

# VALUE OF FINANCIAL PLANNING

## CONSUMER RESEARCH

KEY FINDINGS 2023  
*NEW ZEALAND*



Insights from the global 2023 Value of Financial Planning Research  
commissioned by Financial Planning Standards Board Ltd.



CERTIFIED FINANCIAL PLANNER

CFP



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## About the Report

The descriptions and statistics in this report are based on insights from a global research study undertaken for Financial Planning Standards Board Ltd. (FPSB) by independent research firm MYMAVINS. The quantitative study undertaken in February 2023 involved an online survey of 1,001 respondents from New Zealand, each of whom was over 25 years earning over \$90k p.a. or holding over \$50k in investable assets.

The sample included both advised and unadvised consumers. Advised consumers are those who are currently working with a financial planner, those who seek financial advice as needed and those who have received financial planning advice in the past three years. Unadvised consumers, on the other hand, are those who have never received financial planning advice from a financial planner or have received financial advice in the past over three years ago. The study also analysed those consumers who work with a CFP® professional. Financial planners who attain CFP certification have committed to rigorous standards of competency and ethics in financial planning.

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# Introduction

## **We are living in an ever-changing, complex world which is calling for people everywhere to become more financially responsible.**

Money can be a source of stress for many people. For some, it can even take a personal toll on them, impacting their quality of sleep and even their mental health.

The current economic climate isn't helping. The global economic outlook is strained, with stubbornly high inflation, rising interest rates and costs of housing squeezing day-to-day budgets for some families.

The good news is professional financial planning can help. Financial planners support people to take control of their financial lives, empowering them to feel more confident and stay on track to achieve their goals.

The FPSB Value of Financial Planning Consumer Research study presents a compelling comparison between the personal experiences of individuals who navigate their financial journey alone, those who work with a financial planner, and importantly, those who seek advice from a CERTIFIED FINANCIAL PLANNER® professional.

This study has found that people who work with a professional financial planner feel better off both financially and more broadly. They report having a better quality of life, enjoying more financial confidence and resilience, and feeling more satisfied with their financial situation.

Clients of CFP® professionals report that they feel particularly satisfied. Across the globe, people who work with a CERTIFIED FINANCIAL PLANNER professional say they experience the highest quality of life, enjoy the most confidence, feel most satisfied with their financial situation and feel their relationship with their financial planner has left them better off.

The trouble is not everyone uses the services of a financial planning professional. One of the most common reasons is that people say they find it hard to know who they can trust with their finances.

In this study, we found that almost all consumers advised by a CFP professional trust them to act in the client's best interests. That makes sense when you consider that CERTIFIED FINANCIAL PLANNER professionals have committed to rigorous standards of competency and ethics and have achieved the globally recognised symbol of excellence in financial planning.

If you're someone considering how financial planning might benefit your life, finding someone you can trust with your financial situation is easier than you think. Just look for a CFP professional and go from there.

# Key findings



## Clients who work with a financial planner say they are better off

3 in 5 clients of financial planners are highly satisfied with their wealth versus 1 in 3 unadvised consumers.

They enjoy a higher quality of life, more financial confidence and experience less financial stress.

- 4 in 5 report living with a strong sense of purpose
- 7 in 10 say they are confident of solving most challenges
- 9 in 10 feel financially secure



## Financial planning helps people fulfill unmet financial needs

Unadvised consumers report many unmet financial needs including:

- enough money to live on (2 in 5)
- the ability to live their desired lifestyle (1 in 3)
- a realistic plan for a comfortable retirement (1 in 3)

According to this study, these are the areas where financial planners can help most. The top three ways financial planners have helped the advised are:

- get the most out of their financial situation
- greater confidence making financial decisions
- reducing financial worries and stress



## Clients of CFP professionals experience the best outcomes

- 9 in 10 feel financially secure
- 8 in 10 feel their finances are tangibly better off



## Gen Y more likely to expect digital engagement

Gen Y utilizes financial planning services differently than Baby Boomers:

- while face-to-face services are still the most important, a multi-channel digital experience is more important to Gen Ys than older generations
- 3 in 5 Gen Ys are using apps or websites to help with finances, which is more than older generations

# Busting the myths about financial planning



01

## MYTH #1

**Financial planning is only for the rich**

**FACT:** Over 8 in 10 clients earning \$120,000 or less per year who work with CFP professionals feel financially secure which is higher than unadvised consumers on the same level of income.



02

## MYTH #2

**Financial planning is only needed at retirement**

**FACT:** 8 in 10 Gen Ys who work with a CFP professional agree that financial planning has left them better off financially.



