Views on Equity Investing (percent)

	Type of Equity Owned		
	All Equity Owners	Individual Stock	Stock Mutual Funds
Strongly or somewhat agree: <sup>1</sup>			
I view my equity investments as savings for the long term	96	95	97
I tend to follow a buy-and-hold investment strategy	87	88	88
I am not concerned about short-term fluctuations in my equity investments	83	83	84
I closely follow the value of my equity investments	75	77	75
I tend to rely on advice from a professional financial adviser when making equity purchase and sales decisions	64	59	66
I like to cash out my investments if I make a short-term profit	19	20	19
Willingness to take financial risk with equity investments:			
Substantial risk for substantial gain	9	9	9
Above-average risk for above-average gain	31	32	32
Average risk for average gain	48	46	48
Below-average risk for below-average gain	7	6	6
Unwilling to take any risk	6	4	5
Primary financial goal for equity investments:			
Retirement	66	65	68
Education	11	11	11
Current income	6	7	5
Emergency	5	4	5
Home purchase	4	4	4
Other	8	9	7
Self-assessed understanding of individual stock:			
Comprehensive	18	25	17
Basic	54	55	54
Limited	26	19	26
None	2	2	2
Self-assessed understanding of stock mutual funds:			
Comprehensive	17	19	18
Basic	53	50	55
Limited	27	26	25
None	4	5	2

<sup>1</sup> Multiple responses included.

Note: Number of responses varies.

FIGURE 18

**Transactions in 1998<sup>1</sup>****Number of Equity Transactions in 1998***(percent of all equity owners)*

None	55
1 to 2	15
3 to 5	10
6 to 12	9
More than 12	11
Mean	5
Median	0
Number of respondents	1,989

**Number of Individual Stock Transactions in 1998***(percent of all individual stock owners)*

None	52
1 to 2	15
3 to 5	14
6 to 12	10
More than 12	9
Mean	6
Median	0
Number of respondents	1,104

**Number of Stock Mutual Fund Transactions in 1998***(percent of all stock mutual fund shareholders)*

None	65
1 to 2	16
3 to 5	8
6 to 12	7
More than 12	4
Mean	2
Median	0
Number of respondents	1,767

<sup>1</sup> See text footnote 14 on page 8 for the definition of an equity transaction.**Equity Transaction Activity in 1998<sup>21</sup>***Few Investors Conducted Equity Transactions in 1998*

More than half of equity owners did not conduct an equity transaction in 1998. Twenty-five percent conducted one to five transactions; 9 percent, six to 12 transactions; and 11 percent, more than 12 transactions (Figure 18). Because a small number of equity owners conducted many transactions, the average number of transactions in 1998 is five while the median is zero.

<sup>21</sup> See text footnote 14 on page 8 for the definition of an equity transaction.

FIGURE 19

**Types of Individual Stock Transactions Conducted by Individual Stock Owners in 1998<sup>1</sup>**  
*(percent of all individual stock owners)*

Conducted an individual stock transaction (net) <sup>2</sup>	48
Bought individual stock	46
Sold individual stock	33
Conducted an individual stock transaction inside an employer-sponsored retirement plan (net) <sup>2,3</sup>	12
Bought individual stock inside an employer-sponsored retirement plan	10
Sold individual stock inside an employer-sponsored retirement plan	6
Conducted an individual stock transaction outside an employer-sponsored retirement plan (net) <sup>2</sup>	44
Bought individual stock outside an employer-sponsored retirement plan	39
Sold individual stock outside an employer-sponsored retirement plan	28

<sup>1</sup> See text footnote 14 on page 8 for the definition of an individual stock transaction.

<sup>2</sup> Multiple responses included.

<sup>3</sup> Employer-sponsored retirement plans include 401(k) plans; 403(b) plans; federal, state, or local government plans; SEP-IRAs; SAR-SEPs; and SIMPLE IRAs.

Note: Number of respondents varies.

Similar patterns emerge when considering transaction activity separately for individual stocks and stock mutual funds. Most of the owners of both types of equities—52 percent of individual stock investors and 65 percent of stock mutual fund investors—did not conduct transactions. However, more individual stock owners than stock mutual fund owners conducted six or more individual stock transactions. Consequently, the mean number of individual stock transactions in 1998 is significantly higher than the mean number of stock mutual fund transactions (six for the former, two for the latter).

*Most Individual Stock Transactions Occur Outside Employer Plans, Purchases Outnumber Sales*

Forty-eight percent of individual stock investors bought or sold individual stock in 1998 (Figure 19). The transactions primarily occurred outside employer-sponsored retirement plans: 44 percent bought or sold outside employer-sponsored retirement plans, compared with 12 percent who transacted within such plans. Purchasers outnumbered sellers in 1998: 46 percent bought individual stock and 33 percent sold individual stock.

The majority of owners purchasing individual stock outside an employer-sponsored retirement plan in 1998 used accumulated savings to finance their most recent purchase. Other frequently mentioned sources of funds were reinvested dividends and proceeds from the sale of shares of other individual stock. (See Figure 34 on page 39.)

More than four-fifths of those who sold individual stock outside employer-sponsored retirement plans in 1998 reinvested at least part of the proceeds they received. Most purchased shares in other individual stocks. (See Figure 35 on page 40.)

FIGURE 20

**Types of Stock Mutual Fund Transactions Conducted by Stock Mutual Fund Shareholders in 1998<sup>1</sup>**  
*(percent of all stock mutual fund shareholders)*

Conducted a stock mutual fund transaction (net) <sup>2</sup>	35
Bought stock mutual funds	34
Sold stock mutual funds	18
Conducted stock mutual fund transaction inside an employer-sponsored retirement plan (net) <sup>2,3</sup>	18
Bought stock mutual fund inside an employer-sponsored retirement plan	16
Sold stock mutual fund inside an employer-sponsored retirement plan	8
Conducted stock mutual fund transaction outside an employer-sponsored retirement plan (net) <sup>2</sup>	25
Bought stock mutual fund outside an employer-sponsored retirement plan	21
Sold stock mutual fund outside an employer-sponsored retirement plan	11

<sup>1</sup> See text footnote 14 on page 8 for the definition of a stock mutual fund transaction.

<sup>2</sup> Multiple responses included.

<sup>3</sup> Employer-sponsored retirement plans include 401(k) plans; 403(b) plans; federal, state, or local government plans; SEP-IRAs; SAR-SEPs; and SIMPLE IRAs.

Note: Number of respondents varies.

### *Stock Mutual Fund Owners Transact Similarly to Individual Stock Owners*

Thirty-five percent of stock mutual fund shareholders bought or sold stock fund shares in 1998 (Figure 20), with purchasers outnumbering sellers three to two. One-quarter bought or sold stock fund shares outside retirement plans in 1998, compared with 18 percent who made transactions inside such plans.

Forty-eight percent of stock mutual fund shareholders who bought stock mutual fund shares outside employer-sponsored retirement plans in 1998 cited accumulated savings as the source of money for the most recent purchase. Forty-eight percent also mentioned reinvested dividends, while only 12 percent mentioned sales proceeds from other stock mutual funds. (See Figure 43 on page 47.)

Of those who sold mutual fund shares outside employer-sponsored retirement plans in 1998, 57 percent reinvested all of the proceeds from their most recent sale, and 17 percent reinvested some but not all of the proceeds. Of the group reinvesting proceeds, three-quarters purchased shares of other stock mutual funds. (See Figure 44 on page 47.)

## **Equity Owners by Level of Transaction Activity in 1998<sup>22</sup>**

### *About One in Ten Equity Owners Were High-volume Buyers or Sellers in 1998*

Eleven percent of all equity owners conducted a high volume (more than 12) of equity transactions in 1998. Ninety-nine percent of high-volume buyers or sellers bought equities in 1998, and 87 percent sold equities (Figure 21). Eighty percent bought or sold individual stock in 1998, and 75 percent bought or sold stock mutual funds. These high-volume buyers or sellers typically bought eight individual stocks in 1998 and sold four; they typically bought shares in five stock funds and sold shares in one. More than one-quarter conducted an equity transaction over the Internet in 1998.

<sup>22</sup> See text footnote 14 on page 8 for the definition of an equity transaction.

Those who buy or sell equities in high volume tend to be in their late forties, married and employed, with more income and assets than other equity owners (Figure 22). Their median household income is \$87,500 and median household financial assets are \$280,000. This group has more assets invested in equities than any other group. Eighty-five percent own individual stock and 88 percent hold stock mutual funds.

More of these individuals purchased their first equity outside an employer-sponsored retirement plan than did other transaction groups. They typically purchased their first equity earlier, and are the most willing to assume higher levels of financial risk. More high-volume traders closely follow the value of their investments, and say they do not rely on professional financial advisers, than other transaction groups.

#### *About One-third of Equity Owners Conducted Between One and Twelve Transactions in 1998*

Individuals conducting between one and 12 transactions in 1998 represent 34 percent of equity owners. They bought more often than they sold equities, and were more likely to buy or sell stock funds than individual stocks (Figure 21). Only 6 percent conducted an equity transaction on the Internet in 1998.

Low-to-moderate volume buyers or sellers tend to be in their late forties, married, and employed (Figure 22). The majority are college graduates, and tend to have greater incomes and household financial assets than those not making transactions. Typically, nearly half of the household assets of those in the 1-to-12-transactions group are invested in equities. Nearly 90 percent own stock mutual funds, and more than 60 percent hold individual stocks. Most purchased their first equity before 1990, usually outside an employer-sponsored retirement plan. The majority rely on professional financial advisers when making investment decisions, and closely follow the value of their investments.

#### *More Than Half of Equity Owners Conducted No Transactions in 1998*

Fifty-five percent of equity owners did not conduct any equity transactions in 1998. This group is slightly younger and has lower household income and assets than those who made equity transactions during the year (Figure 22). Most are married and employed, and 45 percent are college graduates. Eighty-two percent own stock mutual funds and 42 percent own individual stock. Nearly one-quarter purchased their first equity after 1995, and thirty percent bought between 1990 and 1995. This group was evenly split between buying their first equity through an employer plan or outside such a plan.

More members of this group say they consult professional financial advisers when making investment decisions and fewer closely monitor the value of their portfolios than those who bought or sold equities. Members of this group are also the most inclined to find investing in individual stocks or stock mutual funds complicated.

## **Equity Owners by Purchase of Equities in 1998<sup>23</sup>**

#### *Six in Ten Equity Owners Did Not Purchase Equities in 1998*

Sixty percent of equity owners did not purchase an equity in 1998. Most members of this group did not engage in equity sales, either (Figure 24). They have a median age of 46, with median household income of \$50,000 and household financial assets of \$65,000.

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<sup>23</sup>See text footnote 14 on page 8 for the definition of an equity transaction.,



FIGURE 21

**Transaction Activity in 1998 by Number of Equity Transactions<sup>1</sup>**

	Made 1 to 12 Transactions in 1998	Made More Than 12 Transactions in 1998
<b>Median</b>		
Number of individual stock transactions	1	13
Number of individual stock buys	0	8
Number of individual stock sells	0	4
Number of stock mutual fund transactions	1	9
Number of stock mutual fund buys	1	5
Number of stock mutual fund sells	0	1
<b>Percent</b>		
Equity transactions executed in 1998: <sup>2</sup>		
Purchase of equities	87	99
Sale of equities	50	87
Purchase or sale of individual stock	52	80
Purchase or sale of stock mutual funds	63	75
Conducted an equity transaction over the Internet in 1998	6	28
<sup>1</sup> See text footnote 14 on page 8 for the definition of an equity transaction.		
<sup>2</sup> Multiple responses included.		

About three-fifths are married, and less than half have earned a four-year college degree. About one-fifth are retired. Less than half have an IRA. Median assets in equities are \$30,000, typically allocated to three equities.

Eighty-two percent of this group own stock mutual funds and 42 percent own individual stock. More own equities outside employer plans than inside such plans. More than half purchased their first equity in 1990 or later. Most are willing to take average financial risk. Compared with investors who purchased equities in 1998, more of those who did not buy equities found investing in individual stock or stock mutual funds to be complicated.

***Four in Ten Equity Owners Bought Equities in 1998***

Investors who purchased equities in 1998 represent 40 percent of all equity owners. This group conducted a median of two individual stock transactions and two stock mutual fund transactions in 1998 (Figure 23). About one in ten conducted equity transactions over the Internet in 1998.

Investors who purchased equities in 1998 tend to be older and more affluent than those who did not buy equities during the year (Figure 24). The median age of equity purchasers is 48, and median household income is \$65,000 and household financial assets are \$125,000. More equity purchasers than nonpurchasers are married, college-educated, and own IRAs.

Investors who bought equities in 1998 typically have \$81,000, or 65 percent of household financial assets, allocated to two individual stocks and four stock mutual funds.

FIGURE 22

**Characteristics of Equity Owners by Number of Equity Transactions<sup>1,2</sup>**

	Made No Transactions in 1998	Made 1 to 12 Transactions in 1998	Made More Than 12 Transactions in 1998
<b>Percent of all equity owners</b>	55	34	11
<b>Median</b>			
Age	45 years	47 years	47 years
Household income	\$50,000	\$62,500	\$87,500
Household financial assets <sup>3</sup>	\$65,000	\$118,500	\$280,000
Household financial assets in equities	\$30,000	\$56,000	\$167,500
Number of equities owned	3	6	13
Number of individual stocks owned	0	1	6
Number of stock mutual funds owned	2	3	6
<b>Percent</b>			
Married	63	70	76
College or postgraduate degree	45	60	78
Employed	79	82	84
Retired from lifetime occupation	21	19	18
Equity investments owned:			
Individual stock (net) <sup>4</sup>	42	62	85
Inside employer-sponsored retirement plans	16	21	34
Outside employer-sponsored retirement plans	32	56	83
Stock mutual funds (net) <sup>4</sup>	82	88	88
Inside employer-sponsored retirement plans	54	61	58
Outside employer-sponsored retirement plans	47	66	81
Bought first equity:			
Before 1990	48	59	65
1990 to 1995	30	26	25
1996 or later	23	15	9
Source of first equity purchase:			
Inside employer-sponsored retirement plan	50	38	23
Outside employer-sponsored retirement plan	50	62	77
Type of equity first purchased:			
Individual stock only	28	32	44
Stock mutual funds only	66	56	41
Both individual stock and stock mutual funds	8	12	15
Willing to take:			
Substantial risk for substantial gain	8	8	14
Above-average risk for above-average gain	24	37	52
Average risk for average gain	52	47	31
Below-average risk for below-average gain	7	4	3
Unwilling to take any risk	9	4	0
Have employer-sponsored retirement plan coverage	78	82	78
Have IRA	46	58	70

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.<sup>2</sup> See text footnote 14 on page 8 for the definition of an equity transaction.<sup>3</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.<sup>4</sup> Multiple responses included.

FIGURE 23

**Transaction Activity in 1998 by Equity Purchasers<sup>1</sup>**

	All Equity Purchasers	Type of Equity Purchased*		All Equity Nonpurchasers
		Individual Stock	Stock Mutual Funds	
<b>Median</b>				
Number of individual stock transactions	2	5	0	0
Number of individual stock buys	1	3	0	0
Number of individual stock sells	0	1	0	0
Number of stock mutual fund transactions	2	0	3	0
Number of stock mutual fund buys	1	0	2	0
Number of stock mutual fund sells	0	0	0	0
<b>Percent</b>				
Equity transactions executed in 1998: <sup>2</sup>				
Purchase of equities	100	100	100	0
Sale of equities	59	69	52	5
Purchase or sale of individual stock	63	100	43	3
Purchase or sale of stock mutual funds	71	46	100	3
Conducted an equity transaction over the Internet in 1998	12	19	10	0

<sup>1</sup> See text footnote 14 on page 8 for the definition of an equity transaction.

<sup>2</sup> Multiple responses included.

\* Ten percent of equity owners who purchased equities in 1998 bought both individual stock and stock mutual funds.

More equity purchasers than nonpurchasers own individual stock, but similar percentages own stock mutual funds. The majority of equity purchasers bought their first equity before 1990. More than half will accept above-average or substantial financial risk.

### *More than One-quarter of Equity Owners Purchased Individual Stock in 1998*

Twenty-seven percent of equity owners purchased individual stock in 1998. They conducted a median of five individual stock transactions, most of which were purchases rather than sales (Figure 23). Nearly one-fifth used the Internet in 1998 to conduct an equity transaction.

Investors who bought individual stock in 1998 tend to be in their late forties, married, and employed (Figure 24). Two-thirds hold college degrees. They typically have more income and assets than those who purchased stock mutual funds. The median household income of individual stock purchasers is \$72,000, and median household financial assets are \$176,000. They typically have \$111,000 invested in six individual stocks and four stock mutual funds. Equity holdings typically account for 63 percent of this group's household financial assets. Four-fifths own stock funds.

The majority of investors who bought individual stock in 1998 purchased their initial equity before 1990, usually an individual stock. Two-thirds of this group's initial purchases were conducted outside employer plans.

FIGURE 24

Characteristics of Equity Owners Who Purchased Equities in 1998<sup>1</sup>

	All Equity Purchasers	Type of Equity Purchased*		All Equity Nonpurchasers
		Individual Stock	Stock Mutual Funds	
<b>Percent of all equity owners</b>	40	27	23	60
<b>Median</b>				
Age	48 years	48 years	46 years	46 years
Household income	\$65,000	\$72,000	\$65,000	\$50,000
Household financial assets <sup>2</sup>	\$125,000	\$176,000	\$114,500	\$65,000
Household financial assets in equities	\$81,000	\$111,000	\$75,000	\$30,000
Number of equities owned	8	11	7	3
Number of individual stocks owned	2	6	1	0
Number of stock mutual funds owned	4	4	5	2
<b>Percent</b>				
Married	72	74	72	62
College or postgraduate degree	64	66	65	45
Employed	83	81	87	79
Retired from lifetime occupation	18	22	13	21
Equity investments owned:				
Individual stock (net) <sup>3</sup>	69	100	53	42
Inside employer-sponsored retirement plans	25	39	22	16
Outside employer-sponsored retirement plans	63	93	48	32
Stock mutual funds (net) <sup>3</sup>	89	80	100	82
Inside employer-sponsored retirement plans	63	58	73	55
Outside employer-sponsored retirement plans	69	63	79	47
Bought first equity:				
Before 1990	62	68	60	48
1990 to 1995	25	21	27	30
1996 or later	13	10	13	22
Source of first equity purchase:				
Inside employer-sponsored retirement plan	36	33	41	50
Outside employer-sponsored retirement plan	64	67	59	50
Type of equity first purchased:				
Individual stock only	35	54	19	27
Stock mutual funds only	51	26	67	65
Both individual stock and stock mutual funds	13	19	14	8
Willing to take:				
Substantial risk for substantial gain	11	12	11	8
Above-average risk for above-average gain	40	39	43	25
Average risk for average gain	43	43	41	51
Below-average risk for below-average gain	4	3	4	8
Unwilling to take any risk	2	3	2	8
Have employer-sponsored retirement plan coverage	83	80	86	79
Have IRA	60	63	62	47

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Multiple responses included.

