



Feeling the benefit of financial advice

How professional support helps to
improve emotional wellbeing



The financial and emotional benefits of professional advice

When it comes to delivering better outcomes for customers, we believe financial advice is game changing.

Our latest research reveals that professional advice offers so much more to customers than just practical, financial benefits. It also helps to improve their emotional wellbeing by making them feel better about their money and themselves – especially in times of crisis.

By sharing these findings with you, we hope to bring the value of advice to life, for everyone.

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Tom Dunbar
Intermediary Distribution Director

At Royal London, we believe that financial advice has the power to deliver game-changing benefits to customers.

This is why we choose to work in partnership with intermediaries, because they play an absolutely integral role in making sure customers get to enjoy the best possible outcomes and experiences.

As a committed champion of independent financial advice, we have a responsibility to bring the enduring value of an adviser's services to life with customers.

We've already proven the financial benefits of advice

Last year, we worked with the International Longevity Centre UK (ILC) to help put a number on the difference professional advice can make. The evidence was clear – advisers help people save more.

Indeed, our research found that, in the space of just 10 years, customers who had sought financial advice were, on average, £47k better off than those who had taken care of things themselves. Given the fact our research spanned the last financial crisis in 2008, this is a truly remarkable number – and one which clearly highlights the value of financial advice, especially in times of crisis.

We wanted to understand whether financial advice also helps to improve mental health

Of course, helping to grow and manage wealth is just one of many potential benefits of financial advice. Indeed, in the current climate, we know that lots of people are feeling anxious about their finances and are worried about what the future might hold.

We wanted to explore whether speaking to a financial adviser helps to improve mental wellbeing – so we conducted this new research with over 4,000 customers. Once again, the results were conclusive. Financial advice helps to improve the emotional wellbeing of customers by making them feel more confident and in control of their financial future.

Interestingly – just like the research we ran with the ILC last year – the benefits of advice are significantly amplified when the customer has regular, ongoing contact with their adviser.

We've also put a number on the value of advice

We worked with the International Longevity Centre UK to understand the impact financial advice has on customer finances over a 10 year period.

The key findings:



Customers who took financial advice were on average **£47k** better off.¹



Those who fostered an ongoing relationship with their adviser were up to **50%** better off than those who had only received advice once.¹



The financial benefits of advice for those of modest means were greater than for those customers who were considered to be affluent.¹



Those customers considered to be 'just getting by' saw a **24%** boost to their pension wealth, as compared to 11% for more affluent groups.¹

[Find out more →](#)

¹Source: ILC, What it's worth - Revisiting the value of financial advice, December 2019

We can also see from our research that clients really value the contact they have with their adviser, especially during these uncertain times. This is why we've been working hard to develop new tools and improve our digital processes - to make it easier for you to keep in touch with your clients remotely.

What the future holds

The COVID-19 pandemic will have lasting effects on our nation's finances. And we believe we're uniquely placed in the market to help advisers deliver the reassurance, expertise and peace of mind their clients need right now.

As a mutual organisation, we're owned and run for the benefit of our members and customers. With no shareholders to answer to, we aren't burdened by demands to make snap decisions when markets get tough. Our status ultimately means you can place trust in the fact that all the decisions we're making right now have the long-term best interests of your clients in mind.

The current climate has also brought the advice gap into even sharper focus. And with financial health fundamentally linked to emotional wellbeing, the industry has a responsibility to make sure more people are able to get the support they need.

Of course, this isn't an issue that advisers can solve on their own. And to increase access to advice, providers will need to take more responsibility for the customer's day-to-day needs, while making sure there are trusted, reliable triggers in place to deliver the right advice at the right time. A good example of this would be in the workplace space - where a provider might own the customer relationship throughout the life of the plan, but then hand the client over to the adviser at the point of retirement.

Either way, we're fully committed to working with the adviser community to help find the best solution for customers.



How COVID-19 has impacted mental wellbeing

The Office for National Statistics (ONS) carried out research looking across personal and economic wellbeing to understand the impact the coronavirus (COVID-19) pandemic has had on people and households in the UK.

It found that people who have been affected financially by the coronavirus crisis are more likely to report higher than average anxiety levels.



