



Taxes and Financial Planning

Edelman Financial Engines Survey Results

MARCH 2025

Survey Methodology & Sample

1,500 individuals completed an online survey exploring attitudes and perceptions related to taxes and financial planning



American Adults, Race & Gender Reflective of U.S. Population

- 1,500 adults 30 years or older
- Oversample of adults 55 or older
- Race, ethnicity, gender by census



Diverse Household Composition, Geography, and Assets

- Mix of US regions
- High school graduate or higher education
- All asset levels included, oversample for those with \$100k+



Online Survey

- Fielded January 31 – February 6, 2025
- 5-minute average time to complete

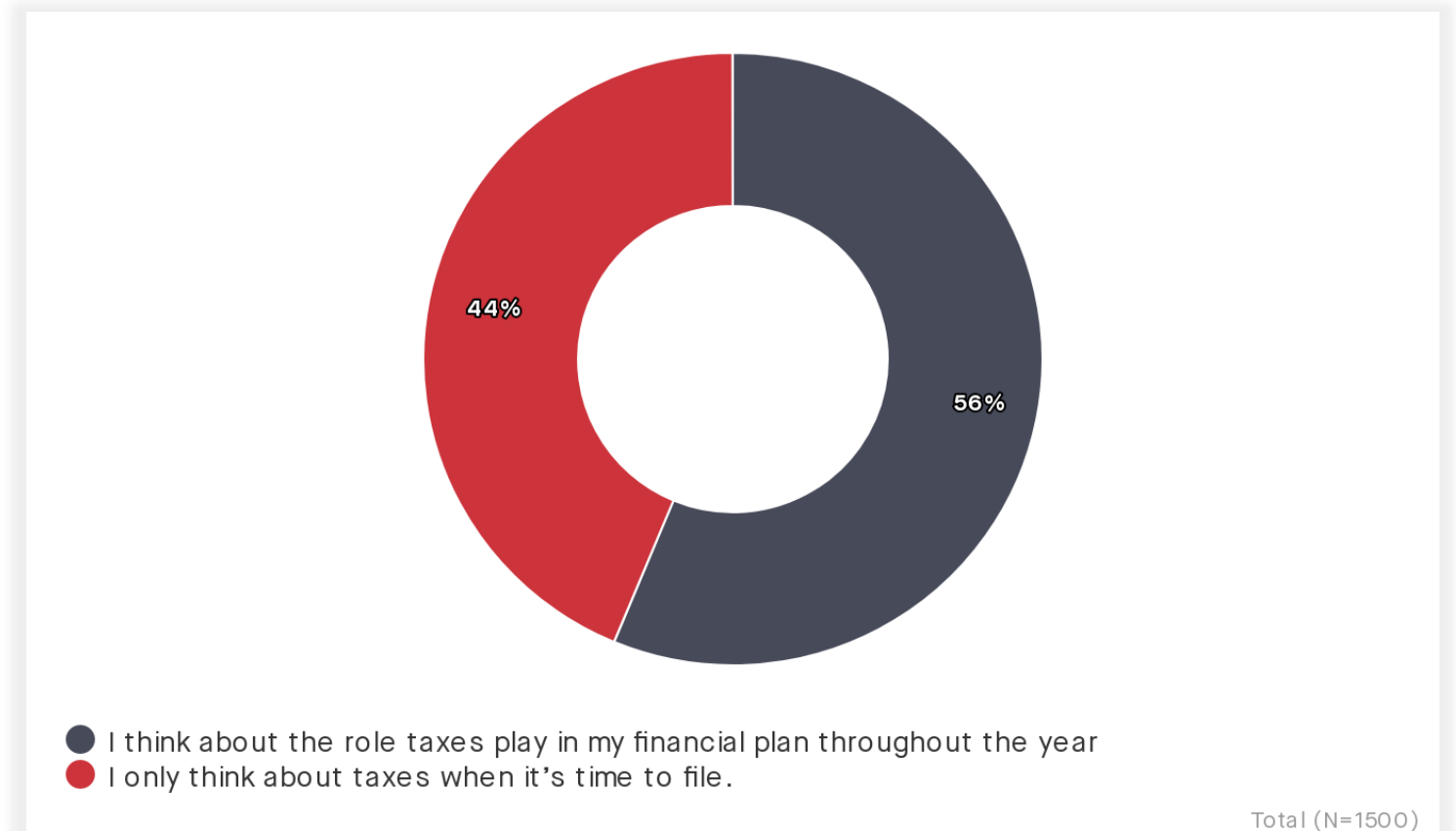
Data was weighted for the oversample and by household assets, age, gender, race, and education to reflect the broader national population. Participants were compensated for their time by the panel provider.

KEY FINDINGS OVERVIEW

What's your tax planning style? Do you simply “file and forget it” ...or do you use tax-smart strategies all year-round?

56% of Americans actively integrate tax considerations into their year-round financial planning.

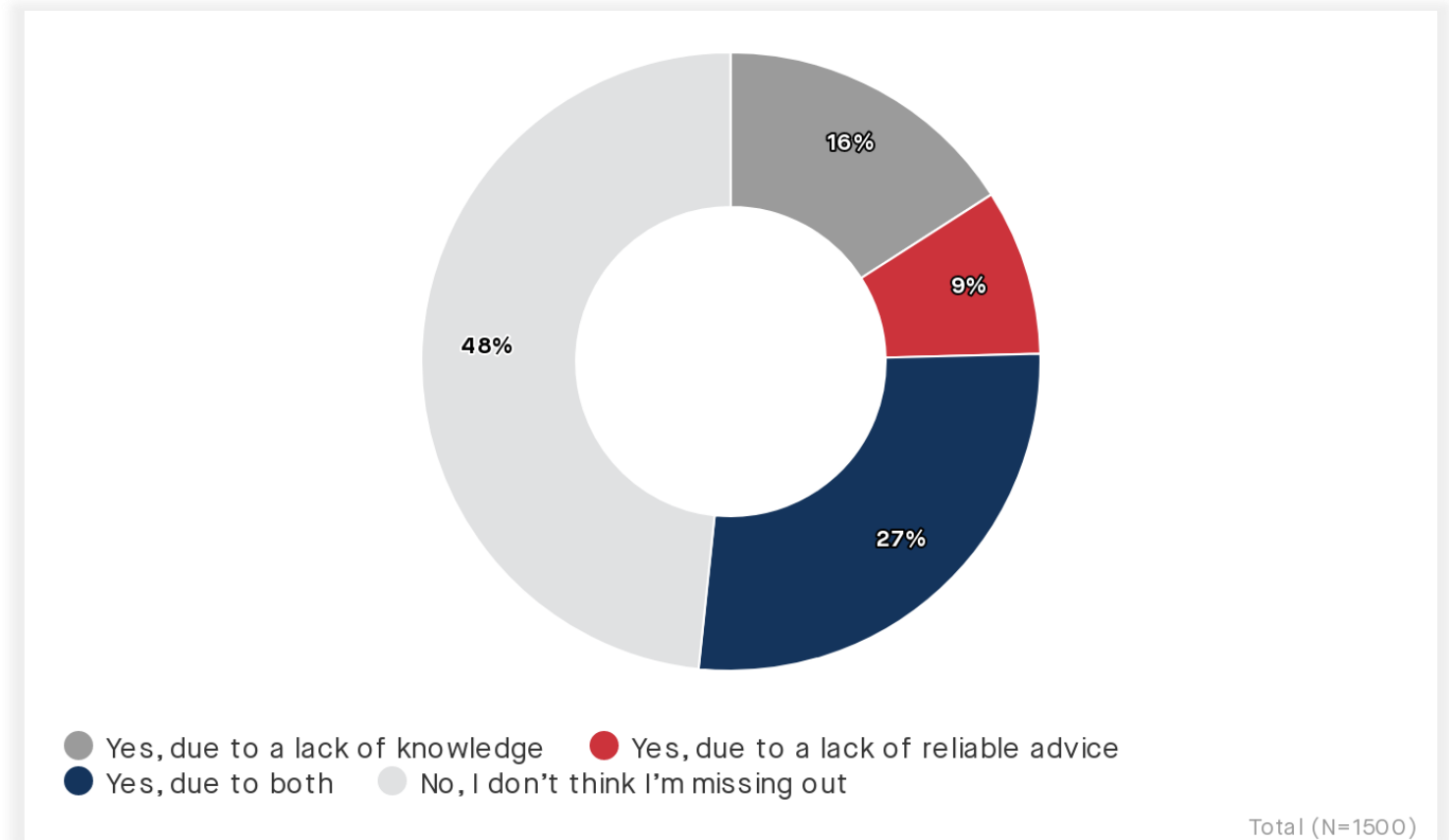
- **44%** only think about taxes during tax filing season.



Q: Which of the following statements best describes your approach to tax filing and tax planning?

More than half (**52%**) feel they're missing opportunities to minimize their tax bill and maximize what they keep due to knowledge or advice deficiencies.

- Less than half (**48%**) of Americans feel confident about their tax strategies, highlighting a significant need for better financial education and advisory services.

