2007 Free File Survey

Report & Presentation

Prepared for:

Internal Revenue Service

Department of the Treasury

July 17, 2007

Russell RESEARCH℠

Research Background, Purpose, Method, Scope & Timing

- To maximize Taxpayer usage of e-file, the IRS tracks customer satisfaction with e-file products, including Free File.

- Free File tracking began with the Benchmark survey in 2006 and continues with the one-year-later followup study reported here. In both cases, the survey data reflect the opinions, feelings, and usage patterns of Taxpayers who have <u>successfully completed</u> use of Free File.

- The report looks at User satisfaction with Free File and compares it to levels found in 2006. In addition, the report provides an update on:

  - <u>Overall Usage & Perceptions Of Use Of Free File</u>, including intent to re-use it and intent to recommend it to others.

  - <u>Dynamics Of Learning About & Choosing Free File</u> – how Users are introduced to it and their reasons for choosing it.

  - <u>Usage & Evaluation Of Specific Site Features</u> – specifically the "Step-By-Step" Instructions, the "Guide Me To A Company" feature, FAQs, and the Help Desk feature.

  - And <u>Other Learning About The Usage Experience</u>, including experience with rejected returns and other usage behavior.

- The 2007 study was conducted using the same methods and timing as the 2006 survey, with interviewing by <u>telephone</u> from Russell's national field center in Wayne NJ, during the period of <u>May 30-June 25</u>.

- The research sample consisted of <u>1,804</u> Free File Users, who had used Free File during the 2007 Filing Season. Respondents were drawn from lists provided by the IRS.

  - Note: the 1,804 sample size was selected <u>to provide a large enough base for a natural fall-out of Users who used the</u> *Guide Me To A Company* (*GMTAC*) feature at the Free File site within irs.gov.

- Sampling and statistical notes:

  - The sample leans Female and somewhat older than expected for Free File Users, but – as was the case with the sample in 2006, we did not weight data by gender or age, because responses were very similar across these groups and weighting would not have affected total results.

  - In the report, all comparative data (e.g., 2007 vs. 2006, Males vs. Females, etc.) have tested for statistical significance. Any differences occurring at the 95% confidence level (2-tailed t-test) have been noted with a circle around the higher figure, or – in some cases – a box around the lower figure.
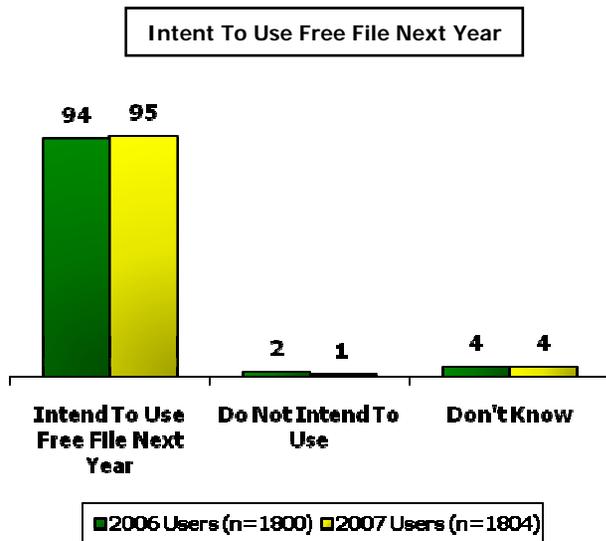
Russell
RESEARCH

Detailed Findings

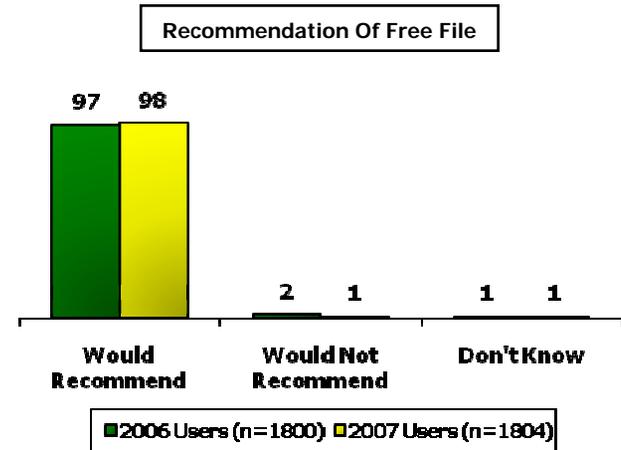# Overall Usage & Perceptions Of Free File

Overall Evaluation Of Free File

- **Overall reaction** to Free File was captured in a series of measures near the end of the survey (after Users had thought about and discussed their experience with Free File).

- Results of the first of these measures showed that 95% of Users **intend to use Free File next year** – a level which did not vary substantially across any of the demographic or other key sub-groups.

- The 95% intent figure was 1 point higher than (though statistically the same as) the 94% found in 2006.

Intent To Use Free File Next Year

Chart values: Intend To Use Free File Next Year — 94, 95; Do Not Intend To Use — 2, 1; Don't Know — 4, 4. Legend: 2006 Users (n=1800), 2007 Users (n=1804)

- **98% of Users said that they would recommend Free File to a friend/family member** – which was also 1 point higher than (but statistically the same as) what we found in 2006.

Recommendation Of Free File

Chart values: Would Recommend — 97, 98; Would Not Recommend — 2, 1; Don't Know — 1, 1. Legend: 2006 Users (n=1800), 2007 Users (n=1804)

- **Only 22% of Users had suggestions for improvement of Free File** (far fewer than the 30% found in 2006).

| Total Free File Users (n=)	2006 (1800)	2007 (1804)
Total With Suggestions	30% →	22%
Make It Easier To Use	7%	4%
Increase Awareness Of It	4%	3%
Remove The Income Criteria	4%	3%
Provide More Info On The Tax Prep Cos.	4%	3%
Provide Clearer Instructions	3%	2%

Q49: Do you intend to use Free File next year?

Q50: Would you recommend Free File to a friend or family member?

Q51: Do you have any suggestions on how the IRS could improve the Free File program?

russell RESEARCH℠

Overall Evaluation Of Free File (Cont'd.)

