

# Episode 184: Can Tech Replace Your Financial Advisor

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## SUMMARY KEYWORDS

Retirement planning, financial advisor, holistic advice, technology tools, income planning, Social Security, AI integration, consumer access, financial software, behavioral change, private equity, financial literacy, advisor relationships, retirement lifestyle, financial education.

## SPEAKERS

John Manganaro, Alex Murguia, Wade Pfau, Briana Corbin

### **Briana Corbin** 00:00

The purpose of retire with style is to help you discover the retirement income plan that is right for you. The first step is to discover your retirement income personality. Start by going to [risaprofile.com/style](https://risaprofile.com/style), and sign up to take the industry's first financial personality tool for retirement planning. You everyone's talking about holistic advice. But what does that actually mean? This week, Wade and Alex bring in think advisors. John maginaro to cut through the buzzwords and talk about what's really changing in retirement planning, what's just marketing fluff.

### **Wade Pfau** 00:55

Hey everyone, welcome to retire with style. I'm Wade. I'm here with my trusty co host, Alex, and we do have a special guest this week, John manganero, who's a senior reporter for think advisor magazine, where he covers topics related to retirement income planning, as well as technology, more broadly, in the financial planning space. And John, we're excited to have you on the show today. Yeah,

### **John Manganaro** 01:17

thank you. I'm really excited to be here. I'm an avid listener to the podcast. I think you guys are up to episode 180 or 181 at this point. So very impressive run. I actually do my own podcast for think advisor called Ask the retirement expert. And we're, I think, 35 episodes in, and it's, it's been a big lift. So I'm impressed by the pace that you guys are able to maintain. And yeah, thanks for thanks for having

### **Wade Pfau** 01:41

me. Oh, absolutely thank you. And yeah, thank you. I think you've written a couple articles based on some of our episodes. So thank you so much for that as well. And it's great talking to you in person. And know we met in person, actually in real life. IRL, yep, at the American College conference in March. So great

### **John Manganaro** 01:58

to see you. Yeah, yeah, for sure. What a great event that was. Oh yeah,

**Alex Murguia 02:03**

and thank you for the and especially Wade, it's after, I'm the focus of the episodes. That's when the articles get written. So you got to pick it up. Wade, you got to pick it up, buddy. Yeah.

**Wade Pfau 02:15**

Alex, centric,

**Alex Murguia 02:17**

but John, really, really appreciate all the stuff you've done, this is a little bit of a point of departure from us in terms of, hey, let's have a journalist on. But we thought it would be a great angle for our listeners, simply because we have many consumers, and we have quite a number of financial advisors that also listen in. And like we said, your focus on retirement income is, I feel spot on many times. And I think you share an insight from the way you analyze the landscape that we don't have as advisors and consumers do not have just because they're not in the thick of it. And we thought it'd be cool to bring out.

**John Manganaro 03:02**

Yeah, it I really I'm lucky I'm able to say that I enjoy my job. So I've been writing about the financial services space since about 2012 I studied journalism in college. Had a an original interest in writing about politics and policy, you know, whether maybe moved to Washington, but I kind of quickly burned out of that topic, because it's a little confrontational. It's hard to get people to share information. And my experience in the financial services realm has been really the opposite. It's, it's really, it's great to be able to connect with so many practitioners, so many people, researchers, like yourselves, advisors and consistent, consistently throughout my career, I've just been lucky to be able to speak with people who are very generous with their expertise, generous with sort of the work that they're doing. And that's been a real through line. But I'd also say, you know, to your point, Alex, I do get a pretty unique view of the retirement plan industry, the wealth management industry, because I'm speaking with advisors from all different firms all the time. I'm speaking with product manufacturers, asset managers, researchers, organizations like the American College of financial services, the investments at wealth Institute. So it's really given me a high level view of what's a very dynamic and very important industry here in the United States. I think you guys know, you know, when we go to these conferences, you see a lot of a lot of familiar faces. It feels like a tight knit group of people, but it's a really outsized impact that that this group and this industry has on on our our culture, I would say, on our economy. So I think it's a it's an area where, as a journalist, I've really been able to find a nice niche, and I feel like I'm able to contribute, you know, useful information, both to financial advisors themselves, but also also to the public. So it's, it's very like I said, I'm lucky. I enjoy the work, for sure.

**Alex Murguia 04:58**

That's, that's great. And based on that. Balance that that you play here. What? What do you see? Uh, because when uh, before, the before this conversation started, we just did a little level set and, and I think a great angle is, ultimately, you're seeing what's on the forefront of technology that advisors are using to help facilitate advice to clients. There's technology in terms of scaling your practice, or, you know, using AI for note taking and that kind of stuff, but that that's of less interest to me right now, simply because, you know, this is about just financial

advice and being able to provide it, you know, more effectively, etc. What? What are you seeing right now that you know, with the phrase The future's here, it's just not evenly distributed kind of thing. And so consumers, you know, they don't see the distribution that advisors are seeing in terms of technology. What are some of the things that are exciting you right now from a eventual trickle down approach to consumers?

