

March Consumer Spending and Saving

A research report prepared for:



March 21, 2011

echo

GLOBAL RESEARCH PROTECTING BRANDS AND REPUTATION

Research Method



- This research was completed online among a random sample of consumers aged 18+. A total of 2,045 interviews were completed.
- In addition to a general population sample, two sub-groups – Affluents, and Young Professionals were targeted and balanced by the general population.
 - n= 551: Affluents – defined as having a minimum annual household income of \$100,000
 - n= 517: Young Professionals – defined as less than 30 years of age, having a college degree, and a minimum annual household income of \$50,000
- Interviewing was conducted by Echo Research between March 1- 6, 2011.
- Overall the results have a margin of error of +/- 2.2 (or 4.2 among Affluents, and 4.3 among Young Professionals) percentage points at the 95% level of confidence.



March Spend and Save

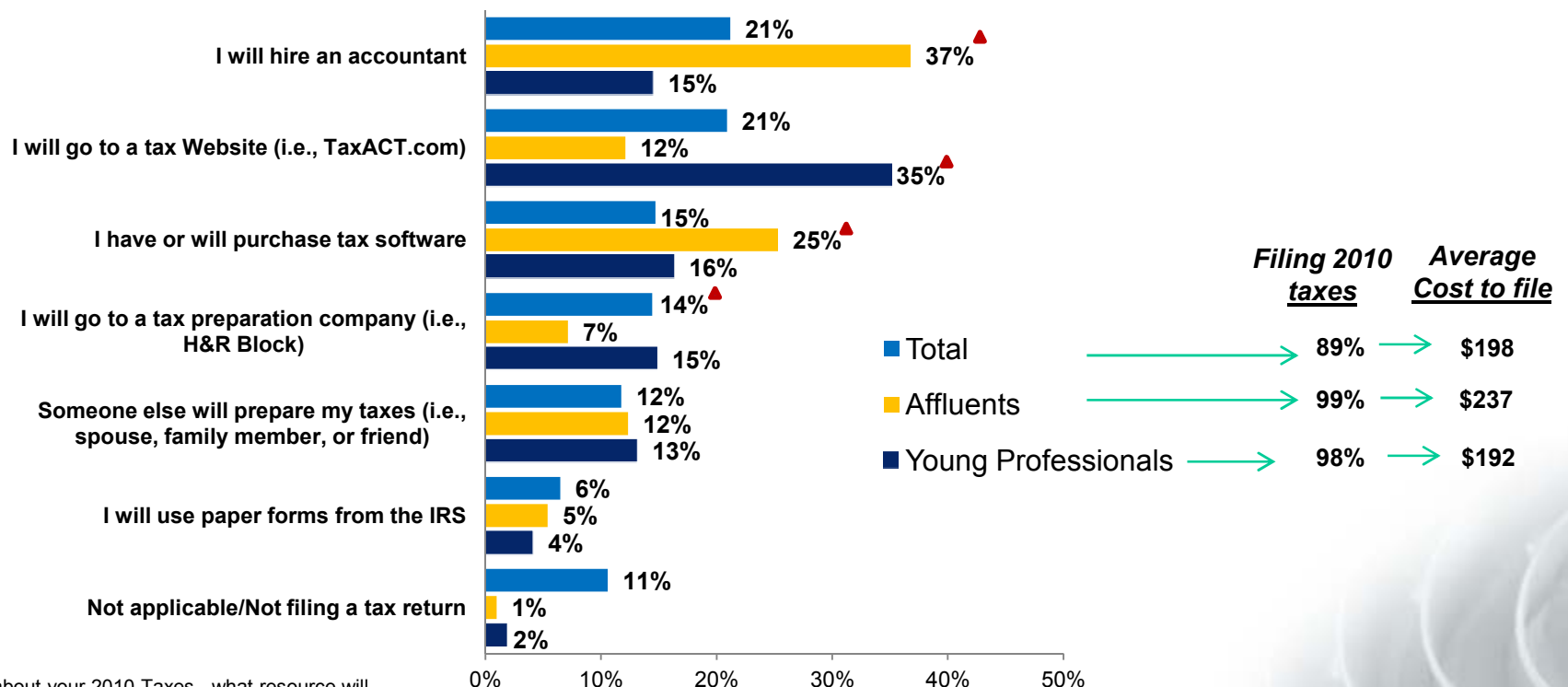
TAXES

Tax Filing Resource



Nine in ten of the general population plans to file their 2010 taxes, and one in five will either hire an accountant or go to a tax website to prepare their taxes.

- The number one way to prepare taxes differs by consumer segment – more than one third of Affluents will hire an accountant and a similar proportion of Young Professionals will go to a tax website for tax assistance.
- One in four of these Affluents will purchase tax software, in contrast to one in six Young Professionals.
- The average cost to prepare taxes is roughly \$200.



