



A Transamerica Company



Tracking Financial Resilience Over Time

2024

About World Financial Group

For more than 20 years, World Financial Group, a Transamerica company, has helped middle-income individuals and families find financial confidence through life insurance, retirement, and savings strategies, products and services. 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.



7 Million

People Educated & Protected Since 2001¹

WFG business owners have helped more than 7 million individuals and families prepare for a better financial future.



A

Our Standard AM Best Ratings for Partner Providers²

We represent some of the most highly rated financial services and insurance providers in the industry, who must have a credit rating of A or higher, to give you the quality product choices you expect



80,000

Life Licensed Agents as of 2024³

Entrepreneurs across North America are building businesses that address individuals and families' growing need for financial services.

Learn more about our company and our commitment to helping lead you and millions of others across North America to a sound financial future at www.worldfinancialgroup.com.

¹ Numbers are based on 2024 internal analysis and survey of WFG life licensed agents.

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

³ Total of 78,414 licensed agents in the United States and Canada as of September 2024.

Contents

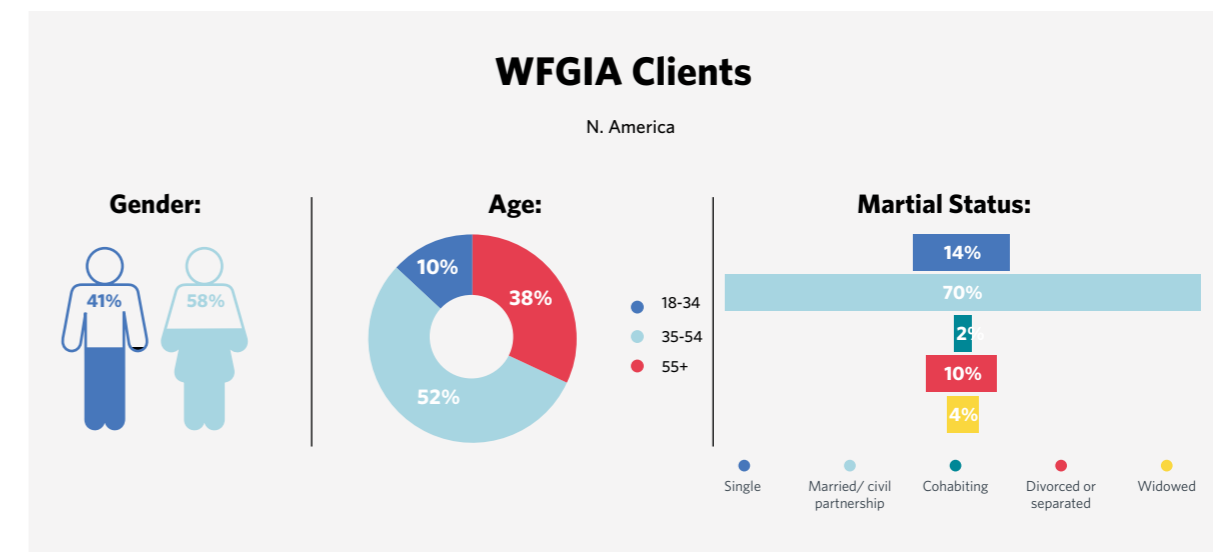
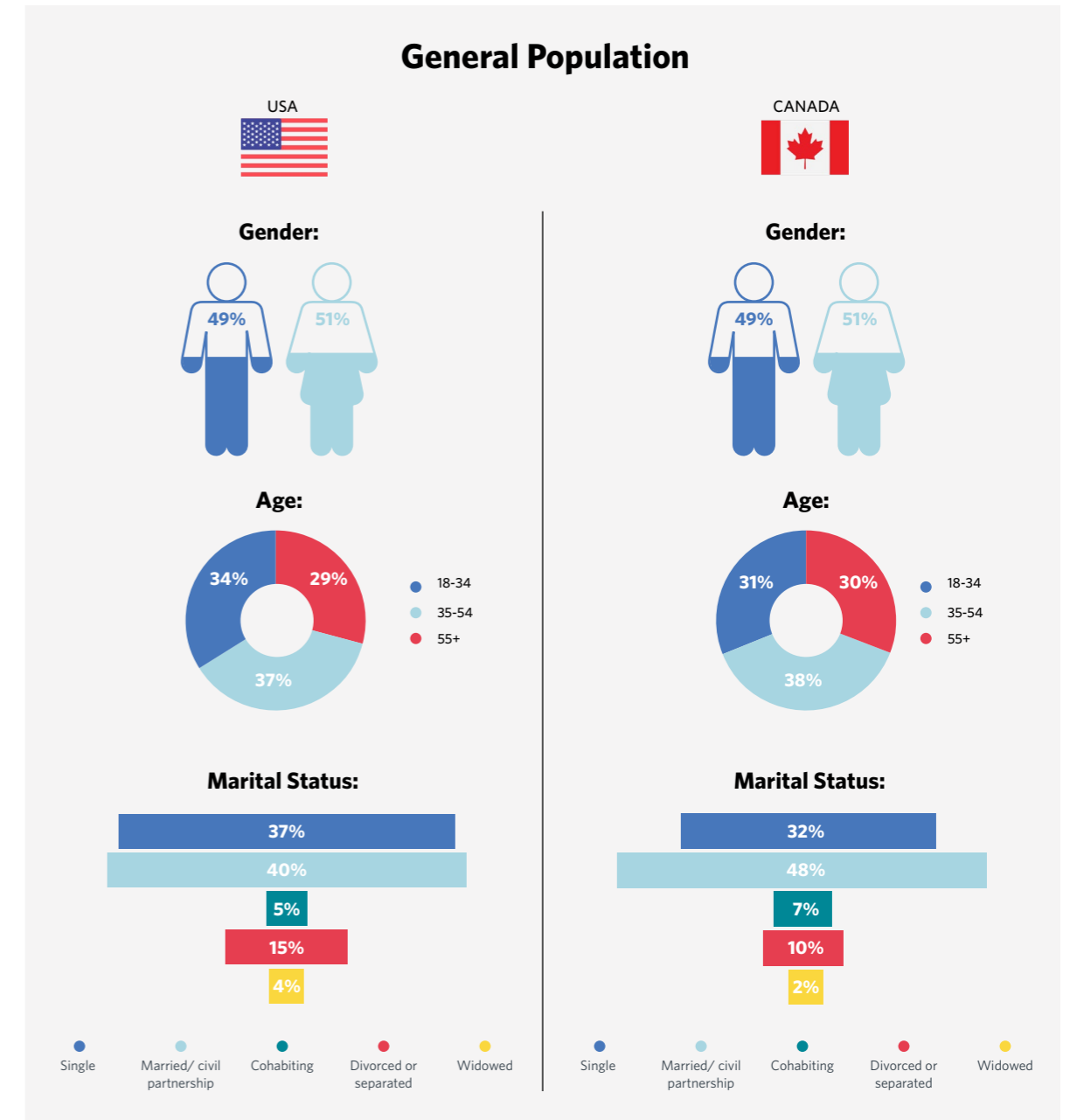
Research approach	4
Executive Summary	6
Part 1 - Building resilience in the face of economic headwinds	8
Part 2 - Creating the confidence for the future you want	12
Part 3 - Tracking FIQ by WFG	16
Conclusion	22

