

Digital Planning Podcast (Season 7, Episode 3): Luminary

Speakers: Justin Brown, Jennifer Zegel, Ross Bruch, and David Barnard

Ross Bruch:

Welcome back to the Digital Planning Podcast, along with my co-hosts, Jennifer Zegel and Justin Brown. I'm Ross Bruch. Today we're thrilled to have a very special guest on the pod, David Barnard. David is the founder and CEO of the AI-driven estate planning software company Luminary, which you can find at withluminary.com. But prior to starting Luminary in 2021, David was with the global wealth management firm AllianceBernstein for 23 years, serving as its head of private wealth management for the last eight. David, welcome to the pod. Thanks so much for being here.

David Barnard:

Great to be here. Thanks for having me.

Ross Bruch:

So I want to start with that last little tidbit in the intro. Pivoting from a place like Bernstein to starting a software company is not a typical path. Talk to us about that transition.

David Barnard:

Yeah, well, since you dated me in my 23 years at AB, and I guess happily since we're on audio for your listeners, I'll just point out I have a few more gray hairs than what most people might expect when they think of a tech company founder, but I always say my story's actually the same as many others. I was an operator in an industry, as you pointed out. I observed a problem for which there was no really good solution, and I decided to build what I couldn't buy. And so as you say, in my case, I ran the private wealth business at AB for a long time. You think of it as an RIA tucked inside of an investment management company. And if you look over the arc of my 23 years there, and even a little bit before then, going back to the single stock brokerage days of the '90s, I observed a lot of innovation in investment products, but very little in the tools that helped advisors scale the delivery of strategic advice or in helping clients actually understand and appreciate and value the advice they received.

Clicking into that a little bit further, my focus then and now with what we're doing at Luminary is on what we call high net worth plus clients. To put that slightly different way, these are folks for whom their financial security is assured. There's little to no risk that they're going to run out of money and there's a correspondingly high likelihood that they're going to transfer something even if it's not taxable. And in those cases, my lived experience as well as survey after survey says the question of what happens when I'm not here is actually the number one stressor in the financial lives for these folks. And so the big idea behind Luminary is platform software to scale wealth transfer expertise and insights and to make the value of wealth transfer advice more tangible and quantifiable. And to move that into the domain of something that is no longer done reactively and every say five or 10 years, but actually a fully integrated and proactive part of the wealth management experience.

The last thing I'll say is just one of the, I think, important insights that I brought to this having been in the industry before as an operator is an awareness of how the ecosystem of expertise works in serving these clients and how they come together in service of a common client. Whether it's investments or tax or legal documents in some cases, trust services, there's very few firms, I'd say hardly any, that actually do it all. And so the point of software is really in terms of its utility only going to be as high as it is accessible to all the people who need it as a single source of truth. And so we built Luminary with that in mind, this idea of connecting the ecosystem and enabling and amplifying expertise, not disintermediating it. So anyway, I know that's sort of a long setup, but let me stop there and look forward to continuing the conversation, especially as we get into what an amazing time it is to be building software in an era of AI.

Ross Bruch:

And I do want to dive into that and there's a lot to pick through in what you've already started, but I want to highlight you started Luminary in 2021. That was a very different time than where we are right now. One, it was right in the middle of the pandemic. Number two, it was pre-AI as we know it now. It was pre-release of ChatGPT 3.5 in November of 2022. Your goals at that time must have looked very different than... Well, maybe not very different, but different from what they are now. Can you talk about what was the initial product that you said, "We're going to start with this. This is our MVP. This is our minimum viable product to launch Luminary."?

David Barnard:

Great question. So just to take that on directly, and as you said, when there's a big problem you're trying to solve, where you start is really important. And in the case as expansive as wealth transfer, I wanted to start with something that really touched on all aspects of the problem. So one is sort of design and modeling. One was visualization. Another was value capture and reporting. And then in addition to that, this idea of collaboration and connectivity. And so our very first MVP product, which we launched at the end of 2022 and really started putting the team together and the company together and laying down code in mid '22, so it was pretty quick iteration, but the very first product was a GRAT app.

