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Moneytree New

Synopsis: *One of the original financial planning programs has received a total makeover—without sacrificing what made it popular in the first place.*

Takeaways: *This may be the only program that starts with a complete household balance sheet—which informs the income need in retirement. The list of assets is more comprehensive than you’re likely to find elsewhere. And if you’re inclined to present a 200 page plan or a one-pager, this program has you covered.*

If I want to date myself in this business, I could casually refer to my interview with Mike Vitkauskas in 1985, four years after he founded Moneytree Software. At the time, Vitkauskas was working on a significant upgrade. He was programming the groundbreaking Lynn Hopewell retirement planning and retirement sufficiency analysis spreadsheets, turning them into the venerable Moneytree Silver and Moneytree Gold programs.

Hopewell went on to pioneer both Monte Carlo analysis and Modern Portfolio Theory in the planning profession. Silver and Gold, meanwhile, became the most comprehensive retirement analysis solutions on the market.

Since then, Moneytree

(<https://moneytree.com/>) has continued serving roughly 2,000 users who liked its UX simplicity compared with the newer entrants in the market, and also the transparency—the fact that, like a spreadsheet, they knew where the

MoneyTree's new iteration has added features you don't find in most of the other planning solutions.

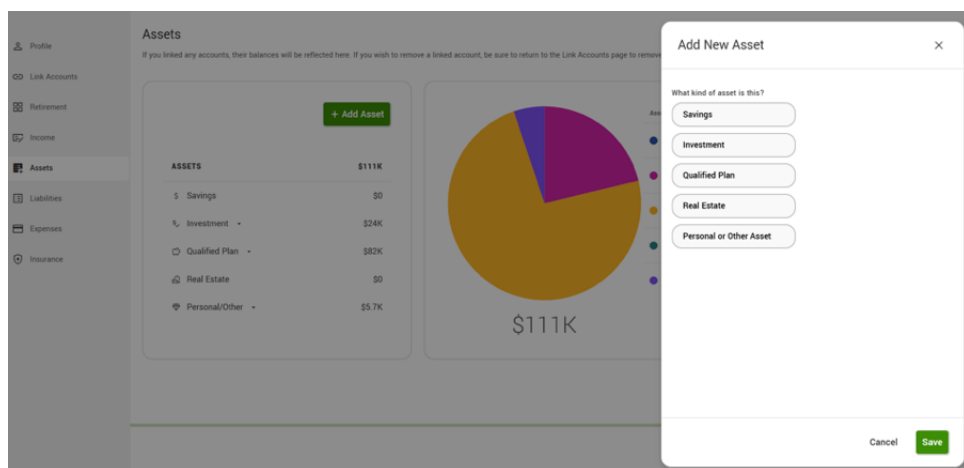
numbers were derived from.

The company was purchased by Accutech Systems Corp. in 2019, which embarked on a long upgrade process and meanwhile incorporated Moneytree’s

planning solution into its Cheetah banking and trust industry platform. “We saw a product that had a strong calculation engine, and a very strong history around accuracy and transparency with the audit trail,” says Patrick Spencer, Moneytree’s managing director. “What it lacked was some of the features that advisors take for granted today and some of the integrations in the fintech world.”

Modernizing Moneytree took several stages. “The table stakes were creating a secure document vault, enhancing the client portal and account aggregation,” Spencer says. “That allowed us to reformat and rebuild our APIs to allow data to go in and out of our solution. And that’s when we started doing additional feature functionality and eventually the esthetics of a UX upgrade.”

The new Moneytree Elite is now safely housed in the cloud, but the earlier iterations may be the last programs in the fintech world that still have a significant number of desktop users. “We haven’t sunset any of our products at this time, in part because some of our users are within five years of retiring,” Spencer explains. “The goal over the next few years,” he adds, “is to sunset some of the products and migrate clients over to our upgraded version.”



After viewing a demo of the latest iteration, I'm happy to report that Moneytree's original core value proposition hasn't changed; it's still basically a point-and-shoot solution that offers spreadsheet-like transparency and accountability. But I suspect its founder (still around) is a bit amazed at the modern feature set and connectivity within a larger fintech landscape.

Mapping expenses, projecting taxes

Matt Garrett, Moneytree product manager, former financial planner who also worked on the analytics desk at Capital Group in Carmel, IN, notes some of the transparency aspects that have been preserved in the modernized Elite version of the program. "We allow the advisor to set defaults," he says. "They can customize the expected returns for each asset class, both prior to retirement and in retirement, and they can set the discount rate for net present value calculations."

