

ICI RESEARCH REPORT

Profile of Mutual Fund Shareholders, 2010

February 2011



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Profile of Mutual Fund Shareholders, 2010

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Introduction

Mutual funds have grown to represent an important part of the U.S. financial system over the past two decades. Between mid-year 1989 and mid-year 2010, assets held in mutual funds have increased from \$899 billion to \$10.5 trillion. The number of U.S. households that owned mutual funds rose from 23.2 million to 51.6 million over the same period. As a result, as of mid-year 2010, 43.9 percent of U.S. households owned mutual funds, representing 90.2 million individual mutual fund shareholders. Further, mutual fund holdings represent a significant component of the savings and investments of many American households, with mutual fund assets now accounting for one-fifth of households' financial assets.

Annual Survey

The Investment Company Institute (ICI) conducts an annual survey to track U.S. households' ownership of mutual funds and to gather information on their demographic and financial characteristics. The most recent survey, undertaken in May 2010, involved interviews with 1,844 randomly selected mutual fund-owning households. Eligible households included those owning mutual funds inside or outside employer-sponsored retirement plans. All interviews were conducted with the investment decisionmaker, the person most knowledgeable about the household's savings and investments.¹

¹ See "Appendix: Research Methodology" on page 175 for details on the survey's design, interviewing procedures, and sampling tolerances.

The “Typical” Mutual Fund Owner

This report summarizes the findings of the 2010 survey. As described in the first chapter, in 2010 the “typical” mutual fund–owning head of household:

- » was middle-aged, employed, educated, married or living with a partner, and shared investment decisionmaking with his or her spouse or partner;
- » was of moderate financial means, with \$80,000 in household income and \$200,000 in household financial assets;
- » owned investments other than mutual funds, including individual stocks, and had over half of the household’s financial assets (excluding the primary residence) invested in mutual funds;
- » had \$100,000 invested in four mutual funds, including at least one equity fund;
- » owned mutual funds inside an employer-sponsored retirement plan, such as a 401(k) plan, 403(b) plan, 457 plan, SEP IRA, SAR-SEP IRA, or SIMPLE IRA;
- » owned mutual funds outside employer-sponsored retirement plans, primarily through the sales force channel; and
- » was confident that mutual funds could help him or her reach financial goals.

This portrayal of the typical fund owner by no means implies that all shareholders are identical or nearly so. Indeed, the remaining nine chapters of the report discuss variations in shareholder characteristics from several dimensions.

Variations in Shareholder Characteristics

Chapters 2, 3, and 4 focus on the principal channels used by mutual fund–owning households to purchase fund shares. With the growth of 401(k) plans since 1990, employer-sponsored retirement plans have become a common channel through which households own mutual funds. In 2010, 68 percent of mutual fund–owning households owned funds through these plans. Seventy-two percent of mutual fund–owning households owned mutual funds purchased outside employer-sponsored retirement plans. Fifty-eight percent of mutual fund–owning households owned mutual funds purchased from the sales force channel, which includes full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, and accountants. Thirty-six percent owned fund shares purchased from the direct market channel, which consists of purchases made directly from fund companies and through discount brokers. In identifying their primary source for purchasing funds, 52 percent of mutual fund–owning households pointed to employer-sponsored retirement plans, 35 percent reported the sales force channel, and 13 percent cited the direct market channel.

Chapter 5 presents mutual fund shareholders by generation. Fourteen percent were members of Generation Y (born between 1977 and 2001). Twenty-four percent were members of Generation X (born between 1965 and 1976). The largest proportion of individuals heading mutual fund–owning households, 44 percent, were members of the Baby Boom Generation (born between 1946 and 1964). Eighteen percent were members of the Silent and GI Generations (born between 1904 and 1945).²

Chapter 6 describes mutual fund shareholders by age. Twenty-four percent of individuals heading households owning mutual funds were younger than 40 years old. The largest age group was individuals between the ages of 40 and 64, who were 58 percent of mutual fund–owning household heads. The remaining 18 percent of individuals heading mutual fund–owning households were 65 or older.

Chapter 7 describes mutual fund shareholders by their level of household income. Twenty-five percent of shareholder households had incomes below \$50,000, 39 percent had incomes between \$50,000 and \$99,999, 21 percent had incomes between \$100,000 and \$149,999, and 15 percent had incomes of \$150,000 or more.

Chapter 8 examines shareholders by their level of household financial assets. Twenty percent of shareholder households had financial assets of less than \$50,000, 13 percent had assets between \$50,000 and \$99,999, 23 percent had assets between \$100,000 and \$249,999, and 44 percent had assets of \$250,000 or more.

Chapter 9 examines shareholders by the level of financial risk they are willing to take. Thirty-one percent of mutual fund–owning households were willing to take above-average or substantial financial risk for similar levels of financial gain, 49 percent were willing to take average financial risk for average financial gain, and 20 percent were willing to take below-average financial risk for below-average financial gain or were unwilling to take financial risk.

Chapter 10 describes mutual fund shareholders by the year of their initial mutual fund purchase. Thirty-eight percent of shareholder households purchased their first mutual fund before 1990, 16 percent purchased their first mutual fund between 1990 and 1994, 20 percent purchased their first mutual fund between 1995 and 1999, and 26 percent purchased their first mutual fund in 2000 or later.

Taken together, these chapters present an overview of the millions of Americans who invest in mutual funds, the ways in which they purchase fund shares, and the ways in which U.S. households use funds to meet their current and long-term financial needs.

² The majority of this grouping is the Silent Generation. The GI Generation, which includes individuals born between 1904 and 1924, represented 1 percent of individuals heading mutual fund–owning households in 2010.

CHAPTER 1

Mutual Fund Shareholders

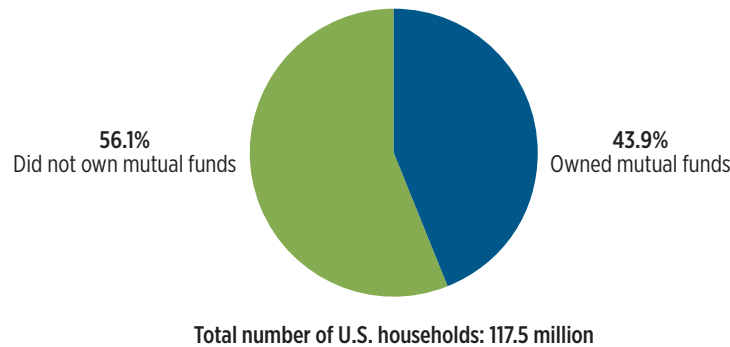
Demographic Characteristics

In 2010, more than 51 million U.S. households, or about 44 percent, owned mutual funds (Figure 1.1). The median age of individuals heading households that owned mutual funds was 50 (Figure 1.2).³ Forty-six percent of these individuals had college or postgraduate degrees. Seventy-five percent of U.S. households that owned mutual funds consisted of couples that were married or living with a partner. Investment decisionmaking was a shared responsibility in 62 percent of mutual fund-owning households.

FIGURE 1.1

51.6 Million U.S. Households Owned Mutual Funds

Percentage of all U.S. households, 2010



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

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

Employment Status and Household Income

Seventy-three percent of individuals heading households that owned mutual funds were employed full- or part-time (Figure 1.3). Among these household heads that were employed, 5 percent indicated they were retired from their lifetime occupations. Twenty-seven percent of individuals heading households that owned mutual funds were not employed, but 74 percent of these household heads were retired. All told, 25 percent of individuals heading households that owned mutual funds were retired from their lifetime occupations. The median income of mutual fund-owning households was \$80,000 in 2009. Twenty-five percent had household incomes of less than \$50,000, 20 percent had household incomes between \$50,000 and \$74,999, and 55 percent had incomes of \$75,000 or more.

Financial Characteristics

Among households that owned mutual funds, median household financial assets were \$200,000 (Figure 1.4). Mutual fund-owning households typically had other types of savings and investments. Twenty-eight percent owned certificates of deposit, 45 percent owned individual stocks, and 11 percent owned individual bonds (excluding U.S. savings bonds). In addition, 27 percent held investment real estate and 30 percent held fixed or variable annuities. A significant number of mutual fund-owning households made use of tax-advantaged savings vehicles. Eighty-one percent had assets in employer-sponsored retirement plan accounts, usually 401(k) plans, and 68 percent owned individual retirement accounts (IRAs).⁴ Sixteen percent of U.S. households owning mutual funds had education targeted savings program accounts—12 percent had Coverdell education savings accounts (ESAs) and 9 percent had 529 plan accounts.

⁴ IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

Mutual Fund Ownership Characteristics

Among households that owned mutual funds, the median mutual fund holdings were \$100,000 (Figure 1.5). The largest percentage of mutual fund-owning households, 80 percent, owned equity funds. Forty-four percent owned hybrid funds, 53 percent owned bond funds, and 65 percent owned money market funds.⁵ In addition, 40 percent of mutual fund-owning households owned global or international funds. Mutual fund holdings represented more than half of household financial assets for 65 percent of households that owned mutual funds. Sixty-eight percent of households owning mutual funds did not conduct mutual fund transactions in the previous 12 months.⁶

The vast majority of mutual fund-owning households had invested in mutual funds for many years (Figure 1.5). Thirty-eight percent reported that the household bought its first mutual fund before 1990; 16 percent reported that the household purchased its first fund between 1990 and 1994; and 20 percent reported that the household bought its first fund between 1995 and 1999. Twenty-six percent reported that the household bought its first fund in 2000 or later.

Mutual fund-owning households owned many funds through multiple purchase sources (Figure 1.6). Shareholder households owned a median of four mutual funds. Forty-one percent owned three or fewer funds and 59 percent owned four or more. Among households that owned funds outside employer-sponsored retirement plans, 35 percent owned funds purchased from one source; 33 percent owned funds purchased from two sources; and 32 percent owned funds purchased from three or more sources.

Twenty-eight percent of mutual fund-owning households held mutual funds solely inside employer-sponsored retirement plans, which include defined contribution (DC) plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs); 32 percent owned funds solely outside these plans; and 40 percent had funds both inside and outside employer-sponsored retirement plans (Figure 1.7). Altogether, 68 percent of mutual fund-owning households owned funds through employer-sponsored retirement plans and 72 percent owned funds outside these plans, either through the sales force or direct market channels. Fifty-eight percent of mutual fund-owning households owned funds through the sales force channel, which includes full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, and accountants. Thirty-six percent owned funds through the direct market channel, which includes fund companies and discount brokers.

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

⁶ Throughout this report, mutual fund transactions include those conducted inside and outside employer-sponsored retirement plans. Mutual fund transactions exclude automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

Fifty-two percent of all U.S. households that owned mutual funds considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds, 35 percent considered the sales force channel to be their primary source, and 13 percent considered the direct market channel to be their primary source (Figure 1.7). Sixty-one percent of mutual fund-owning households reported that the household bought its first fund through an employer-sponsored retirement plan.

Goals and Mutual Fund Investing

The vast majority of shareholders were using mutual funds to save for retirement (Figure 1.8). Ninety-three percent of mutual fund-owning households indicated that saving for retirement was one of their household's financial goals, and 74 percent indicated that retirement saving was their primary financial goal. Sixty-eight percent of households owning mutual funds held funds in employer-sponsored retirement plans, and 55 percent owned funds inside IRAs. Seventy-nine percent were confident that mutual funds were an investment that could help them meet their household's financial goals.

Views on Investment Risk

Almost all shareholders were willing to take some financial risk for financial gain (Figure 1.9). Thirty-one percent of shareholders said they were willing to take substantial or above-average financial risk for similar levels of financial gain. The largest percentage of shareholders, 49 percent, were willing to take average risk for average gain. Twenty percent were willing to take below-average risk for below-average gain or were unwilling to take any financial risk.

FIGURE 1.2

Mutual Fund Shareholder Head of Household Characteristics*Percentage of U.S. households owning mutual funds, 2010*

Age of household sole or co-decisionmaker for saving and investing	
Younger than 35	15
35 to 44	20
45 to 54	27
55 to 64	20
65 or older	18
Median	50 years
Mean	50 years
Education level	
High school graduate or less	26
Some college or associate's degree	28
Completed four years of college	20
Some graduate school	5
Completed graduate school	21
Marital status	
Married or living with a partner	75
Single	10
Divorced or separated	9
Widowed	6
Household investment decisionmaker	
Male is sole decisionmaker	18
Female is sole decisionmaker	20
Co-decisionmakers	62
Ethnic background*	
Caucasian	90
African-American	5
Hispanic	5
Asian	2
Other	4

*Multiple responses are included.

FIGURE 1.3

Employment Status and Income of Households Owning Mutual Funds*Percentage of U.S. households owning mutual funds, 2010*

Employment status¹	
Employed full-time	64
Not retired	62
Retired from lifetime occupation	2
Employed part-time	9
Not retired	6
Retired from lifetime occupation	3
Not employed	27
Not retired	7
Retired from lifetime occupation	20
Total household income²	
Less than \$25,000	6
\$25,000 to \$34,999	6
\$35,000 to \$49,999	13
\$50,000 to \$74,999	20
\$75,000 to \$99,999	19
\$100,000 to \$149,999	21
\$150,000 to \$249,999	11
\$250,000 or more	4
Median	\$80,000
Mean	\$95,900

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

² Total reported is household income before taxes in 2009.

FIGURE 1.4

Mutual Fund–Owning Households' Financial Assets*Percentage of U.S. households owning mutual funds, 2010*

Total household financial assets¹	
Less than \$25,000	12
\$25,000 to \$49,999	8
\$50,000 to \$74,999	7
\$75,000 to \$99,999	6
\$100,000 to \$249,999	23
\$250,000 to \$499,999	20
\$500,000 to \$999,999	15
\$1 million or more	9
Median	\$200,000
Mean	\$410,700
Household ownership of non–mutual fund investments²	
Certificates of deposit	28
Individual stocks, individual bonds, or annuities (total)	61
Individual stocks	45
Individual bonds (excluding U.S. savings bonds)	11
Fixed or variable annuities	30
Investment real estate	27
Closed-end funds	4
Exchange-traded funds	5
Household ownership of employer-sponsored retirement plan accounts²	
Household owned employer-sponsored retirement plan accounts (total)	81
DC retirement plan accounts (total)	77
401(k) plan account	65
403(b), state, local, or federal government plan account	33
Employer-sponsored IRA ³	15
Household ownership of IRAs²	
Household owned IRA (total)	68
Traditional IRA or Roth IRA	64
Employer-sponsored IRA ³	15
Household ownership of education-targeted savings accounts²	
Household owned education-targeted savings program account (total)	16
Coverdell education savings account	12
529 prepaid tuition or college savings plan account (total)	9
529 savings plan	8
529 prepaid tuition plan	2

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

² Multiple responses are included.

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

FIGURE 1.5

Mutual Fund Investing Among Households Owning Mutual Funds*Percentage of U.S. households owning mutual funds, 2010*

Total household mutual fund assets	
Less than \$5,000	4
\$5,000 to \$9,999	5
\$10,000 to \$19,999	9
\$20,000 to \$29,999	7
\$30,000 to \$49,999	8
\$50,000 to \$74,999	10
\$75,000 to \$99,999	6
\$100,000 to \$249,999	24
\$250,000 or more	27
Median	\$100,000
Mean	\$242,700
Percent allocation of household financial assets to mutual funds	
25% or less	17
Between 26% and 50%	18
Between 51% and 75%	20
More than 75%	45
Types of mutual funds owned¹	
Equity funds	80
Hybrid funds	44
Bond funds	53
Money market funds	65
Other fund type specified	6
Mutual fund transaction activity in the previous 12 months²	
Conducted mutual fund transactions	32
Year of initial mutual fund purchase	
Before 1990	38
Between 1990 and 1994	16
Between 1995 and 1999	20
2000 or later	26
Median	1993
Mean	1991

¹ Multiple responses are included.² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 1.6

Households Own Many Funds Through Multiple Purchase Sources

Total number of mutual funds owned	
<i>Percentage of U.S. households owning mutual funds, 2010</i>	
One	14
Two	15
Three	12
Four	12
Five to six	14
Seven to ten	15
Eleven or more	18
Median	4 funds
Mean	7 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*	
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans, 2010</i>	
One	35
Two	33
Three	19
Four or more	13
Median	2 sources
Mean	2 sources

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

FIGURE 1.7

Sources Used to Purchase Mutual Funds*Percentage of U.S. households owning mutual funds, 2010*

Source of mutual fund ownership	
Only inside employer-sponsored retirement plan	28
Only outside employer-sponsored retirement plan	32
Both inside and outside employer-sponsored retirement plan	40
Purchase sources through which funds are currently owned¹	
Inside employer-sponsored retirement plans (total)	68
Inside DC retirement plans (total)	63
401(k) plan	52
403(b), state, local, or federal government plan	21
Inside employer-sponsored IRA ²	10
Outside employer-sponsored retirement plans (total)	72
Sales force (total)	58
Full-service broker	31
Independent financial planner	27
Bank or savings institution representative	19
Insurance agent	11
Accountant	6
Direct market (total)	36
Mutual fund company directly	24
Discount broker	20
Primary mutual fund purchase source	
Inside employer-sponsored retirement plans	52
Outside employer-sponsored retirement plans	48
Sales force	35
Full-service broker	13
Independent financial planner	11
Bank or savings institution representative	7
Insurance agent	3
Accountant	1
Direct market	13
Mutual fund company directly	8
Discount broker	5
Source of first mutual fund purchase	
Inside employer-sponsored retirement plan	61
Outside employer-sponsored retirement plan	39

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

FIGURE 1.8

Financial Goals of Households Owning Mutual Funds

Percentage of U.S. households owning mutual funds, 2010

Financial goals for mutual fund investments¹	
Retirement	93
Reduce taxable income	50
Emergency	47
Education	25
Current income	21
House or other large item	12
Other	7
Primary financial goal for mutual fund investments	
Retirement	74
Reduce taxable income	4
Emergency	7
Education	6
Current income	5
House or other large item	2
Other	2
Level of confidence that mutual funds are an investment that can help the household meet financial goals	
Very confident	24
Somewhat confident	55
Not very confident	15
Not at all confident	6
Ownership of mutual funds in employer-sponsored retirement plans¹	
Inside employer-sponsored retirement plans (total)	68
Inside DC retirement plans (total)	63
401(k) plan	52
403(b), state, local, or federal government plan	21
Inside employer-sponsored IRA ²	10
Ownership of mutual funds in IRAs¹	
Had IRA invested in mutual funds (total)	55
Traditional IRA or Roth IRA	52
Employer-sponsored IRA ²	10

¹ Multiple responses are included.

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

FIGURE 1.9

Views on Investment Risk

Percentage of U.S. households owning mutual funds, 2010

Level of risk willing to take with financial investments	
Substantial risk for substantial gain	5
Above-average risk for above-average gain	26
Average risk for average gain	49
Below-average risk for below-average gain	11
Unwilling to take any risk	9

CHAPTER 2

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

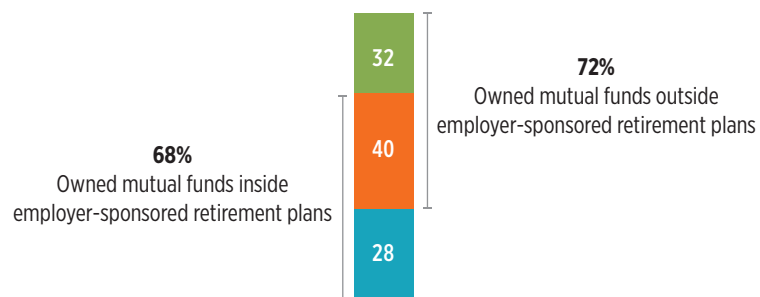
In 2010, 68 percent of mutual fund-owning households in the United States held mutual funds inside employer-sponsored retirement plan accounts (Figure 2.1), which include DC plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs). Seventy-two percent of mutual fund-owning households owned mutual funds outside employer-sponsored retirement plan accounts, purchased either through the sales force or direct market channel. Forty percent of mutual fund-owning households owned funds both inside and outside employer-sponsored retirement plans.

FIGURE 2.1

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

Percentage of U.S. households owning mutual funds, 2010

- Only outside
- Inside and outside
- Only inside



Household Mutual Fund Ownership Inside Employer-Sponsored Retirement Plans

Among households that owned mutual funds inside employer-sponsored retirement plans, the median age of the household head was 47 (Figure 2.2). Forty-eight percent of these individuals had college or postgraduate degrees and 79 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 66 percent of these households.

Eighty-two percent of individuals heading households that owned mutual funds inside employer-sponsored retirement plans were employed full- or part-time, and 16 percent were retired from their lifetime occupations (Figure 2.3). The median household income among households in this group was \$87,000. Twenty percent of households that owned mutual funds inside employer-sponsored retirement plans had household incomes of less than \$50,000, 20 percent had household incomes between \$50,000 and \$74,999, and 60 percent had incomes of \$75,000 or more.

Among households that owned mutual funds inside employer-sponsored retirement plans, median household financial assets were \$200,000 (Figure 2.4). These households had a variety of savings and investments. Twenty-five percent of mutual fund-owning households in this group owned certificates of deposit, 42 percent owned individual stocks, and 9 percent owned individual bonds (excluding U.S. savings bonds).

Households that held mutual funds inside employer-sponsored retirement plans had median mutual fund holdings of \$100,000 (Figure 2.5). Eighty-four percent of mutual fund-owning households in this group owned equity funds, 48 percent owned hybrid funds, 59 percent owned bond funds, and 66 percent owned money market funds. Sixty-eight percent of these households had more than half of their household financial assets in mutual funds. Thirty-four percent of these households reported that the household purchased its first fund before 1990, and half reported that the household bought its first fund in 1995 or later.

The median number of mutual funds owned by households that held funds inside employer-sponsored retirement plans was four (Figure 2.6). Thirty-eight percent owned three or fewer funds and 62 percent owned four or more. Among mutual fund-owning households in this group that also owned funds outside employer-sponsored retirement plans, 64 percent owned funds purchased from multiple sources.

The vast majority of U.S. households that owned funds inside employer-sponsored retirement plans, 94 percent, owned funds in DC plans, predominately in 401(k) plans (Figure 2.7). Fifteen percent of households that owned funds inside employer-sponsored retirement plans owned funds through employer-sponsored IRAs. Seventy-four percent of households that owned mutual funds inside employer-sponsored retirement plans considered those plans to be their primary source for purchasing mutual funds. Seventy-two percent reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of households that owned mutual funds inside employer-sponsored retirement plans indicated that saving for retirement was one of their household's financial goals, and 81 percent listed saving for retirement as their household's primary financial goal (Figure 2.8). Fifty-two percent owned mutual funds inside IRAs. Eighty percent of mutual fund-owning households in this group were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-four percent of households that owned mutual funds inside employer-sponsored retirement plans were willing to take substantial or above-average risk for similar levels of financial gain (Figure 2.9). Forty-eight percent were willing to take average risk for average gain. Eighteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Household Mutual Fund Ownership Outside Employer-Sponsored Retirement Plans

Among households that owned mutual funds outside employer-sponsored retirement plans, the median age of the household head was 52 (Figure 2.2). Fifty percent of these individuals held college or postgraduate degrees and 76 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 62 percent of households that owned mutual funds outside employer-sponsored retirement plans.

Sixty-nine percent of individuals heading households that owned mutual funds outside employer-sponsored retirement plans were employed full- or part-time (Figure 2.3). Thirty percent were retired from their lifetime occupations. The median household income for mutual fund-owning households in this group was \$85,000. Twenty-four percent had household incomes of less than \$50,000, 17 percent had household incomes between \$50,000 and \$74,999, and 59 percent had incomes of \$75,000 or more.

Among households that owned mutual funds outside employer-sponsored retirement plans, median household financial assets were \$250,000 (Figure 2.4). These households had a variety of savings and investments. Thirty-three percent of mutual fund-owning households in this group owned certificates of deposit, 51 percent owned individual stocks, and 13 percent owned individual bonds (excluding U.S. savings bonds). Twenty-eight percent owned investment real estate.

Households that held mutual funds outside employer-sponsored retirement plans had median mutual fund holdings of \$125,000 (Figure 2.5). Eighty-two percent of mutual fund-owning households in this group owned equity funds, 47 percent owned hybrid funds, 54 percent owned bond funds, and 70 percent owned money market funds. Sixty-six percent of households that owned mutual funds outside employer-sponsored retirement plans had more than half of their household financial assets in mutual funds. Forty-three percent reported that the household purchased its first fund before 1990, and 41 percent reported that the household bought its first fund in 1995 or later.

The median number of mutual funds owned by households that held mutual funds outside employer-sponsored retirement plans was five (Figure 2.6). Thirty-three percent owned three or fewer funds and 67 percent owned four or more. Sixty-five percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

Fifty-five percent of households that held mutual funds outside employer-sponsored retirement plans also owned funds inside employer-sponsored retirement plans (Figure 2.7). Eighty percent of mutual fund-owning households in this group owned sales force-distributed funds and half owned direct-marketed funds. Fifty percent considered the sales force channel to be their primary source for purchasing mutual funds. Forty-nine percent purchased their first mutual fund outside an employer-sponsored retirement plan.

Ninety-two percent of households that owned mutual funds outside employer-sponsored retirement plans indicated that saving for retirement was one of their household's financial goals, and 72 percent listed saving for retirement as their household's primary financial goal (Figure 2.8). In addition, 48 percent reported saving for an emergency as a household financial goal. Fifty-five percent held funds in employer-sponsored retirement plans, and 74 percent owned funds inside IRAs. Among households that only owned funds outside employer-sponsored retirement plans, 63 percent owned mutual funds in traditional or Roth IRAs. Eighty-two percent of households that owned mutual funds outside employer-sponsored retirement plans were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-two percent of households that owned mutual funds outside employer-sponsored retirement plans were willing to take substantial or above-average risk for similar levels of financial gain (Figure 2.9). Forty-nine percent were willing to take average risk for average gain. Nineteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 2.2

Head of Household Characteristics by Ownership Inside and Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Age of household sole or co-decisionmaker for saving and investing					
Younger than 35	17	19	14	12	15
35 to 44	24	24	18	11	23
45 to 54	31	34	24	18	29
55 to 64	19	16	22	23	21
65 or older	9	7	22	36	12
Median	47 years	46 years	52 years	58 years	48 years
Mean	47 years	46 years	52 years	57 years	48 years
Education level					
High school graduate or less	23	31	24	31	17
Some college or associate's degree	29	34	26	28	25
Completed four years of college	21	18	21	17	24
Some graduate school	5	3	5	5	6
Completed graduate school	22	14	24	19	28
Marital status					
Married or living with a partner	79	74	76	66	83
Single	9	10	9	11	8
Divorced or separated	9	13	7	9	6
Widowed	3	3	8	14	3
Household investment decisionmaker					
Male is sole decisionmaker	16	18	19	23	16
Female is sole decisionmaker	18	21	19	24	15
Co-decisionmakers	66	61	62	53	69

Continued on next page

FIGURE 2.2 CONTINUED

Head of Household Characteristics by Ownership Inside and Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	Households owning funds inside and outside employer-sponsored retirement plans
Ethnic background*					
Caucasian	89	89	90	92	88
African-American	6	5	5	3	6
Hispanic	5	6	4	4	5
Asian	2	1	2	1	2
Other	3	3	4	4	3

*Multiple responses are included.

