

Fundamentals

INVESTMENT COMPANY INSTITUTE RESEARCH IN BRIEF

Vol. 12 / No. 4

October 2003

1401 H Street, NW
Suite 1200
Washington, DC 20005
202/326-5800
www.ici.org

U.S. Household Ownership of Mutual Funds in 2003

An estimated 53.3 million U.S. households owned mutual funds as of July 2003, down from 54.2 million in May 2002 (Figure 1).^{1,2}

Household mutual fund owners represented 47.9 percent of all U.S. households in July 2003, compared with 49.6 percent in May 2002. The

number of individuals owning mutual funds declined to 91.2 million in July 2003 from 94.9 million in May 2002 (Figure 2).

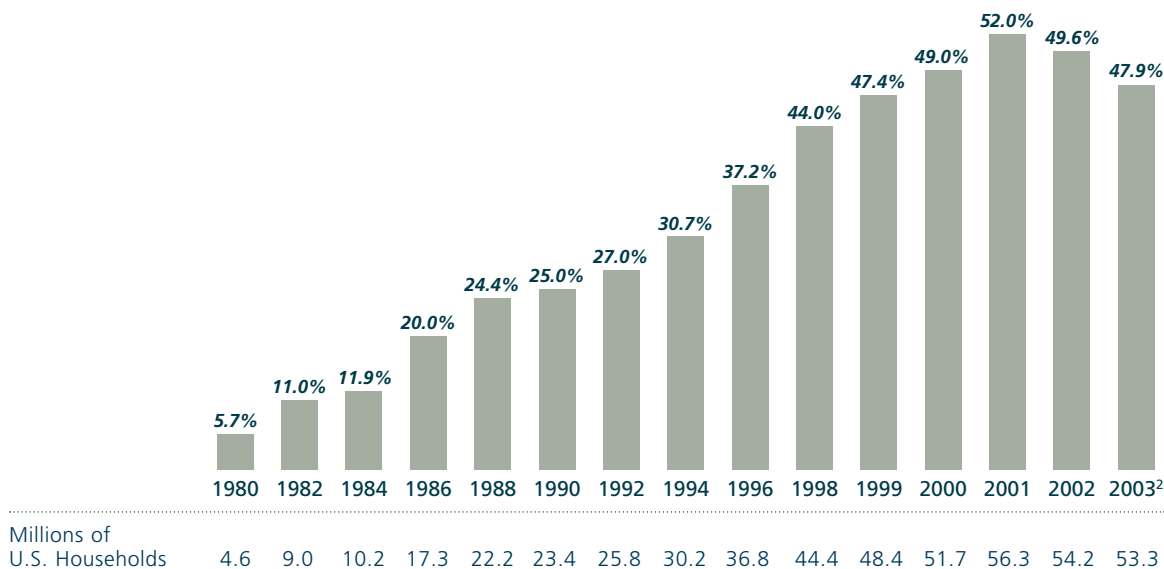
An estimated 36.4 million U.S. households, or 32.7 percent of all U.S. households, held mutual funds in employer-sponsored retirement plans in

Copyright © 2003 by the
Investment Company
Institute

figure 1

U.S. Households Owning Mutual Funds, 1980–2003, Selected Years¹

(number and percent of U.S. households)



¹ Households owning mutual funds in 1980 through 1986 were estimated by dividing the total number of household accounts by the number of accounts per household.

Beginning in 1988, mutual fund ownership is estimated through household surveys. Estimates for 1988 through 1992 exclude households only owning mutual funds through employer-sponsored retirement plans; estimates for 1994 through 2003 include households only owning mutual funds through employer-sponsored retirement plans. Estimates for 1998 through 2003 include fund ownership through variable annuities.

² Based on the U.S. Census Bureau's estimate of 111.3 million total U.S. households in 2003. (U.S. Bureau of the Census, Current Population Reports, P60-221, September 2003).



¹ Based on a survey of 3,007 randomly selected U.S. households conducted in July 2003. The standard error is +/-1.8 percent at the 95 percent confidence level. The sample was weighted to match the age distribution of the U.S. population. Survey data were not weighted before 1997. The number of U.S. households owning mutual funds in 2003 is based on the U.S. Census Bureau's most recent estimate of 111.3 million total U.S. households.

