

# 5th Annual Parents, Kids & Money Survey

Detailed Results / March 2013



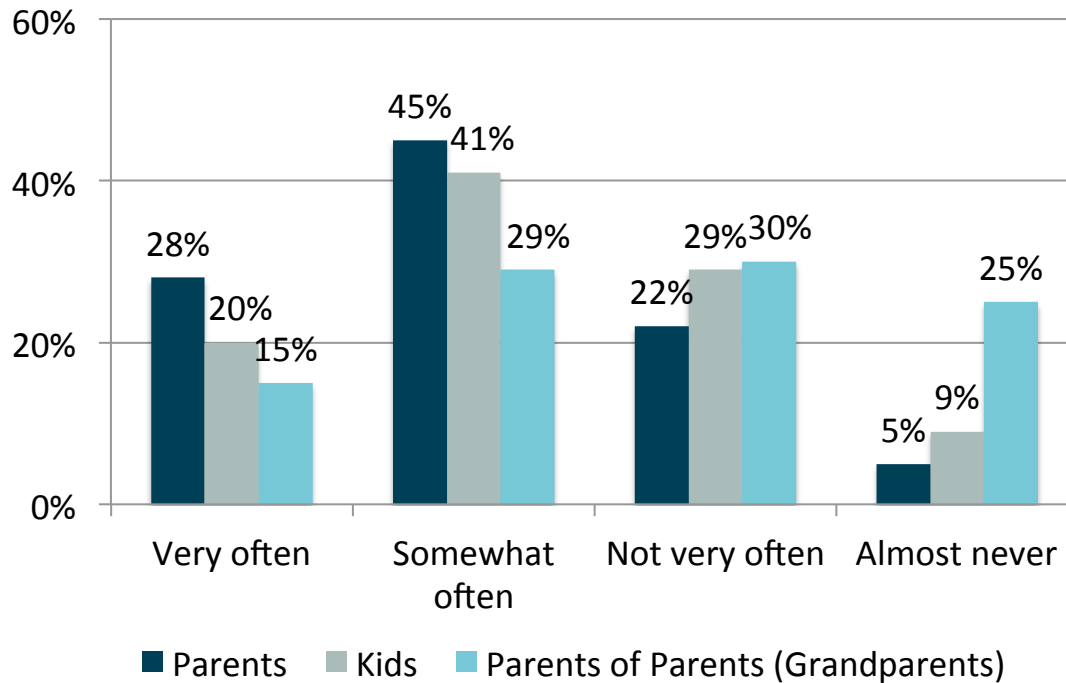
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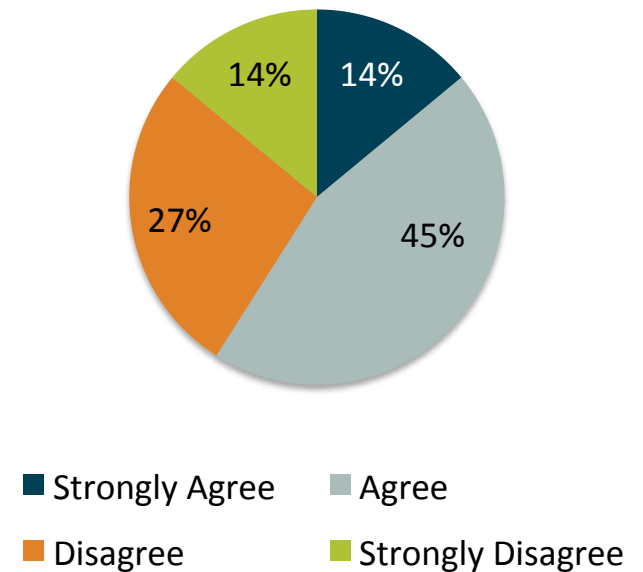
# Conversations about Money

# Frequency of Family Money Conversations

*How often do you actually have conversations with your child about money and the importance of spending and saving on a regular basis?*



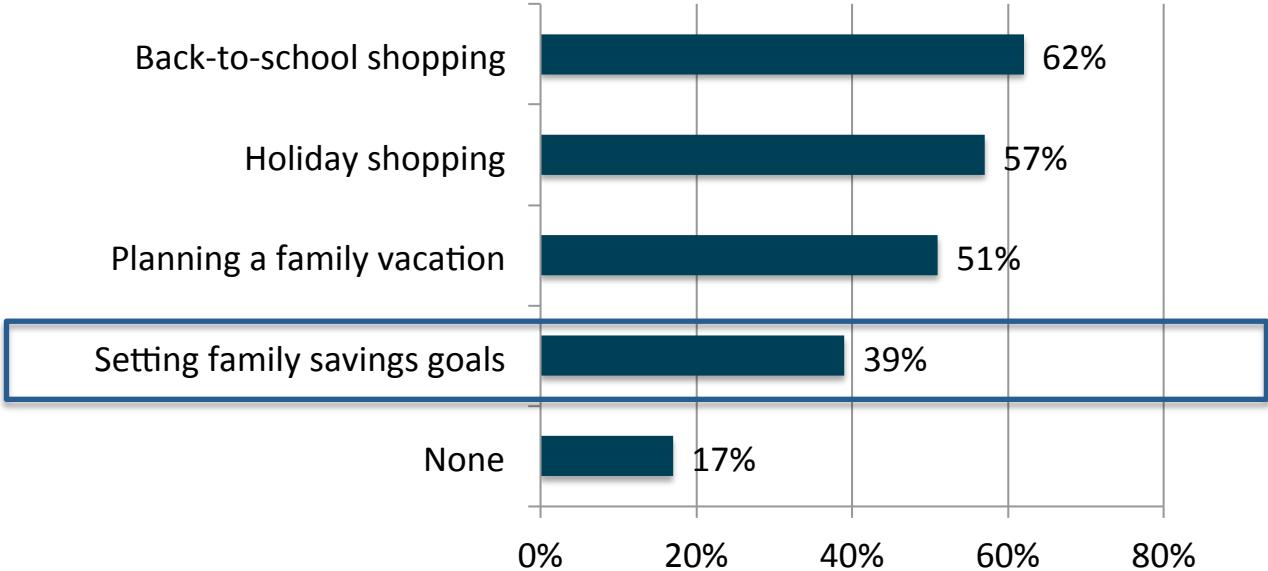
*PARENTS agreement with: My parents (now grandparents) did a good job of teaching me about money*



Nearly three-fourths (73%) of parents are having regular conversations with their kids about money. Interestingly, kids think the money conversations are taking place less often than parents. Parents also report that their parents (now grandparents) had fewer money conversations with them when they were kids, but 59% of these parents agree that their parents did a good job teaching them about money matters.

# Parent Financial Conversations with the Kids

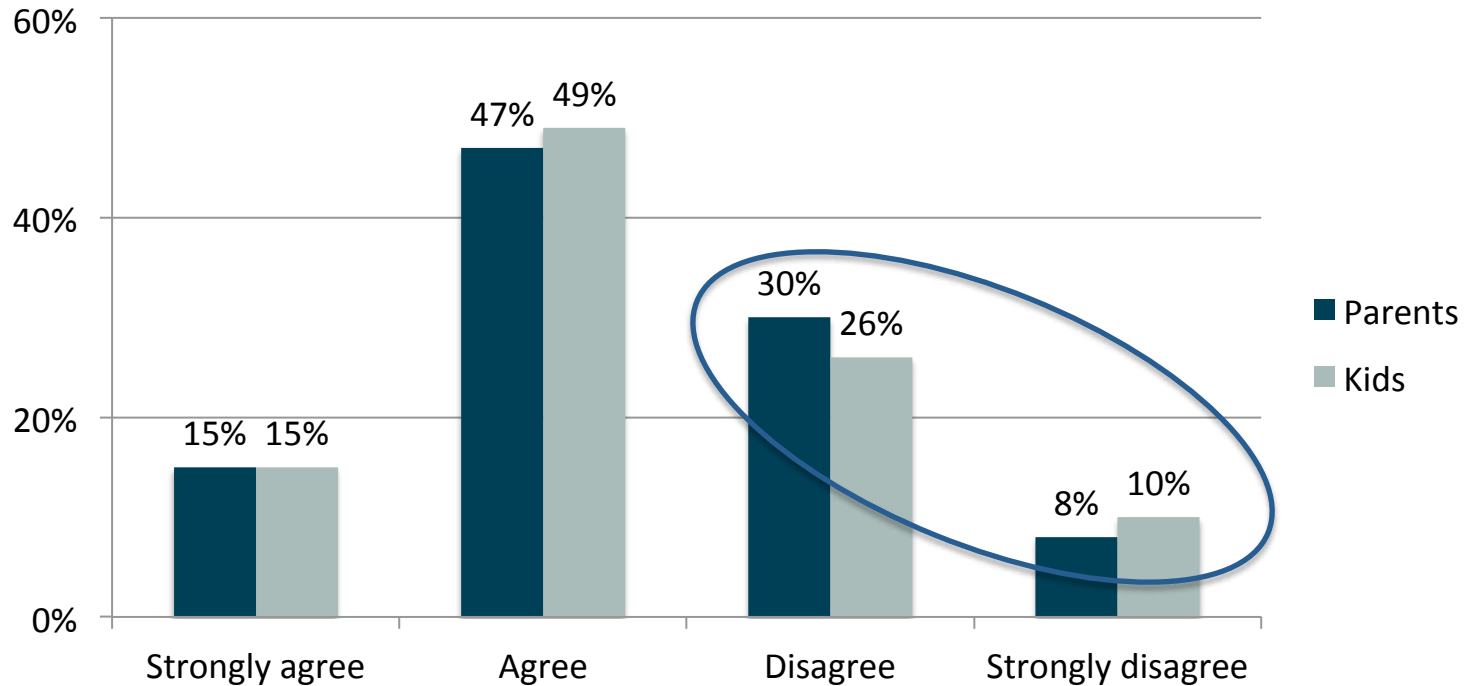
*In which, if any, of the following financial conversations and decisions do you include your child?*



Kids are included more in conversations about back-to-school shopping and holiday shopping than conversations about setting family savings goals.

# Kids Know Parents Avoid Talking about Family Finances with Them

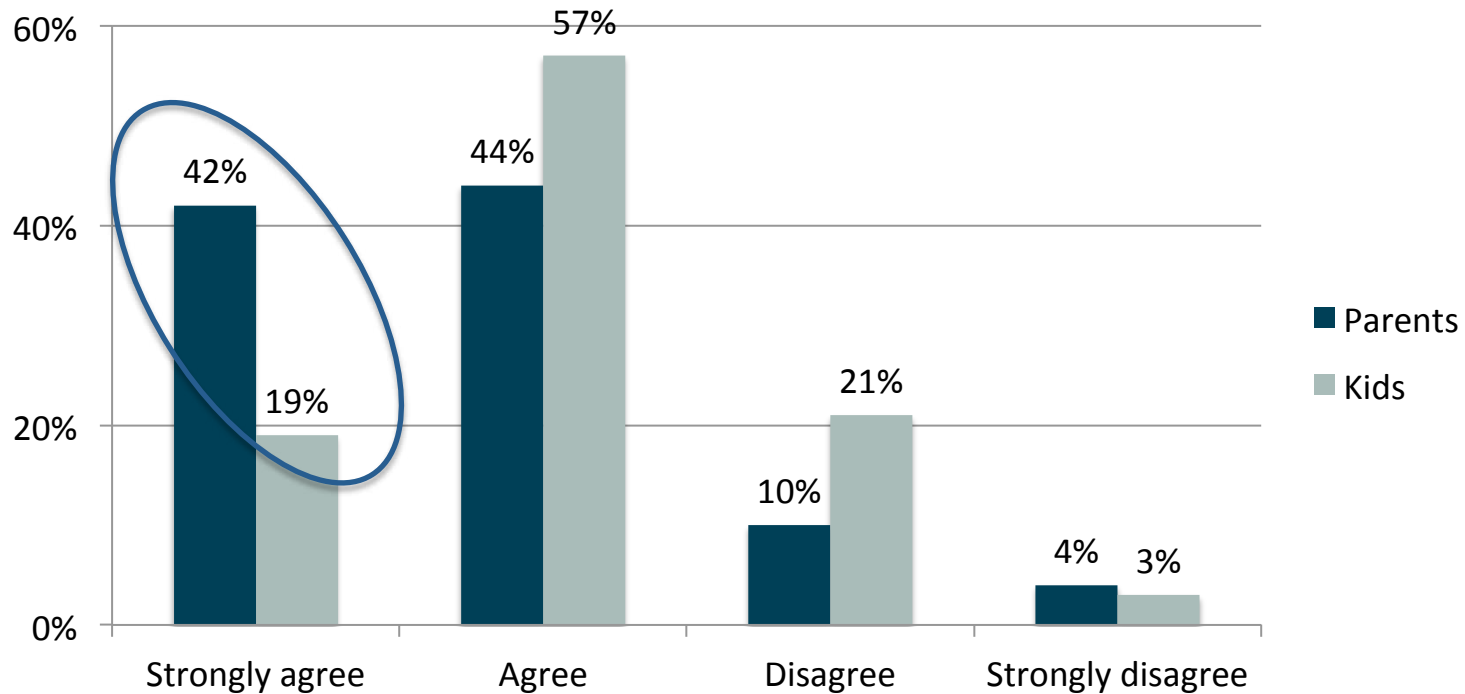
*Agreement with: Parents talk to child about family's current financial situation*



More than one-third (38%) of parents avoid talking to their kids about their family's current financial situation, and the kids know it.

# Kids Don't Feel as Encouraged to Talk about Money as Parents Think

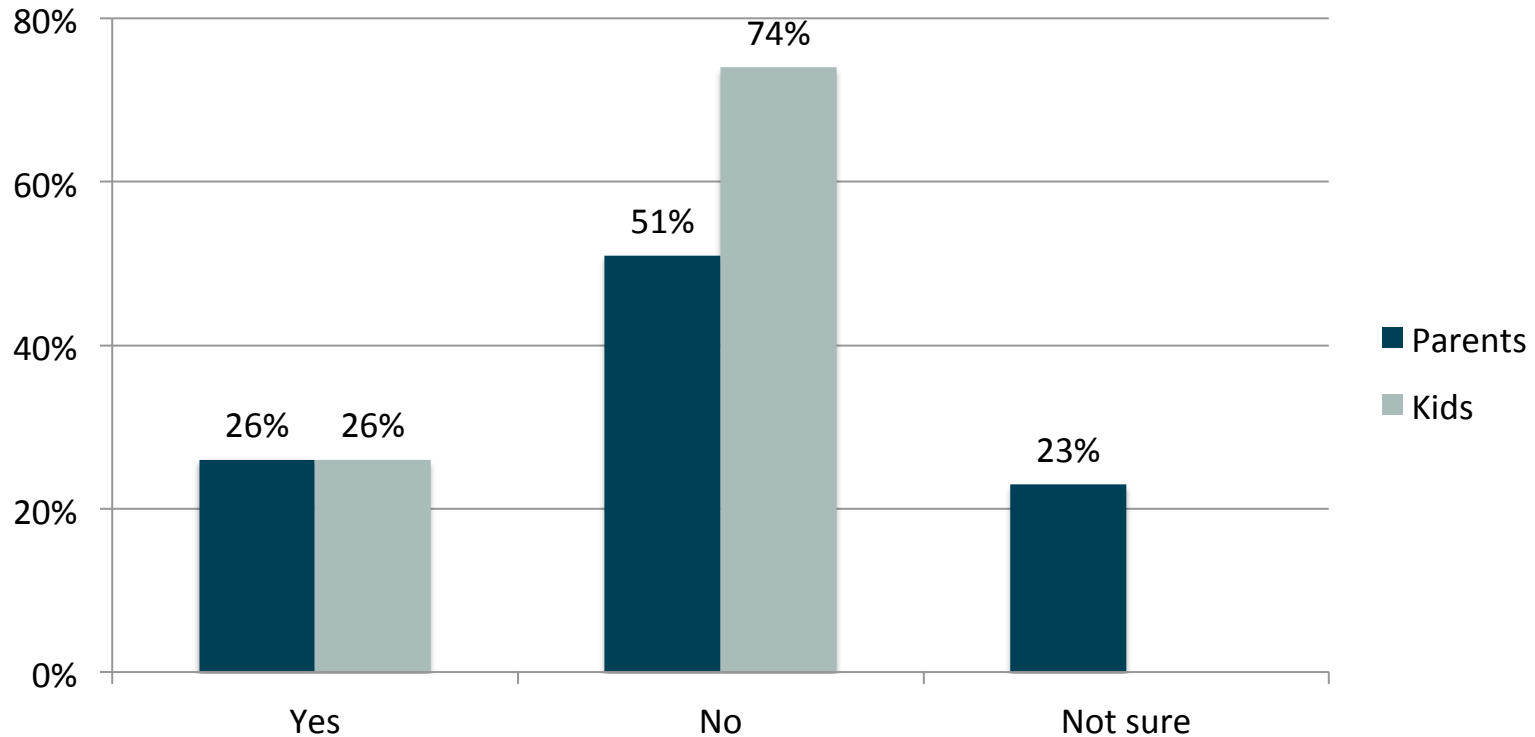
*Agreement with: parents encourage child to talk about money*



Parents think they are encouraging their kids to talk about money, but kids don't necessarily agree: 42% of parents think they strongly encourage their kids to talk about money, but only 19% of kids strongly agree that they do. Nearly one-quarter (24%) of kids think their parents discourage them from talking about money compared to only 14% of parents.

