
CPAs Tell All About Their HNW Clients

By Editor Test Tue, Jun 23, 2009

A survey of top CPAs reveals that the wealthy are watching their pennies because of the recession. The survey also reveals the financial advice that accountants are giving their HNW clients.

In U.S. suburbs like Greenwich, Bryn Mawr, Bloomfield Hills, Bethesda, Newton, Aspen and Marin County, the recession is apparently dulling the gleam of the silver service. Or so say the usually taciturn accountants who keep the wealthy's books.

High net worth folks, mainly those between ages 56 and 64 with \$1 million to \$5 million in assets, are apparently dining at the humble kitchen table more often, swirling Two-Buck Chuck instead of Stag's Leap, and resoling their Allen Edmonds and Manolo Blahnik shoes.

And ixnay on those New Year's spa treatments and golf outings at La Quinta.

Actually, the 529 certified public accountants who were interviewed by the American Institute of Certified Public Accounts (AICPA) this spring didn't mention brand names when describing the trend toward thrift that they've witnessed among America's wealthiest ten percent.

More usefully, here's what the top CPAs—those surveyed by AICPA all hold the rank of Personal Financial Specialists—are telling their wealthy clients:

- Eighty percent of CPA financial advisors surveyed strongly recommend a move toward a mix of growth and income securities.
- Sixty-five percent recommend more fixed-income securities.
- Forty percent of CPA financial planners strongly recommend larger cash positions.
- Thirty percent recommend commodities such as gold and precious metals.
- In anticipation of future tax increases, 67% of CPA financial advisers said their clients are accelerating capital gains.
- Half of clients are contributing more to qualified retirement plans.
- Nearly 60 percent of CPA financial planners recommend paying medical and/or education bills directly for family members.
- Half of CPA financial planners recommend gifting devalued assets.
- Sixty-four percent of personal financial specialists foresee a small increase in the benchmark S&P 500 over the next six months.
- Slightly more than half (53 percent) expect a small increase in bond yields.
- Sixty-two percent anticipate a small decrease or no change in commercial real estate values.

Of the 529 respondents, 57% work with individuals with a net worth of \$1 million to \$5 million; three percent work with those who have over \$15 million; five percent work with those who have \$6 million to \$10 million, and one percent work with those who have a net worth of \$11 million to \$15 million.

About one-third work with clients who have less than \$1 million. About half of clients were between ages 56 and 64. The margin of error was plus or minus four percentage points. The survey was conducted via an online questionnaire sent to members of the AICPA Financial Planning Membership Section from April 22 to June 4.

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