



FP CANADA IMAGINE 2030

Progress Report

May 2023

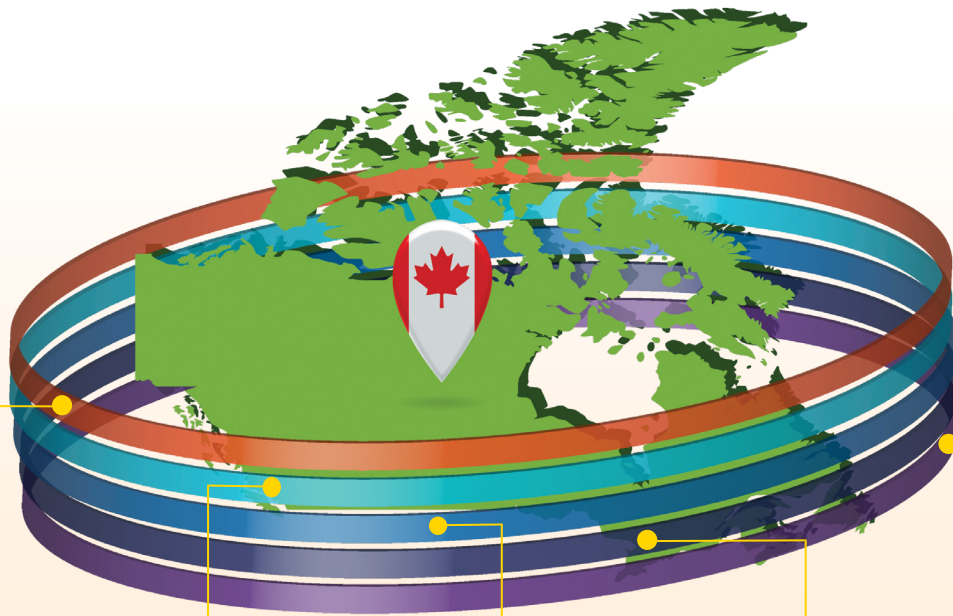


IMAGINE2030

Financial Wellness for all Canadians

By 2030:

- Financial planning is a unified, recognized profession, deemed essential by society
- All Canadians have the financial confidence and wellbeing they need
- All Canadians have access to professional financial planning that supports their diverse needs



Canadians



Canadians have embraced and have confidence in financial planning as an important professional service on the path to financial wellness

The Profession



The profession operates in the public interest; is accessible and inclusive; is holistic and client-centric; and remains current and relevant to Canadian society

Industry



Industry embraces professional financial planning, always in the client's best interest

FP Canada



FP Canada leads the evolution of financial planning as a unified profession that all Canadians can confidently rely on to deliver at consistently high standards

Government



Governments recognize financial planning as a profession and support its broad accessibility, through appropriate policy and regulatory frameworks

Message from President & CEO



Tashia Batstone, MBA, FCPA, FCA, ICD.D
President & CEO

Financial vulnerability is a term we hear often these days. That's not surprising, considering factors such as inflation, high housing costs and elevated interest rates, which have created significant challenges for households across Canada.

What is surprising, however, is the extent to which Canadians' financial health is suffering, across all levels of income and household wealth.

When we talk about financial vulnerability, we tend to think of lower-income populations. However, the *IMAGINE 2030 Progress Report* reveals that financial vulnerability is a reality for a much broader cross section of the population than many of us likely realize. In fact, among Canadians with household income greater than \$100,000, more than a quarter (27%) are somewhat or very financially vulnerable.

This tells us that all Canadians are struggling with financial challenges. More than ever, they need help.

Similar to last year's *IMAGINE 2030 Benchmark Report*, this year's survey also showed, concerningly, that certain demographic groups are experiencing notably lower levels of financial well-being. For example, Indigenous respondents (49%), Canadians living with disabilities (51%), and 2SLGBTQI Canadians (56%) are more likely than average (39%) to be among the more financially vulnerable segments.

The encouraging news is, working with a financial planner or other financial professional is associated with reduced risk of financial vulnerability across all income levels. According to the survey, 72% of those who work with a financial professional such as a financial planner are not very or not at all vulnerable, compared to 53% of those who do not.

So, how can we help more Canadians access professional advice?

This question is at the heart of **IMAGINE 2030**: FP Canada's vision for a future where all Canadians have access to professional financial planning that supports their diverse needs. And this research is one step we're taking to better understand the barriers Canadians are facing, and how we can break them down.

At FP Canada, we are exploring strategies to enhance access to financial planning. This includes expanding the diversity of financial planners in Canada, leveraging CFP® professionals and QAFP® professionals to make financial information more freely available, and evaluating how technology can enable more Canadians to access credible financial advice.

Our *IMAGINE 2030 Progress Report* shows the financial services industry has work to do. But I'm optimistic about the difference we can make by working together, for the benefit of all Canadians.

