

**Report Of Findings
From The 2006 Free File
Cognitive & Behavioral Research**

Presented To:



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Presented By:



Background, Purpose, Method, Scope & Timing

- The IRS has a long-term objective of 80% usage of its electronic filing products by the year 2007.
- As a part of its effort to reach that goal, IRS regularly tracks customer satisfaction with electronic products, as well as cognitive and behavioral information – i.e., customers' attitudes toward and usage of products.
- The overall purpose of the 2006 Free File Study was to learn more about customer reaction to their Free File usage experience, with specific objectives being to determine:
 - Overall Usage & Perceptions Of Use Of Free File, including intent to re-use and disposition toward recommending Free File to others.
 - Dynamics Of Learning About & Choosing Free File – how Users are introduced to it and their reasons for choosing it.
 - Usage & Evaluation Of Specific Site Features – specifically the “Step-By-Step” Instructions, the “Guide Me To A Service” feature, FAQs, and the Help Desk feature.
 - In addition, we wanted to collect Other Learning about Free File, including experience with rejected returns and other Free File usage behavior.
- This study was conducted by telephone from Russell's national field center in Wayne NJ, with interviewing occurring during the period of May 30-June 25, 2006.
- The research sample consisted of 1,800 Free File Users, who had used Free File during the 2006 Filing Season '06. Respondents were drawn from lists provided by the IRS.
- Note: the 1,800 sample size was selected to provide a large enough base for a natural fall-out of Users who used the Guide Me To A Service (GMTAS) feature at the Free File site within irs.gov.
 - Note: 2005 IRS data had indicated that approximately 20% of 2005 Users used that feature and we expected that about the same level would have used in 2006, with about 15% in net recalling using the feature. We set the total sample size at 1,800 to allow for a natural fall-out of (1800*.15=) 270 GMTAS Users – and thus avoid an expensive augment of this group (expensive because they cannot be identified in IRS lists and would have to be augmented at a 15% incidence.)
 - As it turned out, the proportion of the research sample who claimed to have used GMTAS in 2006 was much higher – 45%, which gave us a much larger than expected sub-base of these Users (n=809).

Detailed Findings

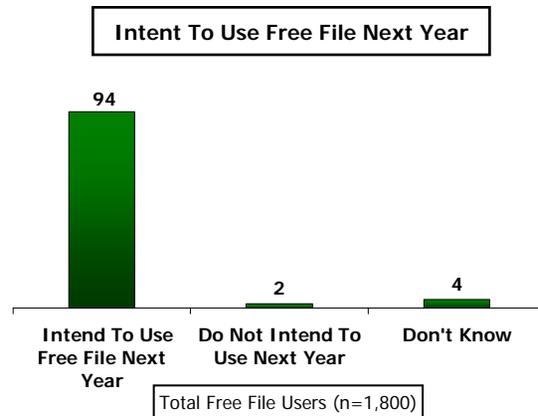
Statistical Notation Used In Detailed Findings

- Indicates that data from the highlighted sub-group is significantly higher than that from the balance of the sample (at a 95% confidence level).
- Indicates that data from a highlighted sub-group is significantly lower than that from the balance of the sample (also at a 95% confidence level).
- * In charts containing comparisons between Free File Repeat Users and Non-Repeat Users, note that the “Non-Repeat Users” include both First-Time Free File Users as well as Lapsed Users of Free File.

**Overall Usage
And Perceptions Of Use
Of Free File**

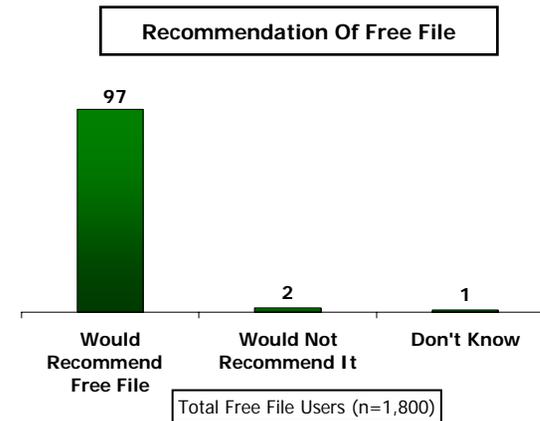
Overall Evaluation Of Free File

- We start with overall reaction to Free File – a series of measures collected near the end of the survey (after Users had time to think about their Free File experience).
- In the first of these, we found that 94% of Users intend to use Free File next year – a level which did not vary substantially across any of the sub-groups we analyzed – Repeat vs. Non-Repeat Free File users, users of specific Free File Features, or Demographic sub-groups.



Note: the 94% intent-to-use-again score is consistent with the 98% “very/somewhat” satisfied rating we found for Free File in the 2006 *e-file* Customer Satisfaction Study. That study showed some slippage in the top-box, “very satisfied”, rating this year – but it’s a study with a Free File sample of only 200, so we cannot tell whether that slippage is a trend there or simply a one-year blip.

- When we asked Users if they would recommend Free File to a friend/family member, virtually all (97%) said they would.



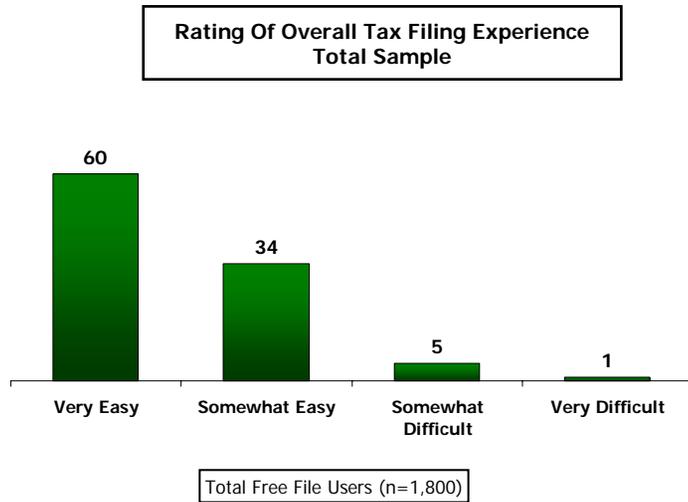
- Only 30% of Users had suggestions for overall improvement of the Free File program (which is low for IRS filing products). Top categories of suggestions were:

Total Free File Users (n=)	1800
Make It Easier To Use	7%
Increase Awareness Of It	4%
Remove The Income Criteria	4%
Provide More Info On The Tax Prep Cos.	4%
Provide Clearer Instructions	3%
Bring Back TeleFile	2%

All Other Mentions = 1% or less

Overall Evaluation Of Free File (Cont'd.)

