

CPA Financial Planning Thought Leadership: Outlook for the CPA Financial Planning Profession

Presented by:

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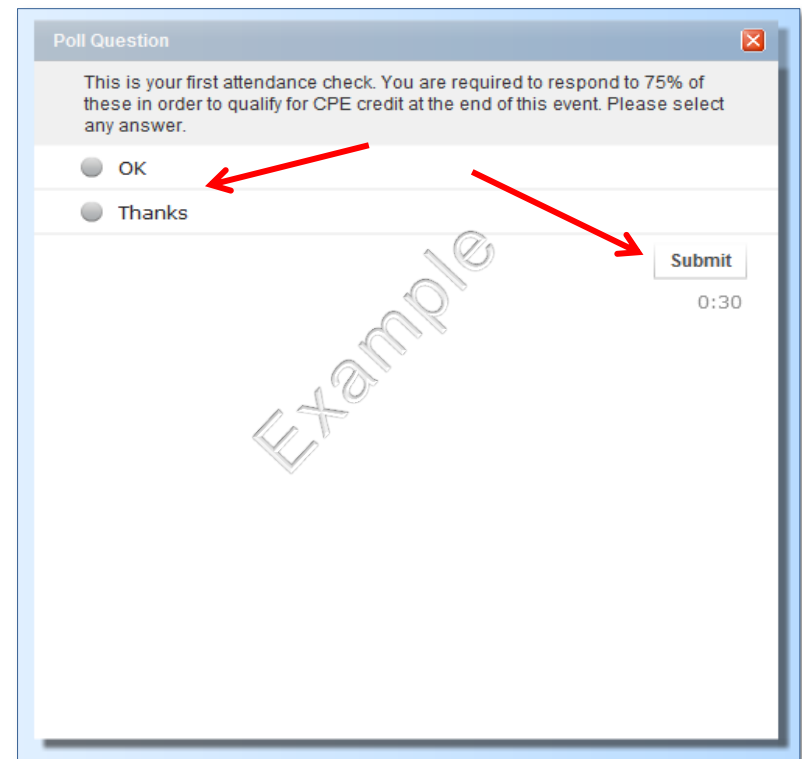
Michael Goodman, CPA/PFS, CFP®



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- Be sure your computer's sound is turned on as well.
- Click this blue button. Slide the control to the left or right to fit your needs.



Ask your questions

- Feel free to submit content related questions to the speaker by clicking this red button.
- Someone is available to assist with your technology and CPE related questions as well.



Download your materials

- Access today's slides and learning materials by clicking this green 'Resources' button at any time during this presentation
- If you need help accessing these materials send a message through the Q&A application

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.)

A CPA Financial Planner is a trusted advisor who...

- ▶ Operates at the highest professional level when delivering PFP services to clients, acting in the clients' best interest.
- ▶ Adheres to high standards as required by the Code of Professional Conduct and the Statement on Standards in PFP Services through the application of objectivity, integrity, due care and competence required by CPAs.
- ▶ Is regulated by state boards of accountancy.
- ▶ Integrates advanced planning concepts, including tax and business considerations, with the entire financial plan.

