

# Q2 2015 AICPA CPA Personal Financial Planning Trends Survey

## Executive Summary

The focus of the Q2 2015 PFP Trend Survey is the concerns that face elderly clients. The trusted adviser relationship that CPAs have with their clients often means that they are the first person that the clients turn to when faced with financial decisions. As more and more people enter retirement, elderly\* clients, and parents of not-so-elderly clients, face decisions on health, retirement income, and housing choices to name a few. Risks they might not have considered and more vulnerability to financial fraud and abuse increases the stress around these decisions. The CPA financial planner ensures that these decisions are made in the context of the client’s entire financial situation including their tax planning, estate plan, investments and risk management needs.

This online survey was administered May 5-27, 2015 to members of the AICPA Personal Financial Planning Section, inclusive of CPA/PFS credential holders, and resulted in 266 completed survey responses by CPAs.

\* For purposes of this survey, the term “elderly” was defined as a person that was either age 80 or more or having lost some mental or physical capacity.

### Elder Financial Fraud and Abuse

Sixty-eight percent of respondents indicated that this occurs a few times a year with their clients (see Chart 1 for details), and 47% responded that they have seen an increase in the last five years. With regard to the higher potential for elderly people to experience financial fraud and abuse, CPA financial planners are often in a position to recognize the signs and can ask probing questions to bring these issues to light.

Chart 1: How often do you encounter elder financial fraud or abuse with your clients?

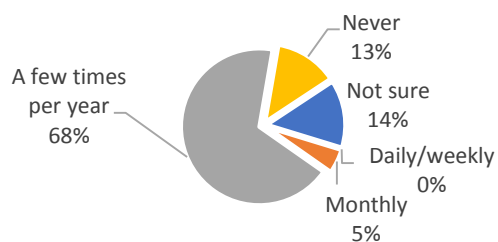
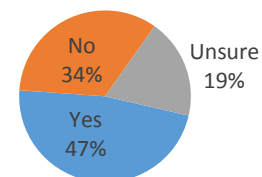
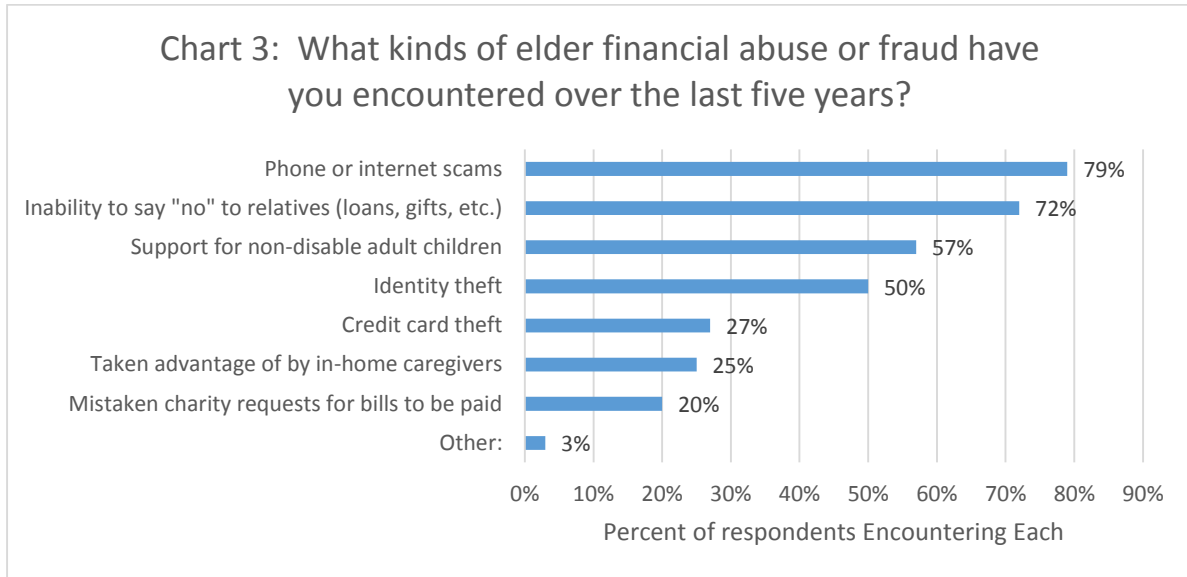


