



PROFILE OF  
Mutual Fund Shareholders, 2008





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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 1988 and mid-year 2008, assets held in mutual funds have increased from \$808 billion to \$11.7 trillion. The number of U.S. households that own mutual funds rose from 22.2 million to 52.5 million over the same period. As a result, at the end of 2008, 45 percent of U.S. households owned mutual funds, representing 92 million individual fund shareholders. Furthermore, 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.

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, conducted in May 2008, 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.<sup>1</sup>

This report summarizes the findings of the 2008 survey. As described in the first chapter, in 2008 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;
- » also 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.

<sup>1</sup> See Appendix: Research Methodology for details on the survey's design, interviewing procedures, and sampling tolerances.

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.

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 2008, 68 percent of mutual fund–owning households owned funds through these plans. Seventy-three percent of mutual fund–owning households owned mutual funds purchased outside employer-sponsored retirement plans. Among these households, 56 percent 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; and 35 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, 51 percent of mutual fund–owning households pointed to employer-sponsored retirement plans, 36 percent reported the sales force channel, and 13 percent cited the direct market channel.

Chapter 5 presents mutual fund shareholders by generation. Twelve percent were members of Generation Y (born after 1976). Twenty-four percent were members of Generation X (born between 1965 and 1976). The largest proportion of individuals heading mutual fund–owning households, 46 percent, were members of the Baby Boom Generation (born between 1946 and 1964). Eighteen percent were members of the Silent Generation (born before 1946).<sup>2</sup>

Chapter 6 describes mutual fund shareholders by age. Twenty-six percent of individuals heading households owning mutual funds were younger than 40 years old.

The largest percentage of individuals heading mutual fund–owning households, 59 percent, were between the ages of 40 and 64. The remaining 15 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-two percent of shareholder households had incomes below \$50,000, 41 percent had incomes between \$50,000 and \$99,999, 21 percent had incomes between \$100,000 and \$149,999, and 16 percent had incomes of \$150,000 or more.

Chapter 8 examines shareholders by their level of household financial assets. Eighteen percent of shareholder households had financial assets of less than \$50,000, 15 percent had assets between \$50,000 and \$99,999, 22 percent had assets between \$100,000 and \$249,999, and 45 percent had assets of \$250,000 or more.

Chapter 9 examines shareholders by the level of financial risk they are willing to take. Thirty-seven percent of mutual fund–owning households were willing to take above-average or substantial financial risk for similar levels of financial gain; half were willing to take average financial risk for average financial gain; and 13 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-nine percent of shareholder households purchased their first mutual fund before 1990; 19 percent purchased their first mutual fund between 1990 and 1994; 20 percent purchased their first mutual fund between 1995 and 1999; and 22 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.

<sup>2</sup> In this report, the GI Generation, which includes individuals born between 1904 and 1924, is grouped together with the Silent Generation. One percent of individuals heading mutual fund–owning households were members of the GI Generation in 2008.

# The Mutual Fund Shareholder

## Demographic Characteristics

According to a survey conducted by the Investment Company Institute in 2008, more than 52 million U.S. households, or about 45 percent, owned mutual funds (Figure 1.1). The median age of individuals heading households that owned mutual funds was 49 (Figure 1.2).<sup>3</sup> Forty-six percent of these individuals had college or postgraduate degrees. Seventy-six 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 61 percent of mutual fund–owning households.

## Employment Status and Household Income

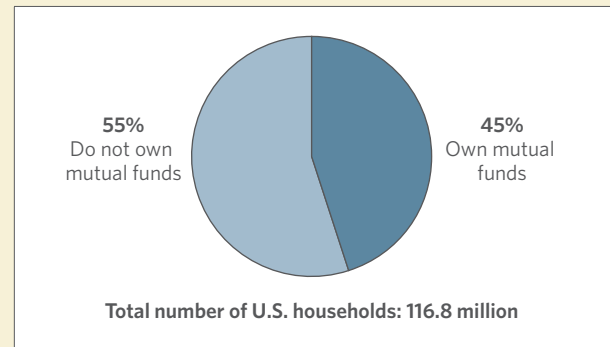
Seventy-eight percent of individuals heading households that owned mutual funds were employed full- or part-time (Figure 1.3). Among these household heads that were employed, 6 percent indicated they were retired from their lifetime occupation. Twenty-two percent of individuals heading households that owned mutual funds were not employed, but over three-quarters of these household heads were retired. All told, 22 percent of individuals heading households that owned mutual funds were retired from their lifetime occupation.

The median income of mutual fund–owning households was \$80,000. Twenty-two percent had household incomes of less than \$50,000, 21 percent had household incomes between \$50,000 and \$74,999, and 57 percent had incomes of \$75,000 or more.

**FIGURE 1.1**

### 52.5 MILLION U.S. HOUSEHOLDS OWN MUTUAL FUNDS

PERCENTAGE OF U.S. HOUSEHOLDS, 2008



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

## 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. Thirty-two percent owned certificates of deposit, 43 percent owned individual stocks, and 12 percent owned individual bonds (excluding U.S. savings bonds). In addition, 28 percent held investment real estate and 32 percent held fixed or variable annuities.

A significant number of mutual fund–owning households made use of tax-advantaged savings vehicles. Eighty-three percent had assets in employer-sponsored retirement plans, usually 401(k) plans, and 68 percent owned Individual Retirement Accounts (IRAs).<sup>4</sup> Fifteen percent of U.S. households owning mutual funds had education-targeted savings program accounts—11 percent had Coverdell Education Savings Accounts (ESAs) and 8 percent had 529 plan accounts.

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

<sup>4</sup> IRAs include traditional IRAs and Roth IRAs, as well as 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. Thirty-eight percent owned hybrid funds, 48 percent owned bond funds, and 66 percent owned money market funds.<sup>5</sup> In addition, 43 percent of mutual fund–owning households owned global or international funds. Mutual fund holdings represented more than half of household financial assets for 69 percent of households that owned mutual funds. Sixty-one percent of households owning mutual funds did not conduct mutual fund transactions in the previous 12 months.<sup>6</sup>

The vast majority of mutual fund–owning households had invested in mutual funds for many years (Figure 1.5). Thirty-nine percent bought their first mutual fund before 1990; 19 percent purchased their first fund between 1990 and 1994; and 20 percent bought their first fund between 1995 and 1999. Twenty-two percent bought their 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, 40 percent owned funds purchased from one source; 32 percent owned funds purchased from two sources; and 28 percent owned funds purchased from three or more sources.

Twenty-seven 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 41 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 73 percent owned funds outside these plans, either through the sales force or direct market channels. Fifty-six 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-five percent owned funds through the direct market channel, which includes fund companies and discount brokers.

Fifty-one percent of all U.S. households that owned mutual funds considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds; 36 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). Nearly three out of every five mutual fund–owning households bought their 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-five percent of mutual fund–owning households indicated that saving for retirement was one of their household’s financial goals, and 76 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. Over 85 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-seven 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, 50 percent, were willing to take average risk for average gain. Thirteen percent were willing to take below-average risk for below-average gain or were unwilling to take any financial risk.

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

<sup>6</sup> 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.

**FIGURE 1.2**

**MUTUAL FUND SHAREHOLDER HEAD OF HOUSEHOLD CHARACTERISTICS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2008

<b>Age of household sole or co-decisionmaker for investing</b>	
Younger than 35	17
35 to 44	22
45 to 54	26
55 to 64	20
65 or older	15
Median	49 years
Mean	49 years
<b>Educational level</b>	
High school or less	25
Some college or associate's degree	29
Completed four years of college	20
Some graduate school	6
Completed graduate school	20
<b>Marital status</b>	
Married or living with partner	76
Single	10
Divorced or separated	8
Widowed	6
<b>Household investment decisionmaker</b>	
Male is sole decisionmaker	19
Female is sole decisionmaker	20
Co-decisionmakers	61
<b>Ethnic background<sup>1</sup></b>	
Caucasian	89
African-American	6
Hispanic	4
Asian	1
Other	4

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

**FIGURE 1.3****EMPLOYMENT STATUS AND INCOME OF HOUSEHOLDS OWNING MUTUAL FUNDS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2008

<b>Employment status<sup>1</sup></b>	
Employed full-time	70
Not retired	68
Retired from lifetime occupation	2
Employed part-time	8
Not retired	5
Retired from lifetime occupation	3
Not employed	22
Not retired	5
Retired from lifetime occupation	17
<b>Total household income<sup>2</sup></b>	
Less than \$25,000	5
\$25,000 to \$34,999	5
\$35,000 to \$49,999	12
\$50,000 to \$74,999	21
\$75,000 to \$99,999	20
\$100,000 to \$149,999	21
\$150,000 to \$249,999	12
\$250,000 or more	4
Median	\$80,000
Mean	\$98,000

<sup>1</sup>Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).<sup>2</sup>Total reported is household income before taxes in 2007.



**FIGURE 1.4**

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2008

<b>Total household financial assets<sup>1</sup></b>	
Less than \$25,000	10
\$25,000 to \$49,999	8
\$50,000 to \$74,999	10
\$75,000 to \$99,999	5
\$100,000 to \$249,999	22
\$250,000 to \$499,999	19
\$500,000 to \$999,999	17
\$1 million or more	9
Median	\$200,000
Mean	\$462,300
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>	
Certificates of deposit	32
Individual stocks, individual bonds, or annuities (total)	62
Individual stocks	43
Individual bonds (excluding U.S. savings bonds)	12
Fixed or variable annuities	32
Investment real estate	28
Closed-end funds	3
Exchange-traded funds	4
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>	
Household owns employer-sponsored retirement plan accounts (total)	83
DC retirement plan accounts (total)	78
401(k) plan account	64
403(b), state, local, or federal government plan account	34
Employer-sponsored IRA <sup>3</sup>	15
<b>Household ownership of IRAs<sup>2</sup></b>	
Household owns IRA (total)	68
Traditional IRA or Roth IRA	63
Employer-sponsored IRA <sup>3</sup>	15
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>	
Household owns education-targeted savings program account (total)	15
Coverdell education savings account	11
529 prepaid tuition or college savings plan account (total)	8
529 savings plan	7
529 prepaid tuition plan	2

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

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

<sup>3</sup>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, 2008

<b>Total household mutual fund assets</b>	
Less than \$5,000	3
\$5,000 to \$9,999	5
\$10,000 to \$19,999	7
\$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	26
\$250,000 or more	28
Median	\$100,000
Mean	\$220,400
<b>Percent allocation of household financial assets to mutual funds</b>	
25% or less	13
Between 26% and 50%	18
Between 51% and 75%	24
More than 75%	45
<b>Types of mutual funds owned<sup>1</sup></b>	
Equity funds	80
Hybrid funds	38
Bond funds	48
Money market funds	66
Other fund type specified	6
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>	
Conducted mutual fund transactions	39
<b>Year of initial mutual fund purchase</b>	
Before 1990	39
Between 1990 and 1994	19
Between 1995 and 1999	20
2000 or later	22
Median	1992
Mean	1991

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

<sup>2</sup>Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, 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 CHANNELS**

<b>Total number of mutual funds owned</b>	
<i>Percentage of U.S. households owning mutual funds, 2008</i>	
One	14
Two	14
Three	13
Four	14
Five to six	17
Seven to 10	15
11 or more	13
Median	4 funds
Mean	6 funds
<b>Number of mutual fund purchase channels used outside employer-sponsored retirement plans<sup>1</sup></b>	
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans, 2008</i>	
One	40
Two	32
Three	18
Four or more	10
Median	2 sources
Mean	2 sources

<sup>1</sup>Purchase sources outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, mutual fund companies directly, and discount brokers.

**FIGURE 1.7**

**CHANNELS USED TO PURCHASE MUTUAL FUNDS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2008

<b>Source of mutual fund ownership</b>	
Only inside employer-sponsored retirement plans	27
Only outside employer-sponsored retirement plans	32
Both inside and outside employer-sponsored retirement plans	41
<b>Purchase channels through which funds are currently owned<sup>1</sup></b>	
Inside employer-sponsored retirement plans (total)	68
Inside DC retirement plans (total)	64
401(k) plan	53
403(b), state, local, or federal government plan	21
Inside employer-sponsored IRA <sup>2</sup>	11
Outside employer-sponsored retirement plans (total)	73
Sales force (total)	56
Full-service broker	31
Independent financial planner	26
Bank or savings institution representative	19
Insurance agent	9
Accountant	6
Direct market (total)	35
Mutual fund company directly	24
Discount broker	17
<b>Primary mutual fund purchase channel</b>	
Inside employer-sponsored retirement plans	51
Outside employer-sponsored retirement plans	49
Sales force	36
Full-service broker	14
Independent financial planner	12
Bank or savings institution representative	7
Insurance agent	2
Accountant	1
Direct market	13
Mutual fund company directly	8
Discount broker	5
<b>Source of first mutual fund purchase</b>	
Inside employer-sponsored retirement plan	59
Outside employer-sponsored retirement plan	41

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

<sup>2</sup>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, 2008

<b>Financial goals for mutual fund investments<sup>1</sup></b>	
Retirement	95
Reduce taxable income	52
Emergency	45
Education	25
Current income	19
House or other large item	10
Other	6
<b>Primary financial goal for mutual fund investments</b>	
Retirement	76
Reduce taxable income	4
Emergency	5
Education	6
Current income	5
House or other large purchase	2
Other	2
<b>Level of confidence that mutual funds are an investment that can help meet household financial goals</b>	
Very confident	26
Somewhat confident	60
Not very confident	10
Not at all confident	4
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>	
Inside employer-sponsored retirement plans (total)	68
Inside DC retirement plans (total)	64
401(k) plan	53
403(b), state, local, or federal government plan	21
Inside employer-sponsored IRA <sup>2</sup>	11
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>	
Have IRA invested in mutual funds (total)	55
Traditional IRA or Roth IRA	51
Employer-sponsored IRA <sup>2</sup>	11

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

<sup>2</sup>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, 2008

<b>Level of risk willing to take with financial investments</b>	
Substantial financial risk for substantial financial gain	6
Above-average financial risk for above-average financial gain	31
Average financial risk for average financial gain	50
Below-average financial risk for below-average financial gain	7
Unwilling to take financial risk	6

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

In 2008, 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-three 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-one percent of mutual fund–owning households owned funds both inside and outside employer-sponsored retirement plans.

### Household Mutual Fund Ownership Inside Employer-Sponsored Retirement Plans

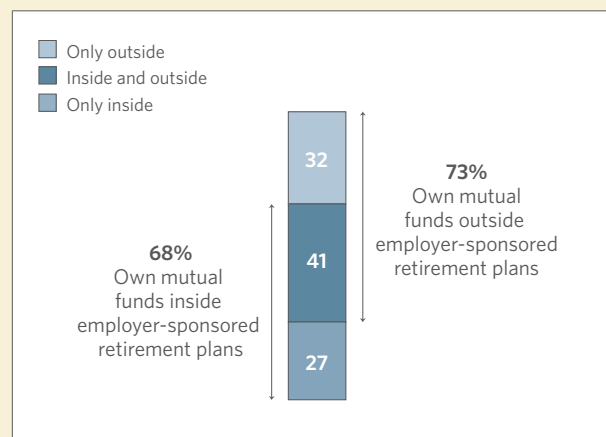
Among households that owned mutual funds inside employer-sponsored retirement plans, the median age of the household head was 47 (Figure 2.2). Forty-eight percent of these individuals had college or postgraduate degrees and 80 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 65 percent of these households.

Eighty-seven percent of individuals heading households that owned mutual funds inside employer-sponsored retirement plans were employed full- or part-time, and 14 percent were retired from their lifetime occupation (Figure 2.3). The median household income among households in this group was \$87,500. Sixteen percent of households that owned mutual funds inside employer-sponsored retirement plans had household incomes of less than \$50,000, 19 percent had household incomes between \$50,000 and \$74,999, and 65 percent had incomes of \$75,000 or more.

FIGURE 2.1

### MUTUAL FUND SHAREHOLDERS BY OWNERSHIP INSIDE AND OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2008



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. Thirty-one percent of mutual fund–owning households in this group owned certificates of deposit, 43 percent owned individual stocks, and 12 percent owned individual bonds.

Households that held mutual funds inside employer-sponsored retirement plans had median mutual fund holdings of \$120,000 (Figure 2.5). Eighty-five percent of mutual fund–owning households in this group owned equity funds, 43 percent owned hybrid funds, 54 percent owned bond funds, and 68 percent owned money market funds. Seventy-one percent of these households had more than half of their household financial assets in mutual funds. Thirty-eight percent purchased their first fund before 1990, and 43 percent bought their 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-six percent owned three or fewer funds and 64 percent owned four or more. Among mutual fund-owning households in this group that also owned funds outside employer-sponsored retirement plans, 58 percent owned funds purchased from multiple sources.

The vast majority of U.S. households that owned funds inside employer-sponsored retirement plans, 93 percent, owned funds in DC plans, predominately in 401(k) plans (Figure 2.7). Sixteen percent of households that owned funds inside employer-sponsored retirement plans owned funds through employer-sponsored IRAs. Seventy-two 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 percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-seven 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 82 percent listed saving for retirement as their household's primary financial goal (Figure 2.8). Fifty-two percent owned mutual funds inside IRAs. Eighty-seven 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.

Forty 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-nine percent were willing to take average risk for average gain. Eleven 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 51 (Figure 2.2). Forty-nine percent of these individuals held college or postgraduate degrees and 75 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 61 percent of households that owned mutual funds outside employer-sponsored retirement plans.

Seventy-three percent of individuals heading households that owned mutual funds outside employer-sponsored retirement plans were employed full- or part-time (Figure 2.3). Twenty-seven percent were retired from their lifetime occupation. The median household income for mutual fund-owning households in this group was \$80,000. Twenty-two percent had household incomes of less than \$50,000, 21 percent had household incomes between \$50,000 and \$74,999, and 57 percent had incomes of \$75,000 or more.

Among households that owned mutual funds outside employer-sponsored retirement plans, median household financial assets were \$225,000 (Figure 2.4). These households had a variety of savings and investments. Thirty-six percent of mutual fund-owning households in this group owned certificates of deposit, 47 percent owned individual stocks, and 13 percent owned individual bonds. Thirty-two 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, 41 percent owned hybrid funds, 49 percent owned bond funds, and 70 percent owned money market funds. Sixty-eight 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-four percent purchased their first fund before 1990, and 35 percent bought their 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-seven percent owned three or fewer funds and 63 percent owned four or more. Sixty percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

Fifty-six percent of households that held mutual funds outside employer-sponsored retirement plans also owned funds inside employer-sponsored retirement plans (Figure 2.7). Seventy-seven percent of mutual fund-owning households in this group owned sales force-distributed funds and 48 percent owned direct-marketed funds. Fifty percent considered the sales force channel to be their primary source for purchasing mutual funds. Fifty-two percent purchased their first mutual fund outside an employer-sponsored retirement plan.

Ninety-four 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 73 percent listed saving for retirement as their household's primary financial goal (Figure 2.8). In addition, 46 percent reported saving for an emergency as a household financial goal. Fifty-six percent held funds in employer-sponsored retirement plans, and 72 percent owned funds inside IRAs. Among households that only owned funds outside employer-sponsored retirement plans, 62 percent owned mutual funds in traditional or Roth IRAs. Eighty-seven 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-eight 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. Thirteen 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, 2008

	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 own funds inside employer-sponsored retirement plans	Total	Only own funds outside employer-sponsored retirement plans	
<b>Age of household sole or co-decisionmaker for investing</b>					
Younger than 35	17	24	14	16	13
35 to 44	26	28	20	15	24
45 to 54	29	27	26	21	30
55 to 64	20	15	21	17	24
65 or older	8	6	19	31	9
Median	47 years	44 years	51 years	53 years	49 years
Mean	47 years	45 years	51 years	54 years	48 years
<b>Educational level</b>					
High school or less	22	31	23	31	17
Some college or associate's degree	30	34	28	28	27
Completed four years of college	21	17	21	18	23
Some graduate school	5	5	6	7	6
Completed graduate school	22	13	22	16	27
<b>Marital status</b>					
Married or living with partner	80	77	75	66	81
Single	9	10	10	12	9
Divorced or separated	7	10	8	11	6
Widowed	4	3	7	11	4
<b>Household investment decisionmaker</b>					
Male is sole decisionmaker	17	16	20	22	18
Female is sole decisionmaker	18	21	19	24	15
Co-decisionmakers	65	63	61	54	67
<b>Ethnic background<sup>1</sup></b>					
Caucasian	87	84	91	93	90
African-American	7	9	5	4	5
Hispanic	5	7	4	4	4
Asian	1	1	1	1	1
Other	5	6	3	3	4

<sup>1</sup>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, 2008

	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 own funds inside employer-sponsored retirement plans	Total	Only own funds outside employer-sponsored retirement plans	
<b>Employment status<sup>1</sup></b>					
Employed full-time	80	81	65	49	79
Not retired	77	80	62	47	76
Retired from lifetime occupation	3	1	3	2	3
Employed part-time	7	7	8	9	7
Not retired	5	6	5	5	5
Retired from lifetime occupation	2	1	3	4	2
Not employed	13	12	27	42	14
Not retired	4	5	6	9	3
Retired from lifetime occupation	9	7	21	33	11
<b>Total household income<sup>2</sup></b>					
Less than \$25,000	3	5	5	9	2
\$25,000 to \$34,999	4	6	5	8	3
\$35,000 to \$49,999	9	12	12	19	7
\$50,000 to \$74,999	19	23	21	25	17
\$75,000 to \$99,999	21	24	18	16	19
\$100,000 to \$149,999	25	19	22	12	29
\$150,000 to \$249,999	14	8	12	7	17
\$250,000 or more	5	3	5	4	6
Median	\$87,500	\$75,000	\$80,000	\$62,500	\$100,000
Mean	\$105,800	\$88,200	\$101,600	\$81,100	\$117,600

<sup>1</sup>Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).

<sup>2</sup>Total reported is household income before taxes in 2007.