- **In another overall evaluative measure, we asked Users to <u>rate their tax filing experience this year in terms of its Overall Ease</u>.**

- **This year, 65% of Users rated their filing experience as "very easy" – a significant increase over 2006. (Most of the remainder of the ratings each year were "somewhat easy".)**
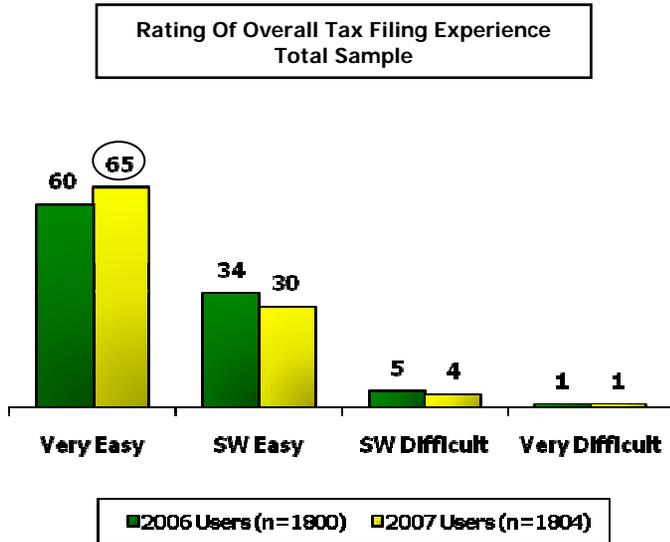
- **Looking at <u>users of specific Free File site features in this year's survey sample</u>, we found ease of use ratings lower in only one group – <u>Users Of Help Desk</u>. We found the same situation last year and noted then that it makes sense because these are Users who sought the assistance of Help Desk due to having some difficulty or question about the site/filing procedure.**

Rating Of Overall Tax Filing Experience — Total Sample

	Very Easy	SW Easy	SW Difficult	Very Difficult
2006 Users (n=1800)	60	34	5	1
2007 Users (n=1804)	65	30	4	1

Rating Of Overall Tax Filing Experience By Sub-Groups

	Total Free File Users (1804) %	---Used Free File Site Features--- Step By Step (1071) %	FAQ (613) %	Help Desk (127) %	Guide Me To A Company (876) %
BASE: Total Free File Users					
TOTAL SAY FREE FILE IS "EASY"	**96**	**96**	**96**	**91**	**96**
Very Easy	65	65	61	56	67
Somewhat Easy	30	31	35	35	29
Somewhat Difficult	4	3	4	6	4
Very Difficult	1	0	1	2	1

Q33: How would you rate your overall tax filing experience this year?

6

Russell RESEARCH℠

Ease Of Navigation With The Free File Site

- **Asked about the <u>ease of navigation</u> within the Free File site at irs.gov, over 90% of Users again rated it easy to some extent (with 64% saying it was "very easy"), with only 3% rating it difficult.**

- **This rating was very similar to what we saw in 2006.**

**Ease Of Navigation Of Free File Site
Total Sample**

Legend: ■ 2006 Users (n=1800) ■ 2007 Users (n=1804)
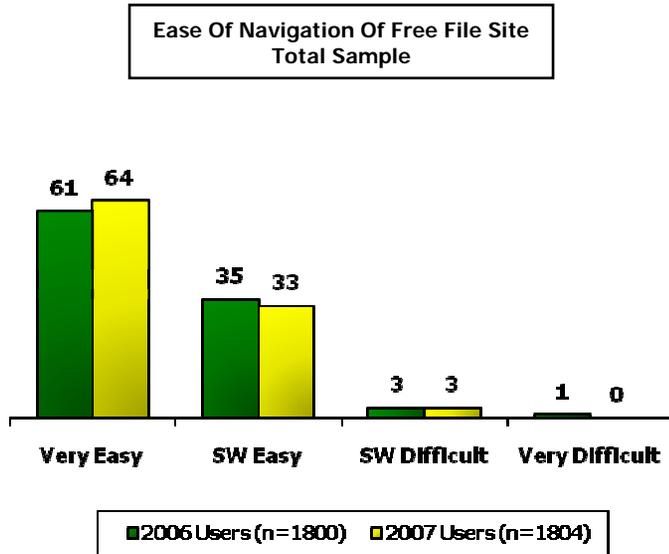
- **This ease of navigation rating in this year's survey was <u>similar across all sub-groups</u>, except those using Help Desk – who rated it somewhat more difficult than did other Users.**

**Ease Of Navigation Of Free File Site
By Sub-Groups**

BASE: Total Free File Users	Total Free File Users (1804) %	Step By Step (1071) %	FAQ (613) %	Help Desk (127) %	Guide Me To A Company (876) %
TOTAL EASY TO NAVIGATE	**97**	**97**	**96**	**91**	**96**
Very Easy	64	64	60	61	68
Somewhat Easy	33	33	36	31	29
Somewhat Difficult	3	3	4	7	3
Very Difficult	0	0	0	2	0

(Columns 2-6 header group: ---Used Free File Site Features---)

Q34: How would you rate Free File program in terms of being easy to navigate?

7

Russell RESEARCH℠

Confidence In Security During Free Filing

- Users' **level of confidence in the security of their Free File information** increased sharply this year, with 61% now "very confident" vs. only 54% last year.

- Note: virtually all of those not "very" confident were at least "somewhat" confident.

**Confidence In Free File Security
Total Sample**

Legend: ■ 2006 Users (n=1800)   ■ 2007 Users (n=1804)
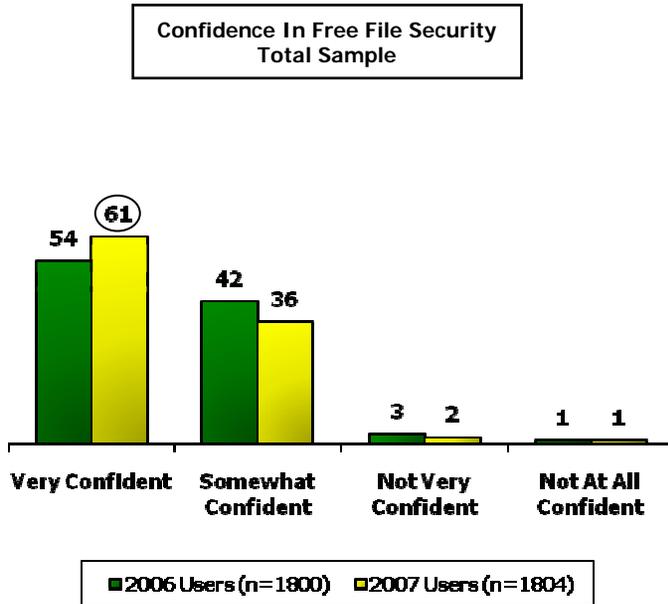
- Here too, we see **very few differences by any of the sub-groups**, including those below who claimed use of each of the key site features (and including Help Desk Users, who we saw with somewhat lower ratings on the previous measures).
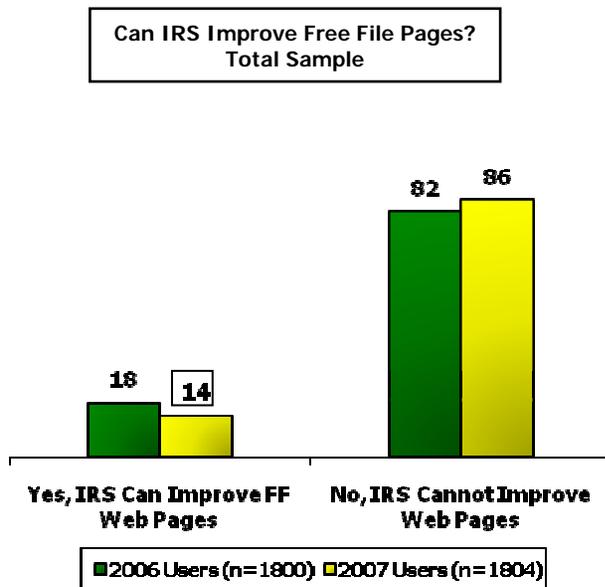
**Confidence In Free File Security
By Sub-Groups**