Tashia

Tashia Batstone MBA, FCPA, FCA, ICD.D
President & CEO

The IMAGINE 2030 Vision

According to IMAGINE 2030, by 2030:

1. Financial planning is a unified, recognized profession, deemed essential by society;
 2. All Canadians have the financial confidence and well-being they need; and
 3. All Canadians have access to professional financial planning that supports their diverse needs.
-

IMAGINE 2030 is FP Canada's bold vision of a future where all Canadians have financial confidence and well-being. A vision of the future where all Canadians have access to professional financial planning that supports their diverse needs, where financial planning is a unified profession, recognized in statute and deemed essential by society.

Introducing the IMAGINE 2030 Progress Report

Promoting diversity, equity and inclusion is an FP Canada priority.

To help make the **IMAGINE 2030** vision a reality, FP Canada is committed to an evidence-based approach to identifying key hurdles to these goals, particularly as they relate to Canadians' financial confidence, well-being, trust and access to professional financial planning.

In last year's **IMAGINE 2030** Benchmark Survey, we introduced a series of four indices measuring Canadians' feelings of financial health and well-being. To further advance the **IMAGINE 2030** vision, FP Canada has conducted a Progress Report on the four indices introduced in the benchmark survey. This year's report includes a new financial vulnerability segmentation, which enables us to better understand and address the challenges faced by Canadians with different levels of financial resilience. By identifying and addressing the specific needs of these groups, we can work towards reducing financial vulnerability and improving overall financial well-being for all Canadians.

This is the second of an annual national survey which will gauge progress on Canadians' sense of financial well-being as measured by these four indices. FP Canada will measure progress each year until 2030.

By tracking standardized indices, we can be disciplined and focused on making progress on these critical issues.

IMAGINE 2030: Progress Report

This white paper presents the *IMAGINE 2030 Progress Report*. It contains progress updates on each of the four index measures established in the *IMAGINE 2030 Benchmark Report*, while sharing some new results on financial vulnerability.

There are four core indices measuring Canadians' overall financial health:

1. Financial Well-Being:

- Do Canadians feel secure in their financial situations or do they have anxiety about money?

2. Financial Confidence:

- Do Canadians feel confident about financial matters or are they unsure?

3. Financial Access:

- Do Canadians feel professional financial help is accessible for them or out of reach?

4. Financial Trust Index:

- Do Canadians trust financial professionals or do they have concerns about working with them?
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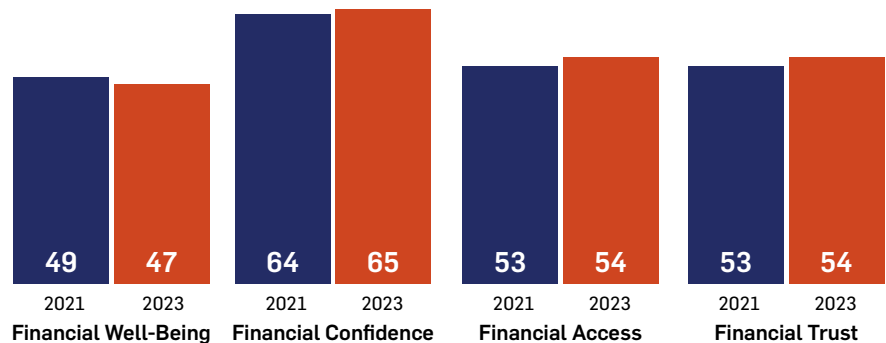
In this year's *IMAGINE 2030 Progress Report*, we have also included a new focus on financial vulnerability, which provides deeper insights into the financial behaviors and attitudes of Canadians across four different levels of financial vulnerability. We explore the interrelationship between vulnerability, financial health and well-being, and discrimination in financial services — the primary focus of last year's report. These connections provide a more comprehensive understanding of the financial landscape in Canada and shine a light on opportunities to enhance financial health and well-being for all Canadians.

Index Scores Tracking

The index scores for financial confidence, access, and trust have remained relatively stable from 2021 to 2023, with only slight increases.¹ However, the financial well-being score is down two points, from 49 to 47.²

Some key facts about the IMAGINE 2030 Indices:

- Each index is constructed from multiple attitudes about Canadians' own finances and their relationships with the financial services sector.
- Each index runs from a minimum score of 0 to a maximum score of 100.
- Each index has an overall score for all Canadians, and scores for a broad array of sociodemographic groups.



This slight decrease in financial well-being is not unexpected given recent inflationary changes in the Canadian economy. In the **IMAGINE 2030** survey results, we saw that:

- Four-in-five (79%) Canadians feel that the country is moving towards a recession, compared to only 6% who believe that it is moving towards a period of growth.
- When it comes to keeping up with bills and other financial commitments, the percentage that say they are either struggling or falling behind is up 5 percentage points, from 56% to 61%.

