

Case Study:

Can AI Replace a Human Adviser in a Divorce?

ChatGPT as a Financial Adviser

You said:

Hi ChatGPT! Today you will act as my financial adviser. I am Rachel, a 36-year-old marketing director at a multinational company, earning a take-home income of \$180,000 per year. I am recently separated from my husband, and we share two toddlers aged 3 and 5. I own an HDB flat with an outstanding mortgage of \$450,000, and I have some personal savings and investments.

My goal is to ensure financial stability for my young children while navigating the divorce process. I hope to maintain a secure home environment, continue funding my children's early education, and rebuild my long-term financial plans independently.

Currently, I have \$100,000 in savings, \$50,000 in investments, and \$150,000 in CPF savings. I also have some insurance coverage, but the divorce and new custody arrangements make me question whether my current plans adequately protect both me and my children. Cash flow and managing the mortgage are my immediate concerns.

Emotionally, I feel stressed and overwhelmed with the legal process, childcare responsibilities, and the need to make critical financial decisions quickly. I also want to ensure this transition does not compromise my long-term financial security or my children's well-being.

My question is:

“How can I protect my children and myself financially during and after the divorce while maintaining stability and planning for our future?”

ChatGPT said:

Rachel, your situation involves three priorities happening at the same time:

1. Protecting short-term stability for you and your children
2. Structuring the divorce settlement carefully
3. Rebuilding long-term financial independence

Right now, the biggest risk is not investment performance. It is making rushed financial decisions during an emotionally demanding period.

1. Stabilise Your Immediate Cash Flow First

Your first objective is to create breathing room.

Current Position (Approximate)

Assets	Amount
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Cash savings	\$100,000
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Investments	\$50,000
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CPF savings	\$150,000
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Liabilities	Amount
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HDB mortgage	\$450,000
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With a take-home income of \$180,000 annually, your earning power is still strong. That gives you options. However, childcare, legal fees, and housing commitments can quickly strain liquidity during divorce proceedings.

Immediate Priorities

Maintain 12 months of essential expenses in cash

Given the uncertainty, aim for a larger emergency fund than usual.

This should ideally cover:

- Mortgage repayments
- Childcare
- Household expenses
- Insurance premiums
- Legal costs

Avoid investing additional money aggressively until the divorce settlement and custody arrangements are clearer.

Review monthly affordability

Stress-test your finances under three scenarios:

- No maintenance received
- Partial maintenance received
- Shared custody with changing childcare costs

You need to know:

- Whether the HDB remains affordable long term
- How much flexibility you truly have
- Whether downsizing may eventually become necessary

Do not assume current expenses will remain stable after separation.

2. Protect Yourself Legally and Financially During the Divorce

This is one of the most financially consequential periods of your life.

Separate and document everything clearly

Maintain organised records of:

- Bank accounts
- CPF balances
- Investments
- Insurance policies
- Mortgage payments
- Children's education expenses
- Household spending

This will help during negotiations and reduce disputes later.

Understand the real cost of keeping the home

Emotionally, many parents want to preserve continuity for children. That is understandable.

But ask:

- Can the mortgage remain manageable on one income?
- Will the flat restrict future financial flexibility?
- Are there upcoming refinancing or interest-rate risks?
- Will childcare costs rise as your children grow older?

Sometimes keeping the home is the right decision. Sometimes it creates long-term strain.

The key is sustainability, not emotional attachment alone.

Clarify maintenance expectations early

You should seek clarity on:

- Child maintenance
- Shared educational expenses
- Medical costs
- Enrichment activities
- Future tertiary education expectations

Avoid vague verbal understandings.

3. Reassess Your Insurance Structure

Your insurance planning likely needs updating because your financial dependencies have changed significantly.

Areas to review

Life insurance

Ask:

- If something happens to you, would your children be financially supported?
- Is your ex-spouse still the beneficiary on any policies?
- Are policy nominations still appropriate?

Your children are now likely your primary financial responsibility.

Disability income protection

This becomes extremely important for single-income households.

Your earning ability is now one of your largest assets.

A prolonged illness or inability to work could affect:

- Mortgage servicing
- Childcare
- Education funding
- Daily living expenses

Hospitalisation coverage

Ensure your coverage remains sufficient and premiums remain affordable long term.