BASE: Total Free File Users	Total Free File Users (1804) %	---Used Free File Site Features--- Step By Step (1071) %	FAQ (613) %	Help Desk (127) %	Guide Me To A Company (876) %
TOTAL CONFIDENT IN SECURITY	**97**	**98**	**98**	**98**	**96**
Very Confident	61	61	59	66	61
Somewhat Confident	36	36	38	31	36
Not Very Confident	2	2	2	2	3
Not At All Confident	1	0	0	1	1

Q36: How confident are you that the information you provided during the Free File process is secure?

8

Russell RESEARCH℠

Suggestions For Improvement Of Site Pages

- Users were asked whether or not the IRS can improve the Free File web pages. This year, only 14% indicated any need for improvement in the web pages. This was significantly lower than what we found in 2006.

Can IRS Improve Free File Pages?
Total Sample

| | 82 | 86 |
| 18 | 14 | |

Yes, IRS Can Improve FF Web Pages No, IRS Cannot Improve Web Pages

■ 2006 Users (n=1800) □ 2007 Users (n=1804)

- Among that 14% suggesting improvement, the top mention was to make the pages easier to use (27%). Other suggestions are shown below.

Suggestions For Improvement
Among Those Saying Site Can Be Improved

	Total Free File Users
BASE: Total Said IRS Can Improve FF Pages	288 %
Total Suggested Improvements	89
Make pages easier to use	**27**
Improve company selection process	14
Provide more information	11
Clearer/better instructions	10
Cost (i.e. was not really free, had to pay for some things)	6
Nothing – No suggestions	9
Don't Know	2

Q30: Is there anything the IRS can do to improve the Free File pages to make them easier to use?

9

Q31: What would you suggest to the IRS that would make the Free File pages easier to use?

Russell RESEARCH℠

Selection Of A Free File Company

- 2007 Users of Free File indicated that they found <u>the process of selecting a preparer company at the site</u> to be easier than did Users in 2006 — with the proportion rating the process as "very easy" being significantly higher.

Ease Of Selecting A Free File Company
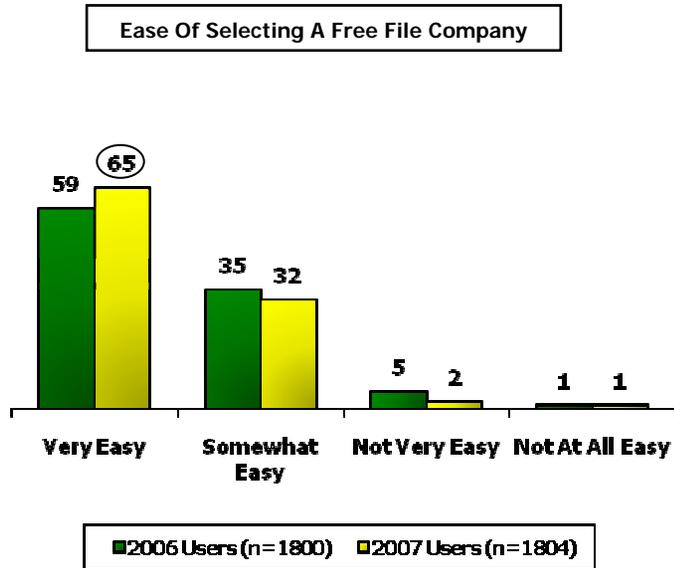
- Asked for their <u>top deciding factor in choosing a software provider to Free File their return</u>, the leading mention again (as in 2006) was prior use of the provider.

Factors In Choosing SW Provider
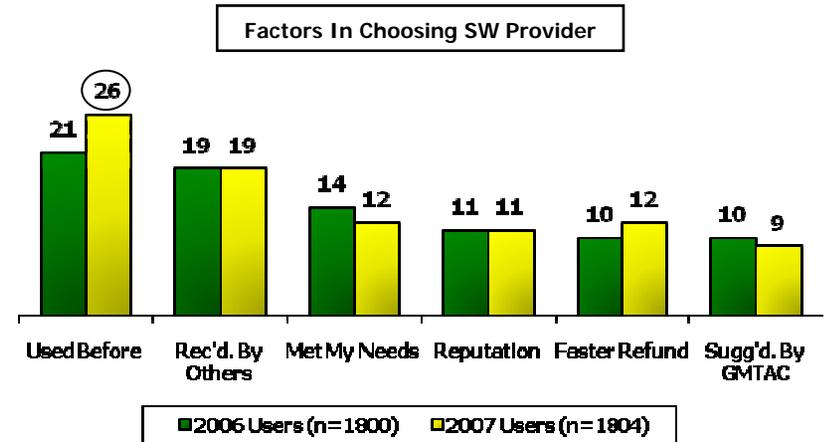
- Users were also asked <u>whether their selection of a provider had linked them to the correct page</u>. Here, we found the same results each year — with 92% reporting that they were correctly linked, 2% not correctly linked, and with the remainder not recalling.

Q27: How would you describe the overall experience of selecting a Free File company?

10

Q28: Which was your one deciding factor in choosing a software provide to Free File with?

Q29: When you were choosing a provider, did the link take you to the correct page?

