

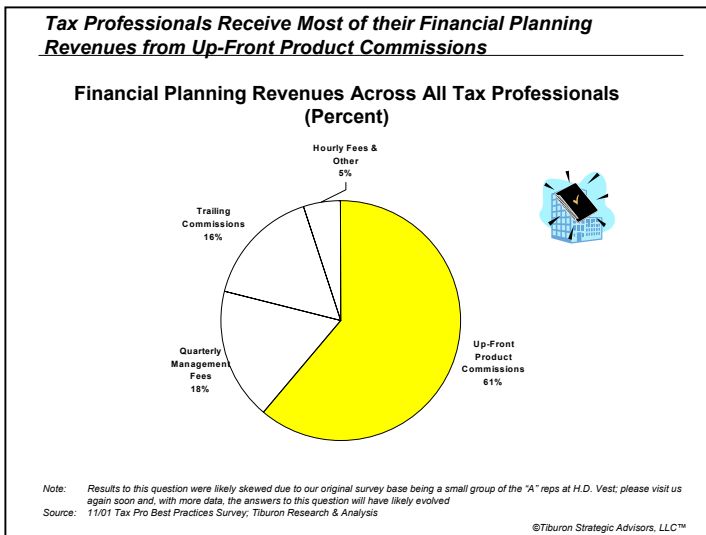
--- FOR IMMEDIATE RELEASE ---

**TIBURON, H.D. VEST, AND THE NAEA RELEASE LATEST FINDINGS HIGHLIGHTING THE PREFERRED INVESTMENT PRODUCTS OF INDEPENDENT TAX PROFESSIONALS**

**-- Survey of 502 Independent Tax Professionals Conducted at Tax Pro Best Practices.Com Web Site Shows that the Wall Street Journal is the Most Widely Read Publication, Morningstar is the Most Widely Used Data & Research Service, Oppenheimer and MFS tie as the Favorite Mutual Fund Company, and Lincoln Benefit is the Most Popular Annuity & Insurance Company --**

TIBURON, CA, December 5, 2001 – Tiburon Strategic Advisors, in partnership with H.D. Vest Financial Services®, a non-bank subsidiary of Wells Fargo & Company, and the National Association of Enrolled Agents, has released the latest findings from the interactive benchmarking web site -- [www.TaxProBestPractices.Com](http://www.TaxProBestPractices.Com) -- where independent tax professionals (e.g., CPAs, EAs, and others) can measure their practices against a database of hundreds of colleagues for free.

To give some perspective, there are 450,000 Certified Public Accountants (CPAs) in the US as well as another 40,000 Enrolled Agents (EAs). 170,000 of the CPAs and almost all of the EAs are in private practice, focused on taxes. These 215,000 tax professionals are partners or employees in over 46,000 firms, which suggests that the “typical” tax professional is not at a “big six” firm, but rather at a firm with four licensed professionals (and the median firm is more likely a one or two partner firm). Hence, while we see evidence of the largest CPA firms entering the financial planning and investments business through the fee-only advisor route and/or by building an alliance with one of the turnkey asset management programs (TAMPs), the vast majority of tax professionals entering the financial planning and investments business are doing so by becoming a registered rep at one of the independent broker/dealers. HD Vest, 1<sup>st</sup>

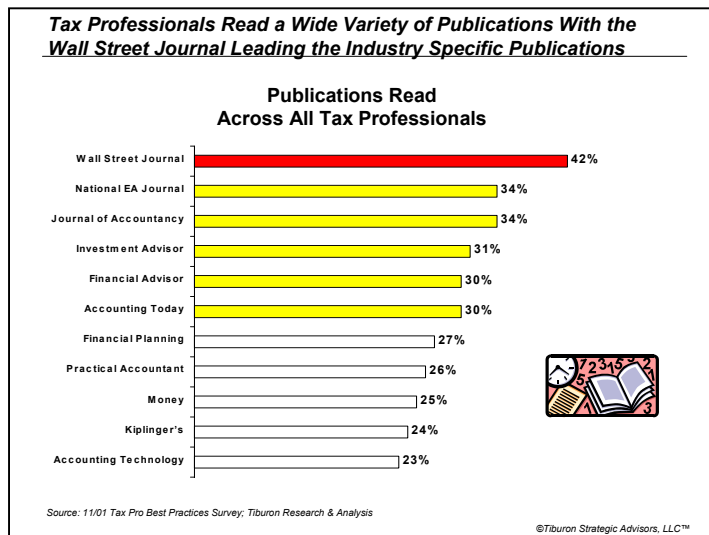


Global, and GE/Terra are three firms dedicated to this segment alone. These independent tax professionals receive 61% of their financial planning revenues from up-front product commissions, with the remainder of their revenues coming from quarterly management fees (18%), trailing commissions (16%), and hourly fees (5%). There is some trend towards more fee-based compensation amongst the largest independent tax professionals.

