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Suite 1200
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U.S. Household Ownership of Mutual Funds in 2002

An estimated 54.2 million U.S. households owned mutual funds in May 2002, down from a revised 56.3 million in May 2001 (Figure 1).^{1,2}

Mutual fund owners represented 49.6 percent of all U.S. households in May 2002, compared with 52.0 percent one year earlier. The number of individuals

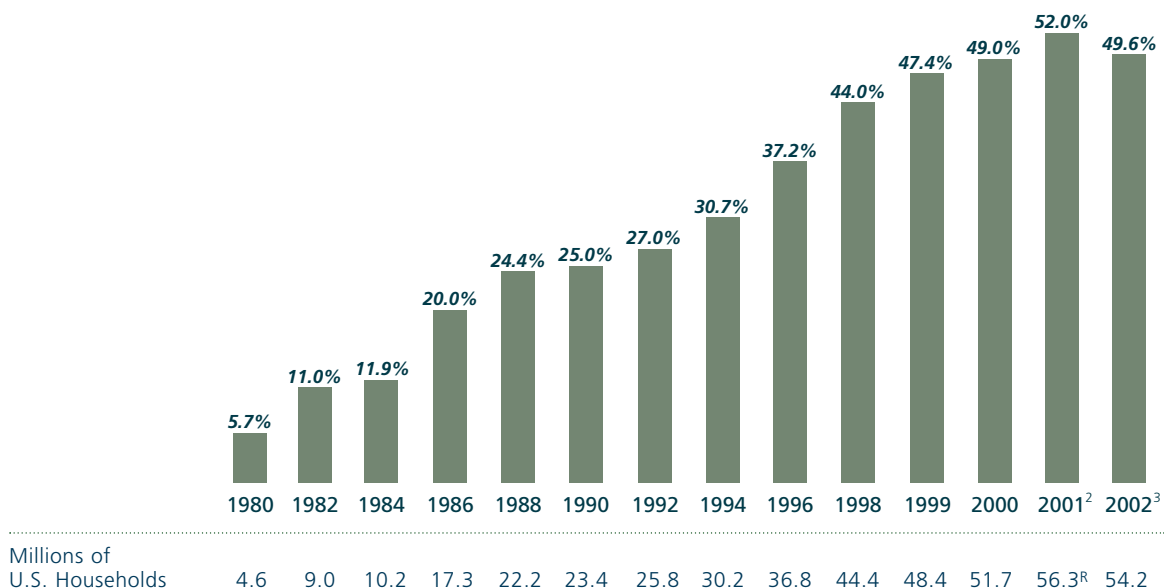
owning mutual funds declined to 94.9 million in May 2002 from a revised 95.8 million in May 2001 (Figure 2).

An estimated 35.9 million U.S. households, or 32.8 percent of all U.S. households, held mutual funds in employer-sponsored retirement

figure 1

U.S. Households Owning Mutual Funds, 1980–2002, Selected Years¹

(number and percent of U.S. households)



R = Revised

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 2002 include households only owning mutual funds through employer-sponsored retirement plans. Estimates for 1998 through 2002 include fund ownership through variable annuities.

² The number of U.S. households owning mutual funds in 2001 is based on the U.S. Census Bureau's revised estimate of 108.2 million total U.S. households in 2001 (U.S. Bureau of the Census, Current Population Reports, P60-218, September 2002).

³ The number of U.S. households owning mutual funds in 2002 is based on the U.S. Census Bureau's estimate of 109.3 million total U.S. households in 2002 (U.S. Bureau of the Census, Current Population Reports, P60-218, September 2002).

¹ Based on a survey of 3,000 randomly selected U.S. households conducted in May 2002. 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 2002 is based on the U.S. Census Bureau's most recent estimate of 109.3 million total U.S. households.

² Ownership includes mutual funds held in variable annuities.

plans in May 2002 (Figure 3).^{3,4} The number of U.S. households owning mutual funds outside employer-sponsored retirement plans was 39.8 million in May 2002, or 36.4 percent of all U.S. households.⁵

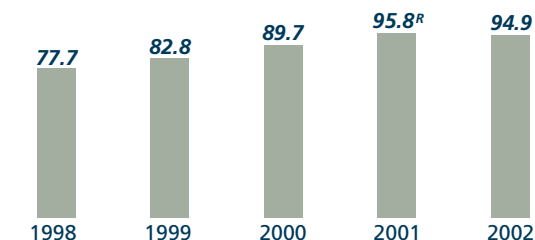
Household Income and Mutual Fund Ownership

The majority of U.S. households owning mutual funds have moderate incomes. Fifty-seven percent of households owning funds have incomes between

figure 2

Individual U.S. Investors Owning Mutual Funds, 1998–2002¹

(millions)



R = Revised

¹ The mean number of mutual fund shareholders per fund-owning household was 1.741 in 1998, 1.710 in 1999, 1.736 in 2000, 1.702 in 2001, and 1.750 in 2002.

