



# MoneyPlan

**A pilot project giving independent financial advice  
to Citizens Advice Bureaux clients**

“A lack of funds does not equate  
to an absence of complexity”

*Robert Reid, Chartered Financial Planner  
Past President of the Personal Finance Society*



## What is Moneyplan?

Clients have traditionally approached Citizens Advice Bureaux for support and help on debt issues. Bureaux dealt with 1.9 million debt issues in 2008/09, an 11% increase on the previous year. The Citizens Advice service is working to reduce the number of people who come to it in crisis, by rolling out financial education sessions to local communities, and by trialing new forms of advice giving.

Generic financial advice, also called money guidance, is advice that helps people cope with understanding and planning their finances without promoting the sale of any product. **MoneyPlan** has been testing how delivering this advice works in a bureau setting.

## Why?

Generic financial advice is necessary to help people make informed decisions and avoid the distress of unmanageable debt. It's not just the wealthy that need financial advice; everyone needs to consider their pensions, insurance and mortgage options.

At present though, this is something which can all too often be restricted to those who can afford to pay for independent financial advice or who receive it tied to the sales of the products of a particular company.

## How?

To test whether this kind of advice giving would work in bureaux, the **MoneyPlan** pilot project was developed. Citizens Advice and Citizens Advice Scotland worked with the Personal Finance Society (PFS) to recruit their member Independent Financial Advisers (IFAs) to volunteer in bureaux providing money guidance to clients on low and middle incomes.

With funding from Barclays, Aegon UK, and the Resolution Foundation, 29 Bureaux in England, Scotland and Wales have participated, with over 1,100 clients seen in the second stage of the pilot from May 2007 and March 2009.

*“Talking to an independent adviser was useful and helped to clear my mind – thank you for such an excellent service”.*

*“Just didn't know what or where to go – put us on the right road”.*

## Key findings

Independent Financial Advisers, who were working on a pro-bono basis in bureaux, dealt with almost 2,400 issues in the period May 2007- March 2009.

The main areas raised by clients were:

- Advice needed on pensions, savings and investments;
- Mortgage and secured loan queries;
- Information required on financial products such as loans and insurance;
- Questions about equity release, endowments and tax.

39% of clients also needed to see a CAB adviser on related issues.

Several IFAs have reported an increase in the numbers of clients they have been seeing in recent months as a result of the recession. These appear to be mainly redundancy queries, including mortgage issues, and older workers fearing or facing redundancy seeking pension advice.

**MoneyPlan** clients have predominantly been older owner-occupiers with an income substantially below the national average and with a high incidence of illness or disability.

- Almost three quarters of enquirers (72%) were aged over 50 and a third of these were aged over 65;
- The majority (77%) were owner-occupiers;
- Two out of five had a disability or a health problem;
- Only a quarter (26%) were in full time employment;
- 58% had a monthly income of less than £1000.

*“The adviser explained clearly and was sympathetic to my circumstances - the written report was helpful”.*

The pilot results show that there is a significant gap in the provision of free independent financial support for people who have questions about their mortgages and pensions; 61% of all queries during the second pilot were related to these two categories of advice alone.

- Mortgage queries regularly included questions around re-mortgaging options, often related to debts;
- Pensions advice was particularly needed on people's pension options on retirement or redundancy and a need for paperwork to be explained;
- This lack of advice could be a contributory factor in people's poor financial situations or result in them requiring debt advice.

These findings reinforce the conclusions of the independent Thoresen Review (commissioned by HM Treasury in January 2007, with the final report published on 3 March 2008), that there is a need for a national Money Guidance service. Citizens Advice is a delivery partner of the Moneymadeclear service in the North East. The Moneymadeclear service is a year-long £12m pilot or 'pathfinder', jointly funded by the FSA and HM Treasury. The pathfinder will test the blueprint for this national service.

#### **The independent evaluation showed:**

- **MoneyPlan** has met a need that would be difficult, if not impossible, in some areas to meet in any other way;
- It has reached people who have not before had or could afford to access independent financial advice;
- It has been highly valued by those who have used it;
- **MoneyPlan** has integrated well in the bureaux in which it has operated and has now been established as an ongoing service in those bureaux.

*"I found the advice even more helpful with a CAB member sitting in".*

*"We were bewildered – vital part of the CAB service – reassured by the IFA".*

## How MoneyPlan has made a difference

Few of the clients the IFAs have seen could have afforded to pay for advice. Clients commented that having face-to-face sessions with the IFAs were essential for their issues to be understood properly and for them to be able to clarify the advice they were being given.

Following appointments, over 100 **MoneyPlan** clients were followed up with telephone interviews. This showed that:

- 64% had taken some action;
- 28% were still considering what action to take;
- 54% had fully resolved their problem and 22% had partly resolved it;
- 58% said the IFA's advice had made a significant difference to their confidence about dealing with their financial matter;
- 87% reported an increased ability to help themselves in the future;
- 84% said it had reduced stress and improved their peace of mind;
- 89% said it had increased their knowledge on how things work.

Specific actions included deciding on pension options, sending forms completed with the help of the IFA (usually in relation to pensions), re-mortgaging or pursuing a complaint against a product provider.

