CPA / Wealth Advisor Confidence Survey™

2020 Report **May 2020**

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Welcome to the

2020 Wealth Advisor Confidence Survey™ Report

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A joint initiative of
The Financial Awareness Foundation,
CPA Trendlines and
HB Publishing & Marketing Company, LLC

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Contents

Financial Advisors Remain Bullish About their Growth Prospects in 2020

> *"Occasional outbreaks of two super-contagious diseases--**fear** and **greed--**will forever occur in the investment community. The timing of these epidemics will be unpredictable. And the market aberrations produced by them will be equally unpredictable, both as to duration and degree. **We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful**."* **—Warren Buffett** (1986 Berkshire Hathaway shareholder letter)

Findings of the 2020 annual **Wealth Advisors Confidence Survey™** indicate that independent wealth advisors, CPAs, estate attorneys and planned giving officers remain fairly confident about their own future growth prospects despite significant public health, economic and political headwinds on the horizon. As has been the case since 2017, the survey was conducted by **HB Publishing & Marketing Company, LLC**, in conjunction with **The Financial Awareness Foundation** and **CPA Trendlines**

A total of 370 financial advisors from throughout North America took part in a 20-question online survey between mid-January 2020 and mid-April 2020. Respondents received no financial or in-kind incentives to complete the survey other than a promise to receive a pre-publication copy of the results. Respondents, who received an email alert, 48 hours prior to receiving an email survey invitation, took on average 7 minutes to complete the survey. Over 98 percent of respondents who started the survey completed it within 24 hours, although not necessarily in one sitting.

NOTE: The unprecedented COViD-19 pandemic occurred at roughly the mid-point of the survey. Because the pandemic had such a profound impact on the global economy and financial markets, we took great pains to segment and compare responses completed before March 1, 2020 and after March 1st, 2020—approximately when the pandemic was officially recognized in the United States. Roughly 55 percent of responses were collected before March 1, 2020 (aka "pre-COVID-19") and 45 percent were collected after March 1, 2020 (aka "post COVID-19").

Breakdown of respondents:

- CPAs (60%)
- CFP/Wealth Advisor/Financial Advisor (34%)
- Estate Attorney/Planned Giving Officer/Insurance Professional (6%)

ASSUME +/- 3% MARGIN OF ERROR

Executive Summary - Industry Outlook

As expected, the percentage of respondents who believe at least one more 10-percent market correction is "very likely" to occur within 12 months increased dramatically to 73% post-COVID-19, from 31% pre-COVID-19. *The 31-percent reading in early 2020, was almost identical to the 30-percent reading in early 2019.*

While respondents were understandably concerned about the stock market, they remained less concerned about the overall economy, even after the pandemic surfaced. Only one third of respondents (33%) believed a technical recession was "very likely" to occur in 2020, up from just one in seven respondents (14%) in the pre-COVID-19 period of Jan-Feb 2020. A technical recession was defined as two consecutive quarters of negative GDP growth.

One respondent asked: "What value do these forecasts provide? We have never seen a recession as a 'deliberate policy choice before' (this is very important to understand)." We believe that makes this survey / report even more valuable, as it relays real time thinking from of the country's top minds in the financial service space.

Q1. To what extent do you believe there will be a FURTHER stock market correction (at least 10% decline) within the next 12 months?

	2020 *post-COVID-19*	2020 *pre-COVID-19*	2020	2019	2019-2020 change	Since COVID-19
Somewhat likely	20%	49%	37%	57%	-20%	-29%
Very likely	73%	31%	49%	30%	+19%	+42%
LIKELY	*93%*	*80%*	**86%**	**87%**	**1%**	**+13%**

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- Before the COVID-19 virus pandemic, only one in three respondents believed a market correction was "very likely" within 12 months – about the same level as 2019. Since the pandemic surfaced in the U.S. around March 1, 2020, that percentage has risen sharply to three in four respondents (73%).

"When Wall Street economists are tripping over themselves to see who can have the worst forecast, you can be rest assured that the bad news is already reflected in stock prices." –**Phil Palumbo, Palumbo Wealth Management**

"We're most likely in an 'event-driven' bear market which was triggered by an exogenous shock (i.e. pandemic) rather than in a more serious type of bear market that is structural or cyclical. This pandemic-driven bear market reminds me of other event-driven downturns such as the 1973 oil crisis, or earlier World Wars. Event-driven bear markets are the easiest breed of bear to tame and we tend to recover much faster from event-driven bear markets than we do from structural and cyclical bear markets." – **Matt Topley, Lansing Street Advisors**

"On average, the markets endure a 20-percent correction every five years and the average intra-year spread is about 14 percent from market high to market low." – **James Nevers, Soundmark Wealth**

Q2. To what extent do you believe the economy will experience a recession (at least 2 consecutive quarters of negative GDP) within the next 12 months?

	2020	2019	1 Yr. Change
Somewhat likely	44%	38%	+6%
Very likely	22%	9%	+13%
LIKELY	**66%**	**47%**	**+19%**

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

	2020 post-COVID-19	*2020 pre-COVID-19*	**Since COVID-19**
Somewhat likely	52%	37%	+15%
Very likely	33%	14%	+19%
LIKELY	85%	51%	**+34%**

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- Most respondents have conceded that Q2 of 2020 (April through June), may go down as the worst quarter on record since the Great Depression. However, many respondents believe the sharp downturn will be short-lived because it is event-driven in nature, not cyclical or structural like we saw in 2008-09 or 1973-75.
- Prior to the pandemic outbreak, **less than one in seven (14%)** respondents in 2020 thought a recession was VERY LIKELY—just 5 percentage points higher than at this time a year ago.
- Since the pandemic, one third of respondents (33%) believed a recession was "very likely"—a significant increase from Jan-Feb of 2020, ***but still much lower*** than the news media and most American consumers would have you believe.

One respondent told us: *"There are an exorbitant number of negative forecasts and emotions about the future direction of the stock market and the economy from professional and non-professional investors. Oftentimes, when the herd is thinking one way, what normally happens? The opposite!"*

*"I have seen a lot more discipline and patience with this crisis than all others before it," noted **Guy Baker, Ph. D**, founder of **Wealth Teams Alliance**. "There has been no fear associated with this crisis. A few clients have called for reassurance, but because this is not a systemic crisis, I'm not feeling an overwhelming sense that the entire economy is about to collapse. This was not true in 2008, when the entire financial structure was jeopardized by what was in essence fraud. This current crisis is about getting back to work. Some businesses will fail because they were undercapitalized. But most businesses can weather this storm and will bounce back when business resumes."*

"Research shows that since WWII, a recession follows a bear market only two-thirds of the time." – **Phil Palumbo, Palumbo Wealth Management**

BREAK DOWN BY PROFESSION

Recession: Somewhat or Very Likely next 12 months

	2020	2019	1 yr Change pct pts
CFP/Wealth Advisors	74%	34%	+30
CPA/Tax Advisors	60%	51%	+9
Attorneys/Insurance/Planned Giving Officer	72%	71%	+1
ALL RESPONDENTS	65%	51%	+24

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- As expected, the percentage of respondents who thought a recession was at least "somewhat likely" within 12 months increased to 65% in 2020. The percentage reached 85% since the COVID-19 virus onset on March 1.
- CPAs (60%) were somewhat less pessimistic about the economy than other advisors were.

Recession: VERY Likely next 12 months

	2020	2019	1 yr Change pct pts	COVID-19 impact 2020
CFP/Wealth Advisors	26%	5%	+21	<1% to 32%
CPA/Tax Advisors	18%	14%	+4	13% to 29%
Attorneys/Insurance/Planned Giving Officer	29%	40%	+11	NA
ALL RESPONDENTS	22%	13%	+9	***13% to 33%***

Response change before and after March 1, 2020

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- As expected, the percentage of respondents expecting a recession to be VERY LIKELY increased from one in seven (13%) in 2019 to nearly one in four (22%) in 2020 (33% since the COVID-19 virus onset on March 1, 2020).
- In a switch from 2019, CPAs (18%) tended to be somewhat less pessimistic about the economy than Wealth Advisors were in 2020.

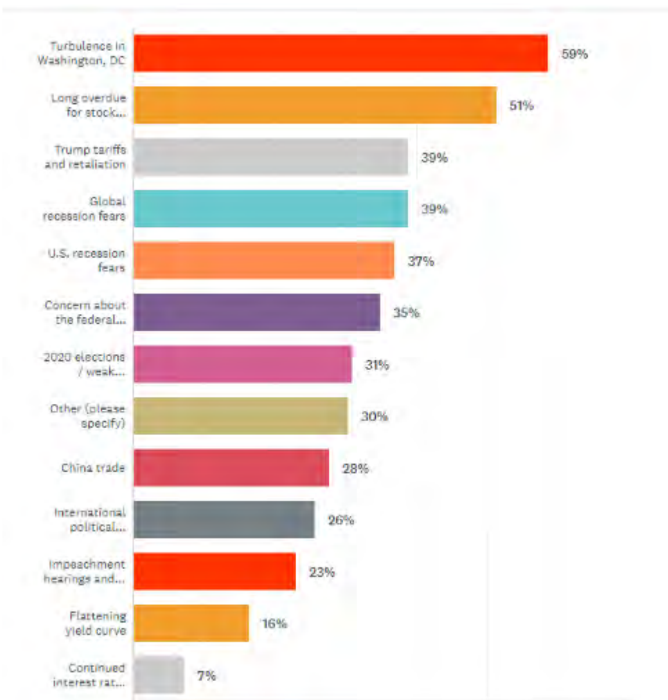
The National Bureau of Economic Research (NBER) is a private economic research organization that officially declares recessions in the United States. According to NBER, the traditional definition of a recession--two consecutive quarters of declining GDP—is no longer used. A recession is now defined as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales," according to NBER.

