



# Beyond financial planning

More firms are moving into wealth management

BY ANTOINETTE ALEXANDER

**Looking to better meet the needs of its clients,** New Orleans-based accounting firm Ericksen, Krentel & LaPorte teamed up with growth consultants 1st Global less than two years ago to help grow its wealth management business. Today, the firm holds the crown as the first tax-optimized wealth management firm to serve the greater New Orleans area.

"Surprisingly, not many of our contemporaries in the market have embraced wealth management and financial planning," said Ericksen, Krentel & LaPorte managing partner Kevin Neyrey.

Shifting its focus from essentially investment management to 1st Global's broader-reaching "Method 10" elements, the firm has combined the skills of its CPAs with those of comprehensive financial planning to help its clients accumulate, protect and transfer wealth.

The firm also recently recruited Bill Hodapp, a CPA and Certified Financial Planner with more than 15 years of experience, to serve as director of wealth management, and is in the midst of rebranding itself as Ericksen Krentel Financial Group to better communicate its full suite of service offerings.

## CATCHING ON

Like Ericksen, Krentel & LaPorte, some firms are increasingly embracing a wealth management model, offering a broader range of services to their clients. What may have started as a basic model of access to investment and financial products at some CPA firms is now taking on greater complexity to arrive at a wealth management model.

"I think there's a movement to more wealth management," said Rebecca Pomeroy, chief executive officer of Seattle. See BEYOND on **11**

## Beyond

FROM PAGE 10

based Moss Adams Wealth Advisors, an affiliate of Top 100 Firm Moss Adams LLP. "More firms are expanding their service offering into wealth management."

Pomeroy, who acknowledged that the term "wealth management" can be confusing, said that she defines wealth management as when a firm takes a holistic approach and looks at the big picture to offer financial planning with investment management and some level of tax planning.

"A lot of the advice has been commoditized on the tax side, and so where the real value proposition is for our advisors and many others is that clients are paying those folks for the advice and the experience that they bring. That is especially true for folks who are business owners and have individual wealth, in addition to their business," said 1st Global's manager of practice consulting, Nate Biddick.

Founded by CPAs, 1st Global provides CPAs, tax and estate planning firms the education, technology, business-building framework and client solutions to grow their wealth management business. The company currently works with more than 400 firms.

Added Biddick, "Many times the advisors are getting into the business, or initially got in the business and have been doing it for awhile, because they wanted more control over the implementation of their advice. If they can see what the insurance means to the investments and what the investments mean to the insurance and what that all means to the taxes, there's a tremendous amount of value in the advice they can provide as they are looking across multiple planning areas."

"I think the mistake has been made to look at the portfolio only. To create a dynamic plan you need to look at the big picture, and that means wealth management," said Madaline Creehan, a wealth advisor for St. Louis, Mo.-based BAM.

Through its BAM Advisor Services, BAM is a turnkey asset management provider for firms looking to provide advisory services to their clients. Known as the BAM Alliance, about 140 like-minded firms manage roughly \$21 billion in assets by providing wealth management services.

### WHAT IT TAKES

Looking at the bigger picture and adopting a holistic approach to arrive at a wealth management model clearly means that a firm must broaden its service offering and expertise.

"Wealth management requires true advanced planning for each client," said Creehan, who noted that wealth management services should include wealth enhancement;

wealth transfer, which involves proper estate planning; wealth protection, which includes such items as life insurance and disability; and wealth share, which is philanthropy.

To further assist those firms that are work-

ing to enhance their wealth management business, Creehan said that BAM has teamed up with experts from the American Institute of CPAs to offer, as of February, tailored educational sessions through webcasts. The ad-

vanced planning sessions could include such topics as end-of-life strategies, integrating annuities and business entity structures.

