



CONSUMER INSIGHTS

# Attitudes about Taxes & the 2023 Tax Filing Season

Findings from the 2022 Consumer  
Sentiment Tracker Research

# Key findings

## **As consumers continue to feel the strain of inflation, 8 in 10 say they'd use some or part of a tax refund toward financial priorities**

- Just over half of US adults think they'll receive a refund this year.
- Putting money toward savings and paying off debt are the most common ways consumers say they'll use the money if they receive a refund this tax season.
- Across demographics, we see differences in the relative importance of different financial goals.

## **Today's economy is also driving desire for financial products that provide tax benefits**

- 33% say in the current economic climate it is more of a priority to invest in financial products that provide tax benefits (i.e. help you pay less in taxes either now or in the future).
- Nearly half (47%) say they are more concerned about the impact of taxes on their retirement savings / investments as a result of the current market.

## **Consumers may be under-prepared for the impact of taxes in retirement**

- Most Americans are concerned a change in taxes may impact their

lifestyle or income in retirement, yet only about 1 in 3 US adults are currently preparing for the impact of taxes on their investments and retirement accounts.

- Among those who work with a financial professional, fewer than half have discussed ways to minimize exposure to taxes. Those who have had discussions are nearly 2x more likely to say they're very satisfied with their financial professional.
- Even among near-retirees and retirees, most do not feel very prepared for various financial aspects of retirement—including taxes and other considerations. Consumers feel least prepared for the possibility of long-term care.

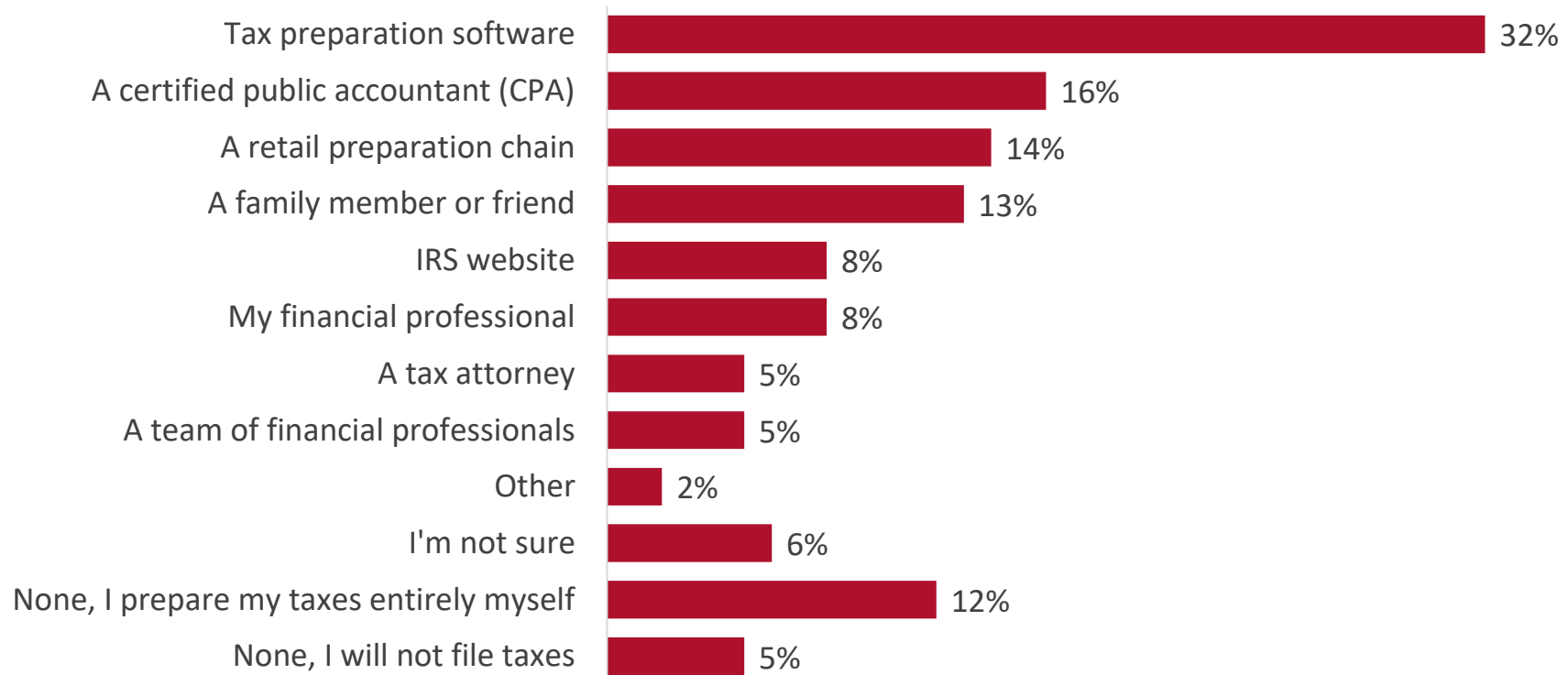
## **Consumers are under-educated about tax strategy and tax-efficient investments**

- Only 20% of US adults feel very confident about making financial decisions to minimize exposure to taxes.
- More than 6 in 10 consumers who work with a financial professional say they'd like to discuss strategies to reduce the impact of taxes on their investments and on wealth transfer plans.
- Only 2% of all US adults correctly identified all six of the products we asked about as providing tax benefits, and awareness wasn't much better among advised consumers.

# Expectations for the 2023 tax season

# Most consumers will use some assistance in preparing their taxes during the upcoming tax season

Which will you use to help you prepare your taxes during the upcoming tax season?