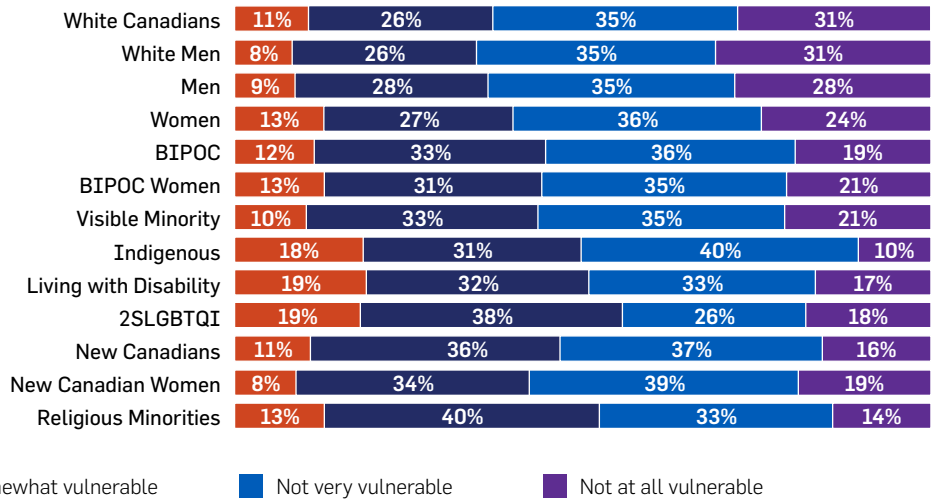
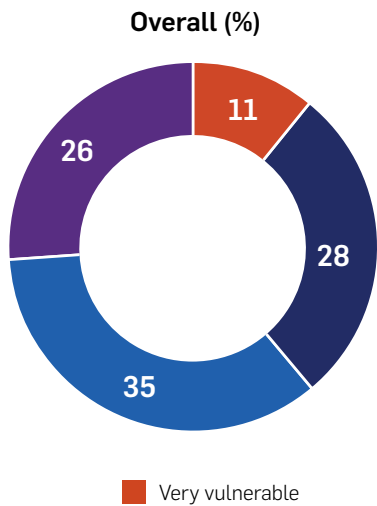
These findings suggest that Canadians are becoming increasingly concerned about the state of the economy and their own ability to manage their financial wellness. The perception of a potential recession, coupled with a higher proportion of Canadians struggling to keep up with bills and other financial commitments, may be contributing to the slight decrease in the financial well-being score. As the economic situation continues to evolve, it will be important to monitor how Canadians' financial attitudes and behaviors change in response.

¹ The detailed information on how the indices are calculated is provided in Appendix 2.

² When comparing the index in 2023 to 2021, at a 95% confidence level, financial well-being is the only index that shows a statistically significant change.

A New Financial Vulnerability Segmentation

Based on their answers to the five questions below, we have grouped respondents into four financial vulnerability segments: not at all vulnerable, not very vulnerable, somewhat vulnerable, and very vulnerable.³



Take Note:

Financial vulnerability is different at different life stages. Half (50%) of Canadians ages 18-35 and 47% of those 35 to 54 are more vulnerable, compared to just 24% of those over the age of 55.

I have money left over at the end of the month <i>(Decreases vulnerability)</i>	34%	of Canadians say always or often
My finances control my life <i>(Increases vulnerability)</i>	33%	of Canadians say always or often
Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month <i>(Increases vulnerability)</i>	26%	of Canadians say always or often
I am behind with my finances <i>(Increases vulnerability)</i>	20%	of Canadians say always or often
I have to borrow money (e.g. credit cards, payday loans) to pay for day-to-day expenses <i>(Increases vulnerability)</i>	14%	of Canadians say always or often

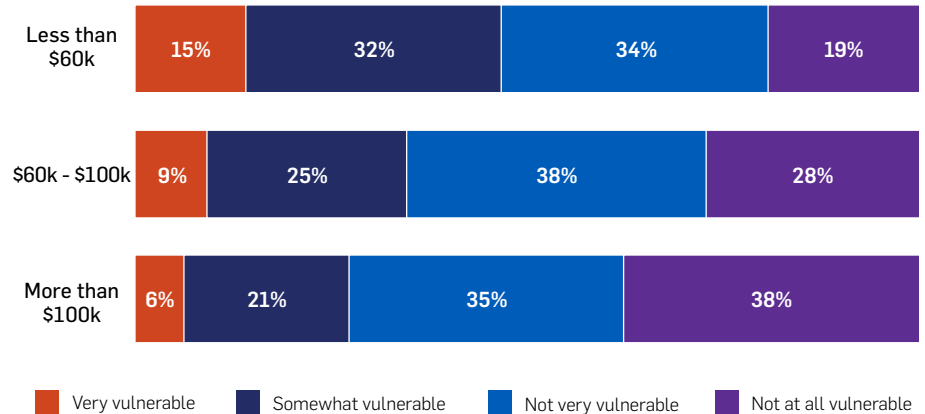
Based on the segments identified in the survey data, two-in-five Canadians are classified as somewhat (28%) or very (11%) financially vulnerable, while three-in-five are not very (35%) or not at all (26%) vulnerable.

