Case Study:

Can AI Replace a Human Adviser with Empty Nester?

ChatGPT as a Financial Adviser

You said:

Hi ChatGPT! Today you will act as my financial adviser. I'm Kaileng (55), an interior designer with a take-home income of around $120,000 a year. I'm married to Jared (60), who is retired and has accumulated $3 million in cash savings from his previous career in finance. We have two adult children in their late 20s and early 30s, both recently bought their own property and living independently with their own families. Additional assets include $300,000 in investments, $250,000 in CPF savings, and a fully paid-up whole life insurance policy of $200,000. I have been thinking of passing this on to our children, although they have said they do not need it. I also have $100,000 in SRS.

I want to enjoy my retirement years while continuing to take on creative projects at my own pace. I'm focused on securing my financial independence, maintaining our lifestyle, and planning for healthcare and legacy considerations.

With the children independent and Jared retired, I'm adjusting to a quieter household. Our responsibilities as parents have changed, and we have more flexibility in how we spend our time and money. We also need to consider how best to manage our substantial cash savings, prepare for potential market volatility, and structure our estate in a way that reflects our wishes and respects our children's independence. I seem to have ‘enough’ but I'm not sure if enough is really enough.

Emotionally, I feel content yet mindful of the uncertainties that come with aging. As we enter this new phase of life, I want to strike a balance between enjoying the wealth we have accumulated and preserving enough to leave a meaningful legacy for our children.

My question is: “How can I structure my finances to enjoy retirement comfortably, continue pursuing my design passion, and ensure that our wealth and healthcare plans are secure for the years ahead, while making the most of this empty-nester stage of life and finding confidence in knowing that we truly have enough?”

ChatGPT said:

Kaileng and Jared appear to be entering retirement from a position of financial strength. Their children are independent, their home may already be paid for (this would need to be confirmed), and they have accumulated substantial savings and assets. The central question is no longer simply how to accumulate more wealth, but how to use what they have built to support a fulfilling retirement without compromising their long-term security or the legacy they wish to leave behind.

For Kaileng, this means finding a balance between three priorities: enjoying the present, protecting their future, and giving with intention. A good financial plan should provide the confidence to spend on meaningful experiences and creative pursuits, while preparing for the uncertainties of longevity, healthcare costs and market volatility.

1. Understand what "enough" looks like

Before making investment or estate decisions, Kaileng and Jared should establish how much money they actually need to fund their desired lifestyle.

Their known financial position is substantial:

Asset	**Amount**
Jared's cash savings	$3,000,000
Investments	$300,000
CPF savings	$250,000
SRS savings	$100,000
Whole life insurance	$200,000
Total stated assets	$3,850,000

The total includes the stated insurance policy amount, which may be its sum assured rather than its current cash surrender value. It excludes any property value, outstanding liabilities and other unlisted assets. The assets should not all be treated as equally accessible retirement funds.

The next step is to calculate their annual retirement expenditure, including everyday living costs, travel, creative projects, insurance premiums, support for family and occasional large expenses.

For illustration, if their desired household spending is $8,000 a month, they would need $96,000 a year. If they spend $10,000 a month, that rises to $120,000 a year.

These are illustrative targets, not estimates of their actual spending or a conclusion that their assets can sustain either amount indefinitely. Their expected CPF LIFE payouts, investment income, Kaileng's continuing earnings and future healthcare expenses must also be considered.

A useful planning exercise is to separate expenditure into three categories:

- Essential spending: housing, food, utilities, healthcare and insurance.
- Lifestyle spending: travel, hobbies, dining and creative projects.
- Legacy and family giving: gifts to their children, charitable giving and future inheritance.

This helps them identify the lifestyle they can comfortably sustain, rather than continuing to accumulate wealth without a clear purpose.

2. Make their wealth work for retirement

One important consideration is that Jared's $3 million in cash represents a significant concentration in cash. While cash provides stability and immediate access to funds, keeping too much in cash over a long retirement can expose the couple to inflation risk and the opportunity cost of not investing.

Rather than investing everything at once, they could organise their assets into three broad pools.

Pool 1: Security and liquidity

Near-term needs

Keep enough in readily accessible savings, deposits and other suitable low-risk instruments to cover planned large expenses and several years of essential spending. This reduces the need to sell investments during a market downturn.