**John Manganaro 06:03**

Yeah, I would say just firms are putting tools in the hands of their advisors to provide more holistic and more effective financial planning. It's, it's the world has moved on from, from stock picking and helping you know, clients set up portfolios. That's, that's really table stakes right now. What firms are doing, all across the board, is putting tools in the hand of their advisors that allow them to do things like, if tax efficient, retirement income planning, tax loss harvesting, you know, looking looking for opportunities of where to deploy the next best dollar. It's really elevating the work of financial advisors, and I find that to be very exciting. You know, as like I said, I've been at this for for some time now, and that's been a steady evolution. You know, we for a long time, I've heard advisors and their firms talk about providing holistic advice and and going beyond the portfolio. It really feels to me like we're at a time when that's becoming the reality. It's been the vision for a long time, and I think we're pretty much, we're pretty much getting there. A lot of the planning technology has become a lot more sophisticated and a lot more capable. And I think that's a great thing. It couldn't be happening at a better time, because we're, you know, we're seeing this silver tsunami. The baby boomers are entering retirement. It's, you know, we hear this concept of peak 65 there's never been, you know, more need and more demand for effective financial planning as it pertains to, you know, creating income streams, you know, helping people convert, you know, the success they've had in accumulating wealth within 401 K plans, helping them to sort of turn the page and begin to spend that down and in an effective manner. I mean, you know, I'm speaking to two of the, you know, the top experts in terms of, you know, income planning and, you know, income style awareness that you guys advocate for. I think you guys fit, you know, right into what I'm seeing in terms of what's most important and most exciting for the industry. And the flip side of that, you know, Alex, you mentioned advisors and their practices. I think, you know, advisors are thrilled to see this happening too, because they're they're able to deepen client relationships. They're able to use, you know, these, these planning tools, to really get to know their clients better, you know, to really understand their goals and vision for the future, and really how to set up a lifestyle for them that will be both sustainable, you know, and enjoyable in retirement, something that's comes up so consistently as I you know, whether I speak to members of the public or financial advisors, is just the tremendous amount of fear that's out there about retirement, right? Because even for people who have accumulated millions of dollars in a 401, K or perhaps they're fortunate enough to have, you know, to be business owners and have substantial wealth, you know, even, even those folks have a lot of fear about retirement. And I think the industry is at a point right now where it's, it's grappling with that fact, and, you know, they're really trying to put planning front and center. That's, I think it's a good it's a good thing, but it's not easy

**Alex Murguia 09:06**

to do. And to your point, I just want to ask you almost a side note. You said it at the beginning, and I have a follow up to that. But holistic is becoming this sort of catchphrase that it reminds me when in my younger days, where you always try to go to the clubs where no one knows about, but then once everyone knows about, you move on to some other club kind of thing, because it's it's been had, yeah, that kind of vibe. And holistic seems to be that kind of word

before it was fiduciary. You know that? Yep, what does that mean? And now, holistic is something you can't get away from. I'm even like, Did you spell it with a W, just an H? What? How would, how would you define holistic? And why is that important in a non buzzy kind of way, just like, straight up, you're talking to somebody at the at a dinner table, and you. You use the word holistic, and they say, wait, wait, what the heck is that?

**John Manganaro 10:04**

Yeah, point, well, taken, Alex, and you know, my response to that, and it's filtered through the lens of a reporter who's who's beat, is, is technically retirement planning. It's, it's helping people, you know, create a lifestyle in retirement that they are confident will last, you know, until the end of their life. It's, to me, that's, it's a narrower view of what holistic means. It's, it's helping people create an actual paycheck and a lifestyle after they leave the workforce that that meets their needs. And I think that involves, you know, addressing people's uh, expenses, you know, their lives, their own personal lifestyle, in retirement. So, you know, making sure they have their needs, wants and wishes addressed. But then it also includes their their goals for things like passing down a legacy to their children, or, you know, if they don't happen to have children, or maybe they're more charitably minded. It includes legacy planning from a giving perspective. So it's really, it's all of these things that create a sense of purpose for people after they leave the workforce. Because I've, you know, I think you guys have seen this. I've seen it people in here in the United States of America, for better or worse, we, we really identify with our work and and people feel, and, you know, an interest in being productive, and, you know, having a career, and that's that's wonderful, but what happens when we get to that, that third or fourth part of our life where we are departing the workforce and we need to create some sort of sustainable lifestyle, both from a financial perspective, but also from a, literally, a behavioral and enjoying the enjoying the perspective. So to me, holistic advice has to, has to touch all those boxes, and it's really about helping people actually retire, helping them enjoy the fruits of their their labor. Something that I find really troubling, honestly, is that even people who have done it right, who have sufficient assets. You know, a lot of those folks aren't enjoying retirement because they're number one. They're disconnected from community. They don't have, you know, pastimes. Perhaps they don't have a sense of purpose during retirement. And it's just such a shame, because we work, we work so hard to get there, we make sacrifices to ensure that, you know, we're responsible and are investing and setting aside for the future, yet we get there, and it doesn't fulfill people the way that, you know, we might want it to. So to me, holistic advice has to address all of those things and and the behavioral side of it is just as important as the dollars and cents, so,

**Wade Pfau 12:42**

and that's where you're seeing the improvements in technology. Because, you know, really creating a holistic plan is complicated, considering that the behavioral what is the preferences, what is the person looking for? But then all the financial planning questions, when do they claim Social Security? How do they have a tax efficient drawdown strategy? How are they going to cover long term care, Medicare decisions? There's so much that goes into it that it becomes a very complicated problem. But really, could you talk a little bit about what you're seeing with the evolution of technology, of tools that are helping the advisor solve for these 100 different variables that you need to find the right combination, yeah, to get the best possible solution, yeah.