Our Research Approach

WFG has partnered with independent research agency H/Advisors Cicero to benchmark levels of financial capability across the United States and Canada. H/Advisors Cicero surveyed three sample groups: WFG licensed agents and unlicensed associates, WFGIA (U.S.) clients, and the general population in each country. WFGIA clients are individuals that have purchased at least one product from a WFG agent.

To date, we have surveyed 8,000 U.S. households and 2,004 Canadian households. In addition, we have heard from 827 of our clients, 5,125 of our independent licensed agents as well as unlicensed associates who recently joined WFG and are on their journey to becoming agents.

Central to the research is the development of a core metric, "Financial IQ" (FIQ), based on responses to five questions in the survey. We compare each study, looking at wave over wave within our analysis. FIQ questions assessed respondents' attitudes toward personal finances and their preparedness for a financial shock.



Executive Summary

World Financial Group's (WFG's) vision began more than 23 years ago. Every decision has been guided by our mission to help individuals create the life they want to live while protecting their loved ones and planning their financial legacy. That's why WFG's licensed independent agents aim to help increase individuals' and families' financial IQ. Helping our clients become more financially resilient and more prepared for their financial future is our goal!

We strongly believe that deepening a person's financial knowledge can strengthen their financial standing. While an individual's financial knowledge is essential, their overall attitude towards money also plays a role in their financial matters. Our survey suggests that WFG clients feel more confident, knowledgeable, and secure about their financial future.

Why are WFG clients more confident about meeting their financial goals? The financial fundamentals and knowledge shared by our independent agents have aided clients in feeling more optimistic about their current understanding of finances.

1 Building resilience in the face of economic headwinds

After a sustained period of financial uncertainty (between the Coronavirus pandemic and inflation) households have had their financial resilience tested.

Using savings is natural when financial challenges occur and is often a better option than taking on loans or other debt to meet day-to-day needs. Per our findings, WFG clients are more likely to have dipped into their savings (31%) if they experienced a financial shock vs. the average household in North America.

Instead of using savings, households in the United States and Canada have borrowed to bridge the gap in their day-to-day needs. One in five (20%) of the general population

surveyed borrowed money from others due to financial strain caused by higher prices, compared to just 9% of WFG clients.

Overall financial resilience remains much stronger in our client base:

WFG clients are more than twice as likely to be able to sustain paying basic financial expenses in case of a shock to their household finances in comparison to the general population in North America. 46% of clients said they could sustain outlays for a year or more compared with 23% of the general population.

Money matters:

More than a third (36%) of the general population in North America feel anxious about their current financial situation, 35% feel concerned, and 26% feel strained by it.

These figures are in line with the first wave of the FIQ study, which showed 36% were anxious, 25% concerned, and 25% experienced strain.

But WFG clients are far less likely to feel anxious about their current financial situation (20%), and fewer still feel strained (14%).

2 Creating the confidence for the future you want

Confidence in achieving financial security in the future:

More than half (54%) of WFG clients are confident that the way they manage their personal finances will help them achieve financial security in the future, up from 46% in the first wave of the research.

However, over the same period, confidence among the general population has reversed. Just 37% of households in North America are confident that the management of their personal finances will help them achieve financial security in the future, down from 43% in wave one.

Aspiration as the guiding light in financial journeys:

WFG helps to develop and fulfill financial ambitions. 78% of WFG clients aim to be financially secure in retirement, compared to just 49% of the general population.

63% of WFG clients aspire to have peace of mind that they can deal with financial shocks, compared to 43% of the general population.

3 Tracking Financial IQ by WFG

WFG's Financial IQ assesses the understanding, control, preparedness, and confidence people hold around their finances and determines the effect this has on financial resilience.