Q3. In addition to the pandemic, what's keeping the affluent up at night?

(list all that apply)

After March 1, 2020. almost every single respondent to the survey cited the pandemic as a key concern. So, we tried to isolate other factors in order to compare apples to apples over the four-year history of the survey. For 2020 overall, respondents told us the top concerns of clients, in addition to the pandemic, are:

1. **Turbulence in Washington, DC (59%)**
2. **Fears of stock market correction (51%)**
3. **Trump tariffs and retaliation (39%)**
4. **Global recession fears (39%)**
5. **U.S. recession fears (37%)**



Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- Year over year, respondents reported **significantly more concern** about: The Global recession, the federal budget deficit, the 2020 elections, international relations and the U.S. Presidential Impeachment hearings.
- Year over year, respondents reported significantly less concern about: Trump tariffs and continued interest rate hikes.

	2020 overall	2019	Year over Year Change
Turbulence in D.C.	59%	77%	**Significantly less**
Long overdue for stock market correction	51%	54%	Slightly less
Global recession fears	39%	NA	**Significantly more**
Trump tariffs and retaliation	39%	61%	Significantly less
U.S. recession fears	37%	25%	Somewhat more
Federal budget deficit	35%	10%	**Significantly more**
2020 Elections	31%	NA	**Significantly more**
China Trade	28%	NA	**Significantly more**
Intl. political landscape	26%	NA	**Significantly more**
Impeachment hearings	23%	NA	**Significantly more**
Flattening yield curve	16%	24%	Somewhat less
Continued interest rate hikes	7%	39%	Significantly less

However, since the pandemic, there has been significantly **MORE** concern about:

- Global and US recessions.
- Stock market correction.
- Flattening yield curve.

	2020 post-COVID-19	2020 pre-COVID-19	Intra-Year Change
Global recession fears	**47%**	**31%**	**+16%**
Long overdue for stock market correction	**58%**	**45%**	**+13%**
Flattening yield curve	**20%**	**12%**	**+8%**
U.S. recession fears	**39%**	**32%**	**+7%**
Intl. political landscape	28%	25%	-3%
Continued interest rate hikes	6%	9%	-3%
Trump tariffs and retaliation	34%	41%	-7%
2020 Elections	27%	35%	-8%
China Trade	34%	21%	-13%
Turbulence in D.C.	50%	65%	-15%
Impeachment hearings	11%	33%	-22%
Federal budget deficit	22%	45%	-23%

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

And significantly **LESS** concern about:

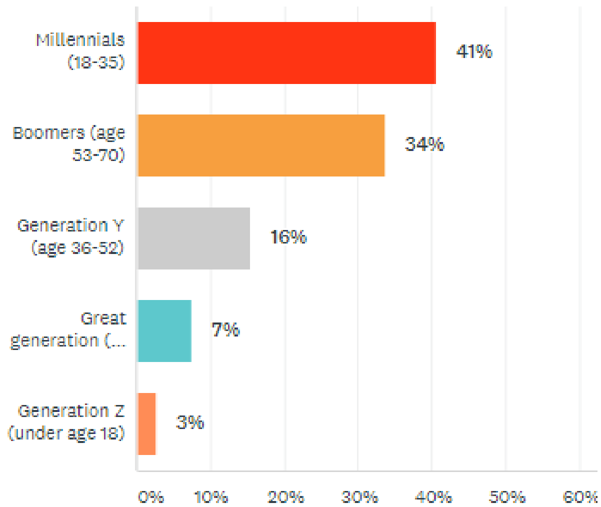
- The federal budget deficit.
- Impeachment hearings.
- Turbulence in DC.
- China trade.

*"In addition to the pandemic, I believe the affluent are worried about equity prices, oil prices, government spending and long term inflation/purchasing power." –**Jim Stovall, Speaker & Author,** Millionaire Map and Ultimate Gift*

*"Worries about their stock market, worries about their business, worries about their kids, worries about just everything!" –**Martin M. Shenkman**, Shenkman Law*

Q4. Which demographic group below do you find is most pessimistic about its financial future?

(Select single best answer)



Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- As has been the case each year of the survey, Millennials continue to be the demographic group perceived as most pessimistic about their financial future.
- Boomers have consistently been perceived as the second-most pessimistic age cohort year after year.
- Two in five respondents (41%) indicated that **Millennials (age 18-35)** were the most pessimistic age group--a significant increase from 28% who thought so in 2018
- One-third of respondents (34%) felt **Boomers (age 53-70)** were the most pessimistic age group (little change since 2018).
- One in six respondents (16%) said **Generation Y (age 36-52**) was the most pessimistic age cohort (down significantly from 28% in 2018).
- One in 14 respondents (7%) said the **Great Generation (age 71+)** was the most pessimistic age cohort, down slightly from 10%from 2018.

Which demographic group is most pessimistic about its financial future? (select only one):

	2020	2019	2018	2018-2020 Change
Millennials (22-35)	**41%**	**39%**	**28%**	**+13% more**
Boomers (53-70)	34%	29%	34%	N/C
Gen Y (36-52)	16%	23%	28%	12% less
Great Generation (71+)	6%	9%	10%	4% less
Generation Z (21 or less)	3%	<1 %	<1%	2% more
	100%	**100%**	**100%**	

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

We asked financial advisors of all ages which seemed to be most pessimistic about its financial future

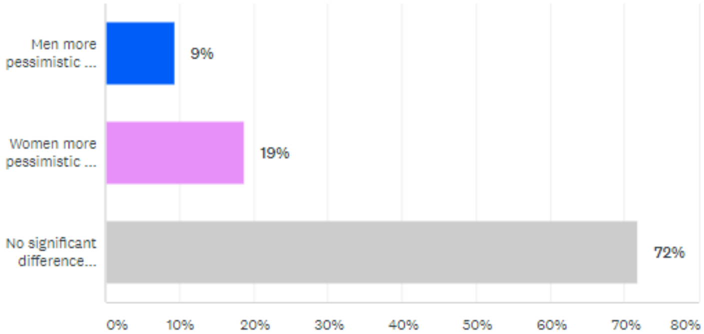
	Gen Z (age 21 under)	Millennials (22-35)	Gen Y (36-52)	Boomers (53-70)	Great Generation (Age 70+)
Those under age 39 say	**0%**	**36%**	**14%**	**41%**	**9%**
Those 40-49 say	**0%**	**47%**	**12%**	**29%**	**12%**
Those 50-59 say	**0%**	**50%**	**13%**	**34%**	**3%**
Those 60+ say	**7%**	**38%**	**17%**	**34%**	**7%**
ALL RESPONDENTS	**3%**	**40%**	**16%**	**34%**	**7%**

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- The youngest advisors believe Boomers and ***their own generation*** are most pessimistic about their financial future.
- Advisors in their 40s believe Millennials ***are*** most pessimistic, with Boomers a distant second.
- Advisors in their 50s believe Millennials and **fellow Boomers** are most pessimistic
- Advisors in their 60s and 70s, believe Millennials, closely followed by Boomers are most pessimistic.

"The main difference I see in the pessimism between Boomers and Millennials is that Boomers are pessimistic about the outlook in general, though they're often less pessimistic about their own situation primarily because many of them have pensions to provide somewhat of a safety net. With Millennials, that will not be the case." – ***Marie Burns, Financial Advocate***

Q5. Regarding your answer to the question above, do you find any gender differences? How are men and women concerned about their financial futures?



Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

	2020	2019	Pctg. pt change
Men more pessimistic	9%	17%	-8
Women more pessimistic	19%	20%	-1
No difference	72%	63%	+9

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- For the first time in three years, there appear to be clear gender differences with respect to financial outlook. For respondents that **did** recognize a gender difference in 2020, they were twice as likely to consider women the financial pessimists than men. The gap between the genders was only 3 percentage points at this time a year ago.

	CPA/Tax Accountants	CPF/Wealth Advisors	Insurance/Atty Planned Giving
Men more pessimistic	5%	22%	<1%
Women more pessimistic	21%	15%	14%
No difference	74%	63%	86%

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- Gender differences become more pronounced when data is broken down by a respondent's profession.
- **Wealth Advisors** were significantly more likely than other advisors to believe MEN were more pessimistic about their financial future than WOMEN.
- **CPAs, Attorneys and Planned Giving Officers** were significantly more likely than Wealth Advisors to believe WOMEN were more pessimistic.

Research studies and our anecdotal conversations with respondents suggest that women could be more pessimistic because they control the majority of household spending--and thus feel they may have more to lose. Over the next decade, women will control two-thirds of all consumer wealth in the United States and will be the recipients of the largest transference of wealth in our country's history.

According to **Archana Vidyasekar**, Global Research Director, Visionary Innovation Group, women are expected to control $43 trillion of global consumer spending through voluntary private consumption or an exchange of money for goods and services in 2020.

