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# Grand Plan



## Introduction

In October 2019 a plan was made public to form a new institute called the Initiative for Financial Wellbeing.

Over the subsequent six weeks or so, more than 380 individuals and firms expressed an interest in being part of this initiative. In this paper we, the executive, would like to provide details of what the IFW will stand for, and the work it intends to carry out.

The intended outcome of this paper is that you, the reader, will feel sufficiently informed and inspired to sign up as a member, partner and/or volunteer.

## What We Stand For

### PURPOSE – THE FLAG IN THE GROUND

The purpose of the IFW is to support financial advisers, planners and coaches in helping their clients to be happier, not just wealthier.

In time, this purpose may well be widened to include those beyond the world of financial advice. However, the world of the regulated financial advisory firm and non-regulated financial coaches is our starting point.

### KEY PRINCIPLES

If 'helping people to be happier not just wealthier' is our key statement, then what are the key principles?

- To explore and promote the relationship between money and wellbeing
- To provide a meeting point for the sharing of ideas
- To influence institutions that deal with customers on a mass scale
- To provide a resource for the financial services community to help those who cannot afford to pay for it
- To influence financial education to focus on wellbeing



## WHAT IS FINANCIAL WELLBEING?

We would like the IFW to be driven by its membership; for members to be feel involved, and to promote its work.

This means that, if all members are talking about the idea of financial wellbeing, we need to be agreed on what financial wellbeing actually is.

In general terms, financial wellbeing means ‘how money can be used to increase our happiness’. It is a broad subject, and there is a great deal of research about what makes us happy.

One or two universal truths have emerged from that research. For example, money itself does not make us happy; it is how we use it that matters. Also that the largest contributor to our wellbeing is the quality of our social relationships.

In many ways, therefore, financial wellbeing is about how we use our money to support the *other* areas of wellbeing.

Chris Budd’s book, *The Financial Wellbeing Book*, outlines five contributing factors that influence financial wellbeing. These are:

- A clear path to identifiable objectives
- Control of daily finances
- The ability to cope with a financial shock
- Financial options in life
- Clarity and security for those we leave behind.

One of the aims of the Initiative will be to explore these issues. By doing this, a consensus of what financial wellbeing means will emerge. We want the IFW to be at the forefront of such research. We also want to be a place where financial advisers, planners and coaches can come together to explore ways in which we can help clients to become happier, not just wealthier.



## SCOPE

We wish to be a meeting place for anyone who is interested in sharing good practice or learning about the principles of money and happiness. Our doors are therefore open to any individual who wishes to come through them.

At the same time, we want to be seen as the body that defines financial wellbeing. The expression is being increasingly used by companies in their marketing, often without actually providing services or products that focus on financial wellbeing. We will provide the definitions of what financial wellbeing means, so that only companies who are genuinely promoting wellbeing can use the term.

We will achieve this by the following means:

- Only partnering with companies that have wellbeing as an integral part of their business (more on this below)
- Setting minimum standards and expectations for advice firms who wish to use the IFW logo to demonstrate that financial wellbeing is part of their service proposition
- BUT individual membership is open to all, without judgement (we wish to avoid the 'if you don't do it our way you are wrong' approach).

In time, we may extend this in various ways, including:

- A financial wellbeing learning tool
- Ongoing assessment
- Becoming the preferred partner for academic research

## NUDGING

Many initiatives promote themselves as being the 'right' way of doing things. This attracts those who agree, but puts off those who either don't agree, or who don't like being told what to do.

The IFW is to be a place where people come to share ideas, around the central understanding that money does not make us happy. We therefore need to ensure that our messaging promotes good ideas and does not simply criticise other people's ideas.

We will therefore use the principle of 'nudging' in our messaging. This means creating positive messages to get people to change their behaviour, rather than messages which appear to tell them off.

## Streams

Following the first Financial Wellbeing conference, a survey was sent to delegates asking the areas in which they would like to see further activity. Following this, the IFW will initially focus on four particular areas:

### RESEARCH

To instigate research in all aspects of financial wellbeing.

### TOOLS

To develop practical tools that can be used by the planning and coaching community to assess, measure and improve the financial wellbeing of its clients.

### EVENTS

To hold events, both regional and an annual conference, at which people can share their thoughts, ideas and experiences, and learn from others.

### CONNECTIONS

There are two aspects to the organisations we want to connect with.

The first is Partner Members, and this is covered in more detail below.

The second is Associate Members. This includes professional bodies (PFS, CISI, TISA, London Institute of Banking & Finance, etc.) and research (e.g. universities). We are actively seeking to engage with these organisations to share our intentions and see how we may be able to help each other.



## Aspirations

The above Streams are the initial priorities, as decided from a survey of those who initially responded to our call. Other ideas have been coming in which we would like to address in time. These include:

### MENTAL WELLBEING

There is a clear link between money and mental wellbeing. We would like to explore this link and see how we might help bring awareness to issues and help design solutions.

### FINANCIAL EDUCATION

There is an army of financial advisers willing to offer their time – but insufficient infrastructure to help them do so. We would like the IFW to devise/coordinate financial education materials, which will deliver consistency. Crucially, these materials will start from an understanding of money that is more likely to lead to happiness, not just wealth.

We would simultaneously like to open pathways to those who most need this education.

