FPA Press

Ameriprise Financial

The FPA® and Ameriprise® Value of Financial Planning study:

Consumer Attitudes and Behaviors in a Changing Economy

Conducted by Harris Interactive

Consumer confidence is near historic lows, yet one group is feeling optimistic and on track to meet their financial goals including retirement — people in a comprehensive financial planning relationship.

HarrisInteractive®

The Financial Planning Association® (FPA®) is the leadership and advocacy organization connecting those who provide, support and benefit from professional financial planning. Based in Denver, CO, and Washington, DC, FPA demonstrates and supports a professional commitment to education and a client-centered financial planning process.

Ameriprise Financial is America's leader in financial planning,[1] with more than 110 years of history providing financial solutions to help clients plan for and achieve their financial objectives. Based in Minneapolis, Ameriprise Financial has more than 11,000 financial advisors and registered representatives[2]. The Company offers clients a broad array of products and services to help them save, invest and protect the things that are important to them. The unique and collaborative Dream > Plan > Track >® approach to financial planning offers each client a one-to-one relationship with a knowledgeable financial advisor. Ameriprise Financial has approximately 2.8 million individual, business and institutional clients[3] and $445 billion in assets owned, managed and administered[3].

Harris Interactive® is a global leader in custom market research. With a long and rich history in multimodal research that is powered by our science and technology, we assist clients in achieving business results. Harris Interactive serves clients globally through our North American, European and Asian offices and a network of independent market research firms.

FPA® and Ameriprise® Value of Financial Planning study conducted by Harris Interactive, August 2008. *The Financial Planning Association (FPA) and Ameriprise Value of Financial Planning Study: Consumer Attitudes and Behaviors in a Changing Economy*, was conducted online within the United States by Harris Interactive on behalf of the Financial Planning Association and Ameriprise Financial between June 27 and July 18, 2008 among 3,022 adults with greater than $50,000 in annual income or investable assets. No estimates of theoretical sampling error can be calculated a full methodology is available.

1. Ameriprise helped pioneer the financial planning process more than 30 years ago. Our unique Dream > Plan > Track >® approach is about more than just numbers, it's both science and art. We have more financial planning clients and more CERTIFIED FINANCIAL PLANNER™ professionals than any other company in the U.S. based on data filed at adviserinfo.sec.gov and documented by the Certified Financial Planner Board of Standards, Inc. as of Dec. 31, 2007.
2. Ameriprise Financial Second Quarter 2008 Statistical Supplement, June 2008.
3. Ameriprise Financial 2007 Annual Report.

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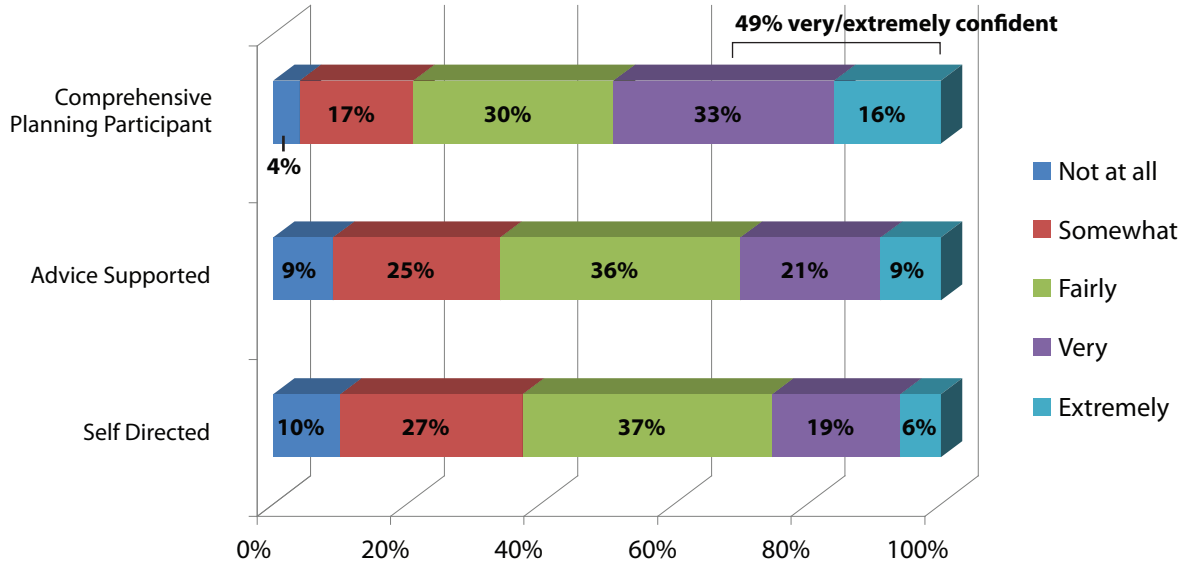
Executive Summary

A new Financial Planning Association survey sponsored by Ameriprise Financial and conducted by Harris Interactive shows how critical the pairing of a professional financial planner and the creation of a comprehensive financial plan can be to an individual's long-term financial success.

This consumer study was conducted in the summer (June/July) of 2008. While market volatility was significant during this time, the additional dramatic financial developments that continued through September, which may have affected some attitudes and behaviors reflected in this report, had not yet occurred.

How confident are you in your financial future?



Note: Numbers have been rounded and may not total exactly 100 percent.

Consumer confidence is near historic lows, yet one group is feeling optimistic and on track to meet their financial goals including retirement—people in a comprehensive financial planning relationship. In fact, they are nearly twice as likely to report feeling confident about their financial future as those without paid, professional support.

What Is Comprehensive Financial Planning?

A comprehensive financial plan addresses the financial and personal goals you have.

It entails an ongoing approach to managing all areas of your financial life,* taking into consideration your income, expenses, investments and debt; your short-term and long-term goals such as paying for college or retiring comfortably; your taxes and financial risks such as disability and death; and finally, leaving a legacy.

*In this report, a comprehensive plan includes planning for three or more of the following areas: retirement, savings, debt management, college savings, protection plans (such as insurance), tax management, investment planning or estate planning.

What's Your Planning Behavior?

In summer 2008, we surveyed 3,022 people who had greater than $50,000 in household income or investable assets. We found that their *planning behaviors* fit into one of three categories:

1. **Self Directed:** Most people in this group never work with a professional financial planner. They might have a financial plan of some sort, but rely on an unpaid resource of financial advice to develop it (including online resources).
2. **Advice Supported:** These people indicate they work with a paid professional but have not embarked on creating a comprehensive written plan. Instead, they might meet with their adviser or planner occasionally for some general advice or to plan for one or maybe two issues.
3. **Comprehensive Planning Participants:** These people are actively engaged in the financial planning process because they have an ongoing relationship with a paid professional financial planner and have a written, comprehensive plan. This plan covers multiple aspects of their financial life, which they both review and evaluate regularly over the long term.

We found that Category 3—the Comprehensive Planning Participants—reported differentiating attitudes and behaviors at a time when investment markets were extremely uncertain.

> They feel more in control about their financial futures, relative to the other two groups.

> They are more likely to say they are on track when it comes to such goals as retirement planning, saving for education, and having financial protection for themselves and their families.

> They feel optimistic and confident in their financial future even in times of market downturn. In fact, they're twice as confident as the Self Directed.

> They report being more proactive in managing their finances, including saving, investing, and managing their overall portfolios.

> They feel more prepared for unexpected events because they made emergency funds a priority and were generally better informed about financial issues that could go wrong.

> Their depth of understanding of their financial activities is significantly higher than the other two groups.

> Whether they have less than $100,000 in investable assets or well over $1 million, they generally feel calmer about their financial situation and confident they could weather a downturn.

The Link Between Financial Planning and Clear Financial Direction

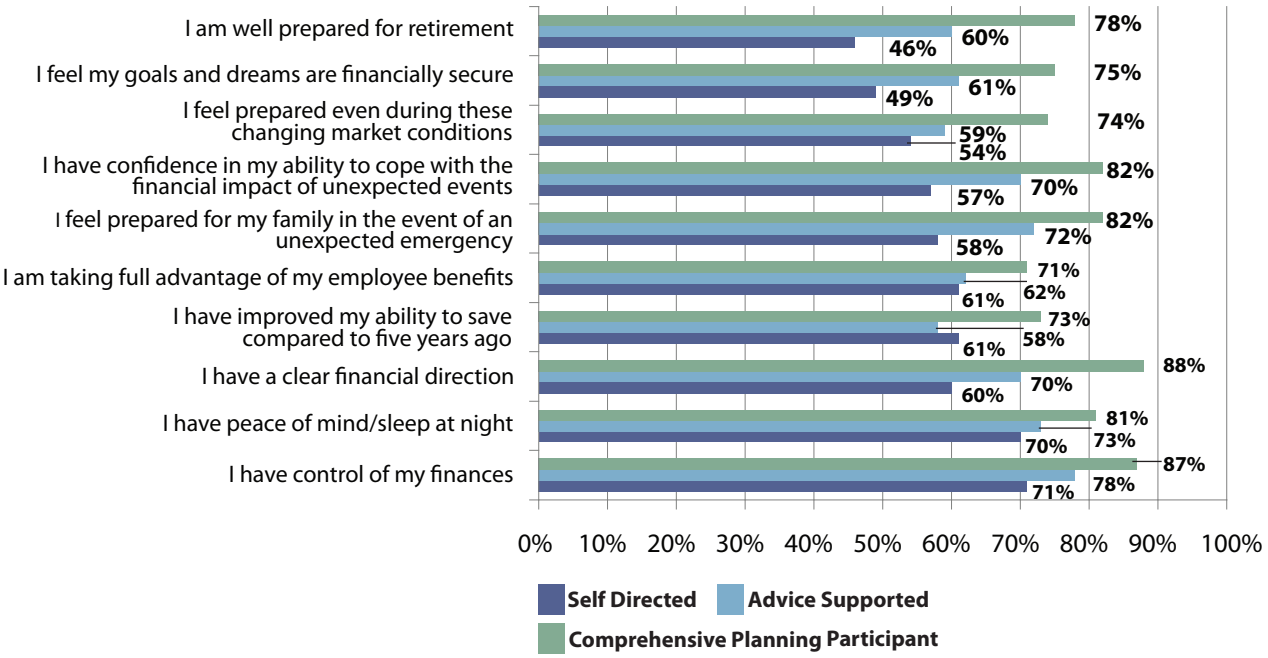
This finding, that the majority of Comprehensive Planning Participants have a clear financial direction, was particularly significant since a majority of respondents said they believe the economy is on the wrong track and will take significant time—up to five years—to turn around. While a wide majority said they felt the economy was the leading cause of their financial distress, results show that those with a planner *and* a comprehensive financial plan feel better prepared to weather the storm.