And so the big idea there was this is a time-bound wealth transfer strategy, so it's sort of easy to capture value. There are a lot of ways at the front end that the folks conceptualizing this for both the client and also wanting to iterate on outcomes can use calculator tools. NumberCruncher obviously is a decades-old Excel-based product that does that. So what we really tried to do was take this end-to-end workflow around the GRAT that touched on all of these different things that I described that were just sort of pieces of the larger wealth transfer puzzle we were trying to solve. And that was in fact our MVP. There was little to no AI tooling in that. And as you said, sort of the eureka moment I think for AI, at least in the public consciousness, sort of came about at exactly the same time we launched that product in the end of 2022.

Justin Brown:

So David, for those of our listeners who haven't gone to your website or aren't familiar with Luminary, can you talk a little bit about what does Luminary do?

David Barnard:

Yeah, so Luminary fundamentally connects a balance sheet source of truth. And so if you think about that in the domain of wealth management, it's where performance reporting lives. And what we create is data associated with how those assets are held and owned. So most of that information historically has lived in documents and analog places, and this is where AI enablement comes in. Where what Luminary does is it summarizes, parses, and extracts that information. Names, dates, jurisdictions, powers, provisions all become structured data in the Luminary platform, integrated with balance sheet information, which then enables users to do a lot of those things that I said in our very first GRAT application we launch, which include modeling, outcome simulations, reporting, visualizations, all of the things, as I said earlier, that really scale expertise and make it more tangible and actually more valuable in the eyes of the folks that are benefiting from that advice.

So that's really how Luminary works. And I think when you live in a data domain like we create and as a platform that plugs into other adjacent systems and sources of truth, you go from in the industry where wealth transfer advice is, as I said before, tends to be reactive, tends to be episodic and consultative in nature, to actually something that is woven into how wealth management advice is delivered. No longer are you just saying what do you own. You're able to say how you own it and what happens to it under various time and return scenarios, which then really becomes a new dimension to how advisors and ecosystems of advisors are able to work together in service of common clients, much like a family office does today. The term democratization is overused I think, but in a lot of ways wealth transfer is really what epitomizes what a family office does, almost definitionally. What we think we're doing is making that available to a lot of folks that otherwise wouldn't have the benefit of that given their net worth.

Ross Bruch:

I'd say wealth transfer and making things easier for current clients in terms of understanding and just running their life. And that seems like you do that as well. I find this particularly fascinating because I've lived on both sides of this. I've been in private practice and then I've been in the planning side in wealth management and I see the gap between how those two sides communicate and what they're primarily focused on. But would you say that this is a software company driven for the wealth management to give them better access to the planning side or for planners and practitioners to give them better access to the data on the other side, or for both?

David Barnard:

It's definitely both. My experience obviously is in wealth management, and when you think of the role of the wealth strategist, Ross as you know, a lot of the initial advice will come from the wealth manager. They have because of the virtue of their fee model and the way their business model works, they have the longitudinal relationship with the client. They have the 360 view into the balance sheet, and because they're just more connected, they know more about a client's intent and their objectives. And so very often both the stressors and some of the initial advice comes from the wealth manager.

Where I came from, and I think across the industry, there's a very bright line around unauthorized practice of law and how, and this is importantly why we built Luminary as a collaboration platform, to connect the ecosystem, the ability to then bring in the experts, whether it's tax or law or fiduciary services to coalesce and collaborate around our data as a source of truth makes everyone else in the ecosystem better in how they serve that client. And it unlocks more of a longitudinal relationship than, let's face it, the fee model associated with the practice of law and, in many cases, tax services otherwise enables the client to benefit from.

We really think what we're doing is one part data in the applications that I described earlier, but another part and, probably more importantly, connectivity in this idea of collaboration. And so we're really excited that we have law practices and CPA practices and trust companies as Luminary clients. And this idea of creating network effects by bringing them together is actually a central part of our business model.

