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Complete Guide

# Robo-Advisor Comparison Guide: Pick the Right Platform for Your Money

Robo-advisors automate the tasks most individual investors do inconsistently: asset allocation, rebalancing, tax-loss harvesting, and portfolio drift correction. The result is a hands-off investment experience that typically outperforms investor behavior — even if it does not always outperform skilled active management. But the five major platforms differ significantly in fees, minimums, tax features, access to human advisors, and underlying philosophy. This guide compares Betterment, Wealthfront, Schwab Intelligent Portfolios, Vanguard Digital Advisor, and Fidelity Go on every dimension that matters and tells you which situations each platform fits best.

## 1. Foundation

A robo-advisor is a software-driven investment management service that builds and maintains a diversified portfolio based on your risk tolerance, time horizon, and financial goals. The core value proposition is three-fold: it removes behavioral drag (the impulse to sell in a downturn or chase last year's winners), it maintains target allocation through automatic rebalancing, and it captures tax-loss harvesting opportunities that most individual investors either miss or execute incorrectly. The empirical evidence from Vanguard and others suggests that investor behavior — not market returns — accounts for roughly 1.5–2.5% of annual underperformance in self-directed accounts. A robo-advisor that prevents panic selling and emotional allocation shifts can recoup most of that gap without requiring active skill.

**Fee comparison is the most important quantitative variable in the robo-advisor decision.** Betterment's digital tier charges 0.25% of AUM per year; its premium tier (requiring \$100,000 minimum and offering unlimited human advisor access) charges 0.40%. Wealthfront charges 0.25% flat, with no premium tier. Schwab Intelligent Portfolios charges 0% management fee — but requires a minimum 6–10% cash allocation

in every portfolio, which creates implicit drag. On a \$100,000 portfolio, holding 8% in cash earning 0.5% instead of investing it at 7% equates to approximately \$520 per year in foregone returns — more than the 0.25% Betterment or Wealthfront charges. Vanguard Digital Advisor charges approximately 0.20% net of underlying fund expenses (target all-in is about 0.15–0.20% depending on allocation). Fidelity Go is free under \$25,000 and charges 0.35% above that with all-in costs typically under 0.40% including fund expenses. Paying 0% management fee does not mean paying nothing — always calculate the full cost including underlying fund expense ratios and cash drag.

**Tax-loss harvesting is the feature that can generate the most measurable after-tax value, particularly in taxable accounts.** Tax-loss harvesting sells a security that has declined in value, replaces it with a similar (but not substantially identical) security to maintain market exposure, and captures the realized loss as a tax deduction against gains or ordinary income up to \$3,000 per year. Over time, these harvested losses compound in value because each year of deferral allows more tax-advantaged growth. Betterment and Wealthfront both offer daily automated tax-loss harvesting on all taxable accounts with no minimum. Schwab Intelligent Portfolios offers it on accounts over \$50,000. Vanguard Digital Advisor and Fidelity Go do not offer active tax-loss harvesting. For a taxable account holder in the 22% or higher bracket with a balance over \$100,000, the annual tax-loss harvesting benefit from Betterment or Wealthfront can realistically offset or exceed their 0.25% management fee — making the cost effectively zero in net terms in many years.

## 2. Step-by-Step System

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## Compare fees on a fully loaded, apples-to-apples basis

The headline management fee is not the total cost. Every platform uses underlying ETFs that carry their own expense ratios. Betterment uses low-cost Vanguard, iShares, and Goldman Sachs ETFs with average expense ratios of about 0.06–0.13%. Add the 0.25% management fee and the all-in cost is approximately 0.31–0.38% per year. Wealthfront is similar: 0.25% management plus ETF expense ratios of about 0.07–0.16%, totaling 0.32–0.41%. Schwab uses its own ETFs with expense ratios of 0.03–0.19%, zero management fee, but mandatory cash allocation ranging from 6 to 10% depending on risk level. At an 8% cash drag on a \$200,000 portfolio, foregone return is roughly \$1,000–\$1,100 per year versus investing that cash — equivalent to a 0.50–0.55% fee. Vanguard Digital Advisor all-in cost target is 0.20% including fund expenses. Fidelity Go uses Fidelity Flex funds with 0% expense ratio, so the 0.35% management fee above \$25,000 is essentially the total cost. For accounts under \$25,000 at Fidelity Go: completely free. Calculate the full cost for your specific balance and risk allocation before making a final comparison.

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## Evaluate tax-loss harvesting value for your situation

Tax-loss harvesting (TLH) is only valuable in taxable brokerage accounts — it has no application in tax-advantaged accounts like IRAs or 401(k)s because there are no capital gains events. If you are putting all retirement savings into a Roth IRA or 401(k), TLH is irrelevant to your platform choice. If you have a taxable account and expect to hold it for decades, TLH can generate meaningful value. Betterment and Wealthfront offer daily automated TLH with no minimums on taxable accounts. Wealthfront also offers direct indexing for accounts over \$100,000, which holds individual stocks instead of an ETF to enable even more granular harvesting — research suggests direct indexing can generate 0.4–1.0% additional annual after-tax alpha for taxable accounts in the \$100,000–\$500,000 range. Schwab's TLH requires a \$50,000 minimum and runs periodically rather than daily. Betterment's TLH includes a tax-coordinated portfolio feature that places tax-inefficient assets (bonds, REITs) in IRA accounts and tax-efficient assets (equities) in taxable accounts to reduce taxable distributions across a unified household view.

