

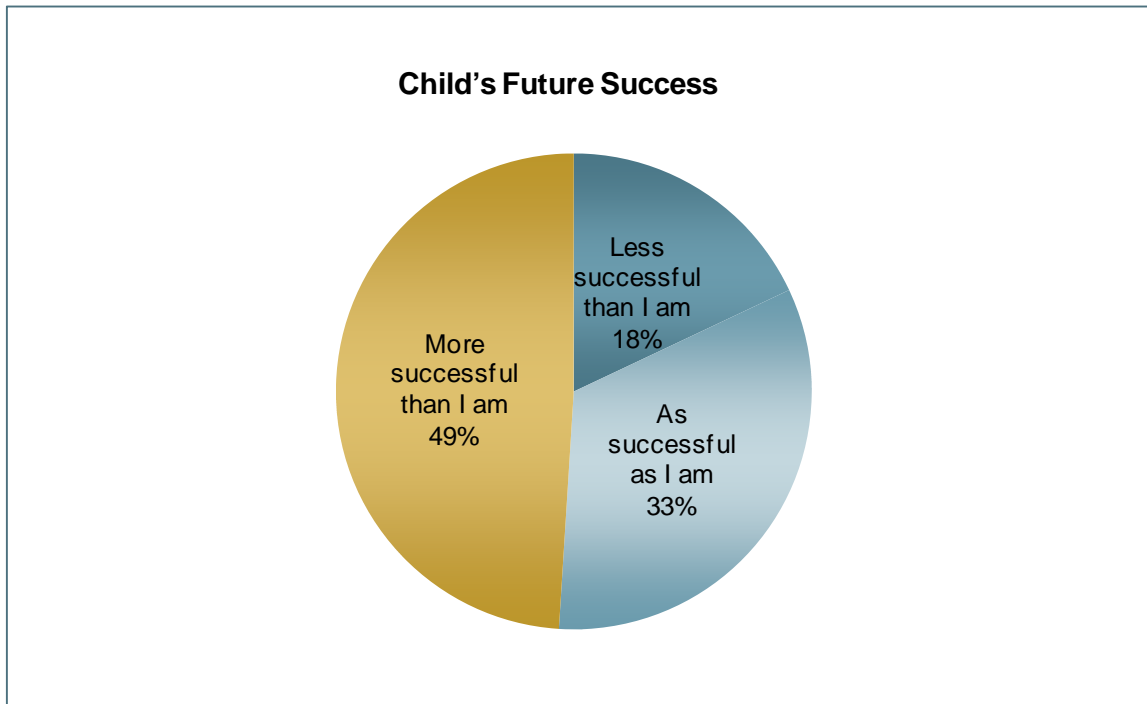
Charles Schwab 2010 Families & Money Survey

*Insights into Money Attitudes, Behaviors and Concerns of
The Sandwich Generation*

(Americans with Young Adult Children, Ages 23-28, and Living Parents)

