The *Planner* Newsletter

Newsletter of the AICPA
Personal Financial Planning Division

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Chair Message

When it comes to delivering personal financial planning services, it's only natural that CPAs are viewed as the most trusted advisers. With the start of 2014, we are ringing in the new PFP standards, which elevates longstanding professional principles to authoritative, enforceable guidance for PFP. The Statement on Standards in Personal Financial Planning Services was issued this month and becomes effective on July 1, 2014. The Statement ensures that your clients receive the information they need to make sound financial decisions and that you meet the standard of care expected of a member holding out as a trusted adviser in providing these services.

Above all, the statement encompasses the highest levels of integrity, professionalism, objectivity and competence. It effectively aligns the AICPA Code of Professional Conduct and regulations from state boards of accountancy to the delivery of PFP services so you can best serve the public interest in an area that is growing rapidly.

To help members understand the statement's depth and put it into practice, the PFP Division has prepared the *Standards in Personal Financial Planning Services: Compliance Toolkit*, which includes engagement letter templates, checklists, whitepapers, answers to frequently asked questions and more. For more information refer to the article, *What You Need to Know About the New PFP Standards*, in this issue and visit www.aicpa.org/sspfps.

Dirk Edwards, CPA/PFS, JD, MBA
Chair, Responsibilities in Personal Financial Planning Services Task Force

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In This Issue:

View upcoming PFP webcasts and conferences.

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What CPAs Must Know to Advise Clients on Health Care

Ted Sarenski, CPA/PFS, of Blue Ocean Strategic Capital, LLC, presented "What CPAs Need to Know to Advise Clients on Healthcare" in October 2013. Here are the highlights of the presentation; at the end of this article is information on how to obtain the audio recording and presentation materials.

The Patient Protection and Affordable Care Act (ACA) has arrived with fanfare, challenges and no small degree of uncertainty. As we get closer to the March 31 mandatory enrollment deadline and implementation of the ACA continues, individual and business clients will naturally have questions going forward. Many are concerned or unsure about what to do mainly because of the difficulties that have marked the rollout of the new health care law.

This is an area where you can really help your clients, so here are the basics of what the ACA is all about, including coverage requirements and individual and employer mandates, with an emphasis on how you can assist with these changes.

What Is the ACA?
The ACA opened the door for all Americans to have access to health insurance. Federal and state governments, however, are not in the business of providing health insurance. Rather, the exchange created by the ACA is the platform for the sale and purchase of health insurance from private insurance companies, such as Blue Cross Blue Shield, United Health, AETNA and others.

The online portal to this new marketplace can be found at www.Healthcare.gov. The six-month window from October 1, 2013 to March 31, 2014 is the first open enrollment period for coverage under the ACA.

The ACA establishes a number of important changes to health insurance in the United States. Under this new law, there are no annual lifetime limits to benefits, and insurance companies can no longer deny coverage based on pre-existing conditions. Along with other changes for employers, there is now a 90-day maximum waiting period for employees to qualify for employer-provided coverage.

In addition to expanding benefits, the ACA limits how much a family or individual will spend out of pocket on expenses each year. Going forward, most plans must meet new ACA standards for minimum coverage, and only those plans that are maintained in their original form are grandfathered, so many current plans will not be continued.

There are four basic plan levels under the ACA: bronze, silver, gold and platinum, with various levels of premium costs, deductibles and amounts paid by the insurance company and the consumer. A fifth catastrophic plan covers the minimum requirements with the maximum high deductible and the same out-of-pocket limits as a health savings account: $6,350 in 2014. Note that this is available only to people under 30 years of age.

You should familiarize yourself with these new minimum coverage requirements. These include specific coverage for outpatient care, prescription drug benefits, emergency care, mental health services, hospitalization, rehabilitative care, laboratory services, maternity and pediatric care and wellness services.

Penalties and Subsidies
The ACA institutes a series of penalties, tax credits and subsidies to encourage participation in the health insurance marketplace.

In 2014, the law imposes a penalty of $95 for an adult ($47.50 for a child) or 1 percent of income, whichever is greater, for individuals who do not secure health care coverage. By 2016, those penalties increase to $695 for an adult and $347 for a child, or 2.5 percent of income, whichever is greater.

