

# Financial IQ by WFG



**fIQ**<sup>TM</sup>  
BY WFG

Building Financial Resilience in the Face of Economic Headwinds



North America Report

# About World Financial Group

For more than 20 years, World Financial Group, a Transamerica company, has helped countless individuals and families find financial confidence through life insurance, retirement, and wealth-building strategies. Our licensed agents across North America help guide individuals from where they are to where they want to be.

Whatever your life's goals; our financial professionals can help design a strategy tailored to your specific needs. Learn more about our company and our commitment to helping lead you and millions of others across North America to a sound financial future.



**5.9m**

Individuals and Families Protected and Educated since 2005<sup>1</sup>



**A**

Our Required Standard AM Best Ratings for Partner Providers<sup>2</sup>



**61,110**

Life Licensed Agents as of November 2022<sup>3</sup>

<sup>1</sup> WFG, November 2022.

<sup>2</sup> You can check the provider's ratings analysis at A.M. Best, Fitch, Moody's and/or S&P Global.

<sup>3</sup> WFG, November 2022.

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# Foreword

## Putting Your Money to Work



*Todd Buchanan, WFG President*

Economic growth in North America does face challenges from time to time. An uncertain outlook can present ongoing concerns for most of the population. WFG believes there is an opportunity for individuals, families, and businesses to find relief and bolster their financial growth through increasing financial knowledge, thereby boosting their financial situation.

In 2022, inflation reached a high of 9% in the United States<sup>4</sup> and around 8% in Canada<sup>5</sup>, meaning families are having to spend more on basic essentials like food and utilities with each passing day. In response, the U.S. Federal Reserve has tried to calm inflation by increasing interest rates. Its lending rate now sits between 3.75% - 4%, the highest it has been for 14 years<sup>6</sup>. So, households are not only hit by rising costs of basic goods but also face higher repayments rates for debt and, for many, greater mortgage payments.

This is the second significant financial shock in less than three years. Many families have already had to fall back on their emergency plans, such as dipping into savings, taking on more credit card debt or even borrowing from friends and family to

survive the pandemic. Unfortunately, many have not fully recovered from the economic impact of the pandemic as we head into this next downturn.

Beyond the headlines of a slowing economy, there are human stories. This may be the increased risk of job loss, loss of earnings or, for business owners, the risk of business failure. It is more important than ever before for families to reflect on the financial protections they have in place that could manage and mitigate those risks.

Though it can be difficult when faced with short-term pressures and demands, developing a financial strategy to accommodate unexpected events is key. When it comes to finances, ignorance is not bliss. Understanding your financial situation could go a long way to reduce the stress that not having enough money can cause. Helping people create a financial strategy and feel more secure about the future is at the heart of what WFG agents do every day. Individuals, families, and businesses have many options to help them secure their futures.

<sup>4</sup> Trading Economics, [United States Inflation Rate](#), February 2023.

<sup>5</sup> Trading Economics, [Canada Inflation Rate](#), February 2023.

<sup>6</sup> BBC, [The Fed hikes US Interest rates to fresh 14-year high](#), November 2022.



# Building Financial Resilience in the Face of Economic Headwinds

Beyond financial education and planning, WFG is also proud to offer the option of business ownership to individuals from a wide range of backgrounds to allow them to strive for financial independence and to build their own wealth.

As part of our commitment to improving financial wellbeing and financial literacy for U.S. and Canadian households, we commissioned an independent research study to better understand how people think about money, their goals and aspirations and their financial confidence, control, and understanding.

Within the research process, we surveyed 4,000 U.S. households and 1,004 Canadian households. In addition to this, 1,677 of our independent licensed agents and unlicensed associates, who have recently joined WFG and are on their journey

to becoming agents, across the United States and Canada took part in the research, along with 622 of our clients.

Central to the research is the development of a core metric, "Financial IQ" (FIQ), which was developed based on responses to five questions in the survey. These questions assessed respondents' attitudes toward personal finances and their preparedness for financial shock. We will track FIQ on an annual basis as we continue our efforts to improve financial education and resilience across the general population and our clients.

We are delighted to share the findings of our research with you.

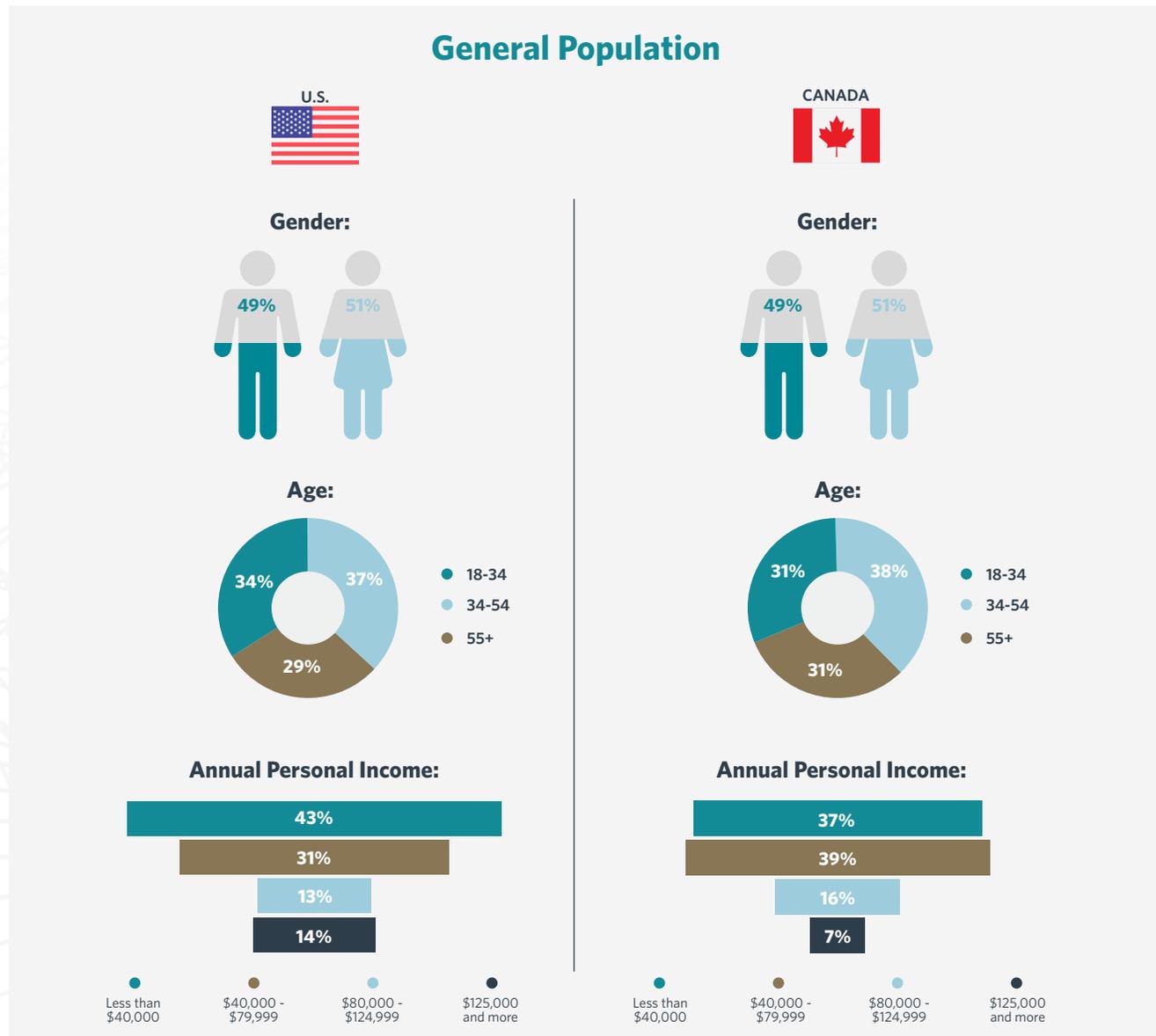
# A Note on our Research Approach

WFG partnered with independent research agency H/Advisors Cicero to benchmark levels of financial capability across the United States and Canada. H/Advisors Cicero undertook a survey across three sample groups - WFG agents and associates, WFGIA clients and the general population. Fieldwork was conducted between July 21 and August 22, 2022.

Further details of the sample are below:

- **WFG agents include both tenured agents (Level 10), licensed agents and associates (Level 1). Associates are individuals who have recently joined WFG and are on their journey to becoming a licensed agent.**
- **Senior Marketing Directors (Level 20) are licensed U.S. and Canadian agents who have a tenure of three years or less with WFG, earned \$88,075 and sold at least one policy in 2022, and make up approximately 10% of licensed WFG agents. Earnings are in U.S. dollars.**
- **WFGIA clients are individuals that have purchased at least one policy from a WFG agent.**

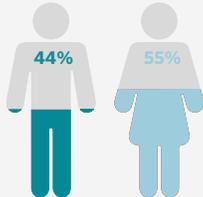
## General Population



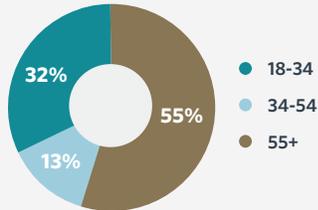
## WFGIA Clients



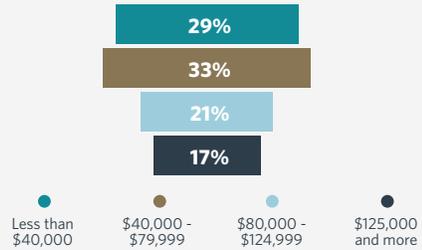
### Gender:



### Age:



### Annual Personal Income:



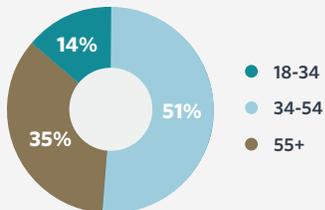
## WFG Agents & Associates



### Gender:



### Age:



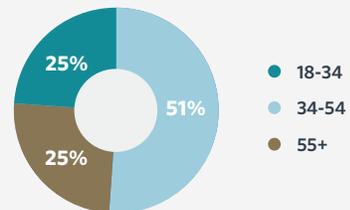
### Annual Personal Income:



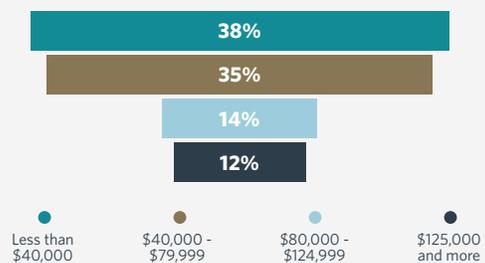
### Gender:



### Age:



### Annual Personal Income:



# Executive Summary



## Financial Needs and Desires



### Short-term Ambitions

The general cost of living is dominating short-term financial priorities

**67%** of the general population surveyed stated the day-to-day cost of living was a key short-term financial priority.

Even those with higher levels of wealth feel they need to prioritize their day-to-day spending in the near term. More than half (**53%**) of those earning over \$80,000 said the cost of living was a financial priority. This increases significantly among those earning less. **73%** of those earning less than \$40,000 stated covering basic costs as a top financial priority.



