

NEWS RELEASE

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Most Investors Buy First Fund Through Retirement Plans, April 2008

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Three-Quarters List Retirement Saving as Primary Financial Goal, Says ICI Report

Washington, DC, April 30, 2008 - Employer-sponsored retirement plans are increasingly the gateway to mutual fund ownership, according to the Investment Company Institute's most recent report on fund investors.

The report, "[Characteristics of Mutual Fund Investors, 2007](#)," also noted that saving for retirement is crucial to fund investors: Nine out of 10 say retirement saving is one of their financial goals, and nearly three-quarters of households list it as their primary financial goal. The report is derived from a larger ICI report on fund investors entitled [Profile of Mutual Fund Shareholders](#).

Equity funds are the most popular type of fund, owned by four of five mutual fund-owning households.

Reflecting the growing importance of workplace retirement plans, the report found that more than two-thirds of households that bought their first fund in 2000 or later did so through an employer-sponsored retirement plan, such as a 401(k). By comparison, among households that bought their first fund before 1990, about half first encountered funds through retirement plans.

"Clearly, mutual fund shareholders are focused on saving for retirement," said Sarah Holden, ICI Director of Retirement and Investor Research. "And a growing number of them are introduced to mutual fund investing at work."

The report finds that mutual fund shareholders consist of a diverse group of investors, but most are in prime earning years of between the ages of 35 and 64, and possess education beyond high school.

Additional survey findings of mutual fund owners include:

- Altogether, 66 percent of fund-owning households own funds through employer-sponsored retirement plans, and 74 percent hold funds outside these plans. Among

those who own funds outside of employer plans, four-fifths own funds purchased from a professional adviser.

- Mutual funds are important components in investor portfolios. About 64 percent of fund households have more than half of their financial assets in mutual funds. More than four in 10 have 75 percent or more of their assets in funds.
- The majority of mutual fund owners invested in their first fund before 1995: 39 percent bought first fund before 1990; 17 percent purchased first fund between 1990 and 1994; 24 percent bought their first fund between 1995 and 1999, and 20 percent of fund-owning households purchased their first fund in 2000 or later.
- Almost three-quarters of the heads of mutual fund-owning households are employed. More than half of fund-owning households have income between \$35,000 and \$99,999. The median household income of fund-owning households is \$74,000, and the median age of individuals heading households that own mutual funds is 49.
- Fund owners often hold more than one mutual fund, and equity funds are the most commonly owned. In addition to mutual funds, investors typically hold a range of investments including stocks, certificates of deposit, and fixed or variable annuities.

The ICI annual survey tracks demographic and financial characteristics of mutual fund-owning households and is based on a randomly selected sample of 3,977 U.S. households, of which 43.6 percent own mutual funds.

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