Introductions



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

*L.K. Benson
& Company*



Randy Abeles,
CPA

McGladrey



Ernest Clark,
CPA/PFS

*BAM Advisor
Services*



Michael Goodman,
CPA/PFS, CFP®

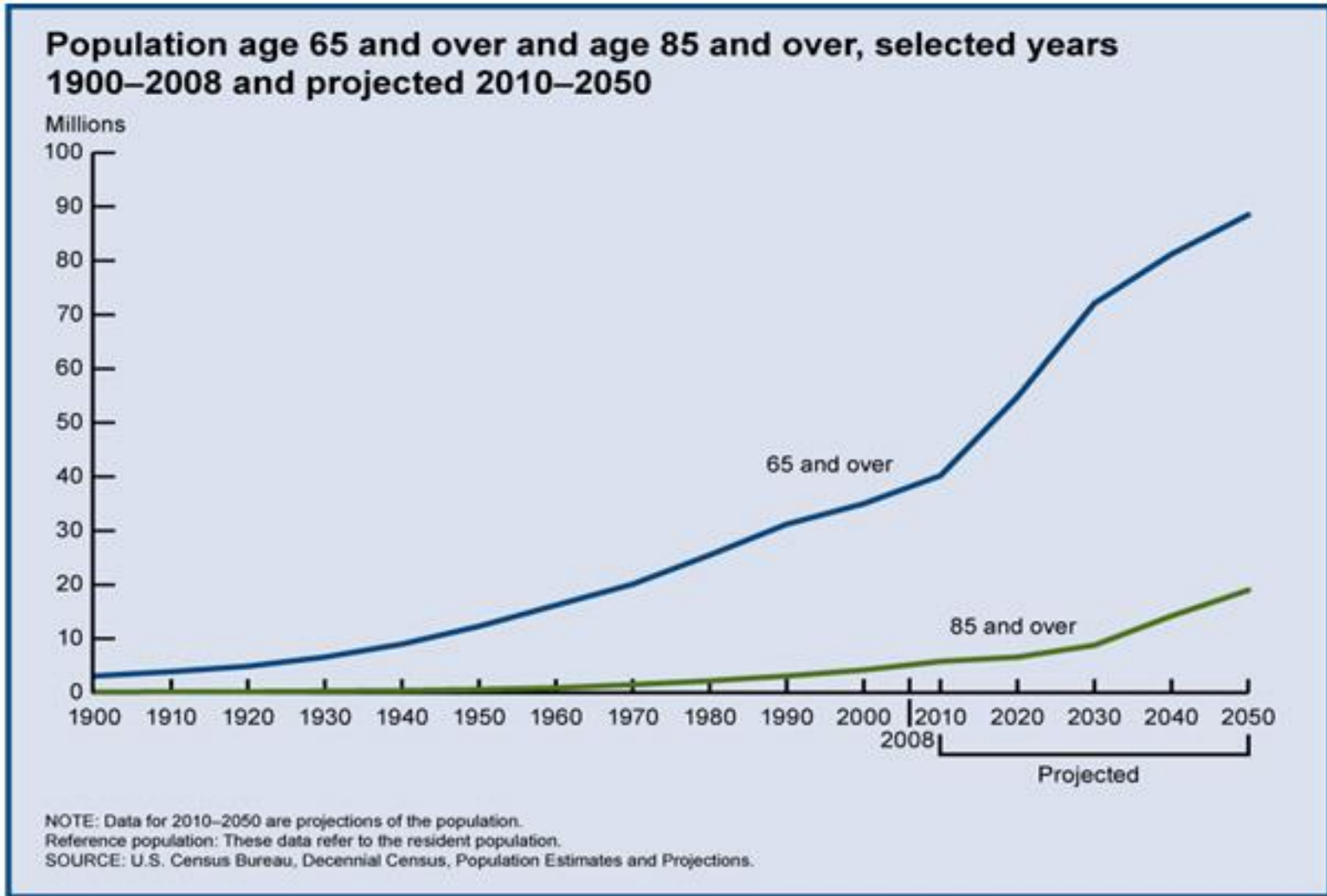
*Wealthstream
Advisors, Inc.*

Agenda

- ▶ **Trends Impacting Clients**
- ▶ **Trends Impacting CPA Financial Planners**
- ▶ **The Case for Integrated Planning**
- ▶ **Insights from 3 Different Business Models**
- ▶ **Practical Considerations and Challenges**
- ▶ **What's Next for CPA Financial Planning?**

