
In robo deal, Empower pays \$1 billion for Personal Capital

By Editorial Staff Thu, Jul 2, 2020

'There's a scarcity of pure-play platforms that can drive this technology. That's one reason why Empower made this acquisition,' Personal Capital co-founder Rob Foregger told RIJ.

Empower Retirement, second only to Fidelity as a U.S. retirement plan provider, has acquired Personal Capital, the hybrid human-and-digital investment advice platform.

Empower will pay “up to \$1 billion in enterprise value, composed of \$825 million on closing and up to \$175 million for planned growth,” according to a release this week.

In Personal Capital, Empower acquires an advice platform that has “added over 2.5 million users on its platform, tracking over \$771 billion of household assets” since its founding in 2009, the release said.

“There are few modern wealth management platforms that can deliver personalization at scale direct to the consumer,” Personal Capital co-founder Rob Foregger told *RIJ* this week. “They’re hard to build and hard from an execution standpoint. And it’s not easy to do the marketing and to build a national brand.

“Personal Capital brings together all the pieces,” he added. “There’s a scarcity of pure-play platforms that can drive this technology. That’s one reason why Empower made this acquisition, and why these types of acquisitions will continue.”

The COVID-19 pandemic will accelerate the digitization of professional services, bringing it to maturity about five years sooner than the financial services industry expected, Foregger said. “Changes in the financial industry that were underway but still 10 years from taking full effect, are now on top of us.”

[NextCapital](#), a sibling company to Personal Capital, remains independent, Foregger said. NextCapital is an advice platform that enterprises can provide to their clients under their own brand, in a “white-label” relationship. Such enterprises include 401(k) plans, broker-dealers, Registered Investment Advisors, and other retail financial businesses.

After the close of the transaction, Personal Capital will be branded as “Personal Capital, an Empower Company.” It will continue to provide its financial tools and investment solutions to clients. Personal Capital CEO Jay Shah will serve as president of Personal Capital, the

release said.

Shah will report to Empower CEO Edmund F. Murphy III, and join Empower's executive team. A joint team from both enterprises will work together to integrate the Personal Capital and Empower offerings. The transaction is expected to close in the second half of 2020.

Sullivan & Cromwell LLP served as legal counsel and Morgan Stanley & Co. LLC and Rockefeller Capital Management advised Empower. Willkie Farr & Gallagher LLP served as legal counsel and Moelis & Company LLC served as financial advisor to Personal Capital.

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