The upgrade also kept one of the defining features of the orig-

inal program. Hopewell's spreadsheets relied on a section that listed his clients' current expenses and cash flow, which allowed him to modify today's balance sheet (eliminating commuting expenses and home mortgage payments, for example) when calculating the retirement income need in the future.

Moneytree's current iteration allows advisors and clients to collaboratively input this data, and it's far more convenient now that the program drops down 40 different expense budget fields, which can be mapped over from one of many budget planning programs or bank/credit card itemizations. (Not, alas, through any current integrations; stay tuned.)

Garrett says that advisors can turn off this feature and simply list any annual (projected) surpluses that will be invested in retirement accounts—which, of course, limits the program's ability to precisely map retirement expenses; one of the best aspects of Hopewell's spreadsheets. Either way, the program will project the account growth like other programs, with an interesting differ-

entiation.

"We've always prided ourselves on the fact that we do a tax calculation every single year all the way through life expectancy," Garrett explains. "Of course, we need to know where the client wants those surpluses to go, to calculate how they'll be taxed."

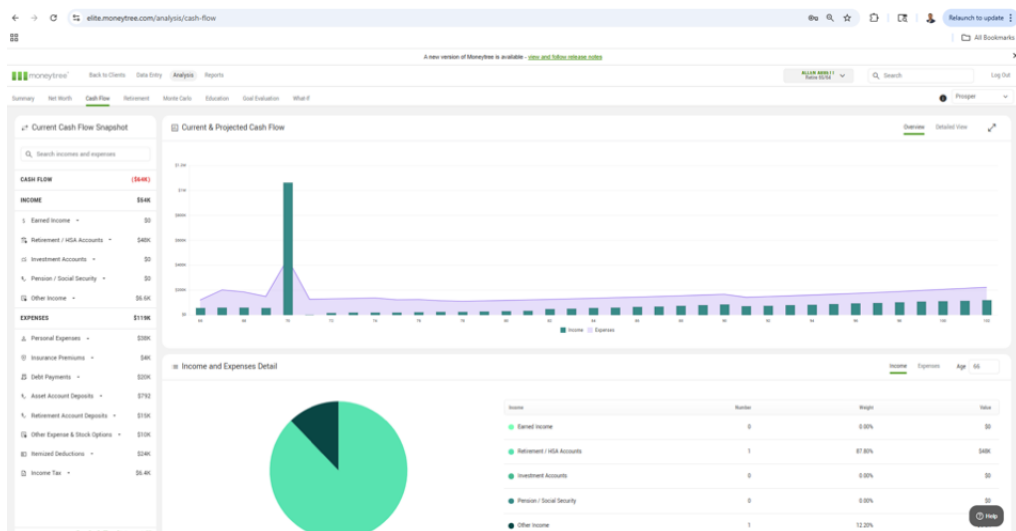
The tax engine goes all the way down to the state level. "If the client lives in South Carolina, we know that Social Security is not taxable in that state," says Garrett. "If the client moves from South Carolina to South Dakota, then that income becomes taxable at the state level."

On the dashboard, advisors can manage user access among advisors, assistants and paraplanners, and remove access when a staff person leaves the firm. Larger firms can run management reports showing how many plans each advisor has completed with clients during different time periods, and drill down to the actual plans.

Streamlined Inputs

Moneytree's upgraded advisor dashboard continues the program's simplicity theme. "We were told by our users that they don't want a ton of fluff," says Garrett. "They want to be able to get to their clients fast and get to the scenarios fast."

Client names and households are listed in a column, with the name of the advisor they're working with in another column, and the date the plan was created. Client data can be imported from



Redtail, Schwab, Salesforce Financial Services Cloud, Pershing Wove and Morningstar. (Fidelity and TradePMR are on the integration list; Moneytree has requested integrations with Altruist and LPL.)

Moving into the calculation engine, the advisor and client have already collaboratively input the budget and cashflow data (or not); now it's time to add in the household's existing assets. Just like the budgeting, Moneytree WhatIf has made this a much easier process by creating a drop-down list of all the possible types of assets that a client might own. You see taxable accounts, traditional and Roth IRAs, annuities, bank accounts, Social Security, pensions, partnerships etc. If there's more than one in any category, advisors and clients can enter the information, hit 'save,' and a new box opens up where the next account or asset of that same type can be added.

Each asset field comes with its own set of customized calculations.

