

# CHAPTER

# 7

## Characteristics of US Mutual Fund Owners

A majority of US households rely on mutual funds to help them meet their financial goals. These mutual fund–owning households represent a broad range of the US population—coming from all age and income groups. For instance, Generation Z and Millennial households are well on their way to widespread mutual fund ownership. Mutual fund investors, who often are primarily saving for retirement, make informed purchasing decisions by researching their fund investment choices and often seeking the assistance of investment professionals.

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## Household Ownership of Mutual Funds Is Widespread

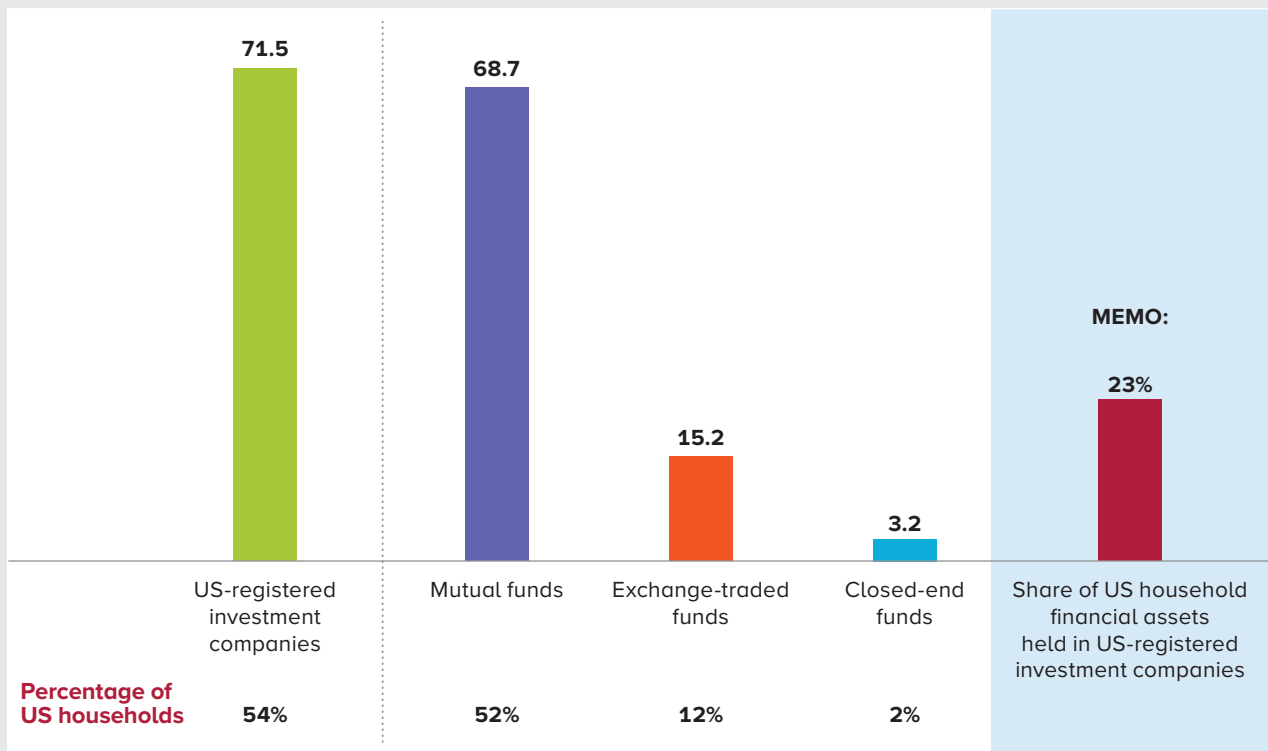
Mutual funds are an important way US households build their financial wealth. In 2023, ICI conducted its latest annual nationwide household survey, which found that about 54 percent of US households owned shares of mutual funds or other US-registered investment companies—including exchange-traded funds (ETFs), closed-end funds (CEFs), and unit investment trusts (UITs)—representing an estimated 71.5 million households (Figure 7.1).

