

ROBO-ADVISOR VS HUMAN FINANCIAL PROFESSIONALS

by Dominic Lucente

If an investor chooses a non-human financial advisor, what price could they end up paying?

Investors have a choice today that they did not have a decade ago. They can seek investing and retirement guidance from a human financial professional or put their invested assets in the hands of a robo-advisor.

What exactly is a robo-advisor? Robo-advisors are a class of financial advisors that provide financial advice or investment management online with moderate to minimal human intervention. They offer digital financial advice based on mathematical rules or algorithms. Signing up walks the user through a series of questions, and based on their responses, creates portfolio choices for the investor.¹

Which begs the question: why would you trust your finances to a robo-advisor?

Robo-advisors are an attractive option for those just starting out investing. Some robo-advisor accounts offer very low minimums and fees and can be a solution for younger investors who want to "set it and forget it."¹

Even so, less than 8% of investors responding to a survey from data analytics firm Hearts & Wallets said they had used a robo-advisor. Out of the \$43 trillion in the North American wealth management market, an estimated \$410 billion is invested with robo-advisors. That number may grow to \$830 billion by 2024.²

The inherent problem is robo-advisors lack the human element to ask questions and dig deeper. Investors in all life stages appreciate when a financial professional takes time to understand them and their situation. A software program struggles to gain that understanding, even with input from a questionnaire.

The closer you get to retirement age, the more challenges you may face with a robo-advisor. The software continues to evolve and understand retirement investing. After 50, people have financial concerns far beyond investment yields. Investment management does not equal retirement preparation, estate strategies, or risk management.²

Many investors are taking advantage of a hybrid model that has emerged. Per the Hearts & Wallets research study, more than half of investors use robo-advisors only as an extension of their existing wealth manager. Once their balance reaches a certain threshold, investors may transition to working with an actual financial professional.²

It appears the traditional approach of working with a human financial professional may be hard to disrupt. The opportunity to draw on experience by having a conversation with a professional who has seen his or her clients go through the whole arc of retirement is essential.

These responses point to uncertainty about the process of financial and retirement strategies. The process is quite worthwhile, quite illuminating, and quite helpful. It is not just about improving "the numbers," it is also about discovering ways to sustain and enhance your quality of life.

**Dominic may be reached at 603.645.8131
or Dominic.lucente@LPL.com
Dlucente.com**

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment. Financial planning offered through Northeast Planning Associates, Inc. (NPA) a registered investment adviser. Securities and advisory services offered through LPL Financial, a registered investment adviser and member FINRA/SIPC. Insurance products offered through NPA, LPL Financial, or its licensed affiliates. The Credit Union, NPA and LPL Financial are unaffiliated



Citations

1. Forbes.com, July 16, 2020
2. BusinessInsider.com, September 10, 2020

With You From Start To Finish...



... and Every Step Along the Way

WHETHER YOU'RE BUILDING A FAMILY, SAVING FOR YOUR CHILDREN'S EDUCATION, STRATEGIZING CARE FOR AGING PARENTS, OR PLANNING FOR A NEARING RETIREMENT, WE CAN HELP YOU CREATE A FINANCIAL PLAN TAILORED TO YOUR UNIQUE REQUIREMENTS AND DREAMS.

It's never too early, it's never too late.

CONTACT US TO START PLANNING TODAY!



Dominic M. Lucente, CFP®, RFC®

CERTIFIED FINANCIAL PLANNER™
NORTHEAST PLANNING ASSOCIATES, INC.

425 Hooksett Road · Manchester, NH 03104
(603) 645-8131
dlucente@northeastplanning.com
www.dominiclucente.com



Financial planning offered through Northeast Planning Associates, Inc. (NPA), a registered investment adviser. Securities and advisory services offered through LPL Financial, a registered investment adviser and member FINRA/SIPC. Insurance products offered through NPA, LPL Financial or its licensed affiliates. The Credit Union, NPA and LPL Financial are not affiliated. 18-174

Not NCUA Insured | No Credit Union Guarantee | May Lose Value

Mac's Small Engine Repair, LLC

Mobile Repair Service
Veteran owned & Operated
Prompt courteous service
603-774-0180

"Servicing Bow, NH & Surrounding towns"

Is Your Yard Equipment Ready?

www.MacsSmallEngines.com



Free Estimates



Call Dick Siciak
603-228-9535

Big Bear EXCAVATION



We Repair & Replace Septic Systems
Remove Stumps, Back Yards
Additions, Garages

7 Branch Londonderry Tnpk. W.
Bow, New Hampshire 03304

www.BigBearExcavationNH.com

READ ALL EDITIONS OF THE BOW TIMES ONLINE!

www.thebowtimes.com