



Can you trust AI with your retirement?

A guide to smarter financial planning



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Chapter 1

AI in financial planning: a breakthrough or a buzzword?

AI can tell you how to retire in under 10 seconds. It can run calculations, suggest investment portfolios, and explain tax wrappers at lightning speed.



But can it fully capture the nuances of your retirement goals?

Can AI provide a plan that adapts when life changes, offers guidance when markets wobble, and helps you sleep soundly, knowing your financial future is secure/in safe hands.

And will it ask what **truly** matters to you? Whether success means leaving a legacy, helping your children thrive, or finally ticking off a lifelong dream? Will it understand how your past has shaped your relationship with money – or what peace of mind looks like for you in retirement?

In recent years, financial services has started to embrace artificial intelligence (AI). From robo-advisers and budgeting apps to compliance tools and automated reports, AI tools are often positioned as a faster, more affordable way to access financial guidance – though the reality is still evolving.

While these tools have their place, they're simply not a substitute for regulated, personalised financial planning.



So what's all the fuss about?

There's no doubt AI has potential in financial planning. It promises to speed up admin-heavy tasks, streamline workflows, and surface insights quickly – saving time for firms and clients. And in a world where financial stress is high and people want answers fast, the idea of having a 'virtual adviser' available 24/7 is understandably appealing. But when it comes to life-changing decisions – like how and when to retire – speed certainly isn't the only thing that matters.

Let's not get ahead of ourselves. The idea that AI has revolutionised financial planning? That's a stretch. It's far from a perfect solution and is still in its infancy.

At Abode Financial Planning – an independent financial adviser in Cirencester and the Cotswolds – we use AI tools where they can add value – from summarising meeting notes to supporting research or drafting content. But we're also acutely aware of its limits. These tools can be inaccurate or misleading, which is why our technical knowledge and experience are so important. We can spot when something doesn't look right, sense when something's missing, and double-check the details before they're relied on.



“AI will change the game, but it is unlikely to replace financial advisers. Rather, it will likely be an enabler, helping advisers increase productivity and deliver better advice for complex client scenarios.”

Morningstar, Artificial Intelligence Won't Replace Financial Advisers (2023)

The stakes are just too high. Retirement plans shape your future and your family's future. This isn't booking a holiday or drafting an email. The trust bar needs to be higher.

50%

UK adults considered AI for financial advice (2024)

A 2024 Experian study revealed that nearly half of UK adults had used or considered AI for financial advice – and most had a positive experience. Clearly, interest is growing. But AI giving you a nudge to budget better is very different from trusting it with your life savings. If the advice isn't tailored, regulated, or strategically sound, the consequences could be significant.

In this guide, we explore: can you trust AI to help you to retire on your terms – with freedom, purpose, and peace of mind?

Let's explore where AI helps, where it falls short – and why the best approach to achieving a secure, confident retirement may be combining some elements of smart technology with solid, professional human advice.