Those with high FIQ scores (6/10 or greater) are three times more likely to answer the three financial literacy questions correctly, compared to those with the lowest FIQ scores (1/10 or less).

Households in the general population have seen their average FIQ decrease wave over wave: from 5.6 to 5.3. This means financial resilience has fallen between our two studies.

However, WFG client's FIQ scores climbed from 5.8 in the first wave to 6.7 in the second.

Financial IQ is linked to financial resilience and literacy:

76% of individuals in our sample who have a high FIQ score feel they would be able to sustain basic financial outlays - such as mortgage payments, bills and food costs - if they suddenly became unable to continue working.

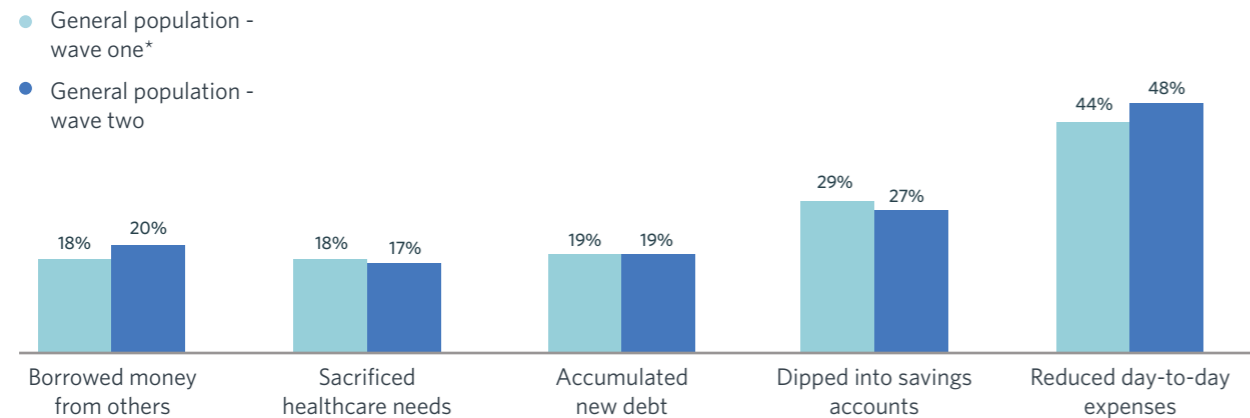
Through their own communities, each WFG agent provides financial education, knowledge and empowerment in conversations related to the products offered.

Part 1: Building Resilience in the Face of Economic Headwinds

Households across North America have moved from crisis to crisis in recent years, from the pandemic, which temporarily put the economy on standby, to high inflation (peaking at 9.1% in the U.S. in June 2022, however it was 3.7% at the time of the wave two survey. In Canada, inflation peaked at 8.1% in June 2022, but it was 2.8% at the time of the wave two survey).

Many Americans and Canadians have taken action to combat the financial strain they have been feeling in response to the external environment. In our latest research, we found that 27% of households in North America dipped into their savings in response to the rising cost of living.

Figure 1/ Households continue to take critical steps to combat financial strain



Q. Which of the following actions have you taken, if any, in response to the financial strain caused by the rising cost of living?⁷

⁷ Note: In wave one, this question was asked in the context of the Coronavirus pandemic

WFG clients

9%
Borrowed money from others

11%
Sacrificed healthcare needs

31%
Dipped into savings

22%
Accumulated new debt

49%
Reduced day to day expenses

Taking from savings is natural when financial challenges arise, and it is often a better option than taking on loans or other debt to meet day-to-day needs. Per our findings, WFG clients are more likely to have dipped into savings (31%) than the average household in North America. This is most likely attributed to WFG clients having built the financial reserves to fall back on, if and when needed.

However, it is noteworthy that our first wave of research found that 29% of North American households had dipped into their savings in response to the pandemic. Prolonged pressure on households means that when the next crisis hits, people will have less room to maneuver as it will take time for people to build their savings back up again. In short, household financial resilience is being eroded.

Increasingly, households are borrowing to bridge the gap in their day-to-day needs. One in five (20%) of North Americans borrowed money from others due to financial strain caused by higher prices, compared to just 9% of WFG clients. Furthermore, 19% of households surveyed accumulated new debt via credit cards or a formal loan.

