

# Case study on Personal Capital, an online wealth management platform

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## Personal Capital - Overview and Origin

“Personal Capital” is an online financial advisor and personal wealth management company headquartered in Redwood Shores, CA with offices in San Francisco, CA, Denver, CO, Dallas, TX and Atlanta, GA.

Personal Capital was listed in Fintech 50 in 2019, but dropped of the list in 2020.

The company was founded in 2009 by Bill Harris, Paul Bergholm, Louie Gaspriini and Rob Foregger. Bill Harris also worked as CEO of Intuit and Paypal.

Current CEO is Jah Shah since 209 and came from E-Loan.

The company has \$12 billion assets under management .

The company is funded with \$225 million from IGM Financial and others. Latest valuation is \$660 million, as of February, 2019 (Source: Forbes Review in Feb.2019)

Bona fides: Nearly 2 million users of free software; \$8 billion in assets under management. For more than 19,000 paying customers.

The company’s objective is to provide free tools to the individuals to see all their accounts in one place and also offer fee based financial advisories. The company’s slogan is :

**Get clarity on your money, with tech you can trust.**

Get a 360-degree view of your money. See all your accounts in one place, including your investments. And go deeper with our planning and analytics tools.

## Business Activities of Personal Capital:

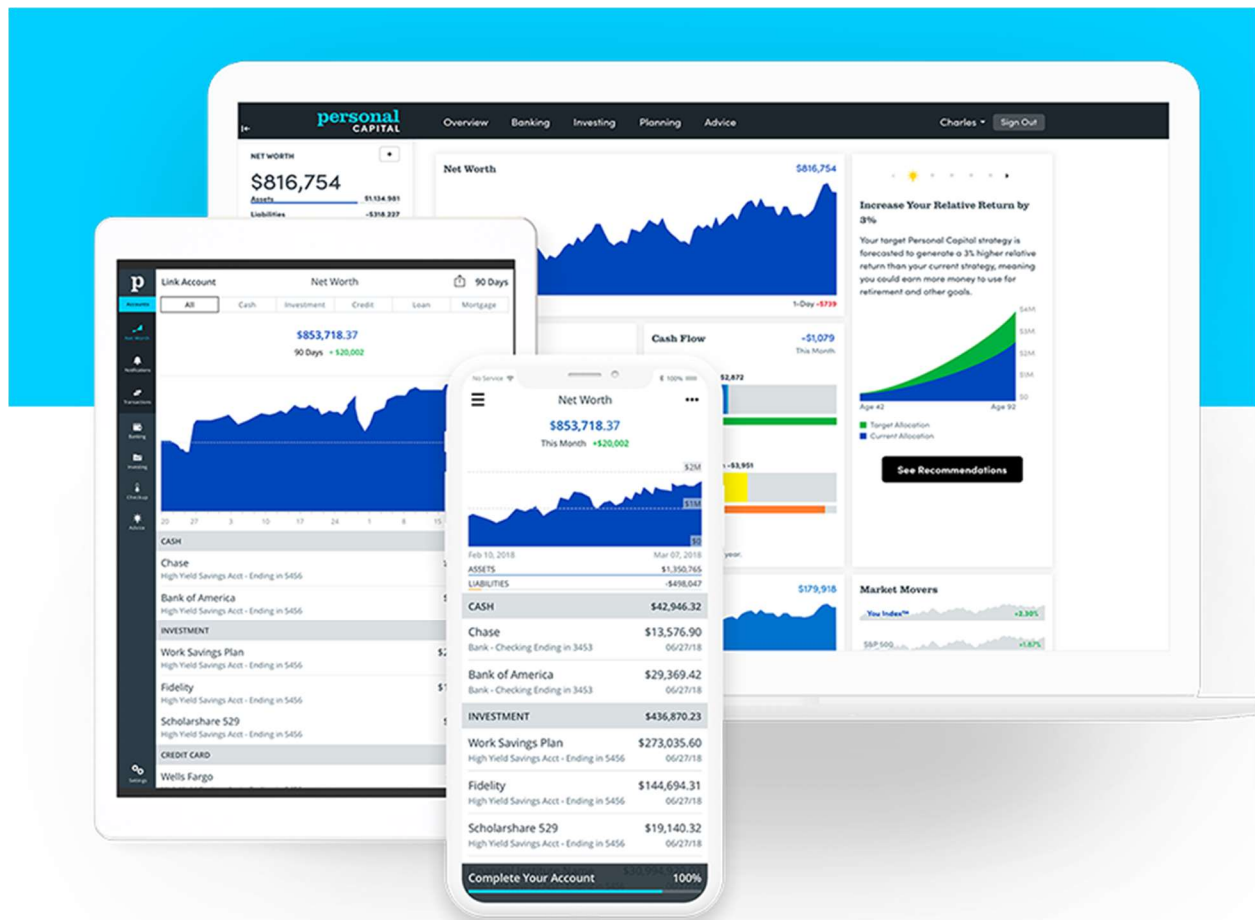
The company offers to individual investors free online dashboard with tools to manage their financial life. Individual investors can track their entire portfolio for free. These tools include:

- Track & Manage your Money - with all your accounts in one place
- Personal Strategy – Combining Robust technology with financial advisors
- Plan for Retirement – Build, manage and forecast retirement with Retirement Planner
- Uncover hidden fees - by mutual funds in the accounts

It also offers services of financial advisors for fee. They advise on full financial picture.

The services offered by company are unique and the individual may seek the advice of experienced financial advisors when needed. However, the individual can get basic services for free. These services include to link all accounts, so they are visible in a single dashboard. They also provide smart indexing, fully customizable portfolios, full financial planning, 401K fund selection advice.

The company also offers award winning mobile apps and users can check their portfolio / accounts from multiple channels like a computer, tablet or a mobile. (See PIC below)

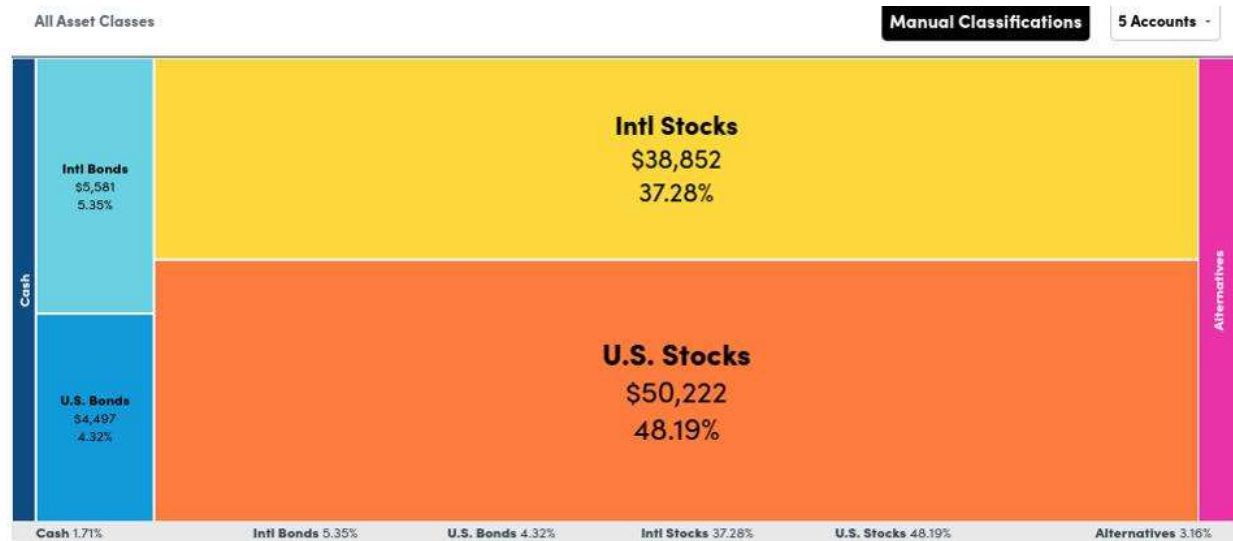


Picture showing the dashboard in Laptop, Tablet and Mobile. Courtesy: Personalcapital.com

The company offers various tools that meets specific goals of an individual. Some of the details are explained here in detail.

