



Millennials Are at Greater Risk for Tax Scams Compared to Baby Boomers, According to New ACI Worldwide Study

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- *More millennials report experiencing phone scams during tax season compared to baby boomers*
- *Credit cards prove most popular method of paying taxes toward close of tax season compared to debit cards in states like California and Wisconsin*
- *In majority of states, stimulus checks received in 2020 drove debit card payments for more taxpayers*

MIAMI--(BUSINESS WIRE)--Mar. 9, 2021-- New research from [ACI Worldwide](#) (NASDAQ: ACIW), a leading global provider of [real-time digital payment software and solutions](#), and YouGov showed that 21 percent of millennials experienced phone scams during tax season compared to 17 percent of baby boomers. The data based on a survey of 1,237 U.S. adults reveals a shift from 2020 data that showed more baby boomers (23%) experienced phone scams during tax season compared to millennials (18%).

"The survey sheds light on a likely vulnerability with taxpayers who tend to be more confident about sharing their financial information," said Sanjay Gupta, executive vice president, ACI Worldwide. "As digital payments continue to grow, taxpayers need to be more vigilant during tax season. Arming themselves with information on the latest tax scams is the first step. It's also important to note that the IRS never contacts taxpayers by phone, email or text."

The ACI and YouGov study also showed that more than half (55%) of U.S. adults plan to pay their taxes using digital methods (e.g., electronic funds withdrawal, debit card, credit card) in 2021 compared to 2020 (50%), showing a steady growth in digital payments since 2019 (46%). On the other hand, use of cash and other non-digital methods of payment, such as checks, have continued to decline, with 26 percent of adults indicating they would pay their taxes using cash or check in 2021 compared to 32 percent in 2020.

In 2020, according to ACI tax payments data, many taxpayers opted to use their debit cards as the preferred method for paying taxes. This was true in a majority of states, including Florida (68% compared to 31% who used credit cards), Georgia (58% compared to 38% who used credit cards), Maryland (26% compared to 12% who used credit cards), New York (48% compared to 32% who used credit cards), Ohio (66% compared to 34% who used credit cards) and Washington (55% compared to 44% who used credit cards). However, in the last three years, taxpayers in some states showed a preference for credit cards over debit cards closer to the tax deadline, including California (52% in 2020, 60% in 2019, 57% in 2018) and Wisconsin (57% in 2020, 60% in 2019, 61% in 2018).

"As stimulus checks were received around May last year, it is likely that many taxpayers had the ability to pay their taxes without the need for credit card payment plan options, which has driven the use of debit cards over credit cards," Gupta continued. "In some states, like California, consumers are typically paying higher sums in taxes, which could be one reason for the preference of credit card payments for payment financing over debit card payments."

Other key findings and trends include:

YOUGOV DATA

How taxpayers plan to file taxes in 2021

- In 2021, 43 percent of U.S. adults said they plan to file their taxes electronically through popular software like TurboTax, a slight dip compared to 45 percent who planned to use this method in 2020.
 - 51 percent of adults in the 35-54 age group filed or plan to file taxes electronically in 2021 compared to 51 percent who filed or planned to file this way in 2020.
 - 40 percent of adults in the 18-34 age group filed or plan to file their taxes electronically in 2021 compared to 47 percent who filed or planned to file this way in 2020.
- While those who planned to file their taxes through mail/paper-only dipped slightly from 8 percent in 2020 to 7 percent in 2021, the data showed that adults in the 18-34 age group (9%) were slightly more likely than those 35 and older (7%) to do so.
- While 25 percent of U.S. adults filed or plan to file via a tax preparer electronically or by mail, 29 percent of adults over 55 years did or plan to do so.

Tax refunds and payments

- In 2021, fewer Americans (30%) said their tax refund is typically larger than their average paycheck compared to 33 percent in 2020.
- In 2021, more adults (18%) said they typically owe taxes compared to those (15%) in 2020.
- Nearly 8 in 10 (79%) adults chose to receive their tax refund by direct deposit instead of via mailed check, an increase compared to 74 percent in 2020.