49.6%

of people in Great Britain aged 16 years and over reported 'high' levels of anxiety. This equates to over 25 million people.²

²Source: ONS Research - Personal and economic wellbeing in the UK, May 2020

RESEARCH METHODOLOGY

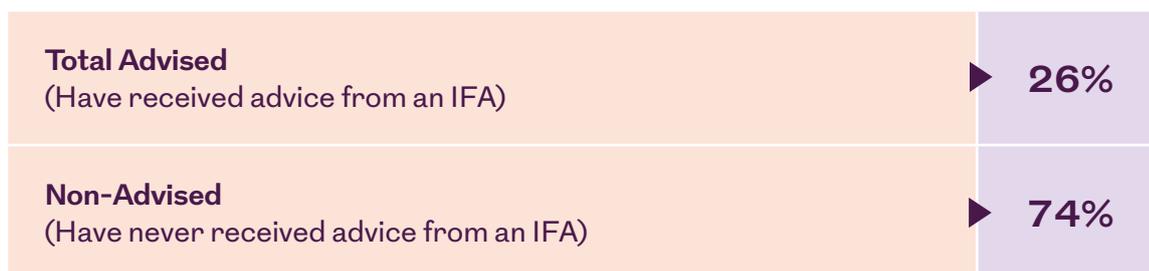
About our research

In these uniquely challenging times, we wanted to understand whether financial advice can help to improve the emotional wellbeing of customers.

To conduct this piece of research, we spoke to a UK nationally representative sample of 4,007 customers.

About our respondents

Here's a snapshot of how advised and non-advised customers made up our sample research group.



[See Appendix A for more about our sample group profiles →](#)

Advised clients are more likely to be male

We found that people without a financial adviser were more likely to be female, single, earning around £20k-£30k, and under the age of 35. While take up of general insurance is relatively high within this group (**69%**), only **15%** have life or protection insurance. **62%** of these customers have a pension in place and **16%** have other investments.

We found that people with an adviser were more likely to be male, over the age of 45, married or in civil partnerships, and more likely to be earning more than £40k. Interestingly, only **30%** of this group have life or protection insurance. **85%** of these customers have a pension in place and **39%** have other investments.



[See Appendix B for more about our sample demographic profiles →](#)



“An anxiety shared is an anxiety halved, especially when you share it with an expert. They learn your background and your short- and long-term aims, and can advise on the best way of getting there.”

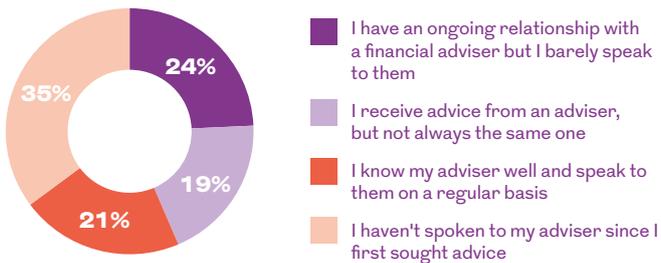
Customer

CUSTOMER SAMPLE

Adviser and client engagement

According to our nationally representative sample, **26%** of people in the UK have received financial advice. We know that trust and level of expertise are two of the most important factors for clients when it comes to choosing an adviser. It's also clear that the ongoing relationship customers have with their adviser can vary from regular contact and knowing each other well (**21%**), to very little contact at all (**24%**). As many as **35%** of clients haven't spoken to their adviser at all since they first sought advice.

Current relationship status



26%

of people in the UK have received financial advice.

[See Appendix C for more about the adviser/customer relationships in our sample →](#)

Most customers seek advice for specific goals

We wanted to know what kind of advice clients received. For the majority, it's all about seeking expert advice on specific products or needs, and making the most of their money to meet long-term financial goals. Interestingly, while only **23%** rely on their adviser for a more holistic approach to their finances, these clients tend to be the most satisfied with the advice they receive.

38% (10% of UK pop) Transactional

I ask my adviser for advice on specific products/needs and my adviser recommends relevant products to meet those needs.



31%

receive ongoing advice on pensions / retirement planning.

30% (8% of UK pop) Wealth management

My adviser advises me on how to make the most of my money/ meet my goals from my savings/investments and manages those investments for me.



30%

receive ongoing advice on investments.

23% (6% of UK pop) Holistic

My adviser regularly does a thorough review of my whole financial situation, and provides advice to meet all my financial needs. This sometimes involves recommending financial products.



30%

have ongoing, regular financial reviews in place.

[See Appendix D for more on the advice provided to our sample →](#)

CUSTOMERS FEEL POSITIVE ABOUT ADVICE



It's clear that customers feel positive about advice

We asked customers who take advice how they feel about their financial adviser and the services they provide. We found that the vast majority are very happy with the quality of the financial advice they receive. They're also very satisfied with other key aspects of their adviser's service, such as being easy to talk to and inspiring confidence and trust.