# Kids Are Mostly Honest about Money Matters

*KIDS: Have you ever not told the truth about money?*  
*PARENTS: Do you think your child has ever not told the truth about money?*

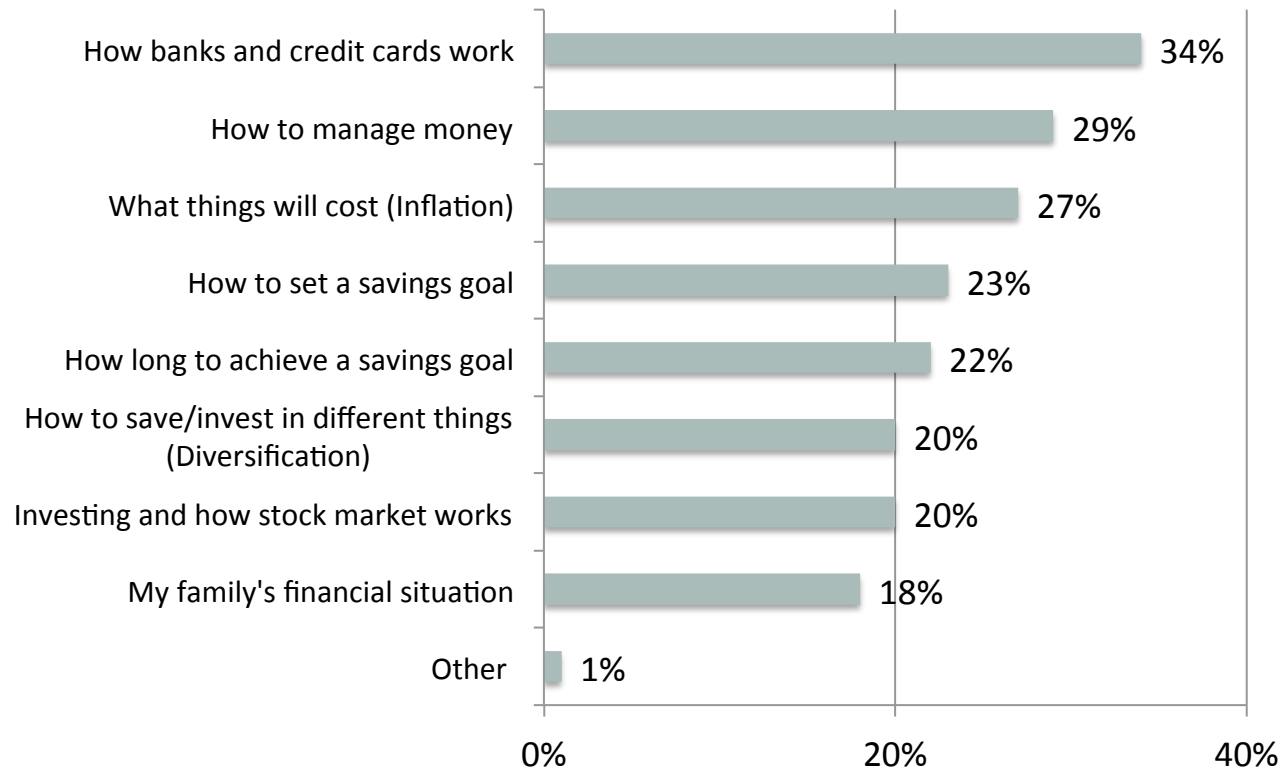


Most (74%) kids say that they tell the truth about money matters, but nearly one-quarter (23%) of parents are not always sure.



# What Kids Want to Know about Money

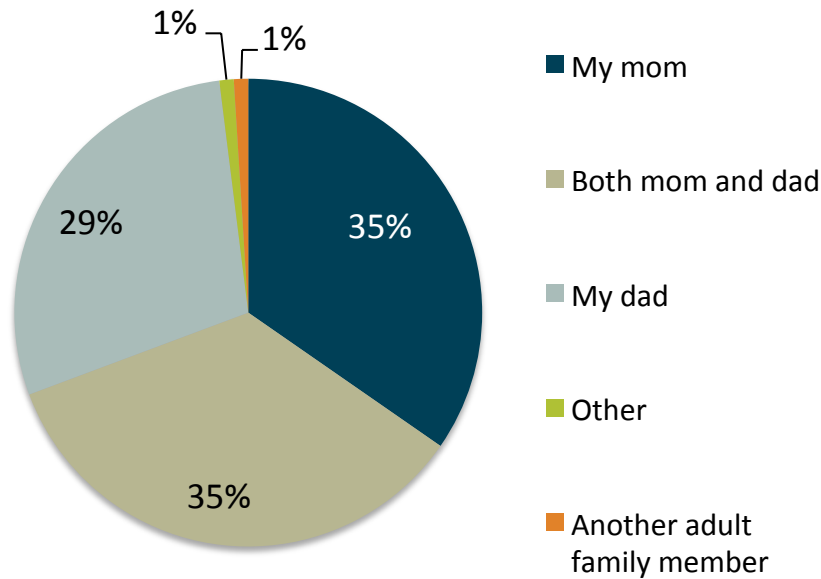
*KIDS: What money topics do you wish your parents would talk to you about more often?*



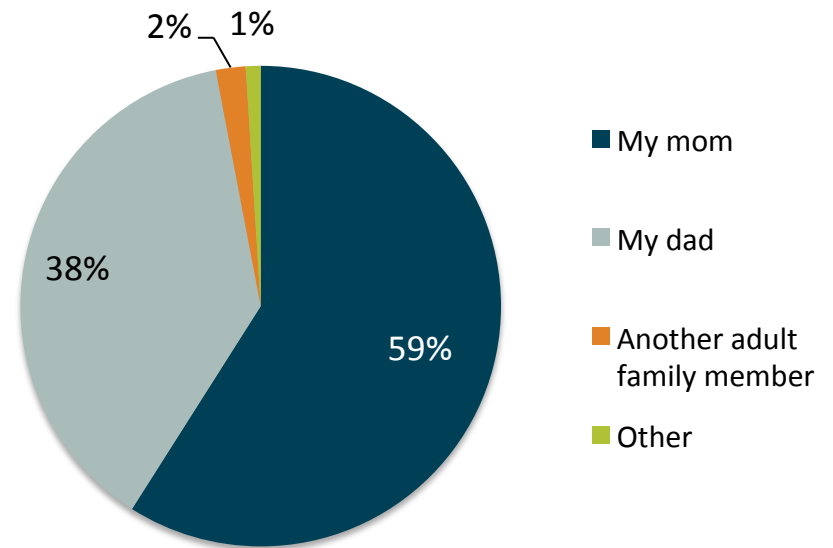
Kids would like to learn more from their parents about money topics, and are particularly interested in how things work: banks and credit cards (34%), managing money (29%), and inflation (27%).

# Mom Is the Family Money Resource for Kids

*KIDS: Overall, who is in charge of your family's money?*



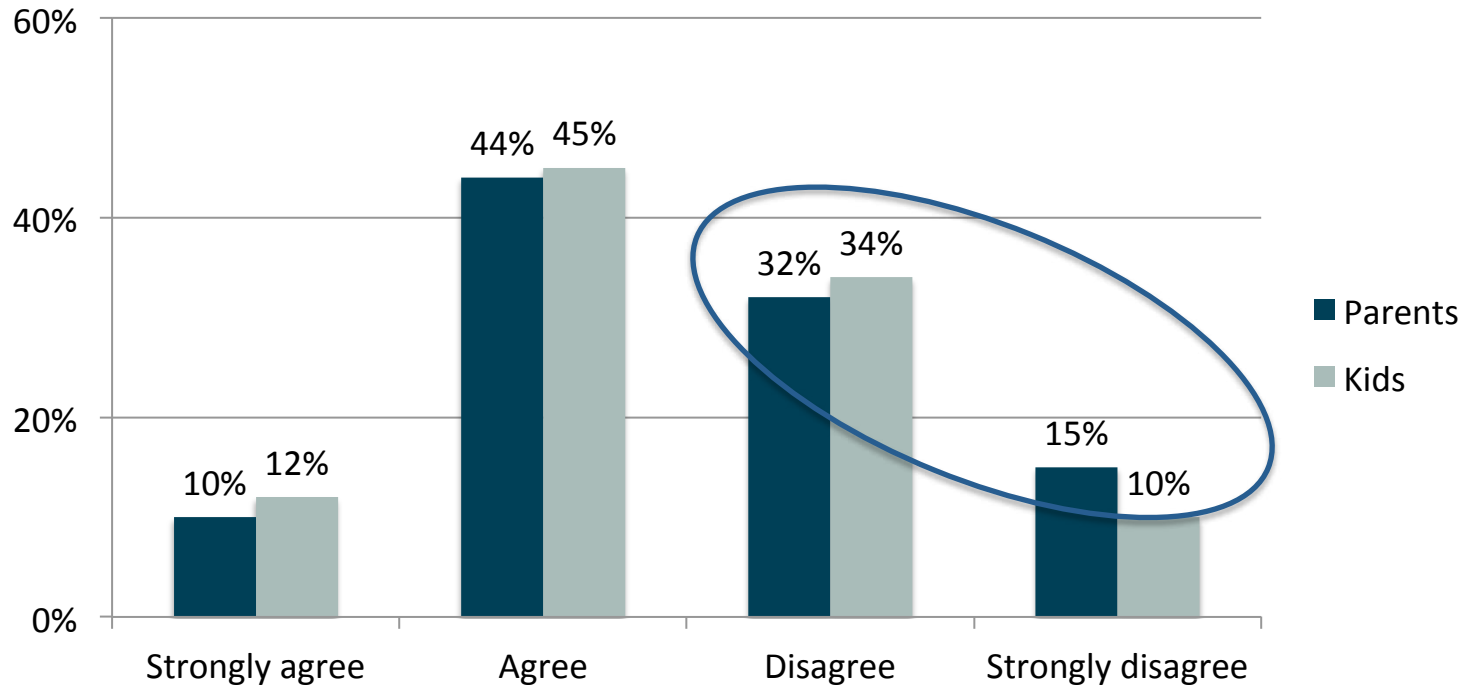
*KIDS: When you have a question about money, who do you go to first to get answers?*



Three in five (59%) kids report that they go to their mom first with money questions and more than one-third (35%) think their mom is in charge of the money.

# Parents Don't Always Agree on Money Matters...and Kids Know It

Agreement with: Parents agree with each other on money matters

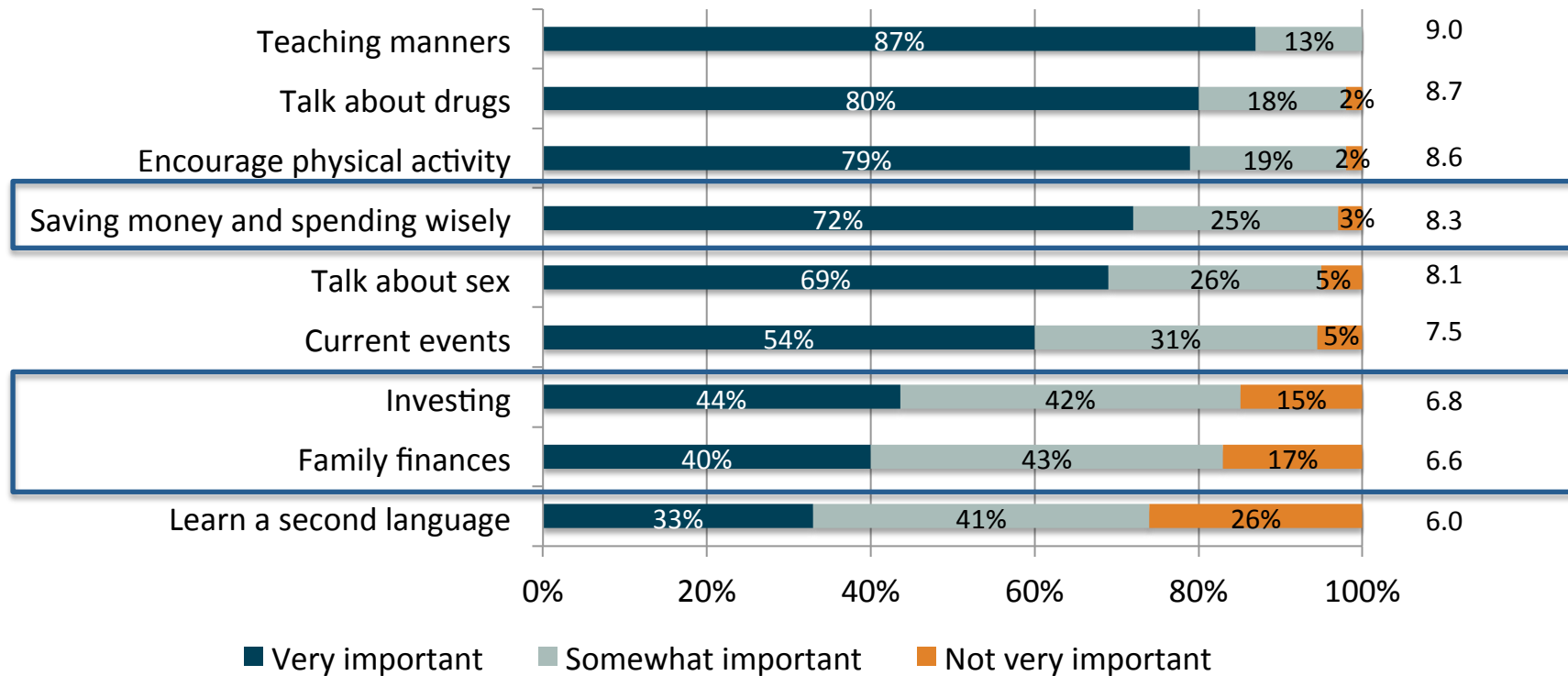


Almost half of both parents (47%) and kids (44%) report that parents do not always agree on money matters.