Pool 2: Long-term growth

Future purchasing power

Invest an appropriate portion in a diversified portfolio of equities and high-quality bonds, aligned with their risk tolerance, time horizon and need for income. The goal is to support decades of spending, not to maximise returns at all costs.

Pool 3: Purpose and legacy

Money with a specific job

Set aside a deliberate budget for travel, creative projects, meaningful gifts to their children and future estate needs. This makes spending feel intentional rather than like a threat to financial security.

The amounts allocated to each pool should follow their retirement cash-flow projections, not an arbitrary percentage split.

They should also review how their existing $300,000 investment portfolio fits into the overall allocation. A portfolio that looks diversified on its own may still be too conservative or too aggressive when combined with $3 million in cash and their CPF savings.

The key is to move from holding wealth for security to assigning each dollar a purpose.

3. Build a reliable retirement income plan

Kaileng is 55 and Jared is 60. Their retirement income plan needs to account for different timelines: Jared has already retired, while Kaileng hopes to continue doing creative work at her own pace.

Her income of approximately $120,000 a year is a valuable resource, but the plan should not depend on her continuing to earn that amount indefinitely.

A useful approach is to map out their income in stages:

- Now until Kaileng retires fully: Use her employment income to cover some or all of their lifestyle expenses, where practical, while establishing a sustainable spending pattern.
- From their respective CPF LIFE payout ages: Incorporate their actual projected CPF LIFE payouts into the household income plan. CPF LIFE provides lifelong monthly payouts, helping reduce the risk of outliving their savings.
- Throughout retirement: Use a planned combination of portfolio withdrawals, interest income and other income sources to cover the remaining spending gap.

For example, if their annual spending is $96,000 and their combined dependable retirement income is $36,000 a year, they would need to fund the remaining $60,000 from other resources. These figures are illustrative only; the couple's actual CPF payouts and expenses are not yet known.

Their plan should also be stress-tested against a longer-than-expected lifespan, inflation, a significant market decline early in retirement and higher healthcare costs later in life.

A sustainable retirement is not necessarily one in which they never touch their capital. It is one in which they can spend their wealth with a reasonable degree of confidence that it will last for their intended lifetime.

4. Plan healthcare before it becomes urgent

Healthcare planning should be treated as a core part of retirement planning, rather than something to address only when a health issue arises.

Kaileng and Jared should review:

- Hospitalisation coverage: Check their Integrated Shield Plans, if any, including ward coverage, premiums, exclusions, deductibles and co-insurance.
- Long-term care: Review their CareShield Life or ElderShield status, any supplementary coverage, and how they would fund assistance with daily living if needed.
- Out-of-pocket reserves: Decide how much to earmark for deductibles, co-payments, uncovered treatment and possible private care.

- Caregiving preferences: Discuss whether they would prefer to receive care at home, engage a helper or caregiver, or consider residential care if circumstances require it.

They should not automatically purchase more insurance simply because they are ageing. At their stage of life, additional cover needs to be assessed against premiums, exclusions, existing benefits and the ability to self-fund expenses from their substantial assets.

The objective is to ensure that a medical event does not force them to make rushed financial decisions or compromise the quality of life they want.

5. Make legacy planning reflect their children's independence

Kaileng has considered passing wealth to her children, but they have said they do not need it. This is an opportunity to rethink what leaving a legacy means.

A legacy does not have to mean transferring as much money as possible to the next generation. It can mean preserving their own independence, sharing experiences with their children while they are alive, and leaving an inheritance when the time comes.

There are three approaches worth considering.

<u>Give meaningfully during their lifetime</u>

Instead of making a large transfer, Kaileng and Jared could pay for a family holiday, celebrate milestones together or offer help when a genuine need arises. They can also enjoy their own retirement without feeling obliged to give away wealth they may later need.

<u>Set a legacy target</u>

They could determine an amount they would like to leave their children, after accounting for their own lifetime spending, healthcare and contingency needs. This turns inheritance into a deliberate objective rather than an open-ended obligation.

<u>Put their wishes in writing</u>

They should review their wills, CPF nominations, Lasting Powers of Attorney (LPAs) and Advance Care Planning (ACP) preferences. These serve different purposes, covering the distribution of assets, CPF savings, decisions if they lose mental capacity, and future care preferences.