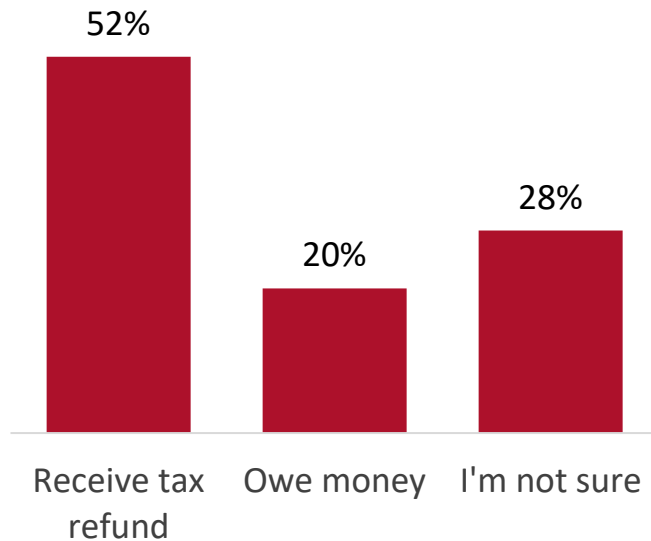


Question: X1 - Which of the following will you use to help you prepare your taxes during the upcoming tax season?

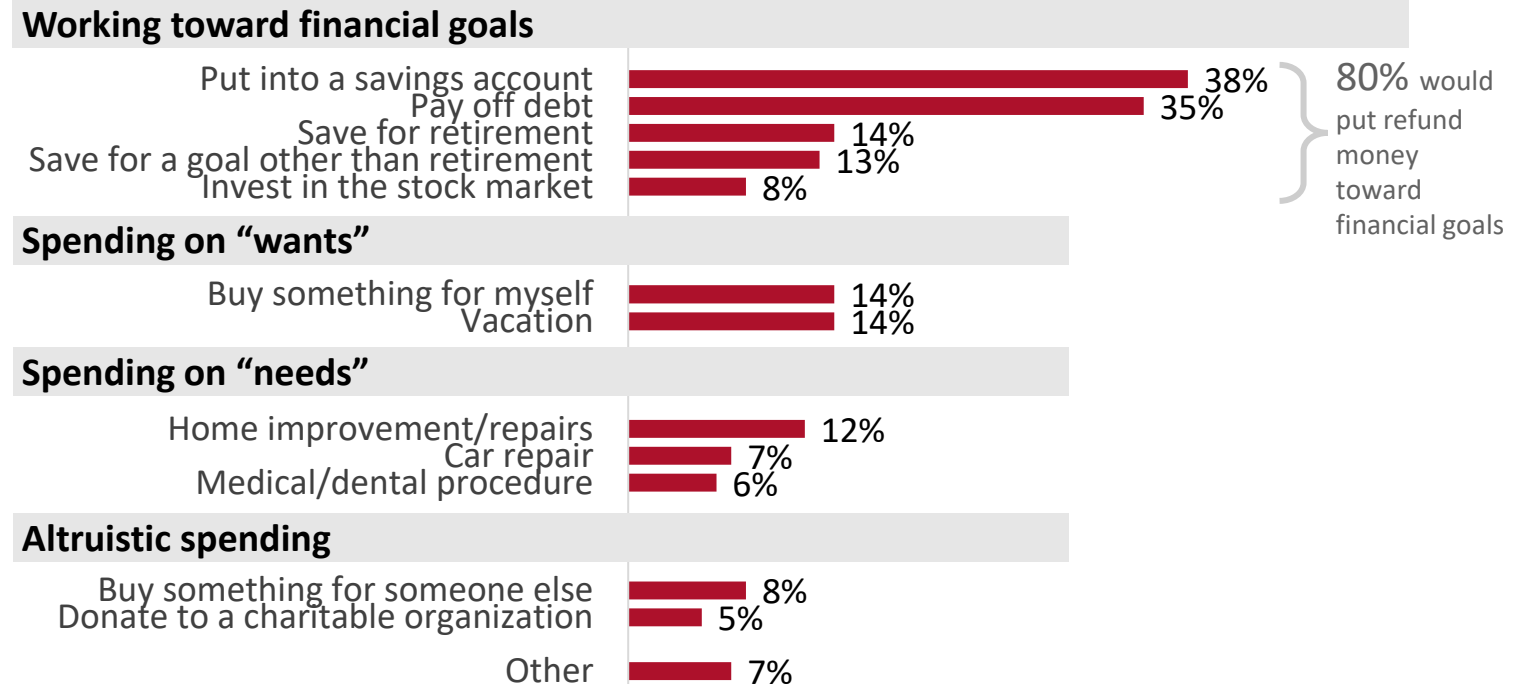
Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# 8 in 10 say they'd use tax refund money for financial goals

Do you expect to receive a tax refund or owe money on your upcoming federal tax filing?



If you receive a tax refund during the upcoming tax season, what will you do with the refund money?



Questions: X2 - Do you expect to receive a tax refund or owe money on your upcoming federal tax filing? | X3 - If you receive a tax refund during the upcoming tax season, what will you do with the refund money?  
Please select all that apply.

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Across demographics, we see differences in how consumers would use their tax refund money for financial goals

How consumers would use tax refund money for financial goals

Would use refund money to put into savings		Would use refund money to pay off debt		Would use refund money to save for retirement		Would use refund money to save for other goal		Would use refund money to invest in the stock market	
All US adults	38%	All US adults	35%	All US adults	14%	All US adults	13%	All US adults	8%
Men	34%	Men	34%	Men	17%	Men	16%	Men	12%
Women	41%	Women	37%	Women	12%	Women	11%	Women	4%
Asian	37%	Asian	28%	Asian	16%	Asian	16%	Asian	17%
Black	34%	Black	32%	Black	13%	Black	13%	Black	10%
Hispanic	31%	Hispanic	33%	Hispanic	15%	Hispanic	19%	Hispanic	15%
White	39%	White	37%	White	15%	White	13%	White	7%
Gen Z	37%	Gen Z	24%	Gen Z	11%	Gen Z	19%	Gen Z	12%
Millennials	33%	Millennials	42%	Millennials	13%	Millennials	18%	Millennials	11%
Gen X	39%	Gen X	38%	Gen X	13%	Gen X	10%	Gen X	6%
Boomers	41%	Boomers	31%	Boomers	18%	Boomers	10%	Boomers	5%
LGBTQ+	41%	LGBTQ+	33%	LGBTQ+	11%	LGBTQ+	13%	LGBTQ+	5%

