



**APPENDICES:  
ADDITIONAL FIGURES FOR  
EQUITY OWNERSHIP  
IN AMERICA, 2005**



# TABLE OF CONTENTS

---

<b>APPENDIX E: CHARACTERISTICS OF HOUSEHOLD EQUITY PORTFOLIOS</b>	<b>1</b>
Equity Holdings Inside or Outside Employer-Sponsored Retirement Plans	1
Individual Stock Holdings Inside Employer-Sponsored Retirement Plans	4
Individual Stock Holdings Outside Employer-Sponsored Retirement Plans	6
Stock Mutual Fund Holdings Inside Employer-Sponsored Retirement Plans	8
Stock Mutual Fund Holdings Outside Employer-Sponsored Retirement Plans	10
Sources Used to Purchase Equities Outside Employer-Sponsored Retirement Plans	12
<hr/>	
<b>APPENDIX F: EQUITY TRANSACTION ACTIVITY</b>	<b>15</b>
Comparison of Equity Transaction Activity During 1998, 2001, and 2004	15
<i>Overall Equity Transaction Activity</i>	15
<i>Individual Stock Transaction Activity</i>	20
<i>Most Recent Purchase or Sale of Individual Stock Outside Employer Plans</i>	24
<i>Stock Mutual Fund Transaction Activity</i>	25
Use of the Internet to Conduct Equity Transactions During 2001 and 2004	31
<i>Overall Use of the Internet to Conduct Equity Transactions</i>	31
<i>Characteristics of Equity Investors Who Used the Internet to Conduct Equity Transactions During 2004</i>	33

The Investment Company Institute (ICI) is the national association of the U.S. investment company industry. ICI members include 8,509 open-end investment companies (mutual funds), 659 closed-end investment companies, 147 exchange-traded funds, and five sponsors of unit investment trusts. Mutual fund members of the ICI have total assets of approximately \$8.428 trillion (representing more than 95 percent of all assets of U.S. mutual funds); these funds serve approximately 87.7 million shareholders in more than 51.2 million households. (More information about ICI is available at [www.ici.org](http://www.ici.org).)

The Securities Industry Association (SIA) brings together the shared interests of nearly 600 securities firms to accomplish common goals. SIA's primary mission is to build and maintain public trust and confidence in the securities markets. SIA members (including investment banks, broker-dealers, and mutual fund companies) are active in all U.S. and foreign markets and in all phases of corporate and public finance. The U.S. securities industry employs 800,000 individuals, and its personnel manage the accounts of nearly 93 million investors directly and indirectly through corporate, thrift, and pension plans. In 2004, the industry generated an estimated \$236.7 billion in domestic revenue and \$340 billion in global revenues. (More information about SIA is available at [www.sia.com](http://www.sia.com).)

# LIST OF FIGURES

---

## APPENDIX E: CHARACTERISTICS OF HOUSEHOLD EQUITY PORTFOLIOS

Figure E.1	Assets in All Equities, Individual Stock, and Stock Mutual Funds, 1999–2005	2
Figure E.2	Number of All Equities, Individual Stocks, and Stock Mutual Funds Owned, 1999–2005	3
Figure E.3	Characteristics of Investors' Individual Stock Holdings Inside Employer-Sponsored Retirement Plans, 1999–2005	4
Figure E.4	Characteristics of Investors' Individual Stock Holdings Outside Employer-Sponsored Retirement Plans, 1999–2005	7
Figure E.5	Characteristics of Investors' Stock Mutual Fund Holdings Inside Employer-Sponsored Retirement Plans, 1999–2005	9
Figure E.6	Characteristics of Investors' Stock Mutual Fund Holdings Outside Employer-Sponsored Retirement Plans, 1999–2005	11
Figure E.7	Sources Used to Purchase or Obtain Individual Stock or Stock Mutual Funds Held Outside Employer-Sponsored Retirement Plans, 1999–2005	13

---

## APPENDIX F: EQUITY TRANSACTION ACTIVITY

Figure F.1	Types of Equity Transactions Conducted During 1998, 2001, and 2004	16
Figure F.2	Number of Equity Transactions Conducted During 1998, 2001, and 2004	17
Figure F.3	Characteristics of Equity Investors by Number of Equity Transactions Conducted During 2004	18
Figure F.4	Types of Individual Stock Transactions Conducted During 1998, 2001, and 2004	20
Figure F.5	Number of Individual Stock Transactions Conducted During 1998, 2001, and 2004	21
Figure F.6	Characteristics of Individual Stock Investors by Type of Individual Stock Transactions Conducted During 2004	22
Figure F.7	Most Recent Purchase or Sale of Individual Stock Outside Employer-Sponsored Retirement Plans During 1998, 2001, and 2004	24
Figure F.8	Types of Stock Mutual Fund Transactions Conducted During 1998, 2001, and 2004	25
Figure F.9	Number of Stock Mutual Fund Transactions Conducted During 1998, 2001, and 2004	27
Figure F.10	Characteristics of Stock Mutual Fund Investors by Type of Stock Mutual Fund Transactions Conducted During 2004	28
Figure F.11	Most Recent Purchase or Sale of Stock Mutual Funds Outside Employer-Sponsored Retirement Plans During 1998, 2001, and 2004	30
Figure F.12	Use of the Internet to Conduct Equity Transactions During 2001 and 2004	31
Figure F.13	Number of Equity Transactions Conducted Using the Internet During 2001 and 2004	32
Figure F.14	Characteristics of Equity Investors by Use of the Internet to Conduct Equity Transactions During 2004	33



## APPENDIX E:

# CHARACTERISTICS OF HOUSEHOLD EQUITY PORTFOLIOS

---

*Equity Ownership in America, 2005* presents the results of the third ICI/SIA survey of equity ownership.<sup>1</sup> The survey collected detailed information on U.S. households' individual stock and stock mutual fund ownership inside and outside employer-sponsored retirement plans. It also collected information on equity investors' financial goals, willingness to take financial risk with equity investments, use of the Internet, use of professional financial advisers, and views on investing. Appendix E provides supplementary tables on the characteristics of households' equity portfolios for *Equity Ownership in America, 2005*.

## EQUITY HOLDINGS INSIDE OR OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

### Value of Equity Holdings

*All Equity Holdings.* Investors' total equity holdings increased between 2002 and 2005. Median household financial assets in equities in 2005 is \$65,000 (Figure E.1). In 1999 and 2002, the median amount held in equities was \$50,000 per household.

*Individual Stock Holdings.* Overall, households' individual stock holdings increased between 2002 and 2005, after decreasing between 1999 and 2002. The median amount held in individual stock in 2005 is \$35,000, compared with \$30,000 in 1999 and \$25,000 in 2002.

*Stock Mutual Fund Holdings.* Similar to households' individual stock holdings, the overall value of households' stock mutual fund holdings also increased between 2002 and 2005 after remaining virtually flat between 1999 and 2002. The median value of investors' stock mutual fund portfolios in 2005 is \$50,000, up from \$38,000 in 1999 and \$37,900 in 2002.

---

<sup>1</sup> The 2005 survey used the same methodology as the 1999 and 2002 versions to enable comparisons between the three sets of data. Interviews were conducted by telephone and were completed in January and February 2005. Eligible respondents were age 18 or older and owned individual, publicly traded stock or stock mutual funds, either inside or outside employer-sponsored retirement plans. All interviews were conducted with the household decisionmaker most knowledgeable about savings and investments. A random digit dial national probability sample was used to generate a representative sample of equity owners nationwide. A total of 4,927 household financial decisionmakers were asked whether their households owned equities. Of these, 2,476 decisionmakers, or 50.3 percent, indicated that their households owned equities—2,012 completed the entire survey and 464 completed part of it. The 464 partial interviews with known equity owners were included in estimates of the incidence of equity ownership among U.S. households.

