

News Release

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CHARLES SCHWAB'S 2011 TEENS & MONEY SURVEY SHEDS LIGHT ON NEW 'RECESSION GENERATION'

Teens report substantial shifts in their attitudes and behaviors regarding money

SAN FRANCISCO, CA, May 24, 2011 — According to the 2011 Teens & Money [Survey](#) released today by Charles Schwab & Co., Inc., nine out of 10 teens say they were “affected by the recession,” causing major shifts in perspective that include a greater appreciation for what they have and an increased awareness of financial hardship. The survey polled over 1,000 teens between the ages of 16-18 during February-March 2011. Several questions were benchmarked against responses from Schwab's 2007 Teens & Money Survey.

Nearly two-thirds of teens (64 percent) are more grateful for what they have, and the majority (58 percent) reported they are less likely to ask for things they want as a result of the recession. In addition, a majority (56 percent) now have a greater appreciation for their parents' hard work, and more than a third (39 percent) appreciate their families more. This could be due in part to parents being increasingly open with their teens about money issues. Three-quarters of teens surveyed responded that their parents or guardians have talked to them about their financial situation during the past year. While teens aren't overly optimistic about an economic recovery—with most (80 percent) believing the recession isn't over yet and almost half (45 percent) responding that the recession will continue beyond this year—the majority feel they eventually will do better financially than their parents (59 percent).

“It seems clear that the great recession has changed the mindset of teens. It has given these ‘Recession Generation’ youth a deeper appreciation for what they have and how hard their parents work,” said Carrie Schwab-Pomerantz, senior vice president of [Schwab Community Services](#). “This may be the silver lining to the economic downturn since it gives parents and educators an enhanced opportunity to communicate critical lessons about financial decision-making.”

Super Savers vs. Big Spenders and Top Lessons Resonating with Teens Today

While the recession's long-term effects on teens are yet to be seen, the importance of saving is one of the significant lessons that teens say they learned over the past few years. Seventy-seven percent of American teens today consider themselves “Super Savers,” as opposed to 23 percent who characterize themselves as “Big Spenders.” On average, teens have nearly \$1,000 saved, and over three-quarters (76 percent) say their main reason for saving is to pay for college. Fewer than five percent agree that “you might as well spend as much as you can today, because you never know what tomorrow will bring.”

The top lessons teens said they've learned from the recession include:

- It is important to have enough emergency savings in case times get tough (73 percent)
- It is easy to get carried away and spend too much when times are good (59 percent)
- It is important to understand the consequences of borrowing money (51 percent)

Teens do tend to think about different sums of money in different ways. With an unexpected windfall of \$500, for instance, the Super Savers would save and the Big Spenders would spend. (Eighty-two percent of the Big Spenders would spend the money on music and clothes and 69 percent on going out with friends.) However, with a larger windfall of \$5,000, both groups would save, with 84 percent of them saving the money for college.

(more)

What's Changed in Recent Years

Today's teens see their generation as beset by consumerism, with the majority believing there is greater pressure to have more things, like computers, cell phones and clothes, and that people are more obsessed with money than in previous generations.

While over three-quarters of teens today (77 percent) believe they are knowledgeable about money management, they reveal some significant gaps in understanding when probed on the practical details of personal finance. Fewer teens today than in 2007 actually know how to write a check (60 percent today vs. 67 percent in 2007), balance a checkbook or check the accuracy of a bank statement (35 percent vs. 51 percent) or understand whether a check cashing service/store is good to use (25 percent vs. 31 percent).

The decline in self-reported knowledge is especially pronounced among 18-year-olds. While nearly three-quarters (74 percent) of 18-yr-olds say their parents/guardians have taught them how to use a credit card responsibly, only 39 percent report they're "knowledgeable about how to manage a credit card" and only 32 percent say they know "how credit card interest and fees work."

Money topics where 18-year-olds are less knowledgeable today compared to 2007:

- How credit card interest and fees work (declined from 43 percent to 32 percent)
- How to manage a credit card (declined from 64 percent to 39 percent)
- How to balance a checkbook or check the accuracy of a bank statement (declined from 60 percent to 43 percent)

"It could be that the effects of the recession have given these young people a reality check – making them realize they aren't as knowledgeable about financial tools and products as they may have once thought. But the good news is that three out of four teens say that learning about money management is one of their top priorities, which is an improvement since 2007," said Schwab-Pomerantz.

Teens would like to learn more about topics such as how income taxes work, strategies for saving money, how to budget money and how to manage a credit card. The majority of teens (86 percent) also indicate they'd rather learn about money management in a class before making mistakes in the real world.

Parents as Role Models and Money Conversations in the Family

Parents continue to be the primary source of personal finance education for teens. A significant majority of teens (82 percent) say their parents have taught them the basics of money management, and 77 percent say their parents are great role models when it comes to money management.

Among the general topics parents talk to their teens about a lot, the cost of college tops the list (65 percent), followed by "cleaning my room (59 percent)." Smart money management is farther down the list, falling squarely between conversations about drugs and alcohol and dating/sex. The top three subjects teens would like their parents to talk to them more about are how to invest money, how to establish good credit and their career aspirations.

When it comes to the nuts and bolts of money management, parents talk to their teens most about saving, how to be a smart shopper, how to pay for college and the importance of budgeting. Interestingly, despite conversations about how to be a smart shopper, teens are not entirely clear on the cost of basic items. More teens know exactly what an iPod® costs than exactly what a gallon of milk or their cell phone bill costs. Moreover, almost half of teens said they have "no idea" how much car insurance costs, even though saving for a car is a top priority for nearly two-thirds of them if they were to receive a windfall of \$5,000. As further proof that parental discussions aren't necessarily translating into practical knowledge about financial tools, nearly one-third of teens said their parents have taught them about the importance of participating in a 401(k) or retirement plan once they get their first job, but only 17 percent report they know what a 401(k) plan is.

"As parents, I think we can do a better job of not only communicating conceptual information, but also teaching practical money skills. Sharing how much we ourselves spend on necessities such as groceries, gas and insurance, as well as on extras such as clothing and entertainment, can open kids' eyes to the real cost of living.

Spending decisions also provide a great opportunity to talk to kids about credit – how it works and the importance of maintaining a good credit rating – as well as how to use important financial tools. These are all topics teens want to learn more about,” said Schwab-Pomerantz.

About the Survey

The Charles Schwab 2011 Teens & Money survey was conducted by Koski Research, an independent research firm, on behalf of Charles Schwab. The nationally-representative online survey polled 1,132 American teens between the ages of 16-18 from February 21 through March 14, 2011, 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 2.97% at the 95 percent confidence level, was conducted using the Harris Interactive panel. Details of the survey are available at www.aboutschwab.com/press/research.

About Charles Schwab

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