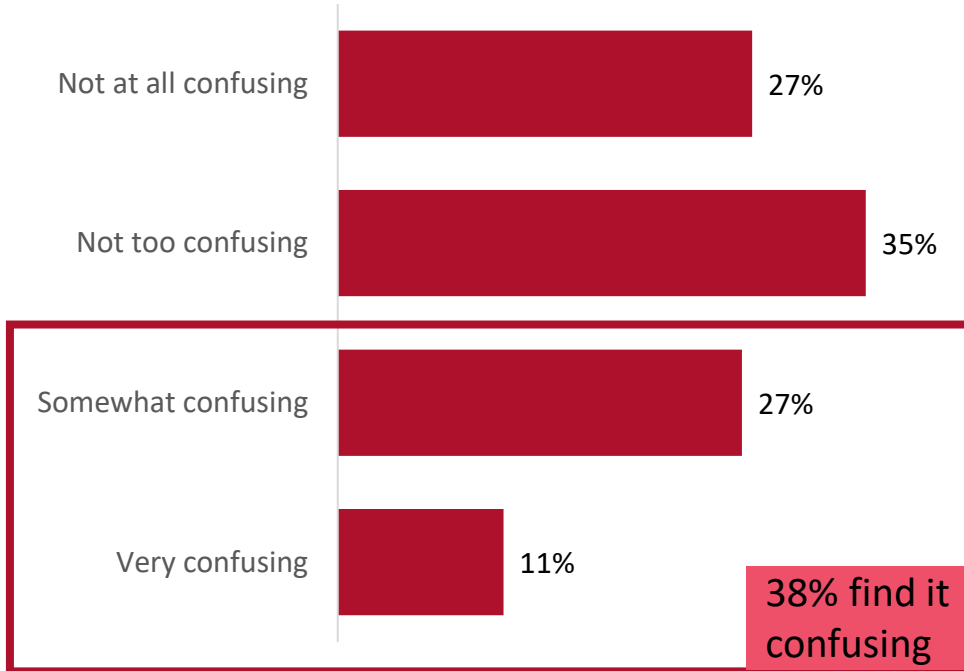
Question: X3 - If you receive a tax refund during the upcoming tax season, what will you do with the refund money? Please select all that apply.

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Nearly 4 in 10 find filing taxes to be confusing, but even more are confused by planning for the impact of taxes on investments

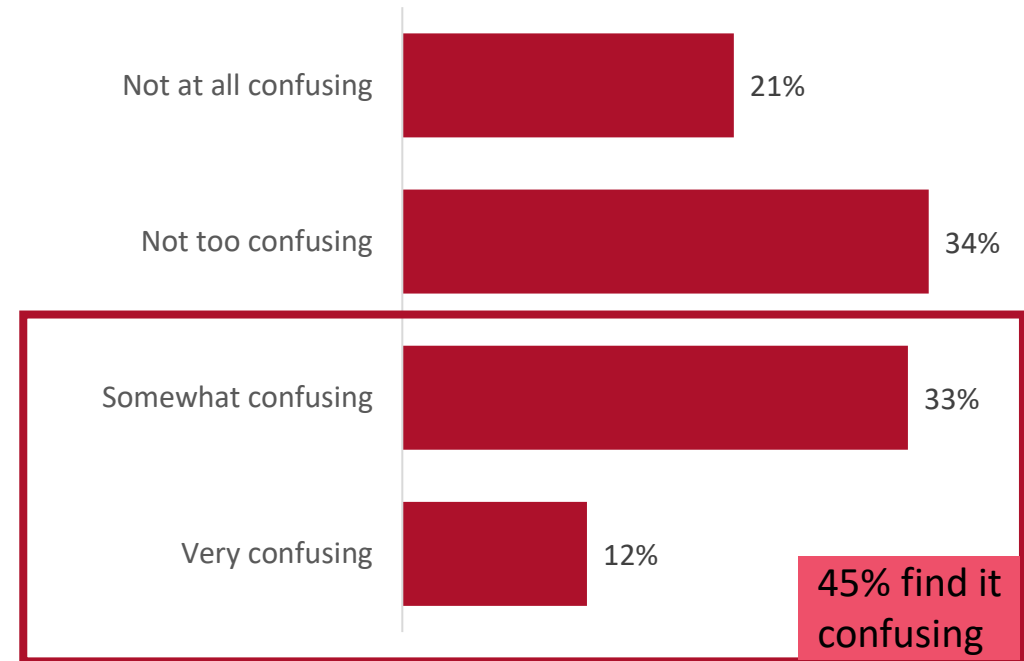
To what extent do you find it confusing to file your taxes?

*Among US adults who have ever filed taxes*



To what extent do you find it confusing to plan for the impact of taxes on your investments or retirement account?

*Among US adults with investments or retirement accounts*



Questions: X5 - To what extent do you find it confusing to file your taxes? | X14 - To what extent do you find it confusing to plan for the impact of taxes on your investments or retirement accounts?

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Tax strategy in investing and long-term financial planning



# In today's economy, 1 in 3 put a higher priority on investments that offer tax advantages

In the current economic climate, is it more or less of a priority to invest in financial products that provide tax benefits (i.e. help you pay less in taxes either now or in the future)?