**FIGURE E.1****ASSETS IN ALL EQUITIES, INDIVIDUAL STOCK, AND STOCK MUTUAL FUNDS, 1999–2005**

	1999	2002	2005
<b>EQUITY ASSETS</b>			
<i>(percent of all equity investors)</i>			
Less than \$10,000	15	14	11
\$10,000 to \$24,999	15	11	9
\$25,000 to \$49,999	20	24	23
\$50,000 to \$74,999	12	15	11
\$75,000 to \$99,999	7	7	8
\$100,000 to \$249,999	16	15	20
\$250,000 to \$499,999	8	7	8
\$500,000 to \$999,999	4	4	6
\$1 million or more	3	3	4
Mean	\$167,100	\$171,000	\$221,800
Median	\$50,000	\$50,000	\$65,000
Number of respondents	2,237	2,027	2,192
<b>INDIVIDUAL STOCK ASSETS</b>			
<i>(percent of all individual stock investors)</i>			
Less than \$10,000	21	20	17
\$10,000 to \$24,999	17	11	10
\$25,000 to \$49,999	19	32	29
\$50,000 to \$74,999	10	11	11
\$75,000 to \$99,999	9	3	4
\$100,000 to \$249,999	13	12	15
\$250,000 to \$499,999	5	5	7
\$500,000 to \$999,999	4	3	4
\$1 million or more	2	3	3
Mean	\$152,000	\$145,800	\$175,000
Median	\$30,000	\$25,000	\$35,000
Number of respondents	1,277	1,062	1,120
<b>STOCK MUTUAL FUND ASSETS</b>			
<i>(percent of all stock mutual fund investors)</i>			
Less than \$10,000	15	15	12
\$10,000 to \$24,999	18	11	10
\$25,000 to \$49,999	24	29	28
\$50,000 to \$74,999	14	17	9
\$75,000 to \$99,999	7	5	13
\$100,000 to \$249,999	14	13	14
\$250,000 to \$499,999	5	6	8
\$500,000 to \$999,999	2	3	4
\$1 million or more	1	2	2
Mean	\$100,400	\$113,600	\$153,200
Median	\$38,000	\$37,900	\$50,000
Number of respondents	1,942	1,843	2,066



## Number of Equity Holdings

*Total Number of Equities Owned.* Most households owning equities hold more than one equity security, and the number they hold has been rising. The median number of equities owned in 2005 is six, up from four in 1999 and 2002 (Figure E.2).

*Number of Individual Stocks Owned.* Among households owning individual stock, the median number of individual stocks owned is four in 2005—up from three in 1999 but unchanged since 2002. The percentage of investors in 2005 owning only one individual stock is 22 percent; 35 percent own seven or more.

*Number of Stock Mutual Funds Owned.* Households owning stock mutual funds hold a median of four stock funds in 2005—the same median number owned in 2002, but up from three in 1999. Fourteen percent of stock mutual fund investors in 2005 own only one stock fund; 30 percent own seven or more.

**FIGURE E.2**

### NUMBER OF ALL EQUITIES, INDIVIDUAL STOCKS, AND STOCK MUTUAL FUNDS OWNED, 1999–2005

	1999	2002	2005
<b>TOTAL NUMBER OF EQUITIES OWNED</b> (percent of all equity investors)			
1	17	15	13
2	15	15	13
3	12	11	9
4 to 6	22	23	21
7 or more	34	36	44
Mean	7	8	10
Median	4	4	6
Number of respondents	1,850	1,510	1,694
<b>NUMBER OF INDIVIDUAL STOCKS OWNED</b> (percent of individual stock investors)			
1	25	21	22
2	16	19	13
3	12	9	10
4 to 6	20	18	20
7 or more	27	33	35
Mean	7	7	9
Median	3	4	4
Number of respondents	1,137	900	1,001
<b>NUMBER OF STOCK MUTUAL FUNDS OWNED</b> (percent of stock mutual fund investors)			
1	19	18	14
2	19	18	17
3	15	13	12
4 to 6	26	28	27
7 or more	21	23	30
Mean	5	5	6
Median	3	4	4
Number of respondents	1,615	1,381	1,602

## INDIVIDUAL STOCK HOLDINGS INSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

A total of 7.6 million U.S. households, or 6.7 percent, own individual stock inside employer-sponsored retirement plans.

*Individual Stock Holdings Inside Employer Plans.* The median amount held in individual stock inside employer plans in 2005 is \$40,000 (Figure E.3). In 1999, the median amount held in individual stock inside employer plans was \$30,000, and in 2002 it was \$25,000.

About two-thirds of investors holding stock inside employer plans own employer stock. The median amount invested in employer stock in 2005 is \$30,000, up from a median of \$20,000 in 1999 and \$17,500 in 2002.

*Number of Individual Stocks Owned Inside Employer Plans.* Among investors owning individual stock inside employer plans, the median number of individual stocks owned is currently two. The percentage of investors owning only one individual stock inside these plans is 41 percent, compared with 40 percent in 1999 and 51 percent in 2002.

*Ownership of Foreign Stock Inside Employer Plans.* In 2005, one-fifth of investors owning individual stock inside employer plans hold foreign stock in these plans, up from 12 percent in both 1999 and 2002.

*Length of Ownership of Individual Stock Inside Employer Plans.* The median number of years that investors in 2005 have owned individual stock inside employer plans is 15 years. In contrast, the median was 10 years in both 1999 and 2002.

**FIGURE E.3**

### CHARACTERISTICS OF INVESTORS' INDIVIDUAL STOCK HOLDINGS INSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 1999–2005

*Percent of individual stock investors owning individual stock inside employer-sponsored retirement plans*

	1999	2002	2005
<b>INDIVIDUAL STOCK ASSETS HELD INSIDE EMPLOYER PLANS</b>			
Less than \$1,000	6	4	4
\$1,000 to \$4,999	9	17	7
\$5,000 to \$9,999	10	12	10
\$10,000 to \$29,999	23	20	23
\$30,000 to \$99,999	27	25	27
\$100,000 to \$199,999	14	9	13
\$200,000 to \$499,999	7	7	10
\$500,000 to \$999,999	2	3	5
\$1 million or more	2	3	1
Mean	\$105,800	\$150,500	\$126,100
Median	\$30,000	\$25,000	\$40,000
Number of respondents	364	252	212

**FIGURE E.3, continued**

	1999	2002	2005
<b>EMPLOYER STOCK ASSETS HELD INSIDE EMPLOYER PLANS</b>			
Less than \$1,000	8	6	5
\$1,000 to \$4,999	16	20	11
\$5,000 to \$9,999	8	13	12
\$10,000 to \$29,999	26	23	21
\$30,000 to \$99,999	25	20	24
\$100,000 to \$199,999	11	8	15
\$200,000 to \$499,999	3	5	9
\$500,000 to \$999,999	2	3	2
\$1 million or more	1	2	1
Mean	\$81,900	\$86,700	\$82,400
Median	\$20,000	\$17,500	\$30,000
Number of respondents	202	158	128
<b>NUMBER OF INDIVIDUAL STOCKS OWNED INSIDE EMPLOYER PLANS</b>			
1	40	51	41
2	19	14	16
3 to 5	21	18	19
6 to 9	7	6	10
10 to 19	9	7	7
20 or more	4	4	7
Mean	5	4	5
Median	2	1	2
Number of respondents	395	235	209
<b>OWNERSHIP OF FOREIGN STOCK INSIDE EMPLOYER PLANS</b>			
Own foreign stock	12	12	20
Do not own foreign stock	88	88	80
Number of respondents	437	316	266
<b>LENGTH OF OWNERSHIP OF INDIVIDUAL STOCK INSIDE EMPLOYER PLANS</b>			
2 years or less	14	11	5
3 to 5 years	16	24	11
6 to 10 years	21	18	24
11 to 15 years	18	16	16
16 to 20 years	14	11	15
21 to 30 years	12	13	22
More than 30 years	5	7	7
Mean	12 years	12 years	16 years
Median	10 years	10 years	15 years
Number of respondents	457	343	275

## INDIVIDUAL STOCK HOLDINGS OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

A total of 23.3 million U.S. households, or 20.6 percent, own individual stock outside employer-sponsored retirement plans.

*Individual Stock Holdings Outside Employer Plans.* The median amount held in individual stock outside employer plans in 2005 is \$35,000 (Figure E.4). In both 1999 and 2002, the median value held in individual stock outside these plans was \$25,000.

*Number of Individual Stocks Owned Outside Employer Plans.* Among investors owning individual stock outside employer plans, the median number of individual stocks owned outside these plans in 2005 is four, up from a median of three in 1999 but unchanged from 2002. Among this investor group, in 2005 one-quarter own only one individual stock outside employer plans; 11 percent own 20 or more.

*Ownership of Foreign Stock Outside Employer Plans.* In 2005, one-fifth of investors owning individual stock outside employer plans hold foreign stock, up from 13 percent in 1999 and 17 percent in 2002.

*Length of Ownership of Individual Stock Outside Employer Plans.* The median number of years that investors in 2005 have owned individual stock outside employer plans is 15 years. In contrast, the median was 12 years in both 1999 and 2002.

