

## NEWS RELEASE

October 21, 2004

# ICI Research Confirms Mutual Fund Investors Hold For Long-Term, Focus on Retirement Goals, October 2004

ICI Research Confirms Mutual Fund Investors Hold For Long-Term, Focus on Retirement Goals

## Demographic Changes Influence Trends In Past Three Years

Washington, DC, October 21, 2004 - The average American mutual fund shareholder is a middle-income and middle-aged investor who buys and holds funds to reach retirement objectives, according to the 2004 [Profile of Mutual Fund Shareholders](#) released today by the Investment Company Institute.

The 2004 Profile is a triennial research project of the ICI that surveys mutual fund owners in order to improve understanding of investors, their goals and objectives, risk profiles, and views on mutual fund investing.

Despite the recent bear market and recession, mutual fund shareholders continued to exhibit a 'buy and hold' investment strategy. In 2003, other than automatic contributions, 60 percent of investors made no transactions with the mutual funds they hold. Of those who did make transactions, fund purchases outnumbered fund redemptions by more than two to one. Furthermore, 82 percent of fund owners indicated they were not concerned about short-term market fluctuations, and 84 percent indicated that they were willing to take at least average investment risk or greater for comparable gain.

"The average mutual fund owning household is middle-income and investing in funds with an eye toward retirement," said Sandra West, Director of Market Policy Research at the ICI. "Half of the nation's fund owners are 'Baby Boomers', but in the past three years, 'Generation Xers' have now increased to represent approximately 25 percent of mutual fund owners. This is a positive trend in that it shows younger households are more inclined to saving for the future. If 'GenX' investors behave like their predecessors, they will retain and grow their mutual fund investments for years to come."

A [separate report](#) released by the ICI found that 48.1 percent of U.S. households own mutual funds – a slight increase over 2003, although down from its peak of 52 percent in 2001. The median mutual fund balance for owning households was \$48,000, representing

47 percent of the household's savings. The median number of funds owned was four and 69 percent own an IRA.

The role of defined contribution plans is increasing for the mutual fund investor. "DC plans have a more important role in the retirement savings strategies of mutual fund shareholders. The ICI research found that 84 percent of shareholders now have a defined contribution plan account," said John Rea, ICI's chief economist. "Policymakers have promoted the usage of DC plans to reach retirement goals, and mutual fund investors are responding. American workers have also continued to embrace the IRA as ownership rates have increased 12 percent over the past six years."

Characteristics of mutual fund owners include:

Median Age: 48 Married: 71% Median Income: \$68,7000 College degree or more: 56%  
Median Financial Assets: \$125,000 Retired from primary occupation: 21%

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.