Q.T1 Thinking about your 2010 Taxes - what resource will be used for preparing your taxes? BASE: Total respondents
 Q.T2. How much do you think it will cost you to file your taxes using the resource you mentioned previously? BASE: Total filing 2010 taxes

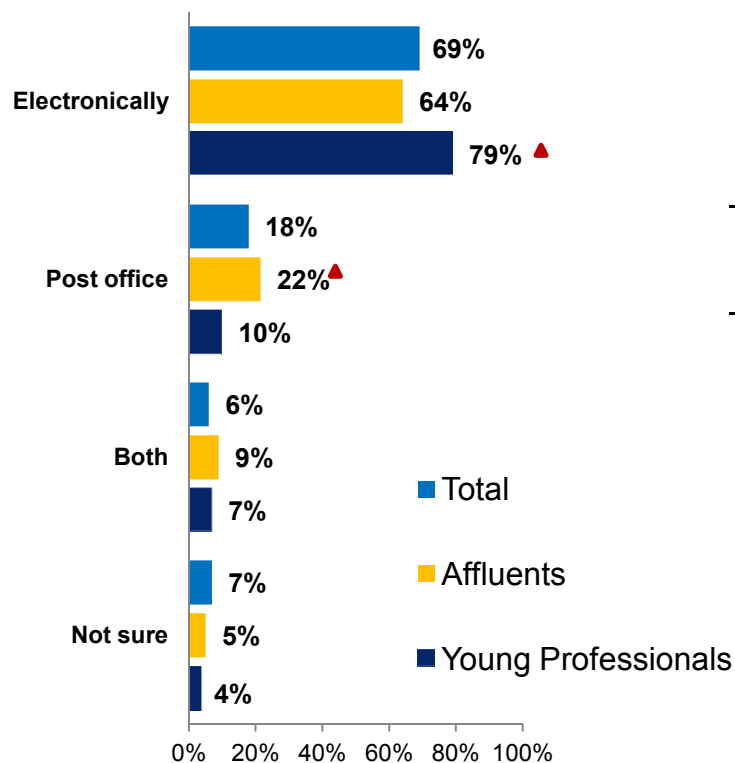


Method of Filing Taxes

Most with plans to file their 2010 taxes indicate they will do so electronically.

- More Young Professionals than Affluents will file electronically.
- More filers in the North Central and South will file electronically than their counterparts in the Northeast and West.

Notably, one in five tax filers in the Northeast and the West, and those who are Affluent or male will go to the post office to mail their taxes.



	Male	Female	North east	North Central	South	West
Electronically	69%	69%	65%	73%	72%	64%
Post office	21%	15%	20%	13%	18%	21%
Both	5%	7%	6%	8%	4%	7%
Not sure	5%	9%	9%	6%	6%	8%

Highlights in red indicate notable differences

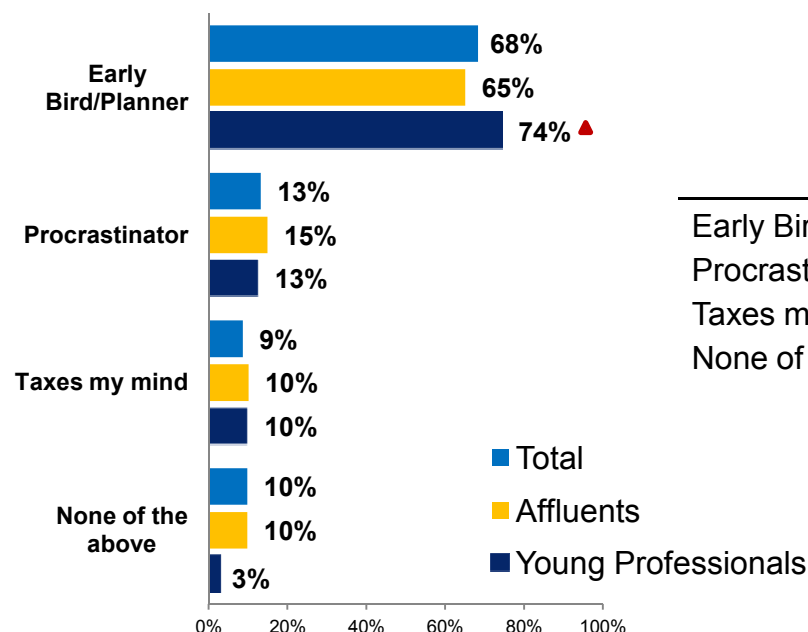
Q.T3 How will you file your 2010 income taxes?
BASE: Total filing 2010 taxes



Tax Personality

Among the nine in ten consumers planning to file their taxes in 2010 – more than two thirds of them say “early/bird/planner” best describes their tax personality.

- More than one in five (22%) have taxes on their mind or procrastinate (9% and 13%, respectively).
- More Young Professional tax filers than their Affluent counterparts associate their tax personality with “early/bird/planner”.
- While most men and women tax filers describe themselves as “early/bird/planner” – a notable 11% of men filers say that taxes are on their mind, in contrast to 7% of women filers.
- More tax filers in the North Central region consider themselves procrastinators than the rest of the region.



