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Fintech Firm FP Alpha Brings AI to Estate Planning

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By **Sabrina Escobar**
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Advisors working on complex estate plans for clients have a problem this year. There are numerous proposals for changes and it's unclear how they will affect their clients' plans. A new artificial intelligence software is looking to help by creating tailored plan scenarios based on the proposed policies.

The Estate Planning Lab, launched by FP Alpha, an artificial intelligence-driven wealth management company, allows advisors to upload their clients' estate-planning documents to the company's financial planning platform. The platform uses the information to create a flow chart illustrating how assets are set to be distributed, then makes recommendations for changes based on client information, tax laws, policy proposals and input from over 40 subject-matter experts.

For example, the program might recommend that an ultra-high-net-worth client with two children set up a gifting strategy to take advantage of the $11.7 million gifting exemptions currently available in case legislation passes that reduces that value. For another client living in New Jersey with an $8 million net worth, three dependents and hard-to-divide properties, the program might recommend an irrevocable trust for multiple beneficiaries. Plus, it will point out ways to minimize state taxes.

“Whether it’s a complex client who is more affluent or a more simple estate, this is valuable,” says Andrew Altfest, FP Alpha founder and CEO, who also runs Altfest Personal Wealth Management, an RIA with $1.6 billion AUM. “It’s not just for wealthy people, but for people with simple estates who have various issues where they don’t know how the assets are being distributed.”



Dreamstime

The lab’s artificial intelligence software also makes it easier for advisors to compare

alternative estate-plan scenarios to find the best solution for their clients. With just a few clicks, advisors can see how different planning vehicles—from trust funds and gifting strategies to taking advantage of local state tax exemptions—will affect their client's estates.

"This is what's going to be the core of estate planning, whether you're an attorney, an accountant or financial advisor," says Marty Shenkman, founder of Shenkman Law and one of FP Alpha's expert partners.

When crafting alternative scenarios, the program automatically considers new policy proposals, such as President Joe Biden's or Sen. Bernie Sander's estate tax plans. The system then breaks down how each policy could impact clients, providing a visual deliverable that advisors can use to educate clients, said Jason Yoo, product manager at FP Alpha, at the product's launch on June 18.

"With pending legislation these conversations are only going to come up more and more, so having access to a resource such as FP Alpha is going to provide valuable insights —timely insights—in an automated and scalable manner," added Josh Grossberg, FP Alpha director of business development.

Altfest says the lab has also proved valuable in converting prospective clients. Advisors can upload a prospective client's estate documents and immediately point out potential weaknesses and recommend solutions. Industry consultant Joel Bruckenstein, who isn't affiliated with the product, said in a phone call that advisors can also use the tool to start a conversation with reluctant clients.

The Estate Planning Lab is one of the first enhancements FP Alpha has made to its platform, which covers 16 planning areas, from tax and estate planning to divorce or creditor protection. Bruckenstein hopes the company develops labs for each of the planning areas in the future and increases integration with other financial planning software.

"There's nothing else really like it, that's what really makes it exciting," says Bruckenstein. "It doesn't replace financial planning software, it supplements it."
