

CPA Financial Planning Thought Leadership: Being the Advisor of Choice

Presented by:

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About the PFP Section & PFS Credential

- ▶ The **AICPA Personal Financial Planning (PFP) Section** is the premier provider of information, tools, advocacy and guidance for CPAs who specialize in providing estate, tax, retirement, risk management and/or investment planning advice to individuals, families and business owners. (Learn more at aicpa.org/PFP.)
- ▶ The **Personal Financial Specialist (PFS) program** allows CPAs to gain and demonstrate competence and confidence in providing estate, tax, retirement, risk management and/or investment planning advice to individuals, families and business owners through experience, education, examination, and a resulting credential. (Learn more at aicpa.org/PFS.)

Introductions



Lyle Benson,
CPA/PFS, CFP®
(Moderator)

*L.K. Benson
& Company*



Clark M. Blackman, II
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*Alpha Wealth
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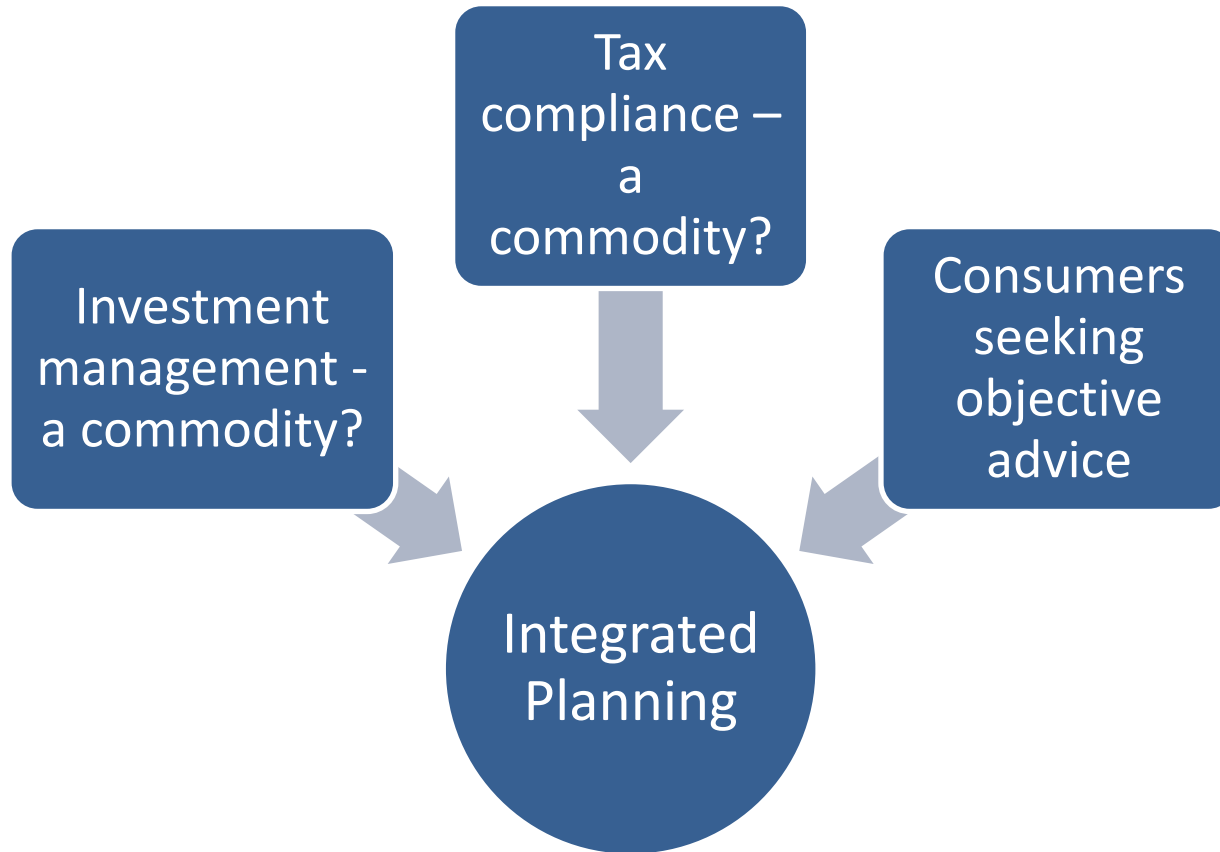
Thomas Trainor,
CPA, CA, CFA®,
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*Hanover Private
Client Corporation*

