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Newsletter of the AICPA
Personal Financial Planning Section

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Personal Financial Planners and the AICPA's Statement on Standards for Valuation Services—Part II

Robert Reilly, CPA/ABV, MBA

Introduction

In the first part of this two-part series (*Planner*, page 1, Sept/Oct 2007), we discussed the requirements of the new AICPA Statement on Standards for Valuation Services No. 1 (Statement), issued in June 2007. The Statement is effective for all engagements to estimate value accepted by an AICPA member (member) after January 1, 2008, with certain specified exceptions. The Statement applies to members who practice auditing, accounting, taxation, litigation services, and other disciplines within the AICPA—and also to PFP members.

In the first installment of this series, we summarized the four categories of professional guidance provided by the Statement, including:

1. engagement acceptance and planning considerations
2. valuation development and analysis standards
3. valuation engagement documentation requirements
4. value reporting alternatives

According to the Statement, any member who performs an engagement to estimate value is referred to as a valuation analyst.

In this second installment, we will summarize illustrative PFP engagements in which the Statement will apply. Such PFP engagements will typically involve planning services related to a closely held business owner or a similar high net worth individual. Application of the Statement is based on the assumption

that, as part of the engagement, the planner will estimate the value of a business, business ownership interest, security, or intangible asset. Compliance with the Statement will allow the planner to provide best practices when performing a valuation analysis.

A. Taxation-Related Planning Engagements

Number 1—Estate Planning and Estate Tax Management

In order to assist a client with an estate-planning engagement, the planner may (a) estimate the current value of the client's business ownership interests, (b) estimate the future value of the client's business ownership interests, (c) identify and estimate the value of certain assets that may have to be sold to provide estate liquidity, and (d) identify the estate assets with the expected value to fund the estate distribution.

Number 2—Intergenerational Wealth Transfer Plan

The valuation component of such a plan involves identifying and valuing securities (or other business ownership interests) that are equivalent in value to the desired intergenerational wealth transfers. The valuation aspects become even more complex if the planner has to design a security (e.g., a new class of nonvoting preferred stock) that will have a value equivalent to the desired intergenerational wealth transfer.

One common intergenerational wealth transfer procedure is the redemption of transferred

family-owned company stock. There are typically three valuation aspects to the stock redemption plan: (a) helping the client family members plan for predictable cash requirements, (b) helping the family business plan for the liquidity requirements associated with the periodic family member stock redemptions, and (c) valuing the family-owned corporation stock at the time of the (planned or unplanned) stock redemption.

Number 3—Family Limited Partnership (FLP) Formation

An FLP allows the client family to more effectively protect and efficiently manage family-owned investments. In addition, the FLP structure often allows the transfer of family assets among family members in a tax-advantaged manner.

The first valuation aspect related to an FLP formation is the valuation of the assets (e.g., marketable securities, closely held securities, and real estate interests) transferred into the FLP upon its formation. The second aspect is the valuation of the FLP partnership interests (or units) that are owned by or transferred between family members. This aspect usually involves identifying and quantifying certain valuation discounts (e.g., for lack of control, lack of marketability, or specific FLP partnership agreement terms and restrictions).

B. Ownership Transition-Related Planning Engagements

Number 4—Third-Party Sale of a Closely Held Business

A “what can I sell my business for?” plan is not as straightforward as it may appear. Typically, the business owner wants the answers to two related questions: (a) how much can I get if I sell the stock of my business? and (b) how much can I get if I sell the assets of my business? Directly or indirectly, the client is also asking which of these two transaction structures will produce the greater amount, net of all tax considerations.

Number 5—Financing Related to a Company Sale

Some of the valuation aspects of a financing plan include (a) valuation of the company assets to assess their loan collateral capacity, (b) analysis of tangible asset sale/leaseback opportunities and intangible asset sale/licenseback opportunities, (c) assessment of client’s willingness to provide seller financing, and (d) design (and valuation) of seller financing debt, equity, and synthetic equity securities.

Number 6—Employee Stock Ownership Plan (ESOP) Formation

The ESOP structure, a common way to transition ownership of a closely held business, provides significant tax advantages to the selling shareholders/clients, the employer corporation, and the employee ESOP participants/buyers.

In an ESOP transaction, the planner usually advises the business owner client as to (a) when to sell, (b) what selling price to ask for, (c) how much the ESOP can afford to pay, (d) what the associated tax deduction limitations may be, and (e) how to invest the sale proceeds after the ESOP transaction. Of course, several of these issues involve the valuation of the subject close corporation and/or its component securities.

C. Insurance and Investment-Related Planning Engagements

Number 7—Funding a Buy/Sell Agreement Transaction

Most businesses and professional practices use life insurance to fund buy/sell agreement ownership-transfer transactions. The planner has to analyze the amount of funds needed, when the funds likely will be needed, the amount (and type) of insurance needed to fund the purchase, and how the subject

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company (or the remaining shareholders) can afford the insurance premium. In addition, the planner may also analyze the company's other liquidity sources available to fund the buy/sell agreement transactions.