## Concerns about taxes

- 48% are concerned about the impact of taxes on their retirement savings / investments, including 24% who are very concerned
- 47% say they are more concerned about the impact of taxes on their retirement savings / investments as a result of the current market
- 38% think taxes will get worse in 2023

Questions: X18 - In the current economic climate, is it more or less of a priority to invest in financial products that provide tax benefits (i.e. help you pay less in taxes either now or in the future)? | LB11 - Looking ahead to 2023, do you think the following will get better or worse? | Thinking about your personal financial situation, please indicate your level of concern with each of the following. Use the following scale where 1= Not at all concerned and 5= Very concerned. | Has the current market made you more or less concerned about:

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Advised consumers are more concerned about taxes and more likely to prioritize investing in tax-advantaged products

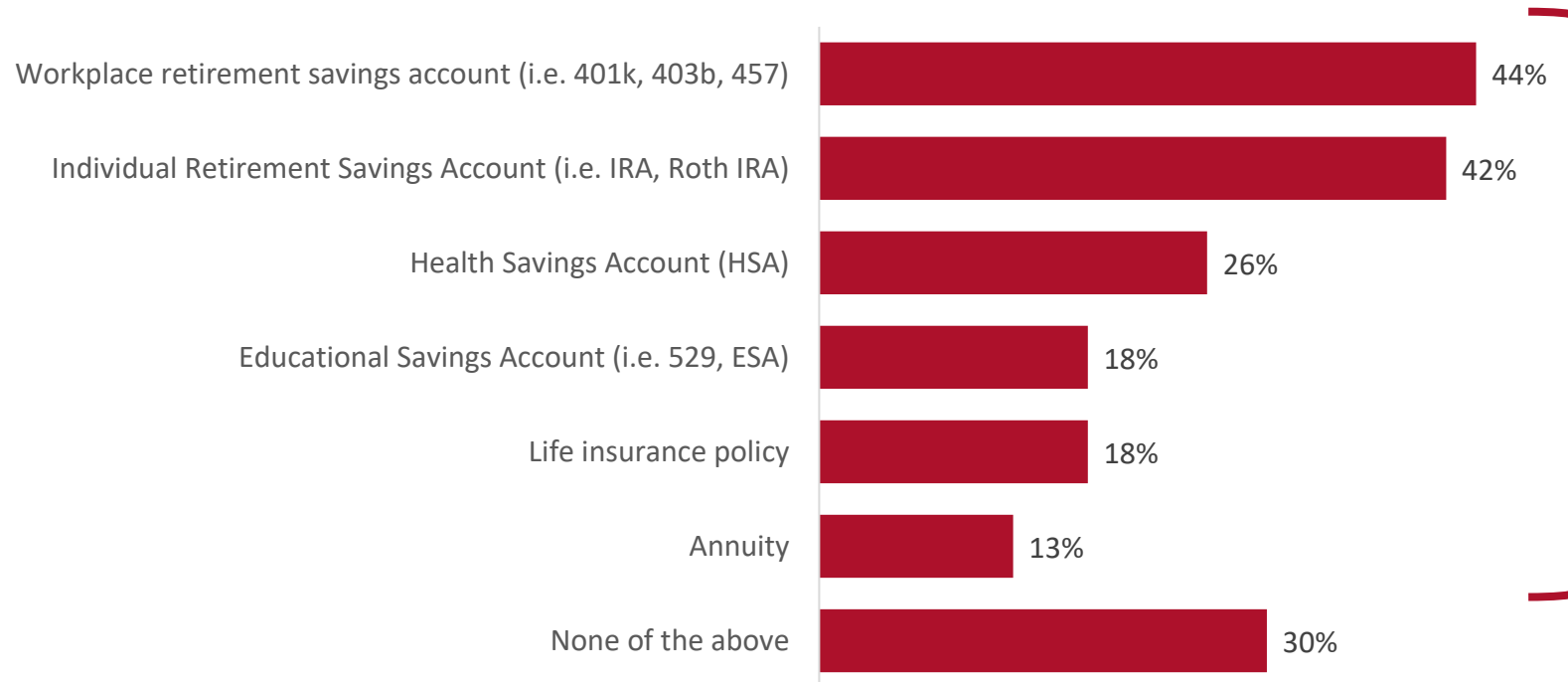
	Advised consumers	Unadvised consumers
Say it is more of a priority to invest in financial products that provide tax benefits in the current economic climate	43%	27%
Concerned about the impact of taxes on their retirement savings / investments	56%	43%
<u>Very</u> concerned about the impact of taxes on their retirement savings / investments	25%	23%
More concerned about the impact of taxes on their retirement savings / investments as a result of the current market	50%	45%
Think taxes will get worse in 2023	40%	36%

Questions: X18 - In the current economic climate, is it more or less of a priority to invest in financial products that provide tax benefits (i.e. help you pay less in taxes either now or in the future)? | LB11 - Looking ahead to 2023, do you think the following will get better or worse? | Thinking about your personal financial situation, please indicate your level of concern with each of the following. Use the following scale where 1= Not at all concerned and 5= Very concerned. | Has the current market made you more or less concerned about:

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Much education is needed to raise awareness of tax benefits of various financial products

To the best of your knowledge, which, if any, of the following financial products/investments provide tax benefits (i.e. help you pay less in taxes either now or in the future)?



70% of all US adults correctly identified at least one of these as providing tax benefits, but only 2% correctly identified all six.

