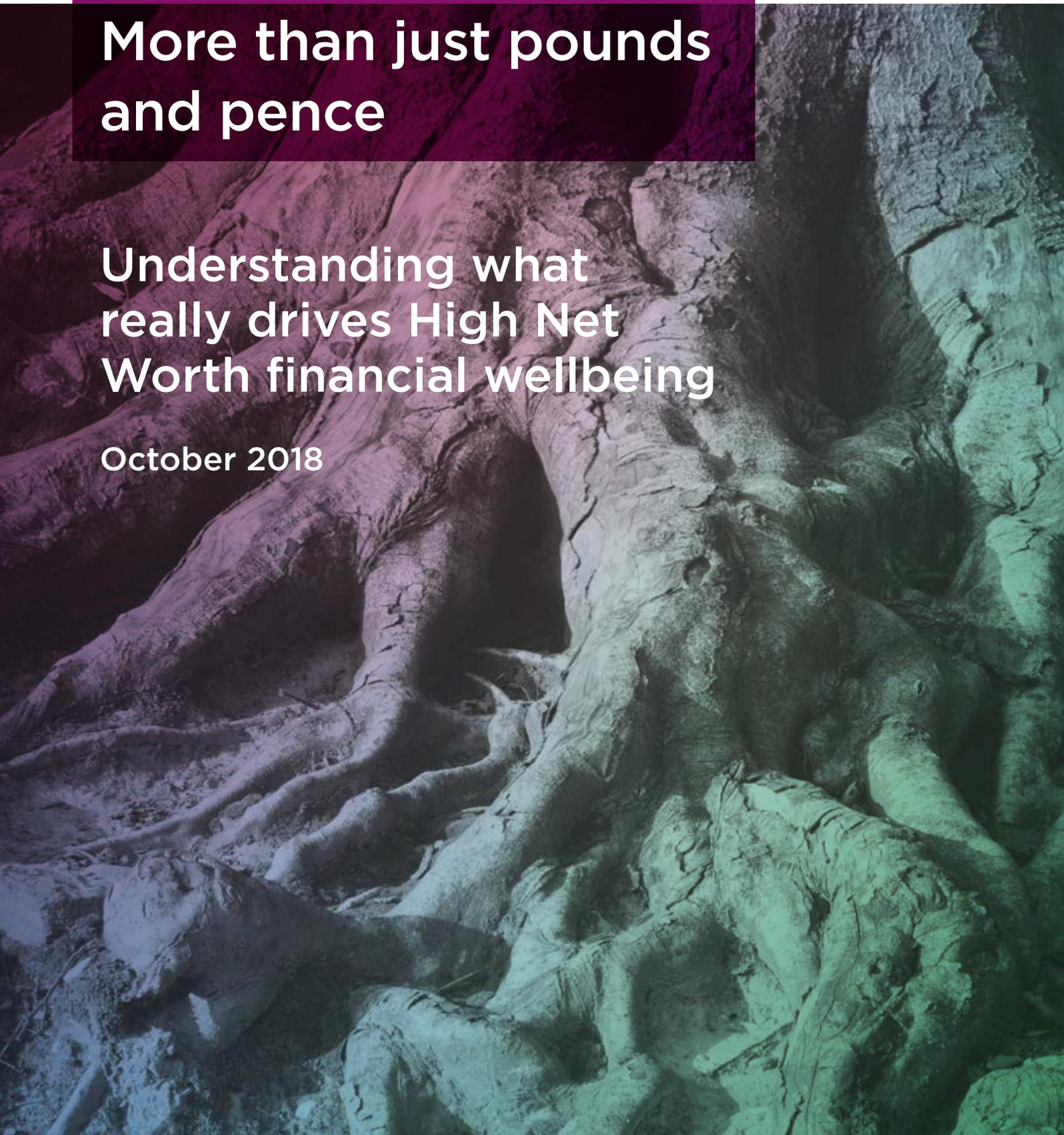


Financial Wellbeing: More than just pounds and pence

Understanding what
really drives High Net
Worth financial wellbeing

October 2018





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Foreword

Earlier this decade, then Prime Minister David Cameron launched an initiative to measure our national wellbeing. It's fair to say that the enterprise was met with a degree of scepticism, especially by commentators hardened to judge success by rigid economic metrics.

Fast forward to 2018, however, and wellbeing is firmly on the agenda. The ONS Wellbeing Index is closely followed by the media and policymakers. We have witnessed great developments in the investments that employers and industry bodies have made in this area to reduce stress and improve work-life balance.

Wellbeing is also becoming a regular theme in the discussions we have with our clients. The professionals and High Net Worth individuals we work with are keen to explore the concept of financial wellbeing.

While money remains important, pounds and pence are no longer the only yardstick for success. Instead, people are searching for a broader, more holistic definition of financial wellbeing, combined with support that helps to manage uncertainty and life's inevitable ups and downs.

Interestingly, financial wellbeing is just as important for those who are no longer working full-time as for those who are. It is accepted that older generations live a life that is just as active and fulfilling as their younger counterparts.

But what is financial wellbeing? What are the factors that drive it? And how important is it? Our new report, *Financial Wellbeing: More than just pounds and pence*, explores these important questions. We found that more emotional factors such as 'feeling happy' with finances and 'having clarity and confidence over financial plans' were considered among the most important drivers. But these emotional factors are also where we see the biggest shortfalls in one's ability to achieve them, compared to their importance.

This reflects the fact that numerous external factors can affect our wellbeing. Consider the

current backdrop of political and economic headwinds. A Labour government under the current party leadership would be a tectonic political shift with profound changes to the financial landscape. A no-deal Brexit looms large. What's more, some economists forecast we are nearing the end of an economic cycle, which has already led to the first significant interest rate rise in more than a decade.

Of course, these are factors outside of our control. Financial advice cannot prevent an increase in tax rates or a rise in inflation. But it can help people frame and manage those risks effectively.

This report is based on extensive research and reflects the views of nearly 200 High Net Worth individuals. We have focused on High Net Worth individuals because it represents our client base; we advise this cohort every day. But we also recognise that financial wellbeing is important to everyone regardless of levels of wealth, and that there are other financial pressures people face that we do not explore in detail here.

By gaining a greater understanding of what financial wellbeing means, we believe we are in a much better position to help people achieve their financial and life goals. We hope you find this research useful. Please do get in touch if you would like to discuss the findings or recommended actions.



Gareth Parsons

Financial Planning Director,
Saunderson House

E: gareth.parsons@saundersonhouse.co.uk
T: 020 7315 6521



Methodology

Saunderson House conducted extensive research into how High Net Worth individuals define **financial wellbeing** and **financial independence**, and the factors which drive the terms.

Why did we do this? Because we wanted to explore the extent to which factors such as time and control, as well as pounds and pence, drive how people perceive their financial wellbeing.