	Male	Female	North east	North Central	South	West
Early Bird/ Planner	67%	70%	70%	68%	68%	68%
Procrastinator	13%	13%	10%	17%	12%	13%
Taxes my mind	11%	7%	10%	7%	10%	7%
None of the above	9%	10%	10%	7%	10%	11%

Highlights in red indicate notable differences

Q.T4 Which of the following describes your "tax personality" in handling your 2010 taxes? BASE: Total filing 2010 taxes
Note: see questions at end for detailed descriptions

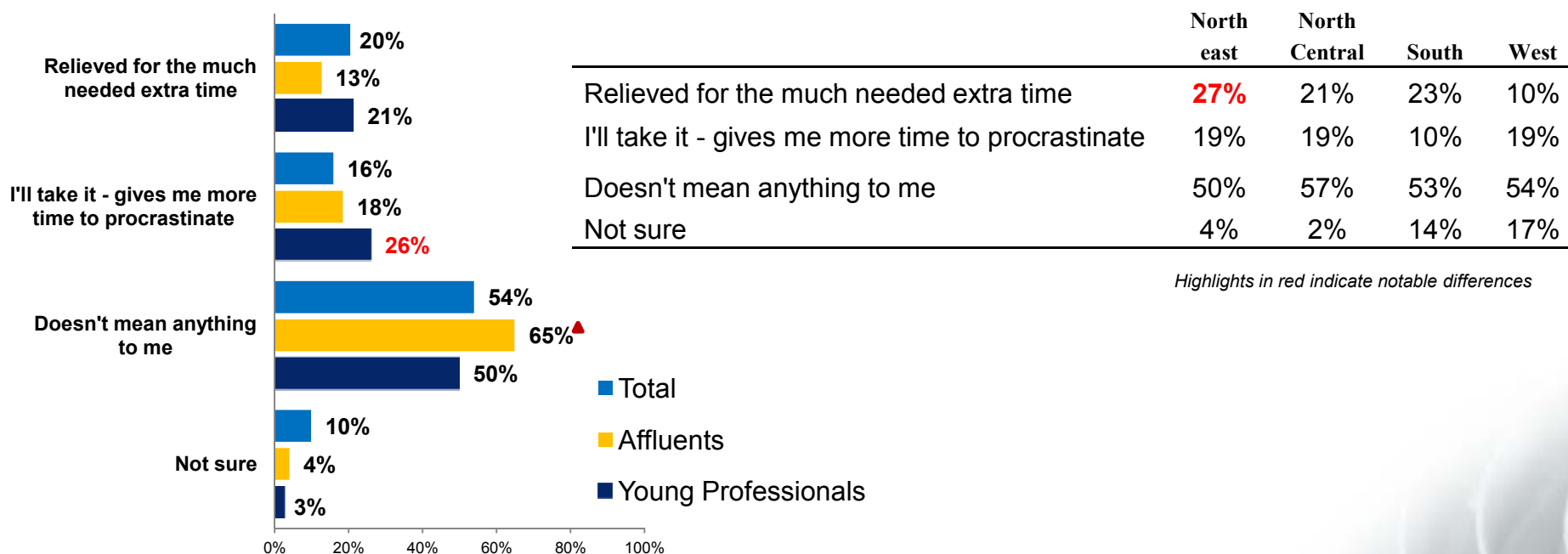


Tax Day Extension to April 18th

Tax day has been extended three days – until April 18th, and evidently leads to more procrastination for some.

Among tax filers with taxes on their mind or who are procrastinators...

- One in five say they feel 'relieved' for that much needed extra time, and nearly as many will gladly take it as it will give them more time to procrastinate (20% and 16%, respectively).
- More than one in four who are Young Professionals say they will take it, as it gives them more time to procrastinate; and more than one in four living in the Northeast say they are relieved.



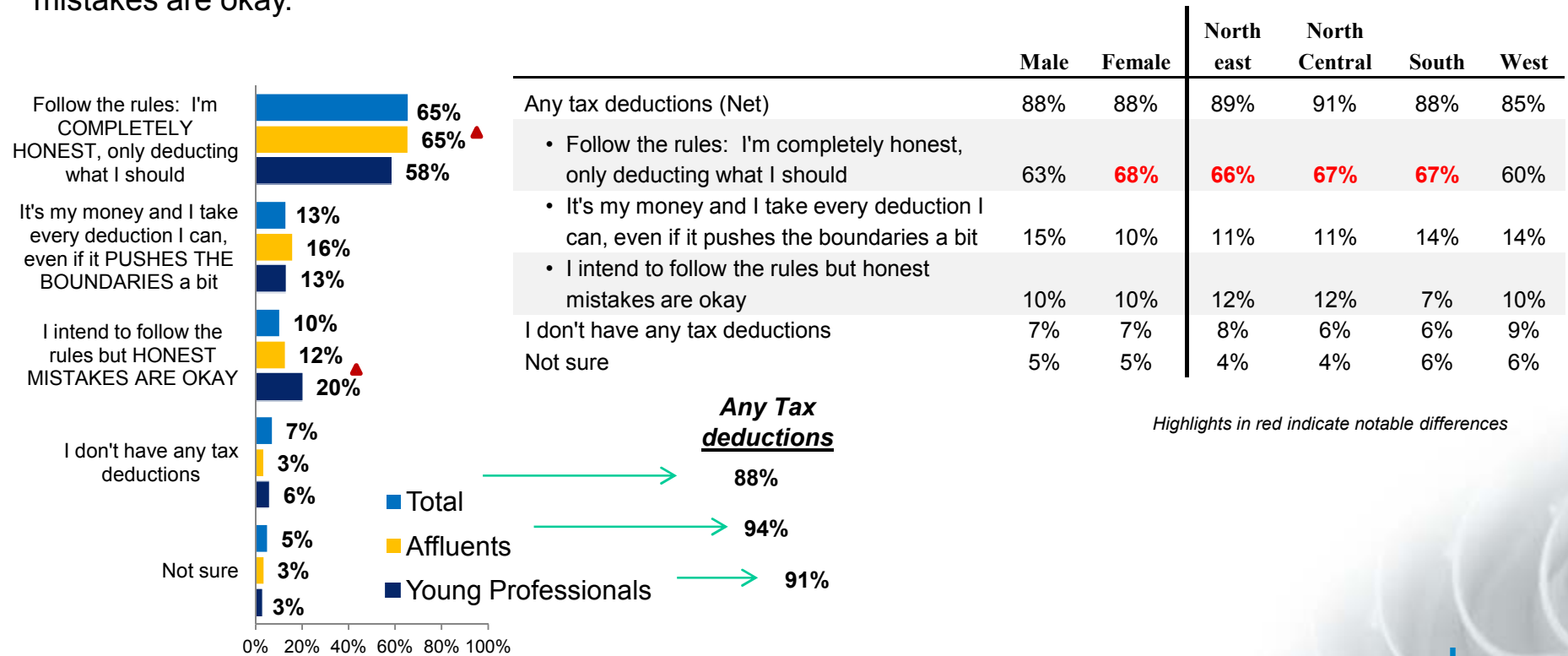
Q.T5 The IRS has granted a three-day extension -- until April 18, 2011 -- to file 2010 returns and pay your dues to Uncle Sam. How will those extra hours make you feel? Among those filing a 2010 tax return and describe their tax personality as "procrastinator" or "taxes on mind"