# Topics to Discuss with Kids

On a scale of 1-10, how would you rate the importance of each of the following:

Mean Scores  
(out of 10)

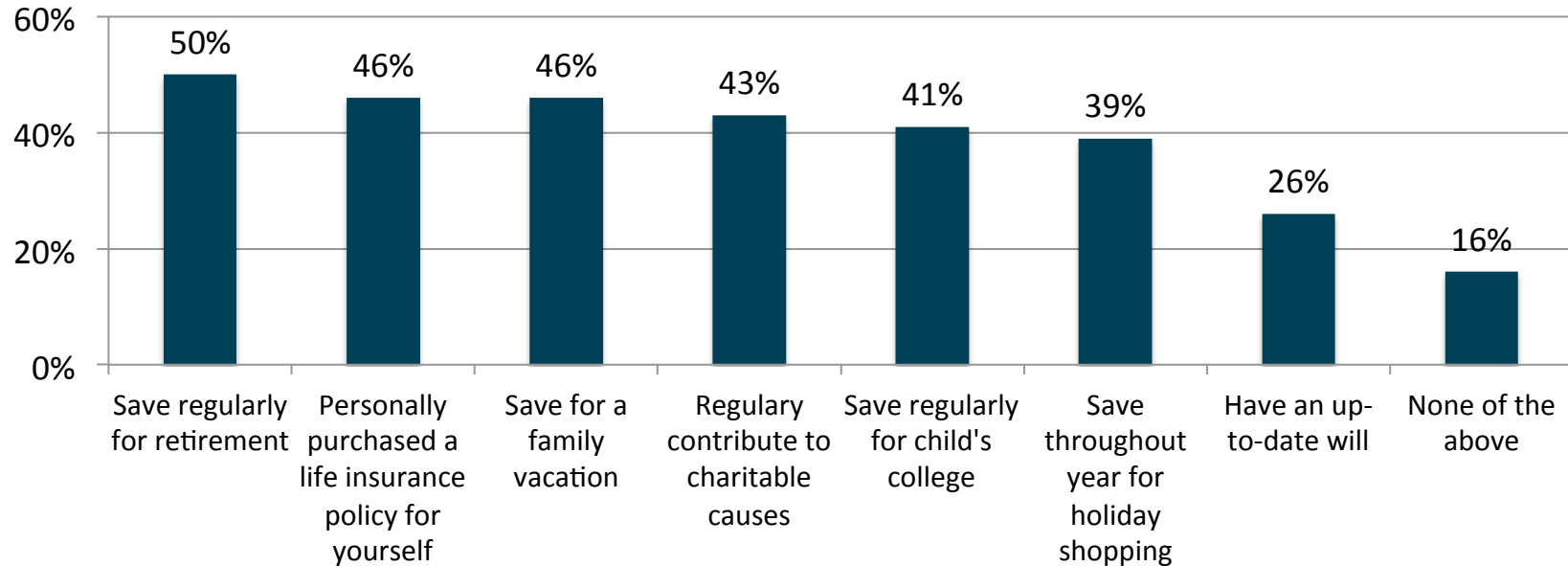


Parents feel money conversations on saving and spending, investing and family finances are less important to discuss with their kids compared to topics such as teaching manners, drugs, and current events.

# Financial Behaviors, Advice & Concepts

# Parents Not Covering the Basics Required to Create a Secure Financial Future

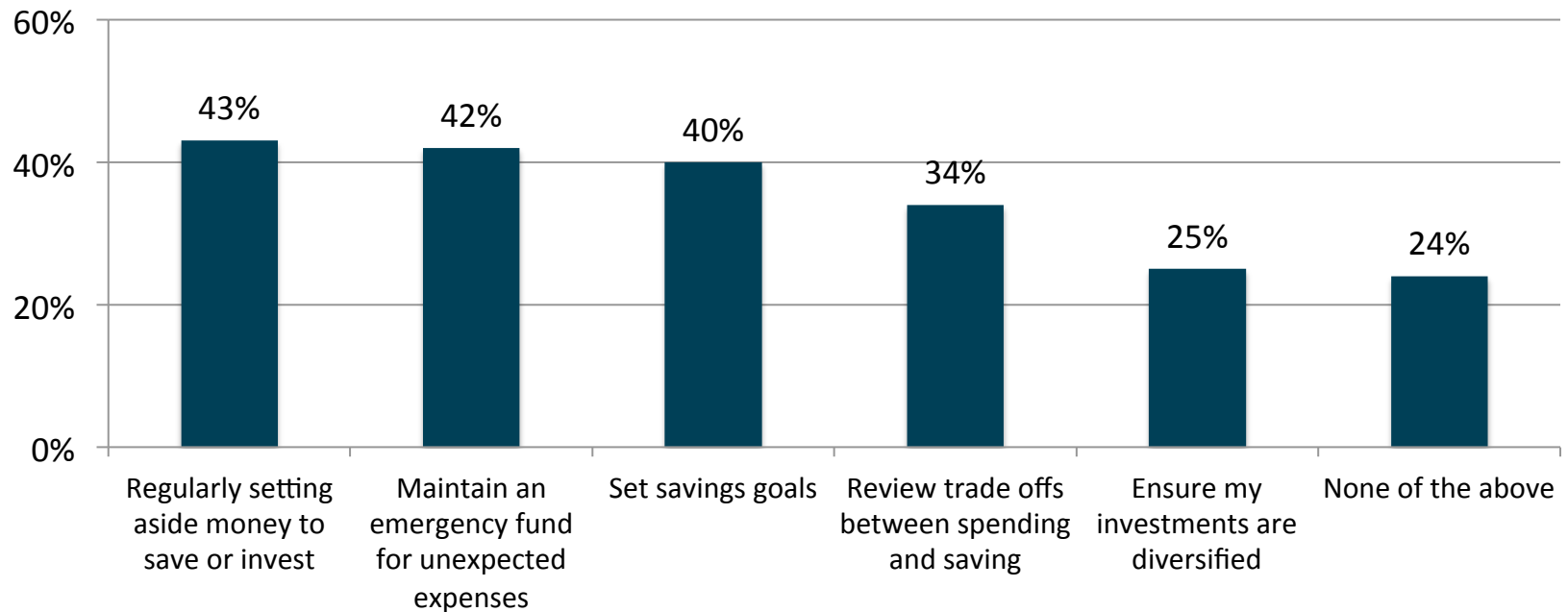
Please check all that you do currently:



Only half or fewer of parents have strong financial habits; the top behaviors are to save regularly for retirement (50%), purchase life insurance for themselves (46%), or save for a family vacation (46%). In fact, more parents save for a family vacation than have an up-to-date will (26%). More than one in ten (16%) do none of these financial activities. More dads take the lead in family financial activities such as purchasing life insurance (53% vs. 40% moms), saving regularly for their kid's college education (46% vs. 36% moms), and having an up-to-date will (31% vs. 21% moms).

# Parents' Behaviors Reflect Poor Financial Habits

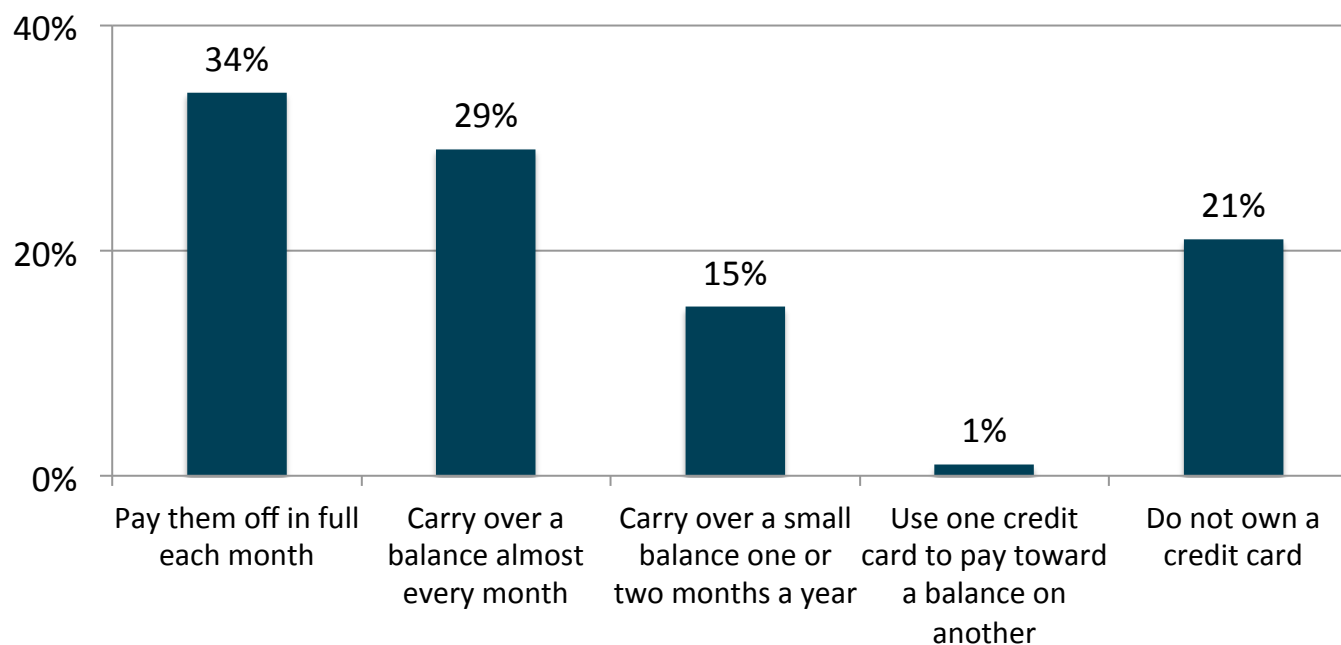
*Which of the following activities do you do with your own finances?*



Less than half of parents complete regular financial tasks; parents are most often setting aside money to invest (43%) or maintaining an emergency fund (42%). Compared to moms, dads are significantly more likely to set savings goals (44% versus 37% of moms), ensure their investment are diversified (31% versus 18% of moms), and maintain an emergency fund (46% versus 38% of moms).

# Many Parents Are Carrying a Credit Card Balance

Overall, which of the following describes your actions with all of your credit cards?

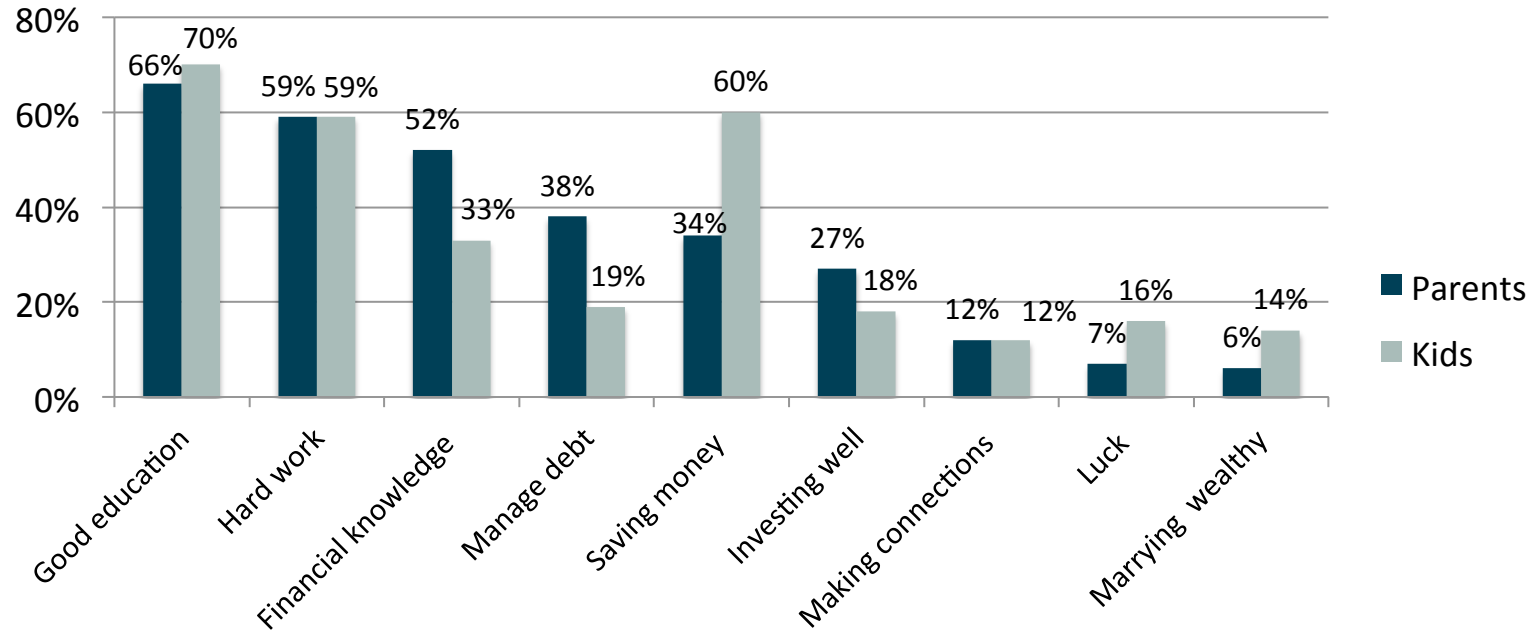


Slightly more than one-third (34%) of parents pay off their credit cards each month, but 44% report they carry a balance: 29% carry a balance over every month and 15% carry a balance one or two months a year. One in five (21%) parents do not even own a credit card.



# Parents and Kids Disagree on Role of Financial Knowledge for Future Success

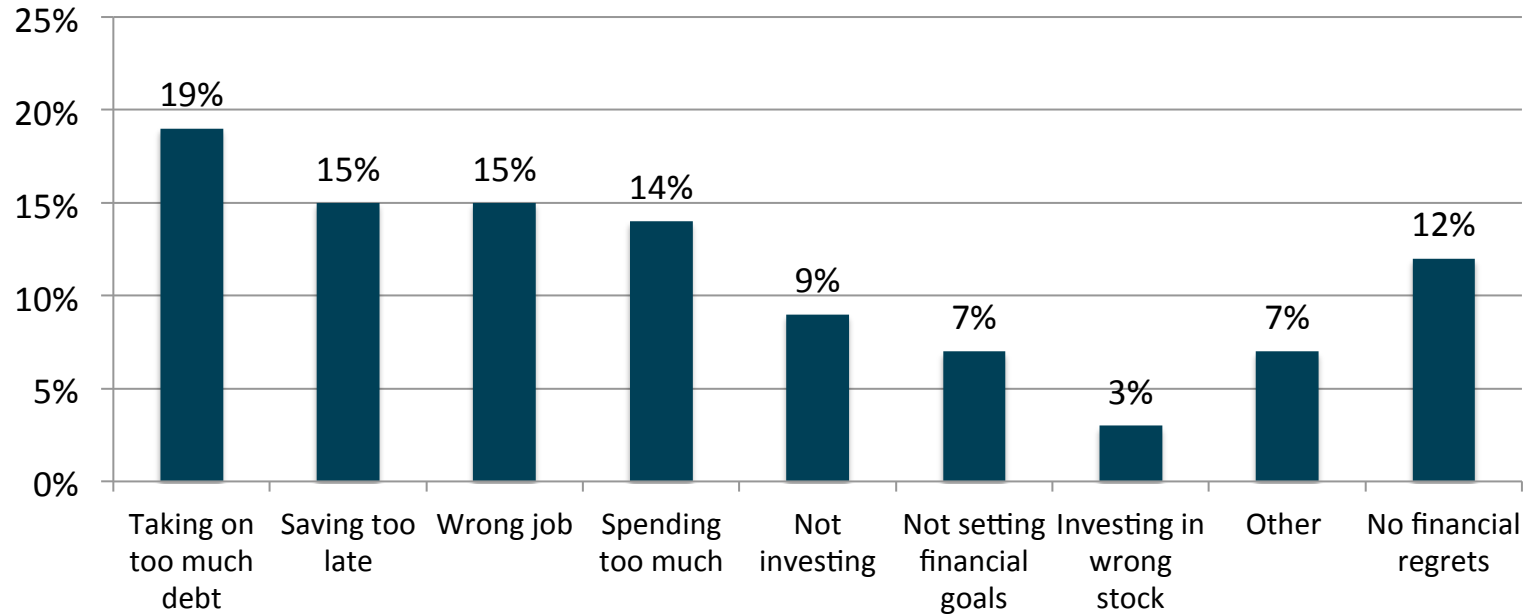
*Of the following factors, which are the top three things that will help your child to be financially successful when they reach your age/that will help you to be financially successful when you reach your parent's age?*



While parents and kids agree a good education and hard work are key to their kids' future financial success, more parents (52%) think financial knowledge plays an important role than kids (33%). Kids (60%) think saving is critical, whereas parents find managing debt (38%) and investing (27%) to be of greater importance than kids (19% and 18%, respectively).

