

## VIDEO

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# Focus on Funds: Learn About the Millions of American Households Invested in Mutual Funds

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## Learn About the Millions of American Households Invested in Mutual Funds

In the January 18, 2019, edition of *Focus on Funds*, ICI Senior Director of Retirement and Investor Research Sarah Holden offers a detailed look at the 56 million American households invested in mutual funds and their approaches to building a nest egg.

### Transcript

**Stephanie Ortvals-Tibbs, ICI director of media relations:** What do we know about today's mutual fund owner? ICI's [most recent survey](#) of mutual fund-owning households is out. It takes a look at their age, their goals, even how they invest. Here's the latest from ICI Senior Director of Retirement and Investor Research Sarah Holden.

**Sarah Holden, ICI senior director of retirement and investor research:** So, the most recent survey was done this [past] summer, and we find that 44 percent of US households—or about 56 million US households—own mutual funds.

**Ortvals-Tibbs:** So, Sarah, what's exciting about that is then we can look at generations. Do you see certain patterns from generation to generation?

**Holden:** Well, what we see there is a pattern of ownership that makes sense when you think about where these households are in their lifecycle. So about half of Gen X and Baby Boom households own mutual funds. So these are folks who have been in their careers for a bit, are saving for retirement, have been introduced to investing. When we look at younger households, like Millennial households, fewer of them are engaged in mutual fund ownership. But remarkably, almost four in 10 of them already own mutual funds.

They're at an early stage of their lifecycle. They're young. They're starting families; they're just starting their careers. So they're just getting introduced to investing. When we then step back and take a look at the mutual fund households themselves, we see that a little

over a third of them are Baby Boom households, and a little less than a third of them are Gen X.

And because those Baby Boomers have been saving and investing longer, they actually own the lion's share of mutual fund assets held by households. They hold 45 percent of them. And they're the folks that are you know, entering retirement, and starting to rebalance and think about spending those funds.

**Ortbals-Tibbs:** So that's their nest egg, naturally, from kind of a lifetime of savings at this point.

**Holden:** Yes, and so that's why they are a big base in our shareholder base.

**Ortbals-Tibbs:** So what do we learn about the types of funds that these various mutual fund investors hold?

**Holden:** Mutual fund investors come to own funds through a variety of channels, and that impacts the type of funds that they own. Eight in 10 of them own funds through a retirement plan at work, so like a defined contribution plan, such as a 401(k) plan. Sixty-three percent of them have purchased funds outside of those workplace plans—it could be through an IRA [individual retirement account], or it could just be through a brokerage account or something like that. So [there are] many different ways to come at owning funds, and indeed, about half of them use an investment professional. So they'll talk to a broker or a financial adviser to figure out which funds to buy.

About a third of them just say, "I'm going to figure it out myself," and they go directly to a fund website or through a discount broker. About nine in 10 of them own equity funds, which lines up with sort of their long-term views in terms of investing.

**Ortbals-Tibbs:** So now that we know more about mutual fund investors in terms of who they are, how old they are, how they've come to owning funds, what do we know about their goals?

**Holden:** Not surprisingly, we know that more than half of long-term mutual fund assets are held in defined contribution plan accounts or IRAs. And so when we talk to households that actually own mutual funds, it's not surprising that they say saving for retirement is important. Ninety-three percent of them say that it's one of their financial goals, and almost three-quarters of them say it's actually their primary goal for their mutual fund investments.

But folks do have other reasons for saving and investing. Almost half say that they're saving for an emergency, just to have some money on hand. And about a quarter say education is one of their financial goals.

**Ortbals-Tibbs:** And Sarah, as ever, all of this treasure trove of information is online.

**Holden:** Yes, all of the reports are posted on our website.

## **Additional Resources**

- [Report: Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet](#)
- [Research: ICI Mutual Fund Ownership](#)
- [2018 Investment Company Fact Book](#)

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