**FIGURE E.4****CHARACTERISTICS OF INVESTORS' INDIVIDUAL STOCK HOLDINGS OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 1999–2005***Percent of individual stock investors owning individual stock outside employer-sponsored retirement plans*

	1999	2002	2005
<b>INDIVIDUAL STOCK ASSETS HELD OUTSIDE EMPLOYER PLANS</b>			
Less than \$1,000	9	5	4
\$1,000 to \$4,999	13	16	12
\$5,000 to \$9,999	10	10	11
\$10,000 to \$29,999	19	22	20
\$30,000 to \$99,999	23	20	24
\$100,000 to \$199,999	9	11	10
\$200,000 to \$499,999	9	7	10
\$500,000 to \$999,999	4	5	5
\$1 million or more	4	4	4
Mean	\$172,900	\$157,500	\$199,400
Median	\$25,000	\$25,000	\$35,000
Number of respondents	847	667	744
<b>NUMBER OF INDIVIDUAL STOCKS OWNED OUTSIDE EMPLOYER PLANS</b>			
1	27	22	25
2	17	17	13
3 to 5	26	25	25
6 to 9	11	13	14
10 to 19	12	14	12
20 or more	7	9	11
Mean	6	7	8
Median	3	4	4
Number of respondents	1,044	841	963
<b>OWNERSHIP OF FOREIGN STOCK OUTSIDE EMPLOYER PLANS</b>			
Own foreign stock	13	17	20
Do not own foreign stock	87	83	80
Number of respondents	1,076	884	991
<b>LENGTH OF OWNERSHIP OF INDIVIDUAL STOCK OUTSIDE EMPLOYER PLANS</b>			
2 years or less	13	12	6
3 to 5 years	15	18	14
6 to 10 years	18	18	21
11 to 15 years	14	13	13
16 to 20 years	12	10	10
21 to 30 years	12	13	16
More than 30 years	16	16	20
Mean	16 years	15 years	18 years
Median	12 years	12 years	15 years
Number of respondents	1,050	874	990

## STOCK MUTUAL FUND HOLDINGS INSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

A total of 36.0 million U.S. households, or 31.8 percent, own stock mutual funds inside employer-sponsored retirement plans.

*Stock Mutual Fund Holdings Inside Employer Plans.* The median amount held in stock mutual funds inside employer plans in 2005 is \$40,000 (Figure E.5). In 1999 and 2002, the median value held in stock mutual funds inside employer plans was \$30,000.

*Number of Stock Mutual Funds Owned Inside Employer Plans.* Among investors owning stock mutual funds inside employer plans, the median number of stock mutual funds owned in these plans is currently three. The median number owned in both 1999 and 2002 was also three. In 2005, about one-fifth of this investor group own only one stock mutual fund inside employer plans; just 2 percent own 20 or more.

*Ownership of International or Global Stock Mutual Funds Inside Employer Plans.* In 2005, more than three-fifths of investors owning stock mutual funds inside employer plans hold international or global equity funds through these plans, about the same share as in 1999 and 2002.

*Length of Ownership of Stock Mutual Funds Inside Employer Plans.* The median number of years that investors in 2005 have owned stock mutual funds inside employer plans is 13 years. In contrast, the median was eight years in 1999 and 10 years in 2002.

**FIGURE E.5****CHARACTERISTICS OF INVESTORS' STOCK MUTUAL FUND HOLDINGS INSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 1999–2005***Percent of stock mutual fund investors owning stock mutual funds inside employer-sponsored retirement plans*

	1999	2002	2005
<b>STOCK MUTUAL FUND ASSETS HELD INSIDE EMPLOYER PLANS</b>			
Less than \$5,000	16	16	12
\$5,000 to \$9,999	9	9	7
\$10,000 to \$19,999	14	15	13
\$20,000 to \$49,999	24	22	21
\$50,000 to \$99,999	18	16	18
\$100,000 to \$199,999	11	11	13
\$200,000 to \$499,999	6	9	10
\$500,000 to \$999,999	1	1	4
\$1 million or more	1	1	2
Mean	\$73,900	\$84,100	\$118,000
Median	\$30,000	\$30,000	\$40,000
Number of respondents	1,003	976	1,111
<b>NUMBER OF STOCK MUTUAL FUNDS OWNED INSIDE EMPLOYER PLANS</b>			
1	25	24	19
2	24	22	20
3	13	14	12
4 to 5	22	22	21
6 to 9	11	11	15
10 to 19	4	6	11
20 or more	1	1	2
Mean	4	4	5
Median	3	3	3
Number of respondents	1,096	1,020	1,151
<b>OWNERSHIP OF INTERNATIONAL OR GLOBAL STOCK MUTUAL FUNDS INSIDE EMPLOYER PLANS</b>			
Own international or global stock mutual funds	59	57	62
Do not own international or global stock mutual funds	41	43	38
Number of respondents	1,077	1,034	1,169
<b>LENGTH OF OWNERSHIP OF STOCK MUTUAL FUNDS INSIDE EMPLOYER PLANS</b>			
2 years or less	15	10	7
3 to 5 years	21	19	13
6 to 10 years	28	24	23
11 to 15 years	17	19	21
16 to 20 years	10	15	16
21 to 30 years	7	10	15
More than 30 years	2	3	5
Mean	10 years	12 years	14 years
Median	8 years	10 years	13 years
Number of respondents	1,269	1,242	1,404

## STOCK MUTUAL FUND HOLDINGS OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

A total of 31.1 million U.S. households, or 27.5 percent, own stock mutual funds outside employer-sponsored retirement plans.

*Stock Mutual Fund Holdings Outside Employer Plans.* The median amount held in stock mutual funds outside employer plans in 2005 is \$40,000 (Figure E.6). In 1999, the median value held in stock mutual funds outside employer plans was \$26,000; in 2002, it was \$30,000.

*Number of Stock Mutual Funds Owned Outside Employer Plans.* Among investors owning stock mutual funds outside employer plans, the median number of stock mutual funds owned outside these plans in 2005 is three. The median number owned in 2002 was also three, and was two in 1999. In 2005, nearly one-quarter of this investor group own only one stock mutual fund outside employer plans; 3 percent own 20 or more.

*Ownership of International or Global Stock Mutual Funds Outside Employer Plans.* In 2005, 57 percent of investors owning stock mutual funds outside employer plans hold international or global stock funds outside these plans, compared with 52 percent in 1999 and 46 percent in 2002.

*Length of Ownership of Stock Mutual Funds Outside Employer Plans.* The median number of years that investors in 2005 have owned stock mutual funds outside employer plans is 12 years. In contrast, the median was eight years in 1999 and 10 years in 2002.



**FIGURE E.6****CHARACTERISTICS OF INVESTORS' STOCK MUTUAL FUND HOLDINGS OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 1999–2005***Percent of stock mutual fund investors owning stock mutual funds outside employer-sponsored retirement plans*

	1999	2002	2005
<b>STOCK MUTUAL FUND ASSETS HELD OUTSIDE EMPLOYER PLANS</b>			
Less than \$5,000	14	16	11
\$5,000 to \$9,999	11	10	9
\$10,000 to \$19,999	15	13	14
\$20,000 to \$49,999	22	21	21
\$50,000 to \$99,999	17	15	15
\$100,000 to \$199,999	10	11	12
\$200,000 to \$499,999	8	9	11
\$500,000 to \$999,999	2	3	4
\$1 million or more	1	2	3
Mean	\$101,500	\$127,400	\$160,700
Median	\$26,000	\$30,000	\$40,000
Number of respondents	1,017	835	915
<b>NUMBER OF STOCK MUTUAL FUNDS OWNED OUTSIDE EMPLOYER PLANS</b>			
1	29	25	23
2	22	23	22
3	15	15	15
4 to 5	17	16	19
6 to 9	11	12	11
10 to 19	5	7	7
20 or more	1	2	3
Mean	4	4	5
Median	2	3	3
Number of respondents	1,205	987	1,105
<b>OWNERSHIP OF INTERNATIONAL OR GLOBAL STOCK MUTUAL FUNDS OUTSIDE EMPLOYER PLANS</b>			
Own international or global stock mutual funds	52	46	57
Do not own international or global stock mutual funds	48	54	43
Number of respondents	1,180	989	1,069
<b>LENGTH OF OWNERSHIP OF STOCK MUTUAL FUNDS OUTSIDE EMPLOYER PLANS</b>			
2 years or less	18	12	8
3 to 5 years	19	19	12
6 to 10 years	25	23	25
11 to 15 years	15	16	17
16 to 20 years	10	12	13
21 to 30 years	7	11	16
More than 30 years	6	7	9
Mean	11 years	12 years	15 years
Median	8 years	10 years	12 years
Number of respondents	1,260	1,105	1,223

## **SOURCES USED TO PURCHASE EQUITIES OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS**

### **Sources Used to Purchase Individual Stock**

U.S. households purchase individual stock from a variety of sources, and a significant number obtained their stock portfolios as gifts or inheritances. Since 1999, the share of investors purchasing individual stock from professional financial advisers, discount brokers, as well as directly from the companies issuing the stock each have increased—an indication that more households own individual stock from multiple sources. In 2005, 65 percent of individual stock owners outside employer plans hold stock purchased from professional financial advisers, 38 percent own stock bought directly from the issuers, and 35 percent hold stock purchased from discount brokers (Figure E.7). More than one-fifth own individual stock portfolios received as gifts or inheritances.