Jennifer Zegel:

I love your collaborative intentions here, but you're collecting a lot of sensitive information and you have a lot of people being integrated into the platform for viewing access. So how do you address concerns about privacy when working with sensitive estate planning information and documents?

David Barnard:

Yeah, it's a great question, Jen. I would say no two customers of ours and no two clients of theirs probably think about that the same way. And so we've built the platform where there are many levels of permissioning in terms of who can access what, who can see what and actually touch what that I think solves for some of those problems. And so it's not open architecture where everybody sees everything all the time. You can close things off, you can make it time-bound, you can make it read-only and you can make it fully collaboration-forward.

So that's how we sort of solve for access. We get a lot of questions around where the data lives and cloud infrastructure and architecture, which we are, any modern software is cloud-based today. And then, of course, in the world of AI, there are additional questions around privacy there as far as data processing goes, which I anticipate will probably be a future question, so I'll stop there.

Ross Bruch:

Let's dive in there and I want to talk about your AI platform. Obviously we already talked about the fact that you started without the full resources of AI that you have now. So can you walk through what that build-out was, what that realization of, "Oh wow, this is going to be a great tool for us to integrate into our platform," and then just some of the mechanics of how that works? Are you using your own proprietary? Are you using a frontier model? What does that look like?

David Barnard:

Yeah, well, I'll just share kind of a fun personal story on this before I answer that question. So personally, I was first exposed to LLMs and AI and earlier versions of ChatGPT in early 2021. My co-founder is a guy named Joe Lonsdale who is by day today a venture capitalist and is our primary investor, his firm is called APC, but I think he would describe himself, first and foremost, as a software entrepreneur in his own right. He founded a company in the wealth space called Addepar and more notably was part of the founding team at Palantir. And so as Luminary was sort of just germinating as an idea in my mind, I found myself at a dinner table conversation with him in early '21, which as you pointed out earlier, was still sort of the vestiges of COVID. We were outside in Austin, Texas and there were a bunch of his friends from Palantir at the table and the entire conversation was around ChatGPT and I had no idea what they were talking about.

There was all of this discussion of things that they were doing and I was just amazed by it. And having spent my entire career basically surrounded by people who went to business school and had MBAs and I'm sitting at a table with no one who went to business school, probably half of whom didn't even go to college, but were all software engineers, I knew this was what I had to do next. And of course I went home and I started to study this and began to start thinking about how this could ultimately play a role in the vision for what is now Luminary. But it was obviously still very, very early days there. We can talk more about it, but I think there are some interesting analogs if you look at the internet timeline and sort of trace to where we are with AI today.

But this idea of, as Microsoft has branded their instance and version of ChatGPT a Copilot, the idea that experts would basically have additional expert capacity sitting beside them to, in many cases, do the things that are rote and manual and sort of necessary inputs to get to a place where their expert output can be valuable, the idea that you can solve for that and amplify that has made the last two plus years of what we've been doing at Luminary both really fun. And I would say it also it takes shape in how we actually code ourselves and create the product. If we were starting Luminary today five years ago, we'd probably have to have five times more people than we do today. So we always talk about what we're doing as a two-sided AI company. One is how we operate and what we build and then obviously what we produce and what we do for our customers. But it really is all about scaling expertise and making the value of advice more tangible in the eyes of the folks that benefit from it.

Jennifer Zegel:

So fast-forward a few years. As AI continues to dominate, where do you see human advisors adding the most value in a world where AI handles increasing amounts of analysis and drafting?