# Parents' Biggest Regrets

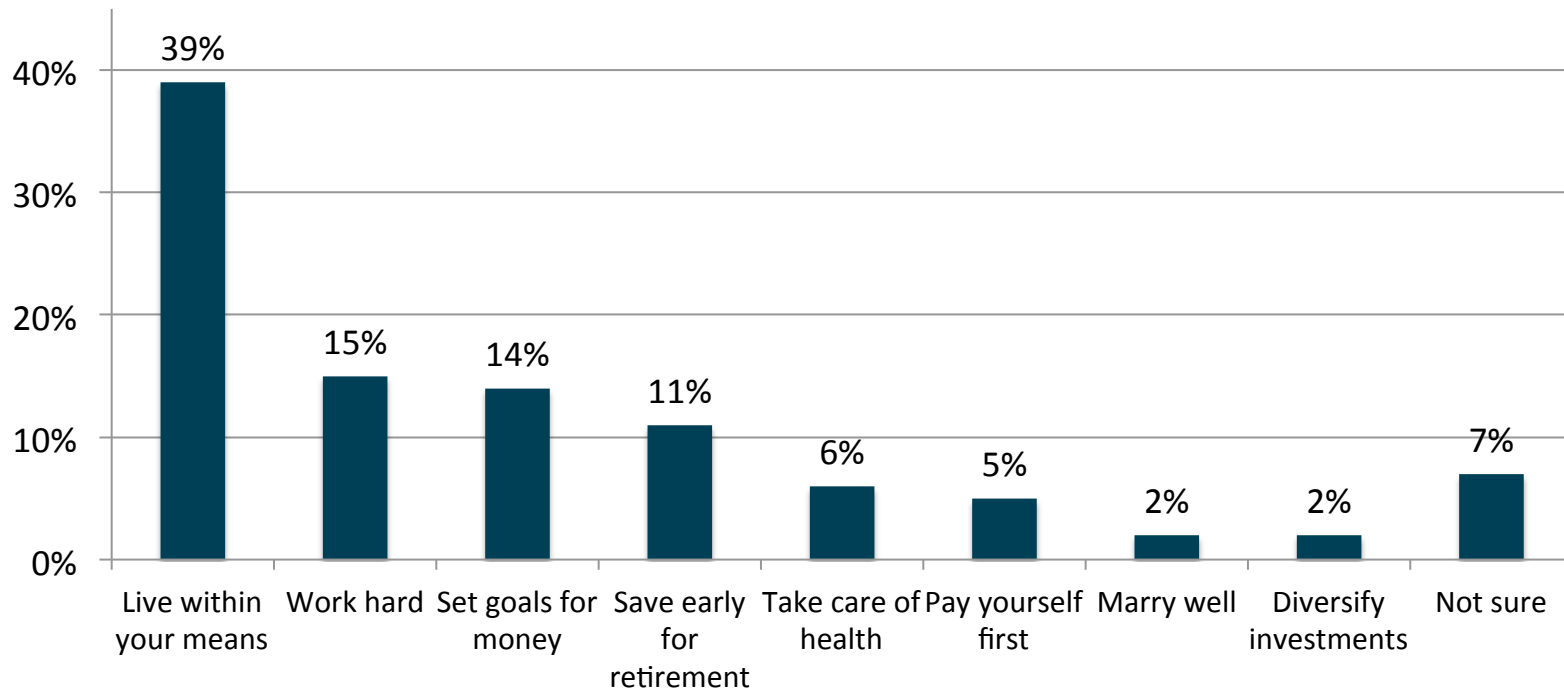
*Thinking back to your childhood and knowing what you know now, what is your biggest financial regret?*



Parents' biggest financial regret is taking on too much debt (19%), followed by saving too late (15%), wrong job (15%), and spending too much (14%).

# Parents' Financial Advice for Their Kids

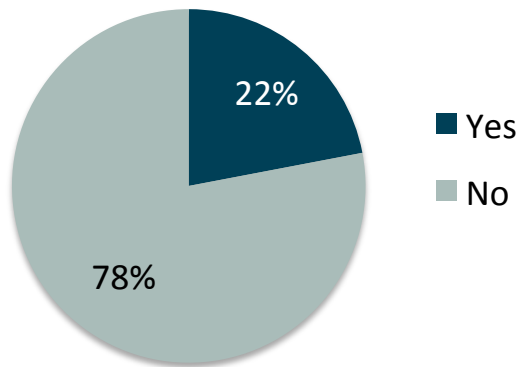
*What is the most important financial advice you plan to give or have already given your child?*



Living within your means (39%) is by far the most important financial advice parents feel they can give to their kids.

# Using Stock as a Teaching Tool for Kids

Have you ever bought or considered buying your child a share of one company's stock to teach them about investing?



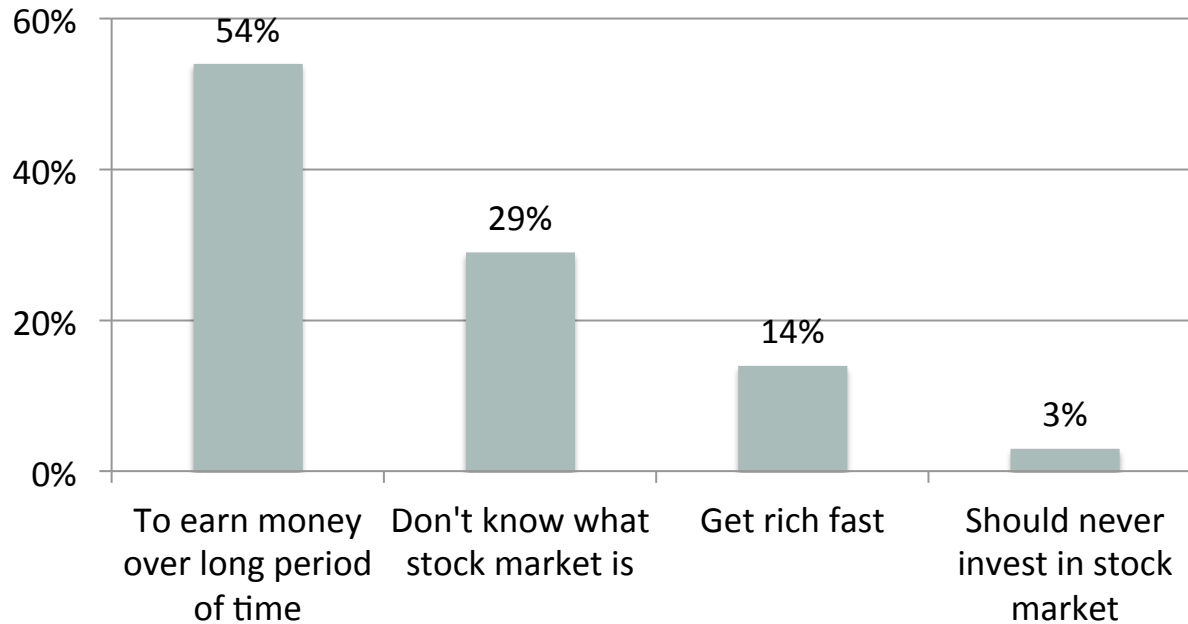
One in five (22%) parents have bought or considered buying a share in one company's stock to teach their kids about investing, with dads (29%) doing so more often than moms (15%). The main reasons for doing so include *it's a good life lesson, helps teach the basics of the stock market, and to help save for the future.*

Why did you consider buying your child a stock to teach them about investing?

	Number of Comments
It's a good life lesson / teaching opportunity	43
Help them see the ups and downs of the market	25
Help them understand stock market basics	24
Help save for the future	23
Grow current savings	14
Learn the long-term nature of investing	12
Start investing early	11
Was done for me / I own stocks	7
It's my job	4
Stock was a gift	3

# Kids' View of the Stock Market

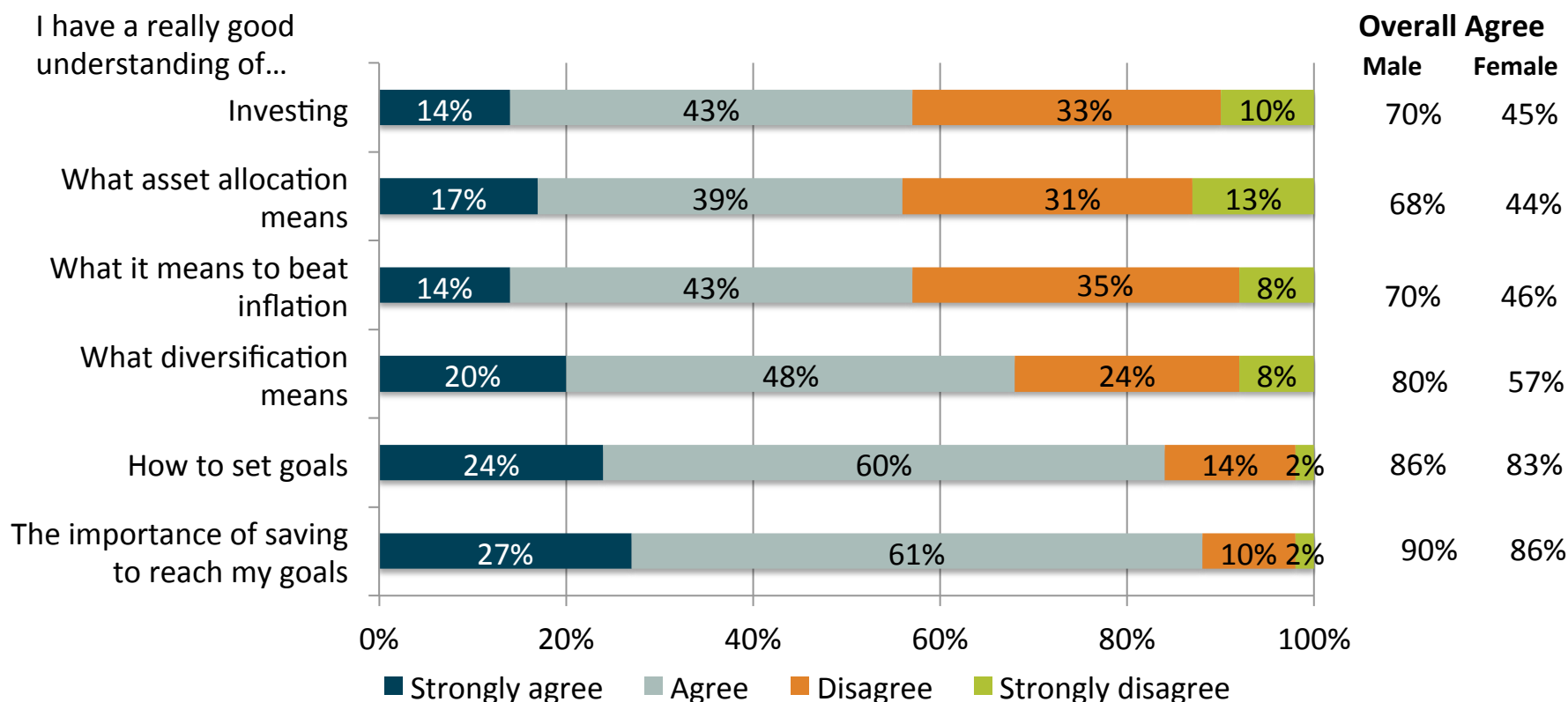
*KIDS: Why would someone invest in the stock market?*



While more than half of kids (54%) think the biggest reason to invest in the stock market is to earn money over a long period of time, almost one-third (29%) do not even know what the stock market is.

# Parents' Understanding of Financial Concepts

How much do you agree or disagree with the following statements:

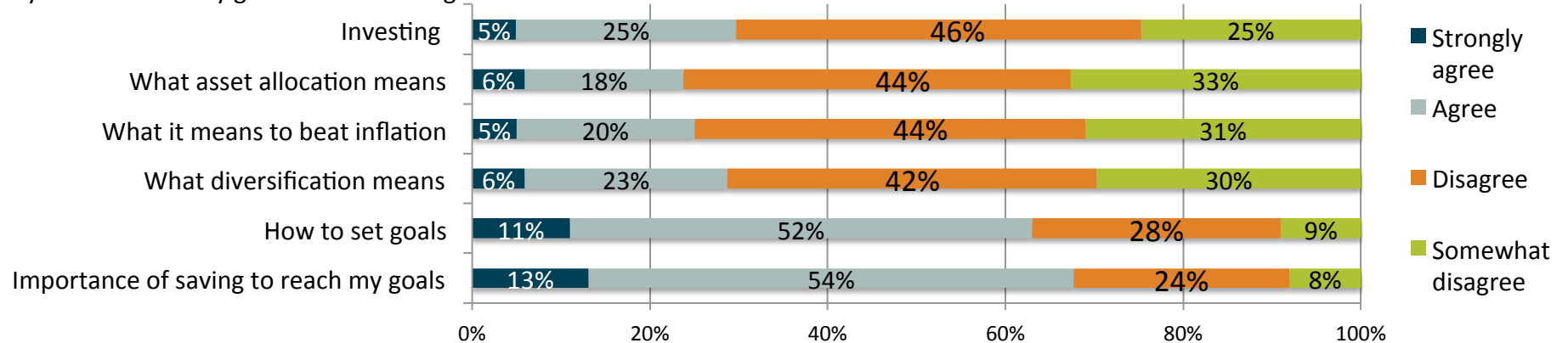


Overall, parents feel they have a fairly good understanding of financial concepts. Dads felt significantly more confident than the moms when it came to understanding finance basics such as inflation (70% vs. 46% moms), diversification (80% vs. 57% of moms), asset allocation (68% vs. 44% moms) and investing (70% vs. 45% moms).

# Parents' Understanding of Financial Concepts

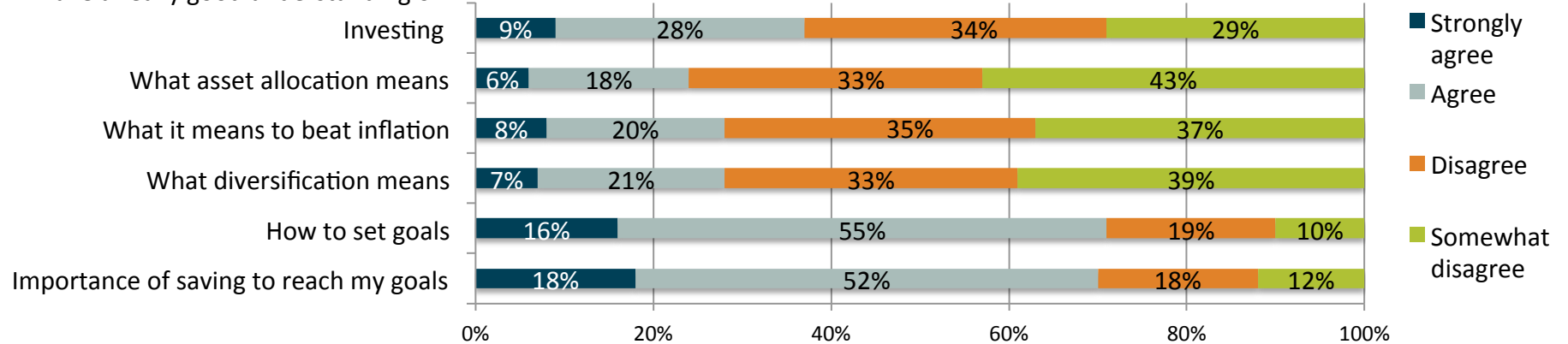
How much do you agree or disagree with the following statements: **PARENTS THINK ABOUT KIDS' UNDERSTANDING**

My child has a really good understanding of...