Agenda

- ▶ **Value proposition for the CPA financial planner in the current competitive landscape**
- ▶ **What distinguishes the CPA financial planner as the “advisor of choice”**
- ▶ **Benefits of expanded business model**
- ▶ **Outlook for the future**
- ▶ **Q&A and related PFP resources and events**

Trends



Value proposition in the current competitive landscape

Competitive Issue #1: Clients Are Forcing Changes in Traditional Advisor Relationships

▶ Clients are outgrowing the services of mono-line advisors:

- Becoming more sophisticated
- Requirements are becoming greater
- Needs are becoming more complex

▶ Caused by structural changes:

- Complexities caused by the melding of the five pillars of financial planning – tax, estate, retirement, investing & insurance
- Movement from defined benefit to defined contribution (or no) pension plans
- Transition of institutional tools to small businesses and individuals

Competitive Issue #2: Increasing Direct and Indirect Competition to be the Advisor of Choice for Clients' Personal Financial Affairs

▶ Competition:

- Direct: CPA firms
- Indirect: banks, brokers, insurance agents, portfolio managers, consultants

▶ Result:

- Clients are demanding integrated, conflict-free advice

The highest priority will be to deliver a relevant enterprise proposition in areas where HNWIs see substantial value but are less than satisfied to date. (Capgemini 2011 World Wealth Report)

...one of the biggest challenges CPAs face...: the desire of many CPA clients to receive comprehensive financial planning and financial services from their accountants. (CEG Worldwide LLC)

Study: Main Challenges, Opportunities & Strengths of Professional Practices

Challenges	Areas of Opportunity	Strengths
These are the common obstacles and issues professionals are facing.	You have many opportunities you would like to capture.	These are the many talents, capabilities, and skills that you would like to reinforce and maximize.
Fee pressure.	Identify other ways for you to be of service to your clients.	Excellent professional reputation, and high-quality, professional advice.
Insufficient staff leverage to provide the proper level of profitability.	Improving and maintaining your professional status.	Transferable skills that are diverse and applicable to various client situations.
Lack of resources to answer questions outside of your normal work focus.	Free your practice from commoditized work which allows you to compete on value, not price.	You are a specialized expert in a high demand field.
Concerned about outsourced work due to the client response or quality.	Improved profitability of your firm.	Working in a highly skilled profession, with a strong barrier to entry.
You do not feel that you have adequate retirement savings.	Better work/life balance to focus on other issues.	
It is difficult to meet your professional development requirements and maintain your technical qualifications.		
It is difficult to find and retain qualified staff and attract top students to your firm.		
It is difficult to maintain a strong marketing network and client pipeline of high value-added projects.		
Your volume of work makes it difficult to maintain a work/life balance.		

Note:

1. Study completed by Hanover Private Client Corporation

CPAs are Already Completing a Significant Amount of the Work Required in PFP

- ▶ **With minimal incremental effort CPAs can significantly increase the value added to their clients**
- ▶ **Collecting and creating a fact set is the base of all private wealth services:**
 - Documenting client goals
 - Drafting a statement of net worth
 - Calculating an investment mix
 - Analysis of real estate holdings
 - Calculating deferred tax liabilities
 - Insurance analysis
 - Drafting an expense summary
 - Calculating cash flow needs

Analysis of a Client's Situation is Naturally within a CPA's Scope

▶ Identification of opportunities and risks:

- Extending the impact of business decisions up into the owner's personal financial situation
- Optimal capital structure for individuals and their companies
- Foreign exchange management
- Human capital
- Counterparty risk
- Tax and estate planning issues

▶ Work with outside professionals in non-core competency areas to quantify the opportunities and mitigate the risks:

- Lawyers
- Insurance agents
- Investment advisors

Implementation and Result

▶ Action plan:

- Creation of models and templates to be utilized by partners and staff
- Identification of professional development needs for non-traditional CPA competencies
- Identification of internal and external specialists for advisory on complex areas
- Pilot project:
 - Select 2 to 3 clients with whom you have a close relationship with and are open to new ideas,
 - Solicit feedback from clients and have an open discussion regarding their perception of value added from these ideas.