### **Sources Used to Purchase Stock Mutual Funds**

Professional financial advisers continue to be the chief purchase source of stock mutual funds owned outside employer plans. In 2005, nearly eight in 10 investors holding stock funds outside these plans own funds purchased from professional financial advisers, compared with 65 percent in 1999 and 73 percent in 2002. Ownership of stock funds purchased from discount brokers has increased 8 percentage points since 1999, reaching 19 percent in 2005. In contrast, ownership of stock funds bought directly from fund companies has remained fairly flat. In 2005, 28 percent of investors holding stock funds outside employer plans own funds purchased directly from fund companies, compared with about one-quarter in 1999 and 2002.

**FIGURE E.7****SOURCES USED TO PURCHASE OR OBTAIN INDIVIDUAL STOCK OR STOCK MUTUAL FUNDS HELD OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 1999–2005**

	1999	2002	2005
<b>SOURCES USED TO PURCHASE OR OBTAIN INDIVIDUAL STOCK HELD OUTSIDE EMPLOYER PLANS<sup>1</sup></b>			
<i>(percent of individual stock investors owning individual stock outside employer-sponsored retirement plans)</i>			
Professional financial advisers (total)	57	63	65
Full-service brokerage	44	47	51
Independent financial planning firm	11	13	19
Bank or savings institution representative	7	10	10
Insurance agency	2	3	3
Accountant or CPA	NA	2	2
Direct (total)	45	55	62
Direct from the company issuing the individual stock	23	32	38
Discount brokerage (total)	27	30	35
Discount brokerage with walk-in offices	20	16	22
Discount brokerage available only online	9	17	16
Gift or inheritance	17	12	21
<b>SOURCES USED TO PURCHASE OR OBTAIN STOCK MUTUAL FUNDS HELD OUTSIDE EMPLOYER PLANS<sup>1</sup></b>			
<i>(percent of stock mutual fund investors owning stock mutual funds outside employer-sponsored retirement plans)</i>			
Professional financial advisers (total)	65	73	78
Full-service brokerage	33	45	52
Independent financial planning firm	20	23	32
Bank or savings institution representative	10	12	15
Insurance agency	8	6	8
Accountant or CPA	NA	2	4
Direct (total)	35	39	43
Direct from the company issuing the stock mutual fund	26	25	28
Discount brokerage (total)	11	16	19
Discount brokerage with walk-in offices	10	11	15
Discount brokerage available only online	1	6	6
Gift or inheritance	5	5	12

NA=Not asked

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

Note: Number of respondents varies.



## APPENDIX F:

# EQUITY TRANSACTION ACTIVITY

---

*Equity Ownership in America, 2005* presents the results of the third ICI/SIA survey of equity ownership.<sup>2</sup> The survey collected detailed information on U.S. households' individual stock and stock mutual fund ownership inside and outside employer-sponsored retirement plans. It also collected information on equity investors' financial goals, willingness to take financial risk with equity investments, use of the Internet, use of professional financial advisers, and views on investing. Appendix F provides supplementary tables on households' equity transaction activity for *Equity Ownership in America, 2005*.

## COMPARISON OF EQUITY TRANSACTION ACTIVITY DURING 1998, 2001, AND 2004

The ICI/SIA surveys conducted in 1999, 2002, and 2005 each collected data on equity transactions<sup>3</sup> conducted in the year preceding the survey, enabling a comparison of equity purchase and sales activity in 1998, 2001, and 2004. The stock market conditions in each of these years were very different.<sup>4</sup>

### Overall Equity Transaction Activity

#### Incidence and Number of Equity Transactions

Although the financial markets in 1998, 2001, and 2004 were quite different from each other, the incidence of individual investors' equity transaction activity was virtually the same. For example, 40 percent of equity investors conducted equity transactions during 2004, down only slightly from 42 percent in 1998 and unchanged from 2001 (Figure F.1). In all three years, the share of investors conducting equity transactions outside employer plans exceeded the share conducting transactions inside these plans.

---

<sup>2</sup> See footnote 1.

<sup>3</sup> Equity transactions may be either the purchase or sale of shares of individual stock or stock mutual funds. Purchases of individual stock and stock mutual funds in employer-sponsored retirement plans exclude automatic reinvestment of dividends and regular, automatic payroll contributions but include employee allocation changes to these investments through either payroll contribution changes or account balance changes. Purchases of individual stock and stock mutual funds outside employer-sponsored retirement plans exclude automatic reinvestment of dividends and regular purchases made through systematic deductions from paychecks or bank accounts.

<sup>4</sup> The U.S. stock market was very volatile in 1998 but posted strong, double-digit gains. In contrast, significant declines occurred in stock prices during 2001 in response to the stock market contraction that began in March 2000 and the September 11, 2001 terrorist attacks. In 2004, U.S. equity markets posted single-digit gains.

In 1998, 2001, and 2004, the median number of total equity transactions undertaken was four (Figure E.2). The median number of purchases and sales also was the same in each of the three years. However, the mean number of equity transactions conducted—in total and for both purchases and sales—has increased since 1998, an indication that a small percentage of equity investors are conducting more transactions than previously. For example, the mean number of total equity transactions conducted during 2004 was 14, compared with 10 during 1998.

**FIGURE F.1**

**TYPES OF EQUITY TRANSACTIONS CONDUCTED DURING 1998, 2001, AND 2004**

*Percent of equity investors*

	1998	2001	2004
<b>CONDUCTED EQUITY TRANSACTIONS (TOTAL)<sup>1</sup></b>	42	40	40
Bought equities	39	31	32
Sold equities	27	24	27
<b>CONDUCTED EQUITY TRANSACTIONS OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS (TOTAL)<sup>1,2</sup></b>	32	31	31
Bought equities	29	24	24
Sold equities	21	18	21
<b>CONDUCTED EQUITY TRANSACTIONS INSIDE EMPLOYER-SPONSORED RETIREMENT PLANS (TOTAL)<sup>1,2</sup></b>	16	16	15
Bought equities	15	11	12
Sold equities	8	8	9

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

<sup>2</sup> Employer-sponsored retirement plans include 401(k) plans; 403(b) plans; federal, state, or local government plans; SEP IRAs; SAR-SEP IRAs; and SIMPLE IRAs.

Note: Number of respondents varies. Equity transactions may be either the purchase or sale of shares of individual stock or stock mutual funds. Purchases of individual stock and stock mutual funds in employer-sponsored retirement plans exclude automatic reinvestment of dividends and regular, automatic payroll contributions but include employee allocation changes to these investments through either payroll contribution changes or account balance changes. Purchases of individual stock and stock mutual funds outside employer-sponsored retirement plans exclude automatic reinvestment of dividends and regular purchases made through systematic deductions from paychecks or bank accounts.

**FIGURE F.2****NUMBER OF EQUITY TRANSACTIONS CONDUCTED DURING 1998, 2001, AND 2004**

	1998	2001	2004
<b>NUMBER OF EQUITY TRANSACTIONS CONDUCTED</b>			
<i>(percent of equity investors who conducted transactions during 1998, 2001, or 2004)</i>			
1	20	20	19
2	18	18	18
3 to 5	24	23	20
6 to 12	19	19	22
More than 12	19	20	21
Mean	10	11	14
Median	4	4	4
Number of respondents	908	676	785
<b>NUMBER OF EQUITY PURCHASES</b>			
<i>(percent of equity investors who bought equities during 1998, 2001, or 2004)</i>			
1	25	25	23
2	21	19	21
3 to 5	23	22	19
6 to 12	19	18	21
More than 12	12	16	16
Mean	7	9	10
Median	3	3	3
Number of respondents	858	607	701
<b>NUMBER OF EQUITY SALES</b>			
<i>(percent of equity investors who sold equities during 1998, 2001, or 2004)</i>			
1	35	31	31
2	19	22	20
3 to 5	20	22	22
6 to 12	15	14	16
More than 12	11	11	11
Mean	7	6	9
Median	2	2	2
Number of respondents	622	483	592

*Note: See note on Figure F.1 for transaction definition.*

## Characteristics of Equity Investors by Number of Equity Transactions Conducted During 2004

Sixty percent of equity investors did not conduct any equity transactions during 2004. This group had lower median household incomes and assets than those who made equity transactions during the year, and significantly fewer had college or postgraduate degrees (Figure F.3). Equity investors who did not conduct equity transactions during 2004 also were less likely to own individual stock than equity investors who did conduct transactions, and were more likely to have purchased their first equity after 1998.