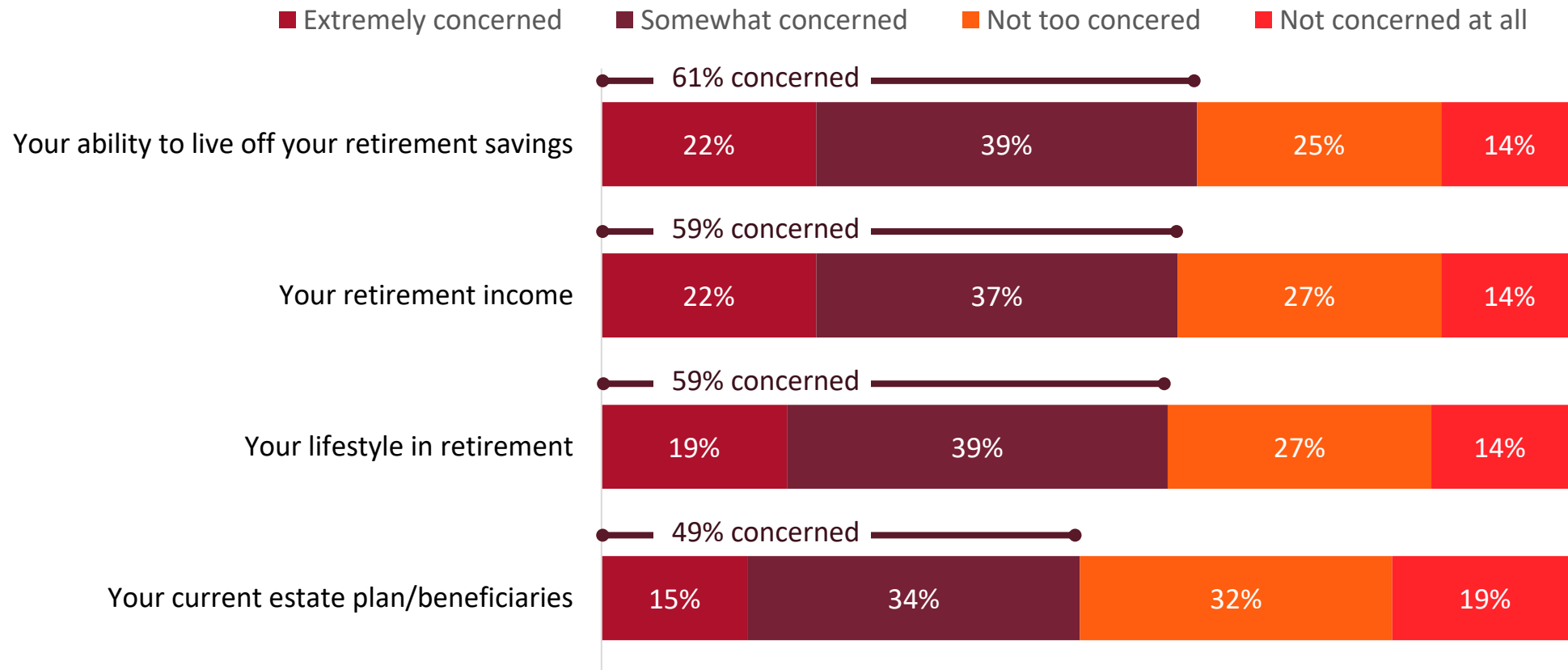
Even among those who work with a financial professional, there is a lack of awareness of tax benefits associated with these products. Awareness of tax benefits for each product was higher among advised consumers, but only 2% of advised consumers correctly identified all six.

Question: X16 - To the best of your knowledge, which, if any, of the following products provide tax benefits (i.e. help you pay less in taxes either now or in the future)? Please select all that apply.

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Most Americans are concerned a change in taxes may impact their lifestyle or income in retirement

How concerned are you that a change in taxes may impact...

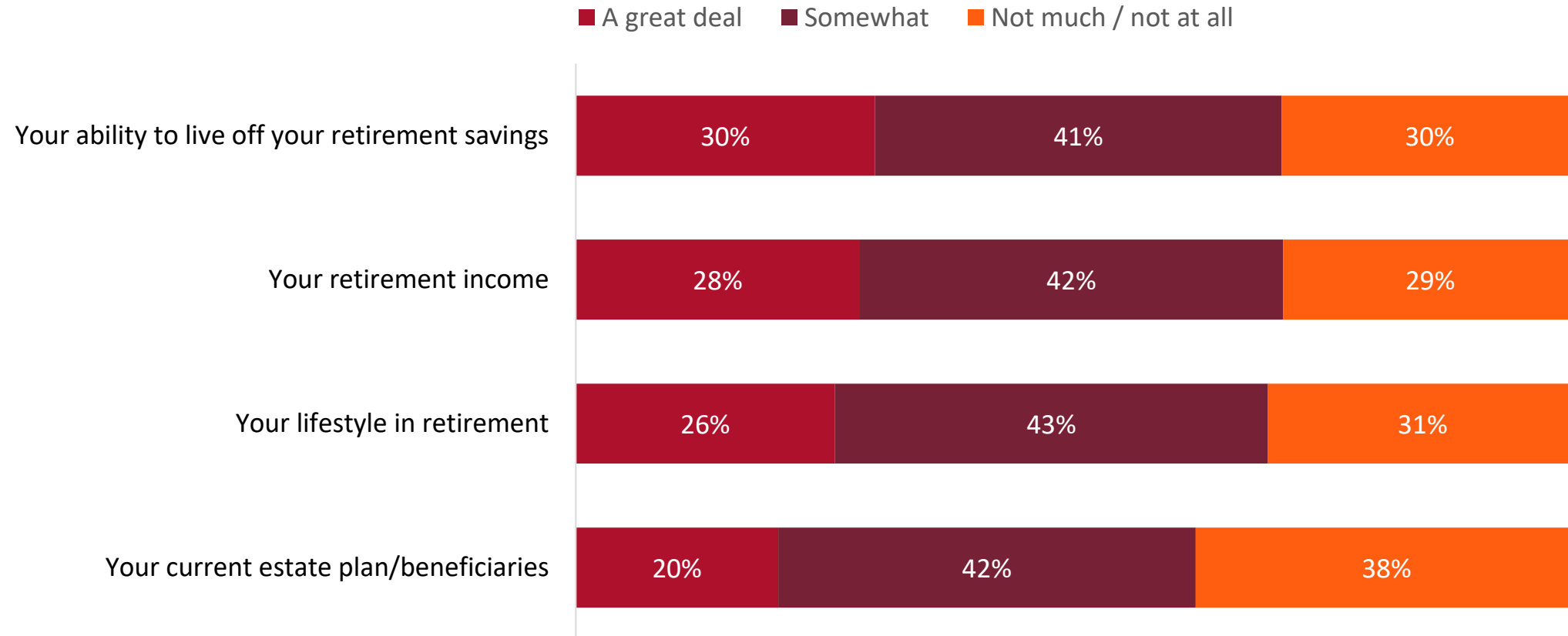


Question: X8 - How concerned are you that a change in taxes may impact...