\* Ten percent of equity owners who purchased equities in 1998 bought both individual stock and stock mutual funds.

### *Less than One-quarter of Equity Owners Purchased Shares of Stock Mutual Funds in 1998*

Twenty-three percent of equity owners purchased shares in stock mutual funds in 1998. Stock fund purchasers typically conducted fewer transactions than individual stock fund purchasers in 1998 (Figure 23). Stock fund purchasers also tend to own fewer equities than those who bought individual stocks (a median of seven and 11, respectively). About one in 10 stock fund purchasers conducted equity transactions over the Internet in 1998, compared with two in ten individual stock fund purchasers.

The median age of those who purchased stock mutual fund shares is 46—two years younger than that of individual stock purchasers (Figure 24). Stock fund purchasers have a median income of \$65,000. This group's financial holdings are about one-third smaller than those of investors who bought individual stock. Sixty percent of investors who purchased stock mutual fund shares bought their initial equity before 1990, usually a stock mutual fund.

### **Equity Owners Who Sold 12 or More Equities in 1998**

Equity owners who sold more than 12 equities in 1998 represent 3 percent of all equity owners (Figure 25). They tend to be affluent, with median household financial assets of \$402,700 and equity assets of \$270,900. These equity investors typically own 15 individual stocks and five stock mutual funds. Their transaction activity in 1998 primarily involved individual stock, not stock mutual funds. This group undertook a median of 43 individual stock transactions, fairly evenly split between stock sales and purchases. In contrast, the median number of stock mutual fund transactions conducted by this group was four.

Nearly all high-volume equity sellers own individual stock outside employer plans, and about two-fifths own individual stock inside these plans. Four-fifths own stock mutual funds. Most high-volume equity sellers are experienced investors: more than three-fifths purchased their first equity before 1990. Nearly all purchased their first equity, usually an individual stock, outside an employer plan.

### **Equity Owners by Internet Purchase or Sale of Equities in 1998**

#### *Internet Transactions by Equity Owners Were Infrequent in 1998*

Only 11 percent of equity buyers or sellers (or 5 percent of all equity owners) used the Internet to conduct equity transactions in 1998 (Figure 26). Investors who used the Internet for an equity transaction conducted a median of ten individual stock transactions and two stock mutual funds transactions in 1998. Altogether, 99 percent bought equities in 1998, and 88 percent sold equities. Most Internet equity transactors whose most recent transaction was a sale outside an employer plan reinvested the proceeds from the sale.

Investors who use the Internet to buy or sell equities tend to be younger and more affluent than conventional equity buyers or sellers. Internet transactors have a median age of 41, median household income of \$73,800, and median household financial assets of \$229,000. More are college-educated than conventional equity buyers or sellers, and nearly 90 percent are employed. The typical Internet transactor has \$127,600 invested in equities, and owns seven individual stocks and five stock mutual funds.

FIGURE 25

**Characteristics of Equity Owners Who Conducted 12 or More Equity Sales in 1998<sup>1</sup>**

<b>Percent of all equity owners</b>	<b>3</b>
<b>Median</b>	
Age	50 years
Household income	\$100,000
Household financial assets <sup>2</sup>	\$402,700
Household financial assets in equities	\$270,900
Number of equities owned	21
Number of individual stocks owned	15
Number of stock mutual funds owned	5
Number of individual stock transactions	43
Number of individual stock buys	20
Number of individual stock sells	20
Number of stock mutual fund transactions	4
Number of stock mutual fund buys	1
Number of stock mutual fund sells	0
<b>Percent</b>	
Equity transactions executed in 1998: <sup>3,4</sup>	
Purchase of equities	98
Sale of equities	100
Purchase or sale of individual stock	93
Purchase or sale of stock mutual funds	56
Conducted an equity transaction over the Internet in 1998	49
Equity investments owned:	
Individual stock (net) <sup>3</sup>	97
Inside employer-sponsored retirement plans	39
Outside employer-sponsored retirement plans	96
Stock mutual funds (net) <sup>3</sup>	80
Inside employer-sponsored retirement plans	44
Outside employer-sponsored retirement plans	73
Bought first equity:	
Before 1990	62
1990 to 1995	24
1996 or later	14
Source of first equity purchase:	
Inside employer-sponsored retirement plan	7
Outside employer-sponsored retirement plan	93
Type of equity first purchased:	
Individual stock only	61
Stock mutual funds only	22
Both individual stock and stock mutual funds	17

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Multiple responses included.

<sup>4</sup> See text footnote 14 on page 8 for the definition of an equity transaction.

The majority of investors who use the Internet for equity transactions say they do not rely on professional financial advisers when making investment decisions. Eighty-three percent employ a buy-and-hold investment philosophy. In response to a separate question, however, 36 percent say they prefer cashing out investments to make a short-term profit. More than three-quarters are willing to take above-average or substantial risk with their equity investments.

*Nine in Ten Who Bought, Sold Equities  
in 1998 Did Not Use the Internet*

Eighty-nine percent of those who conducted an equity transaction (or 40 percent of equity owners) in 1998 conducted transactions through methods other than the Internet (Figure 26). They bought or sold less frequently than Internet transactors, conducting a median of one stock transaction and one stock mutual fund transaction. More than 90 percent bought equities in 1998, and 57 percent sold equities. Most of those whose most recent transaction was a sale reinvested the proceeds.

The typical non-Internet transactor is 48 years old, with household income of \$65,000 and household financial assets of \$125,000. They are more often retired, and tend to have smaller equity portfolios than Internet transactors. The typical non-Internet transactor has \$70,000 invested in two individual stocks and four mutual funds.

Most of these conventional transactors rely on professional financial advisers when making investment decisions. Fewer conventional than Internet transactors say they like to take short-term profits (19 percent, compared with 36 percent), and in response to a separate question, slightly more say they adhere to a buy-and-hold investment philosophy (90 percent, compared with 83 percent). Ninety-three percent of conventional transactors are willing to take at least average risk with their equity investments.

FIGURE 26

**Characteristics of Equity Owners by Use of the Internet to Conduct Equity Transactions in 1998<sup>1,2</sup>**

	Conduct Equity Transactions over the Internet	Conduct Equity Transactions but not over the Internet
<b>Percent of all equity transactors</b>	11	89
<b>Median</b>		
Age	41 years	48 years
Household income	\$73,800	\$65,000
Household financial assets <sup>3</sup>	\$229,000	\$125,000
Household financial assets in equities	\$127,600	\$70,000
Number of equities owned	13	7
Number of individual stocks owned	7	2
Number of stock mutual funds owned	5	4
Number of individual stock transactions in 1998	10	1
Number of individual stock buys	6	0
Number of individual stock sells	4	0
Number of stock mutual fund transactions in 1998	2	1
Number of stock mutual fund buys	1	1
Number of stock mutual fund sells	0	0
<b>Percent</b>		
Married	75	70
College or postgraduate degree	80	61
Employed	88	81
Retired from lifetime occupation	11	20
Equity investments owned:		
Individual stock (net) <sup>4</sup>	93	64
Inside employer-sponsored retirement plans	33	22
Outside employer-sponsored retirement plans	93	59
Stock mutual funds (net) <sup>4</sup>	85	88
Inside employer-sponsored retirement plans	67	57
Outside employer-sponsored retirement plans	63	69
Year of first equity purchase:		
Before 1990	57	60
1990 to 1995	27	26
1996 or later	16	14
Source of first equity purchase:		
Inside employer-sponsored retirement plan	25	35
Outside employer-sponsored retirement plan	75	65
Type of equity first purchased:		
Individual stock only	37	35
Stock mutual funds only	44	52
Both individual stock and stock mutual funds	18	13
Willing to take:		
Substantial risk for substantial gain	25	8
Above-average risk for above-average gain	51	40
Average risk for average gain	22	45
Below-average risk for below-average gain	2	4
Unwilling to take any risk	0	3
Have employer-sponsored retirement plan coverage	82	80
Have IRA	71	59

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.<sup>2</sup> See text footnote 14 on page 8 for the definition of an equity transaction.<sup>3</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.<sup>4</sup> Multiple responses included.

Note: Number of respondents varies.



## CHAPTER 2

# Owners of Individual Stock Outside Employer-sponsored Retirement Plans

### Characteristics of Owners of Individual Stock Outside Employer Plans

#### *One-fifth of U.S. Households Own Individual Stock Outside Employer Plans*

Nearly 22 million U.S. households, or 21.4 percent of all U.S. households, and 32.8 million individuals owned individual stock outside employer-sponsored retirement plans in 1999 (see Figure 12 on page 13). The financial decisionmakers in these households have a median age of 49, with median household income of \$62,500 and median household financial assets of \$140,000 (Figure 27). Most are married, employed, and college graduates. Slightly more than three-quarters are covered by employer-sponsored retirement plans and three-fifths own IRAs.

Most owners of individual stock outside employer plans describe themselves as long-term investors who employ a buy-and-hold investment philosophy. The majority are not concerned by short-term market fluctuations or interested in cashing out short-term gains. Only one-fifth say they frequently make individual stock trades.

Most are experienced equity investors: 70 percent made their first equity investment before 1990. Nearly four-fifths made their initial equity purchase outside an employer plan, and nearly three-fifths solely bought a stock mutual fund as their first equity. Nearly 90 percent are willing to take average, above-average, or substantial risk with their equity investments.

A large majority of investors with individual stock outside employer plans also own stock mutual funds. In addition, investors holding individual stock outside employer plans often own investments besides equities. Between 30 percent and 40 percent own money market funds, investment real estate, and hybrid mutual funds. Few invest in bonds—48 percent own bond mutual funds and 13 percent have individual bonds.

#### *Individual Stock Portfolios Outside Employer Plans Are Typically Small*

Owners of individual stock outside employer plans hold a median of \$26,000 in individual stock, which represents 19 percent of their median household financial assets (Figure 28). Assets held in individual stock outside employer plans increase with age, education, household income, and household financial assets.

Forty-four percent own one or two individual stocks outside employer plans, and 37 percent own three to nine; and 19 percent own 10 or more. The median number of individual stocks owned outside such plans is three; the mean is six. Thirteen percent of these investors own stock in a foreign company.

FIGURE 27

**Investor Characteristics—Ownership of Individual Stock Outside Employer-sponsored Retirement Plans<sup>1</sup>**

<b>Median</b>	
Age	49 years
Household income	\$62,500
Household financial assets <sup>2</sup>	\$140,000
<b>Percent</b>	
Household investment decisionmaker:	
Male	29
Female	17
Co-decisionmakers	53
Married	69
College or postgraduate degree	62
Employed	76
Retired from lifetime occupation	25
Equity investments owned:	
Individual stock (net) <sup>3</sup>	100
Inside employer-sponsored retirement plans	28
Outside employer-sponsored retirement plans	100
Stock mutual funds (net) <sup>3</sup>	75
Inside employer-sponsored retirement plans	50
Outside employer-sponsored retirement plans	60
Bought first equity:	
Before 1990	70
1990 to 1995	20
1996 or later	10
Source of first equity purchase:	
Inside employer-sponsored retirement plan	21
Outside employer-sponsored retirement plan	79
Type of equity first purchased:	
Individual stock only	31
Stock mutual funds only	59
Both individual stock and stock mutual funds	10
Non-equity investments held: <sup>3</sup>	
Savings accounts, money market deposit accounts, or certificates of deposit	83
Bond investments (net) <sup>3</sup>	26
Individual bonds	13
Bond mutual funds	18
Fixed or variable annuities	24
Hybrid mutual funds	32
Money market mutual funds	39
Investment real estate	34
Have employer-sponsored retirement plan coverage	76
Have IRA	60
Willing to take:	
Substantial risk for substantial gain	9
Above-average risk for above-average gain	33
Average risk for average gain	46
Below-average risk for below-average gain	6
Unwilling to take any risk	6

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 28

**Investment Characteristics—Ownership of Individual Stock  
Outside Employer-sponsored Retirement Plans**
*(percent of equity owners with individual stock outside employer-sponsored retirement plans)*

<b>Individual Stock Assets Held Outside Employer-sponsored Retirement Plans</b>	
Less than \$1,000	9
\$1,000 to \$4,999	13
\$5,000 to \$9,999	10
\$10,000 to \$29,999	19
\$30,000 to \$99,999	23
\$100,000 to \$199,999	9
\$200,000 to \$499,999	9
\$500,000 to \$999,999	4
\$1,000,000 or more	4
Mean	\$173,000
Median	\$26,000
Number of respondents	769
<b>Number of Individual Stocks Owned Outside Employer-sponsored Retirement Plans</b>	
1	27
2	17
3 to 5	26
6 to 9	11
10 to 19	12
20 or more	7
Mean	6
Median	3
Number of respondents	971
<b>Ownership of Foreign Stock Outside Employer-sponsored Retirement Plans</b>	
Own foreign stock	13
Do not own foreign stock	87
Number of respondents	995
<b>Length of Ownership of Individual Stock Outside Employer-sponsored Retirement Plans</b>	
2 years or less	13
3 to 5 years	15
6 to 10 years	18
11 to 15 years	14
16 to 20 years	12
21 to 30 years	12
More than 30 years	16
Mean	10 years
Median	8 years
Number of respondents	973

FIGURE 29

### Purchase Channels Used—Ownership of Individual Stock Outside Employer-sponsored Retirement Plans<sup>1</sup>

(percent of equity owners with individual stock outside employer-sponsored retirement plans)

Full-service brokerage	44
Directly from the company issuing the stock	23
Discount brokerage	20
Gift or inheritance	17
Independent financial planner	11
Online brokerage firm <sup>2</sup>	9
Bank or savings institution	7
Insurance company	2
Number of respondents	1,023

<sup>1</sup> Multiple responses included.

<sup>2</sup> Includes firms such as E-Trade or Ameritrade that only offer online investing. Excludes full-service brokerages, discount brokerages, independent financial planners, banks or savings institutions, or insurance companies offering online brokerage services.

Most investors with individual stock outside employer plans have owned these investments for quite some time. In fact, 40 percent have held individual stock outside retirement plans for more than 15 years. Their median tenure is eight years; the mean is ten.

#### *Many Investors Bought Individual Stock Outside Employer Plans from a Full-service Broker*

Forty-four percent of owners of individual stock outside employer plans purchased those stocks from a full-service broker, 23 percent bought directly from the issuer, and 20 percent purchased from a discount broker (Figure 29). Almost one-fifth received the stock they own outside such plans as a gift or inheritance. About one in ten bought stock either from an independent financial planner or an online firm.

### Individual Stock Transaction Activity Outside Employer Plans in 1998<sup>24</sup>

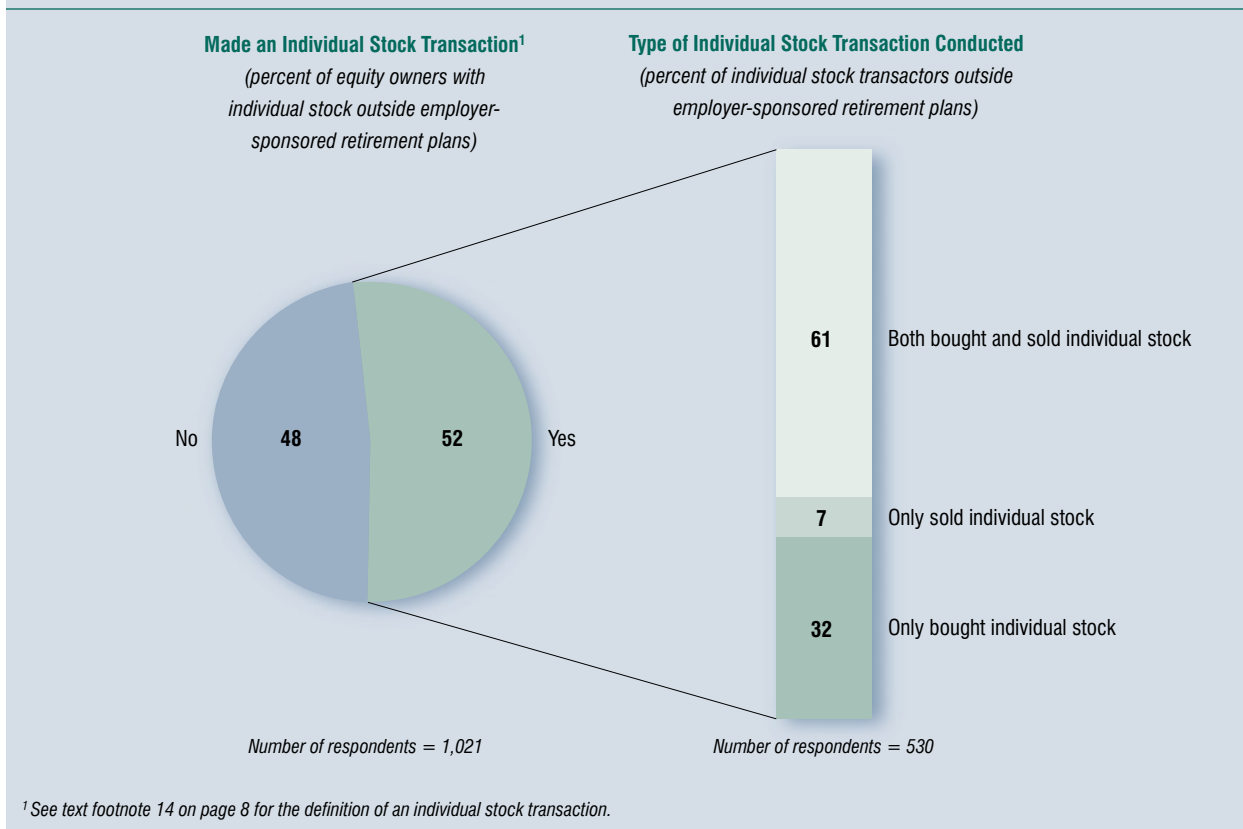
#### *About Half of the Investors with Individual Stock Outside Employer Plans Executed Trades in 1998*

Fifty-two percent of investors who own individual stock outside employer plans bought or sold stock outside such plans in 1998 (Figure 30). About 60 percent both bought and sold stock, 32 percent only bought individual stock, and 7 percent only sold stock.

