

# The joyful uncertainty of taxes

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Financial advisor Brad Coutts started his career not at a bank or an independent practice, but at a public accounting firm. Fresh out of university, he took a position as a junior-level auditor and quickly found joy in one particular exercise: tax planning. Looking at small businesses, he enjoyed learning about the different structure and compensation plans businesses had in place, and determining how much sense they made in the context of current tax rules.

"I find it fascinating that two different business owners could each earn the exact same income, but pay significantly different amounts in tax and thus end up in different financial positions," Coutts said. "Everyone's goals and objectives are different, so I have always liked the diversity and creativity that is required for good tax planning."

Eventually, he realized that his experience and knowledge — he now has the CPA, CA, and CFP designations, and has completed the Canadian Securities Course — are very much in demand in the field of wealth management. Aside from being able to go over the brass tacks of tax and estate planning with high-net-worth clients, he could effectively converse with prospective clients about their business, current operations, tax situation, and transition and succession plans. For his own transition, Coutts moved from public-practice accounting to Nicola Wealth Management.

“As a financial advisor, I have been surprised to learn that I am in a unique position to identify tax planning opportunities for clients that perhaps their accountant may not be privy to,” he said. “Frequently, advisors have a better understanding of their client’s current cash flow, family dynamics, and future plans for their capital than their accountant. Armed with that intimate knowledge, a financial advisor can perform tax planning and estate structuring that’s strategically driven by the client’s own uniqueness and best interest.”

Engaging with clients so intimately is challenging and demanding, but Coutts said he finds the work fruitful — not just for its own sake, but because of numerous non-monetary payoffs. “Compared to industry peers who need to focus heavily on building their books of business, I find there is a better work-life balance and opportunity to learn from the seasoned advisors at my firm,” he said.

Not having to worry about the business has also helped him keep up-to-date on significant industry issues, which at the moment includes the proposed tax changes focused on Canadian-owned private corporations. “The initial tax reform proposals, the very brief consultation period, and now some general guidance on the new rules have caused a lot of uncertainty for the private company shareholders in Canada,” he said. “We are still waiting for the details and the legislation. For some clients, we are recommending that they remove tax-free money from their company, but for others we are recommending that they actually move money back into their company.

“This is why tax planning is so fascinating: the planning is always unique to the individual’s objectives and situation,” he said. “There is no ‘one size fits all’ for tax planning and portfolio structuring, and at Nicola Wealth we strive for that bespoke approach.”

As for more long-term trends, Coutts said he is interested in how blockchain technology will be used ten years from now, and concerned about the underfunding of many private and public-sector pension plans. He also offered some thoughts on the industry’s ongoing shift away from simple stock-picking.

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“In a bull market, anyone can pick good stocks,” he said. “High-net-worth clients want an advisor who understands their situation, their family, their fears, and can help them to navigate their wealth. For clients with complex situations, they want an advisor who understands their aspirations, retirement and legacy plans and can recommend strategies for the future.”

As the developments around small-business taxes, financial technology, pension plans, and the wealth-management industry continue, Coutts is becoming more aware of just how valuable his skills and expertise are. Having found his place in the sun, he now finds satisfaction in helping clients come to a similar epiphany: that the assets they own have more value than they realize.

“It amazes me how many wealthy people still don’t feel like they are in a strong financial position,” he said. “Many high-net-worth individuals could do far more with their wealth if they only had some peace of mind about their current financial picture.”

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