Handling of Tax Deductions

Most tax filers are completely honest when taking deductions.

- Nearly two thirds of Affluents and the general population of filers are completely honest with their tax deductions, while fewer Young Professionals follow the same rules (65% vs. 58%).
- More women than men filing taxes follow the rules – as noted by the more than two thirds of women. And, two thirds in the Northeast, North Central and South are also completely honest, however significantly fewer in the West (60%).

One in five Young Professionals with plans to file their 2010 taxes intend to follow the rules but say honest mistakes are okay.



Q.T6 Which of the following best describes your handling of tax deductions? BASE: Total filing 2010 taxes

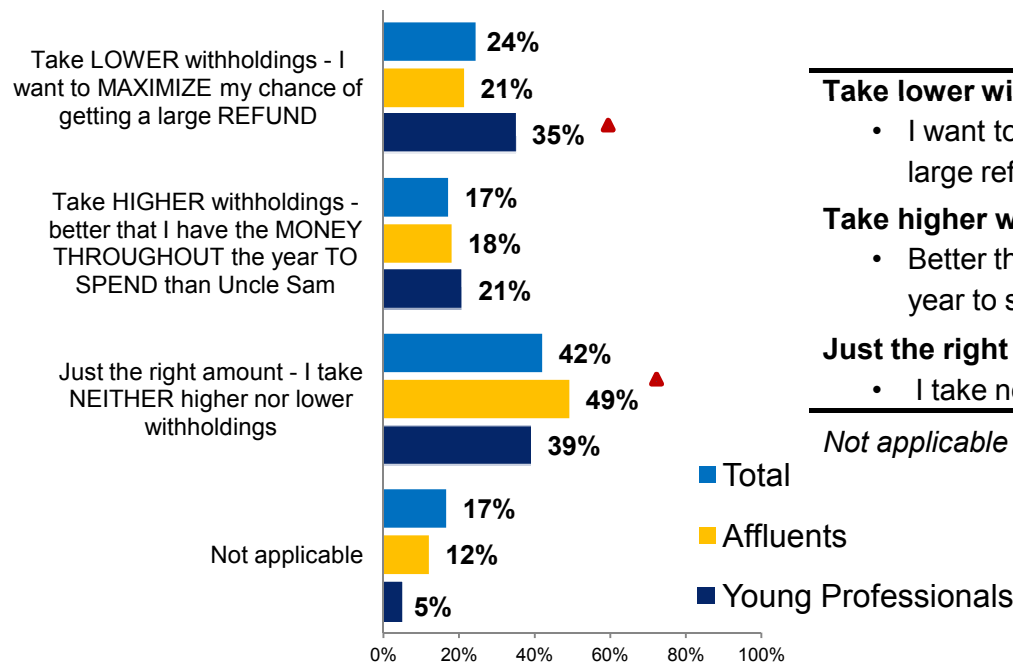


HIGHER OR LOWER WITHHOLDINGS ON W4 FORM

More tax filers feel they withhold just the right amount (neither higher nor lower) during the year on their W4 form (42% overall).

- About one half (49%) of Affluent tax filers feel they take neither higher nor lower withholdings, in contrast to 39% who are Young Professionals.
- More women than men filers claim they withhold just the right amount during the year (45% vs. 39%).

About one in four tax filers say they take lower withholdings during the year to maximize their chance of getting a large refund. Young Professional filers follow this tactic more than their Affluent counterparts (35% vs. 21%).



