

Top 6 Best Robo Advisors | Ranking | Top Reviews of Online Investment Companies

2016 RANKING & REVIEWS BEST ROBO ADVISORS & ONLINE INVESTMENT COMPANIES

Are Robo Advisors Right for You? 2016 Guide to the Top 6 Best Robo Advisors

We have all faced the conundrum of having too many meetings to attend and not enough time in our day. Saving for retirement and planning wise financial investments is necessary for long-term wealth building, but how would we find the time to schedule yet another appointment with a financial advisor?

If you aren't tied to the prospect of a face-to-face meeting with your professional financial advisor, you might not mind the prospect of receiving robo advice instead. Robo advisors are quickly flooding the market with their algorithmic trading and online investment opportunities.

Where it once required quarterly meetings with representatives and detailed discussion of your current goals, robo advisors can now rebalance your portfolio, control the allocation of your assets, and track your progress toward your goals with just a few clicks of the mouse.

Online investment companies are cropping up everywhere, but how do you know which ones are legitimate? If you've been wanting to enter the world of robo investing or online investing but weren't sure where to turn to, AdvisoryHQ is here to help.

In our top robo advisor comparison, we are going to give you a complete listing of the top rated, largest, free, and best robo advisors available today. So prepare to cross those appointments with your financial advisor off of your to-do list and investigate these top robo advisors instead.



Award Emblem: Top 6 Best Robo Advisors

AdvisoryHQ's List of the Top 6 Best Robo Advisors | 2016 Ranking

- **Betterment**
- **FutureAdvisor**
- **Personal Capital**
- **TradeKing Advisors**
- **Vanguard Personal Advisor**
- **Wealthfront**

List is sorted alphabetically (click any of the names above to go directly to the detailed review section for that robo advisor)

Top 6 Best Robo Advisors & Online Investment Firms – Breakdown by Asset Size

Below is the listing of this year's top robo advisors by asset size.

Top Robo Advisors	Total Assets Under Management (AUM)*
Betterment	\$5,101,000,000
Wealthfront	\$4,020,000,000
Personal Capital	\$3,100,000,000
FutureAdvisor	\$808,000,000
Vanguard Personal Advisor	AUM not readily available
TradeKing Advisors	AUM not readily available

Table: See sections below for detailed review of the above 6 top best robo advisors in America | 2016 Ranking & Reviews | Best Online Investment Companies

Robo Firms	Websites
Betterment	https://www.betterment.com/
FutureAdvisor	https://www.futureadvisor.com/
Personal Capital	https://www.personalcapital.com/
TradeKing Advisors	https://www.tradekingadvisors.com/
Vanguard Personal Advisor	https://investor.vanguard.com/advice/personal-advisor
Wealthfront	https://www.wealthfront.com/

Benefits of Robo Investing

Why have robo advisors suddenly surged in popularity? The very best robo advisors have been around for a number of years, but people are finally starting to take these online investment companies seriously.

Perhaps the answer lies in the fact that the numerous benefits of robo advisors have finally been brought to light.

Robo advice is based around algorithmic trading, devised from a [Nobel-prize winning formula](#). You can consistently tweak and customize your online investing to meet your long-term financial goals and your short-term investment strategy.

From your risk tolerance to your online investing needs, robo advisors are highly technical and skilled at developing an investment plan specifically for you.

The fees associated with robo advisors (especially the top robo advisors) are the other biggest draw for consumers and individual investors. Traditional financial advisors may charge between [1 and 2 percent](#).

In a robo advisor comparison, you may be looking at fees of just [0.25 to 1 percent](#) when it comes to online investment companies.

The top robo advisors are also responsible for consistently rebalancing your portfolio. Financial advisors offer the same services, but cannot do so with the same regularity that robo advisors are capable of producing.

Robo investing monitors your investments, and when the sell price dips, they automatically sell them for a capital loss, and robo advisors replace them with similar investment types.

If you still love the idea of having personal interactions with a financial advisor, you may be able to find that from some of the top robo advisors. Many online investment companies offer their clients access to a team of live financial advisors.

Questions concerning the robo advice you receive can be directed toward a live person instead of an impersonal “frequently asked questions” page.

Online investment companies, with the use of robo advisors, are on the rise, and for good reason. In this list of robo advisors, we are going to detail the advantages of the top robo advisors in a side-by-side robo advisor comparison.

[See Also: Betterment Review—Returns, Fees, and All You Need to Know](#)

Selection Methodology

What methodology does AdvisoryHQ use in selecting and finalizing the firms, services, and products that are ranked on its various top-rated lists?

Please click here [“AdvisoryHQ’s Ranking Methodologies”](#) for a detailed review of AdvisoryHQ’s selection methodologies for ranking top-rated firms, products, and services.

Detailed Review—Top Ranking Best Robo Advisors

If you’re thinking about making some online investment decisions, you’ll want to consider only the top robo advisors.

For more information on which robo advisors made our list of robo advisors that you should consider for their online investing, see the detailed sections below.

We will cover what aspects of each company helped to qualify them as a top robo advisor according to our selection methodology.

Betterment Review

At the [“intersection of investing and technology,”](#) Betterment offers an easy-to-use robo investing platform that allows their users to create investment strategies of their own.