Number 8—Life Insurance Needs Estimation

To estimate the life insurance amount that the client family needs on the life of the business owner or professional practitioner, the planner must consider the client's employment income from executive or professional services. The planner should also consider the client's business income from the equity ownership of the closely held business. That business income comes from two sources: (a) current period income related to business profits distributions and (b) expected capital gain related to the appreciation in the value of the closely held business. The planner will have to analyze the historical and expected change in the value of the subject business.

D. Litigation and Dispute-Related Planning Engagements

Number 9—Marital Dissolution

The first component of a business owner client's marital dissolution plan may seem to be the simplest—the value of the family-owned business or professional practice that is included in the marital estate. However, this typically straightforward analysis is often quite controversial because spouses rarely have the same opinion as to the value of the family-owned business.

Number 10—Shareholder Dispute

When the business owners or professional practitioners can no longer get along as business partners, a shareholder dispute often ensues.

The various types of planning analyses include (a) estimate of a negotiated fair market value for the dissenting owner's shares, (b) estimate of a statutory fair value for the dissenting owner's shares, (c) analysis of the impact of alternative settlement offers on the subject business, (d) analysis of the current liquidity and debt capacity of the subject business (i.e., the company's ability to fund a negotiated or court-ordered buyout), and (e) the structuring of a secured payment schedule for the buyout of the dissenting owner's shares.

In each of these analyses, the planner should consider both the cash and the taxation impacts on (a) the subject business, (b) the dissenting/selling owner, and (c) the remaining/buying owner.

Number 11—Minority Shareholder Oppression Dispute

The dissatisfied minority shareholder owner typically claims that he or she has been oppressed by not receiving some economic benefit (e.g., dividends, compensation, or capital gains) that he or she was entitled to. These disputes typically result in valuation-related planning opportunities including (a) quantifying the effect of the alleged oppressive actions, (b) estimating the fair market value of the company stock for negotiation purposes, (c) estimating the fair value of the company stock for litigation support purposes, (d) analyzing the cash flow and taxation effects of alternative stock buyout settlement offers or judicial awards, (e) planning for the impact on company liquidity of alternative stock buyout settlement offers or judicial awards, and (f) structuring alternative oppressed shareholder stock buyout payment schedules.

E. Exception

Of course, many PFP engagements do not involve valuation issues and considerations related to the Statement. In addition, there

are a number of exceptions to which the Statement does not apply. For example, the Statement does not apply when the planner uses a valuation provided by the client and by another third party. The Statement also does not apply when there are insufficient data or engagement scope restrictions that do not allow the planner to (a) apply valuation approaches and methods and (b) use professional judgment. The first exception could occur when the client provides a business value of \$200 million (determined by a third party) and asks the planner to develop an estate plan. The second exception could occur when the planner analyzes the feasibility of a company sale to an ESOP at various assumed value levels. Of course, in these instances the planner should make clear that the analysis values are either provided by others or are hypothetical and assumed—and are not the planner's value opinions.

About the Author: Robert Reilly, CPA/ABV, MBA, is a managing director of Willamette Management Associates in Chicago. He has been the principal analyst on over 2,000 valuations of businesses, business interests, and intellectual properties in virtually every industry and business sector. Robert has authored over 300 professional journal articles on valuation-related topics and is the co-author or co-editor of numerous professional books. He is currently the valuation editor for the ABI Journal and the intellectual property editor for Valuation Strategies. Contact him at rfreilly@willamette.com.

AICPA/Moss Adams CPA Financial Planning Practice Study: PFP Annual Conference in January Will Preview Results

The PFP Division of the AICPA and Moss Adams LLP conducted their first joint survey of CPA financial planning and investment advisory practices from October 11, 2007 to November 5, 2007. The survey was disseminated to a selection of managing partners, sole proprietors, and all PFP Section members. Results of the survey, which will be summarized in a complete Study Report to be released after the January conference, will address performance and other operational characteristics in the CPA/advisory industry, identify industry trends, and pinpoint the practices of the most successful firms.

PFP Conference To Preview Survey

Results: The AICPA's Advanced Personal Financial Planning Conference—to be held in Las Vegas from January 20–23, 2008—will preview the survey results in a luncheon presentation scheduled for January 21 from 12:50–1:30 pm and led by a representative from Moss Adams, LLP.

The final **Study Report** will discuss the following topics, among others:

- **The economics of CPA financial planning and investment advisory practices.** Recent growth trends, expense structures, and performance of CPA financial planning and investment advisory practices overall, as well as within key segments of the profession.
- **Best practices in financial and business management.** Staffing, productivity, profitability, and other critical areas, with best practices in the areas of financial and business management.
- **Challenges to the profession.** The primary challenges facing CPA financial planning/advisory professionals and what practitioners and firms are doing to overcome them.
- **The results of the top firms.** Top-performing firms and the factors that

seem to be contributing to their overall success.

Survey participants will receive a free copy of the complete Study Report, as well as the opportunity to participate in a live Web seminar covering the key highlights and trends from the Study Report after its initial release.

All PFP Section members will receive a gratis copy of the Executive Summary, a condensed version of the Study Report that will highlight significant Study findings.

If you haven't already registered for the PFP Section's January conference, go to http://www.cpa2biz.com/AST/Main/CPA2BIZ_Primary/Tax/Business/PRDOVR~PC-PFP/PC-PFP.jsp.

