

Americans with a plan are more optimistic and willing to contribute to the economy

A majority think everyone should have a financial plan, but few have an official document.

Source: KRC Research, a global non-partisan opinion research firm, in partnership with Certified Financial Planner Board of Standards, Inc. conducted a nationally representative survey of 1,011 adults 18 years and older between June 2-6, 2011. The margin of error for a sample this size is plus or minus 3.1 percentage points.

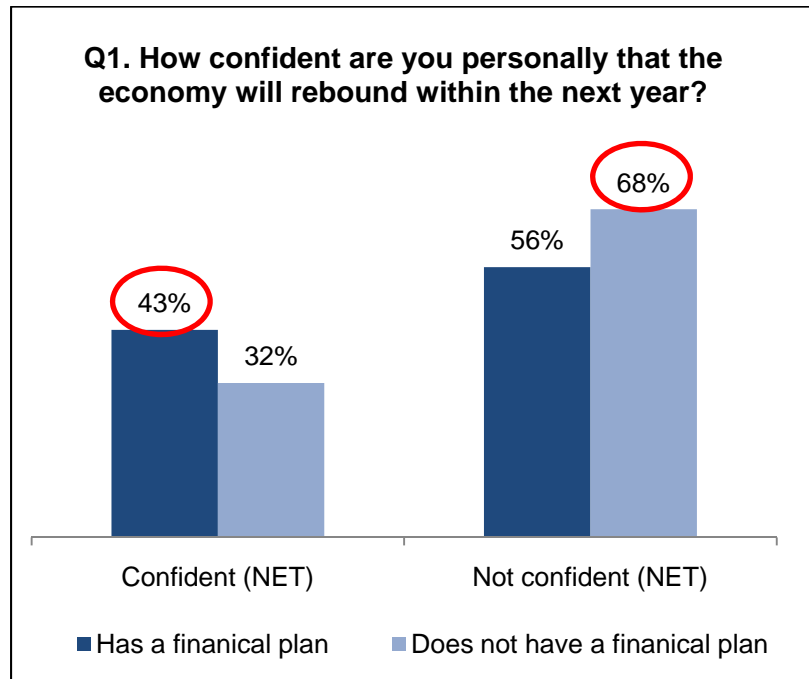
Key Findings

- The majority of Americans are not confident that the overall economy will rebound within the next year.
- Majorities of respondents have experienced negative fallout from the recession, such as having to delay making non-essential purchases.
- Despite the weak confidence in the economy as a whole, Americans have a slightly more encouraging attitude with regard to their personal financial situation.
- Notably, planning ahead for financial goals makes a significant impact on people's outlook – those with a financial plan are more optimistic and willing to act on goals such as improving their homes, searching for a new job and investing in the stock market.
- However, while the majority of Americans believe everyone should have a financial plan in place, a plurality has an official plan. Most simply have some goals in their head that they are working toward.
- Trust in financial planners is shaken due to the recent financial crisis. However, if given one hour with a financial planner, people would take advantage of it – focusing on retirement and budget planning.

Summary of Findings

- 1. Americans are not confident the economy will rebound within the next year. However, having a plan of attack impacts outlook – those who report having a financial plan are much more optimistic than their counterparts without a plan.**
 - Three in five (59%) respondents are not confident the economy will rebound within the next 12 months, including nearly one-third who are not at all confident in a rebound (29%). While 41% of Americans are optimistic, that confidence is not strongly held (only 8% are very confident in an economic rebound).

- Older Americans are more apt than their younger (18-34) counterparts to have a negative outlook on the economy (64% of 65+, 63% of 55-64, 67% of 45-54, 63% of 35-44 vs. 44% of 18-34 year olds).
- Those who have a financial plan are more apt to feel confident that the economy will rebound within the next 12 months compared to those who do not have a financial plan. However, majorities of both groups are not confident in the economy's ability to rebound in the coming months.



2. Despite a gloomy view of the overall economy, many Americans have a sunnier perspective on their personal financial situation – though status quo is the rule.

