Article up

Best Robo-Advisors for Investing

Free up your time and invest in the future by letting robo-advisors invest for you.

OUR PICKS

Betterment
Best overall
See at Betterment
View details ↓

Wealthfront
Best overall
See at Wealthfront
View details ↓

SoFi®
Best for beginners
See at SoFi
View details ↓

Ellevest
Best for goal-based investing
See at Ellevest
View details ↓

Axos Managed Portfolios and Self-Direct Trading
Best for added customization
See at Axos Bank
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OUR EXPERTS

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To say that the US economy has been in a tumultuous state over the past year is an understatement. With a stock market that remains volatile and inflation still above 6%, choosing the right investments can be tricky. In today's turbulent market, it's particularly important to find safe investment options. Robo-advisors can help.

Robo-advisors are online investment platforms that automatically manage your investment portfolio based on your personal financial goals. These AI-based solutions can make it easier for first-time investors or for anyone who would prefer to "set it and forget it" to start building an investment portfolio. Robo-advisors are also generally much more affordable than traditional financial advisors, and typically less risky than actively trading stocks.

Although big names such as Betterment and Wealthfront currently lead the robo-advisor space, several other great options can also put your investment strategies into action. Here's our breakdown of the best robo-advisors.

Betterment

Best overall

See at Betterment

Betterment was one of the first robo-advisors. It's stood the test of time to become one of the most popular financial planning robo-advisors.

With Betterment, you only pay one fee: 0.25% annually on your balance (or $25 for every $10,000 you invest). Betterment also offers a premium tier for just 0.15% more. Enrolling in the 0.4% annual fee tier will give you unlimited access to certified financial planners and advice on all your investments -- even those that aren't with Betterment. And thanks to automatic rebalancing and tax-loss harvesting, you won't hang on to assets that aren't working their hardest for you. Tax-loss harvesting is when a security is sold at a loss and a similar one is bought to replace it, offsetting taxable gains and income. Along with that, the $0 minimum balance means you can get started right now.

Wealthfront

Best overall

See at Wealthfront

Wealthfront is, alongside Betterment, one of the biggest robo-advisors available, but it does have an account minimum of $500, meaning you need at least that much money to open the account. It allows you to check monthly reports on your portfolio and make asset adjustments as necessary, and you can switch to more conservative investments or riskier ones with ease.

Wealthfront shared the best ranking because it offers tax-loss harvesting, which takes advantage of changes in the market to reduce your tax bill. According to Wealthfront, savings from tax-loss harvesting cover the 0.25% advisory fee for 96% of its customers.

Moreover, Wealthfront offers US direct indexing (formerly known as stock-level tax-loss harvesting) where individual stocks that are losing you money get moved around for more favorable ones. It's good for stock investors because you get the benefit of minimizing your taxable gains with your higher-risk stock investments. This enhanced feature and others are available if your account holds more than $100,000. For example, the digital advisor feature Smart Beta (for portfolios $500,000 and up) uses many different risk factors to determine the weight of investments in your portfolio, analyzing value, dividend yield and volatility. But you don't need to pay a higher annual fee to access them, you just need more money in your investment account.

SoFi®

Best for beginners

See at SoFi

The SoFi® robo-advisor is best known for handling loans, but it's recently gotten into financial investments, as well.

SoFi charges a 0.25% fee based on your account value. It also offers access to financial experts anytime by email, phone or chat. Like Betterment and Wealthfront, SoFi is a fiduciary, which should mean it won't sell you unnecessary products or give you financial advice that doesn't work for you.

With no advisory, administrative or other account fees, your money goes to your investments -- not to someone or something managing it. No matter your account portfolio balance, you have free, unlimited access to human financial planners in case you need specific help. (With Betterment, that comes with an extra fee.) These beginner-friendly settings offset the fact that SoFi doesn't come with all the bells and whistles of other platforms, such as tax-loss harvesting.

Ellevest

Best for goal-based investing

See at Ellevest

Ellevest was created by women especially for women, although anyone can sign up. Having launched initially with a fee-based model, Ellevest has now shifted to a flat monthly membership fee. For $1 a month, the Essential plan gives you access to investing and banking tools, educational materials and a 20% discount on the company's coaching service (sessions start at $125). The Plus plan, which costs $5 a month, adds personalized retirement account planning. And the $9-a-month Executive tier accommodates multigoal investing and management of up to six investment accounts.