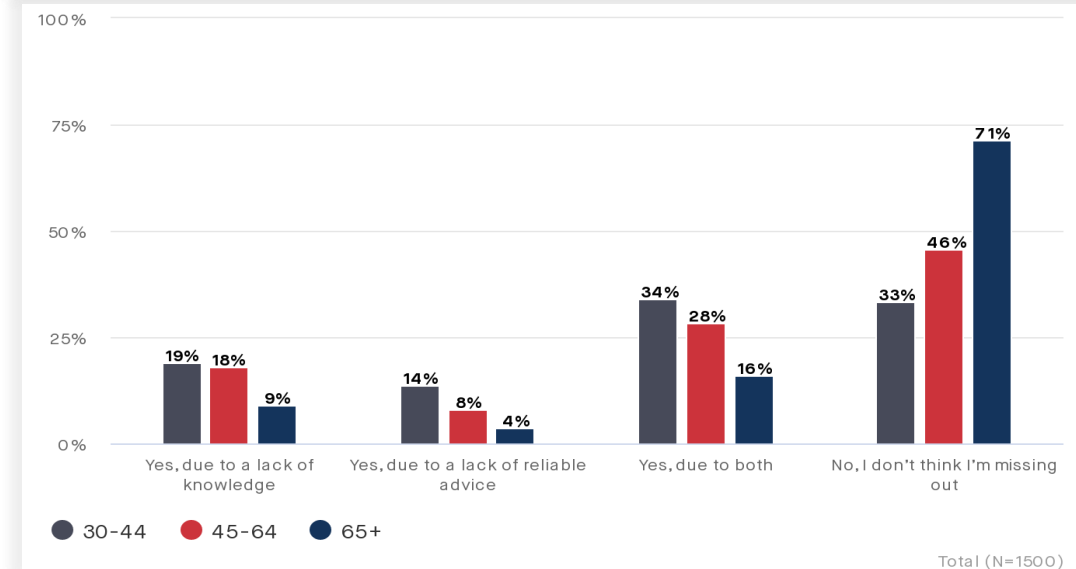
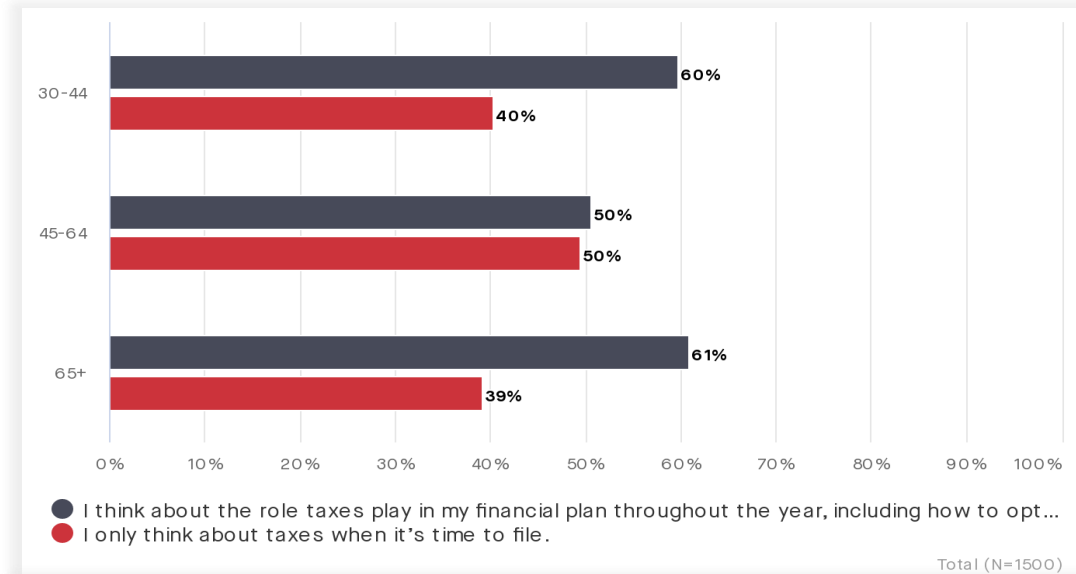


Proactive tax planning peaks with younger and older groups, though younger adults feel much less informed about tax-smart opportunities.

- Individuals ages 30-44 and 65+ are more proactive in tax planning, with **62%** considering taxes throughout the year, unlike the 45-64 age group, where only **51%** adopt this approach.
- Individuals ages 30-44 are most likely to feel they're missing out on tax opportunities due to both lack of knowledge and reliable advice, with over **50%** expressing this concern.
- In contrast, those age **65+** are more confident, with the majority not feeling they're missing out.

Q: Which of the following statements best describes your approach to tax filing and tax planning?

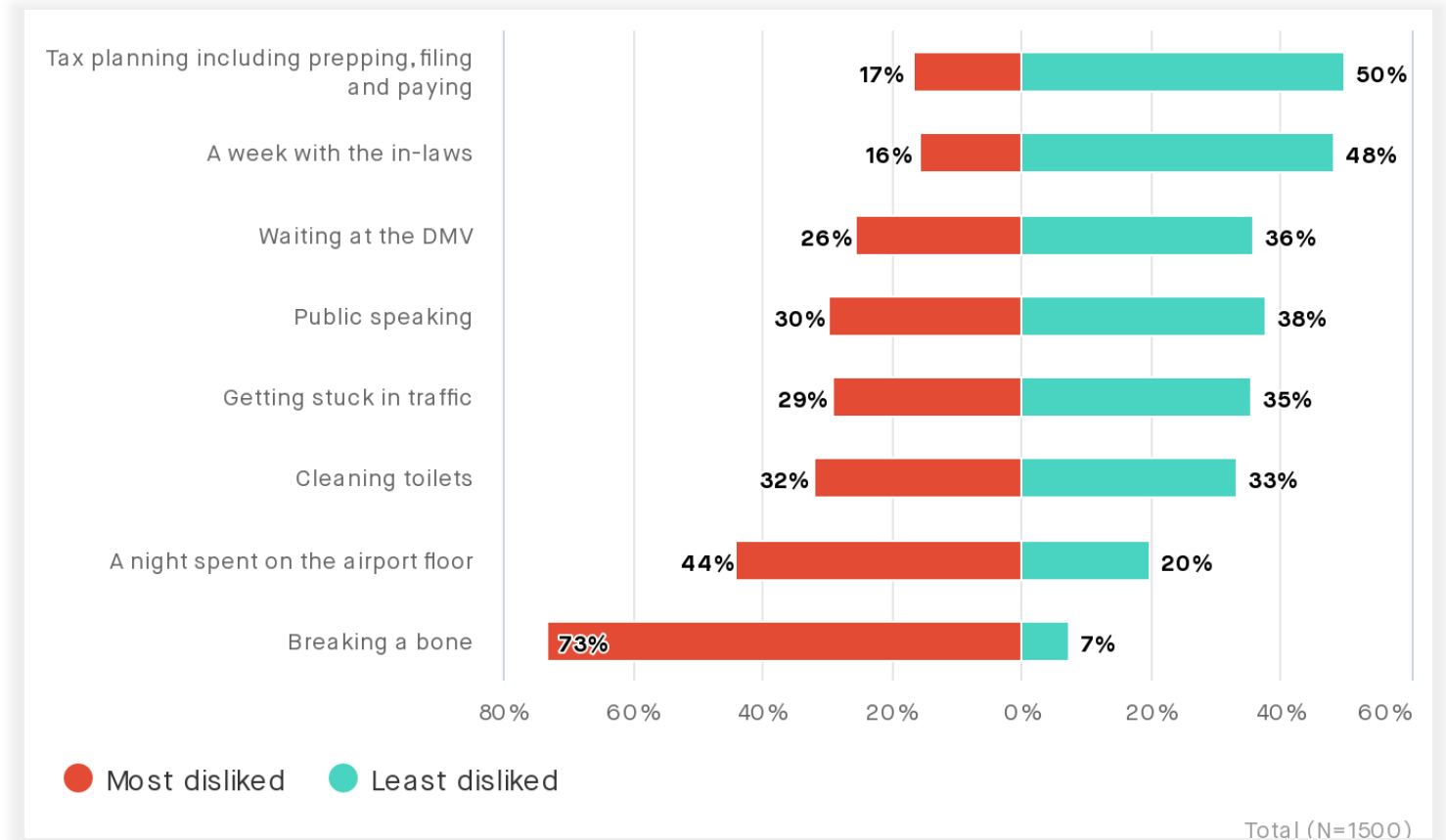
Q: Do you think you're missing out on opportunities to minimize your tax bill and maximize what you keep?



Let's face it, we know tax planning isn't the most exciting thing to do. But just how painful can it be?

People dislike tax planning about the same as spending a week with their in-laws.

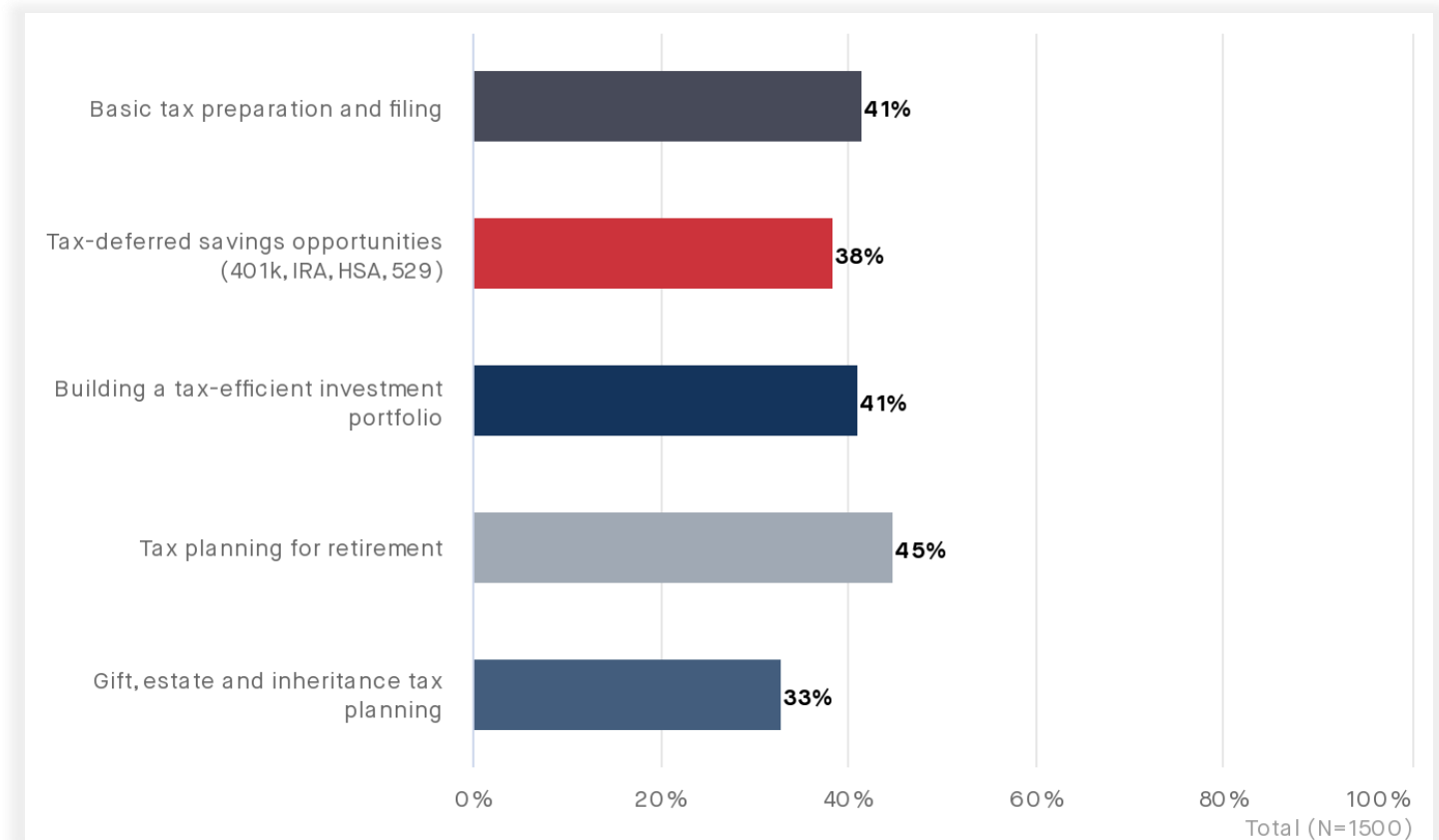
- Breaking a bone is overwhelmingly the most disliked from a list of unpleasant activities.
- Cleaning toilets, public speaking, and traffic jams are moderately disliked.
- Tax planning and spending a week with the in-laws are disliked about the same amount – and both are a little more tolerable than waiting at the DMV.