David Barnard:

Yeah, it's a great question. I think a lot of the anxiety around AI and what it's going to do for jobs and society goes back to how, frankly, Luddites have thought about innovation and technology going as far back as agriculture and manufacturing. I mean, this is basically the same sort of revolution, if you will, but just for white collar work. I think where people get concerned is how technology will replace the way things are done today, but they don't spend enough time thinking about what's possible on the other side. And so in our narrow view of the world, again, this idea that wealth transfer insights analysis and the kind of things that law firms and wealth management firms spend hours of project time on for one-off consultative things that, frankly, start to decay and value the minute a presentation is over we think is a new aspect of wealth management services and experiences that, as we said earlier, are really sort of the domain of just family offices today.

I think this is going to be table stakes. And especially in a world where so much of the investment management deliverable because of innovation has become commoditized, I think you'll start to see some of the value and economic shift as well where the work that folks like you guys and I think some of your listeners do, which I would submit has probably been historically underappreciated relative to the value it delivers, I think in a world where we can quantify it and make it more longitudinal, that actually changes. And I think that unlocks a new set of business models for law firms. We're, in fact, talking to a couple right now that are looking into more fee-based longitudinal kinds of services as opposed to just the one-off transactional things that they're doing for clients as they come in on an episodic basis.

So I think there's just so many cool things that, frankly, it's probably hard to fully appreciate today, whereas the threat and the risk of the change is obviously something that is more tangible in the moment. So I would just encourage listeners to understand that but also begin to let their minds really run wild on what's possible.

Justin Brown:

So one of the features of Luminary is the concept of you put a document into Luminary, a trust, a will, whatever, and it will then, using AI, kick out all of the pertinent information for that document, who the fiduciaries are, the dispositive provisions, the terms of trusts, whatever. I can tell you, David, that this is something that Ross has been saying for the past five years, wouldn't it be great if there was a product that did this? So you're preaching to Ross here. But one of the questions that I have as an estate planning attorney, because I've put these types of documents through a form of ChatGPT and it never gets it right and there are inevitably hallucinations that occur in the analysis of the document that I'm trying to analyze, how does Luminary deal with those hallucinations? How do you aim to be 100% accurate 100% of the time?

David Barnard:

Yeah, God, there's a lot to unpack there, but it's a great question, Justin. I think with anything, transparency and expectation setting is a central part of success. And so I would say, first off, right now there's very little that we suggest as having 100% accuracy as a goal. So with that in mind, we've built Luminary to be at least as far as all of our AI enablement goes, human in the loop. And so everything that we produce in terms of things as germane as summary output to the way we parse and extract data and populate it into our structured data architecture is all inspectable, verifiable. You can see exactly where it came from and what is, most cases, the document as a original source of truth.

And by the way I should say, our accuracy as we track it, and we do, tends to run in the mid to upper 90s percentage. It's not 100, we don't say that it is. We emphasize the human in the loop aspect of it for that reason. But hallucinations tend not to be our problem, at least in that data creation workflow. And the reason for that is hallucinations tend to be something that are more commonly found when you're asking AI to create something from something small. It tends to happen less when you're actually asking AI to reduce something from something big, like a 100-page document. Where you tend to have more issues is where something might be overlooked. And that's where the expertise comes in. I think in one part where if in a document type what you're looking for and you are looking through a summary, your expertise is going to draw you to a place where you might want to prompt the document to surface something that might've been missed on the first pass.

Now, I would say because we have extraordinary prompt engineering at Luminary, we have developed document templates that are unique to document types. The experience with a tool like ours that is really purpose-built is going to be very different than a generalized tool where somebody who may or may not have great prompt engineering skills is going to get a very different outcome from the same document. And so it's not to suggest that you are not an expert prompt engineer, but I would say if you're using a generalized model, the results will be different.

Now, there are things that, and we have just launched a set of AI functionality called Insights, which is a way of taking basically the data that we create to drawing inferences and conclusions from it. And so what we've started with there is a relatively narrow set of things but entirely driven by our customer feedback on things that you would like the AI to observe prompt and surface that might be inconsistencies, things that might look out of date or otherwise are missing that become observable action items that, again, the expert would then be able to say, "Okay, I should look into this. I might want to talk about it with my client," whatever you want to do. It's not a black box, it's not happening behind the scenes in and of itself. It's just a way of helping folks look across a bunch of different documents, applying expertise in a very scalable way that just surfaces things that look like they need further attention.