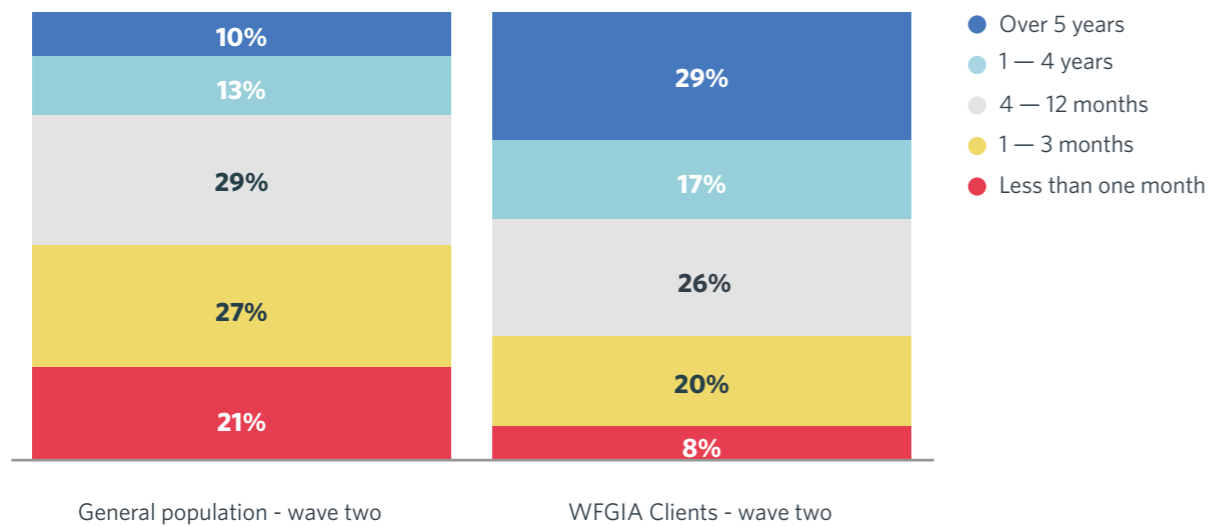


Preparation for financial shocks

Households continue to be underprepared for financial shocks. Almost half (48%) of households surveyed from the general population said they could sustain basic outlays for no longer than three months if they were unable to work. And less than a quarter (23%) said they could survive for more than a year.

WFG assists people in improving their financial resilience and becoming more comfortable in making financial decisions leading to a better financial future for individuals and families across North America. Over the years, WFG has helped those who are underserved by the financial services industry by working with them to develop sound financial strategies. North American households are facing turbulent economic conditions and rising food and energy costs. Seeking professional guidance to ensure you have the right plans and protections in place is key. It may help alleviate the mental burden of managing your short and long-term finances. Our research provides evidence that having the support of a financial professional improves resilience. WFG clients are more than twice as likely to be able to sustain basic financial outlays in case of a shock to their household finances in comparison to the general population in North America (46% of clients said they could sustain outlays for a year or more compared with 23% of the general population).

Figure 2/ Households continue to be underprepared for 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?

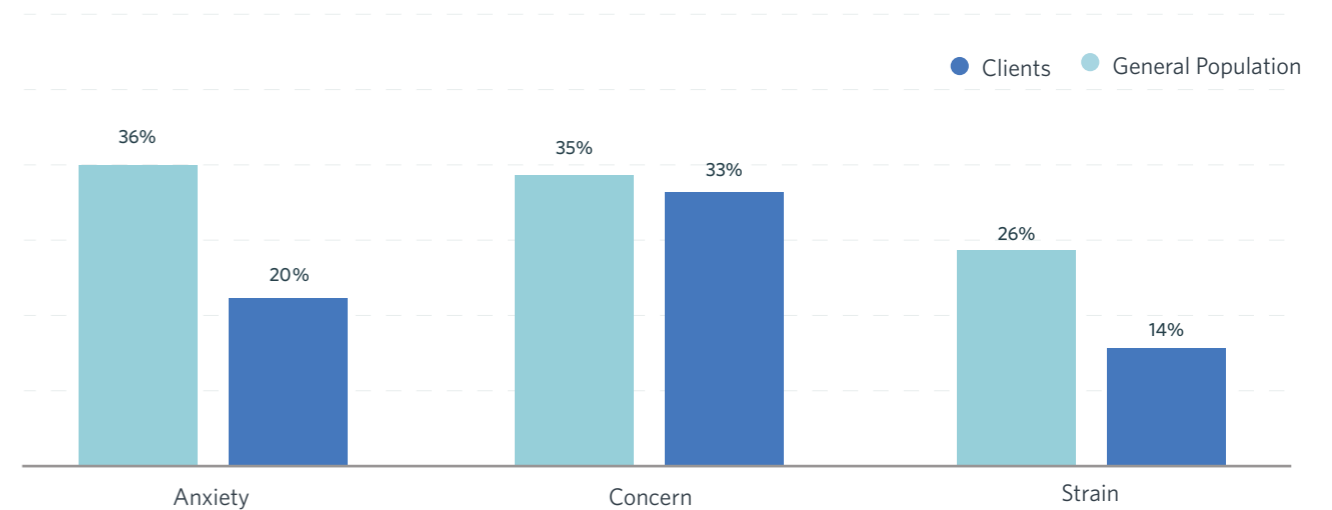
Money and emotions

Financial stress and strain caused by money worries is a concern for many North American families. At times, this can make people feel like they are trapped. But taking steps to plan and manage your money can help, as can speaking to a financial professional for guidance. This is where WFG excels.

36% of the general population in North America feel anxious about their current financial situation, 35% feel concerned, and 26% feel strained by it. These figures are in line with the first wave of the FIQ study (36% anxiety, 36% concern, 25% strain in wave one).

By improving financial knowledge and understanding, WFG aims to help people protect, save and invest in their future; being knowledgeable impacts how people view their finances. WFG clients are far less likely to feel anxious about their current financial situation (20%), and just 14% feel strained.

Figure 3/ The general population feel far more anxious about their current financial situation than WFG clients



Q. Which, if any, of the following words/feelings do you most associate with your current financial situation?

Part 2: Creating the Confidence for the Future You Want

Achieving financial confidence is vital for fostering a sense of security and control when navigating everyday life and planning for longer-term goals. Financial confidence goes beyond having a healthy bank account balance; it includes the ability to make informed decisions, plan for the future, and be prepared to face unexpected challenges.

When people feel confident in their financial position, they are better equipped to set and achieve goals, whether it be buying a home, saving for their children’s education or putting money aside for retirement.

