

Top 5 Best Online Investment Companies | 2017 Ranking & Reviews | Online Investing

The Top 5 Best Online Investment Companies | 2017 Ranking & Reviews for Online Investing

The review below of the top five best online wealth management companies provides comprehensive views of the features, and pros and cons for each of this year's top online investing sites.

(See also: The [Top Robo-Advisors in the U.K.](#))



Award Emblem: Best Online Investment Companies

The online investment management companies included in this year's comparison ranking and review publication are:

1. **Personal Capital**

2. **Betterment**
 3. **FutureAdvisor**
 4. **Charles Schwab**
 5. **Motif Investing**
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Best Practices for Online Investing



Image Source: [BigStock](#)

No matter which online investment platform you choose, there are several things to keep in mind when you embark on your online investment journey for the first time.

1. Start small: Start with a smaller sum before putting substantial amounts of savings into the market. Once you feel confident with a smaller amount of money, you can add more to invest online.

2. Don't overlook mutual funds: Mutual funds can lower risk, save you time, and will usually pay off in the long run!

Keeping some of your money in mutual funds rather than converting it all into individual stocks is a wise move for most investors, especially beginners.

3. Do your due diligence: If you decide to invest online, it's your duty to stay as informed as possible on how the company is doing.

Check its website frequently, set real-time Google alerts, and monitor the news for any major happenings. The U.S. Securities and Exchange Commission also provides publicly available filings through its [EDGAR system](#).

Online Investing Site 1: Personal Capital

Personal Capital wants to “build a better money management experience for consumers” by blending objective financial advice with the most up-to-date technology available.

It believes this will make online investment management more accessible to consumers as well as more honest and transparent.

It currently has over 1 million registered users that actively manage \$2 billion in assets.

Values and Philosophy

Personal Capital lists several different core tenants of its company philosophy on its clean, easy-to-use website. It offers:

- Objectivity in its financial advice that is within its customers' best interests
- A holistic view of consumers' money
- Transparent business processes with no hidden fees
- Dedicated, personal financial advisors
- Strategic and affordable solutions to complex fiduciary problems
- Customized investing advice and strategies

One thing that sets Personal Capital apart is its focus on women investors. Its [Creating Capital](#) movement aims to empower women to close the gender investing gap through promoting more dialogue, awareness, and education.

Features and Services

Personal Capital's online investment features fall into two main camps: financial tools and financial advisory.

The financial tools section includes the dashboard: the central hub of Personal Capital's tracking capabilities. The dashboard makes it easy to plan for retirement, set a budget, track your portfolio performance, and more. Personal Capital also features an easy-to-use, crisp app to help keep track of online investing portfolios on the go.

One highlight of Personal Capital's selection of tools is the [Fee Analyzer](#). This provides transparency into any hidden fees you may be incurring because of a mutual fund or retirement account. These kinds of fees can cost you thousands and prevent you from retiring earlier.

The [Investment Checkup](#) tool allows you to analyze your portfolio and can identify quick improvements that can save – or earn – you money.

This tool can also recommend an ideal portfolio based on your comfort level, with risk and expected rewards. Under “Financial Advisory,” Personal Capital offers several different services based on consumer needs.

Once a consumer becomes a financial advisory client of Personal Capital, he/she is matched with two different advisors that act on behalf of that individual's best interest, optimize risk and reward, and offer personalized investment strategies to meet your goals.

Registration and Process

Each of Personal Capital's sets of tools and services offer different registration and pricing structures.

First, all of Personal Capital's online investing tools are completely free and require minimal information to sign up – just a name, email address, and password.

When it comes to financial advisory, pricing gets a little more complicated. Clients who invest at least \$25,000 in portal assets receive licensed advisors dedicated to their account, an initial meeting with the advisors to discuss investing goals, and personalized recommendations to make progress toward those goals.

This service is priced at one all-inclusive fee based on the percentage of assets managed. There are no set-up fees, account opening fees or maintenance fees. Personal Capital is very upfront about its cost structure.