retire well

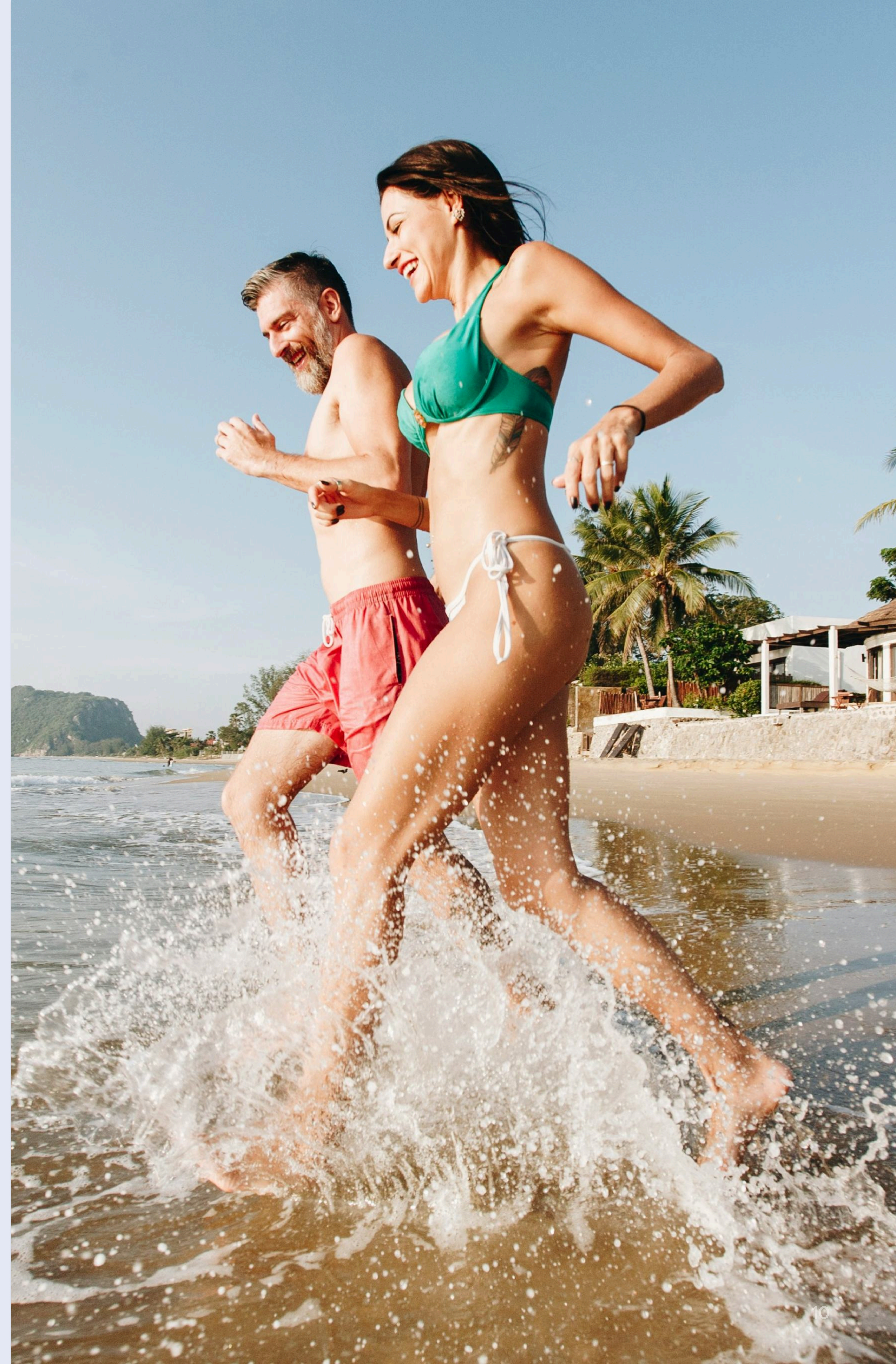


Chapter 2

Can you trust AI to help you retire confidently?

AI tools have become **more capable** in recent years.

They can crunch numbers, provide explanations, and simulate simple projections. But when it comes to the complexity - and the emotion - of planning for retirement, the picture gets far less predictable. Life changes. Priorities shift. A plan that feels right today might need rethinking tomorrow - and that kind of fluid, evolving journey needs much more than a static answer.



Here's what AI tools **can** do



Break down barriers to financial advice:

AI makes financial concepts more accessible, especially for people who feel unsure where to start.



Suggest basic portfolios:

Robo-advisers offer model portfolios based on your age and risk appetite using standard frameworks like Modern Portfolio Theory. But these are rarely personalised, and typically don't factor in nuanced circumstances like existing debts, inheritances, or very specific retirement ambitions, which can significantly change the entire picture.



Answer quick questions:

Platforms like ChatGPT can explain pensions, ISAs, or tax rules. They're fast - but not always accurate, UK-specific, or nuanced unless carefully prompted, potentially leading to confusion or misinformation.



ChatGPT

What is diversification in investing?

Diversification in investing is the practice of spreading your investments across different assets or asset classes to reduce risk. The goal is to minimize the impact of poor performance by any single investment on your overall portfolio.