Among the 40 percent of equity investors who conducted equity transactions during 2004, household income, household financial assets, and the number of equities owned increased with the number of transactions undertaken. In addition, a greater percentage of investors who conducted more than 12 equity transactions were male sole decisionmakers compared with those who made fewer transactions. Equity investors in this high-transaction group were also more likely to accept substantial or above-average financial risk than those who conducted fewer transactions.

**FIGURE F.3**

### CHARACTERISTICS OF EQUITY INVESTORS BY NUMBER OF EQUITY TRANSACTIONS CONDUCTED DURING 2004

	NUMBER OF EQUITY TRANSACTIONS CONDUCTED				
	NONE	1 OR 2	3 TO 5	6 TO 12	MORE THAN 12
<b>MEDIAN</b>					
Age of household sole or co-decisionmaker for investing	49 years	47 years	51 years	54 years	51 years
Household income	\$60,000	\$70,000	\$80,000	\$80,000	\$100,000
Household financial assets <sup>1</sup>	\$93,000	\$124,000	\$208,500	\$240,600	\$351,400
Household financial assets in equities	\$40,000	\$69,900	\$108,300	\$145,000	\$200,000
Number of equities owned	4	6	8	12	20
<b>PERCENT</b>					
<b>Types of equity transactions conducted during 2004:</b>					
Only bought equities	NA	49	23	18	13
Only sold equities	NA	33	7	4	1
Both bought and sold equities	NA	18	70	78	86
<b>Household investment decisionmaker:</b>					
Male	21	19	30	35	41
Female	23	19	16	13	10
Co-decisionmakers	56	62	54	52	49



**FIGURE F.3, continued**

	NUMBER OF EQUITY TRANSACTIONS CONDUCTED				
	NONE	1 OR 2	3 TO 5	6 TO 12	MORE THAN 12
<b>Household sole or co-decisionmaker for investing:</b>					
Married or living with a partner	67	80	73	76	84
College or postgraduate degree	49	62	62	71	77
Employed	75	72	65	67	75
Retired from lifetime occupation	24	23	32	35	29
<b>Household equity investments:<sup>2</sup></b>					
Individual stock (total)	34	49	60	70	89
Inside employer-sponsored retirement plans	9	12	13	19	28
Outside employer-sponsored retirement plans	30	46	56	67	87
Stock mutual funds (total)	91	91	91	92	90
Inside employer-sponsored retirement plans	69	65	66	66	65
Outside employer-sponsored retirement plans	47	69	63	73	70
<b>Household bought first equity:</b>					
Before 1990	38	46	57	60	63
1990 to 1995	25	26	25	23	21
1996 to 1998	12	11	10	9	6
1999 to 2002	18	9	7	7	7
2003 or later	7	8	1	1	3
<b>Household participates in or is covered by defined benefit or defined contribution retirement plan</b>					
	81	78	82	76	78
<b>Household has IRA<sup>3</sup></b>					
	62	72	73	86	83
<b>Willing to take:</b>					
Substantial risk for substantial gain	5	5	1	6	13
Above-average risk for above-average gain	25	30	38	39	41
Average risk for average gain	50	50	50	46	41
Below-average risk for below-average gain	10	10	9	7	5
Unwilling to take any risk	10	5	2	2	0

NA=Not applicable

<sup>1</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

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

<sup>3</sup> Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

Note: Number of respondents varies. See note on Figure F.1 for transaction definition.

## Individual Stock Transaction Activity

### Incidence and Number of Individual Stock Transactions

The percentages of individual stock investors who conducted individual stock transactions in all three years was steady—48 percent during 1998, 46 percent during 2001, and 45 percent during 2004 (Figure F.4).

Thirty-six percent of individual stock investors purchased individual stock during 2004, almost unchanged from 37 percent in 2001, but well below the peak of 45 percent in 1998. In contrast, the share of investors selling individual stock was similar in all three years—about one-third. Individual stock transactions in 1998, 2001, and 2004 occurred primarily outside employer-sponsored retirement plans.

**FIGURE F.4**

#### **TYPES OF INDIVIDUAL STOCK TRANSACTIONS CONDUCTED DURING 1998, 2001, AND 2004**

*Percent of individual stock investors*

	1998	2001	2004
<b>CONDUCTED INDIVIDUAL STOCK TRANSACTIONS (TOTAL)<sup>1</sup></b>	48	46	45
Bought individual stock	45	37	36
Sold individual stock	32	30	32
<b>CONDUCTED INDIVIDUAL STOCK TRANSACTIONS OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS (TOTAL)<sup>1</sup></b>	42	40	41
Bought individual stock	39	32	32
Sold individual stock	28	25	30
<b>CONDUCTED INDIVIDUAL STOCK TRANSACTIONS INSIDE EMPLOYER-SPONSORED RETIREMENT PLANS (TOTAL)<sup>1,2</sup></b>	10	9	7
Bought individual stock	9	7	6
Sold individual stock	6	6	4

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

<sup>2</sup> Employer-sponsored retirement plans include 401(k) plans; 403(b) plans; federal, state, or local government plans; SEP IRAs; SAR-SEP IRAs; and SIMPLE IRAs.

Note: Number of respondents varies. See note on Figure F.1 for transaction definition.

The median number of individual stock transactions conducted during 2004 was five—very similar to the median of four conducted in 1998 and 2001 (Figure F.5). The mean number of individual stock transactions conducted, however, jumped to 17 in 2004 from 12 in 1998 and 2001. The rise in the mean number of transactions is because the share of individual stock investors conducting more than 12 transactions per year increased to 24 percent in 2004 from 19 percent in 1998.

The median number of individual stock purchases during 2004 was four, compared with three in 1998 and 2001. The mean number of individual stock purchases has risen steadily since 1998 to reach 12 in 2004.

**FIGURE F.5**  
**NUMBER OF INDIVIDUAL STOCK TRANSACTIONS CONDUCTED DURING 1998, 2001, AND 2004**

	1998	2001	2004
<b>NUMBER OF INDIVIDUAL STOCK TRANSACTIONS</b>			
<i>(percent of individual stock investors who conducted transactions during 1998, 2001, or 2004)</i>			
1	18	17	17
2	14	17	15
3 to 5	28	25	22
6 to 12	21	21	22
More than 12	19	20	24
Mean	12	12	17
Median	4	4	5
Number of respondents	594	438	458
<b>NUMBER OF INDIVIDUAL STOCK PURCHASES</b>			
<i>(percent of individual stock investors who bought individual stock during 1998, 2001, or 2004)</i>			
1	21	23	20
2	18	19	18
3 to 5	29	27	25
6 to 12	18	17	21
More than 12	14	14	16
Mean	8	10	12
Median	3	3	4
Number of respondents	570	397	403
<b>NUMBER OF INDIVIDUAL STOCK SALES</b>			
<i>(percent of individual stock investors who sold individual stock during 1998, 2001, or 2004)</i>			
1	33	28	26
2	21	19	15
3 to 5	21	27	28
6 to 12	12	14	17
More than 12	13	12	14
Mean	8	7	11
Median	2	3	3
Number of respondents	414	326	369

Note: See note on Figure F.1 for transaction definition.

The pattern of individual stock sales activity was similar to that of individual stock purchase activity. The median number of individual stock sales was three in 2004—unchanged from 2001, but up from two in 1998. The mean number of individual stock sales rose to 11 in 2004, from eight in 1998 and seven in 2001.

### Characteristics of Equity Investors Who Conducted Individual Stock Transactions During 2004

Investors who conducted individual stock transactions in 2004 tended to be somewhat older and typically had greater household incomes and household financial assets than did those who did not conduct individual stock transactions (Figure F.6). The investors who conducted individual stock transactions were also more likely to have college or postgraduate degrees, typically had held equities for a greater number of years, and generally owned a greater number of individual stocks. In addition, investors who conducted individual stock transactions were more willing to take investment risk than those who did not conduct individual stock transactions.

Among investors conducting individual stock transactions in 2004, those who purchased individual stock only, sold individual stock only, and both purchased and sold individual stock had some distinct traits. Of the three groups, those who solely purchased individual stock typically had the youngest median age and were the most likely to have purchased their first stock after 1998. Those who solely sold individual stock had a smaller median household income and fewer median household financial assets; they were also the least willing to take above-average or substantial financial risk. Investors who both bought and sold individual stock had the highest median age, as well as the greatest median household income and median household financial assets. This group also had the greatest proclivity to take investment risk, and were the least likely to say they had a buy-and-hold investment philosophy.

