TD Ameritrade Investor Survey

Parent perspectives on the cost of competitive youth sports

July 2016
Study Overview
Background & Objectives

**Background**

TD Ameritrade, a sponsor for the 2016 Rio Olympic Games, is interested in the trend of the rise of elite youth sports and America’s retirement crisis. This study looks at the commitment of parents to their children’s athletic dreams and the financial costs and potential long-term financial implications of that commitment.

**Objectives**

The objectives of the study were to . . .

- Assess how the level of financial commitment parents make to their children's sports pursuits may impact their own retirement planning or financial dreams.
- Understand the extent to which parents are willing to sacrifice to support their children’s competitive athletics.
- Determine whether parents’ expectations about the payoff for competitive youth sports are in line with reality.
Methodology

A 15-minute national online survey was conducted by True North Research on behalf of TD Ameritrade, Inc. of 1,001 parents of children of all ages between May 12 and May 17, 2016. Margin on error +3%.

TD Ameritrade was not identified as the sponsor of the survey.

The survey defined participation in “competitive youth sports” as playing for highly competitive or elite club teams run by a non-school organization.

Respondent Criteria

All respondents were parents whose children either currently participate or have participated in competitive youth sports.

Respondents were between 30-60 years of age, had $25,000 or more in investable assets, and were decision makers for household investments.

18% incidence after targeting parents with $25,000 in household assets. Survey response rates may be lower than national population of youth athletes due to the particularly active, busy lifestyles of these respondents.

About TD Ameritrade Holding Corporation
Millions of investors and independent registered investment advisors (RIAs) have turned to TD Ameritrade’s (Nasdaq: AMTD) technology, people and education to help make investing and trading easier to understand and do. Online or over the phone. In a branch or with an independent RIA. First-timer or sophisticated trader. Our clients want to take control, and we help them decide how —— bringing Wall Street to Main Street for more than 40 years. An official sponsor of the 2014 and 2016 U.S. Olympic and Paralympic Teams, TD Ameritrade has time and again been recognized as a leader in investment services. Please visit TD Ameritrade’s newsroom or www.amtd.com for more information. Brokerage services provided by TD Ameritrade, Inc., member FINRA /SIPC

¹True North Research is separate from and not affiliated with TD Ameritrade, which is not responsible for their services or policies.
Parents of elite athletes medal in commitment to kids, yet sideline financial goals

- Parents cut out extras and admit to saving less, delaying retirement and tapping college funds to pay for sports.
- One-third do not contribute regularly to a retirement account (33 percent).
- A majority have no long-term financial plan (57 percent).
- Sixty percent say the cost of youth sports has them concerned about their ability to save for the future.
- Seventy-seven percent say youth sports affect household budgeting – discretionary spending gets cut first.

Parents bank on scholarships

- Parents typically spend between $100–$499 a month per child on elite youth sports, with the bulk of the money going toward travel and team fees. $1000+ a month is not unheard of.
- Two-thirds dream of scholarships to cover more than half of college costs. Forty percent are at least pretty sure their kids will snag one.
- A third hope their children will go to the Olympics or turn pro. In fact, 15 percent are counting on it.
- Parents of past players offer a reality check: only 2 percent of the children of those surveyed went to the Olympics or turned pro and 24 percent got a scholarship.
Executive Summary

Sitting on the sidelines: Parents need to get their financial game on

- Parents spend 4xs more time on children’s sports activities than on their own finances.
- Parents are more likely to characterize themselves as “Johnny-come-latelys”, who got a late start, but are working to catch-up.
- Nearly 60 percent believe they could be better disciplined when it comes to financial planning, investing and saving.
- While virtually all parents feel their child’s sports coach is important, only 35 percent believe a financial coach would benefit them.

In the end, parents say the benefits of sports outweigh the costs

- Only 26 percent of parents say they consider cutting back on their child’s sports activities.
- Approximately two-thirds strongly believe that their children learn important life lessons from sports.
- For parents, the joy of watching a child excel in sports (66 percent) is a top benefit followed by the bonding experience with a child (63 percent).
- For parents of adult children, most have no regrets (58 percent), while some would have tried to find a better balance between avoiding debt and saving for the future and spending on sports (42 percent).
Key Findings
Parents are invested in kids' sports, less so in their own financial goals