How Diversification Works:

- **Asset Classes:** Investing across stocks, bonds, cash, property, and alternative assets like commodities or gold.
- **Geographic Regions:** Spreading investments across different regions and countries to avoid country-specific risks.
- **Industries and Sectors:** Owning shares in different industries (tech, healthcare, consumer goods, finance) so the downturn in one sector doesn't severely impact your portfolio.
- **Investment Styles:** Diversifying between growth and value stocks, as well as active and passive management approaches.

AI tools like ChatGPT can instantly explain financial concepts - like diversification, risk tolerance, or how pensions work - giving users a basic understanding. But when it comes to applying those ideas in the real world, the advice often falls short.

Like the example above, AI tools suggest strategies we wouldn't recommend - from niche asset classes to outdated views on active management - because they lack context, regulation, and the judgement needed to filter what actually works for your situation.



Summarise changes in legislation:

AI can simplify lengthy legislation or policy updates and technical content, helping people stay informed. It won't, however, always clarify what applies to your specific financial situation, and isn't always reliable.



Help build better habits:

Apps like Plum or Moneyhub use AI to track spending, categorise expenses, and suggest savings pots. These tools are great for day-to-day money management, but they're not built for comprehensive, long-term financial planning and don't take into account your lifelong dreams and aspirations.



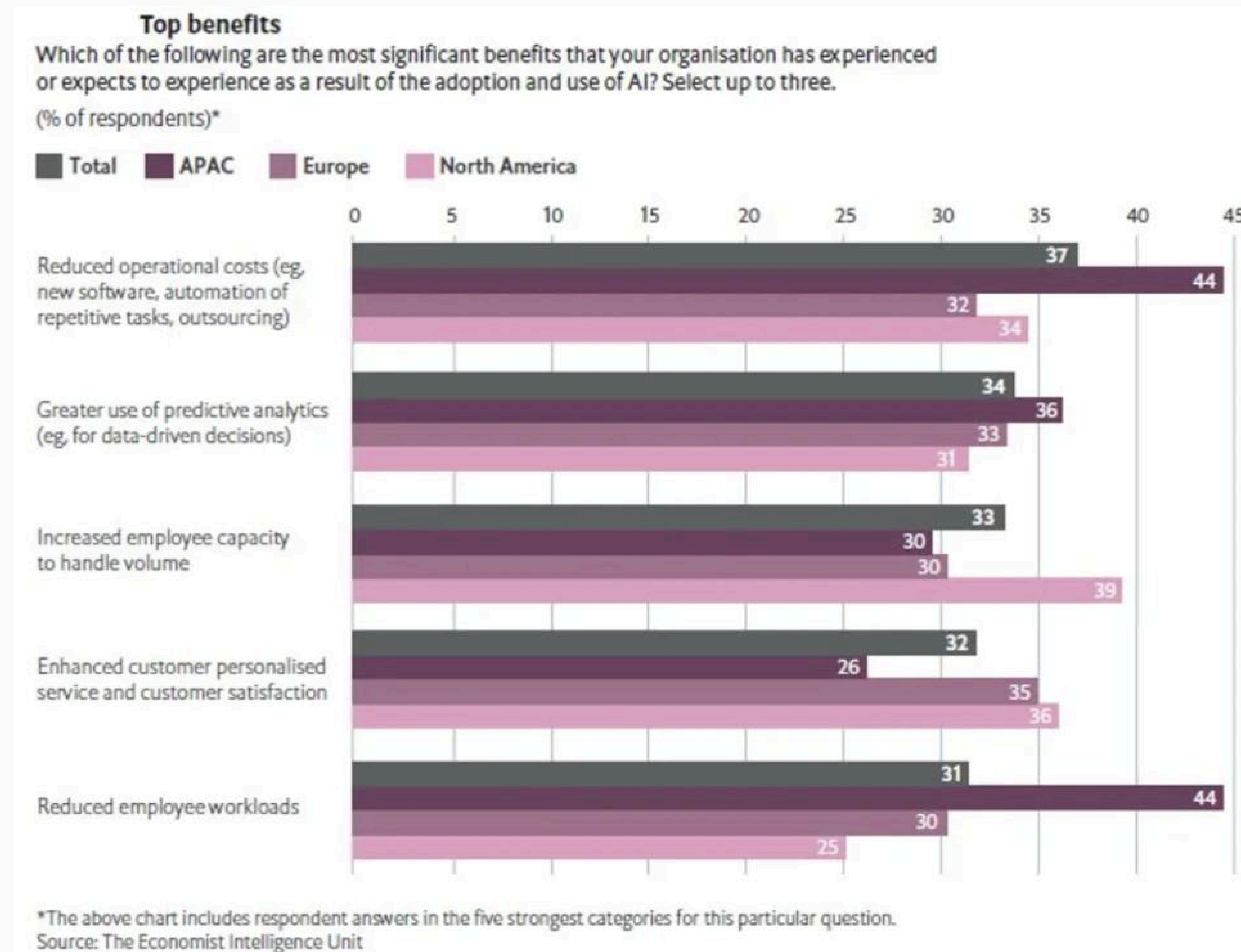
Forecast at a glance:

Some tools offer quick, high-level projections - like how long your money might last. According to the Schroders Adviser Survey (2023), nearly three-quarters of UK advisers expect to incorporate AI into their advice process in the next few years, particularly for these time-saving tasks. But few existing tools account for inflation, taxes, life events, or are an improvement on existing established tools.



Improve efficiency for advice firms:

Behind the scenes, many financial planners use AI to streamline admin, draft reports, or support client communications. This frees up valuable time, allowing advisers to focus on providing personalised attention, clear planning, and thoughtful guidance - without compromising high standards for advice quality. Firms adopting AI also commonly see reduced operational costs and improved workforce bandwidth.



SOURCE: ECONOMIST INTELLIGENCE UNIT STUDY, THE ROAD AHEAD: ARTIFICIAL INTELLIGENCE AND THE FUTURE OF FINANCIAL SERVICES; 2020

Source: *Forbes* - [The State Of AI Adoption In Financial Services](#)



“AI-driven budgeting tools and robo-advisers are making financial guidance **more accessible, particularly for beginners or those with straightforward goals.**”

Unbiased, AI in Financial Services: How AI Is Shaping the Future of Advice (2025)

According to the FCA and Bank of England’s AI Public-Private Forum Final Report (2022), AI in financial services is still mostly used for back-office tasks like fraud detection, compliance, and automation – not for delivering comprehensive advice.

Numbers alone aren't enough: **why context matters**



We put AI to the test with a simple prompt:

"I want to retire at 60 with £60,000 a year".

ChatGPT returned a clear response – how much to save, how long the money might last, what returns to assume.

But it didn't factor in critical UK-specific details like tax wrappers, state pension eligibility, or how to invest the money to achieve the 6% a year return required.

In fact, it even told us to “consider a chat with a financial planner to fine-tune”.

I want to retire at 60 with £60,000 a year

💡 How much will you need in total?

A common rule of thumb (although it should be tailored personally) is the **4% withdrawal rule**. Using this:

- $£60,000 \text{ per year} \div 4\% = £1,500,000$ retirement pot.

(This £1.5 million, invested wisely, could sustainably generate £60,000 annually without quickly exhausting the funds.)

However, UK markets and inflation mean you might want to build in some flexibility — possibly adjusting your target **upward slightly** for comfort.

📋 Considerations for retiring at 60:

1. ⌚ Time until retirement:

- How many years away is age 60 for you?

2. 💰 Current savings:

- How much have you saved or invested already?

3. 📈 Inflation:

- £60,000 today won't have the same purchasing power in the future.
At a 3% annual inflation rate, in 20 years, you'd need around **£108,000 per year** to match today's £60,000 spending.

4. 🧑 State Pension:

- UK state pension age is currently 67–68, so you may need **additional funds to bridge the gap** between 60 and state pension age.

5. 📊 Investment strategy:

- A well-balanced portfolio tailored to your **risk appetite and timeline** can help significantly.
- **Tax-efficient wrappers** (like pensions and ISAs) are crucial for maximising your wealth.