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Despite concerns, few have given a great deal of thought to the impact a change in taxes would have on their finances in retirement

To what extent have you thought about the impact a change in taxes might have on...

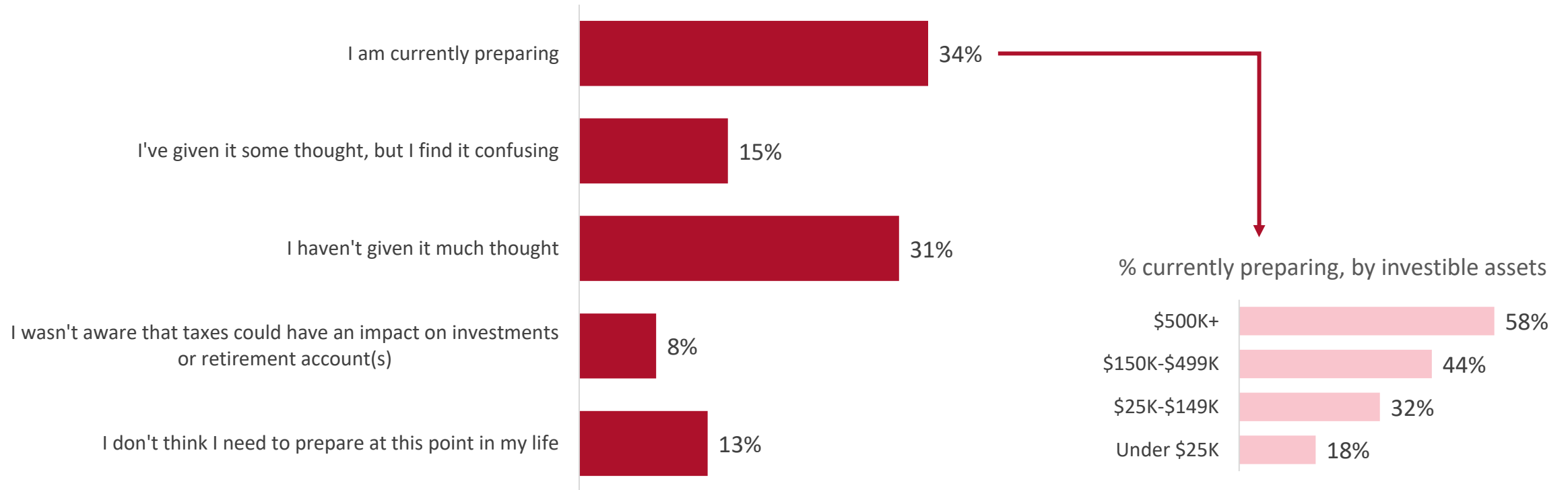


Question: X15 - To what extent have you thought about the impact a change in taxes might have on each of the following?

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Only about 1 in 3 US adults are currently preparing for the impact of taxes on their investments and retirement accounts

Which of the following best describes your experience preparing for the impact of taxes on your investments or retirement account(s)?

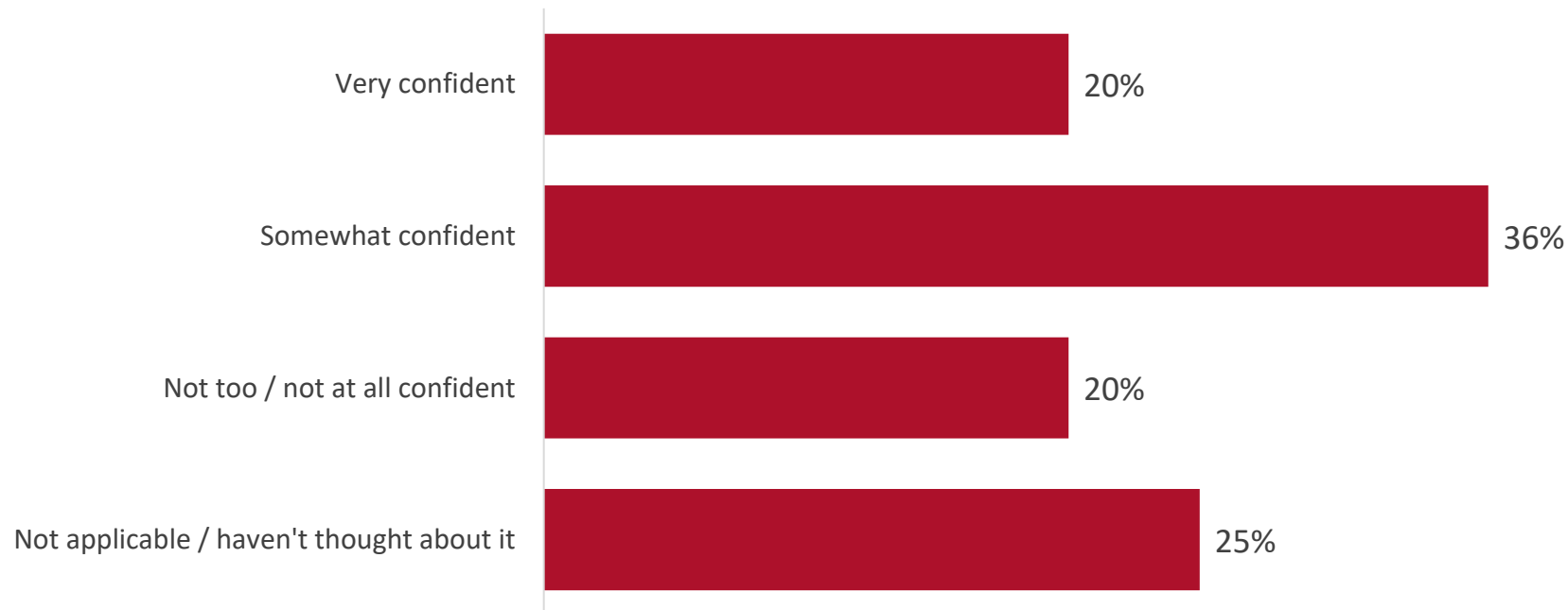


Question: X13 - Which of the following best describes your experience preparing for the impact of taxes on your investments or retirement account(s)?

