

You Could Earn up to 8X More Just for Helping Your Clients

BOOSTING YOUR ROI WITH WEALTH MANAGEMENT SERVICES

Avantax[®]

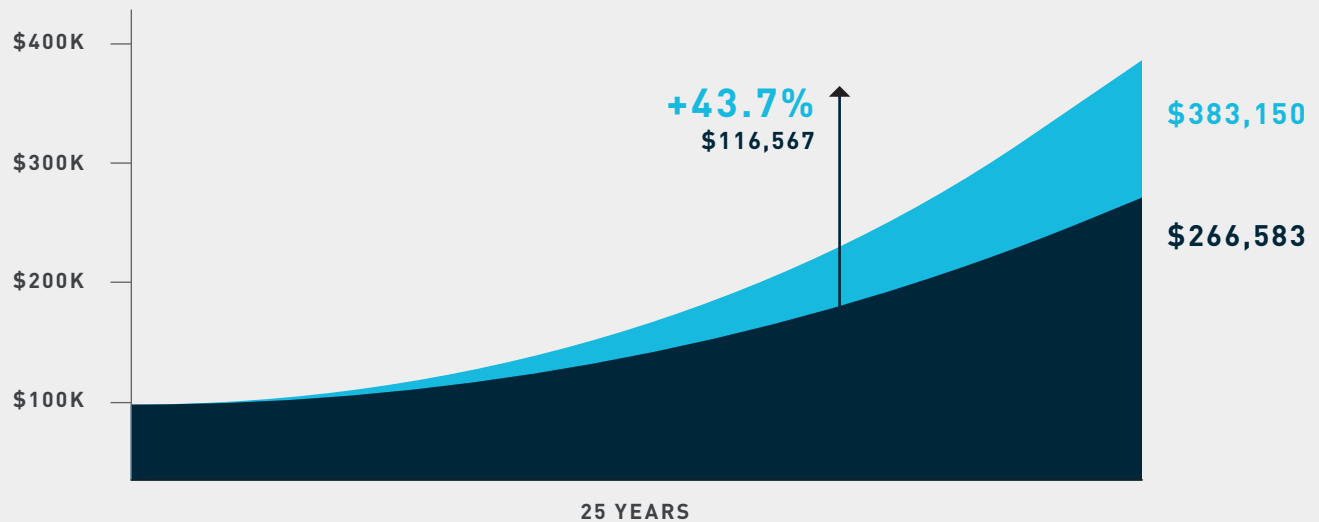


THE CLIENT VALUE IN A ONE-STOP SHOP

Clients want to know they can turn to one trusted advisor to provide help with all their financial needs — including tax, accounting and comprehensive wealth management services. That's why working with a Tax Professional who also offers financial planning services can be high on the list of "must-haves" when it comes to hiring a tax or accounting firm.

That doesn't mean partnerships between a team of experts isn't a viable solution. It simply means that with one subject matter expert — in this case, the Tax Professional — retaining control of the client relationship, the result will be a comprehensive, uniform approach with the overarching goal of applying tax-smart solutions to help build wealth.

TAX-SMART VS. TRADITIONAL PORTFOLIO IN DOLLARS



■ TRADITIONAL PORTFOLIO

■ TAX-SMART PORTFOLIO

The Importance of a Tax-Smart Financial Solution

Brian Stephens, CPA and CFP® with Texas-based firm Davis & Associates, started doing taxes back in 1985 long before offering financial planning services. What prompted the change? He kept providing clients with advice to minimize taxes in their investment accounts, but many financial advisors wouldn't implement his tax-conscious solutions, and clients were getting frustrated. "That's what drove me to do what I do today. The ability to solve a client's needs in one stop," said Stephens.

When one professional controls the client experience, they can help ensure that clients are getting the comprehensive financial solutions they need to achieve their goals no matter what their situation.

"Certainly clients want advice and guidance on more than just taxes. With the current tax law changes in the pipeline and the potential for more under the new administration, clients need to be looking at their retirement strategies now more than ever," said Stephens. "We have opportunities each time there's a change in the tax system to make impactful investment and tax moves for our clients."

How Offering Financial Planning Services Can Boost Revenue

Acquiring new clients can be difficult. It takes time, money and marketing know-how to achieve the desired results. When we compare the net results of prospecting with simply offering more solutions to existing clients, the benefits can add up.

