

February 2025

# Reigniting Advice Delivery: Tackling the Complexity of Retirement Income Planning With Income Discovery

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Prepared for:



**Income  
Discovery**  
*For a Full & Rich Retirement*

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# Wealth Management Forum Retirement Panel Highlights

On Oct. 10, 2024, over 150 financial services executives and members of the Datos Insights wealth management community gathered at the annual Wealth Management Forum to grapple with seismic shifts that are reshaping how firms serve clients and grow their businesses.

One of the trends this year's Wealth Management Forum tackled head-on was the growing complexity of retirement planning and shifting focus to decumulation strategies and personalized income plans. On the panel "Tackling the Retirement Tsunami of Worry to Drive Positive Client Outcomes," Manish Malhotra, Founder and CEO of Income Discovery, joined other wealth management executives to discuss the key issues.

## Panel Highlights

Every day, a new study shows that Americans across age groups are concerned about their ability to retire or what retirement will look like. Further stoking the flames of uncertainty are debates over how to fix Social Security, whether to change the retirement age, and legislation impacting how Americans save for retirement. Financial advisors have their work cut out for them in guiding clients to a successful retirement. This panel explored the emerging popularity of retirement income products within employer plans, fiscal policy impacts on retirees and retirement savers, and innovations in how advisors guide clients toward and along retirement.

The panel began by addressing the significant financial challenges facing retirees, citing a study that found two-thirds of "peak baby boomers" (approximately 20 million people) will be financially challenged in retirement. Panelists discussed how advisors are helping clients nearing the end of their accumulation cycle to be successful.

The panel highlighted that Americans are living longer, but they are also more unprotected in terms of their retirement savings. Only 2% of the US\$36 trillion in retirement nest egg assets have longevity risk protection. Panelists emphasized the need for advisors to help clients calculate how long their assets will last and develop appropriate drawdown strategies.

The panel then discussed innovations in retirement planning software. Manish Malhotra from Income Discovery explained how their software addresses the limitations of traditional probability-of-success models by focusing on safe spending levels and tax-intelligent distributions. He emphasized the need for different approaches based on the client's asset level and specific needs.

The conversation turned to the importance of personalized income plans in retirement. The panelists discussed various products and best practices for creating these plans, including the use of annuities and other guaranteed income products. They also highlighted the growing importance of in-plan income options in defined contribution plans.

The panel explored how having a clear income plan opens up conversations about other aspects of retirement planning, such as healthcare costs, long-term care, and legacy planning. Panelists noted that clients are more open to discussing these topics when they feel secure about their basic income needs in retirement (Figure 1).

**Figure 1: Retirement Discussion Panel**



Left to right: Lisa Asher, Strategic Advisor, Datos Insights; Manish Malhotra, Founder and CEO, Income Discovery; Kathryn Delcavo, VP Strategy, Prudential Financial; Paresh Mutha, SMD, Head of Advice Strategy and Experience, TIAA; Angie O’Leary, Head of Wealth Planning, RBC Wealth Management

Source: Datos Insights

The conversation then turned to innovations in retirement income distribution. Panelists highlighted the need for automated, tax-intelligent distribution systems to help advisors manage retirement income for a large number of clients efficiently. They discussed the challenges of implementing these systems, including integration with existing technology and advisor adoption.

The panel explored the obstacles to wider adoption of income distribution platforms. Panelists noted that many advisors are still using spreadsheets for this purpose and that there’s a need for education and support to help advisors transition to more sophisticated tools. They also discussed the potential for additional revenue streams for firms that can offer tax-intelligent distribution services.

Throughout the panel, there was a consistent emphasis on the need for personalized, comprehensive retirement planning that addresses not just investment management but also income distribution, healthcare costs, and longevity risk. The panelists agreed that technology will play an increasingly important role in enabling advisors to provide these comprehensive services efficiently and at scale.

# Fintech Profile: Income Discovery

Launched in 2010, Income Discovery distinguishes itself as a retirement income distribution platform that not only helps advisors plan for retirement income but also supports them to implement a tax-intelligent withdrawal strategy with quarterly account-level distribution instructions. As of December 31, 2023, Income Discovery has served over 136,000 retirees with US\$130 billion in total assets.

