

Case Study:

Can AI Replace a Human Adviser in Inheritance Planning?

ChatGPT as a Financial Adviser

You said:

Hi ChatGPT, I need your help to be my financial adviser: I'm Nicholas, 35, and I work as a regional marketing manager at a multinational firm. I take home about \$80,000 a year, live comfortably in a condo my late parents helped me purchase, and until recently, my financial habits have been pretty simple — regular savings, moderate investing, and living within my means. Recently, I received a significant inheritance of \$3 million after my father passed away. My mother, now retired and financially independent, encouraged me to use this inheritance wisely — not just for comfort, but to build something meaningful for my future. My goal is to make thoughtful use of this inheritance: to grow it responsibly while still enjoying life. I dream of travelling the world at least once a year for a month, exploring new cultures and experiences, while also saving for the future. This sudden windfall has made me realise I need a more strategic plan. I'm considering buying another property, investing more aggressively, or even taking a career break to pursue a passion project. But I'm also mindful of the emotional weight of this inheritance — it represents my parents' legacy and sacrifices. I don't want to squander it, yet I'm unsure how to balance prudence with meaningful living. My question is: "How can I use this inheritance wisely — to enjoy life, travel, and invest in my future, while honouring the legacy my parents left me?"

ChatGPT said:

Thank you for sharing all the details, Nicholas. Let's break this down carefully so you can make a plan that balances growth, enjoyment, and legacy. I'll structure it step by step, keeping things practical but thoughtful.

1. Take a Moment to Reflect

Before making any big moves, give yourself some time to process the inheritance. Sudden wealth can be emotionally charged, and decisions made too quickly may not align with your long-term goals. Consider these questions:

- What does "living meaningfully" mean to you beyond travel?
- How important is financial security vs. taking calculated risks?
- What legacy or impact do you want to leave for yourself or future generations?

2. Establish Your Financial Foundation

Even with a large inheritance, you should secure the basics:

- **Emergency Fund:** Keep 12–24 months of living expenses in a high-interest account or money market fund. With your lifestyle, this might be around \$50,000–\$100,000.
- **Debt:** If your condo has a mortgage, evaluate whether paying down some of it makes sense. Interest rates, tax implications, and liquidity are all factors.
- **Insurance & Estate Planning:** Make sure your insurance coverage is adequate (life, health, disability). Update your will and consider setting up trusts if needed.

3. Define Your Goals

Since you want to enjoy life and grow wealth, prioritise and quantify your goals:

Goal	Estimated Cost / Plan	Timeframe	Notes
Travel 1 month/year	\$20,000–\$30,000/year	Annual	Could scale with destinations and experiences
Another property	\$1M–\$1.5M	Medium-term	Could be an investment or personal use
Retirement / financial independence	Maintain \$3M+ growing	Long-term	Adjust risk to meet growth expectations
Passion project / sabbatical	Variable	Short-term	Funded with liquid investments or a dedicated “fun” allocation

Having clear goals helps you allocate capital strategically without guilt.

4. Create an Investment Framework

You have a strong opportunity to grow your inheritance, but also the responsibility to preserve it. A possible framework:

1. Capital Preservation (30%)

- Safe, liquid assets like government bonds, fixed deposits, or high-quality bond ETFs.
- Protects against market shocks and provides peace of mind.

2. Growth & Investing (50–55%)

- Diversified equities (local and global index funds, ETFs) for long-term growth.
- Consider a small allocation (5–10%) to alternative assets: private equity, REITs, or carefully chosen startups if it aligns with your risk tolerance.

3. Lifestyle & Experiences (10–15%)

- Annual travel fund, hobbies, or experiences. Treat it as a budgeted “joy allocation.”

4. Speculative / Passion Projects (5–10%)

- Small capital for entrepreneurial ventures or creative pursuits. High-risk but meaningful if it’s a dream project.

5. Real Estate Consideration

Buying another property can serve multiple purposes:

- **Investment:** Rental income or capital appreciation. Look at locations with strong demand and potential for growth.
- **Lifestyle:** A vacation property for your travels or future retirement.

Tip: Avoid over-leveraging. Given your inheritance, a cash purchase or minimal mortgage is safer and avoids stress.

6. Tax & Professional Advice

Large inheritances may trigger tax considerations depending on where your assets are. Engaging a:

- **Wealth adviser / financial planner** for investment strategy
- **Estate lawyer / tax adviser** for compliance and structuring

This ensures your wealth grows efficiently and is protected legally.