Households earning less than 400 percent of the federal poverty level (FPL) will get a tax credit to assist in paying health insurance premiums. The amount premium households will pay is limited to a percentage of income relative to the FPL. Households that earn from 133 to 155 percent of FPL, for example, would pay no more than 3 or 4 percent of their income, while those earning 300 to 400 percent of FPL would pay a limit of 9.5 percent of their income.

Subsidies are also available to help households that enroll in a Silver plan to limit their out-of-pocket costs not covered by insurance. These limits range from one-third of the out-of-pocket limits on high deductible health plans (HDHPs) for households with income of 100 to 200 percent of FPL, to two-thirds of the HDHP limit for households that earn from 300 to 400 percent of FPL.

A couple of points should be mentioned. First, credits are available only for insurance purchased through ACA exchanges and not through an employer-provided plan. Those credits are paid to the insurance company instead of paying it directly to individuals, and the individual pays the net to the insurer. Second, a year-end reconciliation, using Form 1095, will begin in 2015 for the 2014 tax year. As a result, if the client has changes that affect the credits for which they qualify, there will be an adjustment on the tax return.

Employer Requirements
The ACA set a number of requirements for employers. We can assist business clients on a number of points.

It should be noted that although some extensions have been granted, employers of 2–50 people do not have an extension to 2015 to comply with ACA rules. Employers of 50 or fewer full-time equivalent employees (FTEs) can use the new Small Business Health Options Program (or SHOP, accessible at www.healthcare.gov), which allows businesses to compare prices, coverage and quality of plans.

Although SHOP starts in 2014, it will initially offer just one plan, and the small business health care tax credit will be available in 2014 only for plans purchased through this program. In 2016, SHOP will be available to employers with up to 100 FTEs.

Employers with fewer than 25 FTEs, who pay average annual wages below $50,000 and who contribute 50 percent or more to employees single insurance premiums, will qualify for a tax credit of up to 35 percent. Those with 10 or fewer FTEs, who pay less than $25,000, will qualify for a tax credit of up to 50 percent. Those health care tax credits expire in 2016.

Employers should have provided employees with Model Exchange Notices by October 1, 2013, and if that has not been done, you should encourage businesses to do this immediately. There are two required forms: a model notice for employers who offer health insurance coverage and one for those who do not. Copies of those Department of Labor notices can be accessed at www.DOL.gov/ebsa/healthreform/index.html.

Your Role as the Trusted Adviser
During the very helpful question and answer portion of the presentation, our online audience discussed a number of other topics relating to the ACA, including what happens if an employee loses a job and coverage after the closing of open enrollment, how family income is calculated, and the possibility of additional extensions to various parts of the law.

Although considerable controversy still surrounds the ACA, a number of changes will no doubt be made to the law that will present complex challenges to individual and employer clients. As our clients' trusted adviser, we are uniquely positioned to offer advice and assistance. To do that, you should stay current on the requirements and benefits of this new health care law.

"What CPAs Need to Know to Advise Clients on Health Care" was presented on Oct. 8, 2013. Members of the PFP Section have full access to the audio recording and presentation materials.

Health Care and Affordable Care Act Resources

- Forefield Advisor, a client communication and education tool provided to PFP Section members inclusive of CPA/PFS credential holders, has created a Health-Care Resource Reform Center that provides easy access to presentations, client alerts, consumer materials and FAQs to assist members in educating their clients.
- Members of the PFP Section, inclusive of CPA/PFS credential holders, have free access to download *The CPA's Guide to Financing Retirement Healthcare* by James Sullivan, CPA/PFS, to address health care options during retirement, including Medicare and payment options. CPA2Biz offers a printed version of this guide for sale under *Unlocking the Mystery of Healthcare Planning for Retirement*.
- The AICPA offers a Health Care Reform Resources Center for its members to assist you in navigating the complexities of the health care reform provisions so you can make informed decisions for your clients and organizations.

Investment Outlook 2014: Optimism Resurfaces in Spite of Challenges

by Sue Stevens

2013 will be remembered for two significant events: one of the best U.S. stock market returns in 10 years and the worst U.S. fixed income market return in 10 years.

Despite fears of a fiscal cliff, government shutdown and a war in Syria, U.S. stocks turned in a year of stellar returns. With a spike in interest rates in June, when Federal Reserve Chairman Ben Bernanke hinted at a tapering of federal bond buying, bonds suffered losses, with long government bonds and treasury inflation protected bonds incurring the largest losses.