Mutual funds were the most common type of fund owned, with 68.7 million US households, or 52 percent, owning them in 2023 (Figure 7.1). All told, 116 million individual investors owned mutual funds in 2023. In aggregate, US households' investment in funds represents more than one-fifth of their financial assets, a higher share than seen in other jurisdictions (see Figure 1.9).

**FIGURE**  
**7.1**

### Mutual Funds Are a Key Investment Product for US Households

Ownership of US-registered investment companies; millions of US households, 2023



Sources: Investment Company Institute, US Census Bureau, and Federal Reserve Board

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**Ownership of Mutual Funds and Shareholder Sentiment, 2023**

[www.ici.org/files/2023/per29-10.pdf](http://www.ici.org/files/2023/per29-10.pdf)

## Mutual Fund–Owning Households Reflect Everyday People

Households that own mutual funds come from all demographic groups and typically are working and saving for retirement (Figure 7.2). In 2023, the median mutual fund–owning head of household:

- was middle-aged, employed, and educated;
- owned mutual funds inside an employer-sponsored retirement plan;
- purchased their first mutual fund through an employer-sponsored retirement plan;
- owned mutual funds outside employer-sponsored retirement plans, primarily purchased through investment professionals (registered investment advisers, full-service brokers, independent financial planners, bank or savings institution representatives, insurance agents, or accountants);
- had more than half of the household’s financial assets (excluding the primary residence) invested in mutual funds;
- owned an IRA;
- was using mutual funds to save for retirement; and
- was confident that mutual funds could help them reach their financial goals.

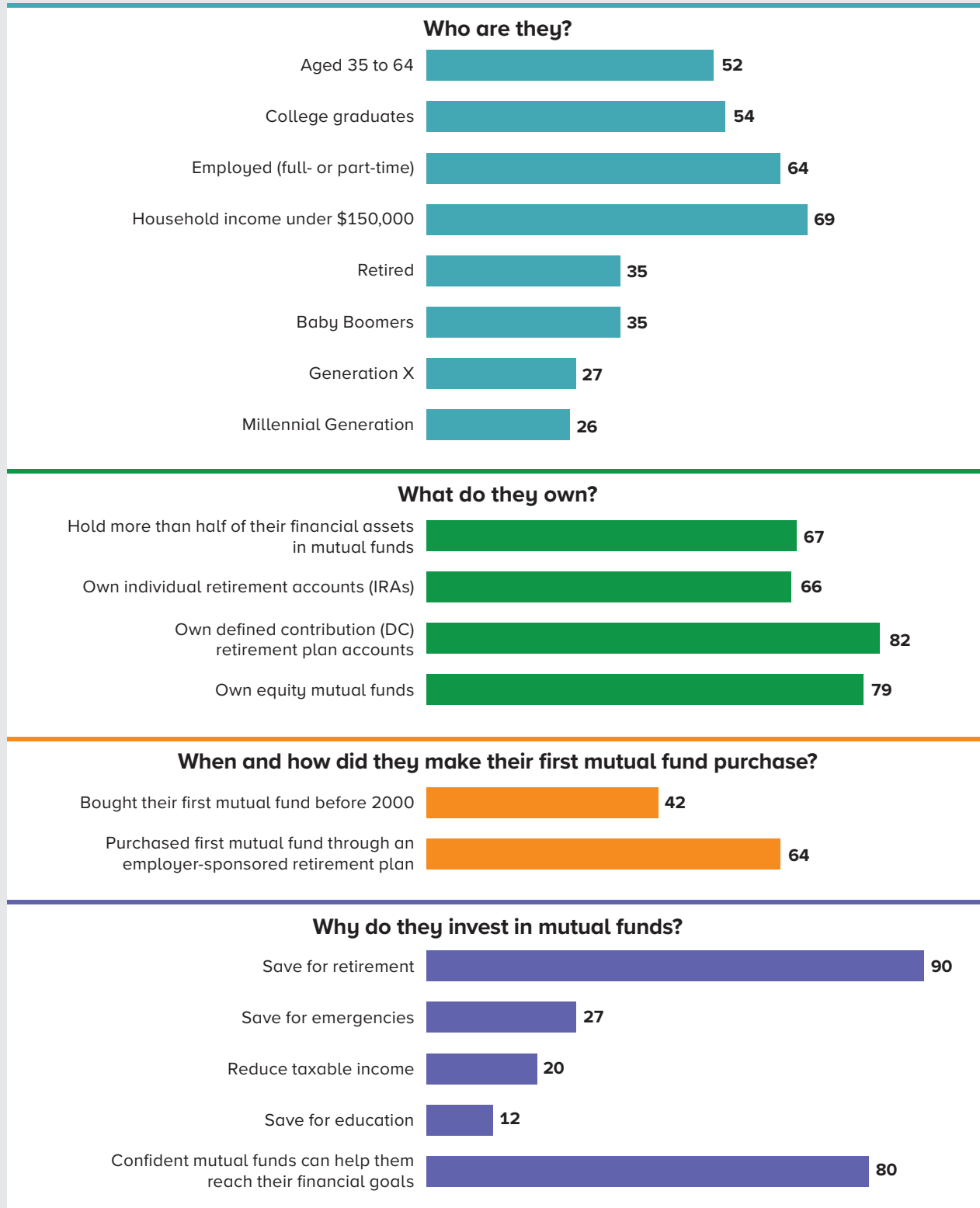
Many US mutual fund shareholders had moderate household incomes and were in their peak earning and saving years. More than two-thirds of US households owning mutual funds had annual incomes less than \$150,000, and 52 percent were headed by individuals between the ages of 35 and 64 in 2023 (Figure 7.2). The median mutual fund–owning household had \$100,000 in household income, \$225,000 in household financial assets, and \$125,000 invested in three mutual funds, including at least one equity mutual fund.