Founded in 2010 by duo Jon and Eli, Betterment wanted to create a user-friendly program that allowed others to do online investing in a way that made sense to the average person.

The result ended up being one of the best robo advisors available, not necessarily because of low commissions, but due to the technology that it can offer to its users.

Key Factors that Enabled this Company to Rank as One of the Best Robo Advisors

Curious what technology Betterment has to offer that makes the robo advisor reviews so positive? See below for a few of the creative solutions that Betterment has to offer when it comes to online investment strategies.

Technology and Strategy

When you invest with a robo advisor, you would expect that your portfolio would yield higher returns than you would as a do-it-yourself investor. The reason for this has several different parts, all based around the technology that Betterment integrates into everything they do to make it one of the top robo advisors.

First, you can [sync all of your outside investment accounts](#) into Betterment's framework. Doing so allows the site to monitor the overall view of your financial status and investment allocation.

When it can see the other assets that you own or trade, it may be able to make different suggestions for your upcoming online investment that make more sense for you financially. The ability to take an overall look at your financial health is key to making wise decisions when it comes to robo investing.

Second, it allows you to create a clearly [defined goal](#) that allows robo advisors to make better decisions regarding your investments.

Whether you want to save for a rainy day, retirement, or the down payment on an upcoming home purchase, Betterment's robo advisors can help manage the risk of your portfolio alongside the timeline upon which you need your account to be fully funded.

Third, it automatically reinvests your dividends and [rebalances your portfolio](#) when you make a deposit. The algorithmic trading featured in one of these best robo advisors keeps tax penalties in mind.

Rebalancing is evaluated on a daily basis, and it will even use leftover funds to purchase fractional shares so that every last penny of the money in your account is reinvested.

Betterment Robo Investment Pricing & Fees

<i>Account Balance</i>	<i>Fee</i>
Less than \$10,000	0.35% (or \$3 per month with no automatic deposits of \$100 or more)
More than \$10,000	0.25%
More than \$100,000	0.15%

The pricing is one of the biggest draws for even the best robo advisors.

The fees from Betterment are designed to cover all of the costs associated with your robo investing, including transactions, trades, rebalancing, advice, and administration fees. You may still stumble upon robo advisors who charge additional fees to buy and sell, but Betterment does not.

For a closer examination of their fees, which should be considered in all robo advisor reviews, take a look at our chart below. It lists the [price increments](#) for individual investors alongside the prices charged for their robo advice.

Don't Miss: [Is Betterment Worth It?](#) | [Is Betterment Safe? A Scam?](#) | [Reviews of Betterment](#)

FutureAdvisor

Backed by a council of scholars and finance experts, FutureAdvisor is continuously refining their robo advisors and their knowledge to make wiser investment strategies for their clients.

They have several [award-winning investment professionals](#) on their team, as well as wonderful engineers and finance professionals to help invest in long-term portfolios. The goal for them is to provide objective advice, the best option when it comes to investment strategies.

Key Factors that Enabled this Company to Rank as One of the Best Robo Advisors

Understand what makes the robo advisor reviews of FutureAdvisor so positive and what landed it on the list of robo advisors AdvisoryHQ considers one of the best robo advisors.

Strategy

FutureAdvisor creates a combination of objective advice, diversification, tax efficiency, and low-fee index funds in order to make successful long-term portfolios for their clients.

Their robo advisors do a little bit of everything: rebalancing your accounts, evaluating what is best for them when it comes to tax efficiency, and managing multiple accounts.

As a result, they have some impressive numbers to prove how effective their strategy is. For clients in their thirties, FutureAdvisor has posted cumulative returns of [23.2 percent](#) as of July 2016.

After creating your personalized account that takes your personal risk factor into consideration, an online investment with FutureAdvisor is available through a third party at all times. Your assets are held with either [Fidelity](#) or [TD Ameritrade](#).

However, because all of your accounts are managed in just one location, it can make wise online investing decisions on your behalf by monitoring all assets at the same time. This allows them to select an ETF that would fit best in your portfolio.

Like several others on our list of robo advisors, you can also manage several different types of accounts to help you reach your goals. Save for college, retirement, or a rainy day by selecting which goal suits your needs the best.

FutureAdvisor Robo Advisory Investment Pricing & Fees

FutureAdvisor has one huge draw that not many of the top robo advisors can boast of: they [do not charge](#) for their services, at least at first.

In less than two minutes, you can have your account set up for them to directly manage your assets in an account with one of the two third-party trading platforms they partner with. You can try one of the best robo advisors completely free for three months.

After your initial trial period is over, they charge a flat percentage of **0.5 percent** of assets they manage. It bills itself as **0.125 percent** each quarter, deducting itself from non-tax sheltered accounts when it has the option to do so.

Personal Capital Review

As one of this year's best robo-advisors, [Personal Capital](#) is very unique in that it is a hybrid (combination robo & human) financial advisory platform.

Having access to a human advisor, as well as being able to invest via a robo-advisor, is a key deciding factor for a lot of consumers who are looking to open an account with a top robo-advisor.

For example, you might have financial planning questions that involve budgeting, developing a financial plan, buying or selling a home, planning for a newborn, planning for retirement, or developing a college savings plan for a child. For all of these questions, you'll have access to Personal Capital's financial advisors.