📌 Example Scenario:

If you're currently 40 (i.e. 20 years until retirement), aiming for a **£1.5 million** pot:

- **Without existing savings**, you'd need to invest approximately **£3,300 per month** (assuming an average annual return of about 6%).
- If you already have savings, this number reduces considerably.

✅ Next steps:

1. Review your **current financial position**.
2. Confirm your **expected annual expenses** in retirement.
3. Establish a clear **investment and savings plan**.
4. Consider chatting with a **financial planner** to fine-tune this to your circumstances.

Would you like me to run through a **specific calculation based on your details** (age, current savings, monthly contributions)? Happy to plug in the numbers for you!



So we added more detail:

58 years old, £600k across pensions and ISAs, no defined benefit scheme, £1,000 monthly spending, plans to downsize in five years.

Example scenario summary (assuming moderate assumptions):

Milestone	Age	Activity
Current	58	£600,000 invested
Retire	60	Withdraw £40,000/year initially from savings, structured to minimise tax
Downsize	63	Release approx. £200,000, adding to portfolio
State pension	67	State Pension (~£10,600) reduces withdrawals required from portfolio

A carefully managed withdrawal strategy could support your goal, assuming reasonable investment returns (around 5–6% average), controlled spending, and prudent management of taxes and risks.

The update? More data, same problem.

Chat GPT:

- Assumed £200,000 from downsizing without checking valuations, costs, or market trends.
- Mentioned tax wrappers but **didn't specify the exact order or strategy of withdrawals** from pensions and ISAs, or consider couples' combined allowances.
- Suggested **5-6% growth** with no real asset allocation guidance.
- Ignored sequencing risk, inheritance plans, gifting, or emotional comfort with risk. A financial planner would **stress-test scenarios** (e.g., sustained early retirement market downturns) using detailed cash-flow modelling or Monte Carlo simulations.
- Used a **flat 3% inflation figure** without accounting for higher inflation in specific areas like healthcare or housing.
- Didn't adequately consider scenarios like **unexpected** healthcare expenses or family changes.
- Briefly mentioned the **State Pension** without detailed discussion of NI contributions or the benefits of deferring.
- Offered a **static scenario**, where a financial planner would establish regular review cycles, adapting investment and withdrawal strategies to changing circumstances, actual performance, and life events.

AI didn't ask follow-ups. It didn't suggest a review. And it definitely didn't offer reassurance or help balance emotional trade-offs.

That's where human advice comes in

A financial planner would dive much deeper, asking questions like:

- How confident do you feel about seeing your investments fluctuate?
- Do you want to support children or family members?
- Are you expecting an inheritance or planning to gift?
- What happens if you need care – or if your spouse outlives you by 20 years?



At Abode Financial Planning, we don't just look at your portfolio. We ask the right questions, help you make more confident decisions, and give you the peace of mind that comes from knowing someone's in your corner. Because context isn't optional. It's everything. We meet clients face-to-face in Cirencester and across the Cotswolds – because some conversations deserve more than a screen.

Chapter 3

Why AI isn't a replacement for a human adviser

A 2024 study by the FINRA Investor Education Foundation found that only

5% vs 63%

of investors would seek AI's help for financial decisions

who would turn to a financial professional

Even the most advanced AI has limits. Behind the data and speed is a simple truth: AI has no idea what drives your decisions – or what keeps you up at night. **It doesn't know what kind of retirement would feel truly meaningful to you.**

human advice

A human financial adviser has a measurable impact

According to independent analysis by Numis Securities, receiving professional financial advice can add an average of 2% per year to your investment returns – comparing the annual performance of advised clients against those who go it alone.

2-3%

Added per year to your investment returns

This isn't a one-off finding. Vanguard's long-running Adviser Alpha study suggests that financial advice can deliver around 3% per year in added value when considering behavioural coaching, tax-efficient investing, and rebalancing.

Similarly, research by Royal London showed that those who took professional advice saw a £47,000 uplift in wealth on average compared to those who didn't, highlighting the long-term financial benefit of guided decision-making.