**John Manganaro 13:27**

My, my first response to that would be that there's, there's definitely not one single tool or platform that can help advisors do everything. I think right now, advisors continue to like, for example, I went to the Orion conference fairly recently, and their whole mission right now that they're working on is taking all of these tools that exist in the ecosystem that can address all the different piecemeal things that we've just discussed, and how can we actually create a unified platform that has all of this stuff, you know, within one dashboard, where you can click through and go from Social Security claiming here through to, you know, considering debt here and, you know, wants and needs over on this side, I think the industry is still working on creating a holistic platform that can address all of these things. Personally, I don't know that that will ever be possible to get it all in one, you know, simple package, because, like you're describing, Wade, it's, it is a complicated plethora, you know, of tools and solutions that advisors can use. I think that the solution there is less on creating one single package that can allow advisors to do all of this stuff. And the more effective approach is to educate advisors on how to use these tools and how to bring things together in a way that they're managing and in a way that they can deliver, you know, complete advice. Maybe that's a better word than holistic. Alex, I was trying to think of, you know, what would be, what would be better? But I think it's, it's still a work in progress, way, but I, I do think the industry is putting a lot of a lot of resources towards that. Um, you know, I'm, I recently reported a story with rain and James. You know, their technology budget for 2025 is \$975 million and next year, you know, that will likely go above a billion dollars. And they're, they're spending that money on on these things that we're discussing, you know, trying to get, trying to get these tools put together in a coherent way that allows their advisors to serve clients more effectively and serve more clients at the same time. Because obviously, you know, firms, they see technology as an opportunity to build scale. You referenced that earlier, Alex and that, I think that's, you know, it's an important thing. Obviously, it's important for their their growth, and, you know, their desire to be successful businesses. But on the flip side, there's a lot of Americans right now that are simply locked out of the financial advice space because they don't have sufficient assets to attract the to attract the interest of advisors who who have the skill sets to do everything that we're talking about. So but, you

**Alex Murguia 15:57**

know, but if you do better, we do better if you have a million or more. Is that? Is that the tagline?

**John Manganaro 16:04**

Yeah, I mean, it depends on the firm. It depends on the firm. And to be totally clear, I have a ton of respect for, for firms that set high minimums because they're providing a service that's needed in the marketplace. What I find to be really exciting is when I, when I, you know, meet new advisors who are, who are doing, you know, fee based, fee based financial planning. There they may, maybe they're starting their own registered investment advisor. Maybe they're, they're joining a platform, like a dynasty financial partners. Or there's, you know, there's four or five platforms out there that are empowering a new way of delivering advice. That's that's really all about financial planning, and is either flat fee or maybe asset based. And a lot of those advisors are folks that are more, you know, in my generation, the millennial generation, or young, younger Gen, younger Gen X, folks who are just really interested in planning. And I think it's exciting to see the work that they're doing. A lot of them are, they're working with very, you know, they basically set no minimum because they're working on, it's a very they're delivering.

**Alex Murguia 17:06**



It's very interesting. That's a very interesting thing with, you know, I'll share with you what we've done here, and I'll give you the structure. Obviously, Wade and I are managing principles of McLean Asset Management. Yep, we also, Wade started a blog many years back when he was in Japan, called retirement researcher. When, when Wade joined us in the fold. We, you know, we obviously took retirement researcher and turned that into an RIA, a registered investment advise firm, but it's a non asset. Ra, we're not managing assets. It's it's more for educational purposes. We created an RA off of that, because it's the balance between what's advice, what's education. And so we just, we erred on the side of being just as safe as we can, right? And so effectively, what happened is that, you know, with the content that's created and the like, we've had a huge following, and we turn retirement researcher into a master class of retirement income planning, sort of Netflix, where it's a subscription based service, where you can, you can, you can join on a monthly basis. We have workshops, we have this and that, and it's very specific, and so it's most common denominator advice, right? But it's high quality. But within that, and it's the way that Wade and I and everyone else can scale in that manner, you know, as opposed to one on one meetings. But within that, we realized we can offer one off planning. Within that, we never did that before. McLean is, you know, it's a traditional AUM based model, but because of retirement researcher, what happens is someone takes the RESA, we're able to, you know, based on their style. Okay, retirement researcher may be the best option for you or directly to McLean, but that's given us the ability to provide great service to everyone. But also, if someone just wants to learn, here you go. Who better than Wade to lead that. And then within that construct, we can offer one time financial planning if they want to do that as well, and if they want more done for you kind of services. McLean is there. And so having that those different kind of branches that people can sort of choose their own path has been actually quite interesting for us, you know, and you couldn't do that with technology, and we did that. Those are, you know, effectively McLean is McLean, and that's the traditional tech stack that you would find in an RIA firm, but with a retirement researcher, and this is what led to the Risa. They're really no WordPress plugins that helps us create, like a membership site. It helped us create the first iteration of the RESA. It's helped us create the first iteration of a funded ratio that we use, which, because of the success of that funded ratio, we're actually gonna embed that into the RESA. We're in the process of doing that right now, and so it's really is amazing. How technology can be this medium to really scale out planning in a very interesting level. Our budget for that on a yearly basis about \$975 but we make do. We make do?