AICPA MOSS ADAMS LLP
CPA FINANCIAL PLANNING PRACTICE STUDY

How To Effectively Manage Your Practice While Providing Superior Client Service

Lyle K. Benson Jr., CPA/PFS, CFP® and Deena B. Katz, CFP®

Pop quiz: What proportion of your time do you spend on client service? 60%? 75%? How about 39%—with 56% on business processing and administration, and only 5% on prospecting and planning. That's where the average financial planner's time goes, according to an Adviser Impact study. If you own or manage your firm, you're particularly vulnerable to administrative mission creep—sometimes at the cost of time to serve your best clients and prospect for new ones.

The following article is based on our July 18, 2007 PFP Section web seminar, "Effectively Managing Your Practice While Providing Superior Client Service," a bene-

fit the Section provided to its members. We aim to present compelling ideas from the seminar that you can put into practice immediately or that will provide fodder for developing new practice management strategies.

Lack of Capacity is one of the chief outcomes when advisers don't strategically allocate their time. If you want to take on more clients—particularly top priority clients—you must be able to free up time while continuing to service your existing clients. To increase your capacity successfully, you must do so intelligently. Here are five methods, drawn from Schwab's recent study of best managed firms:

- work smarter—for example, delegate well

- work faster—for example, your computer is basically a fancy file cabinet; use it to reduce the amount of paper you carry
- reduce the number of repeat activities—for example, use software that allows you to create processes such as automatic emails and reminders of next client contact steps
- change the service mix—for example, stay in touch with your clients and make sure you offer the services that they want
- outsource—see discussion below

As we noted above, you may well be spending too much time on processing and administration. But that doesn't mean you should ignore operations. Instead, give operations a **strategic** priority.

AICPA Advanced Personal Financial Planning Conference

January 20-23, 2008 • Caesars Palace • Las Vegas, NV



Additional benefits for PFP Section Members/PFS Credential Holders

SUNDAY, January 20th:

- Complimentary pre-conference workshops
 - Implementation of PFP services in your firm
 - Mastering the media means money in the bank
- Town hall meeting
- PFS reception

Tuesday, January 22nd:

- PFP networking groups — cocktails and Hors d'oeuvres will be served.

**PFP Section Members
and PFS Credential Holders —
save \$100 off the AICPA Member rate
— use code SECTION100
when registering.**

Hotel Reservation Cut-off Date:

12/21/07

Register early and ensure your spot at the most comprehensive program of its kind!

Developing advanced strategies for new business growth and enhanced service value

Start the New Year off right by tuning up your PFP practice.

The **AICPA Advanced Personal Financial Planning Conference** will give you information and training you need to keep your practice running smoothly.

Here, you'll spend four days focusing on the latest trends, the most current issues, and growth opportunities to help you reap the benefits of this burgeoning niche market.

With four tracks to choose from, a broad range of concurrent sessions and more topics for the **advanced planner** than ever before, you'll have the flexibility to create a program that best meets your needs.

Keynote Speakers:

Hear **George H. Walper, Jr.** discuss the secrets for serving America's wealthiest (and receive a complimentary copy of his newly-published book "Get Rich, Stay Rich, Pass it On"). Listen as **Leo Pusateri** explains the importance of the Value Ladder. Get insight into Behavioral Finance from **David Laibson**. Receive an expert forecast related to the US economy from **David Malpass**. And get a glimpse inside India's changing economic and social milieu from **Ambassador B.S. Prakash**.

Who Should Attend*

Sole practitioners, partners and their staffs in public accounting firms, financial planners, investment managers and CPAs interested in added or expanding on their knowledge of personal financial planning.

Register by 12/07/07 & SAVE \$75

Registration for groups of 2 or more individuals per organization may qualify for group discounts. Please visit www.cpa2biz.com/conferences for more information. Groups of 10 or more individuals per organization may qualify for additional discounts, please email service@aicpa.org for more information and indicate "Group Conference Sales" in the subject line of your email.

* Please note the PrimePlusElderCare/Retirement Planning conference has been merged into the 2008 Advanced Personal Financial Planning Conference with a comprehensive track — those with an interest in this niche should be sure to attend!

Conference agenda

TRACKS: T - Technical, WM - Wealth Management, PPEC/RT - PrimePlusElderCare/Retirement, PM - Practice Management