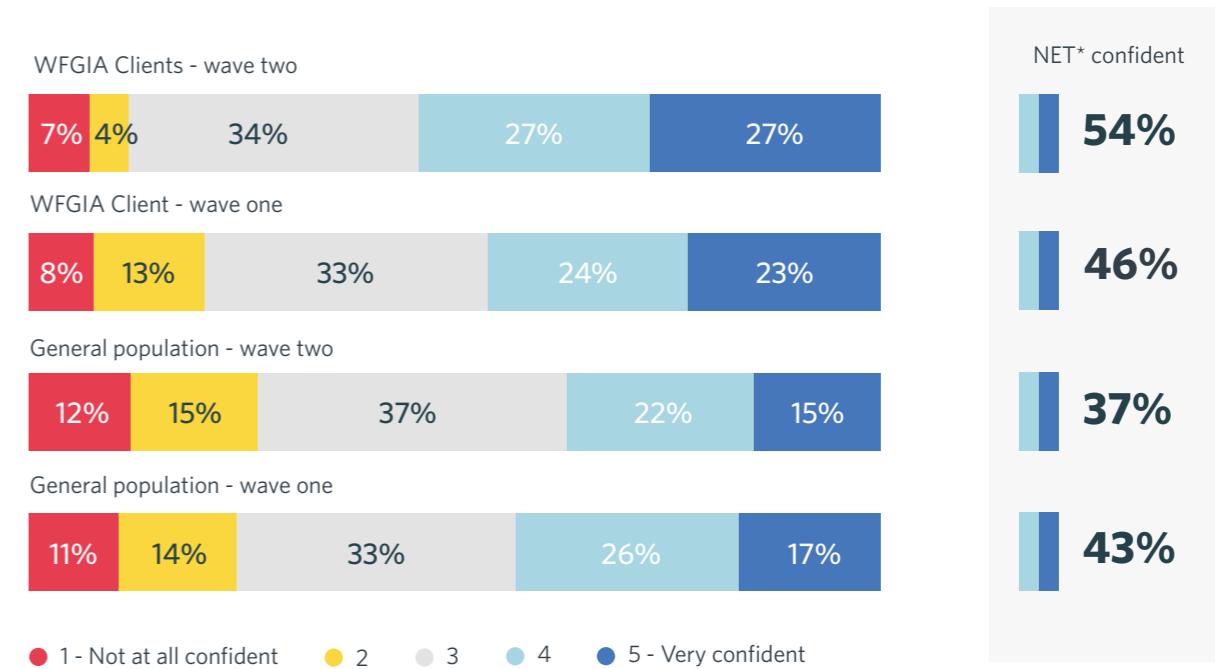
Confidence can also reduce stress and anxiety, allowing individuals to lead more fulfilling lives with the knowledge that they can have solid economic wellbeing and stability.

Financial confidence

More than half (54%) of WFG clients are confident that how they manage their personal finances will help them achieve financial security in the future. This is an 8-percentage point improvement wave over wave, with the first wave of the survey showing that 46% of WFG clients are confident that how they manage their personal finances will help them achieve financial security in the future.

However, over the same period, confidence among the general population was reversed. Just 37% of households in North America are confident that the way they manage their personal finances will help them achieve financial security in the future. The figure was 43% in the first wave of the survey. WFG clients are far more likely to feel in control of their financial situation, as better understanding and financial literacy drive confidence about their financial future.

Figure 4/ Financial confidence increased wave over wave among WFG clients, but declined in the general population



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



Financial aspirations

Financial aspirations are the guiding stars in a financial journey. Aspirations are not just about money; they're about what we want to do and experience in life.

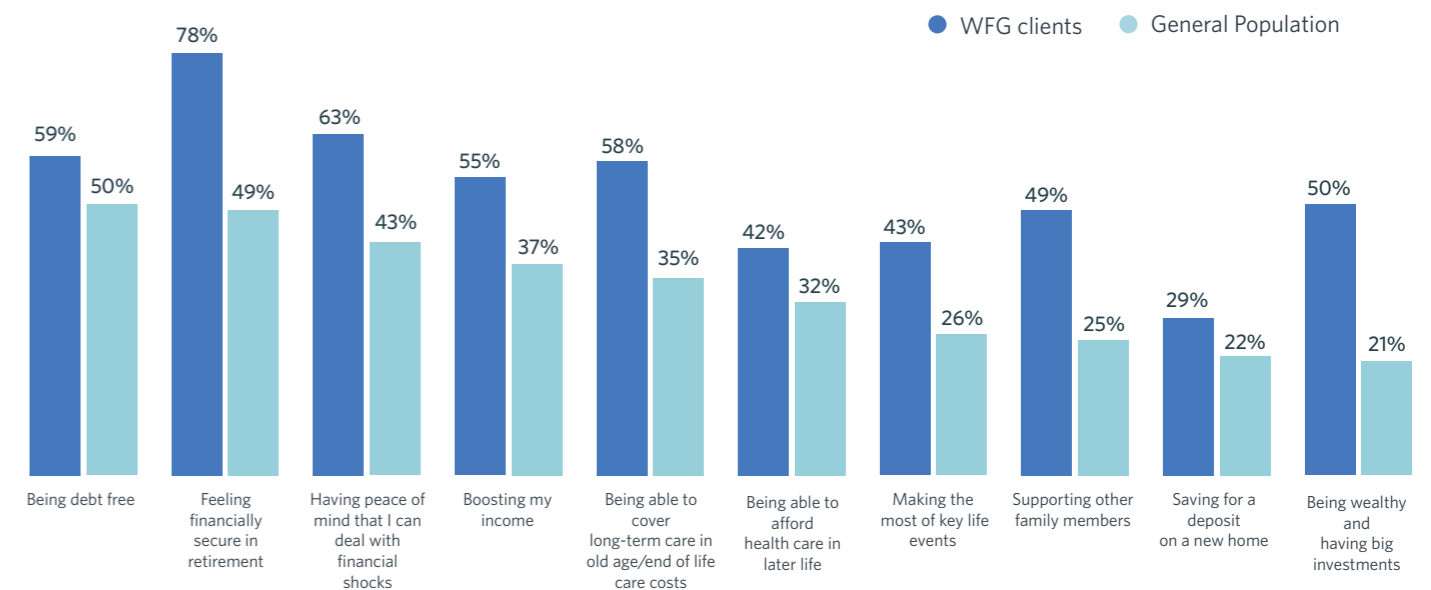
They provide motivation and a drive to succeed. Once you have a goal or target set, you are more likely to take action to achieve it. Our ambitions give us direction, focus, and purpose in our financial decisions and actions.