**John Manganaro 20:14**

Yeah, no, I appreciate it's been really interesting for me as a reporter to follow along with the journey that you guys have been on. I remember Wade, it was, you know, several years ago when, when you decided to step back from academia and really, you know, double down on a lot of this stuff and and that felt, you know, not to make too much of it, but that felt like a big moment, right? I'm sure, obviously, for you personally. But, you know, going back to what I was talking about, about this, you know, pivot towards a focus on, on income planning and delivering effective retirement advice. That that was a pretty exciting moment, you know, for someone with your background, to say, okay, you know, I'm, I'm stepping back from academia in order to focus on solving this problem. You know, this is, this is the time to do it. So it's been quite interesting to to follow along with you guys. I'm a big fan of the Risa framework. I love a, you know, anytime you can get a four quadrant, you know, sort of visualized approach to consult, helping people, yeah, helping people think through. It's a great, it's a great framework. So that's been, it's been interesting to see you guys develop, develop.

**Alex Murguia 21:18**

Thank you. And this goes back to the question I want to ask Wade to start it off and and John, I'm happy. I'm curious what your take is. A lot of times we get asked questions, specifically tax planning, Roth conversions like niche down retirement income questions, and the usually a consumer is like, Hey, how can I figure this out. And they start off on Excel, and then they realize, oh, I need pivot tables. I'm out, not going to do anymore, you know, that kind of and they ask Wade, hey, are there any consumer versions of the software? And our answer is usually No, there aren't, because it's highly specialized. And if I'm a software company, the market just simply isn't there for this highly specialized, niched question to offer to consumers, because they wouldn't be able to support it. They literally get the type of complicated questions that arise from it. It just doesn't. There's no business case for it. And so with advisors, they can because advisors, obviously are certified, they've taken courses, they're experts in this topic. And so the questions are reduced by orders of magnitude, and so are we throw our hands up in the air and say, Listen, I think advisors are the only ones that have access to this kind of software because of the business case for the software provider. You

**Wade Pfau 22:40**

know, the customer service needs to go direct to consumer just it would make it too expensive for the software. And

**Alex Murguia 22:47**

what are your thoughts on that? Because you set a point that I think is also in vogue right now, which is, what's the next best step? What's the next best step? Yeah, and that usually involves some sort of niche software to determine that next best step. What are your thoughts on that sort of conundrum, if you will, that consumers face of not having access to to the best and brightest solutions.

**Briana Corbin 23:12**

Hey, folks, quick mid episode, break Wade and Alex will be back in just a moment. But first, let's mark your calendars for something that you won't want to miss. On Wednesday, June 25 at 1pm eastern retirement researcher is hosting a free webinar what's involved when working with an advisor. If you've ever asked yourself, Do I need an advisor, or what does that even look like, then this session is for you. You'll hear from McLean asset management's very own Jason rascala and Brian bass, who will walk you through what the advisor relationship really entails, from picking the right fit to understanding the value that they can bring to your plan to save your seat head, to retire with style.com/podcast and that Link's also waiting for you in the show notes. Join us live on June 25 and get your answers to those advisor questions you've been meaning to ask. All right, let's get back to the show.

**John Manganaro 24:04**

Yeah, I don't. Wade, If you wanted to add anything before, before I respond to that.

**Wade Pfau 24:09**

Well, yeah, and it's, I guess ultimately, the the role of the advisor in all of those processes, there's always going to be people who can do it yourself. And I think the listenership of the podcast will reflect many do it yourself, type individuals. But even if we did get to the stage where the technology could solve the problem, it's still going to be a matter of implementation, and there's ultimately always going to be a role for an advisor, for a large portion of the

population to actually ensure things do get implemented that well, that the AI is not hallucinating, but that that should improve more and more over time. But yeah, there's there's going to be a role for that human element, and then it's easier for the software providers to work directly with the advisor, because they can scale their license for the software they're using with many clients so they can afford to pay a higher price for the software, whereas a individual household that needs more attention customer service that that's where it's not scalable, I think. And I don't know how that could ever really improve.

