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## ACCOUNTING

# Why Offering Financial Services is the Perfect Complement for Accounting Firms

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The accounting world is changing. More individuals and businesses are using technology (do-it-yourself, integrated bookkeeping and tax software) to perform and take care of traditional accounting functions themselves rather than engaging a firm. According to a statistic released by the IRS, in 2018, over 53.9 million taxpayers prepared their federal tax returns themselves.

[This article is part one of two: Read part two: [“Pitfalls to Avoid when Adding Financial Services.”](#)]

The IRS also reported a total of 143.3 million people paid federal taxes in 2017, meaning approximately 38% of federal taxpayers prepared their own returns. As low-cost software continues to make basic do-it-yourself accounting and tax easier and cheaper, it is clear compliance-related services will continue to be commoditized.

What can an accounting firm do to stay relevant and competitive in the face of a changing business environment? How can firms thrive and grow in the face of technology?

One way is if accounting service providers expand their paradigm to encompass non-traditional, yet pertinent, services to their offerings. A logical option to differentiate you from others would be to embrace financial planning as an adjunct service. Adding financial planning services to your accounting firm’s standard services is common sense from a number of perspectives and is advantageous for both your client and your business.

### **Clients already trust you**

As your client’s accountant, you stand at the center of the client’s financial life as their trusted advisor. You are entrusted with not only the client’s current financial information but also their belief that you will advise on future financial decisions. Your client’s investment strategy can have substantial tax ramifications. Collaboration between the client and the tax and financial professionals can best mitigate future tax liabilities.

### **Leverage your insight**

This one is pretty straight forward, but working closely with the client as their accountant, you already know their financial picture. So you are in the perfect position to offer financial planning that aligns with their current and future goals.

### **Become a one-stop-shop**

Let's face it. We live in a world where many of us prefer convenience, and your clients are no different. Adding financial planning service offerings makes you a "one-stop shop" for your client.

Clients already turn to you and trust you for tax planning, which most likely incorporates a part of financial planning such as 401Ks, IRAs, and other retirement plans and investments. Financial planning services augment the tax strategies you already have in place. As both the tax strategist and financial planning advisor, you can streamline the client experience, ensuring that financial decisions are also tax savvy and uniquely suited to the individual situation. Contrast this experience with the average stockbroker or wirehouse representative, just looking to sell a financial product.

### **Provide your clients with a comprehensive, 360-degree view**

Having both services in the same place provides your client peace of mind, knowing there is a knowledgeable and collaborative team behind the decisions. Clients appreciate the "look ahead" view from financial planning, opposed to the "look back" view after taxes of their financial life. Having both views provides a more comprehensive, 360-degree view of a client's financial life and allows all involved to be on the same page with plan implementation.

### **Stand out amongst the competition**

According to a survey performed by the AICPA, "CPA of the future" study, while 80% of CPAs think their role will change significantly by 2025-becoming more intimate with clients and offering more consultative services, only 8% think the profession is ready. Diversity from adding financial planning services can allow you to stay relevant, competitive, and prepared for the future. This will help differentiate you from other accounting firms out there that offer only "traditional" accounting services.

### **Smooth out cash flow and increase revenue per client**

Adding financial services provides a mechanism for steady, year-long cash flow generating opportunities to help level that cyclic, seasonal burst of business during tax season. While cash flow is smoothed out, revenue per client also increases as you provide additional services to each client.

### **Increase client loyalty**

It can also make your clients more loyal and long-term, not only by increasing interactions with them, but also serving them more. The additional contact time allows you to deepen your relationship and become more involved with their life. A deeper relationship yields a higher value relationship for clients and, in turn, more revenue for the firm, so it is a win-win opportunity.

This article has highlighted just a few of the reasons to add financial planning services to your firm. There is considerable synergy between tax and financial planning, so adding financial services to your firm's offerings can be the perfect fit to move your business forward and to better serve your clients.

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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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