Financial aspirations also push us to do things we might not have considered otherwise. Whether starting a business, furthering our education, or planning for retirement, they encourage us to explore and seize opportunities aligned with our goals. They're also about building savings and achieving financial independence. By setting ambitious financial goals, we can increase our income, save and build wealth wisely over time.

Financial aspirations are deeply personal. They're tied to family life, ambitions, and values. Whether traveling the world, buying a home, or supporting loved ones, they help us fulfil our deepest desires. Our survey found that of the two groups, WFG clients are far more ambitious than the general population:

- 78% of WFG clients aim to be financially secure in retirement, compared to just 49% of the general population.
- 63% of WFG clients aspire to have peace of mind that they can deal with financial shocks, compared to 43% of the general population.

Figure 5/ WFG clients have a greater range of long-term financial ambitions and goals compared with the general population



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



Part 3: Tracking FIQ by WFG

Reintroducing FIQ

Now in its second wave, Financial IQ (FIQ) by WFG was developed to assess households' financial resilience, specifically during financial shocks.

FIQ provides an index score based on responses to five questions asked to our research sample. These questions are illustrated in the diagram below. For the full FIQ methodology, see the Appendix.

Figure 6/ What metrics shape the FIQ score?



FIQ ranks financial resilience on a scale from 0 to 10. A high index score is more than 6, a medium score is between 4 and 6, and a low score is less than 4. To track the progress of financial resilience over time, WFG plans to repeat this research for multiple waves.

Figure 7/ FIQ snapshot

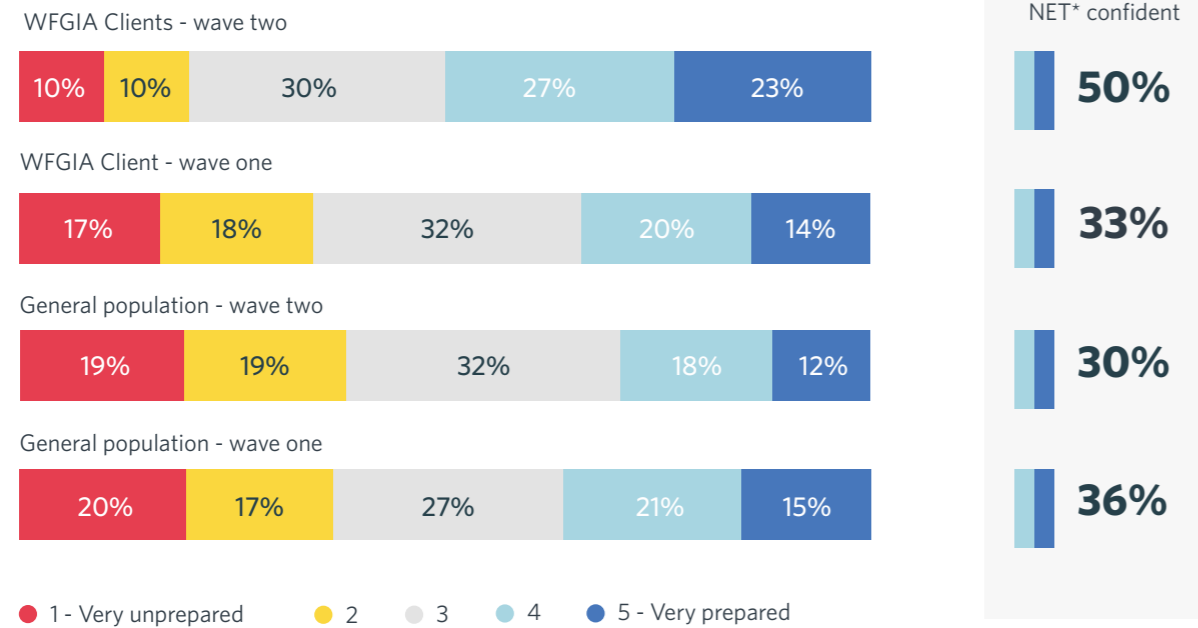
	FIQ Score	
	Wave one	Wave two
WFG Clients	5.8	6.7
General population (N. America)	5.6	5.3
General population (USA)	5.6	5.3
General population (Canada)	5.3	5.3

FIQ assesses the understanding, control, preparedness, and confidence individuals hold around their finances and determines the effect this has on financial resilience. The average score for the general population in North America is 5.3/10. This compares to 6.7 among WFG clients.