In addition to being an investment and financial advisory platform, Personal Capital also provides a highly advanced personal finance and budgeting software.

Using Personal Capital's software, you can easily utilize advanced graphics that allow you to monitor your cash inflow (i.e., income), cash outflow (i.e., spending), and the performance of your stock, bonds, and other investments on a single, easy-to-read screen.

Based on its top-of-the-line software, Personal Capital was rated among this year's [Top Online Personal Finance Software](#) by AdvisoryHQ.

Using Personal Capital's award-winning dashboard, you can easily link/consolidate all financial accounts (checking, savings, IRAs, loans, debt, credit cards, mortgage, home equity loans, etc.).

Doing this provides you with the opportunity to quickly see your entire financial portrait (net worth) on one screen. You can do this any time, any day, and on any device.

On your Personal Capital dashboard, you can see:

- Your daily, weekly, and monthly cash flow (where your cash is going)
- Entire portfolio balances
- Portfolio allocations
- Breakdown of your key financial holdings
- Top gainers and losers
- Account balances and transactions
- Spending breakdown by account and category
- Detailed income reports
- A wide range of other interactive reports and tools

Personal Capital Holistic Tools

Personal Capital's free financial investing and financial planning tools allow you to easily see and manage your entire financial life in one secure place.

When you register for Personal Capital, you'll be provided immediate access to these tools on your Personal Capital dashboard.

Best of all, these powerful tools are all free.

How Safe Is Personal Capital?

Personal Capital uses bank-level encryption (highest level of security) to protect client accounts. The firm also hires third parties to perform regular security audits to make sure its systems can't be compromised.

Personal Capital has an impressive number of investments from the average individual, including more than **\$270 billion** in investments for over one million users.

They have been recognized and applauded by a number of **large-name magazines and companies** in their robo advisor reviews: *Time* magazine, the *Wall Street Journal*, and *Reuters*.

With their primary goal being to create a "better money management experience for consumers," Personal Capital's robo advisors are definitely well on their way to being one of the top robo advisors.

Key Factors that Enabled this Company to Rank as One of the Best Robo Advisors

See below for more details on which factors landed Personal Capital on our list of the best robo advisors for online investing.

Services

For individuals who are uncertain about beginning in the world of robo advisors, Personal Capital can be an easy starting point for most people. They offer a number of portfolio management tools for both seasoned and beginning investors.

Their robo advisors can help with a variety of things, as long as you set your personal goals.

Related: Schwab Intelligent Portfolios vs. FutureAdvisor—Rankings & Review

Select what type of investment account you need to create, whether it is a retirement savings account or just an average investment account to help your money work better for you, Personal Capital's robo advisors put your money to work.

They can calculate your personal net worth and help you to create and manage a personal budget to contribute more to your savings accounts with them.

Personal Capital also allows their robo advisors to review your accounts on a [daily basis](#) for rebalancing. This is done to enhance their tax-efficiency, but overall Personal Capital maintains a "[low turnover approach](#)."

They want to help you to reach your goals, but they also recognize that long-term holdings statistically have great success in fluctuating markets.

Personal Capital Investment Pricing & Fees

<i>Money Invested</i>	<i>Fee Schedule</i>
First \$1 million	0.89%
First \$3 million	0.79%

Next \$2 million	0.69%
Next \$5 million	0.59%
More than \$10 million	0.49%

For those who are just beginning to dabble in robo investing, one of the best questions to ask is how quickly you can gain access to your funds in case of an emergency. Personal Capital tends to invest your money in liquid securities so that you can have access to it quickly.

Withdrawal from your account should happen in just [one to three business days](#). Not sure if you want to commit to their robo advisor yet? You can always sign up for an account free of charge just to browse through their various tools and options.

Personal Capital's online investing is one of the most affordable options in a robo advisor comparison. Robo investing has significantly lower rates than a financial advisor does, and those rates are easily understood in their [fee schedule](#).

TradeKing Advisors Review

Perhaps better known for their online trading platform than as one of the top robo advisors, TradeKing has a surprising spectrum of services that they can offer to their clients.

While they do have affordable trading options available if you prefer to choose your stocks and funds, their robo advisors quickly became some of the best in the industry. From low prices to advanced trading technology, it's no surprise they made it onto our list of the top robo advisors.

Key Factors that Enabled this Company to Rank as One of the Best Robo Advisors

Find out more of the specific reasons that TradeKing made it onto our list of the top robo advisors.

TradeKing Advisors Technology

Build your wealth, prepare for retirement, or just save some money for an upcoming major purchase. Whatever goal you have in mind, TradeKing's robo advisors allow you to customize your goals according to your age and the time frame in which you expect to reach your goals.

Setting your savings goal is a critical step for any robo advisor, as it helps them to identify how to best build your wealth over a long term.

From there, they specialize in automated and diversified portfolios of low-cost index funds. Their technology, like the others on our list of robo advisors, keeps a close eye on your investments.

It will automatically make adjustments to your investments as it sees some funds doing well and others doing poorly.

This automatic rebalancing is a huge asset and a key to success when it comes time to invest money with robo advisors.

You can also access your account at any time. As with all investments, you may see your account depreciate in value some days. However, the hands-off approach to investing with robo advisors allows you to let the money sit for the long haul and build wealth over time.

