

NEWS RELEASE

November 14, 2007

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Annual ICI Study Shows Steady Ownership, Growing Role of Retirement Plans

Washington, DC, November 14, 2007 - Almost 51 million American households own mutual funds in 2007, the Investment Company Institute reported today. That is about 44 percent of all households in the United States and translates into 88.2 million individual shareholders.

Mutual fund ownership remained essentially steady from 2006, when 49.9 million households and 87.9 million individuals held mutual funds.

In a new study, "[Trends in Ownership of Mutual Funds in the United States, 2007](#)," compiled by the Institute's Research Department, ICI also reported that:

- Most U.S. mutual fund shareholders have moderate household incomes and are in their peak earning and saving years. About three in five U.S. households owning mutual funds have incomes between \$25,000 and \$99,999, and about two-thirds are headed by individuals between the ages of 35 and 64.
- About twice as many U.S. households own mutual funds through tax-deferred accounts—employer-sponsored retirement plans, Individual Retirement Accounts, and variable annuities—as own funds outside such accounts.
- Fund ownership has grown through workplace retirement plans, largely fueled by the growing popularity of defined contribution plans, such as 401(k)s.

"Mutual funds remain a key investment for middle-income families, particularly in their peak earning and saving years," said Sarah A. Holden, ICI's Senior Director of Retirement and Investor Research. "Funds are also crucial to families' retirement plans: Almost nine out of 10 fund-owning households own them through tax-deferred accounts earmarked for retirement, including IRAs and 401(k) plans."

ICI's mutual fund ownership data are based on a random survey of almost 4,000 U.S. households. The 2007 study revises ICI's previous statistical series on the total number of household and individual mutual fund shareholders. The revision reflects a change in the factors used to weight the responses to the survey, made to ensure that the sample more

accurately reflects the full U.S. population. The previous series did not fully account for low response rates among less-educated, lower-income survey subjects. The new procedure reduces the estimated number of mutual fund shareholders by about 8 percent.

“ICI constantly strives to refine its research methodology,” Holden said. “Like other organizations engaged in survey research, we periodically examine our sampling and weighting techniques to ensure that our results reflect the full population as accurately as possible. This adjustment in our weighting allows us to provide the most accurate data possible to our members, policymakers, and the public.”

The new study reports for the first time the ownership of all U.S.-registered investment company products, including exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs). All told, 51.4 million households, accounting for 89.6 million individuals, own funds offered by investment companies. Households owned about 84 percent, or \$10.3 trillion, of the \$12.2 trillion in assets in such funds in mid-2007; those assets account for about one-quarter of household financial assets.

The 2007 study also highlights the steadily growing role of tax-deferred accounts, particularly employer-sponsored retirement accounts, in mutual fund ownership. It reports that 22 million households own funds outside of tax-deferred accounts, virtually unchanged from the 21.1 million in 1998. By contrast, 45.4 million households own funds through such tax-deferred accounts, up from 35.7 million in 1998.

In 2007, 33 million households held mutual funds through employer-sponsored retirement accounts, an increase from 27 million in 1998.