² Ownership includes mutual funds held in variable annuities.

July 2003 (Figure 3).³ The number of U.S. households owning mutual funds outside employer-sponsored retirement plans was 38.4 million in July 2003, or 34.5 percent of all U.S. households.

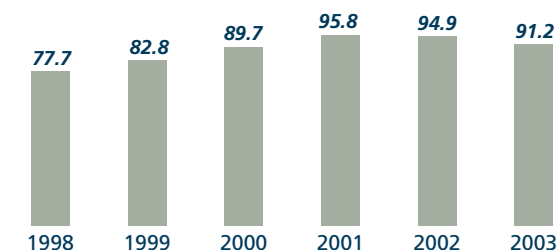
Household Income and Mutual Fund Ownership

Fifty-two percent of U.S. households owning funds have incomes between \$25,000 and \$74,999, while 41 percent have incomes of \$75,000 or more. Seven

figure 2

Individual U.S. Investors Owning Mutual Funds, 1998–2003¹

(millions)



¹ The mean number of mutual fund shareholders per fund-owning household was 1.711 in 2003.

figure 3

U.S. Households Owning Mutual Funds Inside and Outside Employer-Sponsored Retirement Plans, 1998–2003¹

	Number of U.S. Households (millions)		Share of U.S. Households (percent)	
	Inside Employer-Sponsored Retirement Plans ²	Outside Employer-Sponsored Retirement Plans	Inside Employer-Sponsored Retirement Plans ²	Outside Employer-Sponsored Retirement Plans
1998	26.2	33.2	25.9%	32.9%
1999	28.9	37.5	28.3%	36.7%
2000	33.5	36.6	31.8%	34.7%
2001	36.1	41.4	33.4%	38.3%
2002	35.9	39.8	32.8%	36.4%
2003	36.4	38.4	32.7%	34.5%

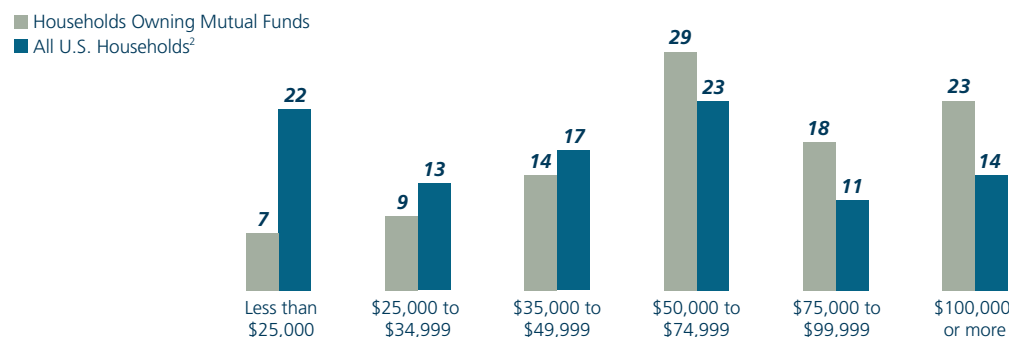
¹ Multiple responses included.

² Includes mutual funds held in 401(k) plans, 403(b) plans, 457 plans, SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs. Formation of new SAR-SEP IRAs was prohibited after December 31, 1996.

figure 4

Income Distribution of Households Owning Mutual Funds and All U.S. Households, 2003¹

(percent of households owning mutual funds and all U.S. households)



¹ Income ranges based upon 2002 pretax household income.

² The percent of all U.S. households in each income group is based on ICI's survey data.

note: Based on respondents who provided income data.

³ Employer-sponsored retirement plans include 401(k) plans, 403(b) plans, 457 plans, SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

percent of U.S. households owning funds have incomes under \$25,000 (Figure 4).

