

NEWS RELEASE

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48 Percent of U.S. Households Owned Mutual Funds in July; Ownership Grew Inside Retirement Plans, Declined Outside of Plans, December 2003

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Washington, DC, December 2, 2003 - On the heels of a bear market that lasted from 2000 to 2002, mutual fund ownership declined slightly in a 12-month period that ended in July 2003, the latest annual [survey](#) from the Institute shows.

At the same time, the survey found a record number of households, 36.4 million, owned mutual funds inside employer-sponsored retirement plans. That figure represents 32.7 percent of all U.S. households. In 2002, 35.9 million households, or 32.8 percent, owned mutual funds inside retirement plans. The drop in percentages is not statistically significant.

In all, the survey found 53.3 million households owned mutual funds, or 47.9 percent of all households. That's down slightly from 54.2 million households, or 49.6 percent of all households in 2002. The survey found the total number of individual investors owning mutual funds declined to 91.2 million in the 2003 survey from 94.9 million in the 2002 survey.

The decline in overall ownership and the growth in employer-sponsored retirement were within the survey's margin of error, indicating relative stability among mutual fund investors despite the rocky market and high unemployment.

"The harsh financial environment and weak performance in equity markets starting in 2000 contributed to the decline in overall household fund ownership," said Institute President Matthew P. Fink. "Despite difficult equity markets, ownership of mutual funds within employer-sponsored retirement plans increased to record numbers.

"Mutual funds offer investors an unparalleled combination of benefits, including professional management, diversification, strict regulations and affordability," Fink added. "Funds play a prominent role in helping Americans achieve their significant long-term financial goals, including financing education and retirement."

Additional survey findings:

- Most mutual fund owning households have moderate incomes. As of July 2003, 52 percent of all households owning mutual funds had incomes between \$25,000 and \$75,000. Forty-one percent of fund-owning households had incomes of \$75,000 or more.
- Fund ownership increases with income. As of July 2003, 28 percent of households with income less than \$50,000 owned mutual funds, compared with 70 percent with incomes of \$50,000 or more.
- The vast majority (83 percent) of mutual fund households are headed by individuals age 25 to 64 years. Thirteen percent of households owning funds are headed by individuals age 65 or older; 4 percent are headed by individuals younger than age 25.

The Institute's report is based on a survey of 3,007 randomly selected U.S. households conducted in July 2003. Institute research also finds that shareholder response to long-term declines in stock prices has been measured and gradual. A section of this website is devoted to research on fund shareholders and shareholder decisionmaking.

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