CPA
Practice Advisor

Offerings

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Our last article highlighted multiple reasons why it is logical and advantageous to add financial planning services to your firm's offerings.

So, after you decide to take the plunge and add financial planning services, what is the best approach to implement them?

There are several structures for adding financial planning services to your firm's current services. For example, you can handle everything in-house or partner with a financial planning firm to provide services. Both methods can work well; it's a

when adding financial services to your firm's offerings.

Choosing the wrong firm to partner with

If you choose to partner with another firm to add financial services, it's important to choose the right firm. It's imperative the financial firm should have a solid knowledge of how CPAs operate across their firm and what kind of relationships they have with their clients. While collaboration is key to a successful partnership, clear boundaries should be observed.

For example, there should be a clear understanding between you and your partner firm as to who will have the primary responsibility to maintain the client relationship. Further, fees need to be completely transparent, and any appearance of conflicts of interest must be handled immediately.

Lack of internal structure for services

Rather than partnering with a financial firm, you may decide to provide the services in-house. If you go this route, it's important to have a clearly defined structure for doing so.

One consideration is what licenses your internal staff will hold. Some firms have the CPAs offer the services, while other firms have a stand-alone staff of CFPs (Certified Financial Planners). If the CPAs offer the services, they should have the CPA-exclusive PFS (Personal Financial Specialist) credentials, which are earned through experience, education, and passing an exam. A PFS is not the same as the CFP qualifications. A CFP is a certified planner, but not necessarily a CPA.

Another consideration, consistent with partnering with a firm, is considering the client relationship. Someone at the firm will need to "own" the relationship. This ownership should have clarity from the outset of the planning collaboration.

Poor implementation of offering financial planning services

when implementing financial planning is how you will market your services. Although this can be as simple as an email notification and mailer sent to your current clients, that likely will not yield the results you are seeking. A plan for on-going communication and information about your services should be in place to attract new clients and retain existing ones.

Failure to consider proper resource planning

When considering your resource planning, an important consideration is how much time the CPAs will need to collaborate with their financial planning clients. Although clients are likely also their tax or audit clients, additional time resources will be required to add on the planning piece. Beyond additional time spent with clients, the CPA will also need time to learn fully about different investment and long term financial vehicles, stay current on new and updated regulations, and maintain continuing education requirements as required.

Management of fee and compensation structure

There should be clarity and full transparency for the advisors and the client how fees are to be paid. Many CPAs work on an hourly rate or fixed fee, which means they can freely give unbiased advice and recommendations. Generally, financial planners get paid on the basis of what they sell, thus, they are sales focused. Some investment agents, particularly insurance and investments, charge commission-based fees. There are also fee-based advisors, who receive a fee and a commission, and fee-only, who get a fee but no commission. This sales-based compensation can lead to a conflict-of-interest within the firm and within the collaborative sphere. One way to alleviate this pitfall is to have salaried financial advisors on staff so they, too, can be unbiased with their advice.

Alternatively, if you're partnering with a financial firm, it's important that fees are

on it will cause it to languish at best and fail at worst.

A 2018 IBIS world study projected that financial planning will grow two times as fast as tax compliance services alone. Fully embracing financial planning services and considering how to deal with potential pitfalls before adding the services will go far in ensuring a smooth and successful transition into offering financial planning services.

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John Graziano, CFP®, CPA, PFS is the President and Wealth Management Partner at FFP Wealth Management. FFP Wealth Management has served the unique needs of the accounting community for over 25 years and was formed out of dire need for accountants and financial planners to join forces in providing premium services to their clients. If you have questions about adding financial planning services to your firm, you can contact Joseph Graziano, CFP® here.

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