- In another overall evaluative measure, we asked Users to rate their tax filing experience this year in terms of its Overall Ease.
- This showed that 6 in 10 Users felt their 2006 filing using Free File was “very easy”, while most of the remainder said it was “somewhat easy”.
- Only 5% rated the filing process “somewhat difficult” and just 1% said it was “very difficult”.



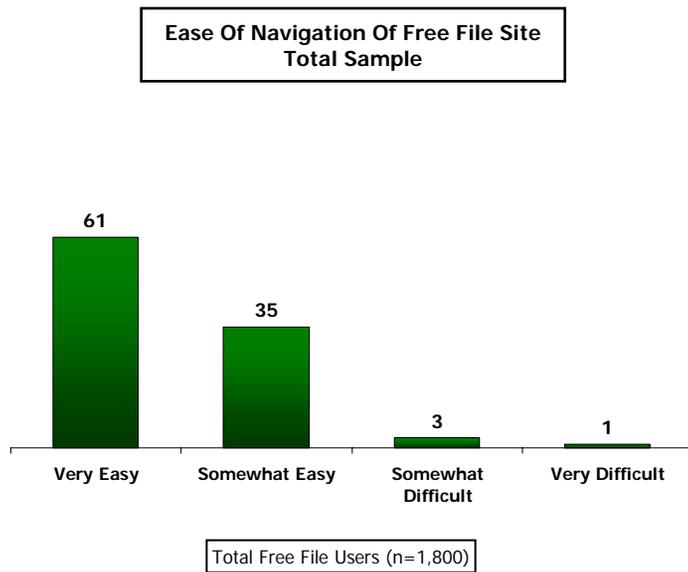
- Looking at sub-groups of users of specific Free File site features, we see that the filing process using Free File was about equally easy for all groups except those who used the Help Desk feature – which makes sense: these Users sought the assistance of Help Desk because of difficulty at the site.

Rating Of Overall Tax Filing Experience By Sub-Groups

BASE: Total Free File Users	Total Free File Users	---Used Free File Site Features---			
	1800	Step By Step	FAQ	Help Desk	Guide Me To A Service
	%	1086	663	94	809
TOTAL SAY FREE FILE IS “EASY”	94	94	92	86	94
Very Easy	60	59	56	51	60
Somewhat Easy	34	35	36	35	34
Somewhat Difficult	5	5	7	12	5
Very Difficult	1	1	1	2	1

Ease Of Navigation Within The Free File Site

- Asked about the ease of navigation within the Free File site at irs.gov, over 90% of Users rated it easy to some extent (61% saying it was “very easy”), with only 4% rating it difficult.



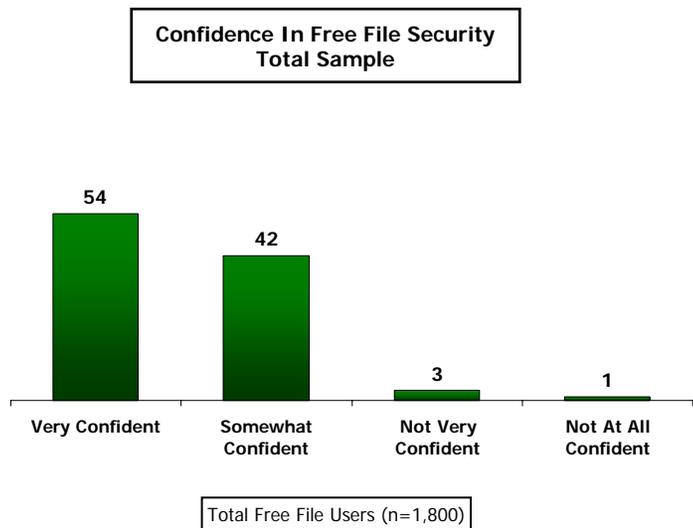
- This ease of navigation rating was similar across the sub-groups claiming use of specific site features – even among those using Help Desk.

Ease Of Navigation Of Free File Site
By Sub-Groups

BASE: Total Free File Users	Total Free File Users	---Used Free File Site Features---			
	1800	Step By Step	FAQ	Help Desk	Guide Me To A Service
%	1086	663	94	809	
<u>TOTAL EASY TO NAVIGATE</u>	<u>96</u>	<u>96</u>	<u>95</u>	<u>94</u>	<u>96</u>
Very Easy	61	60	58	55	63
Somewhat Easy	35	36	37	39	33
Somewhat Difficult	3	3	4	5	3
Very Difficult	1	1	1	1	1

Confidence In Security Of Information Provided During Free Filing

- When Users were asked about how confident they were that the information provided during their Free File preparation and filing process was secure, just over half (54%) expressed high confidence, with 42% saying they were “somewhat” confident and only 4% describing themselves as not confident.



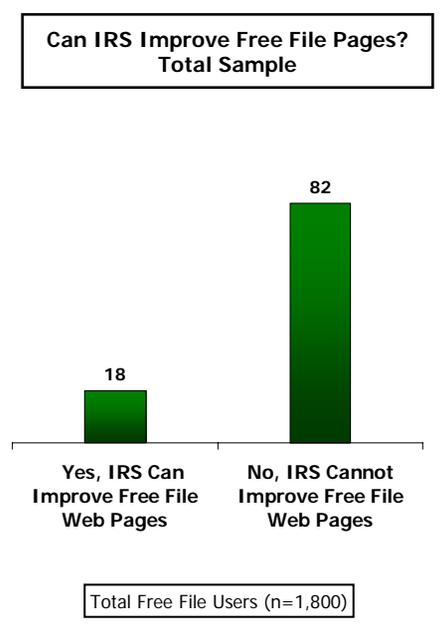
- Here too, we see very few differences by any of the sub-groups, including those below who claimed use of each of the key site features.

Confidence In Free File Security By Sub-Groups

BASE: Total Free File Users	Total Free File Users	---Used Free File Site Features---			
	1800	Step By Step	FAQ	Help Desk	Guide Me To A Service
	%	1086	663	94	809
TOTAL CONFIDENT IN SECURITY	96	97	96	94	97
Very Confident	54	54	53	49	52
Somewhat Confident	42	43	43	45	45
Not Very Confident	3	2	3	5	2
Not At All Confident	1	1	1	1	1

Suggestions For Improvement Of The Free File Pages

- When Users were asked whether or not the IRS can improve the Free File pages, only 18% of them indicated any need for improvement in the Free File web pages specifically.



- Among that 18% suggesting improvement, top mentions were to *make the pages easier to use* (25%) and to *improve the tax prep company selection process* (18%). This was consistent across Feature User sub-groups with the exception of Help Desk Users, who also wanted *clearer/better instructions*.