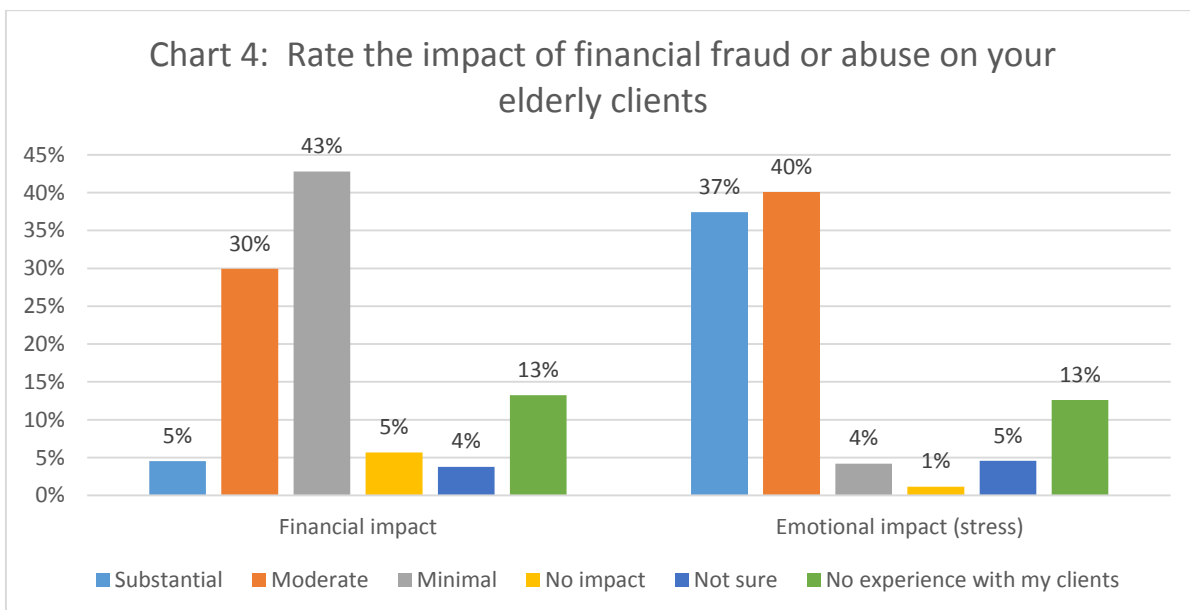
Chart 2: In the last five years, have you seen an increase in elder fraud or abuse?



Financial abuse or fraud comes from a variety of sources including relatives, professionals, and unsolicited calls. Chart 3 identifies the percentage of respondents that have seen various types of financial fraud or abuse with their clients over the last 5 years. Some examples identified by respondents in the “other” category include: professionals, home repair fraud, IRS filings, and broker churning.



Survey respondents felt that the stress and emotional impact often outweighs the actual financial impact. Forty-three percent of respondents felt that the financial impact was minimal for their clients; however, 77% indicated that financial fraud and abuse causes moderate to substantial emotional stress with over 1/3 indicating that the emotional stress level for their clients is substantial.



**The changing scope of financial planning services for the elderly**

As clients age, the mix of appropriate financial planning services changes. The services survey respondents most frequently identified as their top five services for non-elderly clients included tax planning (91%), retirement planning (75%), investment allocations (65%), estate planning (55%), and business planning (41%), with 38% also mentioning cash flow questions..

Survey respondents ranked estate planning as the leading service elderly clients, overtaking tax planning, retirement planning, investment allocations, and cash flow questions to round out the top five services. Specialized services like Medicare planning (from 4% up to 21%), long term care funding (from 11% up to 22%), nursing home due diligence (from 2% up to 17%), and asset protection (from 22% to 31%) also become increasingly important as clients age.

Chart 4 compares and ranks the various services offered for non-elderly and elderly clients.