03

## MYTH #3

**Financial planning costs more than it's worth**

**FACT:** 9 in 10 clients of CFP professionals say the benefits of financial planning outweigh the costs.



04

## MYTH #4

**Financial planners lack objectivity**

**FACT:** Nearly everyone (99%) who works with a CFP professional report they trust their financial planner to act in the client's best interests.

# FPSB® Value of Financial Planning Index™

FPSB has developed the FPSB Value of Financial Planning Index as a mechanism to measure the financial and non-financial impact of financial planning on the lives of clients. Scores range from 0 to 100 around the midpoint of 50; the higher the score the better.

The Index shows the difference between those who do not work with a financial planner and those who do. The CFP Professional Delta shows the positive difference when working with a CFP professional.



*\*CFP Professional Delta is calculated from the difference of CFP Professional Advised and Unadvised, except for experience which is the difference of Other Advised.*



Over the years I have had a trusted financial advisor to turn to, it has been possible to retire at 55 and accomplish major financial projects (buying a house for cash, renovating said house) with confidence.

**Client of a CFP professional** | Female, 61, Rest of North Island

# FPSB Value of Financial Planning Index

There are four components in the FPSB Value of Financial Planning Index:



## Quality of life

Non-financial 'personal assets' that are the key supporting pillars of a 'good life', including personal health, connection, capability, purpose and life satisfaction.

The CFP Professional Delta score of +8 shows that consumers who work with a CFP professional experience a higher quality of life than those who are unadvised.

Clients of CFP professionals report greater life satisfaction (7.7 out of 10) compared to their unadvised counterparts (7.0 out of 10).



## Financial Confidence

Measuring financial confidence including personal expectations of security and ability to achieve goals and manage personal risk.

The CFP Professional Delta score of +19 shows that consumers who work with a CFP professional feel much more confident about their financial future than those who are unadvised.

Over 9 in 10 clients of CFP professionals feel financially secure compared to only 7 in 10 unadvised consumers.



I have been given good advice and I have taken that advice seriously in most of my financial planning if not all and it has been good for me and my wife.

**Client of a CFP Professional** | Male, 52, Auckland

# FPSB Value of Financial Planning Index



## Financial Satisfaction

Measures personal satisfaction with a consumer's financial situation including spending capability, personal financial risk management, ability to stick to the strategies in a financial plan and overall wealth.

The CFP Professional Delta score of +17 shows that consumers who work with a CFP professional report much higher levels of satisfaction than those who are unadvised.

In fact, 7 in 10 of those advised by a CFP professional are highly satisfied with their overall wealth compared to 1 in 3 of those who are unadvised.



## Experience

Measures the directly attributable value of the experience of financial planning and working with a financial planner, as well as tangible financial benefits like financial gains and meeting critical financial needs.

The CFP Professional Delta score of +5 shows that clients who work with a CFP professional experience more value than those who are advised by other professionals.

9 in 10 clients advised by a CFP professional agree that financial advice has provided more value than it costs, while only 8 in 10 of those advised by someone who is not a CFP professional agree.



He planned my spending plans, bank assets, and investments, which increased my wealth significantly.

**Client of a CFP professional** | Female, 60, Rest of North Island



# The CFP professional difference

Clients who work with a CFP professional are more likely to report a higher quality of life, more likely to have greater levels of financial confidence and resilience and are more likely to be satisfied with their financial situation.

**99%** Almost everyone who is advised by a CFP professional reports they trust their financial planner to act in the client's best interests.

**100%** of clients of CFP professionals say they are likely to continue the relationship with their financial planner.

## Top 5 benefits of working with a financial planner reported by clients

- 01**  
Better financial **decision-making confidence**
- 02**  
Help to **simplify and explain** financial matters
- 03**  
Improved **financial wellbeing** and peace of mind
- 04**  
Improved confidence in ability to **achieve desired standard of living**
- 05**  
**Researching and recommending** the most appropriate investment products

Working with a CFP professional to create a financial plan leads to higher wealth satisfaction

**68%** are very or completely satisfied with their wealth, compared to 33% of unadvised consumers.

**71%** agree financial planning helps fulfill life dreams

**77%** feel they cope better when faced with health issues

**56%** say financial planning positively impacted their family life

**44%** report financial planning positively impacted their mental health

# Financial planning for the next generation

Generation Y, or 'Gen Y' – born between 1981 and 1996 – are proving to be highly engaged with their finances and are open to the value financial planning can bring.