Customer satisfaction with their adviser



Satisfaction scores vary, depending on the type of advice provided

While overall satisfaction scores are high, they vary for the different types of advice being offered.

Perhaps not surprisingly, the most satisfied group of customers are those whose advisers look at the bigger picture of their lives and integrate their finances into the wider context.

We might expect those people to naturally be more open with their adviser, and be more interested in building a closer relationship. And this appears to be reflected in the outstanding satisfaction score of **81%**.

This is followed by a high score of **78%** among those clients who have more practical, product driven advice needs. Wealth management services are often sought by people with high expectations and complex needs, and a satisfaction score of **75%** for this group is extremely positive.



Holistic advice received
81%
overall satisfaction



Transactional advice received
78%
overall satisfaction



Wealth management received
75%
overall satisfaction

CUSTOMERS FEEL POSITIVE ABOUT ADVICE

Customer satisfaction grows over time

Reassuringly, our research found that customers feel even more satisfied with their adviser's services when they have an ongoing relationship in place.



90%

of customers who receive holistic advice and talk to their adviser regularly have even higher levels of satisfaction.



“The most important benefit for me is the fact that my financial adviser is a trustworthy person with excellent feedback from other clients. He explains everything in detail without using too much jargon, and he is proactive.”

Customer

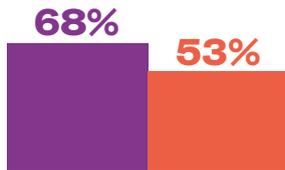
BENEFITS OF ADVICE FOR EMOTIONAL WELLBEING



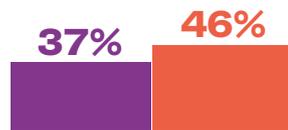
Advice improves emotional wellbeing by helping customers feel more financially secure

The main purpose of our research was to find out how financial advice improves emotional wellbeing. Our findings confirm that advice can indeed deliver more than just financial benefits. It also helps to improve the emotional wellbeing of customers by making them feel better about their money - and themselves.

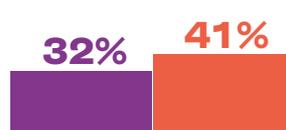
I feel more in control of my finances.



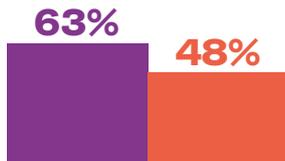
I worry about being able to cope financially when I retire.



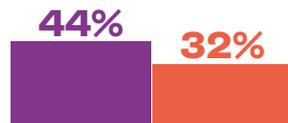
I often feel anxious when I think about my household finances.



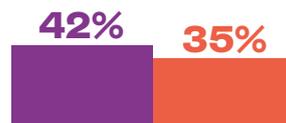
I feel financially secure and stable.



I feel prepared to cope with life's shocks.



I feel confident about the future.



■ Advised
■ Non-advised

Household income doesn't make a difference when it comes to financial wellbeing

Does having more money improve someone's financial and emotional wellbeing – regardless of whether they have a financial adviser or not? To find out, we looked to see if this result was true across different levels of affluence, by comparing individuals with a household income of over £70k with those making under £70k.

We discovered that while confidence increases in line with salary, there is still a difference between advised vs. non-advised. And those on a lower household income who receive advice still feel more confident than those who don't.

Higher income households



79% of advised customers feel in control of their finances.

vs



66% of non-advised customers feel in control of their finances.

Lower income households



vs



65% of advised customers feel in control of their finances.

52% of non-advised customers feel in control of their finances.

39% of advised customers worry about being able to cope financially when they retire.

47% of non-advised customers worry about being able to cope financially when they retire.

BENEFITS OF ADVICE FOR EMOTIONAL WELLBEING

The top three benefits of advice

A real positive is that clients themselves recognise the emotional benefits of advice. Greater confidence, being in control and gaining peace of mind were identified as the top three benefits.



34%

Having access to financial expertise makes me feel more confident in my financial plans.



34%

Receiving professional financial advice helps me feel in control of my finances.