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, 2008

	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 own funds inside employer-sponsored retirement plans	Total	Only own funds outside employer-sponsored retirement plans	
<b>Total household financial assets<sup>1</sup></b>					
Less than \$25,000	9	16	8	13	5
\$25,000 to \$49,999	8	11	6	7	6
\$50,000 to \$74,999	10	16	8	9	6
\$75,000 to \$99,999	5	7	5	6	4
\$100,000 to \$249,999	23	21	23	22	24
\$250,000 to \$499,999	19	16	20	17	21
\$500,000 to \$999,999	17	9	20	17	22
\$1 million or more	9	4	10	9	12
Median	\$200,000	\$94,000	\$225,000	\$200,000	\$300,000
Mean	\$475,500	\$323,400	\$514,100	\$432,700	\$573,500
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>					
Certificates of deposit	31	22	36	34	38
Individual stocks, individual bonds, or annuities (total)	62	51	66	62	69
Individual stocks	43	31	47	41	52
Individual bonds (excluding U.S. savings bonds)	12	8	13	12	14
Fixed or variable annuities	31	25	35	34	36
Investment real estate	28	20	32	29	34
Closed-end funds	3	2	4	3	5
Exchange-traded funds	4	1	5	3	6
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>					
Household owns employer-sponsored retirement plan accounts (total)	100	100	76	46	100
DC retirement plan accounts (total)	96	96	72	42	95
401(k) plan account	82	84	57	26	80
403(b), state, local, or federal government plan account	39	35	34	23	42
Employer-sponsored IRA <sup>3</sup>	19	15	16	8	21
<b>Household ownership of IRAs<sup>2</sup></b>					
Household owns IRA (total)	66	37	80	73	85
Traditional IRA or Roth IRA	59	25	77	71	82
Employer-sponsored IRA <sup>3</sup>	19	15	16	8	21

FIGURE 2.4 CONTINUED

	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 own funds inside employer-sponsored retirement plans	Total	Only own funds outside employer-sponsored retirement plans	
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>					
Household owns education-targeted savings program account (total)	15	7	18	15	21
Coverdell education savings account	11	5	14	11	16
529 prepaid tuition or college savings plan account (total)	9	3	10	7	13
529 savings plan	8	2	9	5	11
529 prepaid tuition plan	2	1	2	2	2

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

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

<sup>3</sup>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, 2008

	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 own employer-sponsored retirement plans	Total	Only own employer-sponsored retirement plans	
<b>Total household mutual fund assets</b>					
Less than \$5,000	3	6	2	4	(*)
\$5,000 to \$9,999	3	7	4	9	1
\$10,000 to \$19,999	6	9	6	8	4
\$20,000 to \$29,999	6	7	6	7	5
\$30,000 to \$49,999	8	13	7	8	6
\$50,000 to \$74,999	11	14	9	10	8
\$75,000 to \$99,999	7	7	6	6	7
\$100,000 to \$249,999	25	23	27	27	27
\$250,000 or more	31	14	33	21	42
Median	\$120,000	\$60,000	\$125,000	\$87,500	\$200,000
Mean	\$233,100	\$122,200	\$256,700	\$192,700	\$305,300
<b>Percent allocation of household financial assets to mutual funds</b>					
25% or less	11	15	13	20	8
Between 26% and 50%	18	18	19	19	18
Between 51% and 75%	25	22	24	20	27
More than 75%	46	45	44	41	47
<b>Types of mutual funds owned<sup>1</sup></b>					
Equity funds	85	77	82	71	90
Hybrid funds	43	29	41	26	51
Bond funds	54	46	49	34	59
Money market funds	68	56	70	62	75
Other fund type specified	7	4	7	4	9
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>					
Conducted mutual fund transactions	43	27	43	29	54
<b>Year of initial mutual fund purchase</b>					
Before 1990	38	26	44	44	45
Between 1990 and 1994	19	16	21	19	21
Between 1995 and 1999	21	23	18	15	20
2000 or later	22	35	17	22	14
Median	1992	1996	1990	1990	1990
Mean	1991	1994	1990	1990	1989

(\*) = less than ½ percent

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

<sup>2</sup>Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, 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 CHANNELS USED 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, 2008

	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 own funds inside employer-sponsored retirement plans	Total	Only own funds outside employer-sponsored retirement plans	
<b>Total number of mutual funds owned</b>					
One	11	23	11	20	3
Two	12	21	12	18	7
Three	13	13	14	15	13
Four	15	15	13	12	15
Five to six	17	14	18	17	20
Seven to 10	17	10	16	11	20
11 or more	15	4	16	7	22
Median	4 funds	3 funds	5 funds	3 funds	6 funds
Mean	7 funds	4 funds	7 funds	5 funds	9 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans<sup>1</sup></b>					
One	42	N/A	40	39	42
Two	32	N/A	32	33	32
Three	18	N/A	18	17	18
Four or more	8	N/A	10	11	8
Median	2 sources	N/A	2 sources	2 sources	2 sources
Mean	2 sources	N/A	2 sources	2 sources	2 sources

N/A = not applicable

<sup>1</sup>Purchase channels 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 2.7

**CHANNELS 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, 2008

	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 own funds inside employer-sponsored retirement plans	Total	Only own funds outside employer-sponsored retirement plans	
<b>Source of mutual fund ownership</b>					
Only inside employer-sponsored retirement plans	40	100	0	0	0
Only outside employer-sponsored retirement plans	0	0	44	100	0
Both inside and outside employer-sponsored retirement plans	60	0	56	0	100
<b>Purchase channels through which funds are currently owned<sup>1</sup></b>					
Inside employer-sponsored retirement plans (total)	100	100	56	N/A	100
Inside DC retirement plans (total)	93	94	52	N/A	93
401(k) plan	77	80	43	N/A	76
403(b), state, local, or federal government plan	30	26	18	N/A	33
Inside employer-sponsored IRA <sup>2</sup>	16	11	11	N/A	19
Outside employer-sponsored retirement plans (total)	60	N/A	100	100	100
Sales force (total)	45	N/A	77	79	75
Full-service broker	24	N/A	43	47	40
Independent financial planner	21	N/A	36	38	35
Bank or savings institution representative	15	N/A	26	27	26
Insurance agent	7	N/A	12	13	12
Accountant	5	N/A	8	7	9
Direct market (total)	29	N/A	48	46	49
Mutual fund company directly	21	N/A	33	30	35
Discount broker	14	N/A	23	24	23



FIGURE 2.7 CONTINUED

	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 Own Funds Inside Employer-Sponsored Retirement Plans	Total	Only Own Funds Outside Employer-Sponsored Retirement Plans	
<b>Primary mutual fund purchase channel</b>					
Inside employer-sponsored retirement plans	72	100	31	N/A	52
Outside employer-sponsored retirement plans	28	N/A	69	100	48
Sales force	20	N/A	50	74	35
Full-service broker	7	N/A	19	29	12
Independent financial planner	7	N/A	17	23	13
Bank or savings institution representative	4	N/A	9	14	7
Insurance agent	1	N/A	4	6	2
Accountant	1	N/A	1	2	1
Direct market	8	N/A	19	26	13
Mutual fund company directly	5	N/A	12	16	8
Discount broker	3	N/A	7	10	5
<b>Source of first mutual fund purchase</b>					
Inside employer-sponsored retirement plan	70	88	48	34	59
Outside employer-sponsored retirement plan	30	12	52	66	41

N/A = not applicable

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

<sup>2</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

**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, 2008

	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 own funds inside employer-sponsored retirement plans	Total	Only own funds outside employer-sponsored retirement plans	
<b>Financial goals for mutual fund investments<sup>1</sup></b>					
Retirement	97	97	94	90	97
Reduce taxable income	53	47	53	48	57
Emergency	43	41	46	48	43
Education	27	20	27	23	31
Current income	12	11	21	32	14
House or other large purchase	10	11	10	9	10
Other	5	3	8	9	7
<b>Primary financial goal for mutual fund investments</b>					
Retirement	82	84	73	62	81
Reduce taxable income	3	2	4	5	4
Emergency	3	3	5	8	3
Education	6	5	7	8	6
Current income	3	2	6	11	2
House or other large item	2	3	2	2	2
Other	1	1	3	4	2
<b>Level of confidence that mutual funds are an investment that can help meet household financial goals</b>					
Very confident	28	23	27	23	31
Somewhat confident	59	58	60	60	60
Not very confident	9	13	9	12	7
Not at all confident	4	6	4	5	2
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>					
Inside employer-sponsored retirement plans (total)	100	100	56	N/A	100
Inside DC retirement plans (total)	93	94	52	N/A	93
401(k) plan	77	80	43	N/A	76
403(b), state, local, or federal government plan	30	26	18	N/A	33
Inside employer-sponsored IRA <sup>2</sup>	16	11	11	N/A	19
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>					
Have IRA invested in mutual funds (total)	52	11	72	62	80
Traditional IRA or Roth IRA	46	N/A	70	62	77
Employer-sponsored IRA <sup>2</sup>	16	11	11	N/A	19

N/A = not applicable

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

<sup>2</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

**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, 2008

	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 own funds inside employer-sponsored retirement plans	Total	Only own funds outside employer-sponsored retirement plans	
<b>Level of risk willing to take with financial investments</b>					
Substantial financial risk for substantial financial gain	6	7	6	5	6
Above-average financial risk for above-average financial gain	34	29	32	24	37
Average financial risk for average financial gain	49	51	49	52	47
Below-average financial risk for below-average financial gain	5	4	8	11	6
Unwilling to take financial risk	6	9	5	8	4



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

In 2008, 68 percent of mutual fund–owning households held mutual funds through employer-sponsored retirement plans, and 73 percent owned mutual funds outside such plans (Figure 3.1).<sup>7</sup> This latter group purchased funds through two sources: the sales force channel and the direct market channel.<sup>8</sup> In 2008, 56 percent of households owning mutual funds held funds purchased through the sales force channel, and 35 percent owned funds purchased through the direct market channel.

## Sales Force Channel

Among households that owned mutual funds purchased through the sales force channel, the median age of the household head was 51 (Figure 3.2). Forty-seven percent of these individuals had college or postgraduate degrees and 75 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 62 percent of these households.

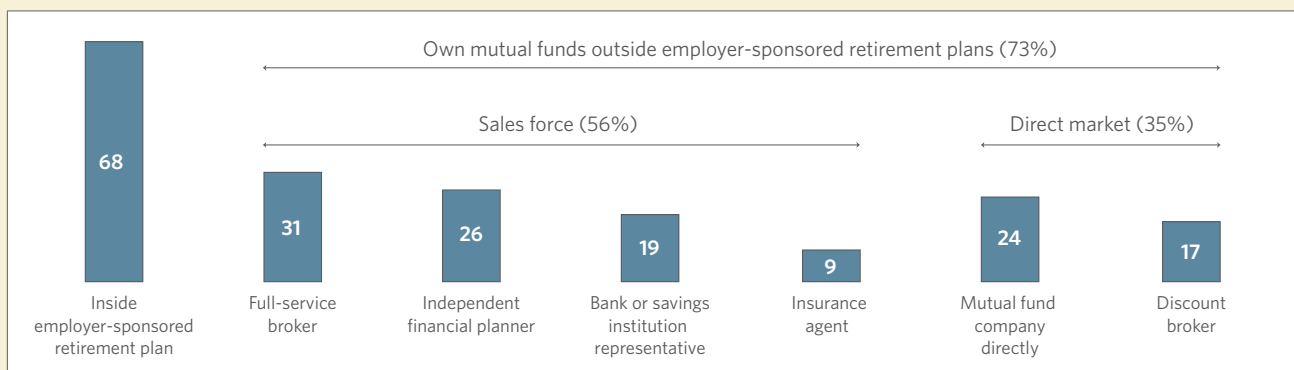
Seventy-two percent of individuals heading households that owned sales force–distributed funds were employed full- or part-time, and 28 percent were retired from their lifetime occupation (Figure 3.3). The median household income of mutual fund–owning households in this group was \$80,000. Twenty-two percent of these households had household incomes of less than \$50,000, 21 percent had household incomes between \$50,000 and \$74,999, and 57 percent had incomes of \$75,000 or more.

Among households that owned sales force–distributed mutual funds, median household financial assets were \$250,000 (Figure 3.4). These households had a variety of savings and investments. Thirty-eight percent of mutual fund–owning households in this group owned certificates of deposit, 46 percent owned individual stocks, and 14 percent owned individual bonds. Thirty-four percent of households that owned mutual funds purchased through the sales force channel owned investment real estate.

FIGURE 3.1

### MUTUAL FUND SHAREHOLDERS' USE OF CHANNELS TO PURCHASE MUTUAL FUNDS

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS,<sup>1</sup> 2008



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

<sup>7</sup> See chapter 2 on page 13 for further discussion.

<sup>8</sup> 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.

Households that owned funds through the sales force channel had median mutual fund holdings of \$132,000 (Figure 3.5). Eighty-one percent of households in this group owned equity funds, 39 percent owned hybrid funds, half owned bond funds, and 70 percent owned money market funds. Sixty-eight percent of households that owned sales force-distributed funds had more than half of their household financial assets in mutual funds. Forty-six percent purchased their first fund before 1990, and 54 percent bought their 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 four (Figure 3.6). Thirty-seven percent owned three or fewer funds and 63 percent owned four or more. Sixty-eight percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning funds through the sales force channel, 55 percent of these households owned funds through employer-sponsored retirement plans, and 43 percent owned funds purchased directly from fund companies or discount brokers (Figure 3.7). Sixty-three percent of households owning sales force-distributed funds considered the sales force channel to be their primary source for purchasing mutual funds; 26 percent, employer-sponsored retirement plans; and 11 percent, the direct market channel. Fifty-four percent of households that owned sales force-distributed funds bought their first mutual fund outside an employer-sponsored retirement plan.

Ninety-four percent of households that owned sales force-distributed mutual funds indicated that saving for retirement was one of their household's financial goals, and 71 percent listed saving for retirement as their household's primary financial goal (Figure 3.8). Fifty-five percent owned funds inside employer-sponsored retirement plans, and 72 percent held funds inside IRAs. Eighty-eight percent of mutual fund-owning households in this group were confident that mutual funds could help them meet their household's financial goals.

Thirty-four 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-two 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.

## Direct Market Channel

Among households that owned mutual funds purchased through the direct market channel, the median age of the household head was 51 (Figure 3.2). Fifty-one 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 57 percent of these households.

Seventy percent of individuals heading households that owned mutual funds through the direct market channel were employed full- or part-time, and 29 percent were retired from their lifetime occupation (Figure 3.3). The median household income for mutual fund-owning households in this group was \$87,500. Twenty-two percent of households that owned direct-marketed funds had household incomes of less than \$50,000, and 19 percent had household incomes between \$50,000 and \$74,999. Fifty-nine 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-eight percent of mutual fund-owning households in this group owned certificates of deposit, 49 percent owned individual stocks, and 14 percent owned individual bonds. Thirty-five 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-four percent of households in this group owned equity funds, 44 percent owned hybrid funds, 48 percent owned bond funds, and 73 percent owned money market funds. Sixty-eight 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-eight percent purchased their first fund before 1990, and 52 percent bought their 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 five (Figure 3.6). Thirty percent owned three or fewer funds and 70 percent owned four or more. Seventy-four percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning funds through the direct market channel, 58 percent of these households owned funds through employer-sponsored retirement plans, and 69 percent owned funds purchased through the sales force channel (Figure 3.7). Thirty-seven percent of households owning direct-marketed funds considered the direct market channel to be their primary source for purchasing mutual funds; 28 percent, employer-sponsored retirement plans; and 35 percent, the sales force channel. Fifty-five 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 69 percent listed saving for retirement as their household's primary financial goal (Figure 3.8). Fifty-eight percent owned funds inside employer-sponsored retirement plans, and 74 percent held funds inside IRAs. Eighty-nine 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.

Forty-one 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-seven 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.

**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, 2008

	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
<b>Age of household sole or co-decisionmaker for investing</b>								
Younger than 35	14	12	10	18	13	15	13	18
35 to 44	18	18	18	17	20	21	21	24
45 to 54	26	27	28	24	24	25	25	23
55 to 64	22	21	23	20	23	19	20	15
65 or older	20	22	21	21	20	20	21	20
Median	51 years	52 years	52 years	50 years	52 years	51 years	51 years	48 years
Mean	51 years	53 years	53 years	51 years	52 years	51 years	51 years	50 years
<b>Educational level</b>								
High school or less	25	24	26	24	26	21	20	24
Some college or associate's degree	28	28	30	34	28	28	27	28
Completed four years of college	19	19	18	19	19	20	21	18
Some graduate school	7	6	7	4	7	5	5	6
Completed graduate school	21	23	19	19	20	26	27	24
<b>Marital status</b>								
Married or living with partner	75	74	75	74	79	76	75	79
Single	9	9	8	8	7	9	10	8
Divorced or separated	8	9	9	8	5	8	8	7
Widowed	8	8	8	10	9	7	7	6
<b>Household investment decisionmaker</b>								
Male is sole decisionmaker	18	20	17	16	17	24	26	23
Female is sole decisionmaker	20	20	20	21	17	19	19	17
Co-decisionmakers	62	60	63	63	66	57	55	60
<b>Ethnic background<sup>1</sup></b>								
Caucasian	91	90	95	92	89	87	86	86
African-American	4	4	3	4	7	7	7	6
Hispanic	5	6	2	4	3	4	4	6
Asian	1	1	(*)	1	1	2	2	2
Other	4	4	2	3	4	4	4	7

(\*) = less than ½ percent  
<sup>1</sup>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, 2008

	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
<b>Employment status<sup>1</sup></b>								
Employed full-time	63	60	63	60	62	64	64	63
Not retired	60	58	60	57	58	61	61	61
Retired from lifetime occupation	3	2	3	3	4	3	3	2
Employed part-time	9	8	9	9	8	6	7	7
Not retired	6	5	5	6	3	3	3	4
Retired from lifetime occupation	3	3	4	3	5	3	4	3
Not employed	28	32	28	31	30	30	29	30
Not retired	6	7	5	8	6	7	6	8
Retired from lifetime occupation	22	25	23	23	24	23	23	22
<b>Total household income<sup>2</sup></b>								
Less than \$25,000	5	5	4	5	8	6	6	8
\$25,000 to \$34,999	5	5	5	7	8	5	6	4
\$35,000 to \$49,999	12	12	12	14	7	11	11	10
\$50,000 to \$74,999	21	20	19	20	23	19	17	21
\$75,000 to \$99,999	18	16	18	15	20	16	17	17
\$100,000 to \$149,999	21	21	23	22	19	21	22	16
\$150,000 to \$249,999	13	16	14	13	15	16	15	17
\$250,000 or more	5	5	5	4	(*)	6	6	7
Median	\$80,000	\$85,000	\$85,000	\$80,000	\$75,000	\$87,500	\$87,500	\$86,400
Mean	\$100,700	\$105,400	\$103,700	\$98,500	\$87,000	\$110,100	\$110,200	\$112,500

(\*) = less than ½ percent

<sup>1</sup>Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).

<sup>2</sup>Total reported is household income before taxes in 2007.

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, 2008

	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
<b>Total household financial assets<sup>1</sup></b>								
Less than \$25,000	8	7	7	8	10	11	9	12
\$25,000 to \$49,999	6	3	3	9	8	5	6	4
\$50,000 to \$74,999	6	7	5	5	2	6	6	5
\$75,000 to \$99,999	6	5	8	7	6	4	3	4
\$100,000 to \$249,999	23	19	22	22	29	21	22	19
\$250,000 to \$499,999	20	21	23	20	24	20	19	23
\$500,000 to \$999,999	20	25	20	19	13	20	20	20
\$1 million or more	11	13	12	10	8	13	15	13
Median	\$250,000	\$350,000	\$300,000	\$200,000	\$200,000	\$275,000	\$300,000	\$300,000
Mean	\$529,900	\$634,200	\$505,700	\$508,900	\$326,000	\$557,200	\$611,900	\$537,500
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>								
Certificates of deposit	38	40	38	49	32	38	41	42
Individual stocks, individual bonds, or annuities (total)	67	71	70	67	73	65	67	66
Individual stocks	46	54	46	45	48	49	49	50
Individual bonds (excluding U.S. savings bonds)	14	17	15	15	16	14	15	13
Fixed or variable annuities	39	38	46	41	49	34	35	34
Investment real estate	34	37	34	37	33	35	35	37
Closed-end funds	4	5	2	4	4	5	5	5
Exchange-traded funds	4	5	3	3	1	7	7	11
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>								
Household owns employer-sponsored retirement plan accounts (total)	75	73	71	75	75	77	79	76
DC retirement plan accounts (total)	70	69	67	72	69	72	73	71
401(k) plan account	56	54	50	59	51	57	57	58
403(b), state, local, or federal government plan account	34	32	34	35	38	33	37	28
Employer-sponsored IRA <sup>3</sup>	16	16	15	13	19	18	19	17
<b>Household ownership of IRAs<sup>2</sup></b>								
Household owns IRA (total)	80	81	82	80	79	81	82	77
Traditional IRA or Roth IRA	78	78	80	78	75	78	79	73
Employer-sponsored IRA <sup>3</sup>	16	16	15	13	19	18	19	17

FIGURE 3.4 CONTINUED

	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
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>								
Household owns education-targeted savings program account (total)	19	21	17	21	22	20	19	22
Coverdell education savings account	15	15	14	18	19	15	12	18
529 prepaid tuition or college savings plan account (total)	10	11	8	12	8	12	12	11
529 savings plan	8	9	7	10	8	10	11	10
529 prepaid tuition plan	2	3	2	2	(*)	2	2	2

(\*) = less than ½ percent

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

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

<sup>3</sup>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, 2008

	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
<b>Total household mutual fund assets</b>								
Less than \$5,000	2	1	1	1	2	2	1	2
\$5,000 to \$9,999	4	3	3	3	5	4	2	6
\$10,000 to \$19,999	6	3	6	7	8	5	5	5
\$20,000 to \$29,999	5	5	3	7	4	6	7	3
\$30,000 to \$49,999	7	7	5	6	11	5	5	5
\$50,000 to \$74,999	9	8	9	8	11	7	7	6
\$75,000 to \$99,999	6	7	7	6	9	5	6	4
\$100,000 to \$249,999	28	28	27	25	20	28	26	33
\$250,000 or more	33	38	39	37	30	38	41	36
Median	\$132,000	\$150,000	\$160,000	\$150,000	\$90,000	\$150,000	\$195,000	\$150,000
Mean	\$255,700	\$281,800	\$287,900	\$268,400	\$187,000	\$318,100	\$348,300	\$303,400
<b>Percent allocation of household financial assets to mutual funds</b>								
25% or less	13	13	10	11	14	10	9	13
Between 26% and 50%	19	21	17	20	16	22	24	19
Between 51% and 75%	26	25	28	29	24	22	21	23
More than 75%	42	41	45	40	46	46	46	45
<b>Types of mutual funds owned<sup>1</sup></b>								
Equity funds	81	86	81	77	81	84	86	82
Hybrid funds	39	40	40	40	39	44	45	43
Bond funds	50	54	49	49	51	48	49	49
Money market funds	70	69	71	76	69	73	75	73
Other fund type specified	5	6	5	5	5	9	9	9
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>								
Conducted mutual fund transactions	42	48	42	40	27	49	49	51
<b>Year of initial mutual fund purchase</b>								
Before 1990	46	50	52	44	48	48	48	44
Between 1990 and 1994	20	19	18	16	14	19	20	18
Between 1995 and 1999	17	17	15	18	18	16	18	17
2000 or later	17	14	15	22	20	17	14	21
Median	1990	1989	1989	1991	1990	1990	1990	1991
Mean	1989	1988	1988	1990	1989	1989	1988	1990

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

<sup>2</sup>Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, 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 3.6**

**NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY OWNERSHIP OUTSIDE EMPLOYER-SPONSORED RETIREMENT PLANS, 2008

	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
<b>Total number of mutual funds owned</b>								
One	10	8	8	11	14	8	7	9
Two	12	11	11	11	14	10	10	10
Three	15	12	13	21	20	12	13	10
Four	14	11	19	19	12	13	13	13
Five to six	19	22	17	12	17	19	18	17
Seven to 10	16	18	15	14	13	18	18	19
11 or more	14	18	17	12	10	20	21	22
Median	4 funds	5 funds	4 funds	4 funds	4 funds	5 funds	5 funds	5 funds
Mean	7 funds	7 funds	7 funds	6 funds	5 funds	8 funds	9 funds	9 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans<sup>1</sup></b>								
One	32	20	17	26	21	26	30	11
Two	36	37	36	28	30	32	27	35
Three	21	27	27	25	24	25	25	29
Four or more	11	16	20	21	25	17	18	25
Median	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	3 sources
Mean	2 sources	2 sources	3 sources	3 sources	3 sources	2 sources	2 sources	3 sources

<sup>1</sup>Purchase sources outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, mutual fund companies directly, and discount brokers.