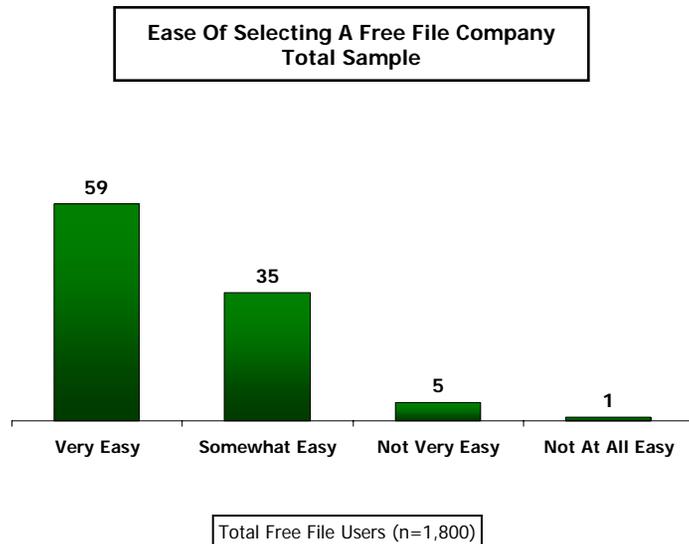
Suggestions For Improvement
Among Those Saying Site Can Be Improved

	Total Free File Users	---Used Free File Site Features--- Step By Step	FAQ	Help Desk	To A Guide Me Service
BASE: Total Said IRS Can Improve FF Pages	322	197	140	30	170
	%	%	%	%	%
<u>Total Suggested Improvements</u>	<u>90</u>	<u>90</u>	<u>94</u>	<u>93</u>	<u>91</u>
Make pages easier to use	25	26	23	17	25
Improve company selectn process	18	15	16	23	22
Clearer/better instructions	13	13	13	23	15
Provide more information	13	14	16	10	14
Cost (i.e. was not really free, had to pay for some things)	10	11	9	10	12
Nothing – No suggestions	7	8	4	7	6
Don't Know	3	2	2	0	3



Ease Of Selecting A Free File Company

- Most Users say they found the process of selecting a preparer company at the site to be easy – with 59% of them calling it “very” easy and with most of the rest saying it was “somewhat” easy.



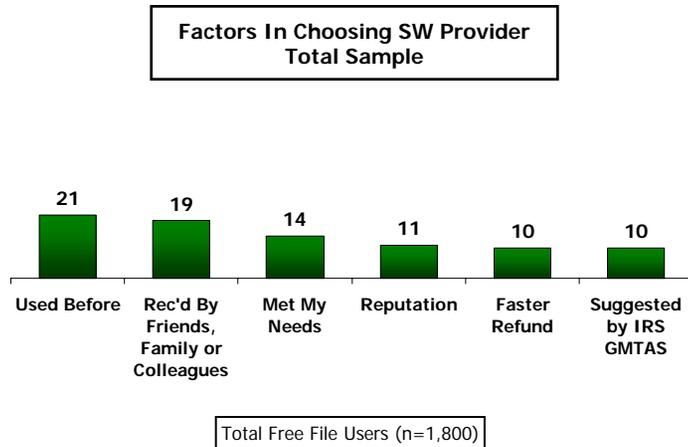
- Those using each of the key site features had similar ratings of ease of company selection, though with Help Desk Users having slightly lower ratings.
- 92% in total said the company link took them to the correct page, with this again being slightly lower among Help Desk Users.

Ease Of Selecting A Free File Company
By Sub-Groups

BASE: Total Free File Users	Total Free File Users	---Used Free File Site Features---			
	1800	Step 1086	FAQ 663	Help Desk 94	Guide Me To A Service 809
	%	%	%	%	%
<u>TOTAL FINDING SELECTION OF FREE FILE COMPANY EASY</u>					
Very Easy	59	57	56	53	60
Somewhat Easy	35	37	37	36	33
Not Very Easy	5	5	6	10	6
Not At All Easy	1	1	1	1	1
<u>WHEN CHOOSING A PROVIDER, DID LINK TAKE YOU TO THE CORRECT PAGE?</u>					
Yes	92	93	93	92	96
No	2	2	3	5	1
Don't Recall	6	5	5	3	3

Deciding Factors In Choice Of Free File Provider

- When respondents were asked about their top deciding factor in choosing a software provider to Free File their return, about one-fifth each said it was because they had *used (the company) before* or that it was *recommended by friends, family or colleagues*.
- Next came *met my needs*, company *reputation*, the offer of a *faster refund*, and that the company was *suggested by the "Guide Me To A Service" feature*.



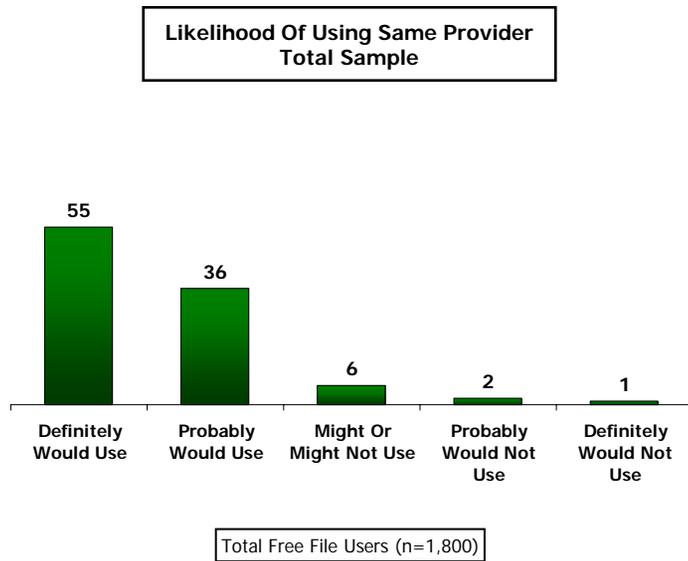
- The only clear difference in this response by the users of specific site features came among...
- Those using "Guide Me To A Service" – who were far more likely to say their deciding factor was the company being *suggested by IRS GMTAS*.

