



Five Reasons Tax Professionals Should Offer  
**Financial Planning for  
Sustainable Growth**

**Avantax<sup>®</sup>**



## Sustainability Is Key to a Tax Professional's Growth

Growing a tax and accounting practice can seem daunting because of the 1:1 relationship between the income you earn and the hours you have to put in to earn it. Unlike other small businesses that benefit from passive income streams and other economies of scale, the only way to really grow your tax practice is by adding more clients, which either requires even more hours from you or additional staff to take on the work. Either solution can come at a substantial cost, but there is a way to expand your practice and have more time to focus on clients and your family.

Learn about the "Five Reasons Tax Professionals Should Consider Adding Financial Planning" to their practice, including insights from Bob Carey, CPA®, co-founder of Carey & Hanna Tax and Wealth Planners, who was able to transform his tax practice into a successful financial services firm by offering this service to his existing clients. "This has absolutely improved my life and allowed me to work longer in my profession than I ever thought I would because I love what I do now. I'm not just creating a tax return commodity item, I'm making a real difference in people's lives. It's a wonderful compliment to be able to do a good job, be paid well and see true satisfaction from your client," said Carey.

## Five Reasons to Consider Adding Financial Planning Services

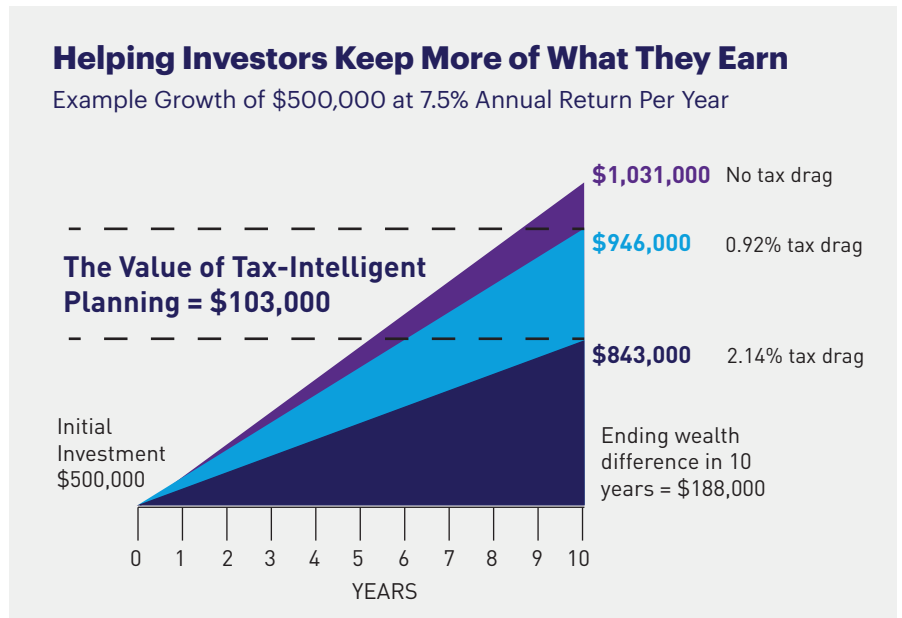
### Reason 1: Offer More Value to Clients

The financial needs of clients often stretch far beyond annual tax services to encompass a variety of concerns including, but not limited to, investment advice, retirement planning, budgeting, large financial purchases and safeguarding the future of their family.

This shouldn't come as a surprise. Tax professionals often get bombarded with questions that go beyond the limits of tax advice. As a trusted advisor in one area, it's only natural that clients turn to you with other financial worries.

### Tax Professionals Are Better Positioned to Help Clients Maximize Tax Efficiency

Clients can also benefit from your extensive tax knowledge to help them make better choices across all their financial decisions. By incorporating more sophisticated strategies and avoiding common tax mistakes, you can help clients pursue tax alpha that can help maximize returns. The following graph illustrates how beneficial it can be for them.



This example does not reflect the deduction of state or federal income taxes. If it had, returns would have been lower. This is an illustration and not meant to represent an actual investment strategy. Taxes may be due at some point in the future and tax rates may be different when they are. Investing involves risk and you may incur a profit or loss regardless of strategy selected.

