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# SIFMA Insights

Who Owns Stocks in America

*Updating Numbers and Reinforcing Key Points*

February 2021

## Key Takeaways

- Private retirement accounts outweigh government funded, 65.2% of total retirement assets
- Retirement accounts built with mutual funds and stocks (IRAs 43.7% MFs; DC plans MF 52.1%, equity 23.2%)
- \$21.3 trillion in mutual fund assets in 2019, 53% in equity funds
- Individuals own stocks: Federal Reserve data shows 52.6% Americans own stocks, Gallup poll indicates 55%



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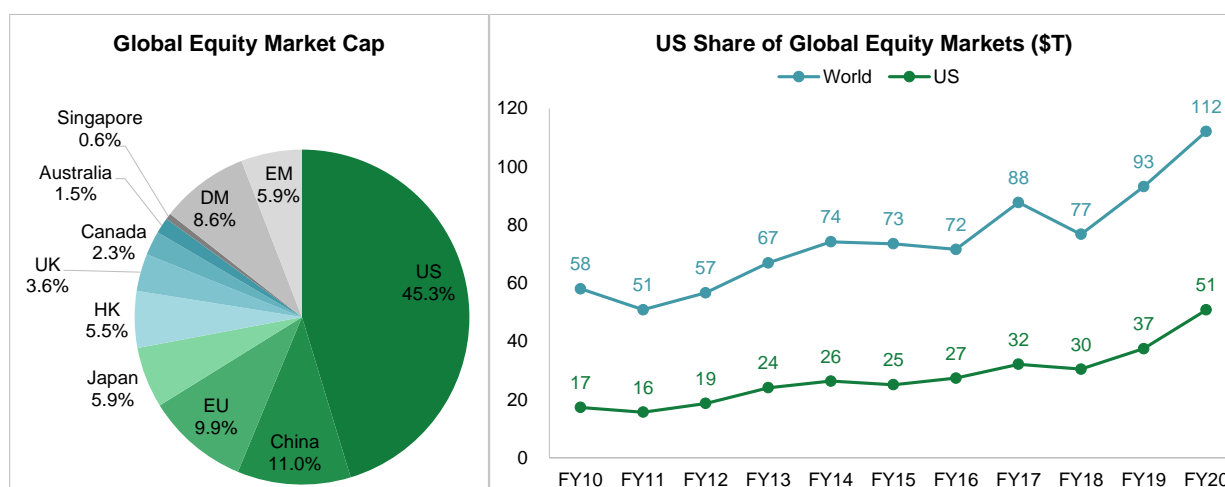
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## Executive Summary

U.S. capital markets are where investors, small and large, put capital to work to drive innovation, economic growth and job creation. Our markets have long enabled businesses to grow, governments to invest in infrastructure and individuals to save for retirement and education. The U.S. equity markets are the largest in the world and continue to be among the deepest, most liquid and most efficient, representing 45.3% of the \$112 trillion global equity market cap, or \$50.8 trillion. This is 4.1x the next largest market, China. U.S. market share has averaged 36.3% over the last 10 years, troughing at 29.8% in 2010 and peaking in 2020.