With this background, Tiburon is able to analyze the summary data on over 500 tax professionals who have entered facts regarding their business practices since this tool was introduced in July 2001. Given the small firm orientation of the industry, it is no surprise to learn that the average tax professional who completed the survey has revenues of just \$256,000 and the median is a little below \$200,000. 41 survey takers have revenues above \$500,000. To determine the best practices, the database was designed to divide the survey takers into four segments based on total firm revenues.

**Publications**

Tax professionals read a wide variety of publications with the Wall Street Journal (read by 42% of tax professionals) leading the industry specific publications such as the NAEA Journal (34%) and the Journal of Accountancy (also 34%). After these leaders, the next five spots are shared by a mix of accounting and financial planning publications: Investment Advisor (31%), Financial Advisor (30%), Accounting Today (30%), Financial Planning (27%), and Practical Accountant (26%). Beyond these, the next two most popular publications are consumer journals – Money (25%) and Kiplinger's (24%).



The Wall Street Journal is the leading publication across all revenue segments and readership of many publications increases with firm size. More than 60% of the largest tax professionals read the Wall Street Journal while less than 40% of the smallest ones do so. Four other publications are read by more than 40% of the largest tax professionals: the Journal of Accountancy, Investment Advisor, Financial Advisor, and Accounting Today.

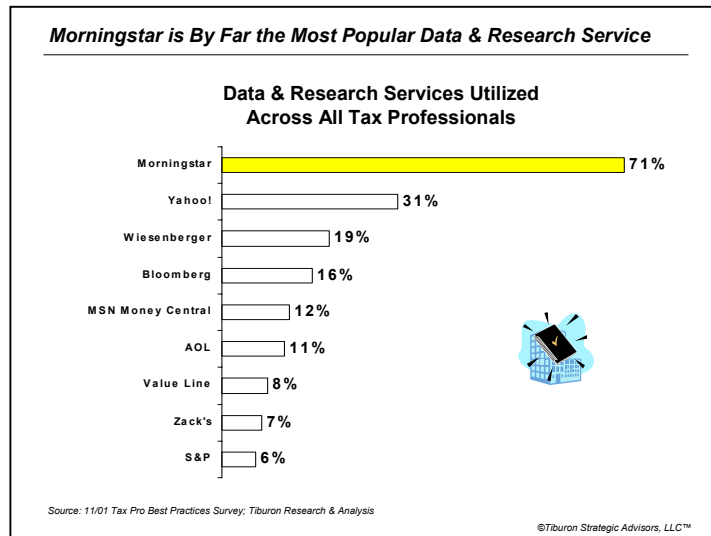
All publications, including the most popular ones, receive only moderate satisfaction scores though. On a 1-10 scale (with 10 being highest), the Wall Street Journal was rated a 7.2. The second most widely read publication, the NAEA Journal, received one of the highest scores at 7.5. The Journal of Accountancy, while the third most widely read publication, received one of the lowest scores at 5.5. Most other publications scored between five and seven.

**Data & Research Services**

Morningstar is by far the most popular data & research service used by tax professionals, with 71% utilization. Yahoo (31%), Wiesenberger (19%), and Bloomberg (16%) follow. Other widely used data & research services used include MSN Money Central (12%), AOL (11%), Value Line (8%), Zack's (7%), and Standard & Poor's (6%).

Morningstar is the most popular data & research service across all revenue segments of tax professionals and even grows in popularity with the larger tax professionals, with use greater than 80% amongst the largest tax professionals. The use of Wiesenberger also increases with firm size, reaching over 30% amongst the largest tax professionals.