How much do you agree or disagree with the following statements: **KIDS' OWN UNDERSTANDING**

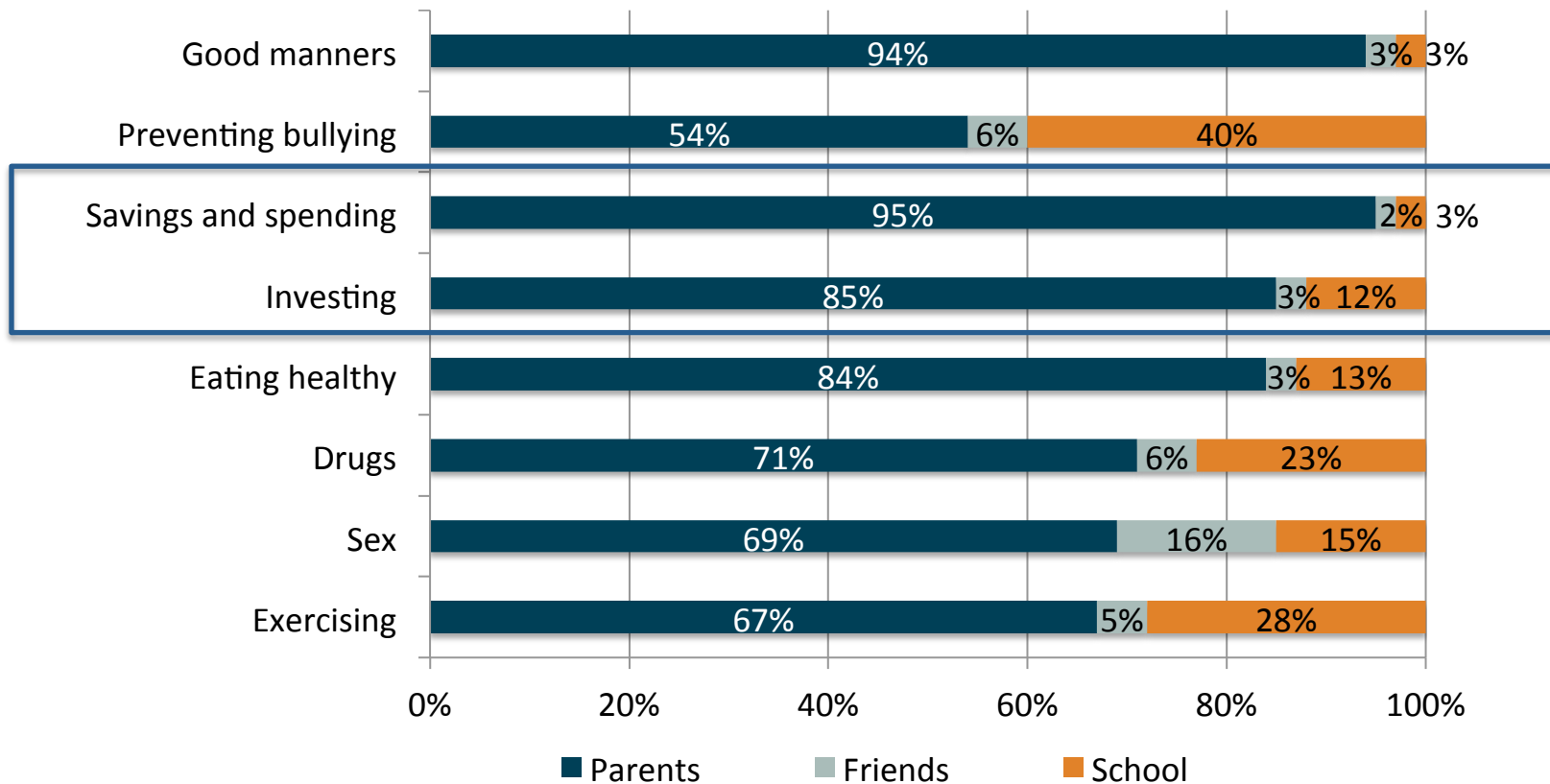
I have a really good understanding of...



Parents' assessments of the kids' financial understanding is close to what the kids report about themselves. Both agree that kids have a better understanding about goal setting and less about financial concepts.

# Parents Are the Primary Teachers for Their Kids, Particularly on Money Topics

KIDS: Who has taught you the most about the following topics?

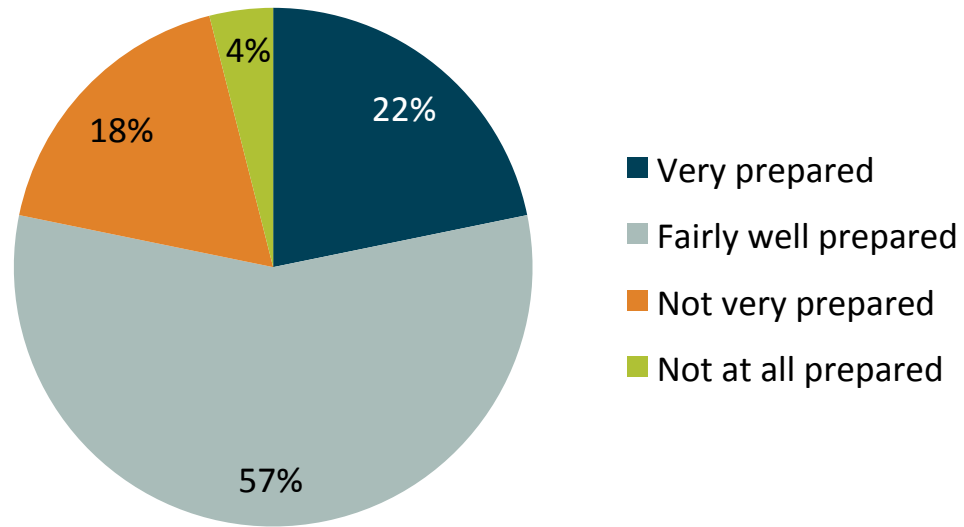


Parents are by far the key resource for learning about all different topics, including saving, spending and investing, compared to friends or school.



# Parents Think They Are Prepared to Talk to Kids about Finances

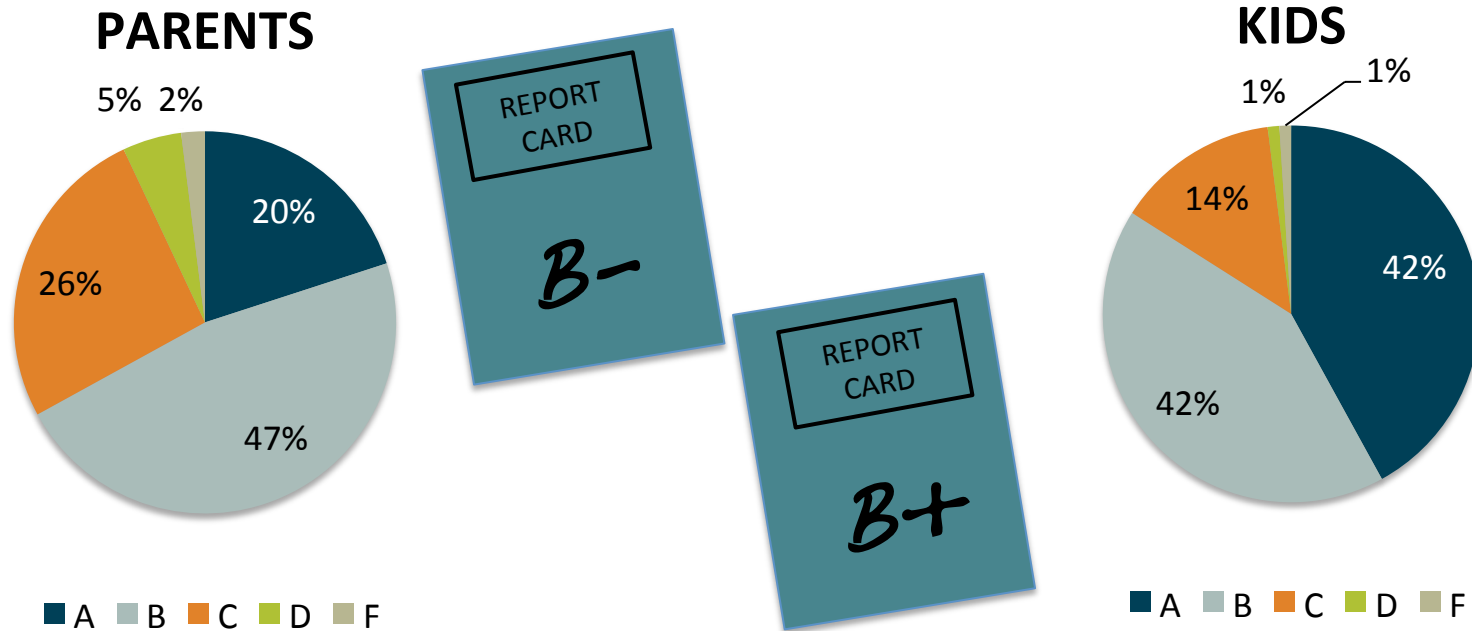
*How prepared do you feel to teach your child about basic finances such as setting goals, the importance of saving, spending wisely, inflation, and diversification?*



Most parents feel very (22%) or fairly well (57%) prepared to talk to their children about finances. Overall, dads (83%) feel more prepared than moms (74%).

# Kids Grade Their Parents as Financial Role Models

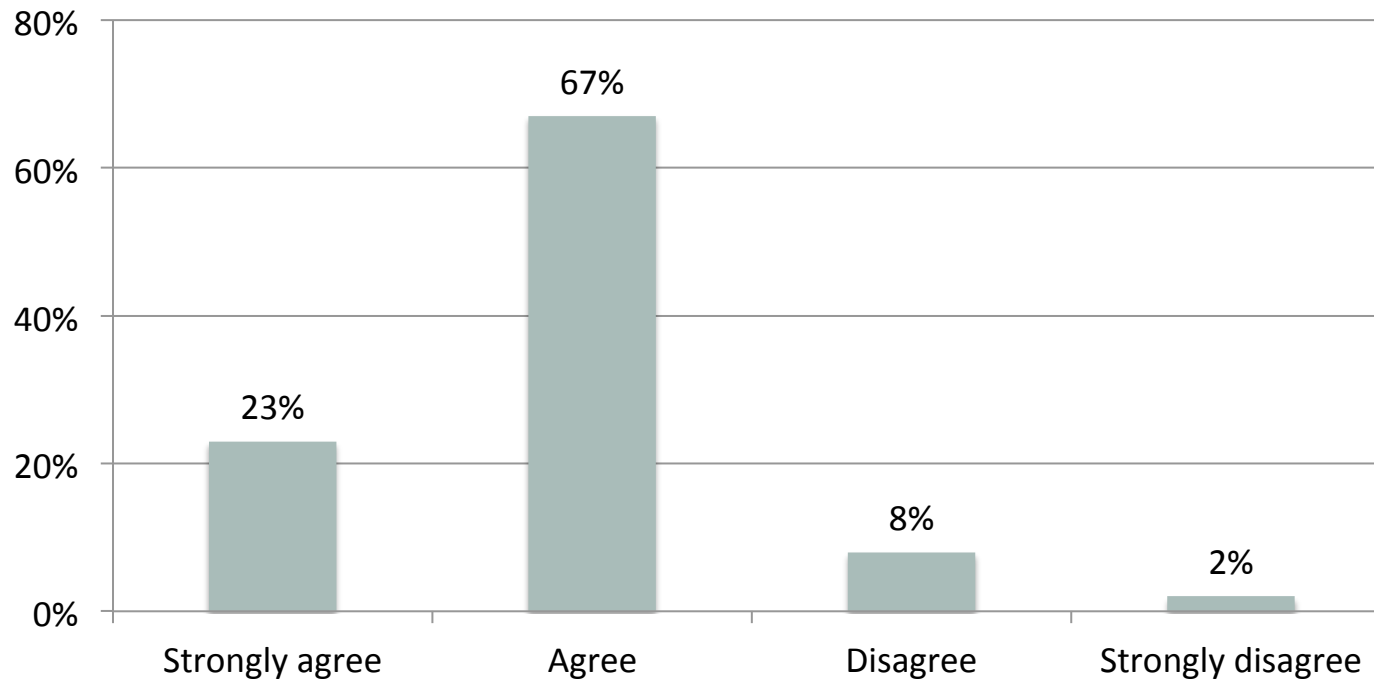
*How would you grade yourself/parents as a role model for your child/you regarding your saving and spending habits?*



Kids tend to rate the parents a little higher as a role model for saving and spending habits.

# Kids Say Parents Are Doing a Good Job Teaching Them about Money Matters

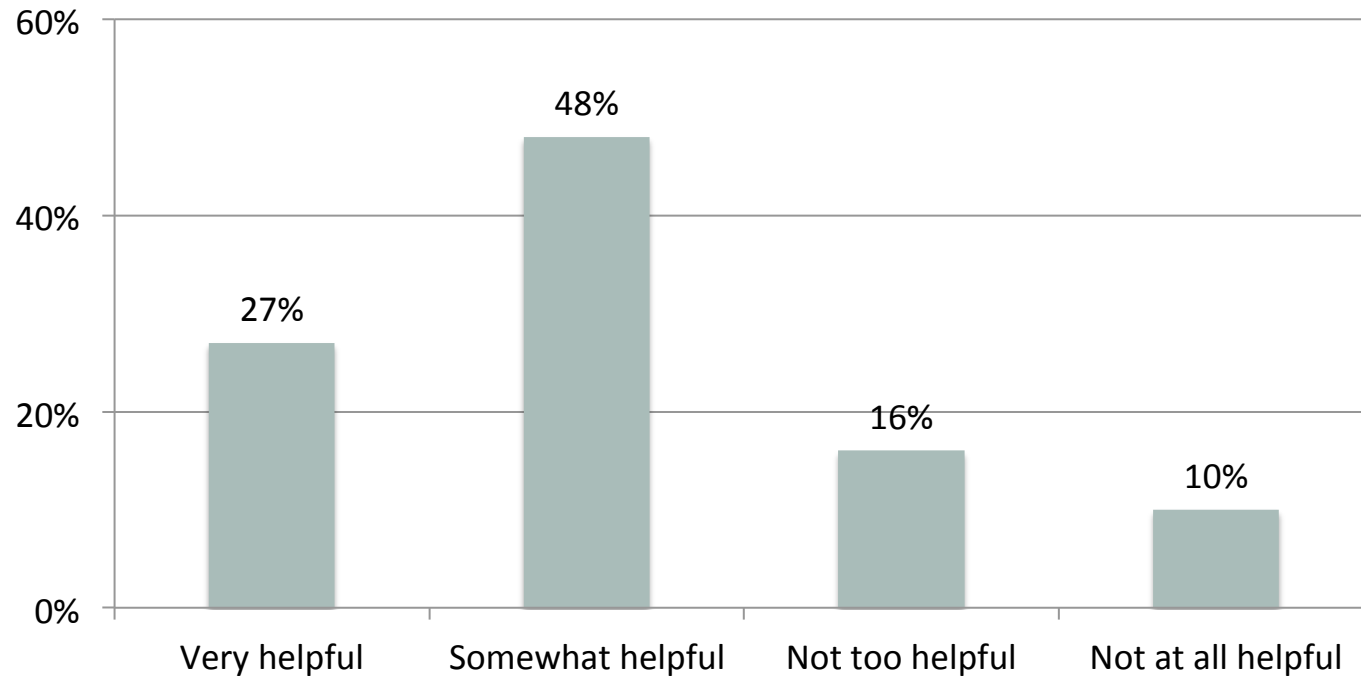
*KIDS: Agreement with: My parents do a good job teaching me about money matters.*



The vast majority (90%) of kids agree their parents do a good job teaching them about money.

# Kids Think Online Games and Mobile Apps Would Help Them Learn about Money

*KIDS: How helpful do you think an online game or mobile app would be to helping you learn the basics about saving and spending?*

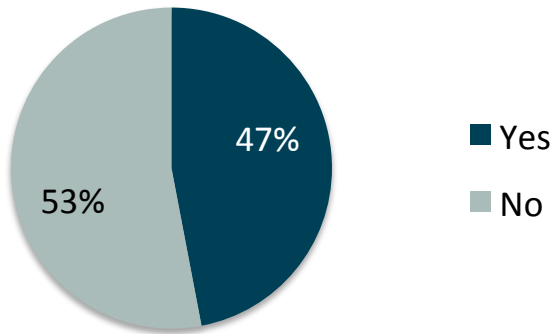


Most (75%) kids think an online game or mobile app would be helpful to them as they learn about saving and spending.