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Only 20% of US adults feel very confident about making financial decisions to minimize exposure to taxes

How confident do you feel about your ability to make financial decisions that minimize your exposure to taxes in your investments or retirement accounts?

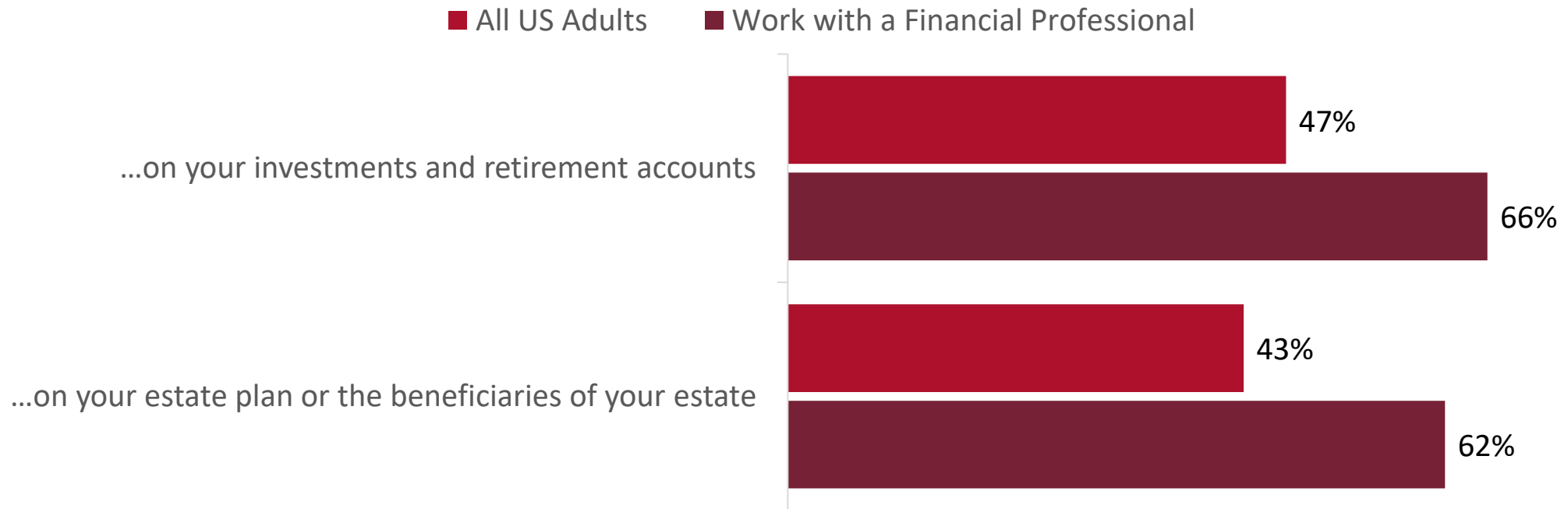


Question: X17 - How confident do you feel about your ability to make financial decisions that minimize your exposure to taxes in your investments or retirement accounts?

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Consumers are interested in help from financial professionals to reduce the impact of taxes

% who said they would be interested if a financial professional were able to provide strategies that could help reduce the impact of taxes on...



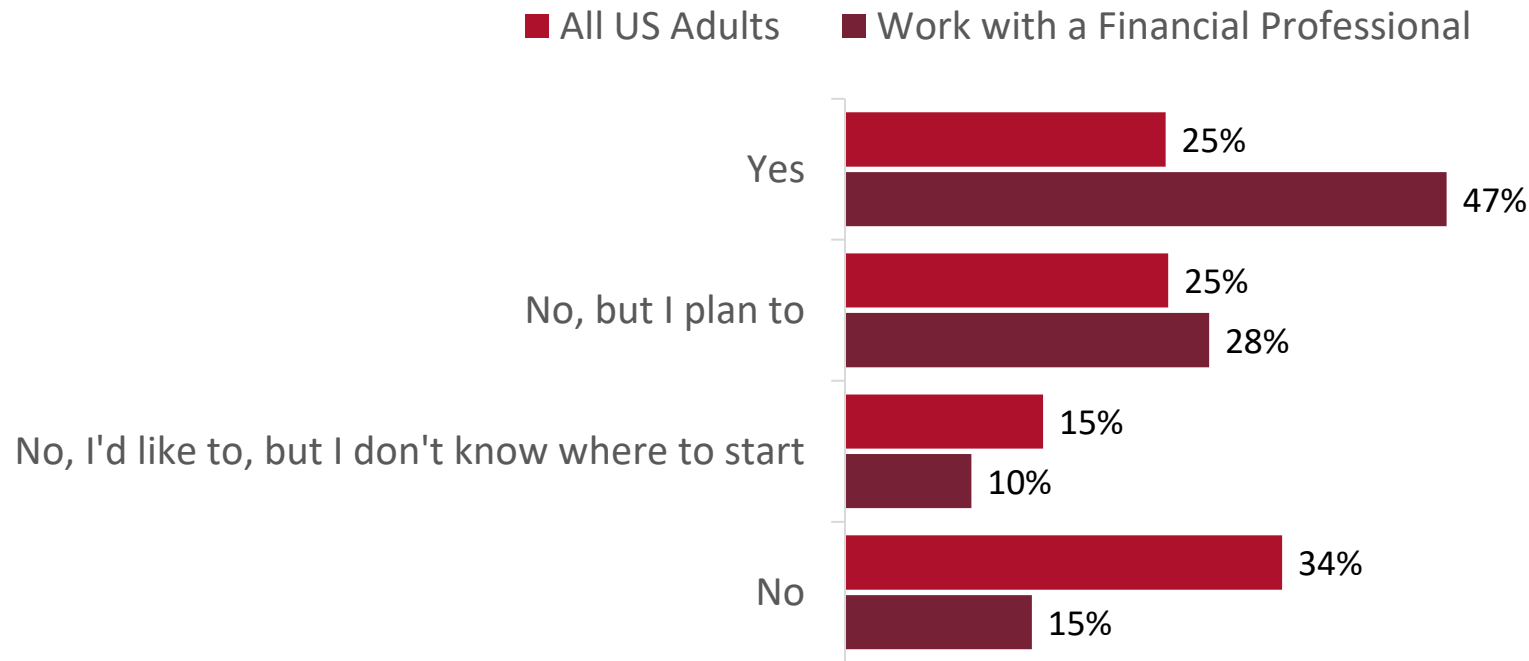
Questions: X11 - If a tax or financial professional were able to provide you with strategies that could help reduce the impact of taxes on some of your investments and retirement accounts, would that be of interest? | X12 - If a tax or financial professional were able to provide you with strategies that could help reduce the impact of taxes on your estate plan or on the beneficiaries of your estate, would that be of interest?