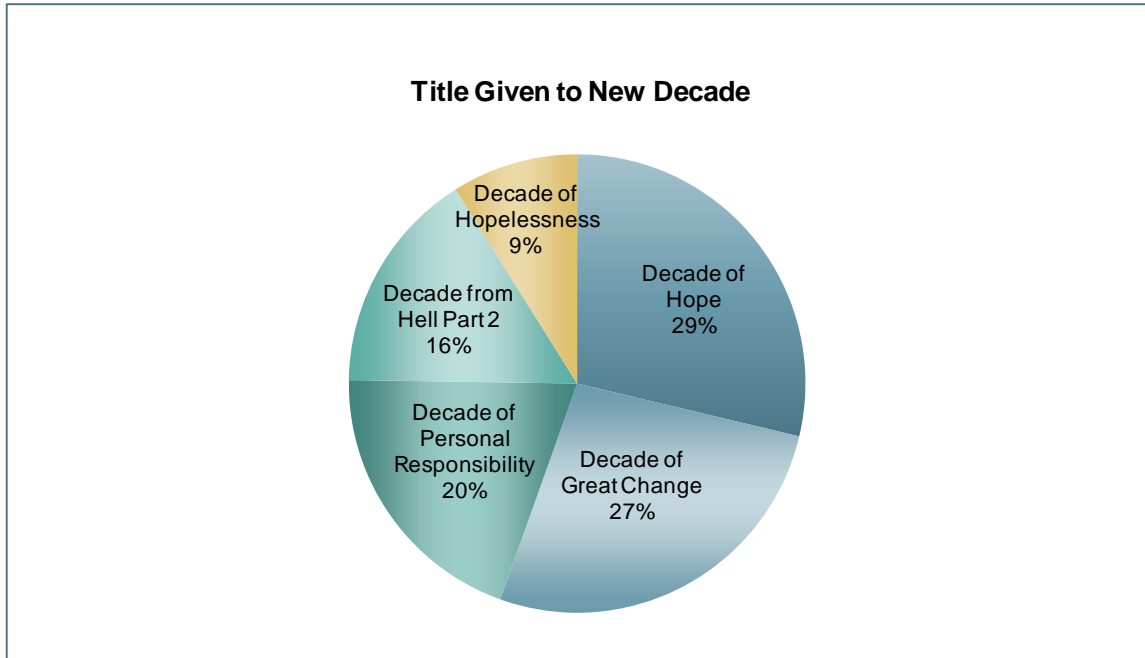
OUTLOOK FOR THE FUTURE

- **Parents see bright prospects for their kids' future financial success:**
 - Almost half (49%) surveyed believe that their young adult kids will be more successful than they themselves are today.
 - Another 33% believe their kids will be at least as successful.



- **Yet the road to financial independence stretches out much farther for today's young adults:**
 - 41% of parents still provide some level of financial support to their children ages 23-28.
 - Only half of these parents (52%) say their kids are already fully independent; 35% expect their kids to achieve independence by the age of 30; 8% by the age of 35; 2% by the age of 40; and 4% say possibly never.
 - The vast majority (86%) of Sandwich Generation parents report they were fully independent from their own parents by the age of 25.
- **Are parents willing to help support their kids indefinitely?**
 - More than two-thirds (69%) express a strong preference for their kids to choose a profession they love, even if it means they'll have difficulty paying the bills, over choosing a profession they don't love but that pays them well (31%).
 - Saving for retirement (56%) and helping their children financially (44%) are near-equivalent priorities for these parents.

- **There's optimism about the new decade that began with 2010:**
 - Asked to describe the new decade in light of what *Time* magazine had referred to as the 21st century's first "Decade from Hell," more than a quarter (29 percent) of survey respondents selected "Decade of Hope" and another 27 percent chose "Decade of Great Change."