FIGURE 3.7

**CHANNELS 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, 2008

	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
<b>Source of mutual fund ownership</b>								
Only inside employer-sponsored retirement plans	0	0	0	0	0	0	0	0
Only outside employer-sponsored retirement plans	45	48	46	45	47	42	40	45
Both inside and outside employer-sponsored retirement plans	55	52	54	55	53	58	60	55
<b>Purchase channels through which funds are currently owned<sup>1</sup></b>								
Inside employer-sponsored retirement plans (total)	55	52	54	55	53	58	60	55
Inside DC retirement plans (total)	50	47	50	52	47	52	55	49
401(k) plan	41	40	38	43	35	43	45	42
403(b), state, local, or federal government plan	18	15	21	20	21	18	20	16
Inside employer-sponsored IRA <sup>2</sup>	11	11	9	8	11	14	14	13
Outside employer-sponsored retirement plans (total)	100	100	100	100	100	100	100	100
Sales force (total)	100	100	100	100	100	69	64	79
Full-service broker	56	100	48	39	34	44	40	55
Independent financial planner	47	41	100	39	49	32	31	34
Bank or savings institution representative	34	24	29	100	25	22	22	23
Insurance agent	16	10	17	12	100	11	10	13
Accountant	11	10	13	12	11	9	8	9
Direct market (total)	43	49	42	40	43	100	100	100
Mutual fund company directly	27	31	28	27	27	69	100	37
Discount broker	24	30	22	21	24	49	26	100

FIGURE 3.7 CONTINUED

	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
<b>Primary mutual fund purchase channel</b>								
Inside employer-sponsored retirement plans	26	22	25	26	24	28	29	22
Outside employer-sponsored retirement plans	74	78	75	74	76	72	71	78
Sales force	63	66	68	67	67	35	30	42
Full-service broker	24	43	14	11	11	16	11	22
Independent financial planner	21	16	46	17	23	11	12	11
Bank or savings institution representative	12	5	4	35	5	5	4	5
Insurance agent	4	1	3	3	27	2	2	2
Accountant	2	1	1	1	1	1	1	2
Direct market	11	12	7	7	9	37	41	36
Mutual fund company directly	5	6	4	4	3	23	34	7
Discount broker	6	6	3	3	6	14	7	29
<b>Source of first mutual fund purchase</b>								
Inside employer-sponsored retirement plan	46	43	48	46	40	45	43	45
Outside employer-sponsored retirement plan	54	57	52	54	60	55	57	55

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

<sup>2</sup>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, 2008

	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
<b>Financial goals for mutual fund investments<sup>1</sup></b>								
Retirement	94	94	94	93	95	94	94	93
Reduce taxable income	54	57	57	53	59	54	54	58
Emergency	47	47	47	53	50	49	51	51
Education	28	28	25	32	30	30	29	33
Current income	23	25	24	26	27	24	25	28
House or other large purchase	10	11	8	14	10	11	11	17
Other	7	9	7	10	6	9	9	10
<b>Primary financial goal for mutual fund investments</b>								
Retirement	71	71	71	65	70	69	70	64
Reduce taxable income	5	4	7	5	5	4	4	4
Emergency	6	5	5	7	8	5	5	6
Education	7	7	7	9	8	9	7	11
Current income	7	8	7	7	7	7	7	8
House or other large item	2	2	1	3	1	3	4	4
Other	2	3	2	4	1	3	3	3
<b>Level of confidence that mutual funds are an investment that can help meet household financial goals</b>								
Very confident	27	25	29	30	25	32	33	30
Somewhat confident	61	63	56	59	57	57	56	60
Not very confident	9	10	12	9	13	9	9	8
Not at all confident	3	2	3	2	5	2	2	2
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>								
Inside employer-sponsored retirement plans (total)	55	52	54	55	53	58	60	55
Inside DC retirement plans (total)	50	47	50	52	47	52	55	49
401(k) plan	41	40	38	43	35	43	45	42
403(b), state, local, or federal government plan	18	15	21	20	21	18	20	16
Inside employer-sponsored IRA <sup>2</sup>	11	11	9	8	11	14	14	13
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>								
Have IRA invested in mutual funds (total)	72	73	76	73	72	74	76	69
Traditional IRA or Roth IRA	70	71	74	72	68	72	73	67
Employer-sponsored IRA <sup>2</sup>	11	11	9	8	11	14	14	13

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

<sup>2</sup>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, 2008

	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
<b>Level of risk willing to take with financial investments</b>								
Substantial financial risk for substantial financial gain	5	5	5	5	5	7	7	7
Above-average financial risk for above-average financial gain	29	29	31	26	28	34	34	34
Average financial risk for average financial gain	52	52	51	56	46	47	47	48
Below-average financial risk for below-average financial gain	9	9	8	8	15	7	7	6
Unwilling to take financial risk	5	5	5	5	6	5	5	5



# Mutual Fund Shareholders by Primary Source for Purchasing Funds

In 2008, 51 percent of mutual fund–owning households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds (Figure 4.1). Another 36 percent viewed the sales force channel as their main source for buying funds (14 percent considered full-service brokers to be their primary fund source; 12 percent, independent financial planners; 7 percent, bank or savings institution representatives; 2 percent, insurance agents; and 1 percent, accountants).<sup>9</sup> Finally, 13 percent of mutual fund–owning households viewed the direct market channel as their main source for buying funds (8 percent indicated fund companies as their primary source, and 5 percent cited discount brokers).

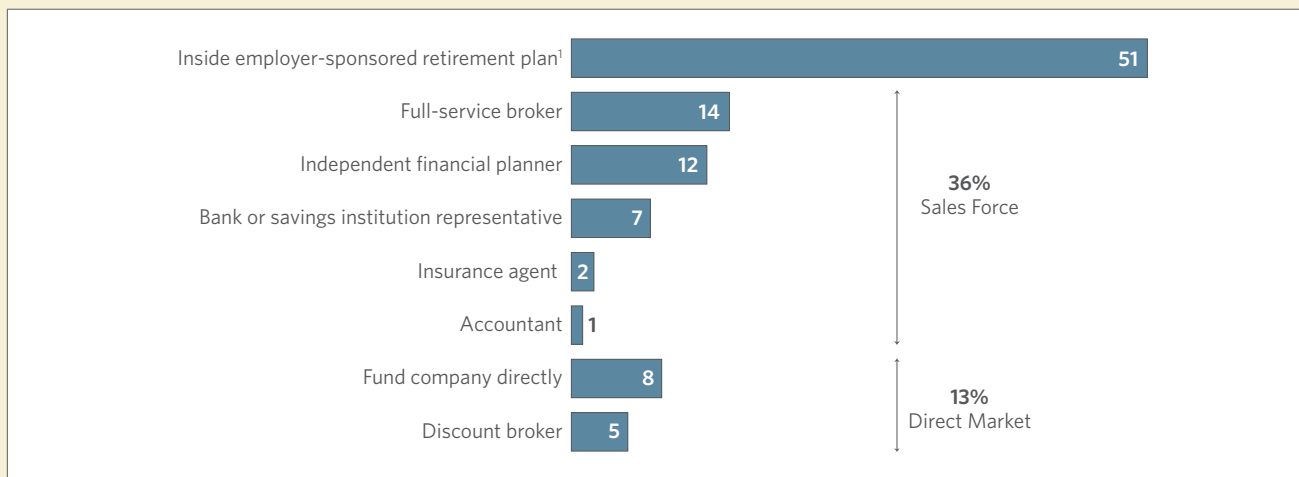
## Employer-Sponsored Retirement Plans as the Primary Purchase Channel for Funds

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.

**FIGURE 4.1**

### MUTUAL FUND SHAREHOLDERS BY PRIMARY SOURCE FOR PURCHASING FUNDS

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2008



<sup>1</sup>Employer-sponsored retirement plans include defined contribution plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

<sup>9</sup> The sample sizes for mutual fund–owning households that considered either insurance agents or accountants to be their primary source for purchasing mutual funds were too small to analyze.

Eighty-nine 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 9 percent were retired from their lifetime occupation (Figure 4.3). The median household income of mutual fund–owning households in this group was \$87,500. Seventeen 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, 21 percent had household incomes between \$50,000 and \$74,999, and 62 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 \$150,000 (Figure 4.4). These households had a variety of savings and investments. Twenty-eight percent of mutual fund–owning households in this group owned certificates of deposit, 39 percent owned individual stocks, and 10 percent owned individual 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 \$90,000 (Figure 4.5). Eighty-three percent of households in this group owned equity funds, 39 percent owned hybrid funds, 52 percent owned bond funds, and 64 percent owned money market funds. Seventy-two percent had more than half of their household financial assets in mutual funds. Thirty-one percent of mutual fund–owning households in this group purchased their first fund before 1990, and 48 percent bought their 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-three percent owned three or fewer funds and 57 percent owned four or more. Fifty-three percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through their employer-sponsored retirement plans, 43 percent of these households owned funds outside employer-sponsored retirement plans: 29 percent owned sales force–distributed funds and 19 percent owned direct-marketed funds (Figure 4.7). Eighty-one percent of mutual fund–owning households in this group purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-eight percent of households that considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds were saving for retirement, and 85 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, 41 percent held funds inside IRAs. Eighty-six 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.

Forty 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-nine percent were willing to take average risk for average gain. Eleven 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 Channel 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 53—the oldest median age of any shareholder group classified by the three broad primary mutual fund purchase channels (Figure 4.2). Forty-six percent of these individuals had college or postgraduate degrees and 74 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 62 percent of households that considered the sales force channel to be their primary source for purchasing mutual funds.

Sixty-seven 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-three percent were retired from their lifetime occupation. The median household income of mutual fund-owning households in this group was \$75,000. Twenty-six percent had household incomes of less than \$50,000, 21 percent had household incomes between \$50,000 and \$74,999, and 53 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 \$200,000 (Figure 4.4). These households had other savings and investments. Thirty-eight percent of mutual fund-owning households in this group owned certificates of deposit, 46 percent owned individual stocks, and 15 percent owned individual 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 \$120,000 (Figure 4.5). Seventy-eight percent of mutual fund-owning households in this group owned equity funds, 35 percent owned hybrid funds, 48 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. Forty-eight percent of mutual fund-owning households in this group purchased their first fund before 1990, and 52 percent bought their 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 four (Figure 4.6). Forty-four percent owned three or fewer funds and 56 percent owned four or more. Sixty-four percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through the sales force channel, 40 percent of these households owned funds inside employer-sponsored retirement plans, and 35 percent owned funds purchased through the direct market channel (Figure 4.7). Sixty-four percent of mutual fund-owning households in this group purchased their first mutual fund outside an employer-sponsored retirement plan.

Ninety-two 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). Four in 10 held funds in employer-sponsored retirement plans, and 71 percent owned 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-two 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. Sixteen 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 Channel 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 51 (Figure 4.2). Fifty-five percent of these individuals had college or postgraduate degrees—the largest percentage of any shareholder group classified by primary mutual fund purchase source. Seventy-four percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 49 percent of households that considered the direct market channel to be their primary source for purchasing mutual funds.

Sixty-three 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 occupation (Figure 4.3). The median household income of mutual fund-owning households in this group was \$75,400. Twenty-seven percent had household incomes of less than \$50,000, and two in 10 had household incomes between \$50,000 and \$74,999. Fifty-three 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—the greatest of any shareholder group classified by the three broad primary mutual fund purchase channels (Figure 4.4). These households had a variety of savings and investments. Thirty-five percent of mutual fund-owning households in this group owned certificates of deposit, 47 percent owned individual stocks, and 12 percent owned individual 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 \$150,000—the greatest of any shareholder group classified by the three broad primary mutual fund purchase channels (Figure 4.5). Eighty-five percent of mutual fund-owning households in this group held equity funds, 41 percent owned hybrid funds, 43 percent held bond funds, and 70 percent owned money market funds. Fifty-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 purchased their first fund before 1990, and 54 percent bought their 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 five (Figure 4.6). Twenty-nine percent owned three or fewer funds and 71 percent owned four or more. Fifty-six percent owned funds purchased from multiple sources outside employer-sponsored retirement plans.

In addition to owning mutual funds through the direct market channel, 42 percent of these households owned funds inside employer-sponsored retirement plans, and 49 percent owned funds purchased through the sales force channel (Figure 4.7). Sixty-four percent of mutual fund-owning households in this group purchased their first mutual fund outside an employer-sponsored retirement plan.

Ninety-three 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 61 percent listed saving for retirement as their household's primary financial goal (Figure 4.8). Forty-two percent held funds in employer-sponsored retirement plans, and 73 percent owned funds inside IRAs. Ninety-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.

Forty-three 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-four percent were willing to take average risk for average gain. Thirteen 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 CHANNEL**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE CHANNEL, 2008

	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
<b>Age of household sole or co-decisionmaker for investing</b>								
Younger than 35	20	13	13	7	18	17	14	20
35 to 44	27	17	15	18	19	22	18	29
45 to 54	29	25	25	29	21	20	19	21
55 to 64	18	22	19	24	22	18	21	14
65 or older	6	23	28	22	20	23	28	16
Median	46 years	53 years	53 years	53 years	50 years	51 years	53 years	44 years
Mean	46 years	53 years	54 years	54 years	51 years	51 years	53 years	47 years
<b>Educational level</b>								
High school or less	25	26	28	25	24	19	14	27
Some college or associate's degree	32	28	23	31	37	26	28	23
Completed four years of college	20	19	20	16	22	22	27	13
Some graduate school	5	7	6	8	4	6	5	8
Completed graduate school	18	20	23	20	13	27	26	29
<b>Marital status</b>								
Married or living with partner	79	74	71	78	71	74	74	75
Single	10	7	8	6	5	12	12	13
Divorced or separated	8	9	10	6	14	9	8	9
Widowed	3	10	11	10	10	5	6	3
<b>Household investment decisionmaker</b>								
Male is sole decisionmaker	16	18	24	13	15	33	35	30
Female is sole decisionmaker	19	20	20	18	26	18	18	18
Co-decisionmakers	65	62	56	69	59	49	47	52
<b>Ethnic background<sup>1</sup></b>								
Caucasian	86	94	94	95	93	86	91	79
African-American	9	2	2	1	4	6	5	8
Hispanic	4	5	6	3	5	5	3	10
Asian	1	(*)	(*)	(*)	0	3	3	3
Other	5	3	3	4	2	5	2	11

(\*) = less than ½ percent  
<sup>1</sup>Multiple responses are included.

**FIGURE 4.3**

**EMPLOYMENT STATUS AND INCOME BY PRIMARY PURCHASE CHANNEL**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE CHANNEL, 2008

	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
<b>Employment status<sup>1</sup></b>								
Employed full-time	83	57	57	57	53	55	53	59
Not retired	82	54	56	54	49	52	49	58
Retired from lifetime occupation	1	3	1	3	4	3	4	1
Employed part-time	6	10	8	10	15	8	9	6
Not retired	5	6	5	6	11	4	4	4
Retired from lifetime occupation	1	4	3	4	4	4	5	2
Not employed	11	33	35	33	32	37	38	35
Not retired	4	7	7	7	7	9	6	13
Retired from lifetime occupation	7	26	28	26	25	28	32	22
<b>Total household income<sup>2</sup></b>								
Less than \$25,000	3	6	5	4	8	8	7	10
\$25,000 to \$34,999	4	6	5	4	10	6	5	7
\$35,000 to \$49,999	10	14	14	13	19	13	16	8
\$50,000 to \$74,999	21	21	24	17	22	20	17	24
\$75,000 to \$99,999	22	18	16	22	15	18	19	17
\$100,000 to \$149,999	25	19	18	22	15	16	18	12
\$150,000 to \$249,999	12	11	14	12	7	12	11	13
\$250,000 or more	3	5	4	6	4	7	7	9
Median	\$87,500	\$75,000	\$75,200	\$85,000	\$60,000	\$75,400	\$80,000	\$75,000
Mean	\$98,600	\$97,200	\$100,900	\$107,400	\$80,100	\$101,800	\$102,300	\$101,100

<sup>1</sup>Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).

<sup>2</sup>Total reported is household income before taxes in 2007.



FIGURE 4.4

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY PRIMARY PURCHASE CHANNEL**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE CHANNEL, 2008

	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
<b>Total household financial assets<sup>1</sup></b>								
Less than \$25,000	11	10	7	7	11	11	9	14
\$25,000 to \$49,999	9	6	3	5	16	7	6	9
\$50,000 to \$74,999	12	7	10	4	5	7	7	9
\$75,000 to \$99,999	7	5	5	5	7	4	4	5
\$100,000 to \$249,999	23	23	22	24	27	16	15	17
\$250,000 to \$499,999	18	20	18	21	18	18	19	16
\$500,000 to \$999,999	14	18	22	21	11	22	25	16
\$1 million or more	6	11	13	13	5	15	15	14
Median	\$150,000	\$200,000	\$300,000	\$300,000	\$150,000	\$300,000	\$300,000	\$200,000
Mean	\$365,500	\$544,800	\$716,100	\$523,600	\$342,300	\$592,000	\$612,900	\$551,400
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>								
Certificates of deposit	28	38	39	36	40	35	38	30
Individual stocks, individual bonds, or annuities (total)	58	68	72	67	61	57	56	60
Individual stocks	39	46	54	41	37	47	48	46
Individual bonds (excluding U.S. savings bonds)	10	15	20	13	12	12	10	15
Fixed or variable annuities	28	42	36	46	36	24	22	27
Investment real estate	23	37	41	35	35	26	26	25
Closed-end funds	2	3	5	2	2	6	5	8
Exchange-traded funds	3	4	6	3	3	8	5	14
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>								
Household owns employer-sponsored retirement plan accounts (total)	100	67	68	65	69	71	74	66
DC retirement plan accounts (total)	97	62	63	60	65	63	64	62
401(k) plan account	84	47	48	43	51	47	42	56
403(b), state, local, or federal government plan account	38	32	32	31	33	30	36	19
Employer-sponsored IRA <sup>3</sup>	17	13	12	16	8	18	20	15

Table continued on page 48.

FIGURE 4.4 CONTINUED

	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
<b>Household ownership of IRAs<sup>2</sup></b>								
Household owns IRA (total)	58	80	81	83	72	80	87	69
Traditional IRA or Roth IRA	50	77	79	81	72	78	84	67
Employer-sponsored IRA <sup>3</sup>	17	13	12	16	8	18	20	15
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>								
Household owns education-targeted savings program account (total)	12	19	20	17	21	17	17	16
Coverdell education savings account	9	15	14	14	18	11	10	14
529 prepaid tuition or college savings plan account (total)	7	9	11	9	8	10	11	8
529 savings plan	6	8	9	8	6	9	10	6
529 prepaid tuition plan	2	2	3	1	1	2	2	2

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

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

<sup>3</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

**FIGURE 4.5**

**MUTUAL FUND INVESTING BY PRIMARY PURCHASE CHANNEL**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE CHANNEL, 2008

	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
<b>Total household mutual fund assets</b>								
Less than \$5,000	4	2	1	1	1	4	3	7
\$5,000 to \$9,999	5	5	4	3	6	6	2	16
\$10,000 to \$19,999	6	7	2	9	9	5	7	0
\$20,000 to \$29,999	7	7	7	4	11	4	5	2
\$30,000 to \$49,999	10	7	9	6	4	6	6	6
\$50,000 to \$74,999	12	9	7	7	11	8	8	8
\$75,000 to \$99,999	7	5	9	2	6	3	4	0
\$100,000 to \$249,999	24	29	30	31	30	26	26	25
\$250,000 or more	25	29	31	37	22	38	39	36
Median	\$90,000	\$120,000	\$125,000	\$150,000	\$100,000	\$150,000	\$150,000	\$150,000
Mean	\$178,600	\$229,200	\$224,500	\$283,200	\$213,300	\$365,200	\$387,200	\$321,900
<b>Percent allocation of household financial assets to mutual funds</b>								
25% or less	12	15	17	12	13	15	13	20
Between 26% and 50%	16	18	16	23	15	28	30	23
Between 51% and 75%	25	26	21	25	35	12	12	13
More than 75%	47	41	46	40	37	45	45	44
<b>Types of mutual funds owned<sup>1</sup></b>								
Equity funds	83	78	87	80	60	85	86	83
Hybrid funds	39	35	33	41	30	41	46	34
Bond funds	52	48	55	49	38	43	47	37
Money market funds	64	68	66	69	77	70	71	68
Other fund type specified	6	5	6	6	5	8	8	7
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>								
Conducted mutual fund transactions	37	38	44	40	30	50	49	52
<b>Year of initial mutual fund purchase</b>								
Before 1990	31	48	50	55	34	46	50	40
Between 1990 and 1994	21	17	16	20	16	22	24	17
Between 1995 and 1999	23	16	18	13	21	15	15	15
2000 or later	25	19	16	12	29	17	11	28
Median	1994	1990	1989	1988	1995	1990	1990	1993
Mean	1993	1989	1989	1987	1992	1989	1988	1991

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

<sup>2</sup>Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, 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 CHANNELS USED BY PRIMARY PURCHASE CHANNEL**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE CHANNEL, 2008

	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
<b>Total number of mutual funds owned</b>								
One	15	12	9	10	16	9	8	13
Two	15	15	14	15	16	10	10	8
Three	13	17	12	19	29	10	10	11
Four	14	14	10	18	13	10	9	11
Five to six	16	17	27	11	9	21	22	18
Seven to 10	15	13	16	11	12	21	25	14
11 or more	12	12	12	16	5	19	16	25
Median	4 funds	4 funds	5 funds	4 funds	3 funds	5 funds	5 funds	5 funds
Mean	5 funds	6 funds	6 funds	7 funds	4 funds	9 funds	9 funds	9 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans<sup>1</sup></b>								
One	47	36	35	29	49	44	56	24
Two	34	31	36	29	27	30	26	36
Three	15	19	19	22	15	20	13	32
Four or more	4	14	10	20	9	6	5	8
Median	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	1 source	2 sources
Mean	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources	2 sources

<sup>1</sup>Purchase sources outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, mutual fund companies directly, and discount brokers.