Do not over-insure during a period when cash flow flexibility matters.

Critical illness coverage

Review whether your existing coverage reflects your new responsibilities as the primary caregiver.

4. Rebuild Your Long-Term Financial Plan Independently

Once immediate stability is established, focus on rebuilding your own financial foundation.

Your revised goals may now include:

- Financial independence without reliance on a spouse
- Children's education funding
- Retirement adequacy
- Housing stability
- Career flexibility later in life

Continue investing, but cautiously

Avoid two common mistakes:

- Becoming overly conservative out of fear
- Taking excessive risks trying to "catch up"

Your current investment portfolio should likely prioritise:

- Liquidity
- Diversification
- Simplicity

- Long-term sustainability

Given your age, you still have time on your side for retirement planning.

5. Emotional Stability Is Also a Financial Strategy

Financial mistakes often happen during emotionally charged transitions.

Try to avoid:

- Large impulsive purchases
- Revenge spending
- Sudden property decisions
- Frequent portfolio changes
- Signing agreements under pressure

Create decision buffers where possible:

- Review major decisions after 48 hours
 - Involve a trusted adviser or lawyer
 - Separate emotional closure from financial negotiations
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A Practical 90-Day Action Plan

Next 30 Days

- Map all assets, liabilities, and monthly expenses
- Build a post-divorce cash flow projection
- Review all insurance beneficiaries and coverage
- Avoid major investment or property decisions

Next 60 Days

- Clarify maintenance arrangements
- Assess housing affordability realistically
- Create a revised emergency fund target
- Update wills and estate planning documents

Next 90 Days

- Rebuild an independent long-term financial plan
 - Restart disciplined investing gradually
 - Create dedicated education funding plans
 - Establish new financial routines and systems
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Most Important Point

Your financial plan now needs to prioritise resilience over optimisation.

The objective is not to make perfect decisions immediately. It is to:

- preserve stability,
- protect your children,
- maintain optionality,
- and give yourself enough financial flexibility to recover steadily over time.

I need to still make the best decision, although I am aware of trade-offs, so is your plan robust enough?

Your concern is valid. A “stable” plan is not necessarily a “robust” one.

Right now, you are facing multiple interconnected risks simultaneously:

- Divorce settlement uncertainty
- Single-income dependency
- Housing concentration risk
- Childcare obligations
- Emotional decision fatigue
- Potential career disruption
- Long investment horizon

A robust plan is one that still works reasonably well even if several things go wrong at once.

Where Your Current Situation Is Strong

You already have several advantages:

- Strong income
- Remaining career runway

- Existing savings and investments
- CPF balances
- Time before retirement
- Clear motivation to protect your children

You are not starting from financial distress. You are navigating a transition risk.

That distinction matters.

The Key Question: Should You Optimise for Stability or Flexibility?

Many divorced parents instinctively optimise for preserving the current lifestyle immediately:

- keeping the home,
- maintaining every enrichment activity,
- avoiding visible changes for the children.

But robustness often comes from preserving flexibility instead.

Sometimes the financially stronger move is temporarily accepting a smaller lifestyle compromise to avoid long-term fragility.

Stress-Testing Your Situation

A robust financial plan should survive at least these scenarios:

Scenario	Impact
Maintenance payments delayed	Cash flow pressure
Job interruption or burnout	Income shock
Childcare costs rise	Expense inflation
Mortgage rates increase	Housing strain
Legal proceedings drag on	Liquidity drain
Market downturn	Investment decline
Health issue	Reduced earning ability

If your plan collapses under two or three of these happening together, it is not robust enough yet.

The Largest Financial Risk May Be the Flat

Emotionally, keeping the HDB may feel like preserving security for your children.

Financially, however, the flat could become:

- a stabilising asset,
- or a long-term constraint.

The right decision depends on:

- monthly repayment burden,
- your share of ownership post-divorce,
- remaining lease,
- location value retention,
- future childcare costs,
- and whether your income remains sustainable.

A useful rule:

Housing should support your life, not consume your optionality.

If the mortgage plus housing costs start crowding out:

- emergency savings,
- insurance,
- investing,
- childcare flexibility,
- or career freedom,

then the home may be too expensive relative to your new reality.