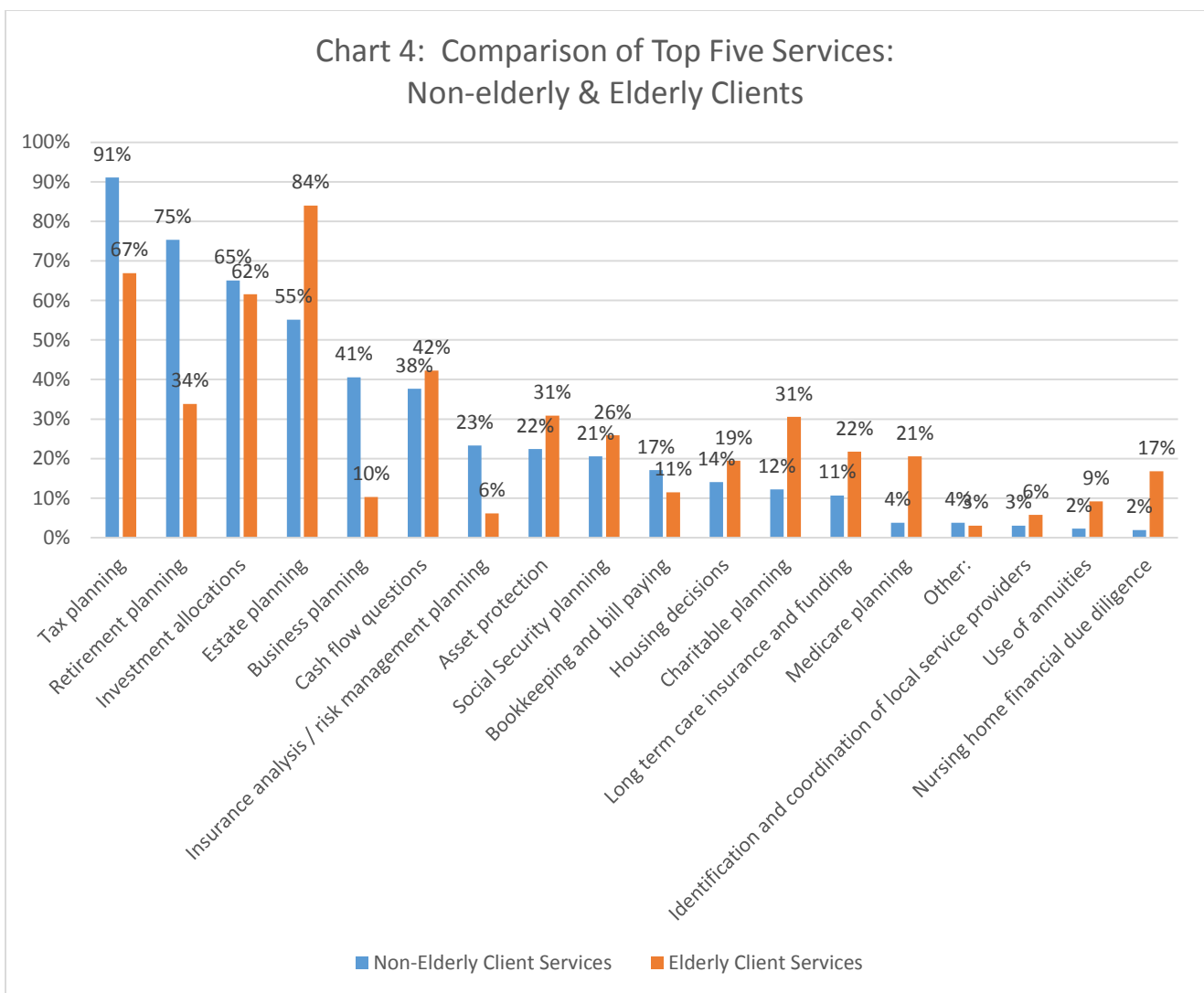


Chart 5 shows the percentage of respondents that included each service in their top five ranking and how that changed for elderly clients. The green highlights represent core CPA services with only small changes for elderly clients. The yellow highlights showed more significant changes. This provides some perspective on additional service opportunities as client demographics continue to shift in this direction.