Mutual fund ownership increases with income. As of July 2003, 28 percent of all U.S. households with incomes less than \$50,000 owned mutual funds, while 70 percent of those with incomes of \$50,000 or more owned funds (Figure 5). Among households with incomes between \$25,000 and \$99,999, the percentages owning funds in 2003 declined from 2002, but the declines are not statistically significant. Ownership among households with incomes under \$25,000 or with incomes of \$100,000 or more were virtually unchanged from 2002 to 2003.

Age and Mutual Fund Ownership

Eighty-three percent of U.S. households owning mutual funds are headed by individuals age 25 to 64, most of whom are between age 35 and 54 (Figure 6). Thirteen percent of households owning funds are headed by individuals age 65 or older; 4 percent are headed by individuals younger than age 25.

Incidence of mutual fund ownership continues to be greatest among households headed by individuals between age 35 and 64 (Figure 7). Fund ownership in 2003 increased among households headed by individuals between age 55 and 64, and remained unchanged for households headed by individuals younger than age 25. Fund ownership in 2003 declined among households headed by individuals in all other age groups, but the declines are not statistically significant.

figure 5

U.S. Households Owning Mutual Funds by Income, 1998–2003¹

(percent of U.S. households within each income group)

	1998	1999	2000	2001	2002	2003
Less than \$25,000	13	15	17	21	14	15
\$25,000 to \$34,999	28	30	37	38	36	33
\$35,000 to \$49,999	47	49	49	49	48	41
\$50,000 to \$74,999	62	62	66	66	67	59
\$75,000 to \$99,999	72	78	77	78	79	77
\$100,000 or more	77	78	79	85	82	83
Less than \$50,000	27	29	32	35	30	28
\$50,000 or more	68	70	72	74	74	70

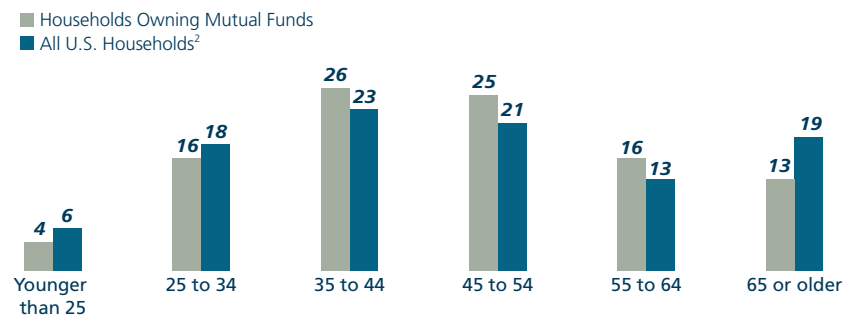
¹ Income ranges based upon previous year's pretax household income.

note: Based on respondents who provided income data. Differences between 2002 and 2003 are not statistically significant.

figure 6

Age Distribution of Households Owning Mutual Funds and All U.S. Households, 2003¹

(percent of households owning mutual funds and all U.S. households)



¹ Age of individual heading the household.

² The percent of all U.S. households in each age group is based on ICI's survey data. The age distribution of the ICI survey data is weighted to replicate U.S. Census Bureau data.

note: Based on respondents who provided the age of the individual heading the household.

figure 7

U.S. Households Owning Mutual Funds by Age, 1998–2003¹

(percent of U.S. households within each age group)

	1998	1999	2000	2001	2002	2003
Younger than 25	24	28	23	32	27	27
25 to 34	42	47	49	50	48	44
35 to 44	52	55	58	60	57	54
45 to 54	53	58	59	60	59	57
55 to 64	51	50	54	54	55	59
65 or older	31	34	32	41	37	34

¹ Age of individual heading the household.

note: Based on respondents who provided the age of the individual heading the household. Differences between 2002 and 2003 are not statistically significant.

Back Issues Available

Institute research on a variety of subjects can be obtained by ordering back issues of *Fundamentals*. Contact the Institute's Research Department at 202/326-5913. Back issues of *Fundamentals* are also available on the Institute's public policy website at www.ici.org/fundamentals/index.html.

