

A close-up photograph of a person's hands. The right hand holds a white receipt with various printed fields and numbers. The left hand holds a smartphone with a colorful app interface. The background is blurred, showing a person's face and a blue shirt.

DIY Tax Solutions Fall Short for Younger Generations

March 2025
KNow Research

Digital Natives Still Need Support and Education

Self-navigating the tax system with stress and uncertainty



Most Millennial and Gen Z tax preparers turn to DIY software for a cost-efficient, accessible option. They assume that since their relatively ‘simpler’ taxation situations (in comparison to older generations) involve less paperwork and often a single W2, they don’t need anything more extensive. Others turn to their parents’ accountant to handle their filing.

Regardless of planning route chosen, **they lack confidence**. They admit they don’t fully understand much beyond of passing off documents or inputting data. This lack of experience and knowledge makes them wonder if they are doing everything right and if they are taking advantage of all their qualifying deductions and credits.

- Many using DIY solutions fear they will make a mistake that could cost them more money in the end
- Those who use a family accountant may stress less knowing a professional is handling things on their behalf, but they still find the organizational aspect challenging and want more information/education to ensure they understand the full picture
- About a third worry they may file incorrectly and face penalties and another third worry they may pay more than they need

I do everything myself; I can't afford a professional. I put a lot of trust in the software. – Nate, Gen Z

The questions on Turbo Tax are vague about what they want...[I don't know] whether I'm putting the right numbers in the right places. – Paya, Gen Z

I use an accountant - one that's been a family friend for many years. I let him do the majority of the stressing but I'm still stressing to get everything the accountant needs in time. – Chelsea, Gen Z

Gen Z and Millennial tax preparers wants more handholding in their tax planning process to quell their unease with DIY... but it feels out of reach

Understanding how these generations handle tax preparation provides a lens into how they approach financial planning. It gives insight into the role accounting, financial, and wealth institutions can play in supporting younger generations’ overall financial health—both now and in the future.

Digital Natives Still Need Support and Education

So how can financial brands help Millennials and Gen Z tax preparers feel more confident?

1. Clarify the benefits of tax professionals
2. Support DIY tools with educational resources
3. Showcase how effective personalized tax strategy can positively impact their financial wellbeing

Clarify Benefits



With age, experience, and a more complex financial portfolio comes the tendency to work with a tax professional. Taxes become more complex once investments, mortgages, owning a business and retirement planning come into the fray.

As this occurs, preparers learn the value and necessity of working with a tax professional, while becoming more personally (and monetarily) vested in tax planning and strategy.

- Many say professional guidance at a lower cost or changes in their financial situation would encourage them to become more engaged in tax planning
- Be ready for this moment! Convey the importance of establishing a relationship with a tax professional to grow with them as their financial portfolio becomes more multifaceted



Digital Natives Still Need Support and Education

Support Tools with Resources



Lack of access to information, resources and cost are barriers to younger generations leaning into tax planning and strategy. They want to understand the process – not just the software prompts!

- A third say access to more information and resources would encourage their engagement
- Consider providing tools and resources connected to DIY solutions so that they can learn along the way – and get the most out of the tool. A hybrid approach may be a good solution for DIY software, potentially offering P2P service along the way if they ‘get stuck’ or have questions

Showcase Strategy



Empower younger generations to learn how effective personalized tax strategy can positively impact their financial wellbeing and build a strong relationship for future prosperity.

- Consider presenting educational content (e.g., a *Tax Planning and Strategy 101*) to inform the youngest tax filers as to why effective planning is important, and why it takes more than just data inputs to maximize their financial potential
- Provide a short-list of why personalized tax planning is effective, from the ‘simplest’ returns to most complex, such as what types of deductions or ‘loopholes’ could apply at different ages and stages, and how that translates to tax savings
- Underscore how investing more in their tax planning and preparation can save them more money in the end

Digital Natives Still Need Support and Education

Background on KNow's Tax Planning Project

In the fall of 2024, [University of San Francisco](#) students conducted a quantitative survey targeted toward Gen Z and Millennial tax filers yielded N=78 completes, 62% of which were Gen Z and ~20% Millennial. Students then conducted interviews with N=12 participants to delve deeper into their tax planning journey and story.

[Learn how](#) the KNow Research and University of San Francisco School of Management partnership supports both students and industry through a series of market research projects. [Video recap here.](#)

Our team is ready to help your brand understand these key younger generations. Reach out to find out how we can uncover generational insights to guide your approach to these key markets admin@knowresearch.com