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**TAXES**

# Making a Big Impact in Short Order with Tax Services

Research from Cerulli Associates found advisor practices that put a premium on creating client-centric experiences have median client sizes that are 93% larger ...

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By James Patterson.

Keep dropping in on any MBA-level business strategy class, and you're bound to find yourself in the middle of an age-old debate on a primary driver of business growth: "Is doing *more* better" or "Is doing *better* better"?

Today's successful wealth management innovators aren't looking to parse the academic differences. Instead, they're looking to do both: To enhance the quality of the service they deliver while simultaneously diversifying how they can provide fresh value, especially to high-net-worth (HNW) and ultra-high-net-worth (UHNW) clients.

And the outcomes of that focus matter. Research from Cerulli Associates found advisor practices that put a premium on creating client-centric experiences have median client sizes that are 93% larger and enjoy lower client attrition rates.<sup>1</sup>

Cerulli's research also offers this practical, powerful definition for today's client-centric experience: "technology-driven client segmentation, intergenerational engagement within a team-based model, client appreciation and holistic perspective."<sup>2</sup>

As more and more wealth management organizations are discovering firsthand, adding tax (and accompanying automation) to their roster of under-one-roof services provides an ideal opportunity to place a solid checkmark next to each of those expectations for their clients.

## **Plotting out a smart, sure first step**

Jackson Moseley, Tax Director at Houston-based CI Stavis & Cohen Private Wealth, says that for his company, tax has represented both "opportunities missed" and "opportunities gained."

"Going back a few years ago, we had prospective clients tell us, 'I went with the other guy because they had tax,'" he explains. "We do a lot of financial planning for our asset management clients, but with the number of tax questions we were getting, we'd end up referring them [the company's clients] to outside CPAs. Now, though, being able to say, 'We can also do tax prep,' lets us position the organization as a true one-stop shop. It drops in a key piece of the puzzle we were missing."

All modesty aside, Moseley was that missing piece of the puzzle: A self-starter with private wealth management experience at a Big Four firm, he was the ideal candidate

to serve as the company's first practice-builder for tax. He understood its value and how to introduce the topic naturally to existing clients.

“When I came on, we took a stepwise approach with tax. We identified current clients where we thought we could deliver the most benefit preparing their returns in-house,” Moseley says. “Then we went through the process of letting them know about our tax capabilities, quoted their fees, and got the process started. Not all clients came over to us for tax, and we expected that. Many of them have strong relationships with their current CPAs, and we're happy to keep working that way, especially since we initially referred many of our clients to other CPAs.”

Moseley started as a department of one, so the key to getting initial traction in tax was to take on just the right volume of work.

“In this first year, we strived to start ‘smallish.’ Each client we worked with had a few returns that we'd need to complete, including returns for gift taxes, partnerships, trusts, and so on. And yet it all added up pretty quickly,” Moseley says.

In fact, by the time the spring 2022 tax season rolled around, Moseley was up to approximately 50 returns, a number he expects will grow closer to 75 by year's end.

“One of the main drivers pushing wealth management companies into tax is a technology and being able to do more now with fewer resources,” he explains. “If we were doing things the way the industry was 30 years ago with tax prep, I couldn't come in here and handle all of this.”

## **Ramping up with adaptable, efficient technology**

When selecting tax technology to best fit the needs of Stavis & Cohen clients, Moseley had a natural starting point.

“One of the key selection criteria was my familiarity with the software,” he says. “Being familiar with the platform was essential because I knew I would already be learning a lot of other new systems with the new position. Plus, I needed components that could ‘play nice’ with one another. So integration was going to be crucial from the very start, too.”

In his first year leading the CI Stavis & Cohen tax practice, Moseley selected multiple modules of the CCH® Axxess™ platform from Wolters Kluwer to orchestrate a broad range of tax prep and review tasks, an especially important dynamic given the complexity of some clients' returns.

“For some of our clients, their tax situation became considerably more complicated in 2021 – due to an inheritance, a parent or sibling passing away, or some other high-impact life event – and they suddenly had extra returns to prepare related to those changes,” Moseley says. “We had a couple of them tell us, ‘Hey, I used to do my returns myself. It was easy, but now with this new situation, it isn’t. Do you know someone who can help?’ And we could confidently reply, ‘Yes, actually, we can help.’ Having that capability in our back pocket has been really nice.”

Moseley also knew how critical it would be to have streamlined onboarding, especially since he would start the company’s tax practice as a proverbial “army of one.”

“The upfront training walked us through everything we needed,” he says. “I think there have been maybe one or two cases where we’ve called to submit a support ticket when a specific question or issue arose, but generally, we’ve been pretty much good to go on our own since we started.”

Once Moseley had Stavis & Cohen up and running on the new system, the value of another key feature – efficient client communication through a built-in portal function – also became readily apparent.

“It’s in our company’s nature to get back quickly to our clients. That’s just part of us being there to help them – we put a premium on timeliness, so that’s been a big thing for us,” he says. “We can export and communicate data in the ways that are best suited to each client. That flexibility has generated a lot of positive feedback.”

## **Setting the stage for quick growth**

The ease and proficiency with which Stavis & Cohen has integrated its tax practice from day one haven’t gone unnoticed by the company’s clients.

“They’re very happy with this so far. We think year one to year two is going to be our biggest growth, as well. We already have another 15 or so clients that want to start tax next year with us, and we didn’t even announce we’re doing tax prep until January,” Moseley reports.

Moseley has heard that within a five-year period, the number of wealth management firms in the U.S. that added tax to their suite of services went from less than 5% to closer to 10%-15%. As consumer and industry trends continue to place a high premium on convenience, Stavis & Cohen will be well-positioned to capitalize on opportunities to integrate tax for more high-net-worth clients who want the benefit

of having a tax expert at the table right along with those directing investments, banking, family and office management, and more.

“Taking a holistic approach is our main pitch for tax prep,” Moseley explains.

“Having everything in-house eliminates gaps and the need for a client to have multiple companies in one room at the same time if we’re monitoring the tax side on their behalf. We didn’t start tax prep with the expressed goal of making more money. Yes, we expect that practice to turn a profit, but we started it first to ensure we could offer clients a comprehensive perspective on their financial situation.

“One of our mottos is ‘we help individuals and families write their own story,’” he adds. “We explain, right up front, ‘We want to help you write your story.’ And that’s not just on the financial side, but from a lifestyle perspective. There is some truth to ‘money can’t buy happiness,’ but it sure can greatly affect your lifestyle.”

—- 1, 2: *‘Client-Centric’ Advisors Have 93% Bigger Accounts: Cerulli*. Think Advisor. Dec. 20, 2018. —-

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