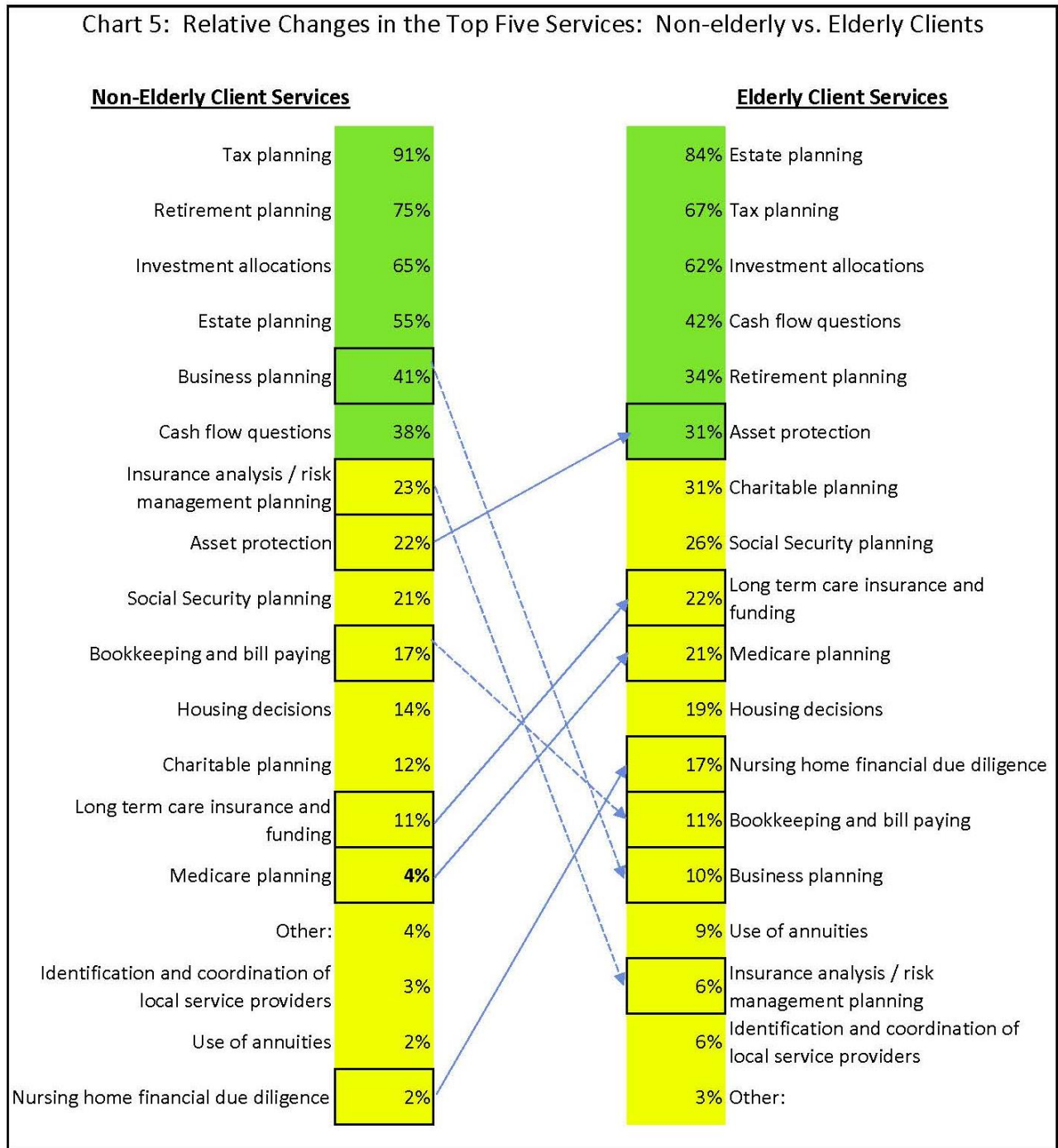
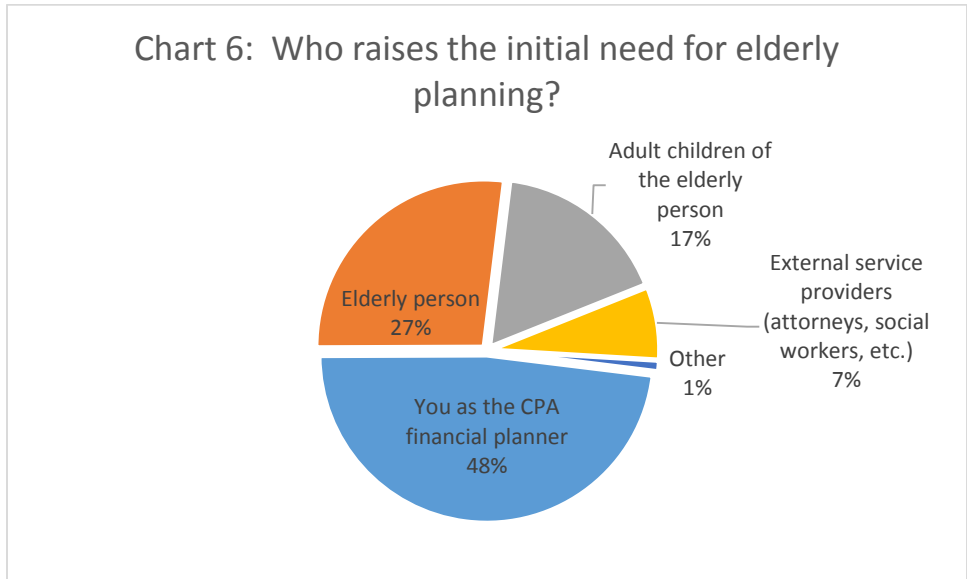
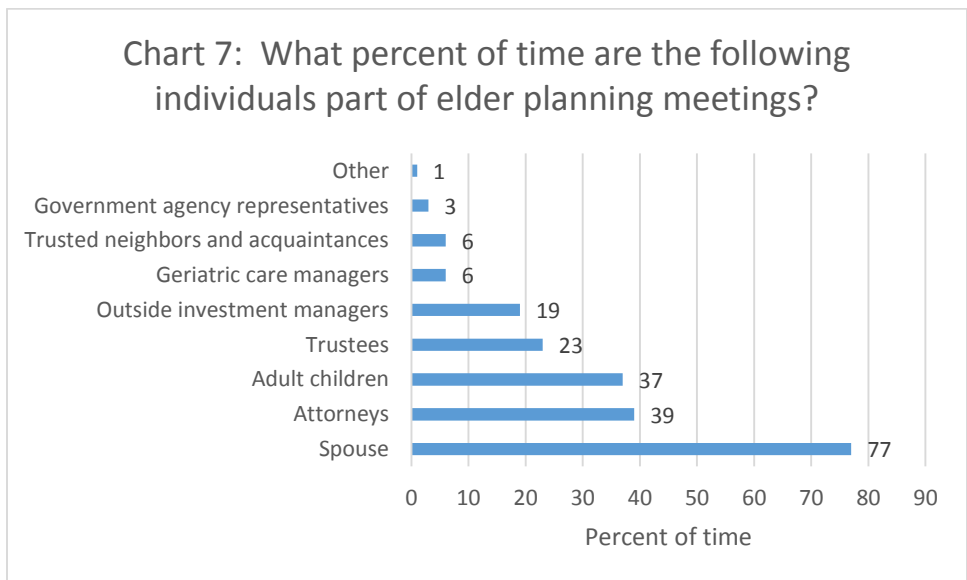


