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'I CAN'T GET NO SATISFACTION' ... OR CAN I?: A STUDY OF SATISFACTION WITH FINANCIAL PLANNING AND CLIENT WELL-BEING

As industry and policy makers strive to professionalise financial planning and enhance the quality of advice, it is important to understand how financial advice contributes to consumer well-being. The findings of this study indicate financial planning advice has positive effects, with clients feeling more in control of their finances, more prepared for contingencies and putting more effort into their financial affairs. The results also indicate that respondent clients' appraisals of their financial situation have a bearing on a number of other areas of their life and well-being.

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This paper reports findings from an ongoing collaborative research project with the Financial Services Council (FSC), which contributed funding and facilitated the survey of financial planners' clients through FSC member organisations. The article draws on the report to the FSC that was prepared by the QUT researchers, reporting findings on the initial exploratory stage of the project.[1]

The lyric in the title of this paper has become a catchcry for consumers dissatisfied with a range of financial services and products, and, as recent Federal Government inquiries have revealed, there is some truth to the claim. But as financial planning undergoes a series of reforms, including increased professionalism (FPA 2009) and improved quality of advice (Australian Government 2011), there are good reasons to explore the conditions under which clients report satisfaction with their financial planners; not least because the provision of effective financial planning and advice, delivered in accordance with, or transcending, the rules and norms of industry best-practice has the potential to benefit clients, not just financially, but across a number of life domains.

In this paper, we report findings from an exploratory study investigating whether financial planning and advice contribute to client well-being, beyond effects on financial well-being. While anecdotal evidence supports psychological benefits such as a sense of security, little research has explored these links in any systematic or theoretically driven way. However, theory and research from cognate disciplines, such as psychology, indicate clear links between planning, goal setting and well-being that are likely to arise in the financial planning domain.

Surveyed clients were asked to indicate their satisfaction with their financial advisers, the planning process and the advice they received. Clients responded to items designed to reflect key areas for financial planners in the shift towards increased professionalism, improved disclosure and greater client focus (e.g. FPA 2009). Clients also reflected on their financial situations before and after seeing their advisers, and considered the impact of their financial situations on a number of life areas including family relationships, mental health and well-being, and overall life satisfaction.

Links between financial planning and well-being

Three aspects of financial planning can be noted with respect to consumer well-being: goal setting and attainment, planning and mastery, and appraisal of financial resources.

Goal setting and attainment

Lifestyle and financial goal setting are central to the six-step process of financial planning advocated by the industry worldwide.[2] Goals are central to psychological well-being because they provide purpose to life and contribute to the process by which people come to view their lives as meaningful and worthwhile (Emmons 2003). However, not all goals are important or impart benefits to well-being. The setting of goals that are connected to individuals' values and motivations, and are functional (e.g. saving for education), rather than materialistic (e.g. to own many expensive items), are more likely to meet core psychological needs and contribute to life betterment (MacLeod et al. 2008).

The attainment of goals as well as the sense of progress towards goals is also a source of life satisfaction. This is partly due to the reduction in the discrepancy between present and preferred states (Weise 2007) and partly because the anticipation of positive future outcomes contributes to a sense of life mastery and elicits positive emotions and mood states (Sheldon et al. 2002). In the financial planning context, clients who experience progress towards the attainment of their financial and lifestyle goals are likely to experience positive psychological benefits.

Planning and mastery

An essential element of psychological well-being is engagement in life tasks and roles. Having meaningful goals and the plans to achieve those goals enable individuals to experience higher levels of life engagement (MacLeod et al. 2008). Planning can be considered a life management strategy that enables individuals to control and structure their lives (Prenda & Lachman 2001). This sense of life mastery is linked to better psychosocial adjustment and mental health across a range of psychological measures (e.g. reduced depression, anxiety) and greater life satisfaction and well-being (Nezlek 2001; Ryff & Singer 2008).

Appraisal of financial resources

Research shows that financial satisfaction is higher when there is minimal discrepancy between material desires and the ability to afford them (Solberg et al. 2002). However, increasing one's wealth is not necessarily the key to satisfaction, particularly when financial ambitions are unrealistic. Holding realistic financial aspirations and positive appraisals of one's financial resources are linked to financial and life satisfaction (Martin & Westerhof 2003), and may be more important to well-being than objective wealth measures. Advisers who assist clients to better align their aspirations and resources, for example, may be more likely to encourage higher levels of financial and life satisfaction. Research suggests that improving financial satisfaction is linked to an increased sense of well-being and life satisfaction, partly because financial satisfaction is one of the underlying domains (including health and social domains) of overall life satisfaction (Easterlin 2006).

Financial planning, then, may be beneficial as a means of engaging individuals in important and meaningful life tasks that contribute to well-being. The act of seeking out a financial adviser (as a planning step in itself), the establishment of financial and lifestyle goals, and the plans to achieve those goals, all contribute to individuals' sense of control over their financial and life situations. Financial planning that emphasises clients' functional goals and personal values is more likely to be associated with client well-being, while clients who perceive that they are actively engaged with their advisers in the planning process are likely to feel more satisfied with both their finances and their lives.