We surveyed **194** High Net Worth individuals, and conducted **10** in-depth interviews, in Spring and Summer 2018. The survey was conducted online, and the in-depth interviews were conducted by telephone. We believe this is one of the biggest studies into this topic within this demographic and the results give us a powerful insight into the views of leading lawyers, accountants and other professionals. We are very grateful to the individuals who took the time to take part in our research.

In this study we define 'High Net Worth individual' as someone with more than £500,000 of investable assets (excluding property).

Executive summary



We asked High Net Worth respondents **how important** they consider various financial and wellbeing goals on a scale of 1-5 (where 1 is 'not important' and 5 is 'very important').

We then asked them to rate their **ability to achieve** those goals, using the same scale (where 1 is low and 5 is high). The results provide an illustration of where people's ability to achieve a particular goal lags the importance they ascribe to it.

We found that the most important factors driving financial wellbeing are emotional.

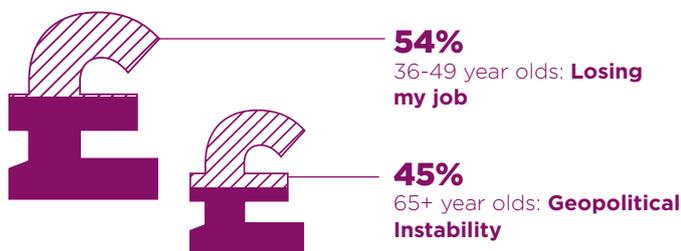


However - these emotional drivers are the factors High Net Worth individuals find hardest to achieve, compared to other factors such as providing financial support to family or reaching a desired level of wealth.

Wellbeing is perceived differently according to age.



Biggest threats to financial wellbeing:



Those aged **36-49** have a **shortfall** in their sense of ability for almost every driver of wellbeing.

High Net Worth individuals aged **65+** feel a **greater sense of ability** to achieve the factors they deem important to financial wellbeing.

Wealth level also impacts views on wellbeing.



Biggest threats to financial wellbeing by investable assets:

£1m-3m: A slowdown in the UK economy (**39%**)

£10m+: A change of government (**46%**)

Those worth **£1m-3m** have less time to deal with their finances and are less able to achieve the elements of financial wellbeing that they consider as important.

Those worth **£10m+** report higher levels of ability to achieve important drivers of financial wellbeing. Their biggest perceived threat is a change of government.

Splits by profession reveal close alignment between legal and accountancy sectors. But there are some subtle differences.



There is more hunger for discussing financial wellbeing with advisers among those in accountancy vs legal.

Those in the legal sector admit to being more preoccupied with a lack of time to take control of their finances vs their accountancy counterparts.

A summary of our recommendations:

Build wellbeing goals into your financial plans

Individuals should invest the time to create a proper set of financial goals. Seeking clarity on where you are in terms of reaching your financial objectives can improve your sense of wellbeing. Delegate financial planning responsibilities to a financial adviser, giving you back time to focus on improving wellbeing in other areas of your life.

Combine financial matters with other areas which create comfort and meaning in life

Make efforts to find ways for financial planning to improve wellbeing elsewhere in life. For example, discussing financial matters with family more could boost social and mental wellbeing.

For employers and sector bodies: Ensure financial matters sit alongside other elements of your wellbeing initiatives

It may be that financial wellbeing is part of the support you offer. But that was not the view of all our interviewees. So we suggest exploring ways to include financial planning in your overall package of support – or to make it more prominent.

Defining financial wellbeing

Academic studies have argued that financial wellbeing should not be viewed in isolation¹ and that quality of life comprises a variety of related wellbeing dimensions². This includes physical, material, social, emotional and health-related elements.

As part of this research, we conducted in-depth interviews with a range of High Net Worth individuals and asked what financial wellbeing means to them. We found that financial wellbeing tends to be described emotionally, and is only loosely linked to financial goals.

Definitions of financial wellbeing:

“Being happy with where you are, and being in control.”

“Feeling entirely comfortable that our finances are in order and are not a cause of worry or stress.”

“[It] captures the notion that someone feels sufficiently able, either via net income or savings, to maintain the lifestyle they want to maintain.”

“Do I have sufficient financial resources to carry on living in the way in which I do and achieve the financial objectives I want to achieve? Achieving financial security is key.”

“Someone who is in a financially secure enough position that they don’t have to worry about their day to day expenditure, they don’t need to check their account before they buy something or book a holiday.”

“I can do, within reason, what I want when I want as regards expenditure of money.”

“In the short term it means having money in the bank, not having to worry about spending on something. In the longer term it is a sense that if I had to stop working in six months’ time I would be able to carry on living as I have been.”

¹ *Quality of Life*, Felces and Perry (1995)

² *Perceptions and Experiences of Wellbeing*, Willock et al (1998)

We also surveyed more than 180 High Net Worth individuals and asked them to select the factors most important to their financial wellbeing. The chart below ranks the most important according to the average ranking out of five (where 1 = not important and 5 = very important). Again, we found that the most important factors are emotional. The top three most important listed in the chart below include “feeling happy” and having “clarity and confidence”, as well as the link

to wellbeing in other walks of life – reinforcing academic findings.

In comparison, more tangible factors, such as reaching “a desired level of wealth” or “a point where I don’t need to work purely for the money” rank somewhat lower.

