



**FPSC** FINANCIAL  
PLANNING  
STANDARDS  
COUNCIL®

# THE VALUE OF FINANCIAL PLANNING

# PRESIDENT'S MESSAGE



*“Having a comprehensive financial plan with the guidance of a CFP® professional can provide a road map towards greater financial and emotional well-being. We urge Canadians to take control of their finances by talking to a CFP professional about their goals and financial planning needs.”*

Cary List  
President & CEO, FPSC

Financial Planning Standards Council's (FPSC®) purpose is to instil confidence in the financial planning profession by establishing, enforcing and promoting appropriately high standards for financial planners in Canada. We are concerned that many Canadians are not receiving the financial planning help they need. We believe that when Canadians engage in financial planning with a qualified practitioner, their emotional and financial well-being will improve.

We decided to test this theory by embarking on a three-year journey that involved the participation of almost 15,000 Canadians across the country. The three-year longitudinal study was designed to evaluate and better understand the value proposition of financial planning. To ensure statistically valid representation, our participants were from various financial brackets – not only those reporting a high net worth but also those with very moderate incomes.

We wanted to determine if there were marked differences in professed well-being between those who have a comprehensive financial plan as opposed to those who have received limited, targeted advice (such as tax planning, retirement planning, etc.) and also compared to those who have received no professional planning advice. As well, we wanted to quantify the impact of financial planning services offered by professionals who hold our CERTIFIED FINANCIAL PLANNER®/CFP® designation compared to non-certified financial advisors.

The following provides a summary of the findings, I'm delighted to report that three years of empirical research clearly and consistently revealed that regardless of net worth:

**Those Canadians who engage in comprehensive financial planning with a CFP professional confirm significantly higher levels of financial and emotional well-being.**

We are grateful to our partners, the FPSC Foundation who provided financial support to this important undertaking and to The Strategic Counsel who conducted the research study on our behalf. It is my sincere desire that the findings from this report effectively encourage more Canadians to engage in financial planning, increasing their emotional and financial well-being. I would urge Canadians from all socioeconomic backgrounds to seek out a CFP professional who can assist them in identifying and realizing their goals.

Cary List  
President & CEO  
Financial Planning Standards Council

Cary List, CPA, CA, CFP®, is President and CEO of FPSC. Cary oversees CFP certification and has spent most of the past decade elevating the standards of the designation and working for recognition of financial planning as a distinct profession.





# THE VALUE OF FINANCIAL PLANNING STUDY

The focus of the *Value of Financial Planning* study was to provide a comprehensive evaluation of financial planning activities undertaken by Canadians, and to measure the impact of financial planning on Canadians' emotional and financial well-being. This pioneering longitudinal research initiative was the first of its kind in Canada. Close to 15,000 surveys were conducted over a three year period.<sup>1</sup>

Survey respondents included Canadians from different socioeconomic backgrounds who engaged in various degrees of financial planning. For the purposes of this study, financial planning was defined as follows:

- **Comprehensive Planning (CP):** The main financial advisor has provided financial planning for major life goals and events, or at least three of the planning components: household budgeting, tax, retirement, estate planning, investing, debt or risk management.

- **Limited Planning (LP):** The main financial advisor has provided advice or services related to one or two of the planning components.
- **No Planning (NP):** There has been no help obtained from a financial advisor, regardless of the situation.

The complexity of the study called for extreme rigour to be exercised in the design and implementation of the research. Questionnaire development started in January 2009 with qualitative focus group discussions conducted among financial planners and consumers. Insights gained from these group discussions helped to define areas of inquiry and to form questions in clear language consumers could easily understand.

<sup>1</sup> Surveys were conducted from August 2009 – August 2012. The research surveys the general English-speaking population in Canada (excluding Quebec). The results listed are from the third year of research, conducted from April – August 2012.

## *Value of Financial Planning* Study Objectives

1. To measure the impact of financial planning in three distinct ways: emotional, tangible, and quantifiable;
2. To quantify the impact of financial planning services offered by CERTIFIED FINANCIAL PLANNER®/CFP® professionals<sup>2</sup> compared to non-certified advisors;
3. To determine whether there are differences in the impact of comprehensive financial plans compared to targeted specific advice.