Roger Ochs, president and CEO of HD Vest

See BEYOND on 12

[business.rutgers.edu/finmaccy](http://business.rutgers.edu/finmaccy)

## Rutgers Master of Accountancy in Financial Accounting

### On-campus & Online Program

Earn your Masters in Financial Accounting in less than 12 months for less than \$25K.\* The program requires 30 credits, 15 are earned during the summer session, when students are enrolled on campus on a full-time basis. The balance of 15 credits are electives taken on a part-time basis on-line in the Fall and Spring semesters.

### Flexibility for students and firms

Accounting graduates admitted into the program in the summer can complete 70% of the degree requirement prior to joining a firm. The remaining courses are taken on a part-time online basis.

Visit: [business.rutgers.edu/finmaccy](http://business.rutgers.edu/finmaccy)

Email: [admit@business.rutgers.edu](mailto:admit@business.rutgers.edu)

Telephone: 973-353-1029

\*The Board of Governors reviews the tuition and fees on an annual basis and sets new tuition and fee rates at its July Board meeting.



"The Financial Accounting program is structured in a way that allows students to obtain a master's degree without a significant delay to the start of their careers and related earning capabilities. Along with providing a solid knowledge base in accounting, the Financial Accounting program provides students with a broad perspective. They graduate with the knowledge and skills they need to get started and succeed in the accounting profession. It's a program I highly recommend."

Paul Krieger, Audit Partner,

Deloitte & Touche

**RUTGERS**

Rutgers Business School  
Newark and New Brunswick

Rutgers, The State University of New Jersey – founded 1766

## Beyond

FROM PAGE 11

Financial Services, said that many wealth management clients are small-business owners. Oftentimes these business owners have sold their business and now possess a significant portfolio, so they are turning to advisors for a cash flow plan. In other words, they want to make sure their cash doesn't run out. Additional services include wealth transfer, estate planning, family issues and philanthropic planning.

"There are different needs and they are more complex, and there are tax issues that run through that," Ochs said.

Irving, Texas-based HD Vest provides training and solutions to about 4,600 tax professionals who offer financial planning services to their clients. Ochs said that the company is rolling out new technology this year to further help CPAs provide financial advice to their clients.

For example, during tax season it will pilot its new 1040 Analyst with a small group of accounting professionals. The technology will enable professionals to download tax data into a repository, where an algorithm will then identify financial planning opportunities. The company is also developing a new planning tool that will create a cash flow algorithm to help clients see if they will meet their financial goals.

"We believe that the CPA is uniquely qualified to deliver wealth management advice because they understand the tax implications," Ochs said.

"There's no investment or insurance decision that doesn't have a tax ramification. ... I don't understand why anyone would not use a CPA for their wealth management needs ... because there is so much overlap," added Biddick of 1st Global.

As noted, 1st Global's approach to wealth management is known as "Method 10." These are 10 main categories that advisors should address with clients in order to implement a comprehensive financial solution.

The "Method 10" model from 1st Global includes:

- ▶ Tax planning;
- ▶ Investment planning;
- ▶ Retirement planning;
- ▶ Insurance;
- ▶ Income protection and asset preservation;
- ▶ Estate planning;
- ▶ Business planning;
- ▶ Education planning;
- ▶ Debt management; and,
- ▶ Special situations, which could include such one-off life events as divorce or incapacity.

"The differentiation comes in the services provided by the advisor, and nobody knows the clients better than that CPA advisor. So, that's really where the power of the advice comes in. It is difficult to commoditize the advice and the advice can be better because the CPA knows so much more about the client," Biddick said.

### NOT YOUR USUAL CLIENTS

Biddick noted that one area of opportunity for those firms offering wealth management, or those looking to expand their wealth management business, is with Generations X and Y. Why? A quarter of all high-net-worth Americans are under the age of 40, according to research by BMO Private Bank. More than half have a graduate or professional degree, and only 3 percent attribute their wealth to an inheritance.

To help its advisors better target and serve these clients, 1st Global is currently working on a "Gen XY" consulting offering.

