

# Fundamentals

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## U.S. Household Ownership of Mutual Funds in 2001

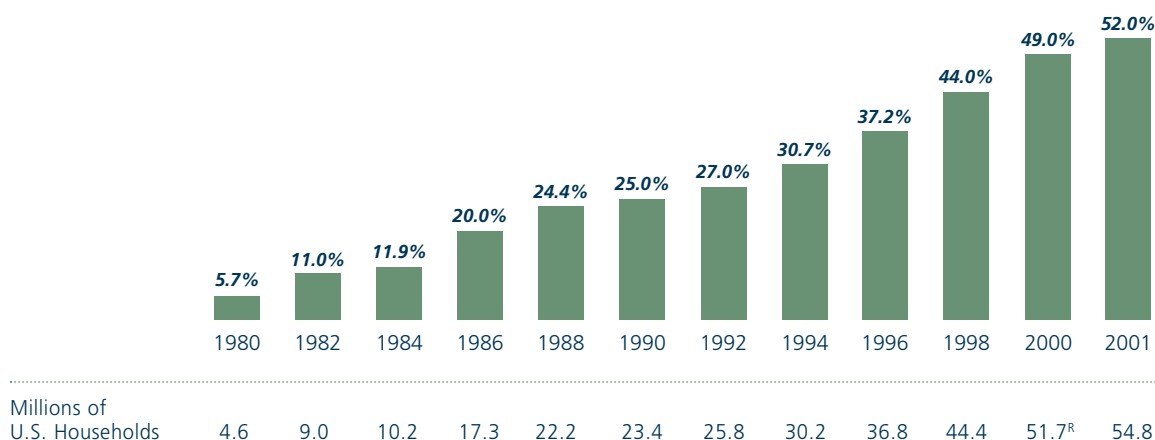
The estimated number of U.S. households owning mutual funds rose to 54.8 million in May 2001 from a revised 51.7 million one year earlier (Figure 1).<sup>1,2</sup> This increase brings the share

of households owning mutual funds to 52.0 percent in 2001, up from 49.0 percent in 2000. The estimated number of individual owners of mutual funds rose in May 2001 to 93.3 million

figure 1

### U.S. Households Owning Mutual Funds, 1980–2001<sup>1,2</sup>

(number and percent of U.S. households)



<sup>1</sup> Households owning mutual funds in 1980 through 1986 were estimated from data on the number of accounts held by individual shareholders and an estimate of the number of funds owned by fund-owning households for these years; these data exclude households only owning mutual funds through employer-sponsored retirement plans.

Since 1987, mutual fund ownership has been estimated through household surveys. Estimates for 1988 through 1992 exclude households only owning mutual funds through employer-sponsored retirement plans; estimates for 1994 through 2001 include households only owning mutual funds through employer-sponsored retirement plans.

Estimates for 1998 through 2001 include fund ownership through variable annuities.

<sup>2</sup> The number of total U.S. households in 2000 and 2001 is based on 2000 Census data. (See U.S. Census, *Profiles of General Demographic Characteristics: 2000*, 2000 Census of Population and Housing.) Earlier estimates of the number of U.S. households were based on U.S. Census projections. (See U.S. Census, Current Population Reports, Series P25-1129, *Projections of the Number of Households and Families in the United States: 1995 to 2010*.)

R = Revised

<sup>1</sup> Based on a survey of 3,019 randomly selected U.S. households conducted in May 2001. 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.

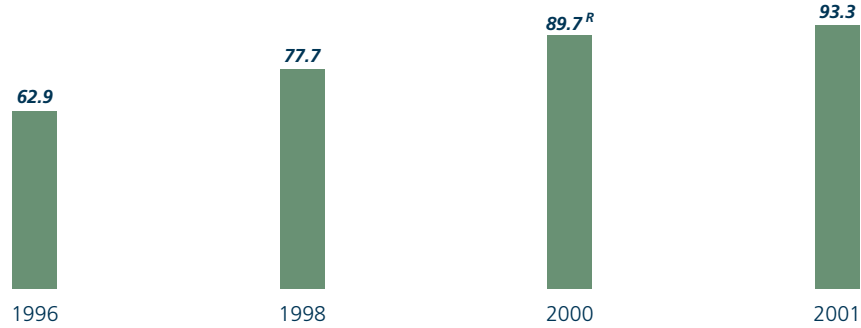
The number of U.S. households owning funds in 2000 was revised from 50.6 million due to the recent availability of the 2000 Decennial Census. Previous household estimates were based on projections from the Current Population Reports, Series P25-1129, *Projections of the Number of Households and Families in the United States: 1995 to 2010*. The number of U.S. households owning funds in 2001 is based on 2000 Census data as it is the most recent estimate available.