<sup>2</sup> In order to confirm the CFP certification status of advisors, the credentials reported by survey respondents were verified with the FPSC database.

# RESULTS

Canadians who engage in comprehensive financial planning report significantly higher levels of financial and emotional well-being than those who do no planning or limited planning. Those with comprehensive plans feel their financial goals and retirement plans are more on track; their ability to save has improved in the past five years; and they are more confident they can handle the inevitable bumps in life.

While planning for the future is important, those with comprehensive financial plans are also more able to fulfill their discretionary spending goals.

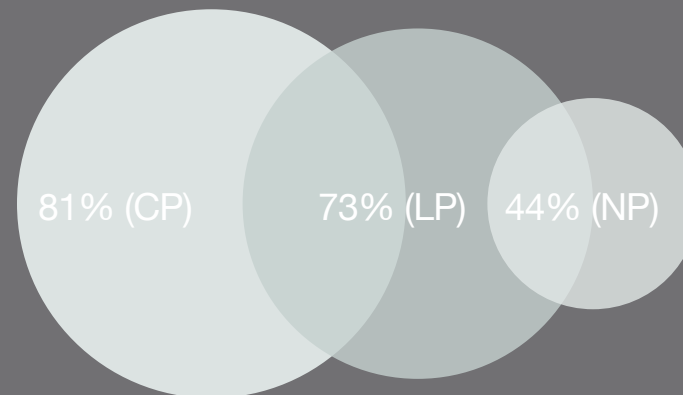
Canadians who engage CERTIFIED FINANCIAL PLANNER®/CFP® professionals for their financial planning needs appear to have an extra edge in terms of the value and benefits they obtain from financial planning compared with those who engage non-certified advisors.

1


## On Track with Financial Affairs

Those with comprehensive financial plans (CP) are substantively more likely to report feeling on track with their financial affairs compared with those who do no planning (NP) or only limited planning (LP).

Feel on track with their financial affairs:



(CP)= comprehensive planning (LP)= limited planning (NP)= no planning



*“Because of financial planning,  
I worry less about money”*

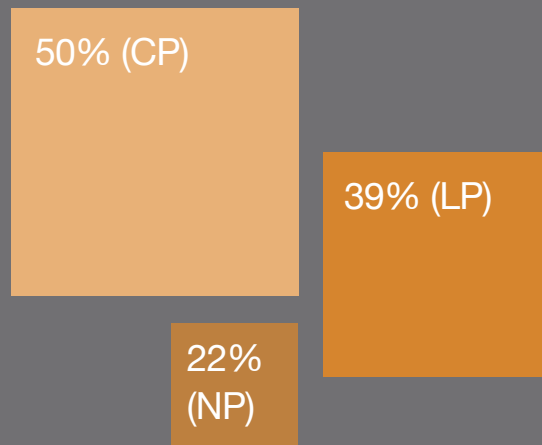
*(63% agree if planner is CFP® professional  
vs. 53% non-certified advisor)*

2

### On Track to Retire

Those who have comprehensive financial plans (CP) and cite retirement as an important goal feel more confident in their plans to retire.

Feel on track to retire when they want to:

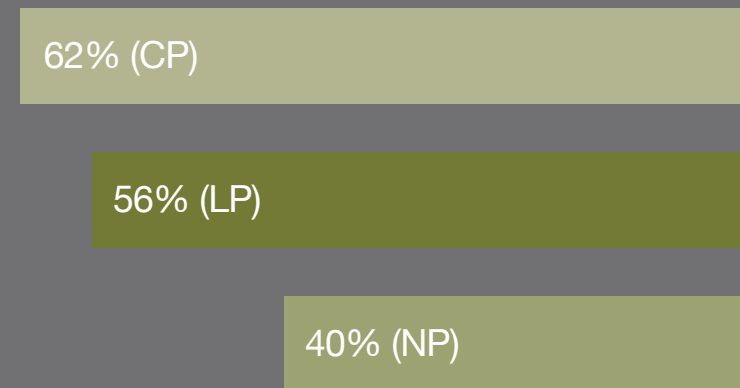


3

### On Track to Save

Those who have comprehensive financial plans (CP) are more likely to report that they have improved their ability to save in the last five years.