**Factor In Choosing SW Provider
By Sub-Groups**

	Total Free File Users	---Used Free File Site Features---				
		Step By Step	FAQ	Help Desk	Guide Me To A Service	
BASE: Total Free File Users	1800	1086	663	94	809	
	%	%	%	%	%	
Used them before	21	20	20	18	16	
Rec'd by friends, family, etc.	19	20	20	22	13	
Offer met my needs	14	14	13	13	16	
Reputation	11	11	12	12	12	
Faster refund	10	10	10	13	9	
Suggested by IRS GMTAS	10	11	11	9	22	
Other factors	6	6	5	5	7	

Likelihood Of Use Of Same Free File Provider Next Year

- Over 90% of Free File Users indicated that they would use the same tax preparation company at the site when they file next year – with 55% of them showing high commitment and saying they “definitely would use” the same company.



- The only site feature User sub-group with lower than average commitment to the same company for next year was the small group using the Help Desk – who may have experienced frustration with other elements of the site.

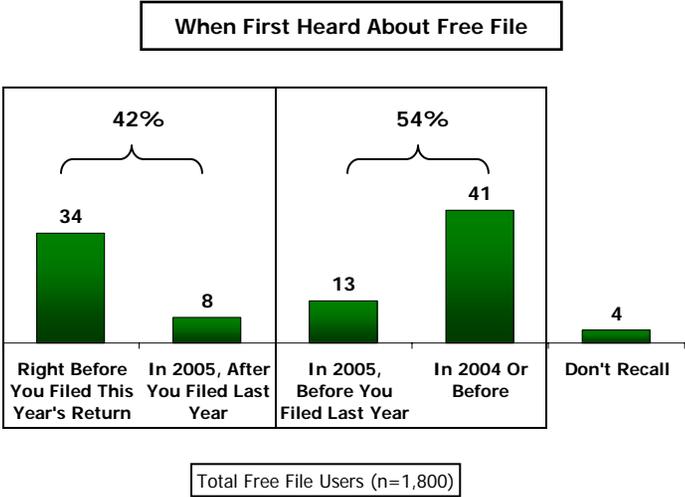
Likelihood Of Using Same Provider
By Sub-Groups

	Total Free File Users	---Used Free File Site Features---	Step By	FAQ	Help Desk	Guide Me To A Service
BASE: Total Free File Users	1800	1086	663	94	809	
	%	%	%	%	%	
WOULD USE SAME PROVIDER	91	92	92	85	91	
Definitely Would Use	55	56	58	54	54	
Probably Would Use	36	36	33	31	37	
Might Or Might Not Use	6	5	5	9	6	
Probably Would Not Use	2	2	3	4	2	
Definitely Would Not Use	1	1	1	2	1	

**The Dynamics
Of Learning About
And Choosing Free File**

WHEN First Heard About Free File

- Asked when they first heard about Free File, 42% said it was sometime after filing last year – with 34% saying it was just before filing this year. 54% had learned about it before filing in 2005 and the rest did not recall their first exposure to it.



- Among the sub-groups analyzed here, we found two groups with more recent first exposure than others – the youngest age group (under 25s – see table at top right) and Users from IRS Area 1 (see table at bottom right).

When First Heard About Free File – By Sub-Groups

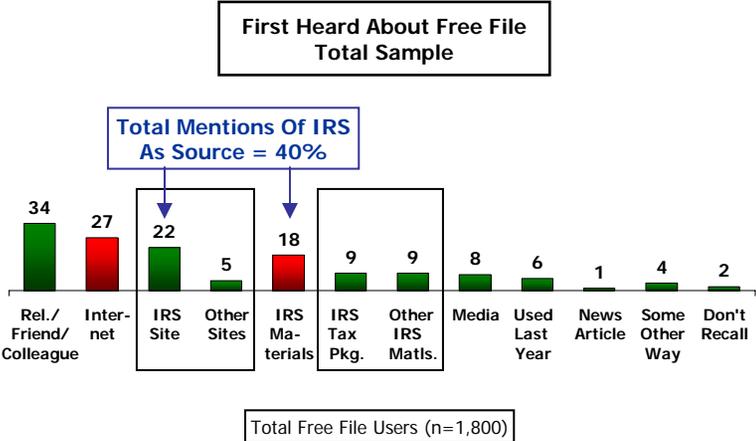
BASE: Total Free File Users	Gender		Age Of Free File User					
	Male	Female	Under 25	26-35	36-45	46-55	56+	
Total Free File Users	773	1027	456	355	319	363	306	
%	%	%	%	%	%	%	%	
Before you filed this year's Fed. Income Tax return	34	35	34	44	33	32	29	31
2005, after you filed last year's Fed. Income Tax return	8	9	7	9	8	6	10	6
2005, before you filed last year's Fed. Income Tax return	13	11	14	13	12	12	13	15
In 2004 or before	41	40	41	31	44	45	43	45
Don't recall	4	5	4	3	3	5	5	3

BASE: Total Free File Users	Area							
	#1	#2	#3	#4	#5	#6	#7	
Total Free File Users	268	486	246	660	52	57	31	
%	%	%	%	%	%	%	%	
Before you filed this year's Fed. Income Tax return	34	45	37	28	32	29	28	32
2005, after you filed last year's Fed. Income Tax return	8	9	8	8	8	8	2	3
2005, before you filed last year's Fed. Income Tax return	13	16	12	9	13	13	18	6
In 2004 or before	41	28	38	52	41	46	51	55
Don't recall	4	2	5	3	6	4	1	4



HOW First Heard About Free File

- In terms of how they first heard about Free File, about one-third said it was through word-of-mouth (from relatives, friends or colleagues), about one-fourth heard about it via the Internet (mostly through irs.gov), and about one-sixth said it was through IRS materials (both the tax package and other materials).
- In total, 40% of Users attributed their introduction to Free File to IRS – either to irs.gov or IRS materials.



- The leading sources of learning about Free File varied by both the Gender and Age of the User, as well as by IRS Area – as shown in the tables to the right.

How Heard About Free File – By Sub-Groups

	Total Users	Gender		Age Of Free File User				
		Male	Female	Under 25	26-35	36-45	46-55	56+
BASE: Total Free File Users	1800	773	1027	456	355	319	363	306
	%	%	%	%	%	%	%	%
From relative/friend/colleague	34	30	37	43	29	34	28	31
<u>On The Internet</u>	27	31	25	27	33	26	26	24
Via IRS Website	22	25	20	21	28	19	22	19
On Internet (not IRS Site)	5	6	5	6	5	7	4	4
<u>IRS Materials</u>	18	18	17	16	14	20	19	18
IRS Fed. Income Tax Pkg.	9	8	9	8	7	10	12	8
IRS materials/not Tax Pkg.	9	9	8	8	7	10	7	10
In media (TV, radio, etc.)	8	8	7	6	6	5	10	12
Used it last year	6	5	7	4	7	7	6	8
Saw it in a news article	1	2	1	0	1	1	2	2

	Total Users	Area						
		#1	#2	#3	#4	#5	#6	#7
BASE: Total Free File Users	1800	268	486	246	660	52	57	31
	%	%	%	%	%	%	%	%
From relative/friend/colleague	34	29	33	35	38	29	30	13
<u>On The Internet</u>	27	33	27	29	23	29	30	45
Via IRS Website	22	28	23	23	18	19	21	29
On Internet (not IRS Site)	5	6	4	6	5	10	9	16
<u>IRS Materials</u>	18	18	17	18	17	23	12	23
IRS Fed. Income Tax Pkg.	9	6	9	9	10	6	5	19
IRS materials/not Tax Pkg.	9	12	8	10	7	17	7	3
In media (TV, radio, etc.)	8	5	8	7	9	12	11	3
Used it last year	6	6	6	7	6	2	5	10
Saw it in a news article	1	1	1	0	1	0	2	3



Whether Initial Information About Free File Sufficient?