Topics, Speakers, and Agenda are subject to change

CONFERENCE - DAY 1, SUNDAY, JANUARY 20, 2008

8:00am-6:00pm	Registration & Message Center Open
9:00am-10:15am	Complimentary Concurrent Vendor Sessions (select one)
	101 A Study of Real Real Returns
	102 Life Insurance and the Trusted CPA Advisor
	103 Maximizing the Value of Oil & Gas Royalty Holdings
9:00am-9:50am	104 PFP Section Sponsored Workshop—Implementation of PFP Services in Your Firm <i>Open to all PFP section members at no charge.</i>
10:30am-12:30pm	105 PFP Section Sponsored Workshop—Mastering the Media Means Money in the Bank <i>This session is designed to train spokespersons for media interviews / open to all section members at no charge - fee for others</i>
10:45am-12:00pm	Complimentary Concurrent Vendor Sessions (select one)
	106 Tax Traps of Life Insurance and Annuities
	107 Driving the Workflow Superhighway
	108 Significantly Differentiate Your Investment Management Services for High Net Worth Clients
12:00pm-7:30pm	Exhibit Hall Open
1:00pm-4:00pm	Concurrent Optional Workshops (select one) - additional fee
T	201 Retirement Plan Topics - Primer and Update
WM	202 Passing the Family Value Systems, Along With Your Wealth & Business
PPEC/RT	203 The Financial Issues of Aging
4:00pm-5:30pm	Town Hall Meeting Network with your peers, committee members and AICPA Staff. Have a voice in future PFP Section benefits.
5:30pm	MAIN CONFERENCE Begins
5:30pm-6:30pm	1 Keynote Address Wealthy Americans: Who Are They & How to Address Their Financial Planning Needs George H. Walper Jr., President, Spectrem Group, Chicago, IL All attendees will receive a complimentary copy of the speaker's latest book "Get Rich, Stay Rich, Pass It On: The Wealth-Accumulation Secrets of America's Richest Families"
6:30pm-7:30pm	Our Achievements and Next Steps of CPA Financial Planners - Executive & Credential Committee Chair Reports
7:00pm-8:00pm	PFS Sponsored Welcome Reception

CONFERENCE - DAY 2, MONDAY, JANUARY 21, 2008

7:00am-5:50pm	Registration & Message Center Open
7:00am-8:00am	Continental Breakfast and Vendor Display
8:00am-9:00am	Keynote Address 2 "You" Are the Value! Leo Pusateri, President, Pusateri Consulting & Training, LLC, Williamsville, NY
9:00am-9:45am	Morning Refreshment Break & Vendor Display
9:45am-11:00am	Concurrent Sessions (select one)
T	3 Multiple-Asset-Class Investing: Is it Still Relevant in Today's Market?
WM	4 Technology Update - Silver Bullet
PPEC/RT	5 Transitioning to Retirement
PM	6 Steps To a Simple and Effective Marketing Plan
11:00am-11:10am	Change Break
11:10am-12:25pm	Concurrent Sessions (select one)
T	7 Asset Protection Planning - Make & Keep Your Client a Winner at the Creditors' Crap Table
WM	8 Advanced Estate Planning Strategies
PPEC/RT	9 Baby Boomers' Retirements Loom - Is Your Practice & Are Your Clients Ready?
PM	10 Positioning Your RIA for Transition
12:25pm-12:50pm	Lunch
12:50pm-1:30pm	Luncheon Presentation L1 Results of the 2007 AICPA/Moss Adams CPA Financial Planning Practice Study
1:30pm-1:40pm	Change Break
1:40pm-2:55pm	Concurrent Sessions (select one)
T	11 Why Alternatives Are the New Traditional Investments
WM	12 The Advisor's Role In Effective Decision-Making: Balancing Family & Business Enterprise
PPEC/RT	13 Social Security: Today's Questions - Tomorrow's Forecast
PM	14 Comprehensive Wealth Management vs. Financial Planning or Investment Advice - What's In It For You & Your Clients?
2:55pm-3:30pm	Afternoon Refreshment Break & Vendor Display
3:30pm-5:00pm	Concurrent Sessions (select one)
T	15 Financial Planning with Stock Options
WM	16 Top Ten Income Tax Planning Ideas for Financial Planners
PPEC/RT	17 Retirement Distribution Planning – What's the Right Number?
PM	18 Advanced Life Insurance Strategies
5:00pm-6:00pm	Reception

2008 AICPA Advanced Personal Financial Planning Conference

For more detailed conference information visit www.cpa2biz.com/pfp

CONFERENCE - DAY 3, TUESDAY, JANUARY 22, 2008

7:00am-6:30pm	Registration & Message Center Open
7:00am-8:00am	Continental Breakfast and Vendor Display
7:00am-7:50am	Breakfast Sessions
T	301 Investment Fiduciary Responsibility
T	302 Skyrocket Your Practice and Your Reputation Through Effective Use of the Internet
WM	303 Family Partnerships - Care and Feeding
T	304 Managing Health Care Costs: New Options for Small Businesses
7:50am-8:00am	Change Break
8:00am-9:00am	Keynote Presentation 19 U.S. Economy Forecast David Malpass, Chief Economist Bear Stearns, New York, NY
9:00am-9:45am	Morning Refreshment Break & Vendor Display
9:45am-11:00am	Concurrent Sessions (select one)
T	20 Practical Applications & Considerations for Portable Alpha Strategies
WM	21 Offering Insurance to Your Clients: Opportunities and Pitfalls
PPEC/RT	22 Buy-Sell Planning
PM	23 Guiding the RIA Through the Regulatory Minefield
11:00am-11:10am	Change Break
11:10am-12:25pm	Concurrent Sessions (select one)
T	24 ETF's - How to Create & Analyze
WM	25 Estate Planning Developments
PPEC/RT	26 Executive Compensation Update
PM	27 Best Practices and Business Models
12:25pm-1:00pm	Lunch
1:00pm-1:30pm	Luncheon Presentation L2 Financial Literacy
1:30pm-1:40pm	Change Break
1:40pm-3:20pm	Concurrent Sessions
T	28 IRA Alternative Investments
WM	29 Private Equity & Hedge Funds: How to Educate Your Clients
PPEC/RT	30 Pursuing the American Dream With the Hedonic Pleasure Index
PM	31 Ethical Challenges in Personal Financial Planning
3:20pm-3:45pm	Refreshment & Vendor Break
3:45pm-5:00pm	Keynote Presentation 32 Behavioral Finance David Laibson, Department of Economics, Harvard University, Cambridge, MA

5:00pm-6:15pm

PFP Networking Groups
Join us for the launch of the new PFP Networking Groups and learn how to solve your business's most pressing issues. These groups will be meeting throughout the year and have been designed to afford you the opportunity to gain from the knowledge and perspective of your most successful peers. Cocktails and Hors d'oeuvres will be served.