Feel on track to continue saving:

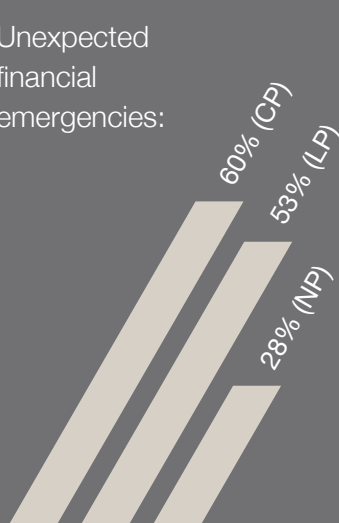


## Can Deal with Bumps in Life

Those who have comprehensive financial plans are more confident that they are prepared to deal with the challenges and bumps in life, such as unexpected financial emergencies, tough economic times, and ensuring loved ones are financially looked after if something should happen to them.

Prepared to deal with:

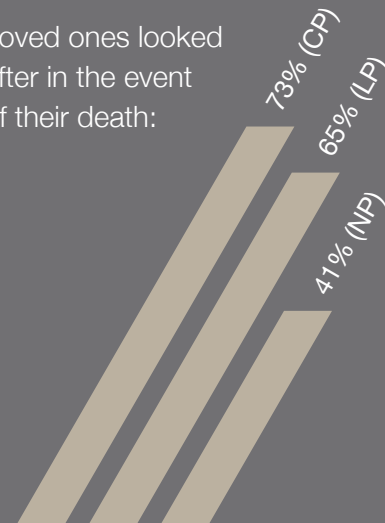
Unexpected financial emergencies:



Tough economic times:



Loved ones looked after in the event of their death:





*“Because of financial planning,  
my family will be looked after if  
anything happens to me”*

*(60% agree if planner is CFP® professional  
vs. 53% non-certified advisors)*



*“Financial planning has helped me have greater peace of mind”*

*(73% agree if planner is CFP® professional vs. 63% non-certified advisor)*

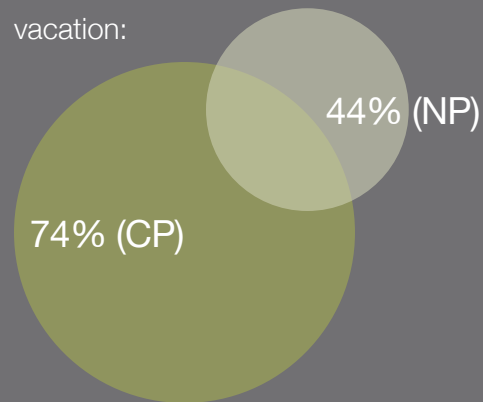


## 5

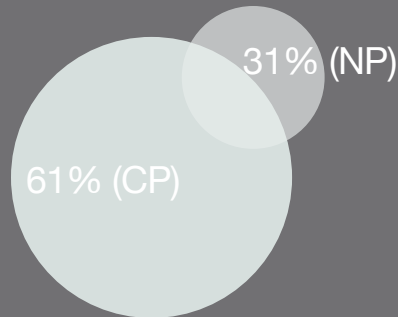
### Can Live Life Today

While saving for the future is crucial, it's also necessary to consider today's needs and desires. Compared to those who have not engaged in planning, those who do engage in comprehensive planning feel more confident in reaching the discretionary goals they identified as important.

