



Is Technology a Threat or Savior for Estate Planners?

A Yourefolio White Paper

# Is Technology a Threat or Savior for Estate Planners

By Yourefolio

Let's face it, humans are very busy. Technology is changing manual processes to create efficiencies. Technology is evolving every day and moving toward replacing jobs that entrepreneurs feel there is an opportunity to disrupt. As technology continuously evolves, we have seen little movement in estate planning technology until recently.

It appears more and more startups are targeting the practice of document drafting and particularly the area of estate planning. Start-ups like Estate Guru and EP Navigator target financial advisors to move their instant document service through the market. Their primary focus is to produce on the spot documents for advisors' clients while advisors are in the discovery stage. They even find attorneys in each state to attach their names to the documents.

While Estate Guru and EP Navigator are relatively new, and traction hasn't been proven, established software companies like Intervention Points software as a service claims that they "empowers asset protection through a document assembly platform" that provides estate planning documents marketed through the client relationship networks of trusted business partnerships. It appears that they have made some inroads with the financial community.

Some of the most interesting news is a start up in Silicon Valley, Atrium LTS, which raised \$65 million to build an artificial intelligence platform to automate legal document drafting. While this is only as of September of this year, it is left to be seen how far they can take machine learning to replace document drafters. They claim to have hundreds of clients and continue to move forward in developing artificial intelligence for multiple drafting solutions.

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While drafting staples like Legal Zoom and Rocket Lawyer have been around for years, attorneys just accepted them as part of the landscape. However, because of the power of machine learning and artificial intelligence, technology is certainly a real threat. Especially to industries where perceived values can be accomplished by modern technology.

## The demise of an industry

At some point in our lives, we will be forced to get a ride. While this may be a rental car on vacation, a friend from their house, or a taxi cab from the airport, we will all need one. When it came to the ride hailing business one company dominated the industry. It was the taxi cab.

## The demise of an industry *(continued)*

In New York, to enter the taxi cab market, you had to have a medallion. That medallion fetched \$1.3 million dollars in 2013. Today, that same medallion costs a \$29,000<sup>1</sup>. Slowly, we are seeing less and less taxi's operating and those who operated them working for Uber or Lyft.



Uber and Lyft have revolutionized the ride hailing industry by utilizing technology. Instead of making a phone call and waiting a half hour or flagging your arms down on the corner, you can now pick up your phone, click an app and the car will appear in minutes. Because of opportunities in technology, Uber and Lyft took the ride hailing market by surprise.

The taxi cab industry had the same opportunity as Uber and Lyft. The industry just wasn't paying attention. If estate planning attorneys don't pay attention, there will be an Uber or Lyft just waiting to capitalize. People never thought that a person would get in a stranger's car. Is it safe to assume that most people won't estate plan on their own? Is the assumption that innovation in estate planning technology isn't good enough to replace humans?

### Is technology capable of replacing estate planning attorneys?

If attorneys are viewed as document drafters, then the simple answer is yes. Plenty of attorneys use drafting software to populate documents. There are several options for individuals to draft documents via online platforms such as Legal Zoom and Rocket Lawyer. Technology to draft documents has already existed.

As governments and courts move forward in the digital age, then technology for consumers will continue to evolve. No one knows the time frame, but it is certainly moving in that direction. Depending on courts willingness to modernize, and the further adoption of the Uniform Electronic Transmissions Act, it may be soon. Entrepreneurs and innovators will sense opportunities.

Estate planning attorneys are experts at asking the right questions, analyzing estates for better plans and providing value by ensuring that estates are settled quickly and properly. Currently, there is no technology that provides quick and accurate settlements, especially those that are subject to probate. Technology cannot currently replace attorneys providing these services.

However, technology can certainly ask questions. Technology can also analyze and provide results and suggestions. It may be debated on whether technology can provide better onboarding, analysis, results and suggestions because professionals in other industries use technology for these reasons. Since technology has been produced to service other industries for these work processes, it is conceivable that it could be developed in estate planning.