Looking ahead to 2014, expectations include a continued healing process for economic growth in developed countries and more volatility in emerging economies. With more permanence in tax regulations, advisers are more confident in making multiyear projections, incorporating tax bracket management that weighs ordinary income, capital gains, phase-outs of personal exemptions and itemized deductions and net investment income.

Global Recovery Dominates the Investment Outlook

Developed economies are slowly pulling out of global recession. The United States appears to be in the middle of an economic expansion in which gross domestic product growth rates are finally starting to emerge from sub-par 2-percent rates for the past four years to an estimated 2.5 to 3.5 percent rate for the next few years. With the transition to Janet Yellen as chairman of the Federal Reserve, we may see policies that keep low interest rates in place for several more years. As the Fed revises forward guidance, there is speculation that even if we hit the 6.5-percent target for unemployment, we may continue current easy monetary policies.

Europe, although still in recession, is slowly improving. The Euro is still intact, and a sluggish recovery is in process, perhaps growing at 0.75 to 1.5 percent. Challenges remain, with tensions between the northern and southern countries and high debt burdens. Japan's economy is benefiting from Abenomics' shock therapy of deflationary policies and is expected to continue to improve, although concerns remain about longer-term outcomes.

Emerging markets took a mid-year hit as Bernanke speculated on future government tapering. Although China's growth is slowing, expectations are that it will grow at a more modest pace of 6 to 7.5 percent in future years due to declining demographics and other factors. Keep an eye on India as it taps Raghuram Rajan, professor at University of Chicago and a former chief economist at the International Monetary Fund, to run the Reserve Bank of India for the next three years. Although the TIMPs – Turkey, Indonesia, Mexico and Philippines – were projected to outperform the BRICs – Brazil, Russia, India and China – that was not the case over the past year.

Shifting U.S. Equity Allocation Higher

The global economy is healing as it emerges from a worldwide recession. Although developing countries are still projected to grow at modest rates, the U.S. economy may offer the best risk-adjusted returns. As the U.S. stock market flirts with new market highs, could it go even higher? It could, if you look at current market valuations (price/earnings), corporate cash on balance sheets and low interest and inflation rates. But that doesn't mean you should expect another year with near 30-percent returns. A more realistic outlook for U.S. stocks is in the 7-percent to 9-percent (nominal) range. Dividend yields are about 2 percent now, with expectations for earnings growth in the 5- to 7-percent range. Global equities may trend slightly higher in the 8- to 10-percent (nominal) range, but with significantly higher volatility.

Fixed income returns will likely be much more muted. Cash and ultra-short fixed income may fail to keep up with inflation over the long term. Inflation is approximately 1.5 to 2 percent now and is expected to increase to around 3 to 4 percent over the next year or so. We may be looking at fixed income returns of 2.5 to 3.5 percent (nominal) over the next 10 years. The 10-year Treasury bond is frequently cited as a reference point for fixed income returns. In May 2013, the 10-year Treasury rate was 1.6 percent. By September, rates were 2.98 percent, or an increase of 86 percent. Looking forward, 10-year treasury rates are projected to reach 3.5 to 4.5 percent by the end of 2014, where they should level off for a while.

As advisers, we need to educate our clients about the role of fixed income in portfolios. Even with projected low returns, fixed income adds an element of risk management that volatile stocks can't provide. It may also mean that we need to encourage our clients to reevaluate the asset allocation of their portfolios if they reduced their stock allocation after the shock of the 2008 market downturn. We may also want to reevaluate the mix of stocks and bonds in retirement portfolios in light of a new study by Kitces and Pfau about rising equity glidepaths in retirement.

Setting Expectations Is Key
2013 saw big increases in consumer spending on cars and houses. While interest rates crept up from earlier lows, rates continue to be attractive relative to historical levels. 2014 may continue these trends.
We've seen big gains in technology stocks in 2013. Three of the five top holdings in U.S. stock index funds are technology stocks (Apple, Google and Microsoft). Twitter's IPO had none of the problems Facebook had in 2012. Innovation has been, and will continue to be, one of our greatest advantages, but have we reached an inflection point in which valuations are too pricy?