Members of the Baby Boom Generation and Generation X headed the largest shares of mutual fund–owning households in 2023, reflecting both their generation’s sizes and their high rates of mutual fund ownership. Thirty-five percent of households owning mutual funds were headed by members of the Baby Boom Generation, and 27 percent were headed by members of Generation X (Figure 7.2).

**FIGURE**  
**7.2**

## Mutual Fund–Owning Households Are from All Demographic Groups

Percentage of mutual fund–owning households, 2023



Sources: ICI Research Perspective, “Ownership of Mutual Funds and Shareholder Sentiment, 2023”; ICI Research Perspective, “Characteristics of Mutual Fund Investors, 2023”; and ICI Research Report, “Profile of Mutual Fund Shareholders, 2023”

## Mutual Fund Ownership Tends to Rise Across the Generations

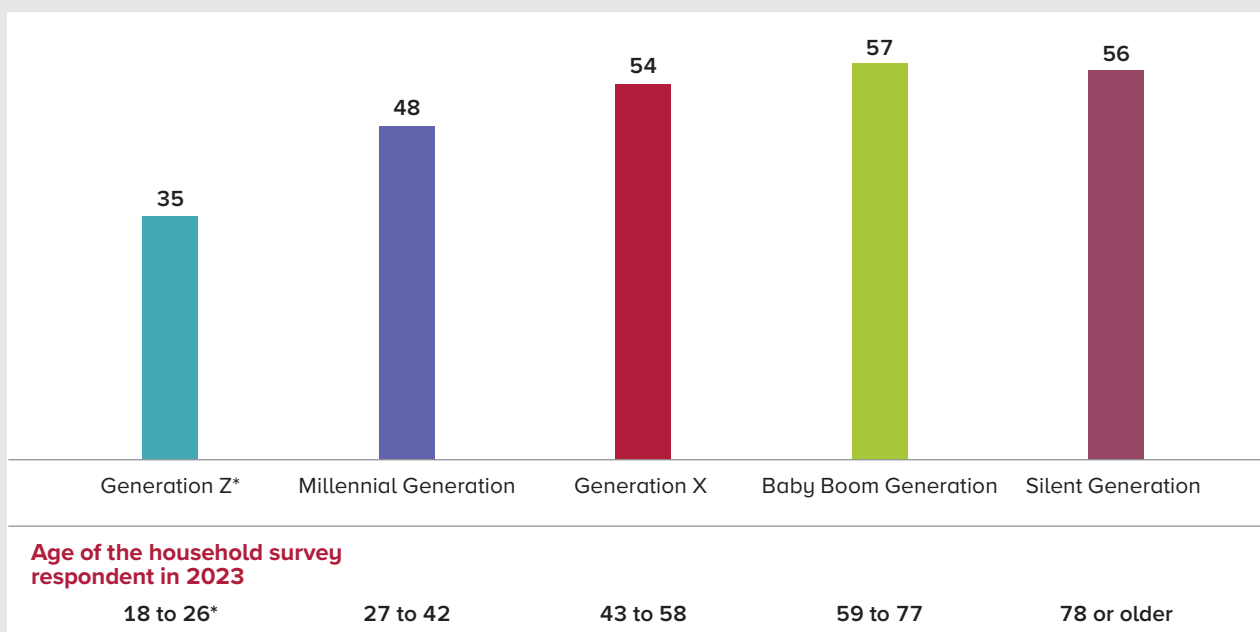
Mutual fund–owning households are headed by members of all generations, but members of the older generations, who have had more time to save, had the highest ownership rates in 2023. More than half of households headed by a member of Generation X, the Baby Boom Generation, or the Silent Generation owned mutual funds in 2023 (Figure 7.3). Younger households were well on their way to widespread mutual fund ownership: 48 percent of Millennial households and 35 percent of Generation Z households owned mutual funds in 2023.

