



NEWS RELEASE

T. ROWE PRICE RECOMMENDS FAMILIES TALK TO THEIR KIDS ABOUT FINANCES AMID GLOBAL ECONOMIC UNCERTAINTY

T. Rowe Price's annual Parents, Kids & Money Surveys show year after year that talking about money with kids more frequently can better position them for financial responsibility as adults

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NEWS

As many families navigate financial hardship and stress brought on by the pandemic, T. Rowe Price advises parents to discuss potential money challenges with kids during this difficult time. The firm's research shows that kids are astute observers of family financial dynamics, often detecting when there is financial stress. In the absence of guidance from their parents, kids are left to form their own conclusions about the drivers of financial stress and what it means for their family.

The firm's 2020 Parents, Kids & Money Survey looked at the impact of financial stress on families prior to the pandemic. Among parents who had declared bankruptcy, kids who are aware of their parents' bankruptcy are more likely to rate their own financial habits as excellent or very good compared with those who are unaware (84% versus 34%). The survey sampled 2,030 parents of 8- to 14-year-olds and their kids.

Parents facing unforeseen events such as furloughs, pay reductions, business closures, and falling asset values should consider discussing with their kids the impact on the family's finances. This will help kids better understand changes to spending habits and future plans, including education.

T. Rowe Price's **2018 Parents, Kids & Money Survey** found that money conversations with parents are associated with better financial habits in adulthood. Young adults who discussed money with their parents are:

- More likely to have a budget (88% versus 73%)
- More likely to have an emergency fund (60% versus 43%)
- More likely to put 10% or more of their income toward savings (66% versus 48%)
- More likely to have a retirement account (56% versus 36%)

To help parents discuss money with their children, T. Rowe Price created the **Money Confident Kids**[®] program, which teaches families to have conversations around planning for the long term by focusing on financial concepts such as goal-setting, inflation, asset allocation, and investment diversification.



The economic fallout of the coronavirus makes money conversations more important than ever

Regardless of whether parents are under financial stress, the novel coronavirus offers an opportunity for parents to broach financial subjects with kids such as the importance of emergency funds, manageable levels of debt, the concept of financial flexibility, and how to keep fixed expenses down. The current situation helps kids put “what if” events into context and can make abstract money concepts understandable.

Kids are watching parents and how they manage money

More than 90% of kids perceive their parents’ financial habits as good, very good, or excellent, and 62% said the conversations they have with their parents about finances makes a difference, according to T. Rowe Price’s 2020 Parents, Kids & Money Survey. Whether kids’ perceptions about how well the family is doing financially are accurate, kids appreciate financial honesty.

Parents don’t have to be money experts to teach financial education

While parents’ confidence about talking to their kids about money management is low—only about 26% of parents felt they were extremely knowledgeable about managing expenses—data from T. Rowe Price’s 2020 Parents Kids & Money Survey show that parents don’t have to be money experts in order to teach their kids financial education. About 41% of parents are reluctant to discuss financial matters with their kids, but kids still see parents as their primary teacher of good financial planning. According to **last year’s survey**, more than half of kids said they wish their parents taught them more about money.

QUOTE

Roger Young, vice president and senior financial planner, T. Rowe Price

“While many families are grappling with financial unknowns, parents should remember that their kids may be picking up on unspoken cues about money and the family’s situation. We know that many parents are reluctant to discuss money matters with their kids. But we also know that kids are better positioned for financial responsibility if their parents do discuss money with them. It may be particularly difficult to have these conversations now amid the economic fallout of the coronavirus, but it’s more important than ever to be transparent with kids.”

ABOUT T. ROWE PRICE

Founded in 1937, Baltimore-based T. Rowe Price Group, Inc. (NASDAQ-GS: TROW), is a global investment management organization with \$1.19 trillion in assets under management as of May 31, 2020. 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 [troweprice.com](https://www.troweprice.com).



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