**John Manganaro 25:18**

Yeah, my my response to that would be, if I, you know, I think you're spot on, Alex, it is a, it's a real conundrum. And, you know, if I, if I could think through a way to make that work, I, you know, I'd probably give it a crack. But it's not something that that is easy to do to me. I always just come back to, you know, likening the financial the role of the financial advisor, you know, it's similar to the role of an attorney, the role of a of a doctor, and in certain cases, there are just these, you know, challenging issues that really professionals are the only ones who are qualified to do it, you know. So I think it's, it's a real shame that a lot of people don't get access to the type of advice or solutions that would, that would allow them to really improve their financial situation and maximize their their enjoyment of of retirement, you know, where, where it heads in the future. I do think you know the role of artificial intelligence could, could help, you know, but that's obviously comes along with its own potential downsides. But, yeah, I think that's a problem that the industry is really has to grapple with. You know, a lot of advisors are making a good living, so they it's interesting, I hear from a lot of advisors that they they would love to serve more clients in the way you're describing, maybe move down market and help, you know, more people, because a lot of people who end up in the financial planning profession, as opposed to just, you know, stock picking or asset management, they they do feel a connection, you know, they want to help people. They they feel like it's an important role thing that they're doing. But the the business side of things makes it, you know, challenging to to really execute on that when it when it comes to serving, you know, lower income and even middle, middle income people sometimes. So it's, it's a challenge, for sure,

**Alex Murguia 27:07**

knowing what you know now in terms of the software landscape and the like, let's just say you're not a reporter, a journalist, and you're, you're tabula rasa. You can do whatever you want, and you have the entrepreneurial bug hit you, and you're seeing the landscape right now, and you're thinking, I'm going to make my move in the financial software space. Where do you see a gap?

**John Manganaro 27:35**

I would say so like I think that if I'm just thinking with an entrepreneur, the biggest, the biggest opportunity set out there is helping people with Social Security because it touches every, every American, from the most wealthy to, you know, the folks who need to rely on disability insurance, or, you know, just benefits coming from the from the federal government. It's a huge opportunity set. I have a lot of respects for firms that are out there, like I just spoke recently with Joe I Sasser at COVID. I think what he's doing is really interesting, the super powerful but relatively simple plans that he's developing for people, which is really cool. I had the opportunity, just yesterday to meet with Martha Shedden, who's the head of the National Association for registered social security analysts, which is a bit of a mouthful, but it's a great organization. I think some of the tools that they're trying to roll out for the public and for advisors are impressive and important. So, you know, I think helping people to make better social security, claiming



decisions is a huge opportunity, but a challenge as well, because the the complexity of that system, all the different, all the different options that people have, it's, it's really, it's a huge, it's a huge topic to tackle. So

**Wade Pfau 29:01**

that's an area too, where with having to go in person, or how we this is all still playing out, but an advisor being able to help the person may become more difficult because it requires actually making appointments and showing up in person for things too. But yeah, absolutely, that is an important issue. I talked to people too. There's the Open Social security.com if you want an open access free Mike Piper develop that, yeah, it allows you to see your Social Security claiming decision. It always, most of the software right now does that in isolation, but and so to be holistic, you have to look at how your claiming decision interacts with everything else, but for the most part, looking at other factors, like tax efficiency and so forth, just would help enhance the decision that that software is providing. Yeah,

**John Manganaro 29:52**

it's and I also think Alex just thinking even a little bit more outside the box. I I talked earlier about the the. Lifestyle challenge in retirement, you know, yeah, I think there's, there's an opportunity to help people, you know, prepare better for retirement from a lifestyle perspective. So, you know, maybe some sort of a solution, or, like a a quiz or an interactive guide that would help people sort of game out their retirement. Help them get in touch with their their interests. And, you know, help them actually visualize what life after work will look like. And I think there's, it sounds sort of fluffy and like, maybe less important than things like a Social Security optimizer or an income planner, but that I could see some, some sort of a solution there where you're, you know, going into the workplace and doing sort of workshops, or whatever, whatever it is to help people really understand, you know, what it, what it's going to be like to stop going to work every day? No, no,

**Alex Murguia 30:53**

that's, that's, that's, to me, that's very ambitious in in, I don't know how that's resolved. You were talking about earlier, about the behavioral part of it and the like. And look, there's some like, Daniel's right? Daniel Crosby, over at Orion's trying to do some very interesting things with that. I think it's tough. It's very noble, but I don't and me coming at it with my psychologist hat on, I don't know if I can pull something like that off, because to me, behavior change is one of the toughest things around everyone knows how to lose weight, right? Calories in, calories out, that kind of thing. It's not sign in rocket science, at least. And everyone struggles with it and and my thinking is if, if you're not ever present with the person you know, you know, dinging them or whatnot, I don't know how behavior will change. Having two meetings with an advisor a year. Max, no, I don't think anyone's that powerful enough that they can put their hand on your forehead and say, bad behavior. Release. John, you know kind of thing, it just doesn't work like that. And I don't know where that's going. It's another buzzy thing that's been around, and buzzy with good reason. I don't mean that pejoratively. I mean, like, it's gotten a lot of attention, but I don't know what to do with that. And, you know, from a pure intervention standpoint, now there's other stuff that's trying to get the advisor to be just a better friend to the person, which is effective, because the the better rapport you build, the more they listen, the more they listen in a sincere way, the better outcomes you you know, stands to reason, the better outcomes you have. But I haven't seen anything that's like, Oh, wow. Let me. Let me keep track of this. Have you? Yeah,

**Wade Pfau 32:43**

well, there is outside of financial planning, because that's the issue of financial planning, traditionally, is more on the quantitative side. But like our friend Kevin Lyles, with retirement researcher, is part of that retirement coaches organization, it's not about the financial planning. It's about, you know, what do you preparedness? Yeah. I took that request. How do you replace those 12 hours a day working and work related to not necessarily 12 hours, but anyway, how do you fill that time in a meaningful manner with having passion and purpose? That's more of it's not a financial planning question, but it's so hugely important. Yeah. How can financial planners help facilitate giving help to individuals, and maybe it is a completely separate group who's providing that type of service.