The Ellevest robo-advisor platform algorithm bases your asset allocation investments on important realities for women, including pay gaps, career breaks and average lifespans, since women historically earn less than men do -- and live longer. You have the option to select impact portfolios or companies that match your investment goal. Given that not every investment management company offers sustainable, responsible and impact investing, you could see it as a way for women to invest in women, furthering their economic growth and sustainability.

Axos Managed Portfolios and Self-Direct Trading

Best for added customization

See at Axos Bank

Most robo-advisors don't let you pick which securities to invest in. That's because they've subscribed to a managed-portfolio-only approach, eschewing self-directed trading entirely. However, Axos Managed Portfolios, owned by Axos Bank, is one of the few robo-advisors on the market with both automated investing and direct trading, allowing you to have a managed portfolio and make your own commission-free trades on the same platform (not to mention also regular banking services). This includes the ability to trade stocks and exchange-traded funds. You open these accounts separately, but everything will be in one place.

And the ability to have both isn't expensive at Axos: You need $500 to start trading, but the management fee is only 0.24%, cheaper than Betterment and Wealthfront by 0.01%. Accounts that go below the $500 minimum get charged $1 a month. There are two big downsides to Axos, though. First, Axos's self-directed trading has a slimmer number of securities you can purchase and trade compared to other brokerages. For example, you can't buy and sell bonds on the platform. Second, Axos's more powerful investing tools, including real-time market data, are locked behind their premium tier called Axos Elite, which costs $10 a month. It's a bummer because other brokerage platforms fold in some of these powerful investing tools in their service.

Vanguard Digital Advisor

Another option to consider

See at Vanguard

A truly robotic advisor, Vanguard Digital Advisor is great for those with a completely hands-off approach, since this platform doesn't give you access to human financial advisers. However, what Vanguard does give you is some of the lowest costs in this space, with an all-in 0.2% advisory fee -- and Vanguard's promise is that you won't pay more than $2 for every $1,000 in your account. They'll also waive the fee for 90 days when you sign up. You'll be in good hands with this long-standing investing giant. Once you sign up, it'll invest your money in four different Vanguard exchange-traded funds, whose low-cost expense ratio is already baked into the 0.2% advisor fee mentioned above, with automatic rebalancing included. However, the major downside to these low costs is that you need at least $3,000 to open an account and there's no tax-loss harvesting on this platform. Still, it's a great low-cost platform if you have the capital to begin investing.

Acorns

Best for micro-investing

See at Acorns

Acorns is a micro-investment platform. You don't need a lot to get started or to keep your investments growing.

If all you have is a little spare change, consider Acorns. This automatic investing robo-advisor has no minimum account balance or fees for trading, which some of our picks have. But a basic account is $3 a month and you'll start investing your leftover money through its automatic Round-Ups program. When you make a purchase on a linked card, your transaction is rounded up to the nearest dollar and your leftover change goes into your Acorns investment account. This automated-investing robo-advisor platform makes investing so hands-off you don't even need to worry about logging in to make minimum investment contributions to a brokerage account. It's great if you don't have a lot of cash to devote to investing right now but still want to get started.

The personal account is many accounts in one, including investing, banking, checking and a physical debit card. The family plan gives you investment accounts for kids plus investing and tax advantages when investing for your child.

What is a robo-advisor and how does robo investing work?

A robo-advisor is an automated financial adviser and investment platform. The system uses a software algorithm to build and manage your portfolio so you don't have to.

When you sign up with any robo-investing platform, you'll answer a few questions about the type of investor you are and your financial plan. You'll likely have to consider factors such as your risk tolerance, expense ratio, minimum investment and when you plan to cash out your investments. Each factor should influence which investment option the robo-advisor will choose. This provides the robo-investing platform with the information it needs to build the ideal investment portfolio for you, which will continue to evolve as the markets and your investment options, financial plan, risk tolerance and overall finances change.

It will also help the robo-advisor make sure you have a diversified portfolio that's best set up to achieve your financial goals, be it earning enough money to add to your retirement account or paying off student loans. Interactive robo-advisors can also help you make sense of your investment options and better understand concepts like socially responsible investing. These are available on multiple platforms now, including two of the biggest names in this space: Betterment and Wealthfront.

Who should use a robo-advisor?

Many young people use robo-advisors to get started with investing, especially if they want assistance building their first portfolio. Some people use robo-advisors as a way to invest for a specific goal, such as a down payment on a home. Other people use robo-advisors as a way to manage their investment risk, limit their tax burden and keep their portfolio balanced.