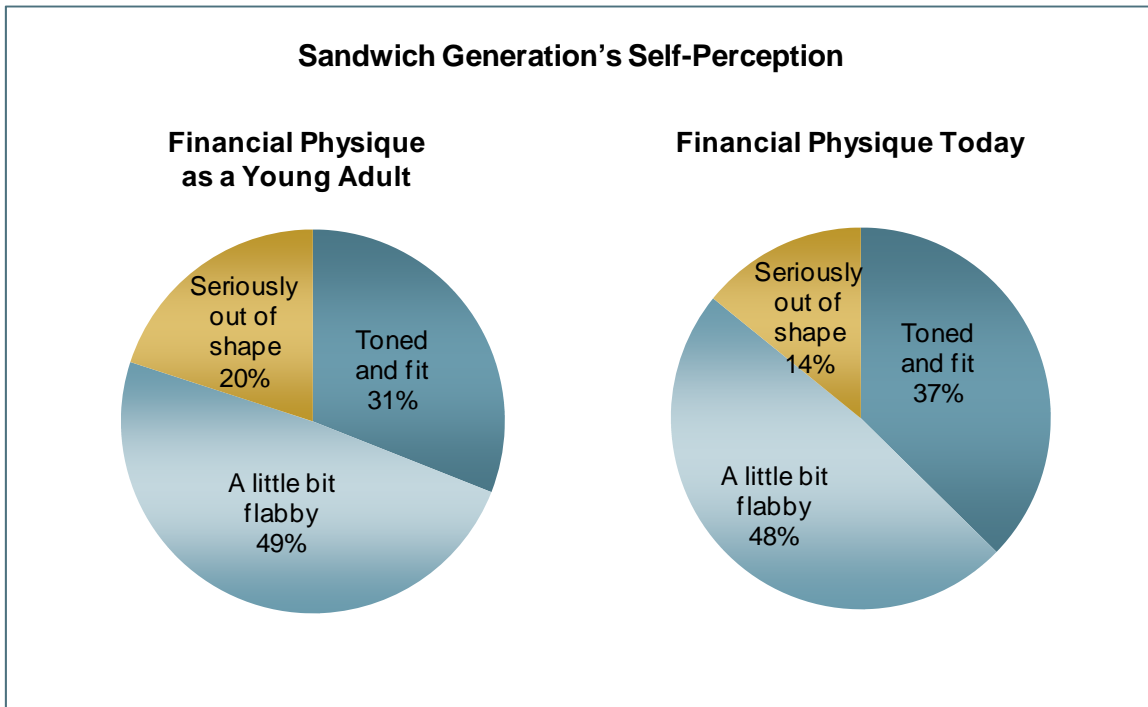
- **But economic concerns and personal financial worries persist:**
 - The vast majority (94%) worry about the country's financial future (50% are very worried, 44% a little worried).
 - A significant majority also worry about their own personal financial future (25% are very worried and 60% are a little worried).
 - The biggest worries are not being able to retire (29%), outliving retirement money (22%), and not saving enough (22%), followed by the worry that their children won't become financially independent (11%).

THE NEW GENERATION GAP

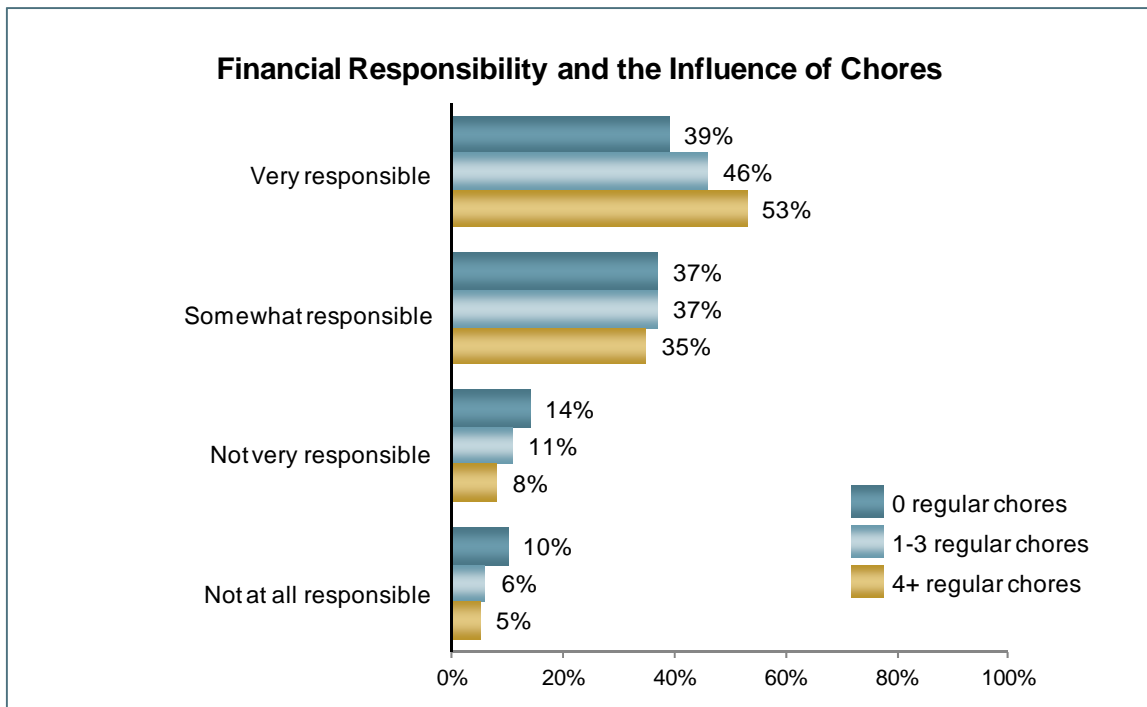
- **Mid-life parents see an attitude shift about money:**
 - More than a third of parents (38 percent) say their adult kids are more reliant on them today than they themselves were on *their* parents when they were young, and at least one in five of those believe that today's young 20-somethings have more of a sense of entitlement about money than previous generations.
 - Nearly two-thirds (64%) believe that their kids are not worried about being a financial burden on them.
- **Several factors contribute to the extended financial reliance of today's young adults:**
 - One-third of parents cite college debt (32%) and unemployment (31%) as top reasons for the delayed financial independence.
 - However, they also believe that some financial pressures are solely within their kids' control, for example, one-quarter (25%) believe that overspending leads to continued reliance, and almost one in five (19%) cite consumer debt.

