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T. Rowe Price: Most Parents Say They Overspend On Kids' Holiday Gifts

Parents, Kids & Money Survey Finds That 7% of Parents Have Used Their Retirement Savings to Pay for the Holidays and 9% Have Used Their Emergency Fund

BALTIMORE, Nov. 12, 2015 /PRNewswire/ -- T. Rowe Price's 2015 [Parents, Kids & Money Survey](#), which sampled 1,000 parents nationally of 8 to 14 year olds in January 2015, revealed that 62% of parents agree with the statement, "I spent more for my kids over the holidays than I should have." While most parents use their current income (56%) and credit cards (47%) to cover holiday spending, a surprising percentage have also tapped their retirement savings (7%) and their emergency fund (9%).

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Stuart Ritter, CFP[®], a senior financial planner at T. Rowe Price, says, "It's always tempting to splurge around the holidays, but parents aren't doing themselves or their kids any favors by overspending. We're all inclined to be more generous this time of year, and it's important to be mindful of the financial trade-offs we're making and stick to a budget that aligns with our priorities.

"Our long-term goals, such as retirement savings and having an emergency fund, should always take priority over anything that is presented with a bow and purchased during a Black Friday sale. Kids will always have long wish lists, and it's good for them to know that there isn't enough money in the family budget to cover everything. Challenging them to prioritize their wants and make trade-offs is essential to helping them develop critical financial capabilities."

T. Rowe Price encourages parents to invest in their kids' futures by talking to them about money matters weekly. To help, the firm created MoneyConfidentKids.com, which provides free online games for kids, lessons for educators, and tips for parents, focused on financial concepts such as goal setting, spending versus saving, inflation, asset allocation, and investment diversification.

SURVEY FINDINGS

- **Some parents save for the holidays:** Over a third of parents (36%) save for the holidays throughout the year.
- **And most overspend on the holidays:** 62% of parents agree with the statement, "I spent more for my kids over the holidays than I should have."
- **Parents who overspend on holiday purchases are more likely to argue:** 50% of the parents who overspent on the holidays argue about money with their spouse, while only 27% of parents who did not overspend argue about money with their spouse.
- **A minority of parents have used retirement savings and emergency fund:** 7% of parents have tapped their retirement savings to pay for holiday purchases, and 9% have used their emergency funds.
- **Holiday spending prioritization:** Some parents are prioritizing holiday savings over saving for long-term goals.
 - Nearly a third (30%) of parents who do not regularly save for retirement do save regularly for holiday spending.
 - Over a quarter (28%) of parents who do not regularly save for their kid's college education do save regularly for holiday spending.
 - 62% of parents who feel they set a good financial example for their kids don't save for holiday spending throughout the year.
- **Moms have better holiday saving habits than dads:** Moms are more likely to save for holiday spending throughout the year, while dads are more likely to use inappropriate funds when it comes to paying for holiday spending.
 - 40% of moms said that they save for the holiday season throughout the year compared with 32% of dads.
 - 11% of dads said that they used an emergency fund during the holidays compared with 6% of moms.
 - 11% of dads have used retirement savings to pay for the holidays compared with only 3% of moms.

ABOUT THE SURVEY

The seventh 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 kids ages 8-14 and their kids ages 8-14. The survey was fielded from January 20, 2015, through January 27, 2015, with a sample size of 1,000 parents and 881 kids ages 8-14. The margin of error is +/- 3.1 percentage points. All statistical testing done among subgroups (e.g., boys versus girls) is conducted at the 95% confidence level. Reporting includes only findings that are statistically significant at this level.

ABOUT T. ROWE PRICE

Founded in 1937, Baltimore-based T. Rowe Price (NASDAQ-GS: TROW) is a global investment management organization with \$725.5 billion in assets under management as of September 30, 2015. 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. For more information, visit roweprice.com or our [Twitter](#), [YouTube](#), [LinkedIn](#), and [Facebook](#) sites.

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