**Alex Murguia 33:28**

Do you see anything John around that

**John Manganaro 33:31**

not, not really, I mean it. I think it's people who are sort of peripheral to the financial planning industry are involved in that, that the closest thing that I see to that is when I talk to firms that are providing, you know, catering services to the super wealthy, and the things that they're doing for their clients, like outside of just traditional financial planning, are pretty eye opening. I mean, everything from Dollar water helping, yeah, literally, it's just like everything that can go into the, you know, a person's lifestyle when they're, you know, ultra affluent, you know, from personal security while, while traveling. You know, helping people curate private aviation. You know, helping their their children, you know, decide what colleges to apply to. I mean, it's, it's a lot of stuff that is, that is not about the wealth management portfolio, but And apparently, you know that that's working for them, it creates a sense of loyalty and deep connection, you know, with with those clients that that's obviously a far cry from what can happen in the in the mass affluent space. You know, firms aren't going to invest all those resources to, you know, support a person with \$500,000 in their 401, K, that's obviously not realistic,

**Alex Murguia 34:44**

no. And also, when you get to that, like the bill paying and things like that, then custody comes into play. And that's that becomes kryptonite for an advisor. Kind of don't want to even deal with that hassle, frankly, but yeah, that's, that's not. Norm, but something that was interesting that you said, I'm gonna get your thoughts on which is the next, the next best action? There's a lot of softwares that are like, okay, we're not gonna be this one ring to rule them all kind of software, but we're gonna focus on this specific issue, you know, et cetera, this specific niche issue. There's that piece. So there's those kinds of software that are very interesting. And you just said it look within, I'm sure, there's a holistic financial you know, use the word, there's a big cash flow, very detailed financial planning software that can deal with Social Security, right? But to me, they're not going to be as nuanced as, like, a specific social security timing software, right? And so the advisor begins to cobble together all of these softwares, which you kind of need to to get that specific expertise in that avenue of of questioning. There's that, and then there's the recon, reconciling that with the next best action. And that's a phrase for consumers where, okay, you don't want to boil the ocean. You want in giving advice. And so you have this client, they present x, y, z, what should they be doing next? In the realm of successive approximations, just what's the next thing to do? What's the next thing to do that requires either a software that can boil the ocean or extremes amounts of integration with all these different softwares. And that's a

weird thing, because I to me, and this goes back to, let's say, 20 years ago, there was this idea of your silver bullet, this consortium of all these softwares that can talk to each other and they'll agree to play nice. But I think what happens as these softwares began to grow within our space, and by grow, I mean now they became \$20 million properties, \$50 million properties, \$100 million properties, the owners were like, Oh, my God, I'm out. And they sell it, they sell it to private equity, or they sell it to the Orions of the world, and all of a sudden, you know, it went from, let's integrate with everyone to, you know what? I'm gonna have that one ring to rule them all. And I think we've been in that cycle for the last five years. And a lot of that had to do with just ownership transitioning, because the ones that started it are aging out, or private equity gets in and, you know, hey, we got to buy revenues. So let's buy this CRM company. Let's buy this whatever company. Let's buy this and cobble that all together into one, one sort of offering. Yeah, I think you're starting to see that kind of cycle. And I don't know, I don't see around corners or anything, but that's becoming stale, I believe because of the advent of these niche softwares that are now coming back into play, where advisors are like, yes, Orion offers this XYZ, but you know what? This other one does it a little bit better, and I'd rather have that you've also, I think you're How do you see that? Alex, how do you play that? That that tension between next best, next best movement that requires this sort of all in one or extreme amount of integration.