## 3

**Check minimum balance requirements against your current assets**

Minimum balance requirements filter the realistic options at different portfolio sizes. Betterment has no minimum for the digital tier — you can open an account with \$1. The premium tier (\$100,000 minimum) unlocks unlimited CFP consultations. Wealthfront requires \$500 to open an account. Schwab Intelligent Portfolios requires \$5,000 to start and \$50,000 for TLH. Vanguard Digital Advisor requires \$3,000 and is built around Vanguard Target Retirement funds for simplicity. Fidelity Go has no minimum for accounts under \$25,000 (free service), and a \$10 minimum to start earning returns. For investors starting with under \$500, the realistic options are Betterment (no minimum) and Fidelity Go (no meaningful minimum). For investors with \$100,000+ and a taxable account, Betterment Premium and Wealthfront with direct indexing both become competitive. For Vanguard loyalists with moderate balances, Vanguard Digital Advisor captures most of the automation benefit at the lowest all-in cost.

## 4

**Assess human advisor access if you want a hybrid experience**

One of the most significant differentiators among robo-advisors is access to human financial planners. Betterment offers on-demand CFP consultations to premium members (\$100,000+) at \$0 additional cost, and \$199–\$299 per session to digital-only members for specific financial planning questions. Wealthfront takes a fully automated philosophy — it does not offer live advisor access, and that is a deliberate design choice. Their thesis is that human advisors introduce behavioral bias; their answer is better software. Schwab Intelligent Portfolios Premium (requiring \$25,000 minimum and a one-time \$300 fee plus \$30/month) includes unlimited CFP consultations. Vanguard Digital Advisor is automated with no advisor access; the Vanguard Personal Advisor Services product offers human advisors at 0.30% management fee but requires a \$50,000 minimum. Fidelity Go users can connect with Fidelity's branch advisors or licensed representatives at no extra fee, though these are not dedicated CFPs. For households with estate planning, insurance, or complex tax questions, the platforms with human access justify the higher fee. For straightforward accumulation with a simple tax situation, fully automated Wealthfront or free Fidelity Go may be sufficient.

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## Match the platform to your account type and life stage

Different platforms work better in different situations. Betterment is best for investors who want automation, optional human access, good TLH, and a clean interface — especially useful for combining taxable and IRA accounts in a unified tax-coordinated view. Wealthfront is best for taxable accounts where TLH and direct indexing create the most value, and for investors who prefer a fully algorithmic approach without the option of human second-guessing. Schwab Intelligent Portfolios is best for existing Schwab customers with \$5,000+ who prefer a 0% management fee and can tolerate the cash drag — particularly suitable for investors who will also use Schwab for brokerage, checking, or advisor services as part of a larger relationship. Vanguard Digital Advisor is best for Vanguard investors who want simple, low-cost automation around Target Retirement funds without switching platforms. Fidelity Go is best for investors starting out, for accounts under \$25,000 where the platform is free, or for Fidelity account holders who want hassle-free automation without leaving their existing ecosystem.

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### **Decide when a robo-advisor beats self-directed investing**

A robo-advisor wins over DIY investing when behavioral factors dominate outcomes. Research consistently shows that individual investors underperform their own funds by 1-2% annually due to poor market timing, excessive trading, and panic selling during corrections. A robo-advisor prevents most of these behaviors mechanically. It also rebalances automatically — maintaining a 60/40 portfolio instead of letting a bull market drift it to 80/20 without noticing. For investors who know they will check their portfolio too frequently during downturns, a robo-advisor's locked-in process provides a behavioral firewall. The case for DIY gets stronger when you have the discipline to buy and hold a three-fund portfolio (total market, international, bonds) without behavioral interruption. Vanguard's own research suggests a three-fund passive portfolio with automatic contributions and no behavioral interference performs very close to most robo-advisor portfolios net of fees. The honest answer: a robo-advisor beats most investors not because the algorithm is brilliant but because most investors are inconsistent. If you are disciplined, low-cost DIY wins. If you are not, pay the 0.25% and let the algorithm handle it.

## **3. Key Worksheets & Checklists**

Fill in these worksheets using your current account balance, tax bracket, and the platform pages you visit during the comparison process. The fee calculator makes the cash-drag cost of Schwab visible and the full-cost comparison apples-to-apples across all five platforms.