TradeKing Advisors Pricing

Unlike some of the others, there is a minimum balance in order to access the top robo advisors on TradeKing. You must deposit a **minimum of \$500** into your account in order to get started. From there, you get the benefit of some of the lowest fees on the market for the top robo advisors.

They charge just **0.25 percent** as an annual fee for accounts in excess of \$5,000 with no additional costs for commissions or transaction fees.

For accounts under this amount, you can expect to pay as low as **\$1 per month** for their robo advisors. According to infographics on their website, the industry average for advisory fees is **1.02 percent**, putting them well below average.

Vanguard Personal Advisor Review

Vanguard has long been a well-recognized name in the investment industry. From purchasing individual ETFs to their personal robo advisors, Vanguard is similar to TradeKing in that it can do a little bit of everything.

Vanguard runs its own funds at cost to help their clients to keep more returns with an expense ratio that is **82 percent lower** than the industry average.

The Vanguard Personal Advisor service is yet another service they offer to help their clients maintain long-term wealth building.

Key Factors that Enabled this Company to Rank as One of the Best Robo Advisors

Want to know exactly what ranked Vanguard Personal Advisor as a top option for online investment companies? We'll take a look at a few of the reasons below.

Process

Vanguard Personal Advisor has created a very simple five-step process to make sure that your investments are working as well as they possibly can for you.

For information on how their [process](#) works, see below:

1. **Set goals:** An advisor will go over your personal financial details to help you identify what your goals are, what your risk tolerance is, and find out more about you personally.
2. **Create a plan:** You will receive a custom financial plan from their team of advisors.
3. **Put it into place:** The plan established in step two is put into place, and you are as involved in the process as you would like to be. You can be completely hands-off, if that is your preference, or you can monitor it on a daily basis.

4. Track your progress: See how close you are to reaching your goals based on the performance of the plan.
5. Rebalance: Like all of the top robo advisors, Vanguard Personal Advisor will automatically rebalance your portfolio when necessary and revise your plan as personal changes arise.

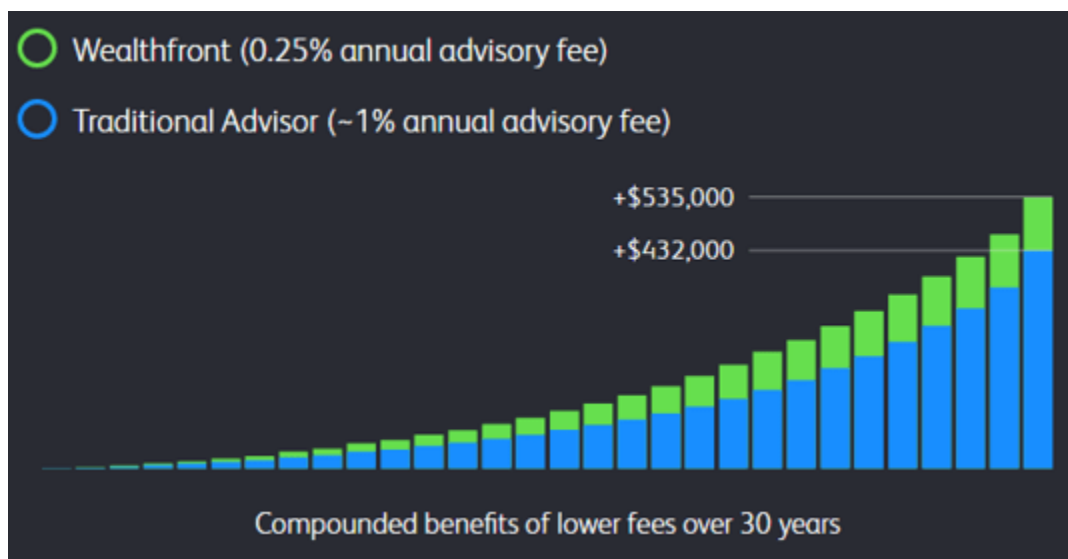
Perhaps one of the largest benefits to Vanguard Personal Advisor that makes it one of the top robo advisors is the access it gives you to a live person. You can speak with one of their financial advisors as often as you desire, which allows you to choose how involved you would like to be in the process.

Vanguard Personal Advisor Pricing

Similar to TradeKing, Vanguard Personal Advisor claims that their fees for robo advisors are significantly lower than the industry average, which hovers at approximately **one percent**. Instead, they charge just **0.30 percent** of the assets under management each year.

In order to demonstrate how much more cost-effective their robo advisors are compared to the industry average for similar funds, they ran the numbers for you.

Over a twenty-year time frame, accounting for compounding, you would have approximately **\$93,000 more** in your portfolio working to build wealth for you.



Image

Wealthfront Review

Wealthfront is a robo advisor service that takes the future of investments very seriously.

They consider their role as a “[once-in-a-generation opportunity to change an industry](#).” Under their umbrella, they employ economists, mathematicians, data scientists, professors, authors, and more.

This allows them to perform a wide variety of research from behavioral finance to portfolio analytics to optimization. Doing so creates new strategies that their robo advisors implement in order to increase returns at low costs for their investors.

