

This research was funded and released by the FP Canada Research Foundation, now known as the Canadian Foundation for Financial Planning™

Visit our website:

www.canadianfoundationforfinancialplanning.ca

Financial Wellness Study

Executive Summary

January 2018

Research conducted by:



With support by the Financial Planning Foundation (renamed, the FP Canada Research Foundation) CPA Canada a financial wellness study intended to enhance Canadians' financial wellness.

The culmination of the study was the development of a Financial Wellness Guide (the "Guide") – an online tool to help Canadians:

- 39 questions that explore the participant's current financial position: Because the questionnaire is filtered, each participant's specific responses determine the series of questions they are asked (so, for example, a participant indicating no dependent children would not be asked further questions regarding RESPs.) Most participants will be asked about 20 questions.
- Plain language definitions of key concepts: Throughout the questionnaire, all key concepts offer rollover definitions, allowing participants to review the definition of any concept with which they are unfamiliar or for which they require additional clarity, while not being slowed down by definitions of concepts with which they are already familiar.
- Information "tidbits": To keep participants engaged and encourage them to complete the questionnaire, interesting "did you know?" facts pop up throughout the questionnaire, that contextualize the participant's responses. So for example, if an individual responds that they make minimum payments on their credit cards, they will receive a pop up that says: Did you know? Making minimum payments may cost you a lot more in interest payments. The average interest rate on Canadian credit cards is 19.99%. Some department store cards have rates as high as 30%. This is money better spent securing your financial future. These tidbits draw from current publicly available data and behavioural economics theory.
- Report database: Underlying the questionnaire is a database with a specific piece of information and/or recommended next step for every possible answer to every question in the questionnaire. Once the participant has completed the questionnaire, the tool generates a report that compiles all responses and groups them into themes, publishing only what is relevant to their particular responses. To help participants manage the size of the report, they may choose to see the whole report, or only specific sections (for example "tax" or "budgeting").

The questionnaire should take most people 10 to 15 minutes to complete. The target audience is Canadians aged 24 to 49.

Background for Study

The idea for the Financial Wellness Guide was based on the unfamiliarity of Canadians with financial terms and their discomfort talking about money and finance in general. These challenges are well researched by the Financial Consumer Agency of Canada (FCAC), the Organization for Economic Cooperation and Development (OECD), and many others.

While there are some tools on the market for financial planning, most are either not specifically Canadian, are tied to a specific financial service provider or are fee-based. The goal of this project was to create something universally available to all Canadians and available at no cost.

Summary of Study

CPA Canada commissioned Nielsen to undertake an online research study to evaluate what the concept “financial wellness” means in plain language terms that Canadians could relate to. The study was done with 600 CPA Canada members and 200 CFP professionals.

Descriptions of financial wellness were categorized thematically. The dominant emerging themes of financial wellness generally focused on financial planning and living within one's means, and evoked the emotional benefits of empowerment, peace of mind and being in control of one's life.

A joint CPA Canada/FP Foundation working group was established to study the findings of the research and develop a self-assessment tool that could help Canadians understand where they currently stand financially in order to help take steps to fill gaps and prepare for conversations with financial planners.

Focus Groups:

The questions and the questionnaire concept proposed by the working group were fleshed out and a draft tool was developed for testing with a sample of Canadians.

Testing was conducted in a series of eight qualitative focus groups of two-hours duration, with two held in each of these four centres: Toronto, Winnipeg, Calgary and Montreal. Participants in seven of the eight sessions were aged 20 to 54; the eighth session was a pre-retired and retired group aged 50 to 69. Participants were recruited with a household income over \$40,000 (\$30,000 for students) who were interested in improving their financial knowledge. Groups were formed to reflect gender mix, participants with and without children, and at various life stages.

Most participants valued online delivery (with no one trying to “sell” them anything) and being able to complete the questionnaire and learn in private rather than have to ask someone in person. The questionnaire was largely thought to be comprehensive, with a few exceptions. The one group that felt the guide was not really for them (though they thought it valuable for younger people) was the pre-retired and retired group, who had more specific needs.

The culmination of this study was a Financial Wellness Guide, in plain language terms, that consumers may use and that planners may use with their clients as a starting point to help engage clients in financial planning in a gentle, non-threatening manner that helps clients feel more comfortable with financial matters and terms, and more understanding of their own financial situation and priorities.

Want more information?

Additional materials on this topic and other research projects are available for you to download at:

www.canadianfoundationforfinancialplanning.ca

Practice Notes

Online Financial
Wellness Guide

This research was funded and released by the FP Canada Research Foundation, now known as the Canadian Foundation for Financial Planning™

Visit our website:

www.canadianfoundationforfinancialplanning.ca

902-375 University Ave. Toronto, ON M5G 2J5 • 416-593-8587 • Toll Free: 1-800-305-9886

CFP®, CERTIFIED FINANCIAL PLANNER® and CFP logo are trademarks owned by Financial Planning Standards Board Ltd. (FPSB) and used under license.

QAFP®, QUALIFIED ASSOCIATE FINANCIAL PLANNER™ and QAFP logo are those of FP Canada™. © 2023 Canadian Foundation for Financial Planning™. All rights reserved.

REV September 2023