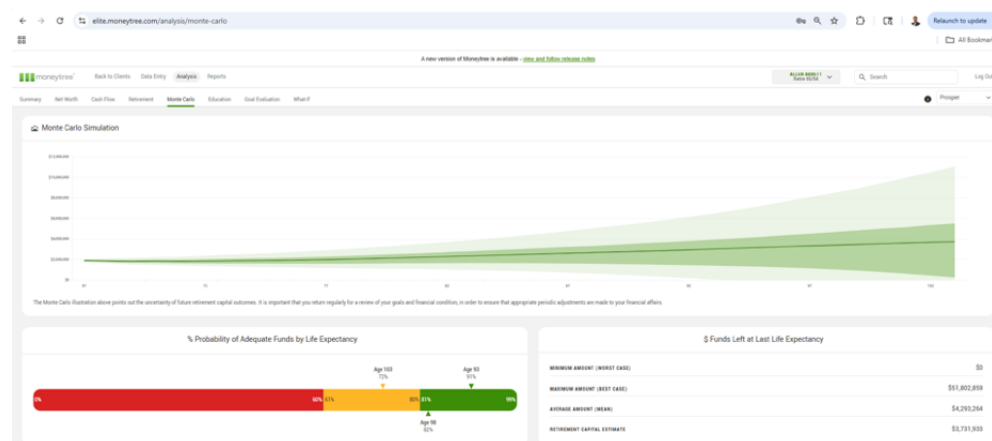
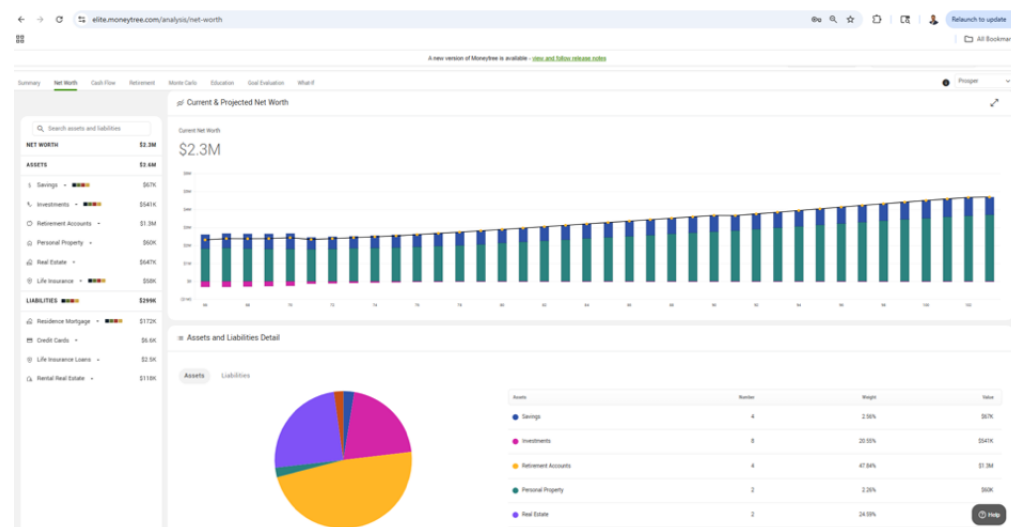
“Suppose a client owns

rental real estate,” says Garrett, selecting this from the extensive drop-down list. “We have a field for the current value, for the mortgage, and what it's kicking off in income. Do we know when, in

the future, they're going to sell this asset? Do they have a second mortgage?”

The program also allows, in the same rental real estate calculation environment, to capture expenses, including some immediate maintenance costs. “Suppose the client had a bad tenant who put a hole in the drywall, and I need to show the cost of replacing that drywall,” Garrett says. “I can do that right here on this one screen.”

Selecting ‘partnership,’ Garrett produces an entirely different set of calculation fields; value, percent ownership, income. “If I know the structure of this