FIGURE 2.3

Employment Status and Income by Ownership Inside and Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Employment status¹					
Employed full-time	74	76	58	41	72
Not retired	72	75	56	40	70
Retired from lifetime occupation	2	1	2	1	3
Employed part-time	8	7	11	12	9
Not retired	5	5	7	8	5
Retired from lifetime occupation	3	2	4	4	4
Not employed	18	17	31	47	19
Not retired	7	9	7	9	6
Retired from lifetime occupation	11	8	24	38	13
Total household income²					
Less than \$25,000	5	6	6	8	4
\$25,000 to \$34,999	4	7	6	12	2
\$35,000 to \$49,999	11	14	12	17	8
\$50,000 to \$74,999	20	25	17	19	16
\$75,000 to \$99,999	19	21	18	18	18
\$100,000 to \$149,999	24	17	23	15	29
\$150,000 to \$249,999	12	8	13	9	16
\$250,000 or more	5	2	5	2	7
Median	\$87,000	\$70,000	\$85,000	\$62,500	\$100,000
Mean	\$104,600	\$83,100	\$101,000	\$77,800	\$119,900

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

² Total reported is household income before taxes in 2009.

FIGURE 2.4

Mutual Fund–Owning Households’ Financial Assets by Ownership Inside and Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Total household financial assets¹					
Less than \$25,000	13	22	8	11	6
\$25,000 to \$49,999	7	10	8	11	5
\$50,000 to \$74,999	8	11	6	5	6
\$75,000 to \$99,999	6	9	4	5	4
\$100,000 to \$249,999	23	22	24	23	25
\$250,000 to \$499,999	19	14	22	22	22
\$500,000 to \$999,999	16	8	18	12	22
\$1 million or more	8	4	10	11	10
Median	\$200,000	\$87,500	\$250,000	\$200,000	\$260,000
Mean	\$385,600	\$219,000	\$490,000	\$465,500	\$509,500
Household ownership of non-mutual fund investments²					
Certificates of deposit	25	15	33	34	33
Individual stocks, individual bonds, or annuities (total)	58	43	68	68	69
Individual stocks	42	29	51	50	52
Individual bonds (excluding U.S. savings bonds)	9	5	13	14	12
Fixed or variable annuities	27	20	34	37	32
Investment real estate	26	23	28	27	29
Closed-end funds	3	1	5	4	5
Exchange-traded funds	6	2	7	5	9

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FIGURE 2.4 CONTINUED

Mutual Fund–Owning Households’ Financial Assets by Ownership Inside and Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Household ownership of employer-sponsored retirement plan accounts²					
Household owned employer-sponsored retirement plan accounts (total)	100	100	73	40	100
DC retirement plan accounts (total)	96	97	69	38	95
401(k) plan account	83	85	57	25	82
403(b), state, local, or federal government plan account	39	37	31	20	41
Employer-sponsored IRA ³	20	16	15	4	23
Household ownership of IRAs²					
Household owned IRA (total)	66	36	80	72	87
Traditional IRA or Roth IRA	60	26	79	72	85
Employer-sponsored IRA ³	20	15	14	4	23
Household ownership of education-targeted savings accounts²					
Household owned education-targeted savings program account (total)	18	9	19	13	24
Coverdell education savings account	13	6	15	11	18
529 prepaid tuition or college savings plan account (total)	10	5	10	6	14
529 savings plan	9	4	10	6	13
529 prepaid tuition plan	3	2	2	1	3

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

² Multiple responses are included.

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

FIGURE 2.5

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

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Total household mutual fund assets					
Less than \$5,000	3	5	3	5	2
\$5,000 to \$9,999	5	8	4	6	3
\$10,000 to \$19,999	9	17	5	7	4
\$20,000 to \$29,999	7	9	6	7	5
\$30,000 to \$49,999	8	9	8	8	7
\$50,000 to \$74,999	11	15	8	8	9
\$75,000 to \$99,999	6	8	6	7	5
\$100,000 to \$249,999	23	19	26	26	25
\$250,000 or more	28	10	34	26	40
Median	\$100,000	\$50,000	\$125,000	\$100,000	\$180,000
Mean	\$243,900	\$118,900	\$291,500	\$240,200	\$331,600
Percent allocation of household financial assets to mutual funds					
25% or less	14	21	16	24	9
Between 26% and 50%	18	17	18	17	20
Between 51% and 75%	21	17	20	17	23
More than 75%	47	45	46	42	48
Types of mutual funds owned¹					
Equity funds	84	73	82	71	90
Hybrid funds	48	36	47	37	55
Bond funds	59	49	54	39	65
Money market funds	66	51	70	61	76
Other fund type specified	7	3	8	4	10
Mutual fund transaction activity in the previous 12 months²					
Conducted mutual fund transactions	38	24	35	20	48

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FIGURE 2.5 CONTINUED

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

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Year of initial mutual fund purchase					
Before 1990	34	23	43	45	42
Between 1990 and 1994	16	16	16	17	16
Between 1995 and 1999	22	21	20	15	23
2000 or later	28	40	21	23	19
Median	1994	1997	1990	1990	1991
Mean	1992	1995	1990	1989	1990

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 2.6

Number of Funds Owned and Purchase Sources Used by Ownership Inside and Outside Employer-Sponsored Retirement Plans

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Total number of mutual funds owned					
<i>Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010</i>					
One	11	26	10	20	2
Two	15	23	12	14	11
Three	12	15	11	12	9
Four	12	12	12	12	12
Five to six	14	9	17	16	17
Seven to ten	16	10	16	13	19
Eleven or more	20	5	22	13	30
Median	4 funds	3 funds	5 funds	4 funds	6 funds
Mean	8 funds	4 funds	8 funds	7 funds	10 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*					
<i>Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010</i>					
One	36	N/A	35	34	36
Two	32	N/A	33	35	32
Three	21	N/A	19	17	21
Four or more	11	N/A	13	14	11
Median	2 sources	N/A	2 sources	2 sources	2 sources
Mean	2 sources	N/A	2 sources	2 sources	2 sources

*Purchase sources outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.
N/A = not applicable

FIGURE 2.7

Sources Used to Purchase Mutual Funds by Ownership Inside and Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Source of mutual fund ownership					
Only inside employer-sponsored retirement plan	42	100	0	0	0
Only outside employer-sponsored retirement plan	0	0	45	100	0
Both inside and outside employer-sponsored retirement plan	58	0	55	0	100
Purchase sources through which funds are currently owned¹					
Inside employer-sponsored retirement plans (total)	100	100	55	N/A	100
Inside DC retirement plans (total)	94	96	51	N/A	92
401(k) plan	77	81	41	N/A	75
403(b), state, local, or federal government plan	31	30	17	N/A	31
Inside employer-sponsored IRA ²	15	9	11	N/A	19
Outside employer-sponsored retirement plans (total)	58	N/A	100	100	100
Sales force (total)	46	N/A	80	83	78
Full-service broker	24	N/A	43	44	42
Independent financial planner	21	N/A	38	41	36
Bank or savings institution representative	14	N/A	26	29	24
Insurance agent	9	N/A	15	15	15
Accountant	5	N/A	9	8	9
Direct market (total)	30	N/A	50	49	51
Mutual fund company directly	18	N/A	33	35	32
Discount broker	17	N/A	27	24	30

Continued on next page

FIGURE 2.7 CONTINUED

Sources Used to Purchase Mutual Funds by Ownership Inside and Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Primary mutual fund purchase source					
Inside employer-sponsored retirement plans	74	100	32	N/A	56
Outside employer-sponsored retirement plans	26	N/A	68	100	44
Sales force	19	N/A	50	74	32
Full-service broker	8	N/A	19	27	13
Independent financial planner	7	N/A	16	22	12
Bank or savings institution representative	3	N/A	10	16	4
Insurance agent	1	N/A	4	7	2
Accountant	(*)	N/A	1	2	1
Direct market	7	N/A	18	26	12
Mutual fund company directly	3	N/A	11	17	6
Discount broker	4	N/A	7	9	6
Source of first mutual fund purchase					
Inside employer-sponsored retirement plan	72	85	51	36	63
Outside employer-sponsored retirement plan	28	15	49	64	37

¹ Multiple responses are included.

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

(*) = less than 0.5 percent

N/A = not applicable

FIGURE 2.8

Financial Goals by Ownership Inside and Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Financial goals for mutual fund investments¹					
Retirement	96	95	92	86	97
Reduce taxable income	53	52	50	45	53
Emergency	41	43	48	58	40
Education	26	20	27	22	31
Current income	13	13	24	36	14
House or other large item	13	17	10	10	10
Other	5	4	8	11	5
Primary financial goal for mutual fund investments					
Retirement	81	81	72	60	81
Reduce taxable income	4	3	4	4	4
Emergency	4	6	7	13	3
Education	6	4	7	6	8
Current income	2	2	6	11	2
House or other large item	2	3	1	1	1
Other	1	1	3	5	1
Level of confidence that mutual funds are an investment that can help the household meet financial goals					
Very confident	25	18	27	22	30
Somewhat confident	55	56	55	55	55
Not very confident	15	20	12	15	11
Not at all confident	5	6	6	8	4
Ownership of mutual funds in employer-sponsored retirement plans¹					
Inside employer-sponsored retirement plans (total)	100	100	55	N/A	100
Inside DC retirement plans (total)	94	96	51	N/A	92
401(k) plan	77	81	41	N/A	75
403(b), state, local, or federal government plan	31	30	17	N/A	31
Inside employer-sponsored IRA ²	15	9	11	N/A	19

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FIGURE 2.8 CONTINUED

Financial Goals by Ownership Inside and Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Ownership of mutual funds in IRAs¹					
Had IRA invested in mutual funds (total)	52	9	74	63	82
Traditional IRA or Roth IRA	47	N/A	72	63	80
Employer-sponsored IRA ²	15	9	11	N/A	19

¹ Multiple responses are included.

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

N/A = not applicable

FIGURE 2.9

Views on Investment Risk by Ownership Inside and Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership inside and outside employer-sponsored retirement plans, 2010

	Households owning funds inside employer-sponsored retirement plans		Households owning funds outside employer-sponsored retirement plans		Households owning funds inside and outside employer-sponsored retirement plans
	Total	Only owned funds inside employer-sponsored retirement plans	Total	Only owned funds outside employer-sponsored retirement plans	
Level of risk willing to take with financial investments					
Substantial risk for substantial gain	5	3	5	3	7
Above-average risk for above-average gain	29	21	27	19	34
Average risk for average gain	48	49	49	52	47
Below-average risk for below-average gain	10	14	11	15	7
Unwilling to take any risk	8	13	8	11	5

CHAPTER 3

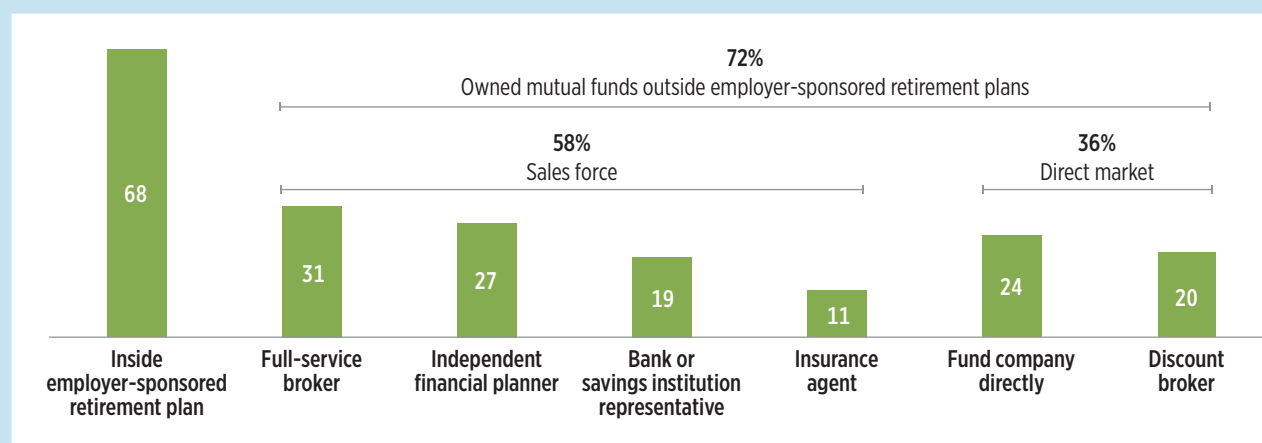
Mutual Fund Shareholders by Channels Used to Purchase Mutual Funds Outside Employer-Sponsored Retirement Plans

In 2010, 68 percent of mutual fund-owning households held mutual funds through employer-sponsored retirement plans, and 72 percent owned mutual funds outside such plans (Figure 3.1).⁷ This latter group purchased funds through two sources: the sales force channel and the direct market channel.⁸ In 2010, 58 percent of households owning mutual funds held funds purchased through the sales force channel, and 36 percent owned funds purchased through the direct market channel.

FIGURE 3.1

Sources Used by Mutual Fund Shareholders to Purchase Mutual Funds

Percentage of U.S. households owning mutual funds,* 2010



*Multiple responses are included.

⁷ See chapter 2 on page 17 for further discussion.

⁸ The sales force channel traditionally includes full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, and accountants. The direct market channel traditionally includes fund companies and discount brokers.

Sales Force Channel

Among households that owned mutual funds purchased through the sales force channel, the median age of the household head was 52 (Figure 3.2). Forty-nine percent of these individuals had college or postgraduate degrees and 76 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 63 percent of these households.

Sixty-eight percent of individuals heading households that owned sales force–distributed funds were employed full- or part-time, and 32 percent were retired from their lifetime occupations (Figure 3.3). The median household income of mutual fund–owning households in this group was \$85,000. Twenty-three percent of these households had household incomes of less than \$50,000, 18 percent had household incomes between \$50,000 and \$74,999, and 59 percent had incomes of \$75,000 or more.

Among households that owned sales force–distributed mutual funds, median household financial assets were \$270,000 (Figure 3.4). These households had a variety of savings and investments. Thirty-six percent of mutual fund–owning households in this group owned certificates of deposit, 52 percent owned individual stocks, and 13 percent owned individual bonds (excluding U.S. savings bonds). Thirty percent of households that owned mutual funds purchased through the sales force channel owned investment real estate.

Households that owned funds through the sales force channel had median mutual fund holdings of \$150,000 (Figure 3.5). Eighty-two percent of households in this group owned equity funds, 48 percent owned hybrid funds, 55 percent owned bond funds, and 70 percent owned money market funds. Sixty-six percent of households that owned sales force–distributed funds had more than half of their household financial assets in mutual funds. Forty-five percent reported that the household purchased its first fund before 1990, and 55 percent reported that the household bought its first fund in 1990 or later.

Households that owned sales force–distributed funds held many funds through multiple purchase sources. The median number of mutual funds owned by households in this group was five (Figure 3.6). Thirty-one percent owned three or fewer funds and 69 percent owned four or more. Seventy percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning funds through the sales force channel, 54 percent of these households owned funds through employer-sponsored retirement plans, and 48 percent owned funds purchased directly from fund companies or discount brokers (Figure 3.7). Sixty percent of households owning sales force–distributed funds considered the sales force channel to be their primary source for purchasing mutual funds; 28 percent, employer-sponsored retirement plans; and 12 percent, the direct market channel. Fifty-two percent of households that owned sales force–distributed funds bought their first mutual fund outside an employer-sponsored retirement plan.

Ninety-two percent of households that owned sales force–distributed mutual funds indicated that saving for retirement was one of their household’s financial goals, and 72 percent listed saving for retirement as their household’s primary financial goal (Figure 3.8). Fifty-four percent owned funds inside employer-sponsored retirement plans, and 77 percent held funds inside IRAs. Eighty-two percent of mutual fund–owning households in this group were confident that mutual funds could help them meet their household’s financial goals.

Thirty-two percent of households that owned sales force–distributed mutual funds were willing to take substantial or above-average risk for similar levels of financial gain (Figure 3.9). Fifty percent were willing to take average risk for average gain. Eighteen percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Direct Market Channel

Among households that owned mutual funds purchased through the direct market channel, the median age of the household head was 52 (Figure 3.2). Fifty-one percent of these individuals had college or postgraduate degrees, and 77 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 61 percent of these households.

Sixty-eight percent of individuals heading households that owned mutual funds through the direct market channel were employed full- or part-time, and 30 percent were retired from their lifetime occupations (Figure 3.3). The median household income for mutual fund–owning households in this group was \$85,000. Twenty-five percent of households that owned direct-marketed funds had household incomes of less than \$50,000, and 15 percent had household incomes between \$50,000 and \$74,999. Sixty percent of households that owned direct-marketed funds had incomes of \$75,000 or more.

Among households that owned mutual funds through the direct market channel, median household financial assets were \$275,000 (Figure 3.4). These households typically had other investments. Thirty-five percent of mutual fund–owning households in this group owned certificates of deposit, 55 percent owned individual stocks, and 15 percent owned individual bonds (excluding U.S. savings bonds). Twenty-nine percent of households that owned mutual funds purchased through the direct market channel owned investment real estate.

Households that held direct-marketed funds had median mutual fund holdings of \$150,000 (Figure 3.5). Eighty-three percent of households in this group owned equity funds, 53 percent owned hybrid funds, 55 percent owned bond funds, and 70 percent owned money market funds. Sixty-four percent of households that owned mutual funds purchased through the direct market channel had more than half of their household financial assets in mutual funds. Forty-seven percent reported that the household purchased its first fund before 1990, and 53 percent reported that the household bought its first fund in 1990 or later.

Households that owned direct-marketed funds held many funds through multiple purchase sources. The median number of mutual funds owned by households in this group was six (Figure 3.6). Twenty-six percent owned three or fewer funds and 74 percent owned four or more. Eighty-three percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning funds through the direct market channel, 56 percent of these households owned funds through employer-sponsored retirement plans, and more than three-quarters owned funds purchased through the sales force channel (Figure 3.7). Thirty-four percent of households owning direct-marketed funds considered the direct market channel to be their primary source for purchasing mutual funds; 31 percent, employer-sponsored retirement plans; and 35 percent, the sales force channel. Fifty-one percent of households that owned direct-marketed funds bought their first mutual fund outside an employer-sponsored retirement plan.

Ninety-four percent of households that owned mutual funds purchased through the direct market channel were saving for retirement, and 73 percent listed saving for retirement as their household's primary financial goal (Figure 3.8). Fifty-six percent owned funds inside employer-sponsored retirement plans, and 77 percent held funds inside IRAs. Eighty-five percent of mutual fund-owning households in this group were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-six percent of households that purchased mutual funds through the direct market channel were willing to take substantial or above-average risk for similar levels of financial gain (Figure 3.9). Forty-nine percent were willing to take average risk for average gain. Fifteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 3.2

Head of Household Characteristics by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Age of household sole or co-decisionmaker for saving and investing								
Younger than 35	13	7	14	19	7	13	12	14
35 to 44	16	15	15	16	16	18	17	17
45 to 54	25	25	25	22	28	24	24	24
55 to 64	22	24	22	20	24	21	21	22
65 or older	24	29	24	23	25	24	26	23
Median	52 years	55 years	53 years	51 years	54 years	52 years	53 years	51 years
Mean	53 years	55 years	52 years	51 years	55 years	53 years	54 years	52 years
Education level								
High school graduate or less	24	23	27	30	29	25	27	28
Some college or associate's degree	27	25	25	30	26	24	23	24
Completed four years of college	20	22	19	15	20	20	20	18
Some graduate school	5	6	5	5	5	6	6	5
Completed graduate school	24	24	24	20	20	25	24	25
Marital status								
Married or living with a partner	76	76	73	76	81	77	76	82
Single	9	7	10	9	6	8	7	7
Divorced or separated	7	7	7	8	7	8	8	6
Widowed	8	10	10	7	6	7	9	5
Household investment decisionmaker								
Male is sole decisionmaker	18	19	17	19	18	21	22	20
Female is sole decisionmaker	19	18	22	19	14	18	19	17
Co-decisionmakers	63	63	61	62	68	61	59	63

Continued on next page

FIGURE 3.2 CONTINUED

Head of Household Characteristics by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Ethnic background*								
Caucasian	91	94	92	85	92	90	91	89
African-American	4	2	3	8	5	3	4	2
Hispanic	4	3	3	5	4	4	3	6
Asian	1	1	1	3	1	2	2	2
Other	4	3	3	4	3	4	3	5

*Multiple responses are included.

FIGURE 3.3

Employment Status and Income by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Employment status¹								
Employed full-time	58	54	58	54	57	59	55	59
Not retired	56	52	56	52	55	57	54	56
Retired from lifetime occupation	2	2	2	2	2	2	1	3
Employed part-time	10	10	10	12	10	9	11	10
Not retired	6	7	5	6	5	5	6	5
Retired from lifetime occupation	4	3	5	6	5	4	5	5
Not employed	32	36	32	34	33	32	34	31
Not retired	6	5	6	7	7	8	9	8
Retired from lifetime occupation	26	31	26	27	26	24	25	23
Total household income²								
Less than \$25,000	5	4	6	6	7	5	5	3
\$25,000 to \$34,999	6	6	6	7	5	7	9	5
\$35,000 to \$49,999	12	13	14	14	10	13	12	13
\$50,000 to \$74,999	18	17	17	18	16	15	13	16
\$75,000 to \$99,999	19	18	18	18	27	17	19	17
\$100,000 to \$149,999	22	22	20	25	18	23	21	26
\$150,000 to \$249,999	13	14	14	8	11	15	15	14
\$250,000 or more	5	6	5	4	6	5	6	6
Median	\$85,000	\$85,000	\$80,000	\$79,000	\$85,000	\$85,000	\$85,000	\$87,500
Mean	\$101,800	\$105,600	\$101,600	\$93,000	\$105,300	\$105,900	\$105,800	\$109,100

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

² Total reported is household income before taxes in 2009.

FIGURE 3.4

Mutual Fund–Owning Households’ Financial Assets by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Total household financial assets¹								
Less than \$25,000	8	5	8	11	3	7	6	6
\$25,000 to \$49,999	7	5	5	6	5	6	6	4
\$50,000 to \$74,999	4	5	4	6	2	5	5	4
\$75,000 to \$99,999	4	4	3	7	4	4	5	3
\$100,000 to \$249,999	23	19	23	26	30	24	24	23
\$250,000 to \$499,999	24	23	26	20	26	23	21	24
\$500,000 to \$999,999	19	25	20	14	14	18	20	20
\$1 million or more	11	14	11	10	16	13	13	16
Median	\$270,000	\$300,000	\$280,000	\$200,000	\$300,000	\$275,000	\$300,000	\$300,000
Mean	\$536,500	\$544,200	\$629,900	\$508,200	\$545,800	\$546,600	\$587,600	\$566,200
Household ownership of non-mutual fund investments²								
Certificates of deposit	36	38	35	37	45	35	38	37
Individual stocks, individual bonds, or annuities (total)	69	74	69	70	75	71	72	76
Individual stocks	52	60	47	53	49	55	54	63
Individual bonds (excluding U.S. savings bonds)	13	17	13	15	18	15	17	17
Fixed or variable annuities	37	38	42	38	57	35	38	37
Investment real estate	30	30	30	31	38	29	30	31
Closed-end funds	5	6	5	7	4	6	7	7
Exchange-traded funds	7	8	6	7	3	10	9	14

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FIGURE 3.4 CONTINUED

Mutual Fund–Owning Households' Financial Assets by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Household ownership of employer-sponsored retirement plan accounts²								
Household owned employer-sponsored retirement plan accounts (total)	73	72	74	72	73	73	71	75
DC retirement plan accounts (total)	69	67	69	69	69	70	69	71
401(k) plan account	56	54	55	57	58	56	54	59
403(b), state, local, or federal government plan account	31	31	34	32	35	34	36	34
Employer-sponsored IRA ³	15	16	16	16	14	15	14	19
Household ownership of IRAs²								
Household owned IRA (total)	83	85	87	82	80	82	81	85
Traditional IRA or Roth IRA	82	84	86	80	79	82	80	85
Employer-sponsored IRA ³	15	16	16	16	14	14	14	18
Household ownership of education-targeted savings accounts²								
Household owned education-targeted savings program account (total)	19	19	20	18	21	21	23	25
Coverdell education savings account	15	15	15	16	17	16	17	20
529 prepaid tuition or college savings plan account (total)	10	11	11	8	8	11	12	12
529 savings plan	10	10	10	7	7	10	11	10
529 prepaid tuition plan	2	2	2	2	3	2	2	3

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

² Multiple responses are included.

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

FIGURE 3.5

Mutual Fund Investing by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Total household mutual fund assets								
Less than \$5,000	3	2	5	2	1	3	3	2
\$5,000 to \$9,999	4	2	3	6	(*)	3	2	4
\$10,000 to \$19,999	5	3	5	6	2	6	6	4
\$20,000 to \$29,999	5	3	5	5	6	3	3	3
\$30,000 to \$49,999	7	6	5	8	4	8	8	7
\$50,000 to \$74,999	7	7	6	8	8	7	7	5
\$75,000 to \$99,999	6	8	5	7	7	6	7	6
\$100,000 to \$249,999	27	27	28	23	41	26	26	27
\$250,000 or more	36	42	38	35	31	38	38	42
Median	\$150,000	\$200,000	\$150,000	\$110,000	\$150,000	\$150,000	\$150,000	\$180,000
Mean	\$311,600	\$307,100	\$345,800	\$319,200	\$279,000	\$315,200	\$326,300	\$309,100
Percent allocation of household financial assets to mutual funds								
25% or less	15	13	15	11	20	17	20	17
Between 26% and 50%	19	20	19	22	17	19	18	19
Between 51% and 75%	22	21	18	24	23	18	14	20
More than 75%	44	46	48	43	40	46	48	44
Types of mutual funds owned¹								
Equity funds	82	86	82	76	85	83	84	86
Hybrid funds	48	51	48	50	53	53	53	57
Bond funds	55	57	58	53	53	55	54	57
Money market funds	70	69	70	78	72	70	73	72
Other fund type specified	7	7	8	9	6	10	10	11
Mutual fund transaction activity in the previous 12 months²								
Conducted mutual fund transactions	35	38	35	32	38	41	40	43

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FIGURE 3.5 CONTINUED

Mutual Fund Investing by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Year of initial mutual fund purchase								
Before 1990	45	52	43	43	47	47	49	46
Between 1990 and 1994	15	13	16	13	21	15	15	16
Between 1995 and 1999	20	18	18	22	22	19	18	18
2000 or later	20	17	23	22	10	19	18	20
Median	1990	1989	1990	1990	1990	1990	1990	1990
Mean	1989	1987	1990	1990	1986	1989	1988	1988

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

(*) = less than 0.5 percent

FIGURE 3.6

Number of Funds Owned and Purchase Sources Used by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Total number of mutual funds owned								
One	7	5	10	6	3	6	8	3
Two	13	10	12	19	7	10	10	8
Three	11	9	9	15	12	10	9	9
Four	13	9	14	15	21	10	11	8
Five to six	17	19	18	16	16	21	21	24
Seven to ten	16	20	14	14	16	15	16	14
Eleven or more	23	28	23	15	25	28	25	34
Median	5 funds	6 funds	5 funds	4 funds	5 funds	6 funds	6 funds	6 funds
Mean	9 funds	10 funds	9 funds	8 funds	10 funds	9 funds	9 funds	11 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*								
One	30	18	19	27	11	17	18	9
Two	35	34	34	28	29	34	33	28
Three	21	28	25	23	30	28	25	31
Four or more	14	20	22	22	30	21	24	32
Median	2 sources	2 sources	2 sources	2 sources	3 sources	2 sources	2 sources	3 sources
Mean	2 sources	3 sources	3 sources	3 sources	3 sources	3 sources	3 sources	3 sources

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

FIGURE 3.7

Sources Used to Purchase Mutual Funds by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Source of mutual fund ownership								
Only inside employer-sponsored retirement plan	0	0	0	0	0	0	0	0
Only outside employer-sponsored retirement plan	46	46	48	50	44	44	48	40
Both inside and outside employer-sponsored retirement plan	54	54	52	50	56	56	52	60
Purchase source through which funds are currently owned¹								
Inside employer-sponsored retirement plans (total)	54	54	52	50	56	56	52	60
Inside DC retirement plans (total)	49	49	47	47	50	52	49	54
401(k) plan	40	40	37	40	42	41	38	45
403(b), state, local, or federal government plan	18	16	19	17	18	20	22	19
Inside employer-sponsored IRA ²	11	11	12	12	11	11	11	14
Outside employer-sponsored retirement plans (total)	100	100	100	100	100	100	100	100
Sales force (total)	100	100	100	100	100	77	76	81
Full-service broker	53	100	44	34	39	47	43	59
Independent financial planner	47	39	100	31	44	37	36	38
Bank or savings institution representative	33	21	22	100	30	24	24	24
Insurance agent	19	13	17	17	100	15	16	16
Accountant	11	10	15	11	13	8	8	9
Direct market (total)	48	55	48	45	50	100	100	100
Mutual fund company directly	31	34	31	31	36	67	100	40
Discount broker	27	37	27	25	29	55	33	100

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FIGURE 3.7 CONTINUED

Sources Used to Purchase Mutual Funds by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Primary mutual fund purchase source								
Inside employer-sponsored retirement plans	28	24	25	31	25	31	30	33
Outside employer-sponsored retirement plans	72	76	75	69	75	69	70	67
Sales force	60	62	67	58	57	35	33	33
Full-service broker	23	42	15	11	8	15	14	17
Independent financial planner	19	12	41	7	15	11	10	9
Bank or savings institution representative	11	6	6	35	7	6	5	4
Insurance agent	5	1	4	4	25	2	3	2
Accountant	2	1	2	1	2	1	1	1
Direct market	12	14	8	11	18	34	37	34
Mutual fund company directly	7	8	4	7	12	21	31	9
Discount broker	5	6	4	4	6	14	6	25
Source of first mutual fund purchase								
Inside employer-sponsored retirement plan	48	45	46	44	50	49	45	52
Outside employer-sponsored retirement plan	52	55	54	56	50	51	55	48

¹ Multiple responses are included.