**FIGURE 4.7**

**CHANNELS USED TO PURCHASE MUTUAL FUNDS BY PRIMARY PURCHASE CHANNEL**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE CHANNEL, 2008

	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
<b>Source of mutual fund ownership</b>								
Only inside employer-sponsored retirement plans	57	0	0	0	0	0	0	0
Only outside employer-sponsored retirement plans	0	60	63	57	61	58	59	57
Both inside and outside employer-sponsored retirement plans	43	40	37	43	39	42	41	43
<b>Purchase channels through which funds are currently owned<sup>1</sup></b>								
Inside employer-sponsored retirement plans (total)	100	40	37	43	39	42	41	43
Inside DC retirement plans (total)	95	36	34	40	37	37	35	40
401(k) plan	80	29	27	31	29	31	26	38
403(b), state, local, or federal government plan	29	14	13	16	14	11	12	9
Inside employer-sponsored IRA <sup>2</sup>	14	7	6	9	3	12	12	11
Outside employer-sponsored retirement plans (total)	43	100	100	100	100	100	100	100
Sales force (total)	29	100	100	100	100	49	39	65
Full-service broker	14	59	100	42	26	29	24	38
Independent financial planner	13	50	27	100	17	15	12	19
Bank or savings institution representative	10	36	16	26	100	11	10	13
Insurance agent	4	18	7	18	7	6	3	11
Accountant	3	11	6	15	8	3	3	2
Direct market (total)	19	35	42	34	25	100	100	100
Mutual fund company directly	14	21	20	24	16	75	100	34
Discount broker	8	20	29	16	14	47	15	100
<b>Source of first mutual fund purchase</b>								
Inside employer-sponsored retirement plan	81	36	33	40	36	36	34	39
Outside employer-sponsored retirement plan	19	64	67	60	64	64	66	61

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

<sup>2</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

FIGURE 4.8

**FINANCIAL GOALS BY PRIMARY PURCHASE CHANNEL**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE CHANNEL, 2008

	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
<b>Financial goals for mutual fund investments<sup>1</sup></b>								
Retirement	98	92	92	92	94	93	93	93
Reduce taxable income	52	54	53	59	46	48	49	48
Emergency	39	51	47	50	57	49	52	44
Education	24	28	27	25	37	28	27	31
Current income	9	25	25	26	26	30	29	30
House or other large purchase	9	10	10	8	13	11	8	17
Other	3	8	9	7	5	10	12	8
<b>Primary financial goal for mutual fund investments</b>								
Retirement	85	69	70	72	64	61	64	58
Reduce taxable income	3	5	3	9	5	4	5	3
Emergency	3	7	6	4	9	6	6	6
Education	4	8	7	9	10	9	6	12
Current income	2	8	10	4	8	9	13	2
House or other large item	2	1	1	1	2	6	2	12
Other	1	2	3	1	2	5	4	7
<b>Level of confidence that mutual funds are an investment that can help meet household financial goals</b>								
Very confident	26	25	23	27	23	32	38	23
Somewhat confident	60	60	65	55	63	60	53	70
Not very confident	10	11	8	13	13	6	7	4
Not at all confident	4	4	4	5	1	2	2	3
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>								
Inside employer-sponsored retirement plans (total)	100	40	37	43	39	42	41	43
Inside DC retirement plans (total)	95	36	34	40	37	37	35	40
401(k) plan	80	29	27	31	29	31	26	38
403(b), state, local, or federal government plan	29	14	13	16	14	11	12	9
Inside employer-sponsored IRA <sup>2</sup>	14	7	6	9	3	12	12	11
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>								
Have IRA invested in mutual funds (total)	41	71	71	76	63	73	80	62
Traditional IRA or Roth IRA	33	69	69	75	63	72	79	61
Employer-sponsored IRA <sup>2</sup>	14	7	6	9	3	12	12	11

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

<sup>2</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

**FIGURE 4.9**

**VIEWS ON INVESTMENT RISK BY PRIMARY PURCHASE CHANNEL**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY PRIMARY PURCHASE CHANNEL, 2008

	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
<b>Level of risk willing to take with financial investments</b>								
Substantial financial risk for substantial financial gain	6	5	6	3	8	6	7	4
Above-average financial risk for above-average financial gain	34	27	22	33	22	37	36	38
Average financial risk for average financial gain	49	52	55	48	54	44	44	45
Below-average financial risk for below-average financial gain	5	10	11	10	9	8	9	7
Unwilling to take financial risk	6	6	6	6	7	5	4	6





## Mutual Fund Shareholders by Generation

Multiple generations of Americans own mutual funds. In 2008, 12 percent of individuals heading households that owned mutual funds were members of Generation Y, those persons born in 1977 or later, and thus age 31 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 32 to 43 at the time of the survey. The largest proportion of individuals heading mutual fund–owning households, 46 percent, were members of the Baby Boom Generation, individuals born between 1946 and 1964, who were between 44 and 62 at the time of the survey. The remaining 18 percent of individuals heading mutual fund–owning households were members of the Silent Generation, born in 1945 or earlier, who were 63 or older at the time of the survey.<sup>10</sup>

### Generation Y (Born in 1977 or Later)

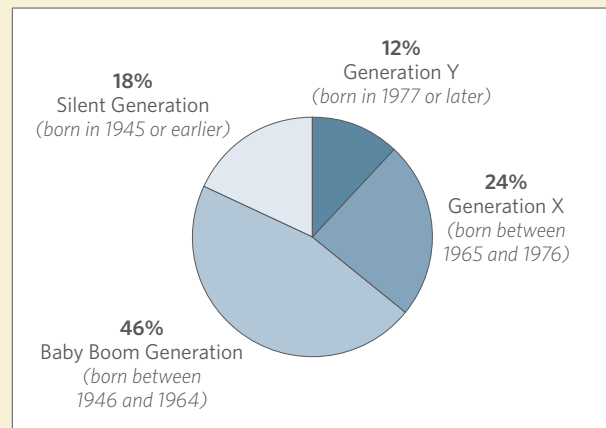
The median age of Generation Y mutual fund–owning household heads was 29 (Figure 5.2). Fifty-five percent of these individuals held college or postgraduate degrees and 78 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 68 percent of Generation Y mutual fund–owning households.

Nine in 10 Generation Y mutual fund–owning household heads were employed full- or part-time (Figure 5.3). Their median household income was \$73,000. Twenty-seven percent had household incomes of less than \$50,000, 25 percent had household incomes between \$50,000 and \$74,999, and 48 percent had incomes of \$75,000 or more.

Among Generation Y mutual fund–owning households, median household financial assets were \$47,000—the

**FIGURE 5.1**

**MUTUAL FUND SHAREHOLDERS BY GENERATION**  
PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2008



lowest of the generation groups (Figure 5.4). These households had a variety of savings and investments. Twenty-one percent of Generation Y mutual fund–owning households owned certificates of deposit, 32 percent owned individual stocks, and 6 percent owned individual bonds.

Generation Y mutual fund–owning households had median mutual fund holdings of \$25,000, the smallest median mutual fund holdings among shareholder groups classified by generation (Figure 5.5). Eight in 10 Generation Y mutual fund–owning households owned equity funds, 33 percent owned hybrid funds, 35 percent held bond funds, and 63 percent owned money market funds. Sixty-five percent had more than half of their household financial assets in mutual funds. Two-thirds of Generation Y mutual fund–owning households purchased their first fund in 2000 or later, and 23 percent bought their first fund between 1995 and 1999.

<sup>10</sup> In this report, the GI Generation, which includes individuals born between 1904 and 1924, is grouped together with the Silent Generation. One percent of individuals heading mutual fund–owning households were members of the GI Generation in 2008.

The median number of mutual funds owned by Generation Y mutual fund-owning households was three (Figure 5.6). Fifty-five percent owned three or fewer funds and 45 percent owned four or more. Among Generation Y mutual fund-owning households that owned funds outside employer-sponsored retirement plans, 53 percent owned funds purchased from multiple sources.

Seventy-one percent of Generation Y mutual fund-owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Sixty-two percent owned funds outside employer-sponsored retirement plans: 45 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-four percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-five percent of Generation Y mutual fund-owning households indicated that saving for retirement was one of their household's financial goals, and 70 percent listed saving for retirement as their household's primary financial goal (Figure 5.8). Seventy-one percent of Generation Y mutual fund-owning households held funds in employer-sponsored retirement plans, and 48 percent owned funds inside IRAs. Nearly nine in 10 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-eight 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). Half 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.

### **Generation X (Born Between 1965 and 1976)**

The median age of Generation X mutual fund-owning household heads was 38 (Figure 5.2). Half of these individuals held college or postgraduate degrees and 82 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 65 percent of Generation X mutual fund-owning households.

Ninety-one 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. Thirteen percent had household incomes of less than \$50,000, 23 percent had household incomes between \$50,000 and \$74,999, and 64 percent had incomes of \$75,000 or more.

Among Generation X mutual fund-owning households, median household financial assets were \$125,000 (Figure 5.4). In addition to mutual funds, 25 percent of these households owned certificates of deposit, 42 percent owned individual stocks, and 10 percent owned individual bonds. Twenty-three 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 \$75,000 (Figure 5.5). Eight in 10 Generation X mutual fund-owning households owned equity funds, 38 percent owned hybrid funds, 46 percent held bond funds, and 59 percent owned money market funds. Seventy-three percent had more than half of their household financial assets in mutual funds—the largest percentage of any of the generation groups. Eighty-three 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). Thirty-nine percent owned three or fewer funds and 61 percent owned four or more. Among Generation X mutual fund-owning households that owned funds outside employer-sponsored retirement plans, 55 percent owned funds purchased from multiple sources.

Seventy-six percent of Generation X mutual fund-owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Sixty-five percent owned funds outside employer-sponsored retirement plans: 47 percent owned sales force-distributed funds and 32 percent owned direct-marketed funds. Fifty-nine percent of Generation X mutual fund-owning households considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds, and 69 percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of Generation X mutual fund–owning households 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 5.8). Seventy-six percent of Generation X mutual fund–owning households held funds in employer-sponsored retirement plans, and 47 percent owned funds inside IRAs. Eighty-nine 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-nine 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-one percent were willing to take average risk for average gain. One in 10 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 52 (Figure 5.2). Forty-three 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 63 percent of Baby Boom Generation mutual fund–owning households.

Eighty-five percent of Baby Boom Generation mutual fund–owning household heads were employed full- or part-time (Figure 5.3). Eighteen percent were retired from their lifetime occupation. Their median household income was \$87,500. Eighteen percent had household incomes of less than \$50,000, 21 percent had household incomes between \$50,000 and \$74,999, and 61 percent had incomes of \$75,000 or more.

Among Baby Boom Generation mutual fund–owning households, median household financial assets were \$250,000 (Figure 5.4). These households typically had other investments. Forty-five percent owned individual stocks, 13 percent owned individual bonds, and 32 percent had investment real estate.

Baby Boom Generation mutual fund–owning households had median mutual fund holdings of \$150,000 (Figure 5.5). Eighty-two percent owned equity funds, 39 percent owned hybrid funds, 54 percent owned bond funds, and 69 percent owned money market funds. Sixty-eight percent had more than half of their household financial assets in mutual funds. Half of Baby Boom Generation mutual fund–owning households purchased their first fund before 1990.

The median number of mutual funds owned by Baby Boom Generation mutual fund–owning households was four (Figure 5.6). Thirty-eight percent owned three or fewer funds and 62 percent owned four or more. Among Baby Boom Generation mutual fund–owning households that owned funds outside employer-sponsored retirement plans, 59 percent owned funds purchased from multiple sources.

Seventy-four percent of Baby Boom Generation mutual fund–owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Seventy-three percent owned funds outside employer-sponsored retirement plans: 58 percent owned sales force–distributed funds and 32 percent owned direct-marketed funds. Fifty-three 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 85 percent listed saving for retirement as their household’s primary financial goal (Figure 5.8). Seventy-four percent held funds in employer-sponsored retirement plans, and 58 percent owned funds inside IRAs. Eighty-three 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-seven 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. 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.

### **Silent Generation (Born in 1945 or Earlier)**

The median age of Silent Generation mutual fund–owning household heads was 71 (Figure 5.2). Thirty-nine 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 48 percent of Silent Generation mutual fund–owning households.

The vast majority of Silent Generation mutual fund–owning household heads, 73 percent, were retired from their lifetime occupation (Figure 5.3). The median household income of Silent Generation mutual fund–owning households was \$55,400. Forty-six percent had household incomes of less than \$50,000, 18 percent had household incomes between \$50,000 and \$74,999, and 36 percent had incomes of \$75,000 or more.

Among Silent Generation mutual fund–owning households, median household financial assets were \$350,000—the greatest of any of the generation groups (Figure 5.4). These households had a variety of savings and investments. Forty-five percent of Silent Generation mutual fund–owning households owned certificates of deposit, 45 percent owned individual stocks, and 16 percent owned individual bonds.

Silent Generation mutual fund–owning households had median mutual fund holdings of \$150,000 (Figure 5.5). Seventy-seven percent of Silent Generation mutual fund–owning households owned equity funds, 35 percent owned hybrid funds, 45 percent owned bond funds, and 71 percent owned money market funds. Sixty-one percent had more than half of their household financial assets in mutual funds. Two-thirds of Silent Generation mutual fund–owning households purchased their first fund before 1990.

The median number of mutual funds owned by Silent Generation mutual fund–owning households was four (Figure 5.6). Forty-four percent owned three or fewer funds and 56 percent owned four or more. Among Silent Generation mutual fund–owning households that owned funds outside employer-sponsored retirement plans, 68 percent owned funds purchased from multiple sources.

Forty-one percent of Silent Generation mutual fund–owning households owned funds through employer-sponsored retirement plans (Figure 5.7). Eighty-eight percent owned funds outside these plans, with 71 percent owning sales force–distributed funds and 45 percent owning direct-marketed funds. Fifty-six percent of Silent Generation mutual fund–owning households considered the sales force channel to be their primary source for purchasing mutual funds. Sixty-three percent purchased their first mutual fund outside an employer-sponsored retirement plan.

Eighty-seven percent of Silent Generation mutual fund–owning households indicated that saving for retirement was one of their household’s financial goals, and 54 percent listed saving for retirement as their household’s primary financial goal (Figure 5.8). Fifty-five percent of Silent Generation mutual fund–owning households reported current income as a household financial goal—the largest percentage of any of the generation groups. Forty-one percent held funds in employer-sponsored retirement plans, and 63 percent owned funds inside IRAs. Eighty-three percent of Silent Generation mutual fund–owning households were confident that mutual funds were an investment that could help them meet their household’s financial goals.

Seventeen percent of Silent 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-nine percent were willing to take average risk for average gain. Twenty-four 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, 2008

	<b>Generation Y</b> <i>(born in 1977 or later)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent Generation</b> <i>(born in 1945 or earlier)</i>
<b>Age of household sole or co-decisionmaker for investing</b>				
Younger than 35	100	22	0	0
35 to 44	0	78	7	0
45 to 54	0	0	57	0
55 to 64	0	0	36	16
65 or older	0	0	0	84
Median	29 years	38 years	52 years	71 years
Mean	28 years	38 years	53 years	72 years
<b>Educational level</b>				
High school or less	17	19	27	35
Some college or associate's degree	28	31	30	26
Completed four years of college	29	25	16	15
Some graduate school	7	5	6	7
Completed graduate school	19	20	21	17
<b>Marital status</b>				
Married or living with partner	78	82	77	62
Single	19	12	9	5
Divorced or separated	3	6	11	10
Widowed	0	(*)	3	23
<b>Household investment decisionmaker</b>				
Male is sole decisionmaker	14	16	20	24
Female is sole decisionmaker	18	19	17	28
Co-decisionmakers	68	65	63	48
<b>Ethnic background<sup>1</sup></b>				
Caucasian	85	83	91	94
African-American	8	8	5	3
Hispanic	7	8	3	2
Asian	2	1	1	(*)
Other	4	7	3	3

(\*) = less than ½ percent

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

**FIGURE 5.3**

**EMPLOYMENT STATUS AND INCOME BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2008

	<b>Generation Y</b> <i>(born in 1977 or later)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent Generation</b> <i>(born in 1945 or earlier)</i>
<b>Employment status<sup>1</sup></b>				
Employed full-time	86	83	77	22
Not retired	85	82	73	20
Retired from lifetime occupation	1	1	4	2
Employed part-time	4	8	8	10
Not retired	3	7	5	3
Retired from lifetime occupation	1	1	3	7
Not employed	10	9	15	68
Not retired	9	8	4	4
Retired from lifetime occupation	1	1	11	64
<b>Total household income<sup>2</sup></b>				
Less than \$25,000	6	3	4	12
\$25,000 to \$34,999	7	2	3	13
\$35,000 to \$49,999	14	8	11	21
\$50,000 to \$74,999	25	23	21	18
\$75,000 to \$99,999	19	25	19	14
\$100,000 to \$149,999	16	24	24	12
\$150,000 to \$249,999	11	11	13	7
\$250,000 or more	2	4	5	3
Median	\$73,000	\$87,500	\$87,500	\$55,400
Mean	\$95,500	\$104,400	\$103,100	\$77,900

<sup>1</sup>Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).

<sup>2</sup>Total reported is household income before taxes in 2007.

**FIGURE 5.4**

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2008

	<b>Generation Y</b> (born in 1977 or later)	<b>Generation X</b> (born between 1965 and 1976)	<b>Baby Boom Generation</b> (born between 1946 and 1964)	<b>Silent Generation</b> (born in 1945 or earlier)
<b>Total household financial assets<sup>1</sup></b>				
Less than \$25,000	33	9	8	2
\$25,000 to \$49,999	17	10	5	4
\$50,000 to \$74,999	17	17	6	3
\$75,000 to \$99,999	4	7	5	4
\$100,000 to \$249,999	14	24	23	24
\$250,000 to \$499,999	5	17	23	21
\$500,000 to \$999,999	7	11	20	25
\$1 million or more	3	5	10	17
Median	\$47,000	\$125,000	\$250,000	\$350,000
Mean	\$286,200	\$358,300	\$511,100	\$655,600
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>				
Certificates of deposit	21	25	33	45
Individual stocks, individual bonds, or annuities (total)	45	59	64	69
Individual stocks	32	42	45	45
Individual bonds (excluding U.S. savings bonds)	6	10	13	16
Fixed or variable annuities	17	24	36	43
Investment real estate	13	26	32	31
Closed-end funds	3	1	4	5
Exchange-traded funds	4	3	5	3
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>				
Household owns employer-sponsored retirement plan accounts (total)	86	90	87	61
DC retirement plan accounts (total)	79	86	83	56
401(k) plan account	71	76	69	32
403(b), state, local, or federal government plan account	32	32	36	33
Employer-sponsored IRA <sup>3</sup>	(*)	17	14	11
<b>Household ownership of IRAs<sup>2</sup></b>				
Household owns IRA (total)	60	61	71	77
Traditional IRA or Roth IRA	47	54	68	74
Employer-sponsored IRA <sup>3</sup>	(*)	17	14	11
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>				
Household owns education-targeted savings program account (total)	16	23	13	9
Coverdell education savings account	14	17	10	7
529 prepaid tuition or college savings plan account (total)	7	12	7	5
529 savings plan	6	11	6	4
529 prepaid tuition plan	1	2	1	2

(\*) = not reported due to small sample size

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

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

<sup>3</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

**FIGURE 5.5**

**MUTUAL FUND INVESTING BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2008

	<b>Generation Y</b> <i>(born in 1977 or later)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent Generation</b> <i>(born in 1945 or earlier)</i>
<b>Total household mutual fund assets</b>				
Less than \$5,000	17	1	1	2
\$5,000 to \$9,999	10	7	4	2
\$10,000 to \$19,999	17	8	4	4
\$20,000 to \$29,999	14	7	6	4
\$30,000 to \$49,999	9	11	7	6
\$50,000 to \$74,999	12	15	9	7
\$75,000 to \$99,999	6	8	6	5
\$100,000 to \$249,999	10	23	28	33
\$250,000 or more	5	20	35	37
Median	\$25,000	\$75,000	\$150,000	\$150,000
Mean	\$60,400	\$151,800	\$266,100	\$319,900
<b>Percent allocation of household financial assets to mutual funds</b>				
25% or less	16	12	13	17
Between 26% and 50%	19	15	19	22
Between 51% and 75%	21	26	23	22
More than 75%	44	47	45	39
<b>Types of mutual funds owned<sup>1</sup></b>				
Equity funds	80	80	82	77
Hybrid funds	33	38	39	35
Bond funds	35	46	54	45
Money market funds	63	59	69	71
Other fund type specified	5	5	6	8
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>				
Conducted mutual fund transactions	40	41	40	31
<b>Year of initial mutual fund purchase</b>				
Before 1990	4	17	50	67
Between 1990 and 1994	6	25	21	15
Between 1995 and 1999	23	31	16	9
2000 or later	67	27	13	9
Median	2001	1996	1989	1985
Mean	2001	1995	1989	1983

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

<sup>2</sup>Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, 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 5.6**

**NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY GENERATION**

	<b>Generation Y</b> <i>(born in 1977 or later)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent Generation</b> <i>(born in 1945 or earlier)</i>
<b>Total number of mutual funds owned</b>				
<i>Percentage of U.S. households owning mutual funds by head of household generation, 2008</i>				
One	20	11	13	16
Two	19	15	12	14
Three	16	13	13	14
Four	11	13	15	14
Five to six	16	20	17	16
Seven to 10	13	16	14	16
11 or more	5	12	16	10
Median	3 funds	4 funds	4 funds	4 funds
Mean	4 funds	6 funds	7 funds	7 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans<sup>1</sup></b>				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by head of household generation, 2008</i>				
One	47	45	41	32
Two	33	29	33	33
Three	14	16	17	23
Four or more	6	10	9	12
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

<sup>1</sup>Purchase sources outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, mutual fund companies directly, and discount brokers.