**Steps Taking to Reach Financial Goals**

- I regularly contribute to a retirement savings account like an IRA or employer-sponsored 401(k) **67%**
- I maintain a budget to manage expenses **51%**
- I have a long-term financial plan **43%**
- I have an emergency fund **40%**
- I have a diversified investment portfolio **38%**
- I have a relationship with a financial advisor/professional who helps keep me on target **26%**
- None of the above **6%**

- **33%** do not regularly contribute to a retirement account
- **Majority** have no long-term financial plan (57%)

*Base: Total Respondents (n=1001)  
Q32. Which of the following steps have you taken to reach your financial goals? / Multiple responses accepted.*
To pay for sports, parents cut discretionary spending and necessary saving

**Paying for Youth Sports**

- Cut back on entertainment: 55%
- Take fewer vacations: 40%
- Fundraise: 38%
- Cutback on money set aside for saving/investing for retirement: 23%
- Incur more credit card debt: 19%
- Work longer/Delay retirement: 17%
- Ask grandparents to help out: 13%
- Get a second job/work overtime: 12%
- Cutback on money set aside for education/college funds: 11%
- Sell personal possessions: 8%
- Get a loan from family or bank: 6%
- Sell a luxury item: 5%
- Downsize to a smaller house: 3%
- Declare bankruptcy: 1%
- Nothing in particular: 16%

Parents cut out extras

- Parent sacrifice financial goals
  - Save less for retirement
  - Delay retirement
  - Cut back on college funds

Base: Total Respondents (n=1001)
Q30. Which of the following are you willing to do or have you done in order to pay for youth sports expenses?
Multiple responses accepted.
The cost of youth sports raises some concerns about saving for retirement

✓ 60% of sports parents have concerns that paying for sports may impact their ability to save for retirement

Base: Total Respondents (n=1001)
Q36. How concerned are/were you about the cost of youth sports and its impact on your ability to save and invest for your retirement.

Totals do not equal 100% due to rounding
College cost is biggest retirement savings hurdle

While parents believe investing is the path to early retirement, they are concerned that the costs of education, as well as a market downturn, could delay their retirement.

**Steps to Achieving Early Retirement**

- Invest wisely or save enough money over time to retire early: 79%
- Receive a substantial inheritance: 11%
- Sell a business or real estate: 10%
- Pension: 3%
- Other: 3%
- I don’t know: 9%

**Delays to Retirement**

- Paying for college tuition for child(ren): 50%
- Losing too much of my savings during a market downturn: 42%
- Covering large expenses such as medical or a divorce settlement: 30%
- Providing other financial support for child(ren) (ex. elite sport costs): 21%
- Having to financially support parents: 18%
- Getting started saving for retirement too late: 13%
- Other: 2%
- I don’t expect any delay: 15%

Base: Respondents expecting to retire before 65 years old (n=556)
Q42. How do you anticipate achieving an early retirement?
Q43. What could delay your retirement timeline? / Multiple responses accepted.
Most spend up to $500/month on youth sports, per child

$1000+ per month not unheard of for parents

Monthly Expenditures on Youth Sports, Per Child

✓ One in five parents spends more than $1000 per child a month on sports activities.

- 8% $2000+ per month
- 11% $1000 to $1999 per month
- 18% $500 to $999 per month
- 63% $100 to $499 per month

Base: Total Respondents (n=1001)
S9. On average, how much do/did you spend per child per month on youth sports? *If more than one child, graph reflects most expensive child
7/26/2016
Most of the money is for travel and team fees

Major Sports Expenses

- Travel: 71%
- Team fees: 62%
- Equipment: 44%
- Additional coaching and training: 40%
- Event/Entry fees: 34%
- Uniforms: 26%
- Medical: 9%

Base: Total Respondents (n=1001)
Q26. What are/were the three most expensive aspects of your child's athletic activities?
Could select up to three responses
Big dreams keep parents and kids in the game

Parents’ Athletic Aspirations for Their Kids
Parents with children currently playing v. those with past players

15% of parents bank on Olympic or pro careers, and scholarships

54% Average Expected Coverage of Athletic Scholarship
67% Athletic Scholarship Hopes
24% Actual

34% Olympic/Pro Hopes
2% Actual

Degree of Certainty

Athletic scholarships
15% Certain/counting on it
25% Highly hopeful/fairly sure
54% Hope but still realistic expectations
5% Long shot but nice surprise

Olympic/Pro Career
15% Certain/counting on it
26% Highly hopeful/fairly sure
42% Hope but still realistic expectations
33% Long shot but nice surprise

Base: Respondents whose children are current players (parents of past players not included) (n=526)
Q6. Do you have college athletic scholarship dreams for any of your child(ren)?
Q11. Do you have professional sports and/or Olympic dreams for any of your child(ren)?