### Long-term Ambitions

WFG agents, associates and WFGIA clients have a much greater focus on the long-term compared to the general population

For WFG agents and associates (**77%**) and WFGIA clients (**79%**), feeling financially secure in retirement is a great priority, whereas this is an aspiration for only half of the general population (**51%**).

Supporting other family members financially is twice the priority for WFG agents and associates and WFGIA clients, as it is for the general population (**49% and 50% vs. 25%**).



### Confidence in Meeting Ambitions

**71%** of WFG agents and associates are confident about achieving their short-term financial priorities and aspirations, this increases to **86%** among agents who are Senior Marketing Directors (Level 20) and above, compared with **52%** of households across the United States and Canada.

WFGIA clients are also more confident that they might achieve their short-term financial goals (**68%**).



## Emotional Connections with Money



### Money Worries

Dealing with finances places great emotional strain on many households

More than a third (**36%**) of the U.S. and Canadian general population feel anxious about their current financial situation, an equal number (**36%**) feel concerned, while a quarter (**25%**) feel strained.

WFG associates and agents and WFGIA clients are far less likely to feel anxious about their current financial situation (**22% and 27%** among each respective group).

Furthermore, as agents progress throughout the WFG journey anxiety reduces. Only **10%** of those at the Senior Marketing Director level (Level 20) and above feel anxious about their current financial situation.



### Financial Freedom

WFG agents, associates and WFGIA clients are more likely to feel like their current financial situation presents opportunity, excitement and freedom compared to the general population

**44%** of WFG agents and associates see “opportunity” when it comes to their own financial situation, while **40%** feel they have the “knowledge” they need for their financial situation.

In contrast, just **16%** of the general population think of the word “opportunity” when considering their current financial situation, and **13%** feel “excited.”

# Executive Summary



## Financial IQ by WFG

### Introducing FIQ by WFG

FIQ by WFG has been developed to assess the financial resilience of households and to measure their financial readiness to withstand economic challenges. It is made up of five components.

FIQ by WFG provides an index score based on responses to five questions asked to more than 7,000 respondents as part of the research.

FIQ ranks financial resilience on a scale from 0 to 10. A high index score is a ranking above 6, scores from 4 to 6 are classified as medium, and a low score is under 4.

In 2022, the FIQ of households across the United States and Canada stood at 5.6. This score sits within the “medium” range for financial resilience.

FIQ increases significantly among WFG agents and associates. Overall, WFG agents and associates have a “high” level of financial resilience based on their score of 6.5 out of 10. This score increases as agents and associates progress in level, the highest score being 8.8 among agents at CEO MD level (Level 65) and above.



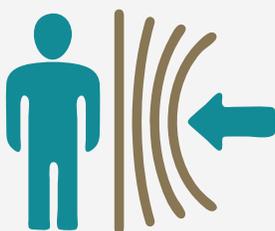
# Components of FIQ



## Understanding

Just **47%** of households in the U.S. and Canada feel able to understand their finances.

**93%** of WFG agents and associates feel at least somewhat able to understand financial matters, as well as **86%** of WFGIA clients.



## Resilience

More than a third (**35%**) of WFG agents and associates overall, and **61%** of agents at Senior Marketing Director level (Level 20) and above, feel they could sustain basic financial outlays for more than one year if they were suddenly unable to work, compared to **27%** of WFGIA clients and just **24%** of the general population.



## Control

Just a minority of the general population feel in control or very in control when managing their finances (**45%**).

This increases among WFG agents and associates (**58%**), and greatly at the Senior Marketing Director level (**80%**).



## Preparation

Only a third (**36%**) of U.S. and Canadian households said they are prepared financially if their household's main breadwinner were to experience an unexpected life event.

**45%** of WFG agents and associates feel prepared for that eventuality rising to **56%** among more experienced agents (Level 10+), and even more among those at at Senior Marketing Director level (Level 20) and above (**71%**).



## Confidence

Just a minority of the general population feel confident or very confident when managing their finances (**43%**). This increases among WFG agents and associates (**57%**) and among WFGIA clients (**46%**).

For more experienced WFG agents (Level 10+) this increases to **67%**, and to **82%** among Senior Marketing Directors (Level 20) and above.

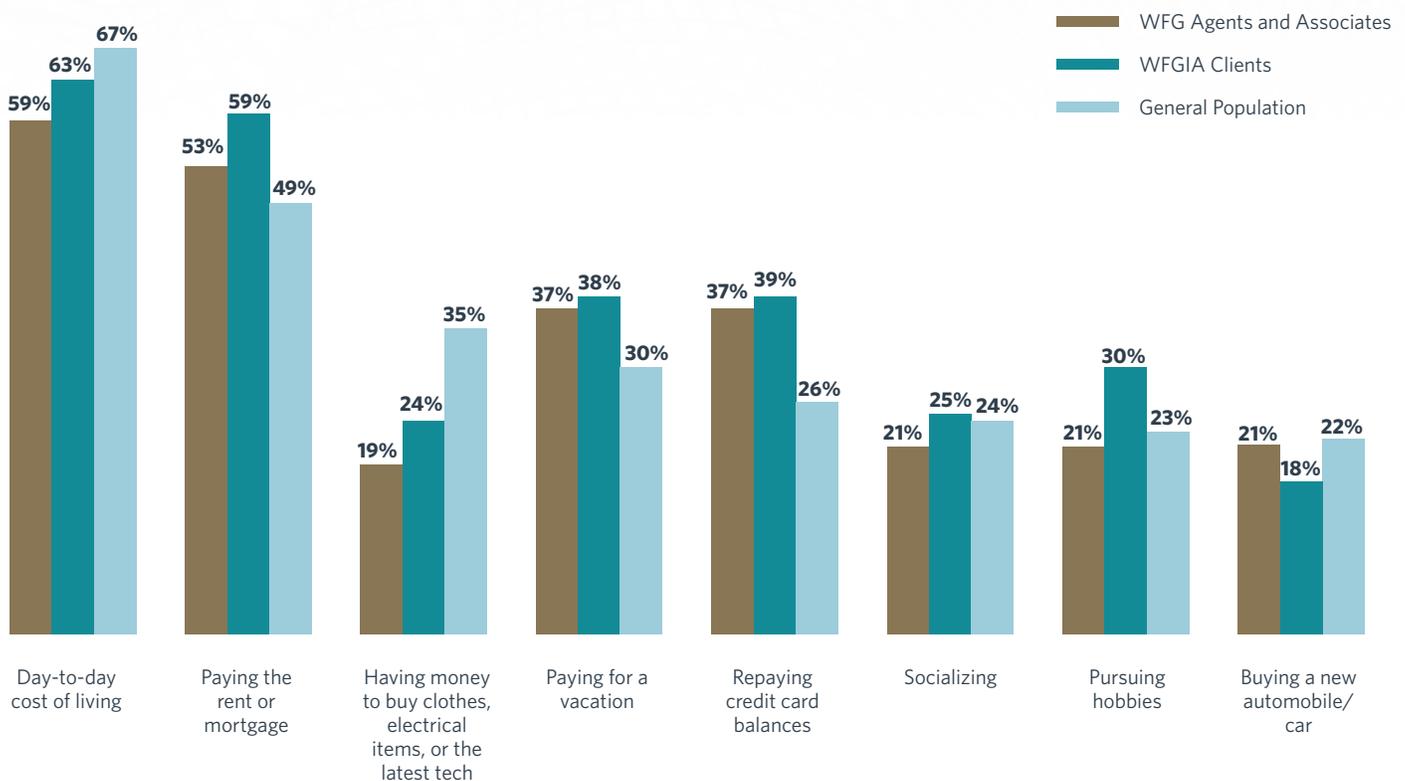
# Part 1:

## Financial Needs and Desires

In general at any given time, people may experience financial pressures, therefore many households need to establish their financial resilience or, in plain English, their ability to manage through difficult times financially. When there are short-term challenges related to factors beyond their control such as inflation, it can be difficult for many people to think beyond their immediate pressures.

### Short-term Ambitions

**Figure 1:** While concerns about the cost of living are widespread, WFG agents, associates and WFGIA clients are less likely to state that the day-to-day cost of living is a financial priority than the general population.



**Q:** Which of the following would you identify as short-term financial priorities and aspirations for you and your family? (i.e., in the next 12 months) – Chart shows top 8 ranked

Overall, our research highlights the strain that short-term pressures are placing on people’s financial priorities. Households are, therefore, cautious when ranking their financial priorities and aspirations over the next 12 months.

But despite this more cautious approach to spending generally, some are feeling this pressure more than others. Lower-income households are being pushed to reassess their short-term priorities to help achieve their basic needs while those earning more may merely have to limit their short-term aspirational goals of purchasing desirable products and experiences or building wealth for the long-term.

# 67%

More than two-thirds of the general population surveyed stated the day-to-day cost of living was a key short-term financial priority.

WFG agents, associates and WFGIA clients are less likely to be worried about the short-term cost of living.

But at a time when the cost of borrowing is increasing, they are focused on paying down debts.

Even those with higher levels of wealth feel they need to prioritize their day-to-day spending in the near term.

# 53%

Over half of the general population earning over \$80,000 said the cost of living was a financial priority.