**FIGURE 5.7**

**CHANNELS USED TO PURCHASE MUTUAL FUNDS BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2008

	<b>Generation Y</b> <i>(born in 1977 or later)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent Generation</b> <i>(born in 1945 or earlier)</i>
<b>Source of mutual fund ownership</b>				
Only inside employer-sponsored retirement plans	38	35	27	12
Only outside employer-sponsored retirement plans	29	24	26	59
Both inside and outside employer-sponsored retirement plans	33	41	47	29
<b>Purchase channels through which funds are currently owned<sup>1</sup></b>				
Inside employer-sponsored retirement plans (total)	71	76	74	41
Inside DC retirement plans (total)	62	72	70	37
401(k) plan	56	63	58	25
403(b), state, local, or federal government plan	16	20	23	18
Inside employer-sponsored IRA <sup>2</sup>	17	11	11	6
Outside employer-sponsored retirement plans (total)	62	65	73	88
Sales force (total)	45	47	58	71
Full-service broker	20	26	31	45
Independent financial planner	16	19	29	35
Bank or savings institution representative	17	17	18	26
Insurance agent	6	8	9	11
Accountant	5	6	5	9
Direct market (total)	31	32	32	45
Mutual fund company directly	21	21	22	32
Discount broker	17	18	15	21
<b>Primary mutual fund purchase channel</b>				
Inside employer-sponsored retirement plans	61	59	53	24
Outside employer-sponsored retirement plans	39	41	47	76
Sales force	25	29	36	56
Full-service broker	9	11	12	24
Independent financial planner	4	9	14	19
Bank or savings institution representative	6	7	6	9
Insurance agent	4	1	3	3
Accountant	2	1	1	1
Direct market	14	12	11	20
Mutual fund company directly	9	6	7	15
Discount broker	5	6	4	5
<b>Source of first mutual fund purchase</b>				
Inside employer-sponsored retirement plan	64	69	61	37
Outside employer-sponsored retirement plan	36	31	39	63

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

<sup>2</sup>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, 2008

	<b>Generation Y</b> <i>(born in 1977 or later)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent Generation</b> <i>(born in 1945 or earlier)</i>
<b>Financial goals for mutual fund investments<sup>1</sup></b>				
Retirement	95	97	97	87
Reduce taxable income	39	57	52	53
Emergency	47	41	39	63
Education	37	42	20	8
Current income	11	9	11	55
House or other large purchase	27	12	6	6
Other	8	3	5	13
<b>Primary financial goal for mutual fund investments</b>				
Retirement	70	77	85	54
Reduce taxable income	2	2	5	5
Emergency	7	3	2	11
Education	10	13	4	1
Current income	2	1	2	22
House or other large item	7	3	1	1
Other	2	1	1	6
<b>Level of confidence that mutual funds are an investment that can help meet household financial goals</b>				
Very confident	36	28	23	25
Somewhat confident	53	61	60	58
Not very confident	9	7	12	12
Not at all confident	2	4	5	5
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>				
Inside employer-sponsored retirement plans (total)	71	76	74	41
Inside DC retirement plans (total)	62	72	70	37
401(k) plan	56	63	58	25
403(b), state, local, or federal government plan	16	20	23	18
Inside employer-sponsored IRA <sup>2</sup>	17	11	11	6
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>				
Have IRA invested in mutual funds (total)	48	47	58	63
Traditional IRA or Roth IRA	39	43	55	61
Employer-sponsored IRA <sup>2</sup>	17	11	11	6

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

<sup>2</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

**FIGURE 5.9**

**VIEWS ON INVESTMENT RISK BY GENERATION**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HEAD OF HOUSEHOLD GENERATION, 2008

	<b>Generation Y</b> <i>(born in 1977 or later)</i>	<b>Generation X</b> <i>(born between 1965 and 1976)</i>	<b>Baby Boom Generation</b> <i>(born between 1946 and 1964)</i>	<b>Silent Generation</b> <i>(born in 1945 or earlier)</i>
<b>Level of risk willing to take with financial investments</b>				
Substantial financial risk for substantial financial gain	9	7	5	3
Above-average financial risk for above-average financial gain	29	42	32	14
Average financial risk for average financial gain	50	41	51	59
Below-average financial risk for below-average financial gain	6	5	7	12
Unwilling to take financial risk	6	5	5	12

## Mutual Fund Shareholders by Age

In 2008, 26 percent of individuals heading households that owned mutual funds were younger than 40 at the time of the survey (Figure 6.1). The largest percentage of individuals heading mutual fund–owning households, 59 percent, was between the ages of 40 and 64. The remaining 15 percent were 65 or older at the time of the survey.

### 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 82 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 67 percent of mutual fund–owning households in this age group.

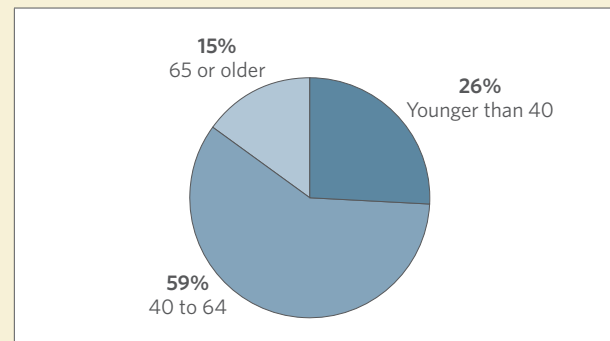
Ninety percent of mutual fund–owning household heads in this age group were employed full- or part-time (Figure 6.3). Their median household income was \$79,000. Nineteen percent had household incomes of less than \$50,000, and one-quarter had household incomes between \$50,000 and \$74,999. Fifty-six 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 age 40, median household financial assets were \$70,000—the lowest of any of the age groups (Figure 6.4). These households had a variety of savings and investments. Twenty-four percent of mutual fund–owning households in this age group owned certificates of deposit, 36 percent owned individual stocks, and 9 percent owned individual bonds. Twenty-one percent of these households had an education-targeted savings program account—the largest proportion of any of the age groups.

**FIGURE 6.1**

### MUTUAL FUND SHAREHOLDERS BY AGE

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2008



Mutual fund–owning households headed by an individual younger than 40 had median mutual fund holdings of \$45,000—the smallest median mutual fund holdings among shareholder groups classified by age (Figure 6.5). Seventy-eight percent of these households owned equity funds, 35 percent owned hybrid funds, 42 percent held bond funds, and 59 percent owned money market funds. Sixty-nine percent had more than half of their household financial assets in mutual funds. Nearly half of mutual fund–owning households headed by an individual younger than 40 purchased their first fund in 2000 or later, and 29 percent bought their 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-seven percent owned three or fewer funds and 53 percent owned four or more. Among households in this age group that owned mutual funds outside employer-sponsored retirement plans, 57 percent owned funds purchased from multiple sources.

Seventy-four percent of mutual fund–owning households headed by an individual younger than 40 owned funds through employer-sponsored retirement plans (Figure 6.7). Sixty-two percent owned funds outside employer-sponsored retirement plans: 45 percent owned sales force–distributed funds and 32 percent owned direct-marketed funds. Sixty-two 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 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-six 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 73 percent listed saving for retirement as their household’s primary financial goal (Figure 6.8). Seventy-four percent of mutual fund–owning households in this age group held funds in employer-sponsored retirement plans, and 46 percent owned funds inside IRAs. Nine in 10 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.

Forty-five 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-three 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.

### **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-four 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 63 percent of mutual fund–owning households in this age group.

Eighty-four 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 occupation. Their median household income was \$87,500. Eighteen percent had household incomes of less than \$50,000, one in five had household incomes between

\$50,000 and \$74,999, and 62 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 age 40 to 64, median household financial assets were \$250,000 (Figure 6.4). These households typically had other investments: 45 percent owned individual stocks, 12 percent owned individual bonds, and 32 percent had investment real estate.

Mutual fund–owning households headed by an individual age 40 to 64 had median mutual fund holdings of \$150,000 (Figure 6.5). Eighty-three percent of mutual fund–owning households in this age group owned equity funds, 40 percent owned hybrid funds, 52 percent held bond funds, and 68 percent owned money market funds. Seven in 10 had more than half of their household financial assets in mutual funds. Forty-seven percent of mutual fund–owning households headed by an individual age 40 to 64 purchased their first fund before 1990.

The median number of mutual funds owned by mutual fund–owning households in the 40 to 64 age group was four (Figure 6.6). Thirty-seven percent owned three or fewer funds and 63 percent owned four or more. Among households in this age group that owned funds outside employer-sponsored retirement plans, 58 percent owned funds purchased from multiple sources.

Seventy-four percent of mutual fund–owning households headed by an individual age 40 to 64 owned funds through employer-sponsored retirement plans (Figure 6.7). Seventy-three percent owned funds outside employer-sponsored retirement plans: 56 percent owned sales force–distributed funds and 33 percent owned direct-marketed funds. Fifty-three 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-one percent purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-seven percent of mutual fund–owning households headed by an individual age 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-four 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-nine percent of mutual fund-owning households headed by an individual age 40 to 64 were willing to take substantial or above-average risk for similar levels of financial gain (Figure 6.9). Fifty percent were willing to take average risk for average gain. Eleven 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 73 (Figure 6.2). Thirty-eight percent of these individuals held college or postgraduate degrees and three-fifths were married or living with a partner. Investment decisionmaking was a shared responsibility in 47 percent of mutual fund-owning households in this age group.

The vast majority of mutual fund-owning household heads in this age group, three-quarters, were retired from their lifetime occupation (Figure 6.3). Their median household income was \$50,000. Forty-eight percent had household incomes of less than \$50,000, 19 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-six percent of mutual fund-owning households in this age group owned certificates of deposit, 45 percent owned individual stocks, and 16 percent owned individual bonds.

Mutual fund-owning households headed by an individual 65 or older had median mutual fund holdings of \$150,000 (Figure 6.5). Seventy-five percent of mutual fund-owning households in this age group owned equity funds, 33 percent owned hybrid funds, 45 percent held bond funds, and 70 percent owned money market funds.

Fifty-six percent had more than half of their household financial assets in mutual funds. Sixty-eight percent of mutual fund-owning households headed by an individual 65 or older purchased their 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-six percent owned three or fewer funds and 54 percent owned four or more. Among households in this age group that owned funds outside employer-sponsored retirement plans, seven in 10 owned funds purchased from multiple sources.

Thirty-five percent of mutual fund-owning households headed by an individual 65 or older owned funds through employer-sponsored retirement plans (Figure 6.7). Eighty-eight percent owned funds outside these plans, with 72 percent owning sales force-distributed funds and 46 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-three percent purchased their first mutual fund outside an employer-sponsored retirement plan.

Eighty-six 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 51 percent listed saving for retirement as their household's primary financial goal (Figure 6.8). Three-fifths 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-five percent held funds in employer-sponsored retirement plans, and 62 percent owned funds inside IRAs. Eighty-two percent of mutual fund-owning households headed by an individual age 65 or older were confident that mutual funds were an investment that could help them meet their financial goals.

Fifteen 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-nine percent were willing to take average risk for average gain. Twenty-six 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, 2008

	Younger than 40	40 to 64	65 or older
<b>Age of household sole or co-decisionmaker for investing</b>			
Younger than 35	64	0	0
35 to 44	36	22	0
45 to 54	0	45	0
55 to 64	0	33	0
65 or older	0	0	100
Median	33 years	51 years	73 years
Mean	32 years	51 years	74 years
<b>Educational level</b>			
High school or less	17	26	37
Some college or associate's degree	30	30	25
Completed four years of college	26	18	14
Some graduate school	6	6	7
Completed graduate school	21	20	17
<b>Marital status</b>			
Married or living with partner	82	77	60
Single	14	9	5
Divorced or separated	4	11	10
Widowed	0	3	25
<b>Household investment decisionmaker</b>			
Male is sole decisionmaker	15	20	22
Female is sole decisionmaker	18	17	31
Co-decisionmakers	67	63	47
<b>Ethnic background<sup>1</sup></b>			
Caucasian	84	90	94
African-American	9	5	3
Hispanic	7	4	2
Asian	2	1	0
Other	5	4	3

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



**FIGURE 6.3**

**EMPLOYMENT STATUS AND INCOME BY AGE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2008

	Younger than 40	40 to 64	65 or older
<b>Employment status<sup>1</sup></b>			
Employed full-time	84	76	19
Not retired	83	73	17
Retired from lifetime occupation	1	3	2
Employed part-time	6	8	9
Not retired	6	6	3
Retired from lifetime occupation	(*)	2	6
Not employed	10	16	72
Not retired	9	5	5
Retired from lifetime occupation	1	11	67
<b>Total household income<sup>2</sup></b>			
Less than \$25,000	5	3	14
\$25,000 to \$34,999	5	3	14
\$35,000 to \$49,999	9	12	20
\$50,000 to \$74,999	25	20	19
\$75,000 to \$99,999	24	19	15
\$100,000 to \$149,999	18	25	10
\$150,000 to \$249,999	11	13	6
\$250,000 or more	3	5	2
Median	\$79,000	\$87,500	\$50,000
Mean	\$99,800	\$103,900	\$72,000

(\*) = less than ½ percent

<sup>1</sup>Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).

<sup>2</sup>Total reported is household income before taxes in 2007.

**FIGURE 6.4**

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY AGE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2008

	Younger than 40	40 to 64	65 or older
<b>Total household financial assets<sup>1</sup></b>			
Less than \$25,000	20	7	2
\$25,000 to \$49,999	13	6	5
\$50,000 to \$74,999	18	7	4
\$75,000 to \$99,999	7	5	4
\$100,000 to \$249,999	18	24	25
\$250,000 to \$499,999	12	22	21
\$500,000 to \$999,999	8	20	23
\$1 million or more	4	9	16
Median	\$70,000	\$250,000	\$300,000
Mean	\$324,500	\$509,800	\$587,200
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>			
Certificates of deposit	24	32	46
Individual stocks, individual bonds, or annuities (total)	52	64	69
Individual stocks	36	45	45
Individual bonds (excluding U.S. savings bonds)	9	12	16
Fixed or variable annuities	21	35	43
Investment real estate	20	32	28
Closed-end funds	1	3	5
Exchange-traded funds	3	4	3
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>			
Household owns employer-sponsored retirement plan accounts (total)	88	87	58
DC retirement plan accounts (total)	83	83	53
401(k) plan account	74	69	28
403(b), state, local, or federal government plan account	31	36	33
Employer-sponsored IRA <sup>3</sup>	20	15	10
<b>Household ownership of IRAs<sup>2</sup></b>			
Household owns IRA (total)	61	69	77
Traditional IRA or Roth IRA	51	65	74
Employer-sponsored IRA <sup>3</sup>	20	15	10
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>			
Household owns education-targeted savings program account (total)	21	14	9
Coverdell education savings account	17	10	7
529 prepaid tuition or college savings plan account (total)	10	8	4
529 savings plan	9	7	3
529 prepaid tuition plan	2	2	1

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

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

<sup>3</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

**FIGURE 6.5**

**MUTUAL FUND INVESTING BY AGE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2008

	Younger than 40	40 to 64	65 or older
<b>Total household mutual fund assets</b>			
Less than \$5,000	8	1	2
\$5,000 to \$9,999	9	4	3
\$10,000 to \$19,999	13	4	4
\$20,000 to \$29,999	10	5	5
\$30,000 to \$49,999	10	8	8
\$50,000 to \$74,999	14	9	8
\$75,000 to \$99,999	8	6	5
\$100,000 to \$249,999	16	28	34
\$250,000 or more	12	35	31
Median	\$45,000	\$150,000	\$150,000
Mean	\$100,800	\$272,000	\$243,300
<b>Percent allocation of household financial assets to mutual funds</b>			
25% or less	13	13	19
Between 26% and 50%	18	17	25
Between 51% and 75%	25	24	18
More than 75%	44	46	38
<b>Types of mutual funds owned<sup>1</sup></b>			
Equity funds	78	83	75
Hybrid funds	35	40	33
Bond funds	42	52	45
Money market funds	59	68	70
Other fund type specified	5	6	7
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>			
Conducted mutual fund transactions	40	41	28
<b>Year of initial mutual fund purchase</b>			
Before 1990	7	47	68
Between 1990 and 1994	15	22	15
Between 1995 and 1999	29	18	8
2000 or later	49	13	9
Median	1999	1990	1985
Mean	1999	1989	1983

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

<sup>2</sup>Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, 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 6.6**

**NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY AGE**

	Younger than 40	40 to 64	65 or older
<b>Total number of mutual funds owned</b>			
<i>Percentage of U.S. households owning mutual funds by age of household head, 2008</i>			
One	15	12	17
Two	18	12	14
Three	14	13	15
Four	12	15	12
Five to six	17	18	15
Seven to 10	15	15	16
11 or more	9	15	11
Median	4 funds	4 funds	4 funds
Mean	5 funds	7 funds	7 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans<sup>1</sup></b>			
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by age of household head, 2008</i>			
One	43	42	30
Two	32	32	34
Three	14	18	22
Four or more	11	8	14
Median	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources

<sup>1</sup>Purchase sources outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, mutual fund companies directly, and discount brokers.

**FIGURE 6.7**

**CHANNELS USED TO PURCHASE MUTUAL FUNDS BY AGE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY AGE OF HOUSEHOLD HEAD, 2008

	Younger than 40	40 to 64	65 or older
<b>Source of mutual fund ownership</b>			
Only inside employer-sponsored retirement plans	38	27	12
Only outside employer-sponsored retirement plans	26	26	65
Both inside and outside employer-sponsored retirement plans	36	47	23
<b>Purchase channels through which funds are currently owned<sup>1</sup></b>			
Inside employer-sponsored retirement plans (total)	74	74	35
Inside DC retirement plans (total)	67	70	33
401(k) plan	60	58	20
403(b), state, local, or federal government plan	18	23	17
Inside employer-sponsored IRA <sup>2</sup>	12	11	5
Outside employer-sponsored retirement plans (total)	62	73	88
Sales force (total)	45	56	72
Full-service broker	23	31	46
Independent financial planner	17	28	36
Bank or savings institution representative	18	18	26
Insurance agent	8	9	12
Accountant	5	5	9
Direct market (total)	32	33	46
Mutual fund company directly	20	23	33
Discount broker	18	15	22
<b>Primary mutual fund purchase channel</b>			
Inside employer-sponsored retirement plans	62	53	21
Outside employer-sponsored retirement plans	38	47	79
Sales force	26	35	58
Full-service broker	10	12	26
Independent financial planner	6	13	19
Bank or savings institution representative	6	7	9
Insurance agent	3	2	3
Accountant	1	1	1
Direct market	12	12	21
Mutual fund company directly	7	7	16
Discount broker	5	5	5
<b>Source of first mutual fund purchase</b>			
Inside employer-sponsored retirement plan	66	61	37
Outside employer-sponsored retirement plan	34	39	63

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

<sup>2</sup>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, 2008

	Younger than 40	40 to 64	65 or older
<b>Financial goals for mutual fund investments<sup>1</sup></b>			
Retirement	96	97	86
Reduce taxable income	47	54	51
Emergency	44	40	62
Education	43	22	7
Current income	11	11	60
House or other large purchase	20	6	7
Other	6	5	13
<b>Primary financial goal for mutual fund investments</b>			
Retirement	73	83	51
Reduce taxable income	2	4	4
Emergency	5	3	12
Education	13	5	1
Current income	1	2	25
House or other large item	5	2	1
Other	1	1	6
<b>Level of confidence that mutual funds are an investment that can help meet household financial goals</b>			
Very confident	33	23	24
Somewhat confident	57	61	58
Not very confident	7	11	13
Not at all confident	3	5	5
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>			
Inside employer-sponsored retirement plans (total)	74	74	35
Inside DC retirement plans (total)	67	70	33
401(k) plan	60	58	20
403(b), state, local, or federal government plan	18	23	17
Inside employer-sponsored IRA <sup>2</sup>	12	11	5
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>			
Have IRA invested in mutual funds (total)	46	58	62
Traditional IRA or Roth IRA	39	54	60
Employer-sponsored IRA <sup>2</sup>	12	11	5

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

<sup>2</sup>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, 2008

	Younger than 40	40 to 64	65 or older
<b>Level of risk willing to take with financial investments</b>			
Substantial financial risk for substantial financial gain	8	6	2
Above-average financial risk for above-average financial gain	37	33	13
Average financial risk for average financial gain	43	50	59
Below-average financial risk for below-average financial gain	6	6	13
Unwilling to take financial risk	6	5	13





## Mutual Fund Shareholders by Household Income

Households in all income categories own mutual funds. In 2008, 22 percent of mutual fund–owning households had incomes of less than \$50,000, 41 percent had household incomes between \$50,000 and \$99,999, 21 percent had household incomes between \$100,000 and \$149,999, and 16 percent had household incomes of \$150,000 or more (Figure 7.1).<sup>11, 12</sup>

### 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 54 (Figure 7.2). Twenty-seven percent of these individuals had college or postgraduate degrees. Forty-four 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 39 percent of these households.

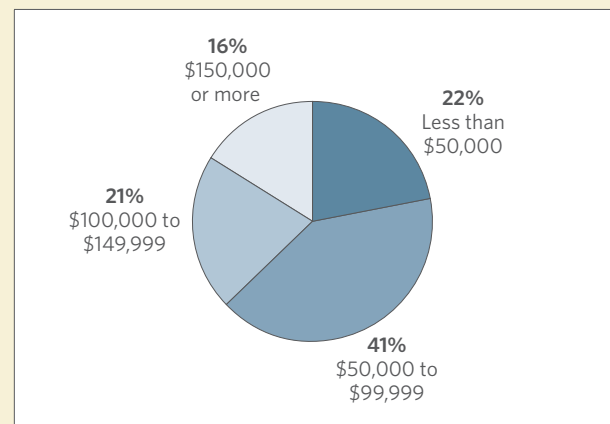
Fifty-six percent of mutual fund–owning household heads in this income group were employed full- or part-time (Figure 7.3). Thirty-seven percent were retired from their lifetime occupation—the largest percentage of any of the household income groups. The median household income among households in this group was \$35,000. Twenty-three percent of households in this group had incomes of less than \$25,000, 23 percent had incomes between \$25,000 and \$34,999, and 54 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 \$70,000—the lowest of any shareholder group classified by household income (Figure 7.4). These households had a variety of savings and investments. Twenty-seven percent

**FIGURE 7.1**

### MUTUAL FUND SHAREHOLDERS BY HOUSEHOLD INCOME

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2008



Note: Total reported is household income before taxes in 2007.

of mutual fund–owning households in this income group owned certificates of deposit, 24 percent owned individual stocks, and 8 percent owned individual bonds.

Mutual fund–owning households with incomes of less than \$50,000 had median mutual fund holdings of \$35,000—the smallest median mutual fund holdings among any of the income groups (Figure 7.5). Sixty-six percent owned equity funds, 30 percent owned hybrid funds, 38 percent held bond funds, and 66 percent owned money market funds. Sixty-nine percent had more than half of their household financial assets in mutual funds. Thirty-eight percent of mutual fund–owning households with incomes of less than \$50,000 purchased their first fund before 1990, and 26 percent bought their first fund in 2000 or later.

<sup>11</sup> Total household income reported is before taxes in 2007.

<sup>12</sup> The median household income nationwide was \$50,233 in 2007. See *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, U.S. Census Bureau.

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). Sixty-four percent owned three or fewer funds and 36 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, three in five owned funds purchased from multiple sources.

Half of mutual fund-owning households with incomes of less than \$50,000 owned funds through employer-sponsored retirement plans (Figure 7.7). Seventy-two percent owned funds outside employer-sponsored retirement plans: 55 percent owned sales force-distributed funds and 33 percent owned direct-marketed funds. Four in 10 mutual fund-owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-one percent of households with incomes of less than \$50,000 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-one percent of 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 61 percent listed saving for retirement as their household's primary financial goal (Figure 7.8). More than three-fifths listed saving for an emergency as one of their household's financial goals—the largest percentage of any of the income groups. Half of mutual fund-owning households in this income group held funds in employer-sponsored retirement plans, and 46 percent owned funds inside IRAs. Eight in 10 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.

Twenty-three percent of 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). Fifty-three percent were willing to take average risk for average gain. Twenty-four 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 47 (Figure 7.2). Thirty-nine percent of these individuals had college or postgraduate degrees and four-fifths were married or living with a partner. Investment decisionmaking was a shared responsibility in 65 percent of mutual fund-owning households with incomes between \$50,000 and \$99,999.

Eighty percent of mutual fund-owning household heads in this income group were employed full- or part-time, and 20 percent were retired from their lifetime occupation (Figure 7.3). The median household income in this group was \$72,000. Fifty-two percent of households in this group had incomes between \$50,000 and \$74,999, and 48 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-eight percent of mutual fund-owning households in this income group owned certificates of deposit, 36 percent owned individual stocks, and 9 percent owned individual bonds.