Now established income earners, Gen Ys are on the verge of receiving unprecedented levels of intergenerational wealth via inheritance or gifts. 1 in 2 Gen Y already have or are likely to come into an inheritance or major financial support. 1 in 4 expect to do so in the next five years, and for some, the amounts will be significant.

Almost 2 in 5 of those expecting an inheritance or major financial support will be receiving over \$375k of additional funds.

Gen Y are open to financial planning. 7 in 10 Gen Y who don't currently work with a financial planner would consider paying for financial advice, compared to 1 in 2 Gen X and 1 in 3 Baby Boomers.

And they are looking to engage a financial planner soon. 3 in 5 of those Gen Y considering financial planning would do so in less than three years and over 1 in 3 within 3-10 years.



Gen Y are more likely to identify mental health and family life as aspects of their life that could benefit from receiving financial planning advice than older generations.

While engaging Gen Y represents an opportunity for CFP professionals, financial planners will have to evolve and adapt the way they work with clients. Gen Y's service expectations and decision-making processes are different to their parents.



[Helps me] manage my daily expenses so that my expenses do not exceed the growth of my assets, so that I do not go bankrupt.

**Client of a CFP professional** | Female, 58, Auckland

# Five ways Gen Y is different



## 1. While face-to-face still rules, Gen Y more likely to expect digital engagement

The majority (7 in 10) of Gen Ys still want face-to-face interactions, however Gen Y have a high usage with apps or websites to help manage their finances (3 in 5). In some cases, usage for Gen Y is higher, for example, 1 in 3 Gen Ys use an app to help with budgeting, while only 1 in 4 Baby Boomers do.



## 2. Gen Y is more hands-on, having greater experience with direct investing

1 in 5 Gen Y has taken up direct online trading since 2020, with a further 1 in 10 already trading before the pandemic and continuing to do so. 1 in 3 would consider direct investing, suggesting a greater propensity for this than Baby Boomers.



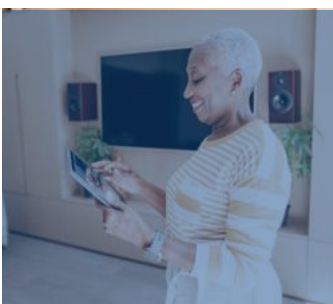
## 3. Gen Y have different service needs

1 in 2 Gen Y would consider a financial planner to help with growing their wealth or buying a property. This is significantly greater than Baby Boomers who are more focussed on age care issues. Gen Y are also significantly more likely to seek help planning their children's education, managing debt and planning lifestyle goals.



## 4. Gen Y has higher expectations, preferring multi-channel service experience where they can interact digitally, over the phone, as well as face-to-face

Over 2 in 5 Gen Y clients of a financial planner would expect access to an online portal, compared to 1 in 4 Baby Boomers.



## 5. Gen Y has more interest in investing in novel, non-traditional asset classes

Crypto investing is considerably more popular among younger generations. 1 in 5 Gen Y claim to currently have at least some crypto assets and 1 in 3 would consider it. This compares to 3 in 5 Baby Boomers who would not even consider it.

# Conclusion



In this landmark quantitative study, we have compared the personal experience of people who do not work with a financial planner, with those who have a financial planner and, importantly, those who work with a CFP professional.

This study introduced the FPSB Value of Financial Planning Index, a measure of the perceived financial and non-financial benefits of financial planning. Financial planning clients report having a better quality of life, enjoying more positive emotions, experiencing less financial stress, more financial confidence, a more authentic sense of purpose, and feeling more socially connected, and healthier. And clients of CFP professionals reported the highest levels of satisfaction.

Not everyone has a financial planner. Some of the barriers to working with a financial planner include the perception that it's too expensive, or it's only for rich people. Others believe the challenge is finding someone who they can trust.

In this study, we explored these myths that prevent people from seeking the help of a financial planner and systematically busted them. Clients told us that the benefits of financial planning services outweigh the costs, and that these benefits are present regardless of wealth or age. And when it comes to trust, nearly all clients of CFP professionals (99%) trust their planner to act in the best interests of their client.

With the Baby Boomers reaching old age, the world is on the cusp of an unprecedented wealth transfer between the generations. The next generation has a high demand for financial planning, but their service expectations are different to their parents. Financial planners must adapt their service offerings to better meet the needs of Gen Y in order to ensure this group can fully enjoy the benefits that financial planning can bring.



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The key findings presented in this document are from the global 2023 Value of Financial Planning Research commissioned by Financial Planning Standards Board Ltd.



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