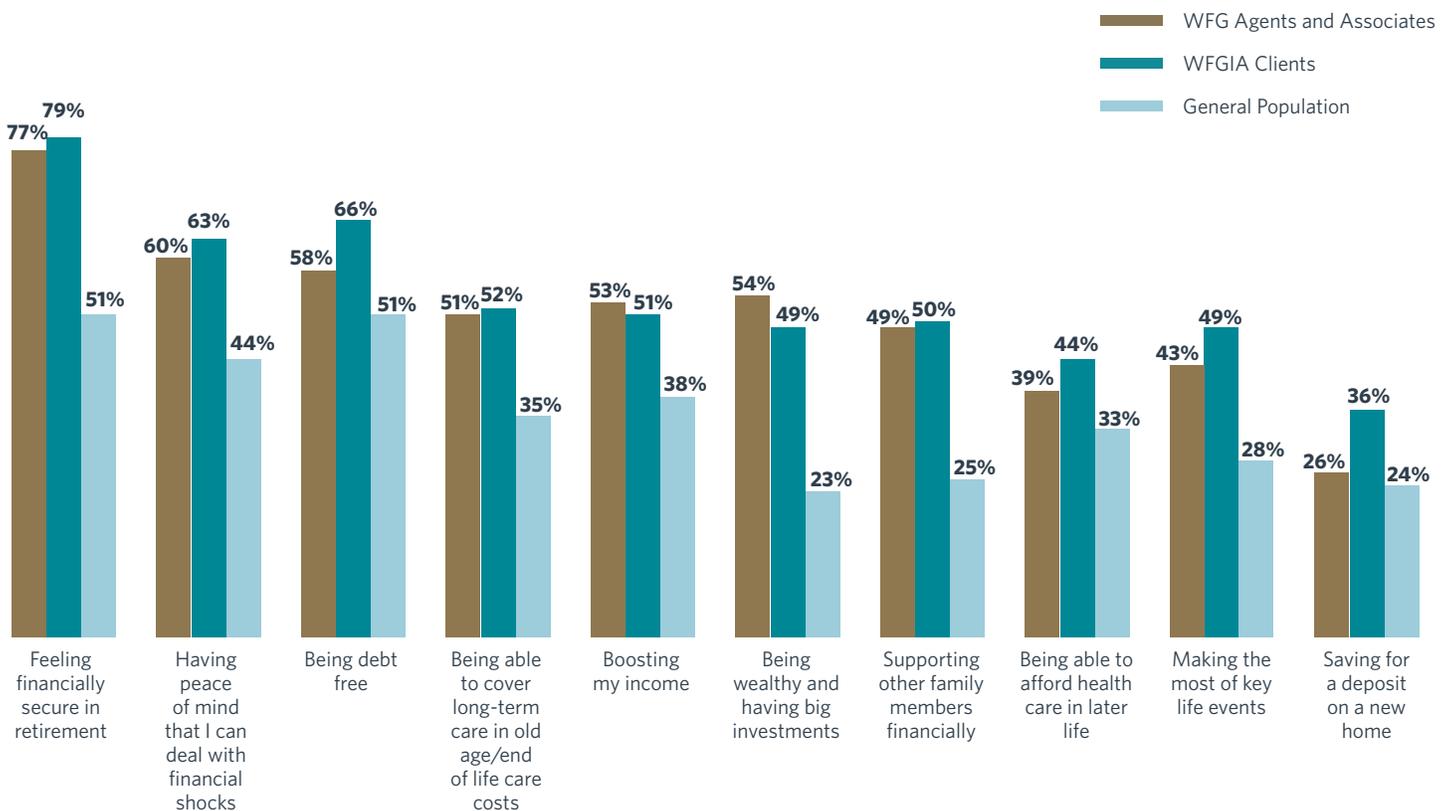
# 73%

This increases significantly among those earning less. Almost three in four of those earning less than \$40,000 stated covering basic costs as a top financial priority.



## Long-term Ambitions

**Figure 2:** WFG agents and associates are more visionary and ambitious when it comes to their long-term financial priorities and aspirations compared to the general population.



**Q:** Which of the following would you identify as long-term financial priorities and aspirations for you and your family?

While households across the United States and Canada - weighed down by a cost of living squeeze and a crisis of confidence - are struggling to look beyond their short-term financial necessities, WFG agents, associates and WFGIA clients are focused on exceeding their short-term priorities; obtaining financial confidence to help achieve wealth in the long-term.

# 23%

Being wealthy and having big investments is an aspiration for less than a quarter of the general population. Whereas, for WFG agents, associates and WFGIA clients it is more of a priority than being able to afford healthcare in later life (54% vs. 39%).

# 50%

VS.

# 25%

Supporting other family members financially is twice the priority for WFG agents, associates and WFGIA clients as it is for the general population (49% and 50% vs. 25%).

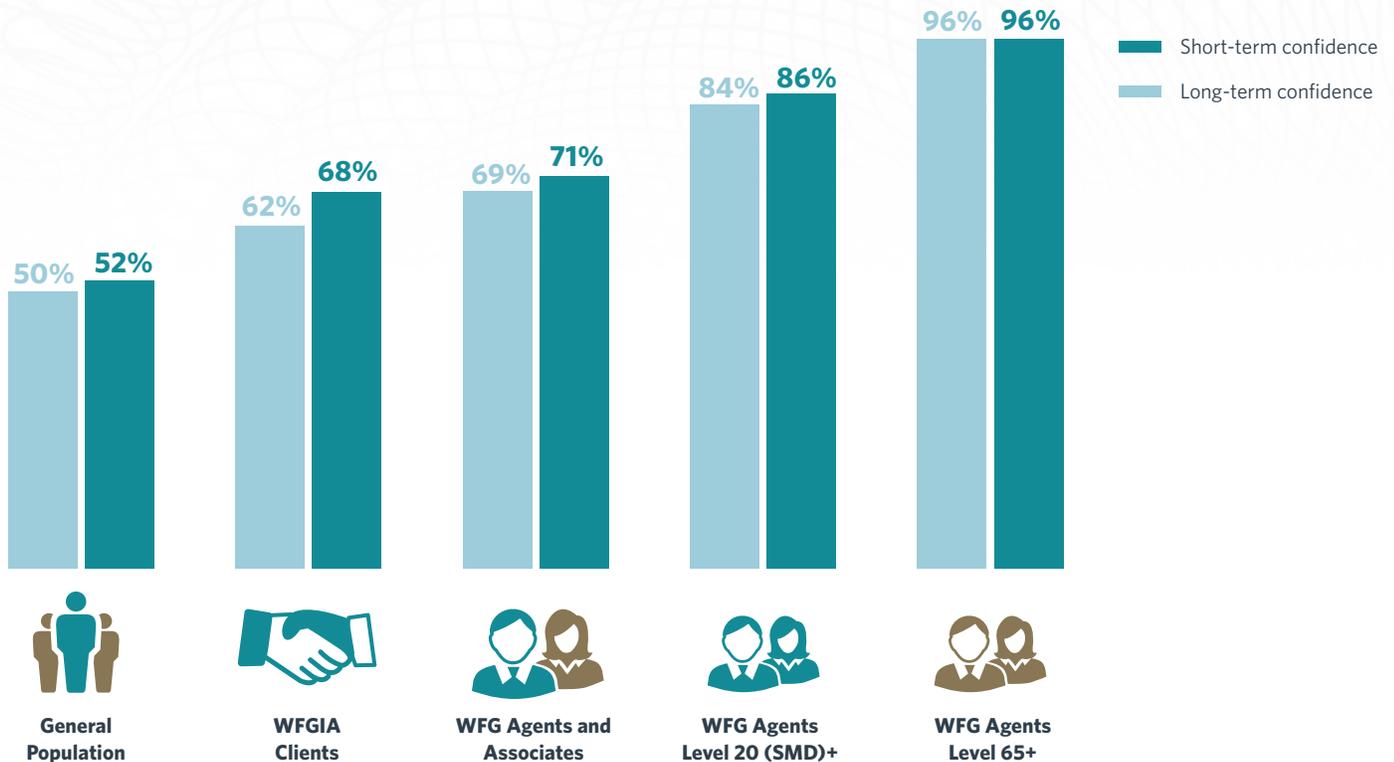
# 57%

Consequently, WFG agents and associates are far more confident (57%) that they might achieve a secure financial future compared to the general population (43%) and WFGIA clients (46%). As expected, this confidence level rises to 82% among Senior Marketing Directors (Level 20) and above.



## Confidence in Meeting Ambitions

**Figure 3:** Only half of households in the general population are confident about meeting their short-term financial priorities and aspirations.



**Q:** How confident are you that you will achieve your short-term financial priorities and aspirations?

**Q:** How confident are you that you will achieve your long-term financial priorities and aspirations?

While concerns about the cost of living are prevalent throughout society, with a greater understanding of wealth and longer-term financial strategies. WFG agents, associates and WFGIA clients do not only dream bigger when it comes to their financial aspirations but are more confident that they might achieve their goals.

This confidence is not misplaced. It is supported by effective financial strategy, knowledge, and overall resilience.

# 71%

**Almost three in four WFG agents and associates (71%) are confident about achieving their short-term financial priorities and aspirations, compared with half (52%) of households across the United States and Canada.**

# 68%

**Like WFG agents and associates, WFGIA clients are also confident that they might achieve their short-term financial goals (68%).**

**Furthermore, when it comes to achieving more specific long-term priorities and aspirations, WFG agents, associates and WFGIA clients are far more confident than the general population. 69% of WFG agents and associates and 62% of WFGIA clients are confident compared with just 50% of the general population, despite the general population having less ambitious aspirations.**



