

## HD Vest Improves Tax Tool for Advisors

Advisors can input more data and then easily print reports with financial planning info for clients, the firm says

By [Janet Levoux](#), Executive Managing Editor, Research Magazine

**H**D Vest Financial Services is introducing a number of enhancements to its 1040 Analyst® tool, two months ahead of the IRS tax filing deadline.

The broker-dealer, which supports some 4,500 tax and non-tax professionals who provide financial planning and other services, says the latest version of the tool includes more than 10 planning concepts that advisors can use “in connection with information gleaned from the Form 1040.”

“As we’ve used the tool for about six months, we have noticed — and it’s a bit of a surprise — that it is appealing not just to some advisors and tax professionals. Other financial professionals who do not typically work on returns are gravitating to it,” said Scott Rawlins, managing director of sales for HD Vest, in an interview with ThinkAdvisor.

This interest may be because investors are concerned about the tax implications of their portfolio holdings and other strategic issues.

“When it comes to tax issues, all clients are sensitive to this and are asking [advisors] what their thinking is and how do we best approach this together,” Rawlins explained. “In other words, it’s becoming a practice-management tool to foster holistic conversations between clients and advisors.”

This give and take around 1040 information and financial planning has become clearer to HD Vest in three areas, he says, which is why the broker-dealer enhanced its 1040 Analyst tool.

### Fast & Furious

First, the firm wants to enhance the ability of financial professionals to quickly synthesize data. “They can enter 30 datapoints now versus 14 in the past,” Rawlins stated. “It means they can unlock the power of 60 different conversations with a financial planning focus.”

The tool crunches the numbers very quickly.

“So the advisor or planner can spend 2.5 to 3 minutes [to enter the data] and get compliance-approved information for the client in a report that can be used right then and there,” he explained.

Second, HD Vest sees these conversations as a starting point to more complex, education-focused discussions.

“For instance, an advisor working with a young family that might want to be considering 529 college savings plans can digitally insert information on these plans into the report,” Rawlins said.

There are now 27 options for such educational pieces with the enhanced 1040 Analyst, he adds. Other topics focus on issues like Roth IRAs and minimum distributions.

A third advantage to the updates of the tool, the executive says, “is that the advisors say it is so easy to use, which is exciting.”

The tool has a sorting and filtering function, so for any number of clients, an advisor can filter information around multiple datapoints.

“If you are looking for a certain type of client to reach out to in June or July, say around dividends, interest income of passive activity losses, you can use the tool to do the work for you,” Rawlins said.

A typical advisor uses the tool to work with about 120 clients. But some are now using it to work with 600 investors.

Across the broker-dealer, about 1,100 advisors are working with 1040 Analyst. Financial professionals have to get clients to sign a consent form or disclosure associated with the information sharing it entails.

But advisors and clients have the motivation to get this step taken care of, he explains.

“In the past, advisors would have to pore over data manually and scrutinize returns vs. taking just a couple minutes to enter the data and generate [the client] opportunity set,” Rawlins explained.

For clients, these opportunities for action on vulnerabilities in their financial plans are not something they typically want to postpone.

Such issues “are immediately generated as a talking point, and then the client wants to take care of it them,” he said.

Jerry Style, principal of Freedom Financial Services, of Holbrook, New York, agrees. “This year, we are going to use it with virtually every client,” he said in a statement. “Even a young person with only one or two W-2s has financial issues that they need to pay attention to.”

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