CONFERENCE - DAY 4, WEDNESDAY, JANUARY 23, 2008

7:00am-11:45am	Registration & Message Center Open
7:00am-8:00am	Continental Breakfast and Vendor Display
7:00am-7:50am	Breakfast Sessions
WM	401 Late Stage College Funding: Strategies for High Income Families When They No Longer Have Time to Save
T	402 Understanding Monte Carlo Simulation
T	403 Health Saving Accounts as a Retirement Planning Tool
T	404 Financial Planning in a Divorce
7:50am-8:00am	Change Break
8:00am-9:30am	Keynote Presentation 33 India: A Changing Profile Ambassador B.S. Prakash, Consul General, Consulate General of India, San Francisco, CA
9:30am-10:00am	Morning Refreshment Break & Vendor Display
10:00am-11:30am	Concurrent Sessions (select one)
T	34 Multifactor Analysis - The Three Factor Model
WM	35 21st Century Planning - Can Annuities Really Help?
PPEC/RT	36 Investment Policy Statements
PM	37 Working With the Woman Business Owner: Unique Needs, Marketing Opportunities & Relationship Building Techniques
11:30am	Conference Adjourns

Registration information

4 WAYS TO REGISTER FAST

1 **ONLINE***: www.cpa2biz.com/conferences

2 **PHONE***: 1-888-777-7077 or 1-919-402-4500

3 **FAX***: 1-800-870-6611 or 1-919-402-4670

4 **MAIL**: Complete and mail the form to:

AICPA Conference Registration, 220 Leigh Farm Rd, Durham, NC 27707-8110

*Credit card registration only (AICPA VISA® Credit Card, American Express®, Diners Club®, Discover®, MasterCard® or VISA®)

RECOMMENDED CPE CREDIT

Up to 24 (main conference); up to 9 (pre-conference);

This conference was prepared in accordance with the Joint AICPA/NASBA Statement on Standards for Continuing Professional Education (CPE) Programs effective on January 1, 2002. The recommended CPE Credits are in accordance with these standards; however, your individual state board is the final authority on the acceptance of programs for CPE credit.

CONFERENCE FEE

Registration fees are determined by current membership status in the PFP/PFS/Tax Section of the AICPA. Please indicate member number on the registration form to obtain the correct discount. Fee for conference includes all sessions, conference materials, continental breakfasts, refreshment breaks, luncheons and reception. Fee for optional workshops includes all session materials, refreshment breaks and receptions. Registration for groups of 2 or more individuals per organization may qualify for group discounts. Please visit www.cpa2biz.com/conferences for more information. Groups of 10 or more individuals per organization may qualify for additional discounts, please email service@aicpa.org for more information and indicate "Group Conference Sales" in the subject line of your email.

Please note: There is no smoking during the conference sessions.

Suggested attire: Business casual.

Prices, Topics, Fields of Study and Agenda are subject to change without notice.

Program Code: PFP08

CANCELLATION POLICY

Full refunds will be issued if written cancellation requests are received by 12/31/07. Refunds, less a \$100 administrative fee, will be issued on written requests received before 1/14/08. Due to financial obligations incurred by AICPA, no refunds will be issued on cancellation requests after 1/14/08. **For further information**, call AICPA Service Center at 1-888-777-7077.

HOTEL AND GROUND TRANSPORTATION INFORMATION

Contact the hotel directly to obtain their policy on reservations, deposits and cancellations. Rooms will be assigned on a space-available basis only. Note, this conference is expected to sell out, so please make hotel arrangements as soon as possible. To receive our special group rates mention that you will be attending the **AICPA Personal Financial Planning Conference**.

Caesars Palace Hotel
3570 S. Las Vegas Boulevard
Las Vegas, NV 89109

Hotel Phone: (702) 731-7110
Hotel Reservations: (800) 634-6661
Hotel Room Rate: \$234 single/double
Hotel Reservation Cutoff Date: December 21, 2007

Ground Transportation — to and from the hotel and airport (please note: rates and times are approximate)

Taxi Service: \$15-20 each way (approximately 10-15 minutes)

Shuttle Service: \$4.50 per person/one way (approximately 30-45 minutes)

AIRLINE INFORMATION

The AICPA has a special arrangement with **Maupin Travel, Inc of North Carolina** to assist you with your travel arrangements. This travel agency may be reached at 1-800-345-5540. Please check www.cpa2biz.com/pfp for updated airline information.

CAR RENTAL

Hertz Car Rental — **AICPA Member Discounts:** Call 1-800-654-2240 Ref. Code **CV#021H0014**.