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022



# Even among those who work with a financial professional, less than half have discussed ways to minimize exposure to taxes

Have you talked to a financial professional about ways to minimize exposure to taxes in your investments or retirement accounts?



## Tax discussions & client satisfaction

Those who talked to their financial professional about ways to minimize exposure to taxes are nearly 2x more likely to feel very satisfied with their advisor.

Of those who have discussed tax strategies, 62% feel very satisfied. Of those who have not, 33% feel very satisfied.

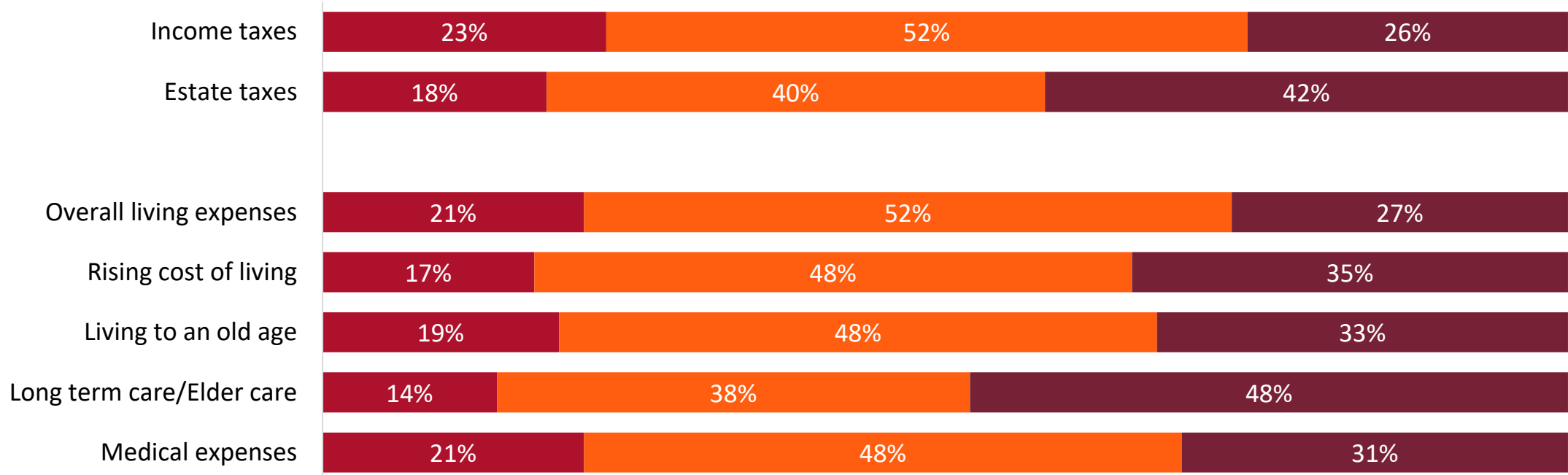
Question: X9 - Have you talked to a financial professional about ways to minimize exposure to taxes in your investments or retirement accounts? | LB8 - How satisfied are you with the service you received from your financial professional this year (2022)

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Few feel very prepared for their financial responsibilities in retirement; consumers are least prepared for long term care

When thinking about your retirement, how financially prepared do you feel for...

Very prepared   Somewhat prepared   Not prepared



Question: X10 - When thinking about your retirement, how financially prepared do you feel for each of the following?

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Even among near-retirees and retirees, most do not feel very prepared for financial aspects of retirement

		Near-retirees (55+, not retired)	Retirees
<b>Income taxes</b>	Very prepared	23%	30%
	Not prepared	18%	12%
<b>Estate taxes</b>	Very prepared	15%	24%
	Not prepared	40%	33%
<b>Overall living expenses</b>	Very prepared	21%	31%
	Not prepared	21%	12%
<b>Rising cost of living</b>	Very prepared	16%	17%
	Not prepared	31%	19%
<b>Living to an old age</b>	Very prepared	16%	22%
	Not prepared	25%	17%
<b>Long term care/Elder care</b>	Very prepared	10%	16%
	Not prepared	50%	42%
<b>Medical expenses</b>	Very prepared	17%	31%
	Not prepared	24%	13%

Question: X10 - When thinking about your retirement, how financially prepared do you feel for each of the following?

Source: Lincoln Financial, Consumer Sentiment Tracker, 2022

# Methodology

## ***Lincoln Financial Group, Consumer Sentiment Tracker, 2022***

The goal of this research is to gauge consumer sentiment on a variety of financial topics. Data was collected in March, April, May, June, July, September, October, and November 2022 using the Qualtrics survey platform. Responses were collected from a total of 1,000+ U.S. adults each month. The sample included quotas to be representative of the total U.S. adult population

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