## Estate Planning Technology has been the last to innovate

Until now, you haven't seen many new technologies arising in estate planning. There are a few reasons that have led to the slow migration to develop estate planning technology. First, estate planning has primarily been associated with taxes and documents. Other than document drafting systems, adoption by attorneys appeared relatively slow. Since there are not many flowcharts and visuals, there really isn't an opportunity for emerging technology companies other than drafting solutions.

*...over the years, slow adoption caused professional technology to fall into the background*

A few technologies have emerged to attempt to create value, but they have slowly disappeared. Estate Gen was the first to try to make flowcharting more efficient and effective. But over the years, slow adoption caused professional technology to fall into the background.

AfterSteps morphed into an advanced vault for attorneys and clients. After several years of trying to gain market share, the software closed its doors. Even a growing platform, Everplans exited the attorney space because they couldn't gain any traction. The early pavers have shown it is difficult to gain adoption.

A popular software amongst planners is Leimberg Number Cruncher. The user interface hasn't been modified since the early 1990's making it look and feel like the first version of Excel. It too is a desktop version making it limited in its advancement and creating challenges to scale as cloud-based services are dominating the market.

Estate planning attorneys are dominated by an older population. Attorneys have an appearance of being "old school" preferring paper over technology. The yellow pad is still in existence along with the ever-popular paper questionnaire.

While some try electronic onboarding and questionnaires, the result is a paper printout. For entrepreneurs, since attorneys appear resistant to new technology, and early innovators could not gain traction, little opportunity existed in developing new platforms.



## Understanding attorneys' role and value

It is no secret that estate planning attorneys add tremendous value. The value is what attorneys currently bring to the table. It is knowledge of the laws, understanding planning opportunities and strategies and being able to ask the right questions.

## Understanding attorneys' role and value *(continued)*

Estate planning attorneys and financial advisors understand the value, but can this be duplicated by artificial intelligence, machine learning and other forms of technology.

The challenge is relaying that value to clients, so they understand it. More importantly, they translate the value in what they are paying. Unfortunately, there are very little deliverables that come in paper form except a binder and documents. It has been perceived for some time that clients only value what they walk away with. If individuals feel they have a document in hand that will instruct courts, beneficiaries, custodians and individuals, they feel satisfied.

Why do they need a human to create these documents? If the machine asks the right questions, then everything should be ok? Since estate taxes have become a diminishing issue, perceived value of estate planning attorneys may be diminishing even more. There is a saying, "in the absence of value, price is everything." Innovation is about doing it better at a lower price. It will hard to debate over time that machine learning could be able to analyze quicker, more effectively for a lower cost.

When attorneys are only seen as document drafters, we need to analyze whether attorneys are needed to even produce documents. In Arizona, you can get certified as a Legal Document Preparer. It is imperative that attorneys work diligently at illustrating value beyond documents to stay relevant. Attorneys need to consistently make efforts at using modern technology in their practice beyond drafting systems, so that they strengthen and differentiate their value proposition.

## The same battle for financial advisors

Advisors have been in a fight against automation. For some time, technology was rapidly evolving in individual investing. Large custodians are still developing technology and promoting it. Robo advisors were a trending movement but luckily had difficulty gaining traction. Even personal financial planning software was growing and companies like personal planning applications were getting noticed. More and more advisors were getting nervous and taking notice.

The good news for financial advisors is technology is rapidly evolving for professionals to help them overcome the movement. There are so many options that it often becomes difficult for advisors to keep up. Because advisors are more likely to adopt technology, plenty of entrepreneurs (including the advisors themselves) are releasing new technology every day to stay ahead.

It is the same for advisors as it is for attorneys, providing value beyond what is traditionally perceived. Technology is moving to fill the gaps. Platforms to help guide financial advisors with health care, student loan debt and now even estate planning software are rapidly evolving.

