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Virtual financial planners: Product, market, and challenges

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Abstract

In today's complex financial and economic environment, individuals are exhibiting an increasing need for personal financial services. The current environment may turn some clients who use a financial planner into do-it-yourself consumers. In this article, we provide an analysis of online financial planning industry trends. We examine the demographic profile of the target market for online financial planning software and determine the target market's perceptions, needs, and motivations regarding financial planning services. Our results suggest that there is a potential market for virtual financial planning tools. Acceptance of these tools will depend on pricing, provider reputation, and features. These results should be helpful to individuals seeking new forms of delivery for comprehensive personal financial planning services and to professionals interested in providing these services in a changing marketplace. © 2012 Academy of Financial Services. All rights reserved.

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1. Introduction

In today's complex financial and economic environment, individuals are exhibiting an increasing need for personal financial services. The financial planning industry was projected to exceed $31.2 billion in annual revenues in 2008. Zweig (2010) notes that economist Robert Shiller of Yale University estimates that roughly 50 million Americans with no access

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to professional financial advice could benefit from such advice. The growing demand for financial planning services creates an opportunity in the marketplace for new products and delivery methods. The increasing cost of obtaining comprehensive personal financial planning services and advances in Web-based software create an opportunity for virtual financial planners. This article evaluates the market for virtual planning services and examines the relationship between various sociodemographic and financial characteristics and individual willingness to purchase a virtual financial planning product.

We provide an analysis of the financial planning industry, with particular emphasis on online financial planning industry trends. We also consider the demographic profile of the target market for online financial planning software and examine the target market's perceptions, needs, and motivations regarding financial planning services. Our primary tool for gathering data for analysis is a quantitative survey of a representative group of individuals who may be interested in financial planning services. We also report results from two focus groups. Our overall objective is to provide information on the market for virtual financial planning that is helpful to both individuals and planners.

Results show that a majority of respondent households (60.7%) do not currently take part in any sort of financial planning and many are inclined not to use financial planning services in the future. With the exception of online banking and billpay, the majority of respondents do not currently use online financial services. Households that do plan, spend less than $500 per year on financial planning services. The most common source of financial planning advice is a personal financial advisor and the most commonly used financial planning services are retirement planning, investment planning, and household budgeting. Respondents are evenly split over whether they would be willing to purchase a comprehensive online financial planning software solution at a reasonable price. Whether respondents would be willing to purchase online financial planning services is positively related to use of online Quicken, being 34 years old or younger and female, no children living at home, and household income less than $75,000. Overall, our results suggest that there is a potential market for virtual financial planning tools. Acceptance of these tools depends on pricing, provider reputation, and features.

The remainder of the article is organized as follows. Section 2 provides a brief overview of the current market for personal financial planning services and a discussion of virtual financial planning. Section 3 presents data and methodology and Section 4 provides results. Section 5 is a summary and conclusion.

2. The market for personal financial planning services

2.1. Overall financial planning market

The financial services industry currently offers consumers a wide variety of options when it comes to financial planning. Current product offerings include personal financial planning advisors as well as do-it-yourself products such as packaged software, downloadable software, and online software. A study by IBIS World (2008) presents revenue trends in the financial planning industry. In 2007, there was $36.75 trillion in assets under management by

SEC registered financial advisors. Assets under management have grown at a real average rate of 8.2% per year from 2002 to 2007. The financial planning industry revenue was estimated to have increased at an average real rate of 12.9% to reach $31.224 billion at 2008. Over the three years between 2004 and 2006 real growth was even higher, reaching an average of over 18%. In 2008, asset values and market share capitalizations diminished because of the sub-prime crisis. Further decreases are expected, with a slow recovery. Warschauer (2002) provides a detailed description of the development of the personal financial planning industry. Trahan and Gitman (2003) provide insights into the nature of personal financial planning benefits offered by companies.

According to a report in the *Journal of Financial Planning* (Anonymous, 2008), 58% of people create their own financial plans. The creation of a financial plan is considered retirement planning for the majority of people with a household income of over $50,000. It is considered budgeting for those making under $50,000. Men were both more likely to have a financial plan (63% men vs. 58% women) and more likely to do the financial planning than women (64% men vs. 52% women). The do-it-yourself consumer seems to be a viable recurring revenue stream, as the majority of them (60%) do not intend to switch to a planner. However, women are more likely than men to foresee switching to a planner (38% vs. 30%).

According to a 2008 survey of trends in the financial planning industry by the College for Financial Planning (2008), typical clients seeking financial planning are in the age range of 50 to 59, most of whom are entering retirement, with gross annual income from $100,000 to $150,000. The financial plans created for these clients focus mainly on the following issues: retirement funding, healthcare costs, investment/asset growth, tax burden, managing money, outliving assets, funding education costs, estate planning, and personal debt. According to Consumer Reports (2009), the chief individual financial concern in the current financial environment continues to be retirement, as 72% of the people polled were worried they would not have enough to retire.

Elmerick, Montalto, and Fox (2002) provide data on the use of financial planners by U.S. households using data from the 1998 Survey of Consumer Finances. They find that 21.2% of households use financial planners. Less than 3% obtain advice from planners on credit or borrowing, while 11.5% get recommendations on saving and investing issues and 7% obtain comprehensive advice. They also find that the use of financial planners by households varies by financial and sociodemographic characteristics.

Dayley (2004) provides some statistics indicating the nature of client relationships with their planners or advisers. He reports that 75% of people trust their adviser. The remaining 25% distrust advisers because of a conflict of interest associated with commissions and loads. Ninety percent of investors want advice for investments over $100,000. Investors want a plan with an adviser who is available, provides clear explanations of investment alternatives, and keeps them informed about the status of investments. Seventy percent of investors prefer paying a flat fee or an asset-based charge for advice. Eighty percent look to family and friends to find an adviser. Nearly seventy percent of consumers of all ages, especially baby boomers, consider financial planners to be the nation's most reliable provider of investment advice. Black, Ciccotello, and Skipper (2002) discuss comprehensive personal financial planning. They argue that comprehensive personal financial planning brings advisor risk at the client level because of less diversification, reduced transparency, and agency problems.

To mitigate this risk, consumers may turn to credentials as proxies for quality and trustworthiness.

Investors are increasingly becoming wary of the services offered by traditional financial planners and are seeking a larger variety of options for financial guidance. No longer satisfied with paying top dollar for financial services that do not offer appealing returns, individuals are exploring more cost-effective options to manage their wealth. Palmer (2009) reports that, according to Jim Lund, a senior financial advisor for Ameriprise Financial, investors today need to develop a financial plan more than ever. Operating in this tumultuous economic environment without a financial plan is one of the biggest mistakes that an investor can make. Based on the uncertainty in the market, more and more people are exploring the idea of financial planning to help prepare for retirement and to invest funds appropriately.

2.2. Virtual financial planning market

The current economic climate has caused many financial planning clients to look for other solutions, including do-it-yourself solutions. During economic downturns, more people reevaluate their relationship with their financial advisors. Bowen (2009) reports that in an October 2008 poll of millionaires, 81% said they were going to leave their current advisor. More individuals change financial advisors in a down market, making recent years a time when people are actively looking for and researching new ways to manage their money. Individuals who change providers include those who were already unhappy but did not act so long as the advisor or market was generating positive returns, people who believe they can do better themselves, and people who decide the service is no longer worthwhile. The final two groups may be amenable to doing their own personal financial planning. Bolster and Trahan (2009) provide an analysis of one source of investment advice provided over television.

Any Internet application is fundamentally limited by the number of people who actually use the Internet. Residents of the United States have one of the highest Internet penetration rates in the world. Miniwatts Marketing Group (2009) reports that an estimated 248 million people, or 72% of the United States population, were Internet users in 2008. Of these users, some have become comfortable with online financial applications. MITRE (2008) reports that the most largely used financial application has been the IRS efile program. In 2007, this program was used to electronically file 60% of individual income tax returns (87 million). It is unknown how many of these 87 million tax returns were filed by professional tax preparers. However, a study of 2005 tax returns revealed that 27% of the electronic filings were done by individuals. If one believes that a similar percentage of individuals were electronically filing two years later, then about 23 million Americans filed individual tax returns without professional help. This is a large group of do-it-yourself individuals who are comfortable enough with both financial software and the Internet to file their taxes electronically. Additionally, as online banking has grown and matured, more people have adopted it as their preferred method of banking. In 2006, approximately 42% of U.S. residents used online banking, and approximately 38% used online billpay. These numbers suggest a large number of Americans are comfortable interacting with their personal financial information online. The growth of the Internet provides a relatively new distribution channel for personal financial planning services.

A virtual financial planner would need to be readily accessible to its clients, probably at a password-protected Web site. The basic process followed by clients would involve first inputting personal financial goals, data, and preferences in response to user-friendly prompts with links to clear explanations of where to find the data item and how to input it. Then running the program would generate a comprehensive personal financial plan with supporting explanatory and advisory text, including personal financial statements, goal statements, budgeting, tax, insurance, investment, retirement, and estate assessments, recommendations, and advice. Performing "what if" analysis on the plan would assess whether and how the client can achieve her financial goals. Finally, the plan could be revised by updating, running, and printing it as often as the client desired.

There are software products for preparing financial plans aimed at financial planning professionals. These include *MoneyGuidePro*, *NaviPlan*, and *MoneyTree*. These software products are aimed at professional planners and their use is licensed for annual fees of $1,300 and up, and are at a price point and complexity level that is beyond the reach of individuals.

Currently there are three identified virtual financial planning services aimed mostly at individuals; *eFinPLAN*, *Simplifi*, and *FinancialFate*. *FinPLAN* was launched with a very limited marketing budget and is being marketed to financial institutions ("affiliates") and advisors for private labeling and/or use. It appears that some institutional co-marketing partnerships have been established, primarily with small female-oriented associations, such as Mom Space and Women Corp., and local groups, such as the Community Bankers Association of Ohio. *Simplifi* is an icon-driven and somewhat idiosyncratic planning model developed for sale to financial institutions, particularly credit unions. Its key customer is the Navy Federal Credit Union, the nation's largest credit union. *Simplifi* is not an integrative comprehensive planning model, but seems well-suited to the typical credit union member. *FinancialFate* is a free downloadable software product that is used to create financial plans. Originally, the product was priced at $69; however, it has since been released as a free download. It is unclear why this change was made, and it is unknown whether the company profits from the product because there are no obvious revenue streams associated with any aspect of the program. The product is a fully automated cash-flow driven program that uses a wizard-style input method. The ultimate output from the product is not a financial plan, but pages of financial statements that allow the user to analyze different scenarios based on individual inputs. Although *FinancialFate* is easy to understand and navigate, it does not offer the user any sort of professional financial plan or graphic outputs. Additionally, the accuracy of the cash-flow model is unknown. Because of the fact the product is downloadable software, it does not offer live updates or interactive capabilities. There is also a relatively new hybrid financial planning model that uses online planning to leverage the time of professional financial planners. Zweig, (2010) reviews a service by Veritat Advisors. With this product, clients input details on income and net worth into a secure Web site. A financial planner then generates a comprehensive financial plan and follows up via live video chats. Planners at Veritat believe that a planner could serve as many as 1,000 clients per year using this platform, compared with 70 to 90 clients using the traditional face-to-face model. In summary, these products are early entrants to the virtual financial planning market and do not appear to have a business model that penetrates in the potential market for comprehensive financial planning by individual households.

There are a growing number of very similar budgeting sites that are indirect competitors to a virtual planning model. These free sites allow users to establish and then monitor their expense budgets on a real-time basis. Included are *mint.com*, *wesabe.com*, *geezeo.com*, *expensr.com*, and *buxfur.com*. Participants on these sites must input their personal bank, credit card, and debit card information, including account numbers, which the Web host accesses and uses to gather their real-time spending information. The Web host, after gathering the data, categorizes it, summarizes each category, and then presents it to the participant with a comparison to their spending budget in both tabular and graphic forms. Statistics, such as the percentage of each budgeted amount expended to date, and discussions or warnings are also provided as a result of the comparisons of the budgeted versus spent amounts in each category. The revenue streams to the sponsors of these sites are driven by banner ads and fees paid to them by financial service providers for client referrals from the Web site. They also generate revenues from consolidating, analyzing, and selling behavioral client data to other product vendors for use in their market research. These budgeting sites are not directly competitive with a comprehensive virtual financial planning model.

2.3. Research objectives

Current trends in the market for financial planning services and new advances in technology are creating opportunities for the development of comprehensive online financial planning services. Next, we will consider the demographic profile of the target market for virtual financial planning software and examine the target market's perceptions, needs, and motivations regarding financial planning services.

3. Data and methodology

Our primary tool for gathering data for analysis is a quantitative survey of a representative group of individuals who may be interested in virtual financial planning services. The survey population parameters were structured to insure adequate response from certain demographics within the population. *Survey Sampling International* was utilized to build the sample. Instruction to *Survey Sampling International* required all respondents to have a household income of at least $50,000. Additionally, at least 25% of respondents had to be under the age of 40. To gauge the required sample size, a population parameter was constructed using Internet usage statistics from Miniwatts Marketing Group (2009) combined with age demographics within the United States from Wikipedia (2009). This parameter approximates a sample population of 180,000,000. Within a 95% confidence level and a 5% confidence interval, the sample size was 384. Survey Sampling International was to provide a minimum of 400 responses.

Given the proposed online nature of this product, it was deemed reasonable to assume that the sample population could also be constrained by access to the Internet and email. Therefore, the survey was created using an online survey tool. The survey link to *www.surveymonkey.com* was provided to *Survey Sampling International* and over a three day period the survey responses were gathered from *www.surveymonkey.com.*

A survey instrument was developed with questions designed to obtain the desired information from the households surveyed. The survey was designed to identify the demographic makeup of the potential target market for an online financial planning product. The demographic variables included in the survey were age, gender, marital status, education, household income, occupation, children, and household assets and debt. Survey questions were designed to provide information about the current financial habits of the household, as well as their current interest and participation in personal financial planning. Additional questions probed for the respondent's feelings toward financial planning, their current sources of financial planning information and services, as well as a specific question about a product concept statement for a new virtual financial planning product. Questions were developed to be as specific as possible while attempting to increase the likelihood of response. A copy of the survey instrument is included in the Appendix.

To also provide qualitative information on the market for virtual financial planning services, two focus group studies were conducted to gain input from potential consumers. The groups included individuals from the San Diego Triathlon Club and the Qualcomm Investment Club. Participants were asked to discuss their thoughts, views, and opinions on a new virtual financial planning software product that will help individuals take a more active role in the financial planning process. The groups were provided an explanation of a proposed online comprehensive financial planning product. Participants were screened to be comfortable with a computer and using online software, interest in financial planning services, and annual income of at least $75,000. In total, 19 people participated in the focus groups.

4. Results

4.1. Quantitative survey results

In total, 442 responses to the survey were received. The results for each of the four areas of interest (respondent characteristics and demographics, household financial management attributes and use of online financial services, household personal financial planning attributes, and attitudes toward a new virtual financial planning software product) are presented as follows.

4.1.1. Characteristics of managers of household finances and household demographics

Individuals were asked to provide information on their gender, age, marital status, highest level of education, and number of children living at home. Approximately 400 individuals responded to this series of questions. The results are summarized in Table 1. The respondents are evenly split between male and female, with 50.4% being male and 49.6% female. Age categories range from under 24 to 65 and older, with the most respondents (52.6%) falling into the 45 to 64 age category. The average age of respondents is estimated at 47.4 years. The most common marital status of respondents is married (65.7%), followed by single (19.8%).

Table 1 Respondent demographics

Characteristic	Number responses	Percent
Gender		
Male	203	50.4%
Female	200	49.6%
Total	403	100.0%
Age		
Under 24 (24)	31	7.8%
25 to 34 (30)	52	13.0%
35 to 44 (40)	73	18.3%
45 to 64 (55)	210	52.6%
65 and older (65)	33	8.3%
Total	399	100.0%
Mean age	47.4	
Marital status		
Single	79	19.8%
Married	262	65.7%
Separated	7	1.7%
Divorced	45	11.3%
Widowed	6	1.5%
Total	399	100.0%
Highest level of education		
High school graduate or less (1)	48	12.0%
Some college (2)	108	27.0%
Associate's degree (3)	53	13.3%
Bachelor's degree (4 year degree) (4)	123	30.7%
Master's degree (5)	53	13.3%
Doctoral degree (6)	15	3.7%
Total	400	100.0%
Mean level of education	3.2	
Number of children living at home		
0	234	58.9%
1	61	15.4%
2	68	17.1%
3	23	5.8%
4 or more (4)	11	2.8%
Total	397	100.0%
Mean number of children living at home	0.8	

Notes: Responses are out of 442 completed surveys received. Numbers in parentheses, where applicable, represent the coding of ranges for these variables.

The most common level of education is bachelor's degree (30.8%), with the average level of education of respondents falling between an associate's and bachelor's degree. Most respondents (58.9%) have no children living at home, while the average number of children living at home is estimated at 0.8.

Individuals were also asked to provide household demographic data pertaining to location and a variety of income and wealth measures. The results are summarized in Table 2. Respondents represent all U.S. regions, with slightly more from the Northeast (23.3%) and North–Central (23.0%) regions than from the Southeast (14.7%) and Northwest (11.0%).

Table 2 Household demographics

Demographic	Number responses	Percent
U. S. Region		
Northeast	93	23.3%
Southeast	59	14.7%
North–Central	92	23.0%
South–Central	42	10.5%
Northwest	44	11.0%
Southwest	70	17.5%
Total	400	100.0%
Total annual household income		
Less than $75,000 ($75,000)	186	47.2%
$75,001–$150,000 ($112,500)	169	42.0%
$150,001–$250,000 ($200,000)	27	6.9%
$250,001–$500,000 ($375,000)	7	1.8%
$500,001 or more ($500,001)	5	1.3%
Total	394	100.0%
Mean total annual household income	$110,374	
Total estimated value of assets		
Less than $200,000 ($200,000)	165	41.7%
$200,001–$500,000 ($350,000)	115	29.0%
$500,001–$1,000,000 ($750,000)	70	17.7%
$1,000,001–$2,000,000 ($1,500,000)	33	8.3%
$2,000,001 or more ($2,000,001)	13	3.3%
Total	396	100.0%
Mean total estimated value of assets	$508,207	
Total estimated household debt		
Less than $100,000 ($100,000)	245	61.2%
$100,001–$300,000 ($200,000)	110	27.5%
$300,001–$750,000 ($525,000)	34	8.5%
$750,001–$1,500,000 ($1,125,000)	7	1.8%
$1,500,001 or more ($1,500,001)	4	1.0%
Total	400	100.0%
Mean total estimated household debt	$195,563	

Notes: Responses are out of 442 completed surveys received. Numbers in parentheses, where applicable, represent the coding of ranges for these variables. Assets are defined as "what you own." This can include checking, savings, stocks, mutual funds, retirement plan, car, and home. Debt is defined as "what you owe." This can include credit cards, mortgage, car loan, student loan, and all other loans.

Total annual household income is concentrated below $150,000, with 47.2% of respondents falling below $75,000 and 42.0% falling between $75,001 and $150,000. The average annual household income of respondents is estimated at $110,374. Total estimated value of assets is concentrated below $500,000, with 41.7% of respondents falling below $200,000 and 29.0% falling between $200,001 and $500,000. The average total estimated value of assets is estimated at $508,207. The total estimated household debt is concentrated below $300,000, with 61.3% of respondents falling below $100,000 and 27.5% falling between $100,001 and $300,000. The average total estimated household debt of respondents is estimated at $195,563.

Table 3 Household financial management attributes

Attribute	Number responses	Percent
Who typically manages the household finances?		
Primarily you	247	56.6%
Primarily your spouse or partner	62	14.2%
You and your spouse or partner jointly	102	23.4%
Financial planner	6	1.4%
Accountant	19	4.4%
Total	436	100.0%
Does your household maintain a budget that tracks income and expenses?		
Yes	227	52.2%
No	208	47.8%
Total	435	100.0%
How often does your household review the household budget per year?		
1–2 (1.5)	51	22.0%
3–4 (3.5)	39	16.8%
5–6 (5.5)	39	16.8%
7–8 (7.5)	7	3.0%
9–10 (9.5)	12	5.2%
11 or more (11)	84	36.2%
Total	232	100.0%
Mean times per year	6.5	

Notes: Responses are out of 442 completed surveys received. Numbers in parentheses, where applicable, represent the coding of ranges for these variables.

Overall, respondents are evenly split along gender lines, and, on average, are in their late 40s, married, with either an associate's or bachelor's degree, and have no children living at home. They are reasonably spread across all regions of the United States, and are concentrated at the lower level categories for household income, assets, and debt. These results are consistent with those of the College for Financial Planning (2008).

4.1.2. Household financial management attributes and online financial services used

We next ask individuals to provide information about various attributes related to their household financial management, including their use of online financial management tools. Respondents provide information regarding who manages household finances, use of a household budget, and the frequency of budget review. The results, summarized in Table 3, show that household finances are most often managed by the respondent (56.7%) or jointly by the respondent and his or her spouse or partner (23.4%). Slightly more households than not (52.2%) respond that they maintain a budget that tracks income and expenses. The households review the budgets relatively few times per year—22.0% review 1–2 times, 16.8% 3–4 times, and 16.8% 5–6 times, or frequently—36.2% review 11 or more times per year.

The individuals surveyed were also asked to indicate which online financial services they currently use and their frequency of use. The results, summarized in Table 4, show that

Table 4 Household online financial services currently used

On-line financial service	Never	Annually	Semi Annually	Quarterly	Monthly	Weekly	Daily		
	(0)	(6)	(5)	(4)	(3)	(2)	(1)	Total	Mean
Online banking	118	7	3	6	41	163	89	427	1.4
	27.6%	1.6%	0.7%	1.4%	9.6%	38.2%	20.9%	100.0%	
Online billpay	139	2	5	7	132	117	21	423	1.7
	32.9%	0.5%	1.2%	1.6%	31.2%	27.6%	5.0%	100.0%	
Online budgeting	312	11	6	19	28	32	5	413	0.8
	75.5%	2.7%	1.5%	4.6%	6.8%	7.7%	1.2%	100.0%	
Online investing	302	15	10	22	32	24	14	419	0.9
	72.1%	3.6%	2.4%	5.3%	7.6%	5.7%	3.3%	100.0%	
Quicken online	366	7	4	3	10	16	7	413	0.3
	88.6%	1.7%	1.0%	0.7%	2.4%	3.9%	1.7%	100.0%	

Notes: Responses are out of 442 completed surveys received. Numbers in parentheses, where applicable, represent the coding of ranges for these variables. Respondents were asked which of the following online financial services they currently use, if any. Mean is the mean of coded values for *Never* to *Annually*.

many respondents do not currently make use of online financial services. Those indicating that they never use are 27.6% for online banking, 32.9% for online billpay, 75.5% for online budgeting, 72.1% for online investing, and 88.6% for online Quicken. With the exception of banking and billpay, a strong majority of respondents do not use online financial services. For those using these services, the most prevalent frequency of use is weekly for online banking (38.2%), monthly for online billpay (31.2%), weekly for online budgeting (7.7%), monthly for online investing (7.6%), and weekly for online Quicken (3.9%).

Overall, the results show that household finances are most often managed by the respondent to the survey, followed by jointly with his or her spouse or partner. There is a fairly even split between households that do or do not maintain a budget to track income and expenses. Households that do budget tend to review them six or less times per year or 11 or more times. With the exception of online banking and billpay, the great majority of respondents do not currently use online financial services. Those that do use these services tend to use them weekly or monthly.

4.1.3. *Household personal financial planning attributes*

An objective of this study is to gather information on personal financial planning attributes of the surveyed group. The individuals surveyed were asked to provide information pertaining to their use and frequency of financial planning, expenditures on financial planning services, perceived value, intended future use, and use of specific financial planning sources and services. Financial planning is defined as "planning for achievement of lifetime personal financial goals through the use of a comprehensive strategy that is based on a respondent's current financial situation and forecasted financial outcomes."

More than not, respondents indicate that they do not currently take part in any sort of personal financial planning, with 258 (60.7%) of 425 respondents indicating that they do not. Respondents who do take part in financial planning tend to review the plans less than four times per year, with 41.5% reviewing 1–2 times and 24.7% reviewing 3–4 times, although 12.7% indicate that they review 11 or more times per year. The mean times per year reviewed

Table 5 Household personal financial planning attributes

Financial planning attribute	Number responses	Percent
Does your household currently take part in any sort of personal financial planning?		
Yes	167	39.3%
No	258	60.7%
Total	425	100.0%
How often does your household review the personal financial plan per year?		
1–2 (1.5)	59	41.5%
3–4 (3.5)	35	24.7%
5–6 (5.5)	17	12.0%
7–8 (7.5)	9	6.3%
9–10 (9.5)	4	2.8%
11 or more (11)	18	12.7%
Total	142	100.0%
Mean times per year	4.3	
How much does your household spend on financial planning services annually?		
Less than $100 ($100)	76	54.3%
$100–$500 ($300)	29	20.7%
$501–$1,000 ($750)	6	4.3%
$1,001–$2,500 ($1,750)	10	7.1%
$2,501–$5,000 ($3,750)	4	2.9%
$5,001 or more ($5,001)	5	3.6%
Unknown	10	7.1%
Total	140	100.0%
Mean spent on financial planning	$559	
Do you believe the money you spend on financial planning services provides a good value? On a scale of 1–5, 5 being an excellent value, please rate the value of your financial planning services		
Poor (1)	15	11.0%
Fair (2)	23	16.9%
Good (3)	42	30.9%
Very good (4)	33	24.3%
Excellent (5)	23	16.9%
Total	136	100.0%
Mean good value	3.2	
Do you or your household intend to use financial planning in the future?		
Definitely not (1)	47	17.9%
Probably not (2)	98	37.4%
Maybe (3)	86	32.8%
Probably (4)	24	9.2%
Definitely (5)	7	2.7%
Total	262	100.0%
Mean future intention	2.4	

Notes: Responses are out of 442 completed surveys received. Numbers in parentheses, where applicable, represent the coding of ranges for these variables. Financial planning is defined as "planning for achievement of lifetime personal financial goals through the use of a comprehensive strategy that is based on a respondent's current financial situation and forecasted financial outcomes."

Table 6 Use of specific financial planning sources and services

	Number of responses	Mean
Financial planning source		
Personal financial advisor	109	48
Stockbroker	79	7
Insurance representative	82	8
Financial planning software	83	16
Bank	93	18
Books	81	10
Online tools	87	16
Friends or family	88	17
Financial planning service		
Investment planning	106	33
Retirement planning	108	35
Household budgeting	92	25
Tax planning	86	9
Estate planning	75	5
Insurance planning	77	7
Education funding	75	8
Debt management	85	13

Notes: Responses are out of 442 completed surveys received. For each section (financial planning source and financial planning service), respondents were asked to allocate a total of 100 points to the listed sources. The more each source is used, the more points should be allocated to it. The survey would not allow respondents to continue until the points added up to 100. The mean points are shown are the average number of points allocated to each item.

is estimated at 4.3. Most respondents spend less that $100 annually on financial planning (54.3%), while 20.7% spend between $100 and $500 annually. The mean annual expenditure of respondents is $559. The perceived value of money spent on financial planning services is mixed, with 11.0% of respondents rating the value as *poor*, 16.9% as *fair*, 30.9% as *good*, 24.3% as *very good*, and 16.9% as *excellent*. The mean for perceived value is slightly above good. Respondents' intended future use of personal financial planning is also mixed with 17.9% indicating definitely not, 37.4% probably not, 32.8% maybe, 9.2% probably, and 2.7% definitely. The mean is above probably not. These results are detailed in Table 5.

Individuals surveyed were asked to indicate their use of a variety of specific financial planning sources and financial planning services. For each section (financial planning source and financial planning service), respondents were asked to allocate a total of 100 points to the listed sources. The more each source is used, the more points should be allocated to it. The survey would not allow respondents to continue until the points added up to 100. The mean number of responses and average number of points allocated to each item are shown in Table 6. The main financial planning source for respondents is a personal financial advisor (mean of 48 out of 100 points), followed by bank (18), friends or family (17), financial planning software and online tools (16 each), books (10), insurance representative (8), and stockbroker (7). The main financial planning services for respondents are retirement planning and investment planning (means of 35 and 33 out of 100 points, respectively), followed by household budgeting (25), debt management (13), tax planning (9), education funding (8), insurance planning (7), and estate planning (5).

Table 7 Reasons for not using financial planning

On-line financial service	Completely disagree (−3)	Strongly disagree (−2)	Disagree (−1)	Neither agree nor disagree (0)	Agree (1)	Strongly agree (2)	Completely agree (3)	Total	Mean
Cost of service is too high	24	3	7	92	59	25	45	255	0.6
	9.4%	1.2%	2.8%	36.1%	23.1%	9.8%	17.6%	100.0%	
It is too *overwhelming*	28	4	26	86	53	26	31	254	0.3
	11.0%	1.6%	10.2%	33.9%	20.9%	10.2%	12.2%	100.0%	
Financial planning *not justified* in my situation	25	8	31	76	54	22	39	255	0.4
	9.8%	3.1%	12.2%	29.8%	21.2%	8.6%	15.3%	100.0%	
I'm *not motivated* to do financial planning	27	9	21	90	71	16	20	254	0.2
	10.6%	3.5%	8.3%	35.4%	28.0%	6.3%	7.9%	100.0%	
I *don't trust* financial planning sources	24	9	24	88	45	25	33	248	0.3
	9.7%	3.6%	9.7%	35.5%	18.1%	10.1%	13.3%	100.0%	

Notes: Responses are out of 442 completed surveys received. Numbers in parentheses, where applicable, represent the coding of ranges for these variables. Financial planning is defined as planning for achievement of lifetime personal financial goals through the use of a comprehensive strategy that is based on a respondent's current financial situation and forecasted financial outcomes. Respondents were asked to check all reasons that apply if they do not currently used financial planning. The survey also included an "other "category for reasons not using financial planning services and eight respondents provided other reasons. These included: do not make enough money (two respondents), divorced and in debt and trying to get by, not a member of the investment class, retired (two respondents), have not gotten around to it, and do it myself. Mean is the mean of coded values for *completely disagree* to *completely agree.*

The individuals were asked to rank their reasons for not utilizing financial planning services. A seven-point Likert scale was used ranging from *completely agree* (3) to *completely disagree* (−3), centered on *neither agree nor disagree* (0). The reasons listed in the survey instrument are *cost, overwhelming, not justified, not motivated,* and *don't trust financial planning sources.* The results are shown in Table 7. The reasons for not using personal financial planning services are spread across the scale for each of the five reasons listed, with the majority of respondents neither agreeing nor disagreeing with each reason. The mean scores for each item are near the center, ranging from 0.2 to 0.6. The survey also included an "other" category of reasons for not using financial planning services and eight respondents provided other reasons. These included: do not make enough money (two respondents), divorced and in debt and trying to get by, not a member of the investment class, retired (two respondents), have not gotten around to it, and do it myself.

To summarize, a majority of respondent households (60.7%) do not currently take part in any sort of financial planning. Most responding households that do plan, review the plans less than four times per year, and most respondents indicate that they spend less than $500 per year on financial planning services. The perceived value of these services is mixed, with the average being slightly above *good.* Responding households are more inclined not to intend to use financial planning services in the future, with the average being just above *probably not.* The most common source of financial planning advice is a personal financial advisor, and the most commonly used financial planning services are retirement planning, investment planning, and household budgeting. No clear consensus emerges when respondents are asked to rate various reasons for not using financial planning. Overall, the lack of satisfaction by many respondents with the current state of financial planning, suggests that there are opportunities in the market for new products and delivery mechanisms.

4.1.4. Attitudes toward a new virtual financial planning software product

To better understand market readiness for a new comprehensive online financial planning software solution, the individuals surveyed were asked about their attitudes toward a potential new comprehensive virtual financial planning product. Participants were told the following about the product:

> This web-based software automates the process of creating a personal financial plan—it is an individual's virtual financial planner. The process starts by inputting your personal financial data and goals using an interactive wizard that gathers the necessary information. The program will act as your personal financial advisor, instantly creating a comprehensive financial plan based on the information you have provided. This plan will guide you toward achievement of your lifetime financial goals. Your plan inputs can be quickly modified allowing you to instantly update your plan or perform "what if" analysis to refine your plan.

Individuals were asked whether they would purchase this product if the price were reasonable. If they answered "no", they were also asked to rank their reasons for not purchasing the software. A seven-point Likert scale was used ranging from *completely agree* (3) to *completely disagree* (−3), centered on *neither agree nor disagree* (0). The reasons listed in the survey instrument are *planning myself is too complicated*, *prefer to rely on a professional advisor*, and *do not like using a computer*. The results are shown in Table 8. Respondents are evenly split regarding whether or not they would purchase the described virtual financial planning product, with 50.4% answering "yes" and 49.6% "no". The reasons for not purchasing the software are spread across the scale for *doing myself is too complicated*, with a mean of 0.1. They are also fairly dispersed for *prefer to rely on a professional advisor*, with some leaning toward completely agree (25.8%) and a mean of 0.6. Respondents do not appear to be strongly deterred from using software because of *not liking the use of a computer*, as 43.9% "completely disagree" with this statement and the mean is −1.7. The survey also included an "other" category for reasons not purchasing the software and eight respondents provided other reasons. These included: all set at 71 years old, do not trust the software (two responses), do it on paper without a program (two responses), hate math, allow someone else to do my planning, and currently unemployed.

Overall, respondents are fairly evenly split over whether they would be willing to purchase a comprehensive online financial planning software solution at a reasonable price. There is some evidence that respondents would prefer to rely on a professional advisor, but it does not appear that lack of comfort using a computer is a major deterrent.

4.1.5. Bivariate and multivariate analysis

Bivariate analysis is used to examine the relation between various sociodemographic and financial characteristics and the responding households' willingness to purchase an online

Table 8 Attitudes toward new online financial planning software

	Number responses	Percent
If you were able to purchase the financial planning software to perform your own financial planning, would you make the purchase if the price were reasonable?		
Yes	69	50.4%
No	68	49.6%
Total	137	100.0%
If you answered no to purchasing the financial planning software, please specify why.		

Reason	Completely disagree (−3)	Strongly disagree (−2)	Disagree (−1)	Neither agree nor disagree (0)	Agree (1)	Strongly Agree (2)	Completely Agree (3)	Total	Mean
Doing financial planning myself is *too*	8	7	10	14	12	5	11	67	0.1
complicated	11.9%	10.4%	14.9%	20.9%	17.9%	7.5%	16.4%	100.0%	
I prefer to *rely on a*	11	2	7	8	12	9	17	66	0.6
professional advisor	16.7%	3.0%	10.6%	12.1%	18.2%	13.6%	25.8%	100.0%	
Do *not like using a*	29	10	14	7	2	2	2	66	−1.7
computer	43.9%	15.2%	21.2%	10.6%	3.0%	3.0%	3.0%	100.0%	

Notes: Responses are out of 442 completed surveys received. Numbers in parentheses, where applicable, represent the coding of ranges for these variables. The proposed new Web-based software automates the process of creating a personal financial plan; it is an individual's personal financial planner. The process starts by inputting personal financial data and goals using an interactive wizard that gathers the necessary information. The program acts as a personal financial advisor, instantly creating a comprehensive financial plan based on the information provided. This plan guides the individual toward achievement of their lifetime financial goals. The plan inputs can be quickly modified allowing the individual to instantly update their plan or perform "what if" analysis in order to refine the plan. The survey also included an "other" category for reasons for not purchasing the software and eight respondents provided other reasons. These included: all set at 71, do not trust the software (two responses), do it on paper without a program (two responses), hate math, allow someone else to do my planning, and currently unemployed. Mean is the mean of coded values for *completely disagree* to *completely agree*.

financial planning product. For purposes of this analysis, various independent variables are coded into binary form based on "yes" or "no" answers, values above and below the mean, or other groupings. The *who manages finances* variable is coded as 0 for planner or accountant and 1 for member of household. The *do you budget* variable is coded as 0 for no and 1 for yes. The *annual budget review frequency* variable is coded as 0 for four or less times annually and 1 for five or more times. The *use of* various online financial tools are coded as 0 for no and 1 for yes. *Gender* is coded as 0 for male and 1 for female. *Age* is coded as 0 for 34 and under and 1 for 35 and older. *Highest education* is coded as 0 for some college or less and 1 for associate's degree or more. *Marital status* is coded as 1 for married and 0 for other. *Number of children at home* is coded as 0 for none and 1 for one or more. *Annual household income* is coded as 0 for less than $75,000 and 1 for more than $75,000.

Table 9 Univariate probit regression results

Variable	Coefficient	z-statistic	Pseudo R^2	Number of observations
Who manages finances	[a]			
Do you budget	0.0848547	0.37	0.0007	133
Annual budget review frequency	0.3904408	1.45	0.0165	92
Use online banking	0.0114985	0.04	0.0000	137
Use online billpay	0.1903102	0.81	0.0034	137
Use online budgeting	0.2611961	1.12	0.0068	133
Use online investing	0.3289067	1.47	0.0116	134
Use online Quicken	0.9839853	3.17***	0.0602	131
Gender	0.0907049	0.42	0.0009	137
Age	−0.4615464	−2.03**	0.0220	136
Highest education	−0.0069241	−0.03	0.0000	134
Marital status	−0.1013254	−0.44	0.0010	134
Number children at home	−0.3621636	−1.64*	0.0144	133
Annual household income	−0.1938140	−0.88	0.0042	132
Household assets	0.2232545	0.00	0.0000	132
Household debt	−0.4860520	−2.12**	0.0243	134

Notes: Coefficients shown for Probit regressions where the dependent variable is 0 for no and 1 for yes for the answers to the question: *If you were able to purchase virtual financial planning software to perform your own financial planning, would you make the purchase if the price were reasonable?* Independent variables are coded as: Who manages finances = 0 for planner or accountant, 1 for member of household; do you budget = 0 for no and 1 for yes; annual budget review frequency = 0 for four or less, 1 for five or more; gender = 0 for male, 1 for female; age = 0 for 34 or under, 1 for 35 or over; highest education = 0 for some college or less, 1 for Associate's degree or more; marital status = 1 for married, 0 for other; number of children at home = 0 for none, 1 for one or more; annual household income = 0 for less than $75,000, 1 for $75,000 or more; household assets = 0 for less than $200,000, 1 for $200,000 or more; household debt = 0 for less than $100,000, 1 for $100,000 or more; and for all other questions = 0 for no and 1 for yes. A constant term is included in each regression, but the coefficients are not shown in the interest of brevity.

[a]Who manages finances dropped because 0 predicts success perfectly.

***Statistically significant at the 1% level.

**Statistically significant at the 5% level.

*Statistically significant at the 10% level.

Household assets is coded as 0 for less than $200,000 and 1 for more than $200,000. *Household debt* is coded as 0 for less than $100,000 and 1 for more than $100,000. To examine the relationship between each of these variables and the respondents' *willingness to purchase an online financial planning product*, we use univariate probit regressions, regressing each independent variable against a dummy of 0 for not willing and 1 for willing to purchase. The results are shown in Table 9.

Focusing on coefficients that are statistically significant, the results indicate that respondents who use online Quicken are more likely to be willing to purchase an online financial planning product. The coefficient for age is negative and significant, indicating that respondents aged 34 and under are more likely to purchase virtual financial planning products. Number of children at home and household debt also have negative and significant coefficients, suggesting that households with no children at home and with household debt less than $100,000 are more likely to purchase virtual financial planning products. Coefficients on the other variables are not statistically significant.

Table 10 Multivariate probit regression results

Variable	Coefficient	z-statistic	Pseudo R^2
Who manages finances	[a]		
Do you budget	[a]		
Annual budget review frequency	0.3478991	0.93	.0165
Use online banking	0.5951305	0.82	.0000
Use online billpay	−0.1804616	−0.28	.0034
Use online budgeting	−0.2939426	−0.66	.0068
Use online investing	−0.3385662	−0.75	.0116
Use online Quicken	2.160375	3.32***	.0602
Gender	0.6806562	1.60*	.0009
Age	−0.6729779	−1.80*	.0220
Highest education	0.486051	1.23	.0000
Marital status	0.4104443	0.99	.0010
Number children at home	−0.1333192	−0.35	.0144
Annual household income	−1.105157	−2.30**	.0042
Household assets	0.2500031	1.16	.0000
Household debt	−0.2951344	−0.74	.0243
Constant	−0.5807999	−0.70	
Number of observations	78		
Pseudo R^2	0.2869		

Notes: Coefficients shown for Probit regressions where the dependent variable is 0 for no and 1 for yes for the answers to the question: *If you were able to purchase virtual financial planning software to perform your own financial planning, would you make the purchase if the price were reasonable?* Independent variables are coded as: Who manages finances = 0 for planner or accountant, 1 for member of household; do you budget = 0 for no and 1 for yes; annual budget review frequency = 0 for four or less, 1 for five or more; gender = 0 for male, 1 for female; age = 0 for 34 or under, 1 for 35 or over; highest education = 0 for some college or less, 1 for Associate's degree or more; marital status = 1 for married, 0 for other; number of children at home = 0 for none, 1 for one or more; annual household income = 0 for less than $75,000, 1 for $75,000 or more; household assets = 0 for less than $200,000, 1 for $200,000 or more; household debt = 0 for less than $100,000, 1 for $100,000 or more; and for all other questions = 0 for no and 1 for yes.

[a]Who manages finances and do you budget omitted because of collinearity.

***Statistically significant at the 1% level.

**Statistically significant at the 5% level.

*Statistically significant at the 10% level.

We utilize a multivariate Probit regression model to estimate the effect of various sociodemographic and financial characteristics on the likelihood of using financial planning, intending to use financial planning in the future, and willingness to buy an online financial planning product, while simultaneously controlling for the effects of other independent variables. As with the univariate probit regressions, the dependent variable is a dummy of 0 for not willing to purchase virtual financial planning software and 1 for willing to purchase. The results are shown in Table 10.

Focusing on coefficients that are statistically significant, the results indicate that respondents who use online Quicken are more likely to be willing to purchase an online financial planning product. The likelihood is positively and statistically significantly related to female gender and negatively and statistically significantly related to age and annual household income. This regression is statistically significant at the one-percent level and has a Pseudo R^2 of 0.2869.

These results suggest that the some household characteristics are significantly related to a respondent's likelihood of being willing to purchase virtual financial planning software. Respondents who currently use online Quicken, are female, are age 34 or under, and with household income below $75,000 are more likely to be interested in purchasing such a product.

4.2. Focus group results

The primary financial objectives for focus group participants were financial independence, retirement, and children's education. Participants who used a financial planner and those who self-managed their finances were well represented in each of the focus groups. Most of the participants who managed their own finances used Fidelity or Charles Schwab. A summary of participant's observations is shown in Table 11.

The pros of the potential online product are convenience and flexibility, ability to conduct "what if" analysis, ease of interaction with a computer program, cost, and means of double checking a planner's advice. Cons include lack of human soft touch, uncertainty about validity of algorithms and company staying power, lack of customization and ability to ask questions, and lack of differentiation from Quicken. The focus groups identified the pros of using an actual planner as credibility and branding, knowledge and experience, ability to provide education, and time efficiency. The cons of using a planner include cost, conflicts of interest, may not yield better results, and selling pressure.

Other observations from the focus groups indicate that the online product may not represent a respected brand and provide the feeling of knowledgeable and experienced support. Participants expressed little interest in a companion book to go with the software. Participants who are tech savvy, younger, in rural areas, and professionals who are poor with money expressed stronger interest. Participants see high value if the product will save money by helping with budgeting, indicated the need for a free trial period, and preferred a subscription-based plan. Acceptable pricing ranged from up to $100 per year or $10-$20 per month. One concern expressed is over targeted banner advertising within the product, because of the use of personal data within the product. Participants want flexible and printable reports and a professional name for the product. Desirable product features include investment advice, downloadable software with periodic updates, up-to-date market and tax information, an educational component, expense tracking and estimated tax payments, Medicare and social security calculations, budgeting, and ability to make trades and access accounts.

The focus groups served to validate the potential market for virtual financial planning software. Participants voiced some hesitancy on certain product offerings but expressed an overall positive reaction to the virtual financial planning software concept. Individuals were genuinely intrigued by the product offerings, and enthusiastically participated in discussions on additional features that could and should be incorporated into the final product. Some of the key features identified by the focus group participants included a desire to have a budgeting feature incorporated into the software as well as an investment planning tool. Both of these features were perceived as adding real value to the final product.

Table 11 Focus group impression of a potential online financial planning product and opinions regarding financial planners

Pros	Cons
Focus group impression of a potential online financial planning product	
• Convenience and flexibility–individual can enter the information at their own pace	• Lack of "soft-touch"
• Allows the individual to conduct "what if" analysis	• Unsure of validation of algorithms
• Less intimidating interaction–able to interact with a computer instead of a "pushy" financial planner	• Unsure if company has staying power
• Lower cost to a financial planner	• Cookie cutter approach that doesn't feel customized enough
• Means to double-check financial planner's results	• Can't ask the WHY questions to software
• Participants liked the idea of very specific goals	• User may not even know what he or she is looking for–sense of wandering through the plan
	• Static source that might not be relevant in the future
	• Appeared to be a duplicate of Quicken
Focus group opinions regarding financial planners	
• Backed by credible brand	• Cost of planning services
• Knowledge and experience	• Impression that planner withholds information
• Use of financial planner provides education	• Conflicts of interest
• Planner offers right mix of recommendations	• Not very impressed with Financial Planner (FP) results
• Don't have to spend time managing money	• Not always obvious that the FP will produce better results
• Good resource	• Don't feel like the FP would pick the same investments with his own money
• Intelligent sounding board	• Feel like the FP is trying to sell products
• Exposure to various investment products	
• Nice to have someone else do the leg work	

Notes: Two focus group studies were conducted to gain qualitative input from potential consumers. The groups included individuals from the San Diego Triathlon Club and the Qualcomm Investment Club and were asked to discuss their thoughts, view, and opinions on a brand new financial planning software product that will help individuals take a more active role in the financial planning process. The groups were provided an explanation of a proposed online comprehensive financial planning product. Participants were screened to be comfortable with a computer and using online software, interest in financial planning services, and annual income of at least $75,000. In total, 19 people participated in the focus groups.

5. Summary and conclusion

The market for personal financial planning products is undergoing changes because of economic factors and technological advances. We review the current market and provide a discussion of the potential market for virtual financial planning services. We examine the demographic profile of the target market for online financial planning software and determine the target market's perceptions, needs, and motivations regarding financial planning services. Quantitative results come from a survey that we have conducted of potential users of virtual financial planning products. In total, 442 responses to the survey were received. The general trends identified are:

- Respondents are evenly split along gender lines, in their late forties, married, with either an associate's or bachelor's degree, and no children living at home.
- Respondents are reasonably spread out across the United States and are concentrated at the lower level categories of household income, assets, and debt.
- Household finances are typically managed by the respondent or jointly with his or her spouse or partner.
- There is a fairly even split between households that do or do not maintain a budget to track income and expenses.
- Households that do budget tend to review them six or less times per year or 11 or more times.
- With the exception of online banking and billpay, the majority of respondents do not currently use online financial services.
- A majority of respondent households (60.7%) do not currently take part in any sort of financial planning and are inclined not to use financial planning services in the future.
- Households that do plan spend less than $500 per year on financial planning services.
- The most common source of financial planning advice is a personal financial advisor and the most commonly used financial planning services are retirement planning, investment planning, and household budgeting.
- Respondents are evenly split over whether they would be willing to purchase a comprehensive online financial planning software solution at a reasonable price.
- Multivariate regression results show that willingness to purchase an online financial planning product is positively related to use of online Quicken, being 34 years old or younger, no children living at home, and household income less than $75,000.

Focus group results show that participants are interested in the convenience, flexibility, and cost of an online financial planning tool, but that they are concerned about lack of human touch and the validity of the product and reputation of the provider. The major challenges to broad market acceptance of virtual financial planning services are believed to include perceived complexity, price, and availability. The product challenge is to build a model with highly intuitive, non-threatening user interfaces. The client must feel comfortable communicating with the model both with regard to data input and interpretation of the plan output. Clearly all communication between client and virtual planner must be clear, unambiguous, and understandable. A second challenge is pricing. Virtual planners must be far more affordable than the plans prepared by real-life financial advisors. Clearly the absence of a real person to interact with warrants a sizable discount from the fee effectively charged by real-life financial advisors. For those persons who would hire a virtual financial planner, availability is a major challenge, partially because of the perceived complexity and pricing challenges, but mostly because of the absence of a high-quality virtual planning model and its effective marketing.

Overall, our results suggest that there is a potential market for virtual financial planning tools. Acceptance of these tools will depend on pricing, provider reputation, and features. Our results should be of helpful to individuals interested in new forms of delivery for comprehensive personal financial planning services and to professionals interested in providing these services in a changing marketplace.

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Appendix: Survey instrument

Financial Planning Survey

Introduction

We areconducting a nationwide study on the financial habits of households.

The following survey asks a short series of questions about current and future household financial habits, as well as some detail regarding the household demographic. All information will be kept anonymous and in the strictest confidence.

Thank you for your participation.

Financial Planning Survey

1. Who typically manages the household finances?

- ○ Primarily You
- ○ Primarily Your Spouse/Partner
- ○ You and Your Spouse/Partner Jointly
- ○ Financial Planner
- ○ Accountant

2. Does your household maintain a budget that tracks income and expenses?

- ○ Yes
- ○ No

Financial Planning Survey

3. How often does your household review the household budget per year?

- ○ 1 - 2
- ○ 3 - 4
- ○ 5 - 6
- ○ 7 - 8
- ○ 9 - 10
- ○ 11 or more

Financial Planning Survey

4. Which of the following online financial services do you currently use, if any? Check all that apply.

	Never	Annually	Semiannually	Quarterly	Monthly	Weekly	Daily
Online banking	○	○	○	○	○	○	○
Online billpay	○	○	○	○	○	○	○
Online budgeting	○	○	○	○	○	○	○
Online investing	○	○	○	○	○	○	○
Quicken online	○	○	○	○	○	○	○

5. Financial Planning is defined as planning for achievement of lifetime personal financial goals through the use of a comprehensive strategy that is based on your current financial situation and forecasted financial outcomes.

Does your household currently take part in any sort of personal financial planning?

○ Yes

○ No

Financial Planning Survey

6. If you do not currently use financial planning, what are your reasons for not doing so? Check all that apply.

	Completely disagree	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Completely agree
Cost of services is too high.	○	○	○	○	○	○	○
It's too overwhelming.	○	○	○	○	○	○	○
Financial planning not justified in my situation.	○	○	○	○	○	○	○
I'm not motivated to do financial planning.	○	○	○	○	○	○	○
I don't trust financial planning sources.	○	○	○	○	○	○	○

Other (please specify)

7. Do you or your household intend to use financial planning in the future?

- ○ Definitely not
- ○ Probably not
- ○ Maybe
- ○ Probably
- ○ Definitely

Financial Planning Survey

8. Financial Planning is defined as planning for achievement of lifetime personal financial goals through the use of a comprehensive strategy that is based on your current financial situation and forecasted financial outcomes.

How often does your household review the personal financial plan per year?

- ○ 1 - 2
- ○ 3 - 4
- ○ 5 - 6
- ○ 7 - 8
- ○ 9 - 10
- ○ 11 or more

9. For this question please allocate a total of 100 points to the following sources. The more you use each source, the more points you should allocate to it. The survey will not allow you to continue until the points add up to 100.

Which financial planning sources does your household use?

Personal Financial Advisor	
Stock Broker	
Insurance Representative	
Financial Planning Software	
Bank	
Books	
Online Tools	
Friends/Family	

Financial Planning Survey

10. For this question please allocate a total of 100 points to the following services. The more you use each service, the more points you should allocate to it. The survey will not allow you to continue until the points add up to 100.

Which of the following financial planning services do you use most?

Investment Planning	
Retirement Planning	
Household Budgeting	
Tax Planning	
Estate Planning	
Insurance Planning	
Education Funding	
Debt Management	

11. Financial planning services include any type of financial planning method, including books, seminars, or professional advice on topics such as retirement planning, investment planning, insurance products, estate planning, etc.

How much does your household spend on financial planning services annually?

- ○ Less than $100
- ○ $100 - $500
- ○ $501 - $1,000
- ○ $1,001 - $2,500
- ○ $2,501 - $5,000
- ○ $5,001 or more
- ○ Unknown

12. Do you believe the money you spend on financial planning services provides a good value? On a scale of 1-5, 5 being an excellent value, please rate the value of your financial planning services.

	1- Poor	2 - Fair	3 - Good	4 - Very Good	5 - Excellent
Value	○	○	○	○	○

Financial Planning Survey

13. This web-based software automates the process of creating a personal financial plan - it is an individual's virtual financial planner. The process starts by inputting your personal financial data and goals using an interactive wizard that gathers the necessary information. The program will act as your personal financial advisor, instantly creating a comprehensive financial plan based on the information you have provided. This plan will guide you toward achievement of your lifetime financial goals. Your MapMyWealth plan inputs can be quickly modified allowing you to instantly update your plan or perform "what if" analysis in order to refine your plan.

If you were able to purchase this financial planning software to perform your own financial planning, would you make the purchase if the price were reasonable?

- ○ Yes
- ○ No

Financial Planning Survey

14. If you answered no to purchasing the financial planning software, please specify why.

	Completely disagree	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Completely agree
Doing financial planning myself is too complicated.	○	○	○	○	○	○	○
I prefer to rely on a professional advisor.	○	○	○	○	○	○	○
Don't like using the computer.	○	○	○	○	○	○	○

Other (please specify)

Financial Planning Survey

15. Gender:

- ◯ Male
- ◯ Female

16. Age:

- ◯ under 24
- ◯ 25 to 34
- ◯ 35 to 44
- ◯ 45 to 64
- ◯ 65 and older

17. US Region:

- ◯ Northeast
- ◯ Southeast
- ◯ North-Central
- ◯ South-Central
- ◯ Northwest
- ◯ Southwest

18. Highest Level of Education:

- ◯ High school graduate or less
- ◯ Some college
- ◯ Associate's degree
- ◯ Bachelor's degree (4 year degree)
- ◯ Master's degree
- ◯ Doctoral degree

19. Occupation:

Financial Planning Survey

20. Marital Status:

- ◯ Single
- ◯ Married
- ◯ Separated
- ◯ Divorced
- ◯ Widowed

21. Number of children living at home?

- ◯ 0
- ◯ 1
- ◯ 2
- ◯ 3
- ◯ 4 or more

22. Total annual household income?

- ◯ Less than $75,000
- ◯ $75,001 - $150,000
- ◯ $150,001 - $250,000
- ◯ $250,001 - $500,000
- ◯ $500,001 or more

23. Assets are defined as "what you own." This can include checking, savings, stocks, mutual funds, retirement plan, car, and home.

What is your total estimated value of assets?

- ◯ Less than $200,000
- ◯ $200,001 - $500,000
- ◯ $500,001 - $1,000,000
- ◯ $1,000,001 - $2,000,000
- ◯ $2,000,001 or more

Financial Planning Survey

24. Debt is defined as "what you owe." This can include credit cards, mortgage, car loan, student loan, and all other loans.

What is your total estimated household debt?

- ◯ Less than $100,000
- ◯ $100,001 - $300,000
- ◯ $300,001 - $750,000
- ◯ $750,001 - $1,500,000
- ◯ $1,5000,001 or more

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