

A Conflicted Optimism: Teens and Their Financial Future

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Despite Anxiety About Debt and Employment, Survey Shows Teenagers Look to Wisdom of Parents and the Promise of College

KANSAS CITY, MO -- (Marketwired) -- 03/28/14 -- H&R Block, Inc. (NYSE: HRB) -- As America's next generation looks ahead to adulthood, it is doing so with conflicted optimism, according to a recent national survey¹ conducted by H&R Block Dollars & Sense, a program designed to increase the financial fitness of American teens. The survey looked at the mind-set and behavior of young adults, ages 13-17, and found that eight of every 10 teenagers are worried about finding a good job and more than half are concerned about being worse off financially than their parents, who 75 percent say are their most important source of financial information. A whopping 78 percent are anxious about potential student loan debt, yet 97 percent still plan on attending college.

"Today's economic realities are bringing about real financial pressure and stress at a younger age," said H&R Block Chief Marketing Officer Kathy Collins. "Our survey shows 57 percent of teens use their own money on purchases, yet they often lack fundamental money management skills. The good news is, the research clearly illustrates a desire to learn, to grow and to become financially savvy -- and parents play a huge part in that."

Mom and Dad Know Best

In an era of being constantly "plugged in" and with advice coming from all directions and channels, 75 percent of teens still say their parents are their most important source of financial information. In fact, 62 percent of teens view their parents as good money management role models; only 4 percent say that they are bad examples. Additionally, almost half (47 percent) turn to their teachers for money knowledge.

"From navigating potential college scholarships to balancing a budget, finances can be complex and challenging at any age," said Collins. "We created Dollars & Sense in part as a guide and a resource, not just for teens, but for parents and educators charged with having these often difficult conversations and imparting lessons. Together, we can help give young people the understanding needed to manage their personal finances."

College: The High-Priced Ticket to a Well-Paying Job?

Despite the rising cost of college tuition and lack of jobs available within the marketplace, nearly all (97 percent) of survey respondents still plan on attending college, viewing it as a necessary step for future employment. In fact, 86 percent of teens believe it is more important than ever to choose a major that leads to a well-paying job. But, a vast majority of teens -- 78 percent -- worry about borrowing too much in student loans, fearing crippling debt after leaving college. Indeed, debt at graduation increased an average of 6 percent each year between 2008-2012, rising to an average of \$27,000 per borrower.²

Accordingly, tuition and other expenses -- now averaging \$22,866 for an in-state four-year public institution³ -- have become paramount in the college selection process, especially among older teens: 42 percent of 17-year-olds say cost is the primary determining factor. Former benchmarks such as an institution's ranking and prestige (21 percent), its geography (16 percent), or status as family alma mater (1 percent) have become increasingly marginalized.

The Promise of a Better Tomorrow?

Median household income, as reported by the U.S. Census Bureau, fell for the fifth straight year in 2012. The current level of \$51,017 is far below the \$55,500 when the recession began and is the lowest mark, adjusted for inflation, since 1995 -- before all but today's oldest teenagers were even born⁴.

Perhaps not surprisingly, 58 percent of teens now believe they will be less financially sound than their parents.

Taxes: The Great Unknown

Taxes remain a duty for adulthood, as teens are either disengaged or uninformed -- only three of every 100 have filled out an income tax form, while 26 percent feel the forms are too complex. Survey results also revealed teens' skeptical side, as 58 percent

believe that most members of Congress do not pay income tax. Additionally, half feel that wealthy people cheat on their taxes, while 38 percent believe taxes are too high.

H&R Block Dollars & Sense

Funded by H&R Block, Inc. (NYSE: HRB), the world's largest consumer tax services provider, H&R Block Dollars & Sense provides educators and students with personal finance curriculum and resources to increase financial literacy among teens. Since 2009, H&R Block Dollars & Sense has donated more than \$4 million in grants and scholarships. For more information, visit www.hrblockdollarsandsense.org.

About H&R Block

H&R Block, Inc. (NYSE: HRB) is the world's largest consumer tax services provider. More than 625 million tax returns have been prepared worldwide by and through H&R Block since 1955. In fiscal 2013, H&R Block had annual revenues of \$2.9 billion with 24.8 million tax returns prepared worldwide. Tax return preparation services are provided in over 11,000 [company-owned](#) and [franchise](#) retail tax offices worldwide by professional tax preparers, and through H&R Block digital products. H&R Block Bank provides affordable banking products and services. For more information, visit the [H&R Block Newsroom](#).

¹ *Survey results were obtained through online interviews among a representative sample of 1,003 teens ages 13-17. Interviews took place February 19-25, 2014. The survey was conducted by The Futures Company on behalf of H&R Block Dollars & Sense.*

² *"Student Debt and the Class of 2012," a report issued by The Project on Student Debt (an initiative of the Institute for College Access & Success)*

³ *COLLEGEdata, a member of the National Association for College Admission Counseling*

⁴ *U.S. Census Bureau, Current Population Survey, 1968 to 2013 Annual Social and Economic Supplements*

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