88 percent

Nearly 9 out of 10 (88%) respondents with a comprehensive financial plan feel they have a clear financial direction, a number almost 50% higher than those without professional planning services.

Please indicate if you agree or disagree with the following regarding your current financial situation

Percentage Responding in the Top Two Boxes: Strongly/Somewhat Agree



And even while the majority of the people surveyed indicated that they are behind where they need to be in terms of managing their finances—particularly regarding credit/debt management and accumulation of wealth—those with a planner and a plan feel best about their status.

These findings focus on four areas:

General Financial Planning: With the general sense that the economy is headed in the wrong direction and consumer confidence at historic lows, there is one group that feels optimistic and more likely to achieve their financial goals—people with a planner and a comprehensive written financial plan, otherwise known as the Comprehensive Planning Participants.

Retirement: Even in today's economy, those with a comprehensive financial planning approach are more likely to report feeling optimistic and on track to reach their retirement goals than those without a comprehensive planning relationship.

Market Volatility: Americans in a comprehensive planning relationship are also more likely to report taking reasoned, proactive action to protect their financial holdings in volatile circumstances.

Protection and Preparedness: Those with a comprehensive financial plan are more likely to indicate they are effectively managing their finances for today, planning for tomorrow, and protecting themselves and their family for the long term. Additionally, those with comprehensive written plans say that they actually put aside more money in savings than those surveyed with no professional support (the self-directed group).

Our Methodology

Harris Interactive conducted the study online within the United States between June 27 and July 18, 2008, among 3,022 adults with greater than $50,000 in annual income or investable assets. Of those 3,022 survey participants:

> 1,515 were "Self Directed" meaning they had no financial planner or an unpaid planner

> 754 were "Advice Supported" meaning they had a paid planner but no comprehensive written plan

> 753 were "Comprehensive Planning Participants" meaning they had a paid planner and a comprehensive written plan

Results for all groups were weighted as needed for age, sex, race/ethnicity, education, region and household income to represent the national population with greater than $50,000 in income or assets. Weighting was also done to adjust for respondents' propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error that are most often impossible to quantify or estimate, including sampling error, coverage error, error associated with non-response, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Interactive avoids the words "margin of error" as misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100 percent response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Interactive surveys. The data was weighted to reflect the composition of the U.S. population with greater than $50,000 in income or assets. Because the sample is based on those who agreed to be invited to participate in the Harris Interactive online research panel, no estimates of theoretical sampling error can be calculated.

Demographic Overview

The results of this study will be reported through several lenses. In addition to tracking results by specific financial planning behaviors, we'll be looking at their age, income, their investable assets at home and work, and their gender.

With regard to gender, 58 percent of our survey respondents were men, 42 percent were women.

With regard to age, the greatest number of survey respondents, 35 percent, were Baby Boomers (44–62 yrs.) The next group of respondents, 34 percent, were Generation X (30–43 yrs.) followed by 19 percent in the Mature Boomer (63+ yrs.) generation, and 12 percent in the Echo Boomer (18–29 yrs.) generation.

All About the Assets

So much of an individual's assets are tied up in what he or she invests at work as well as personal investments. So when we talk about assets, we are taking into account *all* of an individual's investable assets, and that includes the assets in defined-benefit and defined-contribution plans at work.

Linking the age of the respondents to the particular planning behavior, we discovered the following:

Age and Behavior by Category

Age	Total	Self Directed	Advice Supported	Comprehensive Planning Participant
18–29 (Echo Boomers)	12%	13%	12%	11%
30–43 (Generation X)	34%	36%	21%	25%
44–62 (Baby Boomers)	35%	33%	40%	48%
63+ (Mature Boomers)	19%	18%	27%	16%
Mean Age	46.3	45.6	51.2	48.9

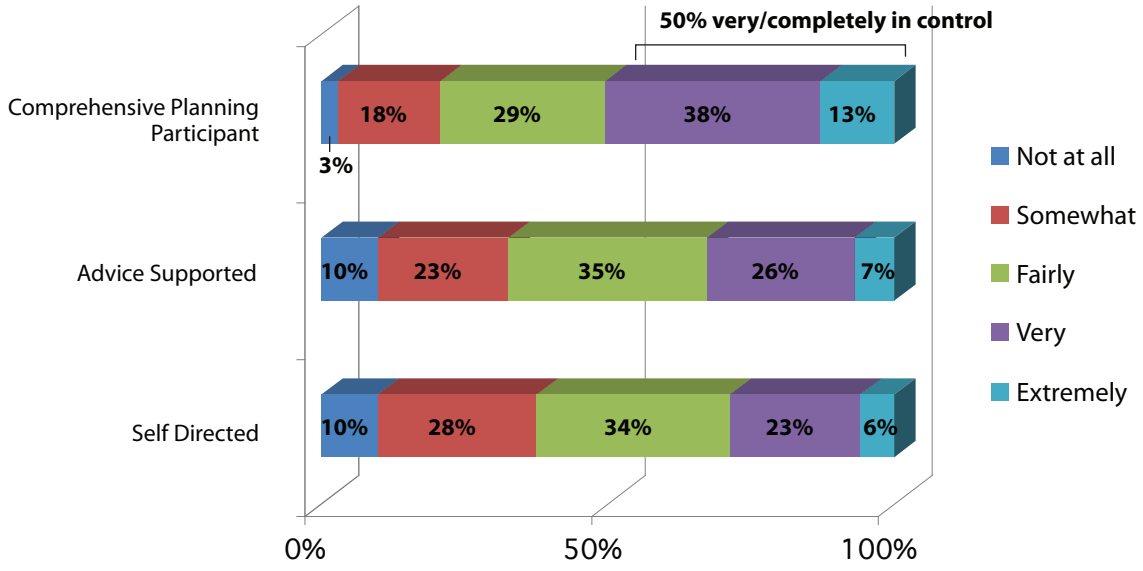
Part 1: How People Plan—Or Don't: *General Attitudes and Behaviors Regarding Personal Financial Planning*

The Bottom Line: Among the Self Directed, Advice Supported and Comprehensive Planning Participants, those who use a paid financial planner and have a comprehensive written plan feel more confident in their future and their ability to achieve their goals. Even when most people believe the economy is on the wrong track, Comprehensive Planning Participants feel in control of their financial futures.

The Details

1. *Who feels most secure, even during volatile markets?* Comprehensive Planning Participants of all asset and income levels feel more confident in their financial futures and also believe they have more control than either the Self Directed or the Advice Supported:
   - > Nearly half (49 percent) of Comprehensive Planning Participants are extremely or very confident in their financial futures compared to a quarter (25 percent) of the Self Directed and 30 percent of the Advice Supported.
   - > Half (50 percent) of Comprehensive Planning Participants report feeling in control regarding their financial future. Only 29 percent of Self Directed and 32 percent of Advice Supported investors feel the same.
   - > Having a comprehensive plan makes those with lower asset levels feel as prepared and in control as those with greater assets. Eighty-six percent of those with over $1 million in investable assets who have no planner strongly or somewhat agree that they feel in control of their finances, but that number rises to 92 percent with a planner and a plan. However, for those with less than $100,000, their confidence increases from 59 percent without a planner to 72 percent with a planner and plan.
   - > Sixty-five percent and 66 percent of Gen Xers and Baby Boomers without a planner, respectively, agree that they are in control of their finances, compared to 86 percent of Mature Boomers. However, among those with a comprehensive plan, the numbers are higher and more consistent across the generations (86 percent of Gen Xers, 89 percent of Baby Boomers and 90 percent of Mature Boomers).

How in control do you feel regarding your financial future?



Note: Numbers have been rounded and may not total exactly 100 percent.

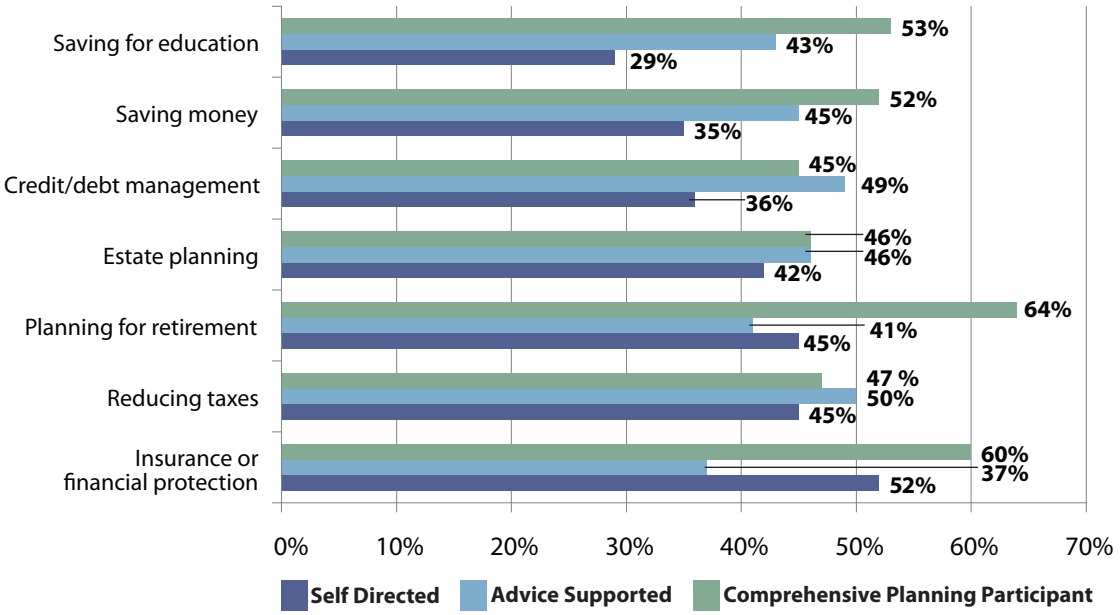
2. *Who is more confident about their financial future?* Those with a comprehensive plan feel more confident in their financial futures and also believe they have more control than those who do not own a plan. Nearly half (49 percent) of those with a financial plan—Comprehensive Planning Participants—are *confident* in their financial futures, compared to 25 percent of Self Directed and 30 percent of the Advice Supported.