<sup>24</sup> See text footnote 14 on page 8 for the definition of an individual stock transaction.

FIGURE 30

**Transaction Activity in 1998—Ownership of Individual Stock Outside Employer-sponsored Retirement Plans**



*Buyers of Individual Stock Outside Employer Plans Typically Made Four Purchases*

The median number of individual stock purchases outside employer-sponsored retirement plans in 1998 was four; the mean was six. Most made one to three purchases but a significant number made 10 or more purchases (Figure 31).

Eighty percent of buyers of individual stock outside employer plans did not use the Internet for their purchases. However, the 20 percent that did tended to transact fairly often (Figure 32). Their median number of Internet stock purchases was five; the mean was eight (Figure 33). Nearly one-fifth conducted 20 or more individual stock purchases over the Internet.

*Sellers of Individual Stock Outside Employer Plans Typically Made Two Sales*

The median number of individual stock sales outside employer plans in 1998 was two; the mean was five. Sixty-one percent of individual stock sellers outside employer plans sold shares in one to three individual stocks, and 21 percent conducted four to nine individual stock sales (Figure 31). Eighteen percent conducted ten or more individual stock sales.

The volume of individual stock sales over the Internet in 1998 was similar to that of individual stock purchases. Nineteen percent of individual stock sellers outside employer-sponsored retirement plans in 1998 placed sales orders over the Internet (Figure 32). The median number of individual stock sales conducted this way was six; the mean was 10 (Figure 33). Nearly one-quarter conducted 20 or more individual stock sales over the Internet.

FIGURE 31

**Purchases and Sales in 1998—Ownership of Individual Stock Outside Employer-sponsored Retirement Plans**

<b>Number of Purchases</b> <i>(percent of equity owners conducting individual stock purchases outside employer-sponsored retirement plans)</i>		<b>Number of Sales</b> <i>(percent of equity owners conducting individual stock sales outside employer-sponsored retirement plans)</i>	
1	18	1	33
2 to 3	30	2 to 3	28
4 to 5	19	4 to 5	13
6 to 9	10	6 to 9	8
10 to 19	12	10 to 19	7
20 or more	11	20 or more	11
Mean	6	Mean	5
Median	4	Median	2
Number of respondents	455	Number of respondents	324

### Most Recent Individual Stock Purchase or Sale Outside Employer Plans

#### *Savings Are Most Often the Source of Money for Individual Stock Purchases Outside Employer Plans*

Fifty-two percent of investors who bought individual stock outside employer-sponsored retirement plans in 1998 said they used accumulated savings to finance the purchase (Figure 34). Thirty-eight percent used proceeds from the sale of another investment, in most instances the sale of shares of other publicly traded stock. Thirty-four percent reinvested dividends they had received.<sup>25</sup>

#### *Proceeds from the Sale of Individual Stock Outside Employer Plans Are Usually Reinvested*

More than two-thirds of those who sold shares of individual stock outside employer-sponsored retirement plans reinvested all of the proceeds (Figure 35). Eighteen percent reinvested some of the proceeds and spent the rest. Just 14 percent spent all of the proceeds. More than three-quarters of those who reinvested the proceeds used the money to buy shares of other stock; less than a quarter used the proceeds to purchase stock mutual fund shares.

<sup>25</sup>Includes automatic reinvestment of dividends through dividend reinvestment plans (DRIPs).

FIGURE 32

### Internet Use for Purchases and Sales in 1998—Ownership of Individual Stock Outside Employer-sponsored Retirement Plans

<b>Use of the Internet for Individual Stock Purchases</b> <i>(percent of individual stock purchasers transacting outside employer-sponsored retirement plans)</i>		<b>Use of the Internet for Individual Stock Sales</b> <i>(percent of individual stock sellers transacting outside employer-sponsored retirement plans)</i>	
Yes, used the Internet	20	Yes, used the Internet	19
No, did not use the Internet	80	No, did not use the Internet	81
Number of respondents	455	Number of respondents	325

FIGURE 33

### Number of Internet Purchases or Sales in 1998—Ownership of Individual Stock Outside Employer-sponsored Retirement Plans

<b>Individual Stock Purchases Made Over the Internet</b> <i>(percent of Internet individual stock purchasers transacting outside employer-sponsored retirement plans)</i>		<b>Individual Stock Sales Made Over the Internet</b> <i>(percent of Internet individual stock sellers transacting outside employer-sponsored retirement plans)</i>	
1 to 2	25	1 to 2	24
3 to 5	29	3 to 5	21
6 to 9	8	6 to 9	17
10 to 19	16	10 to 19	14
20 or more	19	20 or more	24
Mean	8	Mean	10
Median	5	Median	6
Number of respondents	90	Number of respondents	58

*Note: Small sample sizes.*

FIGURE 34

### Source of Money for Most Recent Purchase in 1998—Ownership of Individual Stock Outside Employer-sponsored Retirement Plans<sup>1</sup>

*(percent of individual stock purchasers transacting outside employer-sponsored retirement plans)*

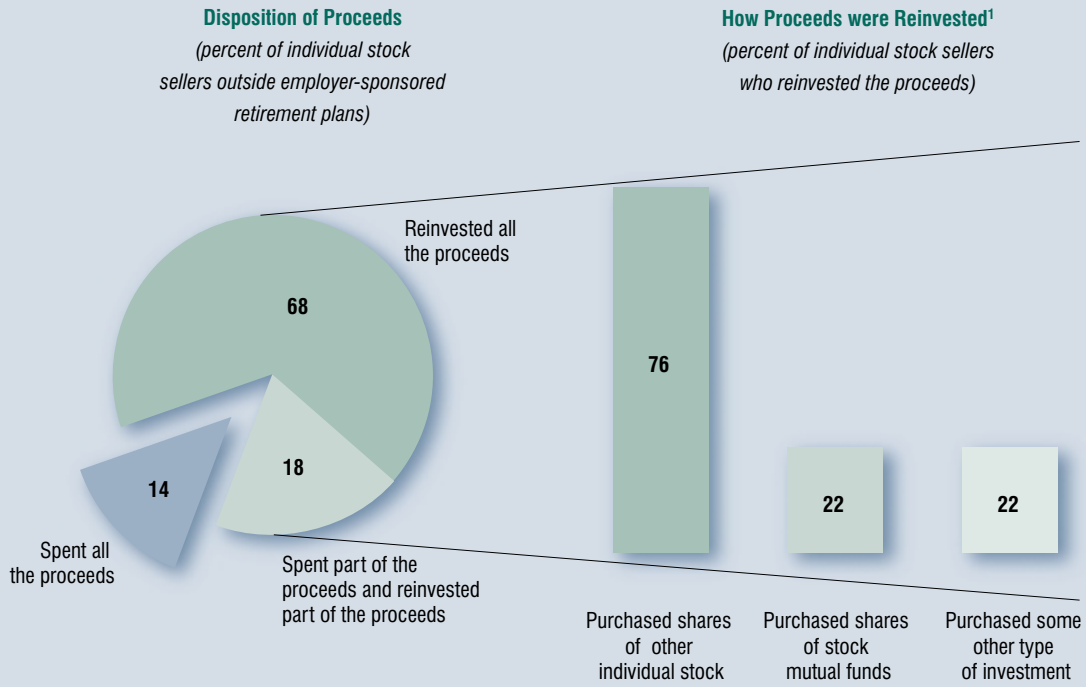
Accumulated savings	52
Proceeds from the sale of other investments (net) <sup>1</sup>	38
Shares of other publicly traded stock	30
Shares of stock mutual funds	6
Non-equity investments	4
Reinvestment of dividends	34
Regular, automatic deductions from a paycheck	11
Bonus	8
Inheritance or gift	8
Regular, automatic deductions from savings	5
Tax refund	2
Some other source	7

<sup>1</sup> Multiple responses included.

*Note: Number of respondents varies*

FIGURE 35

**Disposition of Proceeds from Most Recent Sale in 1998—Ownership of Individual Stock Outside Employer-sponsored Retirement Plans**



Number of respondents = 316

<sup>1</sup>Multiple responses included.  
Number of respondents varies.



## CHAPTER 3

# Owners of Stock Mutual Funds Outside Employer-sponsored Retirement Plans

### Characteristics of Owners of Stock Mutual Funds Outside Employer Plans

#### *More than One-fourth of U.S. Households Own Stock Mutual Funds Outside Employer Plans*

Nearly 28 million households—representing 27.2 percent of all U.S. households—and 44.4 million individuals owned stock mutual funds outside employer plans in January 1999 (see Figure 12 on page 13). The typical investor with stock mutual funds outside employer plans is 48 years old, with household income of \$63,000 and household financial assets of \$120,000 (Figure 36). Nearly 70 percent are married, more than three-quarters are employed, and almost three-fifths are college graduates. The majority are covered by employer-sponsored retirement plans and most own IRAs.

Stock mutual fund shareholders outside employer plans tend to employ a long-range financial strategy. Ninety-eight percent view their equity investments as savings for the long-term, and 89 percent say they adhere to a buy-and-hold investment philosophy. Most say they consult a professional financial adviser when making investment decisions. Only 14 percent say they frequently make stock mutual fund trades.

Sixty percent purchased their first equity before 1990. Most bought their first equity, usually a stock fund, outside an employer plan. Eighty percent will take average or above-average risk with their equity investments.

More than half also own stock mutual funds inside employer-sponsored retirement plans, and own individual stock, usually outside such plans. Many owners of stock mutual funds outside employer-sponsored retirement plans own other types of mutual funds—50 percent own hybrid funds; 35 percent, money market funds; and 22 percent, bond funds. About one-third own investment real estate, and roughly one in 10 own individual bonds.

#### *Stock Mutual Fund Portfolios Outside Employer Plans Are Typically Small*

Owners of stock mutual funds outside employer-sponsored retirement plans hold a median of \$26,000 in stock funds, which represents 22 percent of their household financial assets (Figure 37). Assets held in stock mutual funds outside employer plans increase with age, education, household income, and household financial assets.

FIGURE 36

**Investor Characteristics—Ownership of Stock Mutual Funds Outside Employer-sponsored Retirement Plans<sup>1</sup>**

<b>Median</b>	
Age	48 years
Household income	\$63,000
Household financial assets <sup>2</sup>	\$120,000
<b>Percent</b>	
Household investment decisionmaker:	
Male	26
Female	21
Co-decisionmakers	54
Married	69
College or postgraduate degree	58
Employed	77
Retired from lifetime occupation	24
Equity investments owned:	
Individual stock (net) <sup>3</sup>	52
Inside employer-sponsored retirement plans	17
Outside employer-sponsored retirement plans	48
Stock mutual funds (net) <sup>3</sup>	100
Inside employer-sponsored retirement plans	53
Outside employer-sponsored retirement plans	100
Bought first equity:	
Before 1990	60
1990 to 1995	26
1996 or later	15
Source of first equity purchase:	
Inside employer-sponsored retirement plan	22
Outside employer-sponsored retirement plan	78
Type of equity first purchased:	
Individual stock only	20
Stock mutual funds only	66
Both individual stock and stock mutual funds	14
Non-equity investments held: <sup>3</sup>	
Savings accounts, money market deposit accounts, or certificates of deposit	84
Bond investments (net) <sup>3</sup>	28
Individual bonds	11
Bond mutual funds	22
Fixed or variable annuities	26
Hybrid mutual funds	50
Money market mutual funds	35
Investment real estate	32
Have employer-sponsored retirement plan coverage	78
Have IRA	65
Willing to take:	
Substantial risk for substantial gain	8
Above-average risk for above-average gain	31
Average risk for average gain	49
Below-average risk for below-average gain	7
Unwilling to take any risk	4

<sup>1</sup>Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup>Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup>Multiple responses included.

Note: Number of respondents varies.

FIGURE 37

**Investment Characteristics—Ownership of Stock Mutual Funds Outside Employer-sponsored Retirement Plans**  
*(percent of equity owners with stock mutual funds outside employer-sponsored retirement plans)*

<b>Stock Mutual Fund Assets Held Outside Employer-sponsored Retirement Plans</b>	
Less than \$5,000	14
\$5,000 to \$9,999	11
\$10,000 to \$19,999	15
\$20,000 to \$49,999	22
\$50,000 to \$99,999	17
\$100,000 to \$199,999	10
\$200,000 to \$499,999	8
\$500,000 to \$999,999	2
\$1,000,000 or more	2
Mean	\$101,500
Median	\$26,000
Number of respondents	963
<b>Number of Stock Mutual Funds Owned Outside Employer-sponsored Retirement Plans</b>	
1	29
2	22
3	15
4 to 5	17
6 to 9	11
10 to 19	5
20 or more	1
Mean	4
Median	2
Number of respondents	1,155
<b>Ownership of International or Global Stock Mutual Funds Outside Employer-sponsored Retirement Plans</b>	
Own international or global stock mutual funds	52
Do not own international or global stock mutual funds	48
Number of respondents	1,125
<b>Length of Ownership of Stock Mutual Funds Outside Employer-sponsored Retirement Plans</b>	
2 years or less	18
3 to 5 years	19
6 to 10 years	25
11 to 15 years	15
16 to 20 years	10
21 to 30 years	7
More than 30 years	6
Mean	12 years
Median	10 years
Number of respondents	1,211

FIGURE 38

### Purchase Channels Used—Ownership of Stock Mutual Funds Outside Employer-sponsored Retirement Plans<sup>1</sup>

(percent of equity owners with stock mutual funds outside employer-sponsored retirement plans)

Full-service brokerage	33
Directly from the fund company	26
Independent financial planner	20
Discount brokerage	10
Bank or savings institution	10
Insurance company	8
Gift or inheritance	5
Online brokerage firm <sup>2</sup>	1
Number of respondents	1,289

<sup>1</sup> Multiple responses included.

<sup>2</sup> Includes firms such as E-Trade or Ameritrade that only offer online investing. Excludes full-service brokerages, discount brokerages, independent financial planners, banks or savings institutions, or insurance companies offering online brokerage services.

Two-thirds of these households own three or fewer stock mutual funds outside employer plans. Seventeen percent own four or five funds, and another 17 percent own six or more. The median number of stock mutual funds owned outside employer plans is two; the mean is four. More than half own global or international stock mutual funds.

Owners of stock mutual funds outside employer plans tend to be experienced investors. Sixty-three percent have owned stock funds outside retirement plans for more than five years; the median tenure in these funds is 10 years.

#### *Owners of Stock Funds Outside Employer Plans Use Various Purchase Channels*

Full-service brokers and mutual fund companies are the chief channels used to purchase stock mutual funds outside employer plans (Figure 38). Less frequent sources include independent financial planners, discount brokers, banks, insurance agents, and online brokerage firms.<sup>26</sup>

## Stock Mutual Fund Transaction Activity Outside Employer Plans in 1998

### *Most Investors Did Not Execute Stock Fund Transactions in 1998*

Outside employer plans, stock mutual fund transaction activity was less extensive than individual stock transaction activity in 1998. Nearly two-thirds of stock fund owners outside employer plans made no transactions during the year. Thirty-seven percent bought or sold stock fund shares outside such plans (Figure 39). In contrast, 52 percent of individual stock owners outside retirement plans bought or sold individual stock during the year.

<sup>26</sup> Includes firms such as E-Trade or Ameritrade that only offer online investing. Excludes full-service brokerages, discount brokerages, independent financial planners, banks or savings institutions, or insurance companies offering online brokerage services.

FIGURE 39

**Transaction Activity in 1998—Ownership of Stock Mutual Funds Outside Employer-sponsored Retirement Plans**

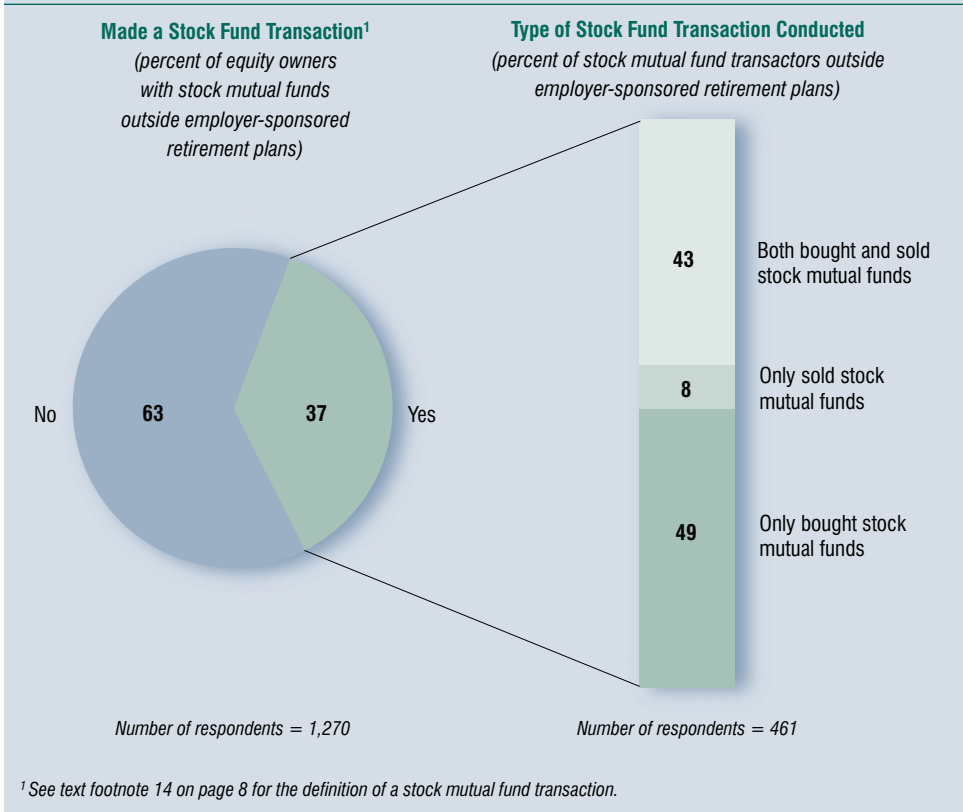


FIGURE 40

**Purchases and Sales in 1998—Ownership of Stock Mutual Funds Outside Employer-sponsored Retirement Plans**

<b>Number of Purchases<sup>1</sup></b> (percent of equity owners conducting stock mutual fund purchases outside employer-sponsored retirement plans)		<b>Number of Sales</b> (percent of equity owners conducting stock mutual fund sales outside employer-sponsored retirement plans)	
1	28	1	47
2 to 3	27	2 to 3	29
4 to 5	11	4 to 5	11
6 to 9	6	6 to 9	6
10 to 19	20	10 to 19	6
20 or more	8	20 or more	1
Mean	6	Mean	3
Median	3	Median	2
Number of respondents	395	Number of respondents	216

<sup>1</sup> Includes automatic payroll or savings account purchases of stock funds outside employer plans.