Airline and car rental discounts are available only when you or your travel agent book through the 1-800 number. We strongly advise you to confirm your conference registration and hotel reservation prior to making your travel plans. The AICPA is not liable for any penalties incurred if you cancel/change your airline reservations. **Rates are subject to availability.**

Registration form

PFP Section/PFS Designee/Tax Section use "Section 100" for discount.

MEMBERSHIP INFORMATION

Very important — please be sure to complete.

AICPA Member? Yes No

PFP Section/PFS Designee/Tax Section? Yes No Membership No. (Required for discount prices)

NICKNAME FOR BADGE

BUSINESS TELEPHONE

TITLE

E-MAIL ADDRESS

REGISTRATION INFORMATION

Please photocopy this form for additional registrants. If the information on your label is incorrect, please complete the following:

LAST NAME

FIRST NAME

MI

FIRM NAME OR AFFILIATION

STREET ADDRESS

SUITE

PO BOX

CITY

STATE

ZIP

CONFERENCE FEES Please circle appropriate rate.

MAIN CONFERENCE	PFP /PFS/Tax Section Member	AICPA Member	Nonmember
<input type="checkbox"/> M02 Early Bird Registration <small>SAVE \$75 by 12/7/07</small>	\$820	\$920	\$1,120
<input type="checkbox"/> M01 Regular Registration	\$895	\$995	\$1,195
PRE-CONFERENCE WORKSHOPS — SUNDAY, JANUARY 20 (additional fee)			
9:00 am – 10:15 pm (Select one)		complimentary	
<input type="checkbox"/> 101 <input type="checkbox"/> 102 <input type="checkbox"/> 103			
9:00 am – 9:50 pm		complimentary	
<input type="checkbox"/> 104			
10:30 am – 12:30 pm		\$100	\$100
<input type="checkbox"/> 105			
10:45 am – 12:00 pm (Select one)		complimentary	
<input type="checkbox"/> 106 <input type="checkbox"/> 107 <input type="checkbox"/> 108			
1:00 pm – 4:00 pm (Select one)		\$150	\$150
<input type="checkbox"/> 201 <input type="checkbox"/> 202 <input type="checkbox"/> 203			
Total \$			

CONFERENCE PLANNER

Select one from each time period. To ensure that adequate seating is reserved for the conference sessions, you must complete this section in advance of the conference.

MONDAY, JANUARY 21

Concurrent Sessions
9:45 am – 11:00 am <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6
11:10 am – 2:25 pm <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10
1:40 pm – 2:55 pm <input type="checkbox"/> 11 <input type="checkbox"/> 12 <input type="checkbox"/> 13 <input type="checkbox"/> 14
3:40 pm – 5:10 pm <input type="checkbox"/> 15 <input type="checkbox"/> 16 <input type="checkbox"/> 17 <input type="checkbox"/> 18

TUESDAY, JANUARY 22

Concurrent Sessions
7:00 am – 7:50 am <input type="checkbox"/> 301 <input type="checkbox"/> 302 <input type="checkbox"/> 303 <input type="checkbox"/> 304
9:45 am – 11:00 am <input type="checkbox"/> 20 <input type="checkbox"/> 21 <input type="checkbox"/> 22 <input type="checkbox"/> 23
11:10 am – 12:25 pm <input type="checkbox"/> 24 <input type="checkbox"/> 25 <input type="checkbox"/> 26 <input type="checkbox"/> 27
1:40 pm – 3:20 pm <input type="checkbox"/> 28 <input type="checkbox"/> 29 <input type="checkbox"/> 30 <input type="checkbox"/> 31

WEDNESDAY, JANUARY 23

Concurrent Sessions
7:00 am – 7:50 am <input type="checkbox"/> 401 <input type="checkbox"/> 402 <input type="checkbox"/> 403 <input type="checkbox"/> 404
10:00 am – 11:30 am <input type="checkbox"/> 34 <input type="checkbox"/> 35 <input type="checkbox"/> 36 <input type="checkbox"/> 37

PAYMENT INFORMATION Full payment must accompany registration form.

My check for \$ _____ payable to **AICPA** is enclosed.

OR Please bill my credit card for \$ _____.

AICPA VISA® Credit Card¹ American Express® Diners Club®
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In accordance with the Americans with Disabilities Act, do you have any special needs?

Yes No (If yes, you will be contacted.)

Tactical Outsourcing

Outsourcing is much more than a cost-saving measure, though saving money can certainly be a good reason to outsource. Strategic outsourcing also frees your staff from working on tasks for which they don't have the appropriate specialized skills, which are cheaper in house but time consuming, which are temporary, and, yes, tasks that no one wants to do. Your employees and staff will have more time and energy to run an efficient back office and to perform client services that you really don't need to take on. This division of labor, in turn, expands your capacity.

Suggestion: Outsource quarterly and annual reports, then show your clients how you add value to those reports with subjective evaluation, including portfolio analysis and goal setting.

Also, just because your staff may know how to carry out certain tasks—IT, for instance—doesn't mean that you should keep those functions in house. Handling IT may not be the highest and best use for you or your staff.

New Ideas for Team Work

An essential companion to effective outsourcing is the team model, by which you combine the skills and expertise of your firm's professionals. Teams work best when members have **well-defined roles**.