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

FIGURE 3.8

Financial Goals by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Financial goals for mutual fund investments¹								
Retirement	92	93	92	93	89	94	92	93
Reduce taxable income	51	50	54	53	55	50	50	52
Emergency	49	50	50	56	49	51	53	54
Education	25	24	25	28	24	30	32	32
Current income	25	27	27	31	25	27	30	24
House or other large item	9	7	8	17	7	12	12	14
Other	7	7	9	9	5	8	8	10
Primary financial goal for mutual fund investments								
Retirement	72	74	72	67	68	73	71	73
Reduce taxable income	4	2	4	5	7	2	3	1
Emergency	8	7	9	8	10	8	10	8
Education	6	6	7	10	5	7	7	9
Current income	6	7	6	6	7	5	5	5
House or other large item	1	1	0	2	0	2	1	1
Other	3	3	2	2	3	3	3	3
Level of confidence that mutual funds are an investment that can help the household meet financial goals								
Very confident	26	30	26	21	34	30	29	32
Somewhat confident	56	56	57	56	52	55	54	53
Not very confident	12	10	11	15	8	10	11	8
Not at all confident	6	4	6	8	6	5	6	7
Ownership of mutual funds in employer-sponsored retirement plans¹								
Inside employer-sponsored retirement plans (total)	54	54	52	50	56	56	52	60
Inside DC retirement plans (total)	49	49	47	47	50	52	49	54
401(k) plan	40	40	37	40	42	41	38	45
403(b), state, local, or federal government plan	18	16	19	17	18	20	22	19
Inside employer-sponsored IRA ²	11	11	12	12	11	11	11	14

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FIGURE 3.8 CONTINUED

Financial Goals by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Ownership of mutual funds in IRAs¹								
Had IRA invested in mutual funds (total)	77	79	81	74	77	77	75	80
Traditional IRA or Roth IRA	76	77	80	72	76	76	74	79
Employer-sponsored IRA ²	11	11	12	12	11	11	11	14

¹ Multiple responses are included.

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

FIGURE 3.9

Views on Investment Risk by Ownership Outside Employer-Sponsored Retirement Plans

Percentage of U.S. households owning mutual funds by ownership outside employer-sponsored retirement plans, 2010

	Sales force channel					Direct market channel		
	Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Insurance agent	Direct market channel total	Mutual fund company directly	Discount broker
Level of risk willing to take with financial investments								
Substantial risk for substantial gain	5	5	5	6	5	6	6	7
Above-average risk for above-average gain	27	29	27	22	24	30	29	30
Average risk for average gain	50	51	51	44	52	49	49	49
Below-average risk for below-average gain	11	9	10	15	12	8	8	7
Unwilling to take any risk	7	6	7	13	7	7	8	7

CHAPTER 4

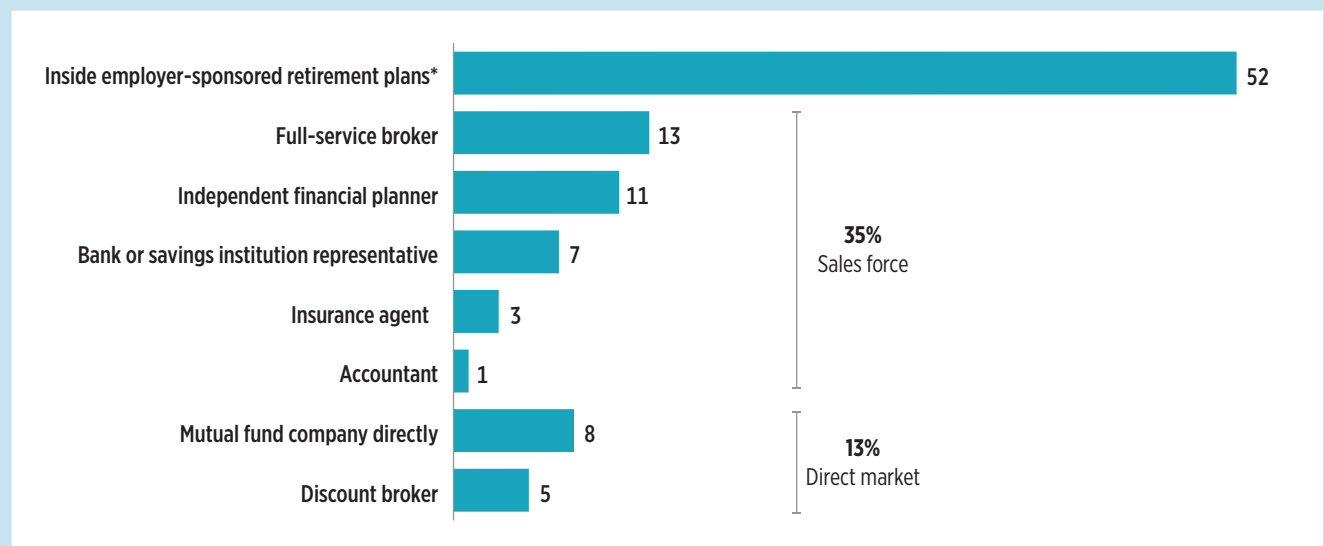
Mutual Fund Shareholders by Primary Source for Purchasing Funds

In 2010, 52 percent of mutual fund-owning households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds (Figure 4.1). Another 35 percent viewed the sales force channel as their main source for buying funds (13 percent considered full-service brokers to be their primary fund source; 11 percent, independent financial planners; 7 percent, bank or savings institution representatives; 3 percent, insurance agents; and 1 percent, accountants).⁹ Finally, 13 percent of mutual fund-owning households viewed the direct

FIGURE 4.1

Mutual Fund Shareholders by Primary Source for Purchasing Funds

Percentage of U.S. households owning mutual funds, 2010



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

⁹ The sample sizes for mutual fund-owning households that consider either insurance agents or accountants to be their primary source for purchasing mutual funds were too small to analyze.

market channel as their main source for buying funds (8 percent indicated fund companies as their primary source, and 5 percent cited discount brokers).

Employer-Sponsored Retirement Plans as the Primary Purchase Source for Funds

Among mutual fund-owning households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds, the median age of the household head was 46—the youngest median age of any shareholder group classified by the three broad primary mutual fund purchase channels (Figure 4.2). Forty-three percent of these individuals had college or postgraduate degrees and 79 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 65 percent of these households.

Eighty-five percent of individuals heading households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds were employed full- or part-time, and 11 percent were retired from their lifetime occupations (Figure 4.3). The median household income of mutual fund-owning households in this group was \$85,000. Twenty percent of mutual fund-owning households that considered employer-sponsored retirement plans to be their primary mutual fund purchase source had household incomes of less than \$50,000, 20 percent had household incomes between \$50,000 and \$74,999, and 60 percent had household incomes of \$75,000 or more.

Among mutual fund-owning households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds, median household financial assets were \$140,000 (Figure 4.4). These households had a variety of savings and investments. Twenty-two percent of mutual fund-owning households in this group owned certificates of deposit, 38 percent owned individual stocks, and 7 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds had median mutual fund holdings of \$75,000 (Figure 4.5). Eighty-one percent of households in this group owned equity funds, 44 percent owned hybrid funds, 56 percent owned bond funds, and 64 percent owned money market funds. Sixty-eight percent had more than half of their household financial assets in mutual funds. Twenty-nine percent of mutual fund-owning households in this group reported that the household purchased its first fund before 1990, and 55 percent reported that the household bought its first fund in 1995 or later.

Households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds held many funds through multiple purchase sources. The median number of mutual funds owned by households in this group was four (Figure 4.6). Forty-six percent owned three or fewer funds and 54 percent owned four or more. Sixty-one percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through their employer-sponsored retirement plans, 44 percent of these households owned funds outside employer-sponsored retirement plans: 31 percent owned sales force–distributed funds and 21 percent owned direct-marketed funds (Figure 4.7). Eighty percent of mutual fund–owning households in this group purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds were saving for retirement, and 81 percent listed saving for retirement as their household’s primary financial goal (Figure 4.8). In addition to holding funds through employer-sponsored retirement plans, 40 percent held funds inside IRAs. Seventy-eight percent of mutual fund–owning households in this group were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Thirty-one percent of mutual fund–owning households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds were willing to take substantial or above-average risk for similar levels of financial gain (Figure 4.9). Forty-eight percent were willing to take average risk for average gain. Twenty-one percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

The Sales Force Channel as the Primary Purchase Source for Funds

Among mutual fund–owning households that considered the sales force channel to be their primary source for purchasing mutual funds, the median age of the household head was 56—the oldest median age of any shareholder group classified by the three broad primary mutual fund purchase channels (Figure 4.2). Forty-nine percent of these individuals had college or postgraduate degrees and 71 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 60 percent of households that considered the sales force channel to be their primary source for purchasing mutual funds.

Sixty percent of individuals heading households that considered the sales force channel to be their primary source for purchasing mutual funds were employed full or part-time (Figure 4.3). Thirty-eight percent were retired from their lifetime occupations. The median household income of mutual fund–owning households in this group was \$73,700. Twenty-eight percent had household incomes of less than \$50,000, 22 percent had household incomes between \$50,000 and \$74,999, and 50 percent had household incomes of \$75,000 or more.

Among mutual fund–owning households that considered the sales force channel to be their primary source for purchasing mutual funds, median household financial assets were \$250,000 (Figure 4.4). These households had other savings and investments. Thirty-five percent of mutual fund–owning households in this group owned certificates of deposit, 51 percent owned individual stocks, and 13 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households that considered the sales force channel to be their primary source for purchasing mutual funds had median mutual fund holdings of \$125,000 (Figure 4.5). Seventy-eight percent of mutual fund–owning households in this group owned equity funds, 43 percent owned hybrid funds, 51 percent owned bond funds, and 66 percent owned money market funds. Sixty-seven percent had more than half of their household financial assets in mutual funds. Forty-six percent of mutual fund–owning households in this group reported that the household purchased its first fund before 1990, and 54 percent reported that the household bought its first fund in 1990 or later.

Households that considered the sales force channel to be their primary source for purchasing mutual funds held many funds through multiple purchase sources. The median number of mutual funds owned by mutual fund–owning households in this group was five (Figure 4.6). Thirty-five percent owned three or fewer funds and 65 percent owned four or more. Sixty-five percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through the sales force channel, 37 percent of these households owned funds inside employer-sponsored retirement plans, and 36 percent owned funds purchased through the direct market channel (Figure 4.7). Sixty-one percent of mutual fund–owning households in this group purchased their first mutual fund outside an employer-sponsored retirement plan.

Ninety-one percent of mutual fund–owning households that considered the sales force channel to be their primary source for purchasing funds indicated that saving for retirement was one of their household’s financial goals, and 69 percent listed saving for retirement as their household’s primary financial goal (Figure 4.8). Thirty-seven percent held funds in employer-sponsored retirement plans, and 74 percent owned funds inside IRAs. Eighty-one percent of mutual fund–owning households in this group were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Twenty-seven percent of mutual fund–owning households that considered the sales force channel to be their primary source for purchasing mutual funds were willing to take substantial or above-average risk for similar levels of financial gain (Figure 4.9). Fifty-two percent were willing to take average risk for average gain. Twenty-one percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

The Direct Market Channel as the Primary Purchase Source for Funds

Among mutual fund–owning households that considered the direct market channel to be their primary source for purchasing mutual funds, the median age of the household head was 53 (Figure 4.2). Fifty-two percent of these individuals had college or postgraduate degrees—the largest percentage of any shareholder group classified by the three broad primary mutual fund purchase channels. Eighty percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 58 percent of households that considered the direct market channel to be their primary source for purchasing mutual funds.

Sixty-five percent of individuals heading households that considered the direct market channel to be their primary source for purchasing mutual funds were employed full- or part-time, and 35 percent were retired from their lifetime occupations (Figure 4.3). The median household income of mutual fund–owning households in this group was \$85,000. Twenty-nine percent had household incomes of less than \$50,000, and 12 percent had household incomes between \$50,000 and \$74,999. Fifty-nine percent of mutual fund–owning households that considered the direct market channel to be their primary source for purchasing funds had incomes of \$75,000 or more.

Among mutual fund–owning households that considered the direct market channel to be their primary source for purchasing mutual funds, median household financial assets were \$300,000 (Figure 4.4). These households had a variety of savings and investments. Thirty-six percent of mutual fund–owning households in this group owned certificates of deposit, 56 percent owned individual stocks, and 18 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households that considered the direct market channel to be their primary source for purchasing mutual funds had median mutual fund holdings of \$125,000 (Figure 4.5). Eighty-four percent of mutual fund–owning households in this group held equity funds, 52 percent owned hybrid funds, 47 percent held bond funds, and 63 percent owned money market funds. Forty-seven percent had more than half of their household financial assets in mutual funds. Forty-seven percent of mutual fund–owning households in this group reported that the household purchased its first fund before 1990, and 53 percent reported that the household bought its first fund in 1990 or later.

Households that considered the direct market channel to be their primary source for purchasing mutual funds held many funds through multiple purchase sources. The median number of mutual funds owned by mutual fund–owning households in this group was six (Figure 4.6). Twenty-seven percent owned three or fewer funds and 73 percent owned four or more. Sixty-nine percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through the direct market channel, 39 percent of these households owned funds inside employer-sponsored retirement plans, and 57 percent owned funds purchased through the sales force channel (Figure 4.7). Fifty-four percent of mutual fund-owning households in this group purchased their first mutual fund outside an employer-sponsored retirement plan.

Ninety-one percent of mutual fund-owning households that considered the direct market channel to be their primary source for purchasing funds were saving for retirement, and 71 percent listed saving for retirement as their household's primary financial goal (Figure 4.8). Thirty-nine percent held funds in employer-sponsored retirement plans, and 72 percent owned funds inside IRAs. Eighty-two percent of mutual fund-owning households in this group were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-six percent of mutual fund-owning households that considered the direct market channel to be their primary source for purchasing mutual funds were willing to take substantial or above-average risk for similar levels of financial gain (Figure 4.9). Forty-seven percent were willing to take average risk for average gain. Seventeen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 4.2

Head of Household Characteristics by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2010

	Employer-sponsored retirement plan	Sales force channel			Direct market channel			
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Age of household sole or co-decisionmaker for saving and investing								
Younger than 35	18	12	6	16	18	12	8	18
35 to 44	26	12	7	15	16	17	15	20
45 to 54	33	21	20	20	23	22	17	29
55 to 64	16	27	34	24	18	21	26	14
65 or older	7	28	33	25	25	28	34	19
Median	46 years	56 years	59 years	53 years	52 years	53 years	59 years	48 years
Mean	46 years	55 years	59 years	52 years	52 years	55 years	60 years	48 years
Education level								
High school graduate or less	26	25	23	20	30	24	26	21
Some college or associate's degree	31	26	23	26	32	24	23	25
Completed four years of college	20	19	20	23	11	24	24	25
Some graduate school	4	6	10	4	4	4	4	4
Completed graduate school	19	24	24	27	23	24	23	25
Marital status								
Married or living with a partner	79	71	71	68	73	80	76	86
Single	9	10	7	13	10	6	5	7
Divorced or separated	10	8	7	9	10	7	8	5
Widowed	2	11	15	10	7	7	11	2
Household investment decisionmaker								
Male is sole decisionmaker	16	19	22	16	18	25	26	24
Female is sole decisionmaker	19	21	21	22	22	17	20	12
Co-decisionmakers	65	60	57	62	60	58	54	64

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FIGURE 4.2 CONTINUED

Head of Household Characteristics by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2010

	Employer-sponsored retirement plan	Sales force channel			Direct market channel			
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Ethnic background*								
Caucasian	88	93	96	93	89	89	92	85
African-American	7	3	1	3	6	2	2	2
Hispanic	5	3	2	4	4	6	4	10
Asian	2	1	1	1	2	4	4	4
Other	3	3	2	4	3	5	3	6

*Multiple responses are included.

FIGURE 4.3

Employment Status and Income by Primary Purchase Source*Percentage of U.S. households owning mutual funds by primary purchase source, 2010*

	Employer-sponsored retirement plan	Sales force channel			Direct market channel			
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Employment status¹								
Employed full-time	78	49	45	56	45	53	49	59
Not retired	77	47	43	54	44	50	48	53
Retired from lifetime occupation	1	2	2	2	1	3	1	6
Employed part-time	7	11	12	9	12	12	10	16
Not retired	5	7	7	4	10	7	6	9
Retired from lifetime occupation	2	4	4	5	2	5	4	7
Not employed	15	40	43	35	43	35	41	25
Not retired	7	8	4	8	12	8	7	9
Retired from lifetime occupation	8	32	39	27	31	27	34	16
Total household income²								
Less than \$25,000	5	6	4	6	9	8	11	3
\$25,000 to \$34,999	4	7	8	5	12	9	12	4
\$35,000 to \$49,999	11	15	14	15	14	12	8	17
\$50,000 to \$74,999	20	22	23	17	25	12	12	13
\$75,000 to \$99,999	20	17	13	23	12	22	25	19
\$100,000 to \$149,999	25	16	18	15	15	22	18	27
\$150,000 to \$249,999	11	13	17	14	8	11	10	13
\$250,000 or more	4	4	3	5	5	4	4	4
Median	\$85,000	\$73,700	\$77,900	\$76,900	\$62,500	\$85,000	\$80,000	\$87,500
Mean	\$98,000	\$96,700	\$100,300	\$98,800	\$85,200	\$96,100	\$90,200	\$104,800

¹ Figure reports employment status of the head of household (sole or co-decisionmakers for saving and investing).² Total reported is household income before taxes in 2009.

FIGURE 4.4

Mutual Fund–Owning Households' Financial Assets by Primary Purchase Source*Percentage of U.S. households owning mutual funds by primary purchase source, 2010*

	Employer-sponsored retirement plan	Sales force channel				Direct market channel		
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Total household financial assets¹								
Less than \$25,000	15	9	4	10	16	6	4	9
\$25,000 to \$49,999	9	8	4	9	12	7	5	9
\$50,000 to \$74,999	9	5	4	1	8	5	4	6
\$75,000 to \$99,999	7	5	4	2	9	4	6	1
\$100,000 to \$249,999	25	20	16	24	16	23	23	22
\$250,000 to \$499,999	17	24	27	26	18	22	24	18
\$500,000 to \$999,999	12	18	29	16	10	18	15	22
\$1 million or more	6	11	12	12	11	17	19	13
Median	\$140,000	\$250,000	\$350,000	\$250,000	\$105,000	\$300,000	\$300,000	\$300,000
Mean	\$321,700	\$539,500	\$455,100	\$687,700	\$507,100	\$468,200	\$462,600	\$476,200
Household ownership of non-mutual fund investments²								
Certificates of deposit	22	35	39	30	37	36	41	29
Individual stocks, individual bonds, or annuities (total)	53	71	80	64	61	70	63	82
Individual stocks	38	51	67	38	46	56	48	69
Individual bonds (excluding U.S. savings bonds)	7	13	20	9	10	18	20	15
Fixed or variable annuities	24	41	42	41	29	29	32	25
Investment real estate	24	29	33	26	27	30	28	34
Closed-end funds	3	5	6	2	6	5	4	6
Exchange-traded funds	4	6	9	5	5	11	5	19

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FIGURE 4.4 CONTINUED

Mutual Fund–Owning Households' Financial Assets by Primary Purchase Source*Percentage of U.S. households owning mutual funds by primary purchase source, 2010*

	Employer-sponsored retirement plan	Sales force channel				Direct market channel		
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Household ownership of employer-sponsored retirement plan accounts²								
Household owned employer-sponsored retirement plan accounts (total)	100	63	61	68	60	64	58	73
DC retirement plan accounts (total)	97	59	56	65	56	59	54	66
401(k) plan account	86	44	41	47	44	45	40	53
403(b), state, local, or federal government plan account	39	28	29	30	23	29	26	33
Employer-sponsored IRA ³	18	12	13	11	12	12	8	18
Household ownership of IRAs²								
Household owned IRA (total)	57	82	85	84	71	78	70	91
Traditional IRA or Roth IRA	51	81	84	84	70	78	69	91
Employer-sponsored IRA ³	18	12	13	10	11	11	8	16
Household ownership of education-targeted savings accounts²								
Household owned education-targeted savings program account (total)	15	17	18	20	13	21	21	21
Coverdell education savings account	12	12	13	13	11	17	19	14
529 prepaid tuition or college savings plan account (total)	8	10	13	12	5	10	7	15
529 savings plan	7	10	13	11	5	9	5	14
529 prepaid tuition plan	3	1	2	1	1	1	1	1

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

FIGURE 4.5

Mutual Fund Investing by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2010

	Employer-sponsored retirement plan	Sales force channel			Direct market channel			
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Total household mutual fund assets								
Less than \$5,000	3	4	2	8	4	5	6	3
\$5,000 to \$9,999	6	3	2	2	8	5	2	9
\$10,000 to \$19,999	12	6	4	6	10	4	3	6
\$20,000 to \$29,999	8	5	3	6	6	3	2	3
\$30,000 to \$49,999	9	7	5	6	8	10	12	9
\$50,000 to \$74,999	12	7	5	5	8	8	9	8
\$75,000 to \$99,999	6	7	6	5	10	5	7	2
\$100,000 to \$249,999	23	25	25	31	20	29	31	25
\$250,000 or more	21	36	48	31	26	31	28	35
Median	\$75,000	\$125,000	\$200,000	\$125,000	\$85,000	\$125,000	\$110,000	\$125,000
Mean	\$195,500	\$313,500	\$300,500	\$369,600	\$289,600	\$275,700	\$249,400	\$314,700
Percent allocation of household financial assets to mutual funds								
25% or less	15	14	12	14	15	32	39	23
Between 26% and 50%	17	19	18	18	23	21	19	24
Between 51% and 75%	21	22	22	18	22	11	10	12
More than 75%	47	45	48	50	40	36	32	41
Types of mutual funds owned¹								
Equity funds	81	78	90	77	61	84	80	91
Hybrid funds	44	43	45	44	41	52	50	56
Bond funds	56	51	55	56	41	47	44	51
Money market funds	64	66	66	66	70	63	67	57
Other fund type specified	7	6	8	6	4	8	7	10
Mutual fund transaction activity in the previous 12 months²								
Conducted mutual fund transactions	34	29	33	33	21	40	37	45

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FIGURE 4.5 CONTINUED

Mutual Fund Investing by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2010

	Employer-sponsored retirement plan	Sales force channel			Direct market channel			
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Year of initial mutual fund purchase								
Before 1990	29	46	56	44	37	47	53	38
Between 1990 and 1994	16	17	13	19	20	15	13	19
Between 1995 and 1999	24	16	15	13	19	19	18	20
2000 or later	31	21	16	24	24	19	16	23
Median	1995	1990	1987	1990	1990	1990	1989	1993
Mean	1994	1989	1986	1990	1991	1987	1985	1991

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 4.6

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

	Employer-sponsored retirement plan	Sales force channel			Direct market channel			
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Total number of mutual funds owned								
<i>Percentage of U.S. households owning mutual funds by primary purchase source, 2010</i>								
One	15	11	8	15	13	9	12	3
Two	18	14	9	11	27	7	8	5
Three	13	10	8	5	18	11	11	12
Four	12	13	13	14	8	9	10	10
Five to six	13	15	16	14	14	23	21	27
Seven to ten	14	17	21	17	12	14	12	16
Eleven or more	15	20	25	24	8	27	26	27
Median	4 funds	5 funds	6 funds	5 funds	3 funds	6 funds	6 funds	6 funds
Mean	6 funds	8 funds	10 funds	8 funds	6 funds	9 funds	9 funds	9 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*								
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by primary purchase source, 2010</i>								
One	39	35	34	35	41	31	37	22
Two	30	34	32	39	30	35	33	39
Three	20	19	21	14	18	20	16	24
Four or more	11	12	13	12	11	14	14	15
Median	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources

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

FIGURE 4.7

Sources Used to Purchase Mutual Funds by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2010

	Employer-sponsored retirement plan	Sales force channel				Direct market channel		
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Source of mutual fund ownership								
Only inside employer-sponsored retirement plan	56	0	0	0	0	0	0	0
Only outside employer-sponsored retirement plan	0	63	60	58	73	61	69	50
Both inside and outside employer-sponsored retirement plan	44	37	40	42	27	39	31	50
Purchase sources through which funds are currently owned¹								
Inside employer-sponsored retirement plans (total)	100	37	40	42	27	39	31	50
Inside DC retirement plans (total)	95	33	35	40	25	34	28	42
401(k) plan	81	26	27	30	23	24	19	32
403(b), state, local, or federal government plan	30	13	14	15	8	12	11	15
Inside employer-sponsored IRA ²	13	8	9	6	7	8	6	11
Outside employer-sponsored retirement plans (total)	44	100	100	100	100	100	100	100
Sales force (total)	31	100	100	100	100	57	57	58
Full-service broker	14	55	100	32	26	35	32	40
Independent financial planner	13	53	32	100	23	17	15	21
Bank or savings institution representative	12	31	16	12	100	17	19	14
Insurance agent	5	18	6	15	12	16	17	13
Accountant	4	12	7	12	10	3	3	4

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FIGURE 4.7 CONTINUED

Sources Used to Purchase Mutual Funds by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2010

	Employer-sponsored retirement plan	Sales force channel				Direct market channel		
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Direct market (total)	21	36	41	33	30	100	100	100
Mutual fund company directly	14	22	25	20	20	72	100	30
Discount broker	13	19	25	17	13	54	23	100
Source of first mutual fund purchase								
Inside employer-sponsored retirement plan	80	39	37	45	34	46	40	54
Outside employer-sponsored retirement plan	20	61	63	55	66	54	60	46

¹ Multiple responses are included.