Indigenous respondents (49%), Canadians living with disabilities (51%), religious minorities (53%), and 2SLGBTQI Canadians (56%) are all more likely than average (39%) to be among the more financially vulnerable segments.

³ Appendix 3 provides detailed information on how the segments are calculated.

All Canadians Can Be at Risk of Financial Vulnerability

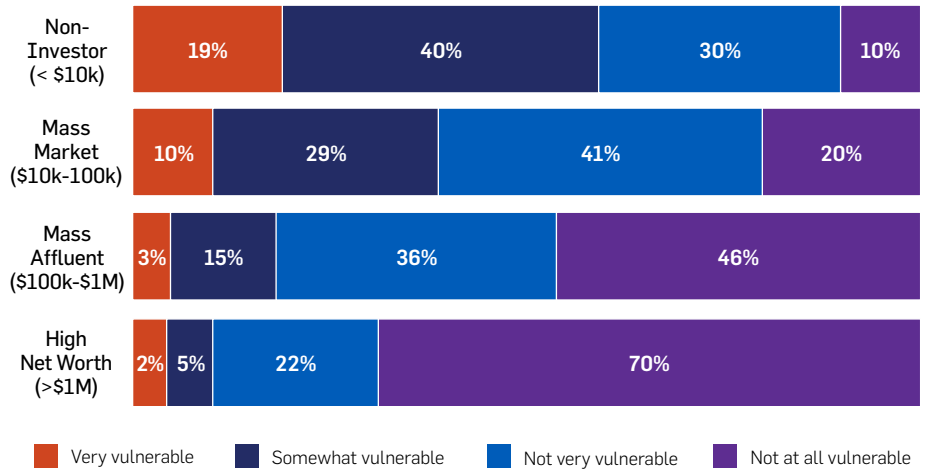
Household Income



Take Note:

Working with a financial professional⁴ is associated with reduced risk of financial vulnerability. According to the survey, 72% of those who work with a financial professional are not very or not at all vulnerable, compared to 53% of those who do not.

Household Assets



In the current survey, it is evident that Canadians from all financial backgrounds can experience financial vulnerability. While there is a strong correlation between income and vulnerability, it is important to keep in mind that there is still a range of vulnerability at all levels of income and financial assets.

Nearly half (47%) of those who earn less than \$60k household income are somewhat or very vulnerable, while 27% of those who earn more than \$100k fall in the same category. When it comes to investable assets, 59% of non-investors are somewhat or very vulnerable, while 18% of mass affluent and 7% of high-net-worth individuals are considered as financially vulnerable.

⁴ In the survey, respondents indicated if they currently work with any of an Investment advisor, Portfolio manager, Insurance advisor, Financial planner, Lawyer, or Accountant to help them manage their money. Those who selected any type of financial professional are included here.

Financial Vulnerability: Why it Matters

The results of the *IMAGINE 2030 Progress Report* show that two-in-five Canadians overall, and up to half of those in some marginalized communities, are financially vulnerable. Whether an individual is financially vulnerable or not can have real consequences on their financial health and well-being.

The impacts of financial vulnerability:

1. On financial health and well-being:

Financial health and well-being, as measured by our three core indices, is determined by a complex mix of circumstances, opportunities, and experiences.

By holding differences in demographics and financial circumstances constant, we can isolate the impact of financial vulnerability on financial health and well-being.