Are you in need of some tax planning help? Don't feel so bad...you're not alone!

Americans want professional help on a variety of tax-related issues.

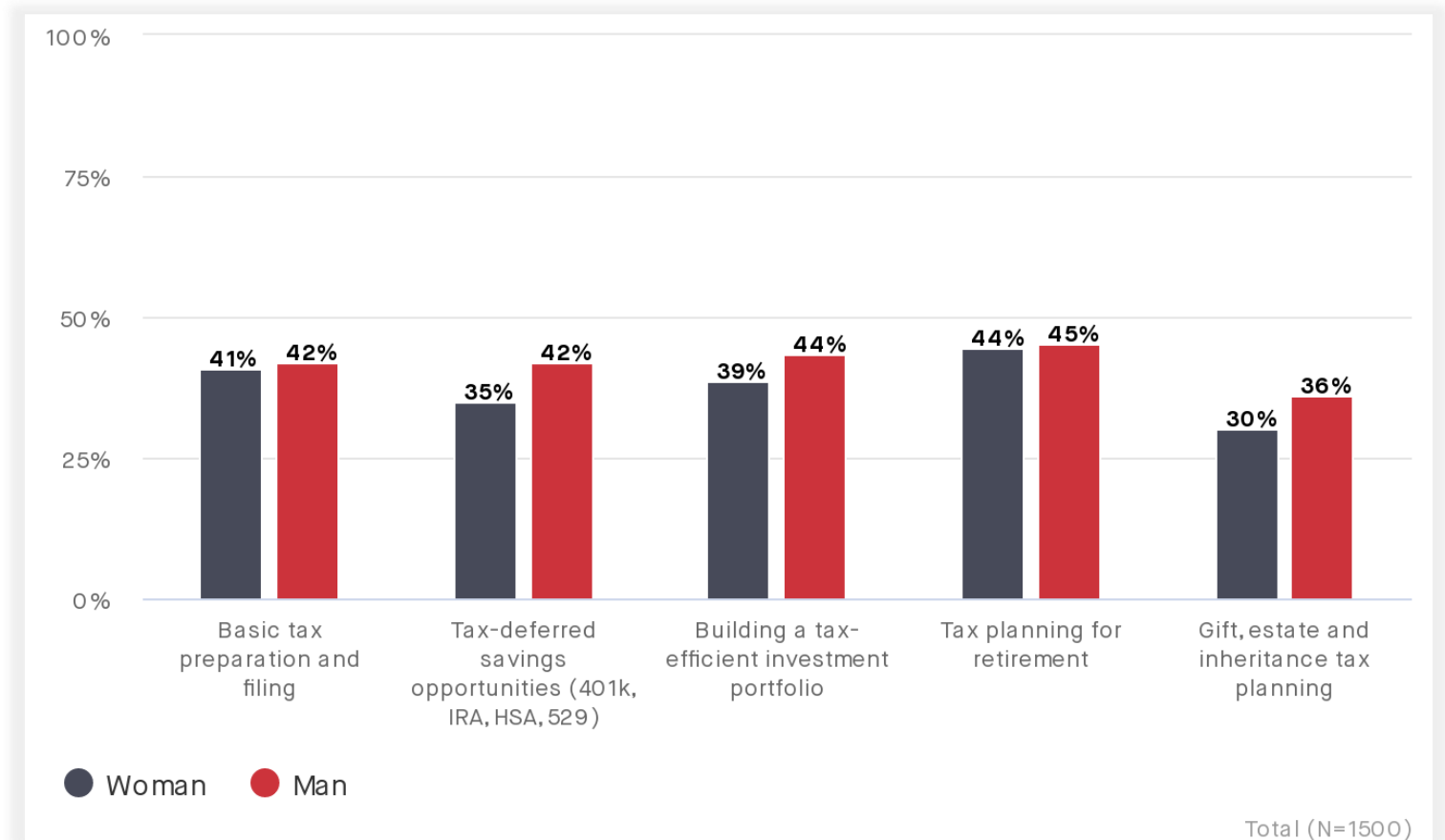
- People report having unmet financial needs and wish they had professional tax help to address them.
- Retirement planning, tax efficient investing, and support with basic tax preparation and filing lead the way:
 - **45%** prioritize professional advice on tax planning for retirement.
 - Basic tax preparation and building a tax-efficient investment portfolio were both next, with over **41%** seeking guidance in these areas.
 - Gift, estate, and inheritance tax planning was the least requested.



Q: When it comes to taxes, where would you like professional advice?

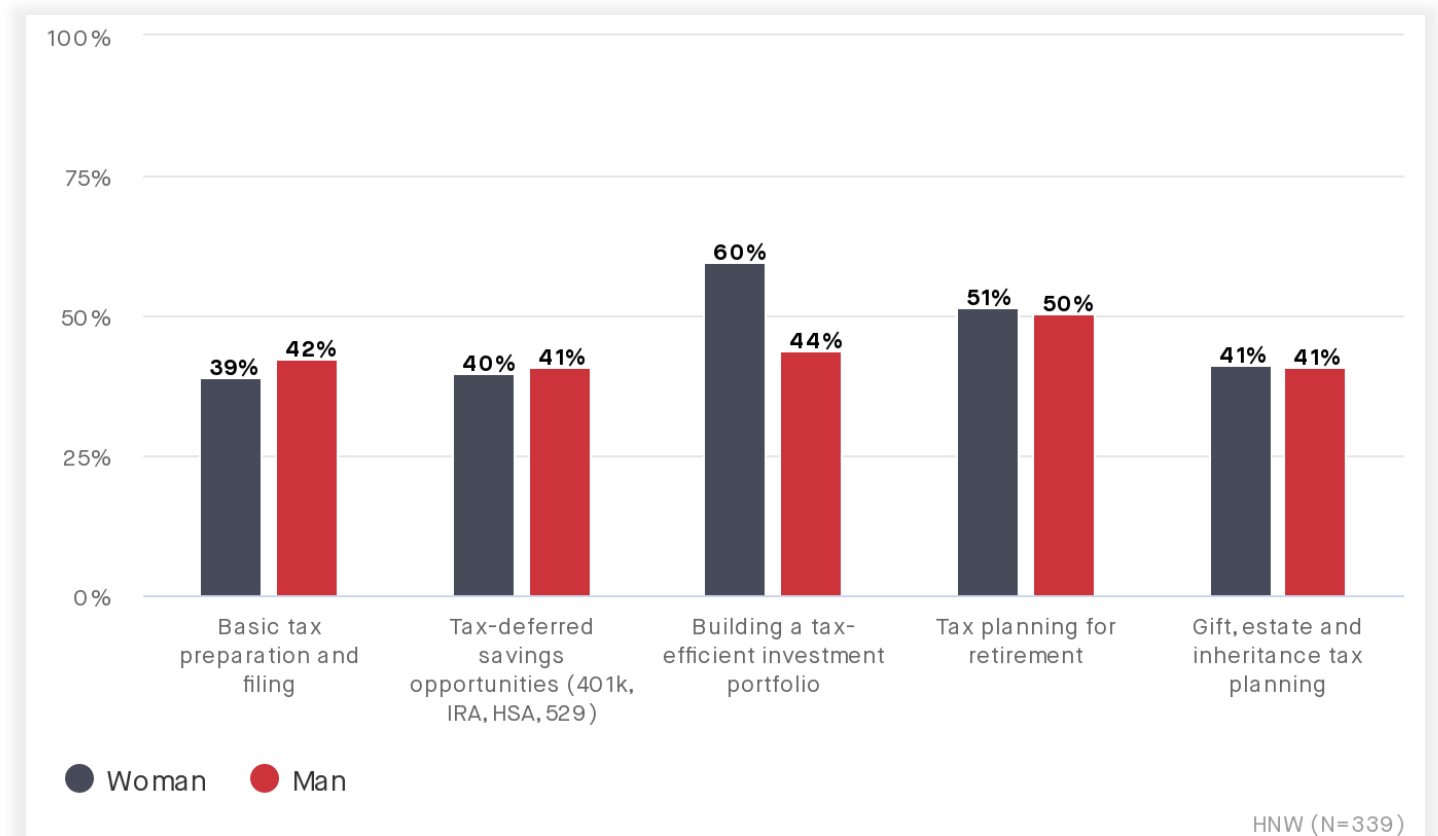
Tax planning for retirement tops the list of areas where both men and women want professional tax help.