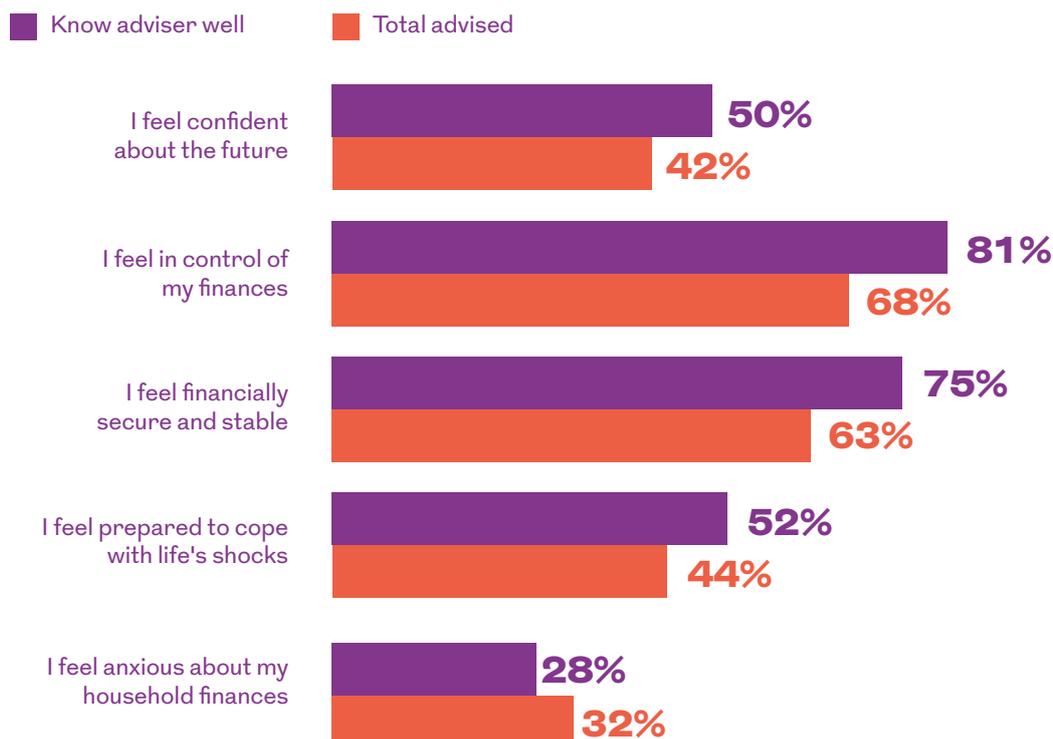


32%

Having contact with a financial adviser gives me peace of mind.

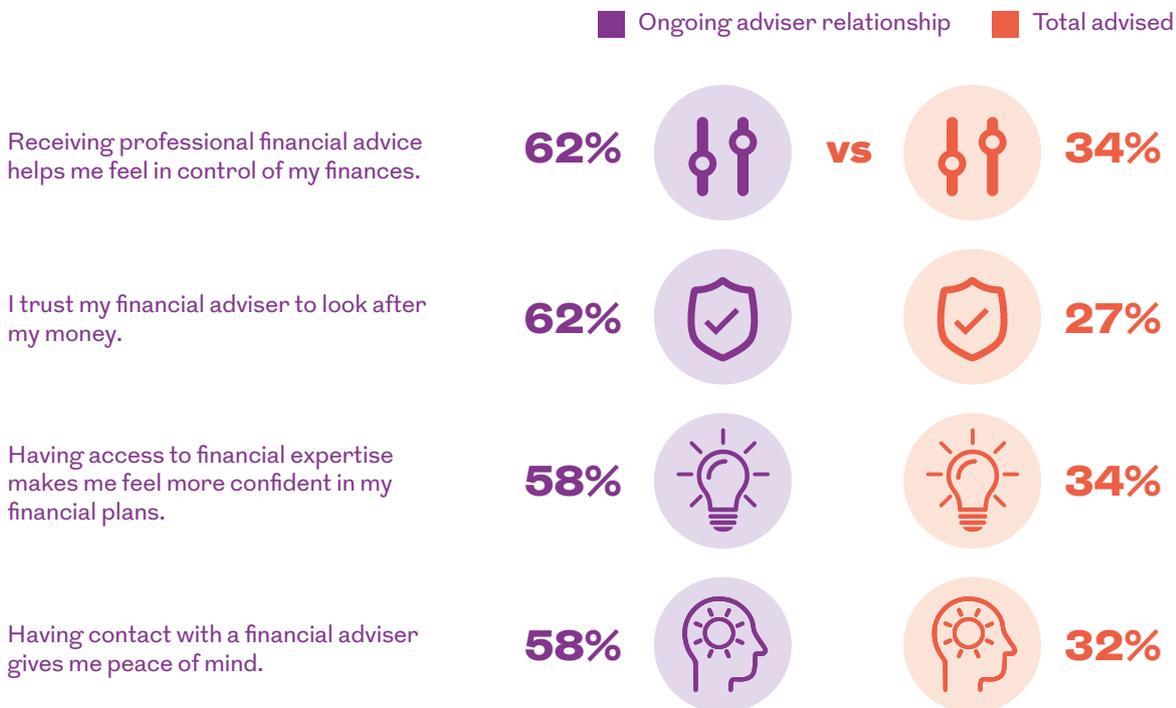
Customers that have a closer relationship with an adviser feel more in control of their finances

Do these feelings change depending on how often a client sees their adviser? Our research revealed that for those who know their adviser well, or speak to them on a regular basis, the emotional benefits are even greater – particularly when it comes to feeling in control of their finances.