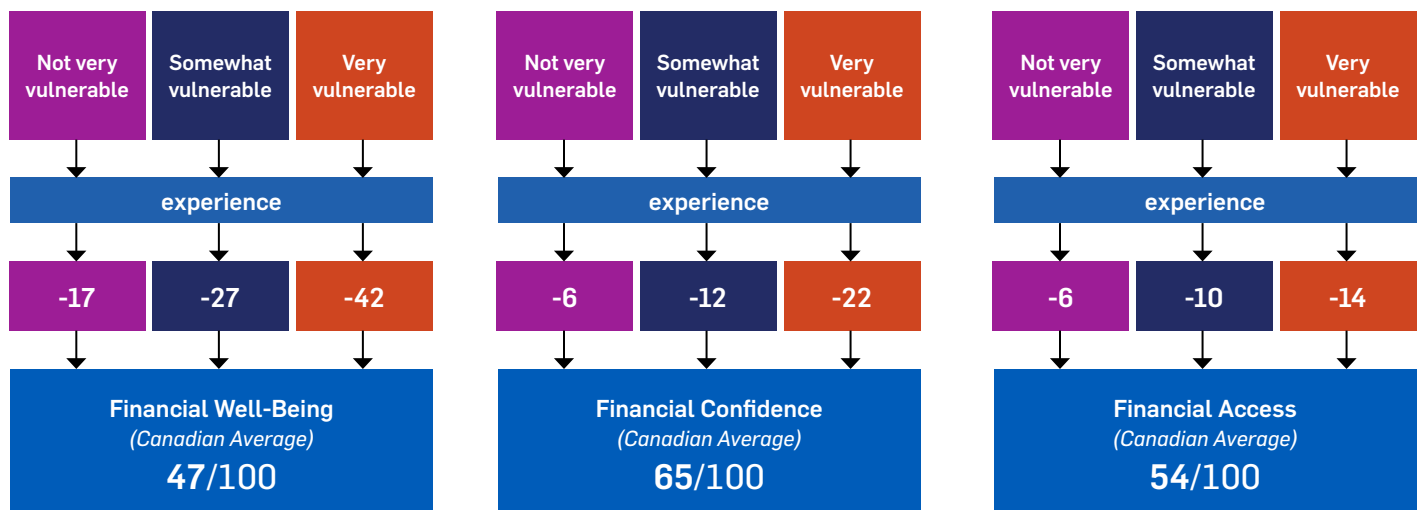
As financial vulnerability increases, financial health and well-being declines. The chart above demonstrates the relationship between financial vulnerability and financial outcomes. As financial vulnerability increases, Canadians experience significantly lower scores on the core **IMAGINE 2030** indices, particularly when it comes to financial well-being. Compared to those who are not at all vulnerable, those who are very vulnerable score 42 points lower on the financial well-being index, 22 points less on financial confidence, and 14 points less on financial access.

The bottom line? This year's report includes a new financial vulnerability segmentation, which enables us to better understand and address the challenges faced by Canadians with different levels of financial resilience. Canadians at all income levels can experience times of more financial

Take Note:

Financial vulnerability is different at different life stages. Half (50%) of Canadians ages 18-35 and 47% of those 35 to 54 are more vulnerable, compared to just 24% of those over the age of 55.

Compared to those who are not at all vulnerable, Canadians who are



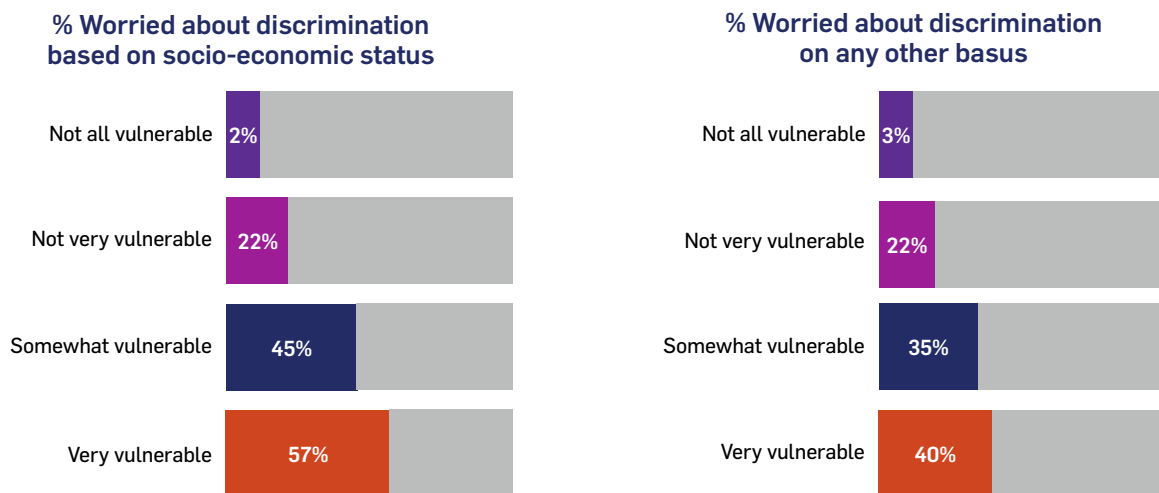
vulnerability. This new evidence shows that these periods of financial vulnerability have a material impact on financial health and well-being, even accounting for other differences in income or wealth.

The research supports the fact that removing barriers to accessing professional financial advice for all Canadians is essential to helping vulnerable Canadians navigate difficult financial circumstances.

2. On concerns about discrimination in finance:

The previous **IMAGINE 2030** Benchmark Survey showed that concerns about the possibility of experiencing discrimination when accessing financial advice are common among Canadians and have negative consequences for those seeking financial help.

This new data shows that financially vulnerable Canadians are disproportionately more worried about being discriminated against when seeking advice from financial professionals. Specifically, those who are highly vulnerable are over eight times more likely to be worried about discrimination based on their socio-economic status compared to those who are not vulnerable at all. These differences are not only limited to discrimination based on socio-economic status. When it comes to discrimination based on factors such as gender identity, ethnicity, sexual orientation, religious beliefs, and language/accents, highly vulnerable individuals are still five times more likely to be worried compared to those who are not vulnerable at all. In short, financial vulnerability has a strong positive correlation with the likelihood of being worried about experiencing discrimination when seeking advice from a financial professional.