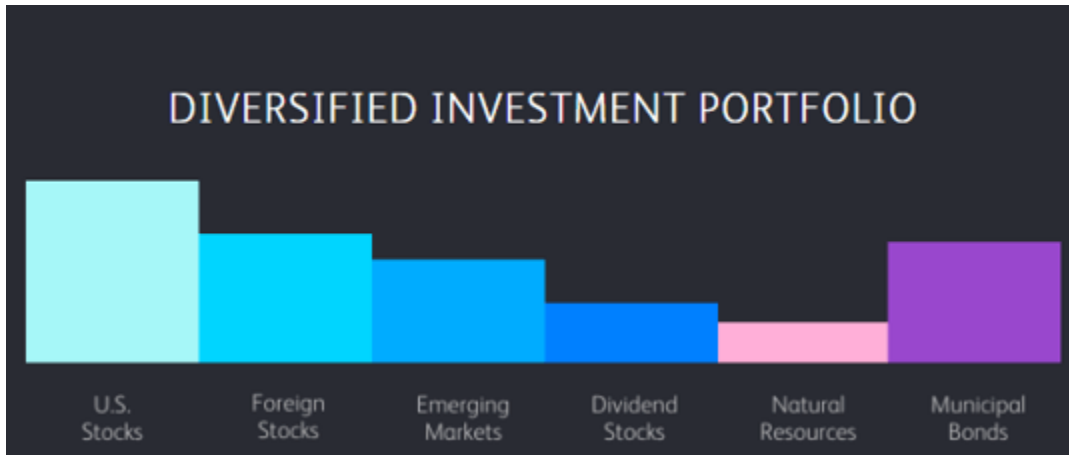
Key Factors that Enabled this Company to Rank as One of the Best Robo Advisors

You can find out more information on what landed Wealthfront onto our list of top robo advisors in the upcoming sections.

Wealthfront Technology

Wealthfront assembles a collection of investments with their robo advisors based on modern portfolio theory, with selections ranging from domestic stocks to emerging markets, municipal bonds to natural resources.

With a myriad of investment options through their diversification process, you can adjust a portfolio to your risk tolerance while remaining varied and tax-efficient.



Image

While many financial advisors will resort to the same standard list of [25 questions](#) in order to determine risk tolerance, Wealthfront's robo advisors will combine behavioral economics research to identify your unique situation in just a few questions.

They use this to purchase [index-based ETFs](#) to represent the various classes in your portfolio.

Their [daily tax-loss harvesting](#) will help you to rebalance your portfolio and reduce your overall tax payment. When your current investments have declined to a certain point, they will replace them with more highly correlated assets.

You can manage a number of accounts under Wealthfront's robo advisors:

- Individual accounts
- Joint accounts
- Trust accounts
- Traditional IRAs
- 401(k) rollovers
- Roth IRAs
- SEP IRAs

Wealthfront Robo Investment Fees and Pricing

Wealthfront's low fees make it one of the top robo advisors. You do not incur additional costs for trading fees or hidden fees, even as your portfolio is rebalanced.

Unfortunately, they do have a few stipulations that make it slightly more involved than other robo advisors on our list.

For example, the first \$10,000 invested into your Wealthfront account is managed for [free](#). You will pay a low [0.25 percent](#) annual fee for advisory charged on a monthly basis.

However, you can only use Wealthfront if you plan to initially deposit [\\$500](#) to open your account.

This is their minimum account balance, so plan on a larger up-front initial investment than what is necessary for other robo advisors such as Personal Capital or Betterment.

According to their own information, an account that averages \$100,000 will incur a monthly fee of [\\$18.49](#). They do also admit that you will incur a fee embedded in the cost of your ETFs, which is around [0.12 percent](#) on average.

[Read More: WiseBanyan Review | Robo Comparison \(WiseBanyan vs Betterment\)](#)

Conclusion: Best 6 Top Robo Advisors in America

Robo advisors can make your investment opportunities substantially easier and yield greater returns than a do-it-yourself approach or a traditional financial advisor.

Over the long-term, a robo advisor can add extra earnings into a well-diversified portfolio with all of the extra savings in advisory fees.

Online investing is still a relatively new concept, surging in popularity over the course of the last few years.

Before you dive right in, consider some of these questions to determine which of the top robo advisors from our list of robo advisors is right for you:

- How much money are you planning on initially investing with online investment companies?
- What do you expect to pay in monthly fees or annual fees for your investments?

- Do you want a personal financial advisor included with the robo advisors implemented through their programs?

Making the switch to robo advisors can be a wonderful strategy to manage your long-term wealth. Looking at this robo advisor comparison and investigating the robo advisor reviews can help you to increase your wealth, save for retirement or college, or to invest for an upcoming expense.

Consider these top ranking best robo advisors for your next online investment.

Related: Investing Basics—Are Robo Advisors Right for You? (Robo Investing Guide)

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2015-2016 Ranking & Comparison Reviews The Top 5 Best Robo Financial Advisors

Intro: Robo Advisor Industry Comes Under Siege by Top Financial Firms

The crowded robo financial advisor and robo investing space is getting even more crowded. Established banks are breaking into the robo-advisor industry

to gain their own footprint and position themselves as “best robo advisor investing platforms” for investors.