Personal Capital Fee Schedule	
FIRST \$1 Million	0.89%
For clients that invest \$1 million or more:	
FIRST \$3 Million	0.79%
NEXT \$2 Million	0.69%
NEXT \$5 Million	0.59%
OVER \$10 Million	0.49%

Image Source: [Personal Capital](#)

Finally, for clients that invest online at rates of \$1 million or more, Personal Capital offers access to its private client group.

These clients will schedule a consultation that will provide them with expedited attention and tool personalization, access to an entire committee of investment professionals, and opportunities with private company investments (venture capital, private equity, etc.). Private clients also enjoy a reduced fee structure.

Resources

In addition to an attractive, easy-to-use website with concise, clear descriptions of its products and services, Personal Capital also offers a well-maintained [company blog](#).

This section provides news and education on high-level topics about the state of the online investing market, all the way down to articles about how to weigh if organic food is really worth the price.

The existence of this well-maintained blog shows that Personal Capital really does believe in getting its clients the best, most transparent information possible and helping them make smart decisions to reach their financial goals.

Bottom Line

Personal Capital is an easy-to-use, streamlined site for online investing but also includes the “big picture” of all your finances in one place. Its investment checkup and reporting features are also big pluses of the site, and these features are supported by iPhone, iPad, Apple Watch, and Android.

However, asset allocation and categories aren’t customizable, which could be problematic if users want to vary from the set models. Its budgeting tool is also less user-friendly than Mint’s.

All in all, Personal Capital is one of the best online investing sites and offers an excellent, comprehensive service for managing all your assets in one location.

Online Investing Site 2: Betterment

Betterment’s focus is on an online investing portfolio that is designed to optimize returns and minimize risk, providing 4.3 percent higher returns than the average do-it-yourself investor. It accomplishes this through global diversification, smart rebalancing, and lower fees.

It prioritizes automation of its services to make smarter and more efficient choices – scheduling deposits, investing excess cash, and providing a holistic look at spending across all accounts. It has over 125,000 customers using its products and services.

Values and Philosophy

Betterment is at the intersection of investing and technology, setting out to answer the question, “What should I do with my money?”

With sophisticated financial products, Betterment aims to align its incentives with those of its clients to bring certainty and control to the online investing process.

Features and Services

Betterment divides its services across financial planning, retirement, IRAs, trusts, and a product called Tax Loss Harvesting+.

Most of these features feed into its main offering of financial planning. Betterment promises a customized online investing strategy based on client goals: saving, retirement, building wealth through online investments, etc.

Its RetireGuide offers a consolidated view of your retirement, taking all assets and savings into account. It also handles rollovers of IRAs, pensions, and government plans as one while maintaining an optimal level of risk.

Registration and Process

Betterment has an interesting sliding scale pricing structure based on a fee of 0.15 percent of the account balance annually. The interactive infographic on its website also calculates what traditional fees are for investment firms and figures the difference to show cost savings.

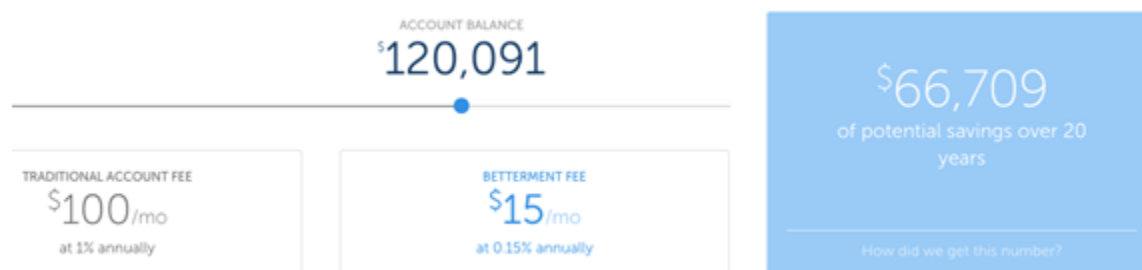


Image Source: [Betterment](#)

Similar to Personal Capital, Betterment also offers reduced annual fees for clients who invest more, which are charged at the end of each quarter or prorated when a large withdrawal is made. There are no associated trade, transaction or rebalancing fees added to this cost.