- Probed on what they first learned of Free File...
- 89% said that the information was sufficient to give them a general knowledge of the program – with this being lower among the 36-55 year-olds.
- But only 49% said their initial source mentioned the \$50,000 income limitation criteria – higher among 26-35 year-olds.

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

	Total Users	Gender		-----Age Of Free File User-----				
		Male	female	Under 25	26-35	36-45	46-55	56+
BASE: Total Free File Users	1800	773	1027	456	355	319	363	306
	%	%	%	%	%	%	%	%
Initial source of information was sufficient to provide general knowledge of the program	89	89	89	93	91	86	84	90
Initial source of information mentioned the \$50,000 income limitation criteria	49	48	50	44	55	50	49	51

- By IRS Area, we saw only limited differences...
- In either the sufficiency of the source information (it was a bit higher in Area 2)...
- Or in the proportion who said they had heard about the income limitation from their original source.

Whether Information Provided For Free File Was Sufficient – By Region

	Total Users	-----Area-----						
		#1	#2	#3	#4	#5	#6	#7
BASE: Total Free File Users	1800	268	486	246	660	52	57	31
	%	%	%	%	%	%	%	%
Initial source of information was sufficient to provide general knowledge of the program	89	87	93	89	88	83	91	87
Initial source of information mentioned the \$50,000 income limitation criteria	49	49	50	54	47	52	46	58

Information Provided For Free File From irs.gov

- Probed further on what they learned about Free File at irs.gov...
- 93% of Users said they were able to find information they needed on Free File at the site while filing – with this being a bit higher among younger users.
- And 96% said the Free File information at irs.gov was sufficient to allow them to use the program – with this high in all gender and age sub-groups.

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

	Total Users	Gender		----Age Of Free File User----					
		Male	female	Under 25	26-35	36-45	46-55	56+	
BASE: Total Free File Users	1800	773	1027	456	355	319	363	306	
	%	%	%	%	%	%	%	%	
Ability to find information needed about Free File at irs.gov while filing	93	93	93	96	94	93	91	90	
Information found at irs.gov was sufficient to allow use of Free File program	96	96	95	97	97	95	94	94	

- The only differences here by IRS Area came on the first of the probes – ability to find info about Free File at irs.gov while filing, which showed that Users from IRS Areas 1 and 3 were more likely to find the information that they needed than Users from other IRS Areas, especially Areas 6 and 7.
- However, we cannot determine a reason for these differences, since the site is the same for Users from all Areas, and since those from Areas 1 and 3 do not show any greater disposition toward Free File than Users from other Areas.

Information Provided For Free File From irs.gov – By Region

	Total Users	-----Area-----						
		#1	#2	#3	#4	#5	#6	#7
BASE: Total Free File Users	1800	268	486	246	660	52	57	31
	%	%	%	%	%	%	%	%
Ability to find information needed about Free File at irs.gov while filing	93	95	93	96	93	90	86	87
Information found at irs.gov was sufficient to allow use of Free File program	96	96	95	98	95	92	93	97

Reasons For Choosing Free File

- When Users were asked why they chose to Free File this year, "convenience" dominated total mentions (just as it did mentions of the most important reason – see data tabulations). Convenience was particularly important to the younger Users (ages 35 and under).
- Cost was the #2 reason, with all other reasons relatively unimportant. Cost mentions were surprisingly lower among the youngest age segment (under-25) than among those in the 26-55 age range.

Reasons For Choosing Free File – By Age & Gender

	Total Users	Gender		----Age Of Free File User----				
		Male	female	Under 25	26-35	36-45	46-55	56+
BASE: Total Free File Users	1800	773	1027	456	355	319	363	306
	%	%	%	%	%	%	%	%
<u>Convenience</u> (Net)	<u>91</u>	<u>92</u>	<u>90</u>	<u>93</u>	<u>93</u>	<u>90</u>	<u>89</u>	<u>88</u>
it's convenient	87	87	86	88	90	87	84	83
The speed (fast and quick)	10	9	10	9	7	13	11	9
Simple/ease of use/easy	6	6	6	7	7	3	6	5
The cost (its free)	65	65	66	58	71	70	68	62
Rec'd by relative/friend/colleague	20	18	21	29	15	16	17	21
Specific software provider	5	5	5	2	5	8	6	5
All other reasons	11	9	12	9	9	12	12	13
Don't recall/don't know	0	0	0	0	0	1	0	1

- There were very few differences in reasons for choice of Free File by IRS Area, as shown below.

Reasons For Choosing Free File – By Region

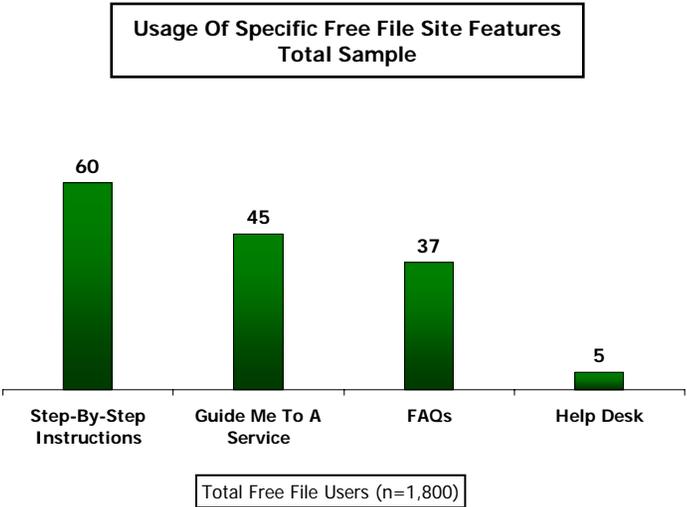
	Total Users	-----Area-----						
		#1	#2	#3	#4	#5	#6	#7
BASE: Total Free File Users	1800	268	486	246	660	52	57	31
	%	%	%	%	%	%	%	%
<u>Convenience</u> (Net)	<u>91</u>	<u>88</u>	<u>90</u>	<u>92</u>	<u>92</u>	<u>87</u>	<u>89</u>	<u>97</u>
It's convenient	87	84	87	89	87	79	84	90
The speed (fast and quick)	10	10	11	7	10	12	5	3
Simple/ease of use/easy	6	9	4	7	5	6	14	6
The cost (it's free)	65	60	64	68	67	60	70	74
Rec'd by relative/friend/colleague	20	18	19	23	21	19	14	16
Specific software provider	5	3	4	5	6	4	4	3
All other reasons	11	16	12	11	8	8	12	6
Don't recall/don't know	0	0	0	0	0	2	0	0