Chart Assumptions: Beginning 2020 hypothetical portfolio value of \$100,000 and investment time horizon of 25 years. "Traditional" portfolio value assumes a hypothetical after-tax return of 4% annually. "Tax-Smart" portfolio value assumes a hypothetical after-tax return of 5.52% annually. Past performance is not indicative of future returns. Different types of investments involve varying degrees of risk. Products and services are offered after reviewing the client's investment objectives and risk tolerances and best interest. Value difference of 1.52% is based on investor returns in non-tax managed US equity products (active, passive, and ETFs) versus tax-managed US equity funds and average annual tax drag for the five years ending 12/31/18. "Tax-managed" refers to funds identified by Morningstar to be tax-managed. "Tax drag" represents the average Morningstar Tax Cost Ratio for funds in each category. The Morningstar Tax Cost Ratio measures a fund's annualized return reduced by taxes investors pay on distributions. 3 SOURCE: Russell Investments "2019 Value of an Advisor Study – US"; First used April 2019.

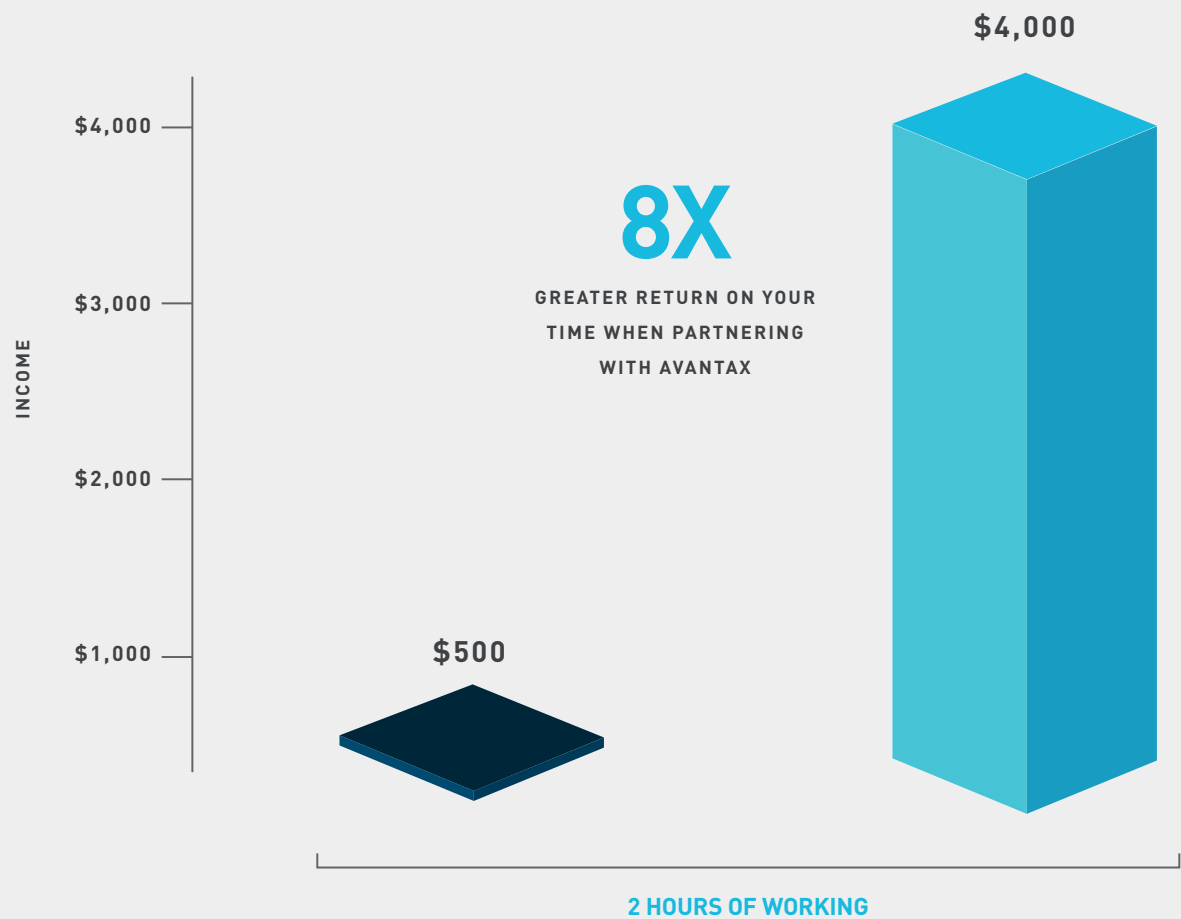
EARN UP TO 8X MORE WITH FINANCIAL PLANNING

With a billable rate of \$250 an hour, a Tax Professional would make \$500 for two hours of work. With the same amount of time invested, they could be making as much as 8 times more (dependent on the needs of the client) when they refer them to a wealth management professional at Avantax®.