# Part 2:

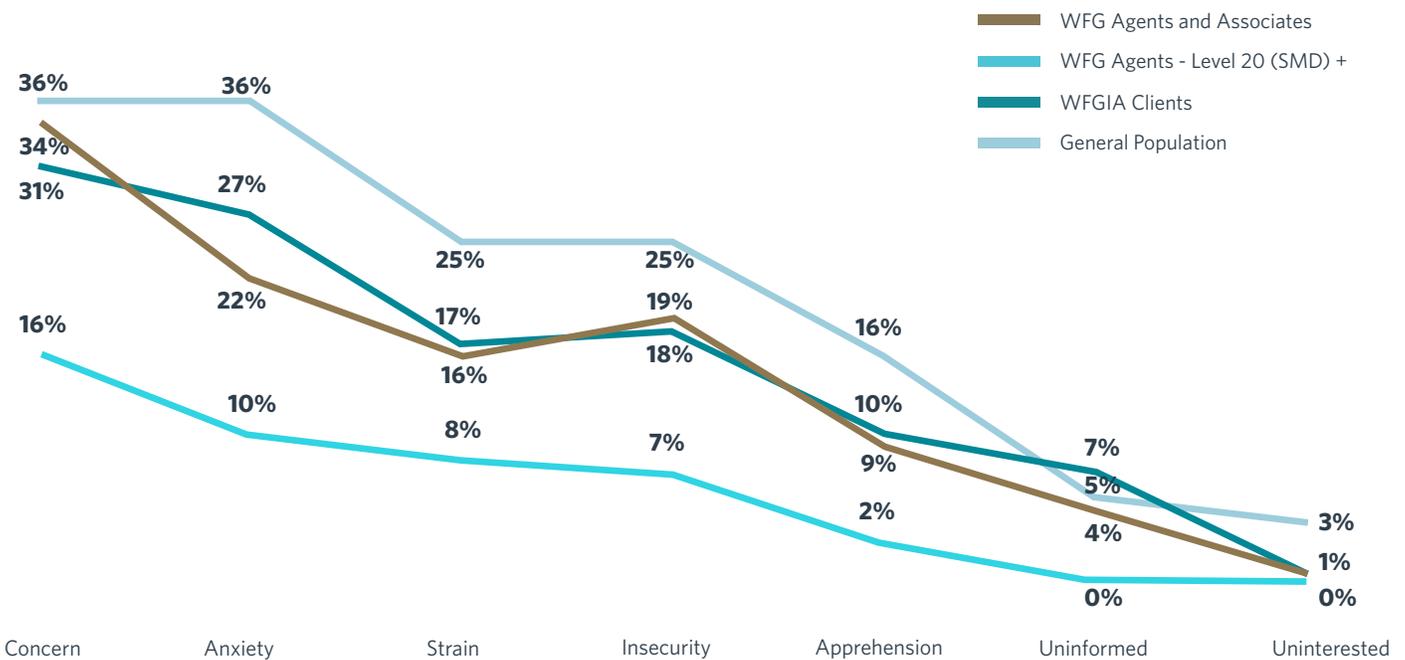
## Emotional Connections with Money

The emotional connections that individuals hold with their own financial situation are extremely important. How you feel about a situation or issue is very likely to impact your behavior and decision-making.

Negative feelings such as anxiety, stress, and apprehension may impair good decision-making. After all, when you board an airplane, you don't want the pilot to sound nervous before takeoff! A sense of calm and control is needed to make important and significant decisions. The same can be said when making important and significant decisions about our finances.

As previously outlined, households are facing turbulent economic conditions that are having a real impact on spending priorities and goals, but money worries are also likely to be an emerging issue over the next 12 months.

**Figure 4:** Those in the general population are most likely to associate concern, anxiety and strain with their current financial situation.



**Q:** Which, if any, of the following words/feelings do you associate with your financial situation? – showing negatives

**WFGIA clients and WFG agents and associates are far less likely to feel anxious about their current financial situation (22% and 27% among each respective group).**

**Anxiety levels drop drastically among agents at the Senior Marketing Director level.**

**More than a third (36%) of the U.S. and Canadian general population feel anxious about their current financial situation, an equal number (36%) feel concerned, while a quarter (25%) feel strained.**

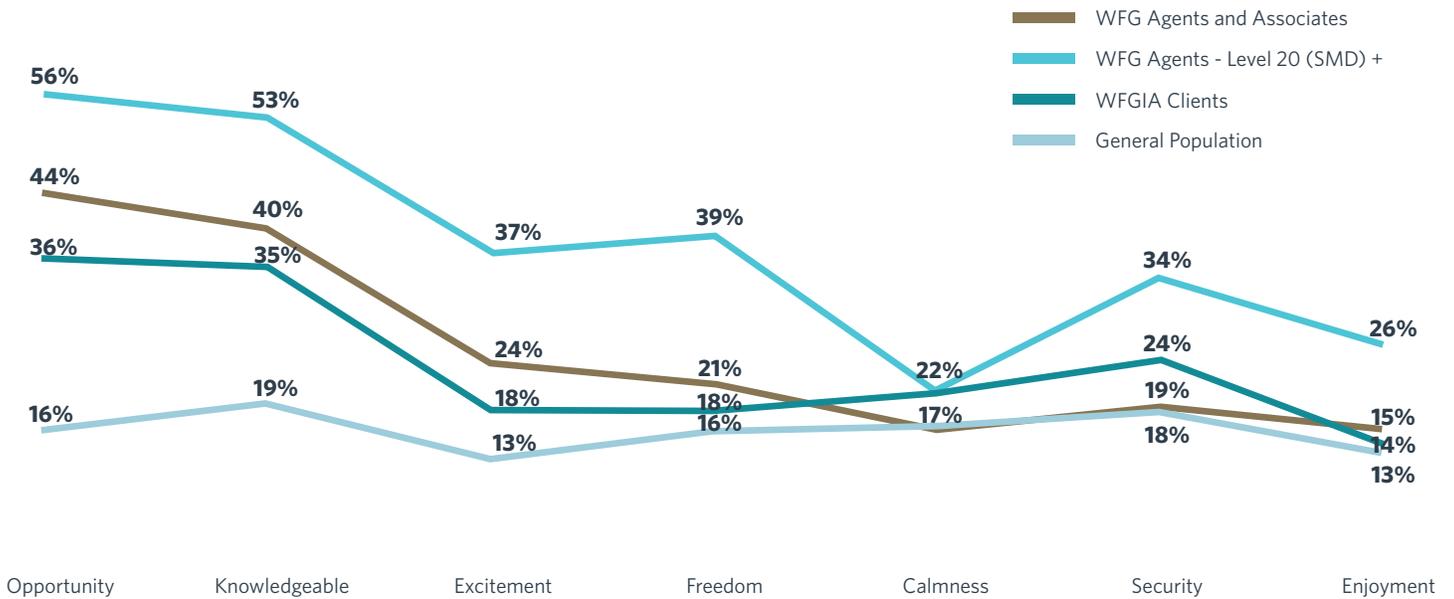


Our research finds that for many households across the United States and Canada, their current financial situation makes them feel anxious, concerned, or strained.

Professional guidance can help ensure individuals have plans and protections in place for the future. This external guidance can go a long way to reassure you and alleviate the mental burden of managing your finances both for the short- and long-term. For many people, there is a sense that they have to work through money issues alone when in reality seeking out useful sources of information and guidance is a suitable course of action.

Through their experience with WFG, clients, agents and associates continue to enhance their financial knowledge and understanding, allowing them to build their business and educate their communities. As a result, they are far less likely to have negative feelings toward their current financial situation. Instead, they see their financial situation as being full of opportunity and excitement. As we see later in this report, this feeling of empowerment increases with more time spent working with WFG.

**Figure 5:** WFG agents, associates and WFGIA clients are more likely to feel like their current financial situation presents opportunity, excitement, and freedom compared to the general population.



**Q:** Which, if any, of the following words/feelings do you associate with your financial situation? – showing positives



**Knowledge is power, and greater financial knowledge is enabling WFG agents, associates and WFGIA clients to see opportunity in their financial situation.**

**44%**

**The word "opportunity" comes to mind for 44% of WFG agents and associates when considering their own financial situation, while 40% associate with the word "knowledgeable".**

**16%**

**In contrast, just 16% of the general population think of the word "opportunity" when considering their current financial situation, and just 13% feel "excited".**

Ultimately, having a clear sense of control over your financial situation and knowing you have plans in place for today, as well as tomorrow, presents individuals with the opportunity to enjoy the things that matter most to them in life. This could be spending time with friends and family, pursuing interests or passions, or taking more great vacations.

# Part 3:

## Introducing Financial IQ by WFG

### An Overview

Financial IQ (FIQ) by WFG has been developed to assess the financial resilience of households and to measure their financial readiness to withstand financial shocks. The FIQ provides an index score based on responses to five questions asked to more than 7,000 respondents as part of the research. These questions are illustrated in the diagram below. For the full FIQ methodology, see Appendix 1.

### What Metrics Shape the FIQ Score?



#### Understanding

How able do you feel to understand financial matters when it comes to managing your short-term and long-term finances?



#### Preparation

How financially prepared are you and your family if the main income earner(s) of your household were to experience an unexpected life event (e.g., job loss, injury, premature death)?



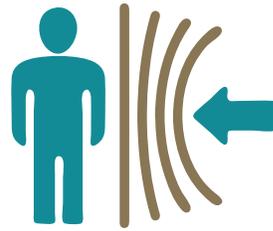
#### Control

Thinking about the way you manage your short- and long-term finances, how in control do you feel?



#### Confidence

How confident are you that the way you manage your personal finances will help you to achieve financial security in the future?



