

WEALTH WISDOM

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AI Gives Answers. Guidance Requires Judgment.

Artificial intelligence (AI) has given financial professionals new tools that can make it faster and sharper to do some behind-the-scenes work, from research to scenario modeling of certain portfolios. AI can struggle with the behavioral and judgment work that can determine most real-world financial outcomes. The research here can help show the value of a financial professional. Many consumers still want a person involved in major financial decisions, and they increasingly prefer that person to AI.

As with most industries, AI has become part of how financial professionals do their jobs. AI can be used to draft first-pass research, transcribe meeting notes, model scenarios that used to take an afternoon to build, scan portfolios, and surface specific questions worth asking. Many financial professionals have adopted AI because it helps structure technical work, leaving more room for the part of the profession that often carries the most weight.

Let's Start With, "How Is AI Affecting Financial Guidance?"

Simply processing information and analyzing data more quickly is not the same as knowing how and when to act on it. It's not the same as understanding your personal situation or reviewing what aligns with your age, risk tolerance, and financial goals. And research tends to back that up.

Morningstar's "Mind the Gap" study found that over the decade ended December 2024, the average dollar invested in U.S. funds earned about 1.2 percentage points a year less than the funds themselves returned, mostly because investors bought after securities had already gone up and sold after they went down.¹

While the funds themselves did well, investors underperformed their own investments by falling into the all-too-common "buy high, sell low" trap. That performance gap was not a knowledge gap. It was a behavioral gap, and it showed up in people who had all the information they needed yet seemed driven by emotion.

An AI chatbot can suggest that selling in a downturn could be a mistake. But it may struggle guiding you when your stomach is in knots and every instinct you have is telling you to get out. A financial professional who knows you often is the voice you need to hear. Relationships matter.



What is a Financial Professional Worth?

The most-cited research suggests that financial professionals add value, but that value comes from behavior and strategy, not from stock-picking and market-timing. Vanguard's long-running Advisor's Alpha work estimates financial professionals can add roughly 3 percent in net value, and the single largest component, worth more than 1.5 percent on its own, is behavioral coaching.²

According to the 2026 Employee Benefit Research Institute (EBRI), 83 percent of workers with access to a financial advisor feel confident about their retirement readiness, compared with just 53 percent of those without access. The EBRI research suggests that professional support can help people feel more confident about how they approach the future. The role of the financial professional appears to be evolving into that of an interpreter, coach, and strategist.³

Any portfolio adjustments or investment strategy changes for tax considerations would involve a discussion with your tax, legal, and accounting professionals.

We want to be careful with these numbers, because the honest reading of them is the interesting part. They are population averages, not a promise about any one person's account, and they are not measuring market outperformance. Read what sits underneath them, and the value is almost entirely decisions and behavior. Vanguard marked 25 years of the framework by noting that its turning point came when the firm formally measured coaching and concluded its value could exceed that of investment selection.^{4,5}

Do People Trust AI or a Professional for Financial Decisions?

Most people still want a human's help, according to a 2025 study by Northwestern Mutual. It showed that when it came to building a tailored financial strategy, 53 percent of Americans said they trust a human to do it, while 15 percent were comfortable getting that help from AI alone.⁶

The study's own framing is that finances are an emotional discussion about a person's life goals, not just numbers on a spreadsheet.

Who do you trust more in the following scenarios?

	Trust Humans More	Trust AI / Gen AI More	Trust Both the Same	Not Sure
Creating a retirement strategy	56 %	13 %	21 %	10 %
Asking a financial question	55 %	15 %	22 %	8 %
Developing a tailored, robust financial strategy	53 %	15 %	21 %	11 %
Making portfolio decisions; building and managing investment portfolios	53 %	15 %	20 %	12 %
Creating a strategy to build a savings account	53 %	14 %	23 %	10 %
Suggesting financial products	52 %	14 %	23 %	11 %
Making updates to your personal customer information	52 %	16 %	22 %	10 %
Providing financial savings tips	50 %	16 %	25 %	9 %
Managing a budget and keeping on track	48 %	18 %	24 %	10 %

Source: Northwestern Mutual 2025 Planning & Progress Study, conducted by The Harris Poll among 4,626 U.S. adults

The same research points to where this is heading, and it's not a replacement story. Younger clients, in particular, now say they prefer working with a financial professional who incorporates AI tools in their process.⁶

That is the future we are building toward: not a person or a machine, but a person whose judgment is helped by the machine. The innovative tools can raise the baseline of what's possible, allowing the financial professional to spend more time on the parts that appear to matter most.

What Can a Financial Professional Do That AI Cannot?

A financial professional exercises judgment on decisions that depend on knowing you personally. Think about the choices that have mattered most in your financial life. Almost none of them were optimization problems with a clean answer. Most require some judgment and perspective.

A financial professional can help you decide whether to take the buyout from your job or hold out for severance. They can help you think through how to support an aging parent who needs extended care without jeopardizing your own retirement strategy and how your risk tolerance might shift after a new child, a divorce, or a health crisis. And they can help you figure out what "enough" retirement income actually looks like for you.

The answers to these types of questions often depend on knowing your history. AI can give you the textbook answer. We can give you the answer that best suits you and then stay accountable for it, as life keeps moving and the strategy has to keep pace.

How Should a Financial Professional Use AI?

In our case, we sometimes use AI for technical work. The better these tools get at the information work (and these tools can do remarkable things quickly), the more obvious it becomes what AI can help with.

You should expect your financial professional to use the best available tools, just as you expect from your doctor. You should also expect the technology to serve the relationship rather than replace it. You did not start a relationship with a financial professional just for the math. You came for the judgment about your life from a person who knows you and your family by name. That part of the work was always the point. It still is.

At our firm, we focus on helping clients make proactive, informed decisions about their financial futures. We use our judgment and innovative tools, technologies, and investment ideas. If you'd like to review how the current macro environment and market trends could affect your financial goals, we welcome the opportunity to help.

Frequently Asked Questions

Will AI Replace Financial Professionals?

AI has become helpful in assisting with technical and informational work, such as research, scenario modeling, and portfolio analysis. However, it's not a replacement for the behavioral coaching, judgment, and accountability that drive most real-world financial outcomes. Most people still value human insight when making financial decisions.

How Do Financial Professionals Use AI?

Some financial professionals use AI to help with research, model financial scenarios, scan portfolios, and surface questions worth asking. AI can help with technical work, often freeing these professionals to spend more time on strategy and client relationships.

Is a Financial Professional Worth the Cost in the Age of AI?

Vanguard's landmark study suggests that financial professionals add as much as 3 percent in net value, with the largest share attributable to behavioral coaching rather than investment selection. Those are population averages, not guarantees for specific performance.

Can I Just Use a Free AI Tool Instead of a Financial Professional?

An AI tool can provide general information, and some find it useful for understanding concepts. What it might struggle with is keeping you from acting against your own interests. It might not fully understand your life situation or hold you accountable for your decisions over time.

Do Clients Prefer Financial Professionals Who Use AI?

Northwestern Mutual's 2025 study showed that younger clients prefer working with a professional who uses AI in their financial work, while most Americans still value the role of a human over AI in building a financial strategy.

Sources:

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