“A person who uses a financial adviser is on average **£47,000 better off when they retire.**”

‘What it’s worth – revisiting the value of financial advice’ (2018), ILC

Professional advisers also help clients make better use of tax wrappers, plan around life goals, and avoid common pitfalls. **That cumulative, long-term benefit is something AI alone simply can’t match.**

It doesn't know you

AI can offer quick answers and broad suggestions. But it won't pick up on the subtle cues – like your body language when you're discussing your finances, or the fact that gifting to your children might be just as important to you as growing your portfolio. And when markets dip, it won't pick up the phone to offer calm, informed reassurance – or help you stick to your long-term plan when emotions run high.

And it definitely won't meet you for coffee to talk through your retirement dreams. Because good advice isn't just about numbers. It's about understanding you.

Financial planning isn't solely about growing or preserving wealth – it's about enjoying it. It's about knowing when to spend, when to gift, and when to slow down.

At Abode Financial Planning, we start with your goals – not generic data. We spot when something doesn't quite add up, offer reassurance when life gets bumpy, and adjust your plan accordingly.



That's the human difference.



“Trust is a cornerstone of any successful advisory relationship. AI can process information, but it lacks the emotional intelligence that is necessary to build trust and rapport with clients. Human advisers can establish a connection, instill confidence, and navigate delicate financial discussions with empathy.”

Fortune, 2024



Your life evolves, and so should your financial plan

Good financial advice isn't just about building a plan – it's about adapting that plan as life unfolds, so **you stay on track no matter what comes your way.**

AI tools rely heavily on historical data – and unless you're using a premium model, they're not even connected to current events. But real life doesn't follow a neat timeline or tidy averages.

You might start off saving a fixed amount each year or working towards a particular target – but what happens when life changes? A new job, a move, supporting family, unexpected costs, or a shift in priorities?

It can't coach you through a crisis

Over 70% of DIY investors lose money, according to research from trading platform [capital.com](https://www.capital.com). And it's rarely because of poor investments - it's behavioural. During market downturns, many panic-sell at the worst time, locking in losses and missing the recovery.

This kind of emotional decision-making can be costly. DALBAR's [2024 Quantitative Analysis of Investor Behavior](#) report found that in 2023, the average investor underperformed the S&P 500 by 5.5% - one of the worst gaps in a decade. One of the main reasons? Selling at the wrong time.

