

AI in personal finance: The promise and the limits

Your smartphone buzzes with an alert: Your budgeting app has spotted an unusual spending pattern and suggests transferring \$50 from your savings account to your checking account. Later that day, a robo-advisor automatically rebalances your investment portfolio. Welcome to the age of artificial intelligence (AI) in personal finance, where technology is reshaping how we manage money.

What AI can do for your wallet. From tracking every latte to forecasting next month's bills, AI-powered tools are making financial management more accessible than ever. Some apps categorize transactions automatically, while other platforms offer conversational financial advice through text messages. These tools can monitor your credit score, suggest budget adjustments and even negotiate lower bills on services like cable and internet.

The investing landscape has transformed as well. Robo-advisors use algorithms to build diversified portfolios, automatically rebalance holdings and apply strategies to minimize tax bills. Educational tools powered by AI can explain complex concepts through interactive games and simple question-and-answer formats, making financial literacy more accessible.

Where AI falls short. Here's what the algorithms can't do: understand what truly matters to you.

AI doesn't know whether you value sustainable investing over maximum returns. It can't weigh the emotional complexity of saving for a child's education versus retiring early. When sudden illness strikes or a job change upends your plans, AI lacks the context and empathy to guide you through those human moments.

Technology can crunch numbers brilliantly, but it can't offer wisdom. It can't replace human judgment, experience or ethical reasoning. Robo-advisors' predetermined algorithms may not suit investors with complex financial needs like estate planning or comprehensive tax planning.

The human touch still matters. This is where human financial advisors remain

indispensable. They provide what technology can't:

- **Long-term perspective:** Help you maintain focus when markets get volatile and emotions run high

- **Goal coordination:** Balance competing priorities, help partners merge their financial visions and remind you of goals you've tucked away and didn't know still mattered

- **Accountability:** Keep you on track with your financial strategy through life's inevitable changes

- **Emotional support:** Offer reassurance and wisdom during major financial decisions

Research validates it: Those who regularly work with a financial advisor and have a financial strategy are more likely to feel optimistic about their financial future than those who manage finances on their own, according to 2025 research from Edward Jones and Morning Consult.

Find the right balance. The future likely lies in a hybrid approach: combining data-driven AI insights with the human wisdom of a financial advisor who understands your values, priorities and life's inevitable curveballs. Think of AI as a powerful calculator and your financial advisor as the mathematician who knows which equations to use.

As these technologies evolve, the key is treating AI as a tool, not a guide.

Stay curious about what technology can do for your finances. Stay critical of its limitations. And remember: What matters most in your financial life is something only you can define.

This article was written by Edward Jones for use by your local Edward Jones Financial Advisor. Edward Jones, Member SIPC.

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation.