

The economic benefits of personal financial planning: An empirical analysis

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Abstract

Prior research has attempted to value the component services that may be included in a personal financial plan on a theoretical level. This research attempts to measure how those component services are actually valued by consumers based upon a national survey of consumers. It clearly shows that the various financial planning services are valued quite differently by consumers as a whole. In addition, these services are valued differently by different consumer groups. The article concludes that these findings could be used to tailor the services planning firms provide and those they emphasize in their marketing efforts. © 2012 Academy of Financial Services. All rights reserved.

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1. Introduction

Financial planning services are provided by a wide variety of firms ranging from very large financial service companies to one-person boutiques. This range of provider types has an equally wide variety of compensation methods, ranging from commission based-firms to fee-only firms and firms with mixed compensation methods. As Warschauer (2008) notes: “One can only assume that the charge for financial planning services is based upon either a ‘cost plus’ or ‘what the traffic will bear’ mental computation. This is so because there has

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Table 1 Recommendations flowing from the financial planning process

Emergency funds	Investment-based risk control
Sufficient liquid assets	Holding diversified portfolios that minimize diversifiable risk (without altering risk)
Adequate lines of credit	Selecting positive alpha investments
Debt management	Altering risk of overall portfolios to client's risk tolerance
Refinancing high interest loans	Altering portfolios to accommodate appropriate levels of risk for each goal's time horizons and cash flow needs
Reduce excessive debt with savings	
Saving for asset acquisition instead of borrowing at the time of purchase	
Reduce excessive debt with reduced consumption	Goal assessment
Insurable risk reduction	Determine the appropriate withdrawal rate from a lump-sum retirement plan
Improving property insurance coverage (home, auto, flood, earthquake)	Prioritizing and screening achievable goals
Improving liability coverage (home, auto, floater, umbrella)	Feeling organized—the client has “done what could be done”—the degree of orderliness and logic in their current situation
Adequate type and amount of life insurance	
Adequate type and amount of health, disability income and long-term care insurance	Tax and estate assessments
	Tax planning techniques (including the use of tax deferred savings)
	Minimize transfer taxes while insuring goals met
	Prepare plan for transfer of assets (gifts and estate transfers) to insure values met

Source: Warschauer (2008).

been little attempt to evaluate the economic benefits that an individual or family may receive by completing the financial planning process.” It is apparent that planning firms are only vaguely familiar with consumer attitudes regarding how consumers value a comprehensive plan, let alone the value of the component advice a comprehensive plan offers.

The previously cited study divided services provided by financial planners into one of four valuation categories: those that have positive net present value effects, those that have quantifiable and insurable risk-reduction effects, those that have risk-reduction effects that are not insurable, and those that have purely emotional or psychological effects that result in positive utility improvements. Table 1, above, summarized from the 2008 study, lists a number of typical recommendation areas that might be contained in a financial plan.

There has been relatively little discussion of the value of financial planning services in the literature. Hanna and Lindamood (2010) determine the primary theoretical model in this area. They divide the benefits planners provide into three areas: increasing wealth, preventing loss, and smoothing consumption. They “discuss and then reject the possibility of using survey data to obtain valid estimates of the benefits of financial planning advice.” Using primarily utility analysis they conclude that risk-averse and high net worth individuals should find financial planning services most valuable.

Bae and Sandager (1997) review past surveys on consumer perceptions of value in financial planning services and report the results of their own survey estimates of value. Their study is institutionally based, that is, they divide financial planning services by the primary financial institutions providing consumers with financial advice. They list these services in

a format that is consistent with that view of the representative institutions. For example under “insurance” services they list “provide risk management services; sell insurance policies . . . prepare reports, maintain records . . . help policyholders settler insurance claims . . .” In other words, the authors viewed financial planning services through the lens of a composite of services provided by the financial services industries rather than specific financial planning services.

There have, in fact, been a number of studies related to the issue of who serves as the preferred providers of financial planning services. The triennial Survey of Consumer Finances (SCF), has asked questions of where consumer participants have sought services. Elmerick et al. (2002) have studied the use of planners by households. The Financial Planning Association has published data on the value of financial planning services and contains the most reliable data on how consumers value financial planning services, overall (Financial Planning Association, 2008). However, these surveys did not attempt to value individual services planners provide.

A later study by Hanna (2011) uses the 2007 *Survey of Consumer Finances* dataset and finds those most likely to use financial planners are those with higher levels of risk tolerance. They also find ethnic differences in the demand for financial planning services with Black and White ethnicities more likely and Hispanics and Asians less likely to use these services. Finally, they conclude that the closer net worth is to zero the less likely households are to use financial planning services.

2. Objectives, survey methods, and sample description

Overall, we wished to investigate the relative “economic value” that potential clients might place on financial planning services. Correspondingly, we wanted to determine if those values differed by demographic and economic characteristics. To do this, we explored the relative value of 20 different services that a planner could provide and studied these values dependent upon the value of measured experience with financial planning, perceived complexity of financial matters, perceived value of financial planning, demographics, household income, and the value of their investments.

We selected a national survey sampling firm, Survey Sampling International, Inc. (SSI) to conduct the survey. The survey was constructed using an online survey and administered to a pool of Internet users from a sampling pool that SSI has developed. The survey was completed with 681 participants. Initially the survey was open to all panelists at least 25 years of age. Although the sample was primarily a random sample taken by panelists among SSI volunteers, two stratified segments were enhanced somewhat: those above median household income and the demographic between 34 and 65 years of age. This was done in an attempt to increase the number of participants most interested in financial planning services. Later the initial sample was supplemented by stratified techniques with a target of an additional 100 participants with the intention of gaining additional panelists that were older and of higher household-income. After reviewing the data provided by SSI, we eliminated responses where the participants did not fully complete the survey or where the provided data was clearly inappropriate or inconsistent. The final result was a sample of 407

Table 2 Characteristics of survey respondents

Characteristic	Response %	Characteristic	Response %
Geographic region (<i>n</i> = 407)		Household income (<i>n</i> = 407)	
Northeast	22.9%	\$25,000 or below	18.6%
Southeast	24.6	\$25,001 to \$45,000	18.0
Midwest	24.1	\$45,001 to \$75,000	25.0
Southwest (ex. CA)	11.1	\$75,001 to \$125,000	28.0
California	9.3	\$125,001 to \$250,000	8.9
Northwest	8.1	Over \$250,000	1.5
Total	100.0	Total	100.0
Employment status (<i>n</i> = 407)		Age distribution (<i>n</i> = 398)	
Employed full time	41.0%	25–34	25.1%
Employed part-time	12.8	35–64	49.4
Semi-retired	3.9	65 or more	25.8
Retired	24.6	Total	100.0
Not employed	17.7	Investment asset value (<i>n</i> = 375)	
Total	100.0	\$50,000 or less	52.7%
		\$50,001 to \$150,000	16.0
		\$150,001 to \$500,000	17.8
		\$500,001 to \$1,000,000	7.4
		Over \$1,000,000	6.1
		Total	100.0

cases. Because of casewise missing data, the number of respondents conducting the evaluation of specific financial planning services ranged from 373 to 398.

Table 2 shows the characteristics of our national sample of 407. Overall, this distribution of survey participants is largely representative of the population in the United States. Regarding region of the country, roughly three-quarters of respondents reside in the Northeast, Southeast, or Midwest. The respondents who provided gender information indicated 51.1% of them were female. In total, 62.2% of the participants were married and 37.8% unmarried (20.4% were single, 14.7% were separated or divorced, and 3.4% were widows or widowers). Regarding children at home, 70.7% had no children at home while 29.5% had children at home. Regarding employment status of the respondents, a total of 53.8% indicated that they are employed full or part time. The distribution of household income shows that 36.7% earn \$45,000 or less per year. The U.S. Census Department (2011) indicated that median household income in 2009 was \$51,425. Our sample included a somewhat higher distribution with 38.4% above \$75,000 of household income. However, unlike the Census data, our study included any retirement income as part of household income. The survey statistics for the age distribution of respondents show that the key financial planning target market group, those aged 35 through 64, made up nearly one-half of the sample. The age groups 25–34 and 65 or older were nearly equally represented. The survey instrument asked respondents for the approximate value of their assets excluding home and personal assets but including defined contribution retirement plans. Over two-thirds (68.5%) of respondents indicated investment assets under \$150,000 and a little less than one-third (31.5%) had assets over \$150,000. Over 13% (13.5%) reported investment assets over \$500,000. This is consistent with national demographics.

Table 3 Perceived complexity of financial matters $n = 398$

Complexity	Response
Much less or less complicated	31.4%
About as complicated as average	37.6
Somewhat-more or much-more complicated	31.0

3. Previous experience with comprehensive financial planning

We asked respondents if they considered their financial matters to be “more complicated,” “about as complicated as average,” or “less complicated” relative to the average American. Table 3 shows a uniform distribution of the results, although it is not possible to assess the accuracy of their self-assessment. However, we will comment later on the relationship between this perceived complexity and how much a respondent would value a comprehensive financial plan.

We are concerned with respondents’ familiarity with financial planning with regard to how they value financial planning services. Those with more experience with planning may value services they encountered as more or less valuable compared with those who have never encountered planning. Respondents were also asked to describe their experience with financial planning. Table 4 describes the results of that question. Two-thirds of respondents (66.8%) indicated they had no experience with financial planners or advisors; that is, they have managed their finances on their own. Less than six percent said they had their own comprehensive and up-to-date financial plan.

For those respondents with experience with planning, we asked about the qualifications of their planners. Table 5 indicates the qualifications of their planners for the 214 respondents who had experience with advisers or planners.

4. Value of comprehensive planning and the value of financial planning services

We asked all participants to express the value of financial planning services on an anchored seven point scale with “1” being “of no value to me,” “4” being labeled “moderately valuable to me,” and “7” being labeled “extremely valuable to me.” We then collapsed the results into three categories, Low (1, 2, or 3), Moderate (4), and High (5, 6, or 7). The results are shown in Table 6.

Table 4 Previous experience with financial planning $n = 407$

Experience	Response
Have an up-to-date comprehensive written plan	5.9%
Have a written plan focused on one or two issues	8.4
Have received professional advice orally, but not written plan	12.5
Had a plan but it is not out-of-date	6.6
Have managed my own finances	66.8

Table 5 Perceived qualifications of planners $n = 214$

Experience	Response
CFP licensees	43.5%
CPA, enrolled agents, or licensed tax preparers	7.4
Licensed attorney	4.9
Stock broker or insurance agent	6.4
Private or personal banker	4.2
Fee-only planner	3.4
Don't know	3.4

This result may be considered positive by the financial planning/services community. A substantial proportion of the respondents felt that having a comprehensive plan was of moderate to extreme positive value.

The authors wished to determine how much the respondents “would be willing to pay” for a comprehensive financial plan. We actually asked for this estimates two times, once before and once after they evaluated a list of services a comprehensive plan might provide. Table 7 provides the results. Seeing the list of services had a positive impact on the amount they were willing to pay. Before seeing the list, 11.1% were willing to pay \$500 or more, while after seeing the list, this result was 18.2% were. This difference was statistically significant at $p < 0.05$.

Although the fact that most respondents felt combined financial planning services are worth less than \$500 may be discouraging to planners as a profession, several observations seem appropriate. First, most potential clients viewed planning to be of modest value. This probably explains the large proportion of planners who do not charge explicit fees. Until this valuation changes in the mind of the consumer, this fact will limit the compensation methods that can be used by planners. Second, there was a significant shift in the value of planning after clients evaluated the specific functions planners might provide. This implies planners who do a better job explaining all the functions of a comprehensive plan may be more successful. Third, a small proportion of respondents (5.2%) seemed willing to pay over \$1,000 for a plan (after they became familiar with the services a comprehensive planner provides). Given that there are well over 100 million households in the United States, and the average number of clients for fee planners is well under 250, there is room for 400,000 fee-only planners. Even if only 5.2% of households are willing to pay for these services directly, that might employ over 20,000 fee only planners. (Currently, there are almost 1,500 fee only planners in the United States that are members of the National Association of Personal Financial Advisers, the professional organization of fee-only comprehensive planners.)

Table 6 Perceived value of having comprehensive financial plan $n = 398$

Value rating	Response
1, 2, or 3 (Low)	39.1%
4 (Moderate)	28.3
5, 6, or 7 (High)	32.6

Table 7 Amount willing to pay for comprehensive plan $n = 398$

	Before list*	After list*
\$501 to \$1000	6.1%	11.2%
\$1001 to \$1500	1.6%	2.4%
\$1501 to \$2500	1.8%	2.0%
\$2501 to \$3500	0.3%	0.2%
\$3501 to \$4500	0.3%	0.6%

*Results are significantly different at $p \leq 0.01$ based on Chi-square test.

5. The relative value of 20 financial planning services

The heart of this study is to evaluate the relative value of the various services a financial planner may provide, usually within the context of a comprehensive financial plan. We did this by showing panelists two lists of 10 services each. It was felt that providing a single list of 20 services would be confusing and overly difficult. Table 8 provides the two lists of 10 functions each. Respondents were asked to rate the relative value of each function for each of these two lists by dividing 100 points among each of the lists. We attempted to “force” the results to add each list’s value to 100 points.

The actual relative values expressed by the respondents totaled 200, which we divided by two. Thus, if each service is equally valuable to the financial planning process then

Table 8 Services financial planners may provide

Should the planner determine if you	
List 1	List 2
Have a sufficient emergency fund	Are holding sufficiently diversified portfolios
Have adequate lines of credit for emergencies	Hold investment portfolios consistent with your risk tolerance
Should refinancing high interest loans or reduce debt using available funds	Hold Investments that meet each of your goals’ time horizons and cash flow needs
Are in sound financial condition by creating and evaluating financial statements	Need to be better organized
Should use available savings or borrow at the time of a major purchase	Could improve your ability to meet your goals using tax planning techniques
Are spending too much for you to accomplish your other financial goals	Could improve your ability to meet your goals using estate planning strategies
Have adequate property insurance coverage (home, auto, flood, earthquake) or determine if what you have is too expensive	Could make investments that “beat the market averages” or advice on timing market purchases and sales
Have adequate liability coverage (home, auto, floater, umbrella) or determine if what you have is too expensive	Should take more or less of a withdrawal from your retirement plan (when you retire)
Have adequate life insurance or determine if the type and cost of what you now have is proper	Need help prioritizing each of your financial goals and determining which are realistic
Have adequate health, disability income and long-term care insurance, or if what you have is too expensive	Need legal documents such as trusts, durable powers of attorney and healthcare directives

Table 9 High-valued services

Service	Mean score*	SD
Have a sufficient emergency fund	18.7	16.4
Need legal documents such as trusts, durable powers of attorney and healthcare directives	13.7	15.9
Have adequate health, disability income and long-term care insurance, or if what you have is too expensive	12.2	11.7
Are holding sufficiently diversified portfolios	11.8	12.6
Have adequate lines of credit for emergencies	11.4	10.6
Hold Investments that meet each of your goals' time horizons and cash flow needs	11.4	11.2

*Mean scores are significantly above hypothetical mean at $p \leq 0.05$.

respondents would evaluate each of the services at 10 points. Those substantially less than ten points would be less valued and, conversely, those with significantly higher than ten points would be relatively more valuable.

The actual services listed in Table 1 were modified somewhat from the more theoretic phrases in the hope that consumers would better understand the concept. For example in Table 1 we referred to "Selecting positive alpha investments" whereas in the consumer survey we referred to "Should the planner determine if you could make investments that 'beat the market averages' or advice on timing market purchases and sales."

We used individual *t* tests to compare the mean score for each financial planning service to a hypothetical average score of 10 described above. Tables 9, 10, and 11 provide the results of these valuations by the respondents grouped into High, Medium, and Low-valued services. These valuations reflect the overall valuations of the respondents at large. All the services among the "High-valued" services in Table 9 have scores statistically significantly

Table 10 Medium-valued services

Service	Mean score*	SD
Need help prioritizing each of your financial goals and determining which are realistic	11.3	12.9
Need to be better organized	11.3	15.6
Are in sound financial condition by creating and evaluating financial statements	10.8	13.1
Have adequate property insurance coverage (home, auto, flood, earthquake) or determine if what you have is too expensive	10.4	9.8
Have adequate liability coverage (home, auto, floater, umbrella) or determine if what you have is too expensive	10.0	8.6
Should take more or less of a withdrawal from your retirement plan (when you retire)	9.5	11.6
Hold investment portfolios consistent with your risk tolerance	9.5	9.6
Could make investments that "beat the market averages" or advice on timing market purchases and sales	9.5	11.7
Could improve your ability to meet your goals using tax planning techniques	9.4	8.7

*Mean scores are not significantly different from hypothetical mean at $p \leq 0.05$.

Table 11 Low-valued services

Service	Mean score*	SD
Have adequate life insurance or determine if the type and cost of what you now have is proper	8.4	8.2
Could improve your ability to meet your goals using estate planning strategies	8.2	7.4
Should refinancing high interest loans or reduce debt using available funds	8.0	9.5
Should use available savings or borrow at the time of a major purchase	8.0	9.5
Are spending too much for you to accomplish your other financial goals	7.6	9.2

*Mean scores are significantly below hypothetical mean at $p \leq 0.05$.

higher than 10 and all the services among the lower valued services in Table 11 have scores significantly lower than 10. Later we will discuss variations of rankings based upon demographic groups. Among participant groupings inconsistencies occur because of the wide variety of respondents and their varied opinions of the services values based upon their own situations.

Although it is not possible to know the reasoning of respondents in valuing these services, these grouping provide some insight into this matter. The high-valued services are shown in Table 9. Some services are a group of generally simple, low cost activities that a planner may provide. Many planners may consider them almost ancillary in nature. These include client needs for having adequate emergency funds, needing legal documents such as living wills, and having adequate lines of credit. Additional highly valued services includes services listed as “insuring clients have adequate health, disability income and long-term care insurance” and holding “investments that meet each of your goals’ time horizons and cash flow needs.”

Table 10 lists services that are classified as “medium-valued” by respondents. These include, “being better organized” and “insuring the client is in sound financial condition by creating and evaluating financial statements.” More complex services include “holding diversified portfolios consistent with your risk tolerance,” “helping prioritize each of your financial goals and determining which are realistic,” “determining if a retiree should take more or less of a withdrawal from your retirement plan,” and “holding investment portfolios consistent with client risk tolerance.” A recent “job analysis” conducted by the CFP Board of Standards, Inc. (2010) concluded that several of these “medium-valued” services are often not provided by practicing planners. These include having adequate property insurance coverage and having adequate liability coverage. The medium-valued services also include two somewhat more sophisticated notions: using tax planning techniques and getting advice to “beat the market averages” (whether a planner can do that or not is subject to debate).

Table 11 lists services that are classified as “low-valued” by respondents. Several of those seem to be items that respondents felt they could do for themselves. Those include determining if a client should refinance high-interest loans or reduce debt using available funds, if a client is spending too much for them to accomplish their other financial goals and if they should use available savings or borrow at the time of a major purchase. It is true that many families err in these areas. It seems surprising that respondents found it less important that a planner determine if they have adequate life insurance or if they could improve their ability to meet their goals using estate planning strategies, but possibly respondents felt that

insurance and estate planning are or should be provided by their insurance and legal professionals.

6. Demographic differences in service valuations

Our initial analysis concerned consumers' relative values of the 20 listed financial planning services. However, a review of the data makes it clear that, although many of the value rankings were consistent among respondent groups, some important differences exist among varied demographics. For example, those with large estates may care more about estate planning than those with smaller estates.

We will describe observed differences in rankings for several categories of respondents. First, we will describe rating differences by demographics. Second, we will describe the effects of higher affluence (income, investment assets, and perceived complexity). And finally, we will describe differences based upon perceived value in financial planning.

6.1. Demographic differences

It seems natural that clients in different demographic states will have different concerns and priorities for financial planning services. We evaluate the priority for different financial planning services by gender, age, employment, and marital status. The results are shown in Table 12 that shows the demographic divergence from the services valued by the respondents as a group. Differences are shown if they differ statistically from the overall score by a Chi-square or *F* test of significance at the $p \leq 0.05$ level (*) or less.

Regarding gender, five services were valued as significantly more valuable by women. Those include having a sufficient emergency fund, having adequate lines of credit, holding diversified portfolios, using tax planning techniques and needing legal documents such as durable powers of attorney and healthcare directives. Males found several services more valuable than women. Those include determining the use of available savings or borrow at the time of a major purchase and holding investment portfolios consistent with your risk tolerance.

With respect to age, younger respondents also found some services more valuable than older clients. These include: determining if they should refinance high interest loans or reduce debt using available funds if they are in sound financial condition by creating and evaluating financial statements, whether they should use available savings or borrow at the time of a major purchase, that they need to be better organized and that they need help prioritizing each of their financial goals and determining which are realistic. Older respondents wanted help with determining if they have adequate liability coverage, have adequate health, disability income, and long-term care insurance, if they are holding sufficiently diversified portfolios and if they hold investment portfolios consistent with their risk tolerance. We reviewed the impact of employment status and the only service differentially affected was using tax planning techniques that were held to be more important by employed respondents.