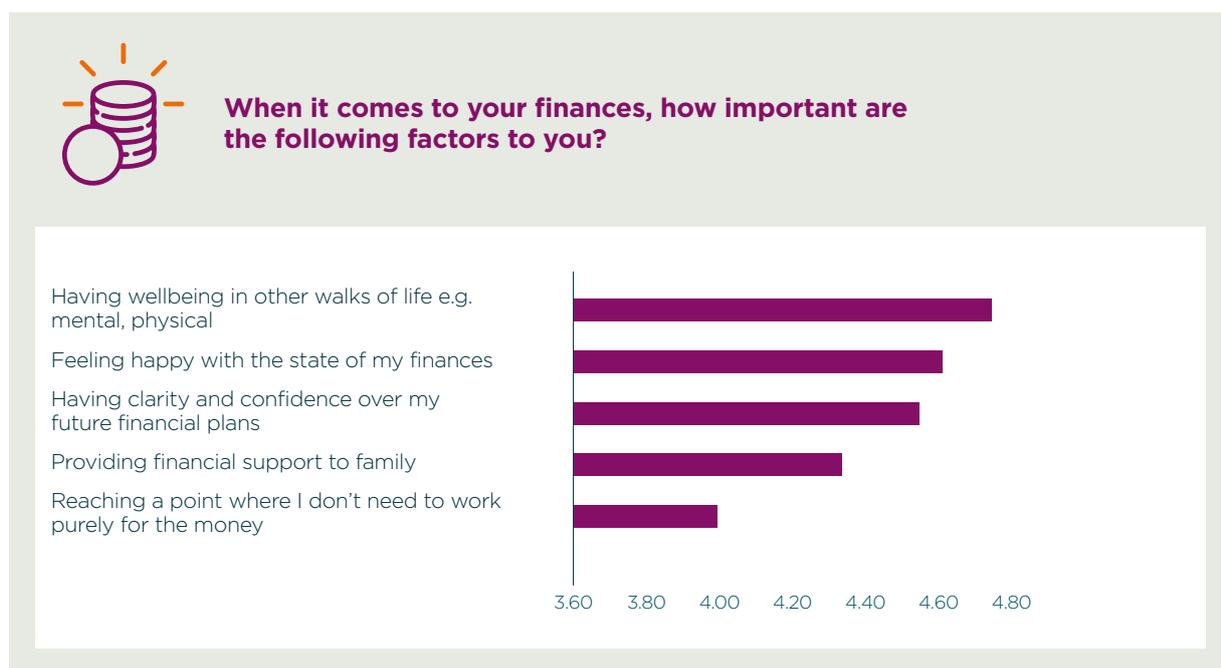
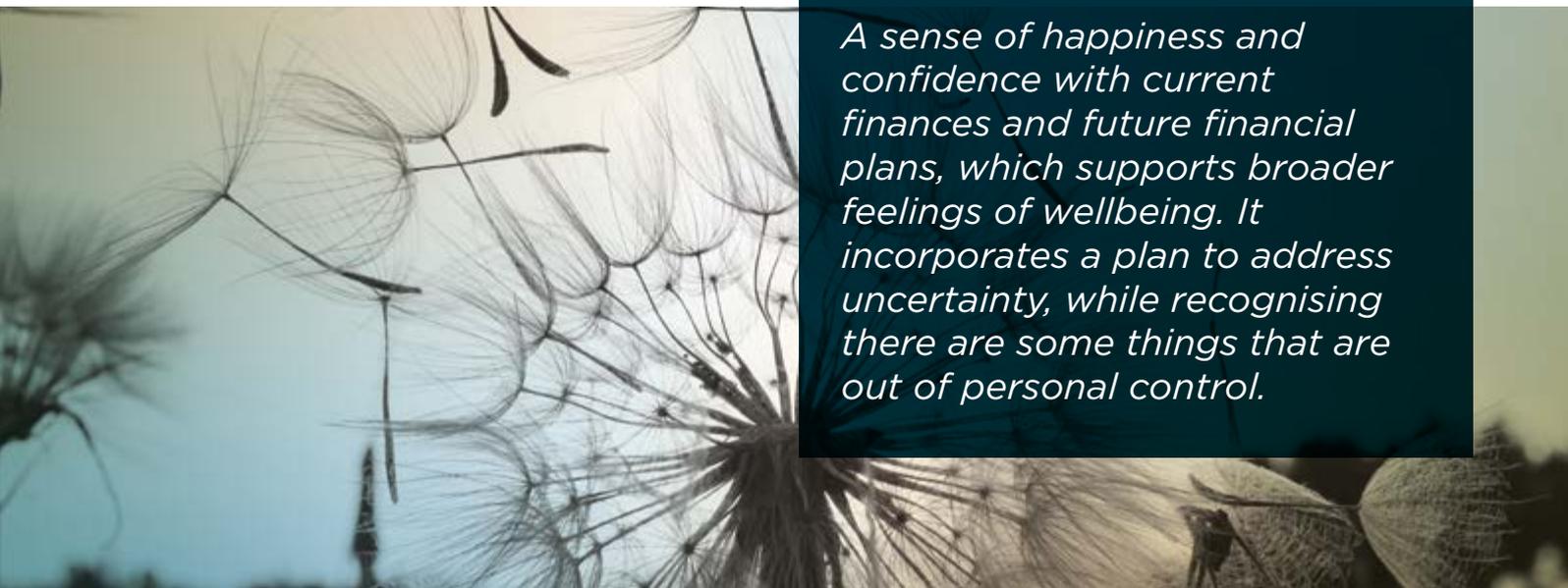


Table 1: The top five factors High Net Worth individuals rank as important to their finances, on a scale of 1-5 where 1 is not important and 5 is very important

But the factors driving wellbeing for High Net Worth individuals are not uniform. Age, level of wealth and profession all impact what wellbeing means, and how able individuals feel to attain it.

Based on our research, here is Saunderson House’s definition of financial wellbeing:

A sense of happiness and confidence with current finances and future financial plans, which supports broader feelings of wellbeing. It incorporates a plan to address uncertainty, while recognising there are some things that are out of personal control.



Financial wellbeing by age

Views on what constitutes financial wellbeing, and assessments of individual levels of wellbeing, differ depending on a range of variables. In this section, we explore age as a key factor. We break down the respondents to our research into three broad age groups: 36-49, 50-64 and 65+.

Striking splits emerge between the youngest and oldest cohorts; not just in terms of how they view their own wellbeing, but also what they perceive to be the biggest threats to attaining and maintaining it.



At a glance: younger High Net Worth individuals

Those aged between 36 and 49 have a shortfall in their sense of ability for almost every driver of wellbeing, other than having the ability to discuss financial issues openly with their families.

Gap between importance of financial wellbeing factors and the sense of ability to achieve them for 36-49 year olds

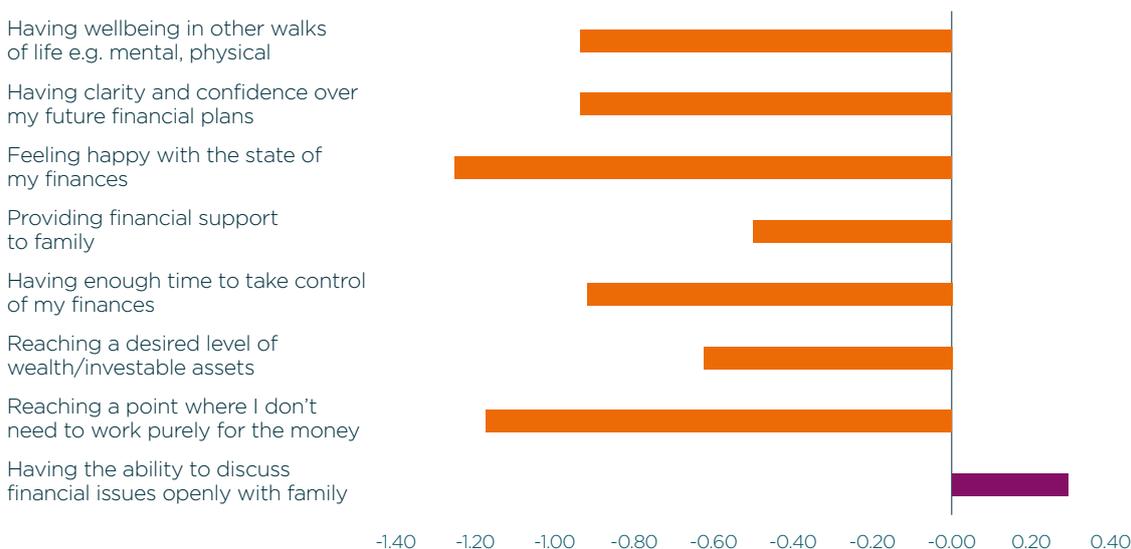


Table 2: Gaps between factors 36-49 year olds see as important versus their ability to attain them. Orange lines represent a shortfall

Why is there such a universal shortfall for younger respondents? According to Financial Planning Director Gareth Parsons at Saunderson House, “it is important to consider where many of these younger individuals are in their financial journey. Many who have made their own wealth may only have achieved this status comparatively recently. As such, they will typically face many of the time pressures that one associates with junior partners or other professionals at the height of their career.”