<sup>2</sup> Ownership includes variable annuities. See the *2001 Profile of Mutual Fund Shareholders*, Investment Company Institute (available on the Institute's website at [www.ici.org](http://www.ici.org) after October 2001).

figure 2

### Individual U.S. Investors Owning Mutual Funds, 1996–2001<sup>1</sup>

(millions)



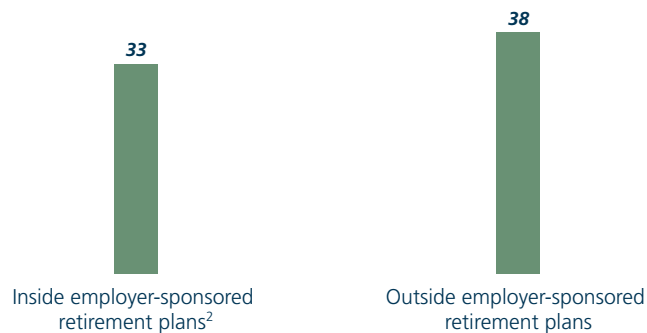
<sup>1</sup> The mean number of mutual fund shareholders per fund-owning household was 1.712 in 1996, 1.741 in 1998, 1.736 in 2000, and 1.702 in 2001.

*R = Revised*

figure 3

### U.S. Households Owning Mutual Funds Inside and Outside Employer-Sponsored Retirement Plans, 2001<sup>1</sup>

(percent of U.S. households)



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

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

from a revised 89.7 million in May 2000 (Figure 2).<sup>3</sup> As a result, one out of every three individuals in the U.S. now owns mutual funds.

One-third of U.S. households held mutual funds in employer-sponsored retirement plans as of

May 2001 (Figure 3). Employer-sponsored retirement plans include 401(k) plans, 403(b) plans, 457 plans, SEP-IRAs, SAR-SEPs, and SIMPLE IRAs. A somewhat larger share of U.S. households, 38 percent, owned mutual funds outside employer

<sup>3</sup> The number of individual owners of mutual funds in 2000 was revised to reflect the availability of data on the number of all U.S. households from the 2000 Decennial Census. The number of individual investors owning funds in 2001 is based on 2000 Census data as it is the most recent estimate available.

retirement plans, either in accounts purchased directly from fund companies or through professional financial advisers.<sup>4</sup> These accounts include traditional, rollover, and Roth IRAs, variable annuities, and taxable accounts.

### **The Incidence of Mutual Fund Ownership by Household Income, Age**

The incidence of mutual fund ownership rises with household income. Based upon pre-tax household income in 2000, 21 percent of U.S. households with incomes less than \$25,000 owned mutual funds in May 2001 (Figure 4). In contrast, 85 percent of U.S. households with incomes of \$100,000 or more owned mutual funds.

The incidence of mutual fund ownership typically peaks among households headed by persons between the ages of 35 and 54. Sixty percent of U.S. households headed by 35- to 54-year-olds owned funds in May 2001, while about a third of households headed by persons under age 25 owned funds (Figure 5). Forty-one percent of U.S. households headed by persons age 65 or older owned funds.

figure 4

#### **U.S. Households Owning Mutual Funds by Income, 2001<sup>1</sup>**

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

Less than \$25,000	21
\$25,000 to \$34,999	38
\$35,000 to \$49,999	49
\$50,000 to \$74,999	66
\$75,000 to \$99,999	78
\$100,000 or more	85
Less than \$50,000	35
\$50,000 or more	74

<sup>1</sup> Income ranges based upon 2000 pre-tax household income.

figure 5

#### **U.S. Households Owning Mutual Funds by Age, 2001<sup>1</sup>**

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

Younger than 25	32
25 to 34	50
35 to 44	60
45 to 54	60
55 to 64	54
65 or older	41

<sup>1</sup> Head-of-household age.

<sup>4</sup> The ICI began collecting data on household ownership of mutual funds by fund ownership inside and outside retirement plans in 1997.

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