

VIDEO

December 4, 2015

Focus on Funds: Millennial Mutual Fund Ownership

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The December 4, 2015, edition of *Focus on Funds* offers insights on younger investors and their use of mutual funds. Senior Director of Retirement and Investor Research Sarah Holden shares data on the Millennial Generation from ICI's recent annual survey of mutual fund-owning households.

Transcript

Stephanie Ortvals-Tibbs, ICI Director, Media Relations: What does mutual fund ownership look like across the generations? ICI Senior Director for Retirement and Investor Research, Sarah Holden, offers some fresh insights based on ICI's latest comprehensive annual survey of American households.

Sarah Holden, ICI Senior Director for Retirement and Investor Research: So one of the results we get from our annual mutual fund shareholder tracking survey is we're able to look at how ownership varies across households. Now, one of the ways we look at that is by generation. People talk a lot about the Baby Boom and we can see that nearly half of Baby Boom households own mutual funds, half of Gen X households own mutual funds—but what might be a little surprising is that nearly a third of 26.4 million Millennial households already own mutual funds.

Ortvals-Tibbs: Sarah, that data really is a bit surprising to many people because there's a perception that young people are not saving as much.

Holden: Yes, so what we see when we look at our survey results is that these younger households have been introduced to mutual fund investing at earlier ages than the older generations. So the median age of first mutual fund purchase by Millennial households is only 23 years old. When I look at Gen X, they bought their first fund on average when they were 26 years old, and when I look at the oldest and the Baby Boom, they bought their first fund when they were 37 years old.

Ortvals-Tibbs: Sarah, that really is quite a change. You're talking about a shift of 15 years from the oldest of those three generations to the youngest. What do you see being behind that change?

Holden: Part of what accounts for it is really just the spread of mutual fund ownership, but also the proliferation of defined contribution plans. So a Millennial household when they show up for their job and start their careers, they're typically going to be offered a 401(k) or typically they'll start investing in mutual funds. But if we look at the early Baby Boom, the 401(k) plan didn't even exist when they started their careers. And we see this pattern across our whole survey when we ask households who bought funds in 2010 or later much more of them say they bought a mutual fund through their retirement plan at work than those who bought earlier.

Additional Resources

- [Release: Millennials Are Investing at a Younger Age Compared with Earlier Generations](#)
- [Video: Understanding Millennial Investors](#)
- [ICI Retirement Research](#)
- [Highlights of the 2015 ICI Retirement Summit: Improving Retirement Outcomes Through Education and Innovation](#)

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