Source: World Federation of Exchanges, SIFMA estimates

Note: EM = emerging markets, DM = developed markets

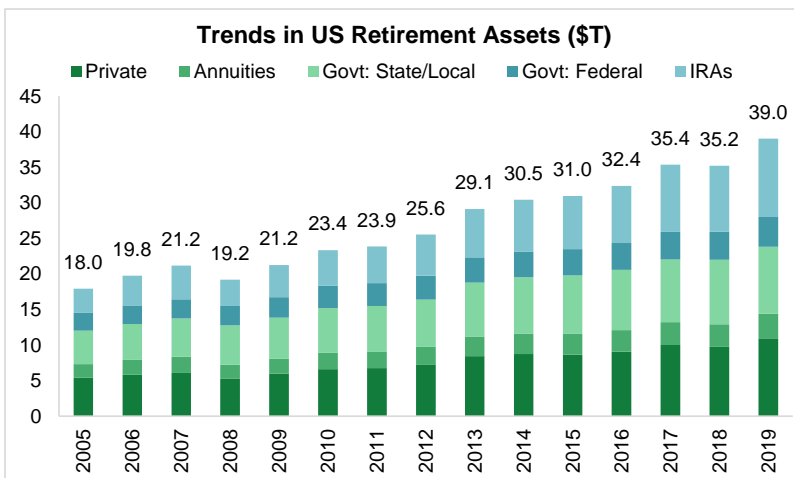
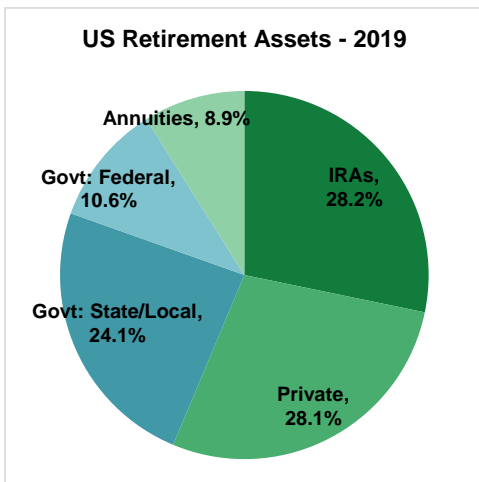
In this note, we walk through retirement account and stock ownership trends. Before we do, it is important to remind readers that the diversity across types of investment products and investment focus of these products (region, asset class, style, etc.) is part of what helps the U.S. capital markets maintain a dominant global position. Investors need choice in investment products, based on different return profiles and investment objectives. They need diversity within product sets and across investment focus of these products. The diversity, depth and breadth of U.S. equities markets (all of U.S. capital markets really) provide this opportunity and enable individual investors to manage their retirement and other savings accounts in a manner that fits their investment objectives and needs. (Please see SIFMA [Insights Who Owns Stocks in America](#) for more details on this.)

In this note, we update data points on stock ownership and reinforce key points, the main one being individual investors own stocks.

## Private Retirement Accounts Outweigh Government Funded

As of 2019, there were \$39.0 trillion in U.S. retirement assets, +10.8% Y/Y (+4.7% five-year CAGR). Looking at the breakout across account types, individual retirement accounts (IRA) and private pension plans (both defined contribution and defined benefit) represent over half of all assets, 28.2% and 28.1% respectively.

In the U.S., 65.2% of total retirement assets are individually funded through defined contribution pension plans, IRAs and annuities. This differs from many other countries/regions, where citizens are highly reliant on government funded retirement plans.



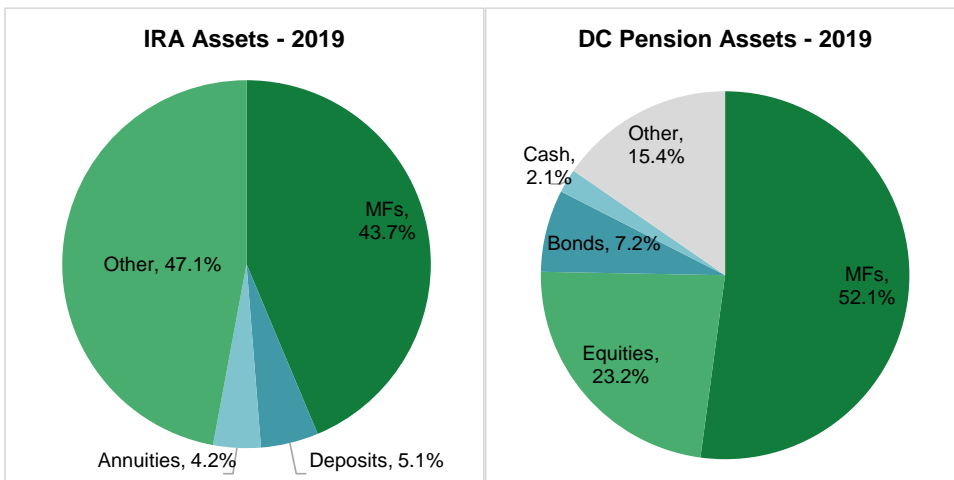
Source: Federal Reserve Flow of Funds Accounts, SIFMA estimates

Note: Private includes defined benefit and defined contribution plans; includes claims of pension funds on sponsor (unfunded defined benefit pension entitlements)

## Building Retirement Funds with Mutual Funds and Equities

Americans are building their retirement accounts predominantly with mutual funds and individual stocks. The mutual fund and equity breakout across individually funded retirement accounts is as follows:

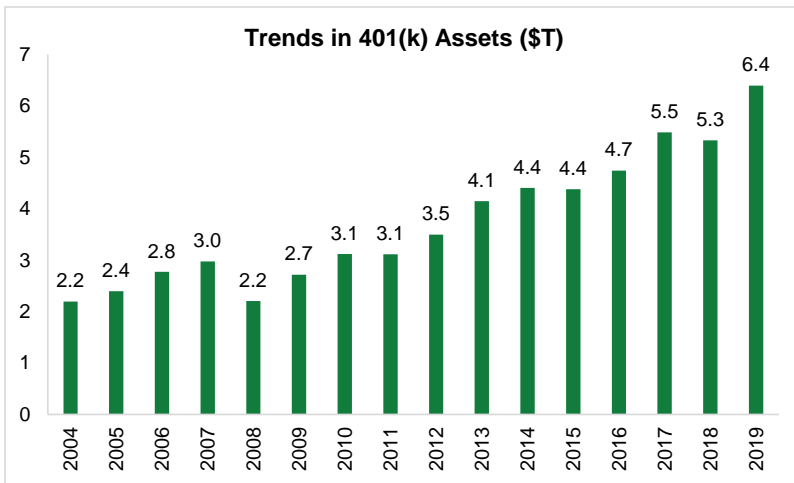
- **IRAs:** \$11.0 trillion; +19.2% Y/Y, 8.1% five-year CAGR
  - 43.7% mutual funds
  - 47.1% other which includes individual stocks, ETFs and other assets held in brokerage or trust accounts (no split across categories available)
- **Defined contribution** private pension plans: \$7.4 trillion; +18.8% Y/Y, +7.2% five-year CAGR
  - 52.1% mutual funds; 23.2% equities
- **Annuities:** \$3.5 trillion; +9.6% Y/Y, 3.7% five-year CAGR



Source: (IRS) Investment Company Institute, (DC) The Federal Reserve - Financial Accounts of the United States

Note: (IRA) Bank and thrift deposits include Keogh deposits. (DC) Bonds include Treasuries, agency & GSE-backed securities, and corporate and foreign bonds; cash items include checkable deposits and currency, time and savings deposits, money market mutual fund shares, repo and reverse repo agreements, and commercial paper

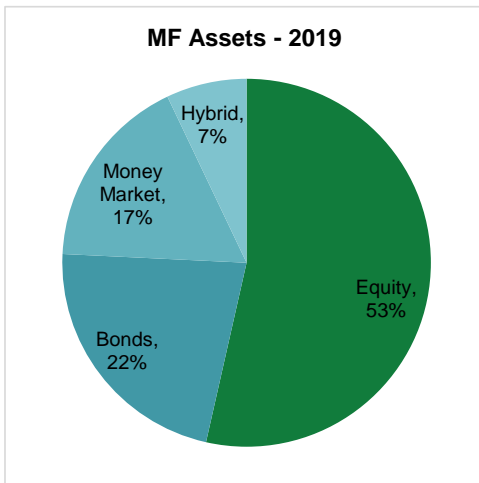
Additionally, 401(k) accounts continue to grow, reaching \$6.4 trillion in 2019 (+20.0% Y/Y, +7.9% five-year CAGR). These accounts are also predominantly equity based. According to the 2020 ICI Fact Book, people in their 20s hold around 80% of 401(k) assets in equities (includes equity funds, equity portion of balanced funds, target date funds and company stock). Even people in their 60s, who have transitioned to the income distribution phase of their investment lifecycle, still hold around 55% of assets in equities.



Source: Investment Company Institute

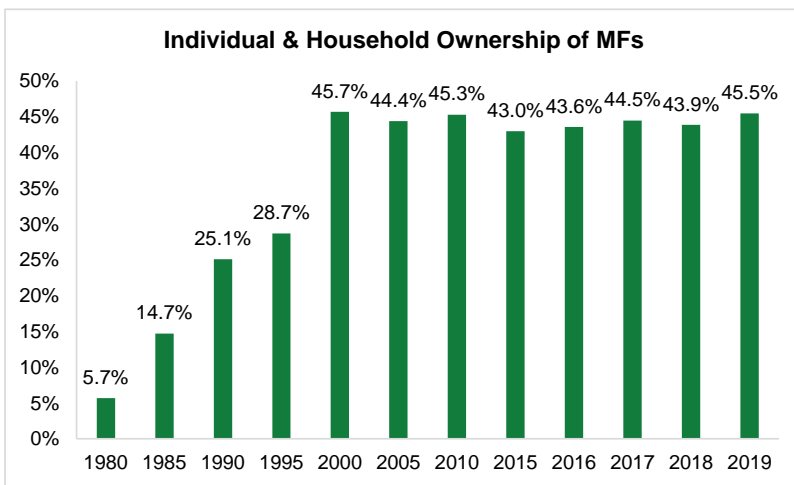
## Mutual Funds are 53% Equities, ETFs 79%