Resources

Betterment's bank of online investing resources is impressive. Besides educational articles similar to those on Personal Capital, Betterment offers several interactive tools and calculators to help clients lead smarter financial lives.

Featured on its resources page is a guide to [Tax Season 2016](#), which brings readers through tax rules, overlooked tax deductions, and a calendar for important tax-related deadlines.

In its Resources section, Betterment also provides transparency into the research, data, and sources it uses to make its investment selections. In-depth white papers take readers through the algorithms and automations that Betterment has created to manage online investments.

Bottom Line

Betterment offers simple asset allocation and low management fees that are perfect for young investors. Its simple, easy-to-use interface offers all the features needed to manage online investments for a low fee, and it is certainly among the best online investment companies today.



Image Source: [BigStock](#)

Though many of Betterment's investing services are on par with Personal Capital, the dashboard doesn't offer a holistic look at the goings-on of all your financial accounts.

Additionally, it may be too catered to beginners for some higher-net-worth investors who may be looking for more sophisticated advice and can perform their own asset allocation.

Online Investing Site 3: FutureAdvisor

FutureAdvisor caters to clients who already have accounts and online investments across several channels. Its services help people manage these accounts to maximize benefits and help them all work together seamlessly.

It emphasizes automated online investment management through its proprietary algorithm, coupled with its personalized advice from financial advisors and service specialists.

Money you invest stays in your name, within Fidelity and Ameritrade, and is managed by trusted custodians.

Values and Philosophy

FutureAdvisor's online investment philosophy makes it clear that it doesn't believe in cookie-cutter investing. It touts the benefits of long-term, diversified investments combined with algorithmic monitoring.

Its strategy is based on modern portfolio theory, the Black-Litterman model, and the Fama-French three-factor model, taking into account its investor's age, time he/she has to invest, and family situation before providing a personalized recommendation.

Features and Services

FutureAdvisor's main focus is on helping investors save for retirement and college. Plans for both of these goals are free and include portfolio analysis and an easy-to-use interface.

Day-to-day portfolio management is done through a combination of FutureAdvisor's recommendation algorithm and a human investment team.

Registration and Process

When signing up for FutureAdvisor, investors have two main options: First, is having FutureAdvisor manage online investments, where advisors create an action plan tailored to your goals.

The money stays with Fidelity or TD Ameritrade while they make trades on your behalf on an ongoing basis. Investors are also allowed to check in on advisors' analyses and trades at any time via FutureAdvisor's easy-to-use dashboard.

This option has a flat annual management fee of 0.5% of assets managed, but the first three months are free. Investors must have at least \$10,000 in assets that are available to invest.

The second option for investors is to receive advice on how to improve investments on their own. Investors can connect their accounts to FutureAdvisor, and then the platform provides step-by-step advice based on their goals.

The dashboard will also shift and update depending on market options. There is no fee for this option.

Resources

Like many other online investing sites, FutureAdvisor provides an investing library that contains advice and articles about online wealth management. Topics of these articles include financial goal setting, beginner's advice for those new to online investing, and retirement and college saving.

FutureAdvisor also maintains an active Twitter account where it shares related news and commentary.

Bottom Line

The biggest pluses for FutureAdvisor, along with many of the features and services that other online investing sites offer, are the flexibility and ability to try its service for free. Its platform gives you recommendations based on your current portfolio without having to transfer assets over.

However, drawbacks include higher fees than some online wealth management sites, and its asset allocation is less flexible than Betterment.

When looking for investment or retirement services, FutureAdvisor is a solid option. However, if you're looking for holistic daily financing and budgeting, go with Personal Capital instead.

Online Investing Site 4: Charles Schwab Intelligent Portfolios

Schwab Intelligent Portfolios markets itself as an online investing advisory service that builds and rebalances your portfolio and helps you work toward your savings and income goals.

Values and Philosophy

Charles Schwab believes in offering sophisticated online wealth management to more than just millionaires. Its services are available to anyone with a minimum of \$5,000 to invest.

It also believes that online investing doesn't have to be painful and is proud that it offers investment professionals for round-the-clock customer service.

Features and Services

Schwab Intelligent Portfolios is designed to save you time by automating many of the things investors do on an ongoing basis – studying the market, choosing the right investments, and rebalancing. Goals are set on a savings or income basis.

