

**National Taxpayer Advocate Public Forum**  
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**Written statement by Tina Orem, NerdWallet**

Good afternoon.

My name is Tina Orem, and I'm a staff writer at NerdWallet.

NerdWallet is a personal finance website dedicated to providing clarity for all of life's financial decisions.

Part of that mission involves providing content on a variety of financial matters, including information and resources about taxes.

From time to time, NerdWallet, which is headquartered in San Francisco, commissions various surveys about how everyday Americans handle and think about money. I've been invited here today to discuss the findings of two of those surveys.

The first is a recent survey NerdWallet did this past January in conjunction with Harris about millennials and taxes. I wrote about the findings of this survey for a story that appeared in USA Today.

The survey asked more than 1,600 U.S. adults a variety of questions about how they file, who helped them, and what they did with their refunds last year — as well as what they planned to do with their refunds this year.

We also asked the respondents how they felt about taxes — namely what they were afraid of and how confident they were that they got the maximum refund.

The results were segmented by gender, region, income, education, employment status, marital status and other factors, which revealed a variety of interesting findings.

And one of them is that millennials are afraid of taxes.

A whopping 80% said they're fearful about some aspect of preparing their taxes.

Granted, preparing a tax return induces at least some level of anxiety for many of us — and interestingly, some of it appears to be an age-related condition. Just 55% of people 65 and over said they're afraid of preparing their taxes — still a majority, but our data show that the anxiety seems to worsen with youth. The average for all age groups was 69%.

So, we have a lot of nervous taxpayers out there.

But what are these millennials afraid of? About a quarter (22%) said they're afraid of making a mistake on their returns. About one in six say they're afraid they're leaving money on the table — that they won't get the biggest possible refund. Perhaps surprisingly, only 11% are worried about being audited.

So who's quelling those fears? It often may be mom and dad, because more than a third of millennials in our survey said they turn to family or friends with tax-related questions. That's the most of any age group in the survey.

What's also interesting is that the survey found that when they have tax questions, more millennials turn to tax professionals than go online for answers. This suggests that when things get complex, millennials still prefer humans to screens.

However, millennials are leaving one authoritative source out in the cold — the IRS. Just 9% said they turn to it with questions, which, incidentally, is right in line with what other age groups reported in our survey.

Perhaps most interesting, however, is our finding that millennials like filing paper returns more than most taxpayers. An incredible 17% said they did a paper return last year and mailed it in — that's more than double the rate of those 35 and older.

The second survey I'm here to highlight was published in February 2015, so about 15 months ago. It was a 10-question quiz about tax basics related to retirement, college savings and refunds. This was open to all age groups, and we had a pretty even weighting age-wise. Here's some of what we found.

First, the tax consequences of some of the most popular retirement vehicles are still a mystery to many people. For example, we asked the question, "Is the money you put in a Roth IRA pre-tax or post-tax?" We got 1,015 responses, and 46% answered pre-tax. Another 12% said "none of the above."

Here's another example: we asked the question, "What is a flexible spending account?" 11% said it was for home improvements.

Some good news was that most respondents seemed to understand that their exemptions and withholdings affect their refunds. When we asked the question, "If your exemptions and withholdings are correct, your tax refund should be..." Some 56% answered that tax refunds should be as close to zero as possible. Of course, the rest — almost half — said refunds should be \$500 or more if their exemptions and withholdings are correct.

People generally seem to know a \$0 refund is ideal, but about three-quarters of us get them anyway, according to recent statistics from the IRS. So, it appears that the tax refund is the whiskey of the personal finance world. We know it's not very good for us, but boy do we enjoy it.

So what does this all suggest? Well, it suggests there's an opportunity to create a system that's less scary and more understandable for the largest generation in the history of the United States, one that's still learning the ropes of adulthood.

It also suggests that for many millennials, not everything revolves around a screen. Paper is still relevant, and for some younger people, some things are best done the old-fashioned way.

And last but not at all least, it suggests that America's financial literacy problem most certainly extends to taxes.

Thank you. I look forward to our discussion.