In a very short time, we've witnessed the U.S. rise in energy production with expectations that we may take the global lead from Russia and Saudi Arabia in the next year. For now, energy stocks remain undervalued. There are many challenges ahead to convert that production surplus to profits as a world energy supplier. We're also seeing an increased interest in other types of energy consumption; just look at the 275-percent increase in Tesla stock in 2013 despite setbacks in safety concerns. Many other auto manufacturers are aggressively pursuing electronic car options for the near term.

Bankruptcy in Detroit opens up many future challenges. The fact that the motor city can reduce public pensions may have a ripple effect. Illinois recently enacted legislation to reduce public pension benefits in an attempt to address budget imbalances. No doubt there will be a contested legal battle on these topics. While investors may continue to steer clear of Puerto Rican bonds, municipals offer a tax-efficient way of reducing net investment income for many high net worth investors trying to manage the net investment income tax.

Ben Bernanke will leave the Federal Reserve with a parting gesture of a $10 billion cut per month in the quantitative easing bond buying program. Janet Yellen will need to set expectations as she assumes the reigns early in 2014.

Bob Shiller, the recent recipient of the Nobel Prize in economics, thinks everyone should have a good adviser who can talk investors out of potentially disastrous financial decisions. Shiller, who won the Noble Prize for his work in market psychology, equates finding a good financial adviser with finding a good medical adviser. Both are critical. There is no doubt that investing in 2014 will be filled with potential opportunities for both success and failure. Our role is to help our clients make the most of the opportunities while avoiding as many pitfalls as possible.

About the Author

Sue Stevens, CPA/PFS, CFP®, CFA, MBA, is CEO and founder of Stevens Wealth Management in the Chicago area. She has held positions as director of Financial Planning at Morningstar, led Participant Education at The Vanguard Group and served on the board of Arthur Andersen Financial Advisers. Sue is the author of two award-winning books on financial planning. Contact her at sue@stevenswealth.com.

Investment Planning Resources
In November 2013, Robert Keebler, CPA, MST, AEP (Distinguished) and Scott Sprinkle, CPA/PFS, CGMA, CFP®, presented “Investment Tax Planning—Creating Tax Alpha” as part of the Proactive Year-End Financial Planning Series. Topics covered included changes to taxation of ordinary income, capital gains and dividend income; how all these types of income can result in phaseout of personal exemptions and itemized deductions; net investment income tax; and strategies for managing investment portfolios, income and taxes in this new environment. PFP Section members have access to the webcast recording and presentation materials.

The Year-End Financial Planning Series also included “Advanced Bracket Management” and “Top Estate and Income Tax Planning Strategies,” both presented by Robert Keebler.

The Planning After ATRA and the Net Investment Income Tax Toolkit on the PFP website includes additional charts by Robert Keebler, webcasts, podcasts, and client communications to facilitate investment planning in light of the net investment income tax.

In late summer 2013, Geoff Davey of FinaMetrica presented a 3-part series on risk. These included the following:

- Risk Tolerance Master Class: All the Finer Points about Dealing with Your Clients' Risk Tolerance
- Managing Your Clients' Risk Tolerance: A Compliance Chore or a Business Development Opportunity?
- Best Practice Risk Profiling: How Best to Give Investment Advice That is Suitable with Regard to Risk

To complement this series of webcasts, Tyler Nunnally wrote an article, "Important Misconceptions About Risk Tolerance," for the July/August 2013 *Planner*.

PFP/PFS Discount on FinaMetrica
The FinaMetrica risk profiling system is a low-cost, quick and user-friendly way to gain a more insightful understanding (in plain English) of your clients' financial risk tolerance—attitudes, values, motivations, preferences and experiences—and to meet common and statutory law know-the-client and duty-of-care obligations. FinaMetrica's focus is on the psychological factors relevant to financial decision making in terms that are meaningful to individuals and their advisers. PFP/PFS members receive a 10-percent discount on FinaMetrica software. View more information; take advantage of this member benefit.

What You Need to Know About the New PFP Standards

by Clark M. Blackman II and Dirk Edwards

On July 1, 2014, the Statement on Standards in Personal Financial Planning Services (the statement) will be in effect for all AICPA members. Understanding if, when and how the statement applies in your practice is essential not only to meet practice standards, but also to ensure you are operating at the highest professional level when delivering financial planning services to your individual clients.

