

Charles Schwab Teens & Money 2007 Survey Findings
Insights into Money Attitudes, Behaviors and Concerns of Teens

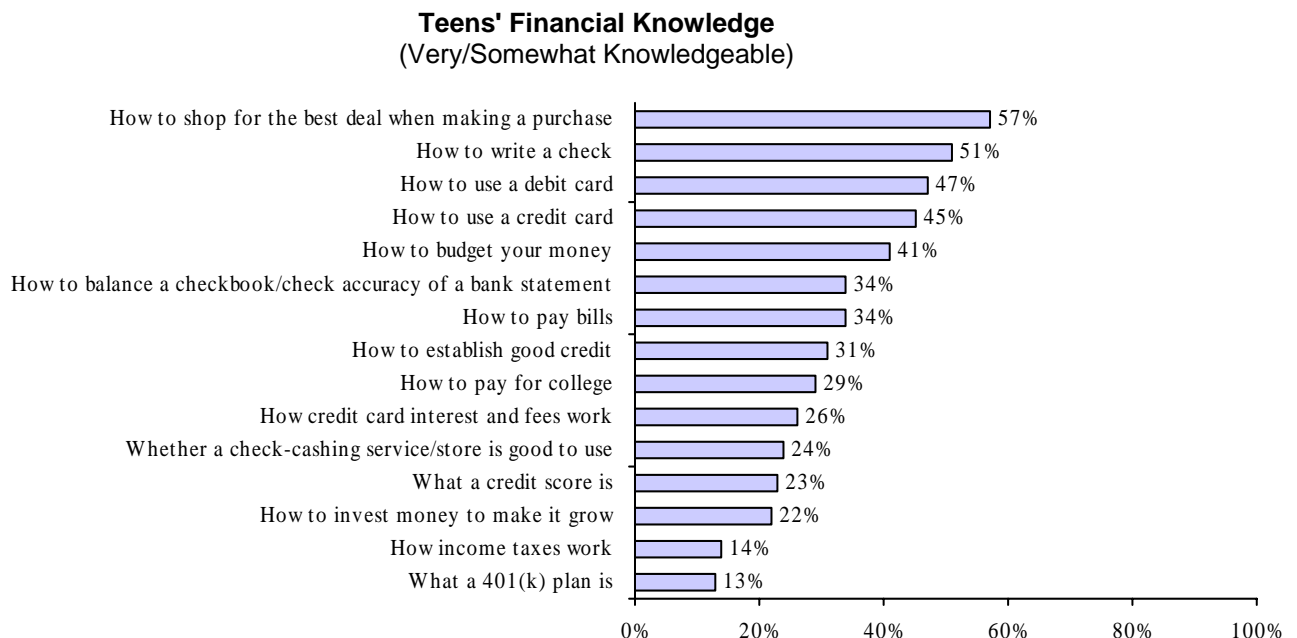
MONEY VALUES, BELIEFS AND EXPECTATIONS

- **The majority of American teens want to be financially independent:**
 - 93% agree it's important to know how to live within your means and to have good money habits to be successful in life.
 - 90% agree that "I like the feeling of earning and managing my own money."
 - 88% would like and expect (86%) their parents to stop supporting them before age 25.
 - 81% agree "It's important to me to have a lot of money in my life."
 - 76% define success as "to not have to rely on others for money."
 - 69% report that "the amount of money I can make will influence the career I choose."

- **Teens are very confident about their financial future:**
 - 89% agree "I know I will succeed in life."
 - Nearly three quarters (73%) believe they'll be earning "plenty of money" when they're out on their own.
 - More than half (53%) believe that financially they will do better than their parents/guardians (down from 61% last year).
 - Based on the career that interests them most, teens believe they'll be earning an average annual salary of \$145,500 (boys expect to be earning \$173,000 vs. girls \$114,200).

