

NEWS RELEASE

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Generation X Takes Control of Financial Future, New Study Shows, October 1996

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Washington, DC, October 22, 1996 - The so-called slackers of Generation X have been getting a bad rap—at least when it comes to investing for their future. A new study by the Investment Company Institute, [Mutual Fund Shareholders: The People Behind the Growth](#), shows Americans aged 18 to 30 are already accumulating sizable assets which they have earmarked for retirement rather than rollerblades.

The study, which looked at the characteristics of mutual fund owning households nationwide, found that Generation X accounts for 12 percent of fund shareholders. A large majority of these young Americans say saving for retirement is their primary reason for investing (76 percent), and nearly two-thirds of them (61 percent) have an Individual Retirement Account.

Generation X'ers also have more of their assets in mutual funds than the previous generation, the Baby Boomers; the average twentysomething surveyed has \$6,000 or 38 percent of his or her total assets in mutual funds, compared with Baby Boomers who have only 27 percent. In addition, 45 percent of Generation X'ers own individual stocks and 18 percent own individual bonds.

Percent of Household Assets in Mutual Funds

When it comes to risk and reward, these young investors take a sophisticated approach. Since a long-term goal such as retirement is 40 years down the road, Generation X'ers can tolerate a greater amount of risk in their investment strategy, and in fact 53 percent of them said they were willing to assume above average risk for above average gain, compared to 41 percent of Baby Boomers who said the same.

Fund-owning Generation X households typically own shares of three different mutual funds and divide their investments almost evenly among stock (37 percent), bond (29 percent), and money market funds (31 percent). Such diversity shows these twentysomethings are savvy, serious investors, most of whom are not new on the fund scene. Three-fourths of them bought their first fund shares before 1993, and 36 percent made their first fund purchase before 1990.

On average, the members of Generation X surveyed have a household income of \$50,000, liquid assets of \$16,000, and are more likely than the Baby Boomers surveyed to have a

four-year college degree. More than one-half are married and 95 percent are employed.

This information is part of a larger survey of more than 1,000 households that own mutual funds outside of employer-sponsored retirement plans. The full results of the survey are detailed in the report.

The Investment Company Institute is the national association of the American investment company industry. Its membership includes 6,033 open-end investment companies ("mutual funds"), 446 closed-end investment companies, and 10 sponsors of unit investment trusts. Its mutual fund members have assets of about \$3.089 trillion, accounting for approximately 95 percent of total industry assets, and have over 38 million individual shareholders.

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