NEW-Special Focus on America's Financial Awareness/Literacy Challenges

With the advancements in healthcare and life expectancy, Millennials are seeing the financial challenges of their parents and grandparents firsthand. These factors, combined with growing student loan debt, are very concerning. EVERY SINGLE DAY 10,000 more Americans reach age 65. According to U.S. Census data, many will run out of money before they die.

Many families, not just students, are burdened by large amounts of student loans and other forms of growing debt. This lack of financial understanding and preparation has created further problems as more than half of our nation's adult population (young and old) doesn't understand why they need to obtain (and keep up to date) a financial, estate and gift plan to protect themselves and their families. By the way, these societal challenges are worldwide and only not limited to the U.S.

Young people now leave home highly uncertain that they will ever achieve the same standard of living that they grew up with. Younger generations are seeing more clearly that inheritance is not a given. Much of the money that used to be passed on to the next generation is now being consumed for education, or for the healthcare of the elder generation and their other senior living costs as life expectancy continues to rise.

Further, without having a solid understanding of smart money management principles -- the foundation to personal finance knowledge – so many people start out buying consumer goods they want not need, and cannot afford and unfortunately get into debt or go further into debt. Can you blame them when they're subjected to an estimated 14,000 advertising impressions a day?

We encourage everyone to learn the essential principles of smart money management from our complimentary – TFAF Personal Finance Publication Set downloadable at

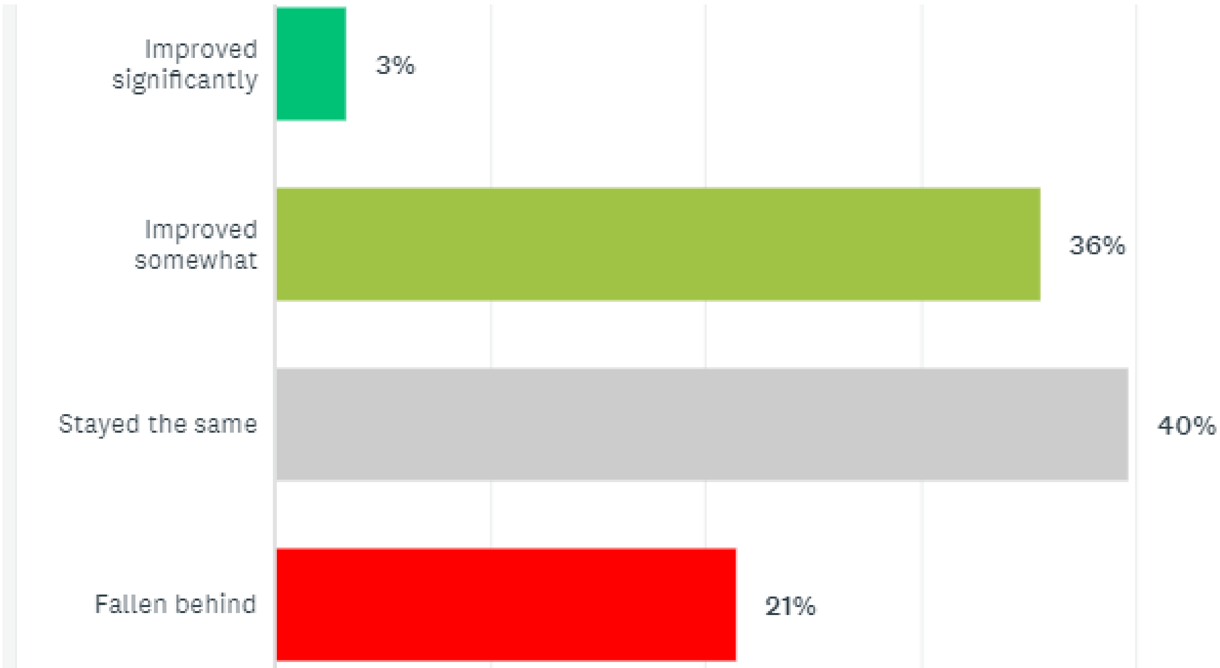
http://home.thefinancialawarenessfoundation.org/publications.html

Personal finance doesn't have to be daunting or overwhelming; try the TFAF-12 Month Financial Fitness Plan.

http://www.thefinancialawarenessfoundation.org/pdf/TFAF-12MonthFinFitnessCalendar.pdf

Q6. Over the past two years, to what extent has America's financial awareness and financial literacy changed?

(Select only one answer)



	2020 overall	2019	1 yr Chg
Improved Significantly	3%	2%	+1%
Improved somewhat	36%	29%	+7%
Stayed the same	40%	42%	-2%
Fallen behind	21%	27%	-6%
IMPROVED	***39%***	***31%***	+8%

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- In 2020, two in five respondents overall (39%) believed America's financial literacy had improved in recent years—up significantly from 31% in 2019.

	2020 post-COVID-19	2020 pre-COVID-19	Change
Improved Significantly	3%	4%	-1%
Improved somewhat	33%	39%	-6%
Stayed the same	34%	44%	-10%
Fallen behind	30%	14%	--16%
IMPROVED	***36%***	***43%***	**-7%**

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- However, that confidence was clearly shaken during the COVID-19 virus crisis. After March 1, 2020, the percentage of respondents who sensed financial literacy improvement dropped to 36% from 43% prior to the pandemic's onset in the U.S.
- This data suggests the financial shock from the pandemic uncovered how few Americans have "rainy day" cash reserves or up to date estate plans.
- As with previous years, less than 5% of respondents in 2020 believe America's financial literacy has improved "**significantly**" in recent years.

Assessment of Financial Literacy Improvement over the past two years
(broken down by Profession)

FOR 2020

	Improved Significantly	Improved Somewhat	Stayed the Same	Fallen Behind
CFP/Wealth Advisors	**<1%**	**30%**	**44%**	**26%**
CPAs	**4%**	**35%**	**45%**	**16%**
Atty/ Insurance/Planned Giving	**1%**	**71%**	**14%**	**14%**
OVERALL	**3%**	**36%**	**40%**	**21%**

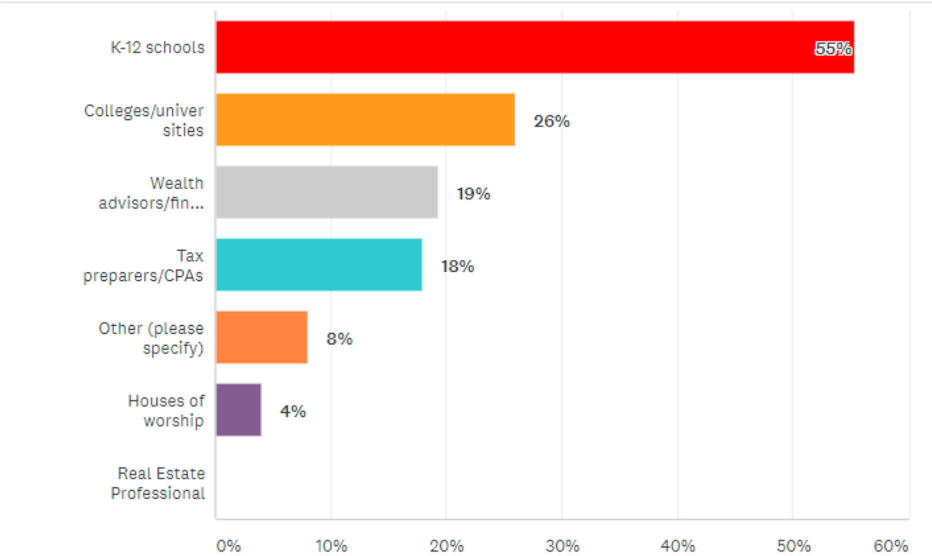
- **Attorneys/Insurance/Planned Giving** professionals appear more optimistic than other professionals about America's financial literacy. These professionals are likely seeing fewer clients with basic American financial challenges because the clientele who can afford their services tend to be on the most affluent end of the economic spectrum.

- Wealth Advisors tend to be the most pessimistic among the professionals we survey. Less than one third of Wealth Advisors (31%) believe America's financial literacy has improved vs. 39% of CPAs and 72% of Estate Attorneys, Insurance Pros and Planned Giving Officers.

"At the school age level locally, I see concrete actions being taken toward incorporating financial literacy into the education system. Hopefully COVID-19 shines the spotlight on the recognition of financial literacy as a life skill for which education must be provided to citizens throughout every life phase." ***– Marie Burns, Financial Advocate***

Q7. Which of the following could make the biggest positive impact on America's financial awareness and financial literacy over the next decade?

(list up to 3)



Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

It all starts with education of our young people.

- Overwhelmingly, respondents felt K-12 schools could make a bigger impact on America's financial literacy than any other institution in our society. More than half of respondents (55%) cited K-12 schools.
- Unfortunately, the State Department of Education does not require personal finance to be taught in schools unless there is a bill created by a state legislature and passed by the state's voters. Only one-third of U.S. states require their K-12 students to take a class in personal finance.

For more about this topic, see ***Council for Economic Education's Survey of States*** and *Financial Literacy Is Becoming a Requirement in Schools* (Governing.com)

This situation gets further complicated since many teachers are not financially literate themselves and since financial service professionals generally don't have teaching credentials. Further, financial literacy national standards are drafted by academics and not by practicing financial service professionals. What's more, some educators believe financial literacy deals only with savings, budgeting and debt management. Many are not equipped to teach comprehensive financial planning which also includes: helping people get and stay organized, establishing personal and financial goals, retirement planning, planning for major expenditures, investment planning, tax planning, insurance and risk management planning, and estate, gift and charitable planning. So how do financially illiterate teachers successfully teach personal finance to students?