Tax fraud

- More taxpayers are aware of the types of payment fraud during tax season in 2021 than they were in 2020:

- o Phone scams – 68% in 2021 vs. 65% in 2020
- o Identity theft – 64% in 2021 vs 65% in 2020
- o Email scams – 63% in 2021 vs. 61% in 2020
- o Illegal tax preparer – 40% in 2021 vs. 38% in 2020
- o Ghost preparers – 24% in 2021 vs. 20% in 2020

ACI TAX PAYMENTS TREND DATA*

Tax payment method, by state

- In California, residents prefer to pay taxes with their credit card in the month of the tax deadline:
 - o 2018 (April): 57 percent credit card vs. 43 percent debit card
 - o 2019 (April): 60 percent credit card vs. 40 percent debit card
 - o 2020 (July): 52 percent credit card vs. 48 percent debit card (extended deadline)
- In Wisconsin, residents prefer to pay taxes using their credit card in the month of the tax deadline:
 - o 2018 (April): 61 percent credit card vs. 38 percent debit card
 - o 2019 (April): 60 percent credit card vs. 40 percent debit card
 - o 2020 (July): 57 percent credit card vs. 43 percent debit card (extended deadline)
- In Georgia, more individuals pay taxes using their debit card over credit card payments, except in 2019 when more individuals preferred to pay with their credit card:
 - o 2018 (April): 45 percent credit card vs. 52 percent debit card
 - o 2019 (April): 49 percent credit card vs. 48 percent debit card
 - o 2020 (July): 38 percent credit card vs. 58 percent debit card (extended deadline)
- In Pennsylvania, more individuals pay taxes using their credit card over debit cards in the month of the tax deadline:
 - o 2018 (April): 58 percent credit card vs. 40 percent debit card
 - o 2019 (April): 55 percent credit card vs 42 percent debit card
 - o In 2020 (July): 52 percent credit card vs. 46 percent debit card (extended deadline)

*additional data available upon request

“As we head into the 2021 tax season, it’s important to note that the uncertainty of the pandemic has left many unsure of how to handle taxes based on their unique situations. For many who are struggling to pay bills as a result of the pandemic, a tax refund could be extremely beneficial, and receiving the refund quickly would be advantageous. For others, including those who expect to owe taxes this year, anything that could delay the payment without penalty so that they have time to get their finances in order may be best,” Gupta concluded.

ACI recommends the following top tips for taxpayers this season:

- **File early:** As basic as it seems, file your taxes as early as possible to ensure you get your refund on time.
- **File online:** Avoid postal delays by filing your taxes online and paying digitally.
- **Avoid check payments:** If possible, avoid paying by check, which could get lost, delayed or intercepted by fraudsters.
- **Be aware of fraud:** There are growing instances of tax fraud where fraudsters take advantage of vulnerable consumers by misleading them into sending their payments to an unauthorized location or re-routing their tax refunds to a phony bank account. Some common ways fraudsters take advantage of consumers include:
 - o Phone scams
 - o Email scams
 - o Identity theft
 - o Ghost preparers
- **Protect financial information:** Never give away any financial information over the phone. Note: The IRS will never make contact with taxpayers via phone, text or email.
- **Consider real-time payments for late payments:** If you are filing later in the season due to financial hardship, consider paying through companies that offer [real-time payment options](#) so that your payments are not delayed. With real-time payments, your tax payments are instantly (within minutes) sent to the IRS.

For more than 20 years, ACI has been supporting the billing and payment needs of federal, state and local government entities with secure, PCI-compliant solutions. [Learn more here](#). ACI Payments, Inc. (formerly Official Payments) is an ACI Worldwide company.

Methodology

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,237 adults. Fieldwork was undertaken between February 9-10, 2021. The survey was carried out online. The figures have been weighted and are representative of all U.S. adults (aged 18+). Generations were defined as follows: Millennial (born 1982-1999, 398 total), Gen X (born 1965-1981, 313 total), and Baby Boomer (born 1946-1964, 397 total).

About ACI Worldwide

[ACI Worldwide](#) is a global software company that provides mission-critical [real-time payment solutions](#) to corporations. Customers use our proven, scalable and secure solutions to process and manage [digital payments](#), enable [omni-commerce payments](#), present and process [bill payments](#), and manage [fraud and risk](#). We combine our global footprint with local presence to drive the real-time digital transformation of payments and commerce.

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