- Men show a higher interest in tax deferred savings opportunities (**42%**) compared to women (**35%**), as well as gift, estate and inheritance tax planning (**36%** vs. **30%**).
- Both genders show similar interest in basic tax preparation and tax-efficient investment portfolios.



Among high net-worth* individuals, women want help with tax-efficient investments far more than men (**60%** vs. **44%**).

- This suggests a heightened focus among women on optimizing investment strategies for tax efficiency.
- Similarities exist with both genders showing a strong desire for professional help on tax planning for retirement, and tax-deferred savings opportunities.



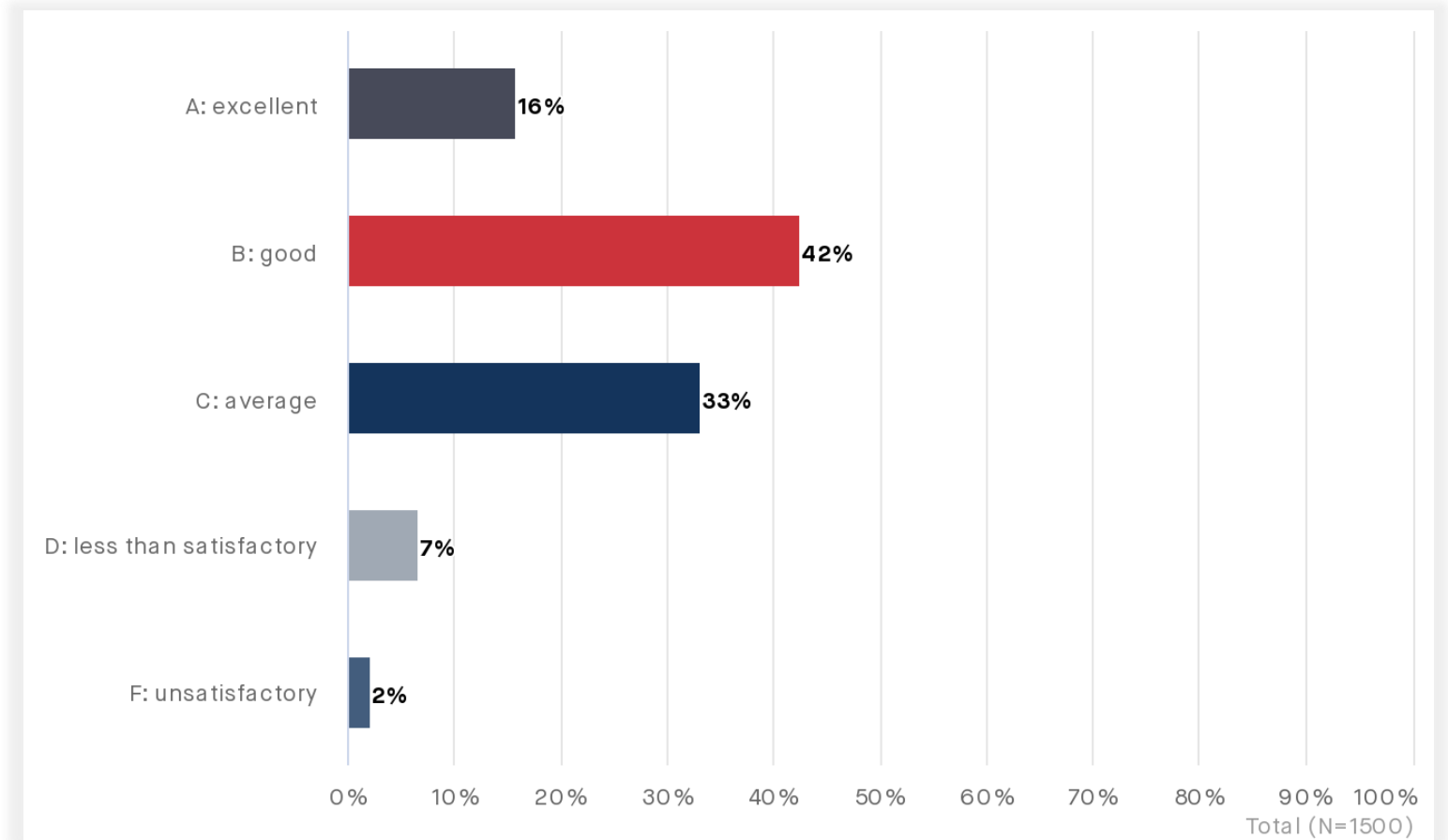
Q: When it comes to taxes, where would you like professional advice?

*For the purposes of this study, high net-worth is defined as having \$1,000,000 or more in assets

Only 16% of Americans give themselves an “A” on their tax planning knowledge. Do you make the grade?

Only **16%** of Americans say their tax management skills are excellent.

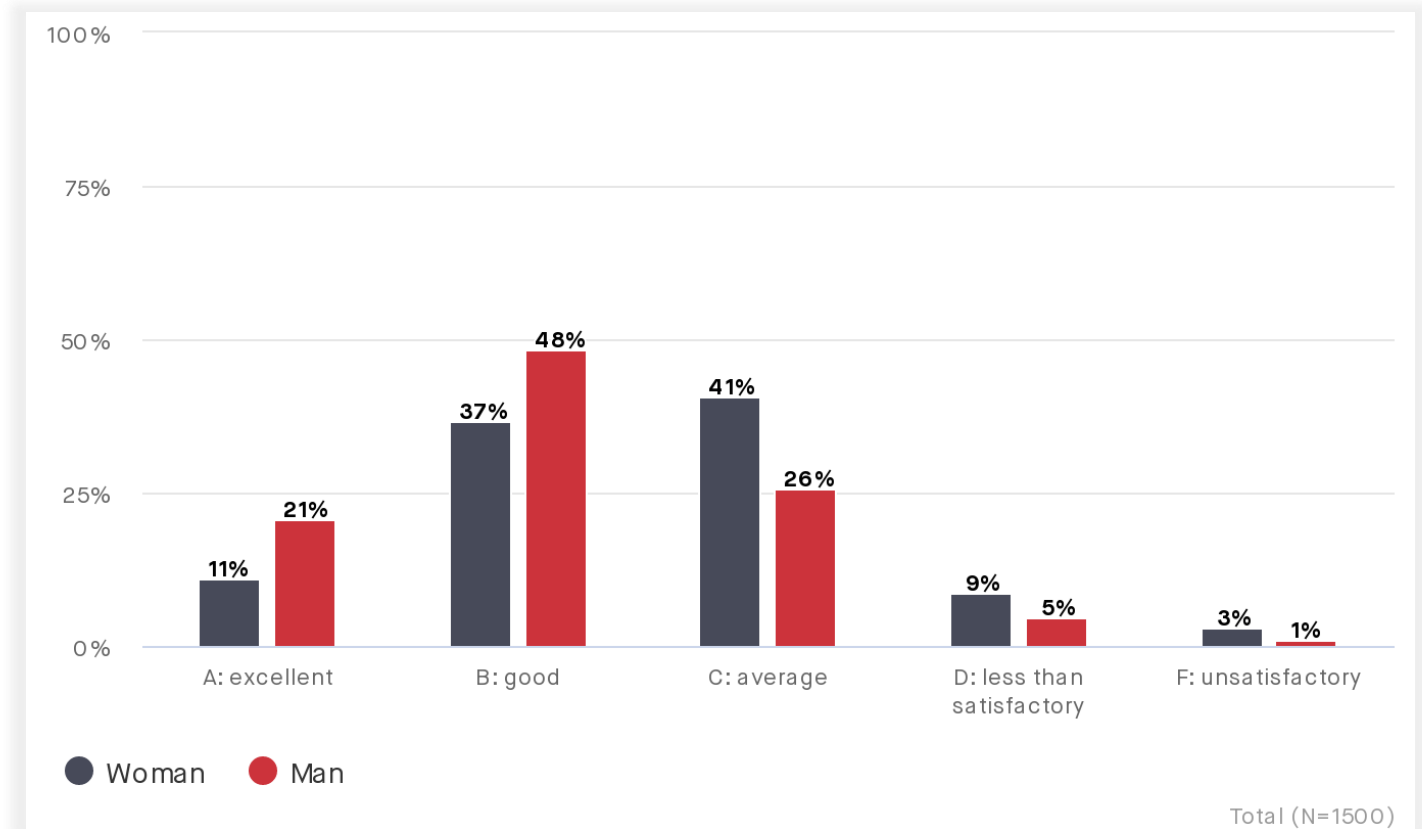
- **58%** rate their tax management skills as either good or average, indicating opportunities for improvement in financial literacy.



Q: What grade would you give yourself regarding how well you manage tax-related decisions (for example, saving into 401k accounts, reducing taxable income and making tax-efficient investments)?

Men are twice as likely to rate themselves as 'excellent' in managing tax-related decisions compared to women.