BENEFITS OF ADVICE FOR EMOTIONAL WELLBEING

Those who know their adviser well and speak to them on a regular basis are even more appreciative of the benefits. Here are the top benefits reported by those customers who have an ongoing relationship with their adviser.

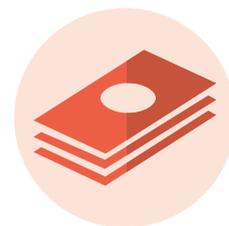


“Find someone you are comfortable with and who you feel you can build a relationship with.”

Customer

Adviser costs don't diminish the emotional benefits of advice

Does cost have an influence on these emotional benefits? It appears not. We found that clients with an ongoing relationship with their financial adviser are twice as likely to agree that the emotional and financial benefits of having an adviser outweigh any costs (**38%** compared to **16%** of advised customers).



BENEFITS OF ADVICE ON FINANCIAL KNOWLEDGE



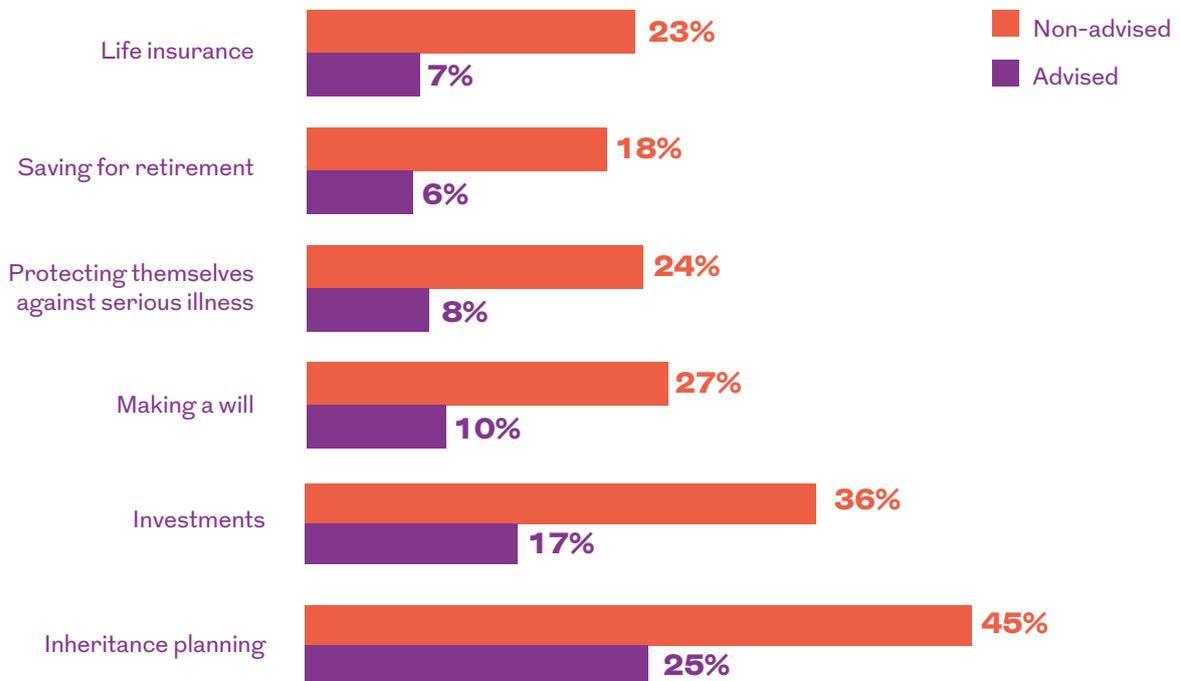
Advice can help to improve financial knowledge

There's evidence to suggest that having an adviser also helps people to boost their knowledge, and gain a better understanding of their finances – particularly when it comes to protection and retirement planning.