- Americans are more than twice as likely to believe their own personal situation will get better rather than worse (38% to 17% respectively), though a plurality believe their status will remain about the same (45%).
 - Among those who say their personal financial situation will improve in the next year, intensity is weak; with more saying their situation will be “somewhat better” not “much better” (24% vs. 13%).
 - As with assessments of the overall economy, adults who have a financial plan are more apt than those who do not to feel that their personal finances will improve in the next year (40% vs. 29%).
 - As illustrated in the table below, younger respondents (18-34) are considerably more likely than their older counterparts to say their financial situation will get better within the next year, while the reverse is true for those age 65 or older.

Q2. And within the next year, do you believe your personal financial situation will get much better, somewhat better, somewhat worse, much worse, or stay the same?						
	Total	(A) 18-34	(B) 35-44	(C) 45-54	(D) 55-64	(E) 65+
Better (NET)	38%	60% ^{CDE}	46% ^{CDE}	28% ^E	28% ^E	11%
Stay about the same	45%	32%	42%	49% ^A	50% ^A	59% ^{AB}
Worse (NET)	17%	8%	11%	21% ^A	22% ^{AB}	30% ^{AB}

- African American adults are also more likely than Caucasian adults (71% vs. 30%) to believe their personal financial situation will get better within the next 12 months.

3. And those with confidence in their own personal financial situation are willing to contribute to the economy by investing in some significant expenditures.

- More than four in five (82%) of those who think their personal financial situation will improve or stay the same are willing to do things such as buy a new car, splurge on a personal item, or make home improvements.
 - Those with a financial plan are more apt than those without to be confident enough in their financial situation to spend money that people typically do not spend during a recession, such as to make home improvements (59% vs. 33%) or splurge on personal items (49% vs. 25%).¹
 - Men (86%) are more apt than women (78%) to say they are confident enough in their financial situation that they are willing to spend money on a variety of things people typically curtail during a recession. This includes:²

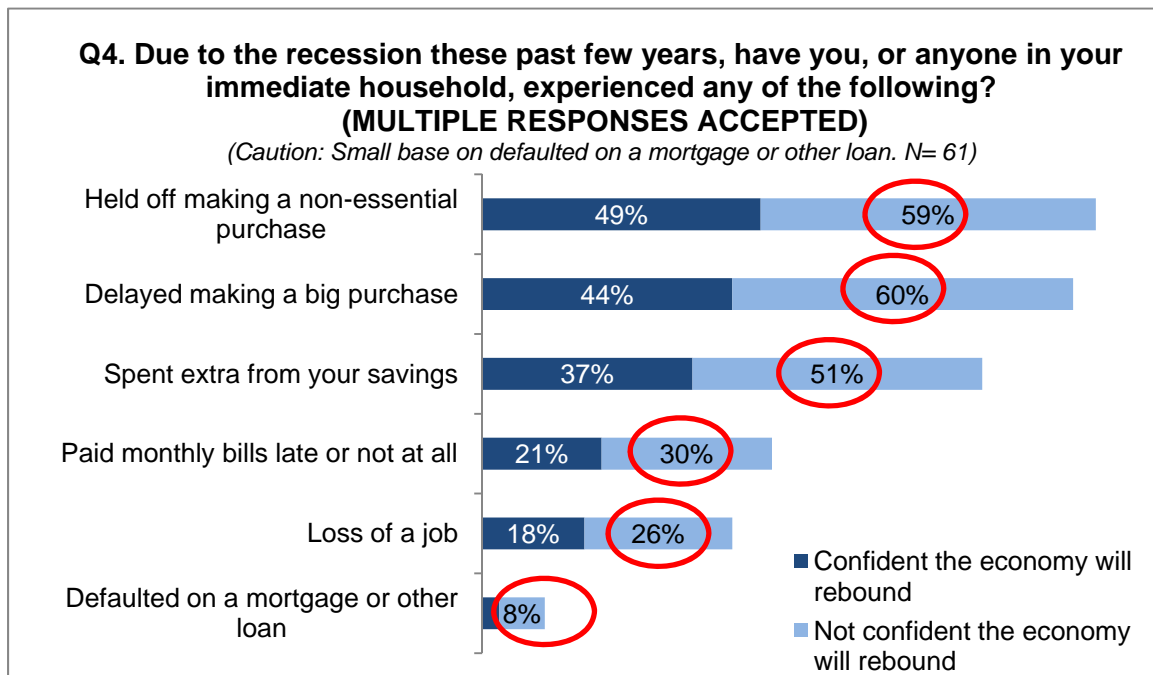
¹ Among those who think their personal financial situation will improve or stay the same over the next year.