Financial vulnerability impacts everyone's likelihood of being worried about discrimination, but marginalized communities are disproportionately affected. The chart above illustrates that while there is a 20-point difference between the proportion of less vulnerable and more vulnerable individuals who are worried about experiencing discrimination (socio-economic status excluded), this gap widens for certain groups. Specifically, for those living with disabilities, the difference increases to 30 points, for religious minorities and 2SLGBTQ1 Canadians to 36 points, and for Indigenous peoples to 40 points.

In the previous **IMAGINE 2030** survey, our research demonstrated that having concerns about discrimination has a negative impact on how marginalized communities interact with financial professionals. These year's survey reaffirms that many Canadians, particularly those from marginalized communities, have changed their behavior as a result of how they were treated:

- As many as one-in-three say they've had to stop working with a financial professional;
- As many as one-in-three have visited or spoken with a professional less often; and
- As many as two-in-five have avoided asking all the questions they wanted to.

% Who Are Worried About Experiencing Discrimination

(Includes gender identity, ethnicity, sexual orientation, religious beliefs, and language/accents. Socio-economic status is excluded.)

	Marginalized Groups										
	Overall	Women	BIPOC	BIPOC Women	Visible Minority	Indigenous	Living with Disabilities	2SLGBTQ1	New Canadians	New Canadian Women	Religious Minorities
Less Vulnerable	40%	43%	38%	42%	39%	30%	35%	32%	42%	45%	32%
More Vulnerable	60%	57%	62%	58%	61%	70%	65%	68%	58%	55%	68%
Impact of Financial Vulnerability	+20	+14	+24	+16	+22	+40	+30	+36	+16	+10	+36

Conclusion

This is the second year that FP Canada has conducted the **IMAGINE 2030** survey to measure Canadians' financial health, and once again, the research sheds light on some concerning realities. By introducing a new focus on financial vulnerability this year, we have gained fresh insights into the different challenges Canadians are facing across all levels of financial resilience.

The research reveals that all Canadians can be at risk of financial vulnerability, regardless of their circumstances. And for the 39% of Canadians who are somewhat or very vulnerable, this is having a tangible impact on their financial confidence, access to professional financial advice, and overall financial well-being.

The findings also shine a spotlight on the inequitable experiences of different demographic groups in terms of their level of financial resilience, with groups such as Indigenous Canadians, those living with disabilities, and 2SLGBTQI Canadians falling behind.

We know that professional financial advice has the potential to make a meaningful difference in Canadians' level of financial resilience, which means the financial services industry has an opportunity to help—and must do better.

Improving Access to Professional Advice

At FP Canada, as we work towards our **IMAGINE 2030** vision, we have made it a priority to find ways of helping more Canadians access the professional financial planning advice they need. The first step is better understanding the hurdles and challenges that Canadians are facing, through research like this.

Beyond that, we are taking steps such as working with federal decision makers to raise awareness of these challenges and to explore possible solutions that would remove key barriers.

We recently took steps to improve the accessibility of our QUALIFIED ASSOCIATE FINANCIAL PLANNER™ certification, to help more aspiring financial planners accelerate their path to achieving the holistic proficiency they need to serve clients. After all, a larger population of planners means greater access to advice for consumers.