Trends Impacting Clients

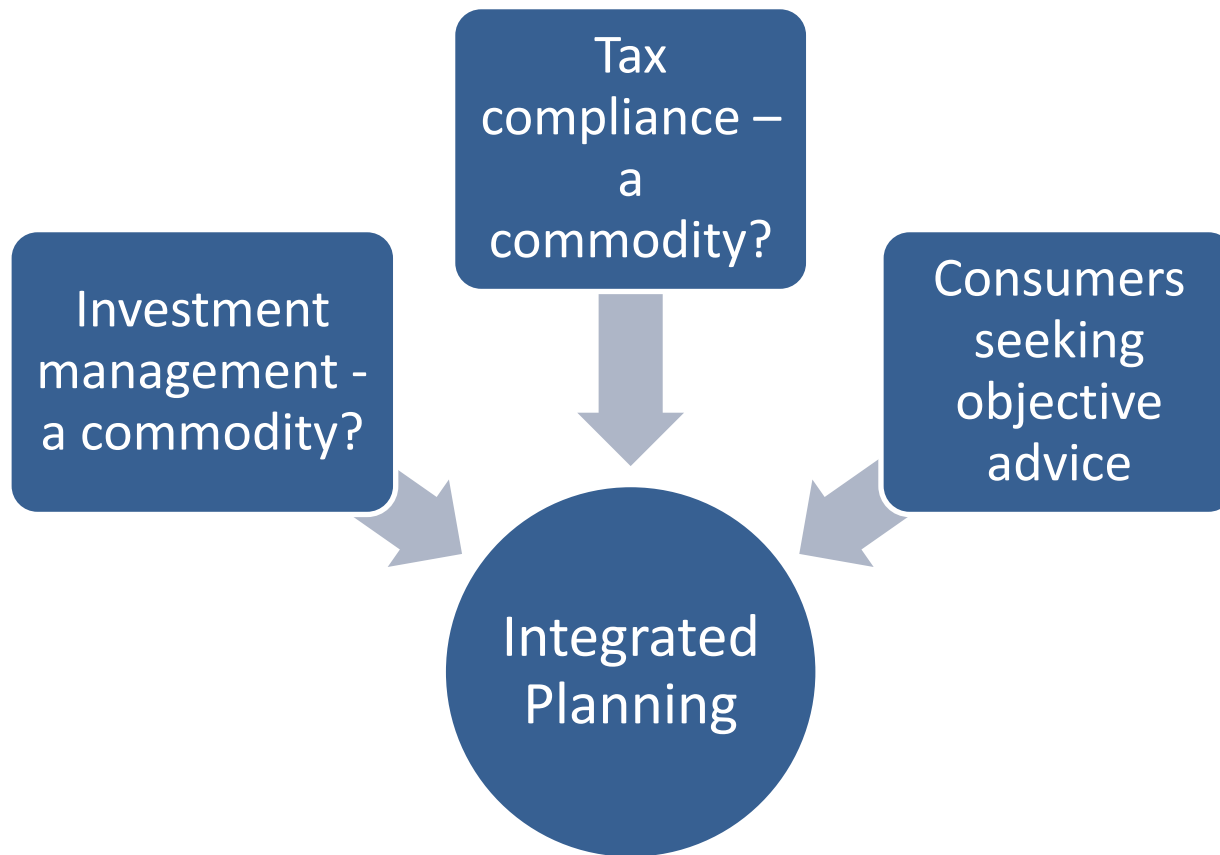
Implications of Aging Population on Retirement Landscape