Mutual fund-owning households with incomes between \$50,000 and \$99,999 had median mutual fund holdings of \$73,000 (Figure 7.5). Eighty percent of these households owned equity funds, 31 percent owned hybrid funds, 45 percent held bond funds, and 62 percent owned money market funds. Sixty-eight percent had more than half of their household financial assets in mutual funds. Thirty-four percent of mutual fund-owning households with incomes between \$50,000 and \$99,999 purchased their first fund before 1990, and 49 percent bought their 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-six percent owned three or fewer funds and 54 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 58 percent owned funds purchased from multiple sources.

Sixty-seven 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, 68 percent owned funds outside these plans, with 53 percent owning sales force–distributed funds and 30 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-four percent of households with incomes between \$50,000 and \$99,999 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-five 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 79 percent listed saving for retirement as their household’s primary financial goal (Figure 7.8). More than half reported that reducing their taxable income was one of their household’s financial goals. Sixty-seven percent of mutual fund–owning households in this income group held funds in employer-sponsored retirement plans, and 52 percent owned funds inside IRAs. Eighty-six 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.

Thirty-four 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. Thirteen 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-seven percent of these individuals had college or postgraduate degrees and nine in 10 were married or living with a partner. Investment decisionmaking was a shared responsibility in 74 percent of mutual fund–owning households with incomes between \$100,000 and \$149,999.

Eighty-eight percent of mutual fund–owning household heads in this income group were employed full- or part-time, and 13 percent were retired from their lifetime occupation (Figure 7.3). The median household income in this group was \$115,000.

Among mutual fund–owning households with incomes between \$100,000 and \$149,999, median household financial assets were \$350,000 (Figure 7.4). These households had a variety of savings and investments. Thirty-five percent of mutual fund–owning households in this income group owned certificates of deposit, 53 percent owned individual stocks, and 15 percent owned individual bonds.

Mutual fund–owning households with incomes between \$100,000 and \$149,999 had median mutual fund holdings of \$200,000 (Figure 7.5). Eighty-seven percent of these households owned equity funds, 45 percent owned hybrid funds, 54 percent owned bond funds, and 68 percent owned money market funds. Seventy-three percent had more than half of their household financial assets in mutual funds. Forty-four percent of mutual fund–owning households with incomes between \$100,000 and \$149,999 purchased their first fund before 1990, and 56 percent bought their 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). 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, 56 percent owned funds purchased from multiple sources.

Eighty-one 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, three-quarters owned funds outside these plans, with 57 percent owning sales force–distributed funds and 34 percent owning direct-marketed funds. Fifty-nine percent of mutual fund–owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Sixty-three 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 86 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. Eighty-one percent of mutual fund–owning households in this income group held funds in employer-sponsored retirement plans, and 64 percent owned funds inside IRAs. Eighty-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-seven percent were willing to take average risk for average gain. Eleven 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 49 (Figure 7.2). Seventy-four percent of these individuals had college or postgraduate degrees—the largest percentage of any of the income groups. Nine in 10 household heads in this group were married or living with a partner. Investment decisionmaking was a shared responsibility in 70 percent of mutual fund–owning households with incomes of \$150,000 or more.

Eighty-six 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 occupation (Figure 7.3). The median household income in this group was \$190,000. 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. Forty-six percent of mutual fund–owning households in this income group owned certificates of deposit, 73 percent owned individual stocks, 21 percent owned individual bonds, and 53 percent owned investment real estate.

Mutual fund–owning households with incomes of \$150,000 or more had median mutual fund holdings of \$350,000—the greatest of any shareholder group classified by household income (Figure 7.5). Ninety-one percent of these households owned equity funds, 53 percent owned hybrid funds, 62 percent owned bond funds, and 73 percent owned money market funds. Sixty-one percent had more than half of their household financial assets in mutual funds. Half of mutual fund–owning households with incomes of \$150,000 or more purchased their first fund before 1990, and half bought their first fund in 1990 or later.

The median number of mutual funds owned by mutual fund-owning households in this group was seven (Figure 7.6). Twenty-two percent of households in this group 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-nine 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, 81 percent owned funds outside these plans, with 62 percent owning sales force-distributed funds and 49 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-two percent of households with incomes of \$150,000 or more purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-six 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 76 percent listed saving for retirement as their household's primary financial goal (Figure 7.8). Fifty-six percent reported that reducing their taxable income was one of their household's financial goals. Seventy-nine percent of mutual fund-owning households in this income group held funds in employer-sponsored retirement plans, and 67 percent owned funds inside IRAs. Eighty-nine 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.

Fifty-seven 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). Thirty-seven percent were willing to take average risk for average gain. Six 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,<sup>1</sup> 2008

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Age of household sole or co-decisionmaker for investing</b>				
Younger than 35	17	20	14	13
35 to 44	13	23	27	25
45 to 54	20	27	29	30
55 to 64	18	17	22	24
65 or older	32	13	8	8
Median	54 years	47 years	48 years	49 years
Mean	54 years	48 years	48 years	48 years
<b>Educational level</b>				
High school or less	39	29	14	8
Some college or associate's degree	34	32	29	18
Completed four years of college	16	18	25	22
Some graduate school	4	6	5	9
Completed graduate school	7	15	27	43
<b>Marital status</b>				
Married or living with partner	44	80	90	90
Single	22	9	4	4
Divorced or separated	18	8	4	4
Widowed	16	3	2	2
<b>Household investment decisionmaker</b>				
Male is sole decisionmaker	24	16	17	23
Female is sole decisionmaker	37	19	9	7
Co-decisionmakers	39	65	74	70
<b>Ethnic background<sup>2</sup></b>				
Caucasian	87	90	91	89
African-American	7	5	5	5
Hispanic	5	5	3	4
Asian	1	1	1	1
Other	5	4	3	5

<sup>1</sup>Total reported is household income before taxes in 2007.

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

**FIGURE 7.3**

**EMPLOYMENT STATUS AND INCOME BY HOUSEHOLD INCOME**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD INCOME,<sup>1</sup> 2008

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Employment status<sup>2</sup></b>				
Employed full-time	46	72	83	80
Not retired	45	69	80	77
Retired from lifetime occupation	1	3	3	3
Employed part-time	10	8	5	6
Not retired	7	5	5	2
Retired from lifetime occupation	3	3	(*)	4
Not employed	44	20	12	14
Not retired	11	6	2	4
Retired from lifetime occupation	33	14	10	10
<b>Total household income<sup>1</sup></b>				
Less than \$25,000	23	0	0	0
\$25,000 to \$34,999	23	0	0	0
\$35,000 to \$49,999	54	0	0	0
\$50,000 to \$74,999	0	52	0	0
\$75,000 to \$99,999	0	48	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	\$115,000	\$190,000
Mean	\$33,100	\$72,200	\$116,300	\$236,400

(\*) = less than ½ percent

<sup>1</sup>Total reported is household income before taxes in 2007.

<sup>2</sup>Figure reports the employment status of the head of household (sole or co-decisionmaker 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,<sup>1</sup> 2008

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Total household financial assets<sup>2</sup></b>				
Less than \$25,000	30	9	1	2
\$25,000 to \$49,999	13	10	5	1
\$50,000 to \$74,999	7	18	5	2
\$75,000 to \$99,999	5	7	7	1
\$100,000 to \$249,999	25	24	24	14
\$250,000 to \$499,999	14	18	23	20
\$500,000 to \$999,999	4	12	28	29
\$1 million or more	2	2	7	31
Median	\$70,000	\$125,000	\$350,000	\$500,000
Mean	\$238,800	\$236,500	\$416,100	\$1,266,500
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>				
Certificates of deposit	27	28	35	46
Individual stocks, individual bonds, or annuities (total)	47	58	71	82
Individual stocks	24	36	53	73
Individual bonds (excluding U.S. savings bonds)	8	9	15	21
Fixed or variable annuities	30	32	34	35
Investment real estate	16	23	35	53
Closed-end funds	1	2	4	8
Exchange-traded funds	1	2	4	12
<b>Household ownership of employer-sponsored retirement plan accounts<sup>3</sup></b>				
Household owns employer-sponsored retirement plan accounts (total)	64	84	94	91
DC retirement plan accounts (total)	58	79	92	88
401(k) plan account	44	66	76	74
403(b), state, local, or federal government plan account	22	32	46	41
Employer-sponsored IRA <sup>4</sup>	13	15	17	17
<b>Household ownership of IRAs<sup>3</sup></b>				
Household owns IRA (total)	60	66	76	75
Traditional IRA or Roth IRA	54	59	73	72
Employer-sponsored IRA <sup>4</sup>	13	15	17	17
<b>Household ownership of education-targeted savings accounts<sup>3</sup></b>				
Household owns education-targeted savings program account (total)	9	13	17	28
Coverdell education savings account	7	11	12	18
529 prepaid tuition or college savings plan account (total)	4	5	11	19
529 savings plan	2	5	8	17
529 prepaid tuition plan	2	1	3	3

<sup>1</sup>Total reported is household income before taxes in 2007.

<sup>2</sup>Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

<sup>3</sup>Multiple responses are included.

<sup>4</sup>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,<sup>1</sup> 2008

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Total household mutual fund assets</b>				
Less than \$5,000	11	1	0	2
\$5,000 to \$9,999	13	6	(*)	1
\$10,000 to \$19,999	11	9	3	0
\$20,000 to \$29,999	11	9	2	2
\$30,000 to \$49,999	9	11	7	2
\$50,000 to \$74,999	8	14	12	3
\$75,000 to \$99,999	6	8	5	4
\$100,000 to \$249,999	22	24	33	24
\$250,000 or more	9	18	38	62
Median	\$35,000	\$73,000	\$200,000	\$350,000
Mean	\$99,500	\$137,400	\$258,500	\$511,600
<b>Percent allocation of household financial assets to mutual funds</b>				
25% or less	12	15	10	17
Between 26% and 50%	19	17	17	22
Between 51% and 75%	16	24	32	21
More than 75%	53	44	41	40
<b>Types of mutual funds owned<sup>2</sup></b>				
Equity funds	66	80	87	91
Hybrid funds	30	31	45	53
Bond funds	38	45	54	62
Money market funds	66	62	68	73
Other fund type specified	4	5	9	8
<b>Mutual fund transaction activity in the previous 12 months<sup>3</sup></b>				
Conducted mutual fund transactions	24	32	51	61
<b>Year of initial mutual fund purchase</b>				
Before 1990	38	34	44	50
Between 1990 and 1994	20	17	22	21
Between 1995 and 1999	16	21	21	19
2000 or later	26	28	13	10
Median	1992	1994	1990	1990
Mean	1991	1993	1989	1988

(\*) = less than ½ percent

<sup>1</sup>Total reported is household income before taxes in 2007.

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

<sup>3</sup>Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, 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 7.6**

**NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY HOUSEHOLD INCOME**

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Total number of mutual funds owned</b>				
<i>Percentage of U.S. households owning mutual funds by household income,<sup>1</sup> 2008</i>				
One	31	13	7	4
Two	17	17	9	10
Three	16	16	12	8
Four	9	16	17	9
Five to six	12	17	23	17
Seven to 10	10	14	17	20
11 or more	5	7	15	32
Median	3 funds	4 funds	5 funds	7 funds
Mean	5 funds	5 funds	6 funds	11 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans<sup>2</sup></b>				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by household income,<sup>1</sup> 2008</i>				
One	40	42	44	33
Two	30	33	33	31
Three	18	18	16	19
Four or more	12	7	7	17
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

<sup>1</sup>Total reported is household income before taxes in 2007.

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

**FIGURE 7.7**

**CHANNELS USED TO PURCHASE MUTUAL FUNDS BY HOUSEHOLD INCOME**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD INCOME,<sup>1</sup> 2008

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Source of mutual fund ownership</b>				
Only inside employer-sponsored retirement plans	28	32	25	19
Only outside employer-sponsored retirement plans	50	33	19	21
Both inside and outside employer-sponsored retirement plans	22	35	56	60
<b>Purchase channels through which funds are currently owned<sup>2</sup></b>				
Inside employer-sponsored retirement plans (total)	50	67	81	79
Inside DC retirement plans (total)	44	63	78	75
401(k) plan	35	53	65	63
403(b), state, local, or federal government plan	12	20	27	26
Inside employer-sponsored IRA <sup>3</sup>	7	10	14	13
Outside employer-sponsored retirement plans (total)	72	68	75	81
Sales force (total)	55	53	57	62
Full-service broker	30	28	31	42
Independent financial planner	25	24	29	31
Bank or savings institution representative	21	17	20	20
Insurance agent	9	10	8	9
Accountant	8	4	7	7
Direct market (total)	33	30	34	49
Mutual fund company directly	23	20	25	33
Discount broker	16	16	13	26
<b>Primary mutual fund purchase channel</b>				
Inside employer-sponsored retirement plans	40	53	59	48
Outside employer-sponsored retirement plans	60	47	41	52
Sales force	44	35	31	36
Full-service broker	15	13	11	16
Independent financial planner	12	12	13	14
Bank or savings institution representative	11	6	5	4
Insurance agent	4	3	1	1
Accountant	2	1	1	1
Direct market	16	12	10	16
Mutual fund company directly	10	7	7	9
Discount broker	6	5	3	7
<b>Source of first mutual fund purchase</b>				
Inside employer-sponsored retirement plan	51	64	63	52
Outside employer-sponsored retirement plan	49	36	37	48

<sup>1</sup>Total reported is household income before taxes in 2007.

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

<sup>3</sup>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,<sup>1</sup> 2008

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Financial goals for mutual fund investments<sup>2</sup></b>				
Retirement	91	95	98	96
Reduce taxable income	46	51	55	56
Emergency	61	41	40	37
Education	21	23	27	36
Current income	36	17	9	11
House or other large item	13	11	5	9
Other	8	5	4	9
<b>Primary financial goal for mutual fund investments</b>				
Retirement	61	79	86	76
Reduce taxable income	4	3	3	7
Emergency	11	4	2	1
Education	7	6	5	8
Current income	11	4	3	3
House or other large purchase	3	3	(*)	1
Other	3	1	1	4
<b>Level of confidence that mutual funds are an investment that can help meet household financial goals</b>				
Very confident	18	26	27	37
Somewhat confident	62	60	62	52
Not very confident	13	11	7	8
Not at all confident	7	3	4	3
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>2</sup></b>				
Inside employer-sponsored retirement plans (total)	50	67	81	79
Inside DC retirement plans (total)	44	63	78	75
401(k) plan	35	53	65	63
403(b), state, local, or federal government plan	12	20	27	26
Inside employer-sponsored IRA <sup>3</sup>	7	10	14	13
<b>Ownership of mutual funds in IRAs<sup>2</sup></b>				
Have IRA invested in mutual funds (total)	46	52	64	67
Traditional IRA or Roth IRA	41	47	61	64
Employer-sponsored IRA <sup>3</sup>	7	10	14	13

(\*) = less than ½ percent

<sup>1</sup>Total reported is household income before taxes in 2007.

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

<sup>3</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

**FIGURE 7.9**

**VIEWS ON INVESTMENT RISK BY HOUSEHOLD INCOME**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD INCOME,<sup>1</sup> 2008

	Household income <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or more
<b>Level of risk willing to take with financial investments</b>				
Substantial financial risk for substantial financial gain	5	5	6	9
Above-average financial risk for above-average financial gain	18	29	36	48
Average financial risk for average financial gain	53	53	47	37
Below-average financial risk for below-average financial gain	11	7	6	3
Unwilling to take financial risk	13	6	5	3

<sup>1</sup>Total reported is household income before taxes in 2007.



## Mutual Fund Shareholders by Household Financial Assets

In 2008, 18 percent of mutual fund–owning households in the U.S. had household financial assets of less than \$50,000, and 15 percent had household financial assets between \$50,000 and \$99,999 (Figure 8.1).<sup>13</sup> Another 22 percent had household financial assets between \$100,000 and \$249,999, and 45 percent had household financial assets of \$250,000 or more.

### 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 37 (Figure 8.2). Thirty-five percent of these individuals had college or postgraduate degrees and 72 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 59 percent of these households.

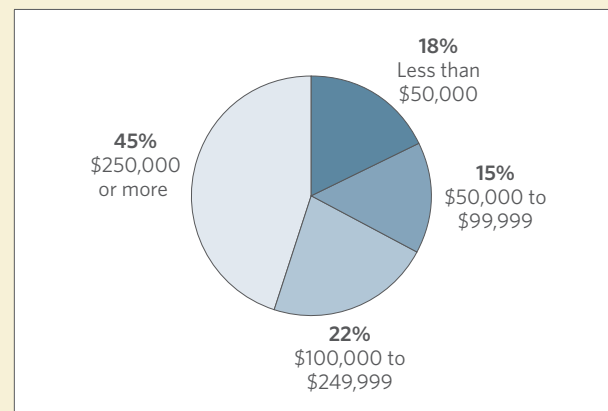
Eighty-five percent of mutual fund–owning household heads in this asset group were employed full- or part-time, and 12 percent were retired from their lifetime occupation (Figure 8.3). The median household income in this group was \$50,000. Forty-six percent of households in this group had incomes of less than \$50,000, 27 percent had incomes between \$50,000 and \$74,999, and 27 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. Thirteen percent of mutual fund–owning households in this asset group owned certificates of deposit, 19 percent owned individual stocks, and 6 percent owned individual bonds.

**FIGURE 8.1**

### MUTUAL FUND SHAREHOLDERS BY HOUSEHOLD FINANCIAL ASSETS

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2008



*Note: Household financial assets include assets in employer-sponsored retirement plans, but exclude primary residence.*

Mutual fund–owning households with financial assets of less than \$50,000 had median mutual fund holdings of \$15,000 (Figure 8.5). Seventy percent of these households owned equity funds, 27 percent owned hybrid funds, 37 percent held bond funds, and 63 percent owned money market funds. Eighty-one percent had more than half of their household financial assets in mutual funds. Three-fifths of mutual fund–owning households with financial assets of less than \$50,000 purchased their first fund in 2000 or later.

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

The median number of mutual funds owned by mutual fund-owning households in this asset group was two (Figure 8.6). Three-quarters owned three or fewer funds and one-quarter owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 49 percent owned funds purchased from multiple sources.

Sixty-five percent of mutual fund-owning households with financial assets of less than \$50,000 owned funds through employer-sponsored retirement plans (Figure 8.7). Sixty percent owned funds outside employer-sponsored retirement plans: 43 percent owned sales force-distributed funds and 30 percent owned direct-marketed funds. Fifty-seven 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-four percent of mutual fund-owning households with financial assets of less than \$50,000 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-three 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 73 percent listed saving for retirement as their household's primary financial goal (Figure 8.8). Sixty-five percent of mutual fund-owning households in this asset group held funds in employer-sponsored retirement plans, and 39 percent owned funds inside IRAs. Eighty-five 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.

Thirty-one 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-three percent were willing to take average risk for average gain. Sixteen 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 40 (Figure 8.2). Thirty-six 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 56 percent of these households.

Eighty-five percent of mutual fund-owning household heads in this asset group were employed full- or part-time, and 11 percent were retired from their lifetime occupation (Figure 8.3). The median household income in this group was \$72,000. Sixteen percent of households in this group had incomes of less than \$50,000, and 35 percent had incomes between \$50,000 and \$74,999. Forty-nine 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 \$62,500 (Figure 8.4). These households typically had other investments. Twenty-four percent of mutual fund-owning households in this asset group owned certificates of deposit, 35 percent owned individual stocks, and 7 percent owned individual 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). Three-quarters of these households owned equity funds, 27 percent owned hybrid funds, 39 percent owned bond funds, and 58 percent owned money market funds. Seventy-four percent had more than half of their household financial assets in mutual funds. Sixty-nine percent of mutual fund-owning households with financial assets between \$50,000 and \$99,999 purchased their 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-nine percent owned three or fewer funds and 51 percent owned four or more. Among households in this asset group that owned mutual funds outside employer-sponsored retirement plans, half owned funds purchased from multiple sources.



Seventy 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, 60 percent owned funds outside these plans, with 43 percent owning sales force–distributed funds and 21 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. Seventy-one percent of mutual fund–owning households with financial assets between \$50,000 and \$99,999 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-seven 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 79 percent listed saving for retirement as their household’s primary financial goal (Figure 8.8). Seventy percent of mutual fund–owning households in this asset group held funds in employer-sponsored retirement plans, and 41 percent owned funds inside IRAs. Eighty-nine 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.

Forty-five 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-four percent were willing to take average risk for average gain. Eleven 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-two percent of these individuals had college or postgraduate degrees and 74 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 58 percent of these households.

Seventy-nine percent of mutual fund–owning household heads in this asset group were employed full- or part-time, and 20 percent were retired from their lifetime occupation (Figure 8.3). The median household income in this group was \$75,000. Twenty-two percent of households in this asset group had incomes of less than \$50,000, 23 percent had household incomes between \$50,000 and \$74,999, and 55 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. Thirty-two percent of mutual fund–owning households in this asset group owned certificates of deposit, 42 percent owned individual stocks, and 8 percent owned individual 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). Eighty-three percent of these households owned equity funds, 39 percent owned hybrid funds, 47 percent owned bond funds, and 67 percent owned money market funds. Sixty-nine percent had more than half of their household financial assets in mutual funds. Thirty-seven percent of mutual fund–owning households with financial assets between \$100,000 and \$249,999 purchased their first fund before 1990, and 40 percent bought their 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-four percent owned three or fewer funds and 56 percent owned four or more. Among households in this asset group that owned mutual funds outside employer-sponsored retirement plans, half owned funds purchased from multiple sources.

Seventy 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, 74 percent owned funds outside these plans, with 57 percent owning sales force-distributed funds and 32 percent owning direct-marketed funds. Fifty-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-four percent of mutual fund-owning households with financial assets between \$100,000 and \$249,999 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-seven 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 81 percent listed saving for retirement as their household's primary financial goal (Figure 8.8). Seven in 10 mutual fund-owning households in this asset group held funds in employer-sponsored retirement plans, and 56 percent owned funds inside IRAs. Eighty-seven 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.

Forty-one 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-seven 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 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 52 (Figure 8.2). Fifty-seven percent of these individuals had college or postgraduate degrees—the largest percentage of any shareholder group classified by household financial assets. Eighty-one 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-six percent of mutual fund-owning household heads in this asset group were employed full- or part-time (Figure 8.3). Twenty-six percent were retired from their lifetime occupation—the largest percentage of any of the assets groups. The median household income among households in this group was \$110,000. Nine percent of households in this asset group had incomes of less than \$50,000, and 13 percent had household incomes between \$50,000 and \$74,999. Seventy-eight 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. Forty-one percent of mutual fund-owning households in this asset group owned certificates of deposit, 59 percent owned individual stocks, 16 percent owned individual bonds, and 46 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-seven percent of these households owned equity funds, 47 percent owned hybrid funds, 56 percent owned bond funds, and 69 percent owned money market funds. Sixty-one 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, 55 percent purchased their first fund before 1990, and 45 percent bought their 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-three percent of households in this asset group owned three or fewer funds and 77 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 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 64 percent owning sales force-distributed funds and 42 percent owning direct-marketed funds. Thirty-eight percent of mutual fund-owning households in this group considered the sales force channel to be their primary source for purchasing mutual funds. Fifty-one percent of mutual fund-owning households with financial assets of \$250,000 or more purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-six 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-seven percent reported that reducing their taxable income was one of their household's financial goals. Seven in 10 mutual fund-owning households in this asset group held funds in employer-sponsored retirement plans, and 67 percent owned funds inside IRAs. Ninety-one 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.