- One fourth of respondents (26%) told us that colleges and universities were institutions that could make a significant impact on improving America's financial literacy—slightly ahead of Wealth Advisors (19%) and CPAs (18%).
- This is a striking example of the financial literacy crisis in America, with average student loan debt close to $40,000 and about $150,000 for medical and law school debt….on top of college debt and credit card debt.
- In response, The Financial Awareness Foundation (TFAF) has identified 100 fundamental principles for smart money management for everyone.

Who could make the biggest impact on financial literacy broken down by respondent's profession?

	K-12 Schools	Colleges/ Universities	CFP/Wealth Advisors	CPAs, Tax preparers	Houses of worship	Other
CFP/Wealth Advisors	52%	37%	**44%**	11%	<1%	4%
CPAs	54%	25%	12%	**21%**	5%	8%
Atty Insurance/Planned Giving Officer	71%	<1%	29%	14%	0%	14%
TOTAL	**55%**	**26%**	**19%**	**18%**	**4%**	**8%**

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2019

- Attorneys/Insurers and Planned Giving Officers (71%) were more likely than other professionals to say **K-12** schools could make the biggest impact on financial literacy.
- Wealth Advisors (37%) were more likely than other respondents to say **Colleges and Universities** could make the biggest impact.

	CFP/Wealth Advisors	CPAs, Tax preparers
CFP/Wealth Advisors	**44%**	11%
CPAs	12%	**21%**
Atty Insurance/Planned Giving Officer	29%	14%
TOTAL	**19%**	**18%**

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2019

- Professionals of all types were likely to inflate their own ability to have a positive impact on financial literacy.
- By a 4:1 margin, Wealth Advisors told us they could make a much bigger impact on financial literacy than CPAs could.
- By a 2:1 margin, Estate Attorneys and Planned Giving Officers believed Wealth Advisors could make a bigger impact on financial literacy than CPAs could.
- By contrast, CPAs were almost twice as likely to say fellow CPAs could have a bigger impact on financial literacy as other types of advisors could.
- This data suggests more work needs to be done to foster cross-discipline cooperation on behalf of clients.

"Teach the basics of budgeting and savings to the masses that do not understand it. A key tragic and terrifying message of COVID is how close most Americans personal and most small businesses are to financial ruin."
*–**Martin M. Shenkman**, Shenkman Law*

*"The greatest opportunity for potential behavior-change is triggered by a 'teachable moment.' In that moment, we are very aware and emotionally motivated. So, providing tools and skill training in college and the workplace where people are currently acting on financial decisions on a daily basis would seem to be the biggest immediate positive impact potential." **– Marie Burns, Financial Advocate***

*"I believe over the next decade K-12 financial literacy could make the greatest difference, coupled with quality relationships with financial advisors. In this way, people become conversant in financial matters and have an expert on their team to help implement." **–Jim Stovall, Speaker & Author***

*"I believe the biggest impact comes from a combination of providing financial education to K-12 and college students. Early education creates a foundation upon which students can build upon throughout their elementary and high school years. During the college years, students are able to solidify their ongoing financial skills on a more mature and responsible level." **– Lionel Shipman, Financial and Life Empowerment Professional***

Q8. Which of the following financial challenges were the majority of your clients struggling with when they first came to see you:

(list all that apply)

	More than 2/3 of clients faced this issue
Estate/Gift plan out of date	64%
Don't know their income needs for retirement	59%
Didn't have an investment policy or asset allocation plan	57%
Had significant insurance gaps	41%
Were in danger of outliving their money	39%
Didn't know their monthly spending	31%
Had more than $30,000 in student debt	7%

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- Two thirds of respondents (64%) told us the majority of their clients ***did not have an estate plan or gift plan in place*** when they first started working with them.
- Three in five respondents (59%) said the majority of clients didn't know their **retirement income needs** when they first started working with them—and nearly one third (31%) **didn't know their monthly spending**.
- More than half of respondents (57%) told us the majority of clients didn't have an **investment policy statement** or **asset allocation plan** in place when they first started working with them.
- Two in five respondents said the majority of clients had **significant insurance gaps** (41%) or were in **danger of outliving their money** when they first started working with them.
- Less than one in ten respondents (7%) said **student debt** was an issue for the majority of their clients.
- *NOTE: Answers to the above questions did not change significantly after the COVID-19 virus pandemic hit the U.S. in March 2020.*

According to CNBC, the two populations that have rushed to create online wills are **parents with minor children** and **people over 50** who are concerned about contracting the disease.

Randy Fox, a nationally recognized planned giving authority and founder of Two Hawks Consulting, LLC, told us you should ask yourself the following:

- What do I really want to have happen to my assets if I get sick or pass away?
- Who do I want to have authority?
- If my children are minors, who do I want to raise them in my absence? Am I leaving them enough money to do that?
- Do I trust the people I've named to carry out my wishes? Or do I need to make changes?
- What about who comes after them?

At least 2/3 of my clients *were <u>in danger of outliving their money</u>, when they first came to see me*

CFP's / Wealth Advisors who agree	*****************31%
Attorneys/Insurance/Giving Officers who agree	*************************43%
CPAs who agree	**********************38%
OVERALL	**************39%

At least 2/3 of my clients *<u>didn't know their monthly spending</u>* when they first came *to see me*

CFP's / Wealth Advisors who agree	*********************38%
Attorneys/Insurance/Giving Officers who agree	******14%
CPAs who agree	**************29%
OVERALL	*********31%

At least 2/3 of my clients *<u>didn't know their retirement income needs</u>* when they first came *to see me*

CFP's / Wealth Advisors who agree	*************************************54%
Attorneys/Insurance/Giving Officers who agree	***************************43%
CPAs who agree	**62%
OVERALL	********************************59%

At least 2/3 of my clients *<u>had no Investment Policy Statement or Asset Allocation Plan</u>* when they first came *to see me*

CFP's / Wealth Advisors who agree	**73%
Attorneys/Insurance/Giving Officers who agree	*************************43%
CPAs who agree	***62%
OVERALL	*******************************57%

At least 2/3 of my clients *<u>had over $30,000 in college debt</u>* when they first came *to see me*

CFP's / Wealth Advisors who agree	**4%
Attorneys/Insurance/Giving Officers who agree	<1%
CPAs who agree	***7%
OVERALL	**7%

At least 2/3 of my clients of my clients ***did not have an updated estate or gift plan*** when they first came *to see me*

CFP's / Wealth Advisors who agree	**73%
Attorneys/Insurance/Giving Officers who agree	********14%
CPAs who agree	***************************************65%
OVERALL	******************************64%

At least 2/3 of my clients ***had significant insurance gaps*** when they first came *to see me*

CFP's / Wealth Advisors who agree	***73%
Attorneys/Insurance/Giving Officers who agree	**************29%
CPAs who agree	**********************41%
OVERALL	*****************41%

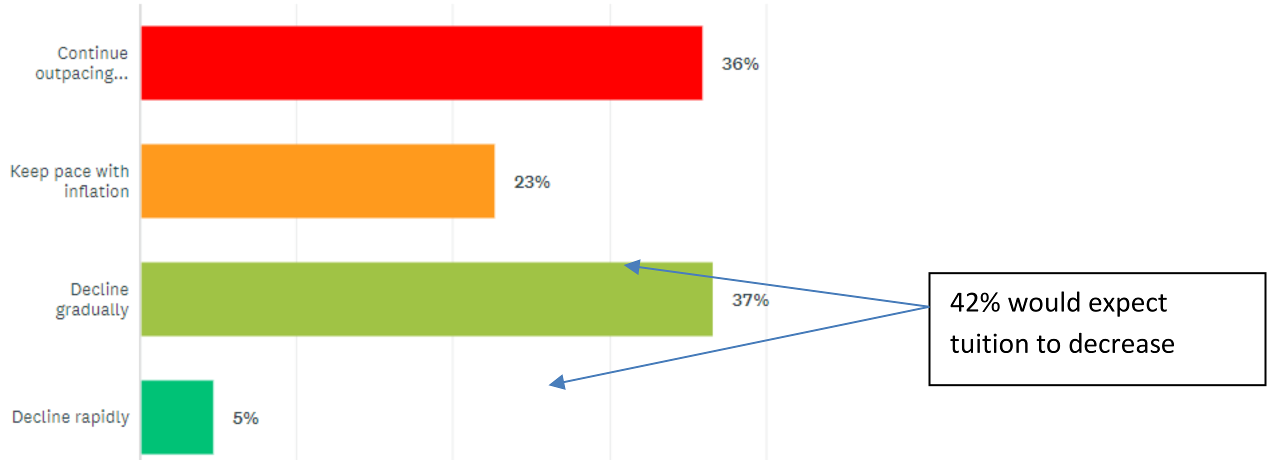
- **Wealth Advisors** were more likely than other professionals to say their clients had significant insurance gaps, out of date estate plans and insufficient asset allocation plans and investment policy statements when they first started working with them.
- **CPAs** were more likely than other professionals to say clients didn't know their retirement income needs when they first started working with them.

