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Advanced Personal Financial Planning

The Financial Planners' Tax-Focused Retainer

A Compensation Model that Works

#AICPAENGAGE #AICPApfp

Your Presenter

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Santa Cruz, CA



About the Alliance of Comprehensive Planners (ACP)

- Not-for-profit 501(c)(6) since 2002
- Home of the annual retainer based ACP System™
- Provides a tight-knit community, ongoing education, support, and tools to fee-only financial advisors in all stages of practice growth and development
- Tax-focused (not common in industry)
- Fee-only, fiduciaries - all firms independently owned
- 173 advisors in 30 states, 20% of members are CPAs



Consumers increased awareness...

- Consumers are seeking primary point of contact to address financial needs
- Seeking deeper relationship with advisor
- Tax knowledge very important when choosing a financial advisor
- Increased knowledge on the importance of advisor credentials
- Growing demand for unbiased advice and fee-only financial planning
- CPAs have strong ethics and follow stringent oversight



Industry Compensation Models

- Fee-Only (most CPAs do this already!)
 - Retainer
 - Fee for Service - hourly
 - Assets Under Management (AUM)
 - Flat Fee
 - Commission
 - Fee-Based
 - Hybrid
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What is a Retainer?

- A fixed fee that is determined at the outset of the engagement
 - Doesn't change over the contract period
 - Retainer fee may include components related to net worth, income, assets, debt, and complexity
 - Covers broad range of financial planning services beyond just investment advice
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"On Call" Comprehensive Financial Planning

Estate Attorney



Mortgage Broker



Data Gathering & Analysis
Financial Physical
Goal Setting

Estate Planning
Mid-Year Tax Planning

Cash Flow/Budgeting
Retirement/Independence Planning
Record Keeping
Goal Setting

Corporate/Trust
Tax Returns

CPA



Financial Education

College Planning
Investment Management
Portfolio Analysis
Mortgage Analysis

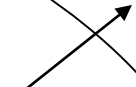
Goal Setting

Employee Benefits Review
1040 Tax Preparation

Real Estate Review
Business Planning

Year-End Tax Planning

Insurance Review



Insurance Agent



Financial Planning is an ongoing process, not a one-time event

CPAs and Tax-Focused Financial Planning

- The tax return is a scorecard for client's financial lives
 - Consumers are short-changed when it comes to receiving comprehensive personal financial advice that is 100% in their interests
 - Strong relationship and trust that protects clients from product sales, the complexities of the tax code, and their own less productive financial behaviors
-



Retainer Model Flexibility

- Services Offered
 - Deep Specialty - Niches
 - Lifestyle Practice versus Building an Empire
 - Flexibility in Who You Serve
 - Ultra High Net Worth Market
 - Mass Affluent Market
 - Middle Market
 - Low Income Market
 - Full Retainer, Limited Retainer, and Financial Review
-



The Three R's of the Retainer Model

1. Revenue
2. Relationships
3. Retention



1 = Revenue

- Stable and predictable – not impacted by market downturns; clients like to know future pricing
 - Revenue “snowball”
 - No need to constantly drum up new business
 - Use “fee calculator” to price engagement
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Revenue – Issues/Challenges

- Pricing - you want to get it “right”
 - Can be lot of trial and error
 - Easy to underprice, especially starting out
 - Practice profitability
 - Defining relationship and expectations are important
 - Bringing on clients that are not a fit
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2 = Relationships

- Access to a richer planning experience
 - Education
 - Meeting structure
 - Broader target market...not just clients with investment assets
 - Comprehensive - advice based on all the information and client situation
 - Center of Influence and Partnership Network
 - “Make Friends”
-



Relationship – Issues/Challenges

- “I am the expert” – may be reluctant to delegate to another pro – less of a problem for CPAs.
 - How do you position yourself? (coach, accountability partner, etc.)
 - May be psychologically difficult to raise fees
 - May have high maintenance clients
 - Capacity issues – as practice grows, how do you maintain strong relationships
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3 = Retention

- High renewal rates
 - Committed/engaged clients
 - Not as impacted during downturns
 - Know more about them than anyone else
-



Retention – Issues/Challenges

- Bring in the right clients
 - Value > Fees
 - Exceed expectations in each meeting
 - What if client doesn't take your advice?
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Common Myths

- You are on an island
 - Product sales
 - I need to be an investment expert
 - I need to know everything
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My Experience with the Retainer Model

- I love my job!
 - Clients value an ongoing relationship
 - I'm in control of my destiny
 - Building firm value (not just income!)
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Available Podcasts

- **The 3 Rs of the retainer model** – AICPA Learning Library
 - Practical Wisdom from ACP Financial Advisors
 - Episode One - **From Tax Practice to Financial Planning** (go to www.acplanners.org and select “Podcasts”)
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The Financial Planners' Retainer: A Reflection of Real Value



Visit booth #122
for your copy!



How To Learn More

Visit ACP at booth #122

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Thank you

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