Note: the greater importance of convenience (including speed) vs. cost that we see here is very consistent with what we found in the Specific Likes Of Free File question asked of the Free File Users in the 2006 *e-file* Customer Satisfaction Study.

**Usage & Evaluation
Of Specific Free File
Site Features**

Usage Of Specific Free File Site Features

- We asked about Free File Users' usage of specific features of irs.gov's Free File site and found that 60% said they used the Step-By-Step Instructions, 45% used the "Guide Me To A Service" feature, 37% the FAQs, and only 5% the Help Desk.

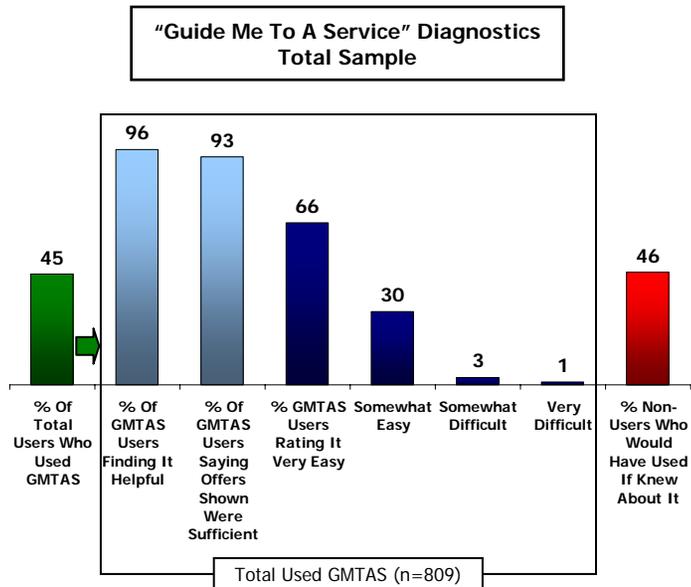


- As might be expected, the Non-Repeat Users (i.e., those not repeating Free File usage from the previous year) were more likely to say they used the "Guide Me To A Service" feature, but otherwise had similar feature usage as the Repeat Users.

	Total Free File Users	Free File Repeat Users	Free File Non-Repeat Users
	1800	879	903*
	%	%	%
BASE: Total Respondents			
Step-By-Step Instructions	60	60	60
Guide Me To A Service	45	41	49
FAQs	37	35	38
Help Desk	5	6	5

Diagnosics Of Usage Of "Guide Me To A Service" Feature

- We probed for diagnostic reaction to three of the four features. For the "Guide Me To A Service" feature, 96% of those using it said they found it helpful, with 93% saying the offers shown on the Free File provider pages were sufficient to help them make a choice. Very few found it difficult to use the GMTAS feature.
- Among the Free File Users who did not use this feature, almost half said they would have used it if they had known about it.



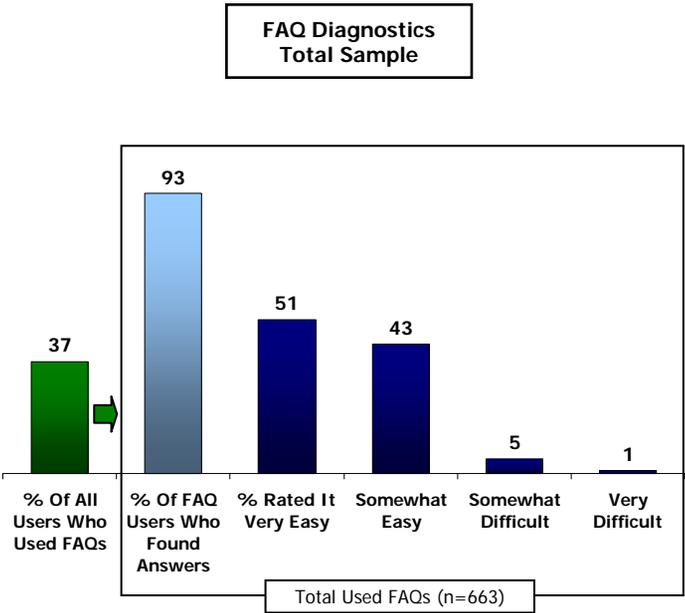
- Although Non-Repeat Users had higher usage of this feature (as well as higher interest, as shown in the "would have used" measure below), they had otherwise similar diagnostic reaction to the GMTAS feature.

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

	Total Free File Users 1800 %	Free File Repeat Users 879 %	Free File Non-Repeat Users 903* %
BASE: Total Free File Users			
Used Guide Me To A Service	45	41	49
(Total Who Used GMTAS)	(809)	(371)	(438)
% Found GMTAS Helpful	96	95	97
% Saying Offers Shown On Free File Providers Page Were Sufficient To Help Assist In Making Choice	93	93	93
Ease Of Using GMTAS			
<u>Total Saying It Was Easy To Use</u>	<u>96</u>	<u>97</u>	<u>96</u>
Very Easy	66	68	65
Somewhat Easy	30	29	31
Somewhat Difficult	3	3	3
Very Difficult	1	0	1
(Total Who Did Not Use GMTAS)	(991)	(526)	(465)
Would Have Used GMTAS	46	42	49

Diagnostics Of Usage Of The FAQs Feature

- Among those using the FAQs feature, 93% said they found the answers they were looking for in the FAQs and here too, most found the feature easy to use.