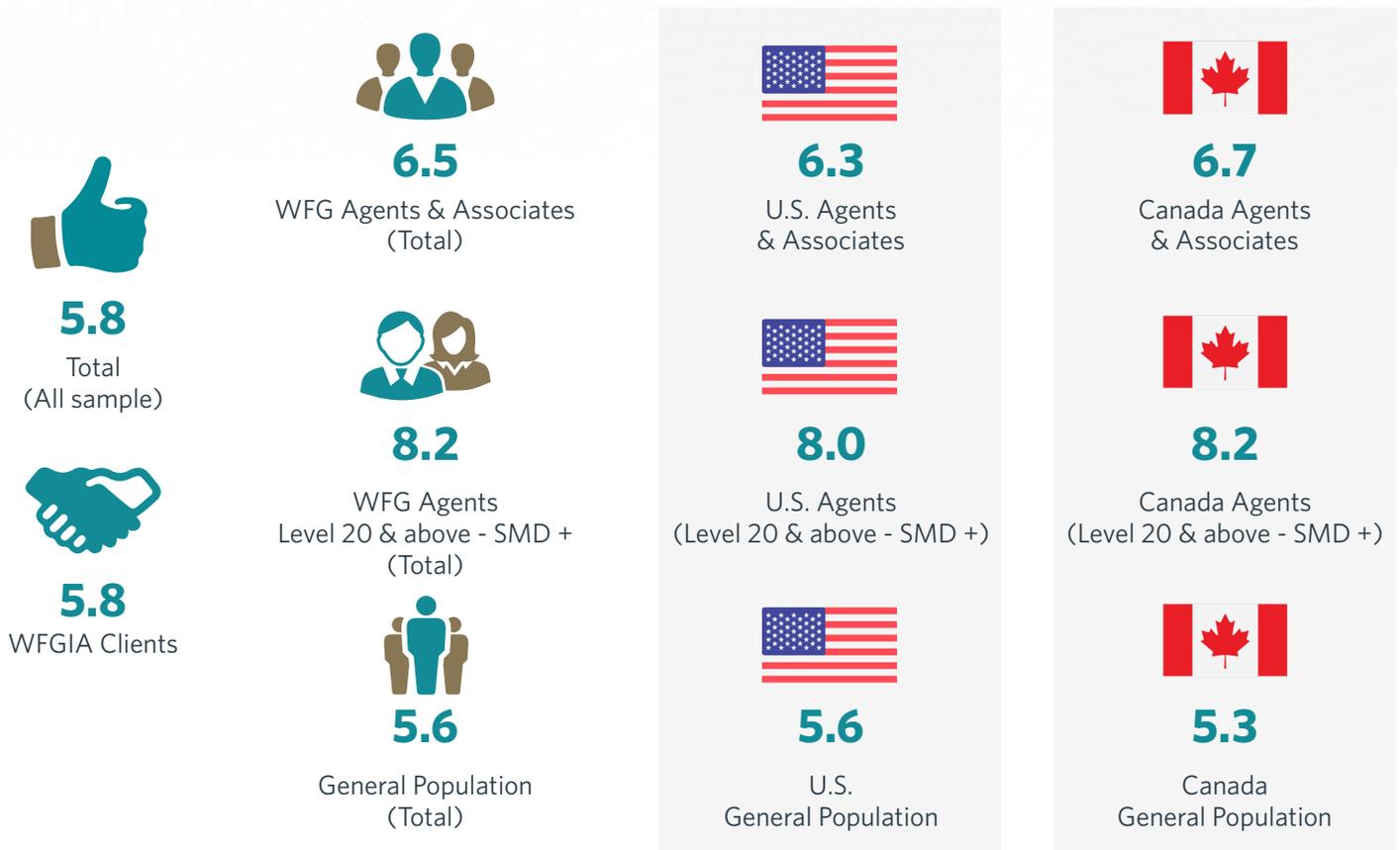
#### Resilience

If you suddenly became unable to continue working for an extended or indefinite period, for how long would you feel able to sustain basic financial outlays such as mortgage payments, bills and food costs?

FIQ ranks financial resilience on a scale from 0 to 10. A high index score is a ranking above 6, scores from 4 to 6 are classified as medium, and a low score is under 4. To track the progress of financial resilience over time, WFG will conduct this research annually.

## Analysis of FIQ Results

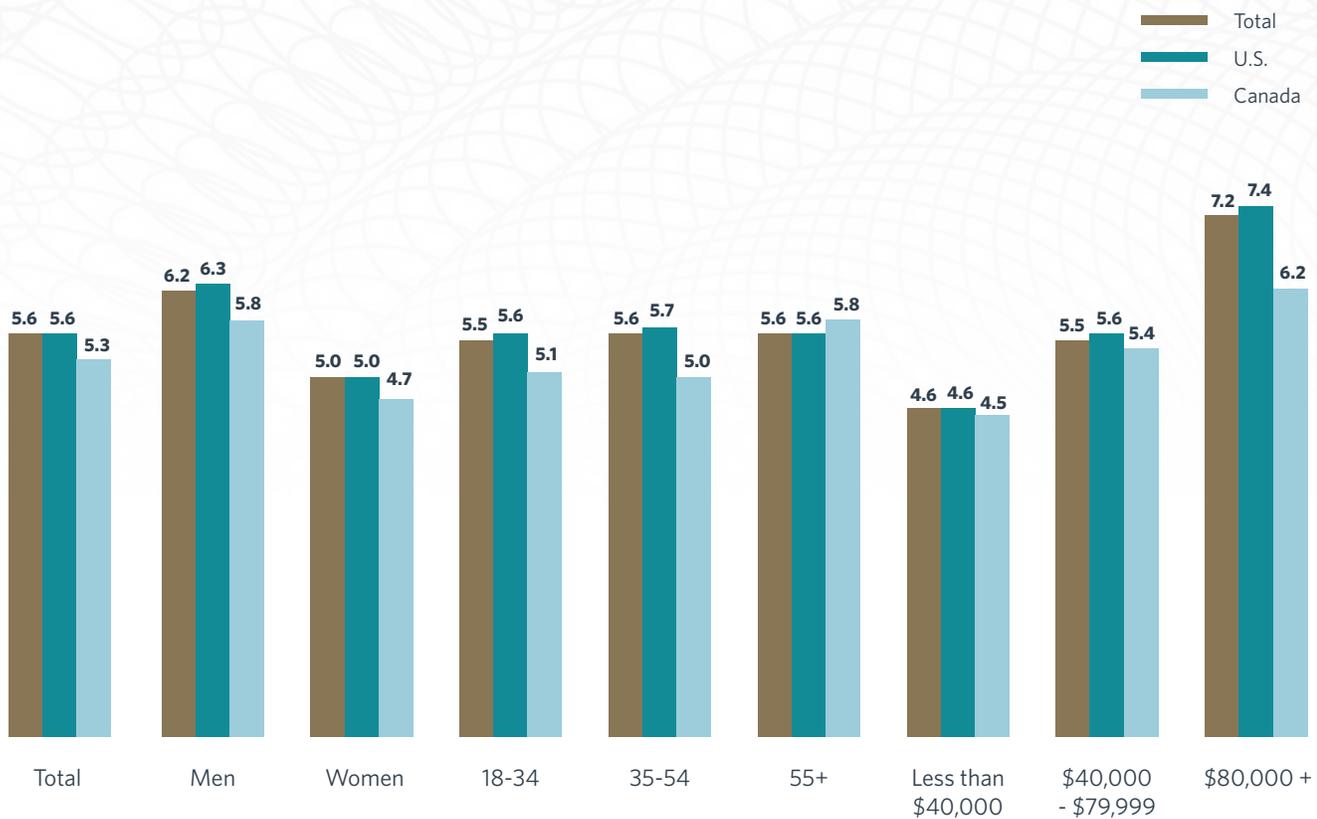
**Figure 6:** FIQ snapshot.



In 2022, the FIQ of households across the United States and Canada stood at 5.6. This score sits within the “medium” range of financial resilience.

FIQ increased significantly among WFG agents and associates, deemed to have a “high” level of financial resilience based on their score of 6.5 out of 10, compared to the “medium” FIQ score of the general population in the U.S. and Canada – 5.6.

**Figure 7:** FIQ Scores among the general population by age, gender, and income.



Among the general population, men are more likely to have a higher FIQ score than women (6.2 vs. 5.0). While this suggests a gender gap in financial intelligence, the gap is more likely the result of a lack of confidence among women in their own financial knowledge and resilience. When asked questions to determine financial literacy, women were significantly more likely to answer “Do not know” than men.

The FIQ score of women increases significantly, from 5 among the general population to 6.2 among female agents and associates. This indicates the importance of education and exposure to financial concepts to build female confidence.

Those with higher levels of annual income are likely to gain a higher FIQ score. Those earning less than \$40,000 gained a score of 4.6, compared to a score of 7.2 among those earning over \$80,000.

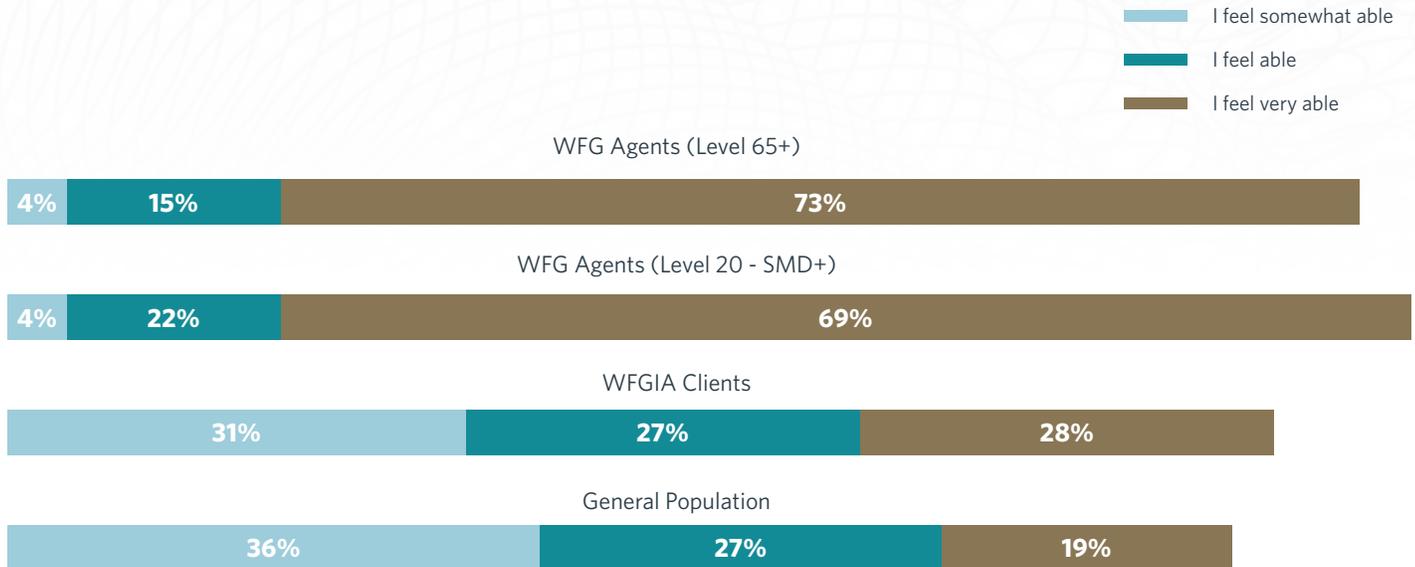
## Breaking Down the Components of FIQ

The component measures used to develop the FIQ score define the steps households can and should take to remain resilient during periods of financial uncertainty. These steps involve different aspects related to understanding and preparation, which in turn builds confidence.

## 1. Understand your Finances

To be able to make suitable choices for your current and future self, it is essential to understand your finances and the impacts of your financial decisions. Without this understanding, individuals become vulnerable to making the wrong or bad decisions and so put themselves at greater risk in the future.

**Figure 8:** Fully licensed WFG agents and WFGIA clients have a much stronger sense of financial understanding compared to the general population.



**Q:** How able do you feel to understand financial matters when it comes to managing your short- and long-term finances?