Unlike several other online investing sites, Intelligent Portfolios is pretty straightforward regarding what its services offer. A portfolio is built that includes up to twenty low-cost exchange-traded funds (ETFs), including stocks, fixed income, real estate, and commodities to diversify.

As with most other online investment sites, Intelligent Profiles offers automatic rebalancing of underweight and overweight asset classes as long as investors keep a balance of at least \$5,000.

Registration and Process

Charles Schwab Intelligent Profiles claims that “if you have time for a cup of coffee, you have time for investing with their services.” The process is simply to answer a few questions to determine risk profile, review your recommended portfolio, and complete a simple enrollment process.

Notably, Intelligent Portfolios charges no advisory fees, account service fees, or commissions. However, affiliates do earn revenue from underlying assets in these accounts that they manage.

Resources

Schwab Intelligent Profiles offers [several white papers](#) explaining different parts of its online investment process and defining terms. It also offers investing insights in the form of a blog, though it is not nearly as well-maintained or organized as Personal Capital or Betterment.

Bottom Line

Obviously, the biggest draw for the Schwab Intelligent Portfolios service is no direct fees. The service will also allow you to remove up to three EFTs from the selected portfolio given to you, which is an option most online investment companies don't offer.

However, investments include large percentages of cash assets, which earn zero interest. Investments also include smaller cap stocks.

When factoring in returns lost from cash allocation and ETF fees, Intelligent Portfolios isn't actually cheaper than any of its competitors. Investors would be better off going with Betterment or Personal Capital.

Online Investing Site 5: [Motif Investing](#)

Motif sets itself apart from the online investing community and the players mentioned above by positioning itself as a “concept-driven” trading platform.

Founder and CEO Hardeep Walia built the company in 2010 to fulfill a vision of consumers being able to invest in a trend, like robotics, or an investment style. These concepts are turned into “motifs,” which are baskets of up to 30 stocks or funds under these umbrellas.

Since its conception, Motif has received \$126.5 million in VC funding, was ranked fourth on CNBC's Distroptor 50 list, and built 150 different motifs.

Values and Philosophy

Motif “gives the little guy a taste of the IPO,” according to the *Wall Street Journal*. Based on the insight from a consumer, Motif gives these investors a chance to act on their own perspectives and current events in the way they want to.

Motif emphasizes the fact that all investors are unique in their time horizons, risk profiles, and interests. Due to this, investors can customize professionally built portfolios to add or change online investments as needed.

It also believes in the transparency and visibility of your holdings and pricing as well as the power of continual innovation.

Features and Services

True to its name, the main service of Motif is the creation and trading of its professionally created baskets of stocks, or motifs. Each reflects a particular idea, concept or trend and can be customized.

Investors can also create their own motifs and then choose to share them with the larger motif community. If this motif is picked up by another investor, the motif creator enjoys a royalty payment.

Motif provides the following comparison chart of the features of motifs, ETFs, and mutual funds.

WHAT YOU GET	MOTIFS	ETFs	MUTUAL FUNDS
Direct ownership of up to 30 stocks reflecting one idea	✓		
A fully customizable investment	✓		
Diversification across multiple securities	✓	✓	✓
Total commission of \$9.95 for purchase of up to 30 stocks	✓		
No management fees	✓		
Greater control over capital gains	✓	✓	
Intraday pricing	✓	✓	
Marginability	✓	✓	
Professional management on your behalf		✓	✓

Image Source: [Motif Investing](#)

Registration and Process

To get started, investors can sign up using Facebook or their email address. Investing in a motif is as simple as researching and choosing from a list of motifs – both investor-created and professionally-created.