Table 12 Demographic divergence

Service	Overall mean score	Group mean score	Increase/decrease*
Have a sufficient emergency fund	18.7	Females 20.8 Males 16.6	↑ ↓
Need legal documents such as trusts, durable powers of attorney and healthcare directives	13.7	Females 15.6 Males 11.8	↑ ↓
Have adequate health, disability income and long-term care insurance, or if what you have is too expensive	12.2	Older 13.8 Younger 9.4	↑ ↓
Are holding sufficiently diversified portfolios	11.8	Males 13.1 Older 15.7 Married 12.9 Females 10.5 Younger 9.9 Unmarried 10.0	↑ ↑ ↑ ↓ ↓ ↓
Have adequate lines of credit for emergencies	11.4	Females 12.5 Males 10.3	↑ ↓
Hold Investments that meet each of your goals' time horizons and cash flow needs	11.4	Married 12.2 Unmarried 9.9	↑ ↓
Need to be better organized	11.3	Mid-life 13.6 Unmarried 13.7 Older 7.07 Married 9.8	↑ ↑ ↓ ↓
Are in sound financial condition by creating and evaluating financial statements	10.8	Older 14.6 Married 12.0 Younger 8.3 Unmarried 9.0	↑ ↑ ↓ ↓
Have adequate liability coverage (home, auto, floater, umbrella) or determine if what you have is too expensive	10.0	Older 11.6 Younger 8.6	↑ ↓
Hold investment portfolios consistent with your risk tolerance	9.5	Males 11.0 Older 11.4 Females 7.9 Younger 7.3	↑ ↓ ↓ ↓
Could improve your ability to meet your goals using tax planning techniques	9.4	Females 10.4 Employed 10.3 Males 8.4 Not employed 7	↑ ↑ ↓ ↓
Should refinancing high interest loans or reduce debt using available funds	8.0	Younger 10.6 Older 6.65	↑ ↓
Should use available savings or borrow at the time of a major purchase	6.7	Males 7.6 Younger 7.7 Females 5.8 Older 5.3	↑ ↑ ↓ ↓

*Results noted are significantly different from overall mean score at $p \leq 0.05$ based on Chi-square or F test.

The final demographic we reviewed was marital status, comparing currently married respondents with all others. Married subjects felt three services are more valuable: they wanted to know if they are in sound financial condition by creating and evaluating financial statements, if they are holding sufficiently diversified portfolios, and if they hold investments that meet each of your goals' time horizons and cash flow needs. Unmarried respondents were concerned that they be better organized.

Table 13 Affluence divergence

Service	Overall mean score	Group mean score	Increase/decrease*
Have a sufficient emergency fund	18.7	High investment assets 20.3	↑
		Lower investment assets 15.9	↓
Are holding sufficiently diversified portfolios	11.8	Higher investment assets 16.9	↑
		Higher income 14.1	↑
		Lower investment assets 9.4	↓
		Lower income 10.3	↓
Hold investments that meet each of your goals' time horizons and cash flow needs	11.4	High investment assets 13.2	↑
		Lower investment assets 10.3	↓
Need help prioritizing each of your financial goals and determining which are realistic	11.3	Lower investment assets 13.2	↑
		Higher investment assets 6.9	↓
Need to be better organized	11.3	Lower investment assets 13.8	↑
		Lower income 13.5	↑
		Higher investment assets 6.0	↓
		Higher income 7.7	↓
Are in sound financial condition by creating and evaluating financial statements	10.8	High investment assets 16.6	↑
		Higher income 14.1	↑
		Lower investment assets 8.3	↓
		Lower income 8.8	↓
Hold investment portfolios consistent with your risk tolerance	9.5	High investment assets 12.9	↑
		Higher income 11.4	↑
		Lower investment assets 8.2	↓
		Lower income 8.2	↓
Could improve your ability to meet your goals using tax planning techniques	9.4	Lower investment assets 10.1	↑
		Higher investment assets 7.6	↓
Should refinancing high interest loans or reduce debt using available funds	8.0	High investment assets 8.9	↑
		Complex situation 11.1	↑
		Lower investment assets 5.7	↓
		Less complex situation 9.6	↓

*Results noted are significantly different from overall mean score at $p \leq 0.05$ based on Chi-square or F test.