In contrast to views of well-being as conceptually synonymous with happiness, we prefer a broader conceptualisation which encompasses life satisfaction and psychological benefit. At the personal finance level, financial security provides opportunities for the achievement of things of personal value and the support of preferred lifestyles. Our research framework recognises that consumer well-being is likely driven by both process (e.g. achieving a sense of life mastery and autonomy through effective financial planning) and outcomes (e.g. feeling satisfied with financial planning advice outcomes).

Survey of financial advisers' clients

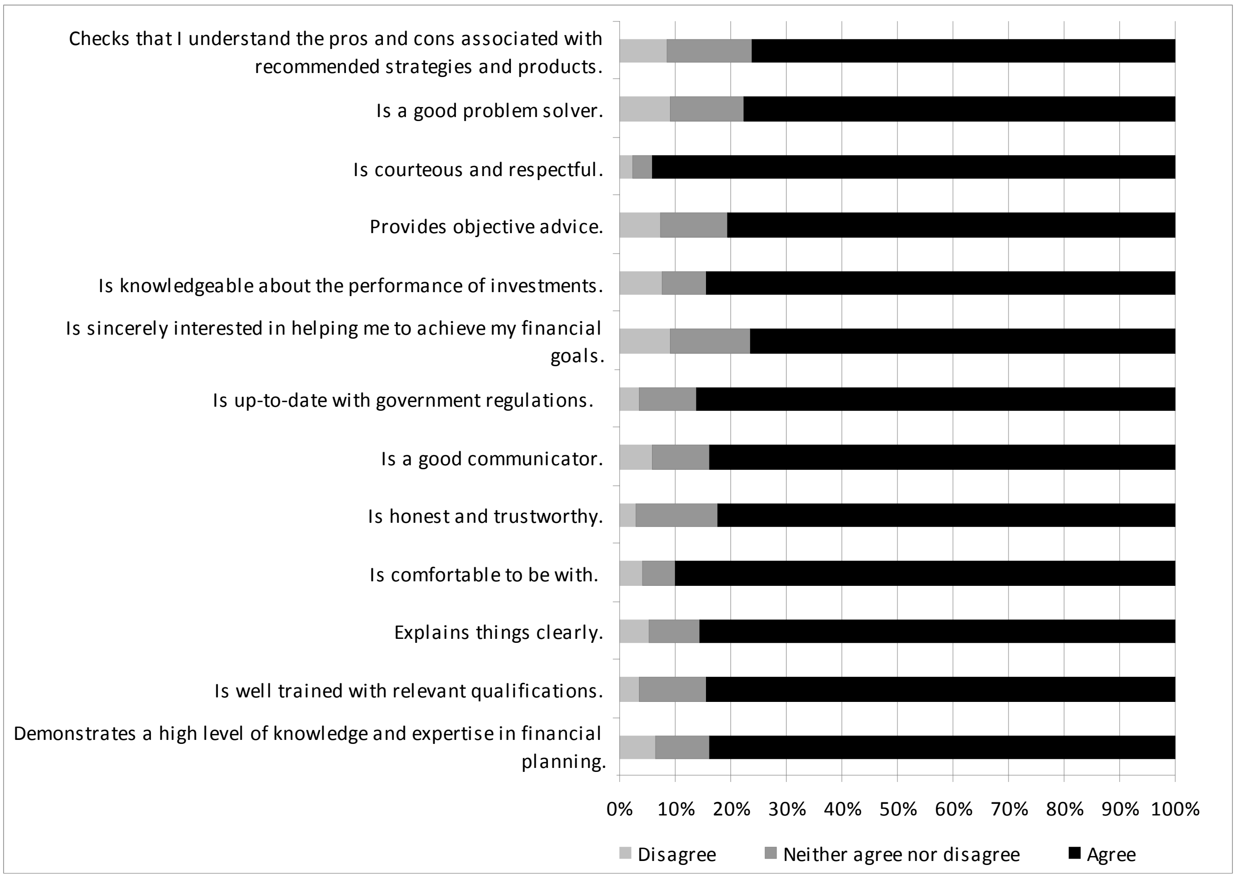
Clients of eight financial advisers across two organisations providing financial planning advice were surveyed in mid-2010, with 172 usable (anonymous) responses received. Two-thirds of respondents had been clients of the financial advisers for more than a year (*existing* clients) while the remaining one-third had consulted with their adviser for the first time within the prior year (*new* clients). The demographic profile of the sample is such that most respondents (84 per cent) are in the pre-retirement and retirement phases of their lives (50–69 years old), own their own home (71 per cent), hold most of their investment assets in superannuation, and have little debt.

The sample comprises 61 per cent males (39 per cent females) with similar age distributions for each gender. Just over half (56 per cent) of the clients have university level education, holding a Bachelor's degree or higher; 17 per cent hold a trade or TAFE qualification. The current work status of respondents is predominantly those working full-time (42 per cent) on salaries and those who were retired (40 per cent). More existing clients (49 per cent) are retired than new clients (20 per cent), with the largest proportion (52 per cent) of new clients aged 50 to 59 years and the largest proportion (51 per cent) of existing clients aged 60 to 69 years. The majority of clients (75 per cent) live with a partner. More new clients (36 per cent) have children living at home than existing clients (17 per cent).

The majority of surveyed clients (85 per cent *existing*, 74 per cent *new*) reported a personal annual income of less than $100,000 per annum; 51 per cent of existing clients and 25 per cent of new clients reported a personal income of less than $50,000. When total household income is considered, the most frequent range is $50,000 to $99,000; 56 per cent indicated an annual household income between $50,000 and $149,999, while 27 per cent have less than $50,000.

Almost all surveyed clients hold most of their investment assets in superannuation. Clients' superannuation balances range from less than $25,000 to over $1 million, with 36 per cent of clients having $500,000 or more in superannuation, 33 per cent in the $250,000 to $499,999 range and 29 per cent less than $250,000. Outside superannuation and home ownership, respondents' most commonly held assets are shares (53 per cent), followed

FIGURE 1: Level of client agreement with financial planner characteristics



by investment properties (38 per cent), life policies (31 per cent), and managed funds (25 per cent).

In relation to frequency of contact with their financial planner, 29 per cent of clients reported seeing their planner twice a year or more, for 37 per cent it is once a year and for 34 per cent it is once every few years. Nearly half of surveyed clients (47 per cent) indicated they receive updates more than twice a year, for 35 per cent it is once or twice a year, and 17 per cent receive an update only every few years.

Satisfaction with financial planners

Overall, 77 per cent of surveyed clients indicated they are satisfied with their financial planners, 8 per cent are dissatisfied and 15 per cent are neutral. Figure 1 presents frequencies of clients' responses on various aspects of financial planner characteristics, and shows that a high proportion of clients view their financial planners in a positive light. They agree that planners have good interpersonal skills, are knowledgeable and up to date, and professional in their approach.

Satisfaction with the financial planning process

A high proportion (72 per cent) of surveyed clients also indicated they are satisfied with the planning process, 12 per cent are dissatisfied and 16 per cent are neutral. Satisfied clients generally felt listened to, actively involved in the process, and helped by their planners to clarify goals and priorities (Figure 2). They viewed planners as providing a professional service and providing and obtaining information for good financial decisions. Around 45 per cent of clients agreed that the planner took control of planning their financial future while 30 per cent disagreed with this statement. Possibly, clients who saw themselves as controlling their own futures were more likely to disagree with this statement. Just over 10 per cent of clients disagreed that they received adequate information to make good decisions, help to clarify goals, and a comprehensive review of their situation.

Satisfaction with financial advice and products

Similar to the levels of overall satisfaction with their financial planner, a large proportion (77 per cent) of surveyed clients are satisfied with the strategies and products provided by their planner, 7 per cent are dissatisfied and 16 per cent are neutral. Figure 3 shows that the majority of clients (74 per cent and above) agree that their financial planner informs them of conflicts of interest, required disclosures and fees. A majority also feel that the advice is appropriate to their circumstances and addresses their financial goals. Only a small proportion (10 per cent) of clients feel that the advice does not explain how strategies and products address their financial needs and goals.

While around three-quarters of the respondents indicated satisfaction with the financial planner, the financial planning process and the financial advice and products, a smaller proportion indicated satisfaction with fees (58 per cent), with 28 per cent dissatisfied and 14 per cent neutral.

Figure 2: Level of client agreement with financial planning process

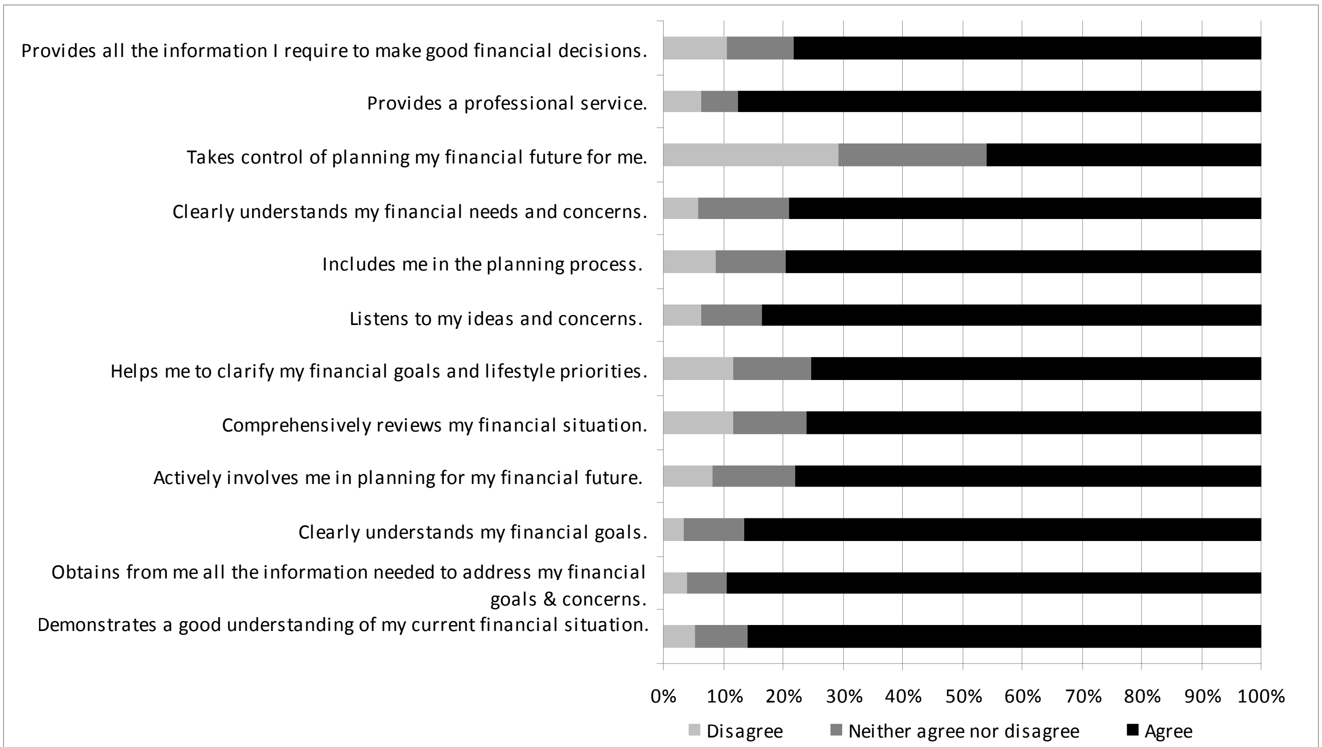
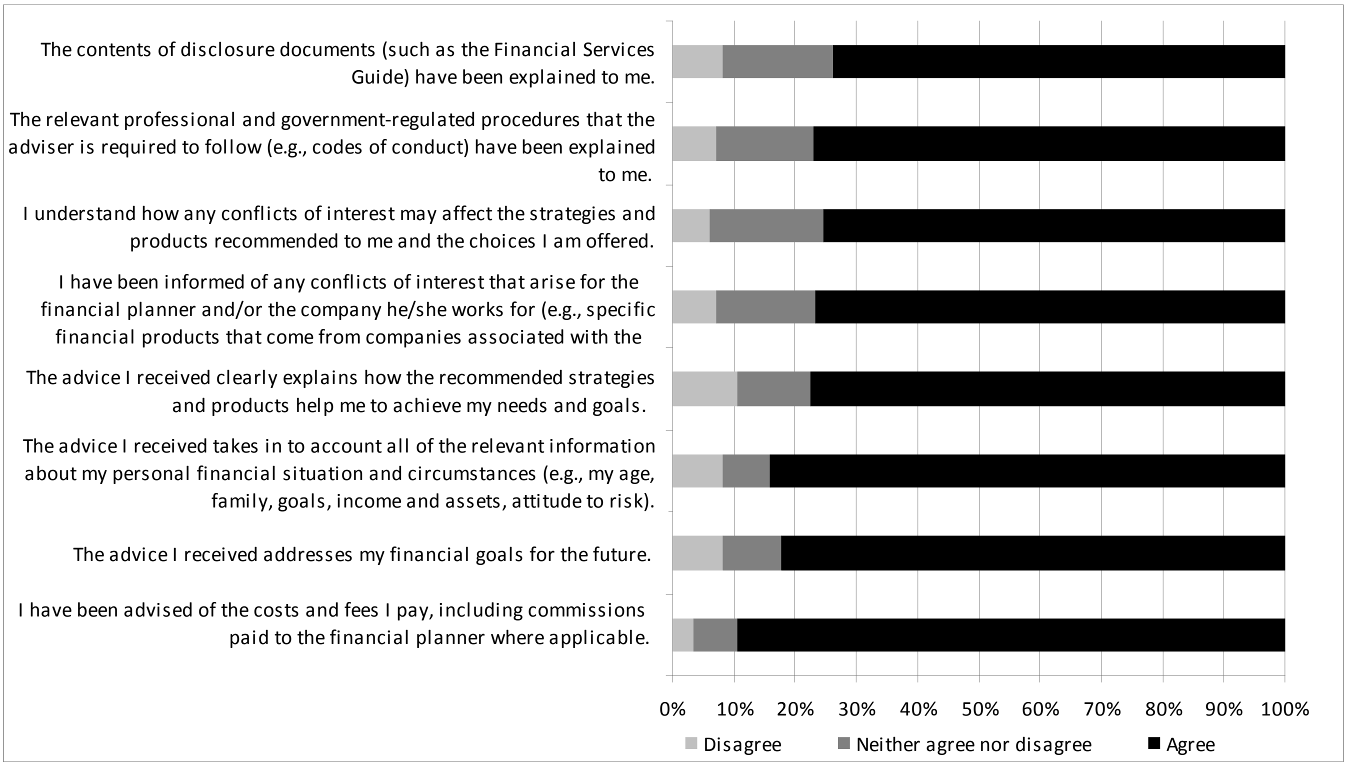


FIGURE 3: Level of client agreement with advice and products



Features with which clients are most and least satisfied

Surveyed clients were asked to provide comments on aspects of their financial planner and the planning process with which they were most and least satisfied. About three-quarters of clients offered positive comments about their planners (71 per cent) and the process (77 per cent), whereas only 27 per cent commented on areas of least satisfaction with the planner, and 51 per cent on least satisfaction with the process.

In commenting on areas of most satisfaction, clients most frequently mentioned quality of advice, knowledge and expertise, professional qualities of the planner, supportive decision making, and engaging and personalised planning processes. Representative comments include:

> 'His honesty, experience and wealth of knowledge.'
>
> 'Keeps up to date with all changes, taxation/super, pension fund, and advises accordingly. His professional knowledge and company resources.'
>
> 'The personal attention to detail plus personal contact and interest.'
>
> 'He listens to me to what I have to say about my financial situation.'
>
> 'He put up options by using applied decision making and using "what if situations" to help me decide what options I was going to take.'
>
> 'That the adviser usually confirms that I'm making good decisions.'
>
> 'A genuine endeavour to help and reassure us about the future and to feel comfortable about our old age.'

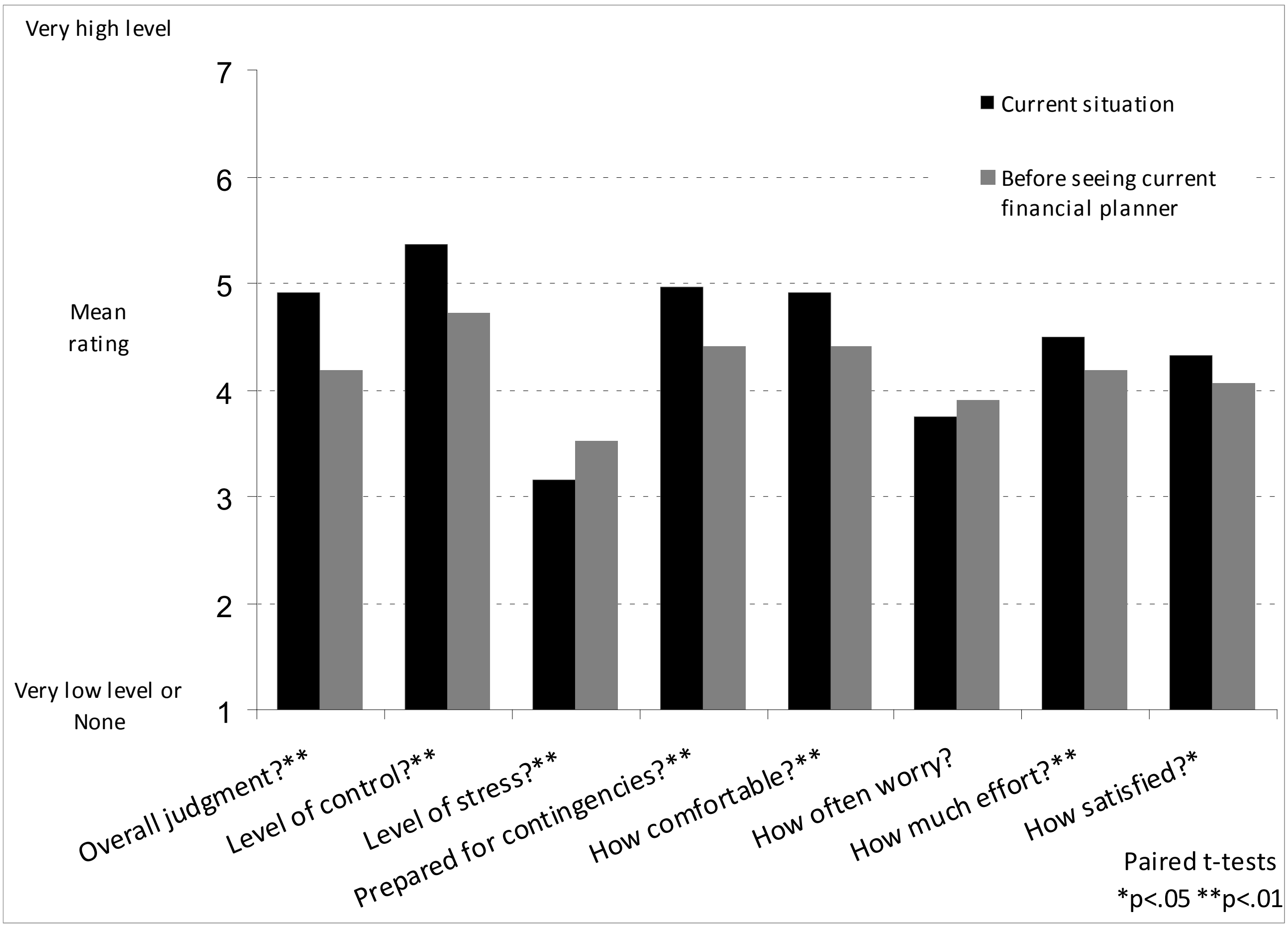
Comments about areas of least satisfaction related to insufficient detail and personalisation of the advice provided, service difficulties such as reduced access and time, and poorer client-adviser relationships in terms of communication, client understanding and reassurance. Some of the comments made by clients are:

> 'Insufficient data — detail of what the different choices would produce.'
>
> 'Still didn't know if I would have enough to retire next year.'
>
> 'Feeling that I am only a 1/2 hour interview in a busy day. Feeling that my account was only looked at prior to that interview.'
>
> 'Little interaction on part of planner in between formal consultations.'
>
> 'I am yet to develop a personal link with him.'
>
> 'Being fairly financial illiterate a follow up phone call or brief analysis to make sure I did everything right (filled in the right forms etc.) would have been good.'
>
> 'Felt like we were just another client in a long list. No specific interest shown in our financial position — poor follow up.'

Financial situations before and after seeing adviser

Surveyed clients were asked to provide ratings on a number of dimensions to indicate perceptions of their current financial situation, and to also give ratings of what they perceived their financial situation was before consulting with their current financial planner. As shown

FIGURE 4: Perceptions of financial situation before and after consulting current financial planner



in Figure 4, comparisons of clients' views of their current financial situations with their views of their prior situations reveal statistically significant improvements on seven of the eight dimensions. Clients feel more in control of their finances, have lower levels of stress, are more comfortable with their situations, are more prepared for contingencies, and put more effort into their finances than before seeing their financial adviser. They judge their current financial situations as more positive and more satisfying than their prior situations. While clients also indicated more frequent worrying before seeing their current planner, this difference is not statistically significant.

Well-being before and after seeing planner

Clients were also asked to indicate the effect of their financial situations (before and after seeing their planner) on eight life areas (mental health and well-being, family activities, family relationships, social activities, social relationships, work activities/performance, work relationships, physical health and well-being).

New and existing clients were found to differ in their reports of the effects of their financial situation on their lifestyle and well-being, particularly when they were asked to consider their prior situation. For seven of the eight areas, new clients' effect ratings were significantly higher for their current financial situation than their prior situations (*t*-tests, $p<0.05$). Figure 5 displays the percentage of new clients indicating positive, neutral and negative effects before and after seeing their planner. For example, 28 per cent of new clients thought their prior financial situation had a positive effect on their mental health and well-being, 37 per cent thought it had no effect, and 35 per cent thought it had a negative effect. After seeing their current financial planner, 44 per cent thought that their current financial situation has a positive effect, 26 per cent believed it has no effect, and 30 per cent believed it has a negative effect. While reports of negative effects declined in a number of areas, changes in reported effects predominantly relate to increases in positive effects and decreases in no effects.

As for new clients, a higher percentage of existing clients thought positive effects were attributable to their current situation than to their prior situation. However, differences in effect ratings (current vs prior) were only significant for three of the eight life areas (see Figure 6): family activities (43 per cent current, 35 per cent prior), social relationships (40 per cent current, 30 per cent prior) and family relationships (30 per cent current, 25 per cent prior).

FIGURE 5: Effect of current and prior financial situation on life areas for new clients

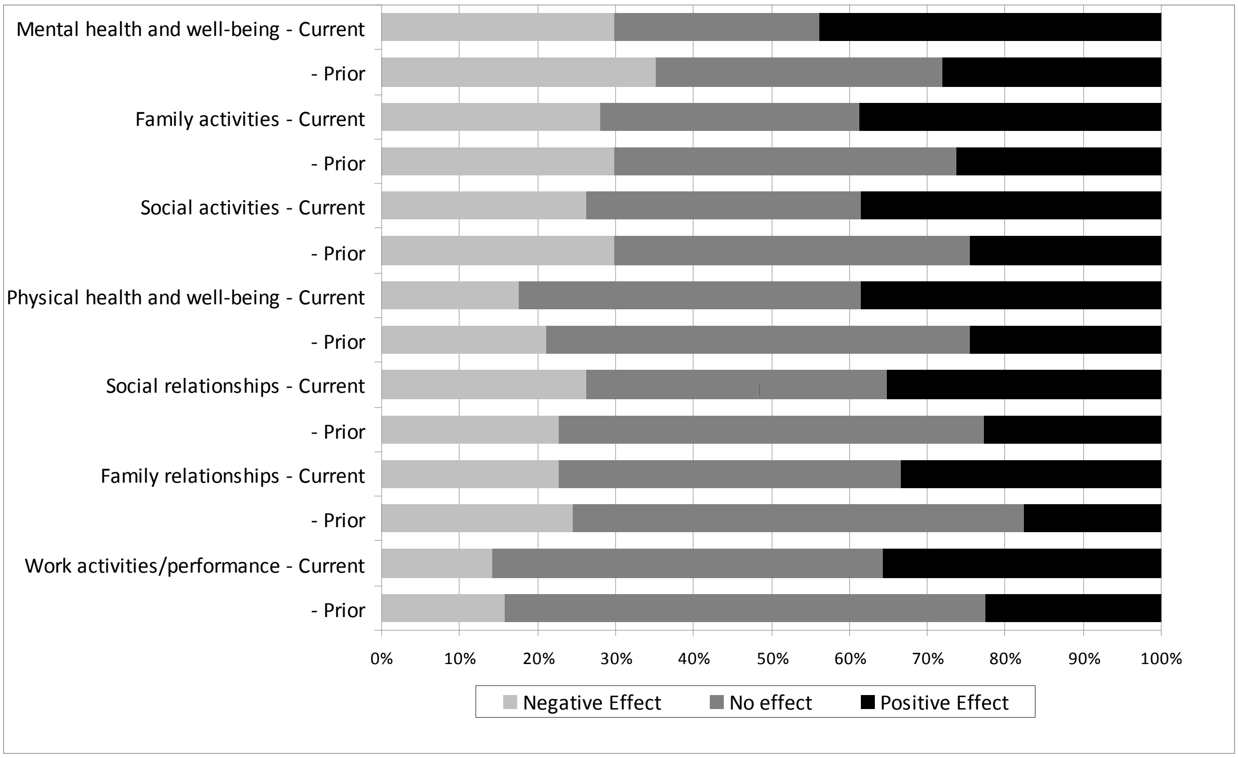
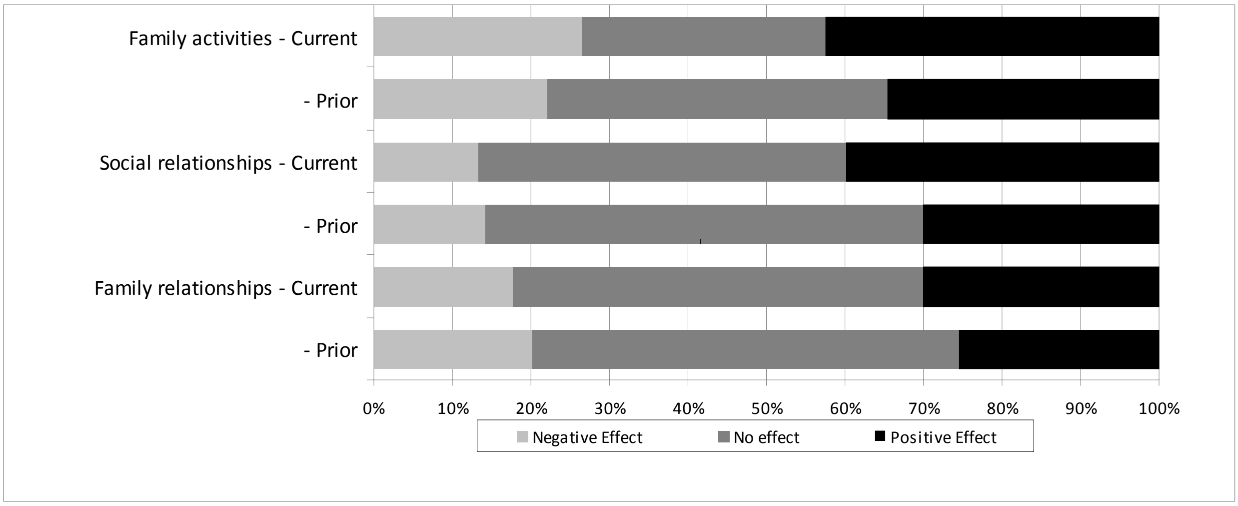


FIGURE 6: Effect of current and prior financial situation on life areas for existing clients



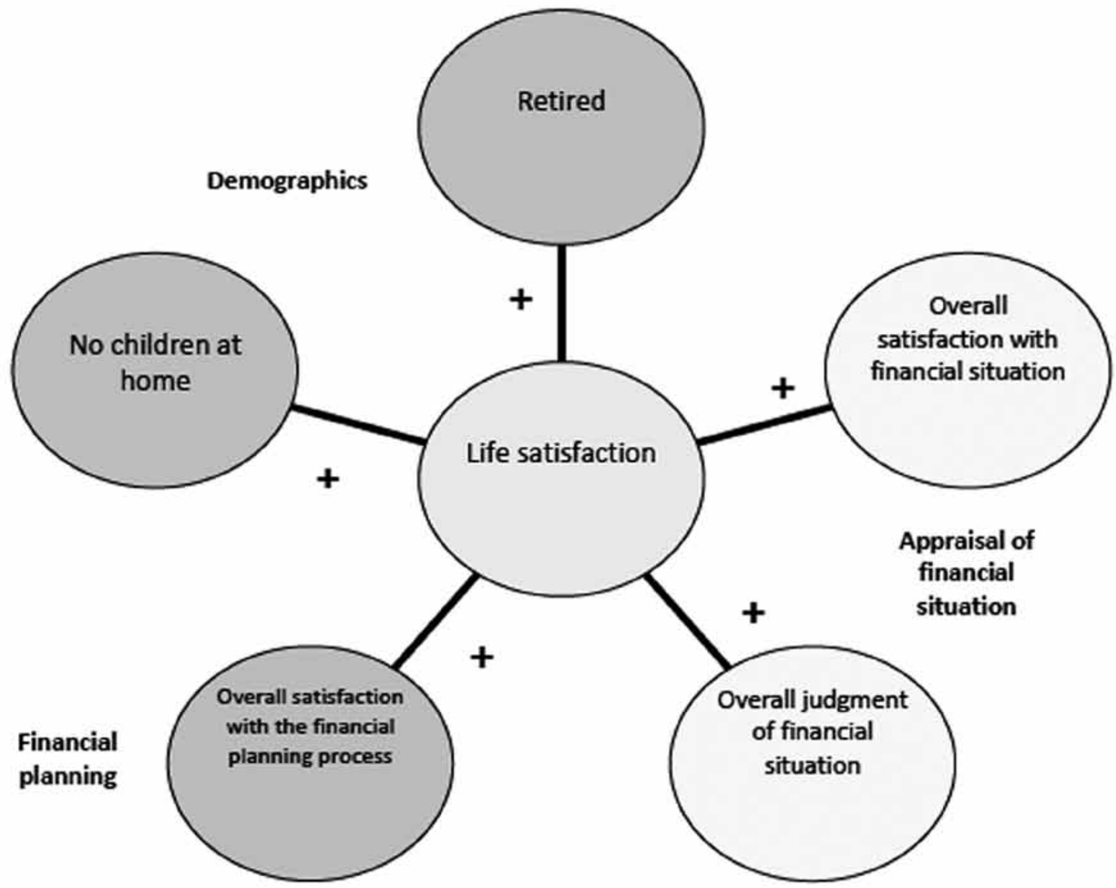
For new clients it is possible that the recency of both their prior financial situation and their engagement in the financial planning process mean that the comparisons they made were more salient for them than for existing clients. For new clients, there appears to be a more immediate and marked effect of changes in financial situation on their perceptions of lifestyle and their well-being.