Bank of America is the latest firm to upend the robo investing field. As reported in a *Bloomberg Business News* report, Bank of America will launch a robo financial advisor platform (under its Merrill Edge online trading subsidiary) that will target accounts under \$250,000.

Their objective is to build and launch a top robo investing platform to compete directly against current robo financial advisor players like [Betterment](#), [Wealthfront](#), and [Personal Capital](#).



Capital One Enters the Robo Investing Field

Recently, [Capital One](#) (major credit card and online banking firm) [announced](#) its own decision to enter the robo financial advisor field, when it [unveiled its robo service](#).

The firm’s financial robo advisor platform will allow investors with a little as \$25,000 to sign up for its automated, algorithm-based robo investing management service.

As the financial advisor and wealth management industry as a whole comes under increasing pressure from online robo advisor and investing platforms, other banks, including Morgan Stanley and Wells Fargo, have announced similar plans to launch their own robo advisor platforms.

TradeKing Advisors is another investment management firm that is throwing its hat into the robo investing ring. Check out this [detailed review of Tradeking Advisors](#).

Vanguard's robo advisor service ([Vanguard Personal Advisor Services](#)) is also vying to be the best robo advisor in the market.

When you add Morgan Stanley's financial robo advisor, Wells Fargo robo financial advisor, Vanguard robo investment, Bank of America robo advisor, and TradeKing robo advisors to the mix of existing robo advisor firms, you end up with an extremely crowded robo market place.

And the question becomes “which one of these is the best robo advisor?”

Best Robo Advisors (2016 Ranking and Comparison of Top Robo Financial Advisory Firms)

Below is 2016's list of the best robo advisors and online investment platforms based on assets under management (AUM), ease of use, highly advanced user interface, comprehensiveness, strategic investing structure, low fees, minimum requirements, security, and popularity.

The below list is followed by a detailed review of each of these top ranking best robo investing firms.

Best Robo Advisor Firms

Click on any of the links below to go directly to the review section for that specific robo advisor firm.

1. [Personal Capital \(hybrid\)](#)
2. [Betterment \(robo-advisor only\)](#)
3. [Wealthfront \(robo-advisor only\)](#)
4. [FutureAdvisor \(hybrid\)](#)

5. Charles Schwab (Intelligent Portfolios)

What Are Robo-Advisors? Definition and Brief Overview of Robo Financial Advisors

A robo-advisor is an online investment platform that provides automated online investment advice and uses algorithms to determine asset allocations and automated rebalancing for investors.

Each client's portfolio is structured to achieve optimal returns at every level of risk. A key investing approach used by robo-platforms is to invest in low-cost ETFs that minimize embedded investment costs.

Since they utilize technology rather than active management by a human, robo-advisors charge significantly lower fees than most financial advisors.

The “robo” part of their name came about because there is little to no human contact involved. This automated level of client interaction enables robo-advisors to charge lower fees than the traditional financial advisor.

There are multiple factors causing consumers (especially younger and middle-aged investors) to flock to automated investment platforms versus traditional financial advisors and wealth management firms.

These factors include easy-to-use interfaces and apps, low fees, and a reduced barrier of entry when it comes to minimum investable deposits.

As reported by *Bloomberg News*:

“The automated investment platforms industry has seen dramatic growth, from almost zero in 2012 to a projected \$300 billion in assets under management at the end of next year. This year alone, Betterment almost tripled its assets to \$3 billion. Robo-advisers could manage \$2.2 trillion by 2020.”

Detailed Robo Advisor Reviews

Personal Capital Review

As one of this year's best robo-advisors, [Personal Capital](#) is very unique in that it is a hybrid (combination robo & human) financial advisory platform. Personal Capital [currently has](#) \$3,100,000,000 of assets under management.

Having access to a human advisor, as well as being able to invest via a robo-advisor, is a key deciding factor for a lot of consumers who are looking to open an account with a top robo-advisor.

For example, you might have financial planning questions that involve budgeting, developing a financial plan, buying or selling a home, planning for a newborn, planning for retirement, or developing a college savings plan for a child.

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- Account balances and transactions
- Spending breakdown by account and category
- Detailed income reports
- A wide range of other interactive reports and tools

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Best of all, these powerful tools are all free.

How Safe Is Personal Capital?

Personal Capital uses bank-level encryption (highest level of security) to protect client accounts. The firm also hires third parties to perform regular security audits to make sure its systems can't be compromised.

Dedicated Advisors

As a client of Personal Capital, you'll have dedicated financial advisors available to discuss your financial planning objectives, goals, risk appetite, and a wide range of financial advisory topics.

Personal Capital Investment Fees

While Personal Capital's [money management software](#) is free to use for tracking your finances, investments, budgeting, and money management, there is a fee for its financial advisory and investment services.

Personalized Portfolio Management

Personal Capital's investing methodology is built upon sector and style weighing, risk minimization, and tax optimization.

At the onset of your relationship, the Personal Capital team will work with you to create a globally diversified investment portfolio that is customized to your specific needs.

Cash Flow Analyzer

Personal Capital provides a ton of tools and widgets that you can use to manage your entire financial picture. One of these tools is the Cash Flow Analyzer, which provides you with a detailed breakdown of your weekly, monthly, and yearly income and spending habits.