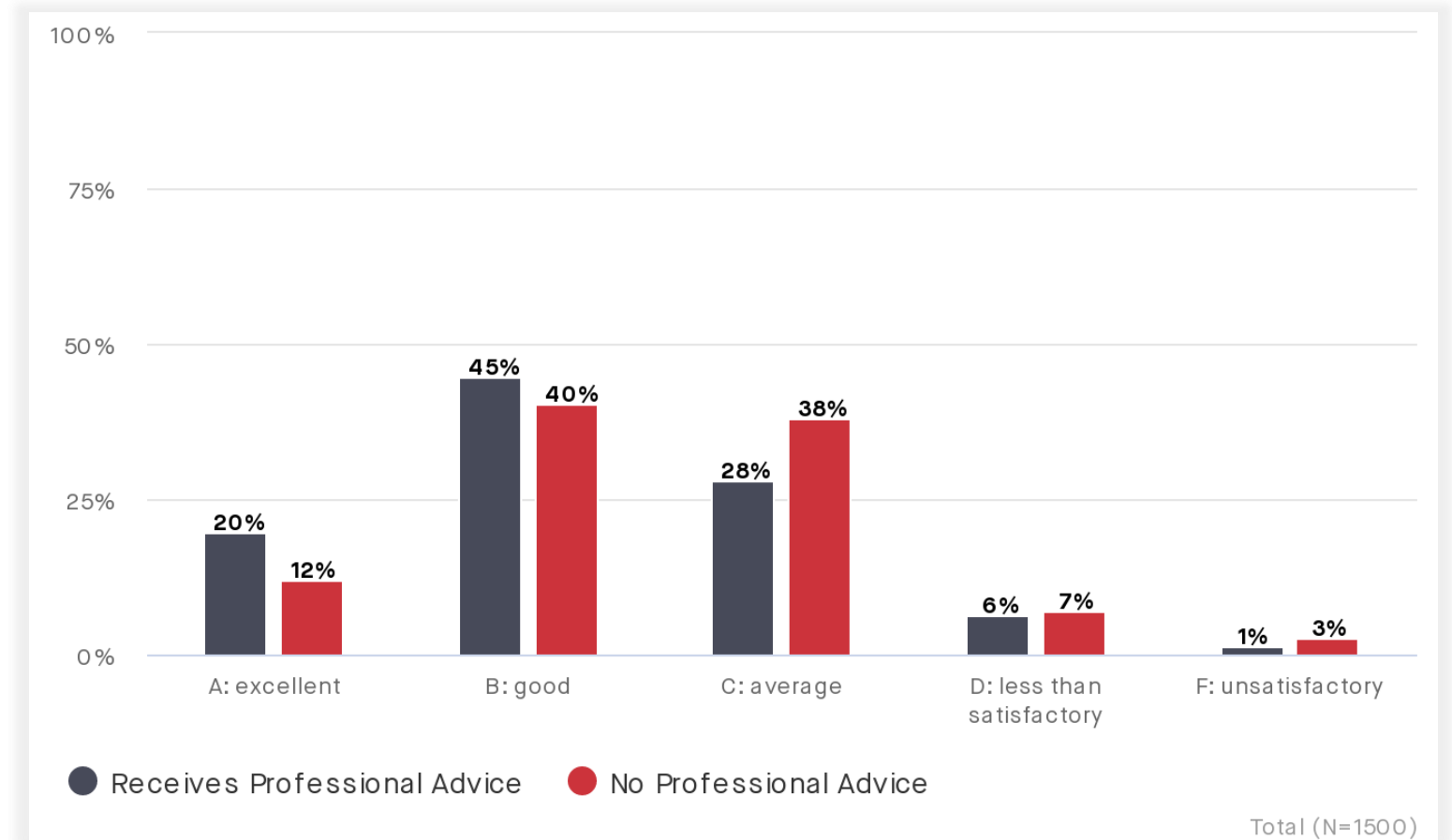
- **26%** of men giving themselves an 'A' versus **13%** of women.
- Conversely, women are more likely to rate themselves as 'average' or lower, with **35%** choosing 'C' compared to **22%** of men.



Q: What grade would you give yourself regarding how well you manage tax-related decisions (for example, saving into 401k accounts, reducing taxable income and making tax-efficient investments)?

Receiving professional tax help results in better scores regarding the management of tax-related decisions.

- Individuals who receive professional advice are more likely to rate themselves with higher grades in tax management, with **20%** achieving an 'A' compared to **12%** without advice, and fewer rating themselves as 'C' or lower.

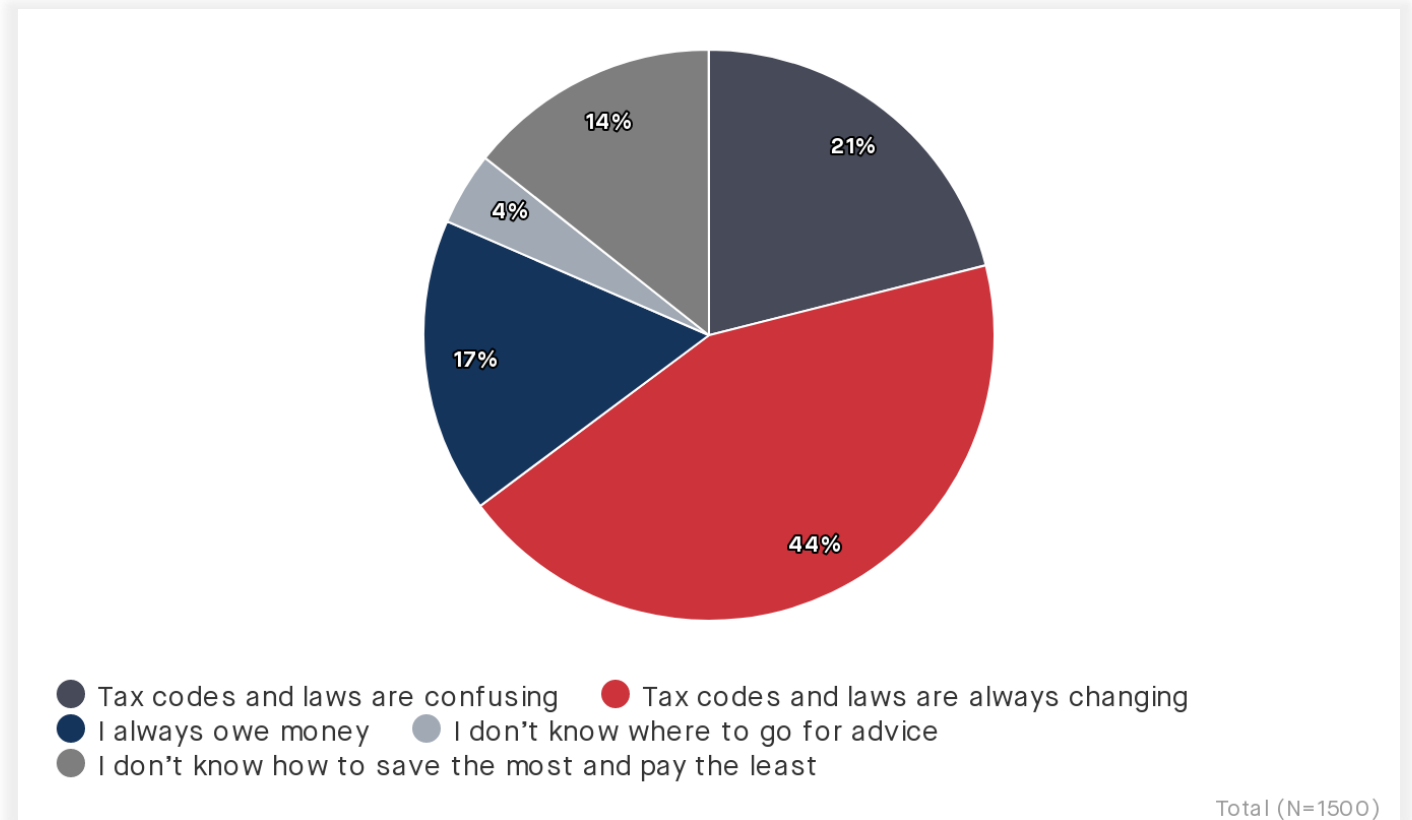


Q: What grade would you give yourself regarding how well you manage tax-related decisions (for example, saving into 401k accounts, reducing taxable income and making tax-efficient investments)?

What aggravates you most about tax planning?

A majority of Americans are most frustrated by tax codes and laws that change frequently.

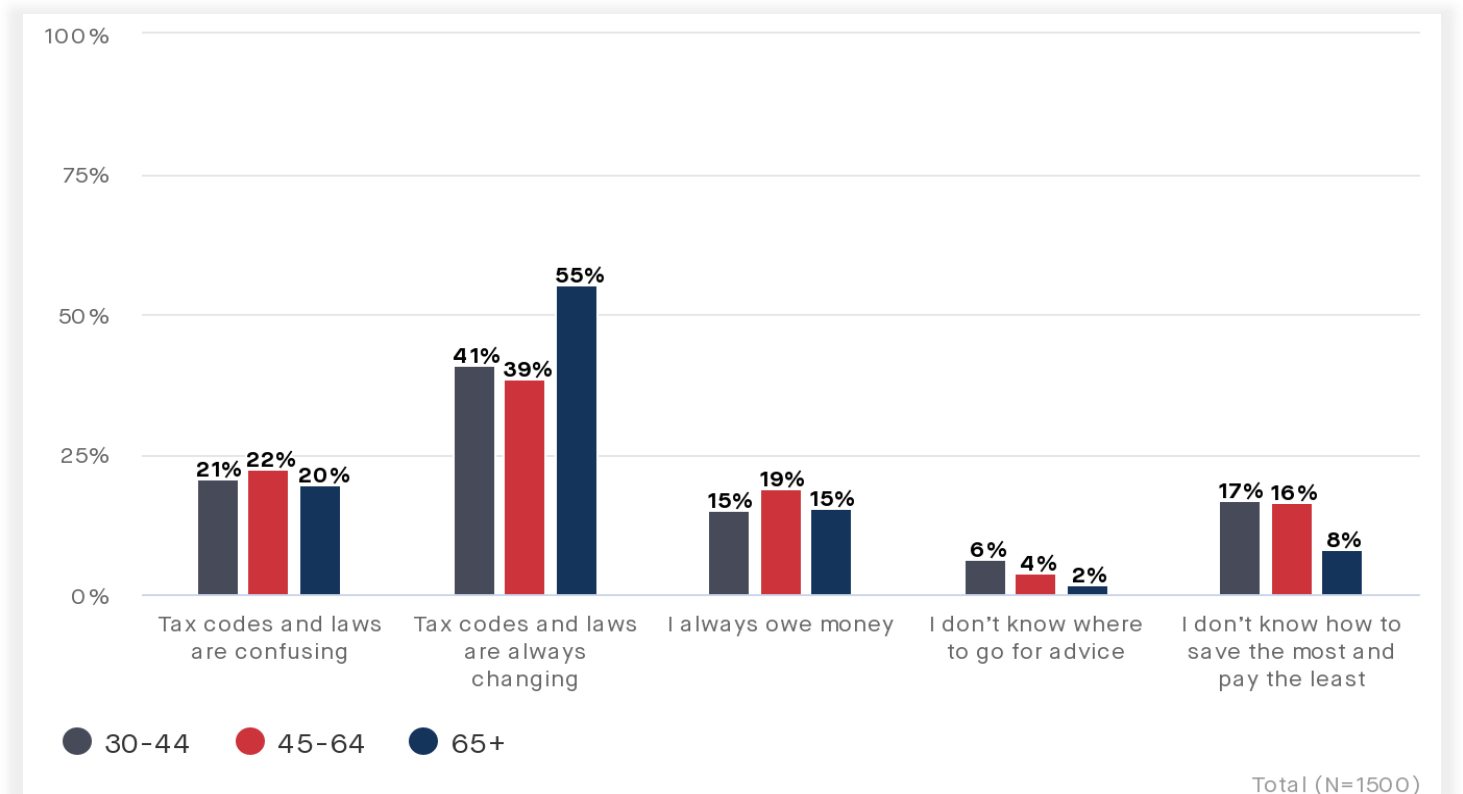
- **44%** of people cite constantly changing tax codes as their main frustration. Other concerns include confusion over tax laws (**21%**) and owing money (**17%**).