It is important to note that a number of new and existing clients report ongoing negative effects, suggesting these clients may be experiencing ongoing financial strain. In addition, while 80 per cent of existing clients had implemented all of the strategies recommended by their financial planner, only 51 per cent of new clients had done so, suggesting that the financial situations of a number of new clients were still in a transition phase.

Contribution of financial planning to life satisfaction

While previous research indicates that life satisfaction is influenced by life circumstances and satisfaction in a number of domains (including financial), an unexplored issue is the extent to which aspects of the financial planning experience also contribute to life satisfaction.

FIGURE 7: Variables associated with life satisfaction (subjective well-being)



Our overall findings support the notion that the process of financial planning is potentially supportive of individuals' well-being at a number of levels, not just the financial, and that this occurs when clients feel engaged with planners who are professional and client-focused.

Using a life satisfaction score (measured using the *Satisfaction with Life Scale*, Diener et al. 1985), a hierarchical regression model was employed to test for associations with demographic variables reflecting clients' life circumstances; these are gender (male/female), education (university/other), retirement status (retired/other), empty nester (yes/no), and household income (less than $49,999, between $50,000 and $99,999, over $100,000). Financial appraisal variables (overall judgement of and satisfaction with financial situation) entered the model next, followed by overall satisfaction ratings of the financial planning process, the financial planner, financial products and strategies, and fees.

Figure 7 graphically represents the variables found to significantly contribute to the prediction of life satisfaction at each step of the model. Retired clients have higher life satisfaction than non-retired clients, and empty-nesters have higher life satisfaction than non-empty nesters. Both financial appraisal variables were found to predict life satisfaction while income level did not. Clients who hold more favourable judgements of their financial situation and are more satisfied with their financial situation have higher life satisfaction. Finally, of the four planning variables, overall satisfaction with the process significantly contributed to the prediction of life satisfaction. Clients who are more satisfied overall with the financial planning process also have higher life satisfaction.

Conclusion

While current reforms underscore the importance of quality financial advice and information disclosure, our exploratory findings highlight that the financial planning process itself is central to client satisfaction. If financial planning is to be seen in a professional light, it may be that, for clients, the way the financial planning process is conducted is just as important as the financial outcomes. Our findings suggest that process features, such as goal clarification, functional goal setting and attainment, and lifestyle planning, may contribute to feelings of life engagement and well-being. There are also practical and psychological benefits to clients as a consequence of improvements in their financial situations after seeing a planner. Our overall findings support the notion that the process of financial planning is potentially supportive of individuals' well-being at a number of levels, not just the financial, and that this occurs when clients feel engaged with planners who are professional and client-focused.

As with any exploratory study, there are limitations. The sample used in this study is confined to pre- and post-retirement clients of only eight planners across two organisations. The results are, therefore, limited in their generalisability. Broader client and adviser samples are required to further test associations between clients' experiences of financial planning and their well-being at various life stages. The lack of baseline data (before seeing a financial planner) and measurement over time also prevents a full assessment of time-based changes and their effects on well-being. It is worth noting that the majority of clients in the study were satisfied with their planners. Clients who were dissatisfied with their advisers and experienced deterioration in their financial and life situations are likely to have discontinued their relationship with their planners. These clients would not have been 'active' clients and therefore unavailable to participate in the study. Future research will explore the associations between the features and outcomes of the financial planning process and client well-being for both satisfied and dissatisfied clients.

The current trend in financial planner training in Australia and elsewhere is towards professionalisation and the use of interdisciplinary knowledge bases to inform practice. We suggest that further research attention be directed to the financial planning process itself, and that a stronger research base is required not only for informing the professional practice of financial planners but also for a more complete understanding of the benefits of financial planning at the individual and family levels. Such knowledge is likely to have marked flow-on effects for economies and societies. ■

Notes

1. This project has been extended to a larger, longitudinal study of links between financial advice and well-being, with Australian Research Council Linkage grant funding awarded in May 2011 for QUT to conduct the research in partnership with the FSC.
2. See Financial Planning Standards Board at http://www.fpsb.org/

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