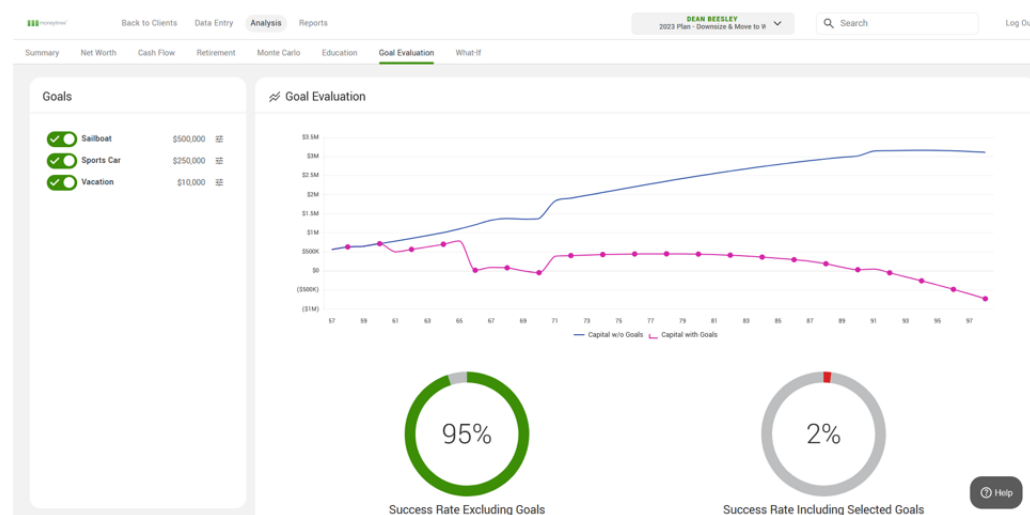
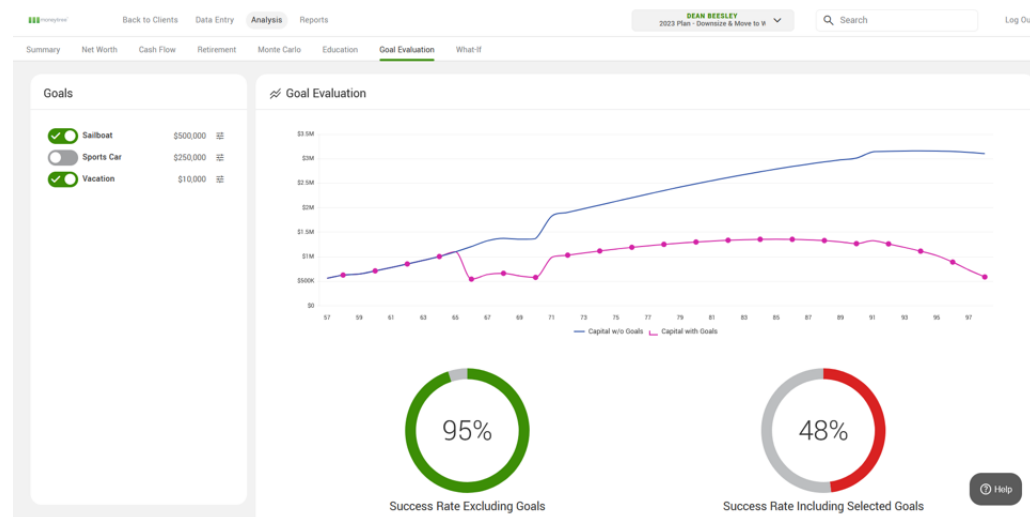
partnership is going to change five years from now, I can add that entry,” he says. I haven’t seen any program anywhere that captures a client’s assets in such fine-grained detail.

The completed plan brings it all together on the screen, with a projection of annual income which, in this demonstration, spikes in the year that the client determined that the partnership would be liquidated and the asset value distributed. Advisors can switch from a cash-flow-based analysis to goals-based and back again.

In an interesting distinction from other planning programs (Libretto is the only competitor to do this) retirement expenses can be categorized as Essential, Prosper and Aspire. This allows advisors to provide a nuanced answer to “*can I afford to retire?*” They might be well able to afford basic food and shelter expenses (Essential), and be in pretty good shape to afford an occasional trip abroad and eating out on a fairly regular basis (Prosper), with perhaps a 10% chance of affording that second home and a new car every couple of years.

Advisors can also change their return assumptions and see how each plan would fare if, for example, the projected annualized return on the blended household portfolio drops from 7% to zero. Garrett says that this side-by-side planning is often used to model Roth conversions.

The layered retirement calculations, each powered by a Monte Carlo engine, is more so-



phisticated (and many would regard as more helpful) than an overall percentage chances-of-success number provided by other planning solutions.

But advisors and clients can get even more granular, through side-by-side comparisons of different expense assumptions. “Let’s say you have the base plan,” Garrett proposes, “and then you decide to run the plan if you buy a sailboat, or you decide not to buy a sailboat, or if you sell your house and downsize. How is that going to impact my retirement?”

The goals-based engine recalculates the chances of meet-

ing the new retirement needs; the cash-flow-based engine will project out the expanding band of possible outcomes—or, in another view, show an expected future growth of assets, one or two or three scenarios compared with the base plan.