IMPORTANCE OF FINANCIAL FITNESS

- **For the sandwich generation as for 20-somethings, financial fitness takes priority over physical fitness:**
 - Almost two-thirds (64%) of mid-life parents believe that financial fitness is more important than physical fitness (36%).
 - Almost half (49%) view their “financial physique” as having been a “little bit flabby” when they were young adults, a perception that hasn’t changed much with age.

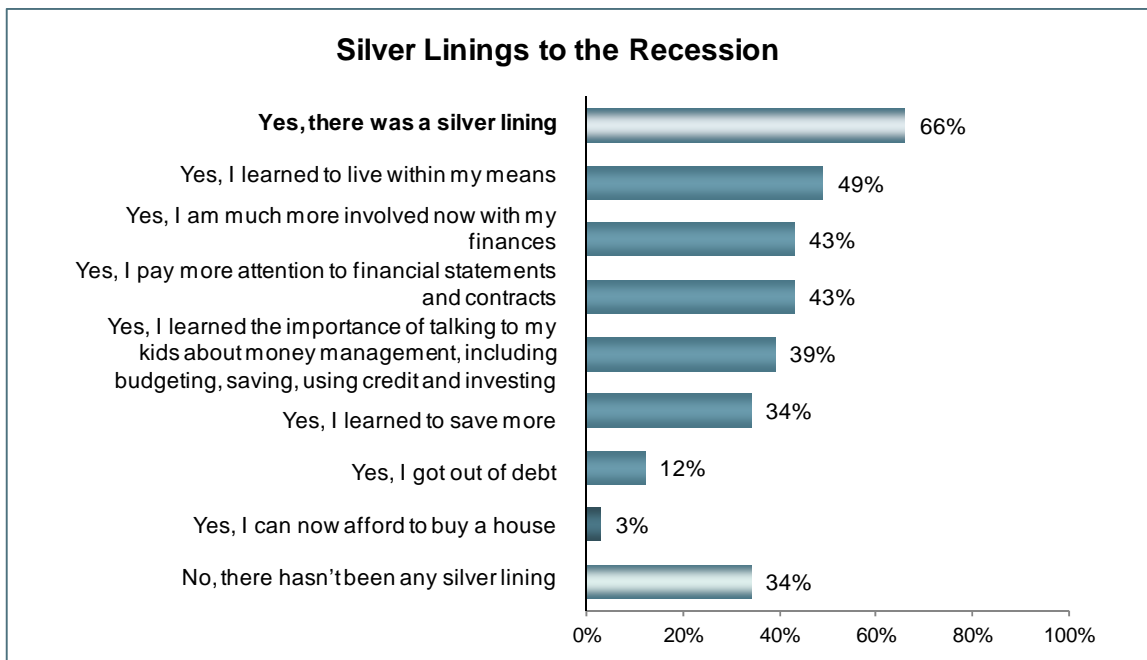


- Given the opportunity to go back and change what they did as young adults, most of the Sandwich Generation wishes they had saved more money (38%), while having chosen a different profession and invested money more aggressively tie for close second (23%).
- **Parents of young adult kids view themselves as good financial role models, although they still worry their children will repeat some of their own financial mistakes:**
 - More than half (57%) believe they were good financial role models.
 - Not saving early enough for retirement (43%), not saving money for emergencies (42%) and carrying credit card debt from month to month (30%) are cited as the top three financial mistakes they fear their kids will repeat.