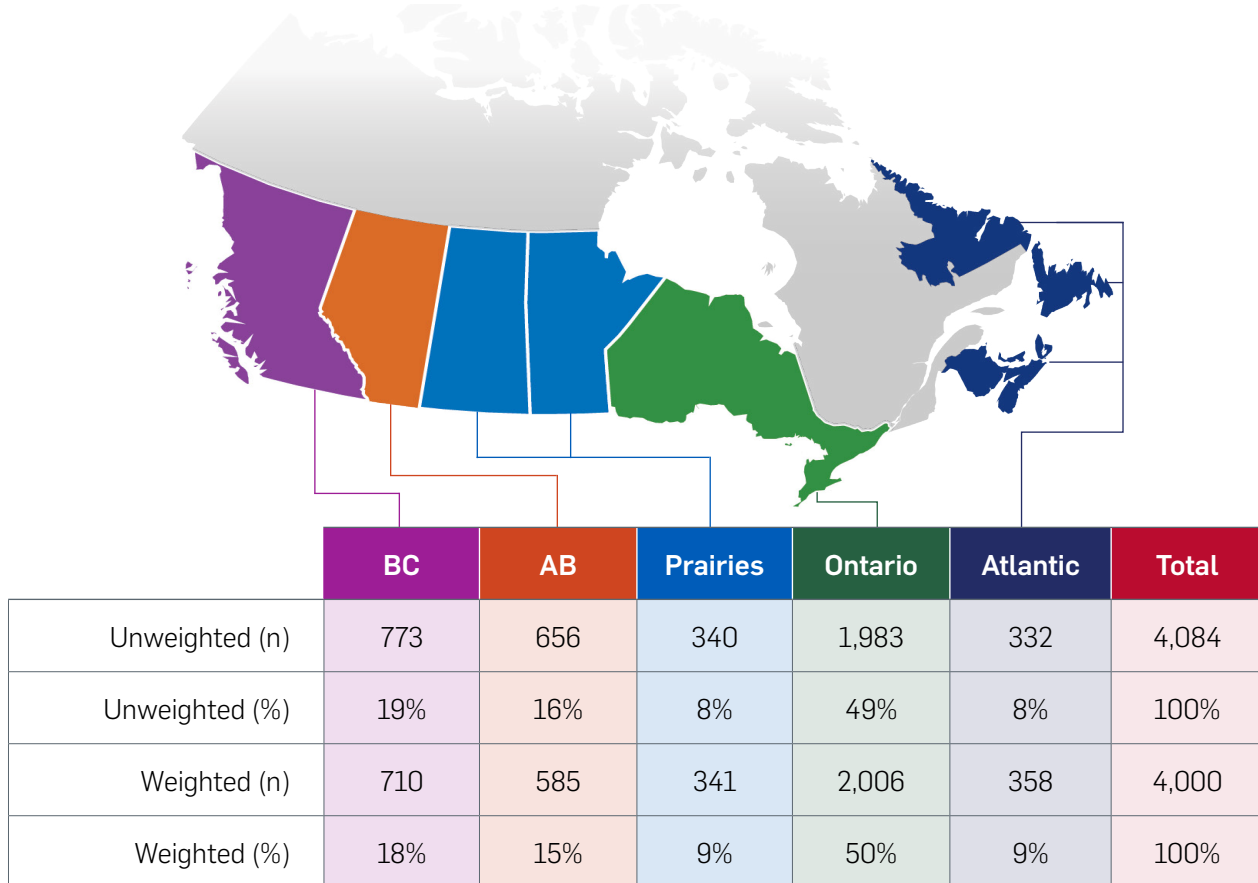
We are also developing pro bono financial planning programs and partnering with organizations dedicated to serving vulnerable people. We're developing educational seminars designed to help new Canadians navigate the financial and tax systems with a financial planning lens. And through our Fintellect Initiative, we are working with industry partners to explore ways of leveraging technology to increase the accessibility of financial planning for all Canadians.

All stakeholders across the profession have a role to play in helping Canadians achieve the financial resilience they deserve. It's time to act.

Appendix 1: Survey Methodology

The findings in this study are based on an online survey conducted for FP Canada by INNOVATIVE Research Group. The online survey of 4,084 Canadians outside of Québec was conducted from January 3rd to 5th, 2023. The survey was recruited using Lucid, a leading provider of online samples. The sample of n=4,084 Canadians is weighted to a representative weighted sample of n=4,000. The survey was weighted by age, gender, education, province, and provincial sub-region for all Canadians outside of Québec based on Statistics Canada Census data. Additionally, respondents were further weighted by investable assets level according to Statistics Canada's Survey of Financial Security.

Table 1: Regional Breakdown of Sample



Appendix 2: Index Methodology

For the purpose of comparability, the same index score methodology is applied for each of the **IMAGINE 2030** Indices. The calculation is performed in five steps.

Step 1: Building the Indices

Financial Well-Being:	Please indicate to which extent you agree or disagree with the following statements: <i>I feel my finances are under control.</i>
	Please indicate to which extent you agree or disagree with the following statements: <i>I am worried about my financial security.</i>
	Please indicate to which extent you agree or disagree with the following statements: <i>I spend a lot of time worrying about money.</i>
Financial Confidence:	How confident are you when it comes to making financial decisions?
	How confident are you about your financial future?
Financial Access:	Again, please indicate to which extent you agree or disagree with the following statements: <i>Hiring a financial professional costs more than I can afford.</i>
	Again, please indicate to which extent you agree or disagree with the following statements: <i>When it comes to my personal finances, I do not know where to start.</i>
	Again, please indicate to which extent you agree or disagree with the following statements: <i>I know where to go if I need financial advice.</i>
	Again, please indicate to which extent you agree or disagree with the following statements: <i>It is hard for people like me to find good financial advice.</i>
	Again, please indicate to which extent you agree or disagree with the following statements: <i>I know the questions I need to ask when working with a financial professional.</i>
Financial Trust:	Again, please indicate to which extent you agree or disagree with the following statements: <i>I trust financial professionals.</i>
	Again, please indicate to which extent you agree or disagree with the following statements: <i>I find dealing with financial professionals very intimidating.</i>
	Again, please indicate to which extent you agree or disagree with the following statements: <i>Financial professionals often look a lot like me.</i>
	Again, please indicate to which extent you agree or disagree with the following statements: <i>It's hard to find a financial professional who understands my culture and background.</i>

Step 2: Individual Question Scores

Each individual question is scored between zero and one. According to the following rubric:

Response (Direct questions)	Response (Reversed questions)	Score
Strongly agree Very confident	Strongly disagree Not confident at all	1
Somewhat agree Somewhat confident	Somewhat disagree Not very confident	0.75
Neutral Don't know	Neutral Don't know	0.5
Somewhat agree Somewhat confident	Somewhat agree Somewhat confident	0.25
Strongly disagree/ Not confident at all	Strongly agree Very confident	0

Note: Questions are reversed when the attitude measures the index concept in a negative way. Reversed items are marked in the full description of each index in the body of the white paper.

