
To make small advisory accounts cost-efficient, Voya uses white-label technology

By Editorial Staff Thu, Jun 2, 2016

"We've been watching assets migrate to the mutual fund complexes and away from our broker dealer. We wanted to create a product to help capture those accounts," Voya's Andre Robinson told RIJ.

To serve small accounts more cost-efficiently, Voya Financial Advisors is partnering with FolioDynamix, which markets a white-label unified wealth management platform.

The new service, part of Voya Financial Advisors, will be called Voya Wealth Portfolios. As Voya transitions small-balance clients from commission-based accounts to fee-based accounts, the company will be able to offer them an automated unified managed account option.

"We designed a solution that allows us to move commission-based accounts into advisory accounts with comparable funds," said Andre Robinson, head of advisory services at Voya Financial Advisors, in a release. According to Voya, its advisory business grew 30% in 2015.

In an email to *RIJ*, Robinson wrote, "Wealth Portfolios is designed to enhance the service and associated delivery model for advisors and clients alike. With the product, advisors are able to access the most appropriate Wealth Solutions portfolio after completing the quick on-boarding process.

"These portfolios overall have proven to be suitable for both small and large dollar investors due to the quality of the investment mixture, offering straight-forward pricing and ease of implementation."

The Department of Labor's new conflict-of-interest rules create a dilemma for broker-dealers, motivating them to start charging small clients asset-based fees instead of selling them products and earning commissions. But these accounts often can't generate enough in fees to support a traditional advisory relationship.

Voya also sees the new service as a way to keep small account holders from migrating to mutual fund complex platforms at Vanguard or Schwab.

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told *RIJ* in an interview. He said that the DOL rule wasn't the "driving force" behind the new service, but that Wealth Portfolios "will position Voya to be successful in the new regulatory environment."

Wealth Portfolios gives clients access to funds from four different fund companies and five model portfolio design options, all managed by sub-advisor FolioDynamix.

In support of its expanding advisory business, Voya Financial Advisors also provides a "white glove" services team and suite of resources to assist affiliated advisors with all aspects of growing their advisory business, including support regarding best practices, case consultation, product and technology training, and conversion assistance.

"We've seen that most people are thinking of shifting to the advisory instead of sticking with the commission model. That's a result of the BICE, and it's right for the customer. But the industry has struggled with how to deliver on small accounts cost-effectively," said Steve Dunlap, CEO of FolioDynamix, in an interview.

"Younger people want a relationship with a human being, but not in the traditional way. They want the advisor to be there if they need them, but it doesn't have to be face-to-face every time," he added.

"It used to be that you needed at least \$50,000 to have an advisory account. The question now is whether, by creating different service models, you can keep clients who might otherwise go to a pure robo solution or to a self-directed brokerage account.

"We think the industry is making a mistake when it says, 'Let's take all of the accounts of \$100,000 or less and put them in a robo solution.'

"We're suggesting: 'Let's find a way to help advisors service smaller accounts, but on a different basis. They won't have quarterly meetings with an advisor. But they'll have access to their own accounts, they'll be able to monitor them, and it can be low-touch enough to be cost-effective."