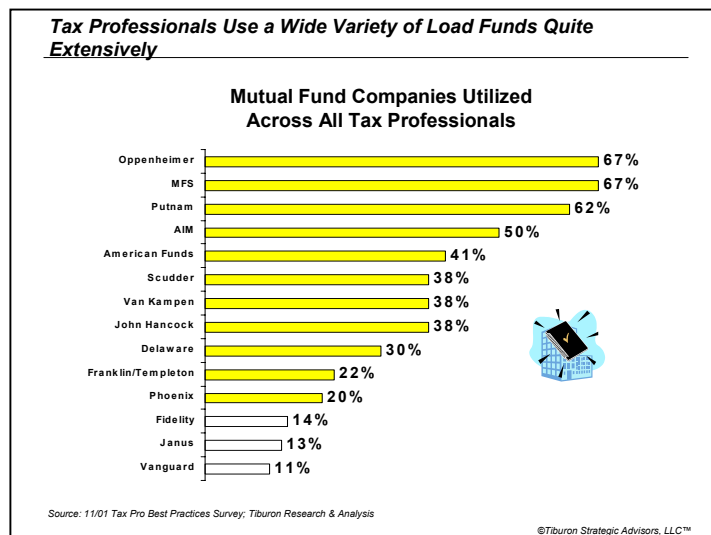
Morningstar also received a solid satisfaction score of 8.1. Most data & research services received satisfaction scores between seven and eight, making Morningstar's score one of the highest.



**Mutual Funds**

The majority (68%) of tax professionals' client assets are invested in mutual funds. Fee accounts account for 14% and variable annuities account for 7%. The remaining client assets are in a variety of other financial products. The share invested in mutual funds drifts down though amongst the larger firms, reaching just 60% amongst the largest firms versus 71% for the smallest firms. This difference is made up by an increase in fee accounts (11% for the smallest firms versus 22% for the largest firms).

Tax professionals use a wide variety of mutual fund companies quite extensively. Leaders are Oppenheimer (67% utilization), MFS (67%), Putnam (62%), and AIM (50%). Others that are widely used include American Funds (41%), Scudder (38%), Van Kampen (38%), John Hancock (38%), Delaware (30%), Franklin/Templeton (22%), and Phoenix (20%).



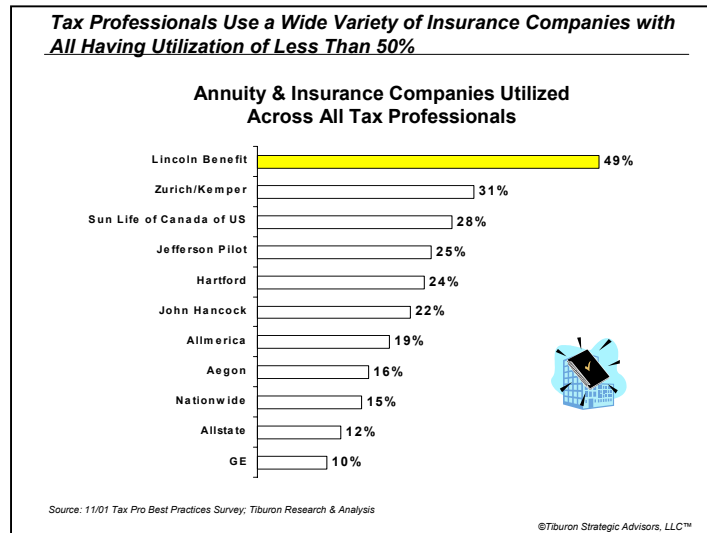
Mutual fund use is consistent across tax professionals of various sizes, with the largest using all mutual fund companies more. Oppenheimer and MFS are both used by over 80% of the largest tax professionals and Putnam comes in above 75%.

Oppenheimer (8.0) and MFS (7.9) receive quite high satisfaction scores while AIM (7.0) and Putnam (6.6) trail a bit behind. Many of the other mutual fund companies though score between six and seven, suggesting that all of these scores are on the higher end.

## **Annuities & Insurance**

Variable annuities are the most popular insurance-oriented product, accounting for 43% of all sales while term life accounts for 29%, variable universal life accounts for 8%, fixed annuities are 7%, and long-term care is 5%. The share of client assets invested in variable annuities increases with tax professional firm size from 38% amongst the smallest tax professionals to 55% amongst the largest tax professionals. This increased utilization comes at the expenses of term life (32% to 25%) and all other insurance-oriented products.