**FIGURE F.6**

#### CHARACTERISTICS OF INDIVIDUAL STOCK INVESTORS BY TYPE OF INDIVIDUAL STOCK TRANSACTIONS CONDUCTED DURING 2004

	TYPE OF INDIVIDUAL STOCK TRANSACTIONS CONDUCTED DURING 2004				
	CONDUCTED INDIVIDUAL STOCK TRANSACTIONS	BOUGHT INDIVIDUAL STOCK ONLY	SOLD INDIVIDUAL STOCK ONLY <sup>4</sup>	BOUGHT AND SOLD INDIVIDUAL STOCK	DID NOT CONDUCT INDIVIDUAL STOCK TRANSACTIONS
<b>MEDIAN</b>					
Age of household sole or co-decisionmaker for investing	54 years	46 years	52 years	56 years	51 years
Household income	\$89,000	\$91,000	\$75,400	\$97,500	\$70,000
Household financial assets <sup>1</sup>	\$300,000	\$238,400	\$169,300	\$405,100	\$165,000
Household financial assets in equities	\$145,500	\$132,300	\$110,000	\$191,900	\$90,400
Household financial assets in individual stock <sup>1</sup>	\$70,000	\$30,000	\$35,000	\$83,800	\$30,000
Number of equities owned	14	11	9	16	8
Number of individual stocks owned	8	5	4	10	2
<b>PERCENT</b>					
<b>Source of individual stock transactions conducted during 2004:<sup>2</sup></b>					
Inside employer plans	16	22	9	16	NA
Outside employer plans	91	82	92	94	NA

**FIGURE F.6, continued**

	TYPE OF INDIVIDUAL STOCK TRANSACTIONS CONDUCTED DURING 2004				
	CONDUCTED INDIVIDUAL STOCK TRANSACTIONS	BOUGHT INDIVIDUAL STOCK ONLY	SOLD INDIVIDUAL STOCK ONLY <sup>4</sup>	BOUGHT AND SOLD INDIVIDUAL STOCK	DID NOT CONDUCT INDIVIDUAL STOCK TRANSACTIONS
<b>Household investment decisionmaker:</b>					
Male	33	25	27	39	23
Female	14	16	16	12	19
Co-decisionmakers	53	59	57	49	58
<b>Household sole or co-decisionmaker for investing:</b>					
Married or living with a partner	80	80	75	82	73
College or postgraduate degree	72	65	67	76	58
Employed	65	70	61	66	68
Retired from lifetime occupation	35	24	35	37	31
<b>Household equity investments:<sup>2</sup></b>					
Individual stock (total)	100	100	100	100	100
Inside employer-sponsored retirement plans	30	35	25	30	25
Outside employer-sponsored retirement plans	96	92	95	97	90
Stock mutual funds (total)	84	81	83	85	80
Inside employer-sponsored retirement plans	58	64	58	57	57
Outside employer-sponsored retirement plans	65	65	62	65	57
<b>Household bought first equity:</b>					
Before 1990	65	50	69	69	54
1990 to 1995	18	25	15	18	22
1996 to 1998	6	7	9	5	11
1999 to 2002	8	10	7	7	11
2003 or later	3	8	0	1	2
<b>Household participates in or is covered by defined benefit or defined contribution retirement plan</b>					
	75	79	77	76	78
<b>Household has IRA<sup>3</sup></b>					
	79	72	76	84	72
<b>Willing to take:</b>					
Substantial risk for substantial gain	9	9	9	9	6
Above-average risk for above-average gain	35	31	24	43	26
Average risk for average gain	46	50	54	40	51
Below-average risk for below-average gain	7	10	5	6	9
Unwilling to take any risk	3	0	8	2	8

NA=Not applicable

<sup>1</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

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

<sup>3</sup> Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

<sup>4</sup> small sample size

Note: Number of respondents varies. See note on Figure F.1 for transaction definition.

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

In all three years, most investors buying individual stock outside employer-sponsored retirement plans used accumulated savings to finance their most recent purchases (Figure F.7). Other frequently mentioned sources of money for individual stock purchases include proceeds from the sale of other investments, usually other individual stock, and current salary or income.

Also in all three years, more than four-fifths of those selling individual stock outside employer-sponsored retirement plans reinvested at least part of the proceeds they received. Most purchased shares of other individual stock.

**FIGURE F.7**

### **MOST RECENT PURCHASE OR SALE OF INDIVIDUAL STOCK OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS DURING 1998, 2001, AND 2004**

	1998	2001	2004
<b>SOURCE OF MONEY FOR MOST RECENT PURCHASE OF INDIVIDUAL STOCK<sup>1,2</sup></b>			
<i>(percent of individual stock investors conducting individual stock purchases outside employer-sponsored retirement plans)</i>			
Accumulated savings	52	68	69
Current salary or income	NA	52	39
Proceeds from the sale of other investments (total)	38	38	54
Shares of other publicly traded stock	30	35	48
Shares of stock mutual funds	6	8	14
Non-equity investments	4	9	8
Bonus	8	12	9
Inheritance or gift	8	10	9
Rollover from an employer-sponsored retirement plan	NA	7	5
Tax refund	2	6	3
Some other source	7	2	3
<b>DISPOSITION OF PROCEEDS FROM MOST RECENT SALE OF INDIVIDUAL STOCK</b>			
<i>(percent of individual stock investors conducting individual stock sales outside employer-sponsored retirement plans)</i>			
Reinvested all the proceeds	68	68	69
Spent all the proceeds	14	16	13
Spent part of the proceeds and reinvested part of the proceeds	18	16	18
Number of respondents	368	284	338
<b>HOW PROCEEDS WERE REINVESTED FROM MOST RECENT SALE OF INDIVIDUAL STOCK<sup>1,2</sup></b>			
<i>(percent of individual stock investors conducting individual stock sales outside employer-sponsored retirement plans and reinvesting the proceeds)</i>			
Purchased shares of other individual stock	76	76	75
Purchased shares of stock mutual funds	22	22	24
Purchased some other type of investment	22	8	8

NA=Not asked.

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

<sup>2</sup> Number of respondents varies.

Note: See note on Figure F.1 for transaction definition.

## Stock Mutual Fund Transaction Activity

### Incidence and Number of Stock Mutual Fund Transactions

Similar to 1998 and 2001, during 2004 about one-third of stock mutual fund investors conducted stock mutual fund transactions, usually outside employer-sponsored retirement plans (Figure F.8). Stock mutual fund investors making stock mutual fund purchases in 2004 outnumbered those making sales, but the gap between the two is narrower than in previous years. Twenty-four percent of stock fund investors bought stock funds in 2004—below the peak of 29 percent in 1998, but comparable to 22 percent in 2001. In contrast, a similar proportion in each of the three years—about one-fifth—sold stock fund shares.

**FIGURE F.8**

#### TYPES OF STOCK MUTUAL FUND TRANSACTIONS CONDUCTED DURING 1998, 2001, AND 2004

*Percent of stock mutual fund investors*

	1998	2001	2004
<b>CONDUCTED STOCK MUTUAL FUND TRANSACTIONS (TOTAL)<sup>1</sup></b>	32	32	31
Bought stock mutual funds	29	22	24
Sold stock mutual funds	18	16	19
<b>CONDUCTED STOCK MUTUAL FUND TRANSACTIONS OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS (TOTAL)<sup>1</sup></b>	19	21	20
Bought stock mutual funds	16	15	15
Sold stock mutual funds	11	10	12
<b>CONDUCTED STOCK MUTUAL FUND TRANSACTIONS INSIDE EMPLOYER-SPONSORED RETIREMENT PLANS (TOTAL)<sup>1,2</sup></b>	17	15	14
Bought stock mutual funds	16	10	11
Sold stock mutual funds	8	7	8

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

<sup>2</sup> Employer-sponsored retirement plans include 401(k) plans; 403(b) plans; federal, state, or local government plans; SEP IRAs; SAR-SEP IRAs; and SIMPLE IRAs.

Note: Number of respondents varies. See note on Figure F.1 for transaction definition.

The number of stock mutual fund transactions conducted continues to be below the number of individual stock transactions. The median number of stock mutual fund transactions undertaken during 2004 was three—the same median number conducted in 2001, and up only slightly from a median of two in 1998 (Figure F.9). Similar to the pattern occurring in individual stock transactions, however, the mean number of stock mutual fund transactions conducted has steadily risen. The mean number of stock fund transactions undertaken in 2004 was eight, up from five in 1998 and seven in 2001. The rise in the mean number of transactions is because the percentage of stock fund investors conducting more than 12 transactions per year increased to 12 percent in 2004 from 7 percent in 1998.

Similar to 1998 and 2001, the median number of stock fund purchases during 2004 was two. The mean number of stock fund purchases was six in 2004, up from a mean of four in 1998 but unchanged from 2001.

