




Why You Need **Wealth Management**

**The Advantage of Adding Financial
Services For Your Clients**



Avantax[®]



Your clients don't come to you to simply handle their tax paperwork. They come to you to help identify strategies to protect and grow their wealth. By offering financial services, you can better serve your clients by providing more of the support they want...from a person they trust.

Deepen your client relationships

Few professional relationships require a deeper level of trust than that of the accountant and their clients. Because your clients already trust you, offering financial services lets you take your client relationships to a new level by taking more of their financial lives into account.

The more services you're able to offer, the more you'll identify the day-to-day happenings in your clients' lives, giving you greater insight into their goals and challenges. This will also help you provide a goals-based planning strategy that measures success by how likely your client achieves their personal goals, rather than using the traditional method of comparing returns against unrelated and arbitrary financial benchmarks.

Maximize your clients' tax efficiency

In addition to gaining a better understanding of your client's financial lives, you'll be able to integrate their tax planning and investing in a way that helps potentially optimize their tax efficiency. Incorporating sophisticated strategies while avoiding common tax mistakes allows you to help your clients pursue tax alpha that can maximize returns.

According to Morningstar, better financial decision-making such as tax-efficient investing and smart withdrawal strategies can boost portfolio returns by 1.82% each year. By retirement, clients who employ such strategies have 32% more to spend.¹

Holistic planning for small business owners

- Because their business performance is also personal, it's key to offer small business owners financial advice that takes both their professional and personal goals into account.
- For example, a personal goal of early retirement can open a discussion into the tax implications of selling their business, while a client who lacks adequate retirement savings may be interested in launching a workplace retirement plan.

The advantage of adding financial services to your practice

What's good for your clients is also good for your bottom line. As your clients become busier and savvier with their finances, they will value you as a one-stop shop they can trust for personalized financial advice.

Revenue growth

There are two ways to grow revenue: add more customers or sell more to the customers you already have. By offering financial services, you can do both. This new set of services can attract potential clients while giving you a fresh product to introduce to your already-satisfied clients.

Firms that add financial services typically see revenue increases of up to 10% in the first 12 months.²

¹ SOURCE: Arizent Perspectives Survey, December 2020

² Avantax Tax Alpha Study Update, SourceMedia Research/Accounting Today, June 2017



8 out of 10

Tax Pros saw revenue growth after adding Wealth Management Services.¹

Client retention

In a changing business landscape, the challenge to keep adding client value is constant. By diversifying your service offerings, you can differentiate yourself from firms that only offer accounting services. Avantax financial professionals report a 75% positive impact on overall client satisfaction when adding wealth management services.³

Client satisfaction and referrals

A happy client is not just your goal in and of itself. In addition to improving your client retention rates, a satisfied client is more likely to refer you to their friends, neighbors, and colleagues. These invaluable referrals generate high-quality leads at no additional cost. Tax professionals that become Avantax Wealth Management Financial Professionals experience an 8% increase in revenue growth due to referrals over those who do not.⁴

Two Models for Adding Wealth Management Services Which is right for your practice?

There are two common approaches to adding wealth management services to your practice: becoming a licensed Financial Professional, or forming relationships with wealth managers and referring your clients. The amount of compensation you can get is directly proportional to the amount of involvement you have in providing financial planning advice.

³ IPSOS Research, December 2017

⁴ SourceMedia Research, July 2018

Using the referral method to add wealth management services

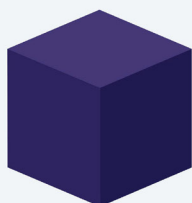
In this scenario, you'll team up with a wealth management partner to refer clients who need additional financial guidance. Your compensation is generally a percentage of the commissions made from your clients' accounts and ideally, your wealth management partner will also refer clients back to you for tax and accounting services. In most states, a state securities license is still required before you can start referring, but it's a much more simplified way of helping clients get financial planning services while minimizing your time and financial investment.

The Potential for Referral Compensation

Assume your hourly billing rate is \$250 for tax and accounting services. For two hours of effort, you would earn \$500. Now imagine spending those two hours meeting with your client and your financial planning partner, and your client invests \$1 million, you could potentially earn \$4,000 based on a percentage of commissions. Of course, each broker-dealer offers different compensation, but if you were to partner with Avantax, the result in this scenario would be a return on your time investment of eight times the amount you would normally make. It could be even higher depending on which services your clients need.

An example of how it works...

WEALTH
MANAGEMENT



WEALTH MANAGEMENT

| | |
|--|-------------|
| Client Investment | \$1,000,000 |
| Your Firm's Revenue | \$4,000 |
| Your Firm's Potential Revenue per Client | \$4,000 |

8X

GREATER HOURLY RATE
PARTNERING WITH AVANTAX

Becoming a Licensed Financial Professional for a complete in-house solution

To help maximize their full potential, tax professionals and CPAs who choose to expand by developing client financial plans need to become fully licensed and have the support of more extensive training and technology (preferably by a tenured broker-dealer). The time investment is higher, but the monetary rewards and the value of offering your own end-to-end comprehensive services can be significant.

With our Avantax Wealth Management model, you'll have the opportunity to become a licensed Financial Professional and provide your own comprehensive services for an even greater income opportunity.



Earn **\$134,000** every year or more when you become a **fully licensed** Financial Professional.*

The Potential for Licensed Wealth Management Compensation

If the idea of designing your own financial plans and building a truly 1:1 financial services relationship intrigues you, your compensation could naturally be much higher. The average incremental profit for licensed Financial Professionals with Avantax is \$134,000/year with a much higher potential based on the size of your practice and how actively you cross-sell services.*

The support of a community of like-minded professionals

No matter which model you choose, we've been helping professionals like you add tax-smart financial planning services to their practices for over 30 years. With our personal coaching and step-by-step guidance, you'll have the support you need to pass your securities exams and learn everything you need to offer comprehensive financial planning services.

What's Included in Our Step-By-Step Study Plan

Avantax will do everything we can to help you prepare for your exams so you can succeed on the first try. Our proven method and industry-leading study materials include:

- Video lectures, study manuals, and live classes
- A personalized study calendar designed for your schedule
- Customized practice exams and pop quizzes to focus on the areas you need most
- Test-taking tips and best practices
- Personalized support and progress tracking

Why Avantax?

We pioneered tax-smart investing and wealth management about 40 years ago, and since then more than 3,400 CPAs and Financial and Tax Professionals have partnered with us to create new revenue opportunities by providing holistic financial services to their clients—families, individuals, and small businesses—all through a uniquely tax-focused lens.

Ready to expand your practice? **Why not join the wealth management firm designed for tax professionals?** Contact us today to start the journey to offering comprehensive financial planning services.

*Additional profit and revenue figures derived from an internal analysis performance using data from IPSOS Research, December 2017. Results are based on assumption in revenues, profits, renewal rates and tax return/year from IPSOS and our assumed valuation multiples for tax and financial services. Figures are for a five-year time period. Results are based on assumptions that will vary, and your results will be more or less than those in our analysis.



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