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## **RetirePreneur: Lowell Aronoff**

By Jenna Gottlieb    *Tue, May 5, 2015*

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*Lowell Aronoff is CEO of CANNEX Financial Exchanges, which provides up-to-date annuity pricing data for life insurance companies and distributors.*

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**What I do:** I run a company that facilitates the sale of financial products. In the U.S. we have focused on the annuity markets. CANNEX provides a surveying service for immediate income annuities. Each participating carrier provides us with its unique pricing method. We re-program these algorithms onto our server and then provide distributors and advisors with apples-to-apples comparisons of prices. Each price is specific to the adviser's customer, we show only those carriers that the advisor is licensed with, and each quoted carrier guarantees its annuity quote. We provide similar guaranteed surveys of the single-premium deferred income annuity market. We also provide a variety of analytical tools to help advisers calculate and explain retirement income needs. These include a product that calculates an optimal allocation between three classes of retirement income generators—managed accounts, annuities with guaranteed living benefit riders and income annuities.

<p><b>RetirePreneur:</b> Lowell Aronoff <b>Company:</b> CANNEX Financial Exchanges <b>Location:</b> Toronto, Canada <b>Founded:</b> 1981 <b>Niche:</b> Annuity pricing data; transaction and analytic tools</p>
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**My clients are:** Primarily insurance companies and distributors, - including broker-dealers, insurance marketing organizations and banks. We avoid working directly with consumers because we do not want to compete with our distributor clients who are in a better position to offer personalized advice.

**Where I came from:** I started my career in Montreal working in Prudential of England's actuarial department. I found myself drawn to programming actuarial functions so I took a job with a start-up organization called CANNEX that was still a few months away from launching its first product—a method to instantly survey the income annuity market.

**To me, entrepreneurship means:** Pursuing an idea or dream. This involves trading some financial security for more control of your destiny.

**What made me strike out on my own:** At the time I had a fabulous opportunity. The concept/product was needed and I was confident that it would make a difference. I was

young enough that I had no personal or financial commitments. I could put all my time and energy into the company without needing to draw a salary for more than two years.

**Who owns CANNEX:** The three principal owners are Alex Melvin, Moshe Milevsky and me. Most of the other shareholders are family and friends who helped us out when Alex and I bought the company from the founding shareholders. The rest are employees who have purchased shares over the years.

**My business model:** Fundamentally, we charge everyone who benefits from the service. Our flagship product is an income annuity exchange. Carriers pay to be included and distributors pay for the illustrations they receive from the service. By charging both carriers and distributors we can keep our fees lower.

**My biggest obstacle at the beginning:** CANNEX started before personal computers were popular and the World Wide Web had not yet been envisaged. At the time, getting technology into the hands of advisors to allow them to communicate with our mini-computer was an issue, as was gaining trust and getting acceptance for a start-up organization that changed the way annuities are sold.

**How we changed the way annuities are sold:** Before CANNEX, advisors would typically lug telephone-book-sized rate books to each client's home where they would discuss the client's need, and then do a different calculation by hand for each insurance company based on a few numbers found in each insurance company's rate book in order to figure out how much each company was prepared to offer their client.

**Why we expanded to the U.S.:** It was working in Canada, and there was no U.S. competitor. The service was needed and we had experience expanding to Australia. We eventually sold our Australian operation because distance made management difficult. The U.S. was and is a natural market, with similar needs, the same time zones, and largely the same opportunity as our Canadian service.

**Our biggest ongoing challenge:** Keeping experienced, excellent staff happy, challenged and motivated. This involves absorbing the input of very capable individuals in setting the company's priorities. When people become overworked, which happens when you grow quickly, it's important to find creative ways to split the overworked person's job in two. Another challenge in running a two-country company is determining priorities. Our software development resources are not split between the two countries. The same person will work on a U.S. project one week and a Canadian project the next.

**My retirement philosophy:** I don't think retirement is a good idea for people who are healthy and thoroughly enjoy their work. I'm lucky enough to fall into both those categories. Like most people, I have a hard time planning more than five or 10 years out, so I have no plans to retire in the foreseeable future. If and when I do retire I would buy an income annuity—but not for the usual reasons. I am constitutionally a saver, so whether I buy an income annuity or not, there is no real danger that I would run out of money. However, there is a risk that I would spend far below my means. A guaranteed check that I know will be there every month for the rest of my life would help counter my natural tendency to avoid spending.

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