"The support and maintenance of children should be a standard part of the estate planning documents. This would include naming guardians who would care for the children if their parents are unable to do so. Language could be added to deal with the care of children while a parent is in recovery from a major illness." -- **Dr. Guy Baker**, Ph.D. managing director of **Wealth Teams Alliance**

The lack of financial awareness and financial literacy has come into stark relief during the pandemic--there is a HUGE need and opportunity for Wealth Advisors to assist and serve all Americans.

Q9. If Americans could no longer tap their home equity to help pay for tuition, to what extent would colleges continue to hike tuition every year?

(Select only one)



Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

Data suggests that colleges are "baking in" the home equity potential of many student families when setting tuition fees and expected family contribution (EFC).

- As was the case in 2019, more than two in five respondents (42%) today believe that college tuition fees would ***actually decrease*** if Americans could no longer tap their home equity to pay for it.
- Only one in three advisors (36%) believed tuition costs would **continue to outpace inflation** if Americans could no longer tap their home equity for education financing.
- One in four respondents (23%) thought tuition would **keep pace with the rate of inflation** if Americans could no longer use home equity to help pay for higher education—but it would NOT keep rising faster than inflation.

Responses broken down by profession

	Continue faster than inflation	Maintain pace with inflation	Decline
CFP/Wealth Advisors	37%	33%	30%
CPAs	37%	18%	45%
Attorneys/Insurance/Planned Giving Officer	43%	14%	43%
TOTAL	**36%**	**22%**	**42%**

- **Attorneys/Insurance/Giving Officers (43%)** were more likely than other professionals to say home equity access contributes to ever-rising tuition fees for higher education.
- **Wealth Advisors (33%)** were the professional most likely to say tuition rates would maintain pace with inflation—but not exceed it--if students' families could not use home equity to pay for it.
- However, **Wealth Advisors** were also less likely than other professional to say the eliminating home equity would cause tuition rates to decline.

ALL RESPONDENTS 2020 vs 2019

	2020	2019	% change
Continue outpacing inflation	36%	32%	+4%
Keep pace with inflation	22%	27%	-5%
Decline gradually	37%	36%	+1%
Decline rapidly	5%	5%	NC

- In 2020, respondents became slightly more convinced that tuition would keep outpacing inflation, even if home equity was disallowed as a funding option—and slightly less convinced that it would simply keep pace.
- As was the case in 2019, more than **two in five respondents (42%)** in 2020 believed that eliminating home equity as a funding option would cause tuition prices to decline.

"The financial outlook of some Americans is not a pretty picture with student loan debt exceeding $1.5 trillion. Students and their families cannot continue paying the exorbitant cost of college tuition. Changes must happen to make college more affordable without causing such financial burden on students and parents. Increasing the cost of college is not sustainable especially during the COVID 19 era." **– Lionel Shipman, Financial and Life Empowerment Professional**

"This question may be an over-simplification of the issue. Colleges and universities can be categorized in several ways. Institutions that are considered "elite" or "popular" (two different categories) don't have much trouble meeting their freshmen enrollment goals each year. Those institutions can (and likely would) continue to increase their tuition costs. However, the other institutions, which struggle each year to reach their freshmen enrollment goals, will begin to decrease their published tuition rates over time." **– Christopher Sparks, PhD, Academic Investment Management**

Q10. Over 45 million student loan borrowers collectively owe more than $1.5 trillion. To what extent do you "Strongly Agree" that the following factors contribute to the student loan crisis?

(Please select one answer from each row)

		Strongly Agree
1.	Overpriced tuition	** **80%**
2.	Insufficient 529/savings	********************************* 47%
3.	Peer pressure (keeping up w/Jones's)	***************************35%
4.	Unrealistic about merit aid/scholarships	******************30% *************** 23% post-COVID-19virus*
5.	Unclear about FAFSA/CSS aid process	*****************29%
6.	Unclear about Expected Family Contribution (EFC)	***************28% **********22% post-COVID-19virus*
7.	Bad student loan terms	**************24%
8.	No family help	************21%
9.	Unexpected $ setback (medical, job loss)	**********19% *Surprisingly no change post-COVID-19virus*

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- **Overpriced tuition (80%)** was by far the most frequently cited cause of the student loan crisis in America. Four out of five respondents strongly agreed.
- Nearly half of respondents (47%) strongly agreed that **insufficient college savings**—more so than lack of knowledge about financial aid and student loan terms—was a leading cause of the student loan crisis.
- Surprisingly, just one in five respondents (19%) strongly agreed that **unexpected financial setbacks**, including medical expenses or job loss, was contributing to the student loan crisis—even after COVID-19 virus surfaced.
- It appears that consumers may be getting a reality check considering COVID -19 possible effects on the economy.

"Education should be a right for everyone. As with most things in life, there is a cost; however, the cost of a college education appears to be a financial burden upon many people as opposed to a financial doorway to a better quality of life." **– Lionel Shipman, Financial and Life Empowerment Professional**

"I find it interesting that of the nine factors listed, six of them [#2 through #7] can be mitigated by proper college planning (and advising) well before the student actually begins to apply for college. The average family is poorly informed about how the process works. Therefore, much more money is spent than is necessary for a good college education." **– Christopher Sparks, PhD,** Academic Investment Management

Q11. Why are so many Americans hesitant to obtain (and keep current) a financial, estate and gift plan?

(Select all that apply)

	2020	2019	% Change	
Too busy/not a priority	**74%**	**83%**	**-9%**	**Improving**
Believe they're not wealthy enough	65%	NA		
Think it's too expensive	47%	42%	+5%	Worse
Unsure where to turn for advice	45%	39%	+6%	Worse
Believe they're too young	44%	36%	+8%	Worse
Believe government can handle	7%	8%	<1%	
Other	14%	15%	<1%	

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- While respondents did not report much improvement in many common areas of Americans' estate planning readiness, they did say Americans were significantly less likely to use the excuse of **"I'm too busy"** or **"it's not a high priority."** *We'll take that as a sign of progress, likely triggered by the pandemic.*

- Until the onset of the pandemic, half of respondents were telling us they felt the majority of Americans were still not budging on the use of such common excuses as: estate plans are too expensive, or they're too young to need one or they are unsure where to turn for advice. Each of these misconceptions has increased by 5 to 8 percentage points since 2019.

"All of a sudden, everyone is in touch with their own mortality. Estate planners and insurance professionals are going to be very, very busy for the foreseeable future." – **Randy Fox, editor Planned Giving Design Center**

Pandemic triggering an uptick in estate planning

	2020 post-COVID-19	2020 pre-COVID-19	% Change	
Too busy/not a priority	**72%**	**77%**	**-5%**	**Improving**
Believe they're not wealthy enough	**56%**	**72%**	**-16%**	**Big Improvement**
Think it's too expensive	47%	47%	N/C	
Unsure where to turn for advice	**41%**	**47%**	**-6%**	**Improving**
Believe they're too young	**33%**	**53%**	**-20%**	**Big Improvement**
Believe Govt. can handle	3%	10%	**-7%**	**Improving**

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- If there is anything positive from the devastating pandemic, it's that the crisis may have scared many Americans into taking their estate planning more seriously.
- Since late February 2020, respondents were significantly less likely to tell us they were hearing excuses such as "I'm too young" or "I'm not wealthy enough" to need an estate plan, and somewhat less likely to hear the excuse that estate planning is "not a priority" or "I have nowhere to turn for advice."
- Data also suggests that Americans are less likely to have confidence in the federal government to help them with their estate planning.

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

Over 120 million adults—half of the U.S. adult population--**don't understand** the importance of having a current financial, estate and gift plan to protect their assets and their families. Most people are never taught the essential principles of smart money management and few are provided with much personal financial education at home or in school. Without this foundation, people do not have the critical tools to make well-informed everyday money decisions throughout their lives. This is a big part of the reason why so many Americans are in danger of:

- Making critical money decisions based on marketing materials and miss information.
- Running out of money in retirement.
- Allowing excessive debt to destroy them and their families.

This lack of financial awareness, along with the financial illiteracy epidemic, places a HUGE amount of pressure on families and friends, employers, nonprofits; as well as on the ultimate safety net the state and federal government. This is not just a U.S. epidemic; it's an international one and requires immediate attention now.

"No one wants to deal with it. A very successful and brilliant reporter hired me to do her estate plan and about 30 minutes into the meeting, she looked up from her notepad and exclaimed: ***'This is more unpleasant than going to the dentist.****' Wills and estate plans are not about dying. They are about providing for those you love. We need to change the conversation."* **–Martin M. Shenkman, Attorney**

"I believe most people are reluctant to keep a financial, estate and gift plan in place because they mistakenly feel it would limit their day to day life style instead of the reality which is that proper planning brings freedom." **–Jim Stovall, Speaker & Author**

Some people do not consider financial planning a high priority in their busy lives. Unfortunately, as life events happen, many will regret not having a financial plan in place and will have to endure the consequences of their lack of prioritization." **– Lionel Shipman, Financial and Life Empowerment Professional**

The data and observations contained within this report show there is a HUGE opportunity for financial service professionals to help the public get its financial house in order with comprehensive financial plans, estate and gift plans.

Practice Growth Expectations of Advisors

Despite the devastating challenges created by the COVID -19 pandemic, our data shows that throughout the first quarter of 2020, three in four respondents (75%) expected their firms to grow over the next 12 months. Remarkably, since the pandemic hit the U.S., the percentage of firms expecting positive growth in 2020 ***has actually increased by 5 percentage points to 79% since March 1, 2020 from 74% in January-February 2020***. Further, the percentage of firms expecting double digit growth over the next 12 months ***has actually increased to*** nearly two in five firms (38%) since the onset of COVID-19 virus, from 35% in very early 2020 and from 28% in 2019.