Study results show that households in the general population have seen their average FIQ decrease wave over wave. This represents a step backward and suggests that the average North American home is now less resilient in managing finances than at the time of the last wave. However, the FIQ scores of WFG clients climbed from 5.8 in the first wave to 6.7 in the second, demonstrating a wave over wave improvement in financial resilience.



Figure 8/ FIQ and preparedness



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)?

*NET scores may be marginally different to the sum of 4 & 5 scores due to rounding.

One key reason behind the decline in the FIQ score for the general population is the responses to the preparedness question in our research (see Figure 8).

In the first wave, 36% of the general population in North America felt 'very prepared' or 'prepared' for a household financial shock. This percentage dropped to just 30% in wave two. Meanwhile, over the same period, we saw a significant increase in the WFG client scores, up from 33% feeling prepared in wave one to 50% prepared in wave two.

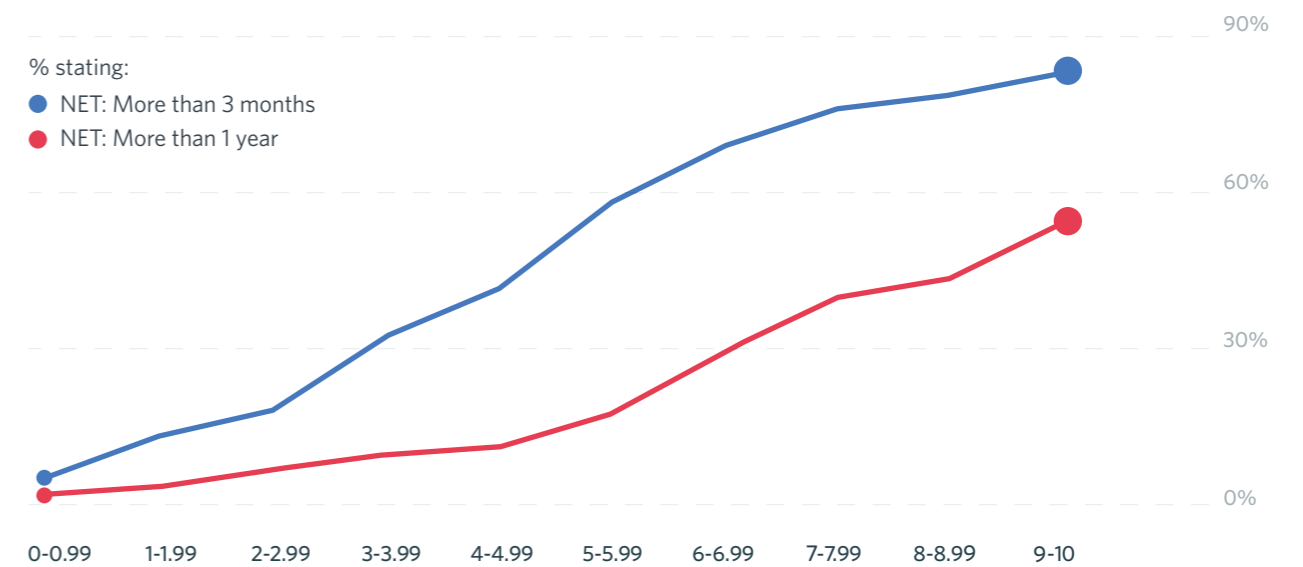
FIQ correlates to financial resilience and financial literacy

Financial resilience

Having a higher FIQ score (defined as 6/10 and higher) means you are more resilient to financial shocks. More than three quarters (76%) of individuals in our sample who have a high FIQ score feel they would be able to sustain basic financial outlays such as mortgage payments, bills and food costs if they suddenly became unable to continue working, for an extended period of time. Also, more than two in five (41%) of those with high FIQ scores feel they could last more than one year.

In contrast, just one in five (21%) individuals with low FIQ scores (below 4/10) feel they would be able to sustain basic financial outlays for more than four months in case of a major financial shock to them, and only 8% feel they would be able to last more than one year.

Figure 9/ Those with higher FIQ scores are more likely to be able to sustain basic financial outlays for longer



Q. If you suddenly became unable to continue working, for an extended or indefinite period of time, for how long would you feel able to sustain basic financial outlays such as mortgage payments, bills and food costs? - Showing responses for "More than 3 months" and "More than 1 year" by FIQ scores - Figure 9 reflective of general population only.

