Consumer Views on Personal Cash Flow Planning

*Consumer Point-of-View*

January 2019

Prepared for: CFP
Methodology

AUDIENCE
n=300
All between ages 35 and 65, are the primary or shared decision maker for personal finances, have investable assets of $100K+

MODE
Online survey

LENGTH
15 minutes

DATES
Oct. 23 – Oct. 26, 2018

Results adding to slightly under or over 100% may be due to rounding.
Though consumers find it easy to spend money, the majority say they do not spend more than they earn.

Ease of SPENDING Money

- Very easy: 27%
- Somewhat easy: 50%
- Somewhat difficult: 20%
- Very difficult: 3%

23% Difficult (NET)

77% Easy (NET)

BASE: Consumers (n=300)
Q3a. Overall, would you say that you find it easy or difficult to spend your money?
Q2a. Would you say that you/your household spends more than what you earn each month?
Credit cards/mobile payments contribute to overspending.

Q3d. How much do you agree with the following statements:

- It's easy to overspend when using credit cards or mobile payments

Agreement with Following Statement

- Strongly Agree: 24%
- Somewhat Agree: 40%
- Somewhat Disagree: 19%
- Strongly Disagree: 17%

BASE: Consumers (n=300)
Most (59%) consumers are not tracking their spending.

**Tracking Household Spending***

- **41%** I track my spending plan each month
- **39%** I have an idea of my spending, but I don’t track it
- **15%** I’ve put together a spending plan, I review it, but I don’t track it
- **5%** I don’t track my spending at all

*Note, consumers definitions of how they “track spending” varies*
Nearly 8 in 10 consumers find it easy to save money, with about 6 in 10 who say they save more than they spend.

### Monthly Saving vs. Spending

- **Save more than you spend each month**: 59%
- **Not sure**: 4%
- **NO, spend more than save**: 37%

**BASE**: Consumers (n=300)

Q3b. Overall, would you say that you find it easy or difficult to save your money?
Q2b. Would you say that you/your household saves more than you spend each month?
Forty-three percent (43%) of Consumers currently believe they have a written budget, and most prepare it themselves.
Consumers use receipts and bank/credit card statements to keep track of spending. For them, that’s a budget/spending plan.

**How Keep Track of Spending**

- Review receipts of purchases: 60%
- Review bank/credit card statements: 60%
- Pay in cash and track receipts: 44%
- Software/Website/App: 31%
- Financial professional does it for me: 17%
Consumers (68%) say that a budget would help them reach their personal/family goals.

Smith/Jones On Whether A Household Budget Is Needed

**SMITH**

32%

I don’t need a household budget to help organize or plan my finances. I/We are doing fine without one.

**JONES**

68%

I am glad that I have a household budget because it helps me (and my family) organize and plan my/our finances so that I know where we are, which will ultimately help me to reach my goals.

BASE: Consumers (n=300)
Q35. People think differently about household budgets. Below are two opinions; select the one closest to your thinking:
If advisors/CFA® professionals, had access to the consumers’ monthly spending, consumers would feel more confident and financially secure.

Assuming your financial professional had access to your monthly spending activities to develop a monthly budgeting and spending plan, **how would this impact**...

- A lot of impact: 30%
- A great deal of impact: 37%
- Some impact: 21%
- No impact: 12%

BASE: Consumers who Have Or Had A Financial Professional (n=221)
Q27a_1. Assuming that your financial professional had access to your monthly spending activities so that they could help develop a monthly budgeting and spending plan, what impact would this have on your confidence in your own financial security and confidence?
Educating clients increases the likelihood they will create a budget.

Pre/Post Likelihood of Preparing Budget in Next Year

- Very likely
- Somewhat likely
- Not too likely
- Not at all likely
- Don't know

PRE
- 5% Very likely
- 21% Somewhat likely
- 33% Not too likely
- 35% Not at all likely
- 6% Don't know

POST
- 12% Very likely
- 26% Somewhat likely
- 32% Not too likely
- 28% Not at all likely
- 4% Don't know

Pre/Post Likelihood of Preparing Budget in Next Year:
- Very likely: +11%
- Somewhat likely: -8%

BASE: Consumers Who Don't Currently Have A Budget (n=172)
Q16_POST. After everything you've read and answered about household budgets, how likely is it that you will prepare a comprehensive household budget within the next year?
Those that have a budget feel ‘In control,’ ‘Confidence,’ and ‘Secure.’ Those without feel of sense of ‘Not Free,’ ‘Not in Control,’ and ‘Worry/Anxiety.’

### Emotions Relating to Having/Not Having a Budget

<table>
<thead>
<tr>
<th>Emotion</th>
<th>Having a Budget</th>
<th>Don’t Have a Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>In control</td>
<td>62%</td>
<td>24%</td>
</tr>
<tr>
<td>Confidence</td>
<td>55%</td>
<td>17%</td>
</tr>
<tr>
<td>Secure</td>
<td>52%</td>
<td>18%</td>
</tr>
<tr>
<td>Optimism</td>
<td>37%</td>
<td>18%</td>
</tr>
<tr>
<td>Relief/Calm</td>
<td>32%</td>
<td>19%</td>
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<tr>
<td>Hope</td>
<td>31%</td>
<td>17%</td>
</tr>
<tr>
<td>Free/Freedom</td>
<td>28%</td>
<td>18%</td>
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<tr>
<td>Pride</td>
<td>23%</td>
<td>18%</td>
</tr>
<tr>
<td>Excitement</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>Harmony</td>
<td>16%</td>
<td>19%</td>
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<tr>
<td>Overwhelmed</td>
<td>7%</td>
<td>16%</td>
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<tr>
<td>Confusion</td>
<td>9%</td>
<td>17%</td>
</tr>
<tr>
<td>Embarrassment</td>
<td>10%</td>
<td>18%</td>
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<tr>
<td>Guilt</td>
<td>10%</td>
<td>18%</td>
</tr>
<tr>
<td>Frustrated</td>
<td>12%</td>
<td>18%</td>
</tr>
<tr>
<td>Not proud</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>Stressed</td>
<td>17%</td>
<td>18%</td>
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<tr>
<td>Anxiety</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Worry</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>Not in Control</td>
<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>Not Free/Freedom</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**BASE:** Consumers Who Have A Budget (n=128)
Q15a_1. Please choose up to five words and emotions that best describe how you feel about HAVING a household budget plan in place?

**BASE:** Consumers Who Don’t Currently Have A Budget (n=172)
Q15a_2. Please choose up to five words and emotions that best describe how you feel NOT having a household budget plan in place?
• Consumers find it **easy to spend money** (77%) and **easy to overspend** when using cards or mobile payment (64%).

• Though **consumers find it easy to spend money and to overspend** when using cards and mobile payment, the **majority are not tracking their spending** (59%), and more than **1 in 3 spend more than they save**.

• **2 in 5 consumers have never had a budget**. Among those who have a budget, they are **only tracking spending through reviewing receipts** (60%) and **reviewing bank/credit card statements** (60%).

• Consumers see a significant benefit to developing and adhering to a household budget because it would **help them reach their personal/family goals** (68%).

• Having a household budget positively affects consumers’ emotional state by **reducing stress, anxiety, and frustration**.