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ICI Releases Portrait of Mutual Fund Investors, July 1996

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Washington, DC, July 31, 1996 - The Investment Company Institute today released the results of a national survey of mutual fund owners, The People Behind the Growth. The study, the first of its kind, polled fund investment decisionmakers in more than 1,000 American households to determine the demographic characteristics of the typical mutual fund owner. In addition to basic data such as age, income, and gender, the survey also asked investors about their investment goals, when they first purchased a mutual fund, what types of funds they own, and other related questions. The survey focused on those households which own mutual funds outside employee-sponsored retirement plans.

According to the survey findings, the typical mutual fund investor is middle class, 44 years old, has financial assets of $50,000, is likely to be married, and is employed. The investment decisionmaker in a fund-owning household is most often a man (47 percent compared to 32 percent for women), and men and women share decision-making in 21 percent of fund-owning households. Shareholders are fairly evenly distributed among age groups.

Other survey highlights include:

- The average mutual fund investor purchased his or her first fund share before 1990 (68 percent). Among these seasoned fund investors, 56 percent also own individual stocks and 74 percent have Individual Retirement Accounts.
- Fund investors have long-term goals. Eighty-four percent say retirement is their top investment goal, followed by financing their children's college education (26 percent). The proportion of both new and more seasoned shareholders with retirement as their primary investment goal is the same (about 84 percent).
- The typical mutual fund investor owns more than one kind of fund. For instance, investors in equity funds hold three different funds, and more than half of them also hold bond and income funds. Some 71 percent of equity fund shareholders bought their first fund shares before 1990; half added money to an existing account in the past year.
- About two-thirds of fund shareholders purchase funds primarily through intermediaries (for example, a broker or financial planner).
- Women investors (32 percent of household investment decisionmakers were women) are not much different from their male counterparts. But they do tend to be slightly older, are less likely to be married (although half of them are married) and more likely to be widowed. They are more cautious investors, tolerating a lower level of risk than

their male counterparts, and are slightly more likely to use a financial adviser.
- Generation X (ages 18 to 30) respondents revealed an appetite for mutual funds. This group has the lowest level of household assets, yet has the second highest portion of financial assets in mutual funds (38 percent), after those aged 50 to 70. Not surprisingly, Generation X also has the highest tolerance for investment risk.
- The Baby Boomers (ages 31 to 49) have twice as many financial assets in mutual funds as Generation X investors, yet a smaller percentage of their assets invested in funds (27 percent). Boomers also own more types of funds than Generation X'ers, who tend to concentrate in equity funds.

The Investment Company Institute is the national association of the American investment company industry. Its membership includes 6,006 open-end investment companies ("mutual funds"), 449 closed-end investment companies, and 10 sponsors of unit investment trusts. Its mutual fund members have assets of about $3.132 trillion, accounting for approximately 95% of total industry assets, and have over 38 million individual shareholders.