Let's create a scenario to demonstrate how this might work. A long-time tax client needs investment advice, and their Tax Professional

refers them to a Financial Professional as part of the Avantax Planning PartnersSM program. The three of them meet for two hours to help coordinate a tax-focused investment strategy and the client ends up investing \$1M with an assumed 100 BP (\$10K). After the revenue split with Avantax, the Tax Professional earns \$4,000 (or \$2,000 an hour). That's a realized gain of \$3,500. Of course, each scenario is different, but the potential earnings based on the needs of the client and level of effort could be substantial.

RETURN ON INVESTMENT



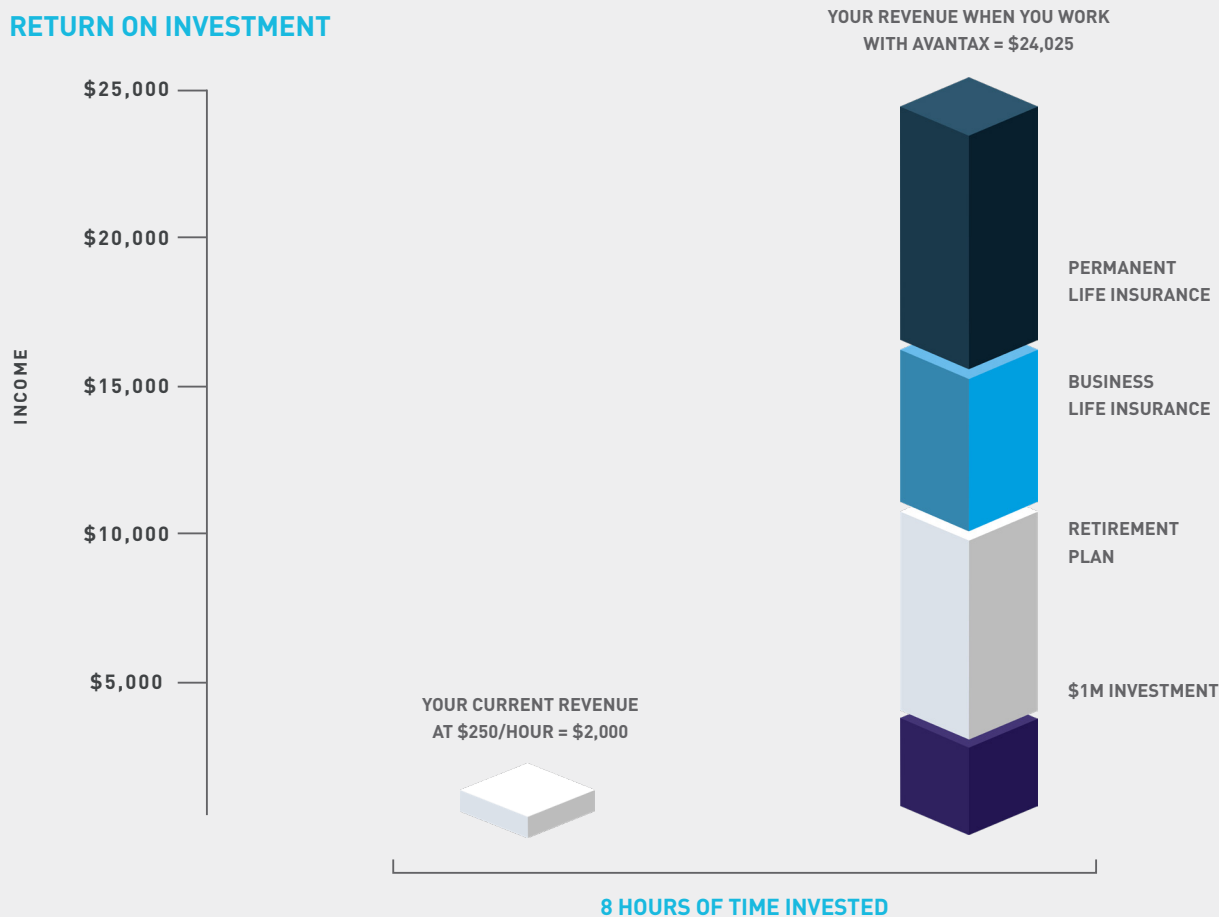
The CPA split after reaching the uniquely low APP production plateau is \$4K.

TAX PROFESSIONAL

WORKING WITH AVANTAX

WHAT HAPPENS WHEN THE SAME CLIENT GETS A COMPREHENSIVE FINANCIAL PLAN?