Base: Respondents who had a child in competitive sports (parents of current players not included) (n=346)
Q9. Did you have a child who secured an athletic scholarship?
Q14. Did your child go into professional sports or compete in the Olympics?

Base: Respondents with current players who are hoping for scholarship (n=354)
Q7. How hopeful are you that your child will secure a college athletic scholarship?
Q8. If your child receives a college athletic scholarship, what percentage of the annual total expenses will be covered?
Base: Respondents with current players who are hoping for Olympics/pro (n=52)
Q12. How hopeful are you that your child will go into professional sports or go to the Olympics?
Parents spend 4x more time on children’s sports than on their finances

✓ Parents spend on avg. 10-12 hrs. per week on kids sports activities

✓ As for finances, most spend on avg. 3 hrs. or less

Sports-related activities include: driving, doing laundry, going to practices and events, etc.

Financial-related activities include: budgeting, working with a financial planner, or reviewing savings and investment accounts.

Base: Total Respondents (n=1001)
Q23. On average, how many hours per week do/did you personally devote to all of your child(ren)’s athletic activities (driving, laundry, practice, events, etc.)?
Q35. How much time, on average, do you spend each week on personal finance and/or financial planning activities? (budgeting, working with a financial planner, reviewing savings and investment accounts, etc.)
Totals do not equal 100% due to rounding
Parents do not commit to financial goals as well as their children do to sports

Commitment to Goals (Financial vs. Youth Sports)

✓ Parents are less likely than their child athletes to be Olympic Hopefuls – with clear goals they are committed to reaching.

✓ More parents characterize themselves as Johnny-come-latelys when it comes to finances.

Base: Total Respondents (n=1001)
Q20. How would you characterize your child(ren)'s commitment to his/her sports goals?
Q38. How would you characterize your commitment to your financial goals?

/ / Statistically higher / lower than children's commitment to sports at 90% confidence level.
Sports parents admit they need to be more disciplined with it comes to money

- Nearly 60% say they could be more disciplined with their finances.
- Just under one-third admit that they need to reduce their debts.

<table>
<thead>
<tr>
<th>Financial Attitudes</th>
<th>Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Even though I think of myself as a highly disciplined person, I believe I could be</td>
<td>59%</td>
</tr>
<tr>
<td>more disciplined when it comes to financial planning, investing, and saving</td>
<td></td>
</tr>
<tr>
<td>I believe I am more disciplined than most when it comes to managing my money and</td>
<td>52%</td>
</tr>
<tr>
<td>planning for the future</td>
<td></td>
</tr>
<tr>
<td>I have to reduce my debt that has accumulated as a result of helping my child(ren)</td>
<td>31%</td>
</tr>
<tr>
<td>achieve their dreams</td>
<td></td>
</tr>
<tr>
<td>Every time I save a little money it is depleted as a result of my child(ren)'s</td>
<td>16%</td>
</tr>
<tr>
<td>athletic-related expenses</td>
<td></td>
</tr>
<tr>
<td>I am too focused on my child(ren)'s athletic goals to worry about my own long-term</td>
<td>15%</td>
</tr>
<tr>
<td>planning or saving right now</td>
<td></td>
</tr>
<tr>
<td>I am too young to worry about long-term planning or saving right now</td>
<td>8%</td>
</tr>
</tbody>
</table>

Base: Total Respondents (n=1001)
Q39. Indicate the degree to which you agree or disagree with each of the following statements.
Parents see value in athletic coaches, but question the need for financial ones

✓ While virtually all parents feel their child’s sports coach is important, only 35% unequivocally believe that a financial coach would be of benefit.

Is a Good Coach Important to Achieving Goals?

<table>
<thead>
<tr>
<th>Youth Sports</th>
<th>Financial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very important</td>
<td>85%</td>
</tr>
<tr>
<td>Important</td>
<td>12%</td>
</tr>
<tr>
<td>Somewhat important</td>
<td>3%</td>
</tr>
</tbody>
</table>

Base: Total Respondents (n=1001)
Q16. How important is a good coach in helping your child achieve success in his/her sport?
Q44. Do you feel a qualified, professional financial "coach" could help you reach your financial goals?
Impact on day-to-day expenses and personal time are top drawbacks for parents

✓ Most worry about the short-term financial aspects; having less personal time and time with other children.
Parents are most concerned about kids getting burned out

While nearly half of parents are concerned about burnout and the time commitment involved, the potential for injury also weighs on their minds.