> Fifteen percent of Mature Boomers do not anticipate *ever* being financially able to retire and another 14 percent are not sure when they will be financially able to retire. Twelve percent of Baby Boomers say they don't anticipate ever being financially able to retire either.

3. *Who feels least on track with their financial goals?* The Self Directed investor is the least likely to have clear financial direction and is less likely to be on track with their goals.
   - > Eighty-eight percent of Comprehensive Planning Participants believe they have a clear financial direction compared to 70 percent of the Advice Supported and 60 percent of the Self Directed.
   - > Also, 78 percent of Comprehensive Planning Participants agree they're on track with their goals, compared to 58 percent for the Advice Supported and 51 percent for the Self Directed.
   - > Regarding education savings, 53 percent of Comprehensive Planning Participants who named education savings as a primary goal say they are well on track to achieve their education savings goals for themselves or their children, compared to 43 percent of the Advice Supported and only 29 percent for the Self Directed.
   - > Comprehensive Planning Participants are the biggest savers overall. In fact, in terms of percentage of income saved, 67 percent of Comprehensive Planning Participants in all asset and income levels report saving *8 percent or more of their*

Percent responding "I am on track to achieve this goal when I wanted to"

For each of the goals below please rate your progress in achieving this goal.



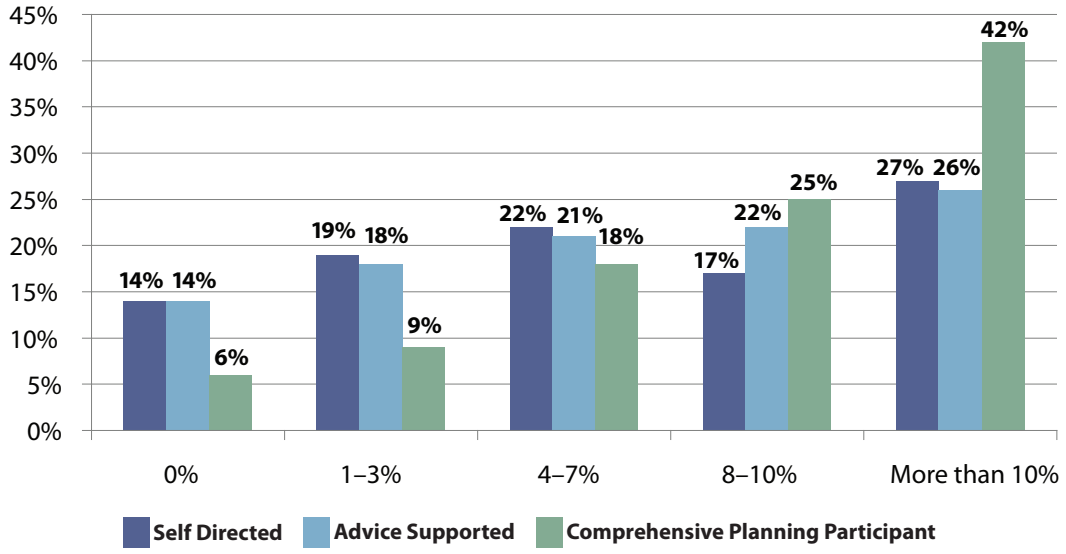
Note: Respondents were only asked about the items they selected as a primary goal in a previous question.

gross income compared to 47 percent for the Advice Supported and 45 percent for the Self Directed. Not surprisingly, those in the $1 million or more class often save significantly more than 8 percent, whether they have a comprehensive plan or not.

Part 2: The Retirement Comfort Level: *How Comprehensive Financial Planning Can Reduce the Worry and Enhance the Outcome*

The Bottom Line: For most people, retirement is a huge funding worry because it's so easy to procrastinate—in fact, 18 percent of those surveyed waited until age 42 or later to start. (Parents may delay funding retirement to put their kids through school, indebted young people may put off starting to save because they're trying to keep up with payments.) Particularly in today's economy, those in a comprehensive financial planning relationship are more likely to report feeling optimistic and on track to reach their retirement goals than those without a comprehensive planning relationship.

Approximately what percent of your gross income do you save?



The Details

1. *Who's better prepared for retirement?* People in comprehensive planning relationships not only recognize the value their planner has in helping them plan for retirement, they also can better tie their investing and saving activities to the specific kind of retirement they want:
   - > Those with a comprehensive financial planning relationship are more optimistic about reaching retirement goals and feel better situated for the transition.
   - > Forty-two percent of Comprehensive Planning Participants feel extremely or very prepared for retirement compared to only 24 percent and 16 percent of those without a plan or adviser, respectively.
   - > Nearly two-thirds (64 percent) of those with a comprehensive plan who named planning for retirement as a primary goal say they are on track to achieve their retirement goal, whereas less than half of the Advice Supported (41 percent) or the Self Directed (45 percent) say the same.

> Those in a comprehensive planning relationship are more than twice as likely to report doing their due diligence by estimating the amount of annual income they'll need in their retirement, compared to Self-Directed investors (63 percent and 29 percent, respectively).

2. *Who's most likely to maximize all their retirement options?* A significant percent of Self-Directed investors report taking advantage of non-company sponsored retirement plans (43 percent) and over a third (35 percent) say they have a retirement savings plan in place. However, Comprehensive Planning Participants of all asset levels from $1 million to less than $100,000 are more likely to report participating in a non-company

sponsored retirement plan, having a retirement savings plan in place, having estimated the amount of money and income they will need in retirement, and conducting research regarding retirement among other actions (see page 34).

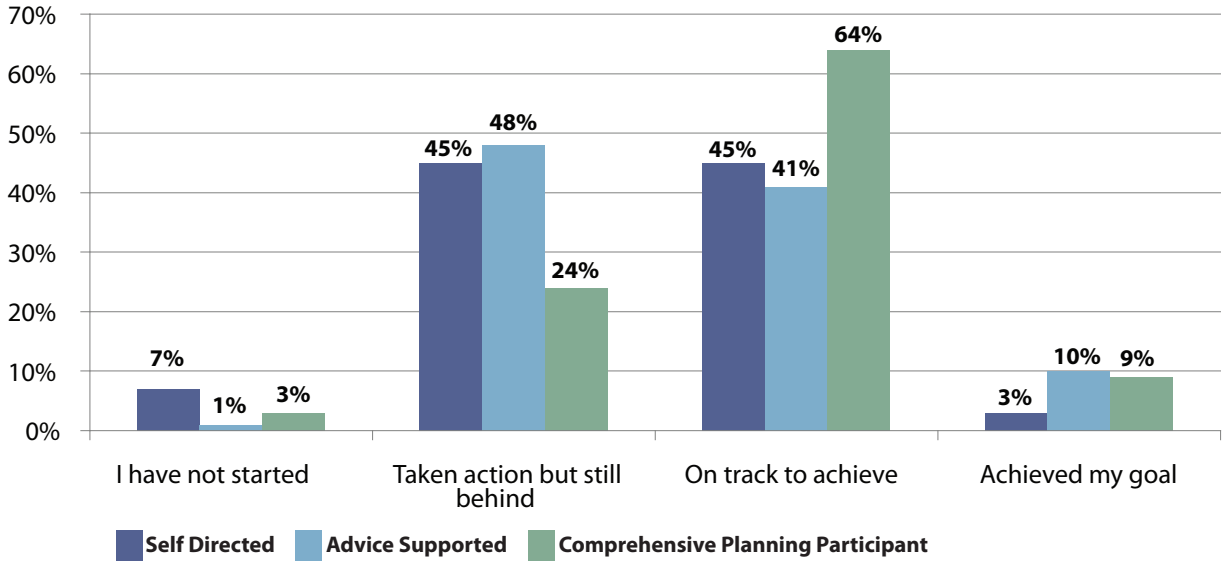
> Two-thirds of Self-Directed investors do not know how much they need to save for retirement.

> Americans with a comprehensive plan who have less than $100,000 in investable assets are much more likely to say they are actively preparing for retirement if they have a professional planner and comprehensive plan.

3. *Can you retire early with very little money?* In reality, no, but some people believe that they'll be able to retire at a specific age despite only minimal savings. This suggests a serious disconnect between hope and reality.

