



## Kids Want More Guidance on Money Matters, Yet Parents Lacking as Financial Role Models, T. Rowe Price Survey Finds

### Survey Finds Parents Not Always Honest with Their Kids About Money; Suggests Parents Can Do More to Teach Money Lessons and Help Kids Develop Sound Financial Habits Findings Show Parents Have an Easier Time Talking about Bullying, Drugs, and Smoking than Family Finances and Investing

BALTIMORE, March 22, 2012 /PRNewswire/ -- The 2012 *Parents, Kids & Money Survey* from T. Rowe Price (NASDAQ-GS: TROW), which surveyed parents, and for the first time, their kids, reveals that kids ages 8 to 14 want to know more about money matters, particularly about saving and how to make money. Yet, while talking about money is generally encouraged, and 76% of parents are having money conversations with their kids at least somewhat often, survey findings indicate that parents are not doing enough to teach their kids basic financial lessons. The survey results, which are being released in recognition of Financial Literacy Month in April, also revealed that although kids give their parents a B+, parents were found to be lacking as financial role models.

"Kids are eager to learn, and if we want to put them on the right financial path, parents need to be open and honest about money, demonstrate better financial behaviors and spend the time teaching basic financial lessons the way they do other skills," says [Stuart Ritter](#), CFP®, a T. Rowe Price senior financial planner and father of three. "While kids think their parents are good financial role models and do a good job teaching them about money, parental behavior suggests there's a lot of room for improvement. Parents don't need to be experts, but doing more to instill sound financial habits is crucial, especially given the uncertain financial future parents believe awaits their kids and if they don't want their kids to have the same financial regrets they do."

According to the survey, 77% of parents say they are not always honest with their kids about money-related items, with 15% not telling the truth at least weekly. Most commonly, 43% of parents report not being honest about how worried they really are about money, 32% tell their children they can't afford something when they really can, and 27% withhold information about the family's true financial situation.

When it comes to financial discussions, the survey revealed that parents are more comfortable talking about bullying, drugs, and smoking than family finances or investing, and find talking about investing just as difficult as talking about puberty/coming of age. In addition, while most parents (82%) say they are at least fairly well prepared to discuss basic financial concepts such as setting goals, the importance of saving, spending smartly, inflation and diversification, they are not following through and teaching these lessons to their kids. Only half (51%) are teaching how to set a savings goal, only 46% are teaching about spending/savings trade-offs, and very few are teaching about inflation (19%), investing (16%), diversification (11%), and asset allocation (8%).

Parents also do not always set the best example when it comes to their own finances, with only half regularly setting aside money to save/invest, only 43% setting savings goals, and only 24% ensuring investments are diversified.

T. Rowe Price offers parents five tips for helping kids learn money basics and develop better financial habits:

1. **Take advantage of everyday teachable money moments** — Trips to the grocery store, attending a sporting event, getting money from the ATM, and planning family vacations are just a few examples of opportunities for parents to reinforce financial lessons.
2. **Set a good example** — In order to help their kids learn, parents should not only teach the core financial concepts but also demonstrate good financial habits through their own behaviors.
3. **Help your kids set specific savings goals** — With kids wanting to know how to save more, parents can help them set short- and long-term savings goals that provide an incentive to save, while also helping them make smarter spending decisions that leave more money available for saving.
4. **Don't be afraid to talk openly about finances** — Although parents don't have to reveal everything, openly discussing family finances will make it more likely that kids will learn and share financial lessons — and help them understand that the topic of money is not taboo.
5. **Learn with your child** — Fun activities where parents learn alongside their kids can be a welcomed shared experience, especially for topics such as inflation, diversification, and asset allocation that parents say they do not understand as

well.

Facilitating family financial conversations and helping convey basic money lessons is one reason T. Rowe Price collaborated with Walt Disney Imagineering and Walt Disney Parks and Resorts Online to create [The Great Piggy Bank Adventure®](#), which offers lessons on goal setting, spending vs. saving, inflation, and diversification. [The Great Piggy Bank Adventure®](#) comes to life through a free online board game at [thegreatpiggybankadventure.com](http://thegreatpiggybankadventure.com) and through an interactive exhibit at [INNOVENTIONS at Epcot®](#) at the [Walt Disney World®](#) Resort in Florida.