² Among those who think their personal financial situation will improve or stay the same over the next year.

- Looking for a new job (33% of men vs. 25% of women),
- Purchasing a new car (30% vs. 21%), and
- Investing more money in the stock market (28% vs. 17%).

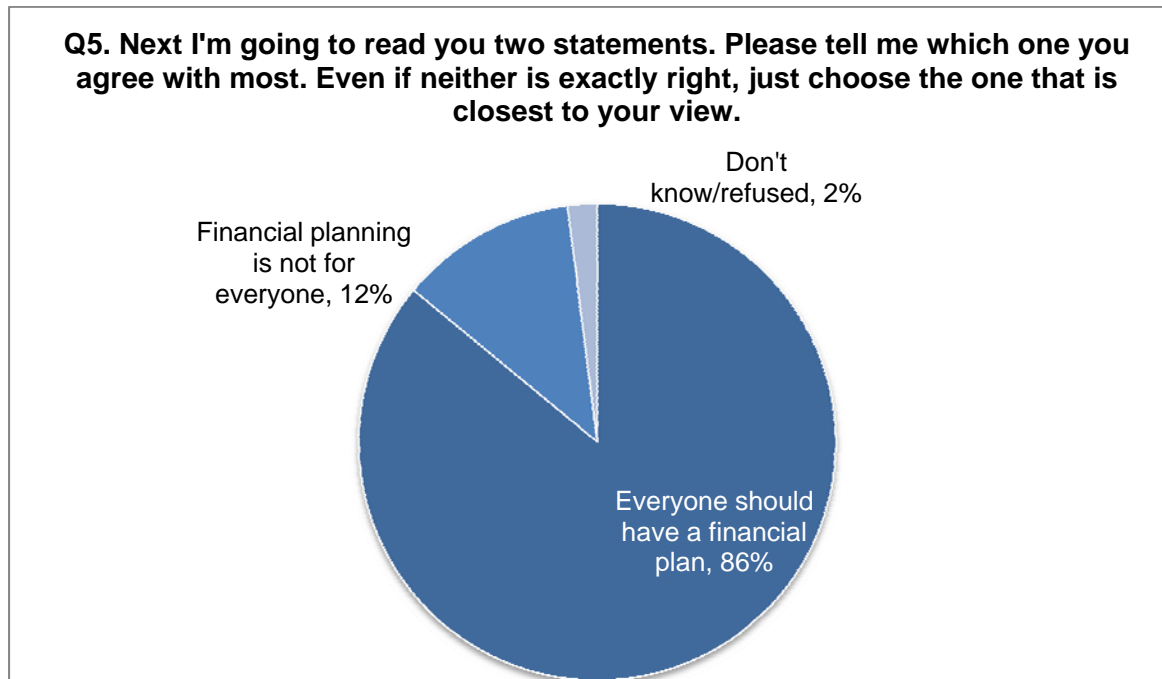
4. Those with a more negative outlook on the economy or their personal finances are more likely than those with a more positive outlook to have experienced hardships as a result of the recession.

- Majorities of respondents have held off on making a non-essential purchase (55%) and delayed making a big purchase (53%) as a result of the recession. However, 25% of respondents did not experience any hardships due to the economic downturn.