They should also review the ownership and beneficiary arrangements of their insurance policies and other financial assets, and seek Singapore legal advice where necessary to ensure the documents work together.

Importantly, they should not give away substantial sums simply because their current assets appear sufficient. Gifts should come from wealth that is genuinely surplus to their own needs, after stress-testing their retirement plan.

6. Make better use of their CPF and SRS savings

Kaileng's $100,000 in Supplementary Retirement Scheme (SRS) savings deserves particular attention. Its withdrawal strategy should be coordinated with her expected retirement date, ongoing design income and other taxable income.

Under current Singapore rules, qualifying SRS withdrawals made at or after the applicable statutory retirement age are generally subject to tax on only 50% of the withdrawal amount, with withdrawals spread over a 10-year period. The applicable retirement age depends on the rules in force when she first contributed.

This means Kaileng should avoid withdrawing the entire SRS balance without first considering the tax implications. Instead, she can explore a withdrawal schedule that coordinates with her declining employment income and other sources of retirement income.

She should also assess whether the funds held in SRS are invested appropriately for their intended withdrawal timeline, rather than assuming that SRS money should remain entirely in cash.

For CPF, the couple should obtain individual projections of their CPF LIFE payouts and consider whether the income will cover a meaningful portion of their essential expenses. They should not assume that the stated $250,000 in CPF savings will all be available for immediate withdrawal, as accessibility depends on the account balances, applicable retirement rules and payout arrangements.

7. Give Kaileng the freedom to keep creating

Financial independence should make room for the life Kaileng wants to live, not merely protect her from financial risks.

Her continued design work could provide additional income, but it also offers creative fulfilment, identity and a sense of purpose as she transitions into retirement.

Rather than treating work as an all-or-nothing decision, she could establish a flexible working budget:

- Decide how many projects she wants to accept each year.
- Set a minimum fee that makes each project worthwhile.
- Reserve time for travel, personal projects and family.
- Treat earnings from design work as an opportunity to fund discretionary spending or replenish savings, rather than as income the household must rely on.

This gives her permission to turn down projects that no longer suit her while maintaining a meaningful connection to her profession.

It is equally important for Kaileng and Jared to discuss what this next chapter looks like together. Retirement can change the balance of a relationship, especially when one partner has already stopped working and the other is gradually stepping back.

They may find it useful to agree on individual interests, shared experiences, travel plans and how much they are comfortable spending on each. The aim is not just to afford retirement, but to enjoy it.

8. A practical roadmap for the next 12 months

1–2

Months

Establish their retirement numbers

Track household expenditure, identify their desired retirement lifestyle, estimate future healthcare costs and confirm their assets, liabilities and property position.

3–4

Months

Build the retirement cash-flow plan

Model different spending levels, CPF LIFE payouts, SRS withdrawals, market downturns and longevity scenarios. Establish an appropriate investment allocation and cash reserve.

5–6

Months

Review healthcare and estate arrangements

Check insurance coverage, long-term care provisions, wills, LPAs, CPF nominations and medical care preferences.

7–12

Months

Start living the plan

Set a realistic annual budget for travel, hobbies and design projects. Review spending and investment performance periodically, and adjust the plan as their needs evolve.

The most important question: How will they know when they have enough?

For Kaileng and Jared, the answer will not come from reaching a particular asset milestone. It will come from understanding how their resources translate into a secure and meaningful life.

They need to know that their essential expenses can be met, that they have a sensible response to market downturns, that healthcare needs will not derail their plans, and that their estate will be handled according to their wishes.

Once those foundations are in place, they can define what enough means for them: enough to enjoy the years ahead, enough to pursue the work that gives Kaileng joy, and enough to leave their children a meaningful legacy without sacrificing their own independence.

Their wealth should serve the life they want to live, rather than become a number they feel compelled to keep growing.

The next step is to quantify their retirement spending and expected income. With that information, they can determine whether their current assets are sufficient, how much they can comfortably spend each year, and how much wealth they could potentially pass on.

You said:

How do I plan my finances such that I can encourage my children to come back to visit often?

Chat GPT said:

For Kaileng, I would approach this slightly differently from a traditional financial planning question. The goal is not simply to set aside money for family visits, but to build a retirement lifestyle that makes it easy, enjoyable and natural for her children to spend time with her, without making them feel financially or emotionally obligated to do so.

