
Reinventing Financial Advice: AI and the Next Era of Wealth Management



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KEY TAKEAWAYS

- Public market investors are rapidly pricing in AI disruption risk across wealth management and other verticals
- The risks to traditional fee structures are real, but core advantages such as fiduciary trust, distribution, and brand remain defensible in the near term
- We believe AI won't eliminate all advisors, but will divide the industry between firms that implement the technology effectively and those that resist change
- The next wave of value creation in financial services is likely to come from AI-native infrastructure, orchestration layers, and AI-enabled fiduciaries

Public markets rarely wait for certainty. In recent months, stocks in several verticals have sold off sharply amid concern that artificial intelligence (AI) will disintermediate core business models. One sector we have monitored closely is financial advice.

Recent market reaction, which saw hundreds of billions of dollars in value erased from a range of companies, may ultimately prove exaggerated. But we do believe a meaningful portion of that value will accrue to AI-native innovators ushering incumbent models into the future. Rather than killing advisors, AI is positioned to make some of the best ones more powerful.

Shares of wealth management companies such as Charles Schwab, LPL Financial, Raymond James Financial, and others shed more than \$20 billion in market value collectively within about 36 hours before stabilizing¹ as traders contemplated a future of automated advice and fee compression. The catalyst was the announcement of Hazel AI Tax Planning, an AI-powered capability within Altruist's Hazel product.² As investors in **Altruist**, we've closely followed how the company leverages AI-native capabilities to reshape advisor workflows. Hazel AI Tax Planning marks the latest step in embedding AI directly into the core custodial and advisory workflow.

Why Such a Sharp Reaction?

The selloff reflected concern that AI could automate tax alpha, one of the most tangible sources of advisor value. Tax optimization has historically required significant human input, due to manual workflows and complex household-level coordination, making it difficult to scale. Altruist's Hazel addresses that constraint by identifying tax-loss harvesting opportunities, modeling strategies across accounts, generating client-ready explanations in seconds, and executing directly within its custodial system of record.

This is not just another AI point solution. Because Hazel is embedded directly within Altruist's custodial platform, it moves from insight to execution inside the system of record. It can access real-time, authoritative account and tax-lot data and orchestrate work across accounts without manual reconciliation. That integration fundamentally changes what AI can do in advice delivery.

If AI can generate personalized tax strategies, optimize portfolios, draft planning documents, monitor compliance, and automate service workflows, much of the traditional wealth management model appears vulnerable.

Judgment Can't Be Commoditized

Some assume advice will follow the same path as asset management, which endured a multi-decade race to the bottom in fees amid the rise of indexing and ETFs. We believe that misunderstands what advice actually is.

Robo-advisors tested the low-cost automation thesis by offering scaled digital portfolios as an alternative to traditional advice. Yet consumers did not migrate *en masse* to the cheapest option;³ they continued to seek a human relationship. For decisions involving retirement, estate planning, business exits, or generational wealth transfer, we believe consumers will continue to pay for trusted guidance, which cannot be commoditized.

What AI will likely transform is how advice is delivered and the scale at which it operates. By automating administrative and analytical work, it should free advisors to expand their capabilities into proactive tax optimization, estate coordination, retirement income planning, insurance analysis, cash flow modeling, and even lending and banking guidance, all without increasing headcount.

Separating Leaders From Laggards

Advisors that adopt AI are expected to widen the gap to competitors; those that resist the AI wave potentially risk replacement by fully digital platforms or by AI-enabled peers that serve more clients with greater precision and personalization. Across large institutions, registered investment advisors, and independent advisors, the race to integrate AI is underway. A new generation of fast-growing companies is emerging to power this shift.

Importantly, we do not view these companies as surface-level point solutions that risk becoming temporary features inside broader platforms. Similar to how Hazel is embedded directly into Altruist's custodial system of record, these platforms are building mission-critical infrastructure that is deeply integrated into daily workflows and directly addresses the scaling challenges advisors face in delivering better, more personalized client experiences. Recent announcements—including Anthropic's rollout of Claude integrations tailored for wealth management, which allows advisors to query client data and generate portfolio and planning insights within existing workflows—illustrate how quickly AI is becoming embedded across the advisory stack.

These developments reinforce a harder truth: durable companies in this environment cannot rely on low complexity automation layered on top of existing tools. To be defensible, platforms must be deeply embedded in specialized advisory workflows, capable of navigating regulatory complexity and, in many cases, directly facilitating the flow of funds, where moats are more durable even as general purpose foundational models commoditize surface-level intelligence.



A new cohort of AI-native infrastructure providers with these characteristics is emerging. **Moment**, for example, is building an AI-powered operating system for fixed income that is designed to unify trading, portfolio construction, and compliance into one vertically integrated platform. By helping enable institutions to generate personalized, tax-aware portfolios and execute at scale in seconds, Moment hopes to support advisors as they deliver more precise, responsive, and scalable fixed income experiences to clients.

Similarly, **Avantos** is trying to solve the fragmentation of client context through an AI-native platform built on a knowledge graph that connects products, teams, and workflows into a shared system of intelligence. By allowing AI and human teams to operate from the same understanding of the client, Avantos should enable more consistent, personalized, compliant, and scalable onboarding and servicing experiences.

Advice, Amplified

We believe the market's reaction may ultimately prove excessive. However, the multibillion-dollar swing in valuations signals something substantive: the economics of financial advice are being re-underwritten in real time.

In our view, the long-term value in wealth management will not come from replacing advisors. It will come from radically increasing their leverage, expanding their capabilities, and enabling more personalized, timely, and actionable advice than ever before. The firms that embrace that shift will most likely define the next era of financial advice. ■

1. [In 72 hours, this \\$100 AI caused Wall Street to lose billions](#), UCStrategies, February 16, 2026
2. [Altruist introduces AI-powered tax planning in Hazel](#), Altruist News Release, February 10, 2026
3. [Cerulli Associates, U.S. Retail Investor Advice Relationships](#), October 2024

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