The foundation of the statement starts with the AICPA's Code of Professional Conduct (AICPA Code) that all members are required to follow, and the reality that, as CPA trusted advisers providing personal financial planning (PFP) services, we have a fiduciary obligation to always act in our clients' best interest. The AICPA Code lays out a very high standard of behavior regarding competence, due care, disclosure and objectivity. The highest degree of professional behavior is expected and required at all times. For example, a conflict that impairs objectivity cannot be disclosed away; it is either avoided or the engagement is terminated. The statement expands on these basic principles and provides direction to the member for delivering personal financial planning (PFP) services in a way that is consistent with the AICPA Code.

The statement provides guidance in key areas fundamental to the delivery of financial planning services. It addresses communication, disclosures and documentation; the basics of planning the engagement; and developing recommendations, and working with and recommending other professionals. This accomplishes three things, although there are ancillary benefits as well. First, it ensures that the client receives the information he or she needs to make good decisions. Second, it ensures that the member is meeting the minimum standards of behavior expected of a trusted adviser. Lastly, it provides a clear path for members to implement and deliver the level of planning services that clients need today.

The statement applies to any member who meets the definition as providing PFP services to individuals and represents to the public or to clients that he or she is providing PFP services. PFP services are defined by the statement as, "the process of identifying personal financial goals and resources, designing financial strategies, and making personalized recommendations that, when implemented, assist the client in achieving these goals." They include one or more of the following planning activities: cash flow; risk management and insurance; retirement; investment; estate, gift and wealth transfer; elder; charitable; education; or income tax.

Members who do not hold out as providing PFP services may still be subject to the statement if they would be required to register as an investment adviser or if they sell financial products to individual clients. For guidance on understanding when you are deemed to be providing investment advice such that registration as an investment adviser is required, reference *The CPA's Guide to Investment Advisory Business Models* published by the AICPA.

It's also important to recognize that the statement applies whether services are delivered verbally or in writing. Note also that, under the statement, implementation of the recommendations or monitoring of the client's progress or updating the engagement are separate engagements. You would not have an obligation for implementation, monitoring or updating services unless you have an agreement with the client specifically to do so. If you do provide these services, there is additional direction provided by the statement.

If the statement applies, to what areas must you pay special attention? You must always comply with relevant ethical requirements. Specifically, you must possess a level of knowledge of PFP principles and theory and have a level of skill in the application of such principles that will enable you to identify client goals and objectives, gather and analyze relevant information, consider and apply appropriate planning approaches and methods, and use professional judgment when developing financial recommendations.

In addition, you should evaluate whether any conflicts of interest exist with regard to the engagement. If a conflict exists, you must determine whether the engagement can be performed objectively. If you determine the engagement can be performed objectively, you should disclose all known conflicts of interest and obtain consent as required under Interpretation No. 102-2, "Conflicts of Interest," under Rule 102, *Integrity and Objectivity* (AICPA, *Professional Standards*, ET sec. 102). If you determine that the engagement cannot be performed objectively, the engagement should be terminated.

Prior to beginning, and throughout the engagement as circumstances dictate, you need to disclose, in writing, all compensation you and your firm (or affiliates) will receive for services rendered or products sold. If compensation alternatives are offered, you must disclose the differences in these alternatives in writing.

Documentation and communication to the client regarding the scope and nature of services to be provided is essential. You should continually evaluate the appropriateness of the original engagement as the engagement proceeds, and document and communicate any changes to the client.

If you are aware of a service needed to complete the engagement and do not, or will not, provide that service, you should limit the scope of the engagement accordingly and recommend that the client engage another service provider for that service in writing.

When obtaining and analyzing relevant information necessary to develop recommendations based on the stated engagement objectives, your professional judgment, due care and prudence will dictate what steps are required. If you are unable to collect sufficient relevant information to establish a reasonable basis for recommendations, the engagement scope may be restricted to those matters for which sufficient information is available. This scope limitation should be communicated to the client in writing, including that this limitation should be taken into account in the assessment of conclusions and recommendations developed.