5. **Americans believe everyone should have a financial plan. And while most say they do have a plan, few have an official financial plan – opting instead to carry their goals in their head or sketch it out on the “back of the cocktail napkin.”**

- More than four in five (86%) respondents agree with the statement, “Everyone should have a financial plan. Even if you have very little money it is good to know in advance how you will spend it and the best means of growing what you have.”³



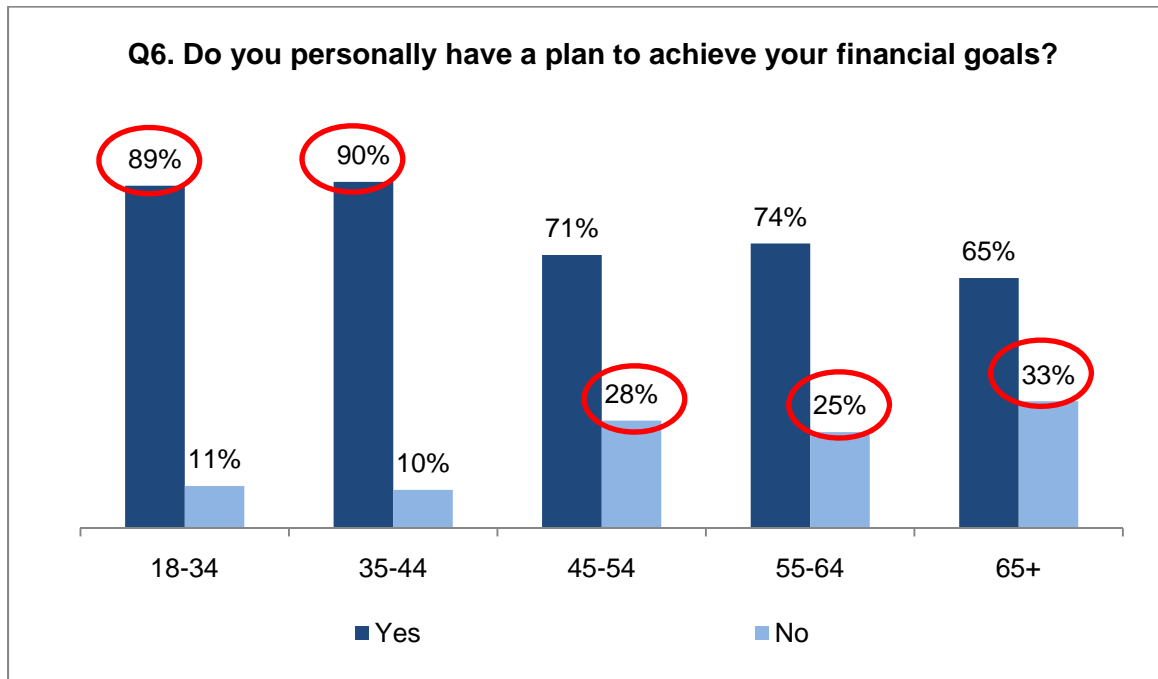
- People across several demographic groups – including gender, age, and race – agree that everyone should have a financial plan. However, those who earn \$100,000+/year are more apt than those who earn less to feel this way (94% vs. 82% of those who earn less than \$35,000/year).
- Nearly all of those who have a financial plan agree that everyone should have a plan, regardless of one’s annual income (91% vs. 70% of those without a plan).
- Nearly four in five (79%) have a plan to achieve their financial goals. Age and income have an impact on one’s likelihood to actually have any type of financial plan in place.
 - Majorities of all age groups have a financial plan, but younger Americans are more apt than their older counterparts to have a plan (89% of 18-34 vs. 65% of 65+ year olds).

³ Full response text is as follows. Option 1: “Everyone should have a financial plan. Even if you have very little money it is good to know in advance how you will spend it and the best means of growing what you have.” Option 2: “Financial planning is not for everyone. Only those with enough money to save and invest some every month should worry about having a plan for the future, the rest will sort itself out.”

