

JourneyGuide: A New Income Planning Tool from Ash Brokerage

By Kerry Pechter Fri, Oct 20, 2017

'We're targeting a 'soft launch' in early November... followed with an official market release about a month later,' said Derek Trimble, CEO of JourneyGuide, a spin-off from Fort Wayne, In.-based Ash Brokerage.



To collaborate effectively on a retirement income plan, advisors and clients need software that thinks as fast as they do. They need software that can incorporate new data and new scenarios and then demonstrate, instantly, how those new factors ripple through other aspects of the plan.

Agility, coupled with simplified digital displays that clients can easily interpret: This is the yardstick by which retirement income planning software is now measured, especially if annuities are part of the workup. As they try to serve more clients and create holistic plans, advisors can't afford to wait a week between new plan iterations.

A couple of years ago, Ash Brokerage, a Fort Wayne, Indiana, insurance BGA (brokerage general agency) decided that it needed a tool like this. It does business with about 8,000 or so insurance-licensed advisors and planners, and wanted to help them incorporate annuities and other insurance products into retirement income plans.

The project started with an in-house, Excel-based solution to help advisors add annuities to retirement income plans. Then owner Tim Ash brought in a tech wizard from Goldman Sachs, and the project evolved into an independent software company provider called [JourneyGuide](#).

JourneyGuide is slated to open for business by year-end. "We've done a beta test with advisors and rolled out some of the features. Now we're targeting a 'soft launch' in early November with the advisors who were with us for the beta test. That will be a fully functional initial release, followed with an official market release about a month later," said Derek Trimble, JourneyGuide's CEO (below left).

A tall order

Advisors today rely on technology to help solve a number of problems, Ash Brokerage learned. They need speed and efficiency to offset shrinking margins. They need better documentation. They need a tool that facilitates collaboration with clients. They need a tool that can balance simplicity with specificity. It's a tall order for software builders.



Greater speed is becoming essential. Advisors want to be able to change their proposals on the fly in response to clients' questions or the introduction of new information. They want to avoid multiple meetings for multiple plan revisions. If they're selling products, they want to be able to close a transaction—getting a signature on an advisory agreement or agreement to a product purchase—at a single meeting.

They also need a comparison tool. If they want to introduce products, such as indexed or income annuities, they need to be able to demonstrate that the product will improve a client's existing plan. It must either raise the client's retirement income, increase the percentage of income that comes from guaranteed sources, raise the funded ratio of her liabilities, allow him to take more equity risk, or all of the above.

Anticipating greater regulation—especially if they're dealing with SEC, DOL and state-regulated products or accounts within the same financial plan—advisors also need end-to-end documentation, preservation and archiving of their reasons for recommending specific products or strategies. Tools need to be customized to reflect broker-dealer sales restrictions or product shelf limitations.

With respect to products and regulation, the software needs to be specific enough to provide close approximations of the costs and benefits of specific products or product categories, but generalized enough so that the tool remains "product agnostic," especially where qualified money is involved.

Taking ownership

Journeyguide hits several points on this punchlist. They wanted the tool to be product agnostic. They didn't want to provide end-to-end fulfillment, because advisors wanted to stick with their own well-established fulfillment routines. They wanted to help advisors sell annuities without creating a bias toward annuities.

"Our initial release will focus on incorporating income annuities into the plan," Trimble told *RIJ*. "We have direct integration with the CANNEX pricing tool, so the advisor and client can have real-time pricing. We will be adding variable and index annuities in the future."

The tool was built with advisors' goals in mind. "Getting the client over the hump of their initial skepticism is something that we tried to help the advisor with," said Michael Smith, JourneyGuide's Chief Solution Architect. "The advisors are building the plan with the client. They get a feeling for what it will take to close the deal, and the clients feel as if they came up with the idea. It's a logical progression."

There's a critical point in meetings with clients, Smith said, where the advisor will need to suggest a modification to a plan so that the client can meet a desired income target or a likelihood-of-success target. The advisor wants to be able to solve for that problem on the spot, achieve the goal, and keep the conversation moving toward a commitment.

“What we heard from advisors in building this, and they struggle with this, is that they reach a point where they need to show the client how to improve their existing plan,” Smith said. In some cases, that’s the point where an advisor can suggest an annuity.

“There are three ways an advisor can improve a plan,” he told *RIJ*. “One involves Social Security: you can work longer and claim later. The second is to adjust the asset allocation and take more risk. The third thing is to add a guaranteed solution.” If the client feels boxed into a plan with too little income to low a chance of lifelong sustainability, annuities can help.

The tool can display a “crossover” point where the allocation to a guaranteed product provides just enough safe income without excessively dampening upside potential. If the clients reach that point by moving the dials themselves, so to speak, then the clients doesn’t just yield to an advisor’s plan, they embrace it as their own.

“It’s interactive,” said Smith (at right). “The client can see, ‘This is my best plan going forward.’ The advisor can close right there instead of telling the client, ‘I’ll get back to you in a week.’”

Because the target audience of JourneyGuide is hybrid Registered Investment Advisors—advisors “dually-licensed” to sell insurance and investment products—along with bank advisors and advisors at insurance company-owned brokerages, its creators wanted it to be annuity-friendly, but not biased toward any particular type of annuity.



So they used sample pricing in their annuity modeling process. In the case of SPIAs, for instance, they wanted to provide a certain level of price-specificity without introducing a specific product. They asked CANNEX to take an average of the prices or payout rates of five leading products, and that’s what they show the client when testing a SPIA (single-premium immediate annuity) recommendation.

Better than spreadsheets

Smith joined Ash Brokerage three years ago at the invitation of owner Tim Ash. Smith had been working in IT at Goldman Sachs, where he developed and patented an algorithm for generating asset allocation recommendations for high net worth clients. He arrived at the same time as Jeff Rocke, an estate planning attorney.

“Mike and Jeff are the brains behind JourneyGuide,” Trimble told *RIJ*. “We knew we needed something

better than Excel spreadsheets to make our point. They were able to show that adding guaranteed income streams improve retirement outcomes, increase floor income, and protect against longevity risk.”

As noted above, the project expanded from an internal Ash Brokerage product to building a free-standing company with its own software offering. “Six months ago we made a breakthrough in terms of the algorithm, and now we can do those calculations in seconds. So Tim said, ‘We want to build the software.’ Our long term goal was to provide software-as-a-service,” said Smith.

Trimble, Smith and their team are assuming that the regulatory environment for annuities will remain challenging, whether the Trump administration allows the DOL fiduciary rule to remain intact or amends it to allow variable and indexed annuities to be sold without the Best Interest Contract Exemption or rescinds it entirely.

“In talking to the dually-registered [investment and insurance licensed] folks about the DOL, we hear two extreme predictions. Sometimes we hear that they expect the DOL rule to go away completely. Then we hear that the DOL fiduciary standard will be applied to non-qualified accounts in addition to qualified. Even if the rule doesn’t happen, we think it makes sense for us to position ourselves as product-agnostic,” Smith said.

Future iterations of the JourneyGuide software will include variable annuities and indexed annuities. They will also introduce a Social Security optimization tool and, later on, an ability to model the need for long-term care insurance.

“The next big chunk will be full-blown optimization, where we can calculate the right combination of annuities that would maximize a client’s income, or success rate, or final balance at a particular likelihood,” said Trimble. As for estimating longevity, “We don’t include an actuarial calculation. Our default “retirement plan end age” is 95 years, but clients can suggest whatever ‘end age’ they want.”