▶ Result: Become the client's advisor of choice for their personal financial affairs by providing a higher level of comprehensive service

What distinguishes the
CPA financial planner as
the “advisor of choice”

Ethical and Regulatory Requirements

▶ **AICPA Code of Professional Conduct:**

- Competency
- Objectivity
- Integrity
- Disclosures of potential conflicts
- Privacy and Confidentiality

▶ **Fiduciary Standard**

▶ **Statement on Standards in PFP Services**

- Effective July 1, 2014

Why are CPAs ideally positioned to be leaders in financial planning? How do CPAs remain relevant?

- ▶ **Applying the Code of Conduct and standards**
- ▶ **Education, training and knowledge**
- ▶ **Significance of taxes in personal financial planning**
- ▶ **Trust, privacy and confidentiality**
- ▶ **A relationship driven future**
- ▶ **The future of the regulatory environment**

Benefits of expanded business model

Benefits to the Firm and Practitioner

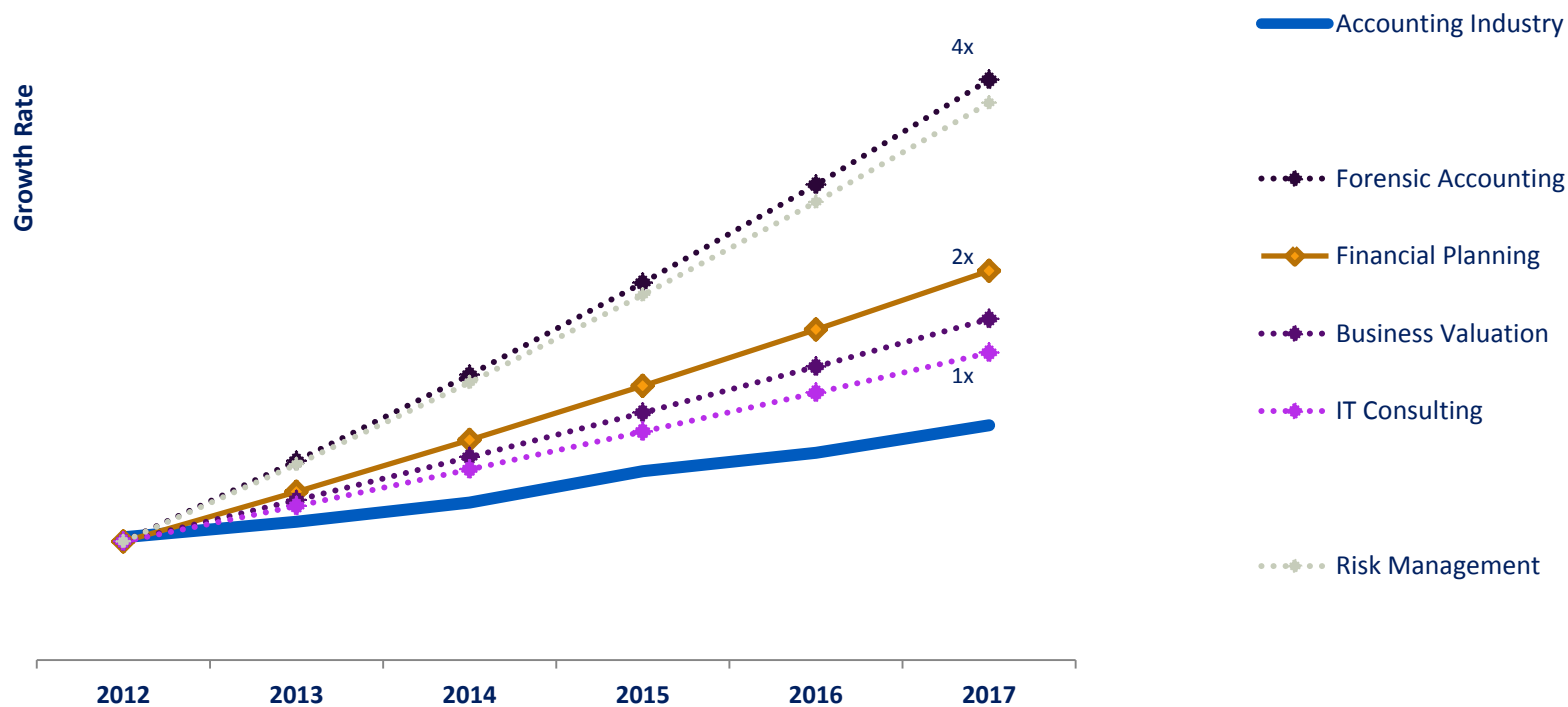
▶ Firm benefits

- Expanded service lines
- Attraction of advisory interaction with clients to emerging firm leaders
- Leverage existing/current trusted advisor relationships
- Practice succession: monetizing wealth management business
- Transition traditional accounting practice/retain financial advisory services