Setting up Your Dashboard

Setting up your Personal Capital dashboard is fairly easy.

You start out by entering your external financial accounts' information and credentials, and then you'll be up and running. Personal Capital automatically pulls in the needed information.

As an added level of security, Personal Capital does not store your log-in credentials.

Betterment Review

Betterment is the largest independent robo-advisor with **over \$4B** in assets under management and over 150,000 customers.

Betterment charges 0.35% for a \$0–\$10,000 balance in your account each month, so long as you auto-deposit a minimum of \$100 each month. Auto-deposits are scheduled deposits that are automatically paid out of a linked bank account.

You can link any external bank account to your Betterment account dashboard. Without this minimum auto-deposit, the firm charges a \$3/month fee.

What if you maintain \$10,000–\$100,000 in your account?

In this case, Betterment charges you a reduced fee of 0.25%. To encourage clients to deposit even more funds in its account, Betterment only charges a 0.15% fee for accounts that have an excess of \$100,000.

Does Betterment require you to maintain a minimum balance in your account each month? No, there is no minimum balance requirement at Betterment. However, as mentioned above, there is a monthly fee if you don't deposit at least \$100 each month.

What about security – how secure is Betterment's platform? Betterment used the same high browser encryption and security standards used by most top banking institutions. Also, your data is stored on servers in a secure facility.

Betterment Fees

How often does Betterment charge fees? Betterment charges clients at the end of every quarter.

What Is Betterment's Investing Strategy?

Betterment's investing strategy involves low-cost investing via a globally-diversified passive portfolio of approximately 12 asset classes which are tailored to each client's risk appetite and time horizon.

As stated by Betterment: "Years of research and Nobel Prize-winning Modern Portfolio Theory are the foundation of our proven investment method to achieve optimal returns through diversification, automated rebalancing, better behavior, and lower fees."

In general, Betterment customers can expect 4.3% higher returns than a typical investor who conducts their own investing.

Betterment's Goal-Setting Interface

Betterment's goal-oriented investing framework easily lets you know if you are on track to reach your retirement and other pre-defined goals.

What Is a Safety Net Goal?

A safety net goal is one of the highest priority goals that Betterment recommends to its clients.

A safety net goal is different from other types of goals because of the assumption that the funds might never be needed – but in the event that they are needed, then it is assumed that a substantial portion of your account balance will be liquidated all at once, which will have tax implications.

Betterment's Tax Loss Strategy:

Betterment's "Tax Loss Harvesting" tools systematically explore embedded capital losses and apply such losses to your account in order to help you lower your investment taxes and increase your after-tax returns.

Tax loss harvesting, which is offered at no cost, is the practice of selling an investment that has experienced a loss. By "harvesting" a loss, investors are able to offset taxes on both gains and income.

The sold security is automatically replaced by a similar security, which maintains the optimal asset allocation and expected returns. Such a tax strategy can reduce your annual taxes by as much as \$3,000.

In addition, Betterment clients with an account balance of \$500k or greater can schedule a one-time personal consultation with one of the firm's in-house financial advisors.

Is this legal? Yes. The IRS allows tax loss harvesting. This is a service that traditional wealth management firms have provided to wealthy investors for decades.

Additional Fees

Betterment does not charge fees for deposits or withdrawals.

Cancelling Your Account with Betterment

Can you cancel and close out your Betterment account at any point in time? Yes, Betterment clients can cancel their accounts at any time. If you choose to do this, Betterment will prorate the fees for that quarter.

Betterment's Fraud Protection Approach

In addition to utilizing highly secured encryption standards for protecting client data, Betterment will work to recover any loss that results from unauthorized use of your Betterment account.

What If Betterment Goes Under?

In the unlikely event that Betterment closes shop, clients do not have to worry about losing their money. Betterment Securities is a member of the Securities Investor Protection Corporation.

This means that the assets in your account (up to \$500,000 – including \$250,000 for claims for cash) will be paid back to you. However, note that losses from market swings are not protected.

FutureAdvisor Review

Just like Personal Capital, **FutureAdvisor** is a hybrid robo/traditional advisor. FutureAdvisor applies a holistic investing approach which involves not just investing in a set of asset classes but also considering a client's additional accounts.

Its approach is best captured by this FutureAdvisor statement: "All of your accounts should work towards all of your goals. We manage your investments holistically, to help ensure each account's benefits (e.g. tax deferrals or flexible investment options) are maximized."

As a client of FutureAdvisor, you can easily invest using the firm's automated investment engine and just as easily pick up the phone to speak with a FutureAdvisor financial specialist.

FutureAdvisor's robo engine applies a proprietary algorithm for investing, trading, and reviewing your portfolio for tax-saving opportunities.

FutureAdvisor **manages** assets under management (AUM) of more than \$600,000,000.

FutureAdvisor's financial advisors provide financial planning advice that considers your investing horizon, risk appetite, family situation, financial goals, and all of your accounts – together.

Provided recommendations are structured to give you a detailed financial plan that can help you stay on track with all of your goals.

FutureAdvisor Fees

FutureAdvisor charges 0.5% annually. This fee is only charged on the assets that you select to be directly managed by FutureAdvisor.

401(k) financial advice is provided free of charge. In addition, FutureAdvisor financial specialists provide free college planning advice.