Chart 6 identifies respondents' experiences regarding the percentage of time that various parties raise this initial need for elder planning and the related services. Forty-eight% of the survey respondents indicated that they had to initiate discussions with their clients. Simply offering the services identified in the previous chart is not enough.



Once these discussions begin, a variety of concerns may be raised that require interaction with others, whether it is another professional or family members, who should participate in the elder planning process. Chart 7 identifies the percent of time that other professionals and family members participate in client meetings or conversations on elder planning. While the specifics of the engagement will help dictate who should be involved, it is clear that inclusion of the spouse (77% of the time) and either attorney (39%) or adult family members (37%) are considered important by survey respondents. The chart below identifies other potential stakeholders that could or should be involved during the elder planning process.



**Housing Decisions Have Financial Implications**

As clients age, the ability to live independently potentially deteriorates over time. The financial impact of the housing decisions relating to this change can have a dramatic effect on the client’s overall financial situation.

The table below shows that for 60% of the respondents over half of their elderly clients are still living at home unassisted. The remaining clients are spread across the other housing options.

Chart/Table 8: What percent of your elderly clients are in the following housing situations:

Housing	None of my elderly clients	1-25% of my elderly clients	26-50% of my elderly clients	51-75% of my elderly clients	76-100% of my elderly clients	Not sure
Living at home, unassisted	3%	19%	17%	27%	33%	1%
Living at home, with assistance	10%	60%	17%	7%	5%	1%
Living with an adult child or relative	30%	56%	9%	2%	1%	3%
Living in an assisted care facility	17%	56%	16%	6%	2%	3%
Living in a nursing home	31%	56%	6%	3%	2%	3%

As clients make decisions about moving from one type of housing to another, there are potential financial factors that need to be considered. On the average, survey respondents had assisted 15% of their elderly clients with decisions relating to housing options or nursing home due diligence analysis in the last year. Fifty-two percent indicated they have not seen much change in the last five years; however, 44% have seen an increase in this type of activity. With many elderly clients still living at home unassisted, these housing discussions and CPA financial planners’ role will likely continue to increase.

**About the AICPA’s PFP Division**

The AICPA’s 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 investment planning advice to individuals, families and business owners. The primary objective of the PFP Section is to support its members by providing resources that enable them to perform valuable PFP services in the highest professional manner.

CPA financial planners are uniquely able to integrate their extensive knowledge of tax and business planning with all areas of personal financial planning to provide objective and comprehensive guidance for their clients. The AICPA offers the Personal Financial Specialist (PFS) credential exclusively to CPAs who have demonstrated their expertise in personal financial planning through testing, experience and learning, enabling CPAs to gain competence and confidence in PFP disciplines.

The team members of the AICPA PFP Division can be reached at [financialplanning@aicpa.org](mailto:financialplanning@aicpa.org).