With the new stimulus packages, clients are going to need more financial assistance to comply; this may generate more new business opportunities for financial service advisors than for financial product providers. CPAs are seeing a substantial increase in business due to clients needing help with revised tax reporting deadlines and applying for stimulus loans. Estate attorneys are reporting a significant upsurge in clients needing updated estate and gift plan and new tax mitigation strategies. Wealth advisors might appear to be managing less money from longstanding clients due to the depressed value of clients' portfolios, but they're attracting new business from nervous investors and pre-retirees who previously were "do it yourselfers" or who were content with the basic offerings of robo advisors or investment advisors/stock brokers. As we head into an environment of diminished expected returns for both equities and fixed income, comprehensive solutions that include wealth protection and tax mitigation solutions will likely take precedence over stock tips and product suggestions.

That said, it's likely we will see a potential "shrinking of the pie" for the advisory profession as a whole. As shown in Question 13, just one in ten respondents expect their peers to grow by more than 10 percent in the year ahead, a rate that has not changed since 2019. In fact, almost one-third of respondents expect their peers to show flat or declining revenue growth since the onset of COVID-19 virus.

***

Q12. Please describe the extent to which you expect your firm to grow (or decline) over the next 12 months

	2020 post-COVID-19	2020 pre-COVID-19	2020 overall	2019	Year over year Change
Expect to grow this year	**79%**	**74%**	**75%**	**77%**	**+/- 3%**

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2019

- Overall, three in four advisors (75%) expect their firms to grow in 2020, essentially the same number who felt this way a year ago (77%).
- In fact, since the pandemic hit the U.S., the percentage of firms expecting positive growth in 2020 ***has actually increased by 5 percentage points*** to 79% from 74% since March 1, 2020.
- Further, as shown below, the percentage of firms expecting double digit growth over the next 12 months ***has actually increased to*** nearly two in five firms (38%) since the onset of COVID-19 virus, from 35% in very early 2020 and from 28% in 2019.

	2020 post-COVID-19	2020 pre-COVID-19	2020 overall	2019	Year over year Change
Grow 10% or more	38%	35%	36%	28%	7%-10% more
Grow 1% to 9%	41%	39%	40%	49%	8%-10% less
Flat or declining revenue	22%	26%	24%	22%	Minimal change

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2019

Also encouraging is the fact the percentage of firms expecting flat or declining growth in 2020 has not grown since 2019, and has actually improved slightly in 2020 since the onset of COVID-19 virus.

Firms expecting overall growth over next 12 months (by profession)

	CPAs	Attorneys/ Insurance/ Plan Giving	CFP/Wealth Advisors
2019	72%	77%	**97%**
2020	74%	72%	**91%**
2020 (pre-COVID-19)	*76%*	*NA*	***97%***
2020 (post-COVID-19)	*71%*	*NA*	***95%***

Sources: CPA Trendlines; HB Publishing & Marketing Compa71%ny, LLC; and The Financial Awareness Foundation, 2020

- As has been the case in previous years of this study, CFP/Wealth Advisors were the most optimistic about their growth prospects in 2020.

Firms expecting 10% growth or more over next 12 months (by profession)

	CPAs	Attorneys/ Insurance/ Plan Giving	CFP/Wealth Advisors
2019	21%	20%	**47%**
2020	30%	29%	**56%**
2020 (pre-COVID-19)	*33%*	*NA*	***67%***
2020 (post-COVID-19)	*21%*	*NA*	***63%***

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- As has been the case in previous years of the study, **Wealth Advisors** were far more likely than other types of advisors to anticipate double-digit growth over the next 12 months.

Firms expecting modest (1%-9%) growth over next 12 months (by profession)

	CPAs	Attorneys/ Insurance/ Plan Giving	CFP/Wealth Advisors
2019	51%	44%	50%
2020	44%	43%	35%
2020 (pre-COVID-19)	*43%*	*NA*	*30%*
2020 (post-COVID-19)	*47%*	*NA*	*37%*

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- As has been the case in previous years of the study, **CPAs** were more likely than other types of advisors to anticipate single-digit growth over the next 12 months.

Firms expecting modest flat/declining growth over next 12 months (by profession)

	CPAs	Attorneys/ Insurance/ Plan Giving	CFP/Wealth Advisors
2019	28%	36%	3%
2020	27%	28%	9%
2020 (pre-COVID-19)	*24%*	*NA*	*<1%*
2020 (post-COVID-19)	*33%*	*NA*	*<1%*

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- As has been the case in previous years of the study, **Wealth Advisors** were less likely than other types of advisors to anticipate flat or declining revenue growth over the next 12 months.

Q13. Please describe the extent to which you expect peer firms of comparable size and client makeup to grow (or decline) over the next 12 months

(Select best single answer)

	2020 post-COVID-19	2020 pre-COVID-19	2020 overall	2019	Year over year Change
Grow overall	**70%**	**77%**	**73%**	**80%**	Less likely

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- Since 2019, firms have become somewhat less optimistic about their peers' growth prospects—especially since the onset of COVID-19 virus. However, nearly three in four respondents (70%) still expect their peers to grow in 2020.

	2020 post-COVID-19	2020 pre-COVID-19	2020 overall	2019	Year over year Change
Grow 10% or more	**11%**	**10%**	**11%**	**9%**	Minimal
Grow 1% to 9%	59%	67%	62%	71%	Less likely
Flat or declining revenue	30%	23%	27%	20%	More likely

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- Overall, just one in ten respondents expect their peers to grow by more than 10% in the year ahead, a rate that has not changed since 2019.
- Since 2019, respondents are somewhat less likely to expect to their firms to grow by single digits in the year ahead and more likely to expect their peers to show flat or declining growth—especially since the onset of COVID-19 virus.

Firms expecting PEERS to grow 10%+ over next 12 months (by profession)

	CPAs	CFP/Wealth Advisors	Attorneys/ Insurance/ Plan Giving
2019	6%	**17%**	4%
2020	9%	**19%**	14%
2020 (pre-COVID-19)	*11%*	***38%***	*NA*
2020 (post-COVID-19)	*4%*	***16%***	*NA*

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- As with their own practices, **Wealth Advisors** remain more optimistic than other advisors about their peers' growth prospects—albeit less so since the onset of COVID-19 virus
- CPAs remain the least likely to report robust growth expectations for their peers in the near term.

Firms expecting PEERS to grow 1%-9% over next 12 months (by profession)

	CPAs	CFP/Wealth Advisors	Attorneys/ Insurance/ Plan Giving
2019	**75%**	66%	60%
2020	**67%**	63%	71%
2020 (pre-COVID-19)	***70%***	*33%*	*NA*
2020 (post-COVID-19)	***61%***	*64%*	*NA*

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- CPAs are generally more likely than other advisors to forecast single-digit growth expectations for their peers.

Firms expecting PEERS to be flat/decline over next 12 months (by profession)

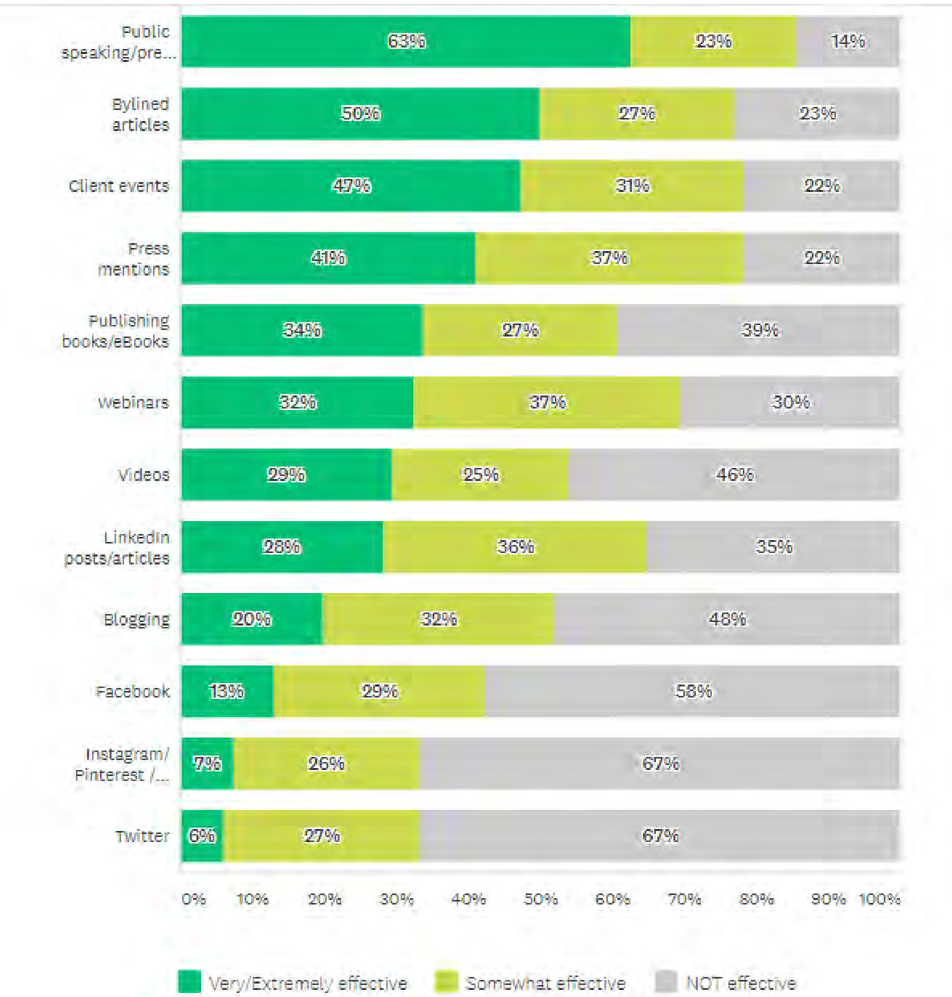
	CPAs	CFP/Wealth Advisors
2019	**19%**	17%
2020	**24%**	18%
2020 (pre-COVID-19)	***19%***	*29%*
2020 (post-COVID-19)	***36%***	*20%*

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- **CPAs** have become twice as likely to forecast declining revenue growth for their peers since the pandemic began, than before it began.
- **Wealth Advisors** have actually been somewhat less likely to project declining revenue growth for their peers since the pandemic began.