There were \$21.3 trillion in mutual fund assets in 2019 (+20.2% Y/Y, +6.3% five-year CAGR). Of these assets, 53% are in equity funds. (We note that since hybrids contain stocks and bonds, the percent of equity assets in mutual funds is greater than this percentage.)



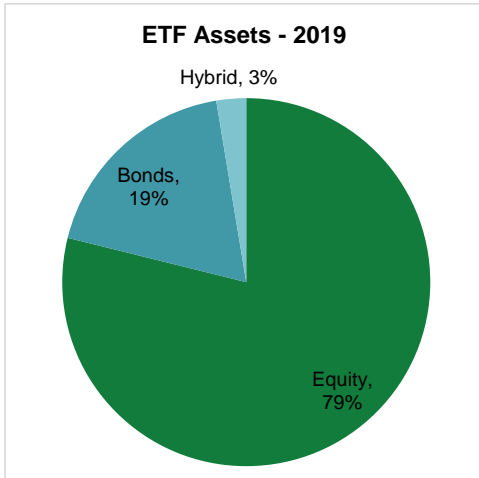
Source: Investment Company Institute

Individual and household ownership of mutual funds continues to grow, now at 45.5% of total Americans as of 2019. This equates to 101.8 million individuals across 58.5 million households owning mutual funds and therefore stocks. Individuals own 89.2% of total mutual fund assets.



Source: Investment Company Institute

There were \$4.4 trillion in U.S.<sup>1</sup> ETF assets in 2019 (+30.4% Y/Y, +15.9% five-year CAGR). Of these assets, 79% are in equity funds. (We note that there are additional equity assets in hybrid ETFs.) 9.6 million households, or around 8% of total U.S. households, own ETFs. Of ETF owners, 96% of them also own mutual funds, individual stocks or annuities.



Source: Investment Company Institute  
Note: Hybrid = hybrids and commodities

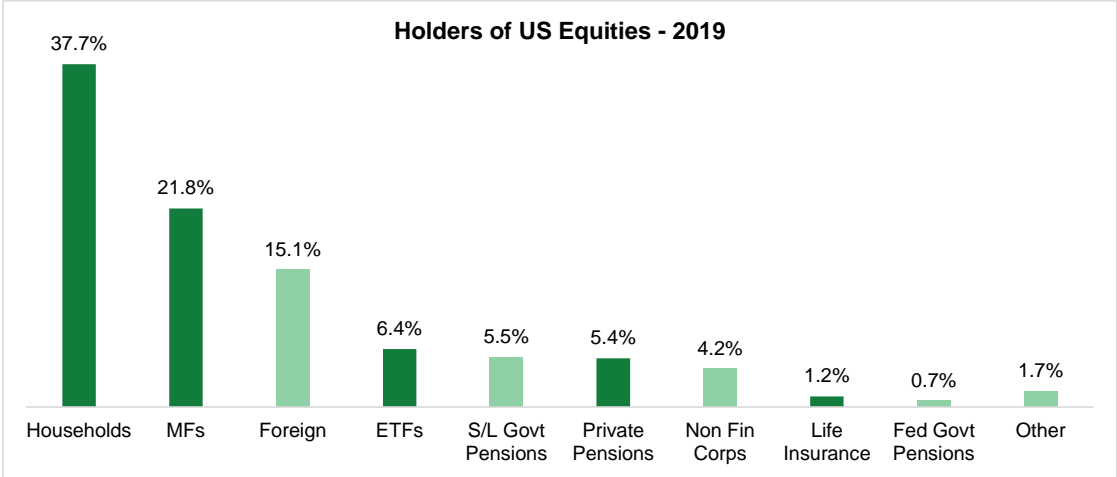
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<sup>1</sup> 2019 global ETF assets \$6.3T, U.S. represents 70% of the total