If sufficient information does not exist to proceed as agreed, you should terminate or modify the engagement through mutual agreement with the client. This engagement modification or termination should be communicated in writing. When analyzing information obtained while performing the engagement, the member should evaluate the reasonableness of estimates and assumptions that are significant to the plan, use assumptions that are appropriate and consistent with each other, and consider the interrelationship of various PFP activities. You should always establish a reasonable basis for PFP recommendations. Your recommendations should be derived from analyses of relevant information, client goals and the client's overall financial circumstances. Even when an engagement addresses a limited number of personal financial goals, you should consider the client's overall known financial circumstances.

The nature and extent of analyses and other procedures performed when establishing a basis for recommendations are affected by the scope and objectives of the engagement, and should be documented. You should communicate to the client the assumptions and estimates that are significant to the recommendations. This should be documented and include, at a minimum, a summary of the client's goals, significant assumptions, estimates, recommendations and a description of any limitations on the work performed. The recommendations in the engagement should contain qualifications to the recommendations if the effects of certain planning areas on the client's overall financial picture were not considered.

When referring a client to another service provider, you should consider the professional qualifications of the other service provider. You should disclose, in writing, any compensation received for making such referrals and communicate, in writing, the extent to which you will or will not evaluate the work performed by the service provider. If you use the advice of another service provider when carrying out the PFP engagement, you should thoroughly understand the impact of the service provider's advice. If you have evaluated the advice of the other service provider, and if you concur with the other service provider's advice, you need not communicate this concurrence to the client because concurrence is implied by its use. However, if you do not concur with the other service provider's advice, you should communicate this non-concurrence to the client in writing.

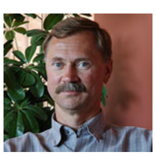
Although not addressed in this article, additional direction is also provided in the statement regarding implementation, monitoring and updating of financial advice. Needless to say, a complete reading of the statement is essential to having a thorough understanding of the new standards.

PFP Standards' Compliance Toolkit
We believe the statement will have a very positive impact on the public, the profession and the CPA financial *planner*. We encourage you to read the statement and use the Standards in PFP Services: Compliance Toolkit, which includes sample engagement letters, checklists, frequently asked questions and much more to assist you in understanding and applying the statement.

For the latest information on the statement, related education and the toolkit, please visit www.aicpa.org/sspfps. Please send your unanswered questions to the AICPA PFP Division staff at financialplanning@aicpa.org.

About the Authors

Clark M. Blackman II, CPA/PFS, CFA, CIMA, CFP®, AIF®, is founder of Alpha Wealth Strategies in Houston, Texas. He is the immediate past chair of the PFP Executive Committee and is the immediate past chair of the Responsibilities in Personal Financial Planning Services Task Force. Clark was the recipient of the 2012 AICPA PFP Distinguished Service Award.



Dirk Edwards, CPA/PFS, JD, MBA, heads up Edwards Consulting, LLC, in Lake Oswego, Oregon. In addition to serving as past chair of the PFP Executive Committee, he is also chair of the Responsibilities in Personal Financial Planning Services Task Force. Dirk was the recipient of the 1991 AICPA PFP Distinguished Service Award.

CPA/PFS Profile: Dan Thomas

This issue's CPA/PFS Profile focuses on Dan Thomas, CPA/PFS, a partner at Thomas and Thomas in Newport Beach, California. As chair of the AICPA's PFS Credential Committee, Dan sat down with *Planner* to talk about how the CPA/PFS helps influence the CPA financial *planner*'s work, how to reach more CPAs who want to hold the PFS credential, his investment philosophy and several other topics.

Planner: *What kinds of focuses do you have in your firm with regard to financial and estate planning?*
Dan Thomas: The core of my practice is offering holistic tax and financial and estate planning services to corporate executives and high net worth individuals and their families. Having been in practice for about 30 years, I have found that I enjoy service to these market segments the most, and over time, have steered my workload into these areas.

Planner: *What is your investment philosophy?*
Dan Thomas: A long-term perspective with prudence and protection of principal are fundamental values. I have always been a believer in the low cost, asset class investing approach espoused by investment managers such as Vanguard and Dimensional Funds. Low cost and asset diversification makes sense to me and can be backed up by academic research to support this approach.

I have seen many clients who are always chasing returns or making outsized bets on single stocks, either following a hunch or holding significant positions in their employer's stock. In these situations, I always try to get the clients to keep their goals and objectives in focus and point out the risk assumed by such a position and the potential benefit derived from reducing that risk. They don't always listen, but I enjoy being the voice of reason.