The Baby Boom Generation held the majority (52 percent) of US households’ mutual fund assets (Figure 7.4), reflecting: (1) the generation’s immense size, (2) their high rate of mutual fund ownership, and (3) the decades they have had to save and invest. Generation X households held 26 percent of households’ total mutual fund assets, and Silent Generation households held another 9 percent. Generation Z and Millennial households—who are younger and have not had as much time to save as Baby Boom households (who have gone through or are in their peak earning and saving years)—held the remaining 13 percent of households’ mutual fund assets.

FIGURE  
7.3

### Mutual Fund Ownership Is Higher Among Older Generations

Percentage of US households within each generation group, 2023



\* Generation Z (born 1997 to 2012) are aged 11 to 26 in 2023; survey respondents, however, must be 18 or older.

Note: Generation is based on the age of the household survey respondent.

Source: ICI Research Perspective, “Characteristics of Mutual Fund Investors, 2023”

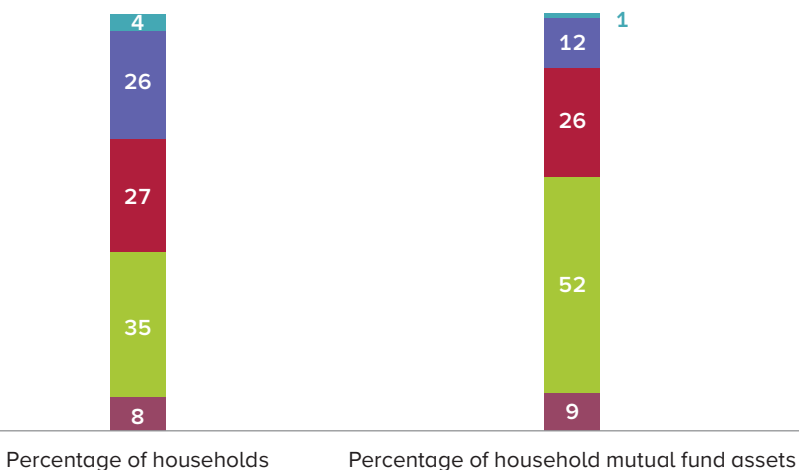
FIGURE  
7.4

## Baby Boomers Are the Largest Generation of Mutual Fund Owners

Percentage of US households owning mutual funds or total household mutual fund assets, 2023