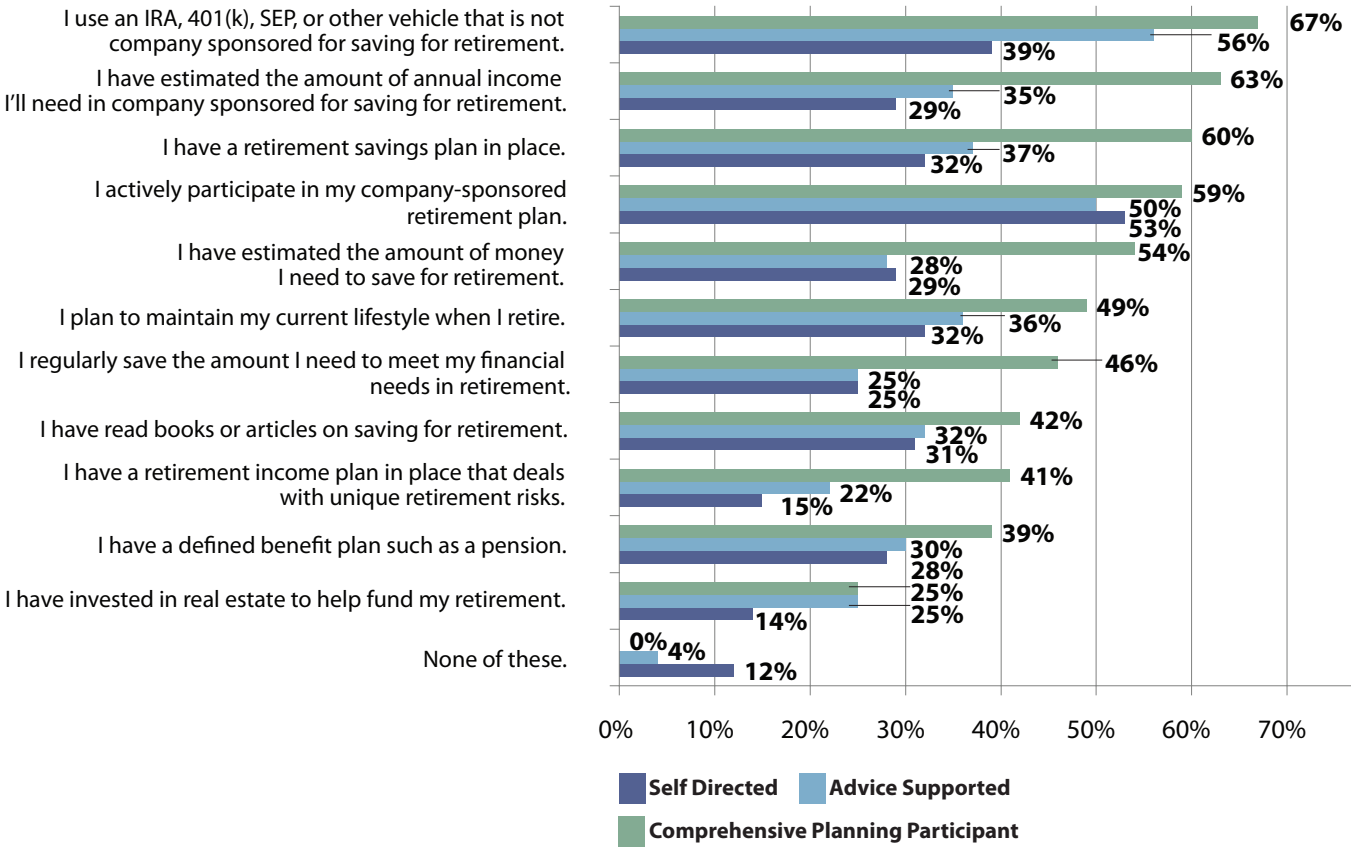
> While 12 percent of those with investable assets under $100,000 said they did not anticipate ever being financially able to retire, the majority of people in that group said they still expected to be able to retire at least by 62.9 years while those with $1 million or more in assets said they'd be able to retire at 61 years of age *at the earliest.*

For each of the goals below, please rate your progress in achieving this goal: Planning for retirement



Note: Numbers have been rounded and may not total exactly 100 percent.

Please select which of the following are true regarding your retirement planning.

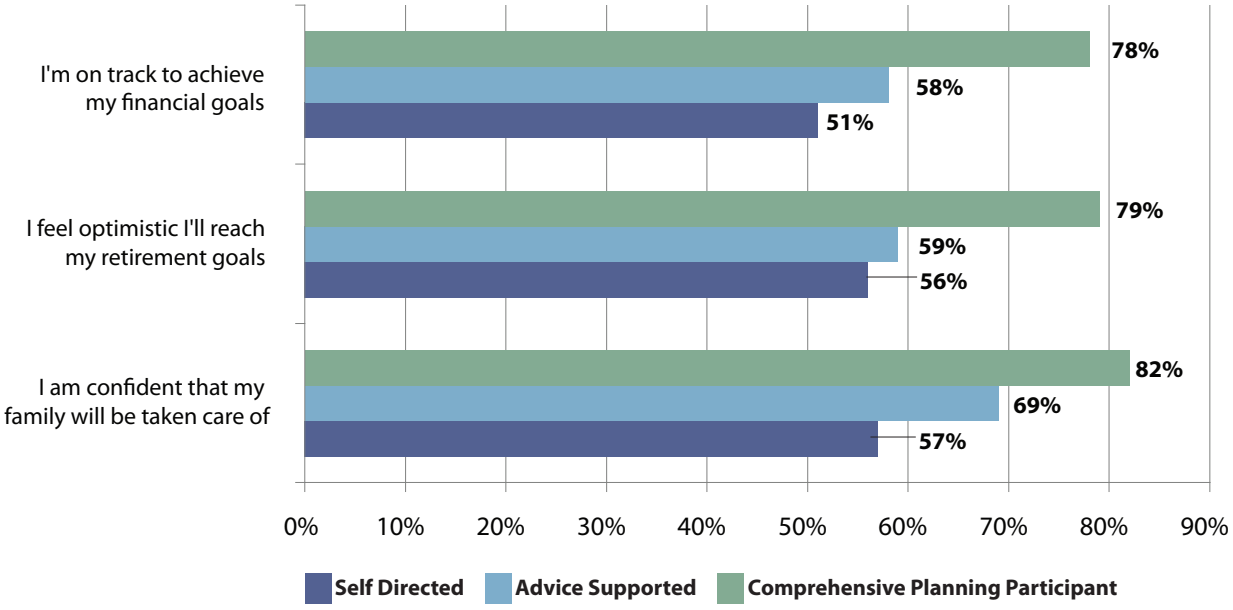


Part 3: Dealing with the Markets: *How Comprehensive Financial Planning Influences Investment Attitudes*

The Bottom Line: Overwhelmingly, Americans feel that the economy is headed in the wrong direction (over 70 percent); but those doing comprehensive financial planning tend to be more optimistic about their personal financial futures, and are more inclined to report being proactive about protecting their holdings.

Among Self-Directed investors, women are less confident than men about their financial peace of mind. However, 83 percent of women in a comprehensive planning relationship say they have peace of mind along with 80 percent of men. And 89 percent of women who are Comprehensive Planning Participants say they are in control of their finances, along with 85 percent of men.

Please indicate if you agree or disagree with the following statements.
Percentage Responding in the Top Two Boxes: Strongly /Somewhat Agree



The Details

1. *Who feels a greater sense of awareness with regard to changing market conditions?* Unstable markets create unique investment challenges and opportunities. In those times, individuals working with a planner have an inherent advantage—they have a sounding board for any buy or sell actions they take in the market.
   > Those with a financial planner and a comprehensive plan are more likely to report they are actively combating the poor market conditions. Only 9 percent of the Comprehensive Planning Participants say they stayed put during the recent market downturn, compared to 20 percent of the Advice Supported and over a quarter (29 percent) of the Self Directed (see page 30). Those with a planner are more likely to say they take the overall approach of trying to minimize the hit on their portfolio by making investment changes.
   > Specific actions mentioned to minimize the hit from the economic downturn include adding money to new or existing accounts, rebalancing their portfolios, and moving into more of a cash position when necessary. Some with a comprehensive plan are in a financial position that allows them to take advantage of the down times by investing in low-priced stocks, taking advantage of low interest rates and investing in real estate.

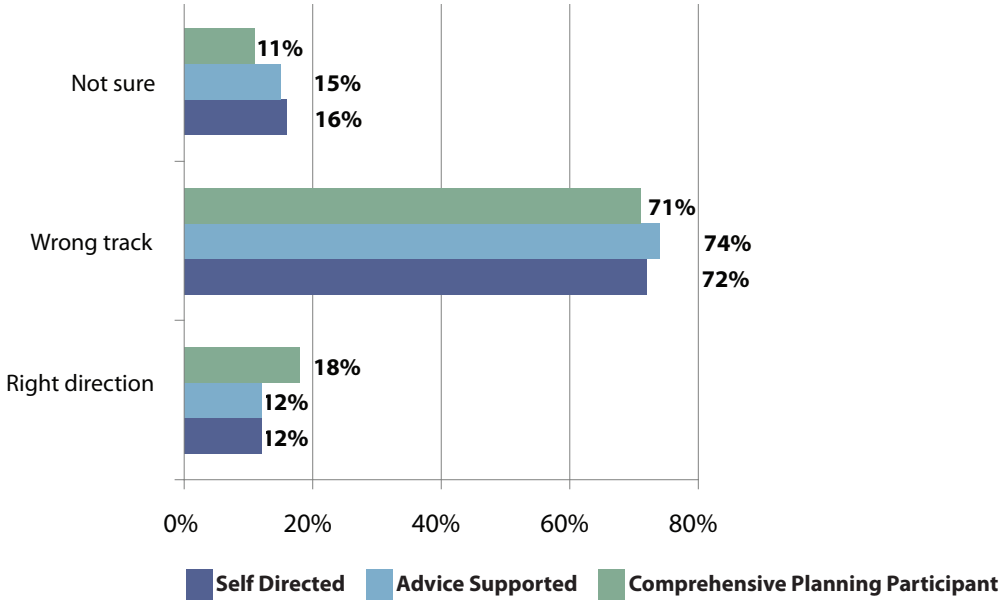
2. *Which groups added money to their accounts during the past year?* Individuals with a planner and a comprehensive plan say they are generally more diligent about adding funds to all their investment accounts, which would mean they're actively providing for a more secure future later.
   > Twenty-seven percent of Comprehensive Planning Participants reported adding more money into existing accounts to take advantage of market opportunities, while only 19 percent of both the Self Directed and Advice Supported categories did so.
   > Twenty-five percent of those in the $500,000–$999,999 asset category were the dominant asset group who reported adding to their portfolios, while Echo Boomers and Generation Xers (together) made up the largest demographic (21 percent) reporting that move.