*"It helped make our minds up - wouldn't hesitate to go back".*

# Client stories

## Pension

*A couple were approaching retirement when the husband was diagnosed and treated for cancer. At the same time, he was also made redundant. He had received correspondence with regard to his pensions but couldn't understand the options available. They initially went to their local CAB who made them an appointment the **MoneyPlan** IFA. They went with all the paperwork and the IFA **"explained every page"** and wrote notes for them. They then were in a position to decide what to do, as they now understood their pension options.*

*The wife felt it was a very good service and important that people had somewhere to go. In her circumstances, it was important to see the **MoneyPlan** IFA in person: her husband has difficulties with speech due to the cancer and they do not have a computer. She felt it was important to **"see"** the adviser and be able to show the paperwork and to ask questions in order to understand. When enquiring by 'phone she said that she often puts the 'phone down and then wished she had asked other questions.*



## Mortgage

*The client's home was subject to a suspended possession order, meaning as long as he could maintain repayments on his mortgage he would not be repossessed. He wanted to know if he could cash in his pension to help his finances. The client had a variety of pension, mortgage and insurance products, which varied in their terms and conditions, and the stages at which they had been paid up or could be accessed.*

*The **MoneyPlan** advised the client how they could transfer money from some of these products as they were paying a very low bonus rate, and advised them to seek further help to amalgamate it with his pension plan. He also advised that the client should contact a broker about taking out payment protection insurance as he was worried about possible future redundancy.*

## Equity Release

*A 78 year old woman living alone was, in her own words, going through a bad time financially. She didn't want to worry her family, as she had always been independent. **"I didn't know which way to turn"**.*

*She went to the CAB who referred her to the **MoneyPlan** IFA. She had some debts and wanted to know about equity release and whether it was an option for her. The IFA went through the pros and cons of this and other possible options. He also suggested that she could discuss her financial matters with her family.*

*After she saw the IFA, she decided against equity release, as she didn't need that much money to sort out some debts and she wanted to leave some inheritance to her children. She decided to discuss her situation with her family who have since helped her.*

**"I didn't  
know which  
way to turn".**

## Understanding paperwork

Following her husband's death, the client had a great deal to sort out at a very emotional time. **"I had papers about pension, insurance and credit cards and was worried about money"**.

The CAB referred her to the **MoneyPlan** IFA. She said **"to be perfectly honest I was on my guard as they often try to hard sell but it wasn't like that"**.

**"I have managed to sort things out. After I saw the IFA, he confirmed the advice in writing. I have managed to get my husband's outstanding credit card debts waived; they were £9,000 in total. The IFA also sent me some probate forms, I went to a solicitor about them and have had my will redrafted"**.

She felt that the **MoneyPlan** IFA had acted very professionally and was vital in helping her to help herself.

She was delighted about the service and felt it was important to say it was about offering advice only and not selling when advertising the service.

“to be perfectly honest I was on my guard as they often try to hard sell but it wasn't like that”.

## Endowment policy and pension

The client had difficulty understanding what to do with her endowment policy and pension and didn't understand the letters she was receiving from the insurance company. She had suffered from several strokes.

The **MoneyPlan** IFA explained the letters and forms and the process for making a complaint about the insurance company. She stated that the IFA had made a lot of difference to her confidence, peace of mind, health (she suffers from eczema under stress), knowledge of how things work and her ability to help herself.

She preferred to see someone face to face with regard to financial matters as like to **"see"** someone; it is easier to explain things that way and she cannot use the Internet.

She found the service **"brilliant"**.

## Mortgage

The client had gone initially to the CAB as they had helped him with a different problem 20 years ago. He didn't know what to expect from the **MoneyPlan** IFA but hoped to receive some options about his current mortgage and other debts.

The IFA suggested one option could be to re-mortgage to clear his debts and to make it easier to manage his finances in the future. The client decided to take further advice from an IFA after which he re-mortgaged and cleared their existing debts.

When asked to what extent the IFA's involvement helped to sort out the problem, he felt it had been fundamental as at that time he was very worried that they would lose their home. The IFA **"put me in the right frame of mind"** to tackle the problem, the worry was beginning to have an adverse impact on his health.

He stated that he preferred to see someone face-to-face, with regard to financial issues in particular. He commented that he found it easier to **"see"** reactions to questions and answers. **"I need things explained in layman terms"**.

He was very pleased with service; **"I might have lost my house. Due to them I am now able to live and work happily"**.



## The Volunteers

The 36 volunteer **MoneyPlan** Independent Financial Advisers are members of the Personal Finance Society and qualified to diploma level. This has meant they are equipped with high levels of expertise and experience.

The evaluation has shown that the pilot this has increased the confidence of participating Citizens Advice bureaux in working with Independent Financial Advisers. It has meant that bureaux have had an additional resource to call upon for advice in dealing with clients' complex matters and have been able to explain to clients about how an IFA may be able to help with their particular issue.

The majority of the original IFA volunteers who were recruited in 2007 are still working with **MoneyPlan**.

A commonly expressed reason for volunteering was to “put something back”. Few expected to gain new business and saw the value of the project as being able to use their skills and experience to assist people who could not afford to use the services of an Independent Financial Adviser or who were unaware of needing any generic financial advice.

That so many of the original IFAs had stayed with **MoneyPlan** suggests that the project has proved personally rewarding. Several IFAs said they enjoyed being part of the CAB team and the IFAs have built strong links with their bureaux.

## The Future for MoneyPlan

Citizens Advice is committed to seeking additional resources:

- To support the existing volunteer IFA projects within bureaux to continue;
- To encourage the development of additional projects;
- To provide a toolkit for additional bureaux across England, and Wales to develop volunteer IFA sessions;
- To develop further marketing materials for use by bureaux to extend the reach of the project;
- To share learning about the project with Citizens Advice Scotland and Northern Ireland and to encourage the development of volunteer IFA services;
- To maintain the relationship with the PFS and to co-ordinate a steering group of interested parties;
- To work with the PFS that to develop training for bureaux and volunteer IFAs.

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