The median number of stock fund sales was two in 2004, compared with one in 1998 but unchanged from 2001. The mean number of stock fund sales rose to five in 2004 from three in 1998 and four in 2001.



**FIGURE F.9**  
**NUMBER OF STOCK MUTUAL FUND TRANSACTIONS CONDUCTED DURING 1998, 2001, AND 2004**

	1998	2001	2004
<b>NUMBER OF STOCK MUTUAL FUND TRANSACTIONS CONDUCTED</b>			
<i>(percent of stock mutual fund investors who conducted transactions)</i>			
1	30	28	24
2	22	20	20
3 to 5	25	23	22
6 to 12	16	18	22
More than 12	7	11	12
Mean	5	7	8
Median	2	3	3
Number of respondents	611	459	589
<b>NUMBER OF STOCK MUTUAL FUND PURCHASES</b>			
<i>(percent of stock mutual fund investors who bought stock mutual funds)</i>			
1	39	31	30
2	26	21	24
3 to 5	21	24	20
6 to 12	10	15	19
More than 12	4	9	7
Mean	4	6	6
Median	2	2	2
Number of respondents	551	398	514
<b>NUMBER OF STOCK MUTUAL FUND SALES</b>			
<i>(percent of stock mutual fund investors who sold stock mutual funds)</i>			
1	52	45	39
2	18	22	25
3 to 5	18	21	23
6 to 12	10	7	10
More than 12	2	5	3
Mean	3	4	5
Median	1	2	2
Number of respondents	358	291	403

*Note: See note on Figure F.1 for transaction definition.*

## Characteristics of Equity Investors Who Conducted Stock Mutual Fund Transactions During 2004

Investors who conducted stock fund transactions in 2004 generally had greater household incomes and household financial assets than investors who did not conduct stock fund transactions (Figure F.10). Those who conducted stock fund transactions were more likely to have college or postgraduate degrees and typically had owned equities for a greater number of years than those who did not conduct stock fund transactions.

The investors who conducted stock fund transactions in 2004 were not a homogenous group. Among those conducting stock fund transactions that year, investors who solely bought stock fund shares generally were younger and the most likely to have purchased their first fund since 1999. Investors who solely sold stock fund shares had the lowest median household income and household financial assets, and typically owned fewer stock funds. Investors who both bought and sold stock fund shares had the greatest median household financial assets, including the greatest median stock mutual fund assets. They also typically owned more stock funds than the other stock fund transaction groups.

**FIGURE F.10**

### CHARACTERISTICS OF STOCK MUTUAL FUND INVESTORS BY TYPE OF STOCK MUTUAL FUND TRANSACTIONS CONDUCTED DURING 2004

	TYPE OF STOCK MUTUAL FUND TRANSACTIONS CONDUCTED DURING 2004				DID NOT CONDUCT STOCK MUTUAL FUND TRANSACTIONS
	CONDUCTED STOCK MUTUAL FUND TRANSACTIONS	BOUGHT STOCK MUTUAL FUNDS ONLY	SOLD STOCK MUTUAL FUNDS ONLY <sup>4</sup>	BOUGHT AND SOLD STOCK MUTUAL FUNDS	
<b>MEDIAN</b>					
Age of household sole or co-decisionmaker for investing	50 years	46 years	52 years	52 years	49 years
Household income	\$80,000	\$80,000	\$70,000	\$81,400	\$62,500
Household financial assets <sup>1</sup>	\$177,400	\$151,200	\$107,800	\$212,400	\$101,200
Household financial assets in equities	\$105,000	\$75,400	\$75,000	\$125,000	\$50,900
Household financial assets in stock mutual funds	\$75,000	\$72,700	\$70,000	\$81,700	\$40,000
Number of equities owned	10	8	6	12	5
Number of stock mutual funds owned	6	6	4	8	4
<b>PERCENT</b>					
<b>Source of stock mutual fund transactions conducted during 2004:<sup>2</sup></b>					
Inside employer plans	47	48	32	53	NA
Outside employer plans	66	58	69	68	NA
<b>Household investment decisionmaker:</b>					
Male	29	25	21	36	22
Female	16	19	13	13	22
Co-decisionmakers	55	56	66	51	56

FIGURE F.10, continued

	TYPE OF STOCK MUTUAL FUND TRANSACTIONS CONDUCTED DURING 2004				
	CONDUCTED STOCK MUTUAL FUND TRANSACTIONS	BOUGHT STOCK MUTUAL FUNDS ONLY	SOLD STOCK MUTUAL FUNDS ONLY <sup>4</sup>	BOUGHT AND SOLD STOCK MUTUAL FUNDS	DID NOT CONDUCT STOCK MUTUAL FUND TRANSACTIONS
<b>Household sole or co-decisionmaker for investing:</b>					
Married or living with a partner	78	77	82	79	68
College or postgraduate degree	66	64	61	71	53
Employed	72	84	60	71	75
Retired from lifetime occupation	27	15	37	29	24
<b>Household equity investments:<sup>2</sup></b>					
Individual stock (total)	55	47	42	61	38
Inside employer-sponsored retirement plans	17	14	7	21	9
Outside employer-sponsored retirement plans	52	44	40	58	34
Stock mutual funds (total)	100	100	100	100	100
Inside employer-sponsored retirement plans	72	79	61	73	74
Outside employer-sponsored retirement plans	79	75	78	81	53
<b>Household bought first equity:</b>					
Before 1990	55	46	59	58	40
1990 to 1995	25	26	30	24	26
1996 to 1998	9	10	6	10	12
1999 to 2002	7	10	0	7	16
2003 or later	4	8	5	1	6
<b>Household participates in or is covered by defined benefit or defined contribution retirement plan</b>					
	80	84	84	78	81
<b>Household has IRA<sup>3</sup></b>					
	79	76	76	83	65
<b>Willing to take:</b>					
Substantial risk for substantial gain	6	6	3	7	6
Above-average risk for above- average gain	34	39	34	36	27
Average risk for average gain	50	45	47	48	50
Below-average risk for below- average gain	8	6	12	9	8
Unwilling to take any risk	2	4	4	0	9

NA=Not applicable

<sup>1</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

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

<sup>3</sup> Includes traditional IRAs, Roth IRAs, SIMPLE IRAs, SEP IRAs, and SAR-SEP IRAs.

<sup>4</sup> small sample size

Note: Number of respondents varies. See note on Figure F.1 for transaction definition.

## Most Recent Purchase or Sale of Stock Mutual Funds Outside Employer Plans

As in previous years, stock mutual fund investors who bought stock mutual fund shares outside employer-sponsored retirement plans in 2004 most frequently cited accumulated savings as the source of money for their most recent purchases (Figure F.11). However, 46 percent of stock mutual fund purchasers in 2004 mentioned proceeds from the sale of other investments—usually shares of other stock funds—as a source of money for their most recent purchases, compared with 30 percent in 1998 and 2001.

Of those who sold stock mutual funds outside employer-sponsored retirement plans in 2004, 63 percent reinvested all of the proceeds from their most recent sale, and 12 percent reinvested some but not all of the proceeds. Of the group reinvesting proceeds, nearly three-quarters purchased shares of other stock mutual funds.

**FIGURE F.11**

### MOST RECENT PURCHASE OR SALE OF STOCK MUTUAL FUNDS OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS DURING 1998, 2001, AND 2004

	1998	2001	2004
<b>SOURCE OF MONEY FOR MOST RECENT PURCHASE OF STOCK MUTUAL FUNDS<sup>1</sup></b>			
<i>(percent of stock mutual fund investors conducting stock mutual fund purchases outside employer-sponsored retirement plans)</i>			
Accumulated savings	55	65	62
Current salary or income	NA	53	45
Proceeds from the sale of other investments (total)	30	30	46
Shares of other stock mutual funds	16	24	33
Shares of publicly traded stock	12	15	21
Non-equity investments	4	3	7
Rollover from an employer-sponsored retirement plan	NA	15	15
Inheritance or gift	12	10	10
Bonus	8	13	11
Tax refund	3	8	4
Some other source	10	2	3
<b>DISPOSITION OF PROCEEDS FROM MOST RECENT SALE OF STOCK MUTUAL FUNDS</b>			
<i>(percent of stock mutual fund investors conducting stock mutual fund sales outside employer-sponsored retirement plans)</i>			
Reinvested all the proceeds	57	59	63
Spent all the proceeds	26	28	25
Spent part of the proceeds and reinvested part of the proceeds	17	13	12
Number of respondents	238	199	258
<b>HOW PROCEEDS WERE REINVESTED FROM MOST RECENT SALE OF STOCK MUTUAL FUNDS<sup>1</sup></b>			
<i>(percent of stock mutual fund investors conducting stock mutual fund sales outside employer-sponsored retirement plans and reinvesting the proceeds)</i>			
Purchased shares of other stock mutual funds	75	62	71
Purchased shares of individual stock	34	34	39
Purchased some other type of investment	19	14	12

NA=Not asked

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

Note: Number of respondents varies. See note on Figure F.1 for transaction definition.