RETURN ON INVESTMENT



In this example, the client works with both the Tax Professional and the Avantax Financial Professional to develop a comprehensive plan for their family and their business. If the Tax Professional invests 8 hours of their time to meet with the client and the Financial Professional and the plan includes the following, the income is more significant.

THE PLAN INCLUDES:

- An investment of \$1M at 100 BP (\$10K) resulting in a Tax Professional split of \$4,000
- The transfer of a \$3M Retirement Plan to Avantax
- The purchase of a buy/sell insurance policy for the client and 3 key employees with an average of \$5K per person. The \$20K of premium with a 75% payout results in a 50/50 compensation split of \$15K between the Tax Professional and the Financial Professional.
- The purchase of 2 life insurance policies for the client and client's spouse. The \$11K premium with a 75% payout results in a 50/50 compensation split of \$8,250 between the Tax Professional and the Financial Professional.

The potential result is the Tax Professional earns **\$24,025 for just 8 hours of work**. Had they worked the same amount of time at an hourly rate of \$250, their return on investment would have been only \$2,000.

In this example, by referring clients through the Avantax Partners Program, the Tax Professional went from earning **\$250 an hour to over \$3,000 an hour**.

It would take the Tax Professional **over 80 hours** at \$250/hour to earn the same amount if they were just offering tax and accounting advice.

Identifying Potential Clients Who Might Benefit

- Minimum of 50K investible assets
- Clients who currently work with a financial advisor or planner
- Clients who have long-term investments that are not transactional, such as retirement assets
- Clients who have a long-term investment horizon
- Clients who are not seeking to time the market or chase returns
- Clients with an approaching life event of any kind
- Clients with approaching liquidity events, such as selling a business, selling a house or changing jobs
- Clients with sizable dividend or interest income
- Business owners currently making employee contributions
- People who may not be a tax client but trust your opinion
- People you have close relationships with who are not current clients

Tying It All Together

Offering comprehensive financial planning solutions that include tax, accounting and financial planning solutions — all through a tax-focused lens — can potentially help your clients better achieve their financial goals and differentiate your practice from the competition.

Ultimately, Stephens decided to earn his securities licenses and join Avantax as a Financial Professional. It's an approach that's worked well for Davis & Associates. In the beginning, they were doing 7,000 tax returns a year. Since they've retooled their business model, they've purposely reduced that number to about 3,000 returns and instead focus on providing comprehensive tax and financial planning services to clients interested in long-term strategies to maximize net assets and plan for future generations. It's a model that provides steady income throughout the year rather than being tied solely to tax season.

The Right Model for Your Practice

With our Flexibility in Affiliation program, we offer a solution for almost any type of practice.

The Avantax Planning Partners Program—Tax Professionals can earn up to 30% of the revenue generated from their clients' accounts when they are managed by Avantax. It's an easy option for those who want to focus on tax and accounting advice but still benefit from referring clients.

The Strategic Alliance Program—an almost effortless way to increase revenue through referrals and help clients get the advice they need, provided Tax Professionals live in a state with minimum requirements.*

Avantax Wealth Management—the opportunity to become a Licensed Financial Professional and provide their own comprehensive financial plans for an even greater income opportunity.

Getting Started

Expanding your tax and accounting practice may sound a little daunting at first, but the right financial firm makes all the difference. That's where Avantax Wealth Management can help. Founded by a Tax Professional over 30 years ago, we've helped thousands of accounting and tax professionals just like you offer wealth management services to their clients.

"It's important to partner with a broker/dealer that understands the complexity of adding financial services to an existing accounting or tax practice," said Stephens. "Begin by focusing on one or two things at a time and then start mentioning that you've integrated tax-focused investment planning into your firm when you meet with clients."

Find out more about how offering comprehensive financial planning services can help grow your practice. Avantax is more than just a firm with a tax-smart philosophy — we have the experience, technology and training to help grow your practice.

Talk to one of our recruiters today about reaching your goals for your business.





Avantax[®]

*Available in Arkansas, Florida, Georgia, Missouri, New Hampshire, Ohio, Pennsylvania, Tennessee and Rhode Island.

Avantax WM HoldingsSM is the holding company for the group of companies providing financial services under the Avantax[®] name. Securities offered through Avantax Investment Services, Member FINRA, SIPC. Investment advisory services offered through Avantax Advisory ServicesSM and Avantax Planning PartnersSM. Insurance services offered through licensed agents of Avantax Insurance AgencySM, Avantax Insurance ServicesSM, and Avantax Planning Partners. 3200 Olympus Blvd., Suite 100, Dallas, TX 75019, 972-870-6000. 052022