Since both children are independent and have families of their own, their time may be limited by work, childcare, household expenses and other commitments. Your financial plan can reduce some of those barriers while ensuring that you and Jared remain financially secure.

1. Create a dedicated family connection fund

Rather than treating family visits as an occasional expense, include them as a planned part of your retirement lifestyle.

For example, you and Jared could set aside an annual budget for shared meals, family outings, celebrations and occasional overnight stays.

Illustrative annual family connection budget

Family meals and hosting

Regular Sunday lunches, home-cooked dinners and festive meals

$3,600

Family outings and experiences

Attractions, day trips and activities with the grandchildren

$2,400

Birthdays and family celebrations

Special occasions and meaningful traditions

$1,200

Visit-related support

Occasional transport, childcare activities or other practical help

$1,800

Total annual budget

Equivalent to $750 per month

$9,000

Illustrative amounts in Singapore dollars, not a recommended spending level. Adjust based on how often the family meets and your retirement cash flow.

The benefit of a dedicated budget is that you can enjoy these occasions without feeling guilty about spending money. You are intentionally using part of your wealth to support a relationship that matters to you.

2. Make visiting easier for your children

Sometimes, the biggest obstacle to visiting is not a lack of desire, but the effort involved in organising a visit around work and young children.

You could use your financial resources to make family time more convenient.

- Host regular meals: A simple Sunday lunch once or twice a month can become a familiar family tradition.
- Pay for shared experiences: Rather than giving cash, occasionally invite the family to the zoo, a children's attraction or a weekend staycation.
- Help with practical costs when appropriate: If transport or childcare expenses are genuine barriers, you could offer to cover them occasionally.
- Keep your home welcoming: Make it easy for your children and grandchildren to relax, eat and spend time together without needing elaborate plans.

The aim is to reduce friction, not to make every visit expensive. A relaxed afternoon together can be just as valuable as a costly outing.

3. Give your children time together, not just money

You mentioned that your children have said they do not need your wealth. That is worth respecting.

Instead of positioning financial support as a reason to return, consider using some of your retirement budget to create experiences they genuinely enjoy.

For example, you could establish a family tradition of an annual holiday, a birthday dinner or a special outing with the grandchildren. You might also invite each family to suggest activities they would like to do together.

This allows your wealth to become a means of creating shared memories, rather than something your children feel they must accept.

It is also important to keep visits separate from financial gifts. Your children should feel free to visit because they want to spend time with you, not because they feel indebted to you.

4. Protect your retirement before increasing family spending

With approximately $3.85 million in stated assets, you may have considerable flexibility, but the amount you can comfortably allocate to family activities depends on your future expenditure, income, healthcare needs and investment returns.

I would prioritise your finances in this order:

1. Secure essential living expenses and a suitable emergency reserve.
2. Set aside adequate provision for healthcare and long-term care.
3. Establish a sustainable budget for your own retirement lifestyle, including travel and creative projects.
4. Allocate a defined amount to family experiences and gifts.
5. Decide what remains available for inheritance.

This order matters because the best way to support your children over the long term is to avoid becoming financially dependent on them later.

You can be generous while still protecting your own independence.

5. Consider a “family time” budget alongside your legacy plan

You could even distinguish between two parts of your intended legacy.

Living legacy

Money you deliberately spend while you are alive to enjoy your children, celebrate milestones and build memories together.

Financial legacy

Wealth you preserve for your own future security and eventually pass on according to your wishes.

This distinction may help you feel more comfortable spending money today. Leaving an inheritance is one way to care for your children, but so is being present in their lives now, while you have the health and time to enjoy one another.

My recommendation for Kaileng and Jared

Start with a modest, recurring family connection budget and agree on a regular gathering that works for both children. Review the arrangement after six months to see whether it genuinely makes family time easier and more enjoyable.

Most importantly, have an open conversation with your children about what kind of time together they would appreciate. They may prefer informal meals, help with the grandchildren, occasional outings or simply knowing that they can drop by without needing a special occasion.

The goal is not to use money to persuade your children to visit. It is to use your financial freedom to create the time, space and opportunities for your family to remain close.

And remember: your retirement should still be fulfilling even in weeks when your children are busy. Build a life you enjoy independently, so that family visits become a source of joy rather than the main measure of whether your retirement is going well.