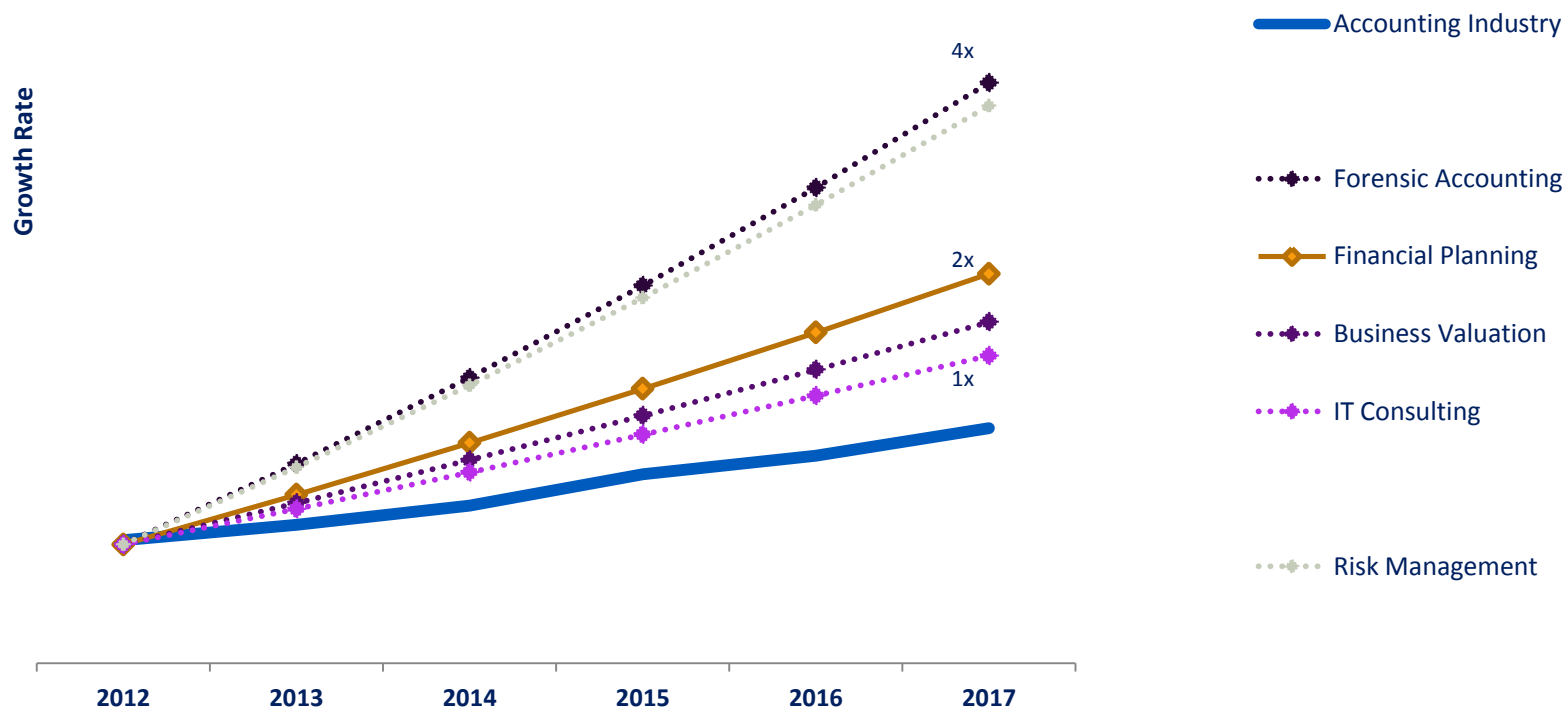
Other Trends Impacting the Clients and the CPA Financial Planning Community

- ▶ **Income and estate tax law changes creating an intersection of tax and finance**
- ▶ **Low interest rate environment**
- ▶ **Multi-generational households**
- ▶ **Death of defined benefit plans**
- ▶ **Shift toward holistic planning**
- ▶ **Longer life expectancies**