**92% &  
86%**

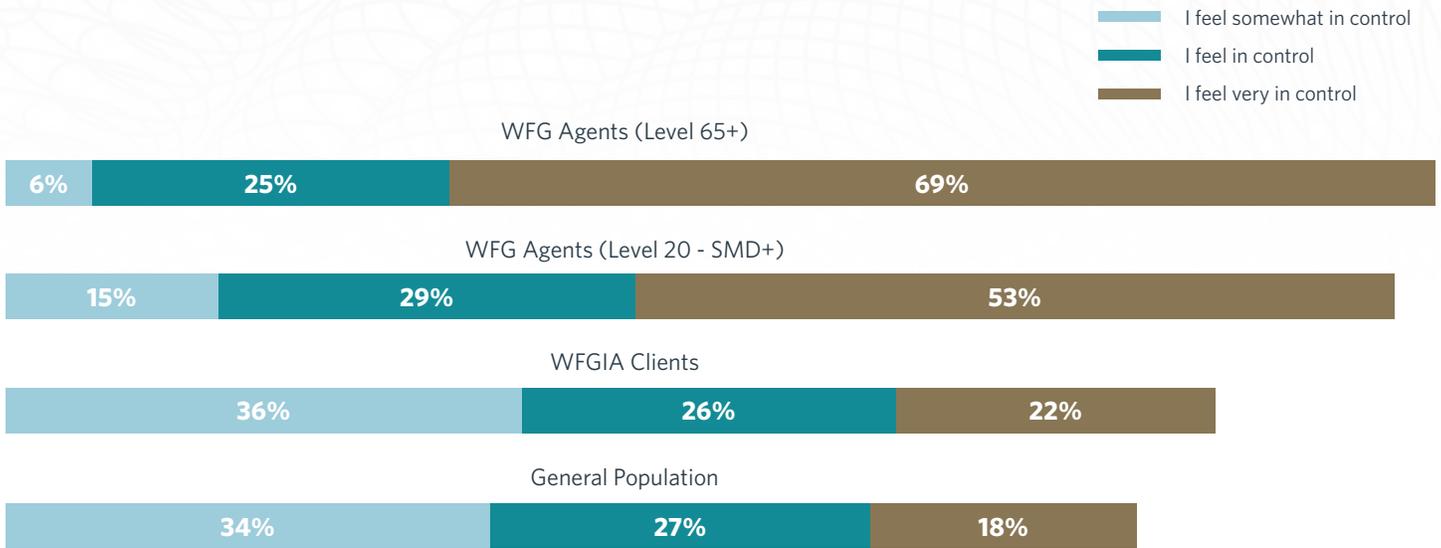
All WFG agents and associates, even those who have recently joined WFG, and WFGIA clients have a far better understanding of how to manage their finances. 92% of WFG agents and associates feel at least somewhat able to understand financial matters, as well as 86% of their clients.

Similarly, those with higher incomes are more likely to have better financial understanding. Only 6% of those earning over \$80,000 annually feel unable to understand financial matters when it comes to managing their finances, compared to 1 in 5 (21%) of those earning less than \$40,000.

## 2. Take Control and Plan with Confidence

To take control of their short- and long-term financial priorities and aspirations, individuals should plan ahead. Establishing these goals is the first step to effective planning, whether these be lifestyle goals, hopes for retirement, or specific items. This provides a target which individuals can build their savings, investment and protection plans around.

**Figure 9:** WFG agents and WFGIA clients have a much stronger sense of financial control than the general population.



**Q:** Thinking about the way you manage your short- and long-term finances, how in control do you feel?

**45%**

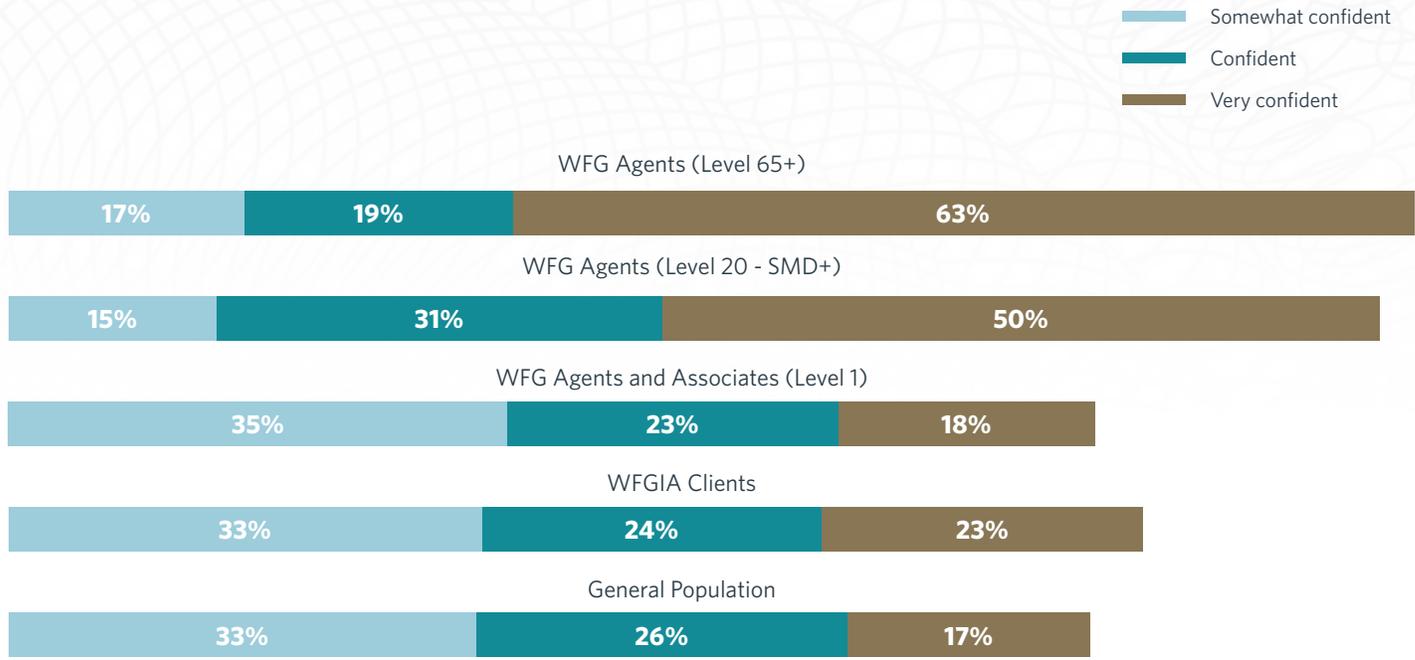
**Just a minority of the general population feel in control when managing their finances (45%) and confident that they might achieve financial security in the future (43%).**

**This increases among WFGIA clients (49%), and WFG agents and associates (58%). In particular, there is a notable increase in financial control among agents at the Senior Marketing Director Level (Level 20) and above (82%).**

**32%**

**Almost a third (32%) of households across the United States and Canada do not have any financial plan in place. Additionally, as demonstrated previously, only 51% of households see being financially secure in retirement as a long-term financial aspiration.**

**Figure 10:** As WFG agents gain experience, they become more confident that they might achieve financial security in the future. More senior WFG agents (Level 10+) have a much stronger feeling of financial confidence compared to the general population and WFGIA clients.



**Q:** How confident are you that the way you manage your personal finances will help you to achieve financial security in the future?

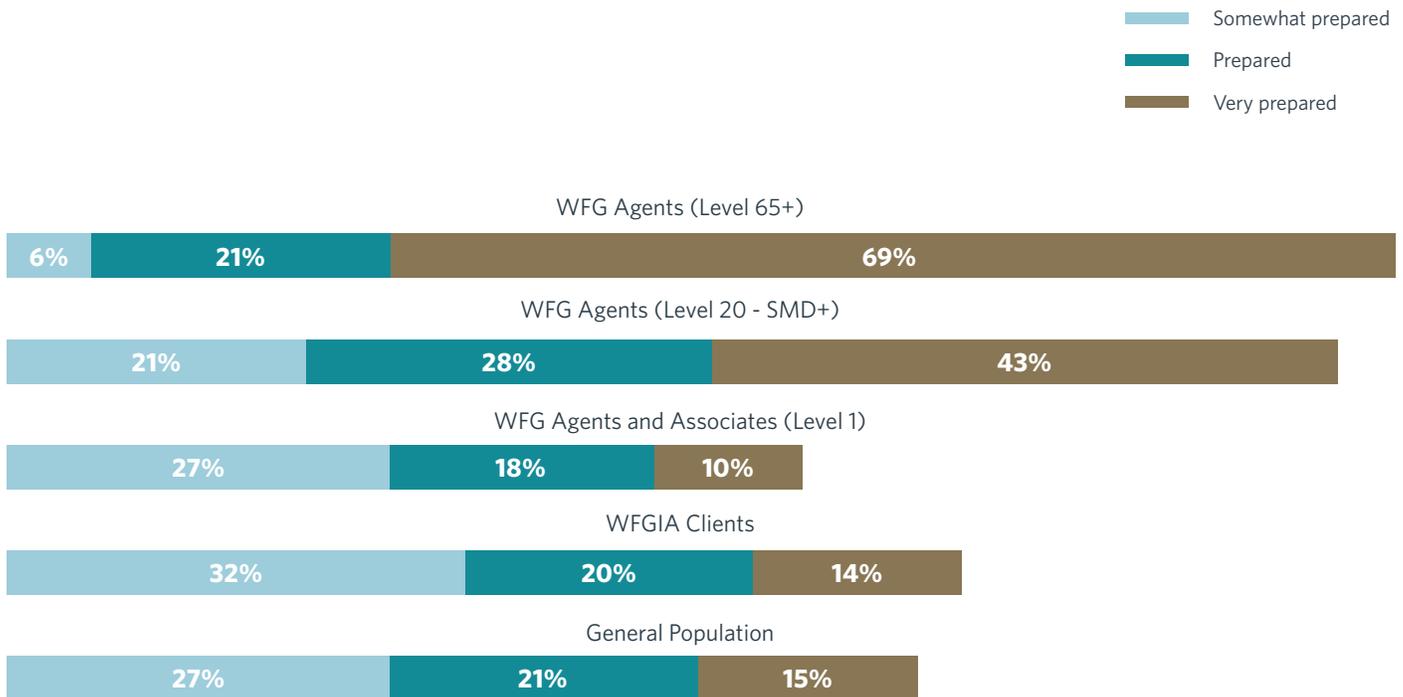
**81%**

**81% of WFG agents at the Senior Marketing Director level (Level 20) and above are confident that they will achieve financial security in the future, nearly double that of associates that are just starting out. WFG serves all communities and are proud of the positive impact that agents experience when working with them.**

### 3. Prepare and Plan for Life's Unexpected Events

If not adequately prepared, unexpected events can have catastrophic impacts on household finances. For example, having to leave the workforce early due to illness could mean years of lost earning power, which could likely impact an individual's short- and long-term priorities and aspirations. Therefore, it is important that backup plans are in place for when the unexpected happens.