FIGURE 41

### Internet Use for Purchases and Sales in 1998—Ownership of Stock Mutual Funds Outside Employer-sponsored Retirement Plans

<b>Use of the Internet for Stock Mutual Fund Purchases</b> <i>(percent of stock mutual fund purchasers transacting outside employer-sponsored retirement plans)</i>		<b>Use of the Internet for Stock Mutual Fund Sales</b> <i>(percent of stock mutual fund sellers transacting outside employer-sponsored retirement plans)</i>	
Yes, used the Internet	5	Yes, used the Internet	7
No, did not use the Internet	95	No, did not use the Internet	93
Number of respondents	396	Number of respondents	216

FIGURE 42

### Number of Internet Purchases or Sales in 1998—Ownership of Stock Mutual Funds Outside Employer-sponsored Retirement Plans

<b>Stock Mutual Fund Purchases Made Over the Internet</b> <i>(percent of Internet stock mutual fund purchasers outside employer-sponsored retirement plans)</i>		<b>Stock Mutual Fund Sales Made Over the Internet</b> <i>(percent of Internet stock mutual fund sellers outside employer-sponsored retirement plans)</i>	
1 to 2	33	1	14
3 to 5	27	2	47
6 to 9	4	3 to 5	14
10 to 19	30	6 or more	26
20 or more	6		
Mean	7	Mean	5
Median	4	Median	2
Number of respondents	19	Number of respondents	15

*Note: Small sample sizes.*

Forty-nine percent of those who made stock mutual fund transactions outside retirement plans bought only stock funds, 43 percent bought and sold stock funds, and 8 percent sold only stock funds.

#### *Buyers of Stock Funds Outside Employer Plans Typically Made Three Purchases*

The median number of stock mutual fund purchases outside employer-sponsored retirement plans in 1998 was three. More than half of stock fund owners who made purchases bought on three or fewer occasions (Figure 40). More than one-quarter made 10 or more purchases.

These investors rarely used the Internet to purchase stock funds (Figure 41). Of those who did, the median number of Internet stock mutual fund purchases was four, and only 6 percent conducted 20 or more stock mutual fund purchases (Figure 42).<sup>27</sup>

<sup>27</sup>The sample size for this analysis was very small.

FIGURE 43

**Source of Money for Most Recent Purchase in 1998—Ownership of Stock Mutual Funds Outside Employer-sponsored Retirement Plans<sup>1</sup>**

(percent of stock mutual fund purchasers outside employer-sponsored retirement plans)

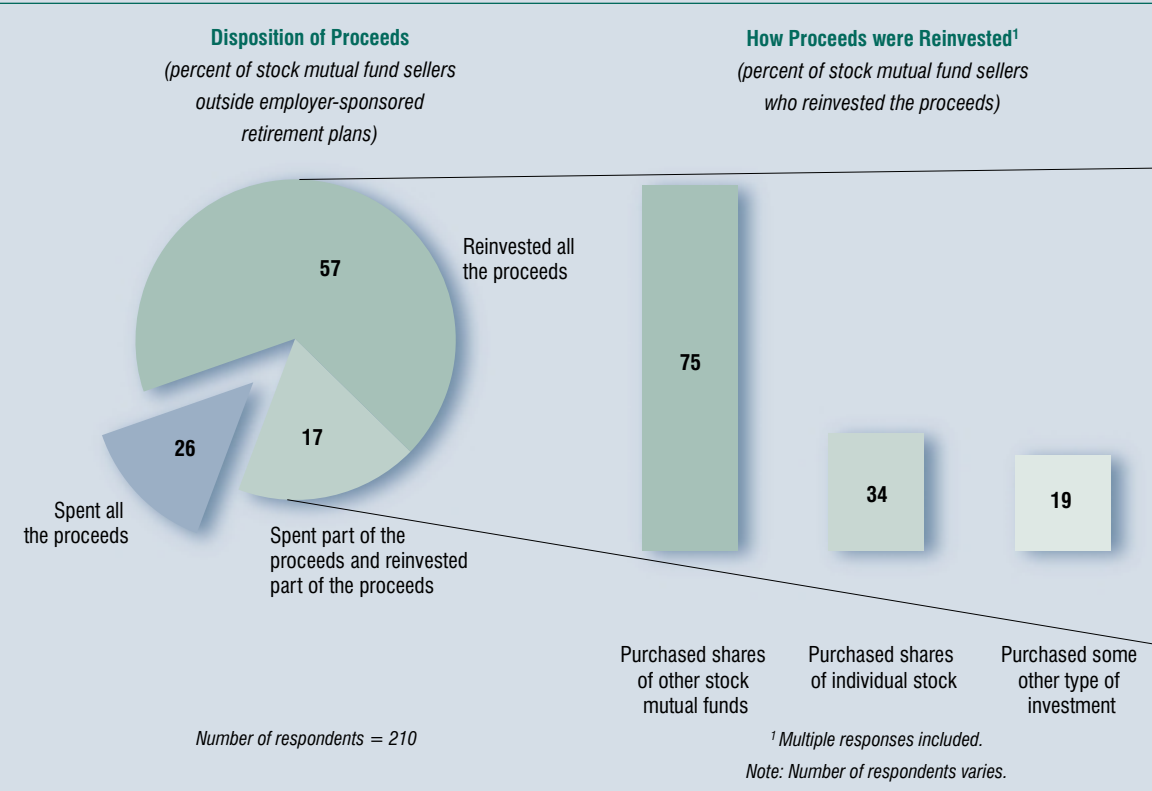
Accumulated savings	48
Reinvestment of dividends	48
Proceeds from the sale of other investments (net) <sup>1</sup>	23
Shares of other stock mutual funds	12
Shares of publicly traded stock	8
Non-equity investments	3
Regular, automatic deductions from a savings	18
Inheritance or gift	10
Bonus	8
Regular, automatic deductions from a paycheck	6
Tax refund	2
Some other source	10

<sup>1</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 44

**Disposition of Proceeds from Most Recent Sale in 1998—Ownership of Stock Mutual Funds Outside Employer-sponsored Retirement Plans**



### *Sellers of Stock Funds Outside Employer Plans Typically Made Two Sales*

The median number of stock mutual fund sales outside employer plans in 1998 was two. More than three-quarters of investors selling stock mutual funds outside employer plans made three or fewer transactions (Figure 40). Only 7 percent conducted 10 or more stock mutual fund sales. These investors rarely sold stock funds over the Internet (Figures 41 and Figure 42).

### **Most Recent Stock Mutual Fund Purchase or Sale Outside Employer Plans**

Investors who bought stock mutual funds outside employer-sponsored retirement plans most often used accumulated savings and reinvested dividends to finance their most recent purchases of stock mutual funds (Figure 43).<sup>28</sup> Nearly one-quarter used proceeds from the sale of other investments, usually the sale of shares of other stock mutual funds, and 18 percent employed regular, automatic deductions from a savings plan.

### *Proceeds from the Sale of Stock Funds Outside Employer Plans Are Usually Reinvested*

The vast majority of those who sold shares of stock mutual funds outside employer plans reinvested some or all of the proceeds from the sale (Figure 44). About one-quarter spent all of the proceeds they received. Seventy-five percent of those who reinvested the proceeds used the money to buy shares of other stock mutual funds, and 34 percent bought shares of individual stock.

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<sup>28</sup>Includes automatic reinvestment of dividends.



## CHAPTER 4

# Owners of Individual Stock and Stock Mutual Funds Inside Employer-Sponsored Retirement Plans<sup>29</sup>

### Characteristics of Owners of Individual Stock Inside Employer Plans

#### *One in 10 U.S. Households Own Individual Stock Inside Employer Plans*

A total of 10.7 million households—representing 10.5 percent of U.S. households—and 14.0 million individuals owned individual stock inside employer-sponsored retirement plans in 1999 (see Figure 12 on page 13). The financial decisionmakers in these households are a median of 45 years old, with median household income of \$65,000 and median household financial assets of \$96,500 (Figure 45). The majority are married, employed, and college graduates. More than half own IRAs.

The majority of investors with individual stock inside employer plans first purchased equities in these plans. Most made their initial equity purchase before 1990, usually individual stock. Most have a long-term investment outlook, do not perceive themselves as frequent stock traders, and can accept short-term market fluctuations.

The vast majority of these investors also own individual stock outside employer plans and own stock mutual funds. Among their non-equity investments, these investors are most likely to have certificates of deposit, money market deposit accounts, or savings accounts. Some also own money market funds, hybrid and bond funds, and investment real estate.

#### *Individual Stock Typically Represents Less than One-third of Assets of Investors with Individual Stock in Employer Plans*

Investors with individual stock in employer plans have a median of \$30,000 in two stocks in these plans (Figure 46). This amount represents 31 percent of their median household financial assets. Nearly three-fifths own one or two stocks in employer plans. One-fifth own three to five, and another fifth own six or more.<sup>30</sup> Very few hold foreign stock inside their retirement plans. Investors owning individual stock in employer plans owned individual stock in these plans for a median of 12 years.

---

<sup>29</sup>The format of this chapter differs from those of Chapters 2 and 3 because transactions conducted inside and outside employer-sponsored retirement plans by owners of individual stock *and* stock mutual funds are dissimilar.

<sup>30</sup>Approximately three-quarters of equity investors owning individual stock inside employer plans indicated they own stock other than their company's stock through such plans.

FIGURE 45

**Investor Characteristics—Ownership of Individual Stock Inside Employer-sponsored Retirement Plans<sup>1</sup>**

<b>Median</b>	
Age	45 years
Household income	\$65,000
Household financial assets <sup>2</sup>	\$96,500
<b>Percent</b>	
Household investment decisionmaker:	
Male	30
Female	12
Co-decisionmakers	58
Married	74
College or postgraduate degree	55
Employed	88
Retired from lifetime occupation	14
Equity investments owned:	
Individual stock (net) <sup>3</sup>	100
Inside employer-sponsored retirement plans	100
Outside employer-sponsored retirement plans	62
Stock mutual funds (net) <sup>3</sup>	91
Inside employer-sponsored retirement plans	89
Outside employer-sponsored retirement plans	47
Bought first equity:	
Before 1990	63
1990 to 1995	24
1996 or later	13
Source of first equity purchase:	
Inside employer-sponsored retirement plan	62
Outside employer-sponsored retirement plan	38
Type of equity first purchased:	
Individual stock only	60
Stock mutual funds only	12
Both individual stock and stock mutual funds	27
Non-equity investments held: <sup>3</sup>	
Savings accounts, money market deposit accounts, or certificates of deposit	85
Bond investments (net) <sup>3</sup>	23
Individual bonds	11
Bond mutual funds	16
Fixed or variable annuities	20
Hybrid mutual funds	30
Money market mutual funds	39
Investment real estate	29
Have IRA	58
Willing to take:	
Substantial risk for substantial gain	11
Above-average risk for above-average gain	34
Average risk for average gain	45
Below-average risk for below-average gain	4
Unwilling to take any risk	6

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 46

### Investment Characteristics—Ownership of Individual Stock Inside Employer-sponsored Retirement Plans

(percent of equity owners with individual stock inside employer-sponsored retirement plans)

<b>Individual Stock Assets Held Inside Employer-sponsored Retirement Plans</b>	
Less than \$1,000	6
\$1,000 to \$4,999	9
\$5,000 to \$9,999	10
\$10,000 to \$29,999	12
\$30,000 to \$99,999	27
\$100,000 to \$199,999	14
\$200,000 to \$499,999	7
\$500,000 to \$999,999	2
\$1,000,000 or more	2
Mean	\$105,800
Median	\$30,000
Number of respondents	336
<b>Number of Individual Stocks Owned Inside Employer-sponsored Retirement Plans</b>	
1	40
2	18
3 to 5	20
6 to 9	7
10 to 19	9
20 or more	5
Mean	5
Median	2
Number of respondents	376
<b>Ownership of Foreign Stock Inside Employer-sponsored Retirement Plans</b>	
Own foreign stock	12
Do not own foreign stock	88
Number of respondents	414
<b>Length of Ownership of Individual Stock Inside Employer-sponsored Retirement Plans</b>	
2 years or less	14
3 to 5 years	16
6 to 10 years	21
11 to 15 years	18
16 to 20 years	14
21 to 30 years	12
More than 30 years	5
Mean	16 years
Median	12 years
Number of respondents	433

## Characteristics of Owners of Stock Mutual Funds Inside Employer Plans

### *Nearly Three in 10 U.S. Households Own Stock Mutual Funds Inside Employer Plans*

Approximately 29 million households—representing 27.9 percent of U.S. households—and 39.9 million individuals owned stock mutual funds inside employer-sponsored retirement plans in 1999 (see Figure 12 on page 13). The typical investor with stock mutual funds in these plans is 44 years old, with household income of \$63,000 and household financial assets of \$80,000 (Figure 47). More than 70 percent are married, 90 percent are employed, and more than half are college graduates. Most have an IRA.

Nearly 70 percent of investors owning stock mutual funds inside employer plans purchased their first equity there, usually a stock mutual fund. More than half purchased their first equity before 1990, and like owners of stock mutual funds outside employer plans, nearly all describe themselves as long-term equity investors. They say they follow a buy-and-hold investment approach, and are unconcerned about short-term market fluctuations.

Fifty-one percent of this group also own stock mutual funds outside employer-sponsored retirement plans. Less than half own individual stock or hybrid funds, and even fewer own bond funds. About one-quarter own investment real estate.

### *Stock Mutual Funds Typically Represent About One-third of Assets of Investors with Stock Mutual Funds in Employer Plans*

Shareholders owning stock mutual funds inside employer plans have a median of \$30,000 invested in three stock mutual funds through these plans, representing 38 percent of their median household financial assets (Figure 48). The majority own international or global stock mutual funds through their retirement plans.

## Equity Owner Changes to Employer Plans in 1998

### *Payroll Contribution Changes Usually Led to Increased Stock Mutual Fund Purchases*

Most equity owners did not make changes to employer-sponsored retirement plan contributions in 1998 (Figure 49). Of those who did, 70 percent made one change (Figure 50).<sup>31</sup> The type of equity owned had little effect on changes in payroll contributions.

Nearly two-thirds of payroll contribution changes by equity owners resulted in increased purchases of stock mutual fund shares (Figure 51). Very few payroll changes involved individual stock.

### *Asset Allocation Changes Typically Involved Stock Mutual Fund Shares*

Most investors with equities inside employer-sponsored retirement plans did not reallocate assets in these plans in 1998 (Figure 52). Among those who did, nearly two-thirds made one change, and less than 20 percent made three or more changes (Figure 53).

As with payroll contribution changes, asset allocation changes tended to involve stock mutual funds, mostly purchases. Twenty-eight percent of asset allocation changes resulted in the purchase of individual stock, and 24 percent in the sale of individual stock (Figure 54).

---

<sup>31</sup> Twenty-two percent of investors owning equities inside employer plans made a payroll contribution change and an asset allocation change in 1998.

FIGURE 47

**Investor Characteristics—Ownership of Stock Mutual Funds Inside Employer-sponsored Retirement Plans<sup>1</sup>**

<b>Median</b>	
Age	44 years
Household income	\$63,000
Household financial assets <sup>2</sup>	\$80,000
<b>Percent</b>	
Household investment decisionmaker:	
Male	25
Female	17
Co-decisionmakers	58
Married	72
College or postgraduate degree	56
Employed	90
Retired from lifetime occupation	11
Equity investments owned:	
Individual stock (net) <sup>3</sup>	45
Inside employer-sponsored retirement plans	22
Outside employer-sponsored retirement plans	38
Stock mutual funds (net) <sup>3</sup>	100
Inside employer-sponsored retirement plans	100
Outside employer-sponsored retirement plans	51
Bought first equity:	
Before 1990	55
1990 to 1995	30
1996 or later	15
Source of first equity purchase:	
Inside employer-sponsored retirement plan	69
Outside employer-sponsored retirement plan	31
Type of equity first purchased:	
Individual stock only	17
Stock mutual funds only	72
Both individual stock and stock mutual funds	11
Non-equity investments held: <sup>3</sup>	
Savings accounts, money market deposit accounts, or certificates of deposit	83
Bond investments (net) <sup>3</sup>	22
Individual bonds	8
Bond mutual funds	17
Fixed or variable annuities	21
Hybrid mutual funds	43
Money market mutual funds	27
Investment real estate	24
Have employer-sponsored retirement plan coverage	100
Have IRA	56
Willing to take:	
Substantial risk for substantial gain	10
Above-average risk for above-average gain	36
Average risk for average gain	45
Below-average risk for below-average gain	5
Unwilling to take any risk	4

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.<sup>3</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 48

**Investment Characteristics—Ownership of Stock Mutual Funds Inside Employer-sponsored Retirement Plans**  
*(percent of equity owners with stock mutual funds inside employer-sponsored retirement plans)*

<b>Stock Mutual Fund Assets Held Inside Employer-sponsored Retirement Plans</b>	
Less than \$5,000	16
\$5,000 to \$9,999	9
\$10,000 to \$19,999	14
\$20,000 to \$49,999	24
\$50,000 to \$99,999	18
\$100,000 to \$199,999	11
\$200,000 to \$499,999	6
\$500,000 to \$999,999	1
\$1,000,000 or more	1
Mean	\$73,900
Median	\$30,000
Number of respondents	986
<b>Number of Stock Mutual Funds Owned Inside Employer-sponsored Retirement Plans</b>	
1	25
2	24
3	13
4 to 5	21
6 to 9	11
10 to 19	4
20 or more	1
Mean	4
Median	3
Number of respondents	1,084
<b>Ownership of International or Global Stock Mutual Funds Inside Employer-sponsored Retirement Plans</b>	
Own international or global stock mutual funds	59
Do not own international or global stock mutual funds	41
Number of respondents	1,061
<b>Length of Ownership of Stock Mutual Funds Inside Employer-sponsored Retirement Plans</b>	
2 years or less	15
3 to 5 years	21
6 to 10 years	28
11 to 15 years	17
16 to 20 years	10
21 to 30 years	7
More than 30 years	2
Mean	11 years
Median	8 years
Number of respondents	1,268