T. Rowe Price also offers several resources for parents who want to further their financial education. [The T. Rowe Price Family Center](#) at [familyfinancialhub.com](http://familyfinancialhub.com) helps parents explore fun ways to talk to kids about money and features real-life stories from parents about how they are taking the financial lessons they learned and are passing them on to their children at an early age. Parents can also download a free "Journey to Your Dream Goal" kids and money activity book they can use to teach financial concepts to their kids. In addition, a companion Family Center tab on the [T. Rowe Price Facebook page](#) ([facebook.com/troweprice](http://facebook.com/troweprice)) launches the first week of April and will feature quizzes, teachable moment tips, and videos, and will enable parents to post their own money memories.

Additional survey findings include:

**Parents Believe Life on Other Planets More Likely Than Kids Having a Secure Financial Future:** More parents feel that it is likely that life exists on other planets (59%) than Social Security will be available in its current form when their kids retire (26%) or that their children will become millionaires (39%).

**Family Finances a Taboo Subject:** Nearly one-third (32%) of parents say they avoid talking with their kids about the family's current financial situation.

**Kids Say They Go to Moms First with Money Questions:** More than half (54%) of kids report they go to their moms first when they have a question about money, compared to 40% who go to their dads first.

**Parents Don't Always Agree on Money Matters — and Kids Know It:** Nearly half (46%) of parents say they don't always agree on money matters, and 42% of kids are aware of these disagreements.

**Understanding of Investing Basics Lags — For Kids and Parents:** When asked what gives money the best opportunity to grow over a long period of time, fewer than half of kids (48%) and parents (49%) chose stocks over bonds and a safe deposit box, with nearly a quarter (22%) of kids choosing the safe deposit box. Likewise, when asked the best way to diversify a wardrobe, only 59% of kids and 70% of parents correctly answered, "to buy clothing in several styles and colors." A quarter of the kids and 23% of parents chose "donate the clothes you don't wear," while 16% of kids and 7% of parents answered "rearrange the clothes by size."

**Kids Grade Their Parents Higher as Role Models:** Kids on average graded their parents a B+ as role models regarding saving and spending habits, with 44% giving them an A. Also, almost all kids (92%) think that their parents do a good job teaching them about money. Parents, however, graded themselves a B- on average, with only 17% giving an A and nearly one-third (31%) grading themselves a C or lower.

**Parents Themselves Didn't Get a Strong Financial Foundation Growing Up:** Many parents (39%) report that their own parents did not do a good job teaching them about money.

**Parents' Financial Regrets Correspond to Core Financial Lessons:** Knowing what they know now, parents say their biggest financial regrets are not saving enough (43%), spending too much/being in debt (32%), started saving too late (29%), wrong job/career choice (22%), and not setting financial goals (17%).

**Kids Welcome Online Games as Teaching Tools:** Most kids (85%) think an online financial game would help them learn the basics about saving and spending.

The fourth annual T. Rowe Price *Parents, Kids & Money Survey*, conducted by MarketTools, Inc., aimed to understand the basic financial knowledge, attitudes and behaviors of both parents of children ages 8 to 14 and their children ages 8 to 14. The survey was fielded from February 17 through 24, 2012 with a sample size of 1,008 parents and 837 kids ages 8 to 14. The margin of error is +/- 5.0 percentage points. Full results can be found under the Resources section at [familyeducationmediakit.troweprice.com](http://familyeducationmediakit.troweprice.com).

**MEDIA NOTE: Stuart Ritter and other T. Rowe Price financial planners are available to discuss the survey and provide parents with additional tips on how to approach the topic of financial education. T. Rowe Price has developed a clever info-graphic illustrating the statistics of parents and their honesty when it comes to money matters. The info-graphic can be found at [familyeducationmediakit.troweprice.com](http://familyeducationmediakit.troweprice.com).**

Founded in 1937, Baltimore-based T. Rowe Price is a global investment management organization with \$489.5 billion in assets under management as of December 31, 2011. The organization provides a broad array of mutual funds, subadvisory services, and separate account management for individual and institutional investors, retirement plans, and financial intermediaries. The company also offers a variety of sophisticated investment planning and guidance tools. T. Rowe Price's disciplined, risk-aware investment approach focuses on diversification, style consistency, and fundamental research. More information is available at [troweprice.com](http://troweprice.com).

T. Rowe Price and Disney Enterprises, Inc. are not affiliated companies.

SOURCE T. Rowe Price

News Provided by Acquire Media