- Nearly all (91%) of those who earn at least \$100,000 annually have a financial plan, compared to 69% of those earning \$35,000 or less and 74% of those making between \$35,000 - \$50,000 a year.

6. The majority of Americans have a financial plan.

- Nearly four in five have a financial plan. Younger Americans are more apt to say they have a plan than their older counterparts.

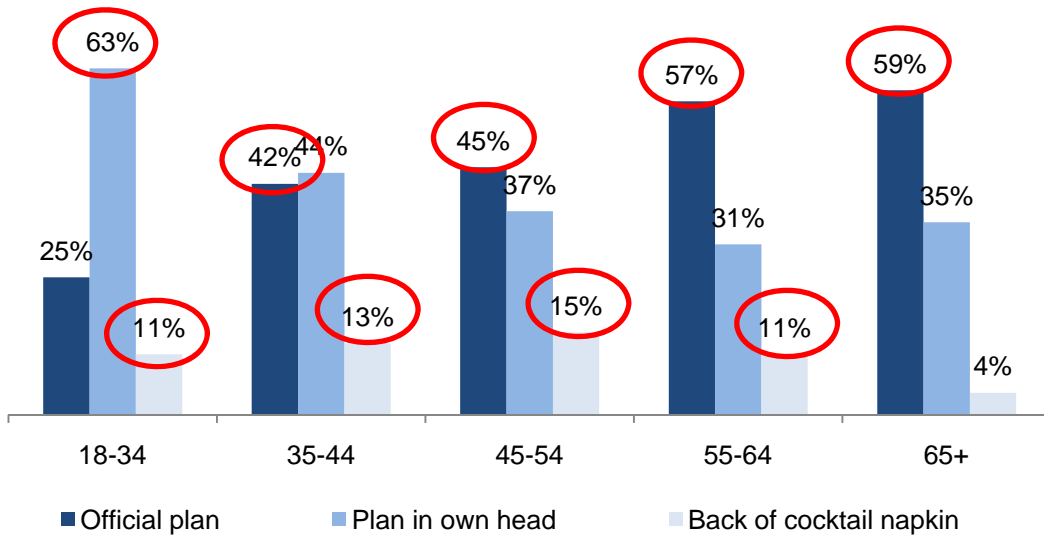


7. Many claim to have a financial plan, but older Americans are most likely to have an official plan. Age appears to be a significant factor with regard to financial planning.

- While 79% have a financial plan, the majority of those do not have an official, written document. Almost half (46%) just have a plan in their head, and 11% just have notes or ideas.
 - Those aged 18-34 are considerably more likely than those aged 65+ to just have a plan in their head (63% vs. 35%), while the reverse is true with regard to having an official document – 59% of 65+ year olds have an official financial plan in place, compared to just 25% of 18-34 year olds.

Q7. Which of the following best describes your financial plan? (N=787)

(Caution: Small base on back of cocktail napkin, N=88)



8. Among those who do not currently have a financial plan in place, the majority would feel more confident in their financial future if they did have a plan.

- More than half (58%) of respondents would feel more confident in their financial future with a plan in place. However, 25% would feel “the same,” indicating that some do not place much value or importance on having a true financial plan.
- Men are more apt than women to report they would feel much more confident in their financial future if they had a plan (36% vs. 21%).⁴

9. Notably, people with a financial plan and those with experience working with financial planners are more certain their finances are synchronized to meet their goals.

- Those with a financial plan are considerably more likely than those who do not have a plan to be confident their finances are coordinated (94% vs. 66%).
- Across most demographic groups, intensity of confidence is weak, meaning that people are more likely to report that they are only “somewhat confident” rather than “very confident” that their finances are coordinated to work together toward their goals.
- Interestingly, younger respondents are more likely than their older counterparts to feel their finances are coordinated (94% of 18-34 vs. 87% of 45-54, 84% of 55-64, and 82% of 65+ year olds). This is surprising given the low percentage (25%) of 18-34 year olds with an official financial plan.