Your Insurance Strategy Needs More Precision

Your previous insurance setup may have assumed:

- dual-income support,
- shared caregiving,

- shared liabilities.

Now, your human capital is central.

The most important protection is likely:

1. Income protection / disability coverage
2. Hospitalisation coverage
3. Appropriate life insurance for dependants

Not necessarily accumulating more investment-linked or savings-based insurance products.

Robustness comes from protecting downside risks efficiently.

Your Investment Strategy Should Change Slightly

You should probably avoid:

- concentrated bets,
- illiquid investments,
- aggressive leverage,
- “recovery mindset” investing.

Your portfolio now needs to serve two functions simultaneously:

- long-term growth,
- and emotional resilience.

A robust allocation is one you can continue holding through stress.

That usually means:

- globally diversified equities,
 - sufficient cash reserves,
 - no forced selling risk,
 - manageable volatility psychologically.
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The Hidden Risk: Burnout

Single parents in demanding corporate roles often underestimate this risk.

Your financial plan should include margin for:

- outsourcing help where necessary,
- childcare support,
- periods of reduced productivity,
- possible career recalibration later.

The strongest financial plans are not mathematically maximised. They are behaviourally sustainable.

What a More Robust Version of Your Plan Might Look Like

Phase 1: Defence (0–12 months)

Focus:

- Liquidity
- Legal clarity
- Insurance restructuring
- Housing affordability
- Emotional bandwidth preservation

Goal:

Avoid irreversible mistakes.

Phase 2: Rebuild (1–3 years)

Focus:

- Re-establish investment discipline
- Career stability
- Education funding structure
- Retirement rebuilding

Goal:

Restore long-term momentum.

Phase 3: Independence (3–10 years)

Focus:

- Wealth accumulation
- Optionality
- Reduced financial vulnerability
- Greater work-life flexibility

Goal:

Build a system where your financial security no longer depends on any single external factor.

The Most Robust Decision-Making Framework

When evaluating major decisions during this period, ask:

“If conditions worsen for 12–24 months, does this decision still leave me with options?”

That is often a better filter than:

- “What maximises returns?”
- “What preserves appearances?”
- or “What feels safest emotionally today?”

Robustness is ultimately about survivability, flexibility, and recoverability.

Emotionally some days I am quite a mess, and the above information is rather overwhelming for me. Can you summarise what I first need to do?

Yes. You do not need to solve your entire future immediately.

Your first objective is simply to create stability and reduce the risk of making rushed decisions.

Focus Only on These 5 Things First

1. Protect Your Cash

Do not make major financial moves yet unless necessary.

For now:

- Keep sufficient cash for at least 12 months of essential expenses
- Avoid large investments
- Avoid major purchases

- Avoid emotional financial decisions

Your cash reserve is currently your emotional and financial buffer.

2. Understand Your Monthly Numbers

You need clarity, not perfection.

Write down:

- Monthly income
- Mortgage payments
- Childcare costs
- Household expenses
- Insurance premiums
- Expected legal costs

You are trying to answer one question:

“Can I comfortably sustain this lifestyle on my own?”

That clarity alone will reduce anxiety significantly.

3. Do Not Rush Housing Decisions

You do not need to decide immediately whether to keep or sell the flat.

For now:

- Continue maintaining the home if manageable
- Assess affordability calmly
- Wait until custody and financial arrangements are clearer

Housing decisions made under emotional pressure are often costly.

4. Review Your Insurance

Focus only on essential protection:

- Hospitalisation coverage
- Life insurance for your children

- Income/disability protection if you have it

Also check:

- beneficiaries,
- nominations,
- and whether policies still reflect your new situation.

Do not buy new products impulsively during this period.

5. Build a Small Support Team

You should not carry everything alone.

Ideally:

- A good family lawyer
- A trusted financial adviser
- One emotionally steady friend or family member

Your goal is not to appear strong. It is to avoid making isolated decisions while exhausted.

What Can Wait

You do NOT need to figure out right now:

- perfect investment strategy,
- retirement projections,
- university funding,
- upgrading property,
- optimising returns.

Those come later.

Your Immediate Goal

For the next few months, success looks like:

- maintaining stability for your children,

- protecting your mental bandwidth,
- preserving financial flexibility,
- and avoiding irreversible mistakes.

That is enough for now.