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

FIGURE 4.8

Financial Goals by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2010

	Employer-sponsored retirement plan	Sales force channel			Direct market channel			
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Financial goals for mutual fund investments¹								
Retirement	96	91	93	88	91	91	87	96
Reduce taxable income	53	49	49	52	42	44	43	44
Emergency	40	52	51	54	52	53	60	43
Education	25	23	22	22	28	30	29	30
Current income	12	29	31	26	31	27	32	20
House or other large item	14	9	6	7	17	11	8	15
Other	5	8	8	9	10	7	8	7
Primary financial goal for mutual fund investments								
Retirement	81	69	71	70	60	71	64	82
Reduce taxable income	4	3	1	4	4	3	4	(*)
Emergency	4	9	6	12	14	11	17	2
Education	6	6	5	5	9	5	3	7
Current income	2	9	11	7	8	5	8	1
House or other large item	2	1	1	(*)	3	2	1	4
Other	1	3	5	2	2	3	3	4
Level of confidence that mutual funds are an investment that can help the household meet financial goals								
Very confident	22	24	22	27	25	34	38	28
Somewhat confident	56	57	62	53	50	48	46	51
Not very confident	16	13	13	14	17	12	12	12
Not at all confident	6	6	3	6	8	6	4	9

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FIGURE 4.8 CONTINUED

Financial Goals by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2010

	Employer-sponsored retirement plan	Sales force channel			Direct market channel			
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Ownership of mutual funds in employer-sponsored retirement plans¹								
Inside employer-sponsored retirement plans (total)	100	37	40	42	27	39	31	50
Inside DC retirement plans (total)	95	33	35	40	25	34	28	42
401(k) plan	81	26	27	30	23	24	19	32
403(b), state, local, or federal government plan	30	12	14	15	8	12	11	15
Inside employer-sponsored IRA ²	13	8	9	6	7	8	6	11
Ownership of mutual funds in IRAs¹								
Had IRA invested in mutual funds (total)	40	74	78	79	59	72	63	85
Traditional IRA or Roth IRA	34	73	77	79	57	72	63	85
Employer-sponsored IRA ²	13	8	9	6	7	8	6	11

¹ Multiple responses are included.

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

(*) = less than 0.5 percent

FIGURE 4.9

Views on Investment Risk by Primary Purchase Source

Percentage of U.S. households owning mutual funds by primary purchase source, 2010

	Employer-sponsored retirement plan	Sales force channel			Direct market channel			
		Sales force channel total	Full-service broker	Independent financial planner	Bank or savings institution representative	Direct market channel total	Mutual fund company directly	Discount broker
Level of risk willing to take with financial investments								
Substantial risk for substantial gain	4	6	6	5	7	4	3	6
Above-average risk for above-average gain	27	21	23	22	18	32	26	41
Average risk for average gain	48	52	56	55	40	47	52	41
Below-average risk for below-average gain	11	14	11	15	21	9	11	5
Unwilling to take any risk	10	7	4	3	14	8	8	7

CHAPTER 5

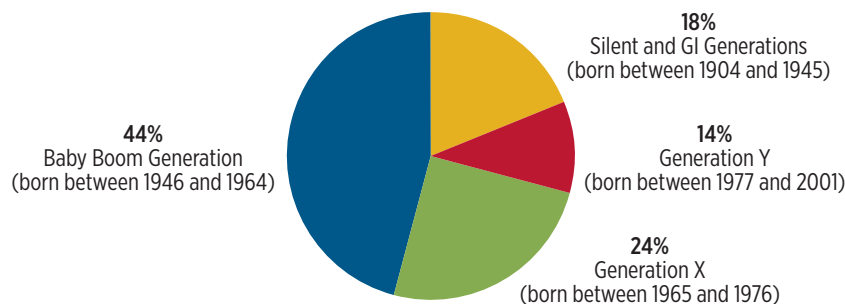
Mutual Fund Shareholders by Generation

Multiple generations of Americans own mutual funds. In 2010, 14 percent of individuals heading households that owned mutual funds were members of Generation Y, those persons born between 1977 and 2001, and thus age 33 or younger at the time of the survey (Figure 5.1). Twenty-four percent were members of Generation X, those born between 1965 and 1976, and aged 34 to 45 at the time of the survey. The largest proportion of individuals heading mutual fund–owning households, 44 percent, were members of the Baby Boom Generation, individuals born between 1946 and 1964, who were between 46 and 64 at the time of the survey. The remaining 18 percent of individuals heading mutual fund–owning households were members of the Silent and GI Generations, born between 1904 and 1945, who were 65 or older at the time of the survey.¹⁰

FIGURE 5.1

Mutual Fund Shareholders by Generation

Percentage of U.S. households owning mutual funds, 2010



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

¹⁰ The majority of this grouping is the Silent Generation. The GI Generation, which includes individuals born between 1904 and 1924, represented 1 percent of individuals heading mutual fund–owning households in 2010.

Generation Y (Born Between 1977 and 2001)

The median age of Generation Y mutual fund–owning household heads was 29 (Figure 5.2). Fifty-one percent of these individuals held college or postgraduate degrees and 69 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 60 percent of Generation Y mutual fund–owning households.

Eighty-two percent of Generation Y mutual fund–owning household heads were employed full- or part-time (Figure 5.3). Their median household income was \$68,500. Thirty-one percent had household incomes of less than \$50,000, 22 percent had household incomes between \$50,000 and \$74,999, and 47 percent had incomes of \$75,000 or more.

Among Generation Y mutual fund–owning households, median household financial assets were \$35,000—the lowest of the generation groups (Figure 5.4). These households had a variety of savings and investments. Fifteen percent of Generation Y mutual fund–owning households owned certificates of deposit, 33 percent owned individual stocks, and 13 percent owned individual bonds (excluding U.S. savings bonds).

Generation Y mutual fund–owning households had median mutual fund holdings of \$20,000, the smallest median mutual fund holdings among shareholder groups classified by generation (Figure 5.5). Seventy-three percent of Generation Y mutual fund–owning households owned equity funds, 40 percent owned hybrid funds, 46 percent held bond funds, and 60 percent owned money market funds. Sixty-two percent had more than half of their household financial assets in mutual funds. Sixty-six percent of Generation Y mutual fund–owning households reported that the household purchased its first fund in 2000 or later, and 23 percent reported that the household bought its first fund between 1995 and 1999.

The median number of mutual funds owned by Generation Y mutual fund–owning households was four (Figure 5.6). Forty-seven percent owned three or fewer funds and 53 percent owned four or more. Among Generation Y mutual fund–owning households that owned funds outside employer-sponsored retirement plans, 63 percent owned funds purchased from multiple sources.

Seventy-three percent of Generation Y mutual fund–owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Sixty-eight percent owned funds outside employer-sponsored retirement plans: 51 percent owned sales force–distributed funds and 31 percent owned direct-marketed funds. Sixty-one percent of Generation Y mutual fund–owning households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty percent purchased their first mutual fund through an employer-sponsored retirement plan.

Eighty-nine percent of Generation Y mutual fund–owning households indicated that saving for retirement was one of their household’s financial goals, and 67 percent listed saving for retirement as their household’s primary financial goal (Figure 5.8). Seventy-three percent of Generation Y mutual fund–owning households held funds in employer-sponsored retirement

plans, and 45 percent owned funds inside IRAs. Eighty-two percent of Generation Y mutual fund-owning households were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-two percent of Generation Y mutual fund-owning households were willing to take substantial or above-average risk for similar levels of financial gain (Figure 5.9). Forty-eight percent were willing to take average risk for average gain. Twenty percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Generation X (Born Between 1965 and 1976)

The median age of Generation X mutual fund-owning household heads was 41 (Figure 5.2). Fifty-one percent of these individuals held college or postgraduate degrees and 86 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 70 percent of Generation X mutual fund-owning households.

Eighty-eight percent of Generation X mutual fund-owning household heads were employed full- or part-time (Figure 5.3). Their median household income was \$87,500. Twenty percent had household incomes of less than \$50,000, 18 percent had household incomes between \$50,000 and \$74,999, and 62 percent had incomes of \$75,000 or more.

Among Generation X mutual fund-owning households, median household financial assets were \$100,000 (Figure 5.4). In addition to mutual funds, 16 percent of these households owned certificates of deposit, 40 percent owned individual stocks, and 6 percent owned individual bonds (excluding U.S. savings bonds). Twenty-seven percent of Generation X mutual fund-owning households had an education-targeted savings program account—the largest proportion of any of the generation groups.

Generation X mutual fund-owning households had median mutual fund holdings of \$60,000 (Figure 5.5). Eighty-one percent of Generation X mutual fund-owning households owned equity funds, 38 percent owned hybrid funds, 50 percent held bond funds, and 60 percent owned money market funds. Sixty-six percent had more than half of their household financial assets in mutual funds. Eighty-nine percent of Generation X mutual fund-owning households purchased their first mutual fund after 1989, usually between 1995 and 1999.

The median number of mutual funds owned by Generation X mutual fund-owning households was four (Figure 5.6). Forty-three percent owned three or fewer funds and 57 percent owned four or more. Among Generation X mutual fund-owning households that owned funds outside employer-sponsored retirement plans, 65 percent owned funds purchased from multiple sources.

Eighty-two percent of Generation X mutual fund-owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Sixty-two percent owned funds outside employer-sponsored retirement plans: 46 percent owned sales force-distributed funds and 33 percent owned direct-marketed funds. Sixty-nine percent of Generation X mutual fund-owning

households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds, and 76 percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of Generation X mutual fund-owning households indicated that saving for retirement was one of their household's financial goals, and 81 percent listed saving for retirement as their household's primary financial goal (Figure 5.8). Eighty-two percent of Generation X mutual fund-owning households held funds in employer-sponsored retirement plans, and 53 percent owned funds inside IRAs. Seventy-eight percent of Generation X mutual fund-owning households were confident that mutual funds were an investment that could help them meet their household's financial goals.

Forty percent of Generation X mutual fund-owning households were willing to take substantial or above-average risk for similar levels of financial gain (Figure 5.9). Forty-three percent were willing to take average risk for average gain. Seventeen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Baby Boom Generation (Born Between 1946 and 1964)

The median age of Baby Boom Generation mutual fund-owning household heads was 54 (Figure 5.2). Forty-six percent of these individuals held college or postgraduate degrees and 77 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 62 percent of Baby Boom Generation mutual fund-owning households.

Eighty-one percent of Baby Boom Generation mutual fund-owning household heads were employed full- or part-time (Figure 5.3). Twenty percent were retired from their lifetime occupations. Their median household income was \$87,500. Eighteen percent had household incomes of less than \$50,000, 19 percent had household incomes between \$50,000 and \$74,999, and 63 percent had incomes of \$75,000 or more.

Among Baby Boom Generation mutual fund-owning households, median household financial assets were \$300,000 (Figure 5.4). These households typically had other investments. Forty-seven percent owned individual stocks, 10 percent owned individual bonds (excluding U.S. savings bonds), and 31 percent had investment real estate.

Baby Boom Generation mutual fund-owning households had median mutual fund holdings of \$175,000 (Figure 5.5). Eighty-four percent owned equity funds, 49 percent owned hybrid funds, 58 percent owned bond funds, and 68 percent owned money market funds. Sixty-seven percent had more than half of their household financial assets in mutual funds. Fifty-two percent of Baby Boom Generation mutual fund-owning households reported that the household purchased its first fund before 1990.

The median number of mutual funds owned by Baby Boom Generation mutual fund-owning households was five (Figure 5.6). Thirty-six percent owned three or fewer funds and 64 percent owned four or more. Among Baby Boom Generation mutual fund-owning households that owned funds outside employer-sponsored retirement plans, 63 percent owned funds purchased from multiple sources.

Seventy-two percent of Baby Boom Generation mutual fund-owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Seventy-one percent owned funds outside employer-sponsored retirement plans: 58 percent owned sales force-distributed funds and 34 percent owned direct-marketed funds. Fifty-two percent of these households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-one percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of Baby Boom Generation mutual fund-owning households reported that saving for retirement was one of their household's financial goals, and 83 percent listed saving for retirement as their household's primary financial goal (Figure 5.8). Seventy-two percent held funds in employer-sponsored retirement plans, and 59 percent owned funds inside IRAs. Eighty percent of Baby Boom Generation mutual fund-owning households were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty percent of Baby Boom Generation mutual fund-owning households were willing to take substantial or above-average risk for similar levels of financial gain (Figure 5.9). Fifty-one percent were willing to take average risk for average gain. Nineteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Silent and GI Generations (Born Between 1904 and 1945)

The median age of Silent and GI Generation mutual fund-owning household heads was 72 (Figure 5.2). Thirty-five percent of these individuals held college or postgraduate degrees and 62 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 53 percent of Silent and GI Generation mutual fund-owning households.

The vast majority of Silent and GI Generation mutual fund-owning household heads, 80 percent, were retired from their lifetime occupations (Figure 5.3). The median household income of Silent and GI Generation mutual fund-owning households was \$53,500. Forty-three percent had household incomes of less than \$50,000, 24 percent had household incomes between \$50,000 and \$74,999, and 33 percent had incomes of \$75,000 or more.

Among Silent and GI Generation mutual fund–owning households, median household financial assets were \$300,000 (Figure 5.4). These households had a variety of savings and investments. Forty-three percent of Silent and GI Generation mutual fund–owning households owned certificates of deposit, 53 percent owned individual stocks, and 19 percent owned individual bonds (excluding U.S. savings bonds).

Silent and GI Generation mutual fund–owning households had median mutual fund holdings of \$150,000 (Figure 5.5). Seventy-four percent of Silent and GI Generation mutual fund–owning households owned equity funds, 43 percent owned hybrid funds, 48 percent owned bond funds, and 67 percent owned money market funds. Sixty-one percent had more than half of their household financial assets in mutual funds. Sixty-three percent of Silent and GI Generation mutual fund–owning households reported that the household purchased its first fund before 1990.

The median number of mutual funds owned by Silent and GI Generation mutual fund–owning households was four (Figure 5.6). Forty-three percent owned three or fewer funds and 57 percent owned four or more. Among Silent and GI Generation mutual fund–owning households that owned funds outside employer-sponsored retirement plans, 69 percent owned funds purchased from multiple sources.

Thirty-six percent of Silent and GI Generation mutual fund–owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Ninety percent owned funds outside these plans, with 75 percent owning sales force–distributed funds and 47 percent owning direct-marketed funds. Fifty-eight percent of Silent and GI Generation mutual fund–owning households considered the sales force channel to be their primary source for purchasing mutual funds. Sixty-one percent purchased their first mutual fund outside an employer-sponsored retirement plan.

Eighty percent of Silent and GI Generation mutual fund–owning households indicated that saving for retirement was one of their household’s financial goals, and 49 percent listed saving for retirement as their household’s primary financial goal (Figure 5.8). Fifty-three percent of Silent and GI Generation mutual fund–owning households reported current income as a household financial goal—the largest percentage of any of the generation groups. Thirty-six percent held funds in employer-sponsored retirement plans, and 59 percent owned funds inside IRAs. Seventy-nine percent of Silent and GI Generation mutual fund–owning households were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Sixteen percent of Silent and GI Generation mutual fund–owning households were willing to take substantial or above-average risk for similar levels of financial gain—the smallest percentage of any of the generation groups (Figure 5.9). Fifty-three percent were willing to take average risk for average gain. Thirty-one percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 5.2

Head of Household Characteristics by Generation

Percentage of U.S. households owning mutual funds by head of household generation, 2010

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Age of household sole or co-decisionmaker for saving and investing				
Younger than 35	100	7	0	0
35 to 44	0	82	0	0
45 to 54	0	11	54	0
55 to 64	0	0	46	0
65 or older	0	0	0	100
Median	29 years	41 years	54 years	72 years
Mean	29 years	40 years	54 years	74 years
Education level				
High school graduate or less	12	19	27	41
Some college or associate's degree	37	30	27	24
Completed four years of college	22	25	20	12
Some graduate school	5	4	5	6
Completed graduate school	24	22	21	17
Marital status				
Married or living with a partner	69	86	77	62
Single	26	6	8	5
Divorced or separated	5	8	11	7
Widowed	0	(*)	4	26
Household investment decisionmaker				
Male is sole decisionmaker	17	16	20	19
Female is sole decisionmaker	23	14	18	28
Co-decisionmakers	60	70	62	53
Ethnic background*				
Caucasian	84	86	92	94
African-American	8	8	3	2
Hispanic	10	4	4	3
Asian	3	3	1	1
Other	5	3	4	2

* Multiple responses are included.

(*) = less than 0.5 percent

FIGURE 5.3

Employment Status and Income by Generation*Percentage of U.S. households owning mutual funds by head of household generation, 2010*

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Employment status¹				
Employed full-time	71	78	72	16
Not retired	71	77	69	15
Retired from lifetime occupation	(*)	1	3	1
Employed part-time	11	10	9	8
Not retired	7	9	5	2
Retired from lifetime occupation	4	1	4	6
Not employed	18	12	19	76
Not retired	16	10	6	3
Retired from lifetime occupation	2	2	13	73
Total household income²				
Less than \$25,000	9	3	4	12
\$25,000 to \$34,999	7	6	4	12
\$35,000 to \$49,999	15	11	10	19
\$50,000 to \$74,999	22	18	19	24
\$75,000 to \$99,999	21	21	19	14
\$100,000 to \$149,999	16	25	24	13
\$150,000 to \$249,999	5	12	15	5
\$250,000 or more	5	4	5	1
Median	\$68,500	\$87,500	\$87,500	\$53,500
Mean	\$85,200	\$100,600	\$107,500	\$69,500

¹ Figure reports employment status of the head of household (sole or co-decisionmakers for saving and investing).² Total reported is household income before taxes in 2009.

(*) = less than 0.5 percent

FIGURE 5.4

Mutual Fund–Owning Households' Financial Assets by Generation*Percentage of U.S. households owning mutual funds by head of household generation, 2010*

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Total household financial assets¹				
Less than \$25,000	37	15	5	4
\$25,000 to \$49,999	20	11	5	4
\$50,000 to \$74,999	6	15	4	4
\$75,000 to \$99,999	8	6	4	9
\$100,000 to \$249,999	13	26	25	22
\$250,000 to \$499,999	10	16	24	24
\$500,000 to \$999,999	4	8	22	16
\$1 million or more	2	3	11	17
Median	\$35,000	\$100,000	\$300,000	\$300,000
Mean	\$145,700	\$260,300	\$521,200	\$589,500
Household ownership of non–mutual fund investments²				
Certificates of deposit	15	16	32	43
Individual stocks, individual bonds, or annuities (total)	48	51	65	74
Individual stocks	33	40	47	53
Individual bonds (excluding U.S. savings bonds)	13	6	10	19
Fixed or variable annuities	19	17	34	46
Investment real estate	21	20	31	29
Closed-end funds	6	1	3	6
Exchange-traded funds	9	5	5	5
Household ownership of employer-sponsored retirement plan accounts²				
Household owned employer-sponsored retirement plan accounts (total)	85	92	86	51
DC retirement plan accounts (total)	83	88	82	45
401(k) plan account	73	78	70	27
403(b), state, local, or federal government plan account	35	34	35	24
Employer-sponsored IRA ³	19	14	16	11
Household ownership of IRAs²				
Household owned IRA (total)	57	63	72	72
Traditional IRA or Roth IRA	55	58	67	72
Employer-sponsored IRA ³	19	13	16	10

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FIGURE 5.4 CONTINUED

Mutual Fund–Owning Households’ Financial Assets by Generation

Percentage of U.S. households owning mutual funds by head of household generation, 2010

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Household ownership of education-targeted savings accounts²				
Household owned education-targeted savings program account (total)	16	27	13	11
Coverdell education savings account	14	19	9	9
529 prepaid tuition or college savings plan account (total)	4	16	9	4
529 savings plan	4	14	8	4
529 prepaid tuition plan	1	5	1	(*)

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

² Multiple responses are included.

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

(*) = less than 0.5 percent

FIGURE 5.5

Mutual Fund Investing by Generation*Percentage of U.S. households owning mutual funds by head of household generation, 2010*

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Total household mutual fund assets				
Less than \$5,000	15	2	2	(*)
\$5,000 to \$9,999	13	8	2	4
\$10,000 to \$19,999	19	13	5	3
\$20,000 to \$29,999	14	6	6	3
\$30,000 to \$49,999	10	12	5	8
\$50,000 to \$74,999	9	15	8	11
\$75,000 to \$99,999	8	6	6	8
\$100,000 to \$249,999	6	23	28	32
\$250,000 or more	6	15	38	31
Median	\$20,000	\$60,000	\$175,000	\$150,000
Mean	\$62,100	\$156,000	\$317,100	\$330,400
Percent allocation of household financial assets to mutual funds				
25% or less	20	11	18	21
Between 26% and 50%	18	23	15	18
Between 51% and 75%	22	19	20	19
More than 75%	40	47	47	42
Types of mutual funds owned¹				
Equity funds	73	81	84	74
Hybrid funds	40	38	49	43
Bond Funds	46	50	58	48
Money market funds	60	60	68	67
Other fund type specified	4	4	8	7
Mutual fund transaction activity in the previous 12 months²				
Conducted mutual fund transactions	33	30	36	24

Continued on next page

FIGURE 5.5 CONTINUED

Mutual Fund Investing by Generation

Percentage of U.S. households owning mutual funds by head of household generation, 2010

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Year of initial mutual fund purchase				
Before 1990	5	11	52	63
Between 1990 and 1994	6	23	17	14
Between 1995 and 1999	23	34	14	13
2000 or later	66	32	17	10
Median	2002	1997	1989	1984
Mean	2001	1997	1989	1982

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

(*) = less than 0.5 percent

FIGURE 5.6

Number of Funds Owned and Purchase Sources Used by Generation

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Total number of mutual funds owned				
<i>Percentage of U.S. households owning mutual funds by head of household generation, 2010</i>				
One	22	14	12	13
Two	13	18	14	14
Three	12	11	10	16
Four	14	13	12	10
Five to six	11	16	16	12
Seven to ten	11	15	17	11
Eleven or more	17	13	19	24
Median	4 funds	4 funds	5 funds	4 funds
Mean	7 funds	6 funds	8 funds	8 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by head of household generation, 2010</i>				
One	37	35	37	31
Two	36	40	31	31
Three	9	15	22	22
Four or more	18	10	10	16
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

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

FIGURE 5.7

Sources Used to Purchase Mutual Funds by Generation

Percentage of U.S. households owning mutual funds by head of household generation, 2010

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Source of mutual fund ownership				
Only inside employer-sponsored retirement plan	32	38	29	11
Only outside employer-sponsored retirement plan	27	18	29	64
Both inside and outside employer-sponsored retirement plan	41	44	42	25
Purchase sources through which funds are currently owned¹				
Inside employer-sponsored retirement plans (total)	73	82	72	36
Inside DC retirement plans (total)	69	76	67	32
401(k) plan	60	66	56	20
403(b), state, local, or federal government plan	24	24	21	14
Inside employer-sponsored IRA ²	13	10	11	6
Outside employer-sponsored retirement plans (total)	68	62	71	90
Sales force (total)	51	46	58	75
Full-service broker	15	23	32	49
Independent financial planner	28	20	28	36
Bank or savings institution representative	24	16	17	24
Insurance agent	6	8	12	15
Accountant	9	5	6	7
Direct market (total)	31	33	34	47
Mutual fund company directly	19	21	23	35
Discount broker	19	17	19	25

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FIGURE 5.7 CONTINUED

Sources Used to Purchase Mutual Funds by Generation*Percentage of U.S. households owning mutual funds by head of household generation, 2010*

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Primary mutual fund purchase source				
Inside employer-sponsored retirement plans	61	69	52	22
Outside employer-sponsored retirement plans	39	31	48	78
Sales force	30	20	37	58
Full-service broker	5	5	16	25
Independent financial planner	13	7	11	17
Bank or savings institution representative	8	5	6	10
Insurance agent	2	1	3	5
Accountant	2	2	1	1
Direct market	9	11	11	20
Mutual fund company directly	2	6	7	15
Discount broker	7	5	4	5
Source of first mutual fund purchase				
Inside employer-sponsored retirement plan	60	76	61	39
Outside employer-sponsored retirement plan	40	24	39	61

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

FIGURE 5.8

Financial Goals by Generation*Percentage of U.S. households owning mutual funds by head of household generation, 2010*

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Financial goals for mutual fund investments¹				
Retirement	89	96	97	80
Reduce taxable income	44	46	55	48
Emergency	51	43	40	66
Education	44	40	16	13
Current income	16	8	16	53
House or other large item	32	13	8	7
Other	11	4	6	10
Primary financial goal for mutual fund investments				
Retirement	67	81	83	49
Reduce taxable income	1	2	4	6
Emergency	8	2	4	19
Education	16	10	3	2
Current income	1	1	3	18
House or other large item	5	3	1	(*)
Other	2	1	2	6
Level of confidence that mutual funds are an investment that can help the household meet financial goals				
Very confident	26	24	23	24
Somewhat confident	56	54	57	55
Not very confident	11	17	15	13
Not at all confident	7	5	5	8
Ownership of mutual funds in employer-sponsored retirement plans¹				
Inside employer-sponsored retirement plans (total)	73	82	72	36
Inside DC retirement plans (total)	69	76	67	32
401(k) plan	60	66	56	20
403(b), state, local, or federal government plan	24	24	21	14
Inside employer-sponsored IRA ²	13	10	11	6
Ownership of mutual funds in IRAs¹				
Had IRA invested in mutual funds (total)	45	53	59	59
Traditional IRA or Roth IRA	44	48	55	56
Employer-sponsored IRA ²	13	10	11	6

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

(*) = less than 0.5 percent

FIGURE 5.9

Views on Investment Risk by Generation

Percentage of U.S. households owning mutual funds by head of household generation, 2010

	Generation Y <i>(born between 1977 and 2001)</i>	Generation X <i>(born between 1965 and 1976)</i>	Baby Boom Generation <i>(born between 1946 and 1964)</i>	Silent and GI Generations <i>(born between 1904 and 1945)</i>
Level of risk willing to take with financial investments				
Substantial risk for substantial gain	7	7	4	2
Above-average risk for above-average gain	25	33	26	14
Average risk for average gain	48	43	51	53
Below-average risk for below-average gain	11	11	11	16
Unwilling to take any risk	9	6	8	15

CHAPTER 6

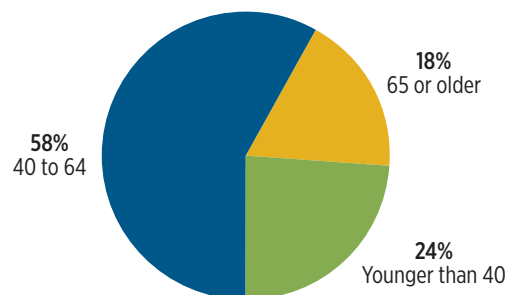
Mutual Fund Shareholders by Age

In 2010, 24 percent of individuals heading households that owned mutual funds were younger than 40 at the time of the survey (Figure 6.1). The largest age group was individuals between the ages of 40 and 64, who were 58 percent of mutual fund–owning household heads. The remaining 18 percent were 65 or older at the time of the survey.