### Generation of household survey respondent

- Generation Z\*
- Millennial Generation
- Generation X
- Baby Boom Generation
- Silent Generation



\* Generation Z (born 1997 to 2012) are aged 11 to 26 in 2023; survey respondents, however, must be 18 or older.

Note: Generation is based on the age of the household survey respondent.

Source: ICI Research Perspective, "Characteristics of Mutual Fund Investors, 2023"

## Mutual Fund Ownership Patterns Vary by Generation

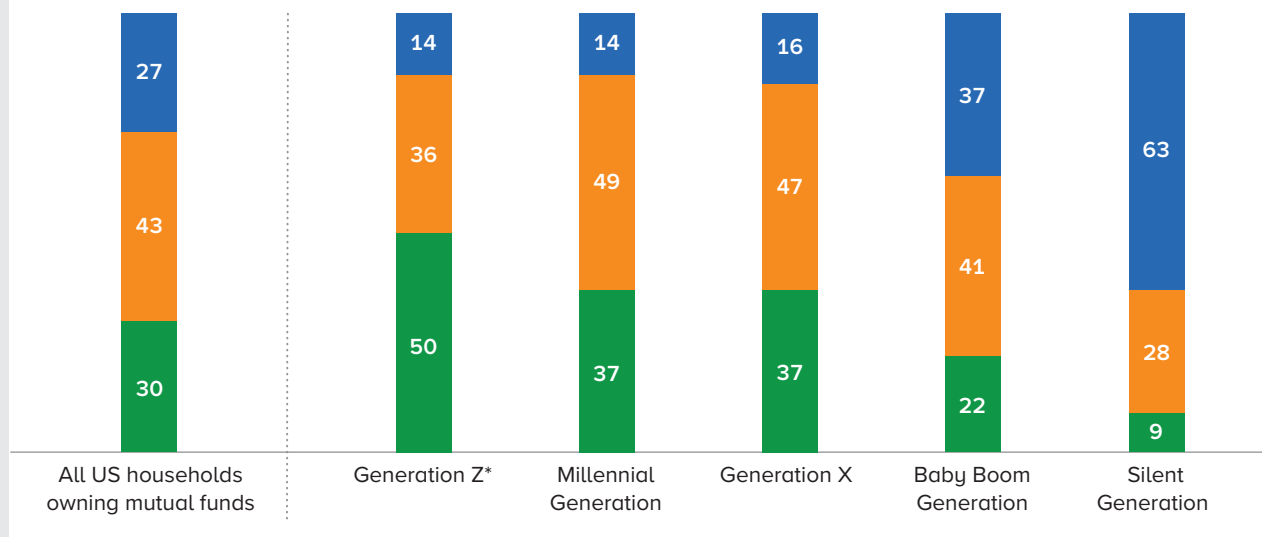
How households own mutual funds often depends on where they are in the lifecycle of investing. Because younger generations are more likely to be early in their careers, they are more likely to own mutual funds only inside employer-sponsored retirement plans. As Americans change jobs over their careers, they may roll over retirement savings to IRAs, and older generations are more likely to own funds outside employer-sponsored retirement plans. In 2023, 37 percent of mutual fund–owning Millennial households held funds only inside employer-sponsored retirement plans, compared with 22 percent of mutual fund–owning Baby Boom households (Figure 7.5). Sixty-three percent of mutual fund–owning Millennial households owned funds outside of employer-sponsored retirement plans, compared with 78 percent of mutual fund–owning Baby Boom households. Millennial and Generation X households are more likely than other generations to own funds both inside and outside employer-sponsored retirement plans. At 63 percent, mutual fund–owning Silent Generation households are the most likely to hold them only outside employer-sponsored retirement plans, perhaps reflecting limited access to defined contribution (DC) plans early in their careers or consolidation of retirement savings into IRAs when they retired.