	Male	Female
Take lower withholdings – <ul style="list-style-type: none">• I want to maximize my chance of getting a large refund	26%	23%
Take higher withholdings – <ul style="list-style-type: none">• Better that I have the money throughout the year to spend than Uncle Sam	18%	16%
Just the right amount – <ul style="list-style-type: none">• I take neither higher nor lower withholdings	39%	45%
<i>Not applicable</i>	17%	16%

Highlights in red indicate notable differences

Q.T7 Whether you are currently employed or not - what's your approach in deciding how much to withhold in the employee W4 form? Among those filing 2010 taxes

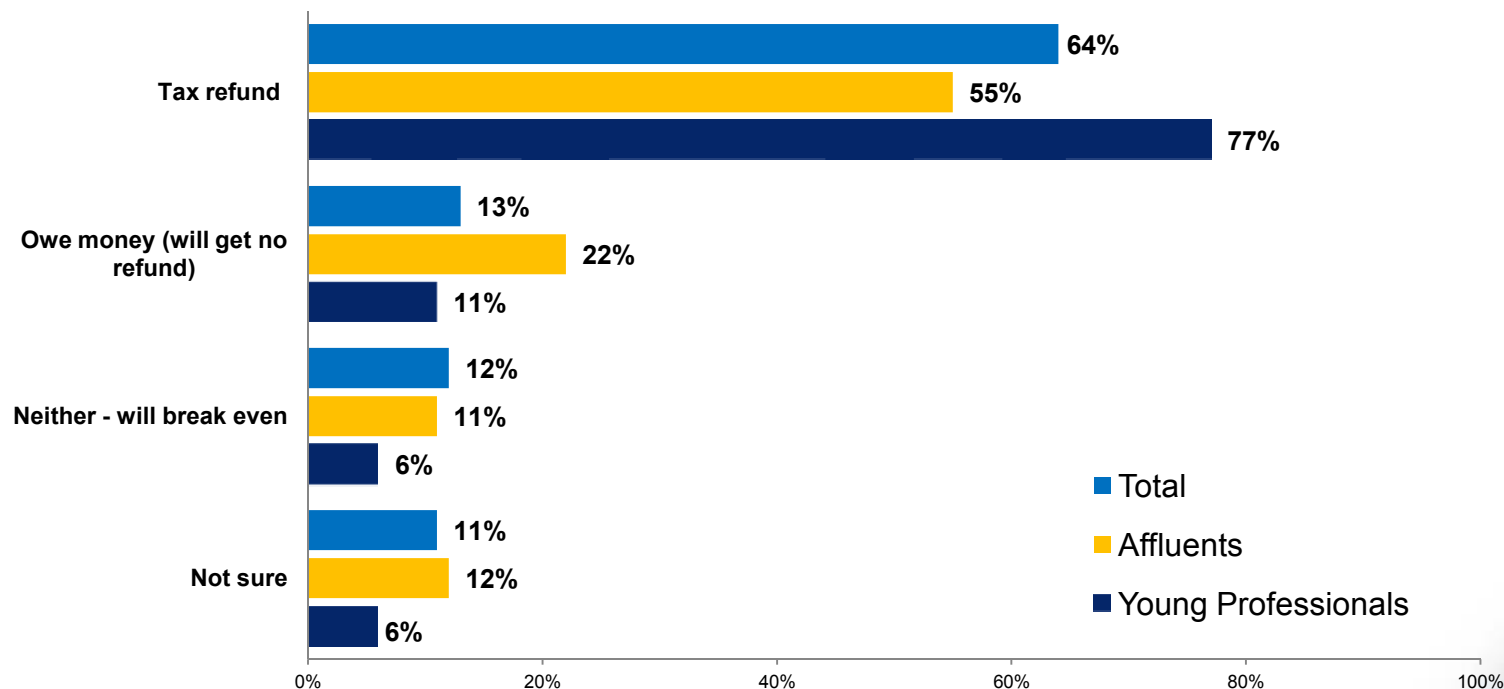
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Tax Refund Expectations

More than three in five tax filers expect a tax refund (64%) for their 2010 tax filing, while 13% will owe money, and 12% will break even.

- The majority of Young Professional filers expect a tax refund (77%), in contrast to 55% of their Affluent counterparts.
- More than one in five (22%) Affluent filers say they will owe money this year for their 2010 tax claim; half as many will break even (11%).



Q.T8 Thinking about your 2010 tax filing, will you owe money on April 18th - the tax deadline or are you expecting a tax refund? Among those filing 2010 taxes