FIGURE 6.1

Mutual Fund Shareholders by Age

Percentage of U.S. households owning mutual funds, 2010



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

Age of Household Head Younger Than 40

Among this youngest group of mutual fund–owning households, the median age of the head of household was 33 (Figure 6.2). Fifty-three percent of these individuals held college or postgraduate degrees and 78 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 66 percent of mutual fund–owning households in this age group.

Eighty-five percent of mutual fund-owning household heads in this age group were employed full- or part-time (Figure 6.3). Their median household income was \$75,000. Twenty-eight percent had household incomes of less than \$50,000, and 20 percent had household incomes between \$50,000 and \$74,999. Fifty-two percent of mutual fund-owning households in this age group had incomes of \$75,000 or more.

Among mutual fund-owning households headed by an individual younger than 40, median household financial assets were \$50,000—the lowest of any of the age groups (Figure 6.4). These households had a variety of savings and investments. Fourteen percent of mutual fund-owning households in this age group owned certificates of deposit, 34 percent owned individual stocks, and 8 percent owned individual bonds (excluding U.S. savings bonds). Twenty-two percent of these households had an education-targeted savings program account—the largest proportion of any of the age groups.

Mutual fund-owning households headed by an individual younger than 40 had median mutual fund holdings of \$25,000—the smallest median mutual fund holdings among shareholder groups classified by age (Figure 6.5). Seventy-seven percent of these households owned equity funds, 40 percent owned hybrid funds, 47 percent held bond funds, and 57 percent owned money market funds. Sixty-four percent had more than half of their household financial assets in mutual funds. Fifty-eight percent of mutual fund-owning households headed by an individual younger than 40 reported that the household purchased its first fund in 2000 or later, and 27 percent reported that the household bought its first fund between 1995 and 1999.

The median number of mutual funds owned by mutual fund-owning households headed by an individual younger than 40 was four (Figure 6.6). Forty-two percent owned three or fewer funds and 58 percent owned four or more. Among households in this age group that owned mutual funds outside employer-sponsored retirement plans, 62 percent owned funds purchased from multiple sources.

Seventy-seven percent of mutual fund-owning households headed by an individual younger than 40 owned funds through employer-sponsored retirement plans (Figure 6.7). Sixty-four percent owned funds outside employer-sponsored retirement plans: 48 percent owned sales force-distributed funds and 31 percent owned direct-marketed funds. Sixty-six percent of mutual fund-owning households in this age group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-six percent reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-three percent of mutual fund-owning households headed by an individual younger than 40 indicated that saving for retirement was one of their household's financial goals, and 72 percent listed saving for retirement as their household's primary financial goal (Figure 6.8). Seventy-seven percent of mutual fund-owning households in this age group held funds in employer-sponsored retirement plans, and 48 percent owned funds inside IRAs. Seventy-nine percent of mutual fund-owning households in this age group were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-four percent of mutual fund-owning households headed by an individual younger than 40 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 6.9). Forty-nine percent were willing to take average risk for average gain. Seventeen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Age of Household Head Between 40 and 64

Among this middle age group of mutual fund-owning households, the median age of the household head was 51 (Figure 6.2). Forty-six percent of these individuals held college or postgraduate degrees and seventy-eight percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 63 percent of mutual fund-owning households in this age group.

Eighty-three percent of mutual fund-owning household heads in this age group were employed full- or part-time (Figure 6.3). Sixteen percent were retired from their lifetime occupations. Their median household income was \$87,500. Nineteen percent had household incomes of less than \$50,000, 18 percent had household incomes between \$50,000 and \$74,999, and 63 percent had incomes of \$75,000 or more—the largest percentage of any of the age groups.

Among mutual fund-owning households headed by an individual aged 40 to 64, median household financial assets were \$250,000 (Figure 6.4). These households typically had other investments: 46 percent owned individual stocks, 9 percent owned individual bonds (excluding U.S. savings bonds), and 29 percent had investment real estate.

Mutual fund-owning households headed by an individual aged 40 to 64 had median mutual fund holdings of \$130,000 (Figure 6.5). Eighty-three percent of mutual fund-owning households in this age group owned equity funds, 46 percent owned hybrid funds, 56 percent held bond funds, and 67 percent owned money market funds. Sixty-six percent had more than half of their household financial assets in mutual funds. Forty-three percent of mutual fund-owning households headed by an individual aged 40 to 64 reported that the household purchased its first fund before 1990.

The median number of mutual funds owned by mutual fund-owning households headed by an individual aged 40 to 64 was four (Figure 6.6). Forty percent owned three or fewer funds and 60 percent owned four or more. Among households in this age group that owned funds outside employer-sponsored retirement plans, 64 percent owned funds purchased from multiple sources.

Seventy-four percent of mutual fund-owning households headed by an individual aged 40 to 64 owned funds through employer-sponsored retirement plans (Figure 6.7). Sixty-nine percent owned funds outside employer-sponsored retirement plans: 56 percent owned sales force-distributed funds and 34 percent owned direct marketed funds. Fifty-six percent of mutual fund-owning households in this age group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-five percent reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of mutual fund–owning households headed by an individual aged 40 to 64 reported that saving for retirement was one of their household’s financial goals, and 83 percent listed saving for retirement as their household’s primary financial goal (Figure 6.8). Seventy-four percent held funds in employer-sponsored retirement plans, and 58 percent owned funds inside IRAs. Eighty percent of mutual fund–owning households in this age group were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Thirty-three percent of mutual fund–owning households headed by an individual aged 40 to 64 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 6.9). Forty-eight percent were willing to take average risk for average gain. Nineteen percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Age of Household Head 65 or Older

Among this oldest group of mutual fund–owning households, the median age of the head of household was 72 (Figure 6.2). Thirty-five percent of these individuals held college or postgraduate degrees and 62 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 53 percent of mutual fund–owning households in this age group.

The vast majority of mutual fund–owning household heads in this age group, 80 percent, were retired from their lifetime occupations (Figure 6.3). Their median household income was \$53,500. Forty-three percent had household incomes of less than \$50,000, 24 percent had household incomes between \$50,000 and \$74,999, and 33 percent had incomes of \$75,000 or more.

Among mutual fund–owning households headed by an individual 65 or older, median household financial assets were \$300,000—the greatest of any of the age groups (Figure 6.4). These households had a variety of savings and investments. Forty-three percent of mutual fund–owning households in this age group owned certificates of deposit, 53 percent owned individual stocks, and 19 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households headed by an individual 65 or older had median mutual fund holdings of \$150,000 (Figure 6.5). Seventy-four percent of mutual fund–owning households in this age group owned equity funds, 43 percent owned hybrid funds, 48 percent held bond funds, and 67 percent owned money market funds. Sixty-one percent had more than half of their household financial assets in mutual funds. Sixty-three percent of mutual fund–owning households headed by an individual 65 or older reported that the household purchased its first fund before 1990.

The median number of mutual funds owned by mutual fund–owning households headed by an individual 65 or older was four (Figure 6.6). Forty-three percent owned three or fewer funds and 57 percent owned four or more. Among households in this age group that owned funds outside employer-sponsored retirement plans, 69 percent owned funds purchased from multiple sources.

Thirty-six percent of mutual fund-owning households headed by an individual 65 or older owned funds through employer-sponsored retirement plans (Figure 6.7). Ninety percent owned funds outside these plans, with 75 percent owning sales force-distributed funds and 47 percent owning direct-marketed funds. Fifty-eight percent of mutual fund-owning households in this age group considered the sales force channel to be their primary source for purchasing mutual funds. Sixty-one percent reported that the household purchased its first mutual fund outside an employer-sponsored retirement plan.

Eighty percent of mutual fund-owning households headed by an individual 65 or older indicated that saving for retirement was one of their household's financial goals, and 49 percent listed saving for retirement as their household's primary financial goal (Figure 6.8). Fifty-three percent of mutual fund-owning households in this age group reported current income as a household financial goal—the largest percentage of any of the age groups. Thirty-six percent held funds in employer-sponsored retirement plans, and 59 percent owned funds inside IRAs. Seventy-nine percent of mutual fund-owning households headed by an individual 65 or older were confident that mutual funds were an investment that could help them meet their financial goals.

Sixteen percent of mutual fund-owning households headed by an individual 65 or older were willing to take substantial or above-average risk for similar levels of financial gain (Figure 6.9). Fifty-three percent were willing to take average risk for average gain. Thirty-one percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 6.2

Head of Household Characteristics by Age*Percentage of U.S. households owning mutual funds by age of household head, 2010*

	Younger than 40	40 to 64	65 or older
Age of household sole or co-decisionmaker for saving and investing			
Younger than 35	65	0	0
35 to 44	35	19	0
45 to 54	0	46	0
55 to 64	0	35	0
65 or older	0	0	100
Median	33 years	51 years	72 years
Mean	32 years	52 years	74 years
Education level			
High school graduate or less	13	26	41
Some college or associate's degree	34	28	24
Completed four years of college	24	20	12
Some graduate school	4	5	6
Completed graduate school	25	21	17
Marital status			
Married or living with a partner	78	78	62
Single	17	8	5
Divorced or separated	5	11	7
Widowed	(*)	3	26
Household investment decisionmaker			
Male is sole decisionmaker	16	19	19
Female is sole decisionmaker	18	18	28
Co-decisionmakers	66	63	53
Ethnic background*			
Caucasian	85	91	94
African-American	7	5	2
Hispanic	9	4	3
Asian	3	1	1
Other	6	3	2

* Multiple responses are included.

(*) = less than 0.5 percent

FIGURE 6.3

Employment Status and Income by Age*Percentage of U.S. households owning mutual funds by age of household head, 2010*

	Younger than 40	40 to 64	65 or older
Employment status¹			
Employed full-time	74	74	16
Not retired	74	71	15
Retired from lifetime occupation	(*)	3	1
Employed part-time	11	9	8
Not retired	8	6	2
Retired from lifetime occupation	3	3	6
Not employed	15	17	76
Not retired	12	7	3
Retired from lifetime occupation	3	10	73
Total household income²			
Less than \$25,000	7	4	12
\$25,000 to \$34,999	5	5	12
\$35,000 to \$49,999	16	10	19
\$50,000 to \$74,999	20	18	24
\$75,000 to \$99,999	20	20	14
\$100,000 to \$149,999	21	23	13
\$150,000 to \$249,999	7	15	5
\$250,000 or more	4	5	1
Median	\$75,000	\$87,500	\$53,500
Mean	\$88,100	\$107,300	\$69,500

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

² Total reported is household income before taxes in 2009.

(*) = less than 0.5 percent

FIGURE 6.4

Mutual Fund–Owning Households’ Financial Assets by Age*Percentage of U.S. households owning mutual funds by age of household head, 2010*

	Younger than 40	40 to 64	65 or older
Total household financial assets¹			
Less than \$25,000	29	7	4
\$25,000 to \$49,999	18	6	4
\$50,000 to \$74,999	10	6	4
\$75,000 to \$99,999	7	5	9
\$100,000 to \$249,999	20	25	22
\$250,000 to \$499,999	10	23	24
\$500,000 to \$999,999	4	19	16
\$1 million or more	2	9	17
Median	\$50,000	\$250,000	\$300,000
Mean	\$150,400	\$472,900	\$589,500
Household ownership of non–mutual fund investments²			
Certificates of deposit	14	29	43
Individual stocks, individual bonds, or annuities (total)	48	63	74
Individual stocks	34	46	53
Individual bonds (excluding U.S. savings bonds)	8	9	19
Fixed or variable annuities	18	30	46
Investment real estate	18	29	29
Closed-end funds	4	3	6
Exchange-traded funds	7	5	5
Household ownership of employer-sponsored retirement plan accounts²			
Household owned employer-sponsored retirement plan accounts (total)	88	87	51
DC retirement plan accounts (total)	85	84	45
401(k) plan account	74	72	27
403(b), state, local, or federal government plan account	36	34	24
Employer-sponsored IRA ³	17	15	11
Household ownership of IRAs²			
Household owned IRA (total)	59	70	72
Traditional IRA or Roth IRA	55	66	72
Employer-sponsored IRA ³	17	15	10

Continued on next page

FIGURE 6.4 CONTINUED

Mutual Fund–Owning Households’ Financial Assets by Age

Percentage of U.S. households owning mutual funds by age of household head, 2010

	Younger than 40	40 to 64	65 or older
Household ownership of education-targeted savings accounts²			
Household owned education-targeted savings program account (total)	22	15	11
Coverdell education savings account	17	11	9
529 prepaid tuition or college savings plan account (total)	11	10	4
529 savings plan	9	9	4
529 prepaid tuition plan	3	2	(*)

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

² Multiple responses are included.

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

(*) = less than 0.5 percent

FIGURE 6.5

Mutual Fund Investing by Age*Percentage of U.S. households owning mutual funds by age of household head, 2010*

	Younger than 40	40 to 64	65 or older
Total household mutual fund assets			
Less than \$5,000	10	2	(*)
\$5,000 to \$9,999	10	4	4
\$10,000 to \$19,999	19	6	3
\$20,000 to \$29,999	13	5	3
\$30,000 to \$49,999	10	7	8
\$50,000 to \$74,999	10	10	11
\$75,000 to \$99,999	7	6	8
\$100,000 to \$249,999	13	27	32
\$250,000 or more	8	33	31
Median	\$25,000	\$130,000	\$150,000
Mean	\$86,800	\$283,500	\$330,400
Percent allocation of household financial assets to mutual funds			
25% or less	16	17	21
Between 26% and 50%	20	17	18
Between 51% and 75%	23	18	19
More than 75%	41	48	42
Types of mutual funds owned¹			
Equity funds	77	83	74
Hybrid funds	40	46	43
Bond funds	47	56	48
Money market funds	57	67	67
Other fund type specified	5	7	7
Mutual fund transaction activity in the previous 12 months²			
Conducted mutual fund transactions	32	35	24
Year of initial mutual fund purchase			
Before 1990	5	43	63
Between 1990 and 1994	10	20	14
Between 1995 and 1999	27	19	13
2000 or later	58	18	10
Median	2000	1990	1984
Mean	2000	1990	1982

¹ Multiple responses are included.² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

(*) = less than 0.5 percent

FIGURE 6.6

Number of Funds Owned and Purchase Sources Used by Age

	Younger than 40	40 to 64	65 or older
Total number of mutual funds owned			
<i>Percentage of U.S. households owning mutual funds by age of household head, 2010</i>			
One	17	13	13
Two	14	16	14
Three	11	11	16
Four	14	12	10
Five to six	15	15	12
Seven to ten	14	16	11
Eleven or more	15	17	24
Median	4 funds	4 funds	4 funds
Mean	7 funds	7 funds	8 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*			
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by age of household head, 2010</i>			
One	38	36	31
Two	36	33	31
Three	10	21	22
Four or more	16	10	16
Median	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources

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

FIGURE 6.7

Sources Used to Purchase Mutual Funds by Age*Percentage of U.S. households owning mutual funds by age of household head, 2010*

	Younger than 40	40 to 64	65 or older
Source of mutual fund ownership			
Only inside employer-sponsored retirement plan	35	31	11
Only outside employer-sponsored retirement plan	23	26	64
Both inside and outside employer-sponsored retirement plan	42	43	25
Purchase sources through which funds are currently owned¹			
Inside employer-sponsored retirement plans (total)	77	74	36
Inside DC retirement plans (total)	72	69	32
401(k) plan	61	59	20
403(b), state, local, or federal government plan	27	21	14
Inside employer-sponsored IRA ²	12	11	6
Outside employer-sponsored retirement plans (total)	64	69	90
Sales force (total)	48	56	75
Full-service broker	19	30	49
Independent financial planner	24	26	36
Bank or savings institution representative	20	17	24
Insurance agent	7	11	15
Accountant	7	6	7
Direct market (total)	31	34	47
Mutual fund company directly	20	22	35
Discount broker	18	19	25
Primary mutual fund purchase source			
Inside employer-sponsored retirement plans	66	56	22
Outside employer-sponsored retirement plans	34	44	78
Sales force	25	33	58
Full-service broker	5	13	25
Independent financial planner	10	10	17
Bank or savings institution representative	7	6	10
Insurance agent	1	3	5
Accountant	2	1	1
Direct market	9	11	20
Mutual fund company directly	4	7	15
Discount broker	6	5	5
Source of first mutual fund purchase			
Inside employer-sponsored retirement plan	66	65	39
Outside employer-sponsored retirement plan	34	35	61

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

FIGURE 6.8

Financial Goals by Age*Percentage of U.S. households owning mutual funds by age of household head, 2010*

	Younger than 40	40 to 64	65 or older
Financial goals for mutual fund investments¹			
Retirement	93	97	80
Reduce taxable income	43	54	48
Emergency	49	40	66
Education	44	21	13
Current income	12	14	53
House or other large item	25	8	7
Other	8	6	10
Primary financial goal for mutual fund investments			
Retirement	72	83	49
Reduce taxable income	2	3	6
Emergency	5	4	19
Education	13	5	2
Current income	1	2	18
House or other large item	5	1	0
Other	2	2	6
Level of confidence that mutual funds are an investment that can help the household meet financial goals			
Very confident	27	22	24
Somewhat confident	52	58	55
Not very confident	15	15	13
Not at all confident	6	5	8
Ownership of mutual funds in employer-sponsored retirement plans¹			
Inside employer-sponsored retirement plans (total)	77	74	36
Inside DC retirement plans (total)	72	69	32
401(k) plan	61	59	20
403(b), state, local, or federal government plan	27	21	14
Inside employer-sponsored IRA ²	12	11	6
Ownership of mutual funds in IRAs¹			
Had IRA invested in mutual funds (total)	48	58	59
Traditional IRA or Roth IRA	45	54	56
Employer-sponsored IRA ²	12	11	6

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

FIGURE 6.9

Views on Investment Risk by Age

Percentage of U.S. households owning mutual funds by age of household head, 2010

	Younger than 40	40 to 64	65 or older
Level of risk willing to take with financial investments			
Substantial risk for substantial gain	6	5	2
Above-average risk for above-average gain	28	28	14
Average risk for average gain	49	48	53
Below-average risk for below-average gain	11	11	16
Unwilling to take any risk	6	8	15

CHAPTER 7

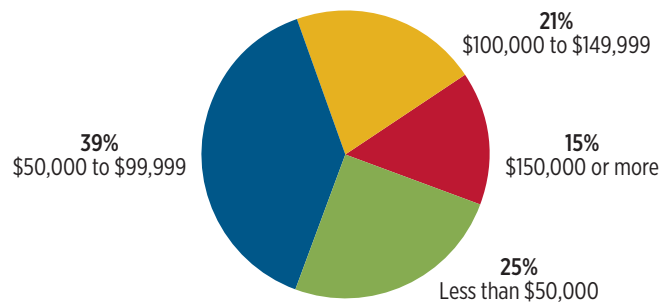
Mutual Fund Shareholders by Household Income

Households in all income categories own mutual funds. In 2010, 25 percent of mutual fund–owning households had incomes of less than \$50,000, 39 percent had household incomes between \$50,000 and \$99,999, 21 percent had household incomes between \$100,000 and \$149,999, and 15 percent had household incomes of \$150,000 or more (Figure 7.1).^{11, 12}

FIGURE 7.1

Mutual Fund Shareholders by Household Income

Percentage of U.S. households owning mutual funds, 2010



Note: Total reported is household income before taxes in 2009.

¹¹ Total reported is household income before taxes in 2009.

¹² The median household income nationwide was \$49,777 in 2009. See *Income, Poverty, and Health Insurance Coverage in the United States: 2009*, U.S. Census Bureau. Available at www.census.gov/prod/2010pubs/p60-238.pdf.

Household Incomes Less Than \$50,000

Among mutual fund–owning households with incomes of less than \$50,000, the median age of the head of household was 53 (Figure 7.2). Twenty-seven percent of these individuals had college or postgraduate degrees. Forty-five percent were married or living with a partner—the lowest percentage of any of the household income groups. Investment decisionmaking was a shared responsibility in 38 percent of these households.

Fifty-two percent of mutual fund–owning household heads in this income group were employed full- or part-time (Figure 7.3). Forty percent were retired from their lifetime occupations—the largest percentage of any of the household income groups. The median household income among households in this group was \$35,000. Twenty-four percent of households in this group had incomes of less than \$25,000, 26 percent had incomes between \$25,000 and \$34,999, and 50 percent had incomes between \$35,000 and \$49,999.

Among mutual fund–owning households with incomes of less than \$50,000, median household financial assets were \$75,000—the lowest of any shareholder group classified by household income (Figure 7.4). These households had a variety of savings and investments. Twenty-six percent of mutual fund–owning households in this income group owned certificates of deposit, 31 percent owned individual stocks, and 6 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households with incomes of less than \$50,000 had median mutual fund holdings of \$40,000—the smallest median mutual fund holdings among any of the income groups (Figure 7.5). Seventy-three percent owned equity funds, 37 percent owned hybrid funds, 38 percent held bond funds, and 62 percent owned money market funds. Sixty-three percent had more than half of their household financial assets in mutual funds. Thirty-one percent of mutual fund–owning households with incomes of less than \$50,000 reported that the household purchased its first fund before 1990, and 40 percent reported that the household bought its first fund in 2000 or later.

The median number of mutual funds owned by mutual fund–owning households in this income group was three—the lowest median of any of the income groups (Figure 7.6). Fifty-eight percent owned three or fewer funds and 42 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 65 percent owned funds purchased from multiple sources.

Fifty-two percent of mutual fund–owning households with incomes of less than \$50,000 owned funds through employer-sponsored retirement plans (Figure 7.7). Sixty-nine percent owned funds outside employer-sponsored retirement plans: 53 percent owned sales force–distributed funds and 36 percent owned direct-marketed funds. Forty-four percent of mutual fund–owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-three percent of households with incomes of less than \$50,000 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Nine in 10 mutual fund–owning households with incomes of less than \$50,000 indicated that saving for retirement was one of their household’s financial goals, and 60 percent listed saving for retirement as their household’s primary financial goal (Figure 7.8). Fifty-eight percent listed saving for an emergency as one of their household’s financial goals—the largest percentage of any of the income groups. Fifty-two percent of mutual fund–owning households in this income group held funds in employer-sponsored retirement plans, and 47 percent owned funds inside IRAs. Seventy-eight percent of mutual fund–owning households with incomes of less than \$50,000 were confident that mutual funds were an investment that could help them meet their household’s financial goals.

One in five mutual fund–owning households with incomes of less than \$50,000 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 7.9). Forty-nine percent were willing to take average risk for average gain. Thirty-one percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Household Incomes Between \$50,000 and \$99,999

Among mutual fund–owning households with incomes between \$50,000 and \$99,999, the median age of the head of household was 50 (Figure 7.2). Thirty-nine percent of these individuals had college or postgraduate degrees and 80 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 67 percent of mutual fund–owning households with incomes between \$50,000 and \$99,999.

Seventy-five percent of mutual fund–owning household heads in this income group were employed full- or part-time, and 23 percent were retired from their lifetime occupations (Figure 7.3). The median household income in this group was \$72,000. Fifty-one percent of households in this group had incomes between \$50,000 and \$74,999, and 49 percent had incomes between \$75,000 and \$99,999.

Among mutual fund–owning households with incomes between \$50,000 and \$99,999, median household financial assets were \$125,000 (Figure 7.4). These households typically had other investments. Twenty-four percent of mutual fund–owning households in this income group owned certificates of deposit, 40 percent owned individual stocks, and 9 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households with incomes between \$50,000 and \$99,999 had median mutual fund holdings of \$75,000 (Figure 7.5). Seventy-nine percent of these households owned equity funds, 39 percent owned hybrid funds, 53 percent held bond funds, and 63 percent owned money market funds. Sixty-four percent had more than half of their household financial assets in mutual funds. Thirty-two percent of mutual fund–owning households with incomes between \$50,000 and \$99,999 reported that the household purchased its first fund before 1990, and 52 percent reported that the household bought its first fund in 1995 or later.

The median number of mutual funds owned by households in this income group was four (Figure 7.6). Forty-five percent owned three or fewer funds and 55 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 65 percent owned funds purchased from multiple sources.

Sixty-nine percent of mutual fund-owning households with incomes between \$50,000 and \$99,999 owned funds through employer-sponsored retirement plans (Figure 7.7). In addition, 66 percent owned funds outside these plans, with 54 percent owning sales force-distributed funds and 30 percent owning direct-marketed funds. Fifty-four percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-four percent of households with incomes between \$50,000 and \$99,999 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety percent of mutual fund-owning households with incomes between \$50,000 and \$99,999 indicated that saving for retirement was one of their household's financial goals, and 76 percent listed saving for retirement as their household's primary financial goal (Figure 7.8). Forty-four percent reported that reducing their taxable income was one of their household's financial goals. Sixty-nine percent of mutual fund-owning households in this income group held funds in employer-sponsored retirement plans, and half owned funds inside IRAs. Seventy-eight percent of mutual fund-owning households with incomes between \$50,000 and \$99,999 were confident that mutual funds were an investment that could help them meet their household's financial goals.

Twenty-five percent of mutual fund-owning households with incomes between \$50,000 and \$99,999 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 7.9). Fifty-three percent were willing to take average risk for average gain. Twenty-two percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Household Incomes Between \$100,000 and \$149,999

Among mutual fund-owning households with incomes between \$100,000 and \$149,999, the median age of the head of household was 48 (Figure 7.2). Fifty-six percent of these individuals had college or postgraduate degrees and 92 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 72 percent of mutual fund-owning households with incomes between \$100,000 and \$149,999.

Eighty-five percent of mutual fund-owning household heads in this income group were employed full- or part-time, and 17 percent were retired from their lifetime occupations (Figure 7.3). The median household income in this group was \$119,900.

Among mutual fund-owning households with incomes between \$100,000 and \$149,999, median household financial assets were \$270,000 (Figure 7.4). These households had a variety of savings and investments. Thirty-four percent of mutual fund-owning households in this income group owned certificates of deposit, 54 percent owned individual stocks, and 12 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households with incomes between \$100,000 and \$149,999 had median mutual fund holdings of \$175,000 (Figure 7.5). Eighty-four percent of these households owned equity funds, 53 percent owned hybrid funds, 60 percent owned bond funds, and 66 percent owned money market funds. Seventy percent had more than half of their household financial assets in mutual funds. Forty-three percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 reported that the household purchased its first fund before 1990, and 57 percent reported that the household bought its first fund in 1990 or later.

The median number of mutual funds owned by mutual fund-owning households in this income group was five (Figure 7.6). Thirty-nine percent owned three or fewer funds and 71 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 63 percent owned funds purchased from multiple sources.

Seventy-seven percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 owned funds through employer-sponsored retirement plans (Figure 7.7). In addition, 77 percent owned funds outside these plans, with 61 percent owning sales force-distributed funds and 39 percent owning direct-marketed funds. Sixty-one percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-five percent of households with incomes between \$100,000 and \$149,999 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-eight percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 indicated that saving for retirement was one of their household's financial goals, and 84 percent listed saving for retirement as their household's primary financial goal (Figure 7.8). Fifty-five percent reported that reducing their taxable income was one of their household's financial goals. Seventy-seven percent of mutual fund-owning households in this income group held funds in employer-sponsored retirement plans, and 65 percent owned funds inside IRAs. Seventy-nine percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 were confident that mutual funds were an investment that could help them meet their household's financial goals.