**Briana Corbin 38:08**

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**John Manganaro 38:31**

Yeah, I think the way that you describe the history of this space is spot on. It's something that we've seen, you know, in tracking whether it's the Orions of the world, the InVEST net, that's what they're grappling with, for for sure, with with differing levels of success, I would say, I think the next year, the next two years, are going to be very telling on that front, Alex, because I think the tension that you're describing is is definitely there, you know, because At the end, at the end of the day, you know, not to pick on Orion, but they can, you know, build the best platform they can possibly build that what it all, what it comes down to is what tools advisors want to use, and how they want to actually solve problems for their clients. And and I think there, there is a real there is a real tension there, you know, I think that my personal take, and I'm I'm not working in the trenches, so I'm sure advisor listeners will all have their own take on this, and they may disagree with me, but I, I think that, you know, some of these firms are reaching a point where they have made some, some big, influential acquisitions. They've they've gotten their funding settled. You know, they've either recapitalized or they've, you know, they have private equity ownership that has experience in the financial services space and has a five or 10 year perspective on on getting a return and and sort of getting their own benefit out of investing in this space. And I think right now, they're sort of. At a moment where they have an opportunity to create, you know, truly powerful, interconnected advisory tool ecosystems that will, that will allow advisors to deliver on the vision that we've sort of been been talking around. I do think that's possible, and maybe right around the corner, you know, I could be wrong. I don't have a crystal ball, you know, we could see some of these firms not achieve the goals. But you know, when I, for example, I have the opportunity to speak with the leadership at Orion pretty frequently, and the what we're talking about right now is 100% let their focus on, you know,

whether they can, whether they can achieve, it is something that remains to be seen, but they they're very well aware of the history we just described. They're they're living it, and they're very focused on trying to solve, you know, this problem of allowing advisors to utilize their platform to truly, to truly do it all we'll see. I think, that this the story of private equity's entrance into the wealth management and retirement and financial planning industry has been really important. I think in the coming years we're going to continue to see more investment and and I think that that trend is here to stay. We'll see what, what effect. How does this

**Alex Murguia 41:16**

translate to consumers? Do you ever see a world where some of these softwares, and we say because it doesn't scale going down to consumers, but then all of a sudden you have AI and, no, I mean, take a page out of Klarna, although they backtracked a little bit, all of a sudden they can have a staff of, quote, unquote, 1000 AI agents handling customer requests kind of thing. Just just for giggles here, right? And so do you see a world where consumers will have access to the stuff that advisors have access to for bettering advice? And if so, would that present a point of contention with advisors, from the standpoint of, are these softwares effectively becoming robo advisors, because they're offering their software to consumers and to advisors. And I don't necessarily think that's a bad thing at all, but I'm sure there's some advisors that are like Hoarders, and they, they love the information asymmetry that that they can, you know, that that increases their value, yeah,

**John Manganaro 42:28**

yeah, we'll see. I think that's, that's a big, open question. We, we sort of lived that history once before, over the past 15 years, with the first iteration of so called robo advisors. And it, it didn't, you know, eliminate the, the important role of financial advisors. I think if we went back, you know, and looked at headlines, and when I was first starting and recording in this space, that was a big, a big topic, like, okay, robo advisors are here, you know, advisors, you better start, you know, shutting down your business and look for a new job. And, of course, that that didn't come to pass. I this time around with, with the power of generative artificial intelligence, and if we think forward to the, you know, 15, 1015, years in the future, the, you know, I'm not a technologist, but the potential power of things like quantum computing and, you know, the ability of machine learning models to really become more and more sophisticated, I think this time around Could, could be different, and that, you know, there could be relatively effective, you know, direct to consumer financial planning solutions powered, you know, powered by AI. I still don't think that would get rid of the important part of human advice, though. I think we'll probably land somewhere where there's a spectrum where, you know people with relatively simple financial lives, you know someone you know, put myself in that bucket. You know, I'm my wife is a w2 employee. I'm a w2 employee. You know, our we don't have any kids. We're one of our basically our own or main financial goal right now is, is preparing for retirement. We don't have a lot of debt. My situation is pretty simple. I wouldn't mind running it through an AI just to get advice about, you know, some of the small, weird, small cap holdings I've had in my portfolio for a long time, like that could be useful, and I could probably be well served by an AI sort of tool. But people who have a much more complicated situation, you know, with various business, business income, perhaps, or competing goals. You know, children to fund their college educations. You know, maybe they have various types of debt. Maybe they have a lot of money, but they're, they don't feel like their house is in order. Probably hard to see them just fully relying on, on AI to get to get all that done. Okay? But I you know, we'll see it's I think what's interesting is that this space evolves steadily But slowly, right? So it's hard, and you guys probably see this

and in the day to day and the week to week, it doesn't feel like we're making tremendous progress on some of these things, but when you pause and reflect on I'm. What we were talking about three or four or five years ago. You realize that, yeah, we actually have, we have come, you know, yeah, we have come along.

**Alex Murguia 45:07**

That's like a Bill Gates thing too. He says something like that. Okay, what? What do you we'll end it on this one from a consumer standpoint and the like, what excites you the most in terms of being able to deliver financial advice to to the masses, the folks that need it the most. What developments do you see happening beyond just, oh, general, you know, AI, you know, which is 100% accurate. I'm just curious, is there anything that's caught your eye? Any technology that's caught your eye that, man, this is a, this is such a good direct to consumer play. And I'm saying it for the folks that are listening, that are that are self directed investors,