FIGURE  
7.5

**Mutual Fund Ownership Often Occurs Through Employer-Sponsored Retirement Plans**  
Percentage of mutual fund–owning households by generation, 2023

**Source of mutual fund ownership**

- Outside employer-sponsored retirement plans only
- Inside and outside employer-sponsored retirement plans
- Inside employer-sponsored retirement plans only



\* Generation Z (born 1997 to 2012) are aged 11 to 26 in 2023; survey respondents, however, must be 18 or older.

Note: Generation is based on the age of the household survey respondent. Employer-sponsored retirement plans include DC plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

Source: ICI Research Perspective, “Characteristics of Mutual Fund Investors, 2023”

## Mutual Fund–Owning Households Primarily Save for Retirement

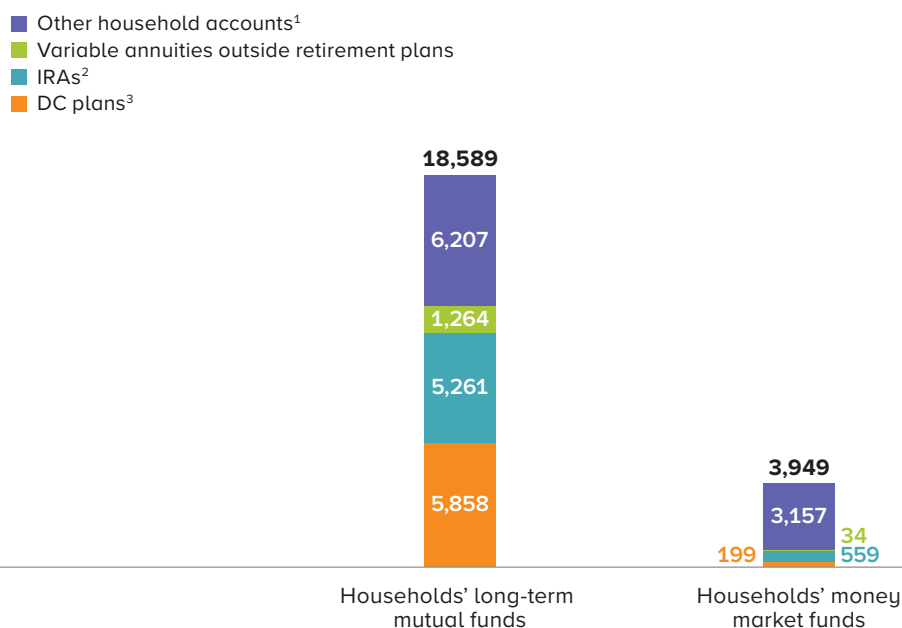
Mutual fund–owning households overwhelmingly report that saving for retirement is one of their financial goals (90 percent, with 79 percent indicating it is the household’s primary goal) and that they are confident mutual funds can help them reach their financial goals (80 percent) (Figure 7.2). The importance that mutual fund–owning households place on retirement saving is reflected in where they own their funds—in 2023, 94 percent held mutual fund shares inside employer-sponsored retirement plans, IRAs, or variable annuities.

Given this long-term focus and the importance of retirement saving, most of households' mutual funds were invested in long-term mutual funds (equity, hybrid, and bond funds). Additionally, more than half of these long-term mutual fund assets were held in DC plans and IRAs (Figure 7.6). At year-end 2023, long-term mutual fund assets held in DC plans and IRAs accounted for \$11.1 trillion, or 60 percent of households' long-term mutual fund assets. Households had another \$1.3 trillion in long-term variable annuity mutual fund assets outside retirement plans, which have similar tax advantages and restrictions as retirement plans and are counted as part of Americans' nest egg for retirement (see Figures 8.5 and 8.15). In addition, households held a relatively small amount of money market fund assets in DC plans, IRAs, and variable annuities outside retirement plans.