Forty-two percent of mutual fund-owning households with incomes between \$100,000 and \$149,999 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 7.9). Forty-six percent were willing to take average risk for average gain. Twelve percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Household Incomes of \$150,000 or More

Among mutual fund-owning households with incomes of \$150,000 or more, the median age of the head of household was 50 (Figure 7.2). Seventy-seven percent of these individuals had college or postgraduate degrees—the largest percentage of any of the income groups. Ninety-one percent of household heads in this group were married or living with a partner. Investment decisionmaking was a shared responsibility in 74 percent of mutual fund-owning households with incomes of \$150,000 or more.

Eighty-five percent of mutual fund-owning household heads in this income group were employed full- or part-time, and 16 percent were retired from their lifetime occupations (Figure 7.3). The median household income in this group was \$188,200. Seventy-three percent of households in this group had incomes between \$150,000 and \$249,999, and 27 percent had incomes of \$250,000 or more.

Among mutual fund-owning households with incomes of \$150,000 or more, median household financial assets were \$500,000—the greatest of any of the income groups (Figure 7.4). These households typically had other investments. Thirty-four percent of mutual fund-owning households in this income group owned certificates of deposit, 67 percent owned individual stocks, 20 percent owned individual bonds (excluding U.S. savings bonds), and 44 percent owned investment real estate.

Mutual fund-owning households with incomes of \$150,000 or more had median mutual fund holdings of \$300,000—the greatest of any shareholder group classified by household income (Figure 7.5). Eighty-seven percent of these households owned equity funds, 54 percent owned hybrid funds, 64 percent owned bond funds, and 70 percent owned money market funds. Sixty-three percent had more than half of their household financial assets in mutual funds. Fifty-one percent of mutual fund-owning households with incomes of \$150,000 or more reported that the household purchased its first fund before 1990, and 49 percent reported that the household bought its first fund in 1990 or later.

The median number of mutual funds owned by mutual fund-owning households in this group was eight (Figure 7.6). Twenty-one percent of households in this group owned three or fewer funds and 79 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 66 percent owned funds purchased from multiple sources.

Seventy-eight percent of mutual fund-owning households with incomes of \$150,000 or more owned funds through employer-sponsored retirement plans (Figure 7.7). In addition, 82 percent owned funds outside these plans, with 68 percent owning sales force-distributed funds and 46 percent owning direct-marketed funds. Forty-eight percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-nine percent of households with incomes of \$150,000 or more reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of mutual fund-owning households with incomes of \$150,000 or more indicated that saving for retirement was one of their household's financial goals, and 82 percent listed saving for retirement as their household's primary financial goal (Figure 7.8).

Sixty percent reported that reducing their taxable income was one of their household's financial goals. Seventy-eight percent of mutual fund-owning households in this income group held funds in employer-sponsored retirement plans, and 71 percent owned funds inside IRAs. Eighty-four percent of mutual fund-owning households with incomes of \$150,000 or more were confident that mutual funds were an investment that could help them meet their household's financial goals.

Forty-four percent of mutual fund-owning households with incomes of \$150,000 or more were willing to take substantial or above-average risk for similar levels of financial gain (Figure 7.9). Forty-six percent were willing to take average risk for average gain. Ten percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 7.2

Head of Household Characteristics by Household Income*Percentage of U.S. households owning mutual funds by household income,¹ 2010*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Age of household sole or co-decisionmaker for saving and investing				
Younger than 35	18	17	13	9
35 to 44	15	19	24	23
45 to 54	19	26	31	36
55 to 64	17	20	21	24
65 or older	31	18	11	8
Median	53 years	50 years	48 years	50 years
Mean	53 years	50 years	48 years	50 years
Education level				
High school graduate or less	42	29	17	5
Some college or associate's degree	31	32	27	18
Completed four years of college	14	19	25	24
Some graduate school	3	5	5	7
Completed graduate school	10	15	26	46
Marital status				
Married or living with a partner	45	80	92	91
Single	23	7	2	4
Divorced or separated	16	8	4	5
Widowed	16	5	2	(*)
Household investment decisionmaker				
Male is sole decisionmaker	26	15	15	18
Female is sole decisionmaker	36	18	13	8
Co-decisionmakers	38	67	72	74
Ethnic background²				
Caucasian	89	91	89	89
African-American	5	5	4	5
Hispanic	7	4	5	4
Asian	1	1	2	2
Other	5	3	4	3

¹ Total reported is household income before taxes in 2009.² Multiple responses are included.

(*) = less than 0.5 percent

FIGURE 7.3

Employment Status and Income by Household Income*Percentage of U.S. households owning mutual funds by household income,¹ 2010*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Employment status²				
Employed full-time	41	65	78	78
Not retired	39	63	77	75
Retired from lifetime occupation	2	2	1	3
Employed part-time	11	10	7	7
Not retired	7	7	3	4
Retired from lifetime occupation	4	3	4	3
Not employed	48	25	15	15
Not retired	14	7	4	5
Retired from lifetime occupation	34	18	12	10
Total household income¹				
Less than \$25,000	24	0	0	0
\$25,000 to \$34,999	26	0	0	0
\$35,000 to \$49,999	50	0	0	0
\$50,000 to \$74,999	0	51	0	0
\$75,000 to \$99,999	0	49	0	0
\$100,000 to \$149,999	0	0	100	0
\$150,000 to \$249,999	0	0	0	73
\$250,000 or more	0	0	0	27
Median	\$35,000	\$72,000	\$119,900	\$188,200
Mean	\$31,900	\$72,100	\$116,300	\$233,000

¹ Total reported is household income before taxes in 2009.² Figure reports employment status of the head of household (sole or co-decisionmakers for saving and investing).

FIGURE 7.4

Mutual Fund–Owning Households' Financial Assets by Household Income*Percentage of U.S. households owning mutual funds by household income,¹ 2010*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Total household financial assets²				
Less than \$25,000	25	14	2	1
\$25,000 to \$49,999	13	10	5	2
\$50,000 to \$74,999	12	8	5	2
\$75,000 to \$99,999	6	8	6	1
\$100,000 to \$249,999	22	25	29	15
\$250,000 to \$499,999	14	20	25	22
\$500,000 to \$999,999	5	10	19	33
\$1 million or more	3	5	9	24
Median	\$75,000	\$125,000	\$270,000	\$500,000
Mean	\$200,100	\$229,300	\$443,700	\$1,059,800
Household ownership of non–mutual fund investments³				
Certificates of deposit	26	24	34	34
Individual stocks, individual bonds, or annuities (total)	54	55	67	81
Individual stocks	31	40	54	67
Individual bonds (excluding U.S. savings bonds)	6	9	12	20
Fixed or variable annuities	32	28	28	37
Investment real estate	13	23	36	44
Closed-end funds	3	3	4	6
Exchange-traded funds	1	3	6	17
Household ownership of employer-sponsored retirement plan accounts³				
Household owned employer-sponsored retirement plan accounts (total)	64	82	90	92
DC retirement plan accounts (total)	60	79	85	88
401(k) plan account	49	66	71	75
403(b), state, local, or federal government plan account	23	33	43	36
Employer-sponsored IRA ⁴	10	13	19	24
Household ownership of IRAs³				
Household owned IRA (total)	58	64	77	83
Traditional IRA or Roth IRA	55	60	74	78
Employer-sponsored IRA ⁴	10	12	19	24

Continued on next page

FIGURE 7.4 CONTINUED

Mutual Fund–Owning Households’ Financial Assets by Household Income

Percentage of U.S. households owning mutual funds by household income,¹ 2010

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Household ownership of education-targeted savings accounts³				
Household owned education-targeted savings program account (total)	9	13	22	29
Coverdell education savings account	8	10	16	19
529 prepaid tuition or college savings plan account (total)	2	6	14	21
529 savings plan	2	4	13	20
529 prepaid tuition plan	0	2	3	4

¹ Total reported is household income before taxes in 2009.

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

³ Multiple responses are included.

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

FIGURE 7.5

Mutual Fund Investing by Household Income*Percentage of U.S. households owning mutual funds by household income,¹ 2010*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Total household mutual fund assets				
Less than \$5,000	8	4	1	(*)
\$5,000 to \$9,999	12	5	3	1
\$10,000 to \$19,999	11	13	4	2
\$20,000 to \$29,999	11	7	3	3
\$30,000 to \$49,999	12	8	7	3
\$50,000 to \$74,999	10	12	13	4
\$75,000 to \$99,999	5	9	6	3
\$100,000 to \$249,999	16	27	26	26
\$250,000 or more	15	15	37	58
Median	\$40,000	\$75,000	\$175,000	\$300,000
Mean	\$131,100	\$128,800	\$308,500	\$559,900
Percent allocation of household financial assets to mutual funds				
25% or less	17	18	16	17
Between 26% and 50%	20	18	14	20
Between 51% and 75%	16	16	26	23
More than 75%	47	48	44	40
Types of mutual funds owned²				
Equity funds	73	79	84	87
Hybrid funds	37	39	53	54
Bond funds	38	53	60	64
Money market funds	62	63	66	70
Other fund type specified	5	3	10	13
Mutual fund transaction activity in the previous 12 months³				
Conducted mutual fund transactions	20	30	42	45

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FIGURE 7.5 CONTINUED

Mutual Fund Investing by Household Income

Percentage of U.S. households owning mutual funds by household income,¹ 2010

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Year of initial mutual fund purchase				
Before 1990	31	32	43	51
Between 1990 and 1994	15	16	19	17
Between 1995 and 1999	14	22	20	24
2000 or later	40	30	18	8
Median	1995	1995	1990	1989
Mean	1993	1992	1990	1989

¹ Total reported is household income before taxes in 2009.

² Multiple responses are included.

³ Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

(*) = less than 0.5 percent

FIGURE 7.6

Number of Funds Owned and Purchase Sources Used by Household Income

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Total number of mutual funds owned				
<i>Percentage of U.S. households owning mutual funds by household income,¹ 2010</i>				
One	28	15	5	2
Two	20	17	12	8
Three	10	13	12	11
Four	10	14	14	9
Five to six	13	14	17	16
Seven to ten	11	14	19	18
Eleven or more	8	13	21	36
Median	3 funds	4 funds	5 funds	8 funds
Mean	5 funds	6 funds	8 funds	12 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans²				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by household income,¹ 2010</i>				
One	35	35	37	34
Two	32	35	29	38
Three	19	16	26	15
Four or more	14	14	8	13
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

¹ Total reported is household income before taxes in 2009.

² Purchase sources outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.

FIGURE 7.7

Sources Used to Purchase Mutual Funds by Household Income*Percentage of U.S. households owning mutual funds by household income,¹ 2010*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Source of mutual fund ownership				
Only inside employer-sponsored retirement plan	31	34	23	18
Only outside employer-sponsored retirement plan	48	31	22	22
Both inside and outside employer-sponsored retirement plan	21	35	55	60
Purchase sources through which funds are currently owned²				
Inside employer-sponsored retirement plans (total)	52	69	77	78
Inside DC retirement plans (total)	47	66	72	70
401(k) plan	39	54	60	60
403(b), state, local, or federal government plan	15	21	27	23
Inside employer-sponsored IRA ³	6	8	13	18
Outside employer-sponsored retirement plans (total)	69	66	77	82
Sales force (total)	53	54	61	68
Full-service broker	28	28	32	39
Independent financial planner	29	25	26	34
Bank or savings institution representative	20	18	22	15
Insurance agent	9	12	9	12
Accountant	5	7	4	9
Direct market (total)	36	30	39	46
Mutual fund company directly	25	20	24	32
Discount broker	17	16	24	25

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FIGURE 7.7 CONTINUED

Sources Used to Purchase Mutual Funds by Household Income*Percentage of U.S. households owning mutual funds by household income,¹ 2010*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Primary mutual fund purchase source				
Inside employer-sponsored retirement plans	44	54	61	48
Outside employer-sponsored retirement plans	56	46	39	52
Sales force	42	35	26	40
Full-service broker	14	12	11	18
Independent financial planner	12	12	8	13
Bank or savings institution representative	10	6	5	6
Insurance agent	4	4	1	2
Accountant	2	1	1	1
Direct market	14	11	13	12
Mutual fund company directly	9	7	6	7
Discount broker	5	4	6	5
Source of first mutual fund purchase				
Inside employer-sponsored retirement plan	53	64	65	59
Outside employer-sponsored retirement plan	47	36	35	41

¹ Total reported is household income before taxes in 2009.² Multiple responses are included.³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 7.8

Financial Goals by Household Income*Percentage of U.S. households owning mutual funds by household income,¹ 2010*

	Household income ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Financial goals for mutual fund investments²				
Retirement	90	90	98	97
Reduce taxable income	49	44	55	60
Emergency	58	47	40	36
Education	20	25	26	32
Current income	35	17	15	15
House or other large item	17	10	12	9
Other	9	5	6	7
Primary financial goal for mutual fund investments				
Retirement	60	76	84	82
Reduce taxable income	3	3	6	3
Emergency	11	9	2	3
Education	8	4	6	7
Current income	11	4	1	2
House or other large item	3	2	(*)	1
Other	4	2	1	2
Level of confidence that mutual funds are an investment that can help the household meet financial goals				
Very confident	20	20	28	32
Somewhat confident	58	58	51	52
Not very confident	15	16	14	12
Not at all confident	7	6	7	4
Ownership of mutual funds in employer-sponsored retirement plans²				
Inside employer-sponsored retirement plans (total)	52	69	77	78
Inside defined contribution retirement plans (total)	47	66	72	70
401(k) plan	39	54	60	60
403(b), state, local, or federal government plan	15	21	27	23
Inside employer-sponsored IRA ³	6	8	13	18
Ownership of mutual funds in IRAs¹				
Had IRA invested in mutual funds (total)	47	50	65	71
Traditional IRA or Roth IRA	43	47	62	65
Employer-sponsored IRA ³	6	8	13	18

¹ Total reported is household income before taxes in 2009.² Multiple responses are included.³ Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

(*) = less than 0.5 percent

FIGURE 7.9

Views on Investment Risk by Household Income

Percentage of U.S. households owning mutual funds by household income,* 2010

	Household income*			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
Level of risk willing to take with financial investments				
Substantial risk for substantial gain	5	3	6	7
Above-average risk for above-average gain	15	22	36	37
Average risk for average gain	49	53	46	46
Below-average risk for below-average gain	14	13	7	8
Unwilling to take any risk	17	9	5	2

*Total reported is household income before taxes in 2009.

CHAPTER 8

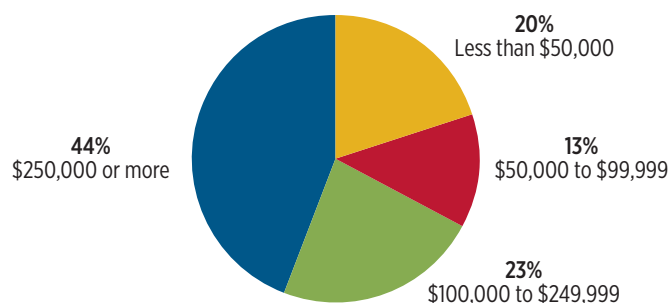
Mutual Fund Shareholders by Household Financial Assets

In 2010, 20 percent of mutual fund–owning households in the United States had household financial assets of less than \$50,000, and 13 percent had household financial assets between \$50,000 and \$99,999 (Figure 8.1).¹³ Another 23 percent had household financial assets between \$100,000 and \$249,999, and 44 percent had household financial assets of \$250,000 or more.

FIGURE 8.1

Mutual Fund Shareholders by Household Financial Assets

Percentage of U.S. households owning mutual funds, 2010



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

Household Financial Assets Less Than \$50,000

Among mutual fund–owning households with financial assets of less than \$50,000, the median age of the head of household was 38 (Figure 8.2). Thirty-six percent of these individuals had college or postgraduate degrees and 67 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 56 percent of these households.

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

Seventy-nine percent of mutual fund-owning household heads in this asset group were employed full- or part-time, and 9 percent were retired from their lifetime occupations (Figure 8.3). The median household income in this group was \$50,000. Forty-five percent of households in this group had incomes of less than \$50,000, 30 percent had incomes between \$50,000 and \$74,999, and 25 percent had incomes of \$75,000 or more.

Among mutual fund-owning households with financial assets of less than \$50,000, median household financial assets were \$20,000 (Figure 8.4). These households had a variety of savings and investments. Seven percent of mutual fund-owning households in this asset group owned certificates of deposit, 19 percent owned individual stocks, and 4 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households with financial assets of less than \$50,000 had median mutual fund holdings of \$10,000 (Figure 8.5). Seventy-two percent of these households owned equity funds, 31 percent owned hybrid funds, 35 percent held bond funds, and 58 percent owned money market funds. Sixty-eight percent had more than half of their household financial assets in mutual funds. Fifty-eight percent of mutual fund-owning households with financial assets of less than \$50,000 reported that the household purchased its first fund in 2000 or later.

The median number of mutual funds owned by mutual fund-owning households in this asset group was two (Figure 8.6). Sixty-eight percent owned three or fewer funds and 32 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 52 percent owned funds purchased from multiple sources.

Sixty-seven percent of mutual fund-owning households with financial assets of less than \$50,000 owned funds through employer-sponsored retirement plans (Figure 8.7). Fifty-four percent owned funds outside employer-sponsored retirement plans: 39 percent owned sales force-distributed funds and 22 percent owned direct-marketed funds. Sixty-four percent of mutual fund-owning households in this asset group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-five percent of mutual fund-owning households with financial assets of less than \$50,000 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-four percent of mutual fund-owning households with financial assets of less than \$50,000 indicated that saving for retirement was one of their household's financial goals, and 69 percent listed saving for retirement as their household's primary financial goal (Figure 8.8). Sixty-seven percent of mutual fund-owning households in this asset group held funds in employer-sponsored retirement plans, and 35 percent owned funds inside IRAs. Seventy-four percent of mutual fund-owning households with financial assets of less than \$50,000 were confident that mutual funds were an investment that could help them meet their household's financial goals.

Twenty-four percent of mutual fund-owning households with financial assets of less than \$50,000 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 8.9). Fifty-one percent were willing to take average risk for average gain.

Twenty-five percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Household Financial Assets Between \$50,000 and \$99,999

Among mutual fund-owning households with financial assets between \$50,000 and \$99,999, the median age of the head of household was 44 (Figure 8.2). Thirty-seven percent of these individuals had college or postgraduate degrees and 73 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 52 percent of these households.

Seventy-seven percent of mutual fund-owning household heads in this asset group were employed full- or part-time, and 18 percent were retired from their lifetime occupations (Figure 8.3). The median household income in this group was \$62,000. Thirty-three percent of households in this group had incomes of less than \$50,000, and 30 percent had incomes between \$50,000 and \$74,999. Thirty-seven percent of mutual fund-owning households in this asset group had incomes of \$75,000 or more.

Among mutual fund-owning households with financial assets between \$50,000 and \$99,999, median household financial assets were \$70,000 (Figure 8.4). These households typically had other investments. Twenty-two percent of mutual fund-owning households in this asset group owned certificates of deposit, 35 percent owned individual stocks, and 5 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households with financial assets between \$50,000 and \$99,999 had median mutual fund holdings of \$50,000 (Figure 8.5). Eighty-two percent of these households owned equity funds, 36 percent owned hybrid funds, 42 percent owned bond funds, and 51 percent owned money market funds. Eighty-one percent had more than half of their household financial assets in mutual funds. Fifty-seven percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 reported that the household purchased its first fund in 1995 or later.

The median number of mutual funds owned by mutual fund-owning households in this asset group was four (Figure 8.6). Forty-eight percent owned three or fewer funds and 52 percent owned four or more. Among households in this asset group that owned mutual funds outside employer-sponsored retirement plans, 58 percent owned funds purchased from multiple sources.

Seventy-six percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 owned funds through employer-sponsored retirement plans (Figure 8.7). In addition, 55 percent owned funds outside these plans, with 38 percent owning sales force-distributed funds and 24 percent owning direct-marketed funds. Sixty-seven percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Seventy-eight percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-four percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 indicated that saving for retirement was one of their household's financial goals, and 72 percent listed saving for retirement as their household's primary financial goal (Figure 8.8). Seventy-six percent of mutual fund-owning households in this asset group held funds in employer-sponsored retirement plans, and 42 percent owned funds inside IRAs. Eighty-four percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-one percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 8.9). Forty-nine percent were willing to take average risk for average gain. Twenty percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Household Financial Assets Between \$100,000 and \$249,999

Among mutual fund-owning households with financial assets between \$100,000 and \$249,999, the median age of the head of household was 49 (Figure 8.2). Forty-one percent of these individuals had college or postgraduate degrees and 78 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 66 percent of these households.

Seventy-nine percent of mutual fund-owning household heads in this asset group were employed full- or part-time, and 19 percent were retired from their lifetime occupations (Figure 8.3). The median household income in this group was \$85,000. Twenty-three percent of households in this asset group had incomes of less than \$50,000, 16 percent had household incomes between \$50,000 and \$74,999, and 61 percent had incomes of \$75,000 or more.

Among mutual fund-owning households with financial assets between \$100,000 and \$249,999, median household financial assets were \$150,000 (Figure 8.4). These households had a variety of savings and investments. Twenty-three percent of mutual fund-owning households in this asset group owned certificates of deposit, 45 percent owned individual stocks, and 6 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households with financial assets between \$100,000 and \$249,999 had median mutual fund holdings of \$100,000 (Figure 8.5). Seventy-seven percent of these households owned equity funds, 42 percent owned hybrid funds, 53 percent owned bond funds, and 68 percent owned money market funds. Sixty-three percent had more than half of their household financial assets in mutual funds. Thirty-one percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 reported that the household purchased its first fund before 1990, and half reported that the household bought its first fund in 1995 or later.

The median number of mutual funds owned by mutual fund-owning households in this asset group was four (Figure 8.6). Forty-two percent owned three or fewer funds and 58 percent owned four or more. Among households in this asset group that owned mutual funds outside employer-sponsored retirement plans, 62 percent owned funds purchased from multiple sources.

Sixty-nine percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 owned funds through employer-sponsored retirement plans (Figure 8.7). In addition, 73 percent owned funds outside these plans, with 56 percent owning sales force-distributed funds and 36 percent owning direct-marketed funds. Fifty-eight percent of mutual fund-owning households in this asset group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-five percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-four percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 indicated that saving for retirement was one of their household's financial goals, and 78 percent listed saving for retirement as their household's primary financial goal (Figure 8.8). Sixty-nine percent of mutual fund-owning households in this asset group held funds in employer-sponsored retirement plans, and 58 percent owned funds inside IRAs. Eighty-one percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-four percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 8.9). Forty-three percent were willing to take average risk for average gain. Twenty-three percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Household Financial Assets of \$250,000 or More

Among mutual fund-owning households with financial assets of \$250,000 or more, the median age of the head of household was 53 (Figure 8.2). Fifty-six percent of these individuals had college or postgraduate degrees—the largest percentage of any shareholder group classified by household financial assets. Seventy-eight percent of household heads in this group were married or living with a partner. Investment decisionmaking was a shared responsibility in 63 percent of mutual fund-owning households with financial assets of \$250,000 or more.

Seventy-one percent of mutual fund-owning household heads in this asset group were employed full- or part-time (Figure 8.3). Twenty-nine percent were retired from their lifetime occupation—the largest percentage of any of the asset groups. The median household income among households in this group was \$100,000. Twelve percent of households in this asset group had incomes of less than \$50,000, and 12 percent had household incomes between \$50,000 and \$74,999. Seventy-six percent of mutual fund-owning households in this asset group had incomes of \$75,000 or more.

Among mutual fund-owning households with financial assets of \$250,000 or more, median household financial assets were \$500,000 (Figure 8.4). These households typically had other investments. Thirty-nine percent of mutual fund-owning households in this asset group owned certificates of deposit, 58 percent owned individual stocks, 16 percent owned individual bonds (excluding U.S. savings bonds), and 42 percent owned investment real estate.

Mutual fund-owning households with financial assets of \$250,000 or more had median mutual fund holdings of \$300,000—the greatest of any of the asset groups (Figure 8.5). Eighty-six percent of these households owned equity funds, 55 percent owned hybrid funds, 62 percent owned bond funds, and 68 percent owned money market funds. Sixty percent had more than half of their household financial assets in mutual funds. Among mutual fund-owning households with financial assets of \$250,000 or more, 52 percent reported that the household purchased its first fund before 1990, and 48 percent reported that the household bought its first fund in 1990 or later.

The median number of mutual funds owned by mutual fund-owning households in this asset group was six (Figure 8.6). Twenty-five percent of households in this asset group owned three or fewer funds and 75 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 70 percent owned funds purchased from multiple sources.

Sixty-seven percent of mutual fund-owning households with financial assets of \$250,000 or more owned funds through employer-sponsored retirement plans (Figure 8.7). In addition, 82 percent owned funds outside these plans, with 71 percent owning sales force-distributed funds and 44 percent owning direct-marketed funds. Forty-one percent of mutual fund-owning households in this group considered the sales force channel to be their primary source for purchasing mutual funds. Fifty-seven percent of mutual fund-owning households with financial assets of \$250,000 or more reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-three percent of mutual fund-owning households with financial assets of \$250,000 or more indicated that saving for retirement was one of their household's financial goals, and 77 percent listed saving for retirement as their household's primary financial goal (Figure 8.8). Fifty-six percent reported that reducing their taxable income was one of their household's

financial goals. Sixty-seven percent of mutual fund–owning households in this asset group held funds in employer-sponsored retirement plans, and 66 percent owned funds inside IRAs. Eighty-two percent of mutual fund–owning households with financial assets of \$250,000 or more were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Thirty-eight percent of mutual fund–owning households with financial assets of \$250,000 or more were willing to take substantial or above-average risk for similar levels of financial gain (Figure 8.9). Forty-eight percent were willing to take average risk for average gain. Fourteen percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 8.2

Head of Household Characteristics by Household Financial Assets*Percentage of U.S. households owning mutual funds by household financial assets,¹ 2010*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Age of household sole or co-decisionmaker for saving and investing				
Younger than 35	43	18	9	5
35 to 44	26	34	23	14
45 to 54	18	23	33	34
55 to 64	8	11	22	29
65 or older	5	14	13	18
Median	38 years	44 years	49 years	53 years
Mean	40 years	47 years	50 years	54 years
Education level				
High school graduate or less	25	30	34	19
Some college or associate's degree	39	33	25	25
Completed four years of college	15	21	17	23
Some graduate school	4	5	4	6
Completed graduate school	17	11	20	27
Marital status				
Married or living with a partner	67	73	78	78
Single	21	9	7	7
Divorced or separated	9	13	10	8
Widowed	3	5	5	7
Household investment decisionmaker				
Male is sole decisionmaker	17	22	16	22
Female is sole decisionmaker	27	26	18	15
Co-decisionmakers	56	52	66	63
Ethnic background²				
Caucasian	88	88	85	92
African-American	6	5	9	3
Hispanic	6	5	7	3
Asian	3	2	1	1
Other	3	5	5	4

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

FIGURE 8.3

Employment Status and Income by Household Financial Assets*Percentage of U.S. households owning mutual funds by household financial assets,¹ 2010*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Employment status²				
Employed full-time	66	69	72	62
Not retired	65	68	71	60
Retired from lifetime occupation	1	1	1	2
Employed part-time	13	8	7	9
Not retired	12	6	4	6
Retired from lifetime occupation	1	2	3	3
Not employed	21	23	21	29
Not retired	14	9	6	5
Retired from lifetime occupation	7	15	15	24
Total household income³				
Less than \$25,000	17	6	2	3
\$25,000 to \$34,999	11	6	8	3
\$35,000 to \$49,999	17	21	13	6
\$50,000 to \$74,999	30	30	16	12
\$75,000 to \$99,999	16	17	25	19
\$100,000 to \$149,999	7	16	25	25
\$150,000 to \$249,999	2	2	10	22
\$250,000 or more	0	2	1	10
Median	\$50,000	\$62,000	\$85,000	\$100,000
Mean	\$56,100	\$75,000	\$87,700	\$135,300

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

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

³ Total reported is household income before taxes in 2009.