Russell RESEARCH℠

Likelihood Of Use Of Same Provider Next Year

- As in the 2006 survey, over 90% of Users indicated that they <u>are likely to use the same tax preparation company at the site when they file next year</u> – though commitment to the same company is up over what we saw in 2006.
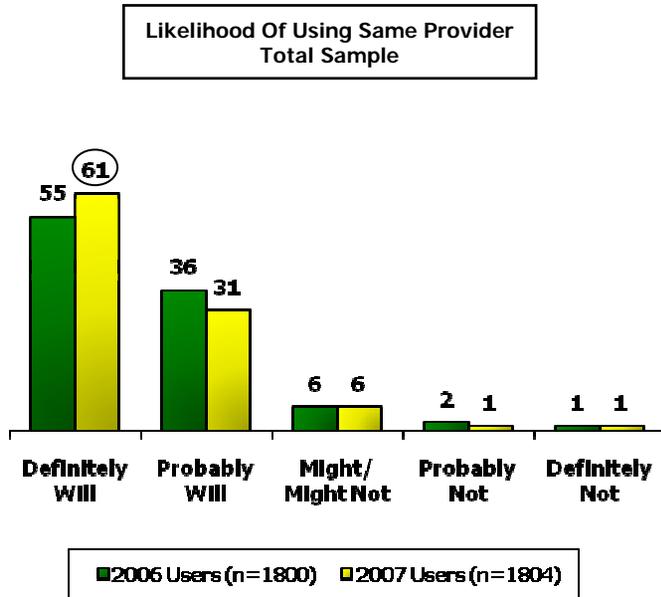
- The only site feature User sub-group with lower than average commitment to the same company for next year were <u>those who used the Help Desk</u> – who may have experienced frustration with provider selection as well as with other elements of the site.

Likelihood Of Using Same Provider
Total Sample

Legend: ■ 2006 Users (n=1800) □ 2007 Users (n=1804)

Likelihood Of Using Same Provider
By Sub-Groups

	Total Free File Users (1804) %	Step By Step (1071) %	FAQ (613) %	Help Desk (127) %	Guide Me To A Company (876) %
BASE: Total Free File Users					
WOULD USE SAME PROVIDER	**92**	**95**	**94**	**85**	**93**
Definitely Would Use	61	63	61	52	63
Probably Would Use	31	31	33	33	30
Might Or Might Not Use	6	4	5	9	5
Probably Would Not Use	1	1	0	3	1
Definitely Would Not Use	1	1	1	3	1

(Header note: ---Used Free File Site Features--- spans the Step By Step, FAQ, Help Desk, and Guide Me To A Company columns)

Q35: How likely would you be to use the same provider next year?

11

Russell RESEARCH℠

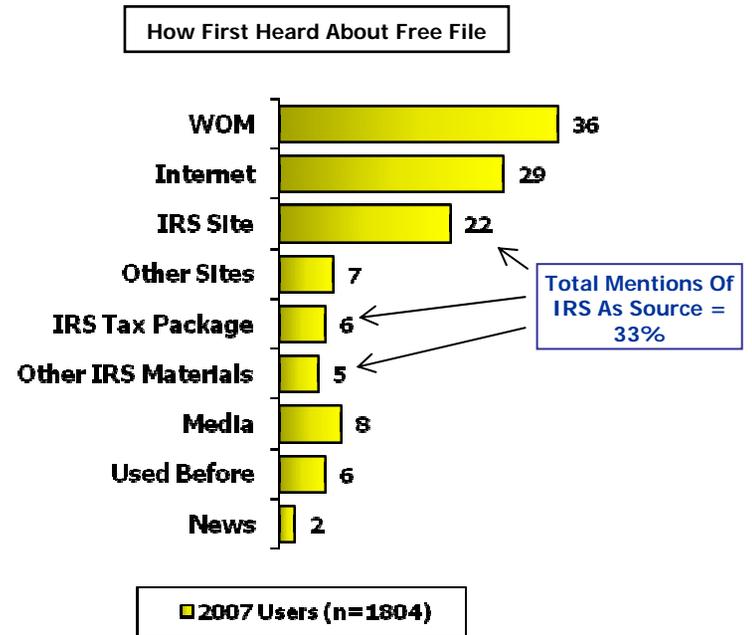# The Dynamics Of Learning About & Choosing Free File

When & How First Heard About Free File

● Asked <u>when</u> they first heard about Free File, 67% said it was before they filed last year – or in 2006.

When First Heard About Free File

67%
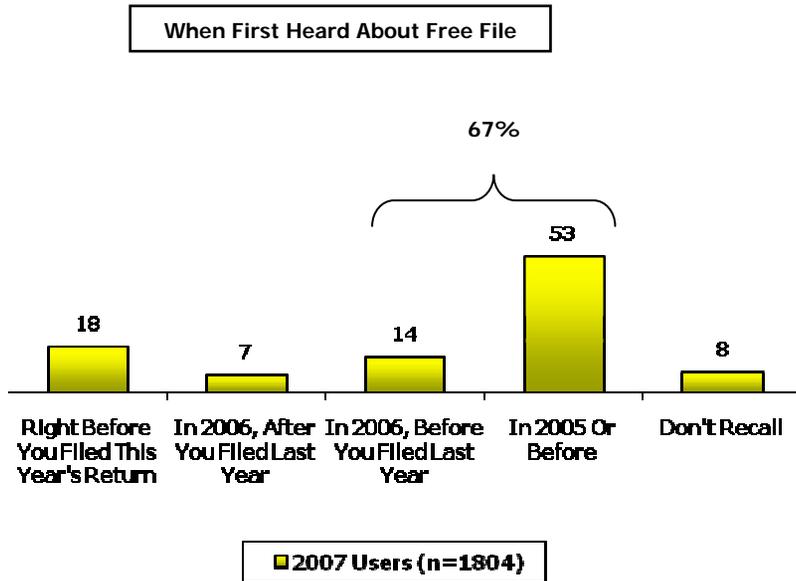
● In terms of <u>how</u> they first heard about Free File, 36% said it was through word-of-mouth (from relatives, friends or colleagues), 29% heard about it via the Internet (mostly through irs.gov), and 11% said it was through IRS materials (the tax package or other IRS materials).

● In total, 33% of Users attributed their introduction to Free File to IRS communications vehicles.

How First Heard About Free File

Total Mentions Of IRS As Source = 33%

Q8: When did you first hear about the Free File program?   Q9: And how did you first hear about it?