## The same battle for financial advisors *(continued)*

Financial advisors are paying attention and adopting technology rapidly. Advisors realize that if they don't stay relevant, technology could be detrimental to their profession. For the same reason, advisors are known to adopt technology. Financial advisors are determined to disrupt the same technology that is trying to disrupt them, by using technology as an advantage in their own business.

## Great wealth transfer

We have all read the headlines, the greatest wealth transfer of our time. There is only one facilitator in wealth transfer and it is estate planning. This appears to be a great opportunity for estate planners. A recent care.com survey revealed that over 60% of adults need some type of basic estate planning. While these numbers are staggering, the question remains, in an era of technology who will be providing their planning, a human or a program?

Millennials expect technology. The average user of social media tools such as Twitter and Facebook are over the age of 35. Opportunity for business growth exists, the issue is how does someone stand out amongst the crowd. Every attorney provides the same story, driving business will require a bit of differentiation. Does technology offer that? It is something that certainly must be considered.

The one thing that cannot be questioned is that technology will play a role in all of this. It will be the connector to the wealth transfer, the opportunities and the clients. Whether it be social media or an app that helps them connect to professionals, technology will be a driver in the great wealth transfer.

## Opportunities to move forward in innovation for estate planning attorneys

The good news is that professional technology for estate planning attorneys is out there. First, there needs to be more adoption so that other entrepreneurs will embrace the opportunity. If attorneys show they don't care, then the opportunity will move to direct to consumer products and the movement for artificial intelligence to replace estate attorneys.

Emerging technologies exist in vault opportunities, onboarding, illustrations and deliverables. Providing clients with access to information, quicker onboarding, visuals and better deliverables make major improvements. There are also new players in elderly protection software - ones that monitor accounts and provide notification if there is potentially improper activity.

A recently new technology has moved toward bringing practice management completely digital.

## Opportunities to move forward in innovation for estate planning attorneys *(continued)*

From onboarding, analyzing, illustrations, estate management and much more, this platform has moved full force toward helping professionals. It is left to be seen whether it gains traction from attorneys, but it's a movement toward helping professionals stay ahead of the technology curve.



Whatever new technologies trying to help emerge, it is important for estate planners to take notice. Brushing this off could be the evolution of entrepreneurs moving estate planning technology in another direction.

### How to stay ahead

There are those who innovate and those who wait and see. The question is, what type of professional are you? If you are motivated to take advantage of the technology revolution, here is your opportunity.

First, analyze what you do. Once you have methods analyzed, do some research on what technology is available to improve your processes. Ask other professionals what they have seen or use. Read and scan the internet, you would be amazed at what you encounter.

Second, dismiss the concept that your clients won't adopt new technology. That is the biggest misconception - that clients won't adopt the technology you choose. Clients don't adopt technology; estate planners adopt technology and clients will appreciate your willingness to stay relevant. Assimilate this to a doctor using a new technology. Would their patients not use it? Your clients will use it because it is the way you conduct business. Don't be limited by your own misconceptions.

Develop a technology niche. There are platforms out there that cater to one aspect of what you may do. Use that technology, develop your niche even further and advance your practice. Niche practices are more successful than ones that cover a bit of everything.

Be an early adopter. Early adopters have proven to move ahead of the competition. Understand that there is a learning curve but take the time to embrace technology. Whatever your choice is, use as much of the platform as you can, get your money's worth. Don't judge the technology on what it does but what it can do for you. If it can be shown to help over time, then make the investment.

<sup>1</sup> Source: *New York Times* - John Aidan Byrne June 9<sup>th</sup> 2018

### *About Yourefolio...*

Developed in 2016, Yourefolio has become the leader in estate and legacy practice management software for estate planning professionals. Created by financial advisors, estate planning attorneys, Certified Financial Planners® and insurance professionals, it is the first platform of its kind to service all aspects of estate and legacy planning for estate planners, their clients and their beneficiaries. Yourefolio has become estate and legacy planning software for the 21<sup>st</sup> century estate planner.

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