**John Manganaro 45:46**

yeah, it's, it's an interesting question. My initial response, it to sort of change the question a little bit. It actually doesn't have to do with technology. It has to do, it has to do with the the approach being taken by, you know, advisors, who, who I'm meeting, who who want to start their own RIAs and who want to work with people, and, you know, mid middle class and less affluent people, because they're, they're getting into this business not because they want to become millionaires or billionaires. They're, they're getting into this business because they love financial planning. They they love talking with people about their their feelings about money. They love talking with people about setting goals. And they feel like they're truly helping their communities. They're truly helping their friends and families, who are often their their first clients, right? These, these young people, are often setting up practices with 3040, 50 clients to start with, and and that's generally their, their close circle, right? They're, they're serving their friends, they're serving their their neighbors, or, you know, perhaps small business people in their community. And they just, they love financial planning. And I could see, you know, I could see that model, you know, catching on, because I think a lot of people, they want to career that feels meaningful, you know, they want a career that is, yes, they they need to earn a earn, earn a living, and, you know, pay for the roof over their head and pay down high levels of student debt and all of that. But I, I think there's a lot of people who are getting involved in the financial services space, either either on the technology side or as planners, who are doing it for what I would call the right reasons, right it's, it's not about making commissions. And, you know, being the Wolf of Wall Street. It's a completely different perspective on what financial planning is and is and can be. And I think that's a great thing. I would love to see more of those folks continue to have an influence on on the industry. They're, they're obviously still a relatively small, you know, fledgling group of of people, but over time, you know, I hope their influence will will grow and will fill a very important, important

**Alex Murguia 47:50**

niche, yeah, but you say that, but I'm thinking, I would say that probably happened 40 years ago, or 30 years ago, with the rise of just the independent advisory firms breaking away from the broker dealers, where to the point that saying you're the antithesis of a commission broker is no longer a value proposition, because to me, everyone that provides plan you know, any independent RIA effectively stands for those things at this point. Am I? Am I wrong in that?

**John Manganaro 48:22**



No, I think, I think you're right. We're what I'm describing is almost like a version, a version 2.0 got you that, yeah, but

**Wade Pfau** 48:31

anecdotally, too, I think that's a great point. John and I hear from a lot of people who are retiring and then kind of their second the second career, they're interested in helping people setting up a financial planning firm, advisory firm, and I don't it's all anecdotal, but I think that's a trend.

**Alex Murguia** 48:49

I don't know. John Wade. Wade told me earlier today, it's never about the money, it's always about the money. And I was like, okay, whatever. Yep,

**John Manganaro** 48:57

yep, well, yeah, all I can say about that is, you don't get into journalism for the money. Yeah, no, no, okay, no, you're

**Alex Murguia** 49:04

saying that. There's a way you're the gist of what I'm hearing is, Listen, you could make a nice living, and you could actually do well for people. And there's nothing wrong with that. In fact, that should be the default, not the other way around. It's kind of the vibe I'm getting from me, correct? Well, yeah, 100% Oh, that's good. That was helpful. Any parting thoughts for the listeners here? Have at it. You have advisors and you have consumer listening in.

**John Manganaro** 49:32

Well this, well, first of all, thanks, guys. I really enjoyed this conversation. I know we kind of covered a lot of different ground, and you know, I'm sure there are things I said that the professional listeners probably maybe disagree with or my life. Don't worry about it. And trust me, I You should. You guys should see my my inbox, I love but to that point, I love getting feedback from the public. You know my my contact information is available directly on think advisor.com So you know, if you feel like you have something you want to share with with myself or any of my colleagues, you know, please drop, drop me a line. I love hearing from the professional advisors the investing public. And if you guys will will forgive me to plug. By the way, think so. Think advisor. I do retirement and technology and wealth management, but I'm part of a team of five or six really dedicated and experienced journalists. I've been at this since 2012 and I'm the least experienced person on the team. We have journalists who have been writing about some of this stuff for 2530 years, including my editor, Janet lavel. So folks, really, you know, I want to encourage people to check out the website. We do much more than just retirement planning. It's written for professional advisors, but there's a lot of information on there that's useful to the public too, especially if you're that, I think if you're that kind of person that's listening to retire with style, who, who is a little bit more of the you know, do it yourself. Or, I think our website could be very helpful for folks

**Alex Murguia** 51:01

like behind the scenes that I they I find fascinating, if that would be a consumer, so I wholeheartedly agree, and we love your

**Wade Pfau** 51:12

think advisor.com. It's all one word Correct. Think advisor.com. Yeah, and that advisor is with an O,

**John Manganaro** 51:19

yes, yes, yes, you're right. Wade, thank you

**Alex Murguia** 51:23

all right. John, hey man, really appreciate the time you know, sharing your your views on on the state of play, on the industry, really helpful. And love it, and we'll keep on following you as well.

**John Manganaro** 51:35

Sounds great. Yeah, thanks guys. Appreciate it.

**Wade Pfau** 51:38

Thank you all right, and thanks everyone for listening. We'll catch you next time on retire with style.

**Briana Corbin** 51:45

Wade and Alex are both principals of McLean Asset Management and retirement researcher. Both are SEC registered investment advisors located in Tysons, Virginia. The opinions expressed in this program are for general informational and educational purposes only, and are not intended to provide specific advice or recommendations for any individual or on any specific securities to determine which investments may be appropriate for you. Consult your financial advisor. All investing comes with the risk, including Risk of Loss past performance does not guarantee future results. You