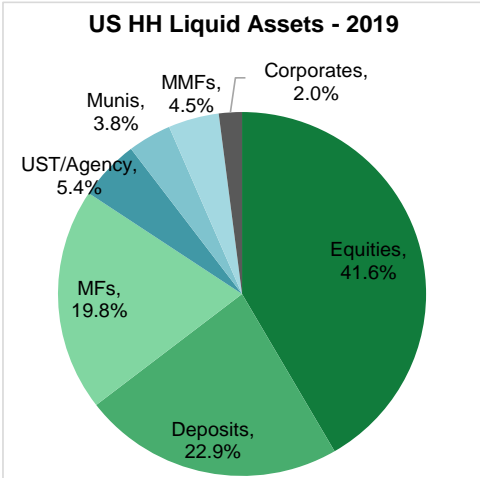
## Individuals Own Stocks

It is households that own equities, representing 37.7% of total equity holders in the U.S. The next largest holder group is mutual funds, at 21.8%, and as shown above, households own mutual funds. ETFs come in at 6.4%, followed by private pensions at 5.4%.



Source: The Federal Reserve - Financial Accounts of the United States  
 Note: Households include non-profit organizations. Other contains foreign banking offices in the U.S. and funding corporations

As of 2019, equities represent households' largest liquid financial asset holdings at 41.6%, or \$20.6 trillion of the total \$49.5 trillion in total liquid financial assets.



Source: The Federal Reserve - Financial Accounts of the United States  
 Note: Households include nonprofit organizations. Liquid financial assets exclude pension fund reserves, equity in non-corporate business, etc.

According to the Federal Reserve, 52.6% of households in the U.S. own stocks (65 million households). A Gallup poll conducted in March/April 2020 indicates this number may now be even higher at 55% (this poll also reported 55% for 2019 and an annual average of 54% since 2010).

The Federal Reserve data shows a median value of \$40 thousand for a household's stock holdings, which demonstrates a much wider universe of Americans own stocks. Extrapolating this \$40 thousand median stock holdings value to the U.S. Census Bureau data, it is in line with the median income listed for the third and fourth quintile income levels. This applies to an income range of \$77.2 thousand to \$126.6 thousand and therefore shows a wide universe of Americans own stocks, not just the 1%.

Household Statistics	2001	2004	2007	2010	2013	2016	2019
% HHs Holding Stocks	53.0%	50.3%	53.2%	49.8%	48.8%	51.9%	52.6%
Median Value Stock Holdings (\$K)	50.5	44.6	42.0	34.2	39.3	42.5	40.0
% Total Family Financial Assets	56.7%	51.3%	53.6%	46.8%	51.3%	53.2%	54.6%

Source: The Federal Reserve, 2019 Survey of Consumer Finances (triennial survey)

Note: Includes both directly and indirectly held publicly traded stock (i.e. through mutual funds or retirement accounts)

## Appendix: SIFMA Insights Research Reports

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SIFMA Insights Market Structure Primers: [www.sifma.org/primers](http://www.sifma.org/primers)

- Global Capital Markets & Financial Institutions
- Electronic Trading
- US Capital Formation & Listings Exchanges
- US Equity
- US Multi-Listed Options
- US ETF
- US Fixed Income
- SOFR: The Transition from LIBOR
- The Evolution of the Fintech Narrative

SIFMA Insights: [www.sifma.org/insights](http://www.sifma.org/insights)

- January Market Metrics and Trends
- A Look Back at 2020 Market Structure Themes
- US Capital Formation's 2020 Journey
- Market Structure Download: Post-Election Update
- Market Performance Around US Presidential Elections
- Market Volatility Around US Presidential Elections
- Market Structure Download
- A Deeper Look at US Listed Options Volumes
- The Cboe Trading Floor Reopened – Revisiting Volume Data
- NYSE Goes All Electronic – What Does It Mean?
- The NYSE Trading Floor Reopened – Revisiting Market Share Data
- COVID-19 Related Market Turmoil Recap: Part I (Equities, ETFs, Listed Options & Capital Formation)
- 2020, the Year of the SPAC
- The 2020 Market Madness
- The VIX's Wild Ride
- The 10th Anniversary of the Flash Crash
- DTCC's Important Role in US Capital Markets

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