In the first step, a score for each survey respondent can be calculated on each question according to the rubric.

Step 3: Total Index Score

After the score from zero to one is calculated for each individual item for each respondent, a total index score is calculated by summing the individual question scores and dividing the sum by the number of questions in the index.

For example, the Financial Well-Being Index consists of three questions. If a respondent scored a 0.5, and 0.25, and a 0.75 their total index score would be:

$$\frac{(0.5 + 0.25 + 0.75)}{3} = 0.5$$

Step 4: Index Scaling

Each individual index score is rescaled from 0 to 100 by multiplying the total index score by 100.

Step 5: Average Index Scores

The overall scores for each index among either all Canadians or a particular group is calculated as the mean of the individual scores for that group among the survey respondents.

Appendix 3: Financial Vulnerability Segment Methodology

The calculation of financial vulnerability segments is performed in four steps.

Step 1: Choosing Questions	This statement applies to me: <i>I have money left over at the end of the month.</i>
	This statement applies to me: <i>Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month.</i>
	This statement applies to me: <i>I have to borrow money (e.g. credit cards, payday loans) to pay for day-to-day expenses.</i>
	This statement applies to me: <i>I am behind with my finances.</i>
	This statement applies to me: <i>My finances control my life.</i>

Four of the five questions are adapted from the Financial Well-Being Scale developed by the Consumer Financial Protection Bureau. See [here](#) for more information.

Step 2: Individual Question Scores	Each individual question is scored between zero and four. According to the following rubric:		
	Response (Direct Questions)	Response (Reversed Questions)	Score
	Always	Never	4
	Often	Rarely	3
	Sometimes	Sometimes	2
	Don't know	Don't know	2
	Rarely	Often	1
Never	Always	0	

Step 3: Total Financial Vulnerability	After the score from zero to four is calculated for each individual item for each respondent, a total financial vulnerability score is calculated by summing the individual question scores, resulting in a 0 to 20 scale.
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Step 4: Financial Vulnerability Segments	After a total financial vulnerability score is calculated for each individual, a segmentation is created using the following schema: using the following schema:	
	Not at all vulnerable	0-4
	Not very vulnerable	5-9
	Somewhat vulnerable	10-14
	Very vulnerable	15-20



Commitment to Accessibility

FP Canada is committed to ensuring equal access and participation for people with disabilities. We are committed to treating people with disabilities in a way that allows them to maintain their dignity and independence. We believe in integration and we are committed to meeting the needs of people with disabilities in a timely manner. We will do so by removing and preventing barriers to accessibility and meeting our accessibility requirements under the Accessibility for Ontarians with Disabilities Act, 2005, and Ontario's accessibility laws.

Commitment to Diversity, Equity and Inclusion

FP Canada believes in the value that comes from different perspectives and experiences. We are committed to pursuing diversity, equity and inclusion within the organization and across the broader financial planning profession. We monitor regularly and report annually on our progress in these areas.

- **Governance:** FP Canada is committed to maintaining a Board of Directors and Executive Leadership Team with a diverse mix of experience, skills and backgrounds, with at least 50 per cent of individuals identifying as a member of a designated group (as outlined in the Canada Business Corporations Act) including women, Indigenous peoples, persons with disabilities and members of visible minorities.
- **Organization:** FP Canada is committed to maintaining a diverse staff and volunteer base reflective of Canada's population, and to ensuring an inclusive and equitable working environment in which all voices feel heard.
- **Financial Planning Profession:** IMAGINE 2030 is FP Canada's vision for the future, in which all Canadians have access to professional financial planning that supports their diverse needs. As part of this vision, FP Canada is committed to working with partners across the financial planning profession to improve diversity, equity and inclusion in the profession, for the benefit of all Canadians.

Commitment to Impartiality

FP Canada's Executive Leadership Team is committed to ensuring impartiality and objectivity in all our activities, including certification and education. FP Canada undertakes to act impartially in relation to its students, candidates, certificants and all other stakeholders, and all of FP Canada's policies and procedures are designed to be fair and consistent. FP Canada identifies and assesses risks that may result in a conflict of interest or pose a threat to impartiality.

Further, FP Canada employees, volunteers and contractors also understand the importance of impartiality and the consideration of any potential conflict of interest in carrying out their activities, including certification and education. Conflicts of interest and objectivity are addressed through a strong governance structure, comprehensive policies and procedures and binding agreements to ensure that all activities are conducted in an independent and impartial manner.

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