13

Russell RESEARCH℠

Sufficiency Of Info – Overall & At irs.gov

- **Probed on <u>their initial learning</u> of Free File…**

- **89% said that the <u>information was sufficient to give them a general knowledge</u> of the program – with this being somewhat lower among the older Users.**

- **But <u>only 52% said their initial source mentioned the $52,000 income limitation criteria</u>.**

Whether Information Provided For Free File Was Sufficient– By Age & Gender								

BASE: Total Free File Users	Total Users (1804) %	Male (744) %	Fe-male (1060) %	Under 25 (402) %	26-35 (406) %	36-45 (360) %	46-55 (392) %	56+ (241) %
Initial source of information was sufficient to provide general knowledge of the program	89	88	89	88	90	(92)	86	86
Initial source of information mentioned the $52,000 income limitation criteria	52	49	54	48	56	53	55	47

- **Probed further on <u>being able to find Free File info at irs.gov and the sufficiency of that information</u>…**

- **93% of Users said they were <u>able to find information they needed on Free File at the site while filing</u>.**

- **And 96% said <u>the Free File information at irs.gov was sufficient to allow them to use the program</u> – with this high in all gender and age sub-groups.**

Information Provided For Free File From irs.gov – By Age & Gender								

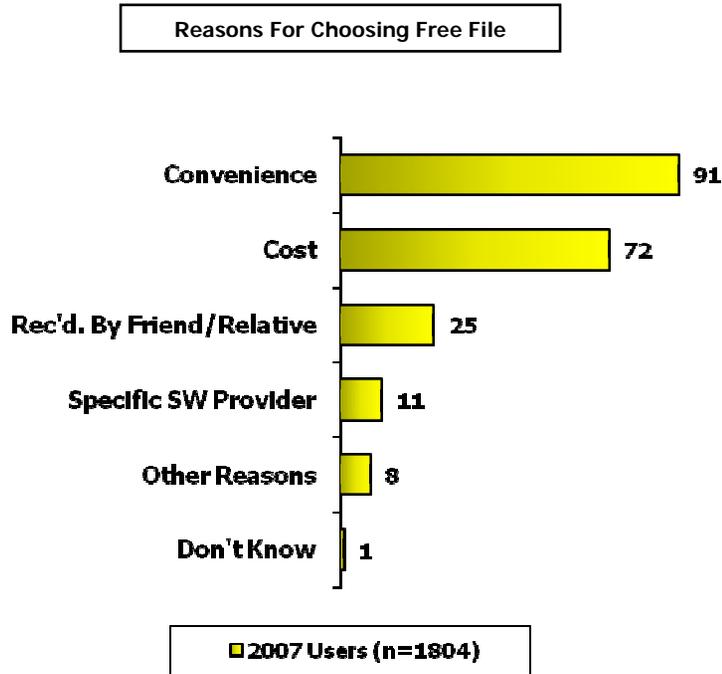| BASE: Total Free File Users	Total Users (1804) %	Male (744) %	Fe-male (1060) %	Under 25 (402) %	26-35 (406) %	36-45 (360) %	46-55 (392) %	56+ (241) %
Ability to find information needed about Free File at irs.gov while filing	93	93	93	93	95	95	91	91
Information found at irs.gov was sufficient to allow use of Free File program	96	96	95	97	97	95	94	94

Q10: Was the information you received from (source from Q9) sufficient?
Q11: Did the information you received mention the $52,000 income limitation criteria?

14

Q13: Were you able to find the information you needed about Free File on the website you were using?
Q14: Was the information on IRS.gov sufficient enough to allow you to use Free File?

Russell RESEARCH℠

Reasons For Choosing Free File

- When Users were asked <u>why</u> they chose to Free File this year, "<u>convenience</u>" dominated <u>total mentions</u> (just as it did last year) – with "<u>cost</u>" being a strong second mention.

Reasons For Choosing Free File

Convenience — 91
Cost — 72
Rec'd. By Friend/Relative — 25
Specific SW Provider — 11
Other Reasons — 8
Don't Know — 1

☐ 2007 Users (n=1804)

- **Convenience** was the #1 reason for use in every key demographic, while <u>cost</u> tended to be higher among the younger Users.

**Reasons For Choosing Free File – By Age & Gender**

BASE: Total Free File Users	Total Users (1804) %	Gender Male (744) %	Fe-male (1060) %	Under 25 (402) %	26-35 (406) %	36-45 (360) %	46-55 (392) %	56+ (241) %
Convenience (Net)	**91**	**91**	**91**	**93**	**90**	**91**	**89**	**91**
It's convenient	88	88	88	91	87	89	87	88
The speed (fast and quick)	7	8	6	6	7	7	7	7
Simple/ease of use/easy	4	3	5	5	4	4	4	5
The cost (it's free)	**72**	**67**	**75**	**71**	**77**	**75**	**69**	**63**
Rec'd by relative/friend/colleague	25	21	28	36	23	20	22	23
Specific software provider	11	9	12	9	10	8	13	14
All other reasons	8	9	7	5	4	7	11	15
Don't recall/don't know	1	1	1	1	0	1	3	1

Q12ab: What were the reasons you chose to use Free File this year?

15

Russell RESEARCH℠

Usage & Evaluation Of Specific Free File Site Features

Usage Of Specific Free File Site Features

- We asked Free File Users about their <u>usage of specific features of irs.gov's Free File site</u> and found in 2007...