Trends Impacting CPA Financial Planners



PFP projected to grow 2x faster than accounting profession



Sources: 1 IBISWorld 2012 2 Deloitte

Growth

32% growth in
need for
advisors*

PFP projected to
grow 2x faster
than accounting
profession**

Tax complexities
that CPAs
understand

10k baby
boomers per
day turning age
65 for the next
17 years and
need guidance^

*U.S. Bureau of Labor Statistics

**IBISWorld 2012 and Deloitte

^Pew Research Center 2010

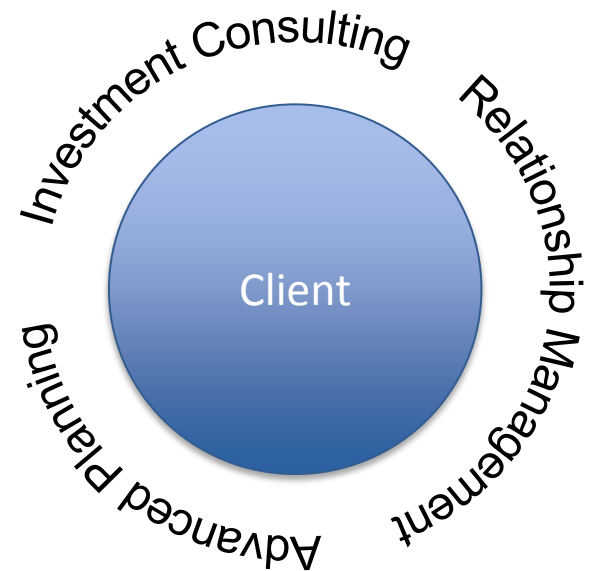
The Case for Integrated Planning

Defining “True” Wealth Management

WM	=	IC	+	RM	+	AP
Wealth Management		Investment Consulting		Relationship Management		Advanced Planning



VS.



The CPA Advantage

▶ CPAs are the trusted advisor

- Long-term relationship with clients built on trust
- Ethical and regulatory requirements (Code of Professional Conduct, fiduciary standard, Statement on Standards in PFP Services)
- Significance of taxes in PFP -- taxes are the biggest ramification to returns!

▶ Why PFP for CPAs? Regardless of your business model or client base, clients are looking for holistic advice

- Integrate all aspects of clients' financial lives (including investments and insurance)
- Opportunity for personal growth beyond tax expertise
- Capitalize on growth/demand for advisory services

Insights from 3 Different Business Models

Panelist Firm and Client Profiles

■ Firm Profiles

- ▶ CPA/RIA in a large firm
- ▶ Network of independent wealth management firms
- ▶ Fee-only investment management

■ Typical Client Profiles

- ▶ Executives
- ▶ Clients going through a liquidity event
- ▶ Clients in transition (divorce)



Practical Considerations and Challenges

Determining Your “Niche”

- ▶ **Initially, look at your natural client base**
- ▶ **Write written ideal client profile (assets, age, etc.)**
- ▶ **Prospect from client list based on:**
 - Capacity/size of portfolio
 - Current relationship with them
 - What is your guess of their timing (divorce, business sale, etc.)
- ▶ **Determine how many prospects you need to close to make budget**
 - Only need to close a few prospects per quarter to be successful
- ▶ **Develop relationships with centers of influence**

Challenges

▶ Regulatory issues

- Investment adviser registration
- Custody

▶ Getting the right champion

▶ Communicating value to clients

- CPAs have a tendency to unnecessarily overcomplicate

▶ Overcoming objections to expanded services

- Investments, insurance

What's Next for CPA Financial Planning?

Succession Planning & Next Generation

▶ **Redefinition of the term “succession planning”**

- Building a practice that succeeds itself
- Empowering human capital within the firm

▶ **Options for Advisers**

- Lifestyle firm (e.g., work longer than traditional retirement age but cut back hours or clients **or** retire out of tax practice but continue to work on wealth management clients)
- Succession agreement with like-minded adviser or firm
- Active outside market

▶ **Emerging CPA Financial Planners**

- External versus internal
- How to recruit and train

Outlook for the Future

- ▶ **Increased demand for advanced planning services**
- ▶ **Regulatory**
- ▶ **Wealth management industry, CPA profession and PFP Division**
- ▶ **Technology driven changes**
- ▶ **Changing client demographics and generational differences in advice model**
- ▶ **Succession planning issues**

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: free for PFP/PFS members without optional discounted CPE**

December 4 1-2:45pm ET	Investment Tax Planning – Creating Tax Alpha
December 16 1-2:45pm ET	CPA/PFS Perspectives on the Next Generation of CPA Financial Planners

- ▶ **AICPA Advanced Personal Financial Planning Conference (pfp.cpa2biz.com) – 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/webseminars.**

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 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