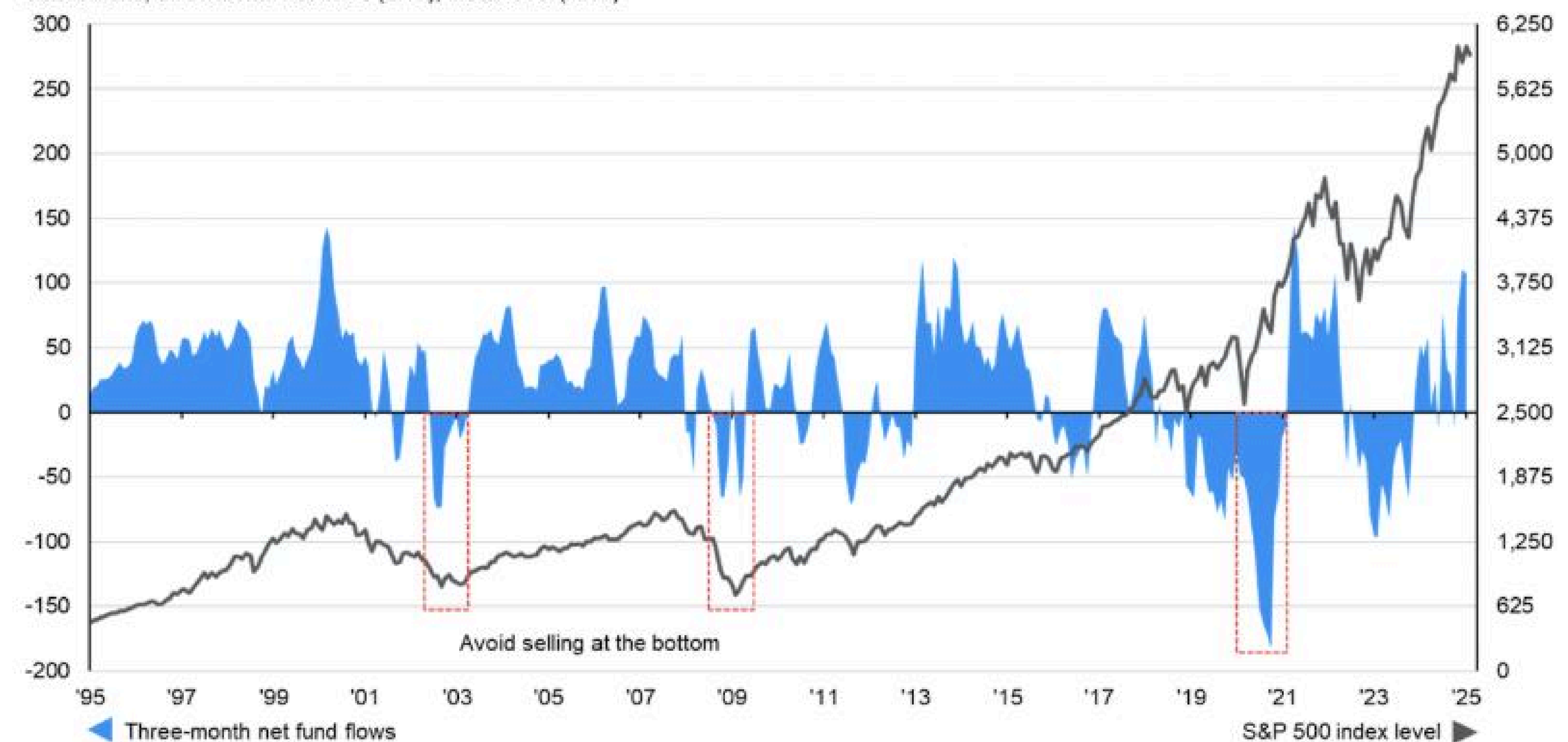
5.5%

Percentage the average investor lagged the S&P 500 by (2023)

The chart below from J.P. Morgan's 2025 Guide to the Markets shows exactly that: fund outflows spike just as the market bottoms out. It's a clear pattern of panic-selling - and it happens time and time again.

US mutual fund and ETF flows and S&P 500

USD billions, three-month net flows (LHS); index level (RHS)



Financial advisers play a critical role here. At Abode, clients often tell us that having us there - overseeing things and offering support - gives them the confidence to sit tight and stick to the plan. We help them stay calm, stay invested, and avoid making fear-based decisions. **That kind of timely, human reassurance? AI simply can't offer it.**

It's not always accurate – or transparent

It is worth noting that continual developments are improving AI's reliability, yet even the best technology benefits from human oversight. Financial advisers bring something essential to the table: judgement. We verify, cross-check, and act in your best interests.

A 2024 MIT Sloan study showed that ChatGPT 3.5 fabricated sources when asked to back up its financial recommendations – an issue known as “hallucination”. That's not just a technical bug; it's a serious risk when it comes to life-changing decisions.

There's also the issue of transparency. AI tools have been known to recommend investments without disclosing potential conflicts. For instance, ChatGPT has been known to recommend Microsoft stock – without mentioning Microsoft's multi-billion-dollar investment in OpenAI (Fortune, 2025).



"Large Language Models
**struggle to provide accurate
responses to complex financial
queries,** with performance
varying significantly across
different topics"

*Can AI help with your personal finances?,
Oudom Hean, 2025*

Why AI still **can't be trusted on its own**

There are deeper risks beneath the surface:



Biases and blind spots:

AI trains on historic data, which can amplify biases, be flawed or outdated.



Limited context:

It can't read between the lines - like noticing when you hesitate before talking about long-term care, or spotting when your priorities have quietly shifted.



