

# Tools That Drive Tax-Smart Investing

## **MEETING BUSINESS GOALS WITH TOOLS THAT DRIVE TAX-SMART INVESTING**

Over the past year, financial professionals have faced a range of operational challenges, many of which stem from the COVID-19 pandemic. They have, for instance, had to navigate working with clients without the benefit of face-to-face interactions and have had to assist some clients with difficult pandemic-driven financial planning scenarios.

Amid this challenging environment, advisors have set specific priorities to help their practices survive and thrive in 2021. According to a new survey commissioned by Avantax and conducted by Arizent and its brands Accounting Today and Financial Planning, financial professionals cite attracting and retaining clients as their top strategic priorities.

## **GETTING MORE TAX SAVVY**

One strategy advisors believe can deliver more value to clients and drive new business: tax-smart investing. Such an approach layers tax-smart strategies onto the investing and planning process, which 86% of advisors believe could be beneficial in generating new business. Not to mention that the majority of advisors believe that a tax-inclusive approach results in better client outcomes (75%) and improved client retention (75%).

Fortunately, advisors can lean on powerful technology to help them deliver these tax-focused services to their clients, which ties into their third strategic priority for 2021: enhancing technology capabilities. Since only 40% of advisors say they have the resources in-house to offer a more tax-inclusive approach to investing, this is significant. “Technology lets you be way more efficient than you could be in the old days,” says Gene Bell, president and CEO of Gene Bell & Associates, a tax and financial planning firm in Bellingham, Wash.

Consider the following technology solutions to take tax-inclusive investing to the next level:

- **Taking on the Tax Return**

A client’s tax return may yield key information that can affect his or her financial plan, but finding that information can be resource-intensive. A new breed of technologies can automate that process. Consider Avantax’s 1040 Analyzer, which allows users to upload a client’s tax return and generate a report that highlights planning opportunities for that client. Tim Stewart, vice president and head of business development with Avantax, notes that it can show you if there are vulnerabilities or blind spots in the client’s plan.

- **Gaining Insight into Capital Gains**

Bell notes that he relies on a suite of Avantax tools to deliver tax-smart planning services to his clients, including a Capital Gains Analyzer. This tool allows him to easily run reports to determine a client’s potential year-end tax liability from investment sales. Without this tool, says Bell, his team

would have to do these calculations by hand, limiting these services to just the top tier of his firm's clients. Now, he can automate these analyses and easily deliver capital gains projections to all his firm's clients as needed. "With this tool, we have that information at our fingertips all the time," he says.

- **Benefiting from Tax Losses**

Davin Carey, senior wealth advisor with Carey & Hanna Tax & Wealth Planners in Oxnard, Calif., relies on Avantax's Tax-Loss Harvester tool, which helps identify portfolio losses that can be used to minimize a client's tax bill. "If you don't have a way of keeping track of this information, it can disrupt even the best laid plans," he says.

Bell says that these and other Avantax tools—including a Social Security Planner and a Roth IRA Conversions tool—allow him to take a lot of the busy work out of the planning process and focus his efforts where they really count: on each individual client. "These tools give us more time in the day to build these client relationships," he says.

## **METHODOLOGY**

Avantax partnered with Accounting Today/Financial Planning to understand the challenges and priorities that tax and financial advisor professionals are facing serving the needs of their clients and growing their businesses. The online survey was conducted in November and December 2020 among 99 professionals that offer financial advisory services, 46 of which had a dual tax/financial planning role.

## **ABOUT AVANTAX**

Avantax<sup>SM</sup> is a pioneer in tax-smart investing, financial planning, and wealth management. Tax and Financial Professionals partner 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.

We're rewriting the future of comprehensive wealth management with a unique perspective on investing, a growing network of more than 3,750 independent Financial Professionals\*, and over 30 years of industry experience.

## **ABOUT ARIZENT RESEARCH**

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\*As of December 31, 2020

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