### Investing Dashboard:

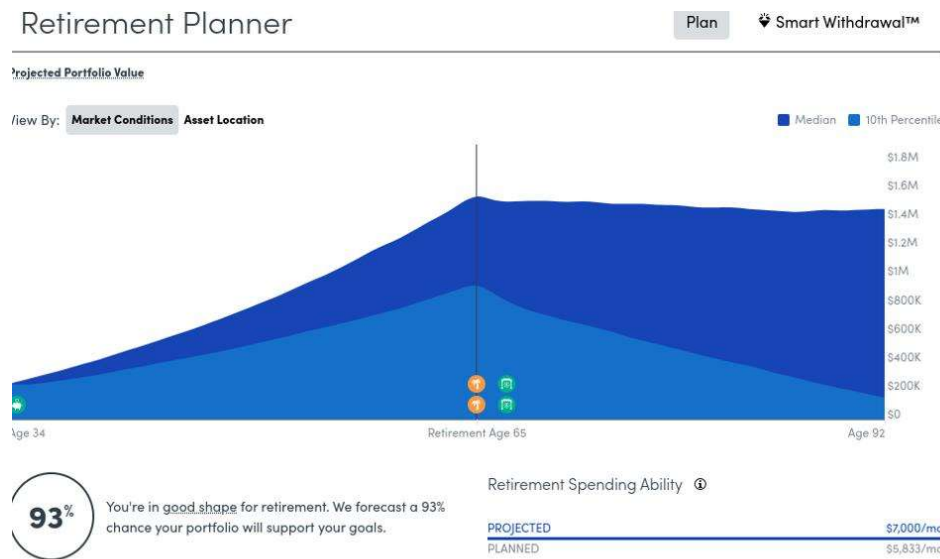
This tool shows holdings and their performance since the account is linked to Personal Capital. Users can see overall asset allocation, compare performance etc.



Picture courtesy of Forbes Review in Dec-2019 & Personal Capital:

## Retirement Planner:

This tool allows the user to see a range of outcomes for a given retirement plan. It undertakes a full Monte Carlo Analysis.



Picture courtesy of Forbes Review in Dec-2019 & Personal Capital:

Users can also set specific spending goals in retirement like gifts, vacations etc. that alter the cash flow assumptions.

New Spending Goal

Charity/Gift	Renovation
Dependent Support	Vacation
Education	Vehicle
Health Care	Wedding
Home Purchase/Upgrade	Other Expense

Picture courtesy of Forbes Review in Dec-2019 & Personal Capital:

## Savings Planner:

The savings planner shows the cash saved in each account type like taxable, tax deferred, tax-free accounts.

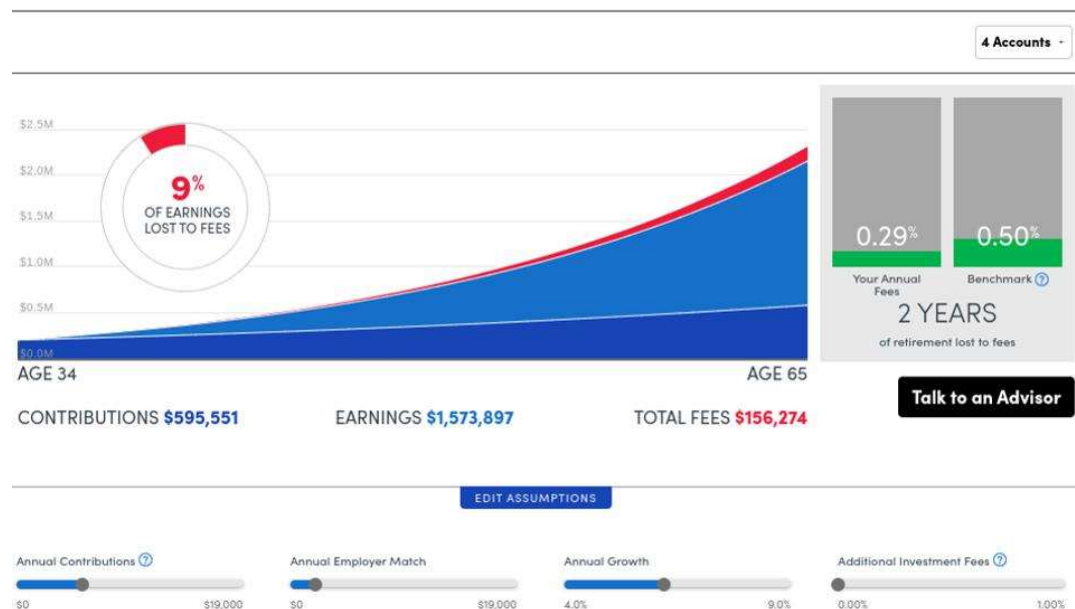


Picture courtesy of Forbes Review in Dec-2019 & Personal Capital:

## Retirement Fee Analyzer:

This tool show the impact fees can have on future retirement. This includes financial adviser fee, mutual fund fee etc. Users can also enter the fee manually if it is not able to get it.

### Retirement Fee Analyzer



Picture courtesy of Forbes Review in Dec-2019 & Personal Capital:

### Net Worth:

This tool gives an accurate view of the user's networth.



### Budgeting:

This tool allows the users to organize spending and savings by date, category or merchant.



Picture courtesy of Personal Capital:

### Cashflow:

This tool allows the users to see what has come in and gone out in the past 30 days.



Picture courtesy of Personal Capital:

## Education Planner:

This tool allows the users to estimate and plan how much to save today to cover future educational expenses coming the road.



Picture courtesy of Personal Capital:

## Landscape of Personal Capital:

The company operates in the 'Wealth Management' domain.

Over the last 5+ years, with the advancement of smart phones and communication services like 4G, the ease of checking the balances of all accounts at one place, conducting online transactions, trades, transferring money to others, like sharing a lunch bill via mobile has become very popular. In view of this several big companies also started offering this type of services like banks and brokerage companies.

Competitors in this domain are Mint, Betterment, Wealthfront and M1 Finance etc. Major brokerage companies like Fidelity, Vanguard, TD Ameritrade etc. also entered this domain by developing tools and dashboard like what Personal Capital is known for.

### Here are some of the reviews on Personal Capital.

#### **Forbes - The 11 Biggest Fintech Companies In America 2019**

By Jeff Kauflin, 2/4/2019

Online wealth management platform offers a free dashboard to track all your bank and investing accounts plus free retirement planning and investment analysis tools. Paying customers get money management, loss harvesting and access to human financial advisors. Tiered annual management fees start at 0.89% of assets up to \$1 million and go down to 0.49% for invested assets over \$10 million.

Funding: \$225 million from IGM Financial and others. Latest valuation: \$660 million

Bona fides: Nearly 2 million users of free

software; \$8 billion in assets under management. For more than 19,000 paying customers.

**Forbes Review:** Forbes listed in their article 'The 11 Biggest Fintech Companies in America' in Feb-2019 and also conducted a detailed review in December 2019 and listed the tools that this company offers to the individual investors.

**Street: What it does:** Personal Capital provides free personal financial tools to help users manage all of their accounts in one place. The platform's dashboards display insights like net worth, portfolio balances, account transactions, investment returns and spending by account. The company also facilitates access to financial advisors.



## Conclusion:

The company is able to sustain its growth so far and growing by adding more customers, both free and fee based, and also manage their funds. They have developed new tools and technology since inception and stand out in the market with their competitors both big and small.

PS: I am using this (free) service for last several years and got benefit out of it at times. For example, when I see my credit card bills that I did not spend, I immediately call the company and get it resolved. In the absence of it, it might have taken couple of months to notice it, ie when I get a monthly bills or so. I like their dashboard, asset allocation and retirement planner.

## Sources:

- Wikipedia
- Google
- Personal Capital
- Forbes
- BuiltIn

## Links:

<https://www.forbes.com/sites/jeffkauflin/2019/02/04/the-10-biggest-fintech-companies-in-america-2019/#4bc300b532b9>

<https://www.forbes.com/companies/personal-capital/?list=fintech/#6e83d6e27348>

<https://www.thestreet.com/technology/fintech-companies-14891479>

<https://builtin.com/fintech/fintech-companies-startups-to-know>

<https://www.forbes.com/sites/advisor/2019/12/19/personal-capital-review/#6d1b417c5263>