September 2003	<i>IRA Ownership in 2003</i>	December 1996	<i>Mutual Fund Ownership in the U.S.</i>
August 2003	<i>Performance Fees and Expense Ratios</i>	November 1996	<i>Mutual Fund Statistics for the Bank Distribution Channel</i>
June 2003	<i>Mutual Funds and the U.S. Retirement Market in 2002</i>	October 1996	<i>Public Confidence in the Social Security System</i>
October 2002	<i>U.S. Household Ownership of Mutual Funds in 2002</i>	May 1996	<i>Shareholders with 401(k) Plans Invested in Mutual Funds</i>
September 2002	<i>Total Shareholder Cost of Mutual Funds: An Update</i>	March 1996	<i>Shareholders of International and Global Mutual Funds</i>
September 2002	<i>IRA Ownership in 2002</i>	January 1996	<i>Shareholders of Municipal Bond Mutual Funds</i>
June 2002	<i>Mutual Funds and the U.S. Retirement Market in 2001</i>	November 1995	<i>Shareholders' Use of Home PCs</i>
March 2002	<i>U.S. Household Ownership of Closed-End Funds in 2001</i>	September 1995	<i>Mutual Fund Statistics for the Bank Distribution Channel</i>
September 2001	<i>U.S. Household Ownership of Mutual Funds in 2001</i>	July 1995	<i>Institutional Investors and Mutual Funds</i>
September 2001	<i>IRA Ownership in 2001</i>	May 1995	<i>Households with IRAs</i>
June 2001	<i>Mutual Funds and the Retirement Market in 2000</i>	January 1995	<i>First-time Mutual Fund Buyers and Their Investment Experience</i>
March 2001	<i>Redemption Activity of Mutual Fund Owners</i>	November 1994	<i>Mutual Fund Statistics for the Bank Distribution Channel</i>
November 2000	<i>Financial Decisions at Retirement</i>	September 1994	<i>Mutual Fund Ownership Among U.S. Households</i>
October 2000	<i>IRA Ownership in 2000</i>	July 1994	<i>Institutional Investors and Mutual Funds</i>
August 2000	<i>U.S. Household Ownership of Mutual Funds in 2000</i>	May 1994	<i>Investment Patterns of U.S. Households</i>
July 2000	<i>Mutual Fund Shareholders' Use of the Internet</i>	March 1994	<i>Mutual Funds with 12b-1 Plans</i>
May 2000	<i>Mutual Funds and the Retirement Market</i>	January 1994	<i>Shareholder Perceptions of Investment Risk</i>
April 2000	<i>Use of Rule 12b-1 Fees by Mutual Funds in 1999</i>	November 1993	<i>America's Top Wealthholders</i>
December 1999	<i>IRA Ownership in 1999</i>	September 1993	<i>High-volume Mutual Fund Brokers and Planners</i>
September 1999	<i>U.S. Household Ownership of Mutual Funds in 1999</i>	July 1993	<i>Demographic Trends and Their Implications for the Mutual Fund Industry</i>
July 1999	<i>Mutual Funds and the Retirement Market</i>	May 1993	<i>Mutual Fund Statistics for the Bank Distribution Channel</i>
April 1999	<i>U.S. Household Ownership of Closed-end Funds in 1998</i>	March 1993	<i>Understanding Why Shareholders Close Fund Accounts</i>
March 1999	<i>IRA Ownership in 1998</i>	January 1993	<i>Equity, Fixed-Income, and Money Market Fund Shareholders</i>
March 1999	<i>U.S. Household Ownership of Mutual Funds in 1998</i>	November 1992	<i>America's Aging Affluent Mutual Fund Owners</i>
July 1998	<i>Mutual Funds and the Retirement Market</i>	September 1992	<i>Women Who Invest in Mutual Funds</i>
February 1998	<i>U.S. Household Ownership of Mutual Funds in 1997</i>	July 1992	<i>Baby Boomers: Comparing Fund and Nonfund Owners</i>
October 1997	<i>Characteristics of Shareholders Using Ranking Services</i>	May 1992	<i>Market Penetration of Mutual Funds Among U.S. Households</i>
September 1997	<i>How Mutual Funds Use the Internet</i>	March 1992	<i>The Pension Market: 1990</i>