Tax professionals use a wide variety of insurance companies with all having utilizations less than 50% though. Lincoln Benefit Life at 49% leads, followed by Zurich/Kemper at 31%, Sun Life of Canada at 28%, and Jefferson Pilot at 25%. Others with high utilizations include Hartford (24%), John Hancock (22%), Allmerica (19%), Aegon (16%), Nationwide (15%), Allstate (12%), and GE (10%).



The same firms lead in most revenue ranges. Lincoln Benefit is the leader at all size levels, with its utilization in one revenue segment peaking at greater than 60%. Utilization of both Zurich/Kemper and Sun Life of Canada also exceeds 40% amongst the largest tax professionals.

Lincoln Benefit gets a 7.4 satisfaction score, which is about in the middle of the pack, with most clustered between seven and eight.

## **Strategies for Serving Independent Tax Professionals**

The independent tax professional segment does provide many opportunities for traditional mutual fund and annuity companies. However, this segment does present some unique issues. There are a variety of best practices in serving independent tax professionals. Three that are key:

- Mutual fund and annuity companies must recognize that many tax professionals are new to the financial planning and investments business. Many have had success in building their tax business but have not focused on the financial planning and investments concepts. Mutual fund company and annuity company wholesalers who help them in their learning process will likely be rewarded with loyalty
- Mutual fund and annuity companies must recognize that the core business of tax professionals has a significant seasonality to it. Calling tax professionals for a visit regarding your products in January-April is probably not a wise move. Tax professionals are swamped in the first quarter of each year in meeting tax deadlines for their clients. The average firm completes about 600 tax returns. Financial planning and investments are often put on the back-burner at this time of year
- Finally, mutual fund and annuity companies should realize that for many tax professionals, financial planning and investments will always be their second priority

behind their tax business. As a result, when they turn to investments, they will look for programs that are turnkey and easy to understand and explain to their clients

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**Overview of the Tax Pro Best Practices Tool**

All of the data in this release comes from TaxProBestPractices.Com. The TaxProBestPractices tool, unlike traditional surveys of tax professionals, encompasses all aspects of a tax professional's business and is interactive, allowing users to revisit this site and compare their practice on an annual or even more frequent basis to those of other leading practitioners. The tool allows tax professionals to benchmark their businesses in five key areas:

- Clients & Marketing Strategies
- Business Economics
- Tax & Accounting Business Practices
- Financial Planning Business Practices
- Business Policies & Industry Views

Tax professionals are able to compare their business practices on dozens of dimensions to similar-sized tax professionals and/or larger or more successful tax professionals they wish to emulate. In explaining this benefit, Tiburon's Managing Principal Chip Roame said, "One of the difficulties of operating as an independent tax professional is the fragmentation of the industry. There are very few forums in which to share and compare data and business practices. This free tool allows tax professionals to compare their business practices to those of other tax professionals of various sizes. It will allow tax professionals to access the data from their offices and make business decisions on the spot."

To use the TaxProBestPractices tool, tax professionals should visit [www.TaxProBestPractices.Com](http://www.TaxProBestPractices.Com). There, they will register and need to answer 38 questions (it takes about 45 minutes). In return, tax professionals will receive a set of over 350 graphs that identify industry best practices in nearly every facet.

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**Sponsors**

Tiburon Strategic Advisors, based in Tiburon, CA, was formed in 1998 to offer strategic consulting, market research, and market seminars to financial institutions and money managers. The firm has served over 125 corporate clients and completed over 300 research and strategic planning projects in that period. The firm's knowledge base ranges from online financial services to mutual fund distribution, wrap programs, the fee-only financial advisor market, bank/broker mergers, and alternative investments. Executives at mutual fund and annuity companies, and other vendors hoping to serve the tax professionals market segment, can gain a strong appreciation for common traits and best practices in this industry segment by purchasing Tiburon's research report and/or scheduling a one-day market seminar with Tiburon.

H.D. Vest Financial Services®, a non-bank subsidiary of Wells Fargo & Company, is dedicated to assisting tax professionals in serving the financial planning needs of their clients. The firm supports over 6,000 tax professionals. H.D. Vest has a proud history of supporting tax professionals and was the initial sponsor of this research.

The National Association of Enrolled Agents is a national association of over 10,000 independent, licensed tax professionals called Enrolled Agents. The NAEA is dedicated to helping its members maintain the highest level of knowledge, skills, and professionalism in all areas of taxation, so that their members may most effectively represent the needs of their clients.

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