FIGURE 49

**Payroll Contribution Changes in 1998—Ownership of Equities Inside Employer-sponsored Retirement Plans**  
*(percent of equity owners with equities inside employer-sponsored retirement plans)*

	All Owners of Equities Inside Employer-sponsored Retirement Plans	Type of Equity Owned Inside Employer-sponsored Retirement Plans	
		Individual Stock	Stock Mutual Funds
Yes, made payroll contribution changes	24	26	24
No, did not make payroll contribution changes	76	73	75
Number of respondents	1,493	762	1,347

FIGURE 50

**Number of Payroll Contribution Changes Made in 1998—Ownership of  
Equities Inside Employer-sponsored Retirement Plans**

*(percent of equity owners with equities inside employer-sponsored retirement plans who made payroll contribution changes)*

	Equity Owners Who Made a Payroll Contribution Change	Type of Equity Owned Inside Employer-sponsored Retirement Plans	
		Individual Stock	Stock Mutual Funds
1	70	65	68
2	21	23	22
3 to 5	7	8	8
6 or more	0	3	2
Mean	2	2	2
Median	1	1	1
Number of respondents	351	198	326

FIGURE 51

**Characteristics of Payroll Changes in 1998—Ownership of Equities  
Inside Employer-sponsored Retirement Plans<sup>1</sup>**

*(percent of equity owners with equities inside employer-sponsored  
retirement plans who made payroll contribution changes)*

Purchase of more individual stock shares	24
Purchase of less individual stock shares	10
Purchase of more stock mutual fund shares	64
Purchase of less stock mutual fund shares	16

<sup>1</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 52

### Allocation Changes Made to Account Balance in 1998—Ownership of Equities Inside Employer-sponsored Retirement Plans

(percent of equity owners with equities inside employer-sponsored retirement plans)

	All Owners of Equities Inside Employer-sponsored Retirement Plans	Type of Equity Owned Inside Employer-sponsored Retirement Plans	
		Individual Stock	Stock Mutual Funds
Yes, made allocation change to account balance	22	26	22
No, did not make allocation change to account balance	77	73	77
Number of respondents	1,491	759	1,346

FIGURE 53

### Number of Allocation Changes Made to Account Balance in 1998—Ownership of Equities Inside Employer-sponsored Retirement Plans

(percent of equity owners with equities inside employer-sponsored retirement plans who made allocation changes to account balance)

	Equity Owners Who Made Allocation Changes to Account Balance	Type of Equity Owned Inside Employer-sponsored Retirement Plans	
		Individual Stock	Stock Mutual Funds
1	64	62	62
2	19	19	21
3 to 5	13	13	14
6 or more	3	5	4
Mean	2	2	2
Median	1	1	1
Number of respondents	324	196	297

FIGURE 54

### Characteristics of Account Balance Allocation Changes—Ownership of Equities Inside Employer-sponsored Retirement Plans<sup>1</sup>

(percent of equity owners with equities inside employer-sponsored retirement plans who made allocation changes to account balance)

Purchase of individual stock shares	28
Sale of individual stock shares	24
Purchase of stock mutual fund shares	64
Sale of stock mutual fund shares	38

<sup>1</sup> Multiple responses included.

Note: Number of respondents varies.



## APPENDIX A

# Detailed Research Methodology

This report summarizes results of a survey conducted by the Boston Research Group under the direction of the Investment Company Institute and the Securities Industry Association. The survey identified demographic, financial, and individual stock and stock mutual fund data on equity owners nationwide.

The survey collected detailed information on individual stock and stock mutual fund ownership inside and outside employer-sponsored retirement plans. The survey included sections on ownership of: 1) individual stock inside employer-sponsored retirement plans, 2) stock mutual funds inside employer-sponsored retirement plans, 3) individual stock outside employer-sponsored retirement plans, and 4) stock mutual funds outside employer-sponsored retirement plans. Another section included equity owner views on various aspects of equity investing: financial goals of equity investing, willingness to take financial risk with equity investments, and understanding of individual stock and stock mutual funds. The final section of the survey collected demographic data on equity owners: age, household income, household financial assets, education, and marital status. The questionnaire included questions to check the consistency of the data reported by respondents, and was pretested extensively to ensure that the questions were understandable to respondents.

### Interviewing and Sampling Procedures

Interviews were conducted by telephone and were completed in January and February 1999. Eligible respondents owned individual, publicly traded stock or stock mutual funds, either inside or outside retirement plans at work. All interviews were conducted with the household decisionmaker most knowledgeable about savings and investments.<sup>32</sup> The number of individuals who owned equities in a household was determined by asking respondents how many individuals in the household owned each type of equity. The multiplier for number of individuals per household was 1.6.

A random digit dial (RDD) national probability sample was used to generate a representative sample of equity owners nationwide. A total of 4,842 household financial decisionmakers were asked whether their households owned equities. Of these, 2,336 decisionmakers, or 48.2 percent, indicated that their households owned equities—1,943 completed the entire survey and 393 completed part of it. The 393 partial interviews with known equity owners

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<sup>32</sup>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 includes related family members and all unrelated persons, if any, 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.

were included in the estimate of the incidence of equity ownership among U.S. households but were not included in any other analyses.

To ensure that high-net-worth households were represented in the study, 393 additional interviews were conducted with high-net-worth equity owners. A randomly selected sample of affluent equity owners was drawn from the Donnelly Marketing, Inc. Affluence Model, which incorporates available financial, demographic, and geographic information to build a profile of each household in the U.S. Based on that information, each household is assigned an affluence rating. To confirm affluence, all household financial decisionmakers contacted were asked whether they had household income of \$100,000 or more or household financial assets of \$250,000 or more. Decisionmakers who did not meet these criteria were not interviewed. After interviewing, high-net-worth respondents were assigned a weight based on the proportion of affluent equity owners in the random digit dial sample and were then included in the database.

### Sampling Tolerances

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. This confidence level can be used to construct “confidence intervals”—ranges that would include the average estimate taken across all possible samples with known probability. Approximately 95 percent of the intervals figured in all possible samples would contain the average estimate taken across all samples. Figure 55 shows the approximate sampling error for estimates of proportions computed for the sample as a whole and for subsamples of various sizes. The overall sampling error for the survey is plus or minus 2 percent at the 95 percent confidence level.

**FIGURE 55**  
**Sampling Error at the 95 Percent Confidence Level for Selected Percentages of Responses, by Sample Size**

Sample Size	Percent of Responses				
	10 percent or 90 percent	20 percent or 80 percent	30 percent or 70 percent	40 percent or 60 percent	50 percent
2,500	1	2	2	2	2
2,000	1	2	2	2	2
1,500	2	2	3	3	3
1,450	2	2	3	3	3
1,050	2	3	3	3	3
800	2	3	3	4	4
500	3	4	4	5	5
100	6	8	9	10	10
50	9	11	13	14	14

*This table shows, for example, that if the sample size is 1,500 and if 10 percent of the respondents provide the same answer to a question and 90 percent provide the other answer, then, using the same procedures, these responses can be expected to be replicated for the entire population within a range of + or - 2 percent 95 percent of the time.*

Percentages may not add to 100 because of weighting or rounding. Where respondents were allowed to provide multiple responses, percentages may add to more than 100 percent. Subgroups of respondents on which percentage results are based exclude those respondents who were unable or unwilling to answer the questions that define the subgroups.

APPENDIX B

# Detailed Tabulations for All Equity Owners, Individual Stock Owners, and Stock Mutual Fund Shareholders

FIGURE 56

**Demographic Characteristics of All Equity Owners, Individual Stock Owners, and Stock Mutual Fund Shareholders**

(percent)

	All Equity Owners	Type of Equity Owned	
		Individual Stock	Stock Mutual Funds
<b>Household Investment Decisionmaker</b>			
Male is sole decisionmaker	26	29	25
Female is sole decisionmaker	20	17	20
Co-decisionmakers	54	54	55
Number of respondents	2,336	1,236	1,980
<b>Age of Respondent</b>			
Less than 30 years	11	9	10
30 to 34 years	10	9	10
35 to 39 years	12	10	12
40 to 44 years	12	11	12
45 to 49 years	14	14	14
50 to 54 years	12	13	12
55 to 59 years	8	8	8
60 to 64 years	6	7	6
65 to 74 years	10	12	10
75 years or older	5	6	5
Mean age	48 years	49 years	47 years
Median age	47 years	48 years	47 years
Number of respondents	2,278	1,196	1,935
<b>Household Income in 1998</b>			
Less than \$10,000	3	2	2
\$10,000 to \$19,999	4	3	3
\$20,000 to \$29,999	8	6	8
\$30,000 to \$39,999	13	10	12
\$40,000 to \$49,999	13	13	12
\$50,000 to \$74,999	28	27	29
\$75,000 to \$99,999	15	16	16
\$100,000 to \$149,999	11	13	11
\$150,000 to \$199,999	3	4	3
\$200,000 to \$499,999	3	4	3
\$500,000 to \$749,999	<1	<1	<1
\$750,000 to \$999,999	<1	<1	<1
\$1 million or more	<1	1	<1
Mean	\$74,700	\$87,300	\$74,900
Median	\$60,000	\$62,500	\$60,000
Number of respondents	1,668	852	1,418
<b>Marital Status</b>			
Married	67	69	68
Divorced or separated	11	10	12
Widowed	7	7	6
Single	15	14	14
Number of respondents	2,294	1,217	1,946

FIGURE 56 (continued)

	All Equity Owners	Type of Equity Owned	
		Individual Stock	Stock Mutual Funds
<b>Living with a Partner</b>			
Yes	5	5	5
No	95	95	95
Number of respondents	2,294	1,217	1,946
<b>Education of Respondent</b>			
Some high school or less	1	2	1
High school graduate	16	14	15
Some college or associate's degree	30	26	31
Completed four years of college	26	28	26
Some graduate school	8	7	8
Completed graduate school	19	17	19
Number of respondents	2,317	1,223	1,963
<b>Employment Status of Respondent</b>			
Employed full-time	71	68	72
Employed part-time	9	9	8
Not employed	20	23	19
Number of respondents	2,318	1,223	1,968
<b>Retirement Status of Respondent</b>			
Retired from lifetime occupation	21	24	20
Not retired from lifetime occupation	79	76	80
Number of respondents	2,317	1,223	1,966
<b>Employment Status of Spouse or Partner<sup>1</sup></b>			
Employed full-time	63	58	64
Employed part-time	10	12	10
Not employed	26	30	26
Number of respondents	1,619	881	1,389
<b>Retirement Status of Spouse or Partner<sup>1</sup></b>			
Retired from lifetime occupation	17	20	16
Not retired from lifetime occupation	83	80	84
Number of respondents	1,618	880	1,428
<b>Ethnic Background<sup>2</sup></b>			
Caucasian	90	91	90
African-American	5	3	5
Asian	2	2	1
Hispanic	4	3	3
Other	2	3	2

<sup>1</sup> Percent of respondents married or living with a partner.

<sup>2</sup> Multiple responses included because Hispanics can be of any race.

FIGURE 57

**Financial Characteristics of All Equity Owners, Individual Stock Owners, and Stock Mutual Fund Shareholders**  
*(percent)*

	All Equity Owners	Type of Equity Owned	
		Individual Stock	Stock Mutual Funds
<b>Household Financial Assets<sup>1</sup></b>			
Less than \$5,000	5	3	18
\$5,000 to \$9,999	5	4	10
\$10,000 to \$24,999	13	9	15
\$25,000 to \$49,999	12	10	13
\$50,000 to \$74,999	12	11	11
\$75,000 to \$99,999	8	7	5
\$100,000 to \$149,999	10	11	7
\$150,000 to \$199,999	7	6	5
\$200,000 to \$499,999	16	20	10
\$500,000 to \$749,999	5	7	3
\$750,000 to \$999,999	2	3	1
\$1 million or more	5	9	3
Mean	\$232,900	\$318,900	\$232,300
Median	\$85,000	\$125,000	\$87,500
Number of respondents	1,315	691	1,119
<b>Household Financial Assets Held Through Employer-sponsored Retirement Plans</b>			
Less than \$5,000	25	25	22
\$5,000 to \$9,999	6	5	7
\$10,000 to \$24,999	14	13	15
\$25,000 to \$49,999	14	14	14
\$50,000 to \$74,999	10	9	10
\$75,000 to \$99,999	6	5	6
\$100,000 to \$149,999	8	9	8
\$150,000 to \$199,999	3	4	4
\$200,000 to \$499,999	8	9	9
\$500,000 to \$749,999	2	3	2
\$750,000 to \$999,999	1	1	1
\$1 million or more	2	3	1
Mean	\$91,600	\$111,100	\$93,400
Median	\$30,000	\$35,000	\$33,000
Number of respondents	1,488	785	1,259
<b>Household Financial Assets Held Outside Employer-sponsored Retirement Plans</b>			
Less than \$5,000	19	12	18
\$5,000 to \$9,999	10	8	10
\$10,000 to \$24,999	15	14	15
\$25,000 to \$49,999	13	12	13
\$50,000 to \$74,999	10	10	11
\$75,000 to \$99,999	4	4	5
\$100,000 to \$149,999	6	8	7
\$150,000 to \$199,999	4	5	5
\$200,000 to \$499,999	10	13	10
\$500,000 to \$749,999	4	5	3
\$750,000 to \$999,999	1	2	1
\$1 million or more	3	6	3
Mean	\$159,300	\$239,300	\$151,900
Median	\$30,000	\$50,000	\$35,000
Number of respondents	1,453	751	1,234

FIGURE 57 (continued)

	All Equity Owners	Type of Equity Owned	
		Individual Stock	Stock Mutual Funds
<b>Non-equity Investments Owned<sup>2</sup></b>			
U.S. savings bonds	39	41	39
Bank deposit accounts	83	84	83
Individual corporate or government bonds	9	8	9
Bond mutual funds	16	16	19
Hybrid mutual funds	39	38	44
Money market mutual funds	26	30	29
Variable annuities	15	14	16
Fixed annuities	10	11	10
Investment real estate	26	32	27
<b>Assets in U.S. Savings Bonds<sup>3</sup></b>			
Less than \$1,000	30	27	29
\$1,000 to \$2,499	27	25	27
\$2,500 to \$4,999	9	11	9
\$5,000 to \$9,999	14	14	15
\$10,000 to \$14,999	8	10	8
\$15,000 to \$19,999	3	3	2
\$20,000 to \$29,999	5	5	5
\$30,000 to \$49,999	1	1	2
\$50,000 to \$74,999	2	1	2
\$75,000 to \$99,999	<1	1	<1
\$100,000 to \$149,999	1	1	<1
\$150,000 to \$199,999	<1	<1	<1
\$200,000 or more	4	3	<1
Mean	\$7,900	\$9,800	\$7,300
Median	\$2,000	\$2,000	\$2,000
Number of respondents	625	341	526
<b>Assets in Bank Deposit Accounts<sup>4</sup></b>			
Less than \$1,000	14	11	14
\$1,000 to \$2,499	16	13	16
\$2,500 to \$4,999	11	9	10
\$5,000 to \$9,999	16	16	16
\$10,000 to \$14,999	11	12	10
\$15,000 to \$19,999	5	5	6
\$20,000 to \$29,999	9	8	9
\$30,000 to \$49,999	6	6	6
\$50,000 to \$74,999	6	8	6
\$75,000 to \$99,999	2	2	2
\$100,000 to \$149,999	3	4	2
\$150,000 to \$199,999	1	1	1
\$200,000 or more	2	3	2
Mean	\$23,600	\$28,800	\$22,600
Median	\$7,500	\$10,000	\$7,500
Number of respondents	1,312	673	1,113

FIGURE 57 (continued)

	All Equity Owners	Type of Equity Owned	
		Individual Stock	Stock Mutual Funds
<b>Assets in Individual Corporate or Government Bonds<sup>5</sup></b>			
Less than \$1,000	2	3	3
\$1,000 to \$2,499	6	4	6
\$2,500 to \$4,999	3	4	4
\$5,000 to \$9,999	8	8	9
\$10,000 to \$14,999	15	13	16
\$15,000 to \$19,999	6	5	6
\$20,000 to \$29,999	18	17	17
\$30,000 to \$49,999	8	9	9
\$50,000 to \$74,999	9	11	9
\$75,000 to \$99,999	2	0	2
\$100,000 to \$149,999	8	10	9
\$150,000 to \$199,999	5	5	4
\$200,000 or more	9	11	7
Mean	\$68,400	\$78,300	\$55,300
Median	\$20,000	\$25,000	\$20,000
Number of respondents	78	60	68
<b>Assets in Bond Mutual Funds<sup>6</sup></b>			
Less than \$1,000	1	1	2
\$1,000 to \$2,499	9	11	9
\$2,500 to \$4,999	12	12	12
\$5,000 to \$9,999	13	11	14
\$10,000 to \$14,999	14	13	14
\$15,000 to \$19,999	8	6	8
\$20,000 to \$29,999	10	11	10
\$30,000 to \$49,999	11	13	11
\$50,000 to \$74,999	11	10	11
\$75,000 to \$99,999	<1	0	<1
\$100,000 to \$149,999	5	6	5
\$150,000 to \$199,999	1	1	1
\$200,000 or more		6	3
Mean	\$34,600	\$40,900	\$34,500
Median	\$15,000	\$15,000	\$12,500
Number of respondents	171	92	166
<b>Assets in Hybrid Mutual Funds<sup>7</sup></b>			
Less than \$1,000	3	2	3
\$1,000 to \$2,499	9	6	9
\$2,500 to \$4,999	9	8	9
\$5,000 to \$9,999	13	12	13
\$10,000 to \$14,999	12	11	12
\$15,000 to \$19,999	7	8	7
\$20,000 to \$29,999	12	15	12
\$30,000 to \$49,999	8	8	8
\$50,000 to \$74,999	9	9	9
\$75,000 to \$99,999	3	2	3
\$100,000 to \$149,999	7	7	7
\$150,000 to \$199,999	2	2	2
\$200,000 or more	7	9	7
Mean	\$48,900	\$60,400	\$50,000
Median	\$16,000	\$20,000	\$16,000
Number of respondents	470	239	452



FIGURE 57 (continued)