Q: What is your biggest frustration when it comes to taxes?

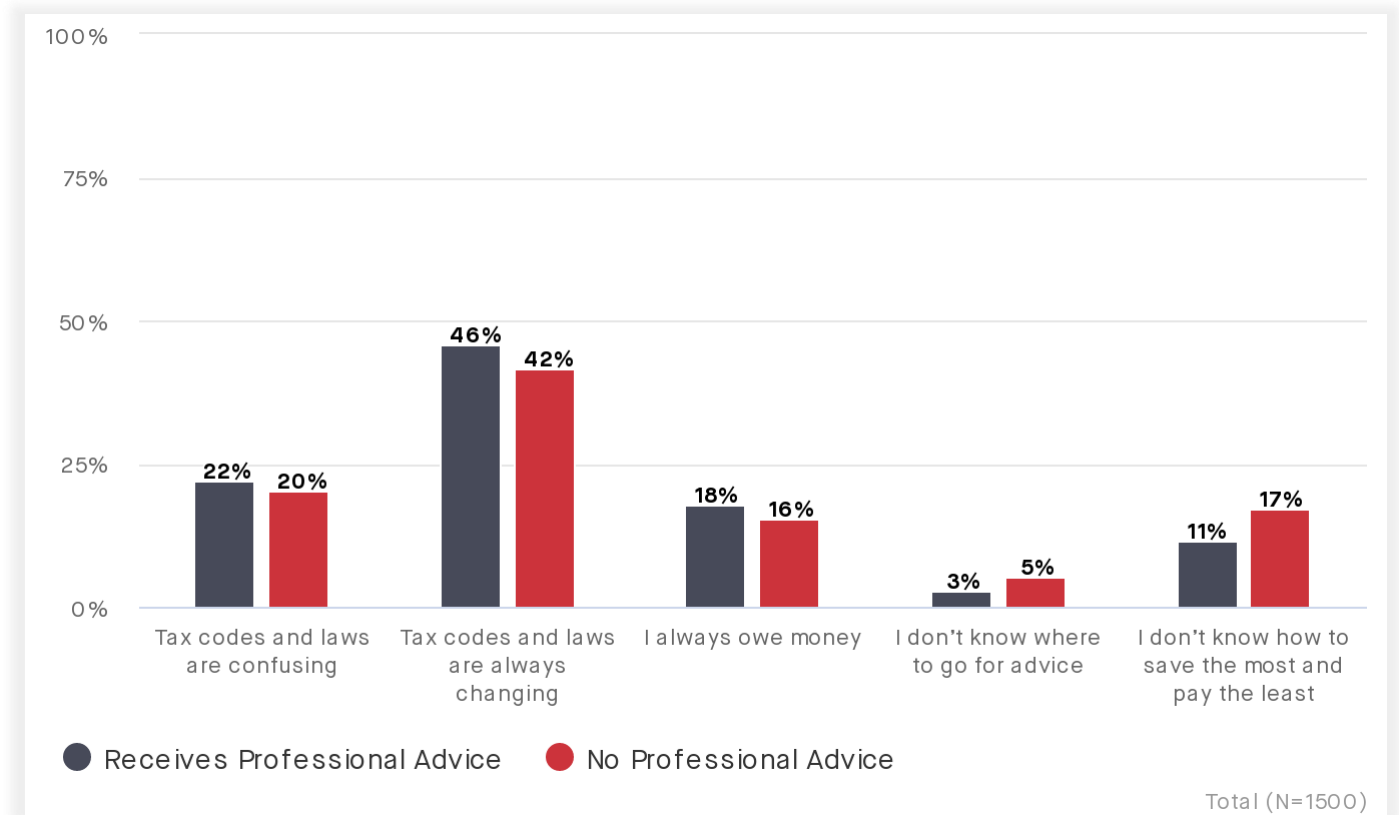
Older adults struggle with navigating changing tax codes and laws more than other age groups, though they're the least frustrated when it comes to minimizing what they owe and maximizing what they keep.

- Older adults (65+) are significantly more frustrated by changing tax codes and laws, with **55%** indicating this as their biggest issue, compared to **41%** of those aged 30-44 and **39%** of those aged 45-64.



Individuals who receive professional tax help struggle less with knowing how to save the most and pay the least compared to those who do not receive professional advice.

- Tax codes and laws changing are the top frustration for both groups, with **42%** of those without professional advice and **46%** with professional advice citing it.
- Those without professional advice are more concerned about saving and paying the least, while those with advice are slightly more frustrated by owing money.

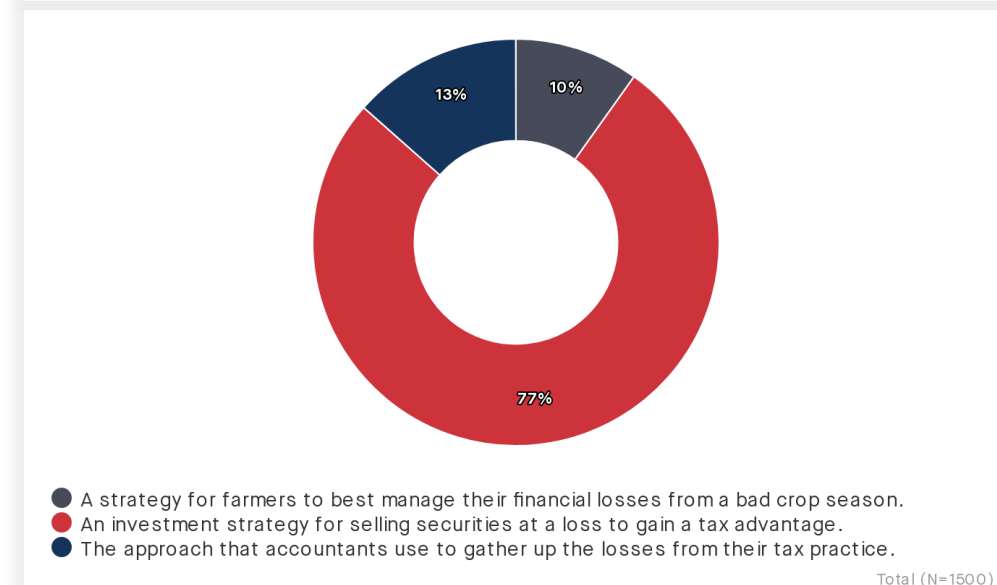
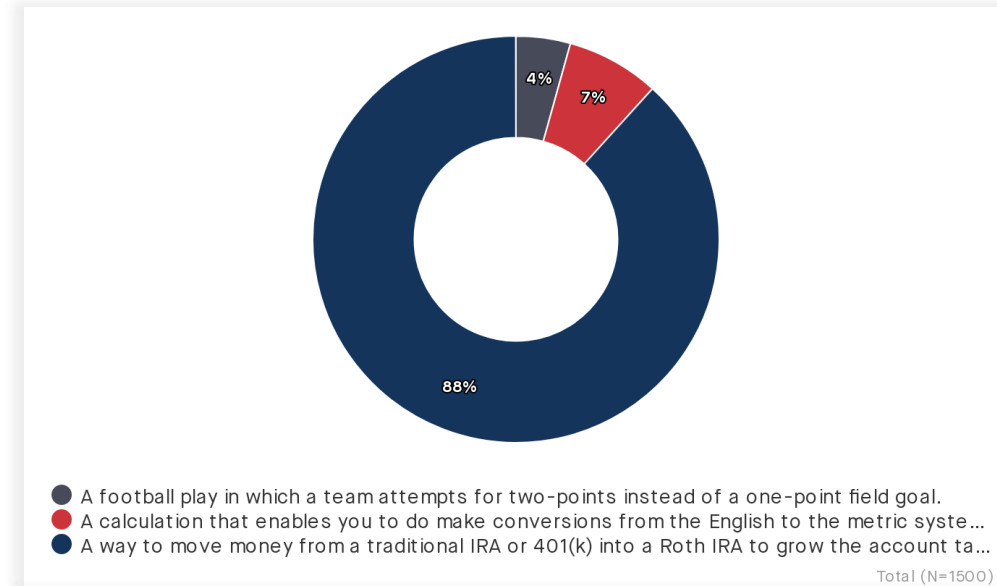


Q: What is your biggest frustration when it comes to taxes?

It pays to be “in the know” on key tax-smart strategies.

More understand the concept of a Roth conversion than tax loss harvesting.