Important client-related roles include:

- coordinate mailings
- schedule meetings
- make follow-up calls
- field client questions
- investigate problems

Crucial back-office roles include:

- gather, organize, and mail interest mailers
- arrange seminars
- prepare paperwork
- provide general administrative assistance

Important point: If you're carrying too many of these responsibilities yourself, you probably aren't using—and empowering—your team members as well as you could, and you aren't employing your own time effectively. See Figure 1 for an example of a function breakdown among team members and Figure 2 for an example of how a systematic process can help you serve clients better.

Process Prevails

"But I can't simply turn over these important matters to my staff," you may explain. A key to process control, quality assurance, and protection against the system breakdowns that an employee's departure may create is to **standardize practice support systems**.

Map your workflow: You can put almost any process into a flow chart. If more than one person performs a process repeatedly, systemize it.

You might be surprised to learn that a "process centric" back office model, a standardized process with few or no exceptions, is more effective than a "client centric" mode, in which clients direct activities by asking for what they want, with adviser and staff accommodation. The "adviser centric" model, in which the adviser's demands define the process, is limited in its effectiveness. This process works fine for one adviser, but as you add more people, each advisor dictates what he or she wants, duplicating time and effort.

Figure 1

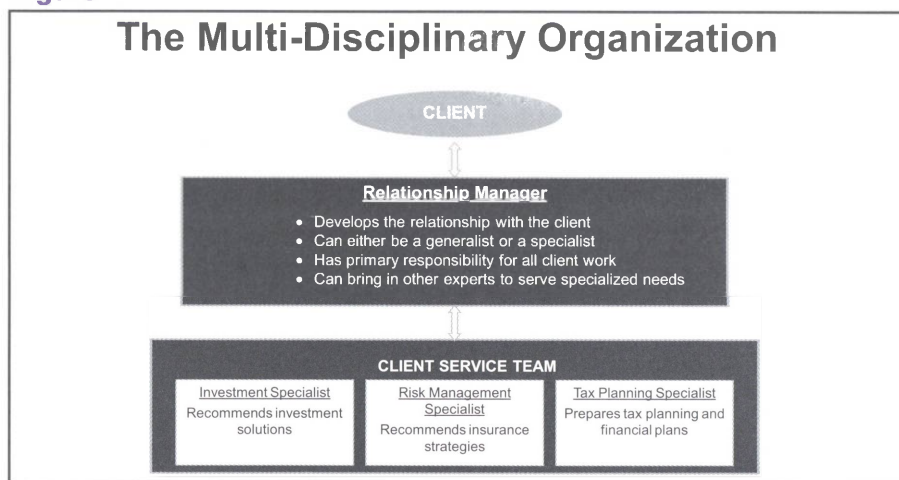
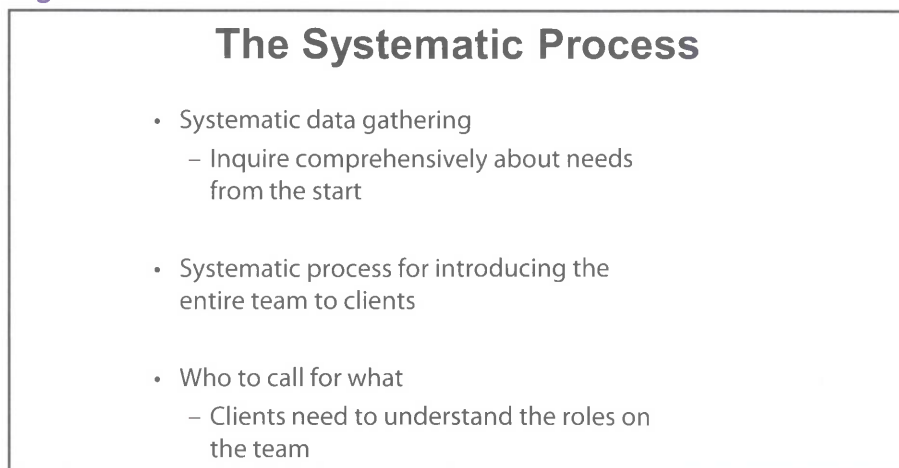


Figure 2



Continued on next page

Practice pointer: When you're dealing with technology, we recommend that you stop looking for the **killer app** and, instead, develop the **killer process**.

Show Your Clients How Systemization Improves Service

Team models make more money and, when used and explained properly, demonstrate a lot of depth to your clients. You must be able to explain your employees' value to clients in terms of their skills and expertise—not just label an employee as "my assistant." Your initial client contacts should include a list of who does what in your office. Instead of implying that you don't have time to address a client's question, communicate that a staff member is actually the *right* person to address it: "Mike handles those types of questions."

What Comes Down to You

A critical aspect of your outsourcing, team delegation, and systemization decisions is to ask yourself the following:

- What do I do best?
- What needs to be done that does not need to be done by me?
- What can I train someone to do that will give me more time to do what I do best?

Following are some of the areas where you can add the most value: business development, staff development, team management, and specialized knowledge. And there are some areas where your time is likely not well spent: routine tasks, unfamiliar (one-off projects), operations, arguing with staff, and finding reasons why it won't work.