In our research, we found that advised customers feel they have a significantly better grasp of products and financial matters, compared with people who don't have an adviser.

Understanding of financial products

When it comes to taking out financial products, non-advised customers are more likely to say they wouldn't know where to start.



Non-advised customers are **3x more likely** to say they wouldn't know where to start with taking out life insurance or saving for retirement.



“Stop burying your head in the sand. Amazing how much better it feels when you have a plan to clear debt and start saving and start sleeping properly.”

Customer

PROTECTION IMPROVES EMOTIONAL WELLBEING EVEN FURTHER



How protection products can enhance the emotional benefits of advice

When it comes to protection products, we believe the benefit to the customer reaches far beyond the financial safety net they can provide.

Indeed, our research clearly shows that advised customers who have protection in place feel the emotional benefits of advice more than those who are advised generally.

Benefits of advice	Advised (with protection)	All advised
Advice makes me feel more confident in my financial plans	40%	34%
Financial advice helps me feel in control of my finances	40%	34%
Having contact with a financial adviser gives me peace of mind	37%	32%
I feel less worried about what will happen to my family after I die	20%	15%



Advised customers are **2x as likely** to have protection insurance

Getting more people protected

People need protection. And our research found that advised customers who have protection feel more prepared for life's shocks. That's why we want to make it easier for even more people to arrange cover, get value for money, and access support when it's needed.

- **73%** of advised customers with protection feel in control of their finances (vs. UK Nat rep **57%**)¹
- **46%** of advised customers with protection feel prepared for life's shocks/the unexpected (vs. UK Nat rep **35%**)¹
- Advised customers with protection worry less about their financial future (**37%** vs. **43%**) and feel less anxious about household finances (**31%** vs. **39%**) than those who are advised without protection in place.

¹Base: N=4007

ADVICE IS NEEDED NOW MORE THAN EVER



Why advice is needed now, more than ever

We're experiencing one of the biggest financial crises of the last 100 years. The journey to advice looks and feels very different today - particularly for people who have yet to seek it.

Through our research, we wanted to investigate how the COVID-19 crisis has made non-advised customers feel about their finances.

The impact of COVID-19 pandemic on non-advised customers

- **65%** realise how important it is to budget and to be prepared for life's shocks.
- **35%** feel anxious about their financial situation.
- **15%** want to seek professional financial advice in the future.

It's clear the emotional benefits of advice need to be communicated to non-advised customers. It's also important to understand that in protecting a client's financial security, advisers are helping to support their wellbeing too.

Studies show that poor financial health can lead to poor mental health. Financial stress links to many health issues, and the connection between mental and financial health is cyclical – poor mental health can lead to even greater financial difficulties.

Key areas of interest for non-advised customers

Has there been a change in the kind of financial products that people might find of interest since the start of the coronavirus pandemic? We asked non-advised customers, who said they were open to advice, which topics would most be of interest to them. The most common area mentioned was wills, trusts and legal guardianship - potentially driven by the impact of COVID-19. This fits with the increased anxiety people may feel as a result of the crisis, along with the uplift in wanting to be better prepared for life's shocks.

Top three services for those who are open to advice



33%

I would be interested in wills trusts and legal guardianship.



27%

I would be interested in a completed review of finances.



24%

I would be interested in life insurance.

SUMMARY

Our key research findings – at a glance

Our research insights fully reflect our long-held belief that advice is game changing. We'll continue to champion the value of advice, and proactively support client conversations, to help advisers grow a successful and profitable business.

Key takeaways from our research:



Customers who receive financial advice trust their adviser and are happy with the advice they receive. Satisfaction also increases over time, where there is an ongoing relationship in place.



People who receive financial advice feel more confident about the future, and feel more financially resilient.



Advised customers enjoy psychological and emotional benefits – not just financial gains.



“Finance is more than saving for a rainy day - creating a life (not just a financial) plan that is robust and that takes into account your individual circumstances and aims is so important.”