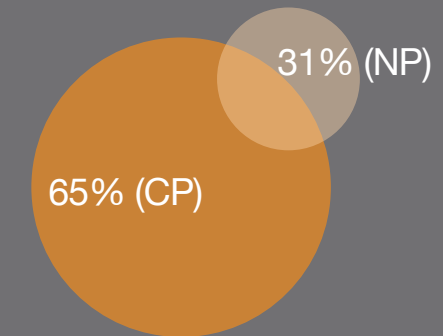
Annual vacation:



Enough money to live the life they want:



Money for splurges:



(CP)= comprehensive planning (LP)= limited planning (NP)= no planning

## A Stronger Sense of Well-Being

Those individuals who engage in comprehensive planning (CP) report higher levels of emotional, financial and overall contentment over those who have engaged in limited planning (LP):

Emotional  
well-being:

62%  
better off

Financial  
well-being:

85%  
better off

Overall  
contentment:

45%  
better off

Achievement  
of life objectives:

79%  
better off

# WHAT DIFFERENCE DOES A CFP<sup>®</sup> PROFESSIONAL MAKE?

## Working with a CFP Professional Makes a Meaningful Difference to Canadians

Canadians who work with a CFP professional are more likely to report benefits from planning than those who engage non-certified advisors for their financial planning needs.

CFP certification is the industry gold standard in financial planning. CFP professionals are the largest group of financial planners in Canada with over 17,500 who meet and adhere to the strict standards of this designation.

## The Difference a CFP Professional can Make:

- Canadians who work with a CFP professional are more likely to report their financial affairs are on track than those dealing with non-certified planners (78% vs. 54%).
- More Canadians who are using a CFP professional believe that financial planning has helped them have greater peace of mind than those working with a non-certified planner (73% vs. 63%).
- More Canadians who engage a CFP professional believe they are closer to achieving some of their life goals as a result of planning than those working with non-certified planners (70% vs. 61%).
- Canadians spend 36% more time with their CFP professional than those working with a non-certified professional.
- CFP professionals continue to have longer-term relationships with their clients (average of 6.2 years) than non-certified professionals (average of 4.6 years).





# MOVING FORWARD

## Measuring the Societal Impact of Financial Planning

FPSC believes we have a responsibility to share what we have learned, and to that end we will be distributing this report across Canada. We sincerely hope these lessons will inspire Canadians to engage a CERTIFIED FINANCIAL PLANNER®/CFP® professional in the development of a comprehensive financial plan. The power to act and to make a positive change towards emotional and financial well-being starts with a comprehensive financial plan.

The *Value of Financial Planning* study is the first step in understanding the emotional and financial value Canadians have realized through financial planning with a CFP professional.

We now know that there is a strong positive correlation between comprehensive planning with a CFP professional and an individual's perceived emotional and financial well-being. The next step is to measure the actual value of this benefit and its impact on society.

FPSC has passed the findings of this study over to the FPSC Foundation, and they will be actively working to determine the most appropriate research methodology required to get to the heart of this question.

We as a society, understand how closely our financial goals are to our life goals, but never

before has there been an in-depth investigation undertaken in Canada to define those measures, and to quantify them.

What impact does financial planning have on a society? How does an individual's financial plan (or lack thereof) impact productivity at work, emotional stress, physical health, and their relationships? What is the social return on investment of financial planning? Together in partnership with the FPSC Foundation, we aim to find out.



## Financial Planning Standards Council

Financial Planning Standards Council (FPSC®) is a not-for-profit organization which develops, promotes and enforces professional standards in financial planning through CERTIFIED FINANCIAL PLANNER®/CFP® certification, and raises Canadians' awareness of the importance of financial planning. FPSC's purpose is to instil confidence in the financial planning profession.

With over 17,500 CFP professionals to date, FPSC is the foremost authority for the financial planning profession in Canada, in concert with IQPF in Quebec, continually developing, delivering and enforcing the highest competence and ethical standards. There are nearly 150,000 individuals who have earned CFP certification in 24 countries around the world.

See [www.fpsc.ca](http://www.fpsc.ca) for more information.

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## FPSC Foundation

The FPSC Foundation was established in 2005 to promote and disseminate financial planning research for the benefit of all Canadians. The Foundation's funding priorities include technical research that examines best practices in financial planning decision-making, behavioural research that examines the impact of human behaviour on effective financial planning and societal research that examines the benefits of financial planning on society as a whole.

To learn more about the FPSC Foundation, or to make a charitable donation, please visit [www.fpscfoundation.ca](http://www.fpscfoundation.ca).

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