## USE OF THE INTERNET TO CONDUCT EQUITY TRANSACTIONS DURING 2001 AND 2004

### Overall Use of the Internet to Conduct Equity Transactions

The 1999, 2002, and 2005 ICI/SIA surveys each collected data on investors' use of the Internet to conduct equity transactions in the calendar year preceding the survey. All three surveys examined use of the Internet outside employer plans. The 2002 and 2005 surveys also identified use of the Internet to purchase and sell equities inside employer plans. Therefore, it is possible to examine overall use of the Internet to conduct equity transactions from data collected in the 2002 and 2005 surveys.

Overall use of the Internet to conduct equity transactions increased only slightly between 2001 and 2004. Thirty-nine percent of investors who bought or sold equities during 2004 conducted their transactions using the Internet, compared with 34 percent during 2001 (Figure F.12). Use of the Internet to purchase equities, however, continues to outpace its use for selling equities.

**FIGURE F.12**

#### USE OF THE INTERNET TO CONDUCT EQUITY TRANSACTIONS DURING 2001 AND 2004

*Percent of equity investors who conducted equity transactions*

	2001	2004
<b>USED THE INTERNET TO CONDUCT EQUITY TRANSACTIONS (TOTAL)<sup>1</sup></b>	34	39
Bought equities using the Internet	28	33
Sold equities using the Internet	21	28
<b>USED THE INTERNET TO CONDUCT EQUITY TRANSACTIONS OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS (TOTAL)<sup>1</sup></b>	23	26
Bought equities	20	22
Sold equities	14	19
<b>USED THE INTERNET TO CONDUCT EQUITY TRANSACTIONS INSIDE EMPLOYER-SPONSORED RETIREMENT PLANS (TOTAL)<sup>1,2</sup></b>	11	16
Bought equities	9	13
Sold equities	7	10

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

<sup>2</sup> Employer-sponsored retirement plans include 401(k) plans; 403(b) plans; federal, state, or local government plans; SEP IRAs; SAR-SEP IRAs; and SIMPLE IRAs.

Note: Number of respondents varies. See note on Figure F.1 for transaction definition. Because data on the use of the Internet to conduct equity transactions inside employer-sponsored retirement plans were not collected for 1998, overall use of the Internet can not be calculated for that year.

The median number of equity transactions conducted using the Internet was five in 2004, compared with four in 2001 (Figure F.13). The mean number of equity transactions conducted using the Internet rose to 21 in 2004 from 14 in 2001.

Among investors who bought equities using the Internet, the median number of purchases was three in 2004, down from four in 2001. The mean number of equities bought using the Internet was 14 in 2004, compared with 13 in 2001.

In both 2001 and 2004, investors who sold equities using the Internet conducted a median of three sales. However, the mean number of sales conducted rose to 14 in 2004 from eight in 2001.

**FIGURE F.13**

**NUMBER OF EQUITY TRANSACTIONS CONDUCTED USING THE INTERNET DURING 2001 AND 2004**

	2001	2004
<b>NUMBER OF EQUITY TRANSACTIONS CONDUCTED USING THE INTERNET</b>		
<i>(percent of equity investors who conducted transactions using the Internet)</i>		
1	17	17
2	14	17
3 to 5	24	20
6 to 12	21	19
More than 12	24	27
Mean	14	21
Median	4	5
Number of respondents	207	289
<b>NUMBER OF EQUITY PURCHASES CONDUCTED USING THE INTERNET</b>		
<i>(percent of equity investors who bought equities using the Internet)</i>		
1	19	20
2	17	21
3 to 5	25	21
6 to 12	19	19
More than 12	20	19
Mean	13	14
Median	4	3
Number of respondents	190	256
<b>NUMBER OF EQUITY SALES CONDUCTED USING THE INTERNET</b>		
<i>(percent of equity investors who sold equities using the Internet)</i>		
1	24	26
2	22	14
3 to 5	21	25
6 to 12	20	20
More than 12	13	15
Mean	8	14
Median	3	3
Number of respondents	149	221

*Note: See note on Figure F.1 for transaction definition. Because data on the use of the Internet to conduct equity transactions inside employer-sponsored retirement plans were not collected for 1998, overall use of the Internet can not be calculated for that year.*

## Characteristics of Equity Investors Who Used the Internet to Conduct Equity Transactions During 2004

Investors who used the Internet to conduct equity transactions in 2004 made more purchases or sales overall than those who conducted equity transactions by other means (Figure F.14). Those who used the Internet were considerably more likely to have both bought and sold equities in 2004.

Investors who used the Internet to conduct equity transactions in 2004 tended to be younger and have greater household incomes and household financial assets than investors who conducted equity transactions by means other than the Internet. While most equity investors using the Internet to conduct equity transactions shared financial decisionmaking with a spouse or partner, 39 percent of this group were sole male decisionmakers, compared with 23 percent of those who conducted equity transactions by means other than the Internet. The investors who used the Internet to conduct equity transactions also were more likely to have college or postgraduate degrees, be employed, and own individual stock. More than half were willing to take substantial or above-average investment risk for commensurate gain, compared with 35 percent of investors who conducted equity transactions by other means.

**FIGURE F.14**

### CHARACTERISTICS OF EQUITY INVESTORS BY USE OF THE INTERNET TO CONDUCT EQUITY TRANSACTIONS DURING 2004

	TYPE OF EQUITY BOUGHT OR SOLD USING THE INTERNET			CONDUCTED EQUITY TRANSACTIONS BUT NOT USING THE INTERNET
	CONDUCTED EQUITY TRANSACTIONS USING THE INTERNET	INDIVIDUAL STOCK	STOCK MUTUAL FUND	
<b>MEDIAN</b>				
Age of household sole or co-decisionmaker for investing	46 years	48 years	45 years	53 years
Household income	\$89,000	\$100,000	\$88,700	\$74,000
Household financial assets <sup>1</sup>	\$200,000	\$239,200	\$187,000	\$170,000
Household financial assets in equities	\$125,000	\$143,700	\$120,000	\$97,000
Number of equities owned	12	15	11	9
Number of equity transactions conducted during 2004	7	12	6	3
<b>PERCENT</b>				
<b>Types of equity transactions conducted during 2004:</b>				
Bought and sold equities	70	76	71	48
Only bought equities	20	15	21	35
Only sold equities	10	9	8	17
<b>Household investment decisionmaker:</b>				
Male	39	41	37	23
Female	8	10	7	19
Co-decisionmakers	53	49	56	58
<b>Household sole or co-decisionmaker for investing:</b>				
Married or living with a partner	86	87	86	75
College or postgraduate degree	75	75	78	62
Employed	80	77	87	63
Retired from lifetime occupation	19	25	13	35

FIGURE F.14, *continued*

	TYPE OF EQUITY BOUGHT OR SOLD USING THE INTERNET			CONDUCTED EQUITY TRANSACTIONS BUT NOT USING THE INTERNET
	CONDUCTED EQUITY TRANSACTIONS USING THE INTERNET	INDIVIDUAL STOCK	STOCK MUTUAL FUND	
<b>Household equity investments:<sup>2</sup></b>				
Individual stock (total)	76	100	60	59
Inside employer-sponsored retirement plans	22	28	23	15
Outside employer-sponsored retirement plans	71	96	55	57
Stock mutual funds (total)	91	85	100	91
Inside employer-sponsored retirement plans	78	69	90	58
Outside employer-sponsored retirement plans	61	60	67	75
<b>Household bought first equity:</b>				
Before 1990	49	52	51	58
1990 to 1995	26	25	25	22
1996 to 1998	11	8	13	9
1999 to 2002	10	11	8	7
2003 or later	4	4	3	4
<b>Household participates in or is covered by defined benefit or defined contribution retirement plan</b>				
	81	76	87	76
<b>Household has IRA</b>				
	77	81	79	78
<b>Willing to take:</b>				
Substantial risk for substantial gain	11	12	10	4
Above-average risk for above-average gain	44	43	47	31
Average risk for average gain	39	39	37	52
Below-average risk for below-average gain	6	6	5	9
Unwilling to take any risk	0	0	1	4

<sup>1</sup> Includes assets in employer-sponsored retirement plans but excludes value of primary residence.

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

Note: Number of respondents varies. See note on Figure F.1 for transaction definition.