“The shortfalls among this group also reflect what they see as the biggest threats to their wellbeing. For example, the shortfall around ‘having clarity and confidence over future plans’ could be driven by the biggest threat cited by this age group: job loss. Concerns over job stability will naturally erode any sense of financial clarity or confidence.”

“I had less time to think about [financial wellbeing] when my career was in full swing. I certainly didn't think ahead to my likely goals and objectives at age 70 or to what financial issues I would have at this age and beyond. I think you gradually work your way there.”

Retired partner at Big Four accountancy firm



At a glance: older High Net Worth individuals

On average, High Net Worth individuals aged 65 and over feel a greater sense of ability to achieve the factors they deem important to financial wellbeing. The notable exceptions to this are the three most important factors, where all groups have a shortfall: feeling happy with the state of their finances; having a sense of clarity and confidence over their future finances; and achieving wellbeing in other walks of life (e.g. physical, mental).

Gap between importance of financial wellbeing factors and sense of ability to achieve them for 65+ year olds

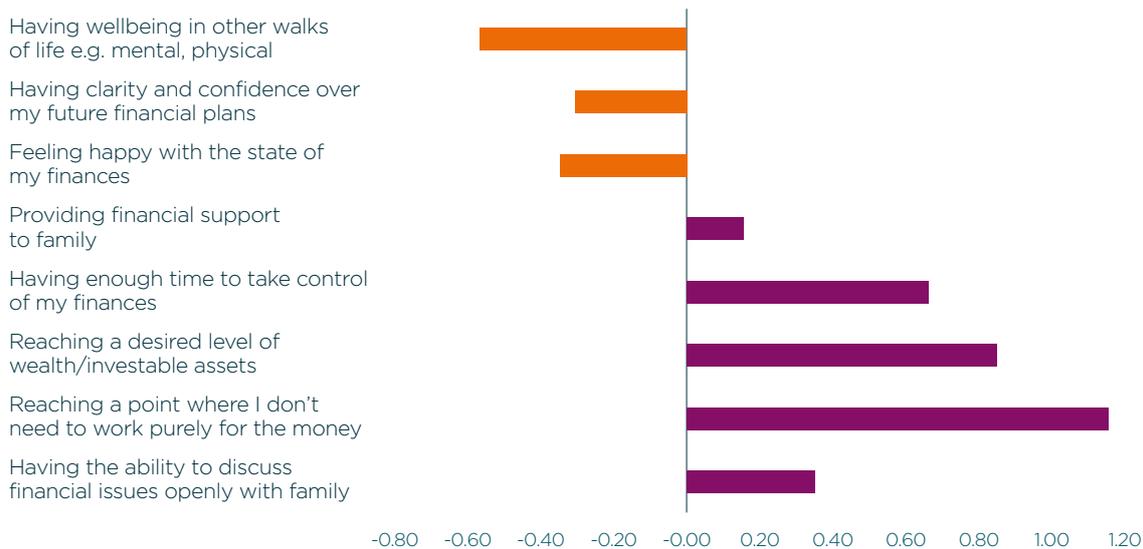


Table 3: Gaps between factors over-65s see as important versus their ability to attain them. Orange lines represent a shortfall

Financial Planning Director, Gareth Parsons at Saunderson House comments: “A higher proportion of older High Net Worth individuals will have built their wealth and stopped working full time, and are enjoying the rewards. But this cohort still record shortfalls in their ability to attain clarity, comfort and happiness with the state of their finances, compared to the importance they place on those terms. Despite being comfortable, thoughts may be turning to wealth transfer and adjusting to life without regular income. This age group are also the only ones who remember the high inflation levels in the 1970s and 1980s, so will be warier than others about the prospect of a repeat scenario.”

Nearly two-thirds of respondents under-50 work full-time. Around the same proportion also have a net worth of between £1m and £3m. The lack of time and ability to focus on other areas of wellbeing is a common struggle for most people of working age.

Biggest fears by age

The biggest fear for High Net Worth individuals under 50 is job loss – 54% cite it as the main threat to their financial wellbeing. By contrast, 50-64s are more worried about factors such as a change in UK government and a collapse in the property market. Among over 65s, geopolitical instability is a much bigger concern. This may reflect a concern that social or political instability could remove or reduce the value of some of their assets.