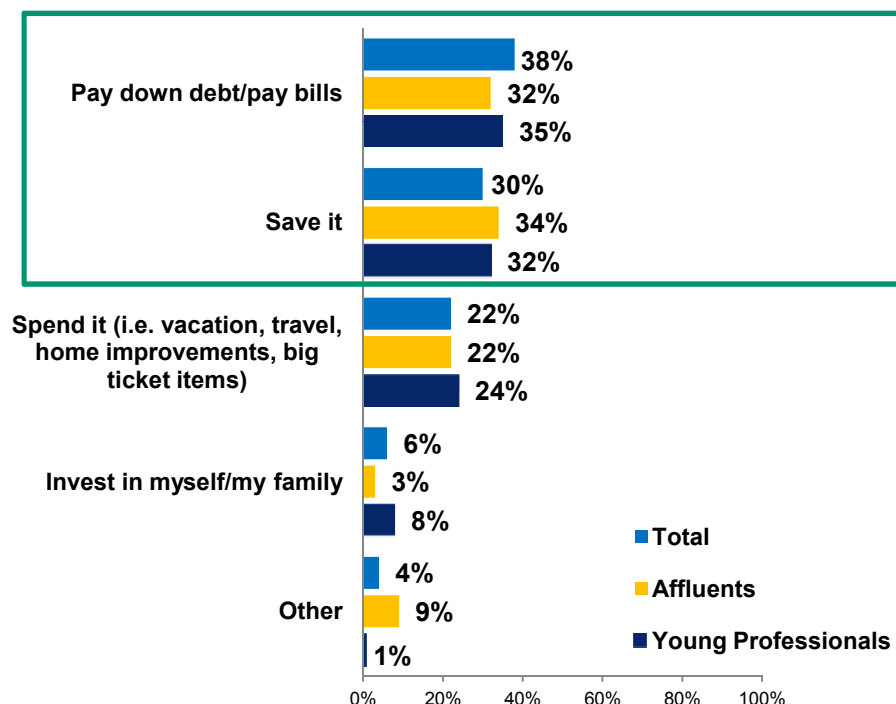
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Tax Refund Spend or Save Allocation

More expecting a tax refund have plans to pay down debt/ pay bills than save their 2010 tax refund (38% and 30%, respectively). However, more than one in five (22%) have plans to spend their refund on a vacation, travel, home improvements, or big ticket item.

- Among Affluents anticipating a refund, slightly more will save than spend on paying down debt (34% vs. 32%, respectively).
- More women than men expecting a tax refund will pay down debt (41% vs. 33%); conversely, of those expecting a refund, more men than women will save their refund (34% vs. 26%).



	Male	Female
Pay down debt/pay bills	33%	41%
Save it	34%	26%
Spend it on vacation/ travel, home improvements, big ticket items	21%	22%
• Spend on vacation/travel	8%	8%
• Spend on home improvements	7%	9%
• Splurge on a big ticket item	6%	5%
Invest in myself/my family	7%	5%
Other	5%	6%

Highlights in red indicate notable differences

Q.T9a-g(1) Please indicate how you will allocate spending and/or saving of your 2010 tax refund? Total filing 2010 taxes and expect a refund

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▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level

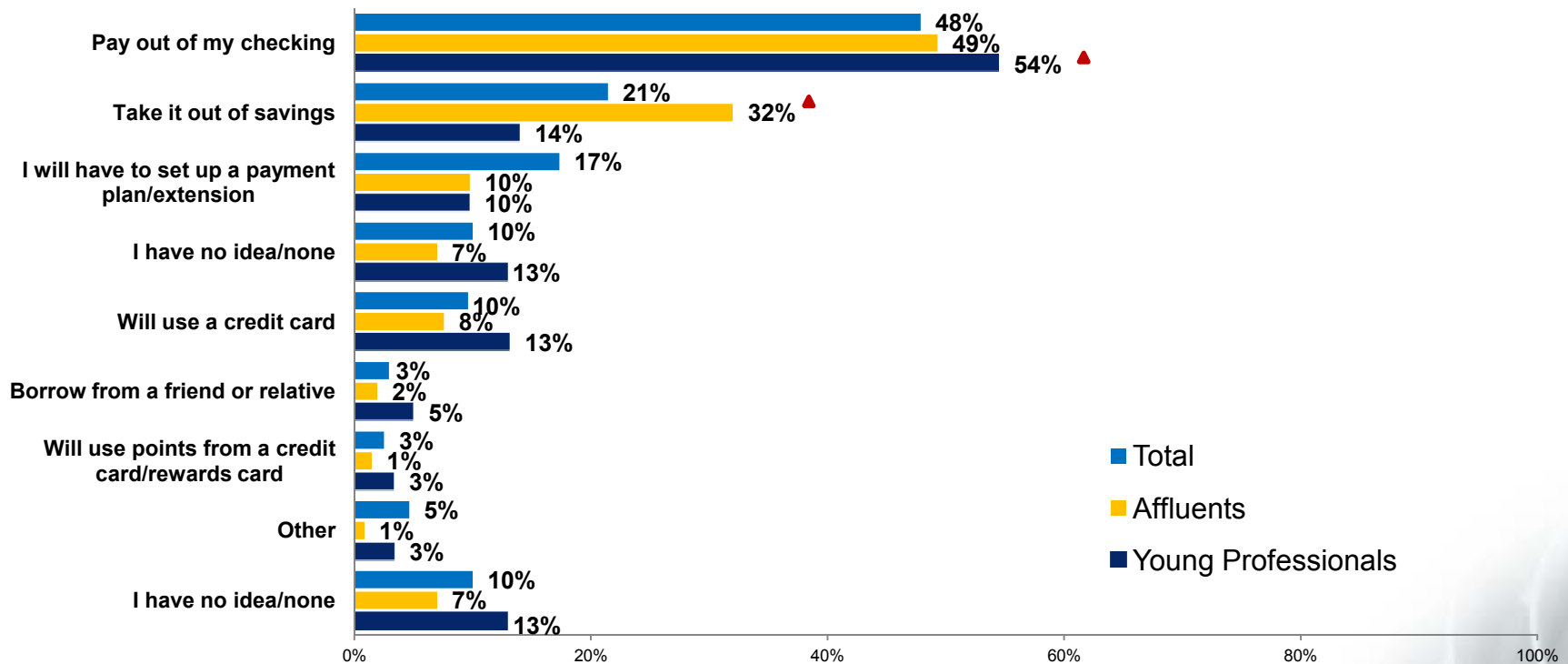
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Method of Paying for Taxes Owed