Justin Brown:

So can it go the next level? So the first level would be it picks out the important pieces of information of a document. Can it then take that information to the next level and create a diagram of how that document works? Or do you need human input to move it along to create that diagram?

David Barnard:

Yeah, so back to the first application of AI, which is what I would call data creation as opposed to the insights and the reasoning, which I talked about just a minute ago. So again, our AI workflow takes you all the way through dispositive provisions and actually how an entity or a partnership would distribute. Where it is human in the loop, you're approving all of that, but we basically create the workflow for you that then automatically generates at least a first version of a visualization. And similarly with this idea of enablement, everything in Luminary is customizable. So if you want to drag and drop, make something bigger, add a note, all of that is able to be done on platform. And once it's done, it's now living and breathing as a piece of software, which makes it a lot more accessible and retrievable for future use than Excel and PowerPoint, which is effectively what we are replacing.

Ross Bruch:

So a few moments ago you mentioned the Luddites. We're familiar with that term as someone, but fun nerdy fact is that the Luddites who were 19th century textile workers weren't necessarily anti-technology, they just wanted to be the ones to control it. And so it makes me think of what Luminary is doing in terms of flattening the expertise, and it almost gives general expertise to a broader range of individuals in this space. So from someone who is specialized, maybe it does seem scary. That's one potential objection. I'm sure you've heard many other objections when you approach firms or companies with what could be a time-saving, stress-saving and scaling opportunity for them. What do you hear in terms of reaction of the nos and anti, "This isn't right for us."?

David Barnard:

Well, it reminds me of my first trip to Heckerling when I started Luminary. And you can imagine the side eye that I got there from a number of folks when I started describing our vision, what we were trying to do. I would say I've since refined my pitch a little bit more, but the heart of it was still the same then, which was basically like, "Look, you guys have this all wrong. We're here to enable you to touch more clients, to create more capacity, and to help those clients that you're serving better appreciate the wisdom and the value of the advice they're receiving from you. So if it's your view that you have 100% market penetration, there is not a single client left that could possibly benefit from your advice and they fully appreciate it in terms of its value and can quantify it, then you're right, there's no reason for Luminary to exist and this is just going to be a bad idea. But if that's not your view, we're here to help. And it really boils down to this idea of broadening your reach and, frankly, your economic opportunity."

For I think the reason most people have gotten into the business to actually have impact with clients in a way that is truly next level where they both understand emotionally and quantifiably the value of the advice that you're delivering. And that's what I think when you get back to the very well-placed point on Luddites and what's possible into the future, to me, that's where the gravitational pull in the industry is around wealth management. Again, for at least that high net worth plus client and more family office-like services where teams of experts are coming together in service of common clients being more available to a broader universe than is the case today.

Jennifer Zegel:

Ross, thanks for those fun facts about the history of the term Luddite. I didn't know that, but I find that really interesting. But going back to our topic at hand, David, are you seeing greater demand or awareness around digital asset planning, things like crypto, NFTs, online accounts, avatars, digital legacies?

David Barnard:

Yes, definitely. As I said before, fundamentally what Luminary is is a data foundation that connects a balance sheet source of truth, which really can contain any asset, properties, collections, and certainly crypto and digital assets fit into that category as well. How they're priced is a different question. We talked about GRATs before. Probably one of the most GRATable assets on the planet is Bitcoin. But certainly with a lot of the gains that early adopters have experienced there, there's tremendous opportunities to use gifting strategies and other wealth transfer around those assets. So we are very asset agnostic and I think

there is a ton of growth potential there because of the characteristics but also how much that space has really evolved in the last several years, both in value but also just systems and maturity in general.