"Our Gen XY consulting offering will help advisors who wish to create the client service culture and processes that will help them expand the demographic segments in their firms beyond Baby Boomers to Gen X and Gen Y clients," explained Biddick. "One challenge for advisors is also that Gen X and Gen Y clients want to be served by their advisors differently than advisors have been serving their Boomer clients — and they distrust financial organizations and markets (especially after the Great Recession) more than Boomers. The incentive for firms to get this right is stated by Boston College research, which shows that there will be a transfer of \$41 trillion before 2052."

At Moss Adams Wealth Advisors, the firm is working to expand its family office services, which are household management services for higher-net-worth clients, into new markets, according to Pomeroy. She said that the firm currently has two large service offerings in two markets, but is seeing demand in at least a dozen markets.

Enrique Vasquez, president and CEO of Cetera Financial Specialists, an independently managed broker-dealer and part of Cetera Financial Group, said that clients are increasingly demanding more from their advisors, and noted that financial planning is just one element of wealth management. Cetera Financial Specialists works with well over 1,000 advisors, mostly tax and accounting professionals, who have integrated wealth management into their practices.

Vasquez said that while the core financial services have remained essentially the same, what is changing is the delivery. In line with this, Cetera recently ramped up its wealth management platform by teaming up with



Envestnet, a provider of wealth management technology. The reporting technology that Envestnet has customized for Cetera expands advisors' ability to review, analyze and track performance for specific accounts, client portfolios and across their entire book of business. The performance reports will be available for advisors and their clients on desktop, mobile and tablet devices, with customized branding functions.

### A SUCCESSFUL MIGRATION

Firms looking to make the move from basic financial planning to a more comprehensive wealth management model need to look beyond just expanded service offerings in order to be successful.

"It is essential that CPAs who want to make this an area of impact need to get out there and learn what is going on and look at it objectively," said David Shill, champion partner of wealth management at Dallas-based GPP Wealth Management, which currently serves about 70 higher-net-worth family units. Shill suggested attending financial planning con-

ferences and getting involved with financial planning associations.

Services provided by the firm include, but are not limited to, retirement planning, investment planning, specific goal planning, risk and protection planning, and business succession planning.

"CPA firms need to think about what their own mission is with their clients. Having general tax advice is great, but it's really not enough. You have to look at making sure you have laid out a grid of all the possible services that are out there and what the client needs and finding ways to execute on those needs, whether it's through in-house programs or forming strategic partnerships with a firm, for example, like our own," said Jim Herrig, executive vice president and chief compliance officer of HK Financial Services.

"We believe and, I think, industry research supports that partnering and collaborating with firms that specialize in financial services and wealth management and risk management are ways that a CPA firm can be more successful, rather than trying to re-invent all of that within their own firm," said HK Financial Services' CEO John Darrah.

The Dubuque, Iowa-based firm engages with CPA firms to assist them in providing wealth management services, and currently has relationships with approximately 100 accounting firms.

When asked about the challenges facing those firms providing wealth management services, Greg Sorce, principal and senior financial advisor for HBKS Wealth Advisors, said, "The biggest challenge we face is being able to communicate the value to clients that we bring to the table."

HBKS Wealth Advisors was established in 2001 when Top 100 Firm Hill, Barth & King merged with the advisory firm Sorce Financial Group. Today, the company has about \$2 billion in assets under management.

Creehan of BAM said that the first step toward achieving success is to ensure that the firm has a concern-based or consultative approach to determining clients' needs. From there, the service offering should evolve based on what is important to the client.

Neyrey of Ericksen, Krentel & LaPorte said that one of the biggest hurdles has been changing the mindset of the firm's partners and getting accustomed to the new way of offering services. "We have been historians and now we are forced to look forward and do more planning," he said.

To communicate its new, integrated business model to its clients, Neyrey said that the firm issued an announcement letter to existing clients, developed a press release and inserted information into client tax organizers. AT