Planner: *You're the chair of the CPA/PFS Credential Committee. What are the committee's goals for 2014?*
Dan Thomas: The CPA/PFS Credential Committee has been well served by the outstanding leaders and committee members that have gone before us. Our five goals for 2014 are simple:

1. **We have to maintain and continuously update the infrastructure that has been previously established.** All the essential components necessary for a CPA to embark on the path to earning the CPA/PFS credential are in place. We have a clearly defined pathway to earning the credential, quality education materials and courses, exam preparation and review materials and courses and a challenging but fair exam offered twice each year at regional testing centers throughout the country.
2. **We have to work hard to significantly grow the number of CPA/PFS credential holders.** Current credential membership stands at about 5,000 CPAs. That number is significant and a proud accomplishment for our committee, but leaves much room for growth when put into the context of the number of AICPA members or the number of CPA practitioners who currently offer some form of personal financial planning services to their clients. Every one of these practitioners who dabbles in the financial planning arena is a prime candidate to pursue and earn the CPA/PFS credential. Current initiatives of the committee designed to foster growth of the credential include outreach to established CPA practitioners, young emerging CPA professionals, CPA candidates who have recently started their career and accounting students currently pursuing their college degrees.
3. **We have to make sure that CPA/PFS credential holders continue to derive significant benefits from membership above and beyond the distinction earned by holding the credential.** PFP Section membership provides significant benefits to members, and additional benefits continue to unfold for the membership. One example of a current CPA/PFS benefit that is in the planning stages of improvement is an update to the current CPA/PFS referral directory website to improve search access to credential-holder information and promote the value a CPA/PFS credential holder provides for the general public. Our desire is for the updated site to be a source of continuing referrals to credential holders.
4. **Our committee efforts must be compatible with, and supportive of, the initiatives of the PFP Executive Committee.** These two committees together support the incredible opportunity that CPAs have in providing financial planning services to their clients. The PFP Executive Committee addresses both current PFP planning and regulatory issues for our members and also helps CPAs understand how to incorporate PFP services into their practices, whether the CPA chooses to specialize in certain areas within PFP like tax and estate planning, provide comprehensive planning or offer wealth management services. The CPA/PFS Credential Committee's initiatives provide a way for these CPA financial *planner*s to demonstrate their expertise in these areas.
5. **We need to be forward-looking and forward-thinking to ensure we stay ahead of the curve with respect to the constantly evolving world of financial planning as it applies to the CPA/PFS credential and its members.**

Planner: *How do you think the CPA/PFS credential helps CPA financial planners excel in their work?*
Dan Thomas: I find that CPA/PFS credential holders are generally very intelligent, hard-working individuals who are already very good at what they do. The credential doesn't help those individuals excel at what they do, but it does enable them to distinguish themselves from other practitioners. The credential points out that they are part of an elite group of individuals who are uniquely qualified to provide holistic financial planning services to their clients, backed up by the experienced perspective and expertise of being a CPA. It also adds the validation and credibility of a highly respected third party, the AICPA, the largest professional body of CPAs, to their expertise.

I also find the fact that the CPA/PFS is not as well-known as some other marks is an outstanding opportunity for credential holders to personally explain the differences that distinguish themselves from others who operate in the financial planning field. It is how you use the credential in your client and prospect discussions that brings the most value.

Planner: *What one motivating sentence would you say to a CPA who is considering the PFS credential but still hasn't made up his or her mind?*
Dan Thomas: Consider the future and be forward-looking about your career path. Although it has been around for a while, the CPA/PFS credential is still in its infancy and, like the CPA designation 100 years ago, has tremendous long-term potential benefit to those who pursue it. Cost in time and dollar terms is truly insignificant for the value derived from joining a select, elite group of practitioners. Take the leap of faith and join other credential holders in growing the CPA/PFS credential as the mark of distinction for CPA financial *planner*s.

Planner: *How do you market your firm's services?*
Dan Thomas: I don't do any real marketing to the general public other than word-of-mouth referrals from existing clients and friends and benefits derived from the volunteer work that I do with the AICPA and the California Society of CPAs.

I have intentionally kept my practice small. I worked for many years with one of the Big 4 firms. It was extremely rewarding and enjoyable. At this stage of my life, I enjoy the freedom of working when and where I want. I still work just as hard as I did in my Big 4 days, but my schedule is more flexible. My son plays high school lacrosse, and his season runs from mid- February to May. Although it is tax season, I have never missed a game.