▶ Practitioner benefits

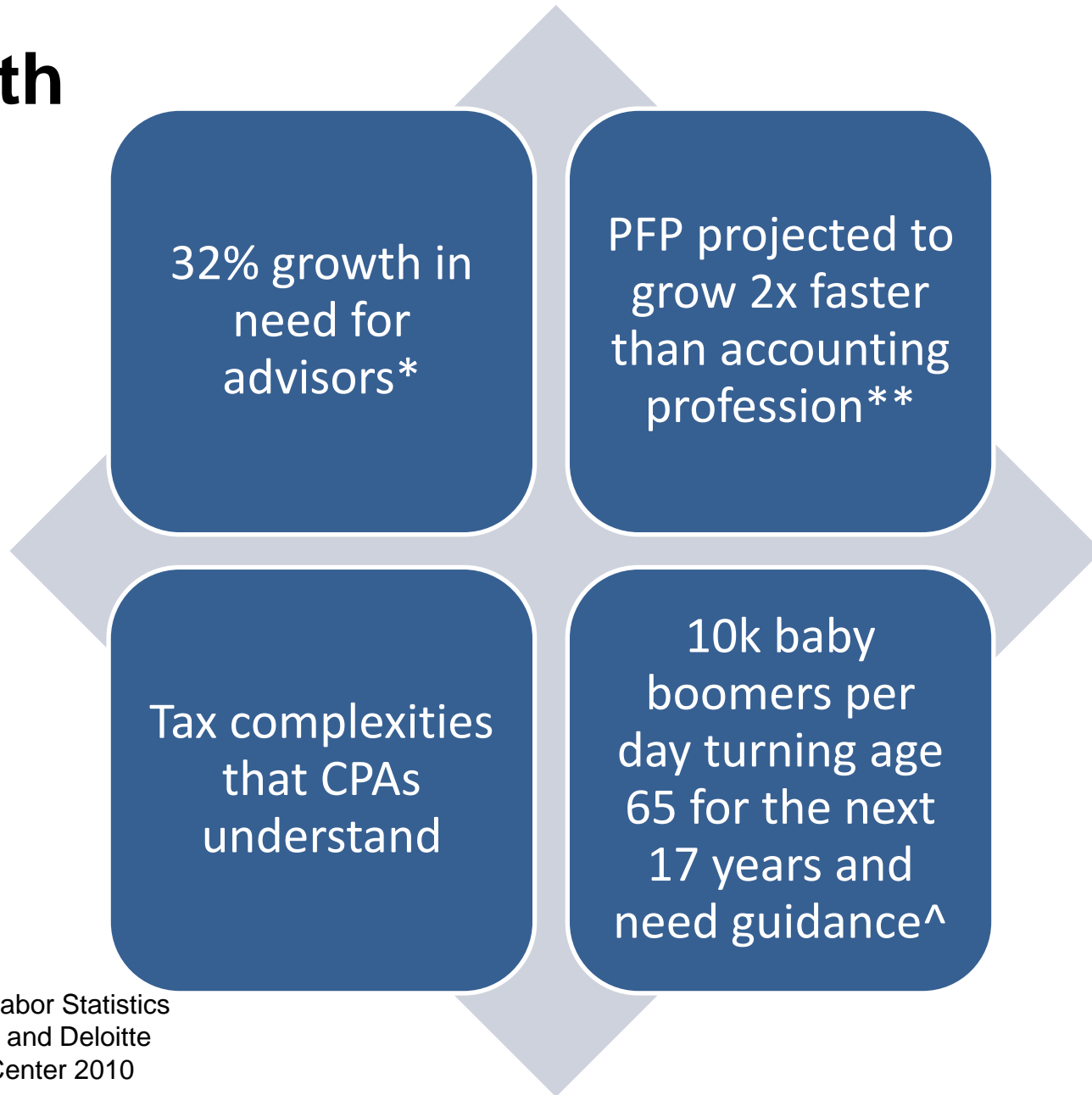
- “Lock in” client relationship
- Opportunity for personal growth in moving beyond being just the technician
- Growth/demand for advisory services