Source: Russell Investments' 2022 Value of an Advisor Study. To get the full study, go to [https://russellinvestments.com/Publications/US/Document/Value\\_of\\_Advisor\\_EI.pdf](https://russellinvestments.com/Publications/US/Document/Value_of_Advisor_EI.pdf)

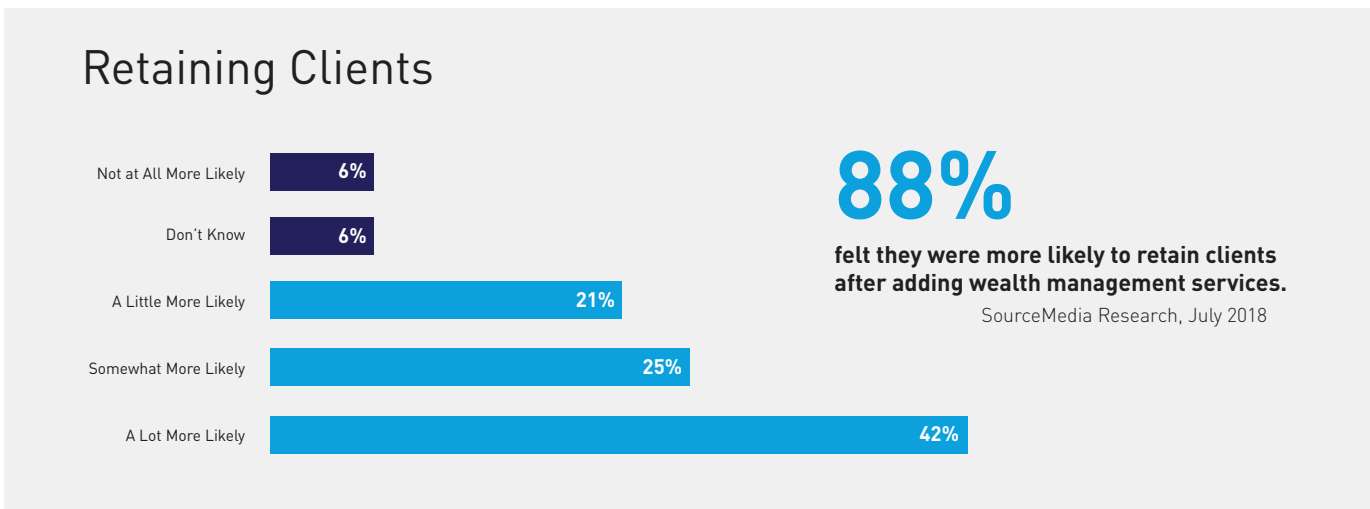
## Reason 2: Retain More Clients With a One-Stop-Shop Solution

Busy clients value one advisor for all their financial needs — especially if that advisor could use their unique knowledge to tie all of life’s financial decisions together into one, easy-to-execute plan with tax-saving strategies at the forefront.

## If Not You, Then Who Will Clients Turn To?

More and more tax professionals are discovering the benefits of expanding their practice with wealth management services. Many are finding it’s a natural progression that’s gaining traction among their peers.

By diversifying your service offerings, you can bring more satisfaction to your clients and differentiate yourself from firms that only offer accounting services. In a survey, 51% of tax professionals expressed interest in offering financial planning services and felt about half of their current clients could benefit.\*



“By partnering with Avantax, what you do is create a one-stop financial shop where they don’t just come to you for income tax advice, they come to you for their investment and retirement needs as well. I know of no other way to help ensure the stickiness of your clients than by being the one to provide all of these services for them,” states Carey.

\* 2020 Arizent - Avantax Tax and Financial Advisor Perspective Survey.

**“You can reduce your stress load with a fewer number of clients, have more revenue while you’re working and build the value of your practice for your sale and exit,” said Carey.**