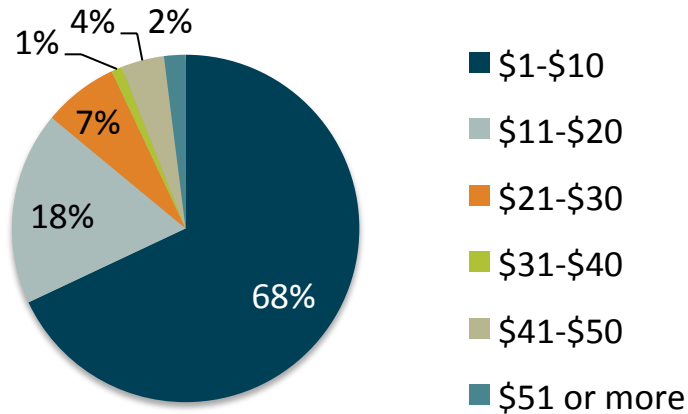
# Allowance & Spending

# Kids' Allowance

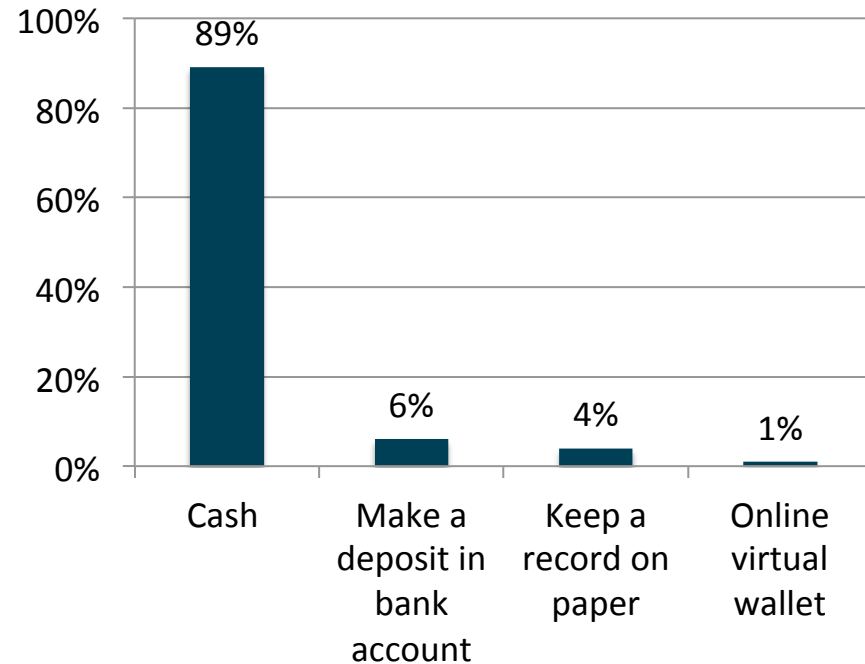
Do you give your child an allowance?



On average, how much allowance do you give your child each week?



In what form do you pay your child's allowance?

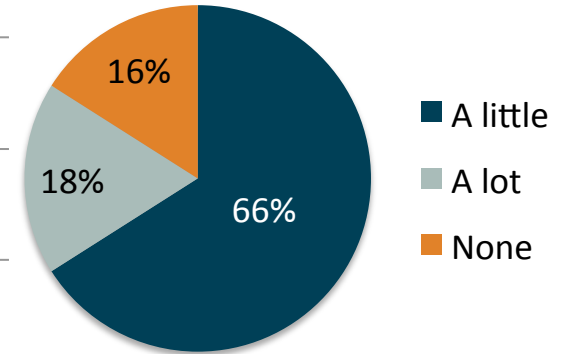
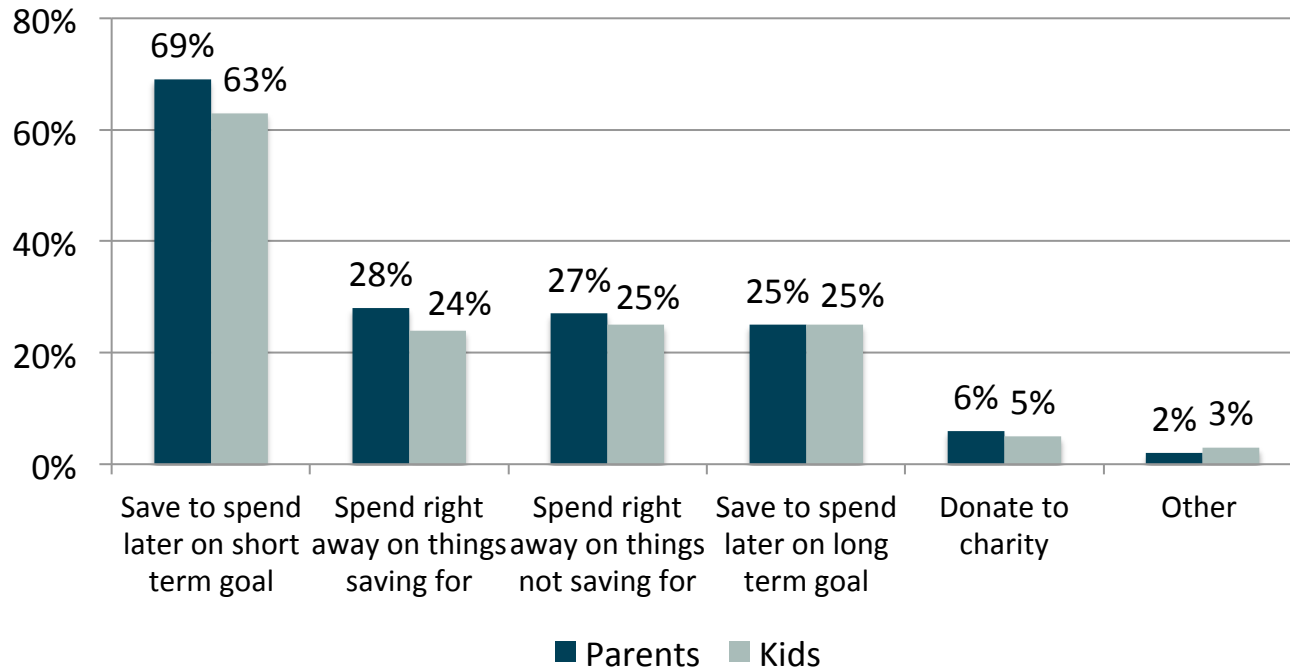


Almost half (47%) of parents give their child an allowance, with the vast majority (89%) paying it in cash. Most (86%) give an allowance of less than \$20 per week.

# What Do Kids Do with Their Allowance?

When your child receives money, what do they do with it?/  
When you receive money what do you do with it?

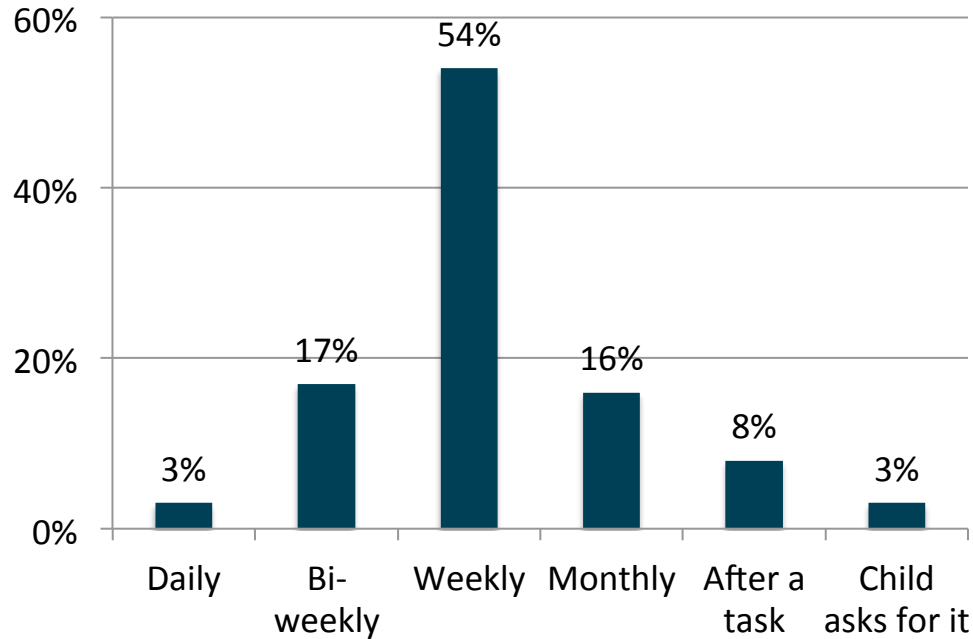
How much say do you have in how your child spends their allowance?



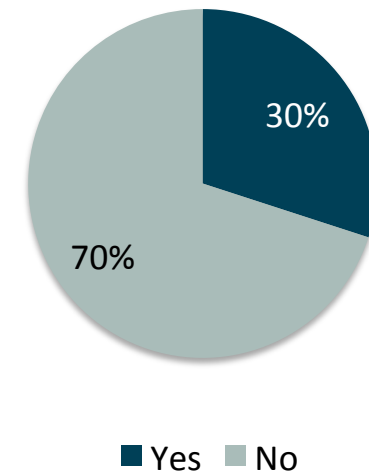
The most common thing do with money when they receive it is to save it to spend later on a short term goal. The majority (66%) of parents feel like they have a say in how their child spends allowance.

# Kids Not Always Practicing Good Financial Actions with Allowance

How frequently do you give your child the allowance?



Once your child has spent their allowance, do they come back and ask for more money?

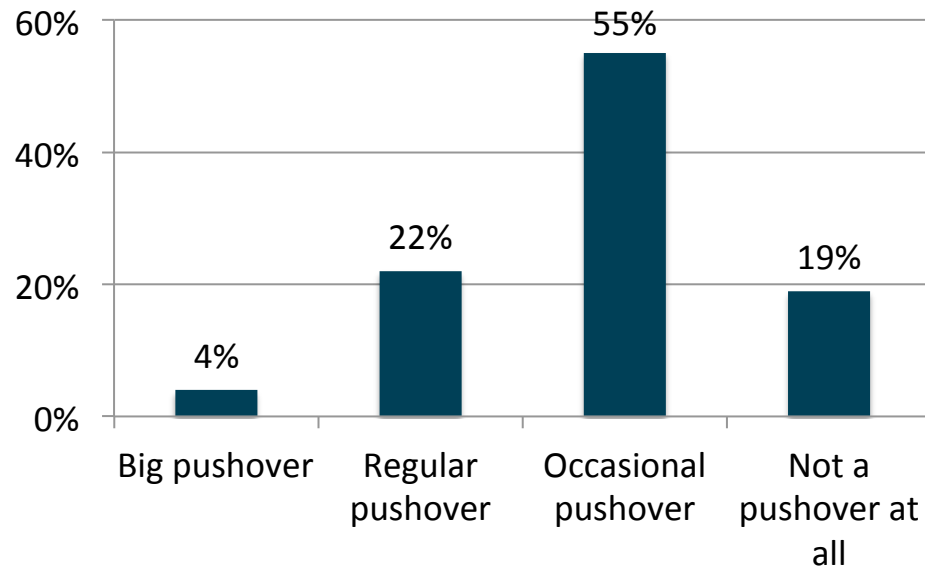


Despite getting an allowance weekly or more often, almost one-third (30%) of the kids come back for more money.

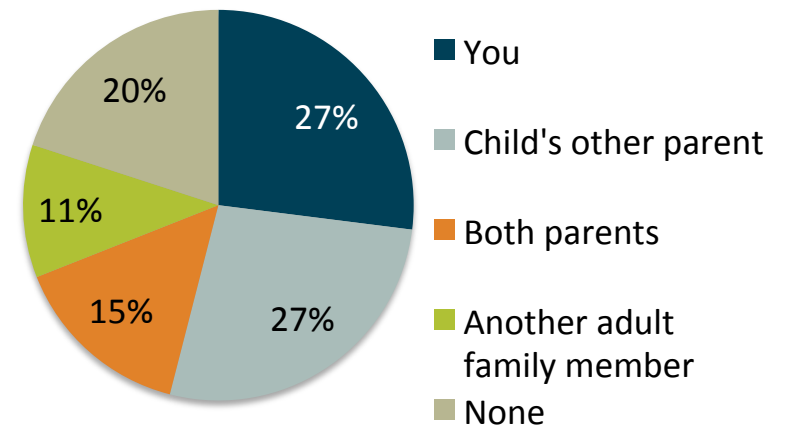


# Parents are Pushovers When Kids Ask for Money

*In general, when your child asks for money to buy something, how much of a “pushover” do you think you are?*



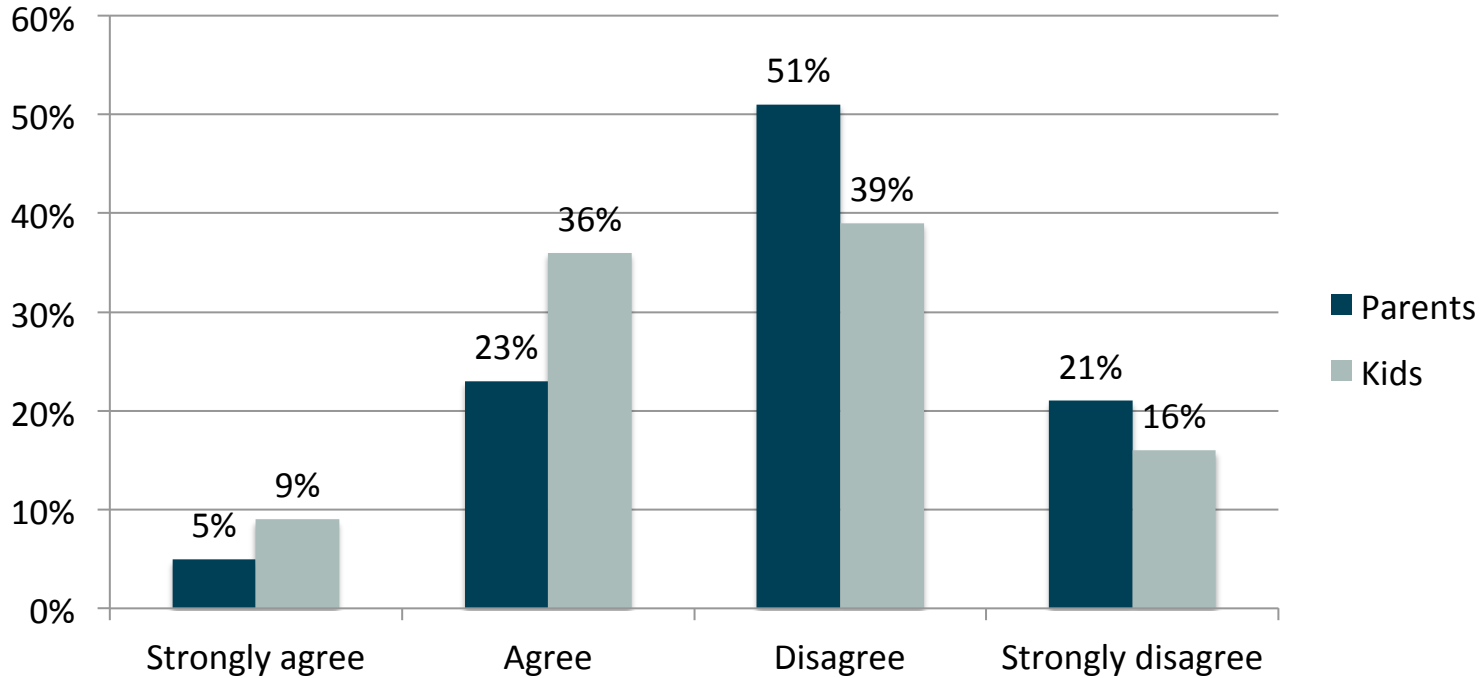
*Who tends to be the bigger “pushover” when it comes to giving in to your child’s request for money?*



In general, parents feel they are giving in to their kids at least occasionally, with only one-fifth (19%) saying they are “not a pushover at all.” Dads say mom is a bigger pushover than they are, and overall they are (58% moms vs. 48% dads).