**Figure 11:** Households are not prepared for financial shock, with one in five feeling unable to sustain their income if met by an unexpected life event.



**Q:** How financially prepared are you and your family if the main income earner(s) of your household were to experience an unexpected life event (e.g., job loss, injury, premature death)?

# 20%

One in five U.S. and Canadian households said they are very underprepared financially if their household's main breadwinner were to experience an unexpected life event.

In working with WFG, associates who feel underprepared for a financial shock can be comforted by the additional knowledge and income that could be brought by becoming an agent, while also making a difference to the lives of others. Associates can be reassured that their financial outlook could improve while working at WFG.



24%

Agents and Associates



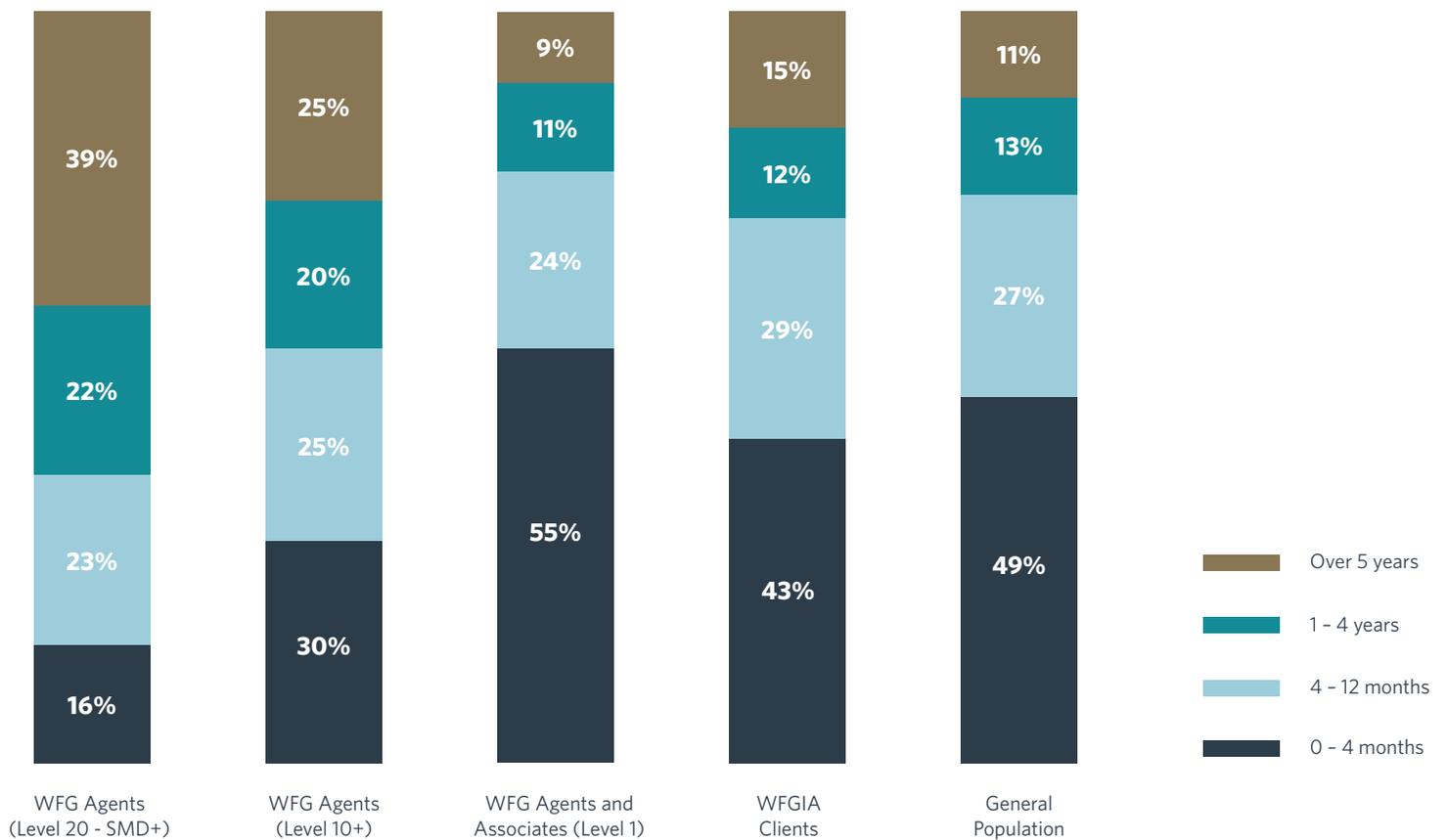
19%

General Population

Consequently, 24% of WFG agents and associates consider getting a pay raise a short-term goal, versus only 19% of the general population considering this.

When building a business, it is imperative for WFG agents to develop the long-term resilience of the friends, families and prospects they advise, to make a meaningful difference. Their knowledge can build resilience.

**Figure 12:** Financial resilience is far greater among WFG agents, associates and WFGIA clients than the general population, they have a much longer time buffer to deal with household financial shocks.



**Q:** If you suddenly became unable to continue working for an extended or indefinite period, for how long would you feel able to sustain basic financial outlays such as mortgage payments, bills, and food costs?

Having a 'cushion' or backup plan can make a crucial difference in maintaining financial confidence during uncertain times. Consequently, preparation for life's unexpected events is key to achieving financial resilience and providing individuals with greater confidence despite what the future may hold.

# 61%

The financial resilience of our clients and agents matters greatly to WFG, and we are proud that our clients, agents and associates are more resilient than the general population. Almost two thirds (61%) of Senior Marketing Directors (Level 20) and higher level agents feel they can sustain basic financial outlays, such as bill payments, for more than a year, if an unexpected life event meant they could no longer continue working.

# 36%

With such a significant minority of the general population not having a financial plan in place, it is somewhat unsurprising that 36% feel unprepared for the possibility of losing their main source of income.

# 28%

Our survey finds that only 28% of households would fall back on insurance products that include income protection if unable to work.



45%

Agents and Associates



36%

General Population

WFG agents and associates are far more prepared than the general population if an unexpected life event were to impact their household income (45% vs. 36%).

# Conclusion

The launch of the first year of FIQ by WFG draws a line in the sand.

For years to come, we will continue to track FIQ and double down on our efforts to improve financial education and resilience across the general population, our clients, and agents.

The results from the first FIQ survey provide key insights into how financial resilience currently measures up across different groups. In particular, the research highlights that many households are underprepared for life's unexpected events. And for certain demographic groups, such as women, there is a much lower feeling of control and confidence when it comes to managing your finances. Action needs to be taken quickly and decisively to address this.

On the flip side, our findings also show that with the right knowledge and training, you can improve your financial situation and obtain a sense of freedom and opportunity. For example, our agents and associates are almost three times more likely to associate

the word "opportunity" with their current financial situation when compared to the general population.

When you reach this mindset, managing your finances becomes much more than just protecting against the downsides, but also aspiring to wealth accumulation and a wider set of desires and lifestyle choices.



Facilitating people to create a financial strategy and feel more secure about their financial future is the focal point of what our agents commit themselves to doing day in, day out. Often, individuals, families, and businesses have many options to help them secure their futures. Our agents help to map out those options.

Beyond financial education and planning, WFG is also proud to offer the option of business ownership to individuals from a wide range of backgrounds to allow them to strive for financial confidence and to build their own wealth.

A photograph of a forest with large trees and two people holding hands. The image shows a dense forest of tall, slender trees with thick, reddish-brown bark. Two people, a man in a teal jacket and a woman in a red jacket, are standing in the center of the path, holding hands. The ground is covered in brown pine needles and small pine cones. The sky is visible through the canopy of green trees.

Building Financial  
Resilience in the  
Face of Economic  
Headwinds

# Appendix 1:

## FIQ by WFG – Methodology

**Approach:** The index has been compiled based on responses to five questions in the survey. These questions assessed the respondents on their attitude to personal finances and their preparedness for financial shock. A low index score suggests a person could struggle to cope with financial shock, a high score suggests a person is resilient.

**Method:** The index score is generated based on the mean scores given to the predictor variables and how strongly these correlate to the dependent variable ('R' score)

- Dependent variable: Financial resilience (Q17) – length of time respondents would be able to sustain finances should they be unable to work.
- Predictor variables: Q14, Q15, Q16, and Q21 financial understanding, control, preparation, and confidence.

<b>Figure 13</b>	<b>'R' Score (Correlation to Resilience - Q17)</b>	<b>Means</b>	<b>'R' Score x Mean</b>
Understanding (Q14)	0.358	6.470	2.31
Control (Q15)	0.429	6.109	2.62
Preparedness (Q16)	0.530	5.038	2.67
Confidence (Q21)	0.449	5.884	2.64
<b>Total</b>	<b>1.77</b>		<b>10.25</b>
<b>Index</b>			<b>5.8</b>

## How we do this

- First we recoded the dependent variable (Q17) (One month – over 5 years) to (1= 5) to bring it in line with the 4 predictor variables, so Code 5 is '5 years' and Code 1 is 'Less than one month'.
- All the predictors (Q14-Q16 and Q21) and the dependent variable (Q17) are re-scaled on a 0 to 10 scale: code 1 is recoded as 0, code 2 is recoded 2.5, code 3 is recoded as 5, code 4 is recoded 7.5, and code 5 is recoded 10.
- The predictors (Q14-Q16 and Q21) are correlated with the dependent variable (Q41) to obtain a measure of influence 'R'.
- The mean scores of the predictor variables (Q14-Q16 and Q21) are computed and each mean score is multiplied by its 'R' value. And the results are summed up and then divided by the sum of all correlations to get the FIQ Score.

**Formula:  $(Q14 * R1 + Q15 * R2 + Q16 * R3 + Q21 * R4) / \Sigma R$**

... so, for the dataset the equation is:

$$[Q14(6.470 * 0.358) + Q15(6.109 * 0.429) + Q16(5.038 * 0.530) + Q21(5.884 * 0.449)] / 1.776 = 5.804$$

# Appendix 2:

## Country Comparisons

Q: Which of the following would you identify as short-term financial priorities and aspirations for you and your family? (i.e., in the next 12 months) – Chart shows top 8 ranked

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
Day-to-day cost of living (e.g., paying energy bills and groceries)	66%	57%	63%	70%	60%
Paying the rent or mortgage	48%	52%	59%	52%	54%
Having money to buy clothes, electrical items, or the latest tech	36%	20%	24%	29%	19%
Paying for a vacation	30%	36%	38%	31%	38%
Repaying credit card balances	25%	36%	39%	30%	38%
Socializing (e.g., eating and drinking at great restaurants and bars)	25%	21%	25%	22%	21%
Pursuing hobbies	24%	23%	30%	20%	19%
Buying a new automobile/car	24%	22%	18%	17%	20%

Q: Which of the following would you identify as short-term financial priorities and aspirations for you and your family? (i.e., in the next 12 months) – Chart shows those answering 'day-to-day cost of living', by income

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
Less than \$40,000	73%	65%	69%	74%	68%
\$40,000 - \$80,000	69%	59%	68%	69%	60%
\$80,000+	51%	47%	54%	65%	48%

Q: How confident are you that you will achieve your short-term financial priorities and aspirations?