Forty-five 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-six percent were willing to take average risk for average gain. Nine 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,<sup>1</sup> 2008

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Age of household sole or co-decisionmaker for investing</b>				
Younger than 35	42	29	13	10
35 to 44	23	32	29	19
45 to 54	21	22	28	28
55 to 64	9	11	17	27
65 or older	5	6	13	16
Median	37 years	40 years	49 years	52 years
Mean	40 years	42 years	49 years	53 years
<b>Educational level</b>				
High school or less	28	35	24	19
Some college or associate's degree	37	29	34	24
Completed four years of college	20	18	21	20
Some graduate school	5	6	3	9
Completed graduate school	10	12	18	28
<b>Marital status</b>				
Married or living with partner	72	73	74	81
Single	14	11	10	8
Divorced or separated	10	13	11	6
Widowed	4	3	5	5
<b>Household investment decisionmaker</b>				
Male is sole decisionmaker	15	17	19	25
Female is sole decisionmaker	26	27	23	12
Co-decisionmakers	59	56	58	63
<b>Ethnic background<sup>2</sup></b>				
Caucasian	84	89	91	89
African-American	9	3	6	6
Hispanic	7	4	2	5
Asian	(*)	3	1	1
Other	6	2	2	5

(\*) = less than ½ percent

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

<sup>2</sup>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,<sup>1</sup> 2008

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Employment status<sup>2</sup></b>				
Employed full-time	77	79	70	69
Not retired	74	77	69	66
Retired from lifetime occupation	3	2	1	3
Employed part-time	8	6	9	7
Not retired	6	5	7	4
Retired from lifetime occupation	2	1	2	3
Not employed	15	15	21	24
Not retired	8	7	4	4
Retired from lifetime occupation	7	8	17	20
<b>Total household income<sup>3</sup></b>				
Less than \$25,000	18	2	4	2
\$25,000 to \$34,999	9	4	5	2
\$35,000 to \$49,999	19	10	13	5
\$50,000 to \$74,999	27	35	23	13
\$75,000 to \$99,999	16	30	20	17
\$100,000 to \$149,999	8	16	23	28
\$150,000 to \$249,999	2	3	11	21
\$250,000 or more	1	(*)	1	12
Median	\$50,000	\$72,000	\$75,000	\$110,000
Mean	\$57,400	\$77,300	\$86,300	\$144,100

(\*) = less than ½ percent

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

<sup>2</sup>Figure reports the employment status of the head of household (sole or co-decisionmaker for saving and investing).

<sup>3</sup>Total reported is household income before taxes in 2007.

**FIGURE 8.4**

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY HOUSEHOLD FINANCIAL ASSET GROUP**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS,<sup>1</sup> 2008

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Total household financial assets<sup>1</sup></b>				
Less than \$25,000	57	0	0	0
\$25,000 to \$49,999	43	0	0	0
\$50,000 to \$74,999	0	65	0	0
\$75,000 to \$99,999	0	35	0	0
\$100,000 to \$249,999	0	0	100	0
\$250,000 to \$499,999	0	0	0	42
\$500,000 to \$999,999	0	0	0	38
\$1 million or more	0	0	0	20
Median	\$20,000	\$62,500	\$150,000	\$500,000
Mean	\$20,900	\$66,800	\$158,000	\$942,700
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>				
Certificates of deposit	13	24	32	41
Individual stocks, individual bonds, or annuities (total)	32	61	64	74
Individual stocks	19	35	42	59
Individual bonds (excluding U.S. savings bonds)	6	7	8	16
Fixed or variable annuities	15	32	36	36
Investment real estate	10	10	25	46
Closed-end funds	1	2	4	5
Exchange-traded funds	1	3	2	7
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>				
Household owns employer-sponsored retirement plan accounts (total)	81	84	83	86
DC retirement plan accounts (total)	71	79	81	82
401(k) plan account	58	66	68	65
403(b), state, local, or federal government plan account	26	27	34	40
Employer-sponsored IRA <sup>3</sup>	15	15	12	16
<b>Household ownership of IRAs<sup>2</sup></b>				
Household owns IRA (total)	53	58	64	78
Traditional IRA or Roth IRA	45	49	61	75
Employer-sponsored IRA <sup>3</sup>	15	15	12	16
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>				
Household owns education-targeted savings program account (total)	13	13	11	21
Coverdell education savings account	11	11	8	14
529 prepaid tuition or college savings plan account (total)	4	5	5	13
529 savings plan	4	3	5	11
529 prepaid tuition plan	1	2	1	2

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

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

<sup>3</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

**FIGURE 8.5**

**MUTUAL FUND INVESTING BY HOUSEHOLD FINANCIAL ASSETS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS,<sup>1</sup> 2008

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Total household mutual fund assets</b>				
Less than \$5,000	15	(*)	1	(*)
\$5,000 to \$9,999	23	5	2	1
\$10,000 to \$19,999	27	4	3	1
\$20,000 to \$29,999	18	12	4	2
\$30,000 to \$49,999	17	19	4	2
\$50,000 to \$74,999	0	47	11	4
\$75,000 to \$99,999	0	13	16	1
\$100,000 to \$249,999	0	0	59	27
\$250,000 or more	0	0	0	62
Median	\$15,000	\$50,000	\$100,000	\$300,000
Mean	\$15,500	\$48,200	\$108,000	\$425,600
<b>Percent allocation of household financial assets to mutual funds</b>				
25% or less	5	9	14	18
Between 26% and 50%	14	17	17	21
Between 51% and 75%	24	20	21	26
More than 75%	57	54	48	35
<b>Types of mutual funds owned<sup>2</sup></b>				
Equity funds	70	75	83	87
Hybrid funds	27	27	39	47
Bond funds	37	39	47	56
Money market funds	63	58	67	69
Other fund type specified	1	5	6	10
<b>Mutual fund transaction activity in the previous 12 months<sup>3</sup></b>				
Conducted mutual fund transactions	29	33	35	50
<b>Year of initial mutual fund purchase</b>				
Before 1990	11	16	37	55
Between 1990 and 1994	11	15	23	22
Between 1995 and 1999	18	31	23	13
2000 or later	60	38	17	10
Median	2001	1998	1992	1988
Mean	1999	1996	1991	1987

(\*) = less than ½ percent

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

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

<sup>3</sup>Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, 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 8.6**

**NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY HOUSEHOLD FINANCIAL ASSETS**

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Total number of mutual funds owned</b>				
<i>Percentage of U.S. households owning mutual funds by household financial assets,<sup>1</sup> 2008</i>				
One	33	10	14	4
Two	22	22	13	9
Three	20	17	17	10
Four	6	14	18	14
Five to six	9	21	16	19
Seven to 10	7	9	15	23
11 or more	3	7	7	21
Median	2 funds	4 funds	4 funds	6 funds
Mean	4 funds	5 funds	5 funds	8 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans<sup>2</sup></b>				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by household financial assets,<sup>1</sup> 2008</i>				
One	51	50	50	37
Two	23	30	28	33
Three	19	13	14	19
Four or more	7	7	8	11
Median	1 source	1 source	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

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

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



**FIGURE 8.7**

**CHANNELS USED TO PURCHASE MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS,<sup>1</sup> 2008

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Source of mutual fund ownership</b>				
Only inside employer-sponsored retirement plans	40	40	26	18
Only outside employer-sponsored retirement plans	35	30	30	30
Both inside and outside employer-sponsored retirement plans	25	30	44	52
<b>Purchase channels through which funds are currently owned<sup>2</sup></b>				
Inside employer-sponsored retirement plans (total)	65	70	70	70
Inside DC retirement plans (total)	57	65	67	66
401(k) plan	46	56	56	55
403(b), state, local, or federal government plan	16	16	22	22
Inside employer-sponsored IRA <sup>3</sup>	12	8	9	12
Outside employer-sponsored retirement plans (total)	60	60	74	82
Sales force (total)	43	43	57	64
Full-service broker	17	23	26	42
Independent financial planner	14	22	25	32
Bank or savings institution representative	18	15	19	22
Insurance agent	9	5	11	9
Accountant	6	5	5	6
Direct market (total)	30	21	32	42
Mutual fund company directly	19	14	24	30
Discount broker	15	9	14	21
<b>Primary mutual fund purchase channel</b>				
Inside employer-sponsored retirement plans	57	63	54	45
Outside employer-sponsored retirement plans	43	37	46	55
Sales force	30	27	36	38
Full-service broker	7	12	12	15
Independent financial planner	7	6	12	14
Bank or savings institution representative	11	6	9	6
Insurance agent	3	2	3	2
Accountant	2	1	0	1
Direct market	13	10	10	17
Mutual fund company directly	7	6	6	12
Discount broker	6	4	4	5
<b>Source of first mutual fund purchase</b>				
Inside employer-sponsored retirement plan	64	71	64	51
Outside employer-sponsored retirement plan	36	29	36	49

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

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

<sup>3</sup>Employer-sponsored IRAs include SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs.

**FIGURE 8.8**

**FINANCIAL GOALS BY HOUSEHOLD FINANCIAL ASSETS**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY HOUSEHOLD FINANCIAL ASSETS,<sup>1</sup> 2008

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Financial goals for mutual fund investments<sup>2</sup></b>				
Retirement	93	97	97	96
Reduce taxable income	47	47	48	57
Emergency	55	35	40	44
Education	35	29	22	27
Current income	13	12	14	21
House or other large purchase	20	15	5	7
Other	5	4	5	8
<b>Primary financial goal for mutual fund investments</b>				
Retirement	73	79	81	77
Reduce taxable income	2	3	3	4
Emergency	9	6	4	2
Education	8	8	5	7
Current income	3	1	4	7
House or other large item	3	3	1	1
Other	2	0	2	2
<b>Level of confidence that mutual funds are an investment that can help meet household financial goals</b>				
Very confident	23	26	24	33
Somewhat confident	62	63	63	58
Not very confident	10	10	11	7
Not at all confident	5	1	2	2
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>2</sup></b>				
Inside employer-sponsored retirement plans (total)	65	70	70	70
Inside DC retirement plans (total)	57	65	67	66
401(k) plan	46	56	56	55
403(b), state, local, or federal government plan	16	16	22	22
Inside employer-sponsored IRA <sup>3</sup>	12	8	9	12
<b>Ownership of mutual funds in IRAs<sup>2</sup></b>				
Have IRA invested in mutual funds (total)	39	41	56	67
Traditional IRA or Roth IRA	32	36	53	65
Employer-sponsored IRA <sup>3</sup>	12	8	9	12

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

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

<sup>3</sup>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,<sup>1</sup> 2008

	Household financial assets <sup>1</sup>			
	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 or more
<b>Level of risk willing to take with financial investments</b>				
Substantial financial risk for substantial financial gain	6	5	5	7
Above-average financial risk for above-average financial gain	25	40	36	38
Average financial risk for average financial gain	53	44	47	46
Below-average financial risk for below-average financial gain	8	9	8	6
Unwilling to take financial risk	8	2	4	3

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



## Mutual Fund Shareholders by Risk Tolerance

In 2008, 37 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 half of all mutual fund–owning households. Thirteen percent of shareholders described themselves as willing to take below-average risk for below-average financial gain or unwilling to take any financial risk.

### Willing to Take Substantial or Above-Average 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 45—the youngest of any of the risk groups (Figure 9.2). Fifty-one 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 62 percent of these households.

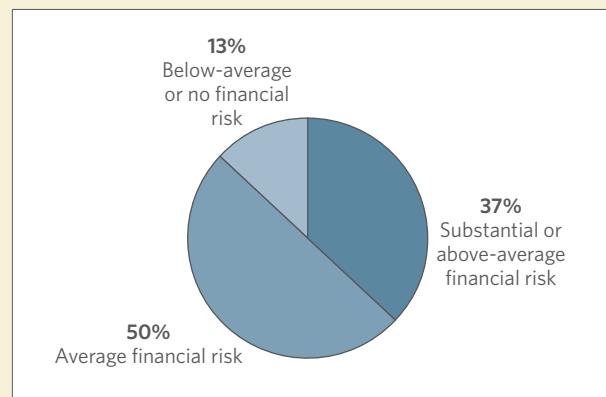
Eighty-eight percent of mutual fund–owning household heads in this risk group were employed full- or part-time, and 10 percent were retired from their lifetime occupation (Figure 9.3). The median household income in this group was \$96,000. Fifteen percent of households in this group had incomes of less than \$50,000, 17 percent had incomes between \$50,000 and \$74,999, and 68 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 \$200,000 (Figure 9.4). These households had a variety of

**FIGURE 9.1**

### MUTUAL FUND SHAREHOLDERS BY RISK TOLERANCE

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2008



savings and investments. Twenty-nine percent of mutual fund–owning households in this risk group owned certificates of deposit, half owned individual stocks, and 13 percent owned individual 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). Eighty-six percent of these households owned equity funds, 47 percent owned hybrid funds, 54 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. Fifty-nine percent of mutual fund–owning households willing to take substantial or above-average risk for similar levels of financial gain purchased their first fund before 1995.

The median number of mutual funds owned by mutual fund-owning households in this risk group was five (Figure 9.6). 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, 57 percent owned funds purchased from multiple sources.

Three-quarters 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-four percent owned funds outside employer-sponsored retirement plans: 52 percent owned sales force-distributed funds and 39 percent owned direct-marketed funds. Fifty-four 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 purchased their 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 82 percent listed saving for retirement as their household's primary financial goal (Figure 9.8). Seventy-five percent of mutual fund-owning households in this risk group held funds in employer-sponsored retirement plans, and 57 percent owned funds inside IRAs. Ninety-one 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 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-five percent of these individuals had college or postgraduate degrees and 74 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 63 percent of these households.

Seventy-three percent of mutual fund-owning household heads in this risk group were employed full- or part-time, and 26 percent were retired from their lifetime occupation (Figure 9.3). The median household income in this group was \$75,000. One-quarter of households in this group had incomes of less than \$50,000, and 23 percent had incomes between \$50,000 and \$74,999. Fifty-two 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. Thirty-six percent of mutual fund-owning households in this risk group owned certificates of deposit, 41 percent owned individual stocks, and 11 percent owned individual bonds.

Mutual fund-owning households willing to take average risk for average financial gain had median mutual fund holdings of \$95,000 (Figure 9.5). Seventy-nine percent of these households owned equity funds, 33 percent owned hybrid funds, 46 percent owned bond funds, and 65 percent owned money market funds. Seventy-one percent had more than half of their household financial assets in mutual funds. Six out of 10 mutual fund-owning households willing to take average risk for average financial gain purchased their 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-seven percent owned three or fewer funds and 53 percent owned four or more. Among households in this risk group that owned mutual funds outside employer-sponsored retirement plans, 61 percent owned funds purchased from multiple sources.

Sixty-seven 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 33 percent owning direct-marketed funds. Half of mutual fund–owning households in this group considered employer-sponsored retirement plans to be their primary source for purchasing mutual funds. Fifty-seven percent of mutual fund–owning households willing to take average risk for average financial gain purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-five 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 74 percent listed saving for retirement as their household’s primary financial goal (Figure 9.8). Sixty-seven percent of mutual fund–owning households in this risk group held funds in employer-sponsored retirement plans, and 57 percent owned funds inside IRAs. Eighty-six 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 54—the oldest of any of the risk groups (Figure 9.2). Thirty-two percent of these individuals had college or postgraduate degrees and 68 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 57 percent of these households.

Sixty-five percent of mutual fund–owning household heads in this risk group were employed full- or part-time (Figure 9.3). Thirty-six percent were retired from their lifetime occupation—the highest percentage of any of the risk groups. The median household income in this group was \$60,100. Forty percent of households in this risk group had incomes of less than \$50,000, 24 percent had household incomes between \$50,000 and \$74,999, and 36 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 \$150,000 (Figure 9.4). These households had a variety of savings and investments. Twenty-six percent of mutual fund–owning households in this risk group owned certificates of deposit, 31 percent owned individual stocks, and 11 percent owned individual 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 \$87,500 (Figure 9.5). Sixty-eight percent of these households owned equity funds, 26 percent owned hybrid funds, 40 percent owned bond funds, and 66 percent owned money market funds. Sixty-four percent had more than half of their household financial assets in mutual funds. Thirty-nine percent of mutual fund–owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk purchased their first fund before 1990, and 42 percent bought their first fund in 1995 or later.

The median number of mutual funds owned by mutual fund–owning households in this risk group was three (Figure 9.6). Sixty-four percent owned three or fewer funds and 36 percent owned four or more. Among households in this risk group that owned mutual funds outside employer-sponsored retirement plans, 59 percent owned funds purchased from multiple sources.

Fifty-six 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, 72 percent owned funds outside these plans, with 59 percent owning sales force–distributed funds and 29 percent owning direct-marketed funds. Forty-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. Sixty-two percent of mutual fund–owning households willing to take below-average risk for below-average financial gain or unwilling to take financial risk purchased their first mutual fund through an employer-sponsored retirement plan.

Eighty-seven 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 65 percent listed saving for retirement as their household’s primary financial goal (Figure 9.8). Fifty-six percent of mutual fund–owning households in this risk group held funds in employer-sponsored retirement plans, and 48 percent owned funds inside IRAs. Sixty-nine 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.

Households in this risk group were about evenly split between those willing to take below-average financial risk and those unwilling to take financial risk (Figure 9.9).



**FIGURE 9.2**

**HEAD OF HOUSEHOLD CHARACTERISTICS BY RISK TOLERANCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY RISK TOLERANCE, 2008

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Age of household sole or co-decisionmaker for investing</b>			
Younger than 35	18	16	16
35 to 44	31	18	17
45 to 54	30	26	18
55 to 64	15	22	21
65 or older	6	18	28
Median	45 years	51 years	54 years
Mean	45 years	51 years	54 years
<b>Educational level</b>			
High school or less	20	26	36
Some college or associate's degree	29	29	32
Completed four years of college	21	20	15
Some graduate school	7	5	5
Completed graduate school	23	20	12
<b>Marital status</b>			
Married or living with partner	81	74	68
Single	10	10	9
Divorced or separated	8	9	10
Widowed	1	7	13
<b>Household investment decisionmaker</b>			
Male is sole decisionmaker	24	16	15
Female is sole decisionmaker	14	21	28
Co-decisionmakers	62	63	57
<b>Ethnic background<sup>1</sup></b>			
Caucasian	90	89	84
African-American	5	5	9
Hispanic	3	5	7
Asian	1	1	1
Other	4	4	5

<sup>1</sup>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, 2008

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Employment status<sup>1</sup></b>			
Employed full-time	81	65	56
Not retired	79	63	54
Retired from lifetime occupation	2	2	2
Employed part-time	7	8	9
Not retired	6	5	5
Retired from lifetime occupation	1	3	4
Not employed	12	27	35
Not retired	5	6	5
Retired from lifetime occupation	7	21	30
<b>Total household income<sup>2</sup></b>			
Less than \$25,000	3	5	15
\$25,000 to \$34,999	4	6	8
\$35,000 to \$49,999	8	14	17
\$50,000 to \$74,999	17	23	24
\$75,000 to \$99,999	20	20	13
\$100,000 to \$149,999	24	20	16
\$150,000 to \$249,999	17	9	6
\$250,000 or more	7	3	1
Median	\$96,000	\$75,000	\$60,100
Mean	\$118,800	\$90,400	\$69,400

<sup>1</sup>Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).

<sup>2</sup>Total reported is household income before taxes in 2007.

**FIGURE 9.4**

**MUTUAL FUND-OWNING HOUSEHOLDS' FINANCIAL ASSETS BY RISK TOLERANCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY RISK TOLERANCE, 2008

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Total household financial assets<sup>1</sup></b>			
Less than \$25,000	6	13	17
\$25,000 to \$49,999	8	8	9
\$50,000 to \$74,999	11	9	10
\$75,000 to \$99,999	6	5	5
\$100,000 to \$249,999	22	22	23
\$250,000 to \$499,999	20	19	13
\$500,000 to \$999,999	16	18	14
\$1 million or more	11	6	9
Median	\$200,000	\$200,000	\$150,000
Mean	\$546,000	\$390,800	\$464,600
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>			
Certificates of deposit	29	36	26
Individual stocks, individual bonds, or annuities (total)	67	61	51
Individual stocks	50	41	31
Individual bonds (excluding U.S. savings bonds)	13	11	11
Fixed or variable annuities	29	35	32
Investment real estate	35	26	19
Closed-end funds	3	4	1
Exchange-traded funds	6	3	(*)
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>			
Household owns employer-sponsored retirement plan accounts (total)	88	82	74
DC retirement plan accounts (total)	84	77	68
401(k) plan account	75	60	53
403(b), state, local, or federal government plan account	32	36	30
Employer-sponsored IRA <sup>3</sup>	14	16	19
<b>Household ownership of IRAs<sup>2</sup></b>			
Household owns IRA (total)	68	70	63
Traditional IRA or Roth IRA	64	64	57
Employer-sponsored IRA <sup>3</sup>	14	16	19
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>			
Household owns education-targeted savings program account (total)	19	14	10
Coverdell education savings account	13	11	8
529 prepaid tuition or college savings plan account (total)	11	7	3
529 savings plan	9	6	3
529 prepaid tuition plan	2	2	(*)

(\*) = less than ½ percent

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

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

<sup>3</sup>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, 2008

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Total household mutual fund assets</b>			
Less than \$5,000	1	5	5
\$5,000 to \$9,999	6	5	5
\$10,000 to \$19,999	4	7	11
\$20,000 to \$29,999	7	6	9
\$30,000 to \$49,999	7	9	9
\$50,000 to \$74,999	9	12	8
\$75,000 to \$99,999	6	6	7
\$100,000 to \$249,999	29	23	25
\$250,000 or more	31	27	21
Median	\$125,000	\$95,000	\$87,500
Mean	\$252,200	\$205,600	\$180,200
<b>Percent allocation of household financial assets to mutual funds</b>			
25% or less	15	13	13
Between 26% and 50%	19	16	23
Between 51% and 75%	23	27	11
More than 75%	43	44	53
<b>Types of mutual funds owned<sup>1</sup></b>			
Equity funds	86	79	68
Hybrid funds	47	33	26
Bond funds	54	46	40
Money market funds	67	65	66
Other fund type specified	9	4	6
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>			
Conducted mutual fund transactions	47	35	29
<b>Year of initial mutual fund purchase</b>			
Before 1990	37	42	39
Between 1990 and 1994	22	18	19
Between 1995 and 1999	22	18	16
2000 or later	19	22	26
Median	1992	1991	1991
Mean	1991	1991	1991

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

<sup>2</sup>Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, 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 CHANNELS USED BY RISK TOLERANCE**

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Total number of mutual funds owned</b>			
<i>Percentage of U.S. households owning mutual funds by risk tolerance, 2008</i>			
One	9	15	29
Two	9	16	21
Three	10	16	14
Four	14	14	11
Five to six	19	18	8
Seven to 10	20	12	13
11 or more	19	9	4
Median	5 funds	4 funds	3 funds
Mean	8 funds	6 funds	4 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans<sup>1</sup></b>			
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by risk tolerance, 2008</i>			
One	43	39	41
Two	33	32	30
Three	15	20	17
Four or more	9	9	12
Median	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources

<sup>1</sup>Purchase sources outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, mutual fund companies directly, and discount brokers.