- Potential for burnout/loss of enjoyment for the sport: 49%
- Time commitment/too much travel and time away from other activities/academics: 49%
- Potential for injury: 46%
- Financial commitment/too expensive: 43%
- Prefer well-rounded, multi-sports approach compared to a single sport: 21%
- Impact on the rest of the family/siblings: 18%
- Too competitive: 14%
- No concerns: 6%

Base: Total Respondents (n=1001)
Q15. When it comes to your child’s involvement in competitive youth sports, what are/were your biggest concerns?
Parents say sports benefits outweigh drawbacks

Despite personal and financial cost, youth sports offer priceless benefits

**Benefits to Children in Competitive Sports**

1. **Teaches values that will be useful later in life**
   - Ranked 1st: 46%
   - Ranked 2nd: 21%
   - Total: 67%

2. **Psychological benefits of increased confidence and self-esteem**
   - Ranked 1st: 14%
   - Ranked 2nd: 27%
   - Total: 41%

3. **Physical benefits of regular exercise**
   - Ranked 1st: 16%
   - Ranked 2nd: 20%
   - Total: 36%

4. **Builds peer relationships and important social skills**
   - Ranked 1st: 11%
   - Ranked 2nd: 23%
   - Total: 35%

5. **Structured activity keeps them out of trouble**
   - Ranked 1st: 12%
   - Ranked 2nd: 10%
   - Total: 21%

Base: Total Respondents (n=1001)
Q18. Please rank the benefits below in terms of what you find most valuable in allowing your child(ren) to participate.
Parents reap the benefits of youth sports too

**Family Benefits from Youth Sports**

- **Enjoyment of watching child or their team excel in sports**
  - Ranked 1st: 42%
  - Ranked 2nd: 24%
  - Total: 66%

- **Being able to bond with my child(ren) over a shared interest in the sport**
  - Ranked 1st: 34%
  - Ranked 2nd: 29%
  - Total: 63%

- **Games/competitions were enjoyable family-togetherness events**
  - Ranked 1st: 10%
  - Ranked 2nd: 24%
  - Total: 34%

- **Making friends with the other parents/families**
  - Ranked 1st: 6%
  - Ranked 2nd: 13%
  - Total: 19%

- **Being able to tell other friends and family about the events/experience**
  - Ranked 1st: 4%
  - Ranked 2nd: 5%
  - Total: 9%

- **Getting to travel for tournaments**
  - Ranked 1st: 4%
  - Ranked 2nd: 5%
  - Total: 9%

Base: Total Respondents (n=1001)

Q19. Please rank the items below in terms of those that you find most valuable to you and your family by your child(ren)’s participation in competitive youth sports.
**Few regrets: Most parents would not change a thing**

**Regrets with Children in Youth Sports**

- I would not have done anything differently **58%**
- Found a better balance between saving for my future and spending on my child(ren)’s athletics **26%**
- Not racked up as much debt (e.g. credit cards, loans, family members) **16%**
- Spent less on my child(ren)’s athletics **9%**
- Relied more on an investment professional **4%**
- Gotten a second job **4%**

**Base:** Respondents who had a child in competitive sports (n=475)

Q29. If you could go back in time, to when your child(ren) were playing competitive sports, what (if anything) would you have done differently about the way you invested or spent money? Multiple responses accepted.
Detailed Findings

Sport Parent Profile
The majority of today's youth specialize in one sport
Trend toward specialization is strong

✓ A majority of competitive youth athletes specialize in one sport, with other sports used as training.

Base: Total Respondents (Total n=1001, Parents of Current Players n=526, Parents of Past Players n=346, Parents of Both n=129)
Q1a. Oftentimes children are asked to commit a large portion of their time and energies to just one sport. They specialize in this sport with any other sports/training, if done, being used primarily to improve performance in that specialized sport. Has any of your children specialized in a sport?
Only a portion of families are considering cutting back on specialization of one sport

Decision to Specialize

✓ Over one-third either never considered specializing (8%) or considered cutting back (26%)

✓ Conversely, over half (56%) specialized without questioning the decision, and nearly 10% were tempted to specialize.