  - That usage of **Step-By-Step Instructions** <u>was about the same as in 2006</u>, while usage of **Guide Me To A Company** and **Help Desk** <u>were up</u> and usage of **FAQs** <u>was down</u>.
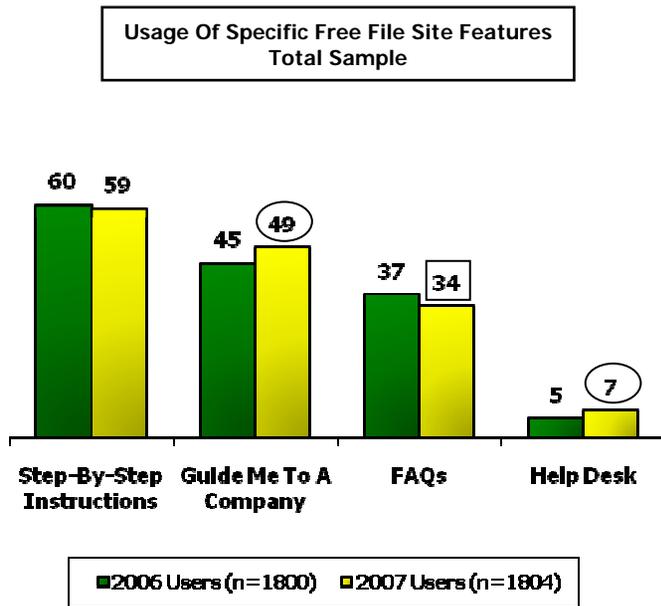
- We looked at usage of Site Features by those who were repeating Free File usage vs. Non-Repeat Users (i.e., those not repeating Free File usage from the previous year – some of whom had used it in the past). This showed few differences between the two types of Users – the only one of note being a directionally higher usage of FAQs among Non-Repeat Users.
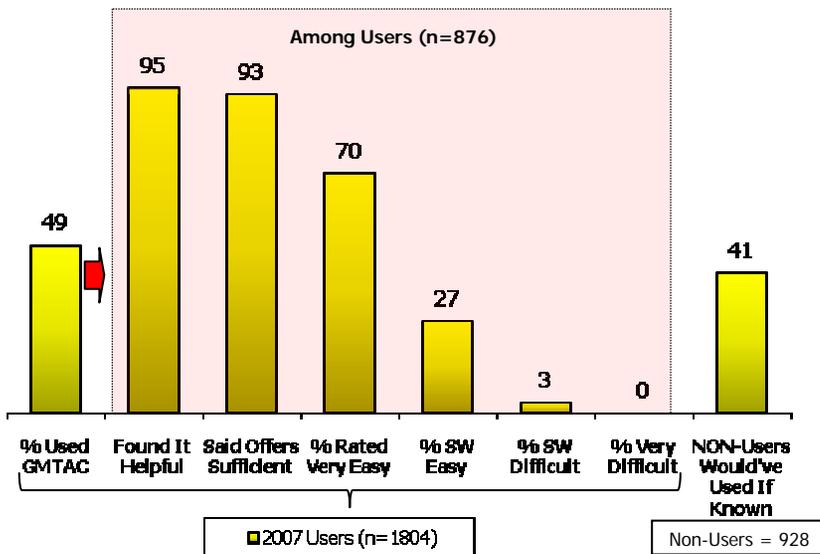
<div align="center">

Usage Of Specific Free File Site Features
Total Sample

</div>

Legend: ■ 2006 Users (n=1800) ■ 2007 Users (n=1804)

<div align="center">

Usage Of Specific Free File Site Features
By Sub-Groups

</div>

BASE: Total Respondents	Total Free File Users (1804) %	Free File Repeat Users (1062) %	Free File Non-Repeat Users (742) %
Step-By-Step Instructions	59	59	60
Guide Me To A Company	49	49	48
FAQs	34	32 →	36
Help Desk	7	7	7

"Guide Me To A Company" Diagnostics

- We probed for diagnostic reaction to three of the four features. Among those using the <u>Guide Me To A Company</u> feature (49% of all Users), 95% said they found it <u>helpful</u>, with 93% saying the <u>offers</u> shown on the Free File provider pages were <u>sufficient</u> to help them make a choice. 97% said they found it "very" or "somewhat" <u>easy</u> to use this feature.

- Among <u>Users who did NOT use this feature</u>, 41% said they would have used it if they had known about it.

"Guide Me To A Company" Diagnostics: Total Sample

Among Users (n=876)

95   93   70   49   27   3   0   41

% Used GMTAC | Found It Helpful | Said Offers Sufficient | % Rated Very Easy | % SW Easy | % SW Difficult | % Very Difficult | NON-Users Would've Used If Known

2007 Users (n=1804)   Non-Users = 928

- We looked at Repeat vs. Non-Repeat Users to see if there were any differences in the diagnostics of this feature, and found no notable differences.

"Guide Me To A Company" Diagnostics By Sub-Groups

	Total Free File Users (1804) %	Free File Repeat Users (1062) %	Free File Non-Repeat Users (742) %
BASE: Total Free File Users			
Used Guide Me To A Company	**49**	**49**	**48**
(Total Who Used GMTAC)	(876)	(520)	(356)
% Found GMTAC Helpful	**95**	**96**	**95**
% Saying Offers Shown On Free File Providers Page Were Sufficient To Help Assist In Making Choice	**93**	**93**	**94**
Ease Of Using GMTAC			
Total Saying It Was Easy To Use	97	97	97
Very Easy	70	71	69
Somewhat Easy	27	26	28
Somewhat Difficult	3	3	3
Very Difficult	0	0	0
(Total Who Did Not Use GMTAC)	(928)	(542)	(386)
Would Have Used It If Known About It	**41**	**42**	**40**

Q's 22-26. Various questions about "Guide Me To a Company" feature.

18

Russell RESEARCH℠

FAQ Diagnostics

- Among those using the <u>FAQs</u> feature (34% of all Free File Users), 91% said they <u>found the answers they were looking for</u> in the FAQs and here too, <u>the vast majority found the feature easy to use</u>.
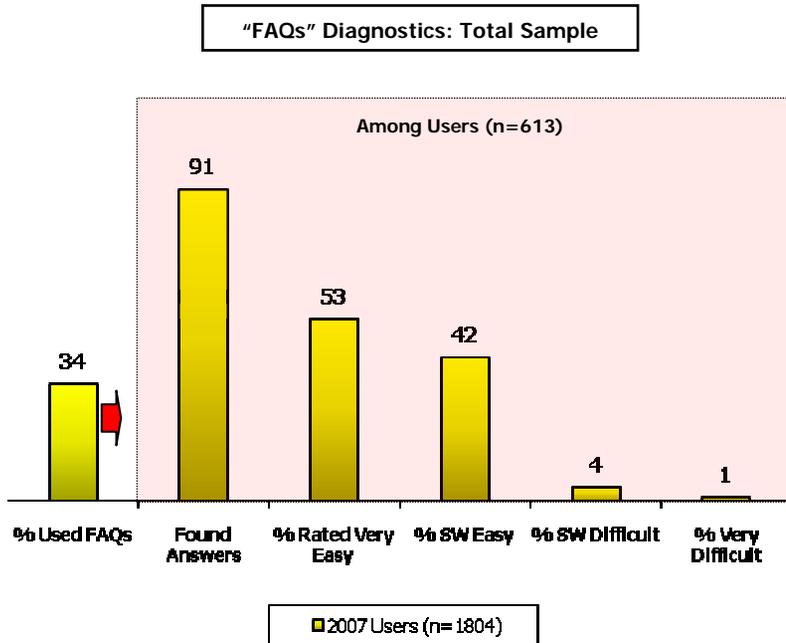
- Aside from the directionally higher level of usage of FAQs among Non-Repeat Users that was noted earlier, there was no real difference between Non-Repeat and Repeat Users in terms of FAQ diagnostics.