WHAT TEENS KNOW ABOUT MONEY

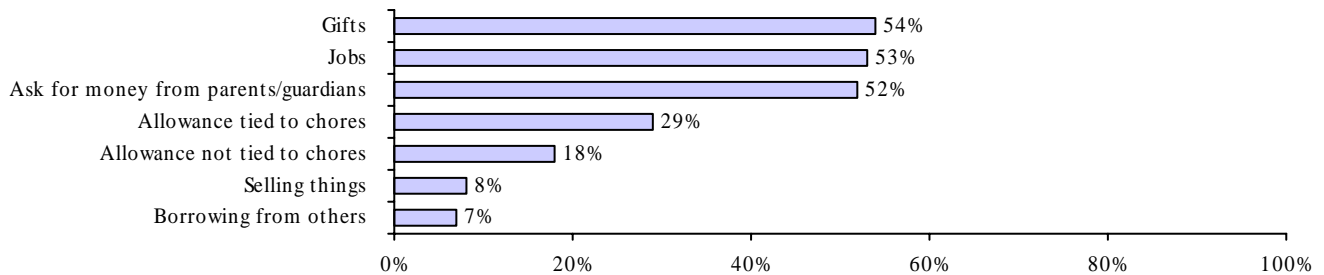
- **Most teens believe they are financially savvy:**
 - 63% of teens say they are knowledgeable about money management, including budgeting, saving and investing.
 - 62% percent believe they're prepared to deal with the adult financial world after high school.
 - Yet when probed about specific areas of knowledge, they reveal significant gaps. Self-reported knowledge in each area has decreased from 2006.



HOW TEENS GET MONEY

- The greatest single source of money for teens is gifts (54%, up from 47% in 2006).
- 53% report getting money from jobs (including odd jobs, babysitting, working in a store, lifeguarding, etc.).
- 52% say they simply “ask for money from my parents or guardians when I want or need something.”
- Fewer than half (41%) get money from an allowance whether tied to chores or not, down from 51% in 2006.
- Only 37% of teens report they currently have a job or work occasionally (girls, 45% vs. boys, 29%). Interestingly, this mirrors Department of Labor statistics from 2005 that showed the lowest labor force participation rate on record for teens aged 16-19 at approximately 44%.

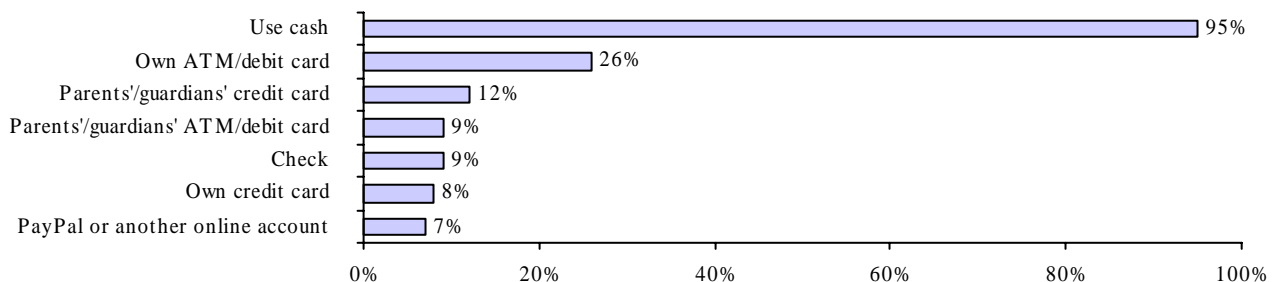
Sources of Money



TEEN SPENDING

- **Teens are active consumers:**
 - Teens report spending an average of about \$19 in a typical week.
 - Only seven percent of teens report not spending any money in a typical week.
 - Teens 16-18 spend significantly more money in a typical week than 13-15-year-olds (\$26 vs. \$13).
- **Teens are transacting online:**
 - Six in ten teens (59%) report that they buy things online. Teens 16-18 are significantly more likely than those 13-15 to buy things online (71% vs. 47%).
 - More than one in four (27%) report using PayPal or another account designed for online transactions.
 - Twenty-three percent report making bank transactions online. This practice is more common among teens 16-18 than those 13-15 (39% vs. eight percent).
 - Selling things online is less common, with only 16 percent of teens reporting this practice. Older teens are more likely than younger ones to report they have sold things online (20% vs. 12%).
 - Two-thirds (68%) of teens report that they are concerned about online identity theft and fraud.

