

Teens and Personal Finance Survey

2017 Executive Summary

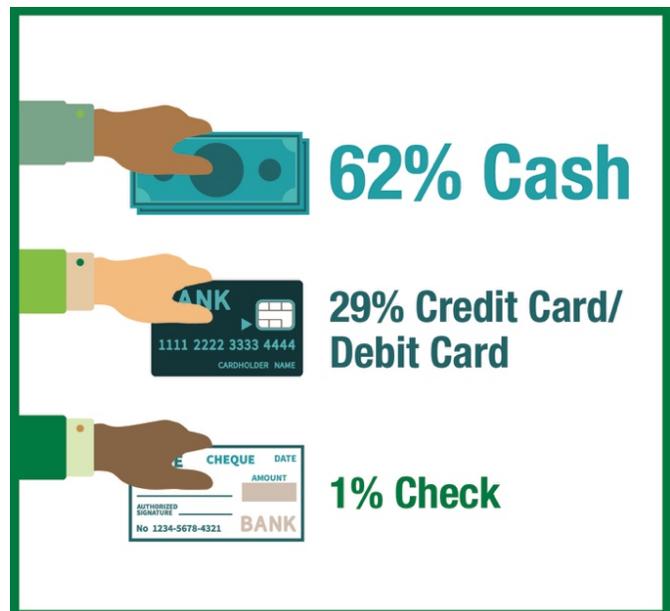


Introduction

Junior Achievement USA is pleased to provide this summary of the 2017 Teens & Personal Finance Survey. The survey of 1,000 teens between the ages of 13 and 17 was conducted by Opinion Research International between March 14 and 21, 2017. The focus of the poll included teens' perceptions related to income tax rates, their understanding of 401Ks, and future income expectations.

Cash is Still King with Teens

More than 3 in 5 teens (62%) purchase items in a store using cash, while fewer than 1 in 3 (29%) said they use a credit/debit card. Far fewer (4%) use an electronic form of payment such as Apple Pay, Google Wallet, or PayPal; or use a check (1%). Five percent weren't sure. Despite today's access to technology, cash is still a preferred method of payment for teens. Teens do not have much experience with interest and fee bearing methods of payment which underscores the importance of learning about responsible money management before they become adults, such as through financial literacy programs offered at schools.

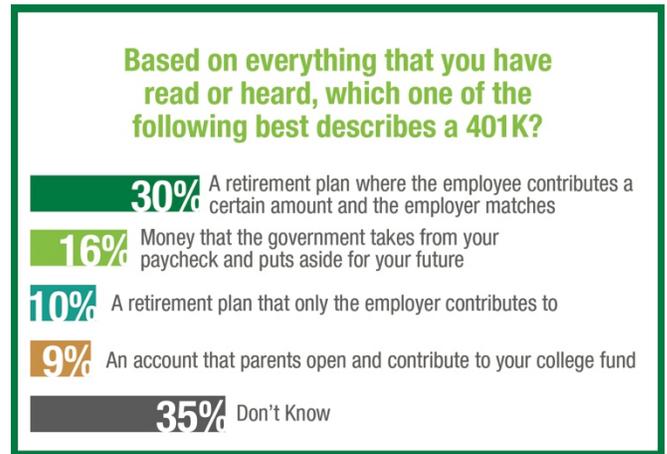


Most Teens Work for Their Allowances

Half of teens (50%) receive an allowance. Almost three-fourths of those who get an allowance (73%) earned it by doing chores around the house. The other quarter of teens (23%) get an allowance regardless of whether they do chores or not.

Teens Unclear about 401Ks

While 30 percent of teens accurately answered that a 401K is a retirement plan where the employee contributes a certain amount and the employer matches, almost 3 in 4 teens (70%) don't know what a 401K is. One of the biggest challenges facing people as they approach retirement is that they did not begin saving early enough. Young adults may delay contributing to their retirements because they are intimidated by their lack of understanding of how 401Ks and IRAs work.

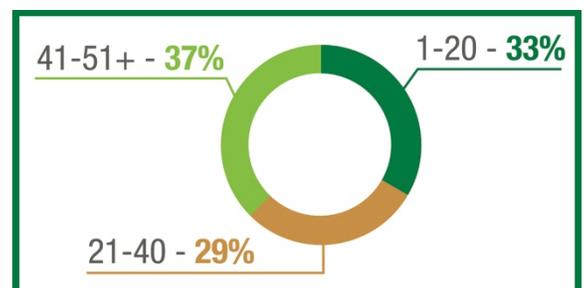


Nearly Half of Teens Don't Think they will make \$35K in First Job

JA asked teens about their income expectations for their first job. Based on the results, 47 percent of teens think that they will make less than \$35,000, while 28 percent believe they will make more than \$35,000. A full 22 percent weren't sure where their income would fall.

Teens Believe Average Income Tax Rate Exceeds 40 Percent

Another important piece of teens' financial futures is their understanding of income tax. The survey revealed that 37 percent of teens have the misperception that the average American pays an income tax rate exceeding 40 percent (in actuality the average rate is 31.5 percent for Federal, State and FICA, according to the *Tax Foundation*.) Only 1 in 3 (29%) teens answered in the proper range (21-40 percent). Thirty-three percent came in low between 1-20 percent.



Methodology

This report presents the findings of an Opinion Research Corporation's Youth CARAVAN survey conducted among a sample of 1,000 13-17 year olds. Respondents for this survey are selected from among those who have volunteered to participate in online surveys and polls. Because the sample is based on those who initially self-selected for participation, no estimates of sampling error are calculated.