Decision to Specialize

Did any of your children specialize in a sport?

- Yes 83%
  - Considered cutting back 26%
  - Never considered cutting back 56%
- No 17%
  - Considered specializing 9%
  - Never considered specializing 8%

Base: Total Respondents (n=1001)
Q1a. Oftentimes children are asked to commit a large portion of their time and energies to just one sport. They specialize in this sport with any other sports/training, if done, being used primarily to improve performance in that specialized sport. Has any of your children specialized in a sport?
Q1b. You said your child(ren) play(Ed) more than one sport in a given year. Are/did any of your children consider specializing in only one sort?
Q1c. Thinking of your child(ren) who specialize in only one sport, have any of them considered (or are considering) cutting back on this sport?

Totals do not equal 100% due to rounding
Financial concerns are not the main concern among those families with children not specializing in a sport

Reasons Not to Specialize

Only 20% of those currently specializing may cut back for financial reasons; over half mention the large time commitment.

Having a well rounded, multi-sport child is the primary reason for not specializing.

Concern with the time commitment is not surprising when over half of these children are playing their specialized sport year around.

Other reasons for not specializing are potential for burnout and injury, as well as degree of competitiveness and impact on the rest of the family.

Base: Parents of children who don’t specialize (n=171).
Q2a. Thinking of that child(ren) who do not/did not specialize in only one sport, why didn’t this child(ren) specialize in just one sport? / Multiple responses accepted.
Base: Parents of children who specialize but are considering cutting back (n=265), Q2b. Why did/is this child considering cutting back on this specialized sport? / Multiple responses accepted.
Base: Parents of children who specialize (n=830).
Q3. How many months out of each year does/did our child(ren) play the sport they specialized in?
Competitive youth athletes also play on school-organized teams and recreationally
Youth Sports Participation

Most households had more than one child playing competitively.

- Over half of the parents had 2 or more children who do or did play competitive sports.
- Two-thirds currently have children playing in youth sports at some level and nearly half had children who used to play.

<table>
<thead>
<tr>
<th># of Children Playing Competitive Sports</th>
<th>Children Participating Currently/In Past</th>
<th>Level of Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 child</td>
<td>My child(ren) is/are currently playing youth sports</td>
<td>Highly competitive/Elite club or travel team run by a non-school organization</td>
</tr>
<tr>
<td>2 children</td>
<td>My child(ren) is/are older now but used to play youth sports</td>
<td>School-organized teams</td>
</tr>
<tr>
<td>3 children</td>
<td>My child(ren) is/are not old enough to play youth sports</td>
<td>Just for fun or recreational teams only</td>
</tr>
<tr>
<td>4+ children</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Base: Total Respondents (n=1001)
S8a. How many children do/did you have playing competitive sports at any time? By competitive we mean they play(ed) on a highly competitive or elite club teams run by a non-school organization or league?
S7. Thinking of past and present circumstances, which of the following best applies to you?
S8. Thinking of your child(ren)s past and present participation, which of the following characterizes their level of involvement in sports?
While competitive youth athletes are in a wide variety of sports, nearly a third play soccer or baseball. Following closely behind in popularity is basketball.

Although there is no complete consensus regarding the age when children should start specializing in the various sports, a majority give an age somewhere between 6 and 13 years old as the optimum time, with 9 to 10 being the median age.
Parents are very involved in their children’s athletic activities

Level of Involvement

Most say they are very involved in youth sports.

Over half characterize their participation as very involved and 30% say they are involved.

<table>
<thead>
<tr>
<th>Level of Involvement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very involved</td>
<td>58%</td>
</tr>
<tr>
<td>Involved</td>
<td>30%</td>
</tr>
<tr>
<td>Somewhat involved</td>
<td>11%</td>
</tr>
<tr>
<td>Not at all involved</td>
<td>1%</td>
</tr>
</tbody>
</table>

Base: Total Respondents (n=1001)
Q22. How involved are/were you in your child(ren)'s athletic activities?
Parents are willing to travel for sporting events

Most have traveled at least regionally.

Over half have traveled regionally and nearly one-fifth have traveled thousands of miles cross country for their child’s sporting event.

One quarter would be willing to travel internationally to see their child play.

Base: Total Respondents (n=1001)
Q24. What's the furthest you have ever traveled to attend a child's sporting event?
Q25. What's the furthest you would travel to attend a child's sporting event?