

# New Platform Promises Millennial and Gen Z Investors Help ‘Beating the Tax Man’

## Playbook

A fintech start-up discovered that high earners in their 20s and 30s lack confidence in their personal finance savvy. But they do know that “the rich don’t pay taxes,” and they don’t want to, either.

## Backstory

David Hegarty, a serial entrepreneur and self-described “personal finance and wealth-building hobbyist,” was “kicking the tires” on start-up ideas. His conversations with well-paid millennials and Gen Z members revealed surprising confessions.

They are baffled by personal finance. And they want help.

“They’re terrified they’re going to mess it up” and understand that poor choices could have dire consequences for their futures, Hegarty said. For the average Playbook user – a 30-year-old earning about \$150,000 a year – there aren’t many options to ease those fears, Hegarty said:

- Robo-advisors and other apps focus on banking, credit, and investing rather than comprehensive financial planning.
- Wealth managers are usually unapproachable for anyone with less than \$2 million to \$3 million in net worth.
- Financial advisors create plans, but many charge fees.

The idea for Playbook was hatched.

*“ Playbook is the app I wish I had when I was in my 20s and early 30s, working for Microsoft and not taking advantage of its 401(k) match. Just because you earn good money doesn’t mean you know what to do with it. ”*

**- Dave Hegarty, Playbook founder and CEO**

## What happened next

Playbook didn't rush to begin coding and design. Instead, they rigorously tested what should go into its platform by creating social media advertisements. Viewers who clicked through the ads landed on pages describing Playbook and seeking permission for the company to contact them.

Those conversations — about 500 in all — pointed to the No. 1 need and desire to understand how to pay less in taxes to accelerate wealth creation.

When it was time to build its platform, Playbook partnered with LifeYield, whose application programming interfaces (APIs) to eliminate tax drag are used by many of the country's leading financial services firms.

Within six months, Playbook launched a deceptively simple system for creating a financial plan and committing to tax-advantaged savings. It looks like this:

### **1 Find opportunities for tax advantages.**

Playbook users answer questions about income, debt, and expenses to identify which tax-advantaged accounts they're eligible for, the contribution limits, and which accounts they should fill first.

### **2 Build a financial plan.**

Information about goals and timelines leads to a financial plan. Users can play with the plan to evaluate how a change like delaying or moving up a goal such as a large purchase will affect their plan over time.

### **3 Turn on tax-efficient investing.**

If investors need help setting up accounts, Playbook will facilitate, although it does not offer investment advice. It will also help users automate paycheck contributions to retirement accounts.

## Automating contributions is vital

It drives consistency in savings and ensures investments benefit from compounding over time. And Playbook models the effects of long-term savings so customers can see the power of tax-deferred savings and investing.

Playbook customers also see how personal changes, such as altering retirement plan contributions, or external ones, like tax code changes, affect their financial plans.

“When people think about investing, they’re always trying to get an edge, like, ‘How do I figure out what the next Tesla or the next Apple is?’ Our perspective is that the best edge you can get is to take all the tax advantages available to you every year,” Hegarty said. “Those are certain. You’re going to get them no matter what your investments do.”

## LifeYield tech automates tax-advantaged investing

The Playbook platform incorporates LifeYield APIs for:

- **Asset location** — to get the maximum return by steering investments to accounts with the most tax advantages.
- **Tax harvesting** — to offset gains with losses and lower an investor’s tax liability.
- **Tax-smart withdrawals** — so a user who needs, for example, to fund a down payment for a house sells investments or taps savings in ways that limit their taxes.

## Results

Playbook has 70,000 users registered on the site or using the app. About 10% of those have converted to paid subscribers at Playbook's flat \$29 monthly fee.

The company announced in March 2023 that it had raised \$7 million in Series A funding led by Telstra Ventures with support from Atomic. Playbook plans to use the funding to continue to build features and services.

It then announced the launch of Playbook at Work, a program employers can offer to educate and encourage employee participation in retirement plans. Automatic plan enrollment has increased participation across generations, including Gen Z and millennials.<sup>1</sup> But only 14% of employees contribute the maximum allowed.<sup>2</sup>

Playbook intentionally designed its website and mobile app with a dab of humor and fine-tuned its content to be comprehensive but easy to understand. Digital experience matters to Playbook's market: An EY study of millennial investors found they ranked the digital experience of a wealth provider higher than brand and reputation and competitive fee structure.<sup>3</sup>

"Our user is smart, competent, and sophisticated," Hegarty said. "You cannot pull the wool over their eyes. So, we explain very simply why this is for them and what they need to do. Typically, we find when they understand, and understand we understand, they're happy to trust us."

### **Playbook philosophy:**

It's hard to beat the market, but it's easy to beat the tax man.

## About Playbook

Playbook was created to address a major gap in the market to help consumers build long-term wealth, with tax optimization as a core tenet. Eighty percent of millennials say that retirement savings are a top priority, yet only 12% contribute to retirement accounts, leaving them unprepared for the future. Playbook takes the best advice from a wealth advisor and uses software to personalize and automate it to help people achieve financial freedom to live the lives they want sooner. To learn more, visit [helloplaybook.com](https://helloplaybook.com).

**Playbook**

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## About LifeYield

LifeYield is a technology company that improves investor outcomes by minimizing investment taxes and maximizing retirement income. Major financial services firms like Morgan Stanley, Merrill, Ameriprise, SEI, Orion, Allianz, New York Life, and Envestnet partner with LifeYield. They use LifeYield APIs inside their proprietary platforms to automate ongoing asset location, tax harvesting, transitions, withdrawals, multi-account rebalancing, Social Security strategy, and retirement income optimization. LifeYield's approach increases advisor productivity and improves financial results for investors, advisors, and firms by up to one-third. For more information, visit [lifeyield.com](https://lifeyield.com).



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## Endnotes

<sup>1</sup> Clark, J.E., & Kukulka, K.D. (2023, April). Generational changes in 401(k) behavior. [corporate.vanguard.com](https://corporate.vanguard.com/content/dam/corp/research/pdf/generational_changes_in_401(k)_behaviors.pdf). Retrieved May 30, 2023 from [https://corporate.vanguard.com/content/dam/corp/research/pdf/generational\\_changes\\_in\\_401\(k\)\\_behaviors.pdf](https://corporate.vanguard.com/content/dam/corp/research/pdf/generational_changes_in_401(k)_behaviors.pdf).

<sup>2</sup> Clark, J.W. (2022). How America Saves 2022. [institutional.vanguard.com](https://institutional.vanguard.com/content/dam/inst/vanguard-has/insights-pdfs/22_TL_HAS_FullReport_2022.pdf). Retrieved May 30, 2023, from [https://institutional.vanguard.com/content/dam/inst/vanguard-has/insights-pdfs/22\\_TL\\_HAS\\_FullReport\\_2022.pdf](https://institutional.vanguard.com/content/dam/inst/vanguard-has/insights-pdfs/22_TL_HAS_FullReport_2022.pdf)

<sup>3</sup> Lee, M., Bellens, J., Wightman, M. I., & Nott, V. (2023). How can today's millennial investors drive tomorrow's business growth? EY UK. [https://www.ey.com/en\\_uk/wealth-asset-management/global-wealth-research-millennial-trends](https://www.ey.com/en_uk/wealth-asset-management/global-wealth-research-millennial-trends)