	All Equity Owners	Type of Equity Owned	
		Individual Stock	Stock Mutual Funds
<b>Assets in Money Market Mutual Funds<sup>8</sup></b>			
Less than \$1,000	7	5	7
\$1,000 to \$2,499	13	12	14
\$2,500 to \$4,999	11	12	11
\$5,000 to \$9,999	16	14	16
\$10,000 to \$14,999	13	14	13
\$15,000 to \$19,999	5	6	5
\$20,000 to \$29,999	12	12	13
\$30,000 to \$49,999	8	7	8
\$50,000 to \$74,999	6	8	6
\$75,000 to \$99,999	2	2	2
\$100,000 to \$149,999	3	4	3
\$150,000 to \$199,999	1	1	1
\$200,000 or more	2	3	2
Mean	\$24,800	\$29,100	\$25,400
Median			
Number of respondents	318	199	297
<b>Assets in Variable Annuities<sup>9</sup></b>			
Less than \$1,000	2	2	2
\$1,000 to \$2,499	7	6	8
\$2,500 to \$4,999	9	9	9
\$5,000 to \$9,999	13	14	13
\$10,000 to \$14,999	8	7	9
\$15,000 to \$19,999	5	5	4
\$20,000 to \$29,999	12	8	12
\$30,000 to \$49,999	16	17	16
\$50,000 to \$74,999	13	13	12
\$75,000 to \$99,999	4	6	4
\$100,000 to \$149,999	5	8	5
\$150,000 to \$199,999	3	3	3
\$200,000 or more	3	3	2
Mean	\$39,500	\$42,400	\$38,700
Median	\$21,000	\$25,000	\$20,000
Number of respondents	185	101	170
<b>Assets in Fixed Annuities<sup>10</sup></b>			
Less than \$1,000	2	5	1
\$1,000 to \$2,499	7	5	6
\$2,500 to \$4,999	7	2	8
\$5,000 to \$9,999	12	10	13
\$10,000 to \$14,999	11	9	11
\$15,000 to \$19,999	5	2	6
\$20,000 to \$29,999	17	20	17
\$30,000 to \$49,999	13	18	12
\$50,000 to \$74,999	10	10	10
\$75,000 to \$99,999	5	4	6
\$100,000 to \$149,999	4	4	3
\$150,000 to \$199,999	1	1	1
\$200,000 or more	6	10	7
Mean	\$43,400	\$55,800	\$43,800
Median	\$20,000	\$25,000	\$20,000
Number of respondents	103	52	89

FIGURE 57 (continued)

	All Equity Owners	Type of Equity Owned	
		Individual Stock	Stock Mutual Funds
<b>Assets in Investment Real Estate<sup>11</sup></b>			
Less than \$1,000	1	1	1
\$1,000 to \$2,499	1	1	1
\$2,500 to \$4,999	3	2	2
\$5,000 to \$9,999	3	3	3
\$10,000 to \$14,999	7	5	7
\$15,000 to \$19,999	4	3	4
\$20,000 to \$29,999	9	7	10
\$30,000 to \$49,999	12	10	14
\$50,000 to \$74,999	17	14	18
\$75,000 to \$99,999	5	6	6
\$100,000 to \$149,999	10	11	9
\$150,000 to \$199,999	6	8	6
\$200,000 or more	21	28	20
Mean	\$197,500	\$271,700	\$204,200
Median	\$55,000	\$80,000	\$50,000
Number of respondents	410	252	345

<sup>1</sup> Excludes primary residence but includes assets in employer-sponsored retirement plans.

<sup>2</sup> Multiple responses included.

<sup>3</sup> Percent of respondents owning U.S. savings bonds.

<sup>4</sup> Percent of respondents owning bank deposit accounts.

<sup>5</sup> Percent of respondents owning individual corporate or government bonds.

<sup>6</sup> Percent of respondents owning bond mutual funds.

<sup>7</sup> Percent of respondents owning hybrid mutual funds.

<sup>8</sup> Percent of respondents owning money market mutual funds.

<sup>9</sup> Percent of respondents owning variable annuities.

<sup>10</sup> Percent of respondents owning fixed annuities.

<sup>11</sup> Percent of respondents owning investment real estate.

APPENDIX C

# Detailed Tabulations for All Equity Owners by Key Demographic Variables

FIGURE 58

**Characteristics of Equity Owners by Investment Decisionmaker<sup>1</sup>**

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
<b>Median</b>			
Age	46 years	50 years	46 years
Household income	\$55,000	\$36,000	\$62,500
Household financial assets <sup>2</sup>	\$104,000	\$60,000	\$87,000
<b>Percent</b>			
Married	50	19	92
Living with a partner	4	7	5
Widowed	7	24	1
College or postgraduate degree	60	48	51
Completed graduate school	22	16	18
Employed	82	69	83
Spouse or partner employed <sup>3</sup>	59	80	77
Retired from lifetime occupation	23	29	18
Spouse or partner retired from lifetime occupation <sup>3</sup>	20	23	16
Non-equity investments held: <sup>4</sup>			
Savings accounts, money market deposit accounts, or certificates of deposit	80	85	84
Bond investments (net) <sup>4</sup>	21	24	21
Individual bonds	11	9	8
Bond mutual funds	15	19	16
Fixed or variable annuities	17	27	21
Hybrid mutual funds	40	38	39
Money market mutual funds	26	27	26
Investment real estate	27	21	28
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>			
Traditional defined-benefit pension plan	36	34	41
401(k) plan	55	48	60
403(b) plan	5	10	9
State, local, or federal government plan	13	14	22
Other <sup>5</sup>	12	14	13
Have IRA (net) <sup>4</sup>			
Traditional IRA	47	44	48
Roth IRA	12	10	11
Ethnic background: <sup>6</sup>			
Caucasian	91	89	90
African-American	3	7	5
Asian	2	0	2
Hispanic	3	3	4
Other	3	3	2

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 59

## Equity Ownership Characteristics by Investment Decisionmaker

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
<b>Median</b>			
Household financial assets in equities	\$55,000	\$35,000	\$50,000
Number of equities owned	5	4	4
Number of equity transactions in 1998 <sup>1</sup>	1	0	0
<b>Percent</b>			
Own:			
Individual stock (net) <sup>2</sup>	59	47	53
Inside employer-sponsored retirement plans	23	13	21
Outside employer-sponsored retirement plans	51	40	44
Stock mutual funds (net) <sup>2</sup>	81	87	87
Inside employer-sponsored retirement plans	55	50	62
Outside employer-sponsored retirement plans	56	60	56
Year of first equity purchase:			
Before 1990	54	50	55
1990 to 1995	28	26	28
1996 or later	18	24	16
Source of first equity purchase:			
Inside employer-sponsored retirement plans	38	41	48
Outside employer-sponsored retirement plans	62	59	52
Type of equity first purchased:			
Individual stock only	36	29	29
Stock mutual funds only	53	64	61
Both individual stock and stock mutual funds	6	11	10
Willing to take:			
Substantial risk for substantial gain	13	6	8
Above-average risk for above-average gain	34	25	31
Average risk for average gain	43	56	47
Below-average risk for below-average gain	5	8	7
Unwilling to take any risk	5	6	7

<sup>1</sup> See text footnote 14 on page 8 for the definition of an equity transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 60

Characteristics of Equity Owners by Household Income<sup>1</sup>

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
<b>Median</b>			
Age	45 years	44 years	48 years
Household income	\$34,000	\$65,000	\$125,000
Household financial assets <sup>2</sup>	\$42,500	\$89,000	\$300,000
<b>Percent</b>			
Household investment decisionmaker:			
Male	28	25	28
Female	32	12	8
Co-decisionmakers	40	63	64
Married	44	77	86
Living with a partner	7	5	5
Widowed	12	2	1
College or postgraduate degree	38	55	75
Completed graduate school	11	19	36
Employed	74	88	88
Spouse or partner employed <sup>3</sup>	62	80	75
Retired from lifetime occupation	24	15	14
Spouse or partner retired from lifetime occupation <sup>3</sup>	25	12	14
Non-equity investments held: <sup>4</sup>			
Savings accounts, money market deposit accounts, or certificates of deposit	79	84	86
Bond investments (net) <sup>4</sup>	15	19	31
Individual bonds	4	7	15
Bond mutual funds	12	15	23
Fixed or variable annuities	17	20	25
Hybrid mutual funds	33	42	46
Money market mutual funds	20	26	38
Investment real estate	18	26	40
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>			
Traditional defined-benefit pension plan	30	43	46
401(k) plan	47	65	63
403(b) plan	7	8	13
State, local, or federal government plan	16	21	19
Other <sup>5</sup>	12	14	19
Have IRA (net) <sup>4</sup>			
Traditional IRA	36	48	63
Roth IRA	8	12	15
Ethnic background: <sup>6</sup>			
Caucasian	91	88	91
African-American	4	5	4
Asian	1	2	3
Hispanic	2	5	2
Other	3	2	1

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 61

## Equity Ownership Characteristics by Household Income

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
<b>Median</b>			
Household financial assets in equities	\$20,000	\$50,000	\$200,000
Number of equities owned	3	4	7
Number of equity transactions in 1998 <sup>1</sup>	0	0	3
<b>Percent</b>			
Own:			
Individual stock (net) <sup>2</sup>	44	52	67
Inside employer-sponsored retirement plans	15	20	29
Outside employer-sponsored retirement plans	34	44	61
Stock mutual funds (net) <sup>2</sup>	81	89	88
Inside employer-sponsored retirement plans	49	66	69
Outside employer-sponsored retirement plans	51	55	66
Year of first equity purchase:			
Before 1990	42	51	71
1990 to 1995	29	33	22
1996 or later	29	16	7
Source of first equity purchase:			
Inside employer-sponsored retirement plans	44	49	42
Outside employer-sponsored retirement plans	56	51	58
Type of equity first purchased:			
Individual stock only	30	27	36
Stock mutual funds only	64	62	54
Both individual stock and stock mutual funds	6	11	10
Willing to take:			
Substantial risk for substantial gain	7	12	9
Above-average risk for above-average gain	27	34	43
Average risk for average gain	50	45	41
Below-average risk for below-average gain	8	6	4
Unwilling to take any risk	7	4	2

<sup>1</sup> See text footnote 14 on page 8 for the definition of an equity transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 62

Characteristics of Equity Owners by Household Financial Assets<sup>1</sup>

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 or \$499,999	\$500,000 or More
<b>Median</b>				
Age	35 years	42 years	48 years	56 years
Household income	\$40,000	\$52,000	\$70,000	\$100,000
Household financial assets <sup>2</sup>	\$10,100	\$56,000	\$195,000	\$840,000
<b>Percent</b>				
Household investment decisionmaker:				
Male	25	26	31	41
Female	25	18	14	11
Co-decisionmakers	51	56	55	48
Married	54	66	72	78
Living with a partner	10	4	3	5
Widowed	2	5	5	9
College or postgraduate degree	39	49	60	71
Completed graduate school	10	13	28	36
Employed	90	88	82	70
Spouse or partner employed <sup>3</sup>	82	82	77	54
Retired from lifetime occupation	7	13	21	37
Spouse or partner retired from lifetime occupation <sup>3</sup>	11	9	14	26
Non-equity investments held: <sup>4</sup>				
Savings accounts, money market deposit accounts, or certificates of deposit	80	85	83	85
Bond investments (net) <sup>4</sup>	14	10	24	39
Individual bonds	3	3	9	22
Bond mutual funds	12	8	18	29
Fixed or variable annuities	9	15	26	28
Hybrid mutual funds	30	37	42	50
Money market mutual funds	11	22	34	46
Investment real estate	8	20	33	56
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>	77	85	83	76
Traditional defined-benefit pension plan	25	35	45	40
401(k) plan	60	67	59	48
403(b) plan	7	7	10	10
State, local, or federal government plan	16	18	18	17
Other <sup>5</sup>	16	13	15	15
Have IRA (net) <sup>4</sup>	30	49	63	70
Traditional IRA	24	45	56	67
Roth IRA	7	9	15	16
Ethnic background: <sup>6</sup>				
Caucasian	86	90	92	94
African-American	6	4	3	2
Asian	2	1	3	2
Hispanic	5	4	3	<1
Other	3	3	1	2

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.



FIGURE 63

## Equity Ownership Characteristics by Household Financial Assets

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 or \$499,999	\$500,000 or More
<b>Median</b>				
Household financial assets in equities	\$7,000	\$35,000	\$104,000	\$437,500
Number of equities owned	2	4	6	12
Number of equity transactions in 1998 <sup>1</sup>	0	0	1	5
<b>Percent</b>				
Own:				
Individual stock (net) <sup>2</sup>	38	47	59	77
Inside employer-sponsored retirement plans	17	22	19	29
Outside employer-sponsored retirement plans	25	37	55	71
Stock mutual funds (net) <sup>2</sup>	81	87	90	81
Inside employer-sponsored retirement plans	57	68	62	52
Outside employer-sponsored retirement plans	41	49	64	69
Year of first equity purchase:				
Before 1990	22	47	66	84
1990 to 1995	32	37	25	11
1996 or later	46	17	9	5
Source of first equity purchase:				
Inside employer-sponsored retirement plans	56	55	40	23
Outside employer-sponsored retirement plans	44	45	60	77
Type of equity first purchased:				
Individual stock only	25	26	31	50
Stock mutual funds only	69	64	60	38
Both individual stock and stock mutual funds	6	9	10	12
Willing to take:				
Substantial risk for substantial gain	12	11	7	8
Above-average risk for above-average gain	33	31	36	36
Average risk for average gain	45	47	46	49
Below-average risk for below-average gain	5	7	7	4
Unwilling to take any risk	5	5	4	2

<sup>1</sup> See text footnote 14 on page 8 for the definition of an equity transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 64

Characteristics of Equity Owners by Generation<sup>1</sup>

	Generation X (ages 19 to 35)	Baby Boom Generation (ages 36 to 54)	Silent Generation (ages 55 to 74)	GI Generation (ages 75 or older)
<b>Median</b>				
Age	29 years	44 years	61 years	78 years
Household income	\$47,000	\$62,500	\$53,000	\$30,000
Household financial assets <sup>2</sup>	\$25,000	\$88,000	\$200,000	\$200,000
<b>Percent</b>				
Household investment decisionmaker:				
Male	28	25	25	32
Female	15	17	24	40
Co-decisionmakers	57	58	51	28
Married	58	72	69	47
Living with a partner	13	4	2	0
Widowed	1	1	13	42
College or postgraduate degree	53	55	48	51
Completed graduate school	10	21	22	15
Employed	95	94	58	12
Spouse or partner employed <sup>3</sup>	85	85	54	15
Retired from lifetime occupation	1	5	49	90
Spouse or partner retired from lifetime occupation <sup>3</sup>	2	6	40	81
Non-equity investments held: <sup>4</sup>				
Savings accounts, money market deposit accounts, or certificates of deposit	82	84	82	86
Bond investments (net) <sup>4</sup>	14	21	24	44
Individual bonds	4	8	11	25
Bond mutual funds	11	16	19	30
Fixed or variable annuities	9	20	30	35
Hybrid mutual funds	33	42	41	35
Money market mutual funds	17	26	32	30
Investment real estate	17	26	34	24
Have employer-sponsored plan coverage (net) <sup>4</sup>	83	86	73	49
Traditional defined-benefit pension plan	28	41	41	37
401(k) plan	69	67	39	10
403(b) plan	6	10	8	4
State, local, or federal government plan	16	20	17	11
Other <sup>5</sup>	15	15	10	3
Have IRA (net) <sup>4</sup>	37	53	67	39
Traditional IRA	27	47	64	39
Roth IRA	12	13	10	1
Ethnic background: <sup>6</sup>				
Caucasian	84	88	96	97
African-American	7	5	2	2
Asian	3	2	1	2
Hispanic	6	4	1	1
Other	2	3	1	0

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 65

## Equity Ownership Characteristics by Generation

	Generation X (ages 19 to 35)	Baby Boom Generation (ages 36 to 54)	Silent Generation (ages 55 to 74)	GI Generation (ages 75 or older)
<b>Median</b>				
Household financial assets in equities	\$20,000	\$50,000	\$85,000	\$74,000
Number of equities owned	3	4	5	5
Number of equity transactions in 1998 <sup>1</sup>	0	0	0	0
<b>Percent</b>				
Own:				
Individual stock (net) <sup>2</sup>	45	52	58	63
Inside employer-sponsored retirement plans	21	23	17	6
Outside employer-sponsored retirement plans	35	43	51	59
Stock mutual funds (net) <sup>2</sup>	83	88	84	80
Inside employer-sponsored retirement plans	64	67	47	12
Outside employer-sponsored retirement plans	45	57	62	72
Year of first equity purchase:				
Before 1990	18	57	73	72
1990 to 1995	43	28	18	15
1996 or later	39	15	9	13
Source of first equity purchase:				
Inside employer-sponsored retirement plans	54	50	33	7
Outside employer-sponsored retirement plans	46	50	77	93
Type of equity first purchased:				
Individual stock only	25	27	38	49
Stock mutual funds only	65	63	52	43
Both individual stock and stock mutual funds	10	10	10	8
Willing to take:				
Substantial risk for substantial gain	15	9	4	4
Above-average risk for above-average gain	37	36	21	7
Average risk for average gain	39	46	57	55
Below-average risk for below-average gain	4	5	9	18
Unwilling to take any risk	4	4	9	16

<sup>1</sup> See text footnote 14 on page 8 for the definition of an equity transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 66

Characteristics of Equity Owners by Region<sup>1</sup>

	Northeast	Midwest	South	West
<b>Median</b>				
Age	48 years	47 years	47 years	45 years
Household income	\$60,000	\$55,000	\$56,000	\$60,000
Household financial assets <sup>2</sup>	\$107,000	\$90,000	\$80,000	\$70,000
<b>Percent</b>				
Household investment decisionmaker:				
Male	24	25	26	28
Female	24	21	19	17
Co-decisionmakers	52	54	55	55
Married	65	69	69	65
Living with a partner	8	4	4	6
Widowed	8	6	7	6
College or postgraduate degree	55	47	53	57
Completed graduate school	21	16	20	19
Employed	81	81	77	81
Spouse or partner employed <sup>3</sup>	78	75	70	73
Retired from lifetime occupation	20	20	24	20
Spouse or partner retired from lifetime occupation <sup>3</sup>	16	13	21	17
Non-equity investments held: <sup>4</sup>				
Savings accounts, money market deposit accounts, or certificates of deposit	84	84	83	81
Bond investments (net) <sup>4</sup>	23	20	23	21
Individual bonds	10	7	11	8
Bond mutual funds	17	17	16	16
Fixed or variable annuities	20	24	21	21
Hybrid mutual funds	39	39	39	41
Money market mutual funds	25	26	26	29
Investment real estate	25	23	29	28
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>	84	80	77	80
Traditional defined-benefit pension plan	48	42	35	34
401(k) plan	57	58	55	56
403(b) plan	10	10	7	7
State, local, or federal government plan	14	14	21	20
Other <sup>5</sup>	13	13	14	11
Have IRA (net) <sup>4</sup>	53	55	53	50
Traditional IRA	47	49	47	45
Roth IRA	12	11	10	12
Ethnic background: <sup>6</sup>				
Caucasian	93	93	87	88
African-American	4	3	9	2
Asian	1	1	1	3
Hispanic	3	1	2	8
Other	1	2	2	3