How Teens Spend Money

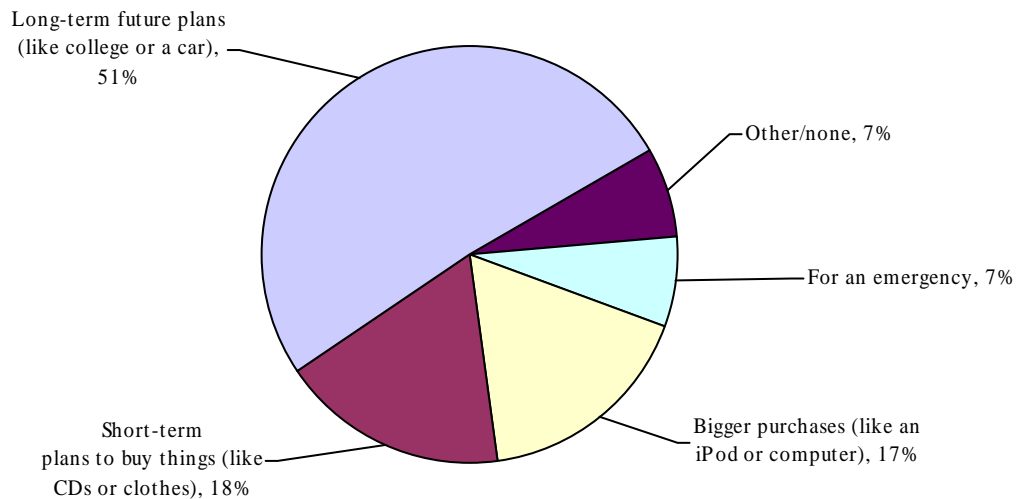


TEEN SAVING

➤ **Most teens have some money saved and recognize the importance of saving:**

- In addition to spending, teens are saving; 84% have some money saved.
- Teens have an average of \$1,044 saved, up from \$822 in 2006.
- The majority (58%) have more than \$100 in savings, up from 52% in 2006.
- On average, older teens have significantly more money saved than their younger counterparts (16-18, \$1,285 vs. 13-15, \$833).
- One in four (24%) agree that "I am young, so saving money isn't that important." Younger teens are more likely than older teens to agree with this statement (31% vs. 16%).
- Among those teens who have work experience, four in ten (44%) report that when they get paid, they are most likely to save some money and spend some.
- One-third (32%) of working teens report that upon getting paid, they are most likely to deposit the money in a checking or savings account.
- Half (51%) of teens report that their main reason for saving is to have enough money for long-term future plans, like college or a car.
- Other reasons for saving include saving for the short term, for things like CDs and clothes (18%), saving for bigger purchases like an iPod or computer (17%), and saving for an emergency (seven percent).
- Teens age 13-15 are more likely than those age 16-18 to report they are saving for the short term (24% vs. 11%); older teens are more likely to be saving for the long term (59% vs. 43%).

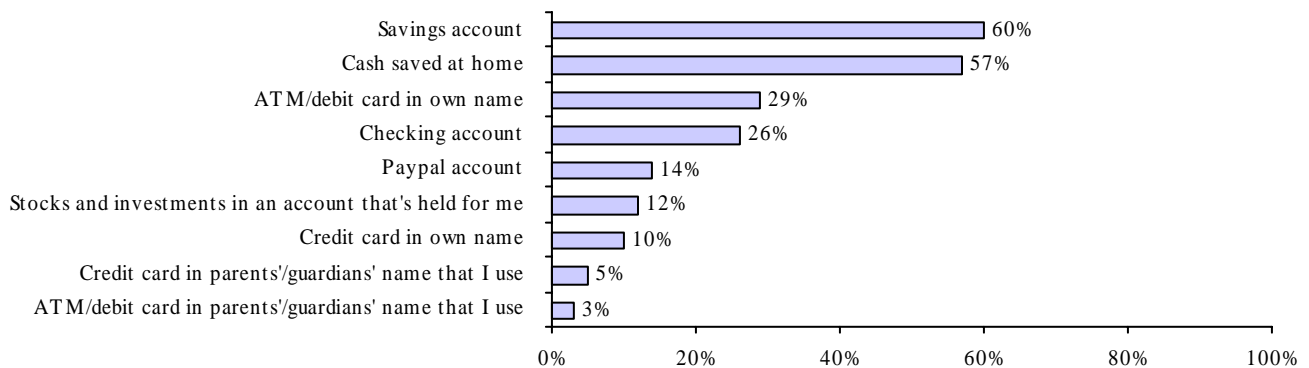
What Teens Are Saving For



➤ **What teens have:**

- Three-quarters (74%) of all teens have a cell phone (vs. 64% who reported owning one last year).
- 60% of teens have an iPod or mp3 player (up from 40% last year).
- More than half (55%) own a video game console/system (down slightly from 59% in 2006).
- About half (52%) have their own computer (up slightly from 49% in 2006).
- Almost half (43%) of the 16-18-year-olds report having a car.