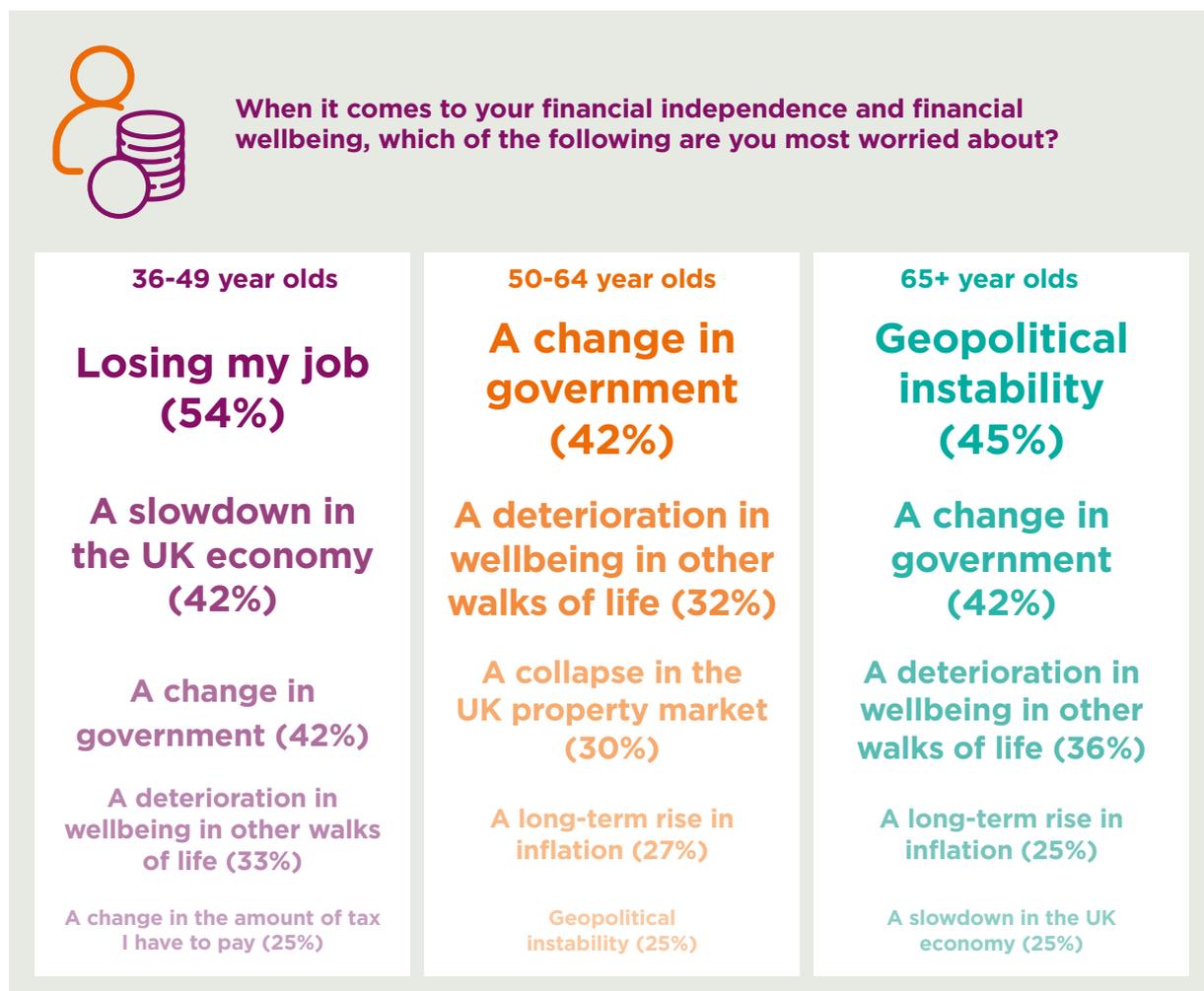


Table 4: The top five threats to financial wellbeing cited by different age groups. Respondents could select up to three options

“Younger High Net Worth individuals are more concerned with factors that could impact employment income, rather than those affecting investments or savings. A recently promoted partner, for example, may only just be seriously thinking about creating plans to preserve and grow their wealth, so that mental safety-net may be less obvious than it is for older peers.”

Gareth Parsons, Financial Planning Director at Saunderson House

Time is a key factor

Having a clear set of financial objectives ranks as the most desirable factor in order to boost financial wellbeing in our research. This is particularly pronounced among the under-50s.

On the face of it, having more time to think about finances does not rank most highly here. However, when asked how able they feel they are to take the time they need to control their finances compared to its importance, there is a shortfall in ability of nearly an entire point. In short, most people in this age group lack the necessary time to plan their finances.

“The fact that time is not higher on this list does not necessarily reflect a feeling that making time is not important. Instead it reflects the fact that many in this age group simply cannot make the time to put financial

matters top of the pile alongside work and home life demands. This tension may explain why seeking a clear set of financial objectives from an adviser ranks so highly.”

Gareth Parsons at Saunderson House.

“I am very happy to be advised and let somebody else spend the time worrying about the ins and outs of my finances. I don’t follow the markets other than at an extremely high level because I don’t have time to do that. If somebody else can do that for me, that’s fine.”

Partner at law firm

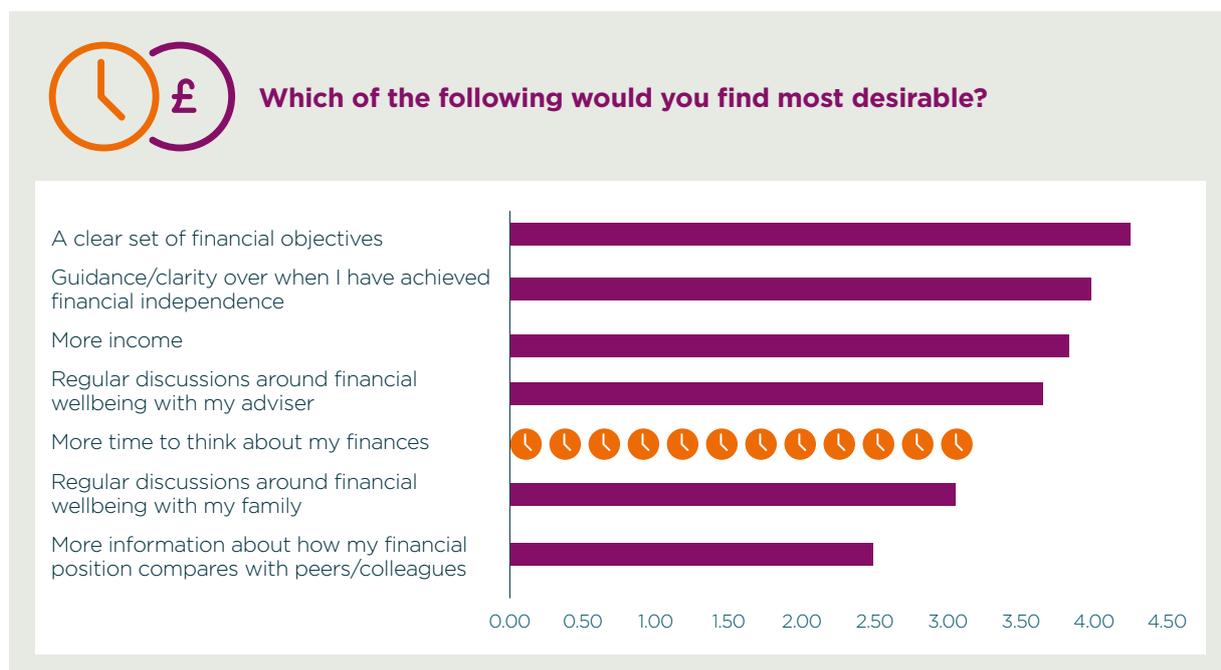


Table 5: The support measures High Net Worths under 50 would consider most desirable, based on a ranking of 1-5 where 1 is not at all desirable and 5 is highly desirable

Gareth Parsons, Financial Planning Director at Saunderson House comments: “Finding the time to plan financial matters effectively, and to feel in control, is the stone in the shoe for younger High Net Worth individuals. It is a bugbear, and impossible to ignore - but rarely the most urgent or pressing task to be addressed.”

“We know that financial wellbeing includes factors like clarity over long-term plans, but also comfort in other walks of life. By setting clear financial goals to address the former, it creates freedom to address those other all-important drivers of overall wellbeing people crave.”

Financial wellbeing viewed differently depending on level of wealth

Views differ on the importance of levels of wealth on financial wellbeing. Some argue that financial satisfaction is relative rather than absolute³. In other words, people think about their happiness and wellbeing in comparison to those around them. Others believe that wellbeing may actually decrease beyond a certain level of wealth⁴.