Customer

You can find more information on how financial advice is helping to deliver game-changing benefits to customers at adviser.royallondon.com/advicechangesthegame

APPENDIX A - OUR RESPONDENTS

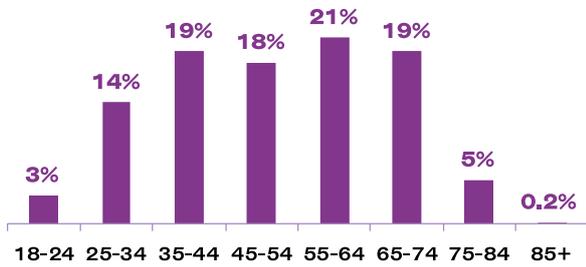
Our respondents

Total Advised (Have received advice from an IFA)	▶ 26%
Non-Advised (Have never received advice from an IFA)	▶ 74%
Lapsed (Have received advice from an IFA but no longer see one)	▶ 9%
Open to advice (Have never received advice from an IFA but likely to see one in the future)	▶ 15%
New to advice (Started seeing an IFA within the last 1-3 years)	▶ 5%
Closed to advice (Never received advice from an IFA and claim unlikely to in future)	▶ 31%

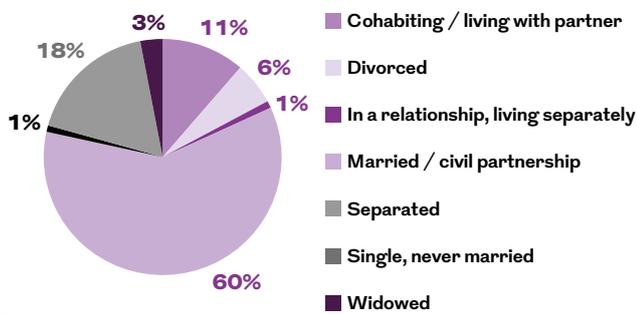
APPENDIX B - CUSTOMER SAMPLE DEMOGRAPHICS

ADVISED

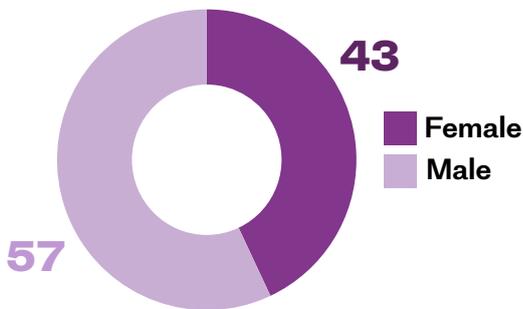
Age breakdown



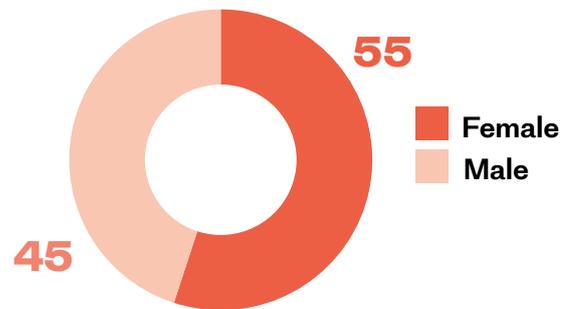
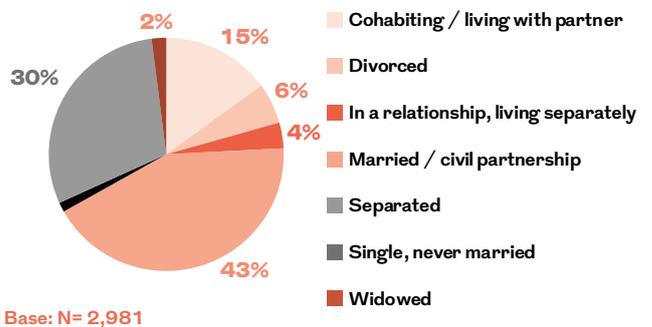
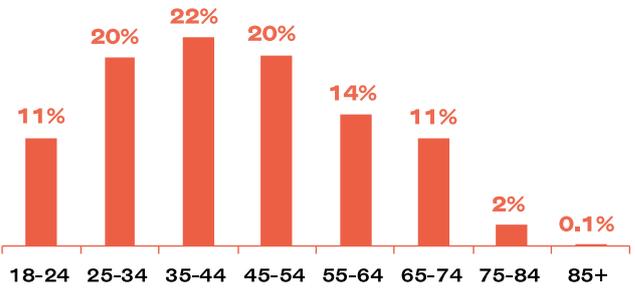
Marital status