**FIGURE**  
**7.6**

**Households' Mutual Fund Assets Reflect a Long-Term Investment Focus**

Billions of dollars, year-end 2023



<sup>1</sup> Mutual funds held as investments in 529 plans and Coverdell ESAs are counted in this category.

<sup>2</sup> IRAs include traditional IRAs, Roth IRAs, and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

<sup>3</sup> DC plans include 401(k) plans, 403(b) plans, 457 plans, and other DC plans without 401(k) features.

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**Profile of Mutual Fund Shareholders, 2023**

[www.ici.org/files/2023/23-rpt-profiles.pdf](http://www.ici.org/files/2023/23-rpt-profiles.pdf)



## Many Mutual Fund–Owning Households Rely on Investment Professionals

Households owning mutual funds outside employer-sponsored retirement plans often seek the assistance of investment professionals. In 2023, 66 percent of these households owned mutual funds purchased with the help of investment professionals: 48 percent owned funds purchased solely with the help of an investment professional and another 18 percent owned funds purchased from investment professionals and directly from fund companies or discount brokers (Figure 7.7).

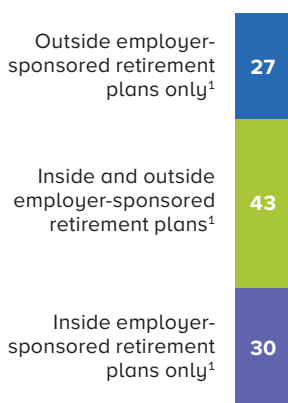
Retirement saving is also important for households holding mutual funds only outside employer-sponsored retirement plans, with 71 percent holding funds in traditional or Roth IRAs. In many cases, these IRAs held assets rolled over from 401(k) plans or other employer-sponsored retirement plans (either defined benefit or DC plans).

**FIGURE**  
**7.7**

**Mutual Fund Investments Outside Retirement Plans Are Often Guided by Investment Professionals**  
2023

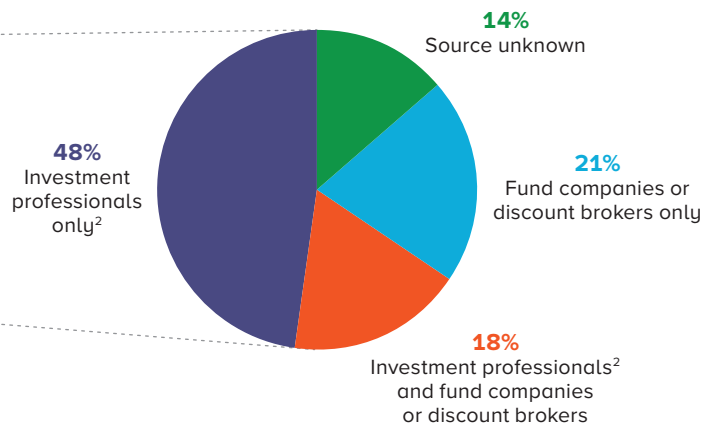
### Sources of mutual fund ownership

Percentage of US households owning mutual funds



### Sources for households owning mutual funds outside employer-sponsored retirement plans

Percentage of US households owning mutual funds outside employer-sponsored retirement plans<sup>1</sup>



<sup>1</sup> Employer-sponsored retirement plans include DC plans (such as 401(k), 403(b), or 457 plans) and employer-sponsored IRAs (SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs).

<sup>2</sup> Investment professionals include registered investment advisers, full-service brokers, independent financial planners, bank and savings institution representatives, insurance agents, and accountants.