Planner: *If you were stranded on a desert island with access to only one technology, what would it be and why?*
Dan Thomas: Tough question. Other than a Wilson volleyball, I guess the most logical choice for me would be a fully charged satellite phone so I could call for help and be rescued. Although a little time away from civilization may sound nice, especially immediately before the start of tax season, I find that I am a more social person than not. The thought of being stranded for an extended period of time away from family, friends and the comforts of home is a bit scary.

Interested in Taking the PFS Exam?
There are two opportunities to take the PFS Exam in 2014 at numerous locations nationwide. PFP Section members can save $100 on the exam registration fee and save an additional 25 percent by registering for the early bird deadlines. Learn about discounts, sponsorships and more by visiting the PFS Credential Exam Registration website. Note that you may not be required to take the PFS exam if you have successfully passed another comprehensive financial planning exam.

Here are the dates for the exams and registration deadlines:

- **Summer PFS Exam**: June 19–July 31, 2014. Exam registration deadline is June 12, 2014; early bird registration deadline is May 22, 2014.
- **Fall/Winter 2014 PFS Exam**: December 15, 2014–Jan. 26, 2015. Exam registration deadline is December 8, 2014; early bird registration deadline is November 17, 2014.

Planner Article Library

***Planner* Article Library – 2013**

In case you missed an issue of *Planner* during 2013, here is an issue-by-issue recap, along with a link to each issue on the PFP website. Note that beginning with the Sept/Oct issue, all articles began appearing only online with unique URLs. Any article written by the staff does not specify an author.

January/February 2013

Investment Outlook 2013: Don't Put Bonds in the Hall of Fame
Authors: Michael Goodman and Steven Malin

Planning Implications of the American Taxpayer Relief Act of 2012
Author: Robert Keebler

Roundtable Discussion: Using Annuities in Planning
Roundtable Discussion: Marc Minker, moderator; Jonathan Gassman, Laura Kuntz, James Shambo and Leonard Wright, panelists.

Big Changes Are Underway in the Long-Term Care Insurance Marketplace
Author: Michael Kitces

CPA/PFS Profile: Kara Kessinger

Clark Blackman Receives AICPA's 2012 PFP Distinguished Service Award

***Planner* Article Library – 2012**

March/April 2013

Best Planning Ideas for 2013
Roundtable Discussion: Lyle Benson, moderator; Robert Keebler, Michael Kitces and Daniel Rubin, panelists.

Building Rapport With Middle Aged Clients
Author: David Solie

Attracting and Serving Gen-X and Gen-Y Clients
Author: Mackey McNeill

CPA/PFS Profile: Sheryl Eighner

May/June 2013

The CPA's Role in Estate Planning After the American Taxpayer Relief Act
Author: Martin Shenkman

What You Need to Know About Reverse Mortgages
Author: Michael Kitces

An Overview of the Affordable Care Act
Author: Carolyn McClanahan

CPA/PFS Profile: Jim Sullivan

July/August 2013
Post-ATRA: What CPA Financial *Planner*s Need to Know
Roundtable Discussion: Beth Gamel, Michael Kitces, Ted Sarenski and Scott Sprinkle

Responding to ATRA: Top 10 Income Tax Planning Ideas
Author: Robert Keebler

Important Misconceptions About Risk Tolerance
Author: Tyler Nunnally

CPA/PFS Profile: Jerry Love

September/October 2013
2012 Gift Tax Return Tips and Traps
Author: Martin Shenkman

Triage: Racing to Keep Up With the DOMA Decision
Author: Tom Tillery

Flood Insurance: Not a Cut and Dried Proposition
Author: Bob Donnelly

CPA/PFS Profile: Gina Chironis

November/December 2013
CPA/PFS Perspectives on … Retirement Planning: The Next Phase of Life
Roundtable Discussion: Marc Minker, moderator; Jerry Love, Ted Sarenski and Susan Tillery, panelists

15 Strategies for 2013 Year-End Tax Planning
Author: Robert Keebler

Portability: A Planning Game Changer
Author: Steven Siegel

CPA/PFS Profile: Amy Sonstein

AICPA Advanced PFP Conference: Your Best Investment for 2014