"FAQs" Diagnostics: Total Sample

Among Users (n=613)

91 — Found Answers
53 — % Rated Very Easy
42 — % SW Easy
34 — % Used FAQs
4 — % SW Difficult
1 — % Very Difficult

■2007 Users (n=1804)

"FAQ" Diagnostics By Sub-Groups

	Total Free File Users (1804) %	Free File Repeat Users (1062) %	Free File Non-Repeat Users (742) %
BASE: Total Respondents			
Used FAQs	**34**	**32** →	**36**
(Total Who Used FAQs)	(613)	(343)	(270)
Used FAQs & Found Answers	**91**	**93**	**89**
Ease Of Using FAQs			
Total Saying They Were Easy To Use	95	95	96
Very Easy	53	54	53
Somewhat Easy	42	41	43
Somewhat Difficult	4	3	6
Very Difficult	1	1	1

Help Desk Diagnostics

- Only 7% of Users claimed usage of the <u>Help Desk</u> feature (leaving us with a relatively small base of only 127 people for analysis of Help Desk diagnostics).

- Among those using it, 84% rated the quality of service at the Help Desk as "excellent" or "good" (which was 6 points higher than what we saw last year — a directional improvement).

- 45% of those <u>not using</u> this feature said they would have, if they had known about it.

Help Desk Diagnostics: Total Sample

Among Users (n=127)

Rating Of Service At The Help Desk

Non-Users = 1677
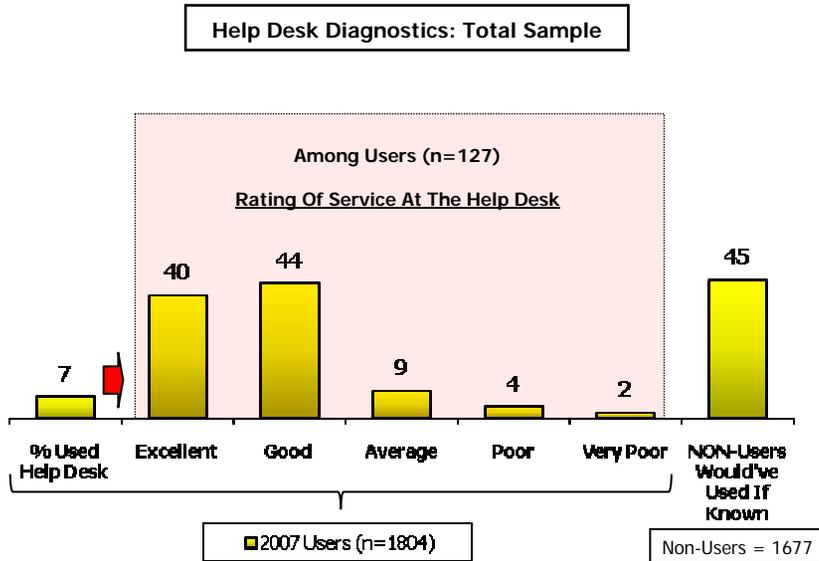
- As with the other features, there were very few differences in the Help Desk diagnostic measures by Repeat vs. Non-Repeat Users.

Help Desk Diagnostics By Sub-Groups

	Total Free File Users (1804) %	Free File Repeat Users (1062) %	Free File Non-Repeat Users (742) %
BASE: Total Respondents			
Contacted Help Desk	**7**	**7**	**7**
<u>Quality Of Service</u> <u>Received From Help Desk</u> (Total Who Contacted Help Desk)	(127)	(72)	(55)
<u>Total Excellent/Good</u>	<u>84</u>	<u>86</u>	<u>82</u>
Excellent	40	40	40
Good	44	46	42
Average	9	8	11
Poor	4	4	4
Very Poor	2	1	4
(Total Who Did Not Contact Help Desk)	(1677)	(990)	(687)
Would Have Used If I'd Know About It	**45**	**46**	**44**

Russell RESEARCH℠

Other Learning From The Study

Acceptance & Rejection Of Free File Returns

- **In other learning from the survey, we found very similar results this year (vs. last) in terms of <u>acceptance and rejection of Free Filed returns</u>. Specifically…**

  - **93% of all Users (the same as in 2006) said their return was <u>accepted on the first attempt</u>…**

  - **With 60-61% each year receiving <u>an acknowledgment letter</u> within 24 hours and another 16% receiving the letter within 36 hours.**

  - **Among those whose return was <u>not</u> accepted on the first attempt this year, 88% said they <u>received a reject notice in a timely manner</u> – and that is slightly (but not significantly) higher than what we found in 2006.**

  - **In addition, 93% of those receiving a reject notice said the <u>notice was clear enough to allow them to make the necessary corrections</u> – and this figure is significantly higher than reported by Free File Users in the 2006 survey.**

	Other Feedback On Free File Experiences	
	Free File Users 2006	Free File Users 2007
BASE: Total Respondents	(1800) %	(1804) %
% With Return Accepted On 1st Attempt	**93**	**93**
How Soon After Submitting Return Received Acknowledgment Letter		
Within 24 Hours	**61**	**60**
Within 36 Hours	16	16
Within 48 Hours	17	16
(Total Within 48 Hours)	(94)	(92)
(New Base: Total w/Return Not Accepted On 1st Attempt)	(119)	(120)
% Of Rejects Receiving A Return Rejection Notice In Timely Manner	**82**	**88**
(New Base: Total Who Rec'd Return Rejection Notice)	(98)	(106)
% Whose Notice Was Easy Enough To Understand & Make Necessary Corrections	**84**	**93**

Other Learning About The Free File Usage Experience

- **In <u>other feedback on the Free File usage experience</u>, we found only one major year-to-year change — <u>a sharp increase in the number of Free File Users reporting that they received a refund via Direct Deposit</u> (highlighted in the table to the right). On other measures, we found no real differences vs. 2006:**

  - **64% of Users this year (vs. 63% last year) said they <u>read the licensing agreement</u>.**

  - **90% <u>printed a copy of their completed return</u> off of the website — with this down just slightly vs. 2006.**

  - **72% <u>signed their return using an online PIN number</u> — the same level as in 2006.**

  - **94% <u>received a refund</u> from this year's return (vs. 93% in 2006), with the jump in <u>Direct Deposit</u> mentioned above, and with virtually all again saying they received their refund <u>within an expected time frame</u> (also the same as in '06).**

  - **There were some differences in <u>how Bal-Dues paid</u>, but the base of Bal-Dues each year was very small and not stable enough to speak to statistically.**