Q14. To what extent are the following communication channels effective for enhancing your status as a thought leader?

(Select best answer for each row)



Source: CPA Trendlines, The Financial Awareness Foundation and HB Publishing & Marketing Company, LLC, 2020

- As was the case in previous years of our study, **public speaking, publishing, working the press** and **hosting client events** led the list of advisors' most valuable thought leadership tactics—especially for high growth firms.
- **Social media** continues to lag other thought leadership tactics considered valuable by financial advisors.

In the chart below, you can see how firms expecting strong growth in 2020 are more likely than their low-growth peers to find value in speaking, publishing and media coverage. You'll also see how firms expecting flat or declining growth are more likely to rely on social media and other tactics that don't require as much time, thought or mental heavy lifting.

Communication channels most effective for enhancing your status as a thought leader?

	2020 total	2020 post-COVID-19	2020 pre-COVID-19	Pre vs Post COVID-19
Public speaking and presentations	**63%**	*71%*	*53%*	**+18%**
Bylined articles for publication	**50%**	*55%*	*44%*	**+11%**
Hosting client events	**47%**	*55%*	*41%*	**+14%**
Being quoted in the press	**41%**	*45%*	*36%*	**+9%**
Authoring book/e-book	**34%**	*39%*	*28%*	**+11%**
Producing webinars	**33%**	*37%*	*27%*	**+10%**
Producing videos	**29%**	*30%*	*27%*	**+3%**
Publishing articles on LinkedIn	**28%**	*31%*	*27%*	**+4%**
Blogging	**20%**	*23%*	*14%*	**+9%**
Facebook	**13%**	*8%*	*18%*	**-10%**
Twitter	**7%**	*7%*	*6%*	**+1%**
Instagram/Pinterest	**6%**	*3%*	*12%*	**-9%**

Source: CPA Trendlines, The Financial Awareness Foundation and HB Publishing & Marketing Company, LLC, 2020

- **Since the onset of the pandemic, there has been a significant increase in the perceived value of:**
  -- Public speaking
  -- Bylined articles
  -- Client events
  -- Press mentions
  -- Authoring books/e-books
  -- Webinars
  -- Blogging

- **….and a significant decrease in the perceived value of:**
  -- Facebook
  -- Instagram/Pinterest

*% of firms considering selected Thought Leadership tactics to be **"very"** or **"extremely" useful***

THOUGHT LEADERSHIP TACTIC	*ALL FIRMS*	Firms Expecting > 10% growth	Expecting single-digit growth	Expecting flat or declining growth
Public speaking and presentations	***63%***	**75%**	**86%**	**56%**
Bylined articles for publication	***50%***	**68%**	**58%**	**39%**
Hosting client events	***47%***	**70%**	**57%**	**36%**
Being quoted in the press	***41%***	**57%**	**43%**	**33%**
Authoring book/e-book	***34%***	**38%**	**56%**	**31%**
Producing webinars	***33%***	**40%**	**21%**	**42%**
Producing videos	***29%***	**46%**	**33%**	**22%**
Publishing articles on LinkedIn	***28%***	**40%**	**29%**	**22%**
Blogging	***20%***	**25%**	**33%**	**17%**
Facebook	***13%***	**17%**	**17%**	**11%**
Instagram/Pinterest	***7%***	**12%**	**<1%**	**3%**
Twitter	***6%***	**10%**	**<1%**	**1%**

Source: CPA Trendlines, The Financial Awareness Foundation and HB Publishing & Marketing Company, LLC, 2020

- Firms expecting strong revenue growth in 2020 were about **1.5x more likely** than firms expecting flat/declining growth to utilize **Public Speaking, Bylined Articles, Media Attention, Client Events and Videos**.
- Webinars were the 6th most valued thought leadership tactic overall, but webinars were the only tactic in which high-growth firms did not indicate higher utilization than low-growth firms.

"A thought leader must have channels to effectively communicate her/his message of influence to people. My most effective communication channel is speaking, whether it is giving a presentation with slides, hosting a radio show, or facilitating a seminar/workshop because I can closely connect with people as we share a common space."
– Lionel Shipman, Financial and Life Empowerment Professional

Speaking, writing, working the press and hosting events takes more time and effort than sending out social media posts. But as shown below, high-growth firms are clearly making the investment of time and resources to do so. To make the thought leadership process a little less daunting, you can collaborate with other professionals in your niche spread out the workload and maximize promotion. Collaborating with other professionals on an article or presentation is a lot like working on a client case together. It keeps you on task. It provides a wider perspective and it makes the process of authoring and presenting more enjoyable and a lot more applicable.

Q15. On average, how often would you say you contact your clients every month?

(Select single best answer)

One of the more important findings in 2020 was that advisors are increasingly reliant on frequent client communication. More than two in five respondents (43%) indicated they are **communicating with clients multiple times per month** (up from 38% in 2019 and 35% in 2018). This data suggests that even before the outset of the pandemic, advisors sensed clients were getting increasingly nervous about how much steam the record-high stock market and 10-year economic expansion had left.

Frequency of client communication	2020	2019	2018
2+ times per month	**43%**	**38%**	**35%**

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

…and since the onset of the pandemic, clients have been increasingly seeking guidance and reassurance from their advisors. As shown below, the number of firms contacting clients multiple times per month has increased by 10 percentage point since the Covid-19 crisis took the U.S. by storm in early March.

Frequency of client communication	2020 post-COVID-19	2020 pre-COVID-19
2+ times per month	**47%**	**37%**

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

And contacting clients frequently seems to be good for business….

FREQUENCY OF CLIENT CONTACT	Firms expecting growth in 2020	Firms Expecting flat/ declining revenue	*Gap*
2+ times per month	**46%**	**33%**	*13%*

Source: CPA Trendlines, The Financial Awareness Foundation and HB Publishing & Marketing Company, LLC, 2020

- Nearly half (46%) of firms expecting to grow in 2020 told us they communicate with their clients ***multiple times per month.*** By contrast, just one-third (33%) of firms expecting flat or negative revenue in 2020 communicate with their clients multiple times per month (see above):

Q16. Which of the following best describes the size of your firm, practice or business?

(Select single best answer)

Size of Firm	
Sole practitioner	*************************************42%
2-10 professionals on staff	**********************************39%
11-50 prof'l on staff	***********12%
Over 50 prof'l on staff	*****7%

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2019

- Two in five respondents (42%) are sole practitioners.
- Another two in five respondents (39%) work in small firms of 2 to 10 professionals.
- One in five respondents (19%) work in firms of 11 or more professionals on staff.

Q17. Which of the following best describes your business or profession?

(Select single best answer)

Respondents by profession	
CPA/Accountants/Tax Advisors	**61%
CFP/Wealth Advisor/ Financial Advisor	*************************34%
Attorney/Planned Giving/Insurance	**5%

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2019

- Roughly three in five of respondents (61%) describe themselves as CPAs, Accountants of Tax Advisors.
- One third of respondents (34%) describe themselves as CFPs, Wealth Advisors or Financial Advisors.
- Only 5% of respondents consider themselves Attorneys, Planned Giving Officers or Insurance Professionals although nearly 30% of respondents provide estate planning and gift planning services to their clients.

Q18. Which of the following do you consider core offerings for your firm or practice?

(Select up to 6 of your top services)

Tax Planning	**77%
Accounting	***55%
Retirement Planning	************************************40%
Estate & Gift Planning	*****************************28%
Asset Management	**************************26%
Comprehensive Financial Planning	**********************23%
Multi-Generational Planning	*******************19%
Charitable Gifting/Legacy Planning	**************15%
Long Term Care Planning	**************15%
Insurance/Risk Management	************13%
Pension/Retirement Planning	**********11%
Family Office Planning	**********11%
College Tuition Planning	*******9%
Real Estate Planning/Brokerage	*******9%
Investment Brokerage	*****6%
Private Equity	***5%
Cost Segregation	***5%

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- More than three fourths of respondents (77%) provide Tax Planning services to their clients.
- More than half of respondents (55%) provide Accounting Services to their clients.
- Two in five respondents (40%) provide Retirement Planning.
- One in four respondents provides Estate & Gift Planning, Comprehensive Financial Planning or Asset Management.
- One in five respondents provides Multi-Generational Planning.

Q19. Which of the following best describes your age?