Financial Tools/Products Teens Have



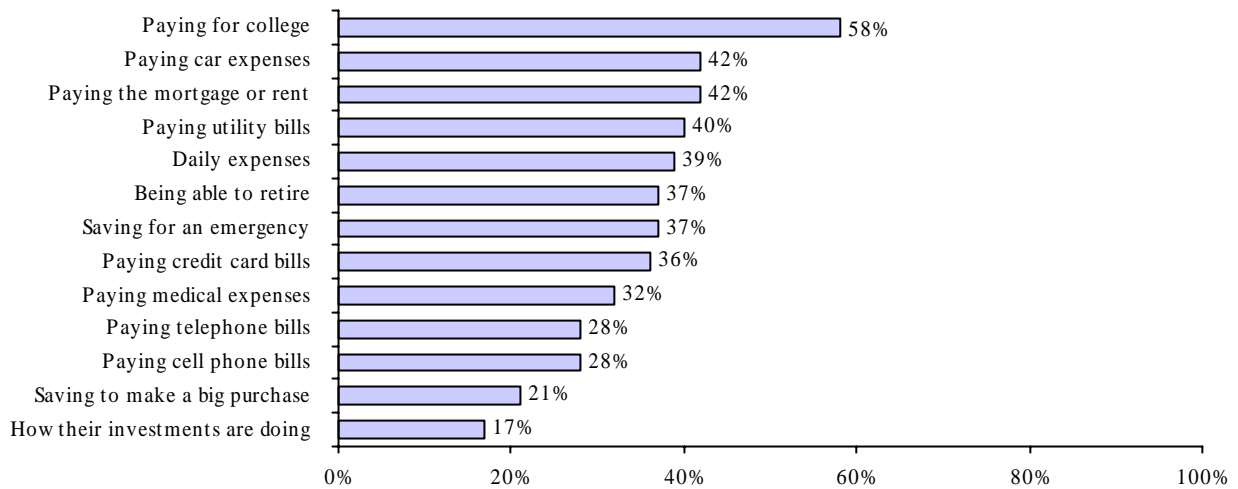
TEENS IN DEBT

- **Teen adult financial behaviors include taking on debt:**
 - Teens assert they don't like the way it feels to owe someone money, with 88% agreeing with this statement.
 - However, almost three in ten (29%) are in debt.
 - Older teens (16-18) are more likely than younger ones (13-15) to owe anyone money (37% percent vs. 22%).
 - Among those who do owe money, the average amount owed is close to \$300 (\$293), up from \$230 in 2006.
 - Almost half (41%) of those who owe money report that they are concerned about paying it back, down from 46% who expressed this concern in 2006.
 - Given the choice, almost one in three (29 percent) teens would prefer buying things with a credit card than cash. This represents a 61% increase over last year (18%).
 - Most teens (51%) agree that it is easier to buy things with a credit card than cash.
 - Teens are motivated by their parents' behavior, with one in four teens (25%) saying their parents/guardians are more likely to use a credit card than cash.

WHAT WORRIES TEENS

- **Immediate financial issues are of concern to teens:**
 - Despite their optimistic longer-term earnings expectations, 62% say they're concerned about being able to support themselves after high school.
 - 49% say they're concerned their parents/guardians will not be able to support them financially if they attend college.
 - One in four (25%) say they sometimes feel guilty for being a financial burden to their parents (among teens 16-18, 31% say this).
- **Teens worry about their parents'/guardians' financial health:**
 - More than half (56%) are concerned about their parents'/guardians' financial well-being.
 - 84% can name at least one financial issue they believe their parents or guardians are concerned about. (The top three are paying for college, 58%; paying mortgage or rent, 42%; and paying car expenses, 42%.)
 - More than a third (36%) believe that their parents/guardians are concerned about paying credit card bills.
 - Teens are less likely to think their parents/guardians are concerned with saving to make a big purchase (21%) or how their investments are doing (17%).