### Reason 3: Add Revenue That's Not Tied to Tax Season

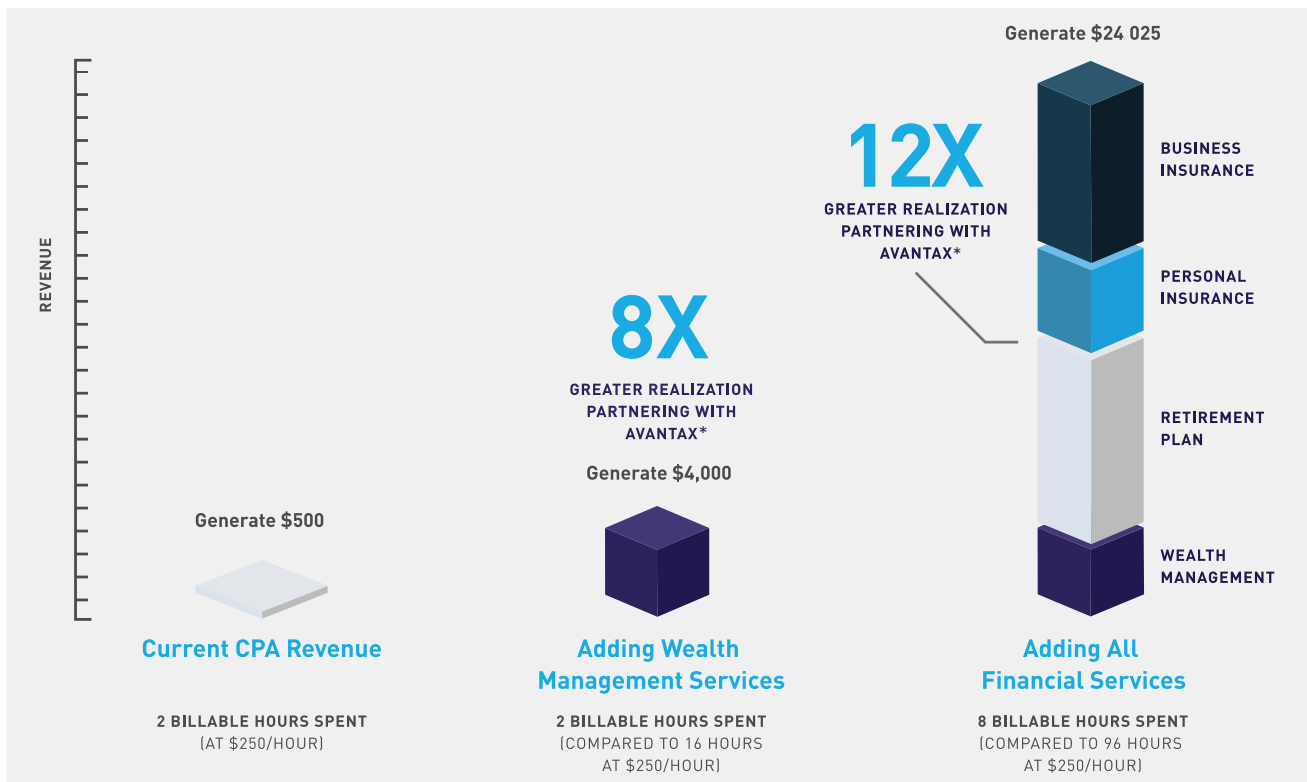
More and more tax professionals are realizing that by adding financial planning to their practice, they can provide a much-needed service and increase their income — simply by offering more to the clients they already have. What's more, this new service isn't tied to billable hours or seasonal work.

Carey explains, "As an income tax professional, you're limited to how many clients and how much work you can do by how much time you have. So how is it that we can offer more services? It's because we generally serve a fewer number of clients and accomplish much, much more. We earn more per hour than we ever could during tax season, and financial service businesses are more salable for when we want to exit this business."

### How You Can Apply It in Your Practice

There are two Avantax models for adding wealth management services — becoming a licensed Financial Professional or referring clients to a partner. Carey's son, Davin, joined Avantax as a Financial Planning Consultant and provides comprehensive planning solutions for their clients.

"Some states require licensing to refer clients (and Avantax can help you get them)," said Carey, "but this model lets you partner with a Financial Professional so you don't have to worry about being an investment expert. You can do what you do best — maintain the client relationship, identify the need and then turn it over to your Financial Planning Consultant."