7. Emotional & Legacy Considerations

Your inheritance carries sentimental value. Ways to honour it:

- **Family projects:** Consider charitable giving, scholarships, or community projects that reflect your parents' values.
 - **Document your plan:** Writing a "personal wealth charter" helps align financial decisions with the legacy you want to honour.
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8. Suggested Next Steps

1. Pause and reflect on personal goals for 1–2 months.
 2. Map out a 12–24 month spending and investing plan.
 3. Meet a trusted wealth adviser to structure your investments and estate plan.
 4. Budget a yearly "joy fund" to enjoy travel and experiences guilt-free.
 5. Review annually and adjust allocations as your priorities evolve.
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Bottom line:

Your inheritance is both an opportunity and a responsibility. By defining goals, diversifying investments, budgeting for experiences, and honouring your parents' legacy, you can grow your wealth while living meaningfully — and without the stress of "squandering" it.

If you want, I can draft a **sample allocation plan** for your \$3M inheritance that balances **travel, investments, property, and a passion project**. It would be very concrete and actionable. Do you want me to do that?

You said:

okay sure

ChatGPT said:

Great, Nicholas! Let's create a **sample allocation plan for your \$3M inheritance** that balances growth, lifestyle, and meaningful projects. I'll structure it in a way that's practical, diversified, and mindful of risk.

Nicholas' \$3M Inheritance Allocation (Sample Plan)

Category	Allocation	Approx. Amount	Purpose / Notes
Emergency & Safety Net	5–10%	\$150,000–\$300,000	High-interest savings, money market, or short-term bonds. Covers 12–24 months of living expenses. Provides peace of mind.
Lifestyle / Travel Fund	10%	\$300,000	Annual \$25,000–30,000 budget for world travel, hobbies, and experiences for ~10 years without touching principal. Can be topped up from investment returns.
Property Investment / Home Upgrade	30%	\$900,000	Down payment or full purchase for a second property (rental or lifestyle). Could generate income or capital appreciation.
Core Growth Portfolio (Stocks & ETFs)	40–45%	\$1.2M–\$1.35M	Global diversified equity ETFs, index funds, or a mix of individual blue-chip stocks. Long-term growth. Consider low-cost, passive investing.
Alternative / Speculative Investments	5–10%	\$150,000–\$300,000	Venture capital, startups, REITs, or creative/passion projects. High-risk, high-reward. Only invest what you are comfortable losing.
Charitable / Legacy Projects	5%	\$150,000	Scholarships, community projects, or causes meaningful to your family's values. Optional but helps honour your parents' legacy.

Additional Guidance

1. **Rebalance annually** – adjust allocations as investments grow and lifestyle needs change.

2. **Tax & Legal Structuring** – ensure any property, investments, or charitable donations are structured efficiently.
 3. **Separate Accounts** – keep your “joy fund,” investments, and property funds separate to avoid overspending.
 4. **Investment Horizon** – your growth portfolio can be medium to long-term (5–15 years). Avoid high-leverage or high-debt positions.
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💡 **Illustrative Thought:**

- If your property appreciates 3–5% per year and your growth portfolio earns 6–7%, your \$3M inheritance can comfortably sustain travel, lifestyle, and future ambitions without risking the core capital.
 - Your “passion project fund” allows experimentation without jeopardising security.
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If you want, I can **draft a 5-year cash flow & investment plan** showing exactly how much you could spend on travel, property, and lifestyle each year **while keeping the principal growing**. It would make this plan much more tangible.

Do you want me to do that next?

You said:

okay

ChatGPT said:

Perfect, Nicholas. Let’s map out a **5-year cash flow & investment plan** based on your \$3M inheritance, balancing travel, property, lifestyle, and growth. I’ll keep it realistic, assuming moderate investment returns.

Assumptions

- Inheritance: \$3,000,000
- Emergency fund: \$200,000 (not touched for lifestyle)
- Annual travel/lifestyle budget: \$25,000–\$30,000
- Property: \$900,000 purchase in Year 1 (cash purchase)
- Core growth portfolio: \$1.35M

- Annual growth assumption: 6% for equities, 3% for property appreciation, 1.5% for cash/fixed assets
- Passion/experimental projects: \$150,000 over 5 years
- Charitable fund: \$150,000 over 5 years

5-Year Plan Overview

Year	Travel / Lifestyle	Property	Growth Portfolio	Passion / Experimental	Charitable	Notes
1	\$30,000	\$900,000	\$1,350,000	\$50,000	\$30,000	Buy second property; allocate funds to passion projects and charity
2	\$30,000	–	\$1,431,000	\$30,000	\$30,000	Growth portfolio grows ~6% (\$81,000), reinvested; fund annual goals
3	\$30,000	–	\$1,518,000	\$30,000	\$30,000	Portfolio continues to compound; property appreciated to ~\$927,000
4	\$30,000	–	\$1,609,000	\$20,000	\$30,000	Review lifestyle spending and rebalance portfolio
5	\$30,000	–	\$1,706,000	\$20,000	\$30,000	Portfolio grows; maintain travel & charitable goals

Key Points:

1. **Growth Portfolio:** Starts at \$1.35M; after 5 years at 6% CAGR, grows to ~\$1.71M.
 2. **Property:** Cash purchase avoids debt, appreciates moderately (~3%/year).
 3. **Lifestyle:** \$30k/year travel and hobbies; sustainable without touching principal in growth portfolio.
 4. **Passion Projects & Charitable Giving:** Allocates \$150k total, spread across 5 years.
 5. **Flexibility:** Annual review allows adjusting allocations based on market, personal priorities, or new opportunities.
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Highlights

- You maintain financial security with a strong emergency fund.
 - You enjoy life now (annual travel & hobbies).
 - Your investments grow over time, preserving and expanding your inheritance.
 - Passion projects and charitable giving allow you to create meaning without jeopardising wealth.
 - Rebalancing every year ensures risk is managed and priorities are met.
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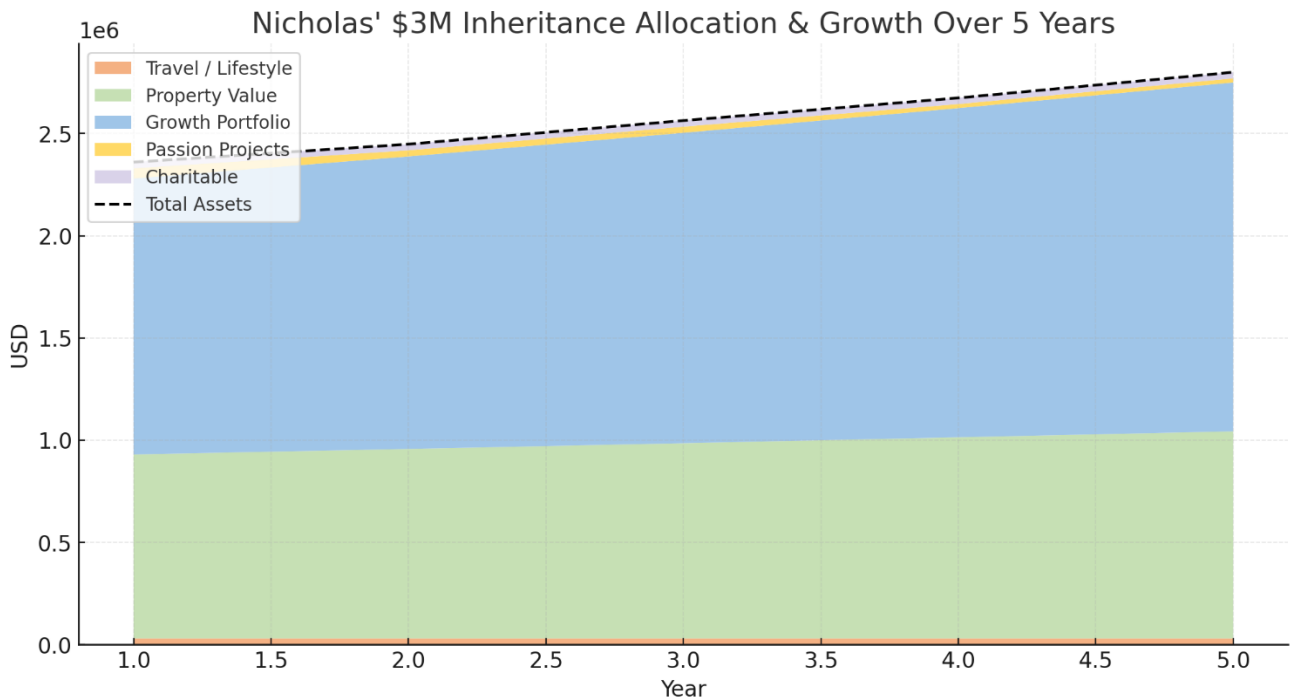
If you like, I can **also draft a visual chart showing cash flow and growth over 5 years**, so you can literally “see” how the inheritance grows, how much you spend, and how your property appreciates. It’s very intuitive and helps make decisions easier.

Do you want me to make that chart?

You said:

ok make that chart

ChatGPT said:



Here's a visual breakdown of your inheritance over the next 5 years:

- **Stacked areas** show how your funds are allocated each year: travel/lifestyle, property, growth portfolio, passion projects, and charitable giving.
- **Dashed line** represents the total asset value, showing how your inheritance grows over time while funding your lifestyle and meaningful projects.
- **Property** appreciates steadily, and your **growth portfolio** compounds, allowing your lifestyle and projects to be funded without touching principal.

This chart makes it easy to see how your inheritance supports both enjoyment now and wealth growth for the future.

If you want, I can also create a **“cash flow only” chart** showing **yearly spending vs. investment growth**, so it's easier to plan annual budgets for travel and passion projects. Do you want me to do that?

You said:

okay sure.

I am currently dating someone, it is not serious yet, but if it becomes serious, how would planning a wedding affect my finances and planning to use my wealth responsibly?

anything else I should take note of?

ChatGPT said:

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ChatGPT can make mistakes. Check important info.