Those in a comprehensive planning relationship are more than twice as likely to report rebalancing their portfolio this past year and adding more money into new accounts—compared to Self-Directed investors.

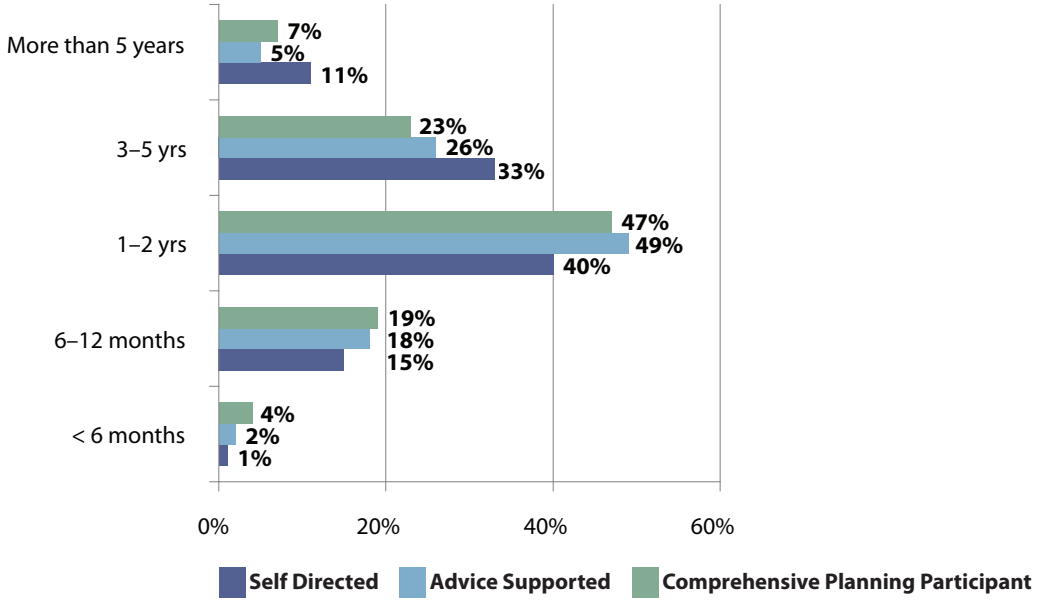
3. *In what way do you anticipate the current financial market to negatively affect your financial goals?* The current economy and market conditions have forced all respondents to think differently about their financial futures, particularly when they'll start their retirement. However, those with a comprehensive plan reported the least change to their overall outlook.
   > Boomers are expecting the roughest road right now. Thirty percent say they expect to delay their retirement by at least three years, and 23 percent say they'll delay at least one to two years beyond their original target date. Meanwhile, 24 percent anticipate having to work more hours during retirement than they previously anticipated, though 28 percent said that they now planned to work during retirement when they hadn't planned to do so at all before.
   > The Echo Boomers and Generation Xers (combined) are most likely (36 percent) to say they delayed a major purchase such as a car, home or boat as a result of the actions of the financial markets. Boomers are the next largest group at 28 percent. Only 18 percent of Mature Boomers say they delayed a major purchase.

Thinking about the current state of the economy, would you say that things are going in the right direction or have pretty seriously gotten off on the wrong track?

June/July 2008



How long do you expect it to be before the economy begins moving in the right direction again?



Note: Only those who indicated they think the economy is on the wrong track were asked this question. Numbers have been rounded and may not total exactly 100 percent.

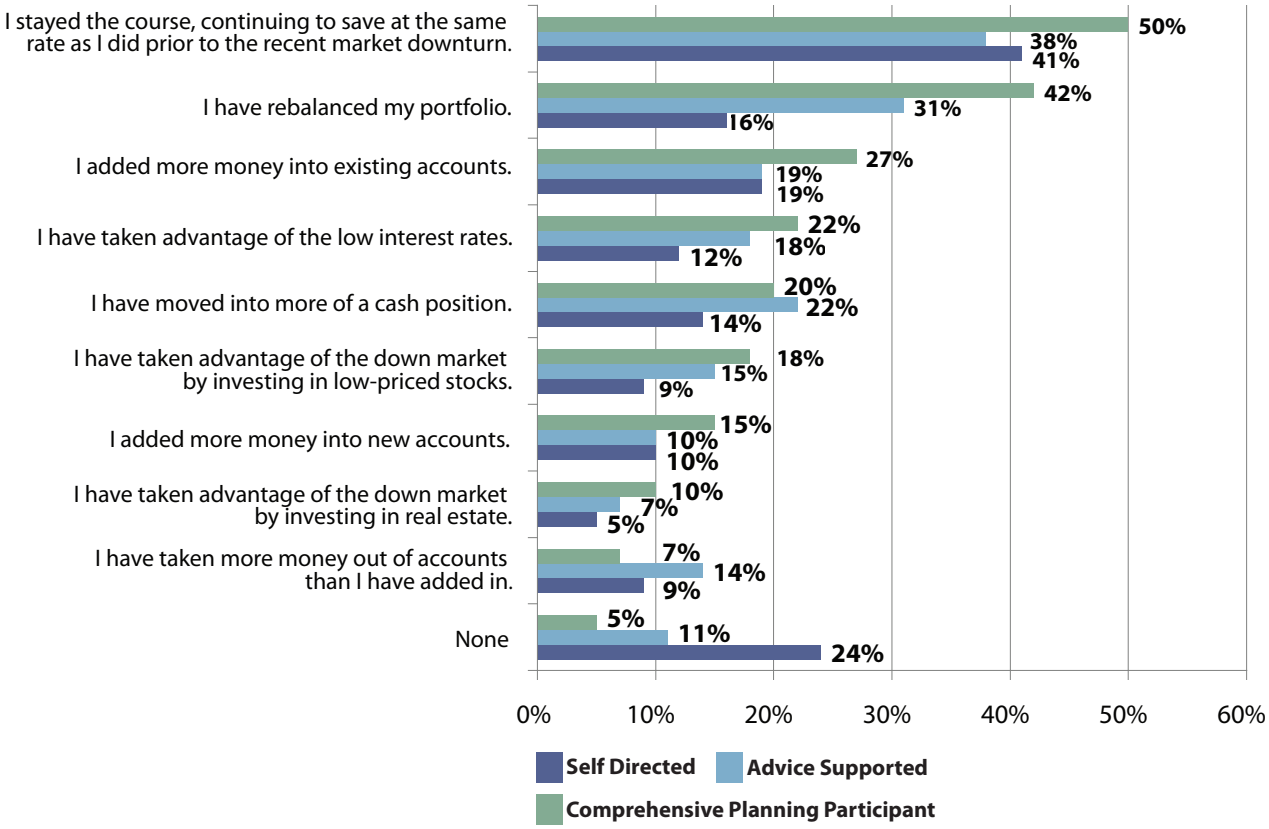
4. *Is the economy on the right track?* Those surveyed say no, however Comprehensive Planning Participants are more likely to report feeling in control of their financial future (50 percent) than the other two groups (32 percent of the Advice Supported and 29 percent of the Self Directed).
   - > Approximately three out of four respondents (72 percent) feel the economy is on the wrong track, and most think recovery is one to two years away (41 percent). Mature Boomers, at 76 percent, also think the economy is heading in the wrong direction. Those with less than $100,000 in investable assets are also the most worried about the course of the economy (73 percent).
   - > Fifty percent of Comprehensive Planning Participants feel that they're in control of their financial futures versus 29 percent of the Self Directed. Mature Boomers, at 48 percent, are the top age group feeling in control of their finances, and not surprisingly, those with more than $1 million in assets do too (57 percent).
   - > Close to nine out of ten respondents (88 percent) who are Comprehensive Planning Participants say they feel they have a clear financial direction, a number approximately 50 percent higher than those without professional support.
   - > The Comprehensive Planning Participants are also 50 percent more likely to say they feel their goals and dreams are financially secure (75 percent compared to 49 percent of those with no professional support).

Women in a comprehensive planning relationship are three times more likely to feel very or extremely prepared for their retirement, compared to Self Directed women investors (42 percent versus 14 percent).

5. *When will the economy be getting back on track?* Economic recovery is not perceived to be coming in the next couple of months, according to those who said they think the economy is on the wrong track.

6. *What actions have been taken in the market over the past year?* Generally, those with a planner or a comprehensive plan reported making small moves to protect themselves better from the downward effects of the market:
   - > Those with a comprehensive planning relationship are nearly three times as likely to say they have rebalanced their portfolio this past year—compared to the Self Directed (42 percent versus 16 percent).
   - > Self Directed and Comprehensive Planning Participants were most likely to report staying the course, at 47 percent and 49 percent of Echo Boomers/Generation Xers reported the same. This indicates they were continuing to invest at the same rate they did prior to the market downturn. However, the wealthiest in terms of assets and income diverged from this point of view, indicating that they might have elected to do more adjustment of their portfolios during the market downturn (40 percent of those with $1 million or more in assets stayed the course along with 43 percent of those with $250,000 or more in household income).

Since the market has changed over the past year, what actions, if any, have you taken?



> The older generations, Boomers and Mature Boomers, are most likely to say they rebalanced their portfolio (22 and 23 percent, respectively). Mature Boomers are the most likely to say they moved into a cash position (22 percent) with the combined Echo Boomers and Generation Xers being the least likely (13 percent).

> Twenty-two percent of Comprehensive Planning Participants reported taking advantage of lower interest rates, compared with 18 percent of the Advice Supported and 12 percent of the Self Directed.