PFP projected to grow 2x faster than accounting profession



Sources: 1 IBISWorld 2012 2 Deloitte

Growth



*U.S. Bureau of Labor Statistics

**IBISWorld 2012 and Deloitte

^Pew Research Center 2010

Outlook for the future

Outlook for the Future

- ▶ **Regulatory**
- ▶ **Wealth management industry**
- ▶ **CPA profession**
- ▶ **PFP Division**
- ▶ **Technology driven changes**
 - Robo-advisors
 - Tax prep
 - Sophistication of advisor technology
- ▶ **Generational differences in advice model**
- ▶ **Succession planning issues**
- ▶ **Changing client demographics**

Questions

Resources for PFP/PFS Members

▶ aicpa.org/pfp/practicemgmt

- PFP Practice Center
- *The CPA's Guide to Developing and Managing a PFP Practice*
- Resources on professional responsibilities, business development, and more

▶ aicpa.org/pfp/standards

- Compliance toolkit

▶ **Forefield Advisor (aicpa.org/pfp/forefield)**

- Client education and communication tool
- Written by CPAs, attorneys and other subject matter experts
- More than 3,000 resources covering personal financial planning, including estate, tax, retirement, investment and risk management planning

▶ Visit joinpfp.org to become a member

Upcoming PFP Section Events

- ▶ **Webcasts: included with PFP/PFS members without optional discounted CPE**

July 23, 1-2pm ET	Consumer Webcast: Retirement Planning 101
August 28 1-2pm ET	Be in Demand: Building a Career as a CPA Personal Financial Planner
August 13, September 3, October 17, & November 5 1-2:45pm ET	The CPA's Guide to Financial and Estate Planning <i>4-part series covering trends and strategies in charitable giving, key income planning strategies for the mass affluent, integrated planning for business owners, & essential post-mortem planning decisions</i>
October 21 1-2:45pm ET	How CPAs Can Thrive in the New World of Estate Planning for Clients Under \$10M Net Worth

- ▶ **AICPA Advanced Personal Financial Planning Conference (cpa2biz.com/PFP) – January 19-21, 2015 in Las Vegas**
- ▶ **Implementing PFP Services: Step-by-Step Plans for Success – January 17-18, 2015 in Las Vegas ([2-day session only](#) or [bundle](#) with PFP conference)**
- ▶ **For the full calendar of upcoming PFP Section events, visit aicpa.org/PFP and click on CPE & Events.**
- ▶ **Access the archives at aicpa.org/pfp/webcasts.**

Statement on Standards in PFP Services

- ▶ **SSPFPS became effective on July 1, 2014.**
- ▶ **Learn more about the new standards and the resources available to assist you with compliance in the archived sessions* below:**
 - *Do the New PFP Standards Apply to You?*
 - *Understanding the Requirements of SSPFPS*
 - *Practical Applications: Using the Compliance Toolkit*
 - *Leveraging SSPFPS to Elevate Your Practice*
- ▶ **Upcoming conferences where SSPFPS is on the agenda**
 - [AICPA Advanced Estate Planning Conference](#)** July 21-23, 2014 at Swissotel, Chicago
 - [National Tax Conference](#) November 3-4, 2014 in Washington DC
 - [AICPA Advanced PFP Conference](#)** January 19-21, 2015 at Bellagio, Las Vegas
 - Various CPA associations and state societies
- ▶ **Visit aicpa.org/pfp/standards**

*Archives for PFP/PFS members available at aicpa.org/pfp/webcasts.

**PFP/PFS and Tax Section members receive additional discounts on the early-bird & AICPA member price.

CPA/PFS News and Events

▶ PFS Referral Program

- Receive 100% credit to apply toward future CPA/PFS dues by referring a CPA to become a PFS or sit for the PFS exam

▶ PFS Exam

- Registration open for winter window (December 15 - January 26)
- Discounts, sponsorships and volume pricing available

▶ Education Opportunities

- In-depth courses in estate, retirement, tax, investments, insurance, and PFP process
- In-person and online PFP Boot Camp
- Self-study PFS exam review course

▶ Learn more at aicpa.org/pfp/pfs