



March 25, 2014

## T. Rowe Price: Parents Bribe Kids For Good Behavior While Behaving Badly Themselves On Money Matters

**Parents, Kids & Money Survey Finds That More Than One in Four Parents Are Not Confident in Their Own Financial Acumen or Their Ability to Teach Kids About Money**

**Half of Parents Surveyed Mistakenly Think It's More Important to Save for Kids' College Than for Their Own Retirement**

BALTIMORE, March 25, 2014 /PRNewswire/ -- T. Rowe Price's 2014 *Parents, Kids & Money Survey* revealed that parents' behaviors are often at odds with their concerns about setting a good financial example for their kids.

To view the multimedia content associated with this release, please click here: <http://www.multivu.com/players/English/65887-money-confident-kids-presented-by-t-rowe-price/>

 Talk to your kids weekly about money matters: visit MoneyConfidentKids.com

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](#). The site provides free online games for kids, lessons for educators and tips for parents focused around the financial concepts of goal setting, spending versus saving, inflation, asset allocation and diversification.

### Behavioral Findings:

- **Parents want to set a good example:** Over two-thirds of parents (69%) are very/extremely concerned about setting a good financial example for their kids.
- **But, they aren't above bribery:** 48% of parents admit to bribing their kids with money to encourage good behavior. Additionally, 30% of parents admit they sometimes "borrow" money from their kids' piggy banks.
- **They have apprehensions about discussing money:** 74% of parents admit to having some reluctance to talk with their kids about financial topics, most often because parents don't want their kids to worry about finances.
- **Some savers' harbor bad financial habits:** 22% of parents who identified themselves as savers carry a credit card balance most of the time.
- **Lack of financial acumen makes some parents doubt their teaching abilities:** 28% of parents agree with the statement "I am not good with money, so I should not be the one to teach my kids about money."
- **Parents are open to finances being taught in schools:** 87% of parents agree with the statement "I think it's appropriate for kids to learn about financial matters in school."
- **Moms and dads tend to share money responsibilities:** 58% of kids go to their mom first with financial questions versus 39% to dad. Managing day-to-day household finances is evenly split between both mom and dad, with 66% of moms claiming primary responsibility and 70% of dads. But both moms and dads said that dad was primarily responsible for investing, with 77% of dads claiming responsibility versus 43% of moms.
- **Teaching works:** Parents whose own parents were good money teachers felt more knowledgeable about managing their personal finances and investing matters than those whose parents did not prepare them well. Among the former group, 73% and 44% said they were knowledgeable about personal finances and investing, respectively, compared with 59% and 21% for the latter group.
- **Kids can learn with games:** 83% of parents say games are a good way to teach kids about money and 68% of kids say they have played a game involving saving and spending money.

### College Related Findings:

- **Mistakenly prioritizing college over retirement:** 52% of parents say it's more important to save for their kids' college rather than their own retirement.
- **Confusion on how to save:** 44% of parents identified a savings account as one of the best ways to save for college, but only 34% identified a 529 account. Additionally, 7% of parents chose an account type that does not exist ("UBO-67" and "CS213") as a best way to save for college.
- **College costs keeping parents up at night:** 28% of parents are so concerned with paying for college that they lose

sleep at night. However, most of those who are losing sleep currently save for college (64%).

- **Kids are more confident about attending college when their parents save for it and discuss it frequently:** 65% of kids whose parents save for college indicate they will "definitely" attend versus 38% of those whose parents do not save. And 74% who have frequent discussions with their parents about college are confident they will attend versus 46% among kids who do not have these discussions.

### Saving and Spending Related Findings:

- **More kids are using technology than bank accounts:** More kids have tablets (49%) and computers (55%) than have bank accounts (45%).
- **How kids spend money is changing:** 73% of parents agree that because transactions are often digital, kids think of currency differently than they did when they were growing up.
- **Payment methods are changing:** With 54% of kids buying apps and making in-app purchases and 61% of kids shopping online, the way kids buy things is more digital. Plus, 28% of parents claim that cash is obsolete.
- **But kids still use cash:** 65% of kids generally use cash to pay for their purchases.

### Quote

Stuart Ritter, CFP®, senior financial planner at T. Rowe Price and father of three young kids

"Parents can use everyday situations to spark conversations about money, whether it's using coupons at the grocery store or visiting the ATM, and discussing college is no exception. Eight out of 10 kids surveyed feel it is important for their parents to talk to them about saving for college. By having conversations about college early and often with your kids, they will learn about the cost of college and why it is important for the family to save for college—especially since 77% of parents expect their kids to pay for some of their own college education."

"In an increasingly digital world, teachable moments may not be as plentiful as they once were when kids and parents used exclusively cash. So, parents have to be more proactive today than ever to incorporate money matters into their conversations with kids. It is also important for parents to lead by example. When parents act as good financial role models, kids have a better chance of learning the right lessons."

### About T. Rowe Price

Founded in 1937, Baltimore-based T. Rowe Price Group, Inc. (NASDAQ-GS: TROW) is a global investment management organization with \$692.4 billion in assets under management as of December 31, 2013. 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 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](http://troweprice.com), Twitter ([twitter.com/troweprice](http://twitter.com/troweprice)), YouTube ([youtube.com/trowepricegroup](http://youtube.com/trowepricegroup)), LinkedIn ([linkedin.com/company/t.-rowe-price](http://linkedin.com/company/t.-rowe-price)), or Facebook ([fb.com/troweprice](http://fb.com/troweprice)).

### About the Survey

The sixth 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 eight to 14 and their kids ages eight to 14. The survey was fielded from January 29, 2014 through January 31, 2014, with a sample size of 1,000 parents and 924 kids ages eight to 14. The margin of error is +/- 3.0 percentage points.

SOURCE T. Rowe Price

News Provided by Acquire Media