Gender balance



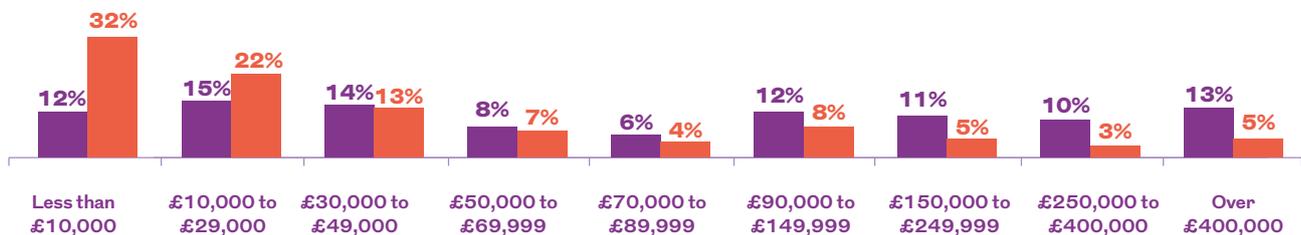
NON-ADVISED



Household income



Household assets

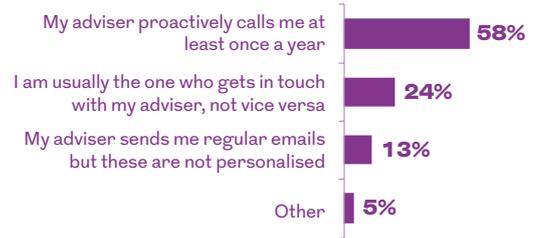


APPENDIX C - ADVISER RELATIONSHIP

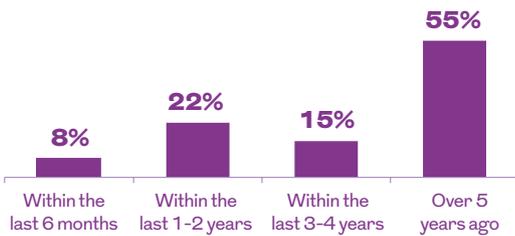
Current relationship status



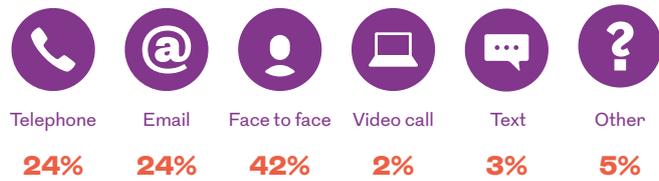
Adviser communication style



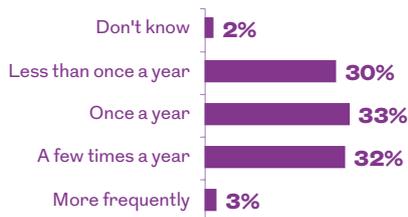
When advice was first received



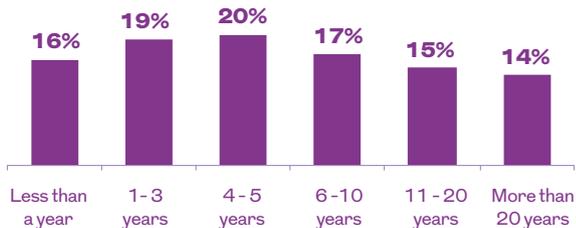
Advice is typically received through



Frequency of adviser contact

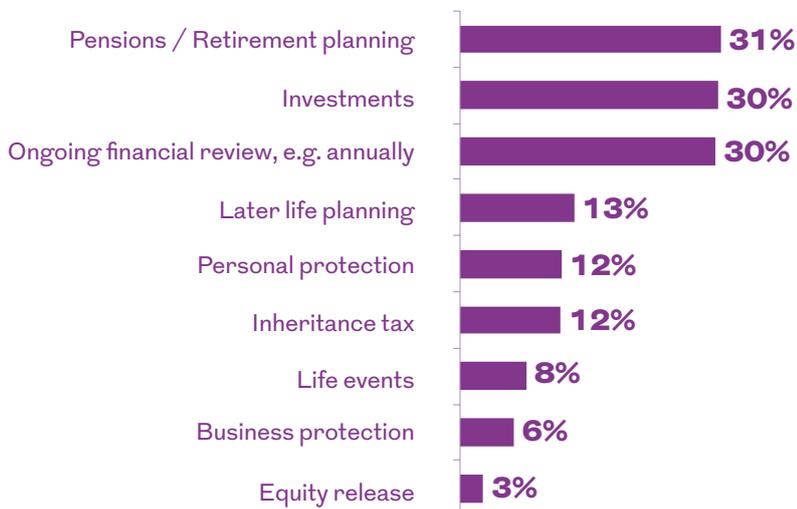


Length of relationship



APPENDIX D - SOURCE OF ADVICE

Customers receive ongoing advice on:



**ADVICE
CHANGES
THE GAME**



Royal London
55 Gracechurch Street, London, EC3V 0RL
royallondon.com

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