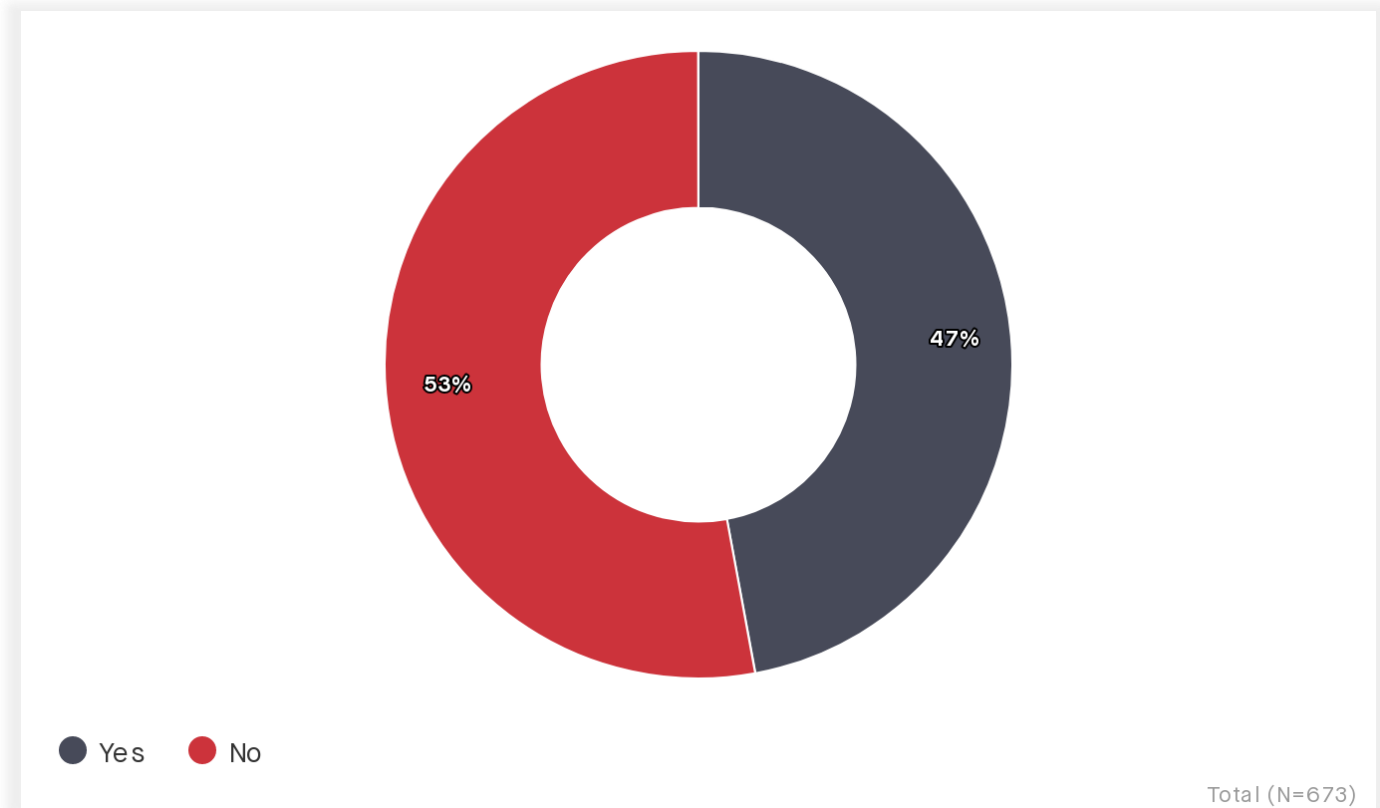
- **88%** of respondents correctly identify a Roth conversion as a method to transfer funds from a traditional IRA or 401(k) into a Roth IRA for tax-free growth.
- **76%** of respondents correctly identify tax loss harvesting as an investment strategy for selling securities at a loss to gain a tax advantage, while misconceptions persist with **14%** associating it with accounting practices and **10%** with agricultural financial management.



Q: What is a Roth conversion?
Q: What is tax loss harvesting?

More than half (**53%**) of Americans who are 55 and older don't understand how to use withdrawal strategies to make taxes more efficient in retirement.

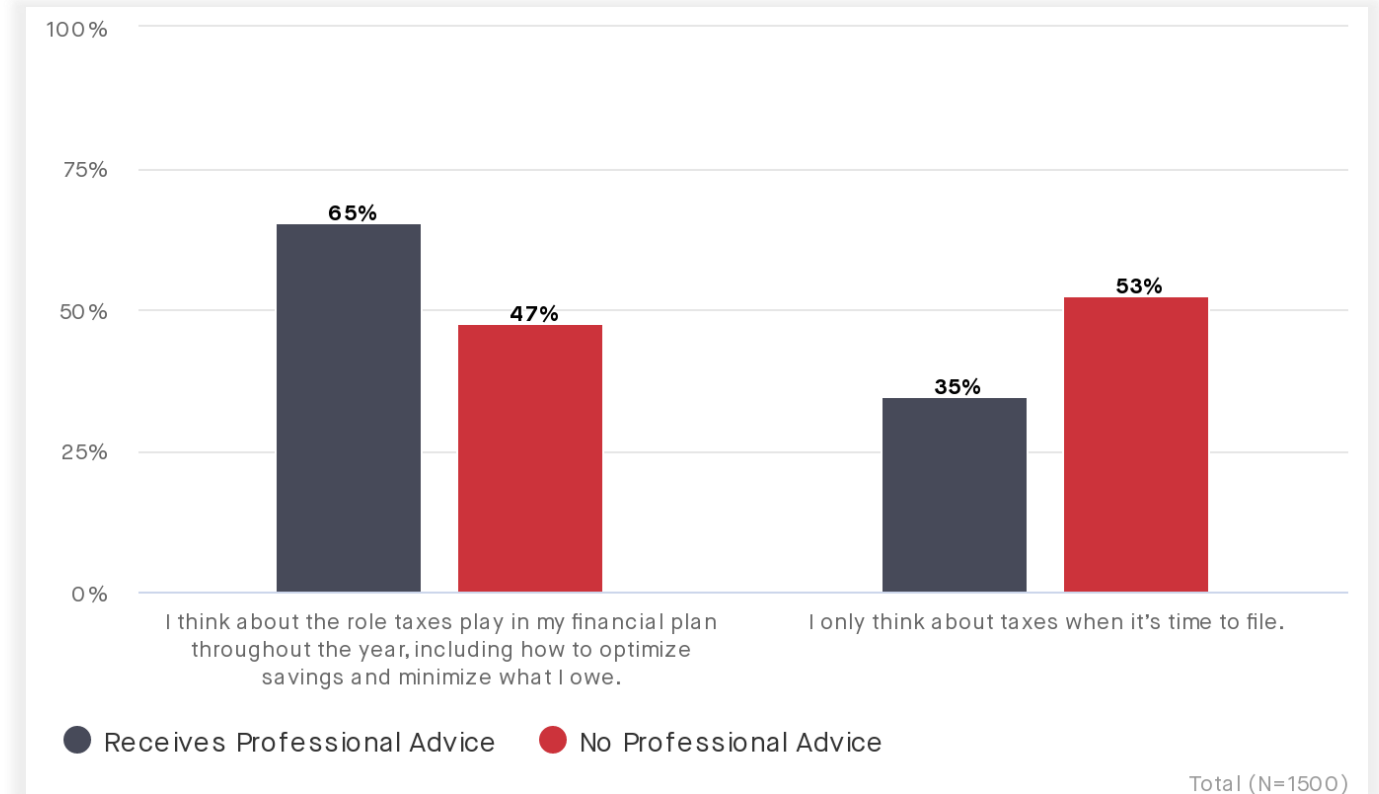
- **53%** lack understanding of tax-efficient withdrawal strategies in retirement, indicating a significant need to enhance financial literacy among retirees.



Get the most of out your tax planning with some help from a pro.

Professional help provides a distinct advantage, boosting proactive tax planning by nearly **20%** over those who don't seek input from a professional.

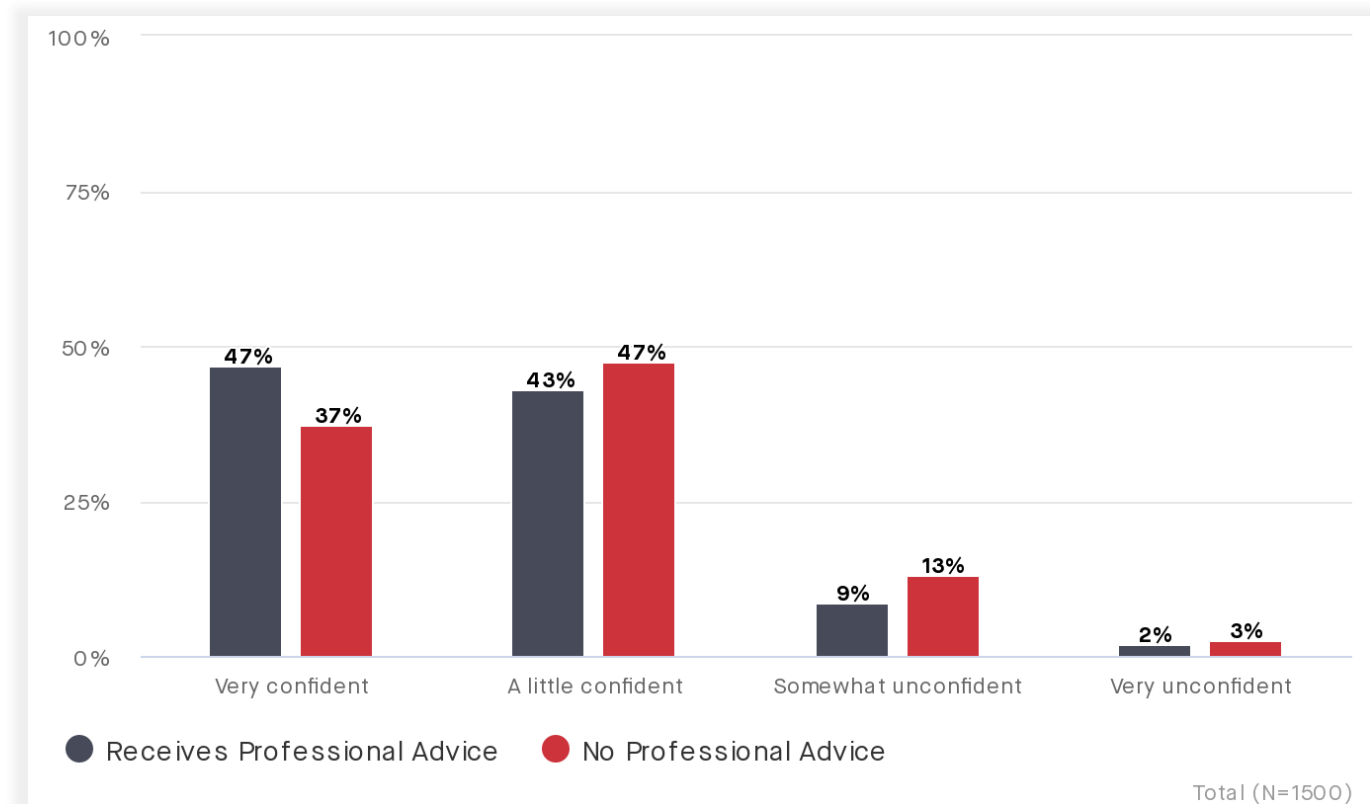
- Individuals with professional tax help are more proactive, with **65%** considering taxes year-round, compared to only **47%** of those without professional guidance.