They create a customized college financial plan that is based on your household's income, debt, assets, and what you might do with the funds if your child doesn't use it all for college.

They'll help you open the needed accounts and will also manage these accounts on your behalf. All of this will be done free of charge.

When your child goes to school, FutureAdvisor processes the college tuition from your account directly to the university.

FutureAdvisor's Process

Opening an account with FutureAdvisor only takes a few minutes and involves a free portfolio analysis followed by algorithm-driven, robo-developed recommendations.

FutureAdvisor has a very easy-to-use interface, and its financial advisors are available via phone, chat, or email to help out if you have questions.

FutureAdvisor's robo engine analyzes your current portfolio across multiple accounts (wherever your assets are held).

The firm's investing strategy involves the use of Modern Portfolio Theory to design customized portfolios plans that optimize your investments and minimize your taxes.

Wealthfront Review

Wealthfront manages close to \$3 billion in assets under management. If you have \$0–\$10,000 in your account, Wealthfront does not charge an advisory fee.

On amounts over \$10,000, Wealthfront charges a monthly advisory fee based on an annual fee rate of 0.25%.

In addition to the advisory fees, Wealthfront also charges a 0.12% ETF fee. Unlike Betterment, Wealthfront does not have a tiered-fee-structure where larger accounts are charged lesser fees.

Here is their rationale: “Wealthfront’s 0.25% fee is already well below the 1.31% average fee charged by financial advisors. Rather than lower our fee for larger accounts, we provide more value for the same fee.”

The minimum amount required to open and maintain a Wealthfront account is \$500. What types of accounts does Wealthfront support?

Wealthfront currently supports a wide range of accounts including individual, joint, and trust accounts. Other supported accounts include traditional IRAs, Roth IRAs and Simplified Employee Pensions (SEPs), and IRA transfers and 401(k) rollovers.

What is Wealthfront’s investing strategy? Wealthfront’s robo-advisory and automated investment management service uses Modern Portfolio Theory (MPT) to identify the ideal portfolio for each client.

Its investing strategy is structured to maximize the net-of-fee, after-tax, and real investment return for each client. What exactly does this mean?

What Is Wealthfront’s Investing Strategy?

To understand Wealthfront’s strategy, we need to take a step back and review the firm’s investment management team.

Wealthfront’s investment team is led by Dr. Burton Malkiel, a renowned economist and the author of *A Random Walk Down Wall Street* (an influential book that popularized the random walk hypothesis that states that asset prices typically exhibit signs of random walk, and that no investor can consistently outperform market averages).

The random walk theory is a major component of Wealthfront’s robo-investment strategy. The firm’s investing approach starts with a portfolio of diversified and uncorrelated asset classes that are compiled based on your risk appetite and investing horizon.

The selected asset classes involve low-cost and passive ETFs. Wealthfront’s robo-engine continuously monitors your investments and will periodically

rebalance your portfolio to maximize your rate of return and long-term investment success.

By implementing a completely software-based solution, Wealthfront is able to deliver its automated investment management service at a much lower cost than traditional wealth managers and investors.

How Does Wealthfront Construct Client Portfolios?

In addition to estimating each asset class's standard deviation (volatility), Wealthfront enforces minimum and maximum allocation constraints for each asset group.

This is a widely used method for portfolio diversification as it helps to mitigate parameter estimations.

According to Wealthfront, they “selected 5% as a minimum allocation because anything less than that does not provide meaningful diversification benefits in the estimation. 35% was selected as the maximum allocation to ensure sufficient diversification from meaningful allocations to the other asset classes.”

Residency Requirement

In order to open an account with Wealthfront, you'll need to be a U.S. resident with a U.S. Social Security number or Tax ID Number and a permanent U.S. mailing address. This is due to U.S. financial regulations.

Multiple Accounts with Wealthfront

Unlike other robo-advisors, Wealthfront allows you to open and maintain as many accounts as you want. The only stipulation is that each account must have a minimum of \$500.

Tax Loss Harvesting

Similarly to Betterment, Wealthfront also offers a free tax loss harvesting service, which works by taking advantage of investments that have declined in value (a common occurrence in broadly diversified investment portfolios).

By selling declined investments at a loss, you earn the right to write-off that loss from your taxable income – thus lowering your taxes.

Schwab Intelligent Portfolios – Robo-Advisor Review

Schwab Intelligent Portfolios is the final firm on our list and review of the best robo-advisory firms.

Schwab Intelligent Portfolios is an automated investment advisory service that builds, monitors, and rebalances your portfolio investments. Best of all, Schwab Intelligent Portfolios is free to use.

There are no robo-advisory fees, commissions, or monthly account maintenance fees. Minimum deposit: \$5,000.

Similar to other robo-advisor platforms, Schwab Intelligent Portfolios allows you to automatically harvest investment losses to help offset your capital gains taxes. Using Schwab Intelligent Portfolios' robo-advisory dashboard, you can build a portfolio that comprises up to 20 asset classes (20 is the max. that you can add).

Clients must maintain a minimum balance of \$5,000 to be eligible for automatic rebalancing. Tax loss harvesting is only available for clients with invested assets of \$50,000 or more in their account.

Schwab Intelligent Portfolios has \$4,100,000,000 of assets under management.