Making these assessments and putting these processes into place will give you a clearer, more tangible, and more quantifiable sense of what yours and your firm's capacities really are. You may want to move a step further—staying ahead of capacity. If you're functioning at capacity and come across a good client whom you want to

take on, you may not be able to do so without short-changing other clients, your staff, or yourself. Instead, consider bringing on new people who will allow you to absorb new clients, even if you don't have enough work for them at first.

Build a Business, Not a Practice

Implementing the elements we describe here can propel you toward a critical goal: running a business, not a practice. Ask yourself which of the models below feels most familiar—and which you would like to achieve.

Practice	Business
Take anyone who fogs a mirror	Take only profitable clients
Give indiscriminate service	Give prioritized service
Your profit is what's left after overhead	Your profit is what's left after you pay YOU
You do everything	You are operating at your highest and best use
You design around personalities	You hire the best person for the job
Will you do it? YES	You'll do it only if it fits your business plan or ideal client
You work hard but don't know if you are profitable	Profitable or out of business
You die; the business dies	Your business is a big asset

Resources

You can find the Schwab report, "Schwab MKT Report: Best Managed Firms: It's About Time," at www.schwabinstitutional.com.

The Web seminar, "Effectively Managing Your Practice While Providing Superior Client Service," is archived at <http://pfp.aicpa.org/Events/July+2007+PFP+Web+Seminar.htm>.

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4. If you need assistance with the log in process, contact the AICPA Service Center by sending an email to service@aicpa.org or calling 888.777.7077 (option #3 and then option #1).

Financial Literacy and the Holidays— Teach Through Your Gifts

As CPA financial planners, we focus on good financial management every day. But even the best of us can sometimes forget to pass our knowledge on to the most obvious audience—our families. Believe it or not, holiday gift giving can be a great opportunity to educate the young—and not so young—people in our lives about personal financial responsibility. You can give gifts that truly have long-lasting value and, at the same time, teach that saving and investing can be interesting, even fun. You also will demonstrate that spending and saving wisely are important life goals to be cultivated from the earliest ages.

Make it yourself. With the multiple recalls of Chinese toys, many parents and grandparents are concerned about the safety of store-bought gifts. Hand-crafted gifts are a great way to teach frugality and pass on positive financial values. Don't think you're creative enough? You don't need to be a master carpenter. Make a mobile with shells, spruce up a used bicycle, pot plants from your own cuttings, make a batch of a child's favorite treat, put together a kit of paints or rocket parts, or create and decorate gift certificates for special time with you—a movie, ice cream, skating, or sitting down and playing that video game the child inexplicably loves. You'll teach that the best gifts come from the heart, not your wallet.

Give fun stock. Pick a company that your young person can relate to—an entertainment

or candy company, for example—and buy stock in it as a gift. You can teach the child to check the stock price and to notice other companies that could be sound investments.

Set up tax-advantaged education funds. Year end is a good time for parents and grandparents (including PFPs!) to invest in 529 plans and Coverdell IRAs. What better gift is there than helping plan for the future?

Buy a piggy bank. My granddaughter Megan is too young to understand stocks, but she is old enough to get her own piggy bank and learn to put money in it.

Promoting young people's financial literacy through your gifts is an individual-by-individual enterprise, different from giving a talk to a community group. But equally as valuable. As wise people have observed, change happens one person at a time. Why not start with the people you love most?

If you want to bring your ideas to a wider audience, propose a column on gift giving and financial literacy to the editors of your church, social club, or homeowners' association newsletter. They're nearly always looking for worthwhile material.

Happy Holidays!

*Michael Eisenberg, CPA/PFS
Member, National CPA
Financial Literacy Program*

Resources

For more information on the topics above—and others concerning children and financial literacy—go to the **360 Degrees of Financial Literacy** website at www.360financialliteracy.org and click on "Childhood" or "Parenthood" in the circle. You'll find detailed, succinct articles and kid-friendly tools on topics such as:

- Investing ABC: Teaching Your Kids about Stocks
- Teaching Your Child about Money
- Budget Buzz: Be Smart About Saving (poster and four activities)
- The ABCs of 529 Plans
- Advantages and Disadvantages of 529 Plans
- Advantages and Disadvantages of Coverdell Education Savings Accounts

PFP & PFS Web Seminars

Date & Time	Presentation	Presenter
November 13, 2007	PrimePlus/ElderCare Practice Models	Mitchell Freedman & Michael Schulman
November 14, 2007	Using Interactive Data to Drive Investments: An Introduction of Edgar Online's I-Metrix Suite of Public Company Research Tools	Dick Fohn— Moss Adams LLP Sue Bratone Childs & Robert Krugman— Edgar Online
December 10, 2007	Navigation Through the Wide Assortment of PFP Software (Seating will be very limited, but the seminar will be archived and available to all members.)	Steve Levey
December 12, 2007	Using Media Outreach to Attract Clients and Promote Your Financial Planning Practice	David Colgren & Brad Monterio
January 16, 2008	Mathematics of Estate Planning	Robert Keebler— Virchow, Krause & Co., LLP
In process	Best Practices in a Successful Personal Financial Planning Practice	Philip Palaveev— Moss Adams LLP

To learn more about dates and presenters for seminars in process, go to pfp.aicpa.org/Events/PFP+and+PFS+Web+Seminars.htm or log in to www.aicpa.org/PFP and click on the Events tab.

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