Ross Bruch:

So dealing with individuals who hold crypto, it leads me to wonder, you are primarily a B2B, business to business, software company. Do you ever see an opportunity to be a B2C, a business to consumer, because that might allow you more directly with those types of individuals or is the path pretty set that you envision you'll always be a B2B entity?

David Barnard:

I like to think what we are is B2B2C. I think that the expertise required for sophisticated planning is always going to keep that in the domain of experts. And let's face it, most of the people who are the beneficiaries of this planning, whether they're grantors or ultimately beneficiaries, are going to be most comfortable working at least in partnership and outsourcing this as opposed to doing it themselves. So I don't see this going the way of a Vanguard 60/40 portfolio. And as I said before, I do think that the center of gravity in the industry shifts much more towards advisory services as opposed to just the delivery of investment products and data. And so I think you'll find that you'll have more people who might be crypto native and that is their primary asset category actually looking for advice in this area, whereas they might not want it from a traditional wealth manager that's going to deliver them stocks and bonds.

So again, I think this is a lot of the exciting where things can go, but I do believe the fundamental complexity, at least of what we do, will keep our product in the domain of B2B2C for as far as I can tell.

Ross Bruch:

And I want to jump back to AI for a second. We've seen over the course of the last several years, especially since November of 2022 with more general public access to AI from ChatGPT 3.5 onward, that a lot of entrepreneurs start businesses and then later find that some of the frontier models build that functionality into their system and make whatever that entrepreneur was building obsolete almost overnight. Was that a fear, and how have you thought about that encroachment or that potential encroachment from LLMs and especially from open source models who are able to provide some, but not with the expertise of what Luminary can, of the functionality to the mass population?

David Barnard:

Yeah, it's a great question. I really don't think that you'll see the LLMs be able to develop specialized vertical applications to a great degree that software entrepreneurs like Luminary would be threatened. There's so many great analogs when you think about the evolution of the World Wide Web and the internet versus what we think about as AI, and obviously there's some overlap there. But to me, when you look at where the LLMs will ultimately consolidate, they'll probably be like cloud infrastructure to some degree where it becomes three or four main leaders in the space like AWS and Google and Microsoft Azure are today. So who those winners will be, I'm not sure. We do all of our processing with OpenAI. But we think that on top of that infrastructure, much like the sort of mid 2000s where you launched the iPhone and broadband became ubiquitous, that's what unlocked the app era, whether it's social, news, all the things that basically populate our mobile devices today. That's I think the world that will be unlocked, and we're really in the early stages of.

So it's sort of to me like the mid-2000s, maybe 2010 timeframe where the apps haven't really been developed yet to a great degree, that's what Luminary does. But that's what I think you'll find going forward is there'll be a lot of specialization that runs on top of those LLMs. And in our world, we think we're going to be a leader there because of the way we have built the product as a data and architecture... Sorry, a data-first architecture and then with this collaboration capability as a key way of enabling rather than disrupting the ecosystem that we play in.

Jennifer Zegel:

Do you see increased regulation coming for AI tools in law and finance? And how is Luminary preparing for that?

David Barnard:

I think the trend's actually in the opposite direction. If you look at what was a very conservative stance around that with the last administration versus where we are today. And I'm fully supportive of the idea with a technology that's as early in its development as we are, and I think it's going to be, and most people agree, is going to be as consequential as it will be in the arc of history to let innovation flourish. So there may be various things that industries decide to impose, but I don't think you're going to see that at the federal government level.

I think the more people really understand in the realm of modern technology infrastructure how much security there actually is with data processing both in the cloud as well and data storage in the cloud with multiple layers of encryption. Luminary is zero data retention with OpenAI. So I think that it's a lot safer than people think, and we're at a time where innovation should flourish. And so I don't think that you're going to see broad regulation pulling that back.

Justin Brown:

So now we want you to look into your crystal ball. So the estate tech world has been probably a little slow to advance in comparison to some of the other areas that have been using AI. And in the past couple of years there have been tremendous leaps in what can be done in the estate world. Where do you see in the next five years estate tech going? And where do you see Luminary in that five-year horizon?