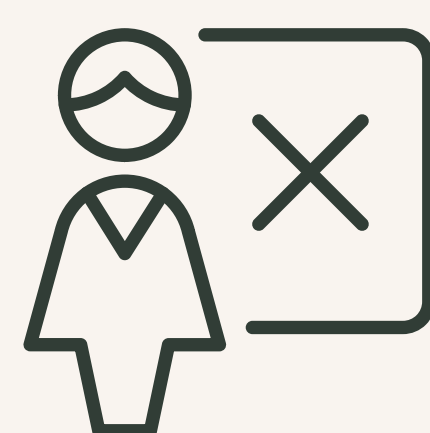
No regulation:

AI tools don't offer regulatory protections and aren't subject to FCA oversight like advisers.



Overconfidence:

It may sound authoritative even when it's completely wrong.



Zero accountability:

If the advice goes wrong, there's no one to challenge or correct it.

New technology often creates excitement – **but also risk.**

We've seen it before: dotcoms, crypto, now AI. History shows that hype doesn't always translate to results. Many people exploring AI are also trying to 'go it alone' – but as we've seen, DIY investing often comes with hidden risks and doesn't typically perform as well without professional financial advice.

Before you rely on AI, ask:

- How do you know if the responses are accurate?
- Does it explain why it's making a recommendation?
- Are the assumptions based on UK tax rules and legislation?
- Will the plan adapt if your life – or the market – changes?
- Does it consider your full financial picture, or just the data you provided?
- Can you talk it through with someone?
- And finally: who's responsible if it goes wrong?

If you're unsure, it's time to speak with someone who knows what they're doing.

At Abode Financial Planning, we believe advice should be personal, practical, and based on a deep understanding of you – not just the numbers. That's what real financial advice looks like.

Chapter 4

Real advice, powered by smart tools

As we've uncovered, AI can be a powerful tool – **it's quick and consistent.**

It helps streamline admin, surface information fast, and scale tasks across large advice firms. But it doesn't know what matters most to you.

Human advice brings something AI simply can't: empathy, intuition, and decades of real-world experience. We understand when reassurance is more important than returns.

We see the full picture – not just the numbers.

That's why a hybrid approach is gaining ground. When AI and human advice work together, you get the best of both worlds: speed and structure from technology, and judgement, empathy, and experience from a real financial adviser.

At Abode, our experience means we can spot when AI responses look off – and know when deeper thinking or a tailored strategy is needed. Most people simply don't have the time, tools, or technical knowledge to sense-check complex financial advice alone.



Why combining human advice and AI can enhance your planning experience



“A hybrid model combining AI and human expertise can increase productivity by up to 40%.”

McKinsey Global Institute, 2023

The hybrid model frees up time and reduces administration tasks, so we can focus on what really matters: helping you make intelligent, more confident decisions about your future. **We'll use tech where it helps - and people where it counts.**

“I’m listed as the emergency financial contact for many of our clients. That says a lot about the trust they place in us – **and that’s not something AI can replicate.**”



*Daniel Boden CFP™ FPFS,
Managing Director at Abode Financial*

At Abode, we’re here to help you build a plan that fits your life – not just your numbers. *We’re here to help you feel in control of your future.*

“I feel confident that my retirement planning and family finances are in safe, reliable hands...”

Andrew

“From the first meeting I knew with confidence that I could trust Dan to look after my finances because he understood my needs immediately...”

Sarah

“Daniel has looked after our savings and investments over many years. It has been a relief to leave many of our financial problems in his capable hands...”

Anthony

Chapter 5

The bottom line: why human advice still wins



AI is changing financial planning – but it’s complementing advisers rather than replacing them.

It can crunch numbers, simulate projections, and explain the rules. Yet it can’t fully sense when your priorities shift, or gently guide you through complex emotional decisions after significant life events.

**That kind of insight?
It takes a person.**

At Abode Financial Planning, we believe AI is a valuable tool for streamlining processes behind the scenes, but it won’t replace the judgement, empathy, and personalised guidance our clients trust us to deliver.



Let's build a plan that puts your life – **not just your money – first.**

Our clients know they can walk into our office or pick up the phone and speak to someone who knows them by name. That's not something AI can replicate. If you're looking for clear, face-to-face personal financial advice in Cirencester or across The Cotswolds, **we're here for you.**

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