> Eighteen percent of Comprehensive Planning Participants report taking advantage of the chance to invest in lower-priced stock, compared to 15 percent of the Advice Supported and only 9 percent of the Self Directed.

> Eleven percent of combined Echo Boomers/Generation Xers say they went bargain hunting for lower-priced stock, the same percentage as Mature Boomers. Only 9 percent of Boomers did the same.

> By assets, only 5 percent of respondents with less than $100,000 report taking advantage of the market by investing in low priced stocks while 15 percent of those with over $100,000 did.

Part 4: Preparing for the Unknown: *How Planner Involvement Can Offer a Greater Sense of Financial Security and Protection*

The Bottom Line: Americans with a comprehensive financial plan are more likely to feel they are effectively managing their finances for today, planning for tomorrow and protecting themselves and family for the long term.

The Details

1. *How protected would I feel in an emergency?* Americans with a planning relationship generally feel prepared to weather financial storms:
   > Eighty-two percent of Comprehensive Planning Participants feel that their families will be cared for in event of an emergency followed by the Advice Supported at 72 percent. Only 58 percent of the Self Directed agreed with that statement. By age, Mature Boomers were the largest group (79 percent) who agreed with that statement, and by assets, the dominant group in agreement had over $1 million or more.

   > Half (50 percent) of the Comprehensive Planning Participants report feeling completely or very in control regarding their financial future. Only 29 percent of the Self Directed and 32 percent of the Advice Supported feel the same.

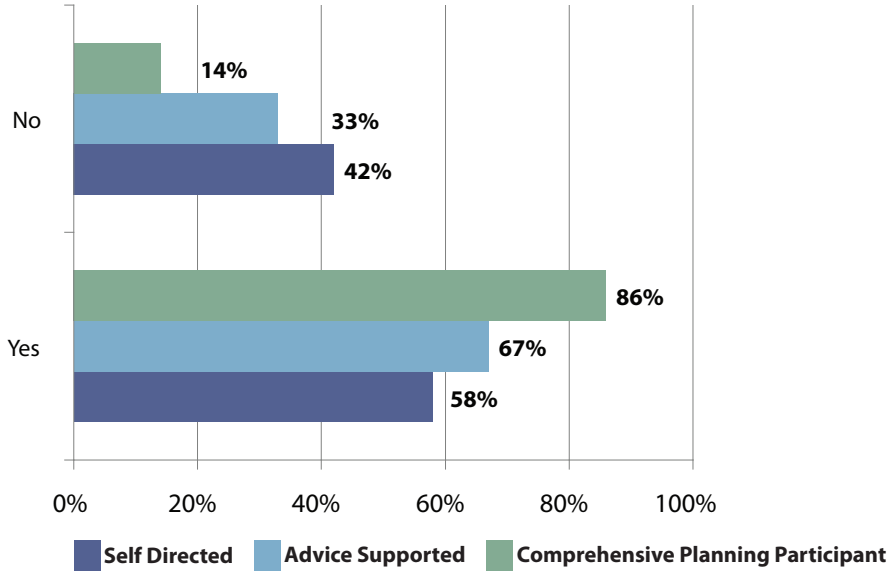
   > Having a comprehensive plan makes those with lower asset levels feel as prepared and in control as those with greater assets.

   > Sixty-eight percent of Echo Boomers/Generation Xers (combined) and 66 percent of Boomers who are Self Directed agree that they are in control of their finances, compared to 86 percent of Self-Directed Mature Boomers. However, among Comprehensive Planning Participants, similar numbers across the generations say they are in control (82 percent of Echo Boomers/Generation Xers, 89 percent of Boomers and 90 percent of Mature Boomers).

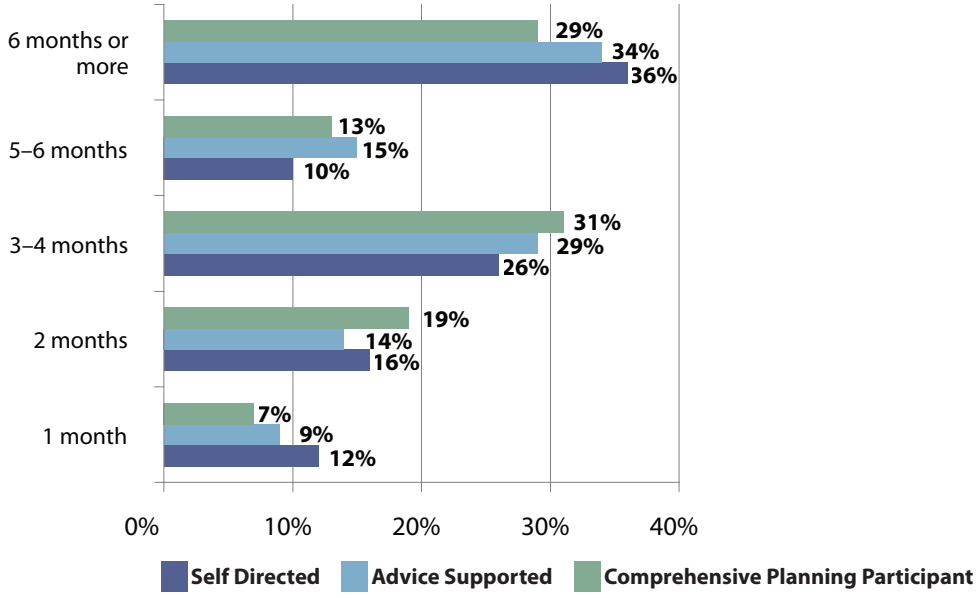
   Comprehensive financial planning helps younger generations feel in as much control of their financial futures as older generations.

2. *Who has an emergency fund?* One area of financial planning involves setting up an emergency fund to handle three to six months of monthly expenses.
   > Six in ten (61 percent) Americans report having an emergency fund. Of those who report having an emergency fund, roughly three-quarters of both men and women say they are prepared with three to six months on reserve. The amount of money saved is surprisingly consistent, regardless of their planning experience. Most Comprehensive

Do you have an emergency fund?



What amount of your living expenses are in your emergency fund?



Note: Have emergency fund. Numbers have been rounded and may not total exactly 100 percent.

Planning Participants reported having an emergency fund (86 percent) compared to two-thirds (67 percent) of the Advice Supported and 58 percent of Comprehensive Planning Participants.

> Two-thirds (66 percent) of Comprehensive Planning Participants reported having some sort of insurance policy to help manage financial risk, compared to 55 percent

of the Self Directed and only 7 percent of the Advice Supported.

> Echo Boomers/Generation Xers are the group most likely to report having less than three months of living expenses in their emergency fund (39 percent) and Mature Boomers are the most likely to have three to six months (84 percent).

> Those with less than $100,000 are least likely to report having an emergency fund (45 percent) while those with $500,000–$999,999 are most likely (80 percent).

Women are more likely to indicate they have protection plans—better known as insurance—while men were more likely to say they have plans to help lower their taxes. Women are also more likely to report owning non-company sponsored life insurance, disability insurance, personal liability insurance and long-term care insurance. Women with a comprehensive financial plan are more likely than men in general to report having:

> Health insurance
> An employer-sponsored retirement plan
> Employer-provided life insurance
> Disability insurance
> Bonds
> Non-employer-sponsored retirement plan

3. *What about the future?* As noted earlier in this report, the Comprehensive Planning Participants are more confident than either the Self Directed or Advice Supported. In addition, the older our respondents were, the better they felt about the road ahead:

> Forty-nine percent of Comprehensive Planning Participants said they are confident in their financial futures overall, with 33 percent saying they were very confident. Self-Directed investors are the least confident overall, at 25 percent.

> Mature Boomers are most likely to say they are confident in their financial futures (39 percent) with younger generations being less confident. When asked to compare their confidence level to one year ago, Boomers are the most likely group to be less confident now (24 percent). Mature Boomers are most likely to have the same level of confidence (66 percent) and younger generations (Echo Boomers/Generation Xers) are most likely to be more confident now (28 percent).

> When asked to compare their confidence level to five years ago, the trend continues, although the gaps between groups narrow. Boomers are most likely to be less confident (25 percent) but Mature Boomers are close behind at 23 percent. Mature Boomers are most likely to have the same level of confidence (41 percent) but Boomers are close at 36 percent and younger generations (Echo Boomers/Generation Xers) are the most likely (60 percent) to be more confident now.

Part 5: The Planner Relationship: *The Long-term Personal and Wealth Benefits of the Comprehensive Financial Planning Process*

The Bottom Line: The process of working actively with a planner on a comprehensive plan changes the game for many individuals in coordinating their finances and life goals.

1. *Does a person have to be wealthy to benefit with a comprehensive financial plan?* The results show that having a comprehensive plan makes those with lower asset levels feel as prepared and in control as the wealthy:
   > The peace-of-mind gap between Comprehensive Planning Participants with less than $100,000 in assets and those with over $1 million is only 11 points; the distance widens to 22 percentage points when both asset classes don't have a planner.
   > For those without a professional planner who have fewer than $100,000 in assets, 27 percent report saving more than 8 percent of their gross income. In comparison, 45 percent of those with the same level of assets but who have a comprehensive plan say they save 8 percent or more of their gross income.

While Comprehensive Planning Participants worry about money like everyone else, their concerns are far more focused on long-term issues like accumulating wealth and financial security in retirement than spending, debt and savings concerns.

2. *What do Americans with a planner really worry about?* The Self-Directed consumers were far more likely to worry about spending, debt and savings concerns rather than on the long-term issues such as being financially secure in retirement. Comprehensive Planning Participants worry about money, too, but their concerns are far more focused on long-term issues like accumulating wealth and financial security in retirement than spending, debt and savings concerns:
   > More than two in five (43 percent) of those without a professional planner are concerned about credit/debt management, compared to 29 percent of those with a planner but no plan and 27 percent of those with both a planner and a plan.
   > Along the same lines, Americans without a professional planner are most likely to say credit/debt management is one of their primary goals (43 percent).
   > Concerning financial stressors, the unstable economy clearly emerges as the number one financial stressor for those with a planner. However, the top stressor for those without a professional adviser is not as cut and dried. The economy ranks as number one for 27 percent and debt ranks as the top stressor for 20 percent.