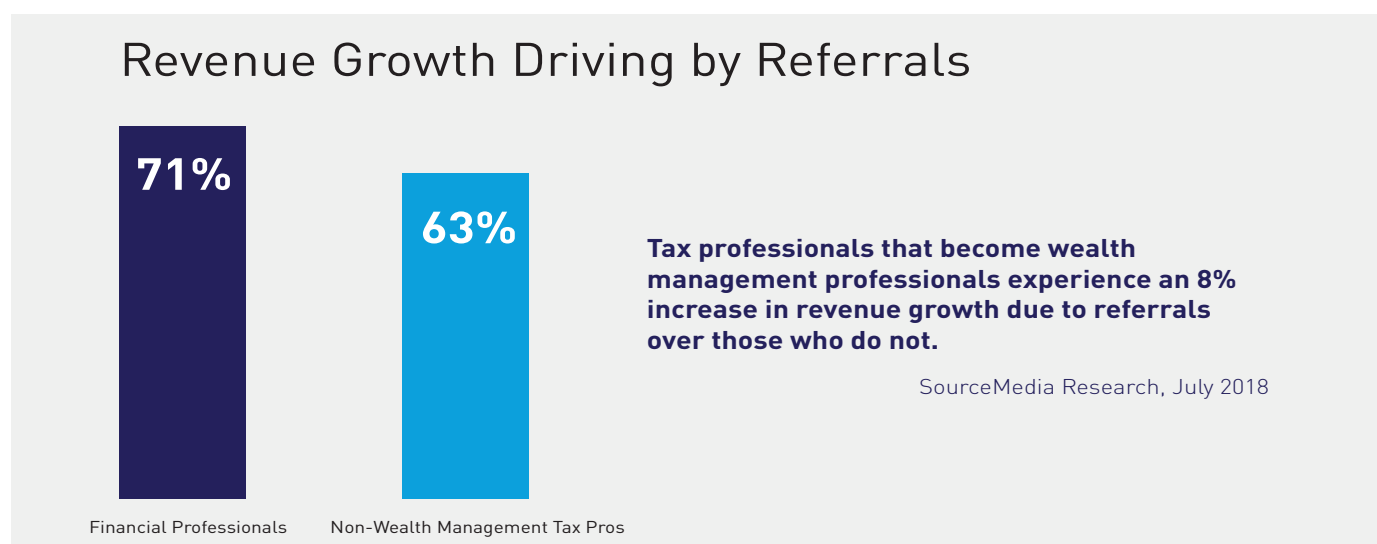


\*For APP/RIA model only

**“It’s important to me that Avantax knows that I care about my clients and want to make sure they get strong, honest, fiduciary treatment. Avantax can do all those things well,” stated Carey.**

With the referral model, if we assume a \$250/hr billable rate for tax services, for the same time commitment you could provide wealth management and other financial services to a client with a \$1M investment and earn 8 to 12 times as much income. And for even more potential revenue, you could offer your own financial plans to clients as Davin Carey does.

Here’s a snapshot of the earning potential when referring clients to an Avantax Financial Planning Consultant.



#### **Reason 4: Win More Clients Through Referrals**

Dedicated tax professionals often help clients get the financial advice they need by referring them to a Financial Professional in their area. If they’re lucky, they’ll also get referrals in return for a mutually beneficial relationship.

By offering financial planning through your practice instead of referring business for free, you can add an additional revenue stream that’s tied directly to your clients’ investments. You also can work with your Financial Planning Consultant to recommend strategies with better potential tax-focused outcomes for your clients.

In addition to improving retention rates, a satisfied client is more likely to refer their friends, neighbors and colleagues. These referrals are invaluable because they generate high-quality leads at no extra cost.

“As a tax professional, I would refer business thinking that I’m building a strong, important relationship. And it was, but it offered a very minimalistic realization. I would get a little bit of tax work; they would get my financial investment clients. However, if you offer financial services in your office, the amount of revenue you will make on those clients [and the referrals you’ll get from them] is far greater than the revenue you would get from another financial advisor sending you an occasional tax or business client,” states Carey.



### **Reason 5: Rediscover Work/Life Balance**

Every busy tax professional knows there's almost no such thing as a work/life balance during tax season. Your clients are depending on you to provide sound tax advice — and they all have the same deadline. Couple that with a seasonal payment schedule, and it can become stressful.

That's when finding alternative revenue streams that dovetail with your business model can make a significant difference. With passive income opportunities, you can improve your bottom line with minimal effort and the opportunity to earn more income throughout the year.

"We have a very strong tax office, but we generally work a five-day workweek during tax season. We also don't work exceedingly long hours and I don't work weekends. Yet the revenue we earn is probably three to four times what it was when we were a tax-only office. That's a benefit of doing your job well. You should be compensated," states Carey.

Within a 40 hour work week, he has significantly more time to spend with family and a better quality of life.

### **Avantax Makes It Easy to Add Financial Planning Services**

Our firm was founded by a CPA over 40 years ago, and we understand the unique challenges and aspirations tax professionals have when it comes to helping clients pursue better financial outcomes. Since then, we've been helping people just like you elevate their practice with our personalized support, training and integrated technology.

Our unique affiliation models are designed around the needs of the busy tax professional and have flexible solutions for offering wealth management services efficiently and effectively — including support for talking to clients about your new services. No one is more focused on helping tax professionals succeed in this industry.

# Avantax is ranked as one of the Top 15 independent Investment Professional firms.<sup>1</sup>

"I was searching for a wealth management partner that was centered around tax professionals like myself," said Carey. "They understand me and my practice. They know that calling me during busy tax season is not a good idea. And because of that understanding, and their Tax-Intelligent Planning approach, I get the integrated services, support and knowledge needed for my type of tax clients."

Imagine tying all your client's financial needs together under one comprehensive umbrella. Whether you're referring business to your qualified Financial Planning Consultant at Avantax or you're managing their accounts personally, clients will appreciate the opportunity to have you managing the relationship for all their financial needs.

Whether you're ready to talk or you simply have more questions, we're happy to help. Contact us today at 800.742.7950 to get the conversation started. We look forward to showing you how adding Tax-Intelligent Planning can help you and your clients pursue their financial goals.

<sup>1</sup>Based on gross revenue, Avantax ranks 12th in Financial Advisor magazine's 2023 IBD ranking.



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