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 67

## Equity Ownership Characteristics by Region

	Northeast	Midwest	South	West
<b>Median</b>				
Household financial assets in equities	\$50,000	\$49,000	\$50,000	\$45,500
Number of equities owned	5	4	4	4
Number of equity transactions in 1998 <sup>1</sup>	0	0	0	0
<b>Percent</b>				
Own:				
Individual stock (net) <sup>2</sup>	58	50	52	57
Inside employer-sponsored retirement plans	23	20	18	22
Outside employer-sponsored retirement plans	51	42	44	46
Stock mutual funds (net) <sup>2</sup>	82	87	86	84
Inside employer-sponsored retirement plans	57	60	58	58
Outside employer-sponsored retirement plans	52	60	57	56
Year of first equity purchase:				
Before 1990	58	54	55	51
1990 to 1995	28	26	29	28
1996 or later	14	20	17	21
Source of first equity purchase:				
Inside employer-sponsored retirement plans	62	44	45	45
Outside employer-sponsored retirement plans	38	56	55	55
Type of equity first purchased:				
Individual stock only	36	27	30	30
Stock mutual funds only	54	62	59	59
Both individual stock and stock mutual funds	10	8	11	11
Willing to take:				
Substantial risk for substantial gain	10	7	8	11
Above-average risk for above-average gain	27	34	29	32
Average risk for average gain	50	47	48	47
Below-average risk for below-average gain	7	6	8	5
Unwilling to take any risk	6	6	7	5

<sup>1</sup> See text footnote 14 on page 8 for the definition of an equity transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

## APPENDIX D

# Detailed Tabulations for Individual Stock Owners by Key Demographic Variables

FIGURE 68

**Characteristics of Individual Stock Owners by Investment Decisionmaker<sup>1</sup>**

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
<b>Median</b>			
Age	47 years	55 years	47 years
Household income	\$62,500	\$45,000	\$70,000
Household financial assets <sup>2</sup>	\$133,000	\$100,000	\$120,000
<b>Percent</b>			
Married	52	22	92
Living with a partner	4	7	5
Widowed	7	28	1
College or postgraduate degree	64	52	57
Completed graduate school	23	18	22
Employed	81	60	80
Spouse or partner employed <sup>3</sup>	59	85	72
Retired from lifetime occupation	25	34	21
Spouse or partner retired from lifetime occupation <sup>3</sup>	21	21	20
Non-equity investments held: <sup>4</sup>			
Savings accounts, money market deposit accounts, or certificates of deposit	81	85	85
Bond investments (net) <sup>4</sup>			
Individual bonds	14	11	11
Bond mutual funds	17	20	17
Fixed or variable annuities	18	31	23
Hybrid mutual funds	31	32	29
Money market mutual funds	37	32	40
Investment real estate	30	28	33
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>			
Traditional defined-benefit pension plan	41	37	43
401(k) plan	56	42	59
403(b) plan	5	11	9
State, local, or federal government plan	10	11	20
Other <sup>5</sup>	14	15	16
Have IRA (net) <sup>4</sup>			
Traditional IRA	51	52	52
Roth IRA	14	11	12
Ethnic background: <sup>6</sup>			
Caucasian	92	91	91
African-American	3	3	4
Asian	2	1	2
Hispanic	3	2	3
Other	3	4	3

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 69

## Individual Stock Ownership Characteristics by Investment Decisionmaker

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
<b>Median</b>			
Household financial assets in individual stock	\$40,000	\$29,500	\$30,000
Number of individual stocks owned	4	3	3
Number of individual stock transactions in 1998 <sup>1</sup>	1	0	0
<b>Percent</b>			
Own:			
Individual stock (net) <sup>2</sup>	100	100	100
Inside employer-sponsored retirement plans	40	27	41
Outside employer-sponsored retirement plans	87	87	84
Stock mutual funds (net) <sup>2</sup>	67	71	75
Inside employer-sponsored retirement plans	48	36	53
Outside employer-sponsored retirement plans	53	56	55
Year of first individual stock purchase:			
Before 1990	60	59	59
1990 to 1995	26	25	22
1996 or later	14	16	19
Source of first individual stock purchase:			
Inside employer-sponsored retirement plans	26	31	36
Outside employer-sponsored retirement plans	74	69	64
Type of equity first purchased:			
Individual stock only	62	65	56
Stock mutual funds only	19	18	24
Both individual stock and stock mutual funds	19	17	20
Willing to take:			
Substantial risk for substantial gain	14	6	7
Above-average risk for above-average gain	34	25	33
Average risk for average gain	42	55	46
Below-average risk for below-average gain	5	10	7
Unwilling to take any risk	5	4	7

<sup>1</sup> See text footnote 14 on page 8 for the definition of an individual stock transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.



FIGURE 70

Characteristics of Individual Stock Owners by Household Income<sup>1</sup>

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
<b>Median</b>			
Age	46 years	45 years	49 years
Household income	\$35,000	\$65,000	\$135,000
Household financial assets <sup>2</sup>	\$55,000	\$107,000	\$320,000
<b>Percent</b>			
Household investment decisionmaker:			
Male	31	28	31
Female	29	12	8
Co-decisionmakers	40	60	61
Married	46	75	85
Living with a partner	8	4	7
Widowed	14	4	1
College or postgraduate degree	41	62	75
Completed graduate school	11	22	38
Employed	70	87	86
Spouse or partner employed <sup>3</sup>	58	77	71
Retired from lifetime occupation	29	16	13
Spouse or partner retired from lifetime occupation <sup>3</sup>	27	15	16
Non-equity investments held: <sup>4</sup>			
Savings accounts, money market deposit accounts, or certificates of deposit	79	82	86
Bond investments (net) <sup>4</sup>	16	21	31
Individual bonds	6	10	18
Bond mutual funds	11	15	21
Fixed or variable annuities	16	19	26
Hybrid mutual funds	25	42	44
Money market mutual funds	24	27	39
Investment real estate	24	27	42
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>			
Traditional defined-benefit pension plan	34	43	45
401(k) plan	43	65	65
403(b) plan	5	8	12
State, local, or federal government plan	15	19	15
Other <sup>5</sup>	12	17	21
Have IRA (net) <sup>4</sup>			
Traditional IRA	36	52	67
Roth IRA	6	15	16
Ethnic background: <sup>6</sup>			
Caucasian	90	91	92
African-American	3	4	3
Asian	1	1	3
Hispanic	2	3	1
Other	4	2	2

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 71

## Individual Stock Ownership Characteristics by Household Income

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
<b>Median</b>			
Household financial assets in individual stock	\$12,500	\$28,500	\$99,700
Number of individual stocks owned	2	3	5
Number of individual stock transactions in 1998 <sup>1</sup>	0	1	3
<b>Percent</b>			
Own:			
Individual stock (net) <sup>2</sup>	100	100	100
Inside employer-sponsored retirement plans	35	40	43
Outside employer-sponsored retirement plans	79	86	91
Stock mutual funds (net) <sup>2</sup>	55	79	83
Inside employer-sponsored retirement plans	28	59	64
Outside employer-sponsored retirement plans	43	56	64
Year of first individual stock purchase:			
Before 1990	52	54	68
1990 to 1995	25	29	19
1996 or later	23	17	13
Source of first individual stock purchase:			
Inside employer-sponsored retirement plans	30	37	34
Outside employer-sponsored retirement plans	70	63	66
Type of equity first purchased:			
Individual stock only	72	53	54
Stock mutual funds only	14	26	31
Both individual stock and stock mutual funds	14	21	15
Willing to take:			
Substantial risk for substantial gain	8	12	10
Above-average risk for above-average gain	28	36	43
Average risk for average gain	47	44	42
Below-average risk for below-average gain	8	6	4
Unwilling to take any risk	9	2	1

<sup>1</sup> See text footnote 14 on page 8 for the definition of an individual stock transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 72

**Characteristics of Individual Stock Owners by Household Financial Assets<sup>1</sup>**

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 or \$499,999	\$500,000 or More
<b>Median</b>				
Age	35 years	39 years	48 years	57 years
Household income	\$40,000	\$60,000	\$70,000	\$100,000
Household financial assets <sup>2</sup>	\$10,500	\$55,000	\$200,000	\$850,000
<b>Percent</b>				
Household investment decisionmaker:				
Male	24	30	31	43
Female	22	15	17	11
Co-decisionmakers	54	55	52	46
Married	55	70	70	77
Living with a partner	11	4	3	6
Widowed	3	5	5	9
College or postgraduate degree	45	55	67	70
Completed graduate school	9	15	30	36
Employed	88	91	79	66
Spouse or partner employed <sup>3</sup>	78	80	75	49
Retired from lifetime occupation	10	12	20	40
Spouse or partner retired from lifetime occupation <sup>3</sup>	19	9	13	31
Non-equity investments held: <sup>4</sup>				
Savings accounts, money market deposit accounts, or certificates of deposit	87	84	80	84
Bond investments (net) <sup>4</sup>	11	10	24	42
Individual bonds	3	3	11	26
Bond mutual funds	9	8	16	30
Fixed or variable annuities	12	14	25	26
Hybrid mutual funds	24	36	41	47
Money market mutual funds	14	24	38	44
Investment real estate	8	23	34	59
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>	69	86	84	71
Traditional defined-benefit pension plan	26	42	47	36
401(k) plan	55	69	60	46
403(b) plan	5	7	9	8
State, local, or federal government plan	14	15	17	16
Other <sup>5</sup>	16	17	18	15
Have IRA (net) <sup>4</sup>	34	50	67	71
Traditional IRA	28	46	59	69
Roth IRA	7	11	17	14
Ethnic background: <sup>6</sup>				
Caucasian	85	91	92	96
African-American	4	5	3	1
Asian	3	0	2	2
Hispanic	7	1	2	0
Other	4	4	2	2

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 73

## Individual Stock Ownership Characteristics by Household Financial Assets

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 or \$499,999	\$500,000 or More
<b>Median</b>				
Household financial assets in individual stock	\$4,400	\$18,500	\$60,000	\$298,000
Number of individual stocks owned	1	2	4	8
Number of individual stock transactions in 1998 <sup>1</sup>	0	0	1	4
<b>Percent</b>				
Own:				
Individual stock (net) <sup>2</sup>	100	100	100	100
Inside employer-sponsored retirement plans	46	47	33	38
Outside employer-sponsored retirement plans	68	79	94	91
Stock mutual funds (net) <sup>2</sup>	46	71	83	75
Inside employer-sponsored retirement plans	33	57	56	47
Outside employer-sponsored retirement plans	32	47	65	65
Year of first individual stock purchase:				
Before 1990	30	47	64	79
1990 to 1995	28	36	23	13
1996 or later	42	17	13	8
Source of first individual stock purchase:				
Inside employer-sponsored retirement plans	46	42	31	21
Outside employer-sponsored retirement plans	54	58	69	79
Type of equity first purchased:				
Individual stock only	70	57	52	64
Stock mutual funds only	13	22	31	21
Both individual stock and stock mutual funds	17	21	17	15
Willing to take:				
Substantial risk for substantial gain	13	12	7	9
Above-average risk for above-average gain	37	32	39	36
Average risk for average gain	40	44	44	47
Below-average risk for below-average gain	3	7	7	6
Unwilling to take any risk	7	5	3	2

<sup>1</sup> See text footnote 14 on page 8 for the definition of an individual stock transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 74

Characteristics of Individual Stock Owners by Generation<sup>1</sup>

	Generation X (ages 19 to 35)	Baby Boom Generation (ages 36 to 54)	Silent Generation (ages 55 to 74)	GI Generation (ages 75 or older)
<b>Median</b>				
Age	29 years	44 years	61 years	79 years
Household income	\$50,000	\$70,000	\$60,000	\$34,000
Household financial assets <sup>2</sup>	\$32,000	\$120,000	\$300,000	\$357,000
<b>Percent</b>				
Household investment decisionmaker:				
Male	31	29	27	30
Female	10	13	22	34
Co-decisionmakers	59	58	50	36
Married	59	74	70	55
Living with a partner	13	5	2	0
Widowed	1	1	14	34
College or postgraduate degree	59	63	51	56
Completed graduate school	11	24	23	19
Employed	95	93	56	15
Spouse or partner employed <sup>3</sup>	81	83	53	20
Retired from lifetime occupation	2	6	50	90
Spouse or partner retired from lifetime occupation <sup>3</sup>	3	7	40	77
Non-equity investments held: <sup>4</sup>				
Savings accounts, money market deposit accounts, or certificates of deposit	81	85	82	87
Bond investments (net) <sup>4</sup>	13	24	27	44
Individual bonds	5	11	14	31
Bond mutual funds	9	17	20	25
Fixed or variable annuities	12	19	30	37
Hybrid mutual funds	30	40	40	25
Money market mutual funds	19	31	33	31
Investment real estate	20	32	39	26
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>	84	85	71	49
Traditional defined-benefit pension plan	31	45	42	39
401(k) plan	71	68	38	13
403(b) plan	3	11	6	5
State, local, or federal government plan	13	18	16	13
Other <sup>5</sup>	19	19	12	2
Have IRA (net) <sup>4</sup>	41	58	69	42
Traditional IRA	32	51	66	42
Roth IRA	13	15	10	1
Ethnic background: <sup>6</sup>				
Caucasian	85	89	96	97
African-American	6	4	2	0
Asian	3	2	1	3
Hispanic	4	4	1	0
Other	2	4	1	0

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 75

## Individual Stock Ownership Characteristics by Generation

	Generation X (ages 19 to 35)	Baby Boom Generation (ages 36 to 54)	Silent Generation (ages 55 to 74)	GI Generation (ages 75 or older)
<b>Median</b>				
Household financial assets in individual stock	\$11,250	\$30,000	\$60,000	\$87,500
Number of individual stocks owned	2	3	4	5
Number of individual stock transactions in 1998 <sup>1</sup>	0	1	0	0
<b>Percent</b>				
Own:				
Individual stock (net) <sup>2</sup>	100	100	100	100
Inside employer-sponsored retirement plans	48	44	29	10
Outside employer-sponsored retirement plans	78	83	90	96
Stock mutual funds (net) <sup>2</sup>	61	77	71	68
Inside employer-sponsored retirement plans	51	60	38	6
Outside employer-sponsored retirement plans	42	56	59	63
Year of first individual stock purchase:				
Before 1990	21	59	78	85
1990 to 1995	45	23	15	6
1996 or later	34	18	7	9
Source of first individual stock purchase:				
Inside employer-sponsored retirement plans	39	39	24	2
Outside employer-sponsored retirement plans	61	61	76	98
Type of equity first purchased:				
Individual stock only	57	53	66	76
Stock mutual funds only	20	27	17	12
Both individual stock and stock mutual funds	23	20	17	12
Willing to take:				
Substantial risk for substantial gain	20	10	4	2
Above-average risk for above-average gain	42	38	22	8
Average risk for average gain	30	45	56	54
Below-average risk for below-average gain	4	4	9	18
Unwilling to take any risk	4	3	9	18

<sup>1</sup> See text footnote 14 on page 8 for the definition of an individual stock transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 76

Characteristics of Individual Stock Owners by Region<sup>1</sup>

	Northeast	Midwest	South	West
<b>Median</b>				
Age	49 years	49 years	49 years	45 years
Household income	\$62,500	\$62,500	\$62,500	\$62,500
Household financial assets <sup>2</sup>	\$137,500	\$125,000	\$126,000	\$80,000
<b>Percent</b>				
Household investment decisionmaker:				
Male	27	30	27	31
Female	20	16	16	16
Co-decisionmakers	52	53	57	53
Married	66	72	71	65
Living with a partner	7	4	4	6
Widowed	10	7	8	5
College or postgraduate degree	59	57	58	60
Completed graduate school	23	22	22	21
Employed	79	79	70	82
Spouse or partner employed <sup>3</sup>	76	72	67	68
Retired from lifetime occupation	20	25	29	21
Spouse or partner retired from lifetime occupation <sup>3</sup>	17	16	24	21
Non-equity investments held: <sup>4</sup>				
Savings accounts, money market deposit accounts, or certificates of deposit	84	84	85	81
Bond investments (net) <sup>4</sup>	28	21	28	20
Individual bonds	15	9	16	8
Bond mutual funds	18	16	19	16
Fixed or variable annuities	20	23	25	22
Hybrid mutual funds	39	36	40	36
Money market mutual funds	29	30	31	31
Investment real estate	27	30	34	34
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>				
Traditional defined-benefit pension plan	51	45	37	36
401(k) plan	56	56	53	57
403(b) plan	9	10	6	7
State, local, or federal government plan	11	13	20	18
Other <sup>5</sup>	15	16	17	14
Have IRA (net) <sup>4</sup>				
Traditional IRA	52	55	52	49
Roth IRA	13	13	10	12
Ethnic background: <sup>6</sup>				
Caucasian	94	94	90	87
African-American	3	2	6	2
Asian	2	1	0	4
Hispanic	1	0	2	7
Other	2	3	2	3

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 77

## Individual Stock Ownership Characteristics by Region

	Northeast	Midwest	South	West
<b>Median</b>				
Household financial assets in individual stock	\$30,000	\$32,800	\$30,000	\$25,100
Number of individual stocks owned	4	3	3	3
Number of individual stock transactions in 1998 <sup>1</sup>	1	0	0	1
<b>Percent</b>				
Own:				
Individual stock (net) <sup>2</sup>	100	100	100	100
Inside employer-sponsored retirement plans	39	40	35	40
Outside employer-sponsored retirement plans	88	86	86	82
Stock mutual funds (net) <sup>2</sup>	69	73	73	71
Inside employer-sponsored retirement plans	45	52	48	51
Outside employer-sponsored retirement plans	52	59	55	54
Year of first individual stock purchase:				
Before 1990	63	64	59	53
1990 to 1995	21	23	27	23
1996 or later	16	13	14	24
Source of first individual stock purchase:				
Inside employer-sponsored retirement plans	29	35	30	34
Outside employer-sponsored retirement plans	71	65	70	66
Type of equity first purchased:				
Individual stock only	63	60	59	55
Stock mutual funds only	19	24	19	25
Both individual stock and stock mutual funds	18	16	22	20
Willing to take:				
Substantial risk for substantial gain	9	8	8	12
Above-average risk for above-average gain	30	34	30	34
Average risk for average gain	47	46	49	43
Below-average risk for below-average gain	8	6	7	5
Unwilling to take any risk	6	6	6	6

<sup>1</sup> See text footnote 14 on page 8 for the definition of an individual stock transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.