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
1 - Not at all confident	8%	2%	4%	9%	3%
2	13%	6%	7%	14%	6%
3	26%	22%	22%	28%	19%
4	26%	31%	35%	29%	32%
5 - Very confident	27%	39%	32%	21%	40%
NET: confident [4+5]	53%	71%	68%	50%	72%

Q: Which of the following would you identify as long-term financial priorities and aspirations for you and your family?

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
Feeling financially secure in retirement	50%	79%	79%	56%	76%
Being debt free	50%	59%	66%	55%	58%
Having peace of mind that I can deal with financial shocks	44%	63%	63%	43%	58%
Boosting my income	38%	54%	51%	38%	52%
Being able to cover long-term care in old age/end of life care costs	36%	58%	52%	30%	45%
Being able to afford health care in later life	34%	43%	44%	28%	36%
Making the most of key life events (e.g., saving for a wedding / child's wedding, supporting children through college etc.)	29%	39%	49%	24%	45%
Supporting other family members (e.g., providing financial support to parents or children etc.)	26%	49%	50%	22%	49%
Saving for a deposit on a new home	24%	28%	36%	21%	25%
Being wealthy and having big investments	23%	53%	49%	20%	55%

Q: How confident are you that you will achieve your long-term financial priorities and aspirations?

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
1 - Not at all confident	6%	2%	2%	7%	1%
2	15%	6%	9%	16%	8%
3	28%	25%	27%	30%	21%
4	26%	33%	29%	31%	33%
5 - Very confident	25%	35%	32%	16%	36%
NET: confident [4+5]	50%	68%	62%	48%	69%

Q: Which, if any, of the following words/feelings do you associate with your financial situation? – showing negative feelings

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
Anxiety	37%	24%	27%	30%	21%
Concern	36%	37%	31%	36%	31%
Strain	26%	17%	17%	21%	15%
Insecurity	25%	20%	18%	23%	19%
Apprehension	17%	11%	10%	15%	7%
Uninformed	6%	4%	7%	4%	3%
Uninterested	3%	1%	1%	2%	2%
None of these	4%	3%	4%	5%	3%

Q: Which, if any, of the following words/feelings do you associate with your financial situation? – showing positive feelings

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
Knowledgeable	19%	39%	35%	19%	40%
Security	18%	17%	24%	20%	20%
Calmness	17%	22%	22%	18%	14%
Opportunity	16%	45%	36%	15%	43%
Freedom	16%	21%	18%	15%	22%
Enjoyment	14%	16%	14%	10%	14%
Excitement	13%	23%	18%	9%	24%
None of these	4%	3%	4%	5%	3%

Q: What financial assets would you fall back on if you were not able to work?

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
Partner / spouses income	34%	41%	41%	32%	40%
Parents or children's income	19%	12%	14%	15%	12%
Insurance products i.e., payout on unemployment insurance products or critical illness cover	27%	42%	52%	32%	48%
Cash savings	55%	52%	55%	51%	47%
Investment products	29%	38%	35%	35%	49%
Other	7%	11%	5%	7%	7%

Q: Which of the following best describes your approach to financial planning?

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
I have a written plan	26%	36%	28%	16%	45%
I have a plan, but it is not written down	40%	48%	48%	41%	40%
I do not have a plan	31%	15%	20%	37%	11%
Do not know	3%	2%	4%	5%	4%

Q: How able do you feel to understand financial matters when it comes to managing your short and long-term finances?

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
1 - I feel very unable	5%	3%	4%	6%	3%
2	12%	6%	10%	13%	3%
3	35%	24%	31%	40%	23%
4	27%	25%	27%	27%	27%
5 - I feel very able	21%	42%	28%	14%	45%
NET: able [4+5]	48%	67%	55%	41%	72%

Q: Thinking about the way you manage your short and long-term finances, how in control do you feel?

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
1 - I do not feel in control at all	7%	6%	6%	8%	4%
2	13%	8%	9%	13%	8%
3	32%	32%	36%	39%	28%
4	27%	28%	26%	26%	29%
5 - I feel very in control	20%	26%	22%	13%	31%
NET: in control [4+5]	47%	54%	49%	39%	60%

Q: How confident are you that the way you manage your personal finances will help you to achieve financial security in the future?

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
1 - Not at all confident	10%	6%	8%	11%	4%
2	14%	10%	13%	14%	10%
3	32%	30%	33%	36%	27%
4	26%	27%	24%	27%	27%
5 - Very confident	18%	26%	23%	12%	31%
NET: confident [4+5]	44%	54%	46%	39%	59%

Q: How financially prepared are you and your family if the main income earner(s) of your household were to experience an unexpected life event (e.g., job loss, injury, premature death)?

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
1 - Very unprepared	20%	16%	17%	19%	12%
2	17%	18%	18%	18%	14%
3	26%	25%	32%	31%	26%
4	21%	23%	20%	22%	24%
5 - Very prepared	17%	18%	14%	10%	24%
NET: prepared [4+5]	37%	41%	33%	31%	48%

Q: If you suddenly became unable to continue working for an extended or indefinite period, for how long would you feel able to sustain basic financial outlays such as mortgage payments, bills, and food costs?

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
Less than 4 months	50%	39%	43%	45%	41%
4 - 12 months	27%	24%	29%	28%	26%
1 - 4 years	13%	15%	12%	13%	17%
Over 5 years	11%	22%	15%	14%	17%

Q: Which, of the following actions did you take, if any, in response to the financial strain caused by the pandemic?

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
Reduced day-to-day expenses (e.g., groceries, cut cable, etc.)	45%	42%	42%	42%	42%
Dipped into savings accounts	30%	30%	29%	24%	25%
Took a second job / found a second source of income	15%	26%	20%	11%	24%
Accumulated new credit card debt	20%	21%	18%	15%	15%
Reduced or stopped contributing to retirement accounts	13%	12%	13%	10%	12%
Sought help from a professional financial advisor	9%	11%	10%	7%	12%
Sacrificed health care needs (e.g., routine checks ups, emergency care, medications, etc.)	20%	9%	9%	11%	7%
Borrowed money from others	20%	8%	8%	12%	8%
Moved home (e.g., more affordable housing or location, sharing home with family or friends, etc.)	12%	8%	10%	7%	8%
Stopped paying rent or mortgage	9%	5%	4%	3%	3%
Other	1%	6%	4%	2%	4%
None of the above	20%	30%	29%	31%	30%

## FIQ by WFG results

Q: FIQ Scores - by age, gender, and income

	U.S.			CANADA	
	General Population	WFG Agents and Associates	WFGIA Clients	General Population	WFG Agents and Associates
Male	6.3	6.6	6.6	5.8	7.1
Female	5.0	6.0	5.2	4.7	6.3
18-34	5.6	6.1	5.7	5.1	6.5
35-54	5.7	6.2	5.7	5.0	6.7
55+	5.6	6.6	6.6	5.8	7.1
Less than \$40,000	4.6	5.5	5.1	4.5	6.0
\$40,000 - \$79,000	5.6	6.2	5.5	5.4	6.7
\$80,000+	7.4	7.2	6.7	6.2	7.8
<b>Overall FIQ Score</b>	<b>5.6</b>	<b>6.3</b>	<b>5.8</b>	<b>5.3</b>	<b>6.7</b>

Q: FIQ Scores - by Agent Level

	U.S.	CANADA
Agents & Associates (Level 1)	5.4	5.4
Agent (Level 10)	6.2	6.6
Senior Agent (Level 15)	6.4	-
Marketing Director (Level 17)	7.6	7.5
Senior Marketing Director (Level 20)	7.8	8.2
Executive Marketing Director (Level 65) + *	8.7	8.8

\* Executive Marketing Director (Level 65) +\* includes Executive Marketing Director, CEO Marketing Director, Executive Vice Chairman, Senior Executive Vice Chairman levels



# Company information



World Financial Group (WFG) is one of the few companies of its kind in the industry today - a company dedicated to serving the financial needs of individuals and families from all walks of life.

WFG agents have the ability to offer products and services from a broad array of financial services providers, which allows them to find a suitable solution for their clients. These solutions can come in many different forms,

including insurance protection, lifestyle changes, and more.

World Financial Group's independent agents do not just work with clients who have large amounts of discretionary income - they work with everyday people to help them make critical financial decisions that help move them from where they are to where they want to be.

<https://www.worldfinancialgroup.com/>

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H/Advisors Cicero, part of the Havas Group, is a leading consultancy firm servicing clients in the financial and professional services sector. H/Advisors Cicero specializes in providing integrated public policy and communications consulting, global thought leadership programs and independent market research.

H/Advisors Cicero was established in 2001, and now operates from offices in London,

Brussels, and Dublin. As a market leader in pensions and retirement research, H/Advisors Cicero designed and delivered the market research, analyzed the research findings, and contributed to the report.

<https://cicero-group.com>

WFG consists of:

In the United States, World Financial Group Insurance Agency, LLC (In California, doing business as World Financial Insurance Agency, LLC), World Financial Group Insurance Agency of Hawaii, Inc., World Financial Group Insurance Agency of Massachusetts, Inc., and /or WFG Insurance Agency of Puerto Rico, Inc. (collectively WFGIA), offer insurance products.

Transamerica Financial Advisors, Inc. (TFA), Member FINRA, MSRB, SIPC and Registered Investment Advisor, offers securities and Investment Advisory Services. WFGIA and TFA are affiliated companies.

WFGIA Headquarters: 11315 Johns Creek Parkway, Suite 200, Johns Creek, GA 30097-1517. Phone: 770.453.9300

TFA Headquarters: 570 Carillon Parkway, St. Petersburg, FL 33716. Phone: 770.248.3271

In Canada, World Financial Group Insurance Agency of Canada Inc. (WFGIAC), which offers life insurance and segregated funds.

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