Even before signing up for motif, potential investors can check out all motifs available. This includes a list of top stocks in the motif by weight, a chart of the diversification of segments, the index, and volatility rating. This Carpe Orbis motif overview is one great example:

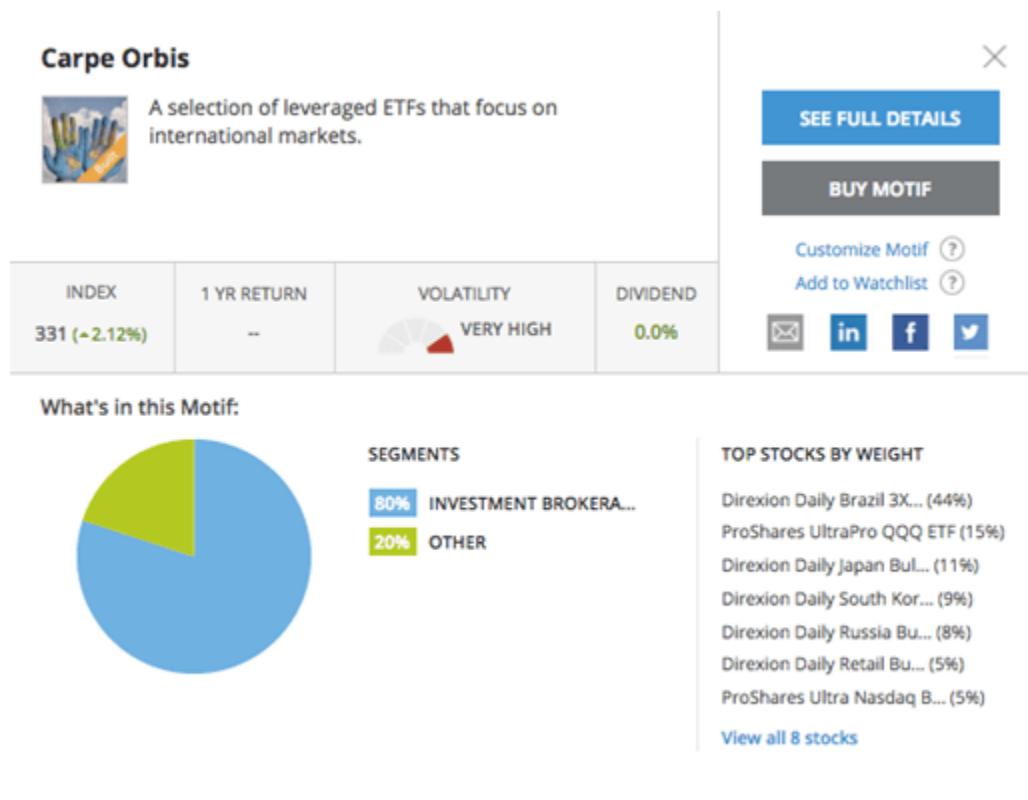


Image Source: [Motif Investing](#)

Investing in a motif costs about \$9.95 – as low as \$0.33 per stock. Motif also notes that professionally-built motifs average 16.5 percent annual returns on investment.

Resources

Motif offers a blog of investing insights and trading ideas similar to the first three online investing sites listed.

Additionally, it has sections for “Hardeep’s thoughts” and an “Inside Motif” section, which take investors through commonly overlooked features of the platform. Motif does a better job at humanizing its brand through these resources than most other online investing sites.

Bottom Line

Motif is an interesting option for people looking into online investing. Its themed investments are great for diversifying assets and provide low-cost trading.

Many users will also enjoy the option to create their own motifs or sell single stocks or ETFs at \$4.95 per trade – one of the lowest fees in the industry.

However, its relatively short time in the industry means that there are still some additions it could make to improve its services. Searching for features and complex orders are still unavailable on the platform.

For those looking to diversify or who are interested in starting out with a relatively low-cost, low-risk option, Motif is a solid choice.

Summary of Online Investments

Investing via investment advisors and stockbrokers has been around for decades. These advisors provide their advice and expertise to help us make the best use of our money.

However, with the rise of the Internet in the mid-1990s, more power has been put into the average Joe’s hands through investing online. E-Trade and Ameritrade were a few of the first online brokerages that offered low commission for direct control over a portfolio of investments.

After these initial first players in the market, other conventional brokerage firms, like Charles Schwab, began to join in on the action, offering online investing services along with the advice of its brokers. This gave investors the ability to bypass the middleman and take control of their own portfolios, saving on trading commissions.

As of 2015, nearly [\\$19 billion is managed](#) by online investment platforms.

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