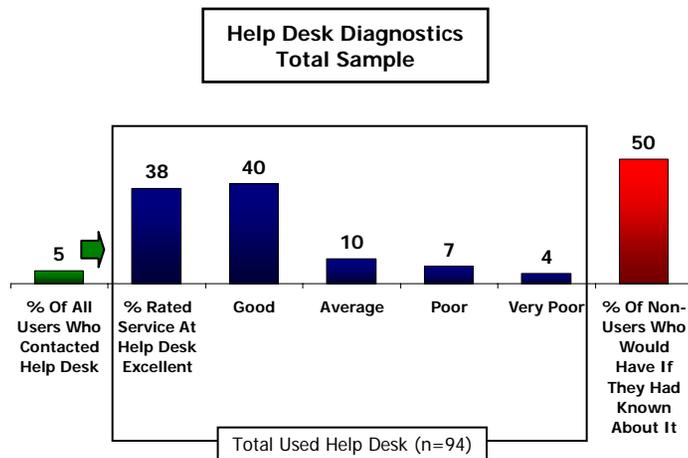


- The only differences in FAQ diagnostics by Repeat vs. Non-Repeat usage came in the level of ease of use of the feature, with the Repeat Users finding the feature generally easier to use than Non-Repeat Users.

	Total Free File Users	Free File Repeat Users	Free File Non-Repeat Users
	1800	879	903*
	%	%	%
Used FAQs	37	35	38
(Total Who Used FAQs)	(663)	(318)	(345)
Used FAQs & Found Answers	93	94	92
<u>Ease Of Using FAQs</u>			
<u>Total Saying They Were Easy To Use</u>	94	96	92
Very Easy	51	59	43
Somewhat Easy	43	37	49
Somewhat Difficult	5	3	6
Very Difficult	1	1	1

Diagnostics Of Usage Of The Help Desk Feature

- Only 5% had used the Help Desk feature (leaving us with a relatively small base of only 94 people for analysis of Help Desk diagnostics).
- Among those using this feature, 78% rated the quality of service at the Help Desk as "excellent" or "good", with 10% saying it was "average", 7% "poor", and 4% "very poor".
- 50% of those not using this feature said they would have, if they had known about it.



- There were very few differences in the Help Desk Diagnostics by Repeat vs. Non-Repeat Users, as shown below.

Help Desk Diagnostics By Sub-Groups			
	Total Free File Users	Free File Repeat Users	Free File Non-Repeat Users
	1800	879	903*
	%	%	%
BASE: Total Respondents			
Contacted Help Desk	5	6	5
Quality Of Service Received From Help Desk			
(Total Who Contacted Help Desk)	(94)	(52)	(42)
<u>Total Excellent/Good</u>	<u>78</u>	<u>77</u>	<u>81</u>
Excellent	38	40	36
Good	40	37	45
Average	10	9	10
Poor	7	12	2
Very Poor	4	2	7
(Total Who Did Not Contact Help Desk)	(1706)	(845)	(861)
Would Used It If Knew About Help Desk	50	51	48

**Other Learning
From The Study**

Acceptance & Rejection Of Free File Returns

- In other learning from the survey, we found the following related to acceptance and rejection of Free Filed returns.
- Note: there are few differences here between Repeat and Non-Repeat Users of Free File.
- Here is what we learned:
 - 93% of all Users said their return was accepted on the first attempt...
 - With 61% receiving an acknowledgment letter within 24 hours and another 16% receiving the letter within 36 hours.
 - Among those whose return was not accepted on the first attempt, 82% said they received a reject notice in a timely manner.
 - And 84% of those receiving a reject notice said the notice was clear enough to allow them to make the necessary corrections.

Other Feedback On Free File Experiences

	Total Free File <u>Users</u> 1800	Free File Repeat <u>Users</u> 879	Free File Non-Repeat <u>Users</u> 903*
	%	%	%
BASE: Total Respondents			
% With Return Accepted On 1st Attempt	93	93	93
<u>How Soon After Submitting Return Received Acknowledgment Letter</u>			
Within 24 Hours	61	62	60
Within 36 Hours	16	14	17
Within 48 Hours	17	19	15
Other	2	2	2
(New Base: Total w/Return Not Accepted On 1 st Attempt)	(119)	(60)	(59)
% Of Rejects Receiving A Return Rejection Notice In Timely Manner	82	82	83
(New Base: Total Who Rec'd Return Rejection Notice)	(98)	(49)	(49)
% Whose Notice Was Easy Enough To Understand & Make Necessary Corrections	84	80	88



Other Learning About The Free File Usage Experience

- In other feedback on the Free File experience, we found some differences between Free File Repeat vs. Non-Repeat Users (as noted below):**
 - 63% of Users said they read the licensing agreement – higher among Repeat Users.
 - 92% printed a copy of their completed return off of the website – also somewhat higher among Repeat Users.
 - 6% said they purchased a product during their Free File experience, with half of these saying they purchased a product but did not want to.
 - 72% signed their return using an online PIN number – also somewhat higher among Repeat Users of Free File.
 - 93% received a refund from this year’s return.
 - With 76% of them receiving the refund via Direct Deposit.
 - And with virtually all saying they received their refund within an expected time frame.
 - Among the few Bal-Dues, most payments were made with Check, Money Order, or Automatic Withdrawal – with little claimed usage of Credit Cards.

Other Feedback On Free File Experiences

	Total Free File Users	Free File Repeat Users	Free File Non-Repeat Users
	1800	879	903*
	%	%	%
BASE: Total Respondents			
% Who Read Licensing Agreement	63	66	61
% Who Printed Copy Of Return Off Website	92	94	91
% Who Purchased A Product During Tax Prep	6	6	5
% Purchased A Product But Didn't Want To	3	3	2
Method Used To Sign Return			
Online PIN Number	72	75	70
Signed & Mailed Form 8453OL	21	20	22
Refund/Bal-Due			
% Who Rec'd A Refund	93	94	92
% Who Owed Taxes & Had To Pay	4	3	5
% Who Broke Even	2	2	2
% Don't Recall	1	1	1
How Received Refund			
(New Base: Total Who Rec'd Refund)	(1676)	(843)	(833)
% Rec'd Refund via Direct Deposit	76	81	72
% Rec'd Refund via Paper Check	23	18	28
% Who Rec'd Refund Within Expected Time frame	98	98	97
How Paid Bal-Dues			
(New Base: Total Who Owe Taxes – Caution: SMALL BASES)	(71)	(30)	(41)
% Paid via Check or Money Order	46	30	59
% Paid via Automatic Withdraw	35	50	24
% Paid via Credit Card	14	20	10



Tax Filing & Other Characteristics Of Free File Users

- Finally, we looked at the characteristics of Free File Users, and for any differences between Repeat vs. Non-Repeat Free File Users.
 - First, the two groups were demographically very similar, with each average 39-40 years of age and skewed female (56-58% per group).
 - In tax filing behavior/history, virtually all in both segments had filed a Federal return last year (for TY04).
 - Most were Self-Filers from last year, higher among the Repeat Users than the Non-Repeat (15% of whom had used a Paid Preparer).
 - With most having been Self-Filers last year, the prior year return was most likely prepared in-home.
 - While all Repeat Users had used Free File last year, the Non-Repeat Users came mainly (about equally) from Electronic Filing Using Practitioner e-file and TeleFile, followed by Online Other Than Free File, Paper w/o Software, and Paper w/Software (V-Coders).
 - In terms of type of return Free Filed this year, both groups skewed toward a Fed-State return vs. a Fed-Only return.