- **These parents believe that there are several areas of personal finance where their kids need to improve:**
 - The top three mentioned were how to stick to a budget and live within their means (48%), how to save money (42%) and how to invest money wisely (33%).
- **Financial responsibility and “knowledge” are not necessarily the same:**
 - Nearly half of parents believe their young adult children are financially responsible (48%), yet only 23% say their kids are very knowledgeable about money management.
 - Children who regularly did more chores growing up are reported by their parents as more financially responsible as young adults.

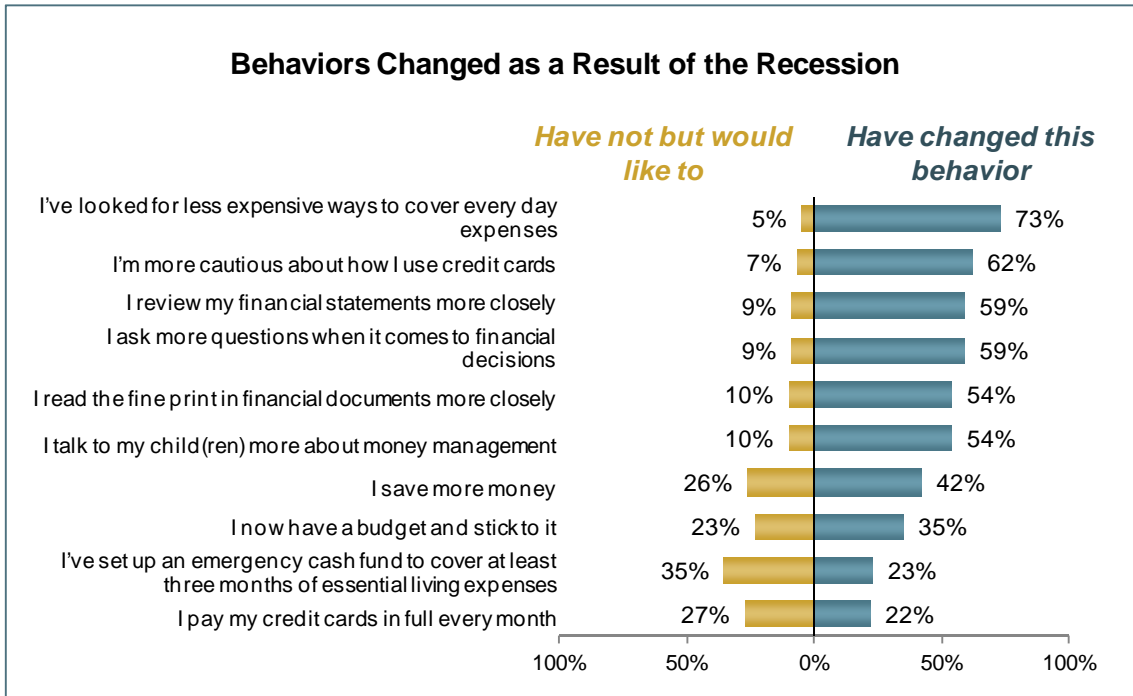


A RETURN TO MONEY BASICS

- **Two-thirds of the Sandwich Generation (66%) found a silver lining to the recent economic recession:**
 - The top “silver linings” cited by parents were learning to live within their means (49%), becoming much more involved with their finances (43%), paying more attention to financial statements and contracts (43%) and learning the importance of talking to kids about money management (39%).