The projected dollar amounts are compared with the income need, and year-by-year after-tax income can be explored where the advisor changes the withdrawal order from the accounts: taxable account first, then traditional IRA, then Roth, or vice versa. It’s not nearly as sophisticated as an outside tool like In-

come Lab, but most of the planning programs don't include this feature.

Plans long and short

The plan, and the plan output, shows the usual: net worth, current cash flow (income over expenses, current and projected), education funding through the education funding module, and the cash flow that will be invested in each year from today out through retirement. The year that the partnership will be dissolved shows up as a spike. The family is projected to sell their house when the husband turns age 66, and that, too, is a spike. If you click on any individual bar in the year-by-year bar chart, the program pops up all the various sources of income listed in dollar terms.

In the plan output, the client household's assets are broken down in a pie chart, showing asset classes and also the percentage in annuities, real estate, partnerships, etc. The cash-flow-planning version will show income and expenses, projected and current, for each of the bars. Drill down, and the expenses are listed in a pie chart.

Garrett spends a portion of the interview showing how advisors can input their own disclaimers and language, adjust the font of the report, insert their firm logo and determine the length of the plan. Moneytree is still old-school in that it still includes cash flow reports, income reports, education funding, capital requirement estimates, boilerplate explanations of

terms and concepts—so that the full plan, without advisor intervention, runs to 200 pages. Garrett estimates that a more normal output is 10-15 pages selected from the various available components.

But... Moneytree Elite also offers a one-page plan feature that is customizable. Advisors can choose from 18 'modules'—which includes the graphs, projections and asset allocations, and also some of the explanatory material—and position them anywhere on their one-page layout. "This also includes action items," Garrett explains. "I can insert: *for our next meeting, I will need your quarterly statement*, and also *I need to know when Johnny starts school*."

Cost? The Elite product is

priced at \$2,195 per advisor user per year. The website has recently offered what I consider to be a very generous trial subscription price, which allows you to get familiar with how it works.

Overall, Moneytree Elite maintains the original concept of a collaborative planning tool, at a time when some programs are built for advisors to collect data and then hole up in their offices building a financial plan.

It allows for interactive (and potentially exacting) listing of expenses and assets, in more detail than you normally see in a planning program.

And the breakdown of Essential, Prosper and Aspire income goals allows for a more nuanced conversation about whether

Income Tax - Current Year

The following calculations give an idea of the amount of taxes you might pay based on the income and asset information provided. These amounts are approximations only and the actual tax amounts may be higher or lower than illustrated.

INCOME:			Gross	Taxable
Salaries and wages			\$132,000	\$132,000
Interest			5,021	2,396
Dividends*			3,372	3,372
Schedule C (self employment)			8,000	8,000
Schedule D (net gain/loss)			3,251	3,251
Schedule E (passive gain/loss)			2,541	2,541
Pension income & retirement distributions			42,373	42,373
GROSS INCOME				\$193,932
Adjustments:				
Retirement plan deposits - Allen				(\$6,400)
Retirement plan deposits - Betty				(3,120)
Self Employment FICA		1,130		(565)
ADJUSTED GROSS INCOME				\$183,846
Itemized Deductions:			Gross	Allowed
Mortgage interest		\$7,280	\$7,280	
Charitable Contributions		7,500	7,500	
Medical expenses		2,500		
State, Property, and Other Tax		21,487		10,000
			Itemized deductions	\$24,780
			or Standard deductions	\$30,000
				(\$30,000)
TAXABLE INCOME				\$153,846
TAX SUMMARY:				
Federal Income Tax			\$23,211	
FICA (Social Security) & HI Tax			11,228	
State Income Tax			14,987	
TOTAL TAXES				\$49,426

Your combined federal & state marginal tax bracket is 30.75%

Your total taxes equal 26.88% of your Adjusted Gross Income, and 32.13% of your Taxable income.

*Dividend and Capital Gains taxed marginally at 15.00%.

clients can afford their desired retirement.

If desired, multiple possible future plans can be explored, adding or deleting expense items, changing the retirement date or adjusting the future projected re-

turn assumptions.

And meanwhile, all the new features have avoided making the program more of a black box; the transparency and accountability survived the upgrade.

Market share is hard to

shift in the fintech world, especially with so many entrenched competitors. But now that some of those solutions have been raising prices without expanding their feature set, Moneytree Elite looks like an attractive alternative. ■