⁴ Caution. Small base. N=60.

- This underscores the importance of targeting younger Americans with CFP's campaign to explain why working with a financial planner and creating an official plan is so important.

10. While some respondents have worked or are currently working with financial planners, trust in planners is shaken due to the recent financial crisis.

- Just 36% of respondents have worked with or are currently working with a financial planner. Age has an impact; those age 45 or older are more apt to have worked with a planner than their 18-34 year old counterparts (40% of 45-54, 45% of 55-64, 39% of 65+ year olds vs. 25% of 18-34 year olds).
 - Not surprisingly, income also has an impact on whether one has worked or is working with a financial planner. Those who earn at least \$100,000 annually are more than twice as likely as those who earn \$35,000 or less per year to have a relationship with a certified financial planner (59% vs. 21%).

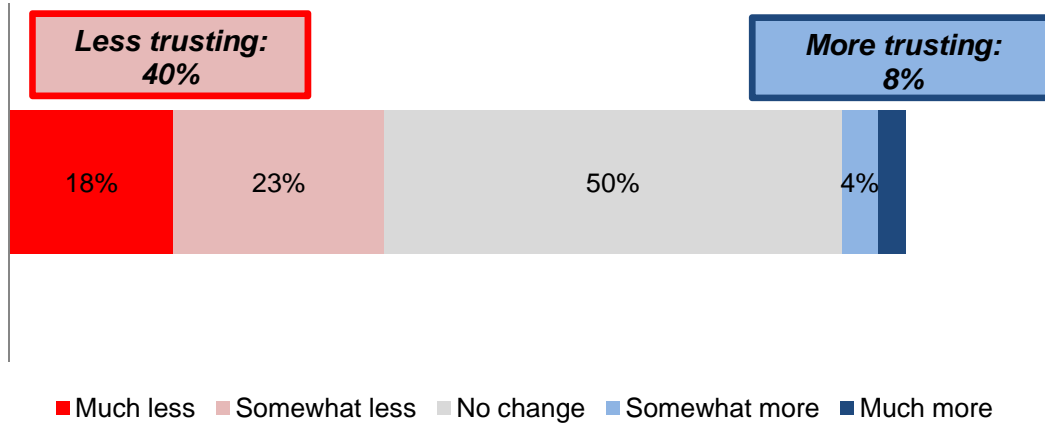
11. If given one hour to speak with a financial planner, the top three discussion topics would be retirement goals and planning (27%), managing a budget (10%), and savings goals and planning (8%).

- Here again, age had an impact. Those age 18-34 wanted to talk about savings more than any other age group (17% vs. 5% in all other age brackets), whereas retirement planning was top of mind for those aged 35-64 more than their older/younger counterparts (34% of 35-44, 35% 45-54, 31% of 55-64 year olds vs. 21% of 18-34 and 16% of 65+ year olds).
- Retirement planning was also especially important to respondents earning at least \$50,000 annually (31% of \$50K-\$75K, 32% \$75-\$100K, 46% of \$100K+ vs. 18% <\$35K, 21% of \$35K-\$50K).

12. However, the public's trust in financial planners has been shaken given the financial crisis of the last few years.

- Fully two in five respondents (40%) are less trusting of financial planners than they were three years ago. However, 50% report their feelings toward financial planners have not changed in the last three years since the start of the financial crisis. Just 8% are more trusting.

Q12. How has your trust in financial planners and financial services changed in the last three years since the start of the financial crisis? Have you become much more trusting, somewhat more trusting, somewhat less trusting, much less trusting, or has there been no change?



- Those age 45-54 and 55-64 are more apt than those in other age groups to be less trusting now (48% and 45%, respectively).
- Unfortunately, those who worked with a financial planner in the past are also more apt than those who have never worked with one to be less trusting now (55% vs. 41%).
- Those who are confident their finances are coordinated are more likely than those who do not feel this way to report no change in their level of trust toward financial planners (53% vs. 32%).

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