**FIGURE 9.7**

**CHANNELS USED TO PURCHASE MUTUAL FUNDS BY RISK TOLERANCE**

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS BY RISK TOLERANCE, 2008

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Source of mutual fund ownership</b>			
Only inside employer-sponsored retirement plans	26	28	28
Only outside employer-sponsored retirement plans	25	33	44
Both inside and outside employer-sponsored retirement plans	49	39	28
<b>Purchase channels through which funds are currently owned<sup>1</sup></b>			
Inside employer-sponsored retirement plans (total)	75	67	56
Inside DC retirement plans (total)	71	61	51
401(k) plan	64	48	41
403(b), state, local, or federal government plan	21	21	18
Inside employer-sponsored IRA <sup>2</sup>	9	11	12
Outside employer-sponsored retirement plans (total)	74	72	72
Sales force (total)	52	58	59
Full-service broker	29	33	32
Independent financial planner	25	27	26
Bank or savings institution representative	16	21	19
Insurance agent	8	8	14
Accountant	6	5	11
Direct market (total)	39	33	29
Mutual fund company directly	26	23	20
Discount broker	19	16	13
<b>Primary mutual fund purchase channel</b>			
Inside employer-sponsored retirement plans	54	50	43
Outside employer-sponsored retirement plans	46	50	57
Sales force	31	38	44
Full-service broker	11	15	17
Independent financial planner	12	12	15
Bank or savings institution representative	5	7	8
Insurance agent	2	3	4
Accountant	1	1	(*)
Direct market	15	12	13
Mutual fund company directly	9	7	8
Discount broker	6	5	5
<b>Source of first mutual fund purchase</b>			
Inside employer-sponsored retirement plan	61	57	62
Outside employer-sponsored retirement plan	39	43	38

(\*) = less than ½ percent

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

<sup>2</sup>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, 2008

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Financial goals for mutual fund investments<sup>1</sup></b>			
Retirement	97	95	87
Reduce taxable income	55	49	50
Emergency	37	47	58
Education	29	24	20
Current income	10	20	35
House or other large purchase	9	9	14
Other	7	5	8
<b>Primary financial goal for mutual fund investments</b>			
Retirement	82	74	65
Reduce taxable income	3	4	3
Emergency	1	6	9
Education	7	6	7
Current income	2	6	11
House or other large item	2	2	4
Other	3	2	1
<b>Level of confidence that mutual funds are an investment that can help meet household financial goals</b>			
Very confident	37	22	10
Somewhat confident	54	64	59
Not very confident	7	11	16
Not at all confident	2	3	15
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>			
Inside employer-sponsored retirement plans (total)	75	67	56
Inside DC retirement plans (total)	71	61	51
401(k) plan	64	48	41
403(b), state, local, or federal government plan	21	21	18
Inside employer-sponsored IRA <sup>2</sup>	9	11	12
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>			
Have IRA invested in mutual funds (total)	57	57	48
Traditional IRA or Roth IRA	54	51	43
Employer-sponsored IRA <sup>2</sup>	9	11	12

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

<sup>2</sup>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, 2008

	Substantial or above-average risk	Average risk	Below-average or no risk
<b>Level of risk willing to take with financial investments</b>			
Substantial financial risk for substantial financial gain	16	0	0
Above-average financial risk for above-average financial gain	84	0	0
Average financial risk for average financial gain	0	100	0
Below-average financial risk for below-average financial gain	0	0	52
Unwilling to take financial risk	0	0	48



## Mutual Fund Shareholders by Year of Initial Mutual Fund Purchase

In 2008, 39 percent of mutual fund–owning households in the United States purchased their first mutual fund before 1990, and 19 percent purchased their first mutual fund between 1990 and 1994 (Figure 10.1). Another 20 percent purchased their first mutual fund between 1995 and 1999, and 22 percent purchased their first mutual fund in 2000 or later.

### 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 55—the oldest of any of the initial purchase groups (Figure 10.2). Forty-seven percent of these individuals had college or postgraduate degrees and 74 percent were married or living with a partner. Investment decisionmaking was a shared responsibility in 59 percent of these households.

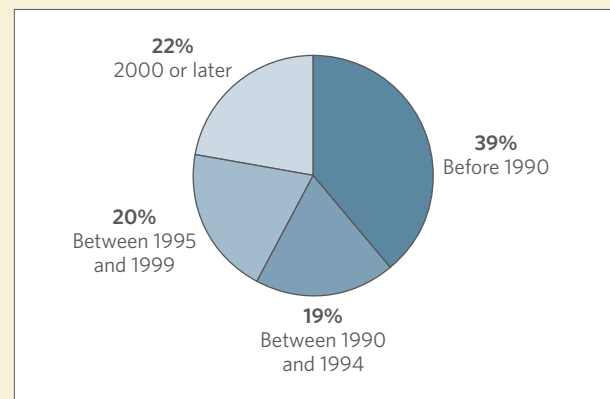
Seven in 10 mutual fund–owning household heads in this initial purchase group were employed full- or part-time, and 33 percent were retired from their lifetime occupation (Figure 10.3). The median household income in this group was \$87,500. Twenty percent of households in this group had incomes of less than \$50,000, 18 percent had incomes between \$50,000 and \$74,999, and 62 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 \$375,000 (Figure 10.4). These households had a variety of savings and investments. Thirty-nine percent of mutual fund–owning households in this initial purchase group owned certificates of deposit, 52 percent owned individual stocks, and 15 percent owned individual bonds.

**FIGURE 10.1**

### MUTUAL FUND SHAREHOLDERS BY YEAR OF INITIAL MUTUAL FUND PURCHASE

PERCENTAGE OF U.S. HOUSEHOLDS OWNING MUTUAL FUNDS, 2008



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, 45 percent owned hybrid funds, 54 percent held bond funds, and 67 percent owned money market funds. Seventy 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). 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, 66 percent owned funds purchased from multiple sources.

Sixty-six 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-two percent owned funds outside employer-sponsored retirement plans: 65 percent owned sales force–distributed funds and 43 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-three percent of mutual fund–owning households whose initial mutual fund purchase was before 1990 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-six 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 77 percent listed saving for retirement as their household’s primary financial goal (Figure 10.8). Sixty-six percent of mutual fund–owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 65 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-five 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. Thirteen 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 46 (Figure 10.2). Forty-eight 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 62 percent of these households.

Eighty-one percent of mutual fund–owning household heads in this initial purchase group were employed full- or part-time, and 18 percent were retired from their lifetime occupation (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 17 percent had incomes between \$50,000 and \$74,999. Sixty-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 between 1990 and 1994, median household financial assets were \$215,000 (Figure 10.4). These households typically had other investments. Thirty-two percent of mutual fund–owning households in this initial purchase group owned certificates of deposit, 44 percent owned individual stocks, and 11 percent owned individual bonds.

Mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994 had median mutual fund holdings of \$125,000 (Figure 10.5). Eighty-four percent of these households owned equity funds, 40 percent owned hybrid funds, 48 percent owned bond funds, and 70 percent owned money market funds. Sixty-eight 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-two percent owned three or fewer funds and 68 percent owned four or more. Among households in this initial purchase group that owned mutual funds outside employer-sponsored retirement plans, 52 percent owned funds purchased from multiple sources.

Seventy 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, 77 percent owned funds outside these plans, with 57 percent owning sales force–distributed funds and 34 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 percent of mutual fund–owning households whose initial mutual fund purchase was between 1990 and 1994 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-five 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 77 percent listed saving for retirement as their household’s primary financial goal (Figure 10.8). Seventy percent of mutual fund–owning households in this initial purchase group held funds in employer-sponsored retirement plans, and 60 percent owned funds inside IRAs. Eighty-four 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.

Forty-three 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-five percent were willing to take average financial risk for average financial 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.

## 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 43 (Figure 10.2). Fifty-two 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 65 percent of these households.

Eighty-seven percent of mutual fund–owning household heads in this initial purchase group were employed full- or part-time, and 10 percent were retired from their lifetime occupation (Figure 10.3). The median household income in this group was \$82,000. Eighteen percent of households in this initial purchase group had incomes of less than \$50,000, 21 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 \$120,000 (Figure 10.4). These households had a variety of savings and investments. Twenty-eight percent of mutual fund–owning households in this initial purchase group owned certificates of deposit, 47 percent owned individual stocks, and 11 percent owned individual bonds.

Mutual fund–owning households whose initial mutual fund purchase was between 1995 and 1999 had median mutual fund holdings of \$75,000 (Figure 10.5). Eighty-four percent of these households owned equity funds, 38 percent owned hybrid funds, 51 percent owned bond funds, and 66 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-three percent owned three or fewer funds and 57 percent owned four or more. Among households in this initial purchase group that owned mutual funds outside employer-sponsored retirement plans, 53 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, 68 percent owned funds outside these plans, with 49 percent owning sales force-distributed funds and 30 percent owning direct-marketed funds. Fifty-nine 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-one percent of mutual fund-owning households whose initial mutual fund purchase was between 1995 and 1999 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-six 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 78 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 52 percent owned funds inside IRAs. Eighty-eight 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.

Forty-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. Eleven 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 36 (Figure 10.2). Thirty-seven percent of these individuals had college or postgraduate degrees. Seventy-eight percent of household heads in this group were married or living with a partner. Investment decisionmaking was a shared responsibility in 66 percent of mutual fund-owning households whose initial mutual fund purchase was in 2000 or later.

Eighty-six percent of mutual fund-owning household heads in this initial purchase group were employed full- or part-time (Figure 10.3). Ten percent were retired from their lifetime occupation. The median household income among households in this group was \$70,000. Twenty-six percent of households in this initial purchase group had incomes of less than \$50,000, and 29 percent had household incomes between \$50,000 and \$74,999. Forty-five 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 \$54,000 (Figure 10.4). These households had a variety of savings and investments. Twenty-four percent of mutual fund-owning households in this initial purchase group owned certificates of deposit, 23 percent owned individual stocks, and 6 percent owned individual 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 percent of these households owned equity funds, 25 percent owned hybrid funds, 36 percent owned bond funds, and 61 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 three (Figure 10.6). Sixty-five percent of households in this initial purchase group owned three or fewer funds and 35 percent owned four or more. Among households in this group that owned mutual funds outside employer-sponsored retirement plans, 55 percent owned funds purchased from multiple sources.

Sixty-nine 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 45 percent owning sales force-distributed funds and 27 percent owning direct-marketed funds. Fifty-nine 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 purchased their first mutual fund through an employer-sponsored retirement plan.

Ninety-five 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 76 percent listed saving for retirement as their household's primary financial goal (Figure 10.8). Sixty-nine percent of mutual fund-owning households in this initial purchase group held funds in employer-sponsored retirement plans, and four in 10 owned funds inside IRAs. Eighty-eight 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.

Thirty-four 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-one percent were willing to take average financial risk for average financial 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 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, 2008

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Age of household sole or co-decisionmaker for investing</b>				
Younger than 35	2	9	23	46
35 to 44	13	34	33	23
45 to 54	31	28	27	19
55 to 64	30	18	11	7
65 or older	24	11	6	5
Median	55 years	46 years	43 years	36 years
Mean	57 years	49 years	44 years	39 years
<b>Educational level</b>				
High school or less	25	24	20	29
Some college or associate's degree	28	28	28	34
Completed four years of college	18	21	24	19
Some graduate school	7	7	6	3
Completed graduate school	22	20	22	15
<b>Marital status</b>				
Married or living with partner	74	77	80	78
Single	7	10	10	12
Divorced or separated	11	10	8	5
Widowed	8	3	2	5
<b>Household investment decisionmaker</b>				
Male is sole decisionmaker	22	20	16	14
Female is sole decisionmaker	19	18	19	20
Co-decisionmakers	59	62	65	66
<b>Ethnic background<sup>1</sup></b>				
Caucasian	94	91	85	82
African-American	4	5	6	11
Hispanic	2	1	6	9
Asian	1	2	1	1
Other	2	2	7	6

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

**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, 2008

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Employment status<sup>1</sup></b>				
Employed full-time	62	75	79	79
Not retired	59	73	77	77
Retired from lifetime occupation	3	2	2	2
Employed part-time	8	6	8	7
Not retired	4	4	6	6
Retired from lifetime occupation	4	2	2	1
Not employed	30	19	13	14
Not retired	4	5	7	7
Retired from lifetime occupation	26	14	6	7
<b>Total household income<sup>2</sup></b>				
Less than \$25,000	4	3	4	8
\$25,000 to \$34,999	5	5	3	7
\$35,000 to \$49,999	11	14	11	11
\$50,000 to \$74,999	18	17	21	29
\$75,000 to \$99,999	17	19	22	24
\$100,000 to \$149,999	24	24	23	13
\$150,000 to \$249,999	15	15	11	5
\$250,000 or more	6	3	5	3
Median	\$87,500	\$87,500	\$82,000	\$70,000
Mean	\$109,100	\$99,200	\$102,800	\$82,300

<sup>1</sup>Figure reports employment status of the head of household (sole or co-decisionmaker for saving and investing).

<sup>2</sup>Total reported is household income before taxes in 2007.

**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, 2008

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Total household financial assets<sup>1</sup></b>				
Less than \$25,000	4	5	9	26
\$25,000 to \$49,999	2	6	8	18
\$50,000 to \$74,999	3	8	13	19
\$75,000 to \$99,999	3	4	12	5
\$100,000 to \$249,999	23	27	27	15
\$250,000 to \$499,999	25	18	19	9
\$500,000 to \$999,999	24	24	7	6
\$1 million or more	16	8	5	2
Median	\$375,000	\$215,000	\$120,000	\$54,000
Mean	\$713,000	\$453,900	\$282,800	\$247,800
<b>Household ownership of non-mutual fund investments<sup>2</sup></b>				
Certificates of deposit	39	32	28	24
Individual stocks, individual bonds, or annuities (total)	71	63	63	43
Individual stocks	52	44	47	23
Individual bonds (excluding U.S. savings bonds)	15	11	11	6
Fixed or variable annuities	41	30	27	23
Investment real estate	35	28	30	16
Closed-end funds	5	3	3	(*)
Exchange-traded funds	5	5	4	1
<b>Household ownership of employer-sponsored retirement plan accounts<sup>2</sup></b>				
Household owns employer-sponsored retirement plan accounts (total)	81	84	90	82
DC retirement plan accounts (total)	78	78	86	77
401(k) plan account	61	65	73	67
403(b), state, local, or federal government plan account	39	34	34	27
Employer-sponsored IRA <sup>3</sup>	13	16	18	18
<b>Household ownership of IRAs<sup>2</sup></b>				
Household owns IRA (total)	76	73	64	56
Traditional IRA or Roth IRA	74	70	55	45
Employer-sponsored IRA <sup>3</sup>	13	16	18	18
<b>Household ownership of education-targeted savings accounts<sup>2</sup></b>				
Household owns education-targeted savings program account (total)	15	18	19	14
Coverdell education savings account	10	11	14	12
529 prepaid tuition or college savings plan account (total)	9	11	9	5
529 savings plan	7	9	7	5
529 prepaid tuition plan	2	2	2	(*)

(\*) = less than ½ percent

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

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

<sup>3</sup>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, 2008

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Total household mutual fund assets</b>				
Less than \$5,000	1	1	2	9
\$5,000 to \$9,999	2	1	5	13
\$10,000 to \$19,999	2	5	8	14
\$20,000 to \$29,999	3	4	9	14
\$30,000 to \$49,999	4	8	11	14
\$50,000 to \$74,999	7	13	15	12
\$75,000 to \$99,999	7	4	10	4
\$100,000 to \$249,999	29	34	22	14
\$250,000 or more	45	30	18	6
Median	\$200,000	\$125,000	\$75,000	\$25,000
Mean	\$367,000	\$198,000	\$145,300	\$62,500
<b>Percent allocation of household financial assets to mutual funds</b>				
25% or less	11	13	15	17
Between 26% and 50%	19	19	19	17
Between 51% and 75%	28	19	23	21
More than 75%	42	49	43	45
<b>Types of mutual funds owned<sup>1</sup></b>				
Equity funds	85	84	84	70
Hybrid funds	45	40	38	25
Bond funds	54	48	51	36
Money market funds	67	70	66	61
Other fund type specified	8	7	5	3
<b>Mutual fund transaction activity in the previous 12 months<sup>2</sup></b>				
Conducted mutual fund transactions	44	42	37	31
<b>Year of initial mutual fund purchase</b>				
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	1983	1992	1997	2003
Mean	1981	1992	1997	2003

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

<sup>2</sup>Mutual fund transaction activity includes transactions conducted inside and outside employer-sponsored retirement plans, but excludes automatic reinvestment of dividends inside or outside employer-sponsored retirement plans; regular, 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 10.6**

**NUMBER OF FUNDS OWNED AND PURCHASE CHANNELS USED BY YEAR OF INITIAL MUTUAL FUND PURCHASE**

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Total number of mutual funds owned</b>				
<i>Percentage of U.S. households owning mutual funds by year of initial mutual fund purchase, 2008</i>				
One	8	9	14	27
Two	10	12	15	20
Three	10	11	14	18
Four	17	14	8	15
Five to six	18	22	21	11
Seven to 10	18	20	15	6
11 or more	19	12	13	3
Median	5 funds	5 funds	4 funds	3 funds
Mean	8 funds	6 funds	6 funds	4 funds
<b>Number of mutual fund purchase sources used outside employer-sponsored retirement plans<sup>1</sup></b>				
<i>Percentage of U.S. households owning mutual funds outside employer-sponsored retirement plans by year of initial mutual fund purchase, 2008</i>				
One	34	48	47	45
Two	37	28	28	27
Three	18	18	16	16
Four or more	11	6	9	12
Median	2 sources	2 sources	2 sources	2 sources
Mean	2 sources	2 sources	2 sources	2 sources

<sup>1</sup>Purchase sources outside employer-sponsored retirement plans include full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, accountants, mutual fund companies directly, and discount brokers.

**FIGURE 10.7**

**CHANNELS 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, 2008

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Source of mutual fund ownership</b>				
Only inside employer-sponsored retirement plans	18	23	32	43
Only outside employer-sponsored retirement plans	34	30	24	31
Both inside and outside employer-sponsored retirement plans	48	47	44	26
<b>Purchase channels through which funds are currently owned<sup>1</sup></b>				
Inside employer-sponsored retirement plans (total)	66	70	76	69
Inside DC retirement plans (total)	63	66	72	61
401(k) plan	50	57	62	51
403(b), state, local, or federal government plan	25	19	20	16
Inside employer-sponsored IRA <sup>2</sup>	10	11	12	13
Outside employer-sponsored retirement plans (total)	82	77	68	57
Sales force (total)	65	57	49	45
Full-service broker	40	30	28	20
Independent financial planner	34	25	21	17
Bank or savings institution representative	21	16	17	19
Insurance agent	11	7	8	8
Accountant	6	8	4	6
Direct market (total)	43	34	30	27
Mutual fund company directly	30	25	22	16
Discount broker	19	16	15	17
<b>Primary mutual fund purchase channel</b>				
Inside employer-sponsored retirement plans	41	54	59	59
Outside employer-sponsored retirement plans	59	46	41	41
Sales force	43	31	30	30
Full-service broker	17	11	13	9
Independent financial planner	17	13	8	7
Bank or savings institution representative	5	5	7	9
Insurance agent	3	2	1	3
Accountant	1	(*)	1	2
Direct market	16	15	11	11
Mutual fund company directly	11	11	7	4
Discount broker	5	4	4	7
<b>Source of first mutual fund purchase</b>				
Inside employer-sponsored retirement plan	53	60	61	68
Outside employer-sponsored retirement plan	47	40	39	32

(\*) = less than ½ percent

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

<sup>2</sup>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, 2008

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Financial goals for mutual fund investments<sup>1</sup></b>				
Retirement	96	95	96	95
Reduce taxable income	54	52	52	48
Emergency	45	44	42	45
Education	19	31	32	29
Current income	25	14	9	14
House or other large purchase	5	9	12	17
Other	7	4	4	6
<b>Primary financial goal for mutual fund investments</b>				
Retirement	77	77	78	76
Reduce taxable income	4	6	3	2
Emergency	5	2	5	5
Education	4	8	7	9
Current income	7	5	1	2
House or other large item	1	1	4	4
Other	2	1	2	2
<b>Level of confidence that mutual funds are an investment that can help meet household financial goals</b>				
Very confident	29	25	26	25
Somewhat confident	57	59	62	63
Not very confident	12	9	9	8
Not at all confident	2	7	3	4
<b>Ownership of mutual funds in employer-sponsored retirement plans<sup>1</sup></b>				
Inside employer-sponsored retirement plans (total)	66	70	76	69
Inside DC retirement plans (total)	63	66	72	61
401(k) plan	50	57	62	51
403(b), state, local, or federal government plan	25	19	20	16
Inside employer-sponsored IRA <sup>2</sup>	10	11	12	13
<b>Ownership of mutual funds in IRAs<sup>1</sup></b>				
Have IRA invested in mutual funds (total)	65	60	52	40
Traditional IRA or Roth IRA	63	57	46	31
Employer-sponsored IRA <sup>2</sup>	10	11	12	13

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

<sup>2</sup>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, 2008

	Year of initial mutual fund purchase			
	Before 1990	Between 1990 and 1994	Between 1995 and 1999	2000 or later
<b>Level of risk willing to take with financial investments</b>				
Substantial financial risk for substantial financial gain	6	7	7	4
Above-average financial risk for above-average financial gain	29	36	37	30
Average financial risk for average financial gain	52	45	45	51
Below-average financial risk for below-average financial gain	8	6	5	10
Unwilling to take financial risk	5	6	6	5



## 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 employer-sponsored retirement plans and outside these 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 2008 using a random digit dial (RDD) national probability sample of 4,100 U.S. households, of which 1,844 households, or 45.0 percent, owned mutual funds.<sup>14</sup> 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.<sup>15</sup> A total of 4,100 telephone interviews, lasting an average of 15 minutes, were completed.

### 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 nonresponse 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.<sup>16</sup>

<sup>14</sup> For an additional discussion, see Holden, Sarah, Michael Bogdan, and Steven Bass. 2008. “Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2008,” *Investment Company Institute Fundamentals* 17, no. 6 (December). Available at [www.ici.org/stats/res/fm-v17n6.pdf](http://www.ici.org/stats/res/fm-v17n6.pdf).

<sup>15</sup> 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.

<sup>16</sup> The distribution of households by census region and householder age is published in U.S. Census Bureau. 2008. *Current Population Reports, Series P60-235, Income, Poverty, and Health Insurance Coverage in the United States: 2007*, (August) [available at ([www.census.gov/prod/2008pubs/p60-235.pdf](http://www.census.gov/prod/2008pubs/p60-235.pdf))]. The distribution of households by household income and education of head of household is tabulated from the March 2008 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/](http://www.bls.gov/cps/)).

## 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 2008 sample was  $\pm 2.3$  percentage points at the 95 percent confidence level.

Percentages may not add to 100 because of weighting or rounding. Where respondents were allowed to provide multiple responses, percentages may add to more than 100 percent.







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