3. *What's the number one reason people start working with a financial planner?* Retirement, hands down, though there are other motivators as well:
   > The Mature Boomers are the top group (42 percent) working with a planner because they're nearing retirement and they also want to build ancillary services like estate planning into the mix. But all age groups cite retirement as their main reason for getting help.
   > For those with less than $100,000 in assets, the top two reasons for seeking out a planner were planning for retirement and because they were not achieving their financial goals. Individuals with between $100,000 and $499,999 cited their top reasons as planning for retirement, nearing retirement and that they were not achieving their financial goals. For those with over $500,000 in investable assets, the top three reasons are the same, except estate planning takes the third place.

4. *What kind of individual uses a professional financial planner?* People who use financial planners—particularly the Comprehensive Planning Participants—are generally older and wealthier than those who don't, specifically Baby Boomers and Mature Boomers.

5. *Who understands personal finances better, and who understands financial issues better in general?* The Advice Supported do, but not as well as the Comprehensive Planning Participants. Americans with a professional planner have a better understanding of financial issues than those without a paid adviser:
   > Seventy-one percent of those using a planner strongly or somewhat agree that they understand financial issues compared to 62 percent of those without a planner (the Self-Directed group).
   > Seventy-six percent of those with a planner say they understand the pre- and after-tax benefits of financial products, compared to just 58 percent of those without a planner.
   > Forty-one percent of those with a planner also feel they have a better understanding of different types of educational saving, such as vehicles for college savings for their kids, compared to 35 percent for those who don't use a paid planner.

Insurance protection is a financial goal that many are on track to achieve. Nearly eight in ten men who have a comprehensive plan have adequate insurance protection, compared to less than half of women.

6. *Who worries about debt?* Everyone, actually. Comprehensive Planning Participants are generally better organized about their finances than the other groups, and they worry about credit and debt issues like most people. But their greater financial worries tend to be about things they can't really control, like the course of the economy. Those who don't have a planner or a plan tend to worry most about debt.

> Forty-three percent of the Self Directed are concerned about credit/debt management issues compared to 29 percent of the Advice Supported and 27 percent of Comprehensive Planning Participants.

> At the same time, Comprehensive Planning Participants tend to say more often that credit/debt management is one of their primary goals (43 percent versus 29 percent for the Self Directed and 28 percent for the Advice Supported).

Echo Boomers and Generation Xers are among the most likely across age groups to be taking advantage of opportunities to improve their financial status. Sixty-five percent report they have improved their ability to save compared to five years ago, and 63 percent report they are taking full advantage of their employee benefits.

7. *How extensively do people depend on their planners?* Those with a comprehensive plan rely on their financial planner at all phases of planning, value their input and advice, and credit them with helping them to achieve their goals.

> Comprehensive Planning Participants say they are able to take advantage of the widest array of services that benefit them. These include investment planning, understanding financial needs in retirement, defining goals, and establishing a budget and estate planning.

> Comprehensive Planning Participants are also more likely to believe their financial planner played an essential or very important role in helping them achieve short-, medium- and longer-term goals.

> Comprehensive Planning Participants and the Advice Supported report they have been in touch with their planner during this more challenging market environment (86 percent and 77 percent, respectively); many report that their planner initiated contact with them and offered specific recommendations (44 percent of Comprehensive Planning Participants and 36 percent of Advice-Supported).

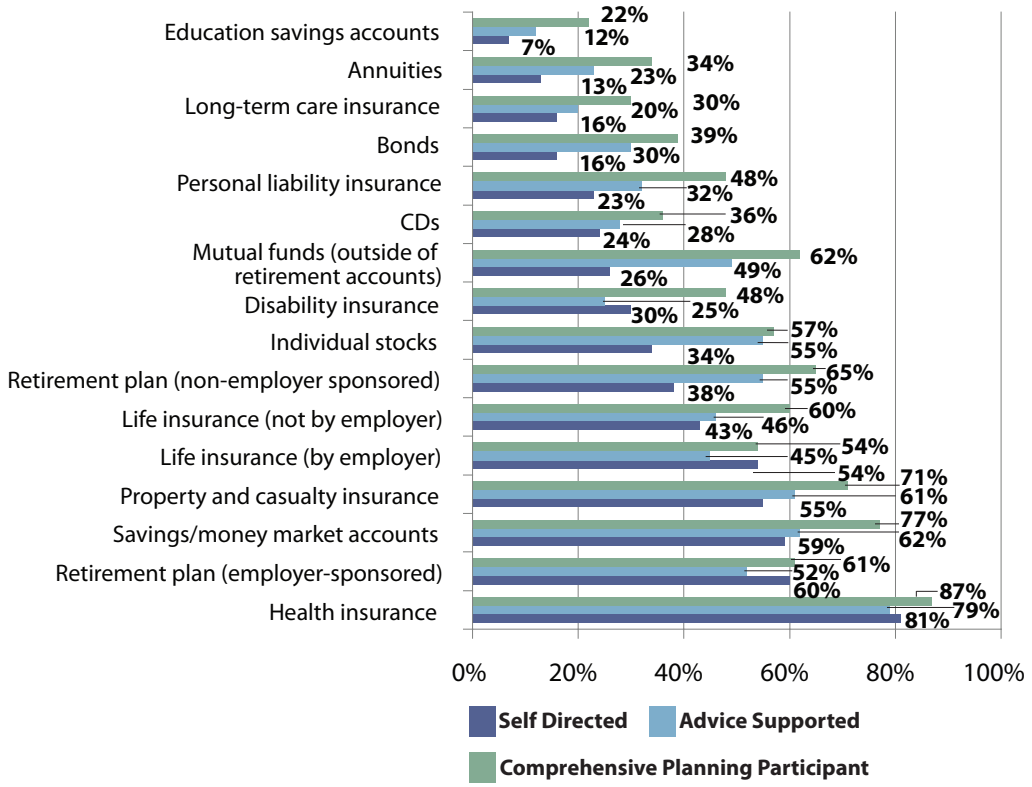
7. *So why don't people have a comprehensive financial planning relationship?* There are still many Self-Directed investors who don't believe they have enough assets to make the relationship worthwhile in the next three years. But there are other factors:

> Over a third (36 percent) of the Self Directed don't think they have enough assets to benefit from the services of a planner and 28 percent of them don't believe they need the services of a planner at all.

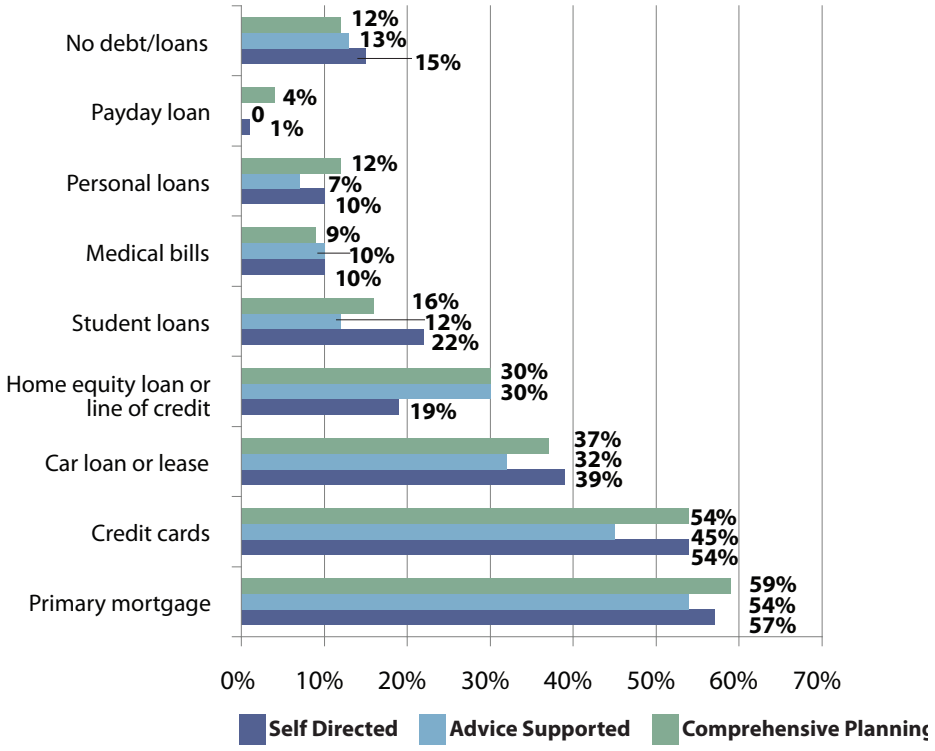
> Forty-one percent of Generation Xers say professional financial planning is too expensive and 38 percent of them say they don't have enough investable assets to benefit.

> Echo Boomers/Generation Xers are likely to say they don't make enough money to benefit from their services (25 percent). They're also more likely to say that they don't have anyone they trust for professional financial planning services (21 percent).

Which of the following do you currently have or own?



Which, if any, of the following kinds of debts or loans do you currently have?



> Twenty-eight percent of Mature Boomers report that they can do a better job planning their own finances than a paid professional.

9. *Who owns the most financial products?* Comprehensive Planning Participants tend to report having the best coverage of financial products they need:
   > By group, 87 percent of all Comprehensive Planning Participants report having health insurance compared with 79 percent of the Advice Supported and 81 percent of Self Directed investors. By age, 87 percent of Baby Boomers report owning health insurance, compared to only 65 percent of Echo Boomers. Seventy-one percent of Comprehensive Planning Participants say they own property/casualty insurance compared to only 55 percent of Self Directed investors. Only 44 percent of Echo Boomers/Generation Xers report owning such products compared with 69 percent of Mature Boomers. By assets, 71 percent of those with $1 million and more say they have property and casualty insurance, compared with only 44 percent for those with $100,000 and under.

