

## Clients Seek a Trusted Relationship for Comprehensive Services

The meltdown of the financial markets exposed clients to the harsh realities of the financial services industry. Investors, filled with anxiety regarding the security of their retirement, watched as their account balances tumbled. Many are questioning whether the professionals with whom they entrusted their livelihood were really doing what was in their best interest. With all the unrest in the industry, investors are left asking, “Who can I trust now?”

### A Trusted Relationship

The turbulent markets of the last year left many clients with the realization that their relationship with their advisor was not up to the standard that they sought. An October 3, 2008 *Wall Street Journal* article cited the following research from Prince & Associates: 81 percent of investors surveyed with more than \$1 million were so dissatisfied with their advisor that they planned to take money away from that advisor or change advisors completely. Of those surveyed, 86 percent were actively telling their friends to avoid their advisor.

Many clients feel disillusioned by both the investment advice and overall level of service that they were provided. Clients are looking to consolidate relationships and turn to one source for comprehensive services that takes a holistic view of their tax management, portfolio construction and retirement planning. The strong relationship that they have established with you, their CPA, makes you a great candidate.

The demand for CPAs to offer financial services to their clients is not a new trend. A study by CEG International published in June 2002 as a special supplement in the *Journal of Accountancy* showed that 52.6 percent of wealthy individuals polled indicated that they were very likely to obtain financial products from their CPA. Recent studies show that more and more CPA firms are recognizing the demand and, in turn, have added investment services to their business model. According to a 2008 study by Seattle-based Moss Adams, 50 percent of CPA firms have added financial planning services since 2000.

### Doing It the Right Way, the Fee-Based Model

Many CPA firms are hesitant to offer investment advice to their clients because of a perceived conflict of interest. They believe that discussing investments with their clients will blur the high standard of care that they provide. Mitchell Zachary of accounting firm Grassi & Co. in Lake Success, N.Y. doesn't see it that way. “Not only is it not a conflict of interest, I think it's our responsibility,” he said in a 2008 *Investment News* article.

Charging clients a percentage fee based on their level of assets provides transparency. The fees are easily understood, and the advisor is not incented to recommend one investment over another. In the same *Investment News* article, Jeffrey Mueller, president of The Mueller Cos. (a Canon City, Colorado-based accounting firm), emphasized that conflicts of interest with CPAs arise when the accounting firms align themselves with a broker-dealer and do not use a fee-based approach. “I don't see a conflict of interest at all as long as I'm not selling a product or charging based on commission,” Mueller said.

## **Getting Started**

If getting started in the investment services business seems like a daunting task, you don't have to do it alone. You can outsource your back-office needs to a third party and concentrate on what you already do well: meeting with clients and building relationships.

John Bowen, founder and CEO of CEG Worldwide, summed up the value of outsourcing in an October 2006 edition of *Financial Planning*. "The appeal of this soup-to-nuts approach is obvious: It allows you to farm out your noncore tasks (but still supervise them) and refocus your attention on building great client relationships and gathering more assets — an approach that's far more effective than trying to cover all the bases yourself." However, choosing the right strategic partner is a critical component to your firm's success.

BAM Advisor Services offers a comprehensive platform of services that are designed to successfully build and advance Registered Investment Advisor practices. Founded in 1997, BAM is now established as one of the leading turnkey asset management providers. BAM's select Registered Investment Advisor firm clients, generally affiliated with CPA firms, provide fee-only investment management and demonstrate a shared commitment to offering investors an excellent client experience.

Advisors that work through BAM take pride in the fiduciary standard of care that they provide. They are committed to always doing what is in their clients' best interest and building trusted relationships on this solid foundation. It begins with an in-depth understanding of clients and how to help them develop their plan. Investment plans are implemented using a passive investment philosophy that helps clients reach their most important financial goals.

Clients are looking for a solid investment strategy that will allow them to confidently build toward their future. When you share this academically supported philosophy with clients, you help them understand how to achieve their goals by adhering to a common sense, disciplined investment strategy. You will build strong client relationships by offering customized portfolios using globally diversified, passive components designed to provide the highest expected return for a chosen level of risk. Clients appreciate the true diversification, low cost and tax efficiency that you can provide.

## **Don't Miss the Boat**

The current economy has caused many investors to re-evaluate the financial advice they have been given. Clients are in need of a trusted advisor more than ever. Who better to be that person than their trusted CPA?