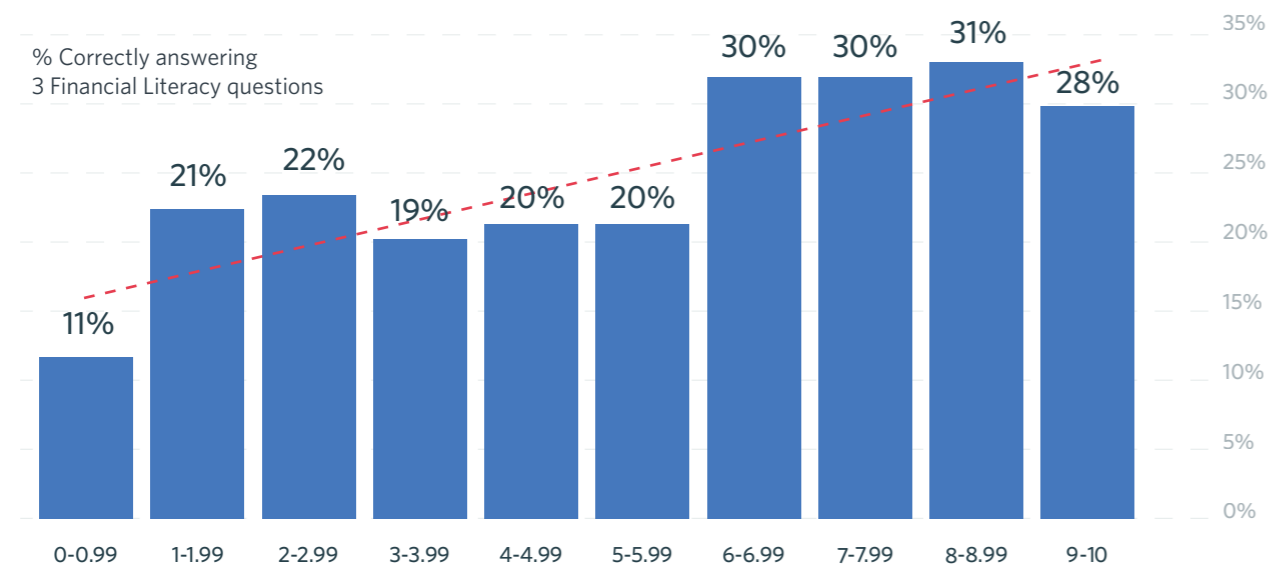
Financial literacy and understanding

WFG believes everyone deserves to be financially literate, and have a higher FIQ score. In our research we tested respondents' financial literacy using three questions on the fundamentals of money, including their understanding of compound interest, inflation and risk diversification (see Appendix for financial literacy questions and answers).

30% of individuals with high FIQ scores (6/10 and higher) answered all three questions correctly, with a further 27% answering two correctly. This compares to just one in ten (11%) of those with the lowest FIQ scores (below 1) who answered all questions correctly.

Taking the time to learn and understand financial fundamentals is key to everyone's financial journey. There are many sources of information online, from formal materials about managing your short-and long-term finances, to engaging tools and calculators, but people should also seek professional financial advice if needed.

Figure 10/ Financial literacy is higher among those with higher FIQ scores



Financial Literacy scores (see Appendix for questions and answers) by FIQ scores – Figure 10 reflective of the general population only.



Conclusion

Engaging with your finances can be a daunting prospect. This is particularly the case if you are just starting out on your financial journey. It is often easy to delay or defer thinking about and acting on your financial situation. But today is the best time to engage with your short - and long-term finances!

Knowing where to start can be a challenge. Our two rounds of research highlight that many individuals have low financial understanding and confidence levels. This is coupled with an increasingly confusing landscape, with ever expanding choice. While online resources are a great tool and source of information, they can also be overwhelming, and knowing who and what information to trust is important.

Many of WFG's clients are lower- and middle-income individuals and families, including a large and diverse population traditionally underserved by the financial services industry. We are proud to help drive thinking and action regarding financial preparation and understanding.

WFG connects with these customers through a distinctive relationship-based distribution model in the North American market. Through their communities and markets, each WFG agent provides financial education, protection, and empowerment to their clients. Our findings show that we continue to do this even when the broader economic environment is challenging.

The progress made to date is good news, but we are also looking to the future. For years to come, we will continue with our commitment to improve the outcomes of our clients and continue to track progress across all communities (both within the general population and our client base).



Appendix:

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 they 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.

Question	'R' score (Correlation to Resilience)	Means	'R' score x Mean
Understanding (Q14)	0.359	6.46	2.32
Control (Q15)	0.455	6.02	2.74
Preparedness (Q16)	0.545	4.99	2.72
Confidence (Q21)	0.460	5.82	2.67
Total	1.82		10.45
Index			5.75

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 (Q17) to obtain a measure of influence 'R'.

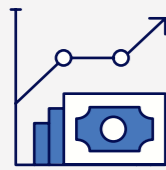
The mean scores of the predictor variables (Q14, Q15, Q16 and Q21) are computed and each mean score is multiplied by its 'R' value. And the results are summed up and then divided by the sum of all correlations to get the FIQ Score.

FORMULA: (Q14 * R1 + Q15 * R2 + Q16 * R3 + Q21 * R4)/WR

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

$$[Q14(6.46*0.359) + Q15(6.02*0.455) + Q16(4.99*0.545) + Q21(5.82*0.46)]/1.82 = 5.75$$

Appendix: The “Big Three” Financial Literacy Questions and Answers



Question 1

Suppose you had \$100 in a savings account and the interest rate was 2 percent per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

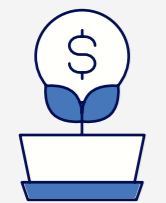
- More than \$102**
- Exactly \$102
- Less than \$102
- Do not know
- Refuse to answer



Question 2

Imagine that the interest rate on your savings account was 1 percent per year and inflation was 2 percent per year. After 1 year, how much would you be able to buy with the money in this account?

- More than today
- Exactly the same as today
- Less than today**
- Do not know
- Refuse to answer



Question 3

Do you think that the following statement is true or false?
“Buying a single company stock usually provides a safer return than a stock mutual fund.”

- True
- False**
- Do not know
- Refuse to answer



About WFG

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 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/>

About H/Advisors Cicero

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 and Brussels. 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), which offer insurance products. Headquarters: 6400 C Street SW, Cedar Rapids, IA 52499. Phone: 770.453.9300

In Canada, World Financial Group Insurance Agency of Canada Inc. (WFGIAC), which offers life insurance and segregated funds. Headquarters: 5000 Yonge Street, Suite 800, Toronto, ON M2N 7E9. Phone: 416.225.2121

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