Among the general population who owe money on their 2010 taxes, nearly one half will pay using the money they have in checking, and one in five will dip into their savings.

- Most Young Professionals will pay what they owe via their checking (54%).
- More Affluents than Young Professional and the general population will pay their owed taxes with their savings (32% vs. 14% and 21%, respectively).



Q.T10 How do you expect to pay your 2010 taxes owed? Among those who owe money on their 2010 taxes.

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▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level

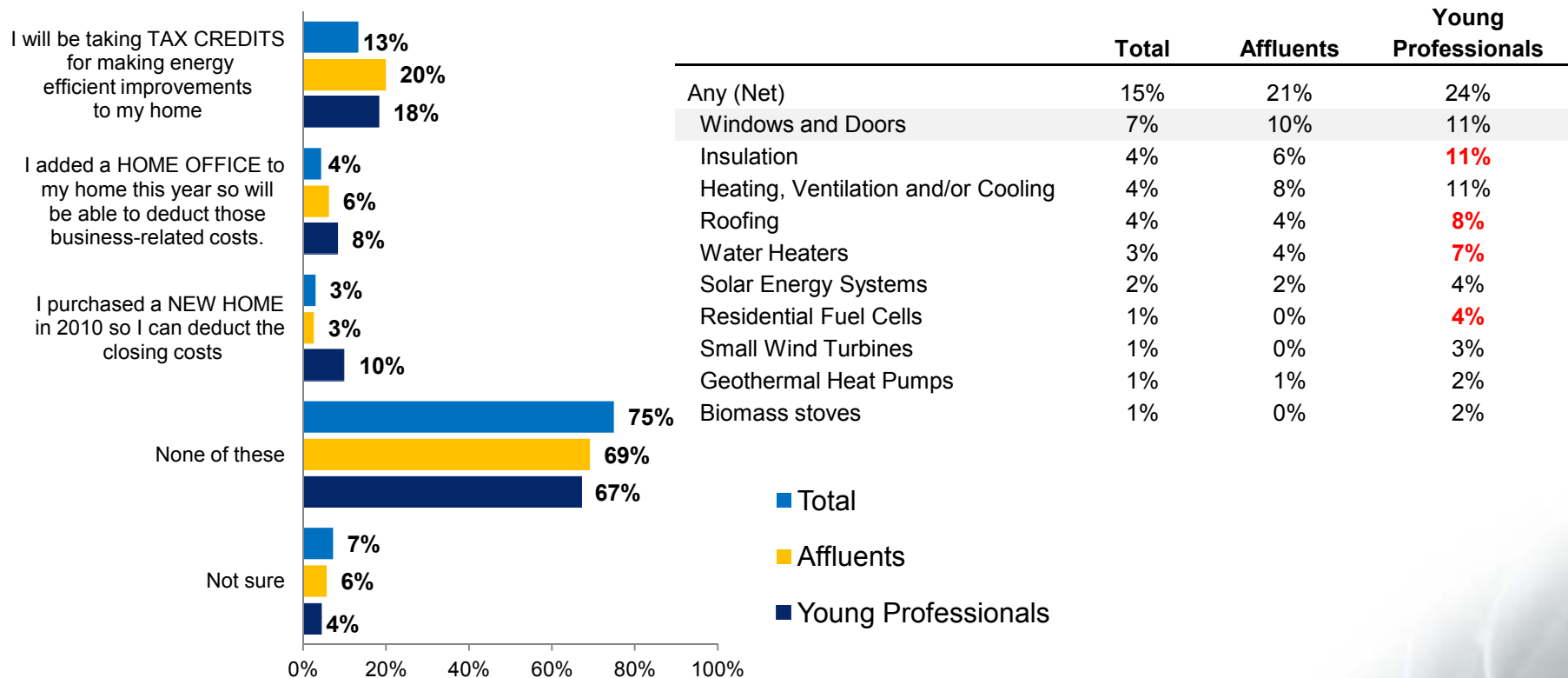
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2010 Tax Deductions



More than one in ten tax filers will take advantage of tax credits for making energy efficient home improvements.

- One in five Affluents, and nearly as many Young Professional tax filers will take advantage of tax credits for making energy efficient home improvements (20% and 18%, respectively).
- Specifically, one in ten are claiming new windows and doors on their 2010 tax return.