figure 3

U.S. Households Owning Mutual Funds Inside and Outside Employer-Sponsored Retirement Plans, 1998–2002¹

| | 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% |

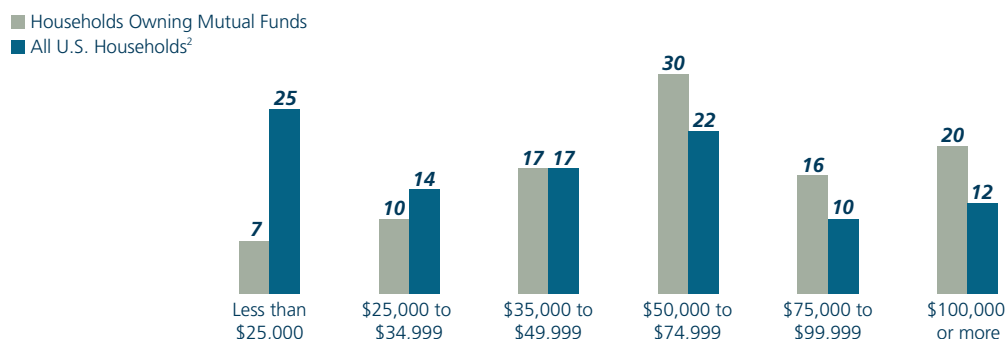
¹ Multiple responses included.

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

figure 4

Income Distribution of Households Owning Mutual Funds and All U.S. Households, 2002¹

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



¹ Income ranges based upon 2001 pretax household income.

² The percent of all U.S. households in each income group is based on the ICI's survey data, and is similar to the U.S. Census Bureau's most recent estimate of the income distribution of all U.S. households.

³ ICI began collecting data on household ownership of mutual funds by ownership inside and outside employer-sponsored retirement plans in 1996.

⁴ Employer-sponsored retirement plans include 401(k) plans, 403(b) plans, 457 plans, SEP-IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

⁵ Ownership outside employer plans includes mutual funds held in traditional or Roth IRAs, Coverdell Education Savings Accounts, variable annuities, or taxable accounts. Funds may have been purchased directly from fund companies or through professional financial advisers.

\$25,000 and \$74,999, while 36 percent have incomes of \$75,000 or more. Seven percent of households owning funds have incomes under \$25,000 (Figure 4).

The incidence of mutual fund ownership tends to increase with income. In 2002, fund ownership increased for households with incomes between \$50,000 and \$99,999; it declined for households in other income groups (Figure 5).

Age and Mutual Fund Ownership

Eighty-one percent of U.S. households owning mutual funds are headed by individuals age 25 to 64 (Figure 6). Sixteen percent of households owning funds are headed by individuals age 65 or older; 3 percent are headed by individuals younger than age 25.

The incidence of mutual fund ownership continues to be highest among households headed by individuals between age 35 and 64 (Figure 7). In 2002, fund ownership increased for households headed by individuals age 55 to 64; it declined for households headed by individuals in other age groups.

figure 5

U.S. Households Owning Mutual Funds by Income, 1998–2002¹

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

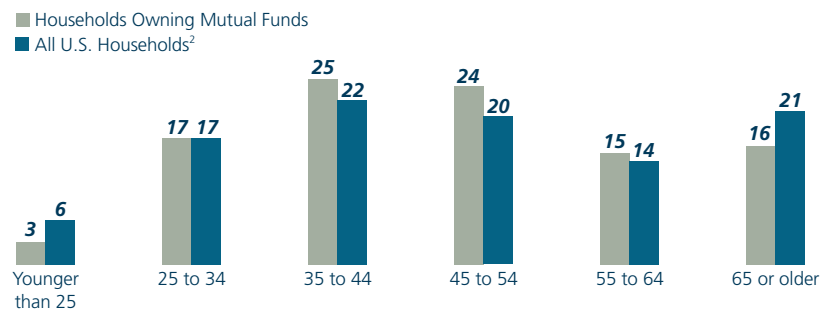
| | 1998 | 1999 | 2000 | 2001 | 2002 |
|----------------------|------|------|------|------|------|
| Less than \$25,000 | 13 | 15 | 17 | 21 | 14 |
| \$25,000 to \$34,999 | 28 | 30 | 37 | 38 | 36 |
| \$35,000 to \$49,999 | 47 | 49 | 49 | 49 | 48 |
| \$50,000 to \$74,999 | 62 | 62 | 66 | 66 | 67 |
| \$75,000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

¹ Income is previous year's pretax household income.

figure 6

Age Distribution of Households Owning Mutual Funds and All U.S. Households, 2002¹

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



¹ Age of individual heading household.

² The percent of all U.S. households in each age group is based on the ICI's survey data. The age distribution of the ICI survey data is weighted to match that of the U.S. Census Bureau's most recent estimate of the age distribution of the heads of all U.S. households.

figure 7

U.S. Households Owning Mutual Funds by Age, 1998–2002¹

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

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

¹ Age of individual heading household.

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