## Platform Fee Comparison Worksheet

<b>Account balance</b>	Enter your total amount to invest.
<b>Betterment Digital</b>	Balance $\times$ 0.0025 = annual management fee. Add estimated ETF expense ratio of $\sim$ 0.10%.
<b>Wealthfront</b>	Balance $\times$ 0.0025 = annual management fee. Add estimated ETF expense ratio of $\sim$ 0.10%.
<b>Schwab Intelligent Portfolios</b>	\$0 management. Calculate cash drag: balance $\times$ cash allocation % $\times$ (target return – cash yield). Compare to 0.25% fee alternatives.
<b>Vanguard Digital Advisor</b>	Approximate all-in cost $\sim$ 0.20%. Balance $\times$ 0.002 = estimated annual fee.
<b>Fidelity Go</b>	Under \$25,000: \$0. Above: balance $\times$ 0.0035 = annual fee. ETF expense ratio: 0%.
<b>Lowest full-cost option for your balance</b>	Compare total annual dollar costs. Note which platform wins on cost alone and which adds TLH or advisor value.

## Platform Selection Decision Matrix

Factor	Your Priority (1-5)	Best Platform
Lowest fee (under \$50k)		Fidelity Go (free under \$25k)
Tax-loss harvesting (taxable)		Betterment or Wealthfront
Direct indexing (\$100k+ taxable)		Wealthfront
Human CFP access		Betterment Premium or Schwab Premium
Existing Vanguard investor		Vanguard Digital Advisor
Existing Fidelity/Schwab customer		Fidelity Go or Schwab IP
Starting with under \$500		Betterment (no minimum)

## Evaluation Checklist

- Confirm whether your accounts are taxable brokerage, traditional IRA, Roth IRA, or a combination — TLH value depends entirely on taxable accounts.
- Calculate the full-cost comparison for your specific balance using the worksheet above, not just the headline management fee.
- If you have a Schwab Intelligent Portfolios account, look up the exact cash allocation percentage for your risk level and calculate the actual drag cost.
- Check whether you are an existing customer at Fidelity, Vanguard, or Schwab — platform consolidation may reduce friction enough to justify a slightly higher cost.
- If you want human advisor access, confirm whether the minimum and fee structure of the premium tier aligns with your account size.
- For taxable accounts over \$100,000, request information from Wealthfront about direct indexing eligibility and compare the estimated annual TLH alpha to the management fee.
- If you are opening a Roth IRA with under \$25,000, evaluate Fidelity Go first — the zero-cost option for that balance and account type is very difficult to beat on cost.

## 4. Common Mistakes

### **Treating 0% management fee as 0% total cost**

Schwab Intelligent Portfolios is the most common example: the 0% management fee headline obscures the mandatory cash allocation of 6–10% that creates real performance drag. On a \$150,000 portfolio with 8% cash earning 0.5% while the rest earns 7%, the foregone return on \$12,000 of cash is roughly \$780 per year — equivalent to a 0.52% fee. Betterment at 0.25% actually costs less in most years. Always calculate the full cost including cash drag, ETF expense ratios, and any premium tier fees before concluding that zero-fee is cheapest.

### **Paying for TLH in a tax-advantaged account**

Tax-loss harvesting has zero value in a Roth IRA or traditional IRA because there are no taxable events in those accounts. Paying Betterment 0.25% partly for a TLH feature you can never use in your IRA is paying for nothing. If all your investments are in tax-advantaged accounts, prioritize fee minimization and choose Fidelity Go (free under \$25,000) or Vanguard Digital Advisor (~0.20% all-in) instead of platforms that charge a premium for TLH.

### **Switching platforms frequently in a taxable account**

Moving money from one robo-advisor to another in a taxable account triggers capital gains taxes on all appreciated positions. A \$200,000 taxable account with \$60,000 of unrealized gains creates a \$60,000 taxable event if you transfer out as cash. The tax cost of switching can easily exceed several years of fee savings. Stay deliberate about the initial platform choice in taxable accounts, because it is harder to change later. IRAs can be transferred as in-kind rollovers, which does not trigger taxes.

### **Choosing a platform based on interface rather than cost or features**

All five major robo-advisors have excellent, modern mobile interfaces. An app that looks appealing in a review article is not a reason to pay an extra 0.15% per year on a \$300,000 portfolio — that is \$450 per year for aesthetics. Evaluate platforms on total cost, TLH access, human advisor availability, and ecosystem fit. If two platforms are genuinely equivalent on all substantive dimensions, then preference for one interface is reasonable. Do not let it substitute for the financial comparison.

## **5. Next Steps**

With the platform comparison complete and your selection made, open the account and invest immediately — the biggest cost of the comparison process is time spent in cash while the market moves. For Betterment or Wealthfront taxable accounts, enable tax-loss harvesting on setup day, not later. Review your account allocation annually and verify the platform has maintained your target allocation through rebalancing. If you have taxable accounts, download the year-end tax-loss harvesting report and bring it to your tax preparer. For deeper reading, review the annual Robo-Advisor Report from Backend Benchmarking ([backendbenchmarking.com](https://backendbenchmarking.com)), which publishes actual performance and portfolio composition data for all major platforms on a live basis.

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