While robo-advisors are good starter investment tools, people who want more personalized wealth management may want to work one-on-one with an investment professional. No matter which type of adviser you choose -- robo or human -- make sure you work with a fiduciary. That way, you'll know that you're working with an adviser who's legally obligated to act in your best interest, as opposed to an adviser who may promote certain types of investments in order to earn a commission.

How to choose a robo advisor

Usability

Most robo-advisors are designed to be very easy to use. Many include apps that can help you track your portfolio on a daily basis, with metrics and insights that can help you achieve your goals. While you're unlikely to choose a robo-advisor that's difficult to use, pay attention to the various interfaces as you decide which robo-advisor is best for you -- and ask yourself which features are most likely to keep you investing for the long term.

Fees

Many robo-advisors charge fees, and it's a good idea to compare costs before choosing an investment platform. Some robo-advisors offer tiered membership plans, and it's worth asking yourself whether you'll want to upgrade to a higher tier after testing one of the lower ones. It's also worth doing the math on how the increased membership costs might affect your budget. While most robo-advisor fees are designed to be affordable, every dollar counts, especially when your dollars could be invested in the market instead of membership fees.

Investments

Before choosing a robo-advisor, take a look at the different types of investments they offer. Are you looking for ETFs? Mutual funds? Index funds? Bonds? Cryptocurrency? If the robo-advisor doesn't have the types of investments you're looking for, it may not be the best option for you.

Be sure to compare the cost of each investment. For mutual funds and ETFs, for example, look at the expense ratio, which is the cost of owning the fund. It's measured as a percentage of your investment in the fund. For many investors, a fund with an expense ratio of 1% or higher is too high.

Account type

If you want to use your robo-advisor to save for retirement, make sure they offer tax-advantaged retirement accounts such as traditional or Roth IRAs. Keep in mind that whenever you invest money in a retirement account, you're making a long-term commitment -- and, depending on the type of account, you may owe penalties and taxes on any money you withdraw before you retire. Retirement accounts also come with annual contribution limits, which could affect how much money you're able to invest each year.

If you want to use your robo-advisor to help you achieve a long-term financial goal such as homeownership, make sure it offers individual brokerage accounts that aren't associated with tax-advantaged retirement plans. That way, you can withdraw the money whenever you're ready to use it -- and can invest as much as you want.

Customer support

Before signing up for a robo-advisor, take a quick look at its customer support system. If you want to talk to a real person, for example, check to see if that option is available. If you prefer to communicate with a customer service representative over email or chat, make sure those options are included among the support system. Be wary of robo-advisors that make it difficult to access personalized help, and make sure there's at least one easy path you can take to connect with a representative who can provide customized advice.

How to register with a robo-advisor

In most cases, it's easy to register with a robo-advisor and set up an account. You'll be asked to provide basic identifying information, as well as information about your investment goals and risk tolerance. You may be asked to link a bank account and to decide whether you want to make automatic contributions to your investment accounts.

You may also be asked what types of investments you prefer. If you're interested in investing in the five biggest American tech companies -- Meta, Amazon, Microsoft, Apple and Alphabet -- or cryptocurrency, socially responsible investing or simply matching the performance of the S&P 500, this is where you can make your preferences known.

Once your robo-advisor understands your investing goals, you'll receive a customized portfolio that you can evaluate and accept. You may receive a few portfolio options to choose from, based on different risk levels and projected outcomes. Keep in mind that all investment predictions are educated guesses, and your actual portfolio performance may yield higher or lower returns.

FAQs

How much does a robo-advisor cost?

How much should you invest with a robo-advisor?

Can you lose money with robo-investing?

What are the risks of using a robo-advisor?

Methodology

To determine the best robo-advisor out there, we reviewed them based on:

- Minimum account opening balances and ongoing balances (if any)
- Number of fees and their costs
- Variety of investment accounts available
- Access to a human investment manager (for financial advice and technical support)

If you're a hands-on investor, or feel strongly about going to a human financial planner for investment advice, robo-investing probably isn't for you. Instead, try using a portfolio manager or selecting your portfolio investments yourself. But if you prefer the hands-off approach to a managed portfolio, a robo-advisor might be a great choice.

Many of the robo-advisors below have a lot in common. The best one for you depends on the type of investor you are. Review our picks to choose the right service for your needs.

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Based in Boston, Marcos Cabello is a personal finance reporter for NextAdvisor and CNET. Marcos has covered cryptocurrency, investing, banking, and the US economy, among other personal finance subjects. If you don't find Marcos behind his computer screen, you'll probably find him behind another screen, playing the newest Nintendo Switch title, streaming the latest TV show or reading a book on his Kindle.