APPENDIX E

# Detailed Tabulations for Stock Mutual Fund Shareholders by Key Demographic Variables

FIGURE 78

**Characteristics of Stock Mutual Fund Shareholders by Investment Decisionmaker<sup>1</sup>**

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
<b>Median</b>			
Age	46 years	50 years	46 years
Household income	\$59,000	\$38,000	\$65,000
Household financial assets <sup>2</sup>	\$100,000	\$60,000	\$90,000
<b>Percent</b>			
Married	51	20	93
Living with a partner	4	6	5
Widowed	5	23	1
College or postgraduate degree	61	49	51
Completed graduate school	24	16	18
Employed	83	70	84
Spouse or partner employed <sup>3</sup>	59	80	78
Retired from lifetime occupation	21	28	17
Spouse or partner retired from lifetime occupation <sup>3</sup>	19	24	15
Non-equity investments held: <sup>4</sup>			
Savings accounts, money market deposit accounts, or certificates of deposit	79	85	84
Bond investments (net) <sup>4</sup>			
Individual bonds	11	9	8
Bond mutual funds	18	22	18
Fixed or variable annuities	18	28	22
Hybrid mutual funds	29	29	29
Money market mutual funds	47	42	44
Investment real estate	27	21	29
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>			
Traditional defined-benefit pension plan	36	34	43
401(k) plan	57	50	63
403(b) plan	6	10	10
State, local, or federal government plan	13	15	22
Other <sup>5</sup>	12	14	13
Have IRA (net) <sup>4</sup>			
Traditional IRA	51	46	51
Roth IRA	14	11	12
Ethnic background: <sup>6</sup>			
Caucasian	91	88	90
African-American	3	8	5
Asian	2	0	2
Hispanic	3	2	4
Other	3	2	2

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 79

**Stock Mutual Fund Ownership Characteristics by Investment Decisionmaker**

	Male is Sole Decisionmaker	Female is Sole Decisionmaker	Co-decision-makers
<b>Median</b>			
Household financial assets in stock mutual funds	\$40,000	\$30,000	\$38,000
Number of stock mutual funds owned	4	3	4
Number of stock mutual fund transactions in 1998 <sup>1</sup>	0	0	0
<b>Percent</b>			
Own:			
Individual stock (net) <sup>2</sup>	49	38	46
Inside employer-sponsored retirement plans	19	10	17
Outside employer-sponsored retirement plans	43	34	40
Stock mutual funds (net) <sup>2</sup>	100	100	100
Inside employer-sponsored retirement plans	69	58	72
Outside employer-sponsored retirement plans	70	69	65
Year of first stock mutual fund purchase:			
Before 1990	48	40	50
1990 to 1995	32	30	33
1996 or later	20	30	17
Source of first stock mutual fund purchase:			
Inside employer-sponsored retirement plans	40	44	50
Outside employer-sponsored retirement plans	60	56	50
Type of equity first purchased:			
Individual stock only	20	17	18
Stock mutual funds only	66	74	70
Both individual stock and stock mutual funds	14	9	12
Willing to take:			
Substantial risk for substantial gain	14	6	8
Above-average risk for above-average gain	35	26	33
Average risk for average gain	44	56	48
Below-average risk for below-average gain	4	7	6
Unwilling to take any risk	3	5	5

<sup>1</sup> See text footnote 14 on page 8 for the definition of a stock mutual fund transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 80

Characteristics of Stock Mutual Fund Shareholders by Household Income<sup>1</sup>

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
<b>Median</b>			
Age	46 years	44 years	48 years
Household income	\$34,000	\$65,000	\$125,000
Household financial assets <sup>2</sup>	\$42,500	\$90,000	\$300,000
<b>Percent</b>			
Household investment decisionmaker:			
Male	26	25	27
Female	33	12	7
Co-decisionmakers	40	63	66
Married	44	78	88
Living with a partner	6	5	5
Widowed	11	2	1
College or postgraduate degree	38	55	76
Completed graduate school	11	19	36
Employed	75	88	88
Spouse or partner employed <sup>3</sup>	63	80	76
Retired from lifetime occupation	23	16	13
Spouse or partner retired from lifetime occupation <sup>3</sup>	25	12	13
Non-equity investments held: <sup>4</sup>			
Savings accounts, money market deposit accounts, or certificates of deposit	80	83	86
Bond investments (net) <sup>4</sup>	17	20	32
Individual bonds	4	7	15
Bond mutual funds	14	16	24
Fixed or variable annuities	19	20	25
Hybrid mutual funds	22	27	41
Money market mutual funds	39	46	49
Investment real estate	18	26	40
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>			
Traditional defined-benefit pension plan	29	45	47
401(k) plan	48	67	65
403(b) plan	8	8	14
457 plan	17	22	19
Other <sup>5</sup>	11	13	20
Have IRA (net) <sup>4</sup>			
Traditional IRA	39	50	65
Roth IRA	10	13	17
Ethnic background: <sup>6</sup>			
Caucasian	91	88	91
African-American	4	5	4
Asian	1	2	3
Hispanic	2	5	3
Other	2	3	1

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 81

**Stock Mutual Fund Ownership Characteristics by Household Income**

	Household Income		
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 or More
<b>Median</b>			
Household financial assets in stock mutual funds	\$20,000	\$40,000	\$101,000
Number of stock mutual funds owned	3	3	6
Number of stock mutual fund transactions in 1998 <sup>1</sup>	0	0	1
<b>Percent</b>			
Own:			
Individual stock (net) <sup>2</sup>	30	46	63
Inside employer-sponsored retirement plans	8	17	26
Outside employer-sponsored retirement plans	25	41	58
Stock mutual funds (net) <sup>2</sup>	100	100	100
Inside employer-sponsored retirement plans	61	74	78
Outside employer-sponsored retirement plans	64	62	74
Year of first stock mutual fund purchase:			
Before 1990	34	44	63
1990 to 1995	33	38	29
1996 or later	33	18	8
Source of first stock mutual fund purchase:			
Inside employer-sponsored retirement plans	46	50	44
Outside employer-sponsored retirement plans	54	50	56
Type of equity first purchased:			
Individual stock only	13	18	27
Stock mutual funds only	80	70	62
Both individual stock and stock mutual funds	7	12	11
Willing to take:			
Substantial risk for substantial gain	7	12	9
Above-average risk for above-average gain	27	34	45
Average risk for average gain	53	46	40
Below-average risk for below-average gain	8	5	4
Unwilling to take any risk	5	3	2

<sup>1</sup> See text footnote 14 on page 8 for the definition of a stock mutual fund transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 82

**Characteristics of Stock Mutual Fund Shareholders by Household Financial Assets<sup>1</sup>**

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 or \$499,999	\$500,000 or More
<b>Median</b>				
Age	35 years	42 years	48 years	53 years
Household income	\$40,000	\$55,000	\$70,000	\$115,000
Household financial assets <sup>2</sup>	\$12,000	\$56,000	\$195,000	\$850,000
<b>Percent</b>				
Household investment decisionmaker:				
Male	25	25	29	39
Female	26	17	14	11
Co-decisionmakers	49	57	57	49
Married	54	67	74	81
Living with a partner	9	3	3	5
Widowed	2	5	4	7
College or postgraduate degree	38	50	60	72
Completed graduate school	11	13	27	35
Employed	90	88	82	73
Spouse or partner employed <sup>3</sup>	85	82	78	55
Retired from lifetime occupation	6	12	21	33
Spouse or partner retired from lifetime occupation <sup>3</sup>	7	10	14	25
Non-equity investments held: <sup>4</sup>				
Savings accounts, money market deposit accounts, or certificates of deposit	79	85	83	86
Bond investments (net) <sup>4</sup>	17	11	25	42
Individual bonds	4	4	9	22
Bond mutual funds	14	9	19	33
Fixed or variable annuities	9	16	26	32
Hybrid mutual funds	35	41	46	60
Money market mutual funds	12	24	35	51
Investment real estate	9	19	33	55
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>				
Traditional defined-benefit pension plan	25	36	45	42
401(k) plan	63	68	60	54
403(b) plan	7	8	11	11
State, local, or federal government plan	17	18	18	17
Other <sup>5</sup>	16	13	16	15
Have IRA (net) <sup>4</sup>				
Traditional IRA	27	46	57	71
Roth IRA	8	10	16	19
Ethnic background: <sup>6</sup>				
Caucasian	87	90	91	93
African-American	7	4	3	3
Asian	2	1	2	3
Hispanic	4	5	3	<1
Other	3	3	1	1

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 83

## Stock Mutual Fund Ownership Characteristics by Household Financial Assets

	Household Financial Assets			
	Less than \$25,000	\$25,000 to \$99,999	\$100,000 or \$499,999	\$500,000 or More
<b>Median</b>				
Household financial assets in stock mutual funds	\$7,500	\$27,900	\$78,000	\$203,000
Number of stock mutual funds owned	2	3	4	7
Number of stock mutual fund transactions in 1998 <sup>1</sup>	0	0	0	1
<b>Percent</b>				
Own:				
Individual stock (net) <sup>2</sup>	21	38	54	74
Inside employer-sponsored retirement plans	8	15	18	28
Outside employer-sponsored retirement plans	16	32	51	66
Stock mutual funds (net) <sup>2</sup>	100	100	100	100
Inside employer-sponsored retirement plans	72	78	69	65
Outside employer-sponsored retirement plans	51	57	72	86
Year of first stock mutual fund purchase:				
Before 1990	15	39	60	77
1990 to 1995	36	41	30	15
1996 or later	49	20	10	8
Source of first stock mutual fund purchase:				
Inside employer-sponsored retirement plans	60	55	42	29
Outside employer-sponsored retirement plans	40	45	58	71
Type of equity first purchased:				
Individual stock only	6	15	23	37
Stock mutual funds only	86	74	67	48
Both individual stock and stock mutual funds	8	11	10	15
Willing to take:				
Substantial risk for substantial gain	13	11	8	6
Above-average risk for above-average gain	36	30	37	38
Average risk for average gain	44	48	46	49
Below-average risk for below-average gain	5	6	6	4
Unwilling to take any risk	2	5	2	3

<sup>1</sup> See text footnote 14 on page 8 for the definition of a stock mutual fund transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 84

**Characteristics of Stock Mutual Fund Shareholders by Generation<sup>1</sup>**

	<b>Generation X (ages 19 to 35)</b>	<b>Baby Boom Generation (ages 36 to 54)</b>	<b>Silent Generation (ages 55 to 74)</b>	<b>GI Generation (ages 75 or older)</b>
<b>Median</b>				
Age	29 years	44 years	61 years	78 years
Household income	\$50,000	\$64,000	\$58,000	\$30,000
Household financial assets <sup>2</sup>	\$29,000	\$90,000	\$210,000	\$175,000
<b>Percent</b>				
Household investment decisionmaker:				
Male	28	24	23	30
Female	16	17	23	42
Co-decisionmakers	56	59	53	29
Married	59	72	71	47
Living with a partner	11	4	2	0
Widowed	1	1	12	43
College or postgraduate degree	54	56	48	51
Completed graduate school	11	21	23	14
Employed	96	95	58	13
Spouse or partner employed <sup>3</sup>	85	86	54	14
Retired from lifetime occupation	1	4	49	88
Spouse or partner retired from lifetime occupation <sup>3</sup>	1	5	38	79
Non-equity investments held: <sup>4</sup>				
Savings accounts, money market deposit accounts, or certificates of deposit	83	84	83	86
Bond investments (net) <sup>4</sup>	16	22	27	47
Individual bonds	4	8	11	24
Bond mutual funds	12	17	22	34
Fixed or variable annuities	10	20	32	37
Hybrid mutual funds	37	45	48	44
Money market mutual funds	20	28	35	33
Investment real estate	16	26	35	22
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>				
Traditional defined-benefit pension plan	30	42	41	38
401(k) plan	70	69	40	10
403(b) plan	7	10	9	4
State, local, or federal government plan	17	21	17	11
Other <sup>5</sup>	15	15	10	4
Have IRA (net) <sup>4</sup>				
Traditional IRA	29	49	67	42
Roth IRA	14	14	11	1
Ethnic background: <sup>6</sup>				
Caucasian	84	88	95	96
African-American	8	5	3	2
Asian	3	1	1	2
Hispanic	6	4	2	1
Other	2	2	1	0

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.



FIGURE 85

**Stock Mutual Fund Ownership Characteristics by Generation**

	<b>Generation X (ages 19 to 35)</b>	<b>Baby Boom Generation (ages 36 to 54)</b>	<b>Silent Generation (ages 55 to 74)</b>	<b>G1 Generation (ages 75 or older)</b>
<b>Median</b>				
Household financial assets in stock mutual funds	\$20,000	\$40,000	\$60,000	\$35,000
Number of stock mutual funds owned	3	4	3	2
Number of stock mutual fund transactions in 1998 <sup>1</sup>	0	0	0	0
<b>Percent</b>				
Own:				
Individual stock (net) <sup>2</sup>	33	45	50	54
Inside employer-sponsored retirement plans	14	18	14	7
Outside employer-sponsored retirement plans	28	40	45	49
Stock mutual funds (net) <sup>2</sup>	100	100	100	100
Inside employer-sponsored retirement plans	77	76	56	15
Outside employer-sponsored retirement plans	55	65	74	92
Year of first stock mutual fund purchase:				
Before 1990	14	51	64	61
1990 to 1995	45	32	23	23
1996 or later	41	17	13	16
Source of first stock mutual fund purchase:				
Inside employer-sponsored retirement plans	56	51	36	10
Outside employer-sponsored retirement plans	44	49	64	90
Type of equity first purchased:				
Individual stock only	9	17	25	32
Stock mutual funds only	79	72	63	57
Both individual stock and stock mutual funds	12	11	12	11
Willing to take:				
Substantial risk for substantial gain	16	9	5	5
Above-average risk for above-average gain	39	37	22	8
Average risk for average gain	39	46	57	58
Below-average risk for below-average gain	3	5	8	17
Unwilling to take any risk	3	3	8	12

<sup>1</sup> See text footnote 14 on page 8 for the definition of a stock mutual fund transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.

FIGURE 86

**Characteristics of Stock Mutual Fund Shareholders by Region<sup>1</sup>**

	Northeast	Midwest	South	West
<b>Median</b>				
Age	48 years	47 years	47 years	45 years
Household income	\$62,000	\$56,000	\$60,000	\$63,000
Household financial assets <sup>2</sup>	\$107,000	\$90,000	\$85,000	\$77,500
<b>Percent</b>				
Household investment decisionmaker:				
Male	23	23	25	27
Female	24	22	20	16
Co-decisionmakers	53	55	55	57
Married	66	69	70	66
Living with a partner	8	4	4	6
Widowed	7	6	6	6
College or postgraduate degree	56	46	54	58
Completed graduate school	22	16	20	19
Employed	82	82	79	81
Spouse or partner employed <sup>3</sup>	78	76	71	75
Retired from lifetime occupation	20	20	22	19
Spouse or partner retired from lifetime occupation <sup>3</sup>	16	13	19	15
Non-equity investments held: <sup>4</sup>				
Savings accounts, money market deposit accounts, or certificates of deposit	84	84	83	82
Bond investments (net) <sup>4</sup>	25	22	24	23
Individual bonds	11	6	11	8
Bond mutual funds	19	19	18	19
Fixed or variable annuities	21	24	21	22
Hybrid mutual funds	44	43	43	48
Money market mutual funds	27	29	27	32
Investment real estate	26	23	30	28
Have employer-sponsored retirement plan coverage (net) <sup>4</sup>	86	83	79	82
Traditional defined-benefit pension plan	48	44	36	34
401(k) plan	59	60	57	59
403(b) plan	11	11	7	7
State, local, or federal government plan	15	14	22	21
Other <sup>5</sup>	12	13	14	12
Have IRA (net) <sup>4</sup>	55	57	56	55
Traditional IRA	50	51	49	49
Roth IRA	13	12	11	14
Ethnic background: <sup>6</sup>				
Caucasian	93	93	87	88
African-American	4	3	9	2
Asian	1	1	1	3
Hispanic	3	1	2	8
Other	1	2	2	3

<sup>1</sup> Refers to the household's responding financial decisionmaker for investments.

<sup>2</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

<sup>3</sup> Percent of shareholders married or living with a partner.

<sup>4</sup> Multiple responses included.

<sup>5</sup> Other includes employee stock ownership plans (ESOPs) and SEP-IRAs.

<sup>6</sup> Multiple responses included because Hispanics can be of any race.

Note: Number of respondents varies.

FIGURE 87

**Stock Mutual Fund Ownership Characteristics by Region**

	Northeast	Midwest	South	West
<b>Median</b>				
Household financial assets in stock mutual funds	\$38,000	\$38,000	\$35,000	\$36,100
Number of stock mutual funds owned	4	3	3	3
Number of stock mutual fund transactions in 1998 <sup>1</sup>	0	0	0	0
<b>Percent</b>				
Own:				
Individual stock (net) <sup>2</sup>	49	42	44	48
Inside employer-sponsored retirement plans	18	15	15	18
Outside employer-sponsored retirement plans	44	27	39	41
Stock mutual funds (net) <sup>2</sup>	100	100	100	100
Inside employer-sponsored retirement plans	70	69	67	69
Outside employer-sponsored retirement plans	63	69	66	67
Year of first stock mutual fund purchase:				
Before 1990	53	47	48	44
1990 to 1995	30	31	32	34
1996 or later	17	22	20	22
Source of first stock mutual fund purchase:				
Inside employer-sponsored retirement plans	46	45	47	47
Outside employer-sponsored retirement plans	54	55	53	53
Type of equity first purchased:				
Individual stock only	22	18	18	17
Stock mutual funds only	66	72	69	70
Both individual stock and stock mutual funds	12	10	13	13
Willing to take:				
Substantial risk for substantial gain	10	7	8	10
Above-average risk for above-average gain	28	34	29	35
Average risk for average gain	50	48	50	46
Below-average risk for below-average gain	6	6	7	5
Unwilling to take any risk	6	5	6	4

<sup>1</sup> See text footnote 14 on page 8 for the definition of a stock mutual fund transaction.

<sup>2</sup> Multiple responses included.

Note: Number of respondents varies.



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