

## NEWS RELEASE

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# New Study Profiles Mutual Fund Investors, September 1999

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## Typical Fund Investor is Middle-aged, Married, and Saving for Retirement

Washington DC, September 24, 1999 - The 82.8 million Americans who own mutual funds are, in many respects, a reflection of the U.S. population itself: middle-aged, married, and saving for retirement, according to a new study by the Investment Company Institute, the national association for the American investment company industry.

According to the [1998 Profile of Mutual Fund Shareholders](#), the typical mutual fund shareholder:

- is middle-aged, married, and college-educated;
- invests in mutual funds through employer-sponsored retirement plans;
- is employed and of moderate financial means;
- has \$25,000 invested in mutual funds;
- understands the key elements of investing in a mutual fund; and
- has long-term mutual fund goals.

This study indicates that mutual funds continue to serve investors from all walks of life who are saving for retirement and other long-term financial goals," Institute President Matthew P. Fink said. "Mutual funds are affordable investments that provide significant value to millions of Americans."

Highlights of the report include:

- Most shareholders invest in funds for retirement, are willing to take at least moderate risk for moderate gain, and are not focused on short-term market fluctuations.
- Seventy-seven percent of all mutual fund-owning households participate in an employer-sponsored defined contribution retirement plan. Sixty-two percent of these households own mutual funds in their defined contribution plans. Half view the workplace as their primary purchase channel for mutual funds.
- The median age of the primary financial decisionmaker in the household of typical mutual fund shareholders is 44 years. Nearly 70 percent are married; 50 percent have a four-year college degree or more.

- The typical shareholder has invested \$25,000 in mutual funds, which represents nearly one-third of the shareholder's household assets. Seven out of eight households include equity funds among their holdings. Eighty-two percent of mutual fund shareholders are employed full- or part-time. In married households, the spouse also tends to work. Median household income is \$55,000 and median household financial assets are \$80,000.
- Half of all household owners made their first mutual fund purchase before 1990 and more than one-third did so between 1990 and 1995.
- Investment decisionmaking is shared in 54 percent of fund-owning households. Males make the investment decisions in 24 percent of fund-owning households, females in 22 percent.
- Twenty-two percent of mutual fund shareholders were born in 1965 or later, making them members of Generation X. Members of the Baby Boom Generation, born between 1946 and 1964, make up the greatest percentage of mutual fund shareholders at 51 percent. Twenty-seven percent of fund shareholders are members of the so-called Silent Generation, born before 1946.
- Thirty-one percent of mutual fund shareholders reside in the Midwest; 30 percent in the South; 21 percent in the West; and 18 percent in the Northeast.

The survey contacted more than 1,400 financial decisionmakers to determine demographic, financial, and fund ownership characteristics of mutual fund shareholders nationwide. The survey also examined patterns of fund ownership through employer-sponsored retirement plans and outside of those plans.

The Investment Company Institute is the national association of the investment company industry. Its members include mutual funds, closed-end funds, and unit investment trusts.

## **National and Regional Profile of Mutual Fund Shareholders (1998)**

Shareholder Characteristics: National Northeast<sup>1</sup> Midwest<sup>2</sup> South<sup>3</sup> West<sup>4</sup> Median Age 44 years 43 years 43 years 44 years 45 years Median Household Income \$55,000 \$60,000 \$50,000 \$54,000 \$60,000 Median Household Financial Assets \$80,000 \$73,000 \$75,000 \$80,000 \$95,000 Married 68 percent 66 percent 68 percent 67 percent 70 percent 4-year College Degree 50 percent 47 percent 49 percent 49 percent 56 percent

Household Investment Decisionmaker: National Northeast Midwest South West Male 24 percent 28 percent 23 percent 27 percent 21 percent Female 22 percent 18 percent 20 percent 23 percent 24 percent Shared Responsibility 54 percent 54 percent 57 percent 51 percent 55 percent Fund Ownership Characteristics:(Median Per Household) National Northeast Midwest South West Fund Assets \$25,000 \$28,000 \$21,200 \$22,000 \$25,000 No. Funds Owned 4 4 3 3 4 No. of fund companies in which assets are invested 2 2 2 2 2 First Fund Purchase 1990 1990 1989 1990 1988 Own funds outside employer-sponsored retirement plan 54 percent 56 percent 55 percent 50 percent 58 percent Own funds inside employer-sponsored retirement plan 62 percent 66 percent 63 percent 60 percent 62 percent

Primary Financial Goal: National Northeast Midwest South West Retirement 77 percent 72 percent 78 percent 76 percent 82 percent Education 11 percent 13 percent 11 percent 12 percent 7 percent Other 12 percent 15 percent 11 percent 12 percent 11 percent

Source: 1998 Profile of Mutual Fund Shareholders, Investment Company Institute

**notes**

1 Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont

2 Ohio Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin

3 Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland,, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia and Washington, D.C.

4 Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming

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