Q.T11 As you complete your taxes this year, will you be taking advantage of any of the following deductions? Among those filing 2010 taxes

Q.T12 Will you be claiming tax deductions on any of the following in your 2010 tax return? Among those filing 2010 taxes

▲ Significantly higher than (Affluent/Young Professional) segment at the 95% confidence level



Tax Survey



T1. Thinking about your 2010 Taxes - what resource will be used for preparing your taxes? Please choose one response.

(ROTATE LIST)

- 1 I have or will purchase tax software
- 2 I will use paper forms from the IRS
- 3 I will go to a tax Website (i.e. TaxACT.com)
- 4 I will hire an accountant
- 5 I will go to a tax preparation company (i.e. H&R Block)
- 0 Someone else will prepare my taxes (i.e. spouse, family member, or friend)
- N Not filing a tax return/ Not applicable

IF FILING 2010 TAXES (ANY ^1-5 IN T1) THEN CONTINUE

T2. How much do you think it will cost you to file your taxes using the resource you mentioned previously?

Record amount \$ _____

Not sure

T3 How will you file your 2010 income taxes?

- 1 Electronically
- 2 Post office
- 3 Both
- D Not sure

T4. Which of the following describes your “tax personality” in handling your 2010 taxes? Please choose one response. (ROTATE LIST)

- 1 Early Bird/Planner – I have a good understanding of my tax situation and how things will shake out year to year, I’m prepared and I file early/on time
- 2 Procrastinator – I never have enough time to pull the information needed together and would rather be doing something else; I file on time but its down to the wire
- 3 Taxes my mind – I dread tax time and don’t have a good handle on all of the materials I need or if I’ll be getting a refund or needing to pay. I avoid doing my taxes until the last minutes and file with an extension or late.
- N None of the above

Tax Survey



IF T4 = 1 (EARLY BIRD/PLANNER) THEN SKIP TO T6

T5. The IRS has granted a three-day extension—until April 18, 2011—to file 2010 returns and pay your dues to Uncle Sam. How will those extra hours make you feel?

(ROTATE)

- 1 Relieved for the much needed extra time
- 2 I'll take it – gives me more time to procrastinate
- 3 Doesn't mean anything to me
- D Not sure

T6 Which of the following best describes your handling of tax deductions? Please choose one response.

(ROTATE)

- 1 Follow the rules: I'm completely honest, only deducting what I should
- 2 I intend to follow the rules but honest mistakes are okay
- 3 It's my money and I take every deduction I can, even if it pushes the boundaries a bit
- 0 I don't have any tax deductions
- D Not sure

T7. Whether you are currently employed or not - what's your approach in deciding how much to withhold in the employee W4 form? Please choose one response.

(ROTATE)

- 1 Take higher withholdings – better that I have the money throughout the year to spend than Uncle Sam
- 2 Take lower withholdings – I want to maximize my chance of getting a large refund
- 3 Just the right amount- I take neither higher nor lower withholdings
- D Not applicable

Tax Survey



T8. Thinking about your 2010 tax filing, will you owe money on April 18th – the tax deadline or are you expecting a tax refund? Please choose one response.

(ROTATE)

- 1 Owe money
- 2 Tax refund
- 3 Both
- 4 Neither – I expect to break even (will not pay or get a refund)
- 5 Not sure

IF REFUND: Q.T8 = 2-3 ASK Q.T9; OTHERWISE SKIP TO INSTRUCTION BEFORE T10

T9. Please indicate how you will allocate spending and/or saving of your 2010 tax refund?

(ROTATE)

Record %

- | | |
|---|-------|
| 1 Save it | _____ |
| 2 Pay down debt/ pay bills | _____ |
| 3 Spend on vacation/travel | _____ |
| 4 Invest in myself / my family (i.e. school, job training, etc.) | _____ |
| 5 Spend on home improvements | _____ |
| 6 Splurge on a big ticket item (gadgets, clothing, jewelry, etc.) | _____ |
| 7 Other (please specify) _____ | _____ |

MUST TOTAL 100%

IF OWE: Q.T8 = 1 ASK Q.T10; OTHERWISE SKIP TO T11

T10. How do you expect to pay your 2010 taxes owed? Please select all that apply.

(ROTATE)

- 1 I will have to set up a payment plan / extension
- 2 Will use a credit card
- 3 Will use points from a credit card/rewards card
- 4 Take it out of savings
- 5 Pay out of my checking
- 6 Borrow from a friend or relative
- 7 I have no idea
- 8 Other
- D Not sure



Tax Survey



T11. As you complete your taxes this year, will you be taking advantage of any of the following deductions?

(ROTATE)

- 1 I purchased a new home in 2010 so I can deduct the closing costs
- 2 I added a home office to my home this year so will be able to deduct those business-related costs.
- 3 I will be taking tax credits for making energy efficient improvements to my home
- 4 None of these
- N Not sure

T12. Will you be claiming tax deductions on any of the following in your 2010 tax return? Please choose all that apply.

(ROTATE)

- 1 Biomass stoves
- 2 Geothermal Heat Pumps
- 3 Heating, Ventilation and/or Cooling
- 4 Insulation
- 5 Residential Fuel Cells
- 6 Roofing
- 7 Small Wind Turbines
- 8 Solar Energy Systems
- 9 Water Heaters
- 10 Windows and Doors
- 11 None of the above
- DD Not sure