CONCLUSION: People with a planner and a plan more frequently report confidence in their financial futures and feel they are significantly better informed about their financial decision-making, better prepared for emergencies and are better equipped to make timely decisions as market conditions warrant.

Appendix

Please indicate if you agree or disagree with the following regarding your current financial situation?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
I have control of my finances	71%	78%	87%	73%
I have peace of mind/sleep at night	70%	73%	81%	71%
I have a clear financial direction	60%	70%	88%	63%
I have improved my ability to save compared to five years ago	61%	58%	73%	62%
I am taking full advantage of my employee benefits	61%	62%	71%	62%
I feel prepared for my family in the event of an unexpected emergency	58%	72%	82%	61%
I have confidence in my ability to cope with the financial impact of possible events such as disability/injury, death or other similar unexpected events	57%	70%	82%	60%
I feel prepared even during these changing market conditions	54%	59%	74%	56%
I feel my goals and dreams are financially secure	49%	61%	75%	52%
I am well prepared for retirement	46%	60%	78%	49%

Note: All 3,022 respondents answered this question.

How confident are you in your financial future?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
Combined top two boxes (extremely or very confident)	25%	30%	49%	28%
Extremely confident	6%	9%	16%	7%
Very confident	19%	21%	33%	21%
Fairly confident	37%	36%	30%	36%
Combined bottom two boxes (somewhat or not at all confident)	38%	34%	21%	36%
Somewhat confident	27%	25%	17%	26%
Not at all confident	10%	9%	4%	10%

Note: All 3,022 respondents answered this question.

How does this compare to one year ago?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
I am less confident now	19%	32%	21%	20%
I have the same level of confidence now	58%	51%	56%	57%
I am more confident now	23%	17%	23%	22%
Note: All 3,022 respondents answered this question.				

How does this compare to five years ago?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
I am less confident now	20%	34%	20%	21%
I have the same level of confidence now	31%	30%	31%	31%
I am more confident now	49%	37%	50%	48%
Note: All 3,022 respondents answered this question.				

How in control do you feel regarding your financial future?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
Combined top two boxes (completely or very in control)	29%	32%	50%	31%
Completely in control	6%	7%	13%	7%
Very in control	23%	26%	38%	24%
Fairly in control	34%	35%	29%	34%
Combined bottom two boxes (somewhat or not at all in control)	37%	33%	20%	35%
Somewhat in control	28%	23%	18%	26%
Not at all in control	10%	10%	3%	9%
Note: All 3,022 respondents answered this question.				

Since the market has changed over the past year, what actions, if any, have you taken?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
I stayed the course, continuing to save at the same rate as I did prior to the recent market downturn	41%	38%	50%	42%
I have added more money into existing accounts	19%	19%	27%	19%
I have rebalanced my portfolio	16%	31%	42%	19%
I have moved into more of a cash position	14%	22%	20%	15%
I've taken advantage of the low interest rates	12%	18%	22%	13%
I have added more money into new accounts	10%	10%	15%	11%
I've taken advantage of the down market by investing in low-priced stocks	9%	15%	18%	10%
I have taken more money out of accounts than I have added in	9%	14%	7%	9%
I've taken advantage of the down market by investing in real estate	5%	7%	10%	6%
Reduced spending/debt	1%	1%	1%	1%
Other	1%	1%	1%	1%
None	24%	11%	5%	22%

Note: All 3,022 respondents answered this question.

How would you best characterize your own financial approach during down market conditions?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
Stay the course, continuing to save at the same rate as I did prior to the recent market downturn	47%	39%	47%	47%
Sit on sidelines, not investing new money and just trying to ride it out till it's over	29%	20%	9%	26%
Try to minimize the hit to my portfolio with some investment changes	13%	30%	28%	16%
Actively take advantage of the down market conditions	11%	10%	16%	11%

Note: All 3,022 respondents answered this question.

I'm expecting the current changes in the economy to have a…

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
Combined top three boxes (significant, moderate or little positive impact)	13%	8%	13%	13%
Significant positive impact on my financial goals	2%	1%	3%	2%
Moderate positive impact on my retirement goals	4%	2%	3%	4%
Little positive impact on my retirement goals	7%	5%	7%	6%
Have no impact on my retirement goals	22%	15%	17%	21%
Combined bottom three boxes (significant, moderate or little negative impact)	65%	77%	70%	66%
Little negative impact on my retirement goals	25%	21%	30%	25%
Moderate negative impact on my retirement goals	26%	34%	28%	27%
Significant negative impact on my financial goals	13%	22%	12%	14%
Note: All 3,022 respondents answered this question.				

At what age do you anticipate you will be financially able to retire, if you were to choose to do so?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
<18	0%	0%	0%	0%
18–31	0%	0%	0%	0%
32–41	0%	0%	1%	0%
42–51	3%	1%	7%	3%
52–61	18%	25%	33%	20%
62+	35%	38%	43%	36%
I do not anticipate ever being financially able to retire	10%	5%	2%	9%
I'm not sure when I will be financially able to retire	33%	30%	15%	31%
Arithmetic mean (age)	62.6	62.5	62.0	62.5
Note: Only non-retired respondents were asked this question.				

In what way do you anticipate the current financial market to negatively impact your financial goals?

Top Eight Items Shown

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
Generally spending less and budgeting more	69%	71%	69%	69%
Travel less than previously anticipated	54%	60%	51%	54%
Delay major purchase (home, car, boat)	30%	28%	20%	29%
Work during retirement, though I previously had not planned to work in retirement	21%	22%	18%	21%
Work more hours during retirement than previously anticipated	20%	16%	17%	19%
Delay retirement date three or more years	20%	15%	15%	19%
Delay retirement date one to two years	16%	17%	17%	16%
Cancel major purchase (home, car, boat)	14%	10%	12%	13%

Note: Only respondents who indicated they expect the current changes in the economy to have a negative impact on their retirement goals were asked this question.

Thinking about the current state of the economy, would you say that things are going in the right direction or have pretty seriously gotten off on the wrong track?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
Right direction	12%	12%	18%	13%
Wrong track	72%	74%	71%	72%
Not sure	16%	15%	11%	16%

Note: All 3,022 respondents answered this question.

How long do you expect it to be before the economy begins moving in the right direction again?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
Less than one year (combined less than 6 months and 6 to 12 months)	16%	20%	23%	17%
Less than 6 months	1%	2%	4%	1%
6 to 12 months	15%	18%	19%	16%
More than 1 year but less than 2 years from now	40%	49%	47%	41%
3 years or more (combined 3 to 5 years and more than 5 years)	44%	31%	30%	41%
3 to 5 years from now	33%	26%	23%	32%
More than 5 years from now	11%	5%	7%	10%

Note: Only respondents who believe the economy is on the wrong track were asked this question.

How prepared do you feel you are for retirement?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
Combined top two boxes (extremely or very prepared)	16%	24%	42%	19%
Extremely prepared	4%	6%	11%	5%
Very prepared	13%	18%	31%	15%
Fairly prepared	32%	31%	28%	31%
Combined bottom two boxes (somewhat or not at all prepared)	52%	45%	30%	50%
Somewhat prepared	29%	33%	24%	29%
Not at all prepared	23%	12%	6%	21%

Note: Only respondents who are not retired are reflected in the answers above.

Please select which of the following are true regarding your retirement planning.

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
I actively participate in my company-sponsored retirement plan (e.g. 401(k), 403(b), pension, etc.)	53%	50%	59%	54%
I use an IRA, 401(k), SEP or other vehicle for saving for retirement that is not company sponsored	39%	56%	67%	43%
I have a retirement savings plan in place	32%	37%	60%	35%
I plan to maintain my current lifestyle when I retire	32%	36%	49%	34%
I have estimated the amount of annual income I'll need in retirement	29%	35%	63%	32%
I have read books or articles on saving for retirement	31%	32%	42%	32%
I have estimated the amount of money I need to save for retirement	29%	28%	54%	31%
I have a defined benefit plan such as a pension	28%	30%	39%	29%
I regularly save the amount I need to meet my financial needs in retirement	25%	25%	46%	26%
I have a retirement income plan in place that deals with unique retirement risks including longevity, health care costs and Social Security	15%	22%	41%	17%
I have invested in real estate to help fund my retirement	14%	25%	25%	16%
None of these	12%	4%	0%	11%

Note: Only non-retired respondents were asked this question.

Do you believe you are…

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
On track with your retirement date	73%	77%	74%	73%
Off track with your retirement date	19%	19%	19%	19%
Ahead of your targeted retirement date	8%	5%	8%	8%

Note: Only non-retired respondents who indicated an age at which they expect to be able to retire were asked this question.

At what age did you start seriously saving for retirement?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
<18	1%	1%	1%	1%
18–31	46%	40%	54%	46%
32–41	19%	27%	25%	20%
42–51	13%	16%	15%	13%
52–61	3%	6%	3%	3%
62–71	1%	1%	0%	1%
72+	1%	1%	0%	1%
I have not yet started saving for retirement	17%	9%	3%	15%
Arithmetic mean (age)	32.5	34.7	32.7	32.7

Note: All 3,022 respondents answered this question.

Approximately what percent of your gross income do you save?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
0%	14%	14%	6%	13%
1–3%	19%	18%	9%	18%
4–7%	22%	21%	18%	22%
8–10%	17%	22%	25%	18%
More than 10%	27%	26%	42%	28%

Note: All 3,022 respondents answered this question.

Do you have an emergency fund?

	Self Directed	Advice Supported	Comprehensive Planning Participant	All Respondents
Yes	58%	67%	86%	61%
No	42%	33%	14%	39%

Note: All 3,022 respondents answered this question.