### PRO BONO FINANCIAL COACHING

There are many people who would benefit from financial advice but can't afford it. This is unlikely to change, given that advice is regulated.

Financial coaching, however, is not regulated. We would like to set up an arm whereby suitably qualified individuals (in financial coaching) would be able to give pro bono or low-cost sessions.

### COMPLIANCE

Currently financial advice is regulated around the sale of a financial product. We wonder what regulation looked like if, instead of asking 'Is this product suitable?' it instead asked: 'Has this advice increased the client's wellbeing?'



## Regional Network

We are in the process of establishing a regional network. We have 45+ people who have offered to run the events at these regions. There are three purposes to these regions:

- To create a meeting place for the sharing of ideas
- To share knowledge around the network, both from the network itself and from central research
- As the IFW is a member-led organisation, to seek members views.

We will hold a database of speakers, both external and from our membership. Speakers will be paid, and events will be charged for, albeit at a reduced rate for members.

Speakers will be rated on a peer-to-peer basis. In this way the best speakers will be booked by other regions, and poor speakers will not. We will be offering speaking slots to Partner Members, but on the understanding they are only for speakers who talk about financial wellbeing. If they stray from this into 'product pushing' territory, then the peer-to-peer process will quickly weed this out.

## Infrastructure and Finances

The IFW is a not-for-profit organisation, limited by guarantee. The Articles have been written to reflect this, for example by inclusion of provisions that state that if the IFW were to be wound up, any balance must be shared with another organisation with similar objectives and principles.

The IFW will be a member-led organisation. As much as is practicable, members will have a voice in all aspects of the IFW.

The work to date has entirely be undertaken by volunteers. To make the IFW into a meaningful force, professional help is needed. This means consultants such as marketing, design, legal, accounting etc. and also in the form of employees.

The IFW has plans to employ a CEO to drive the initiative forwards.



## Funding of The Institute

Our initial survey of members asked the question:

*“In order to make the most of this Institute, we are going to incur costs. Clearly, we will keep costs as low as possible, but there is only such much we can do in our free time. Our question, therefore, is how you feel the IFW should be funded? Please vote for your preferred method.”*

50% of respondents voted for a small monthly amount (e.g. £10pm) and paid-for events. (The rest were split evenly between large amount/free events, and small amount/events paid for by sponsorship).

It should also be noted that many people (70+) offered, in their initial response, to be ‘at the heart of this institute’. Rather than setting up a costly central bureaucracy, therefore, we will use the resources of the membership.

This will be a member-led organisation and not one whereby a central body does everything.

## Partnerships Not Sponsorship

We wish to take a fresh approach to sponsorship.

Our initial survey of members asked the question:

*“With regards to sponsorship, our thinking is that we will work with sponsors from both inside and outside the profession. But only if they are able to demonstrate that they practice wellbeing, and that their services or products genuinely promote wellbeing. Are you in agreement with this approach to sponsorship?”*

92% of respondents agreed with this approach.

Whilst we will need money to make the IFW function, we are not interested in simply taking the money of any organisation that offers it. Instead, we wish to partner with firms in a meaningful way, which involves much more than just money.

## PARTNER MEMBERS

We are therefore looking at work with Partner Members, on a three-tier basis:

- **TIER 1:** Any firm who is accepted as a partner will need to pass a test to demonstrate that wellbeing is integral to their business (or that the firm is serious about achieving this).
- **TIER 2:** If a firm passes the test and reaches tier 2, they will have the opportunity to join our activities, such as being offered to the regional organisers for events or to exhibit at the annual conference. There is also access to our annual member survey.
- **TIER 3:** Partner member firms who are interested in doing so will have the opportunity to sponsor specific research and produce joint white papers. There will be further opportunities to help turn this research into practical tools for use by financial planning firms, or for us to work with them on their own product development.

## Charity

The IFW will partner with the Penny Brohn UK cancer centre. The work of the centre is to help people to 'live well' with cancer and other life-threatening illnesses. As such, their work is closely aligned with the work of the IFW. This will be reviewed every two years.

We will also be seeking one or more partnerships with charities who will help our aim of offering pro bono advice to vulnerable groups.

## Internationally

Interest has been expressed in the IFW from Ireland, Canada, the US and South Africa. It is a dream to establish equivalent organisations to the IFW in these and other countries. First, we will become established in the UK; however, we will happily share our activities with any other country that is interested in replicating what we are doing here in the UK.

## The Executive

The executive of the IFW at the outset is as follows (with an indication of which Stream they are responsible for):

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<b>TOM MORRIS</b>	Ovation Finance	<a href="mailto:tommorris@ovationfinance.co.uk">tommorris@ovationfinance.co.uk</a>	<b>REGIONS</b>
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<b>CATHERINE MORGAN</b>	The Money Panel	<a href="mailto:hello@themoneypanel.co.uk">hello@themoneypanel.co.uk</a>	
<b>REBECCA TUCK</b>	Magenta Financial	<a href="mailto:Rebecca@magentafp.com">Rebecca@magentafp.com</a>	

In order to keep the Executive fresh, we will adopt a policy of rotation. The membership of the executive will be reviewed every year, with a suggested maximum three-year term. This gives the membership opportunities to get involved with the executive.



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