David Barnard:

Yeah, I think when you're in a period of innovation like we are right now, one of the first places to look for the potential for change is where there is an activity that's done today most similarly to the way it might've been done 10 or 20 years ago. And as you pointed out, there's a lot of that in law, a lot of that in education and healthcare. So I just think societally, as I said, there's a lot of questions and things that people are rightly concerned about in the AI era, but there is so much potential for greater good that can come out of this.

And so just to click into the world of wealth transfer and estate planning and related services, we think that there's a lot of opportunity in trust administration in estate distribution. In a lot of cases this work is done by individuals. It's actually not even professionally done in cases where that's not good for anybody. So this would be, I think, an example of where a new business and economic opportunity is possible that is a consumer service that might not otherwise been achievable before, either at a price point or with a technology infrastructure to support it. And so that's one of the questions we get a lot when we talk especially to venture capital investors, is, "You've created this data that didn't exist before. It was living primarily in analog places like documents. What can you do with it?" And I think those are just a couple of what are several examples, but we've got a lot of work to do here in the meantime. I just think it's really exciting when you look at things that are manual, Excel-based, and just what's possible in terms of making those outcomes better, enabling more people to benefit from them and value them. And that's really what we're trying to do.

Ross Bruch:

So I want you to evaluate this prediction, and I'm not sure I fully buy into it, but I'm going to make a prediction and I want your thoughts, which is, five years from now, firms, especially law firms is what I'm thinking of but of course anyone else in this planning industry, who doesn't utilize tools like AI at all are going to be left behind because with that flattening of the curve that I mentioned before we have opportunities for native AI law firms, for non-law firms who can learn the expertise fairly easily compared to pre-AI days come in and absorb some of the market share. And it's easier for a tech company to advertise to a consumer at a cheaper rate, perhaps an uneducated consumer who doesn't know the difference between using just a basic AI model or going to a law firm. It's going to be harder and harder to compete with that from the traditional model. And so it will vastly upend the current economic situation unless people lean into that. Yes, no? Is that where you see us headed or am I off-base?

David Barnard:

I'd say that the truth probably lies somewhere in between, and I'll give you an example of why I say that. So back in my wealth management days in the mid 2010s, you might recall that robo-advisors became all the rage. A couple of the leaders in the space, not to pick on anyone, but leaders in the space at the time were like Betterment and Wealthfront. And there was a widely held view that the democratization of what were increasingly obviously at the time rather commoditized portfolios around stocks and bonds at cheap prices, there was this idea that nobody wants to deal with a financial advisor. And so the idea of going direct to consumer and having everything just sort of transactionally occur on a screen was going to be the future. Well, that didn't take off. Five or 10 years in, we had single advisors that had bigger books of business than those companies did collectively.

And so I think what that says is that there is, I think, always going to be some demand among folks as it relates to their financial lives and the related advice around it that they don't want to do themselves. I mean, one of the value propositions that I think everyone in wealth management sort of points to first is this idea of peace of mind and giving people time back. And so I don't think that's going away. I think there's a world where people lean into technology more with the expectation that they can get better services more efficiently from maybe a hybrid of humans and machine-driven advice. And that, in fact, is how the robo industry has gone. Almost all of that robo technology, and those were good products, they were great user interfaces, have basically been subsumed inside traditional wealth management businesses and that's how they operate. So I think that's going to be how this plays out as well, that ends up being better for the businesses and better for the consumer, and that's what you call innovation.

Ross Bruch:

Well, David, thank you so much for joining us today. This was a fantastic conversation, really enlightening, and just exciting to see where the world's heading. Again, David is the CEO and founder of Luminary, which you can find at withluminary.com. And David, thank you so much for joining us.

David Barnard:

Well, it was my pleasure. Thanks for having me.

Ross Bruch:

And we'll catch you listeners on the next episode of the Digital Planning Podcast.