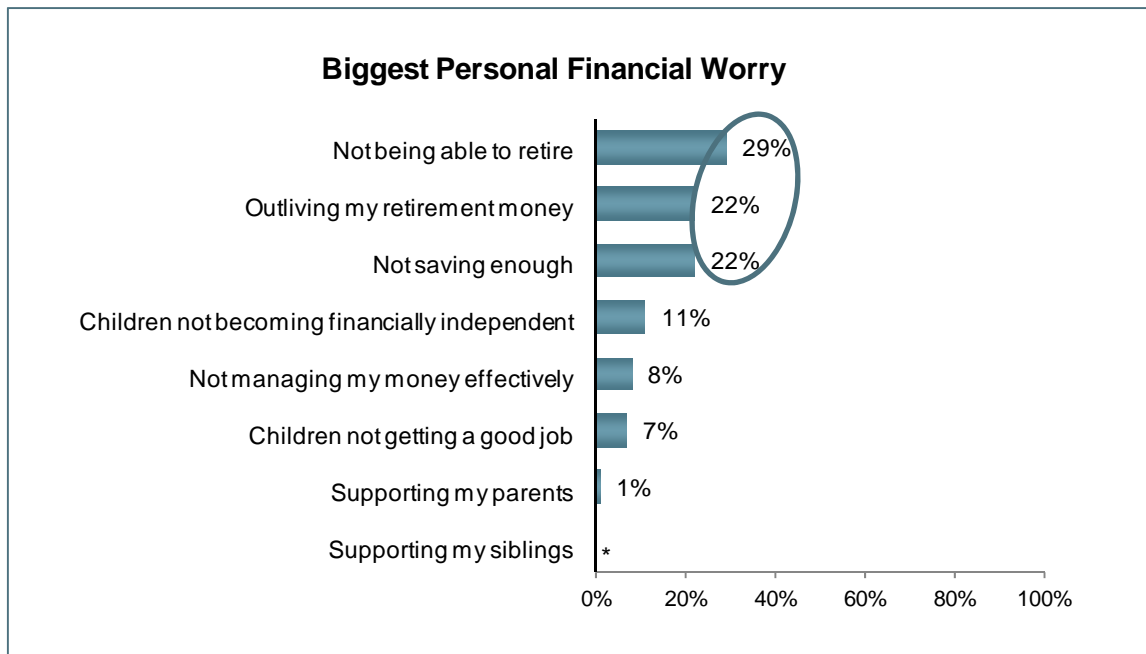
- **Many parents have made notable behavioral changes as well:**
 - Regardless of income level, almost three-quarters (73%) now look for less expensive ways to cover everyday expenses, six in ten (62%) are more cautious about how they use credit cards, more than half ask more questions when it comes to financial decisions and review financial statements more closely (59%) and the majority also talk to their child(ren) more about money management (54%).
 - The top two behavioral changes that they haven't made but would most like to make are setting up an emergency cash fund to cover at least three months of essential living expenses (35%) and paying credit cards in full every month (27%).



- **While people care greatly about achieving financial fitness, they don't incorporate it as part of a regular routine:**
 - Improving financial fitness as a daily activity (18%) does not compete with watching television (77%) or surfing the Internet (72%).