Our research shows that while pounds and pence are not the sole factors involved in achieving financial wellbeing, they do play a role. Notable differences emerge when we look at respondents in different wealth brackets: £1m-3m, £3m-5m, £5m-10m.

“If I suddenly wasn’t earning tomorrow how would I feel? I would feel out of control as I would be worrying how I’m going to pay the mortgage, how I’m going to pay the electricity bill, that kind of thing.”

Partner working at law firm

Those at the lower end of the wealth scale feel less able to achieve a range of factors they consider important. They include feeling happy with the state of their finances, and having clarity and confidence over future plans.

According to Gareth Parsons at Saunderson House: “One factor which could hold back lower High Net

Worth individuals from a greater sense of financial wellbeing is that they often feel their position is more precarious compared to wealthier people. Many will be younger and still working, placing them squarely in the wealth accumulation phase of their lives.”



Gap between importance and sense of ability for those worth £1m-3m



Table 6: Gaps in ability versus importance, for those worth between £1m-3m. Negative grey line is a shortfall; positive grey line is a surplus

³ Money and happiness: rank of income, not income, affects life satisfaction, Boyce and Moore (2010)

⁴ Happiness, income satiation and turning points around the world, Jebb, Tay, Diener and Oishi (2018)



Why do lower High Net Worth individuals feel less able to achieve the things they see as most important? The answer may lie in outside economic factors, which would affect wellbeing. For example, providing financial support to family. Respondents in the £1m-3m bracket are the only group who record an importance-ability shortfall in this area.

According to Gareth Parsons at Saunderson House, “Many of our clients feel a keen sense of duty and responsibility to help family – and not just next of kin. The pressure of that obligation is something many of them speak very honestly about. But for those at lower levels of wealth, their capacity to help multiple relatives is more likely to be limited than it is for higher net worth individuals.”

“I absolutely feel a responsibility to support my family financially, and I worry about my sisters who aren’t as well-off as I am.”

Partner working at law firm

“There is sometimes a bit of a sense of guilt that I ended up working in an industry which does pay very well, while having an equally smart and successful sibling but one who works in an industry where the pay is rubbish. So, yes, I definitely feel a sense of responsibility. Sometimes with a little bit of guilt, but overall just gratefulness that I can help.”

Partner at Magic Circle law firm

These difficulties can also be seen in what typically worries lower High Net Worth individuals. Compared to wealthier individuals, the fears that stand out most for those worth £1m-3m are job losses and a slowdown in the UK economy, being cited by over a quarter (27%) and 2 in 5 (39%) of this group respectively. In addition, reflecting how many are still dependent on their wits for their wealth, more fear a deterioration in mental or physical wellbeing at this level, relative to higher wealth bands.

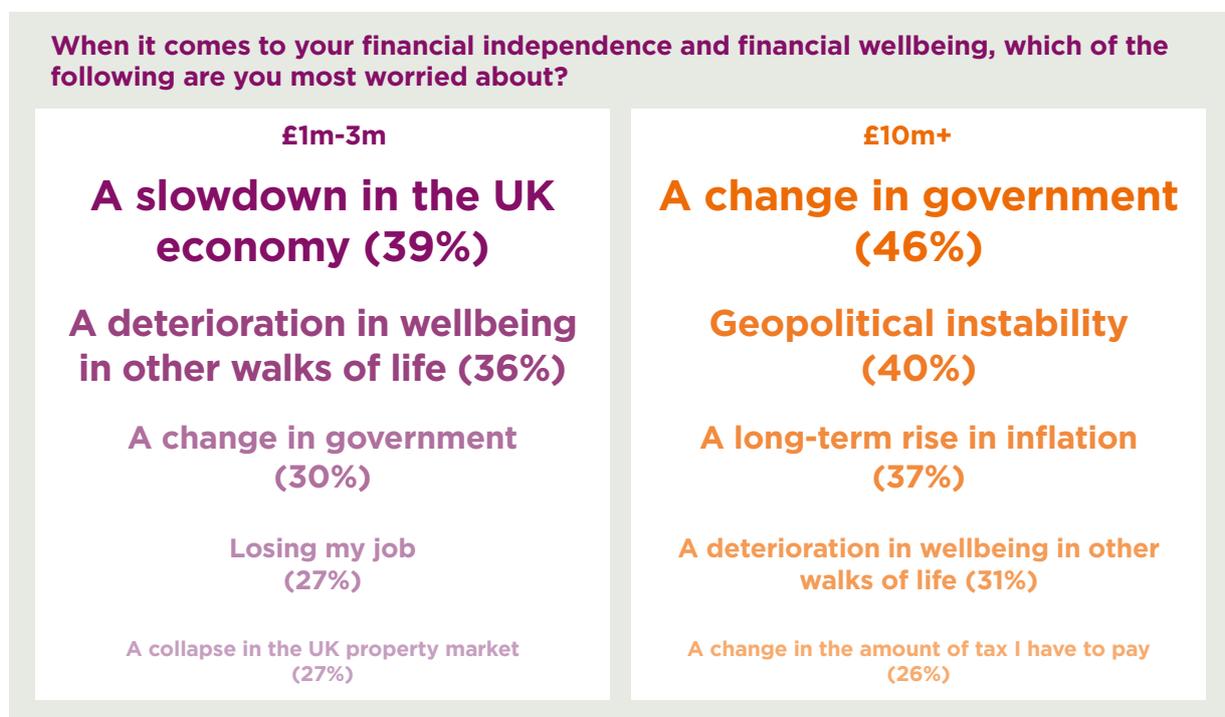


Table 7: The top five threats to financial wellbeing cited by different net worth levels. Respondents could select up to three options

Those worth more than £3m generally have fewer shortfalls across the board for ability to achieve most measures of financial wellbeing, whilst many of the pressures lower High Net Worth individuals feel reflect a less well consolidated financial position.



Time is scarcer for less wealthy High Net Worth individuals

Among those worth over £10m, between £5m and £10m and between £3m and £5m, none reported a shortfall on ability versus importance when it comes to having enough time to take control of their finances.

But there is a noticeable drop for those worth between £1m and £3m in how able they feel to take enough time to control their finances. This is likely to be linked to the average age differences between these wealth bands, and whether they are working or retired.

example, and are new to this level of net worth, finding that time often doesn't feel like the most urgent priority.

Having enough time to take control of my finances – gaps in ability versus importance by level of wealth

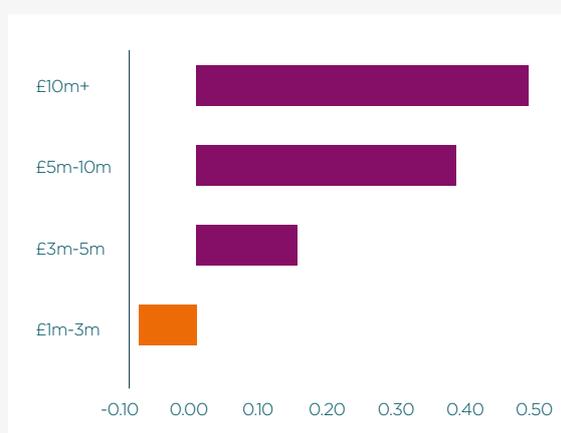


Table 8: Gaps of ability versus importance around having enough time to take control of finances, across wealth bands. Orange line represents a shortfall.