## Platform Overview

Income Discovery is powered by Advanced Income Discovery Analytics (AIDA), a Monte Carlo-based modeling engine that drives its two main capabilities: Income Planning 2.0 and Retirement Paycheck.

Income Planning 2.0 takes the guesswork out of the retirement planning process by analyzing several variables concurrently to develop recommendations for withdrawal strategies that either maximize total spending or meet desired spending and maximize an after-tax bequest. Funding sources include Social Security, pensions, and all available financial assets.

Retirement Paycheck is the execution component of retirement planning, providing quarterly account-level distribution instructions for sourcing the client's retirement paycheck from all known and available accounts while optimizing for tax efficiency. This module also includes a feature called SafePath that monitors the portfolio balance and indicates when spending adjustments need to be made to keep the plan on track.

## Datos Insight's Perspective

As a pure retirement income distribution play, Income Discovery is a well-oiled machine that is comprehensive and easy to use for a wide range of the financial advisor population serving pre- and current retirees. Currently, no other competitors can replicate exactly what the platform does in terms of implementing a retiree's paycheck, and that's a powerful position to hold. In 2024, Income Discovery enhanced its competitive moat by completing a key integration with MyVest, an enterprise portfolio management solution, to bridge the technology gap between planning and execution. This automation will make both platforms more valuable to time-strapped advisors.

These are some of the key differentiators:

- **Enterprise-ready software:** Income Discovery's target market is large financial institutions that serve at least 1,000 retirement cases per year. Its platform is designed with these organizations in mind to create impactful efficiencies within their existing technological ecosystems. For example, a current client, a Fortune 500 institutional retirement provider that uses Envestnet's MoneyGuidePro as a standard planning tool with advisors, migrates data to Income Discovery when clients are within five years of retirement and ready to start preparing their withdrawal strategy.
- **Simplified income replacement:** Income Discovery's main client deliverable bucks the trend of showing "probability of success," instead answering the key question of how clients will fund their retirement and not simply whether they will be able to. Though Monte Carlo analysis is used to derive the results, the Income Discovery process makes it easier for advisors to address retirees' concerns about the market by steering the conversation away from investment returns and toward building their confidence in how their nest egg will fund their expenses. From the investors' perspectives, this is as simple as exchanging the idea of a paycheck from their employer for one from their portfolio. From the advisors' perspectives, the details of which accounts to source and what trades to make to generate cash for retirees' paychecks can be completed in a few clicks.
- **Increased advisor capacity:** Improving advisor efficiency to increase their household capacity is a key pain point that large wealth managers are trying to solve in the face of increasing consolidation and firm acquisitions. The fastest way to do this is by automating advisors' workflows. Income Planning 2.0 promotes efficiency by removing the trial-and-error approach for identifying the best retirement distribution plan, thus allowing advisors to focus on growing their books.
- **Enabling implementation:** In many advisors' technological ecosystems, there is often a missing connection that makes moving from the development of a financial plan to the implementation of that plan a seamless action. Income Discovery is unique in that it solves this pain point for advisors by generating clear account-level distribution instructions on a quarterly basis.

## About Income Discovery

For growth-focused, innovative wealth management enterprises, Income Discovery streamlines the creation of confident, personalized retirement income plans with tax-smart distributions.

Traditional planning tools require advisors to manipulate numerous sliders to explore strategies, fail to model the tax impact of distributions and follow static withdrawal order—leading to inefficiency and missed opportunities. In contrast, Income Discovery delivers a single-click optimization of both long-term income planning and short-term tax-intelligent withdrawals.

Powered by an investment advice engine, Income Discovery functions like a managed account system for retirement income distributions—helping advisors scale their practices, reduce time per client, and deliver a more confident and financially secure retirement for their clients.

With a proven track record of supporting over 148,000 retirees with \$150 billion in assets, Income Discovery is a trusted partner driving scalable growth in the retirement income space for enterprises.

## About Datos Insights

Datos Insights is an advisory firm providing mission-critical insights on technology, regulations, strategy, and operations to hundreds of banks, insurers, payments providers, and investment firms—as well as the technology and service providers that support them. Comprising former senior technology, strategy, and operations executives as well as experienced researchers and consultants, our experts provide actionable advice to our client base, leveraging deep insights developed via our extensive network of clients and other industry contacts.

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