# Many Kids Think Their Parents Give In When They Beg Them for a Purchase

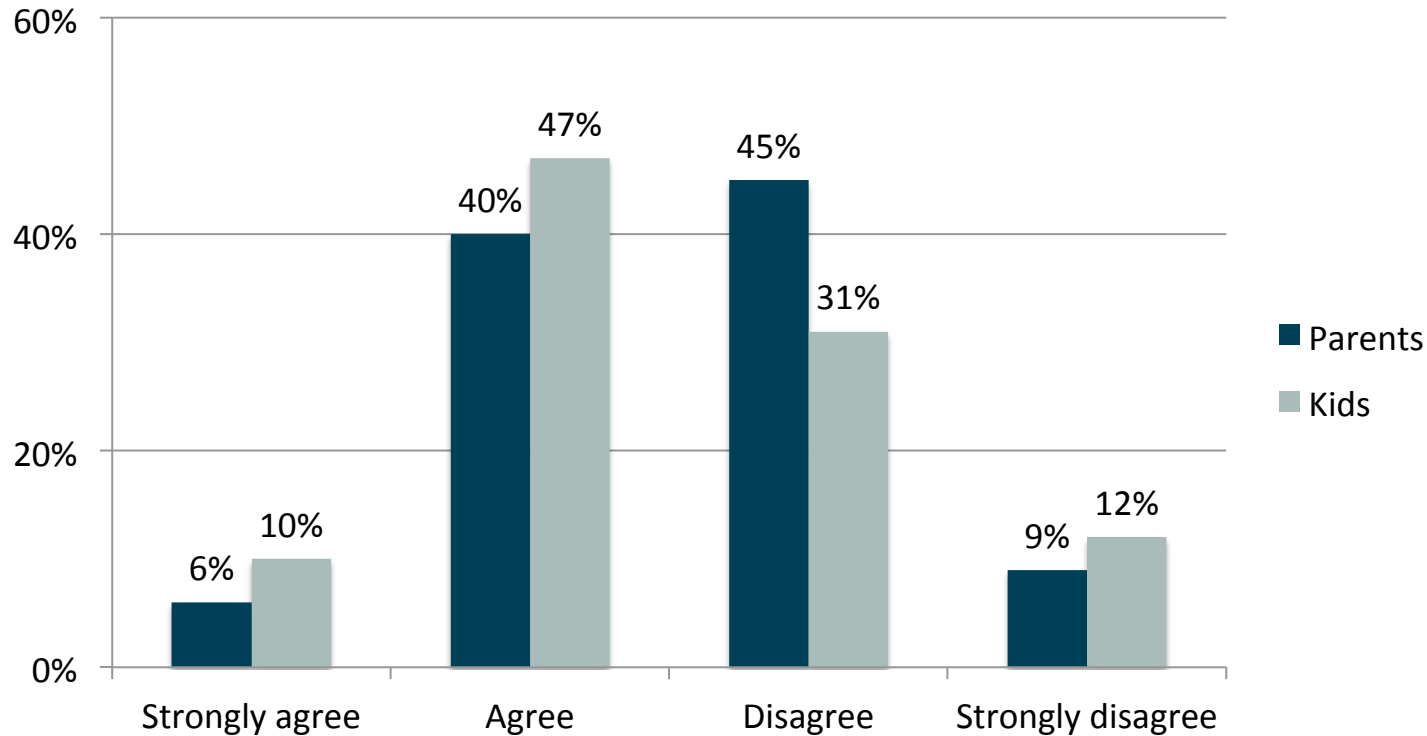
Agreement with: *I give in when my child begs me to buy them something/  
My parents give in when I beg them to buy me something*



More than one-quarter (28%) of parents give in to their kids when they beg them to buy them something. Interestingly, even more kids (45%) agree that begging gets parents to give in to their request.

# Kids' Ability to Make Spending Decisions

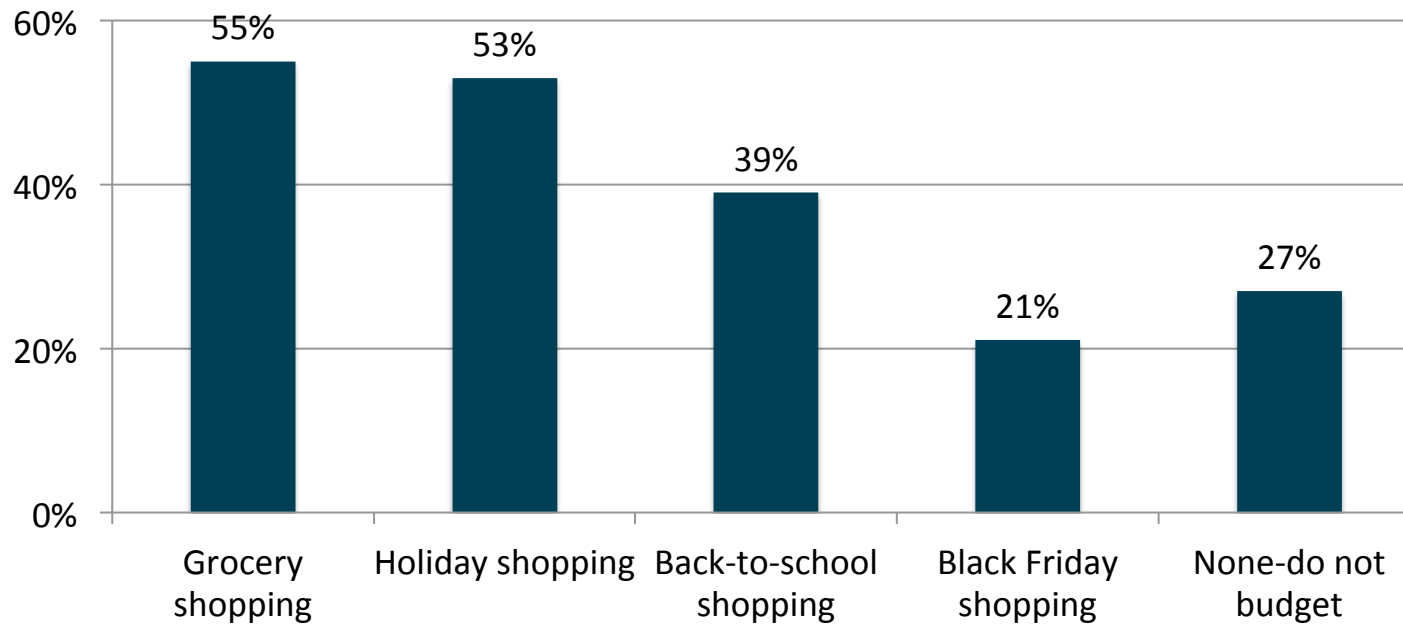
*Agreement with: My child is able to make their own financial decisions/ I am able to make my own financial decisions*



Kids think they can make their own financial decisions a little more than their parents think they can.

# Parent Shopping Budgets

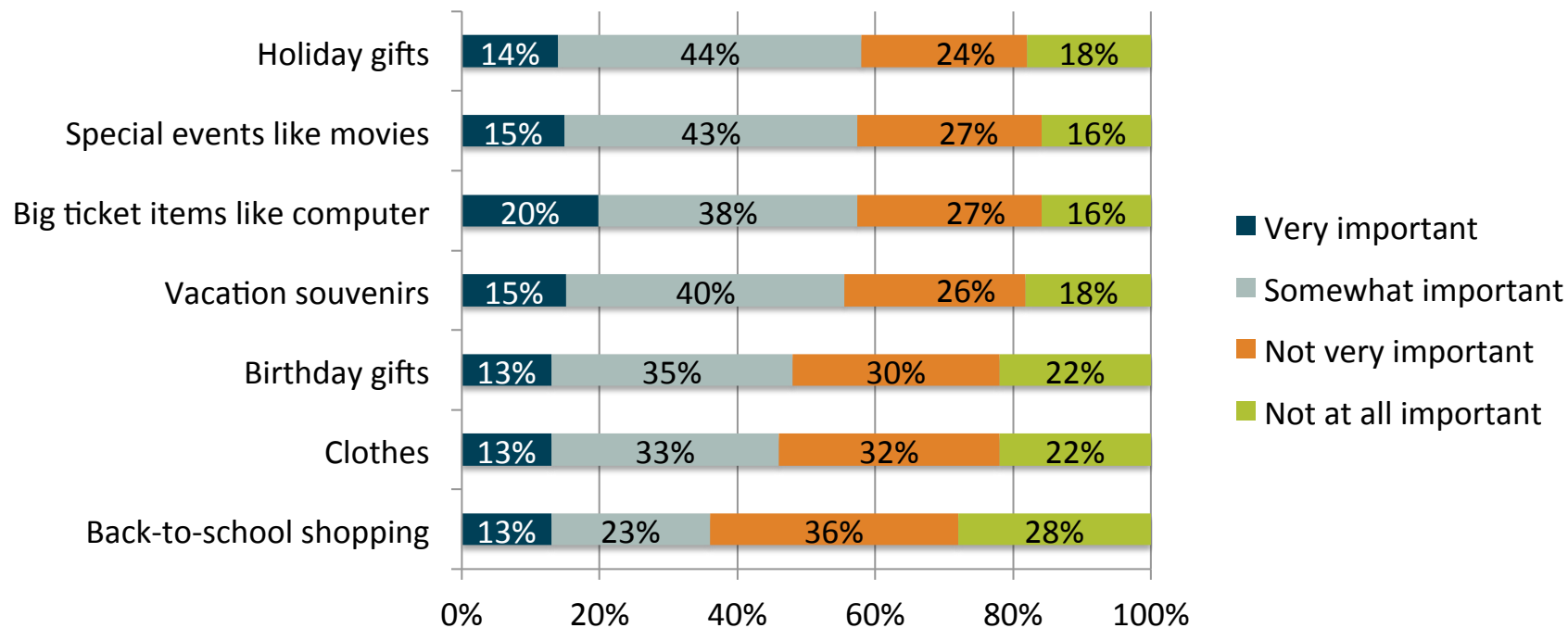
*For which of the following shopping occasions, if any, do you stick to a budget when you shop?*



Sticking to a budget is more likely for grocery and holiday shopping and less likely for Black Friday shopping. Of note, more than one-quarter of parents (27%) report they do not budget for these shopping expenses.

# Children Should Help Pay for Items

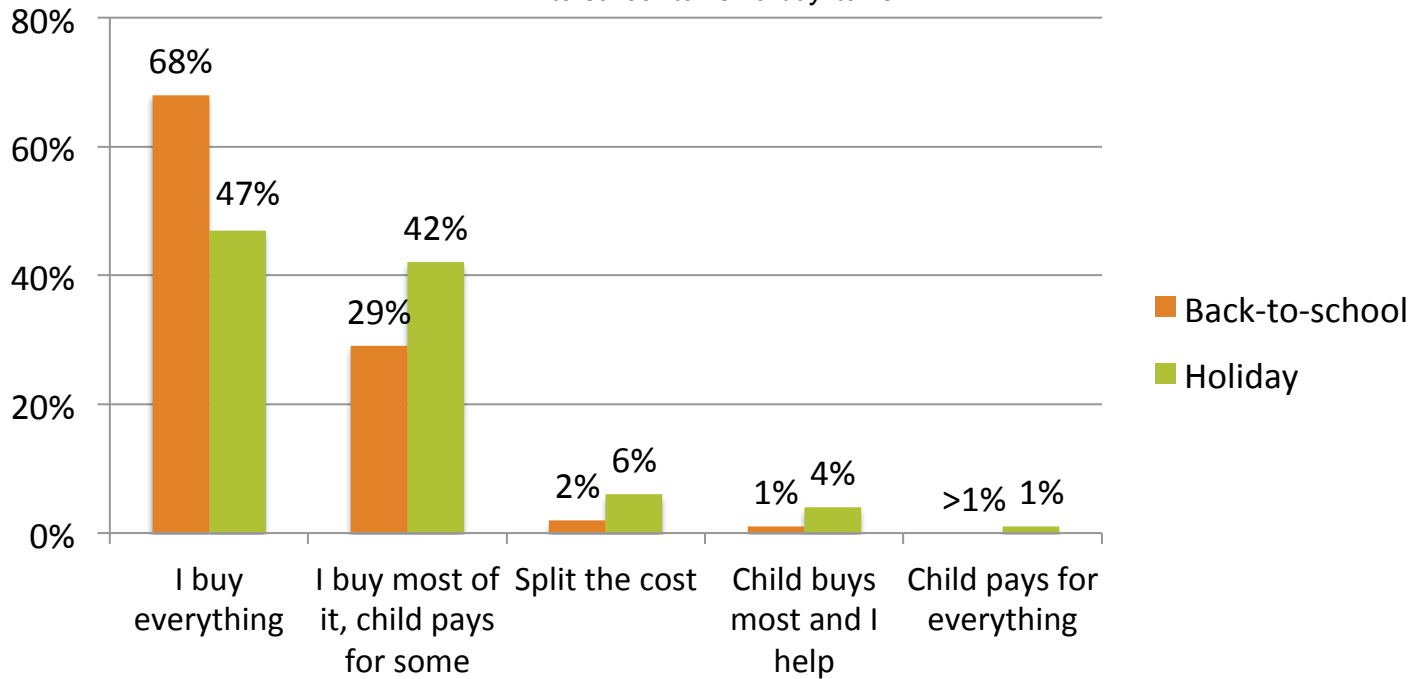
*How important do you think it is that your child help pay for the following items?*



Parents think their children should help pay more for holiday gifts, special events, and big ticket items.

# Most Parents Buy Items for Kids

What approach do you take when shopping with your child for back-to-school items/holiday items?

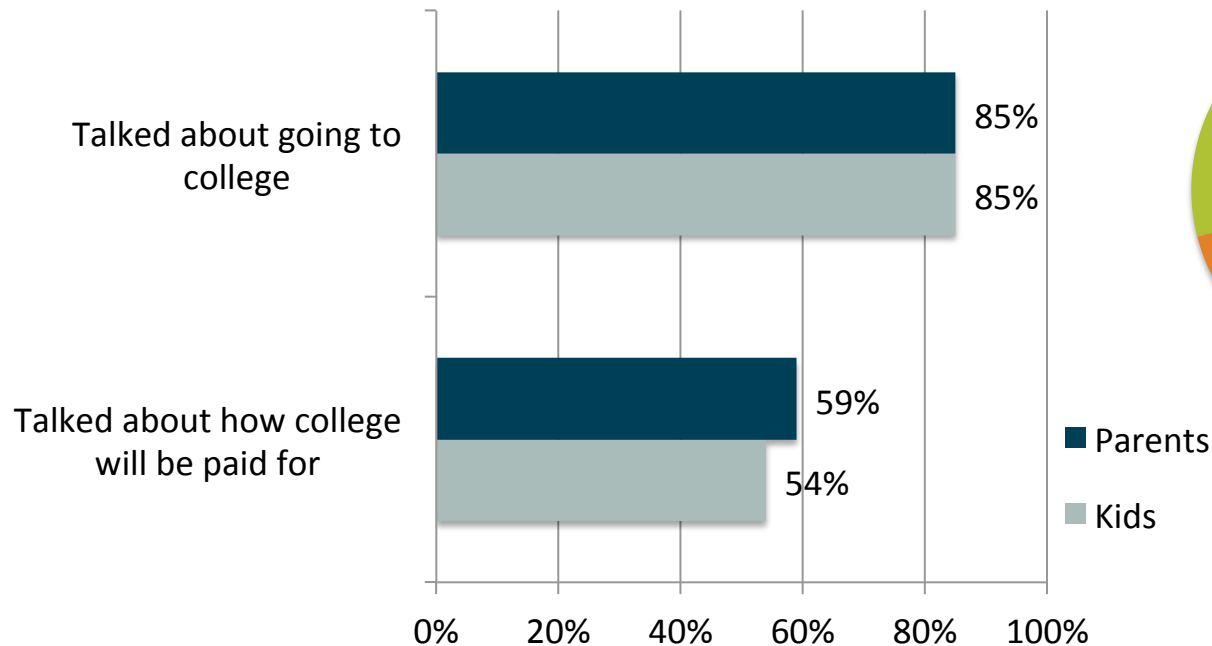


Although parents think its important for kids to help pay for holiday (58%) and back-to-school (36%) items, they are actually buying these items for their kids more often than not.