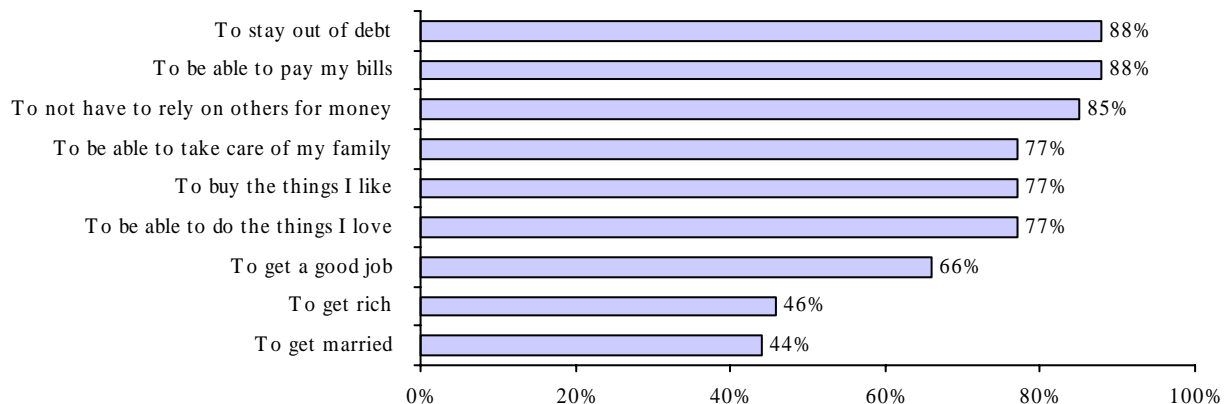
Teens' Perception of Parental Concerns



THE OPPORTUNITY FOR PARENTS

- **Teens sense the complexity of 21st century money management:**
 - 79% agree that money matters are different for them as a teen today compared to when their parents/guardians were teenagers.
- **Teens want to learn about money:**
 - 89% say they want to learn how to make their money grow.
 - Two-thirds (65%) believe learning about money is “interesting.”
 - 60% say that learning about money management is one of their top priorities.
 - Teens say they are motivated to learn about money matters such as budgeting, saving and investing “to pay their bills” (88%); “to stay out of debt” (88%); and “to not have to rely on others for money (85%).”

Why Teens Want to Learn About Money Matters



- **Teens want more money coaching from their parents:**
 - Two-thirds (64%) of teens report that they would rather learn the basics of money management through experience instead of in a classroom.
 - Only one in three teens (30%) believe that their parents/guardians are concerned with making sure they are learning the basics of smart money management.

- Only 14% of teens report that they are involved in the process of paying household bills or helping to manage the household finances.
- While nine in ten teens (87%) report that their parents/guardians talk to them about money; almost a quarter of teens (22%) believe it is disrespectful for *them* to ask their parents or guardians about their finances.
- Few teens have learned how to use a credit card responsibly (24%) or the importance of participating in a 401(k) plan (11%) from their parents.
- Only a third of teens (34%) understand why their parents/guardians make the financial decisions they do.
- Despite overwhelming interest (89%) in learning how to make their money grow, only one in five (20%) report that “my parents/guardians have taught me how to invest money wisely to make it grow.”
- Last year almost half (46%) of teens reported that their parents or guardians talked to them about money weekly or more. That’s down 18% this year to 39%.

GIRLS VS. BOYS

➤ **How teens get money varies by gender:**

- Girls are much more likely than boys to report getting money from a job (60% vs. 46%), whereas boys are almost twice as apt to get money from an allowance not tied to chores as are girls (23% percent vs. 13%).
- Girls also are more likely than boys to report that they currently have a job (45% vs. 29%).
- Boys are significantly more likely than girls to report they have sold things online (20% vs. 11%).

➤ **Spending, saving and borrowing varies by gender:**

- Teen girls spend more money in a typical week than boys (about \$21 vs. \$18, respectively).
- Girls are more likely to owe money than boys (32% vs. 27%, respectively).
- Boys are more likely than girls to report saving their money for bigger purchases (22% vs. 12%).

➤ **Self-reported knowledge varies by gender:**

- More teen girls (57%) than teen boys (44%) report they are knowledgeable about how to write a check.
- More teen boys (26%) than teen girls (19%) report they are knowledgeable about how to invest money to make it grow.

➤ **Teens expect that boys will have greater earning potential:**

- Boys are significantly more likely than girls to believe they’ll be earning plenty of money when they’re out on their own (boys 81% vs. girls 65%).
- The average salary boys expect to earn is significantly higher than what is expected by girls (\$173,000 vs. \$114,200).
- Two-thirds (66%) of teens agree that men/boys tend to earn more money than women/girls. However, only about one-third (32%) of teens agree that men/boys tend to have an easier time learning about money management than women/girls.

➤ **Gender differences extend to teens’ parents:**

- More teens (42%) named their mothers as the most financially responsible person in their family, followed at a distance by fathers (31%).

About the *Teens & Money Survey*

The *Teens & Money* survey was conducted by StrategyOne, an applied research consulting firm, on behalf of Schwab and Boys & Girls Clubs of America. The nationally-representative online survey polled 1,000 American teens between the ages of 13-18 to better understand their views, behavior and knowledge of spending, saving, borrowing, and earning money. The survey, which has a margin of error of plus or minus 3.1 at the 95 percent confidence level, was conducted using the field services of Harris Interactive.