FIGURE 8.4

Mutual Fund–Owning Households' Financial Assets by Household Financial Assets*Percentage of U.S. households owning mutual funds by household financial assets,¹ 2010*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Total household financial assets¹				
Less than \$25,000	58	0	0	0
\$25,000 to \$49,999	42	0	0	0
\$50,000 to \$74,999	0	55	0	0
\$75,000 to \$99,999	0	45	0	0
\$100,000 to \$249,999	0	0	100	0
\$250,000 to \$499,999	0	0	0	46
\$500,000 to \$999,999	0	0	0	34
\$1 million or more	0	0	0	20
Median	\$20,000	\$70,000	\$150,000	\$500,000
Mean	\$20,400	\$68,900	\$156,600	\$835,700
Household ownership of non–mutual fund investments²				
Certificates of deposit	7	22	23	39
Individual stocks, individual bonds, or annuities (total)	31	49	62	76
Individual stocks	19	35	45	58
Individual bonds (excluding U.S. savings bonds)	4	5	6	16
Fixed or variable annuities	12	19	30	40
Investment real estate	7	14	21	42
Closed-end funds	(*)	3	2	4
Exchange-traded funds	1	2	5	8
Household ownership of employer-sponsored retirement plan accounts²				
Household owned employer-sponsored retirement plan accounts (total)	79	87	85	80
DC retirement plan accounts (total)	77	83	81	76
401(k) plan account	68	76	69	63
403(b), state, local, or federal government plan account	29	33	33	35
Employer-sponsored IRA ³	12	15	13	15
Household ownership of IRAs²				
Household owned IRA (total)	49	56	69	76
Traditional IRA or Roth IRA	45	53	66	73
Employer-sponsored IRA ³	11	15	12	15

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FIGURE 8.4 CONTINUED

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

Percentage of U.S. households owning mutual funds by household financial assets,¹ 2010

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Household ownership of education-targeted savings accounts²				
Household owned education-targeted savings program account (total)	11	8	16	21
Coverdell education savings account	8	6	11	16
529 prepaid tuition or college savings plan account (total)	5	4	9	13
529 savings plan	4	3	8	13
529 prepaid tuition plan	2	2	1	2

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

² Multiple responses are included.

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

(*) = less than 0.5 percent

FIGURE 8.5

Mutual Fund Investing by Household Financial Assets*Percentage of U.S. households owning mutual funds by household financial assets,¹ 2010*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Total household mutual fund assets				
Less than \$5,000	13	1	(*)	2
\$5,000 to \$9,999	22	2	2	1
\$10,000 to \$19,999	33	2	5	1
\$20,000 to \$29,999	17	10	5	1
\$30,000 to \$49,999	15	19	10	1
\$50,000 to \$74,999	0	45	12	4
\$75,000 to \$99,999	0	21	11	3
\$100,000 to \$249,999	0	0	53	25
\$250,000 or more	0	0	2	62
Median	\$10,000	\$50,000	\$100,000	\$300,000
Mean	\$14,400	\$53,200	\$102,200	\$489,700
Percent allocation of household financial assets to mutual funds				
25% or less	11	4	20	22
Between 26% and 50%	21	15	17	18
Between 51% and 75%	19	22	18	20
More than 75%	49	59	45	40
Types of mutual funds owned²				
Equity funds	72	82	77	86
Hybrid funds	31	36	42	55
Bond funds	35	42	53	62
Money market funds	58	51	68	68
Other fund type specified	2	1	4	9
Mutual fund transaction activity in the previous 12 months³				
Conducted mutual fund transactions	23	27	30	40

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FIGURE 8.5 CONTINUED

Mutual Fund Investing by Household Financial Assets

Percentage of U.S. households owning mutual funds by household financial assets,¹ 2010

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Year of initial mutual fund purchase				
Before 1990	10	25	31	52
Between 1990 and 1994	11	18	19	20
Between 1995 and 1999	21	22	25	17
2000 or later	58	35	25	11
Median	2001	1996	1995	1988
Mean	2000	1994	1993	1987

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

² Multiple responses are included.

³ Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

(*) = less than 0.5 percent

FIGURE 8.6

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

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Total number of mutual funds owned				
<i>Percentage of U.S. households owning mutual funds by household financial assets,¹ 2010</i>				
One	37	18	8	5
Two	22	16	21	9
Three	9	14	13	11
Four	14	12	17	10
Five to six	7	13	13	17
Seven to ten	6	17	18	18
Eleven or more	5	10	10	30
Median	2 funds	4 funds	4 funds	6 funds
Mean	4 funds	6 funds	6 funds	11 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans²				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by household financial assets,¹ 2010</i>				
One	48	42	38	30
Two	39	32	30	36
Three	10	11	20	20
Four or more	3	15	12	14
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

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

² Purchase sources outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, fund companies directly, and discount brokers.

FIGURE 8.7

Sources Used to Purchase Mutual Funds by Household Financial Assets*Percentage of U.S. households owning mutual funds by household financial assets,¹ 2010*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Source of mutual fund ownership				
Only inside employer-sponsored retirement plan	46	45	27	18
Only outside employer-sponsored retirement plan	33	24	31	33
Both inside and outside employer-sponsored retirement plan	21	31	42	49
Purchase sources through which funds are currently owned²				
Inside employer-sponsored retirement plans (total)	67	76	69	67
Inside DC retirement plans (total)	65	72	65	62
401(k) plan	56	61	55	52
403(b), state, local, or federal government plan	20	22	19	21
Inside employer-sponsored IRA ³	6	10	9	11
Outside employer-sponsored retirement plans (total)	54	55	73	82
Sales force (total)	39	38	56	71
Full-service broker	15	20	24	42
Independent financial planner	16	14	25	34
Bank or savings institution representative	16	20	22	20
Insurance agent	4	5	14	15
Accountant	2	5	6	10
Direct market (total)	22	24	36	44
Mutual fund company directly	13	17	24	29
Discount broker	10	10	19	26

Continued on next page

FIGURE 8.7 CONTINUED

Sources Used to Purchase Mutual Funds by Household Financial Assets

Percentage of U.S. households owning mutual funds by household financial assets,¹ 2010

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Primary mutual fund purchase source				
Inside employer-sponsored retirement plans	64	67	58	43
Outside employer-sponsored retirement plans	36	33	42	57
Sales force	28	25	30	41
Full-service broker	5	7	9	19
Independent financial planner	10	3	11	13
Bank or savings institution representative	11	10	5	7
Insurance agent	1	3	4	2
Accountant	1	2	1	(*)
Direct market	8	8	12	16
Mutual fund company directly	3	6	7	10
Discount broker	5	3	5	6
Source of first mutual fund purchase				
Inside employer-sponsored retirement plan	65	78	65	57
Outside employer-sponsored retirement plan	35	22	35	43

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

² Multiple responses are included.

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

(*) = less than 0.5 percent

FIGURE 8.8

Financial Goals by Household Financial Assets*Percentage of U.S. households owning mutual funds by household financial assets,¹ 2010*

	Household financial assets ¹			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Financial goals for mutual fund investments²				
Retirement	94	94	94	93
Reduce taxable income	36	51	57	56
Emergency	49	51	41	43
Education	32	22	20	25
Current income	15	14	16	20
House or other large item	22	13	10	6
Other	9	4	4	7
Primary financial goal for mutual fund investments				
Retirement	69	72	78	77
Reduce taxable income	3	4	3	4
Emergency	9	10	6	6
Education	8	7	4	5
Current income	4	1	6	4
House or other large item	5	3	1	1
Other	2	3	2	3
Level of confidence that mutual funds are an investment that can help the household meet financial goals				
Very confident	17	21	23	32
Somewhat confident	57	63	58	50
Not very confident	20	12	15	11
Not at all confident	6	4	4	7
Ownership of mutual funds in employer-sponsored retirement plans²				
Inside employer-sponsored retirement plans (total)	67	76	69	67
Inside DC retirement plans (total)	65	72	65	62
401(k) plan	56	61	55	52
403(b), state, local, or federal government plan	20	22	19	21
Inside employer-sponsored IRA ³	6	10	9	11
Ownership of mutual funds in IRAs²				
Had IRA invested in mutual funds (total)	35	42	58	66
Traditional IRA or Roth IRA	33	38	54	63
Employer-sponsored IRA ³	6	10	9	11

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

FIGURE 8.9

Views on Investment Risk by Household Financial Assets

Percentage of U.S. households owning mutual funds by household financial assets, * 2010

	Household financial assets*			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
Level of risk willing to take with financial investments				
Substantial risk for substantial gain	6	7	5	5
Above-average risk for above-average gain	18	24	29	33
Average risk for average gain	51	49	43	48
Below-average risk for below-average gain	14	9	16	11
Unwilling to take any risk	11	11	7	3

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

CHAPTER 9

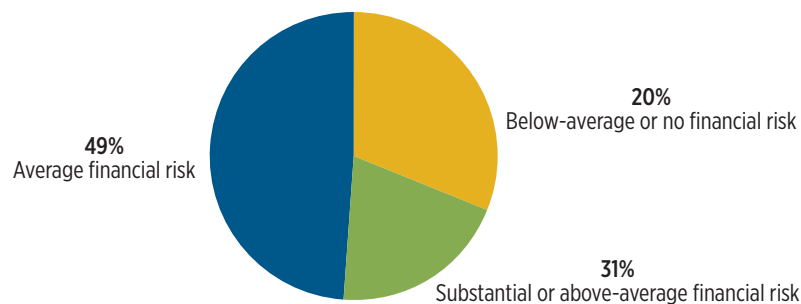
Mutual Fund Shareholders by Risk Tolerance

In 2010, 31 percent of mutual fund–owning households in the United States were willing to take substantial or above-average risk for similar levels of financial gain (Figure 9.1). Those willing to take average risk for average financial gain—the largest group—accounted for nearly half of all mutual fund–owning households. Twenty percent of shareholders described themselves as willing to take below-average risk for below-average financial gain or unwilling to take any financial risk.

FIGURE 9.1

Mutual Fund Shareholders by Risk Tolerance

Percentage of U.S. households owning mutual funds, 2010



Willing to Take Substantial or Above-Average Financial Risk

Among mutual fund–owning households willing to take substantial or above-average risk for similar levels of financial gain, the median age of the head of household was 46—the youngest of any of the risk groups (Figure 9.2). Fifty-three percent of these individuals had college or postgraduate degrees and 79 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 61 percent of these households.

Eighty-five percent of mutual fund-owning household heads in this risk group were employed full- or part-time, and 13 percent were retired from their lifetime occupations (Figure 9.3). The median household income in this group was \$100,000. Seventeen percent of households in this group had incomes of less than \$50,000, 17 percent had incomes between \$50,000 and \$74,999, and 66 percent had incomes of \$75,000 or more.

Among mutual fund-owning households willing to take substantial or above-average risk for similar levels of financial gain, median household financial assets were \$240,000 (Figure 9.4). These households had a variety of savings and investments. Twenty-nine percent of mutual fund-owning households in this risk group owned certificates of deposit, 51 percent owned individual stocks, and 12 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households willing to take substantial or above-average risk for similar levels of financial gain had median mutual fund holdings of \$125,000 (Figure 9.5). Ninety percent of these households owned equity funds, 55 percent owned hybrid funds, 61 percent held bond funds, and 62 percent owned money market funds. Seventy-two percent had more than half of their household financial assets in mutual funds. Fifty-five percent of mutual fund-owning households willing to take substantial or above-average risk for similar levels of financial gain reported that the household purchased its first fund before 1995.

The median number of mutual funds owned by mutual fund-owning households in this risk group was six (Figure 9.6). Twenty-two percent owned three or fewer funds and 78 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 67 percent owned funds purchased from multiple sources.

Seventy-six percent of mutual fund-owning households willing to take substantial or above-average risk for similar levels of financial gain owned funds through employer-sponsored retirement plans (Figure 9.7). Seventy-seven percent owned funds outside employer-sponsored retirement plans: 61 percent owned sales force-distributed funds and 41 percent owned direct-marketed funds. Fifty-five percent of mutual fund-owning households in this risk group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-one percent of mutual fund-owning households willing to take substantial or above-average risk for similar levels of financial gain reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of mutual fund-owning households willing to take substantial or above-average risk for similar levels of financial gain indicated that saving for retirement was one of their household's financial goals, and 80 percent listed saving for retirement as their household's primary financial goal (Figure 9.8). Seventy-six percent of mutual fund-owning households in this risk group held funds in employer-sponsored retirement plans, and 65 percent owned funds inside IRAs. Eighty-five percent of mutual fund-owning households willing to take substantial or above-average risk for similar levels of financial gain were confident that mutual funds were an investment that could help them meet their household's financial goals.

Among mutual fund-owning households willing to take substantial or above-average risk for similar levels of financial gain, 16 percent were willing to take substantial financial risk for substantial financial gain (Figure 9.9). Eighty-four percent were willing to take above-average financial risk for above-average financial gain.

Willing to Take Average Financial Risk

Among mutual fund-owning households willing to take average risk for average financial gain, the median age of the head of household was 51 (Figure 9.2). Forty-eight percent of these individuals had college or postgraduate degrees and 76 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 65 percent of these households.

Seventy percent of mutual fund-owning household heads in this risk group were employed full- or part-time, and 27 percent were retired from their lifetime occupations (Figure 9.3). The median household income in this group was \$79,000. Twenty-four percent of households in this group had incomes of less than \$50,000, and 21 percent had incomes between \$50,000 and \$74,999. Fifty-five percent of mutual fund-owning households in this risk group had incomes of \$75,000 or more.

Among mutual fund-owning households willing to take average risk for average financial gain, median household financial assets were \$200,000 (Figure 9.4). These households typically had other investments. Twenty-seven percent of mutual fund-owning households in this risk group owned certificates of deposit, 45 percent owned individual stocks, and 9 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households willing to take average risk for average financial gain had median mutual fund holdings of \$100,000 (Figure 9.5). Eighty percent of these households owned equity funds, 43 percent owned hybrid funds, 51 percent owned bond funds, and 64 percent owned money market funds. Sixty-four percent had more than half of their household financial assets in mutual funds. Fifty-four percent of mutual fund-owning households willing to take average risk for average financial gain reported that the household purchased its first fund before 1995.

The median number of mutual funds owned by mutual fund-owning households in this risk group was four (Figure 9.6). Forty-three percent owned three or fewer funds and 57 percent owned four or more. Among households in this risk group that owned mutual funds outside employer-sponsored retirement plans, 64 percent owned funds purchased from multiple sources.

Sixty-six percent of mutual fund-owning households willing to take average risk for average financial gain owned funds through employer-sponsored retirement plans (Figure 9.7). In addition, 72 percent owned funds outside these plans, with 58 percent owning sales force-distributed funds and 36 percent owning direct-marketed funds. Fifty-one percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be

their primary source for purchasing mutual funds. Sixty-two percent of mutual fund-owning households willing to take average risk for average financial gain reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-four percent of mutual fund-owning households willing to take average risk for average financial gain indicated that saving for retirement was one of their household's financial goals, and 78 percent listed saving for retirement as their household's primary financial goal (Figure 9.8). Sixty-six percent of mutual fund-owning households in this risk group held funds in employer-sponsored retirement plans, and 56 percent owned funds inside IRAs. Eighty-three percent of mutual fund-owning households willing to take average risk for average financial gain were confident that mutual funds were an investment that could help them meet their household's financial goals.

Willing to Take Below-Average or No Financial Risk

Among mutual fund-owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk, the median age of the head of household was 53—the oldest of any of the risk groups (Figure 9.2). Thirty-one percent of these individuals had college or postgraduate degrees and 70 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 56 percent of these households.

Sixty-one percent of mutual fund-owning household heads in this risk group were employed full- or part-time (Figure 9.3). Thirty-five percent were retired from their lifetime occupations—the highest percentage of any of the risk groups. The median household income in this group was \$62,100. Thirty-nine percent of households in this risk group had incomes of less than \$50,000, 21 percent had household incomes between \$50,000 and \$74,999, and 40 percent had incomes of \$75,000 or more.

Among mutual fund-owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk, median household financial assets were \$125,000 (Figure 9.4). These households had a variety of savings and investments. Twenty-seven percent of mutual fund-owning households in this risk group owned certificates of deposit, 36 percent owned individual stocks, and 13 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk had median mutual fund holdings of \$50,000 (Figure 9.5). Sixty-five percent of these households owned equity funds, 29 percent owned hybrid funds, 43 percent owned bond funds, and 70 percent owned money market funds. Fifty-six percent had more than half of their household financial assets in mutual funds. Thirty-four percent of mutual fund-owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk reported that the household purchased its first fund before 1990, and half reported that the household bought its first fund in 1995 or later.

The median number of mutual funds owned by mutual fund-owning households in this risk group was two (Figure 9.6). Sixty-six percent owned three or fewer funds and 34 percent owned four or more. Among households in this risk group that owned mutual funds outside employer-sponsored retirement plans, 62 percent owned funds purchased from multiple sources.

Sixty percent of mutual fund-owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk owned funds through employer-sponsored retirement plans (Figure 9.7). In addition, 64 percent owned funds outside these plans, with 53 percent owning sales force-distributed funds and 27 percent owning direct-marketed funds. Fifty-three percent of mutual fund-owning households in this risk group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-nine percent of mutual fund-owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Eighty-six percent of mutual fund-owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk indicated that saving for retirement was one of their household's financial goals, and 57 percent listed saving for retirement as their household's primary financial goal (Figure 9.8). Sixty percent of mutual fund-owning households in this risk group held funds in employer-sponsored retirement plans, and 40 percent owned funds inside IRAs. Sixty-one percent of mutual fund-owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk were confident that mutual funds were an investment that could help them meet their household's financial goals.

Among mutual fund-owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk, 56 percent were willing to take below-average financial risk for below-average financial gain (Figure 9.9). Forty-four percent were unwilling to take financial risk.

FIGURE 9.2

Head of Household Characteristics by Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2010*

	Substantial or above-average risk	Average risk	Below-average or no risk
Age of household sole or co-decisionmaker for saving and investing			
Younger than 35	16	16	14
35 to 44	25	17	17
45 to 54	35	24	22
55 to 64	14	24	21
65 or older	10	19	26
Median	46 years	51 years	53 years
Mean	47 years	51 years	53 years
Education level			
High school graduate or less	18	22	45
Some college or associate's degree	29	30	24
Completed four years of college	24	20	14
Some graduate school	6	5	3
Completed graduate school	23	23	14
Marital status			
Married or living with a partner	79	76	70
Single	9	9	10
Divorced or separated	10	8	9
Widowed	2	7	11
Household investment decisionmaker			
Male is sole decisionmaker	23	16	17
Female is sole decisionmaker	16	19	27
Co-decisionmakers	61	65	56
Ethnic background*			
Caucasian	90	90	89
African-American	4	5	7
Hispanic	4	4	7
Asian	2	1	1
Other	4	4	2

* Multiple responses are included.

FIGURE 9.3

Employment Status and Income by Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2010*

	Substantial or above-average risk	Average risk	Below-average or no risk
Employment status¹			
Employed full-time	77	61	50
Not retired	76	59	48
Retired from lifetime occupation	1	2	2
Employed part-time	8	9	11
Not retired	5	6	7
Retired from lifetime occupation	3	3	4
Not employed	15	30	39
Not retired	6	8	10
Retired from lifetime occupation	9	22	29
Total household income²			
Less than \$25,000	3	6	11
\$25,000 to \$34,999	4	6	11
\$35,000 to \$49,999	10	12	17
\$50,000 to \$74,999	17	21	21
\$75,000 to \$99,999	15	21	20
\$100,000 to \$149,999	29	20	13
\$150,000 to \$249,999	15	11	5
\$250,000 or more	7	3	2
Median	\$100,000	\$79,000	\$62,100
Mean	\$116,200	\$92,600	\$75,000

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

² Total reported is household income before taxes in 2009.

FIGURE 9.4

Mutual Fund–Owning Households' Financial Assets by Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2010*

	Substantial or above-average risk	Average risk	Below-average or no risk
Total household financial assets¹			
Less than \$25,000	9	12	17
\$25,000 to \$49,999	6	10	10
\$50,000 to \$74,999	6	7	10
\$75,000 to \$99,999	6	7	4
\$100,000 to \$249,999	24	21	29
\$250,000 to \$499,999	19	21	16
\$500,000 to \$999,999	20	14	9
\$1 million or more	10	8	5
Median	\$240,000	\$200,000	\$125,000
Mean	\$577,600	\$330,200	\$301,900
Household ownership of non–mutual fund investments²			
Certificates of deposit	29	27	27
Individual stocks, individual bonds, or annuities (total)	64	62	55
Individual stocks	51	45	36
Individual bonds (excluding U.S. savings bonds)	12	9	13
Fixed or variable annuities	27	31	32
Investment real estate	29	25	27
Closed-end funds	4	3	4
Exchange-traded funds	11	3	3
Household ownership of employer-sponsored retirement plan accounts²			
Household owned employer-sponsored retirement plan accounts (total)	88	80	73
DC retirement plan accounts (total)	83	76	71
401(k) plan account	72	62	59
403(b), state, local, or federal government plan account	35	33	31
Employer-sponsored IRA ³	16	15	13
Household ownership of IRAs²			
Household owned IRA (total)	76	69	54
Traditional IRA or Roth IRA	73	65	50
Employer-sponsored IRA ³	15	15	13

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FIGURE 9.4 CONTINUED

Mutual Fund–Owning Households’ Financial Assets by Risk Tolerance

Percentage of U.S. households owning mutual funds by risk tolerance, 2010

	Substantial or above-average risk	Average risk	Below-average or no risk
Household ownership of education-targeted savings accounts²			
Household owned education-targeted savings program account (total)	21	15	12
Coverdell education savings account	14	12	10
529 prepaid tuition or college savings plan account (total)	15	8	4
529 savings plan	14	6	4
529 prepaid tuition plan	3	2	1

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

² Multiple responses are included.

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

FIGURE 9.5

Mutual Fund Investing by Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2010*

	Substantial or above-average risk	Average risk	Below-average or no risk
Total household mutual fund assets			
Less than \$5,000	3	4	6
\$5,000 to \$9,999	3	5	10
\$10,000 to \$19,999	6	10	10
\$20,000 to \$29,999	4	8	7
\$30,000 to \$49,999	7	7	13
\$50,000 to \$74,999	10	9	13
\$75,000 to \$99,999	7	6	5
\$100,000 to \$249,999	23	26	21
\$250,000 or more	37	25	15
Median	\$125,000	\$100,000	\$50,000
Mean	\$360,800	\$198,900	\$141,800
Percent allocation of household financial assets to mutual funds			
25% or less	11	18	24
Between 26% and 50%	17	18	20
Between 51% and 75%	26	18	12
More than 75%	46	46	44
Types of mutual funds owned¹			
Equity funds	90	80	65
Hybrid funds	55	43	29
Bond funds	61	51	43
Money market funds	62	64	70
Other fund type specified	9	5	7
Mutual fund transaction activity in the previous 12 months²			
Conducted mutual fund transactions	45	29	22

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FIGURE 9.5 CONTINUED

Mutual Fund Investing by Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2010*

	Substantial or above-average risk	Average risk	Below-average or no risk
Year of initial mutual fund purchase			
Before 1990	37	39	34
Between 1990 and 1994	18	15	16
Between 1995 and 1999	22	18	22
2000 or later	23	28	28
Median	1993	1992	1995
Mean	1991	1991	1992

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

FIGURE 9.6

Number of Funds Owned and Purchase Sources Used by Risk Tolerance

	Substantial or above-average risk	Average risk	Below-average or no risk
Total number of mutual funds owned			
<i>Percentage of U.S. households owning mutual funds by risk tolerance, 2010</i>			
One	4	15	27
Two	10	15	24
Three	8	13	15
Four	11	14	11
Five to six	18	14	9
Seven to ten	22	14	6
Eleven or more	27	15	8
Median	6 funds	4 funds	2 funds
Mean	10 funds	7 funds	4 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*			
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by risk tolerance, 2010</i>			
One	33	36	38
Two	34	34	30
Three	23	17	17
Four or more	10	13	15
Median	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources

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

FIGURE 9.7

Sources Used to Purchase Mutual Funds by Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2010*

	Substantial or above-average risk	Average risk	Below-average or no risk
Source of mutual fund ownership			
Only inside employer-sponsored retirement plan	23	28	36
Only outside employer-sponsored retirement plan	24	34	40
Both inside and outside employer-sponsored retirement plan	53	38	24
Purchase sources through which funds are currently owned¹			
Inside employer-sponsored retirement plans (total)	76	66	60
Inside DC retirement plans (total)	71	61	59
401(k) plan	62	49	46
403(b), state, local, or federal government plan	23	20	21
Inside employer-sponsored IRA ²	12	10	9
Outside employer-sponsored retirement plans (total)	77	72	64
Sales force (total)	61	58	53
Full-service broker	35	32	22
Independent financial planner	29	28	23
Bank or savings institution representative	18	17	26
Insurance agent	10	11	10
Accountant	8	5	9
Direct market (total)	41	36	27
Mutual fund company directly	27	24	19
Discount broker	23	19	14
Primary mutual fund purchase source			
Inside employer-sponsored retirement plans	55	51	53
Outside employer-sponsored retirement plans	45	49	47
Sales force	31	37	37
Full-service broker	13	15	10
Independent financial planner	10	13	10
Bank or savings institution representative	5	5	12
Insurance agent	2	3	4
Accountant	1	1	1
Direct market	14	12	10
Mutual fund company directly	7	8	7
Discount broker	7	4	3
Source of first mutual fund purchase			
Inside employer-sponsored retirement plan	61	62	59
Outside employer-sponsored retirement plan	39	38	41

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

FIGURE 9.8

Financial Goals by Risk Tolerance*Percentage of U.S. households owning mutual funds by risk tolerance, 2010*

	Substantial or above-average risk	Average risk	Below-average or no risk
Financial goals for mutual fund investments¹			
Retirement	97	94	86
Reduce taxable income	53	49	49
Emergency	38	48	57
Education	27	24	24
Current income	14	21	31
House or other large item	10	12	14
Other	6	6	10
Primary financial goal for mutual fund investments			
Retirement	80	78	57
Reduce taxable income	3	3	5
Emergency	3	6	16
Education	6	5	9
Current income	3	5	9
House or other large item	3	1	1
Other	2	2	3
Level of confidence that mutual funds are an investment that can help the household meet financial goals			
Very confident	34	23	11
Somewhat confident	51	60	50
Not very confident	10	14	24
Not at all confident	5	3	15
Ownership of mutual funds in employer-sponsored retirement plans¹			
Inside employer-sponsored retirement plans (total)	76	66	60
Inside DC retirement plans (total)	71	61	59
401(k) plan	62	49	46
403(b), state, local, or federal government plan	23	20	21
Inside employer-sponsored IRA ²	12	10	9
Ownership of mutual funds in IRAs¹			
Had IRA invested in mutual funds (total)	65	56	40
Traditional IRA or Roth IRA	62	53	37
Employer-sponsored IRA ²	12	10	9

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

FIGURE 9.9

Views on Investment Risk by Risk Tolerance

Percentage of U.S. households owning mutual funds by risk tolerance, 2010

	Substantial or above-average risk	Average risk	Below-average or no risk
Level of risk willing to take with financial investments			
Substantial risk for substantial gain	16	0	0
Above-average risk for above-average gain	84	0	0
Average risk for average gain	0	100	0
Below-average risk for below-average gain	0	0	56
Unwilling to take any risk	0	0	44

CHAPTER 10

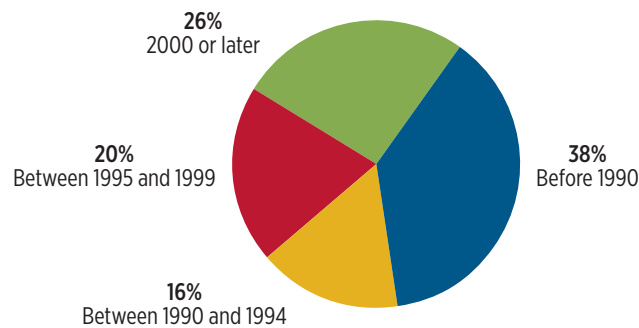
Mutual Fund Shareholders by Year of Initial Mutual Fund Purchase

In 2010, 38 percent of mutual fund–owning households in the United States reported that the household purchased its first mutual fund before 1990, and 16 percent reported that the household purchased its first mutual fund between 1990 and 1994 (Figure 10.1). Another 20 percent reported that the household purchased its first mutual fund between 1995 and 1999, and 26 percent reported that the household purchased its first mutual fund in 2000 or later.