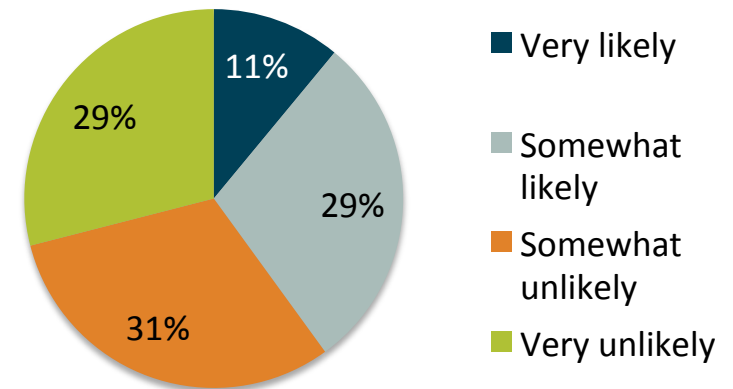
# Kids' Financial Future

# College Conversations and Financing

Have you/your parents ever talked about going to college? Have you/your parents ever talked to you about how college will be paid for?



Agreement with: I will be able to pay for all of my child's college expenses

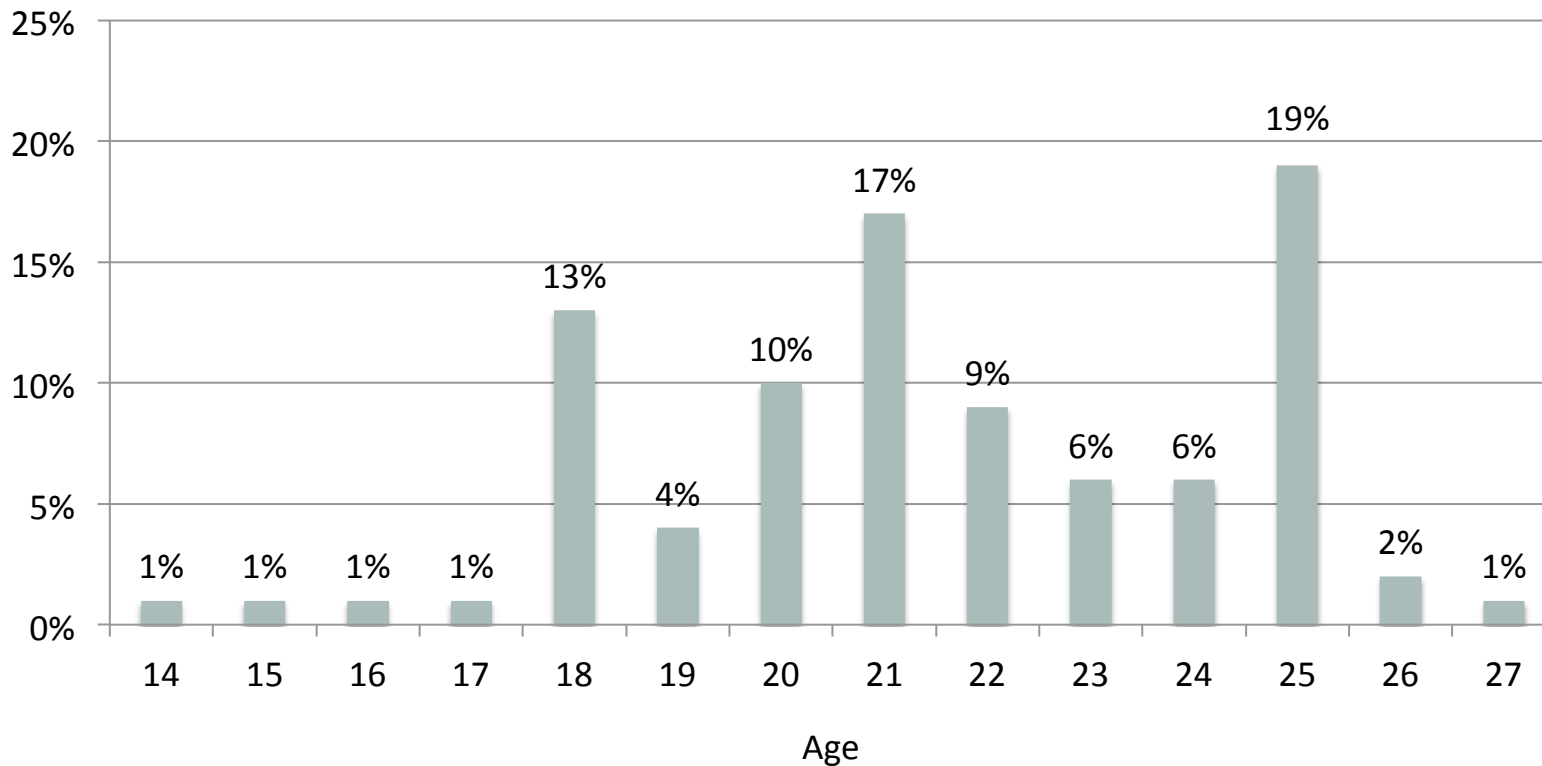


While most (85%) parents and kids are talking about going to college, not nearly as many are talking about how it will be paid for. Only two in five (41%) parents think they will be able to pay for all of their kids' college expenses.



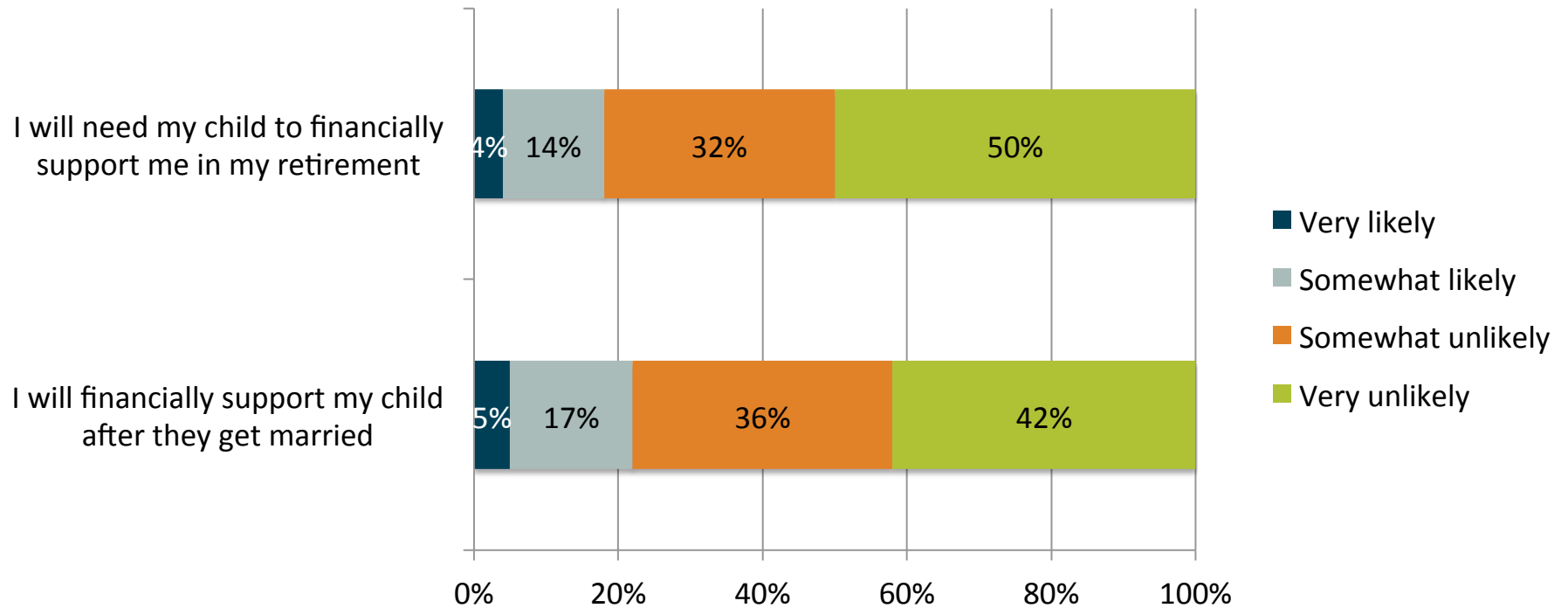
# Financial Independence

*At what age do you think you will be financially independent from your parents, meaning you will be able to pay for all of your living expenses on your own?*



The majority of kids (84%) think they will become financially independent from their parents by age 25.

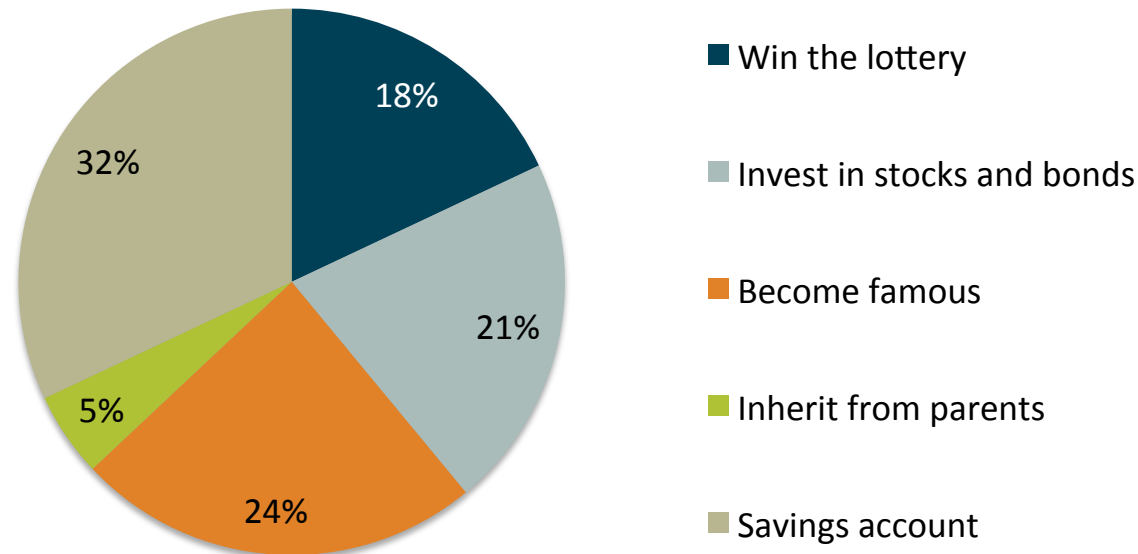
# Parents Think They Will Need Their Kids to Support Them in Retirement



The survey found that 18% of parents think it is likely they will need their kids to financially support them when they retire, and almost one in five (22%) think they will be financially supporting their kids after they get married.

# Most Likely Ways Kids Will Have a Million Dollars When They Grow up

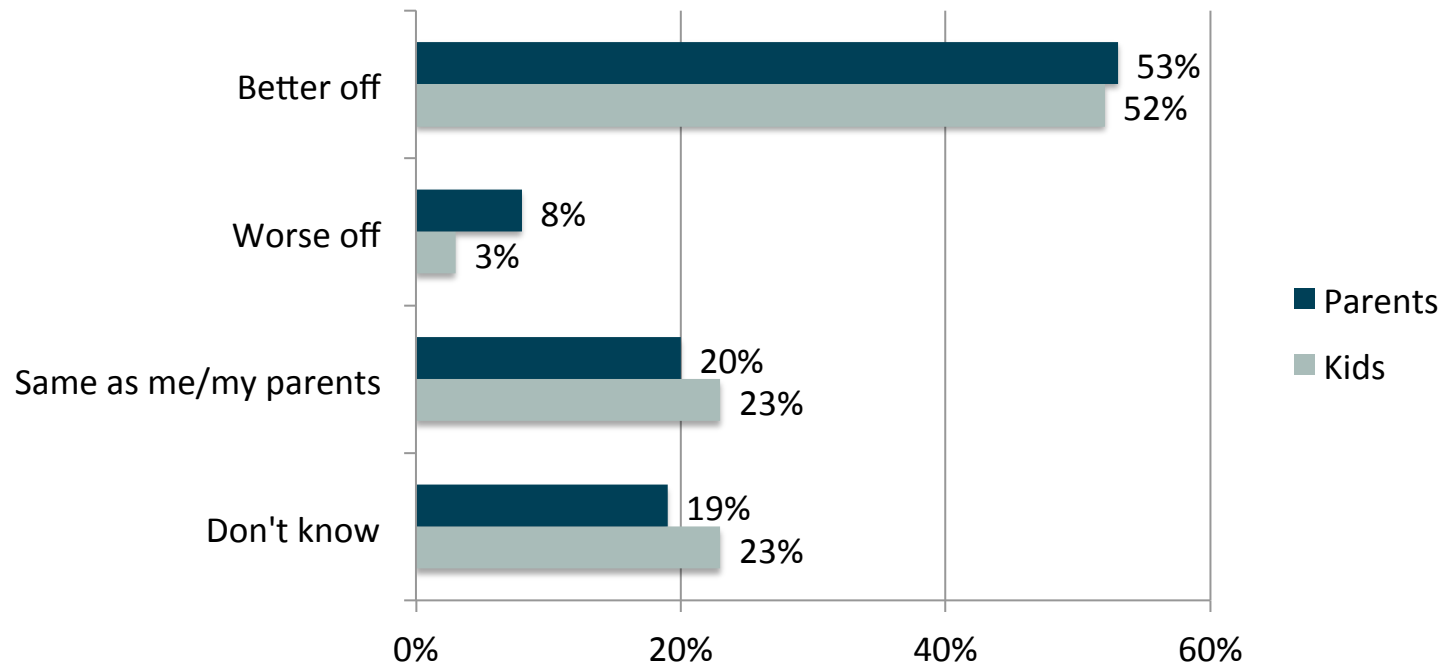
*Which of the following is the most likely way for you to have a million dollars when you grow up?*



Kids think saving in a savings account (32%) and becoming famous (24%) are the most likely ways to have a million dollars when they grow up compared to the other possibilities.

# Kids' Financial Future

*When your child reaches your age, do you expect them to be financially better off or worse off than you are now?/ When you are your parents' age, do you expect to be better or worse off financially than they are now?*



Over half of the kids (52%) and parents (53%) expect the kids to be better off than the parents are now when the kids grow up.

# Methodology & Demographics

# Survey Goal & Methodology

## Goal

- To understand the basic financial knowledge, attitudes and behaviors of both parents of children ages 8-14 and their children ages 8-14.

## Methodology

- T. Rowe Price commissioned an online survey of parents of children ages 8-14 and their children ages 8-14.
- The survey was fielded from February 20–25, 2013, with parent quotas of at least 500 men and 500 women.
- A total of 1,014 parents and 839 children ages 8-14 in the U.S. participated; the margin of error is +/- 5.0 percentage points.
- MarketTools, Inc. administered the survey.

T. Rowe Price and MarketTools, Inc. are not affiliated companies.

# Demographics - Parents

Age	
18-24	1%
25-29	3%
30-34	10%
35-39	17%
40-44	23%
45-49	21%
50-54	12%
55-59	6%
60-64	4%
65 or older	3%

Gender	
Male	50%
Female	50%

Marital Status	
Single, never married	7%
Married/domestic partnership/living with partner	79%
Separated/divorced	11%
Widowed	2%
Prefer not to answer	<1%

Ethnicity	
White/Caucasian	78%
Black/African American	12%
Asian	5%
Pacific Islander	0%
Native American	1%
Other	4%

Spanish/Hispanic/Latino	
Yes	12%
No	87%
Prefer not to answer	<1%

# Demographics - Parents

Employment	
Employed full time	54%
Employed part time	11%
Self-employed	6%
Not employed, looking for work	4%
Not employed, not looking	2%
Retired	6%
Student	1%
Homemaker	16%
Prefer not to answer	<1%

Annual Household Income	
Under \$25,000	14%
\$25,000-\$49,999	23%
\$50,000-\$74,999	22%
\$75,000-\$99,999	17%
\$100,000-\$149,999	12%
\$150,000 or more	8%
Prefer not to answer	4%

Region	
Northeast	24%
Midwest	27%
South	30%
West	19%

Education	
Less than 12 <sup>th</sup> grade, no diploma	2%
High school graduate or equivalent	16%
Some college, no degree	22%
Associate degree	13%
Bachelor's degree	33%
Graduate or professional degree	12%
Other	1%
Prefer not to answer	<1%



# Demographics - Kids

Age	
8-10	35%
11-12	30%
13-14	35%