Many clients we support in this wealth bracket acknowledge the importance of time to control their finances. But where they are junior partners at a professional services firm, for

“Why haven’t I invested much time and thought into my financial wellbeing? It’s not a natural state of being for me. You’ve come from a place where you basically live pay cheque to pay cheque and ended up in a situation considerably far removed from that position. Perhaps you sort of bury your head in the sand a little bit because you don’t really expect to have anything. There’s also an element of being time poor that leads to you not spending the time planning it and thinking it through.”

Partner at Magic Circle law firm

But the interviewees we spoke to were unanimous on the value of advice. Not just to give them the time they spent on financial planning back, but also in giving them focus and professional help to take the steps needed to consolidate their wealth in the long-run and achieve peace of mind.

How higher net worth individuals compare

Those with the highest net worth are not immune from the trend we see across all groups; that the factors rated as most important are the hardest to achieve.

- Feeling happy with the state of their finances
- Having a sense of clarity and confidence over their future finances
- Achieving wellbeing in other walks of life (e.g. physical, mental)

These ‘three intangibles’ are much more emotionally driven. And even those in what may be the most comfortable financial positions aren’t entirely confident in their ability to achieve these.

Gap between importance and sense of ability, broken down by net worth levels

	£1m-3m	£3m-5m	£5m-10m	£10m+
Having the ability to discuss financial issues openly with family	0.39	-0.05	0.59	0.43
Reaching a desired level of wealth/investable assets	0.33	0.38	0.30	0.40
Reaching a point where I don't need to work purely for the money	-0.27	0.30	0.56	0.57
Having clarity and confidence over my future financial plans	-0.61	-0.54	-0.56	-0.49
Having wellbeing in other walks of life e.g. mental, physical	-0.70	-0.89	-0.79	-0.63
Feeling happy with the state of my finances	-0.73	-0.68	-0.46	-0.26

Table 9: Gaps of ability versus importance around selected drivers of wellbeing, by net worth level. Plum represents a surplus; Orange represents a shortfall

Despite their overall net worth, higher net worth individuals still report threats to their sense of wellbeing.

“Look at what happened in the financial crisis. The value of your savings can be radically depleted in a very short period of time. There is always a concern that this can happen again and this has a big effect on me and the family.”
 Partner at Magic Circle law firm

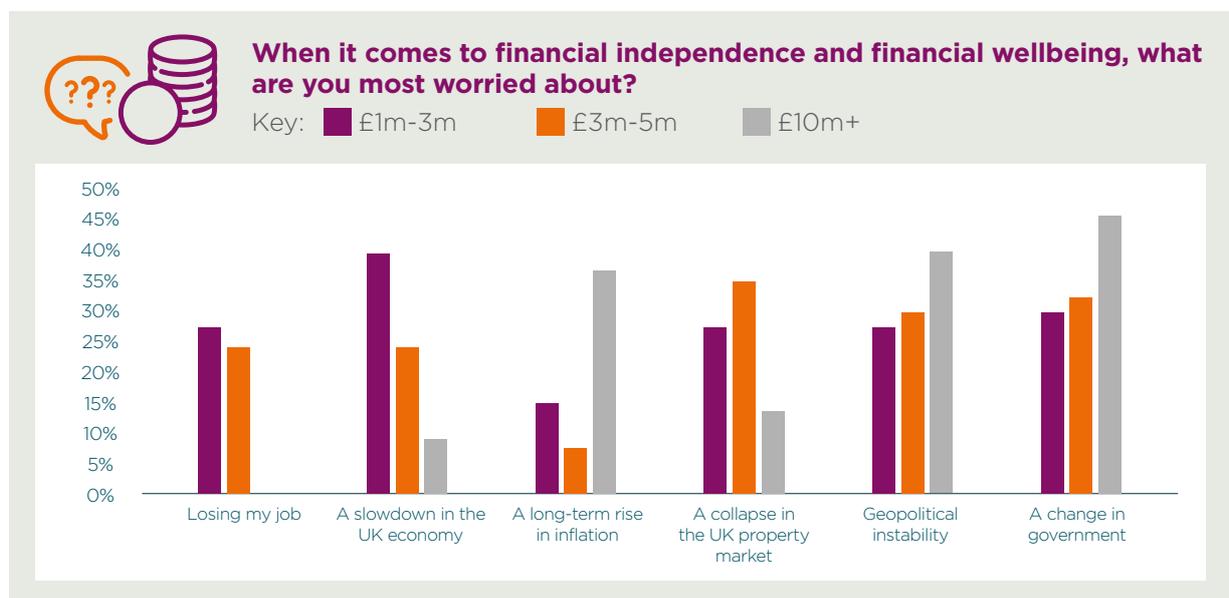


Table 10: Threats to financial wellbeing broken down by net worth

What stands out across the board (and particularly for the wealthiest groups) is the fear of two external factors. Firstly, a change of government, which in the current climate most likely reflects the prospect of a Jeremy Corbyn-led Labour government. Secondly, geopolitical instability, which may include a no-deal Brexit or prolonged trade wars.

Elsewhere, a long-term rise in inflation is a pointed anxiety of those with net worth in excess of £10 million.

“There is a reasonable chance that [a change of government] might happen and I’m sure that I would be in the demographic that would be considerably worse off because their policies would be deliberately designed to achieve those results.”

Partner at Magic Circle law firm

“If the world enters into a period of having a trade war involving the US and China that could see a devaluation of assets worldwide.”

Retired barrister

Interviewees recognise that these are factors outside of their control. But they understand the potential impact to their sense of wellbeing, and therefore the need for robust financial planning to protect them in the event of economic stress.

“There are all sorts of factors that impact equity values from political risk to economic risk and we take a broad-brush approach to those, relying on advice from Saunderson House about how much to invest and where to invest it.”

Partner at Big Four accountancy firm

Robust planning can help mitigate economic risks

High Net Worth individuals across all levels of wealth have a strong desire for a clear set of financial objectives, and discussions about wellbeing with their adviser. In the words of one interviewee: “The most helpful assessment from my adviser was being made to think about what a nice future looks like. What do I need to be putting into the pot every year to get there?”

Top three most desirable support measures, across all net worth levels

**1.
A clear
set of financial
objectives**

**2.
Regular discussions
around financial wellbeing
with my adviser**

**3.
Guidance/clarity over when
I have achieved financial
independence**

“Financial advice cannot prevent an increase in tax rates or a rise in inflation. But it can help people manage those risks effectively. Putting plans in place, a financial blueprint if you like, to deal with these potential scenarios, should free people up to focus their efforts on other walks of life which are important drivers of overall wellbeing.”