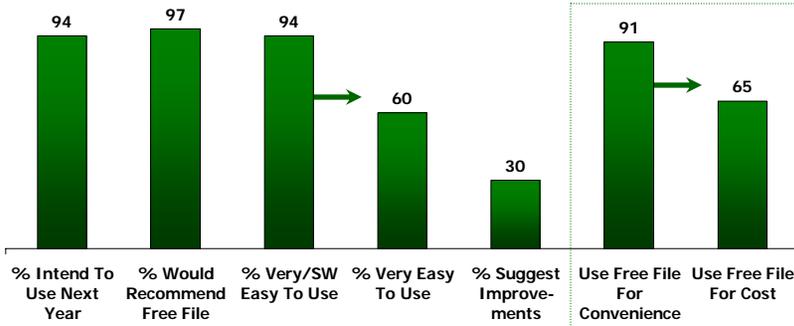
User Characteristics			Total Free File Users	Free File Repeat Users	Free File Non-Repeat Users
	1800	879	903*		
	%	%	%		
BASE: Total Respondents					
Average Age	40	40	39		
% Females	57	58	56		
% Males	43	42	44		
% Filed Federal Income Tax Return For 2004	99	100	97		
<u>Who Prepared 2004 Fed. Income Tax Return</u>					
Self	70	77	63		
Relative	17	18	17		
Friend	3	3	3		
Paid Tax Preparer	9	2	15		
<u>Where 2004 Fed. Income Tax Return Was Prepared</u>					
In own home	81	87	75		
At relative or friend's home	7	7	6		
Tax preparer's office/home	8	2	15		
Other locations	5	4	4		
<u>Method Used To File 2004 Fed. Income Tax Return</u>					
Electronically using tax prep software	16	0	33		
TeleFile	15	0	31		
Online not using Free File	7	0	15		
By mail and did not use tax prep software	7	0	14		
By mail after using tax prep software	4	0	7		
Online using Free File	51	100	0		
<u>Type Of Return Filed Using Free File This Year</u>					
Both Federal & State	54	54	54		
Federal Only	46	46	45		



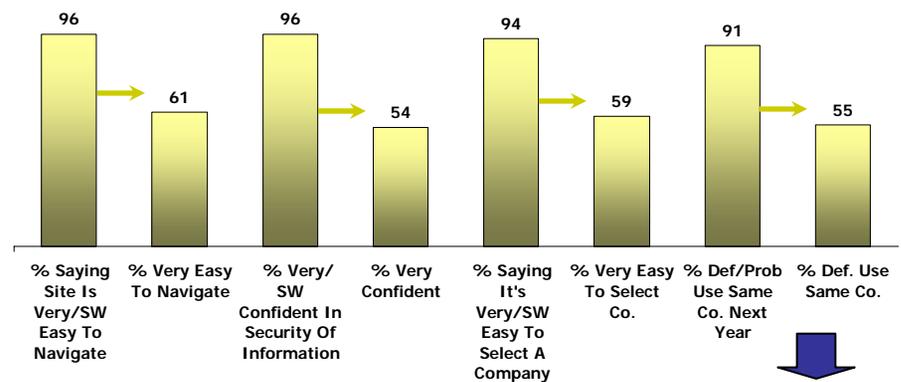
Key Findings

Key Findings From The 2006 Free File Cognitive & Behavioral Research

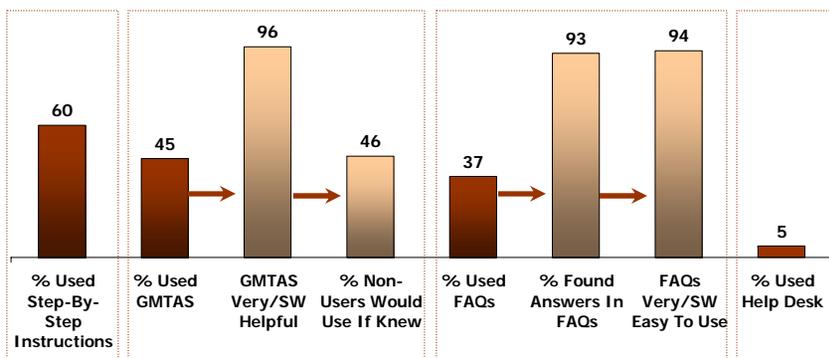
Overall, Users seem satisfied with Free File, with high intent to re-use and recommend, high ratings of overall ease of use, and low suggested improvements. What appeals to them most? Free File's "convenience", with "cost" being a secondary driver.



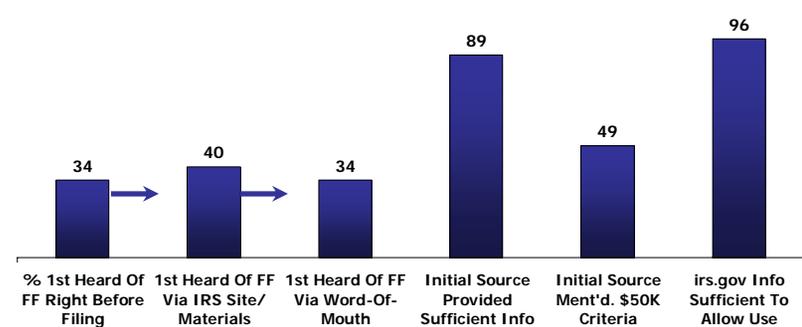
Other program diagnostic results tell us that the site is generally easy to navigate, that Users have confidence in the security of their tax information, and that it's easy to select a company at the site (with high intent to use the same company next year)



Finally, Step-By-Step Instructions were the feature with highest usage, followed by "Guide Me To A Service" (rated helpful, with ~1/2 of Non-Users saying they would use it), then FAQs (useful and easy to use), and then Help Desk (only 5% mentions).



One-third of Users first heard of Free File right before filing – mainly via IRS communications or word-of-mouth. That learning appears to be sufficient to allow them to Free File, but mentions the income criteria in only about half the cases.



Appendix

Questionnaire Appended Electronically