Q: Which of the following statements best describes your approach to tax filing and tax planning?

Individuals who receive professional tax help have more confidence that their tax planning is efficient, with **47%** feeling very confident vs. **37%** without.

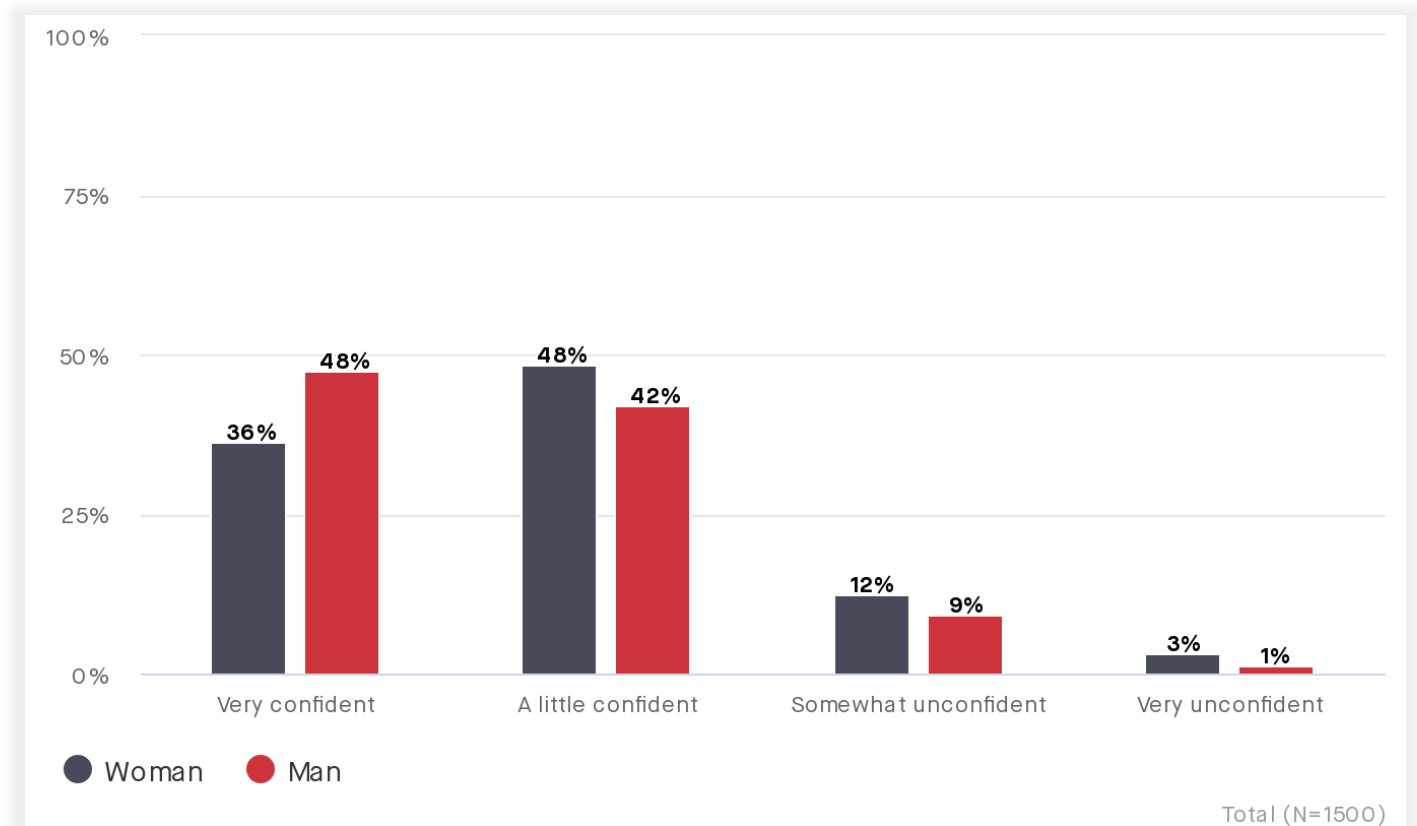
- Those without professional guidance are more likely to feel somewhat unconfident, highlighting the reassurance expert advice provides.



Q: How confident are you that your tax planning is efficient, meaning you're reducing your taxes and keeping as much as you can?

When it comes to tax confidence, there is a notable gender difference.

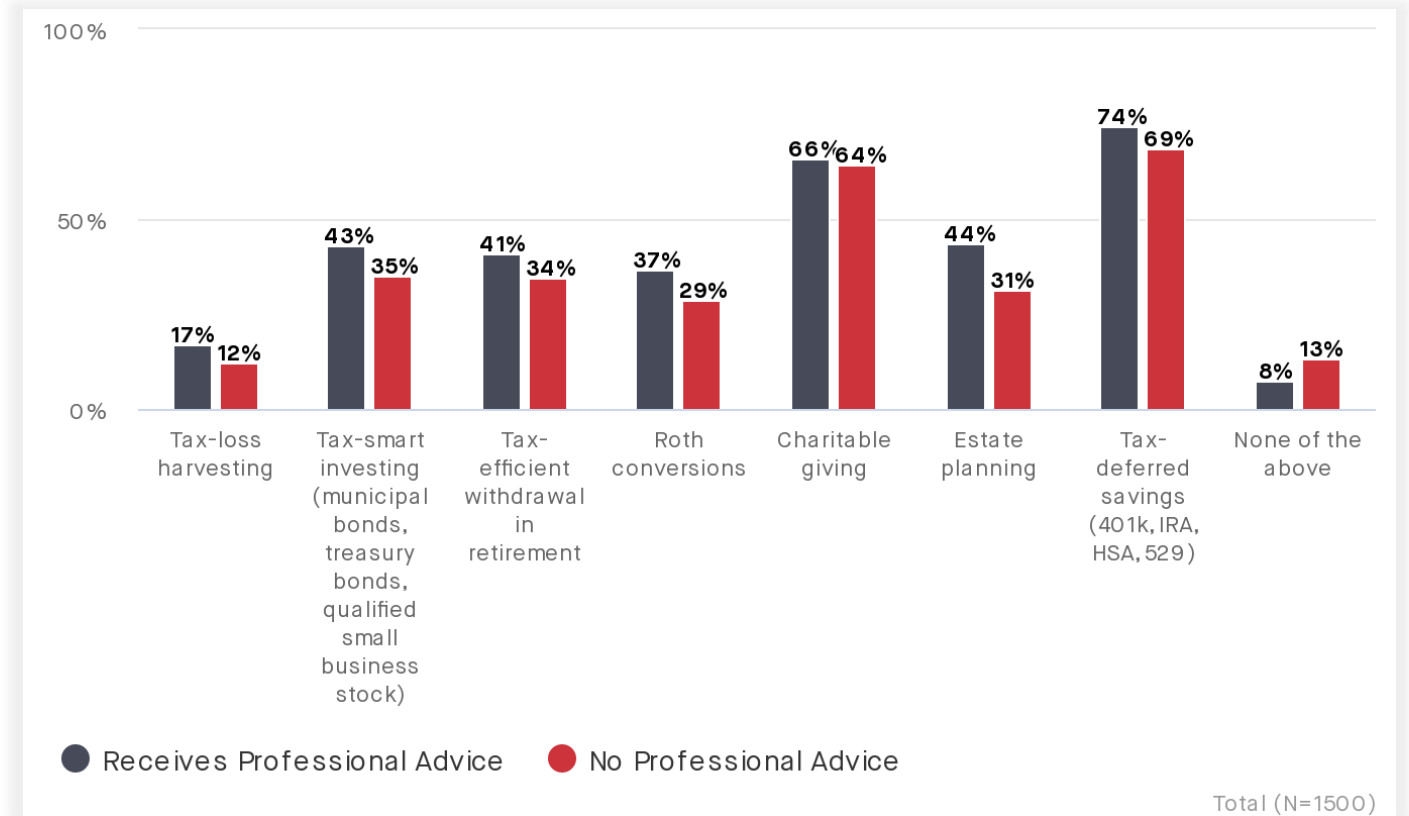
- Men show higher confidence in their tax efficiency, with **48%** feeling very confident compared to **36%** of women who were more likely to experience lower confidence levels.



Q: How confident are you that your tax planning is efficient, meaning you're reducing your taxes and keeping as much as you can?

Those who receive professional tax planning help are more familiar with a number of different tax-smart strategies.

- Individuals who have professional tax help show higher familiarity across a range of tax-smart strategies, with notable increases in estate planning (13% more) and Roth conversions (8% more) compared to those without professional help.
- The gap in awareness of tax-efficient withdrawal strategies and tax-smart investing also highlights the value of expert advice in navigating complex financial decisions.



Q: Which of the following tax-smart strategies are you familiar with?

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What are the next steps?

- 1. Connect with a planner.** Start by answering a few questions about yourself and your financial outlook.
- 2. Schedule your appointment.** An Edelman Financial Engines representative will contact you to schedule a time to meet in person – virtually or by phone.
- 3. Discuss your goals.** After a thorough conversation, you may have better insight into your financial situation relative to your goals.



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