(Select best answer)

Age 39 and under	*****7%
Age 40-49	***********11%
Age 50-59	****************************21%
Age 60-69	**34%
Age 70+	******************28%

**Total may exceed 100% due rounding*

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- Three in five respondents (62%) are age 60 or older.
- Just under one fourth of respondents are in their 50s.
- One in five respondents (18%) are age 49 or under.

Q20. Which of the following best describes your family's financial status growing up?

(Select single best answer)

Lower Income or Poverty	*****************************19%
Working Class (non-professional)	**********************************22%
Middle Class	**30%
Upper Middle Class	**************************************27%
Highly Affluent	**4%

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

- Two in five respondents (41%) were raised in working glass or lower income households.
- One third of respondents (30%) described their upbringing as middle class.
- Another third of respondents (31%) indicated that they were raised in upper middle class or highly affluent households.

Advisor's Financial Upbringing Can Impact their Views About Money

Data suggests that an advisor's financial upbringing can significantly influence their views about money, how they counsel their clients and even which financial advisory profession they chose to pursue.

FACTOR	Lower Income/Working Class	Middle Income	Upper Income
Likely to be a CPA	63%	67%	53%
Likely to be a Wealth Advisor	34%	26%	42%
Likely to be Planned Giving/Attorney/Other	3%	7%	5%
Another 10% Market Correction Very Likely	56%	42%	47%
Recession Very Likely	21%	23%	23%
What's Keeping Clients Up at Night? *(besides pandemic)*	DC Turbulence 66% Market Correction 53% Trump Tariffs 47%	DC Turbulence 59% Global Recession 52% Market Correction 41%	Market Correction 60% DC Turbulence 49% US Recession 42%
Most Pessimistic Generation	Boomers (39%)	Millennials (47%)	Millennials (40%)
Pessimistic Gender	Men more pessimistic 3% Women more pessimistic 19% No gender difference 78%	Men more pessimistic 12% Women more pessimistic 9% No gender difference 79%	Men more pessimistic 16% Women more pessimistic 28% No gender difference 56%
Has America's Financial Literacy Improved L2 Years?	Improved 37%	Improved 35%	Improved 47%
Who could make biggest impact on financial literacy?	K-12 Schools 47%	K-12 Schools 64%	K-12 Schools 60%
Biggest client challenges when on board	Estate/Gift Plan outdated 63% No IPS/Asset Allocation 58% Don't know retirement income needs 57%	Estate/Gift Plan outdated 61% No IPS/Asset Allocation 59% Don't know retirement income needs 57%	Estate/Gift Plan outdated 65% Don't know retirement income needs 63% Outliving their money 53%
If no HELOCs allowed for tuition help	Tuition would decline 40%	Tuition would decline 48%	Tuition would decline 38%
Biggest causes of student loan crisis	Overpriced tuition 80% Insufficient 529 50% Keeping up w/Jones's 39%	Overpriced tuition 80% Insufficient 529 39% Keeping up w/Jones's 39%	Overpriced tuition 79% Insufficient 529 50% Unclear about FAFSA/CSS 42%
Why Americans reluctant to get/update estate and gift plan	Not a priority 71% Feel not wealthy enough 65% Think too expensive 53%	Not a priority 77% Feel not wealthy enough 73% Think too expensive 48%	Not a priority 79% Feel not wealthy enough 56% Unsure where to get help 49%

Sources: CPA Trendlines; HB Publishing & Marketing Company, LLC; and The Financial Awareness Foundation, 2020

Conclusion

"For now, accountants are incredibly busy handling client applications for COVID-19 virus relief programs, on top their regular tax season, which has turned decidedly irregular with the filing deadline extended to July 15. Although many CPAs will struggle as clients fail or pull back, other opportunities are opening up in high-value advisory services, such as cash-flow forecasting and capital restructurings, not to mention bankruptcy work. Sad to say, and maybe somewhat inappropriate, but accounting firms these days are as busy as funeral homes."
— Rick Telberg, Founder and CEO, CPA Trendlines Research, cpatrendlines.com

*"With the new stimulus packages, clients are going to need more financial assistance to comply; this may generate more new business opportunities for financial service advisors than for financial product providers. Also with so many businesses being challenged with supply chain breakdowns and dealing with the possible new normal of social distancing, it may create more business for advisory practices over financial product providers. Lastly for all wealth advisors again the survey highlights that there is a **HUGE** need and opportunity for financial service professionals to share some of their knowledge and skills as speakers, writers and communicators to help educate and motivate the public to get its financial house in order with comprehensive financial plans, estate and gift plans. We have a lack of financial awareness along with a financial illiteracy epidemic that needs immediate attention."*
— Valentino Sabuco, Executive Director, The Financial Awareness Foundation, **www.thefinancialawarenessfoundation.org**

"The coronavirus pandemic made 2020 the most challenging year by far to conduct and analyze our survey data—but also the most enlightening. If anyone ever questioned the value that CPAs, wealth advisors and estate planning attorneys provide to their clients, those doubts have been erased during this crisis. That's why such a high proportion of respondents remain optimistic about their firm's growth prospects, despite being in the throes of the worst macro-economic climate since the Great Depression.

*Former heavyweight boxing champion, **Mike Tyson** liked to say: '**Everyone has a plan 'till your get punched in the mouth.'** Well we've all been sucker-punched. Either you throw in the towel or you dust yourself off and get back on your feet. Most respondents have clearly chosen to get off the canvas and fight. As was the case during World War II, September 11th and 2008, a crisis forces us to take action and break down barriers to innovation. Advisors who lean into the 'new normal' by adapting rather than hiding will have no shortage of clients and prospects seeking their counsel.*

You might have to have more virtual relationships with clients, prospects and strategic partners, but it's clear they're counting on you for guidance and reassurance. The easy money and worry-free retirement of the past decade is in the rear-view mirror. Now is when the contenders separate themselves from the pretenders. Advisors who keep investing in their technologies, processes and capabilities when times look bleak--the ones who keep speaking, publishing and reaching out to clients when the headlines are doom and gloom--are the ones who will come out of the crisis with a full head of steam."
— Hank Berkowitz, Principal, HB Publishing & Marketing Company, LLC, www.HBPubDev.com

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We know that those of you who took time to complete our survey are highly confident in your business and leaning into this crisis rather than hiding in fear. We're sure that you will be amply rewarded for your courage during these trying times. Keep up the great work. Your clients need you.

Sincerely,
Rick Telberg, Valentino Sabuco and Hank Berkowitz

About the Researchers

The Financial Awareness Foundation

We are a 501(c)(3) nonprofit organization, and our mission is to significantly help solve problems created due to a lack of financial awareness and financial illiteracy. We serve as a nonpolitical 'financial awareness advocate' for We The People - the general public, the financial service professionals and their organizations, nonprofits, educational institutions, municipalities, employers and the news media.

Most people are never taught the essential principles of smart money management and are provided with very little personal financial knowledge at home or school. This leaves them vulnerable to become victims in many of their everyday money decisions, which jeopardizes almost every aspect of their lives, including their health and well-being, financial security and any hopes of financial independence or even an adequate retirement.

Just in the US, we currently have more than 10,000 people reaching age 65 daily; many will run out of money before they die. This lack of financial understanding has created a problem for more than ½ of our adult population don't have nor understand why they need an up-to-date financial, estate and gift plans to protect themselves and their families. And these problems are not limited to the US . . . they are worldwide.

That's why over 12 years ago we helped launch ***The Improving Financial Awareness & Financial Literacy Movement***. Our plan has not changed – we intend to touch everyone at least twice a year through the strategic campaign venues of ***Financial Literacy Month in April*** and six months later with ***Estate & Gift Planning Awareness Month in October.*** The plan is to touch everyone at least twice a year through these strategic campaign venues, with educational and motivating content, reminders and tools for making wise informed lifelong financial decisions and to get and keep your financial house in order by having current financial, estate and gift plans.

http://www.thefinancialawarenessfoundation.org/pdf/TFAF-FallCampaignReport&Magazine.pdf

http://www.thefinancialawarenessfoundation.org/pdf/TFAF-Advisors-CanIncreaseYourBottomLine.pdf

You can visit our website at www.thefinancialawarenessfoundation.org to receive your FREE copy of ***The Personal Finance Publication Set*** – that includes money secrets and the essential principles to smart money management – the foundation to personal finance knowledge. These are very special empowerment tools, not a Do-It-Yourself-Kit. They encourage people to make better informed lifelong money decisions and use financial professionals & product providers to get the best results from time & money.

Organizations and individuals are never required to financially support The Financial Awareness Foundation in any way. They do not pay any marketing or membership fee, or make a contribution in order to participate in the important improving financial awareness and financial literacy movement, campaigns and programs. And we develop and distribute high quality materials at 'NO Cost'. But as a 501(c)(3) nonprofit organization, financial support and contributions are always welcomed and very much appreciated.

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HB Publishing and Marketing Company, LLC is a hands-on content marketing and business development firm serving wealth advisors, CPAs, estate attorneys, insurance professionals and related trade associations. The firm helps clients optimize their thought leadership status, their profitability and their clarity of vision.

Unlike most creative agencies, HB is as comfortable with numbers and financial statements as it is with words and images. ***Unlike most creative agencies***, the firm not only helps clients create stellar content for thought leadership and marketing purposes—it helps monetize content through syndication, advertising and sponsorship.

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