6.2. Affluence effects

Table 13 shows the effect of affluence on desired financial planning services. It divides respondents by investment assets (over and under \$150,000), by income (over and under \$75,000) and by their perceived level of their own financial complexity. Although these definitions of “affluent” are somewhat below those used by the financial services industry to denote true affluence, they were selected because the reflected reasonable sample sizes for each group and because they reflect the nature of the economy.

Not surprisingly, in most cases high income and high investment asset respondents agreed to similar value assessments of planning services. Both more highly valued holding diversified portfolios, both wanted planners to insure they are in sound financial condition by creating and evaluating financial statements more than the overall group and both wanted planners to insure they hold investment portfolios consistent with their risk tolerance. Neither put much weight on the planner helping them feel better organized. A few items that were important to high income clients, but not to high investment asset clients, were having a sufficient emergency fund, and holding investments that meet each of your goals' time

Table 14 Experience with high-value divergence

Service	Overall mean score	Group mean score	Increase/decrease*
Are holding sufficiently diversified portfolios	11.8	Uses financial planning help 15.1 Manages own finances 10.0	↑ ↓
Need help prioritizing each of your financial goals and determining which are realistic	11.3	Manages own finances 12.3 Uses financial planning help 9.2	↑ ↓
Need to be better organized	11.3	Manages own finances 13.5 Uses financial planning help 6.9	↑ ↓
Are in sound financial condition by creating and evaluating financial statements	10.8	Uses financial planning help 15.0 High value to F.P. 14.0 Manages own finances 8.8 Low value to F.P. 6.6	↑ ↑ ↓ ↓
Hold investment portfolios consistent with your risk tolerance	9.5	Uses financial planning help 11.8 Moderate value to F.P. 11.7 Manages own finances 8.3 Low value to F.P. 7.4	↑ ↑ ↓ ↓
Could improve your ability to meet your goals using tax planning techniques	9.4	Moderate value to F.P. 11.4 Low value to F.P. 8.1	↑ ↓
Should refinancing high interest loans or reduce debt using available funds	8.0	Manages own finances 8.7 Uses financial planning help 6.6	↑ ↓

*Results noted are significantly different from overall mean score at $p \leq 0.05$ based on Chi-square or F test.

horizons and cash flow needs. Lower income respondents needed help prioritizing each of their financial goals and determining which are realistic. Inexplicably, lower investment asset clients were more interested in tax management. Finally, high investment asset respondents and those that consider their financial matters to be more complex felt a planner should help determine if they should refinancing high interest loans or reduce debt using available funds.

6.3. Divergence caused by financial planning experience or high valuation of planning

The final set of comparisons rests with those who use financial planning services compared to those who manage their own finances, and with those who put high value in receiving financial planning services compared to those who put low or moderate value in it. Table 14 describes these divergences.

The recognition of the importance of financial planning services by users and those evaluating financial planning services highly resulted in higher than average scores for having a planner determine if the client is in sound financial condition by creating and evaluating financial statements and having a planner determine if the client is holding investment portfolios consistent with their risk tolerance.

Those that use financial, planning services recognize the importance of holding sufficiently diversified portfolios much more than those who do not. Those that manage their own financial affairs indicate they need help prioritizing each of their financial goals and determining which are realistic and need help in being better organized. This may be sufficient basis to market financial planning services to “do it yourselves.”

7. Conclusion

For many years planners accepted as an article of faith the idea that properly done financial planning was worth well more than its cost. Given the small proportion of the public that have and use financial plans, one may conclude that this feeling is not widely held among the public. It was our intent to evaluate the possible value to consumers in purchasing a financial plan. We did so by asking consumers to value plan component services.

It is clear that there is some value to planners in explaining the range of services they are able to provide; that potential clients do not understand all the benefits planning holds. It is clear that many planners who have built their business around wealth management services may be missing many potential clients who hold substantial value in other core services unrelated to wealth management services.

We feel there is substantial evidence that if planners desire to broaden and enlarge their client base, they need to stress many of the listed services they now deemphasize. Specifically planners must acknowledge that potential clients who understand what services are involved in comprehensive planning are likely to pay more for it. The findings here also provide a clear guidance of which services are valued most in general, and specifically what difference can be found among various demographic, affluence, and experience groups.

It is time that scholars continue the discussion of the possible value to be gained by an individual or family in retaining a professional financial planner. It is time for consumers to reconsider the potential value of a comprehensive personal financial plan. Furthermore, it is time for planners to better match the services they provide to clients preferences.

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