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## RetirePreneur: David Macchia

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By Jenna Gottlieb     Wed, Jun 17, 2015

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*David Macchia is the head of Wealth2K, a Boston-based retirement income software company.*

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**What I do:** I head up Wealth2k. We're a retirement income company, which means that we deliver everything our customers need to succeed in retirement income distribution. Wealth2k provides a broad range of services that include financial advisor training, an income-generation philosophy and process, technology integrations, educational tools, income-planning software and a formal written income plan.

Our major product is called The Income for Life Model. It's a complete retirement income solution that combines the technology to illustrate income plans with video and interactive tools that vault the advisor into the digital age.

<p><b>RetirePreneur:</b> David Macchia <b>Company:</b> Wealth2k <b>Location:</b> Boston, Mass. <b>Founded:</b> 2002 <b>Niche:</b> Retirement income planning software</p>
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Our clients focus on a particular type of retail investor whom we refer to as the *constrained* investor, a term often used by RIIA\*. This kind of person reaches retirement with savings, but the amount of savings is not great relative to the amount of sustainable monthly income that's needed. These investors need an outcome-focused investing strategy that incorporates a strong element of downside protection combined with a structure that helps keep them invested in equities. Over the past 13 years I've learned that, in the constrained investor market, no single deliverable is sufficient to succeed.

**Who my clients are:** Our customers range from sole-practitioner financial advisors to regional banks, to insurance company broker-dealers, and independent broker-dealers. Increasingly, we are focused on delivering enterprise retirement income solutions. So, banks like KeyBank and Citizens Bank, an independent broker-dealer like Securities America, or an insurer broker-dealer such as Mutual of Omaha, would all be examples of clients.

**Why they hire me:** Wealth2k is chosen because we create speed-to-solution and we focus

on the key end-result: investment asset consolidation. One has to understand how disruptive a business retirement income is today. It's a zero-sum game. When assets consolidate, one advisor will emerge as the complete victor and one or more advisors will be marginalized.

**My business model:** Our primary revenue source is the licensing fees that customers pay to access our solutions. We frequently receive development fees associated with branding other customizations that our customers may seek.

**Where I came from:** For 20-plus years I had two careers that ran in parallel. Half my time was spent in wholesale product distribution, primarily annuities and life insurance. The other half was spent in marketing consulting, focused on developing sales and marketing solutions. My clients for consulting services were primarily insurance companies, and a lesser amount of asset managers. My role was to help these companies make their complex products more understandable and appealing to customers. Many of the programs I developed were successful and helped clients achieve billions of dollars in sales growth. Wealth2k began working on retirement income in 2003. Our first version of The Income for Life Model was introduced in 2004. It was not until 2010 that I focused Wealth2k exclusively on retirement income.

**What made me strike out on my own:** I'm a creative person and I wanted opportunities for my creativity to flow where they could be useful. The entrepreneur lifestyle appealed to me because I'm not afraid of taking risks. A career with a strong financial upside given the risk-taking nature of my personality made a lot of sense.

**What I see ahead in the retirement income space:** Well, for sure, the customers aren't going away, and the need for income planning solutions will only expand. What is likely to change is the ground rules. The application of a universal fiduciary standard as it relates to retirement income is likely to cause dramatic upheaval for distribution organizations. Retirement income is already a disruptive business. We can put an exponent on the disruption. Advisors will have to demonstrate unambiguous professionalism and clear, communicable income planning skills. In the post-fiduciary environment, the urgency to win the consolidation of assets will accelerate to previously unseen levels. The DoL fiduciary proposal, if implemented, is going to create a tremendous amount of disruption. Its effect will be to commoditize products and advisors. Commoditization is never your friend.

**My view on robo-advisors:** Robo-advisors will have a significant impact. In a post-fiduciary environment, that impact will accelerate. There is a segment of the market that are do-it-yourselfers. That's a space that will continue to grow and flourish.

**What the annuity business could do better:** To simplify and embrace greater transparency. Also, to convey the value proposition more clearly and concisely. Annuities have an important role to play in retirement income and many consumers need an annuity. For me, it's a moral issue, not economical one. How can you deny an annuity to a consumer who can't tolerate the risk of not meeting essential expenses? There are advisors who shun annuities, and others who are inclined to like them. It's best to use them when the client needs it.

**My retirement philosophy:** My personal retirement philosophy is to stay engaged and keep contributing. I'm not a believer in slowing down, or stopping learning. A friend of mine was recently admitted to Columbia University at the age of 63 to study mathematics. I love that. Let's go to Columbia; let's move onto a new challenge. Don't acknowledge limits, and never stop achieving.

\*Retirement Income Industry Association.

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