Source: ICI Research Perspective, "Characteristics of Mutual Fund Investors, 2023"

## Mutual Fund–Owning Households Make Informed Purchasing Decisions

The survey also asked mutual fund–owning households about the importance of a variety of factors when making their mutual fund purchase decisions.

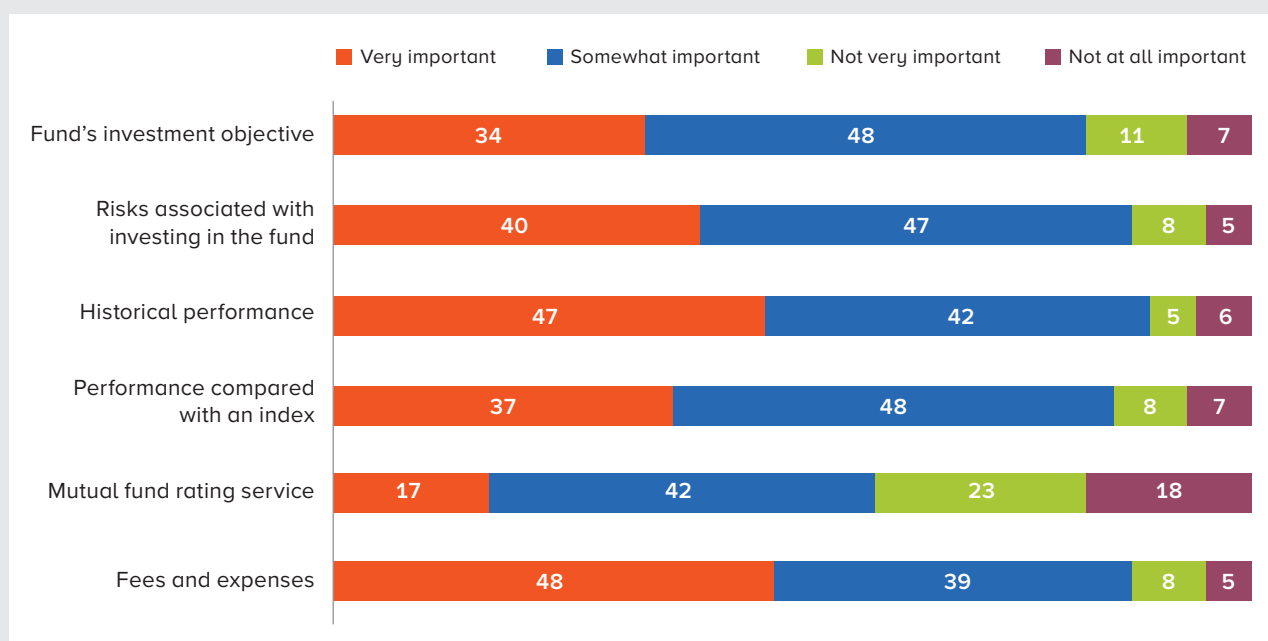
In 2023, 93 percent of mutual fund–owning households considered a fund’s investment objective when making their purchase decision (Figure 7.8). Similarly, 95 percent of mutual fund–owning households reviewed the risk level of a fund’s investments. The vast majority of mutual fund–owning households also reviewed the historical performance of a fund and considered a fund’s performance compared with an index.

Mutual fund–owning households also typically reviewed the fund’s fees and expenses when selecting their mutual funds. Indeed, mutual fund investors tend to concentrate their assets in lower-cost funds (see Chapter 6).

**FIGURE**  
**7.8**

### Most Mutual Fund–Owning Households Research Fund Investments

Percentage of mutual fund–owning households, 2023



Source: ICI Research Perspective, “What US Households Consider When They Select Mutual Funds, 2023”

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**What US Households Consider When They Select Mutual Funds, 2023**

[www.ici.org/files/2024/per30-04.pdf](http://www.ici.org/files/2024/per30-04.pdf)