FIGURE 10.1

Mutual Fund Shareholders by Year of Initial Mutual Fund Purchase

Percentage of U.S. households owning mutual funds, 2010



Initial Mutual Fund Purchase Before 1990

Among mutual fund–owning households whose initial mutual fund purchase was before 1990, the median age of the head of household was 57—the oldest of any of the initial purchase groups (Figure 10.2). Forty-nine percent of these individuals had college or postgraduate degrees and 73 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 60 percent of these households.

Sixty-five percent of mutual fund-owning household heads in this initial purchase group were employed full- or part-time, and 38 percent were retired from their lifetime occupations (Figure 10.3). The median household income in this group was \$89,000. Twenty percent of households in this group had incomes of less than \$50,000, 17 percent had incomes between \$50,000 and \$74,999, and 63 percent had incomes of \$75,000 or more.

Among mutual fund-owning households whose initial mutual fund purchase was before 1990, median household financial assets were \$350,000 (Figure 10.4). These households had a variety of savings and investments. Thirty-eight percent of mutual fund-owning households in this initial purchase group owned certificates of deposit, 56 percent owned individual stocks, and 17 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households whose initial mutual fund purchase was before 1990 had median mutual fund holdings of \$200,000 (Figure 10.5). Eighty-five percent of these households owned equity funds, 53 percent owned hybrid funds, 60 percent held bond funds, and 70 percent owned money market funds. Seventy-two percent had more than half of their household financial assets in mutual funds.

The median number of mutual funds owned by mutual fund-owning households in this initial purchase group was six (Figure 10.6). Twenty-eight percent owned three or fewer funds and 72 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 68 percent owned funds purchased from multiple sources.

Sixty-three percent of mutual fund-owning households whose initial mutual fund purchase was before 1990 owned funds through employer-sponsored retirement plans (Figure 10.7). Eighty-three percent owned funds outside employer-sponsored retirement plans: 69 percent owned sales force-distributed funds and 44 percent owned direct-marketed funds. Forty-one percent of mutual fund-owning households in this initial purchase group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-two percent of mutual fund-owning households whose initial mutual fund purchase was before 1990 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-four percent of mutual fund-owning households whose initial mutual fund purchase was before 1990 indicated that saving for retirement was one of their household's financial goals, and 76 percent listed saving for retirement as their household's primary financial goal (Figure 10.8). Sixty-three percent of mutual fund-owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 67 percent owned funds inside IRAs. Eighty-six percent of mutual fund-owning households whose initial mutual fund purchase was before 1990 were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty percent of mutual fund–owning households whose initial mutual fund purchase was before 1990 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 10.9). Fifty-two percent were willing to take average financial risk for average financial gain. Seventeen percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Initial Mutual Fund Purchase Between 1990 and 1994

Among mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994, the median age of the head of household was 49 (Figure 10.2). Forty-nine percent of these individuals had college or postgraduate degrees and 81 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 67 percent of these households.

Seventy-five percent of mutual fund–owning household heads in this initial purchase group were employed full- or part-time, and 20 percent were retired from their lifetime occupations (Figure 10.3). The median household income in this group was \$87,500. Twenty-two percent of households in this group had incomes of less than \$50,000, and 16 percent had incomes between \$50,000 and \$74,999. Sixty-two percent of mutual fund–owning households in this initial purchase group had incomes of \$75,000 or more.

Among mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994, median household financial assets were \$200,000 (Figure 10.4). These households typically had other investments. Twenty-eight percent of mutual fund–owning households in this initial purchase group owned certificates of deposit, 45 percent owned individual stocks, and 12 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994 had median mutual fund holdings of \$100,000 (Figure 10.5). Eighty-four percent of these households owned equity funds, 41 percent owned hybrid funds, 53 percent owned bond funds, and 65 percent owned money market funds. Sixty-seven percent had more than half of their household financial assets in mutual funds.

The median number of mutual funds owned by mutual fund–owning households in this initial purchase group was five (Figure 10.6). Thirty-one percent owned three or fewer funds and 69 percent owned four or more. Among households in this initial purchase group that owned mutual funds outside employer-sponsored retirement plans, 62 percent owned funds purchased from multiple sources.

Sixty-eight percent of mutual fund-owning households whose initial mutual fund purchase was between 1990 and 1994 owned funds through employer-sponsored retirement plans (Figure 10.7). In addition, 71 percent owned funds outside these plans, with 55 percent owning sales force-distributed funds and 34 percent owning direct-marketed funds. Fifty-three percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-two percent of mutual fund-owning households whose initial mutual fund purchase was between 1990 and 1994 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-six percent of mutual fund-owning households whose initial mutual fund purchase was between 1990 and 1994 indicated that saving for retirement was one of their household's financial goals, and 79 percent listed saving for retirement as their household's primary financial goal (Figure 10.8). Sixty-eight percent of mutual fund-owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 61 percent owned funds inside IRAs. Eighty-one percent of mutual fund-owning households whose initial mutual fund purchase was between 1990 and 1994 were confident that mutual funds were an investment that could help them meet their household's financial goals.

Thirty-five percent of mutual fund-owning households whose initial mutual fund purchase was between 1990 and 1994 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 10.9). Forty-six percent were willing to take average financial risk for average financial gain. Nineteen percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Initial Mutual Fund Purchase Between 1995 and 1999

Among mutual fund-owning households whose initial mutual fund purchase was between 1995 and 1999, the median age of the head of household was 44 (Figure 10.2). Forty-eight percent of these individuals had college or postgraduate degrees and 82 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 68 percent of these households.

Seventy-nine percent of mutual fund-owning household heads in this initial purchase group were employed full- or part-time, and 13 percent were retired from their lifetime occupations (Figure 10.3). The median household income in this group was \$85,000. Seventeen percent of households in this initial purchase group had incomes of less than \$50,000, 22 percent had household incomes between \$50,000 and \$74,999, and 61 percent had incomes of \$75,000 or more.

Among mutual fund-owning households whose initial mutual fund purchase was between 1995 and 1999, median household financial assets were \$125,000 (Figure 10.4). These households had a variety of savings and investments. Twenty-two percent of mutual fund-owning households in this initial purchase group owned certificates of deposit, 42 percent owned individual stocks, and 7 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund–owning households whose initial mutual fund purchase was between 1995 and 1999 had median mutual fund holdings of \$85,000 (Figure 10.5). Eighty percent of these households owned equity funds, 45 percent owned hybrid funds, 53 percent owned bond funds, and 60 percent owned money market funds. Sixty-six percent had more than half of their household financial assets in mutual funds.

The median number of mutual funds owned by mutual fund–owning households in this initial purchase group was four (Figure 10.6). Forty-two percent owned three or fewer funds and 58 percent owned four or more. Among households in this initial purchase group that owned mutual funds outside employer-sponsored retirement plans, 60 percent owned funds purchased from multiple sources.

Seventy-six percent of mutual fund–owning households whose initial mutual fund purchase was between 1995 and 1999 owned funds through employer-sponsored retirement plans (Figure 10.7). In addition, 70 percent owned funds outside these plans, with 57 percent owning sales force–distributed funds and 33 percent owning direct-marketed funds. Sixty-one percent of mutual fund–owning households in this initial purchase group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-six percent of mutual fund–owning households whose initial mutual fund purchase was between 1995 and 1999 reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-three percent of mutual fund–owning households whose initial mutual fund purchase was between 1995 and 1999 indicated that saving for retirement was one of their household’s financial goals, and 75 percent listed saving for retirement as their household’s primary financial goal (Figure 10.8). Seventy-six percent of mutual fund–owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 57 percent owned funds inside IRAs. Seventy-five percent of mutual fund–owning households whose initial mutual fund purchase was between 1995 and 1999 were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Thirty-four percent of mutual fund–owning households whose initial mutual fund purchase was between 1995 and 1999 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 10.9). Forty-five percent were willing to take average financial risk for average financial gain. Twenty-one percent of mutual fund–owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

Initial Mutual Fund Purchase in 2000 or Later

Among mutual fund-owning households whose initial mutual fund purchase was in 2000 or later, the median age of the head of household was 39 (Figure 10.2). Forty-one percent of these individuals had college or postgraduate degrees. Seventy percent of household heads in this group were married or living with a partner. Investment decisionmaking was a shared responsibility in 58 percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later.

Eighty percent of mutual fund-owning household heads in this initial purchase group were employed full or part-time (Figure 10.3). Thirteen percent were retired from their lifetime occupations. The median household income among households in this group was \$60,000. Thirty-six percent of households in this initial purchase group had incomes of less than \$50,000, and 23 percent had household incomes between \$50,000 and \$74,999. Forty-one percent of mutual fund-owning households in this initial purchase group had incomes of \$75,000 or more.

Among mutual fund-owning households whose initial mutual fund purchase was in 2000 or later, median household financial assets were \$60,100 (Figure 10.4). These households had a variety of savings and investments. Sixteen percent of mutual fund-owning households in this initial purchase group owned certificates of deposit, 32 percent owned individual stocks, and 4 percent owned individual bonds (excluding U.S. savings bonds).

Mutual fund-owning households whose initial mutual fund purchase was in 2000 or later had median mutual fund holdings of \$25,000 (Figure 10.5). Seventy-two percent of these households owned equity funds, 34 percent owned hybrid funds, 41 percent owned bond funds, and 60 percent owned money market funds. Fifty-four percent had more than half of their household financial assets in mutual funds.

The median number of mutual funds owned by mutual fund-owning households in this initial purchase group was three (Figure 10.6). Fifty-eight percent of households in this initial purchase group owned three or fewer funds and 42 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 63 percent owned funds purchased from multiple sources.

Seventy-two percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later owned funds through employer-sponsored retirement plans (Figure 10.7). In addition, 57 percent owned funds outside these plans, with 44 percent owning sales force-distributed funds and 26 percent owning direct-marketed funds. Sixty-three percent of mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-eight percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later reported that the household purchased its first mutual fund through an employer-sponsored retirement plan.

Ninety-three percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later indicated that saving for retirement was one of their household's financial goals, and 74 percent listed saving for retirement as their household's primary financial goal (Figure 10.8). Seventy-two percent of mutual fund-owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 37 percent owned funds inside IRAs. Seventy-five percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later were confident that mutual funds were an investment that could help them meet their household's financial goals.

Twenty-eight percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later were willing to take substantial or above-average risk for similar levels of financial gain (Figure 10.9). Fifty-two percent were willing to take average financial risk for average financial gain. Twenty percent of mutual fund-owning households in this group were willing to take below-average risk or were unwilling to take any financial risk.

FIGURE 10.2

Head of Household Characteristics by Year of Initial Mutual Fund Purchase*Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2010*

	Year of initial mutual fund purchase			
	Before 1990	1990 to 1994	1995 to 1999	2000 or later
Age of household sole or co-decisionmaker for saving and investing				
Younger than 35	2	5	19	39
35 to 44	6	31	36	22
45 to 54	32	33	24	21
55 to 64	32	17	10	12
65 or older	28	14	11	6
Median	57 years	49 years	44 years	39 years
Mean	58 years	50 years	46 years	42 years
Education level				
High school graduate or less	25	20	22	29
Some college or associate's degree	26	31	30	30
Completed four years of college	18	22	26	17
Some graduate school	7	5	4	4
Completed graduate school	24	22	18	20
Marital status				
Married or living with a partner	73	81	82	70
Single	9	6	6	17
Divorced or separated	9	9	9	9
Widowed	9	4	3	4
Household investment decisionmaker				
Male is sole decisionmaker	21	14	17	19
Female is sole decisionmaker	19	19	15	23
Co-decisionmakers	60	67	68	58
Ethnic background*				
Caucasian	94	95	85	84
African-American	3	3	9	6
Hispanic	2	3	5	8
Asian	(*)	(*)	2	4
Other	2	2	4	6

* Multiple responses are included.

(*) = less than 0.5 percent

FIGURE 10.3

Employment Status and Income by Year of Initial Mutual Fund Purchase

Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2010

	Year of initial mutual fund purchase			
	Before 1990	1990 to 1994	1995 to 1999	2000 or later
Employment status¹				
Employed full-time	55	64	71	75
Not retired	53	63	69	73
Retired from lifetime occupation	2	1	2	2
Employed part-time	10	11	8	5
Not retired	5	8	7	4
Retired from lifetime occupation	5	3	1	1
Not employed	35	25	21	20
Not retired	4	9	10	10
Retired from lifetime occupation	31	16	10	10
Total household income²				
Less than \$25,000	5	6	4	8
\$25,000 to \$34,999	5	5	4	9
\$35,000 to \$49,999	10	11	9	19
\$50,000 to \$74,999	17	16	22	23
\$75,000 to \$99,999	16	21	21	22
\$100,000 to \$149,999	25	25	21	14
\$150,000 to \$249,999	15	11	16	4
\$250,000 or more	7	5	3	1
Median	\$89,000	\$87,500	\$85,000	\$60,000
Mean	\$111,800	\$104,100	\$101,600	\$71,200

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

² Total reported is household income before taxes in 2009.

FIGURE 10.4

Mutual Fund–Owning Households’ Financial Assets by Year of Initial Mutual Fund Purchase*Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2010*

	Year of initial mutual fund purchase			
	Before 1990	1990 to 1994	1995 to 1999	2000 or later
Total household financial assets¹				
Less than \$25,000	1	6	12	29
\$25,000 to \$49,999	4	7	9	15
\$50,000 to \$74,999	5	8	8	9
\$75,000 to \$99,999	5	6	6	8
\$100,000 to \$249,999	20	24	28	21
\$250,000 to \$499,999	24	26	20	11
\$500,000 to \$999,999	25	16	11	4
\$1 million or more	16	7	6	3
Median	\$350,000	\$200,000	\$125,000	\$60,100
Mean	\$685,900	\$437,400	\$287,300	\$145,200
Household ownership of non–mutual fund investments²				
Certificates of deposit	38	28	22	16
Individual stocks, individual bonds, or annuities (total)	75	60	57	47
Individual stocks	56	45	42	32
Individual bonds (excluding U.S. savings bonds)	17	12	7	4
Fixed or variable annuities	41	28	22	21
Investment real estate	33	29	26	17
Closed-end funds	6	3	1	1
Exchange-traded funds	7	5	5	3
Household ownership of employer-sponsored retirement plan accounts²				
Household owned employer-sponsored retirement plan accounts (total)	77	84	86	83
DC retirement plan accounts (total)	73	79	82	81
401(k) plan account	60	64	71	69
403(b), state, local, or federal government plan account	33	37	31	32
Employer-sponsored IRA ³	17	17	15	11
Household ownership of IRAs²				
Household owned IRA (total)	77	71	69	52
Traditional IRA or Roth IRA	74	66	65	49
Employer-sponsored IRA ³	17	17	15	11

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FIGURE 10.4 CONTINUED

Mutual Fund–Owning Households’ Financial Assets by Year of Initial Mutual Fund Purchase*Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2010*

	Year of initial mutual fund purchase			
	Before 1990	1990 to 1994	1995 to 1999	2000 or later
Household ownership of education-targeted savings accounts²				
Household owned education-targeted savings program account (total)	16	19	20	11
Coverdell education savings account	11	14	15	9
529 prepaid tuition or college savings plan account (total)	9	14	10	5
529 savings plan	9	12	10	4
529 prepaid tuition plan	2	3	2	2

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

² Multiple responses are included.

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

FIGURE 10.5

Mutual Fund Investing by Year of Initial Mutual Fund Purchase*Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2010*

	Year of initial mutual fund purchase			
	Before 1990	1990 to 1994	1995 to 1999	2000 or later
Total household mutual fund assets				
Less than \$5,000	1	1	3	10
\$5,000 to \$9,999	(*)	3	5	14
\$10,000 to \$19,999	2	5	9	19
\$20,000 to \$29,999	4	2	6	13
\$30,000 to \$49,999	5	9	10	11
\$50,000 to \$74,999	6	15	10	12
\$75,000 to \$99,999	5	8	10	4
\$100,000 to \$249,999	30	31	28	9
\$250,000 or more	47	26	19	8
Median	\$200,000	\$100,000	\$85,000	\$25,000
Mean	\$442,100	\$222,300	\$150,500	\$69,200
Percent allocation of household financial assets to mutual funds				
25% or less	15	16	14	23
Between 26% and 50%	13	17	20	23
Between 51% and 75%	20	21	20	18
More than 75%	52	46	46	36
Types of mutual funds owned¹				
Equity funds	85	84	80	72
Hybrid funds	53	41	45	34
Bond funds	60	53	53	41
Money market funds	70	65	60	60
Other fund type specified	10	5	4	2
Mutual fund transaction activity in the previous 12 months²				
Conducted mutual fund transactions	38	32	36	23

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FIGURE 10.5 CONTINUED

Mutual Fund Investing by Year of Initial Mutual Fund Purchase

Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2010

	Year of initial mutual fund purchase			
	Before 1990	1990 to 1994	1995 to 1999	2000 or later
Year of initial mutual fund purchase				
Before 1990	100	0	0	0
Between 1990 and 1994	0	100	0	0
Between 1995 and 1999	0	0	100	0
2000 or later	0	0	0	100
Median	1982	1991	1997	2003
Mean	1979	1991	1997	2004

¹ Multiple responses are included.

² Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans. It excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans, automatic payroll contributions to employer-sponsored retirement plans, and regular purchases outside employer-sponsored retirement plans made through systematic deductions from paychecks or bank accounts.

(*) = less than 0.5 percent

FIGURE 10.6

Number of Funds Owned and Purchase Sources Used by Year of Initial Mutual Fund Purchase

	Year of initial mutual fund purchase			
	Before 1990	1990 to 1994	1995 to 1999	2000 or later
Total number of mutual funds owned				
<i>Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2010</i>				
One	7	8	13	25
Two	11	11	17	20
Three	10	12	12	13
Four	10	13	18	12
Five to six	16	19	13	12
Seven to ten	17	22	14	9
Eleven or more	29	15	13	9
Median	6 funds	5 funds	4 funds	3 funds
Mean	10 funds	7 funds	6 funds	5 funds
Number of mutual fund purchase sources used outside employer-sponsored retirement plans*				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by year of initial mutual fund purchase, 2010</i>				
One	32	38	40	37
Two	31	35	33	35
Three	24	16	18	14
Four or more	13	11	9	14
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

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

FIGURE 10.7

Sources Used to Purchase Mutual Funds by Year of Initial Mutual Fund Purchase*Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2010*

	Year of initial mutual fund purchase			
	Before 1990	1990 to 1994	1995 to 1999	2000 or later
Source of mutual fund ownership				
Only inside employer-sponsored retirement plan	17	29	30	43
Only outside employer-sponsored retirement plan	38	32	24	28
Both inside and outside employer-sponsored retirement plan	45	39	46	29
Purchase sources through which funds are currently owned¹				
Inside employer-sponsored retirement plans (total)	63	68	76	72
Inside DC retirement plans (total)	59	63	70	68
401(k) plan	49	53	59	56
403(b), state, local, or federal government plan	20	23	20	21
Inside employer-sponsored IRA ²	12	11	10	7
Outside employer-sponsored retirement plans (total)	83	71	70	57
Sales force (total)	69	55	57	44
Full-service broker	43	25	28	20
Independent financial planner	31	26	25	24
Bank or savings institution representative	21	15	21	16
Insurance agent	14	14	12	4
Accountant	7	5	4	7
Direct market (total)	44	34	33	26
Mutual fund company directly	31	22	21	16
Discount broker	24	18	17	15

Continued on next page

FIGURE 10.7 CONTINUED

Sources Used to Purchase Mutual Funds by Year of Initial Mutual Fund Purchase

Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2010

	Year of initial mutual fund purchase			
	Before 1990	1990 to 1994	1995 to 1999	2000 or later
Primary mutual fund purchase source				
Inside employer-sponsored retirement plans	41	53	61	63
Outside employer-sponsored retirement plans	59	47	39	37
Sales force	44	36	28	28
Full-service broker	20	10	10	8
Independent financial planner	14	13	8	10
Bank or savings institution representative	7	8	6	6
Insurance agent	2	4	3	2
Accountant	1	1	1	2
Direct market	15	11	11	9
Mutual fund company directly	10	6	6	5
Discount broker	5	6	5	4
Source of first mutual fund purchase				
Inside employer-sponsored retirement plan	52	62	66	68
Outside employer-sponsored retirement plan	48	38	34	32

¹ Multiple responses are included.

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

FIGURE 10.8

Financial Goals by Year of Initial Mutual Fund Purchase*Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2010*

	Year of initial mutual fund purchase			
	Before 1990	1990 to 1994	1995 to 1999	2000 or later
Financial goals for mutual fund investments¹				
Retirement	94	96	93	93
Reduce taxable income	55	54	50	43
Emergency	52	38	42	47
Education	20	28	32	25
Current income	29	14	14	12
House or other large item	9	9	8	18
Other	7	7	5	6
Primary financial goal for mutual fund investments				
Retirement	76	79	75	74
Reduce taxable income	3	6	3	2
Emergency	6	4	9	7
Education	4	5	6	8
Current income	7	4	3	3
House or other large item	1	1	2	4
Other	3	1	2	2
Level of confidence that mutual funds are an investment that can help the household meet financial goals				
Very confident	29	24	22	21
Somewhat confident	57	57	53	54
Not very confident	10	15	17	18
Not at all confident	4	4	8	7
Ownership of mutual funds in employer-sponsored retirement plans¹				
Inside employer-sponsored retirement plans (total)	63	68	76	72
Inside DC retirement plans (total)	59	63	70	68
401(k) plan	49	53	59	56
403(b), state, local, or federal government plan	20	23	20	21
Inside employer-sponsored IRA ²	12	11	10	7
Ownership of mutual funds in IRAs¹				
Had IRA invested in mutual funds (total)	67	61	57	37
Traditional IRA or Roth IRA	63	56	54	34
Employer-sponsored IRA ²	12	11	10	7

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

FIGURE 10.9

Views on Investment Risk by Year of Initial Mutual Fund Purchase

Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2010

	Year of initial mutual fund purchase			
	Before 1990	1990 to 1994	1995 to 1999	2000 or later
Level of risk willing to take with financial investments				
Substantial risk for substantial gain	4	4	5	7
Above-average risk for above-average gain	26	31	29	21
Average risk for average gain	52	46	45	52
Below-average risk for below-average gain	10	12	14	12
Unwilling to take any risk	7	7	7	8

Appendix: Research Methodology

Research Design

TNS, a nationwide opinion research firm, conducted the survey of mutual fund-owning households under the direction of the Investment Company Institute's Research Department. The survey gathered demographic, financial, and fund ownership characteristics of mutual fund-owning households nationwide. The survey collected information on fund ownership inside and outside employer-sponsored retirement plans, including the number and types of funds owned as well as total mutual fund assets. The survey also asked households about aspects of fund investing, including financial goals. Finally, the survey collected demographic information on household income and the age, education, and marital status of the head of household.

Interviewing

Interviewing was completed in May 2010 using a random digit dial (RDD) national probability sample of 4,200 U.S. households, of which 1,844 households, or 43.9 percent, owned mutual funds.¹⁴ The survey respondents are representative of U.S. mutual fund shareholders nationwide. All interviews were with the member of the household who was the sole or co-decisionmaker most knowledgeable about the household's savings and investments.¹⁵ A total of 4,200 telephone interviews, each lasting an average of 15 minutes, were completed.

¹⁴ For additional discussion, see Michael Bogdan, John Sabelhaus, and Daniel Schrass. 2010. "Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2010," *Investment Company Institute Fundamentals*, 19, no. 6 (September). Available at www.ici.org/pdf/fm-v19n6.pdf.

¹⁵ Households consist of all persons who occupy a housing unit. A house, an apartment or other group of rooms, or a single room is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters. A household may include related family members and all unrelated persons, such as lodgers, foster children, wards, or employees who share a housing unit. A person living alone in a housing unit, or a group of unrelated persons sharing a housing unit as partners, is also counted as a household.

Survey Weights

When a survey sample is drawn from a population, the proportions of segments within the sample (by age, income, or other key variables) may not match the distribution of those segments within the population. The sample's distribution may be different due to sampling techniques, varying degrees of non-response from segments of the population, or a survey design that was not able to cover the entire population. It is possible to improve the relationship between the sample and the population from which it was drawn by applying weights to the sample that match the proportions present in the population. The survey data presented in this report have been weighted to match census region, age distribution, household income distribution, and educational attainment of the U.S. population.¹⁶

Sampling Error

The use of sample surveys is standard practice for constructing estimates about a total population. Estimates derived through survey sampling are subject to sampling error. As sample size increases, the level of potential sampling error generally becomes smaller. The overall sampling error for the 2010 sample of households owning mutual funds was ± 2.3 percentage points at the 95 percent confidence level. Percentages may not add to 100 because of rounding. Where respondents were allowed to provide multiple responses, percentages may add to more than 100 percent.

¹⁶ The distribution of households by census region and householder age are published in U.S. Census Bureau, Current Population Reports, Series P60-238, *Income, Poverty, and Health Insurance Coverage in the United States: 2009*, September 2010 (www.census.gov/prod/2010pubs/p60-238.pdf). The distribution of households by household income and education of head of household are tabulated from the March 2010 Current Population Survey Data (U.S. Bureau of Labor Statistics and U.S. Census Bureau, Current Population Survey data are available at www.bls.gov/cps/).



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