A CLOSER LOOK AT THE REST OF THE "SANDWICH"

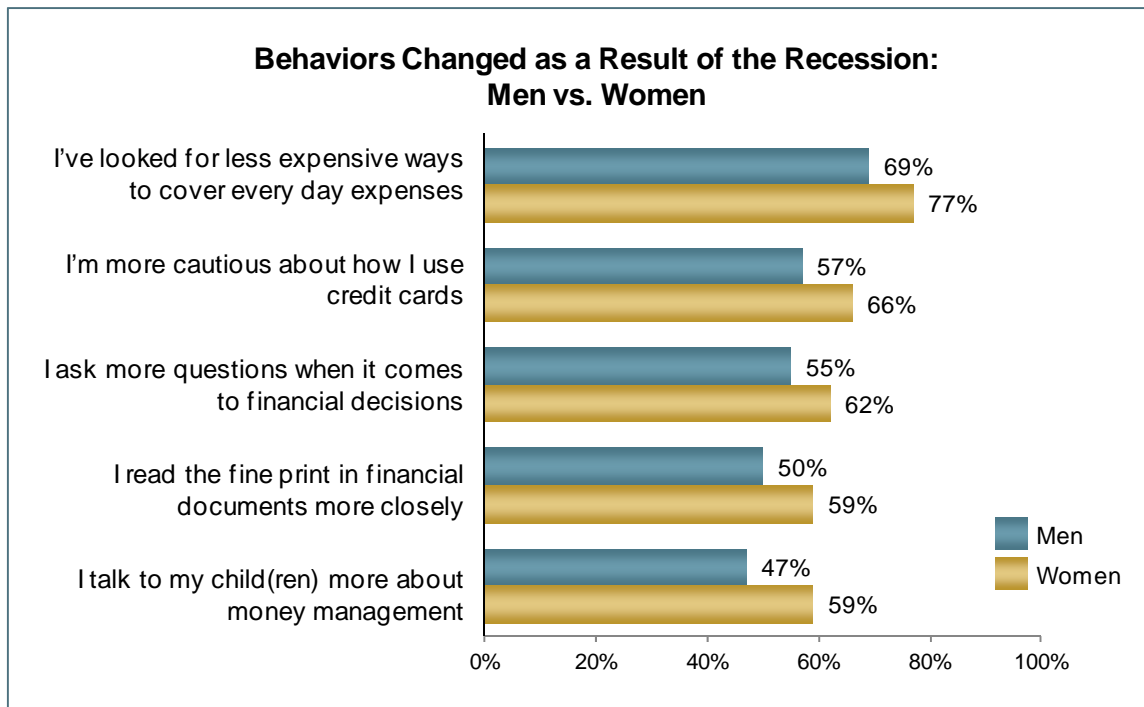
- **Mid-life parents who have aging parents themselves are most focused on their own financial future and that of their children.**
 - The biggest worries for the Sandwich Generation are not being able to retire (29%) and outliving their retirement money (22%), followed by the worry that their children won't become financially independent (11%).
 - Only one percent worry about supporting their aging parents, out of the majority (85%) who say they are at least a little worried about their own financial future.
 - Only one in 16 (6%) of these people provides financial support to both an adult child and an aging parent.



- **The economic recession of the past couple of years has had little impact on the financial relationship the Sandwich Generation has with their own parents:**
 - Close to two-thirds (64%) state that there has been no change in their financial relationship with their aging parents.
 - Of the financial topics discussed more with aging parents, over half (55%) said they do discuss health care expenses more, followed by discussions about estate plans (41%) and living on a budget (35%).

MEN VS. WOMEN

- **There were some significant differences in the outlook and perspectives of men vs. women:**
 - More women (56%) than men (42%) believe their kids' financial success will surpass their own.
 - More than a third of men (38%) believe there was no silver lining to the recent recession, while only 29% of women feel the same way.
 - Ironically, given life expectancies, more men (26%) than women (19%) are worried about outliving their retirement money.
 - Women were more likely than men to have made recent, positive changes in their financial behaviors and habits, including talking to their children more about money management (59% vs. 47%, respectively).



About the Survey

The 2010 Families & Money survey was conducted by Lieberman Research Worldwide on behalf of Charles Schwab & Co., Inc. in February 2010. The nationally representative online survey polled 1,000 people who are parents of at least one child, age 23-28, and who have at least one living parent. The average age of survey respondents was 53. The survey findings have a margin of error of plus or minus 2.6 percentage points at the 90 percent confidence level.

About Charles Schwab

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