Other Feedback On Free File Experiences

	Free File Users 2006 (1800) %	Free File Users 2007 (1804) %
BASE: Total Respondents		
% Who Read Licensing Agreement	**63**	**64**
% Who Printed Copy Of Return Off Website	**92**	**90**
Method Used To Sign Return		
Online PIN Number	**72**	**72**
Signed & Mailed Form 8453OL	21	19
Refund/Bal-Due		
% Who Rec'd A Refund	**93**	**94**
% Who Owed Taxes & Had To Pay	4	2
% Who Broke Even	2	2
% Don't Recall	1	2
How Received Refund		
(New Base: Total Who Rec'd Refund)	(1676)	(1703)
% Rec'd Refund via Direct Deposit	**76**	**85**
% Rec'd Refund via Paper Check	23	14
% Rec'd. Refund Within Expected Time Frame	**98**	**97**
How Paid Bal-Dues		
(New Base: Total Who Owe Taxes – Caution: **SMALL BASES**)	(71)	(39)
% Paid via Check or Money Order	46	54
% Paid via Automatic Withdrawal	35	15
% Paid via Credit Card	14	13

Q's 37 - 43: Other Free File experience questions.

Russell RESEARCH

Tax Filing & Other Characteristics Of Free File Users

- Finally, we analyzed the characteristics of the Free File User sample this year vs. last and, <u>bearing in mind that these are self-reported characteristics</u> (not taken from IRS filing data), we found that...

  - The samples each year were very similar in the average <u>age</u> of the Free File User (39-40 each year) and in terms of <u>gender</u> (with 57% to 59% Females each year).

  - In tax filing behavior/history, virtually all each year said they <u>filed a Federal return the previous year</u>.

  - <u>Most were Self-Filers</u> the prior year in each survey – though the number coming to Free File from Paid Tax Preparers clearly increased in 2007.

  - With so many having been Self-Filers, the <u>prior year return was (again) most likely prepared in-home</u>.

  - In terms of <u>Fed-State Free Filing</u>, we found the same Fed-State level this year as a year ago (54%).

  - Lastly, we looked at <u>where the Non-Repeat Free File Users in each year's survey were coming from</u> and found that, with TeleFile discontinued and not offered as a choice this year, we had <u>significantly more Non-Repeat Users coming from each of the other filing methods</u>.

User Characteristics	Free File Users 2006 (1800) %	Free File Users 2007 (1804) %
BASE: Total Respondents		
Average Age	**40**	**39**
% Females	**57**	**59**
% Males	**43**	**41**
% Filed Fed. Inc. Tax Return For Previous Year	**99**	**98**
Who Prepared Previous Year Return		
Self	**70**	**72**
Relative	17	13
Paid Tax Preparer	3	⑪
Friend	9	③
Where Previous Year Return Was Prepared		
In own home	**81**	**77**
At relative or friend's home	7	8
Tax preparer's office/home	**8**	**10**
Other locations	5	5
Type Of Return Filed THIS YEAR Using Free File		
Both Federal & State	**54**	**54**
Federal Only	46	45
% REPEAT USERS (Used FF For Prev. Year Return)	**51**	**㊿**
% NOT Repeat Users (Used Some Other Method)	**49**	**40**
Where Did Not-Repeats Come From? (Base = Filed A Return Previous Year But Not A Repeat User)	(903)	(710)
Electronically using tax prep software	33	㊷
TeleFile	31	NA
Online But Not Using Free File	15	㉗
By Mail & NOT Using Any Tax Prep Software	14	⑳
By Mail & USING Tax Prep Software	7	⑪

Q's 1-7 & 32: Assorted demo & tax prep questions.
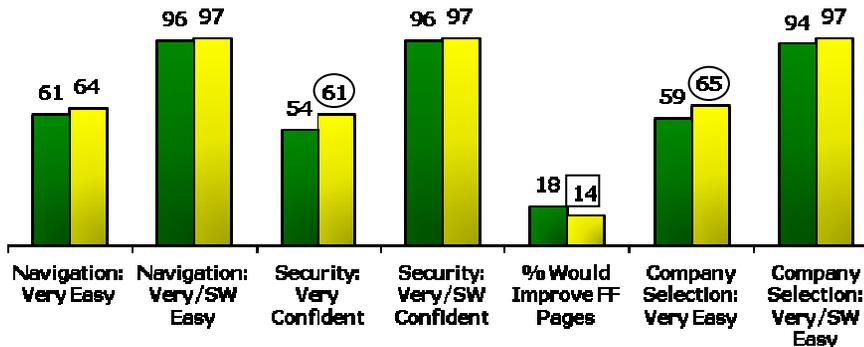
Russell RESEARCH℠

Key Findings

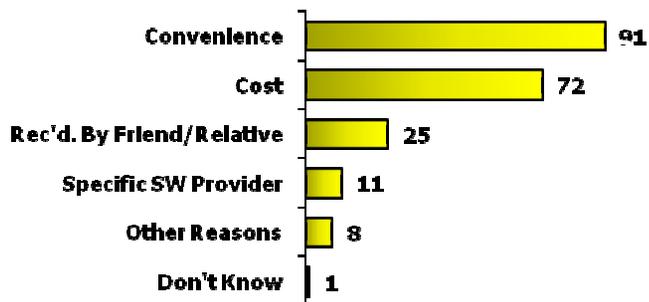# Key Findings From The 2007 Free File Survey

2007 results show directional to significant improvement for Free File across ALL overall satisfaction metrics...
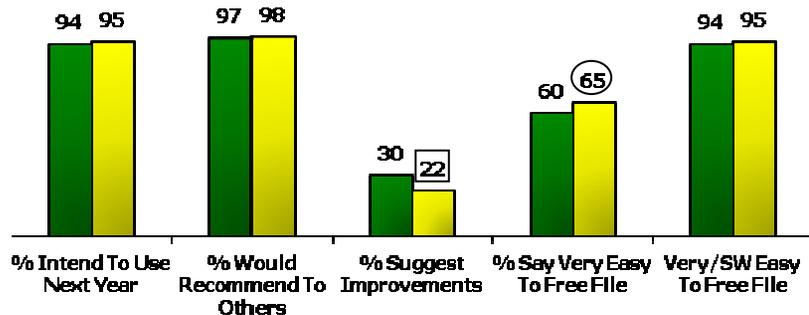
With directional to significant improvement as well in ALL product diagnostics...

Finally, we looked at what drives Users to Free File and found it was the same as in 2006 – mainly Convenience and Cost.

There were changes over the past year in levels of claimed usage of site features, with strong diagnostics for each one – including an increase in ratings of the service at the Help Desk.

Russell RESEARCH