Gareth Parsons,
Saunderson House

Views on wellbeing across professions

High Net Worth individuals report differences in views on financial wellbeing depending on their age and level of wealth. But what about profession? Accountancy and law, where many of our respondents work, are of particular interest.

Among the Big Four⁵ and leading law firms, comprehensive strategies for employee wellbeing include physical and mental health programmes, and healthy office design.

Many of the measures taken by employers and industry bodies in the legal and accountancy sectors to support wellbeing more generally will, of course, bring their own benefits to financial wellbeing overall. But the marked absence⁶ of measures concerning the financial dimension of wellbeing from these approaches is conspicuous.

“Within law firms there is a huge amount of emphasis on mindfulness, wellness, mental health, work/life balance. But actually we don’t really do anything around financial wellbeing. I suspect that does cause quite a lot of people a lot of stress and it could be a big factor in the decisions people are making. I wonder if it is something that we should be doing more of.”

Partner at Magic Circle law firm

Those who work in law or accountancy have shortfalls between importance and ability on the following drivers of wellbeing: having clarity and confidence over future financial plans, happiness with their finances, having wellbeing in other walks of life and providing financial support to family.

While those in accountancy and in law broadly find most proposed support measures desirable, they differ on the measures they value the most. There is more hunger for support on financial wellbeing among those in the accountancy sector.

“Accountancy respondents are consistently keener on the type of support that is typically offered by an adviser: guidance and clarity over when they have achieved financial independence, regular discussions around financial wellbeing both with an adviser and with their family, and more time to think about their finances”, according to Gareth Parsons from Saunderson House.



Table 11: Most desirable support measures split by legal and accountancy respondents, on a scale of 1-5 where 1 is not at all desirable and 5 is highly desirable.

⁵ *What are the Big Four doing to support mental health in the workplace?*, Accountancy Age (2018)

⁶ *Wellbeing: mind your business*, The Law Society Gazette (2017)

These findings suggest that the value of financial advice for those in accountancy lies more in the guidance and support it offers with more emotional and social dimensions of financial wellbeing.

Those in the legal sector distinctly lag the average on how able they feel to achieve wellbeing in other walks of life – something which will particularly stand out for younger partners working in a demanding role that leaves them little time to dedicate to other concerns.

“Barristers are probably significantly risk averse and in financial wellbeing terms pretty conservative.”
Retired barrister

“It’s a very long hours, high pressure environment and also it’s an environment where if you were to look at the age profile of our partners you would find that there are literally a handful of partners who are in their sixties. Literally, you can count on one hand, particularly in the UK. Most people stop before then and that is true in similar professions.”
Partner at Magic Circle law firm

Among those in the legal sector, there are other areas where respondents show more of a relative need for assistance. Most notably, the potential time benefits of financial planning.



And while financial counsel is of course the main resource that advice gives, it shouldn’t be forgotten that it just as much provides people with time – time no longer spent dedicated to financial wellbeing that can be used to better focus on taking care of mental and physical wellbeing.

On the whole, those in the legal sector may feel they have the time to dedicate to their finances. But these findings show that it may potentially be far more beneficial for them to delegate the responsibility for their finances – and use the time to focus on their wellbeing elsewhere.





Recommendations

Factors which drive financial wellbeing are closely linked to other walks of life, and are often more emotional than purely economic. As such, there is a need for a holistic approach to financial planning which looks beyond simple facts and figures.

Based on the findings of our research, we offer some recommendations and calls to action for individuals, employers and the advice industry as we seek to attain a greater understanding of financial wellbeing. If you don't already, seeking the support of a qualified financial adviser can help you consider what's best based on your personal circumstances.

For High Net Worth individuals

1. Build wellbeing goals into your financial plans

Invest the time to create a proper set of financial goals. In doing so, understand how your age, working status and even your profession can impact what you value most when it comes to your finances. Many put off creating financial plans because they see it as a low priority – perhaps because they think they have sufficient resources to deal with the unexpected.

Seeking clarity on where you are in terms of reaching your financial objectives can improve your sense of wellbeing. Creating a cash flow forecast and reviewing income and expenditure needs regularly are critical ingredients. You may not have reached full financial wellbeing, but comfort is derived from knowing you are heading in the right direction and are on target.

Furthermore, for most groups, the biggest shortfalls in ability are on the factors seen as most important to financial wellbeing. They are also the most emotionally-driven: clarity, confidence and happiness. Find ways to reduce the personal burden of managing finances, to give you back time to focus on improving wellbeing in other walks of your life.

2. Engage openly in financial matters

Make efforts to find ways for financial planning to improve wellbeing elsewhere in life. For example, most people turn to family first when discussing wellbeing in other walks of life. Why should finances be any different? And our research shows that the ability to help family financially is an important factor in driving financial wellbeing.

Discussing financial matters with family more could boost social and mental wellbeing. As a start, bring siblings or children along to sessions with your financial adviser. Involving children will also provide a platform for open and honest discussions about the transfer of wealth from you to them, when the time comes – something flagged by older High Net Worth individuals we spoke to.

For employers and sector bodies

3. Ensure financial matters sit alongside other elements of your wellbeing initiatives

Lawyers and accountants we spoke to told us that employers, and bodies which represent their sector, are taking wellbeing seriously. The explosion in wellbeing initiatives offers compelling proof. But many felt that financial wellbeing was conspicuous by its absence.

It may be that financial wellbeing is part of the support you offer. But that was not the view of all our interviewees. So we suggest exploring ways to include financial planning into your overall package of support – or to make it more prominent. Saunderson House works with numerous employers in this area and we would be happy to talk to you about seminars, financial planning clinics and other services we can provide.

For financial advisers

4. Look at financial wellbeing holistically

Don't limit financial discussions with clients to a simple assessment of numbers and projections. Our research shows that genuine wellbeing comes from understanding financial positions in the round, and setting targets to meet wider life goals.

And stay tuned. Our findings have unearthed plenty of areas for future exploration which we hope to cover in follow-up research. For example, a deeper understanding of family and intergenerational dynamics, financial wellbeing among particular professional groups like barristers, and the importance of time as a commodity.

For everyone

5. Here's our definition of financial wellbeing. What do you think?

Based on research conducted for this report, here is Saunderson House's own definition of financial wellbeing. It nods to the emotional factors which rank as the most important drivers, as well as the close links between finances and other walks of life.

Financial wellbeing: A sense of happiness and confidence with current finances and future financial plans, which supports broader feelings of wellbeing. It incorporates a plan to address uncertainty, while recognising there are some things that are out of personal control.

Let us know what you think. We would love to hear your comments or alternative definitions.



Saunderson House Limited
1 Long Lane, London EC1A 9HF



T: 020 7315 6500
F: 020 7315 6650
E: shl@saundersonhouse.co.uk
www.saundersonhouse.co.uk

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