January 30, 2026

From: Bernard Morency and Pierre-Carl Michaud

To: Canada's AI Overseers

Re: CANADIANS NEED A NEW PERSONAL FINANCE FLIGHT PLAN. IS AI THE CO-PILOT WE NEED?

When a viral social media post claimed that OpenAI was restricting its services from offering licensed advice, the internet erupted. The truth was far less dramatic – but the debate raised a deeper question: As AI becomes part of everyday decision-making, could it help us navigate complex financial choices more confidently? And if so, how?

The questions are timely – especially as Canadians are now managing more money and financial decisions than their parents ever had to. In our recent C,D. Howe Institute report, we outline practical ways to help Canadians make better financial decisions and plan for retirement, examining why and where the biggest gaps lie in Canadian's financial knowledge.

The good news is that Canadians are, on average, wealthier than ever. Adjusted for inflation, the average household's net worth has more than doubled since 1990. That's a testament to economic growth, rising home values and a culture of savings.

But greater wealth brings greater complexity. A growing share of that wealth is now self-managed: In RRSPs, TFSAs, defined contribution plans, real estate and business equity. For millions of Canadians, these assets represent both opportunity and risk.

Recent data from the Retirement and Savings Institute shows that fewer than two-thirds of working-age Canadians can answer basic financial literacy questions. Furthermore, the old retirement model has quietly disappeared, with defined benefit pension coverage in the private sector dropping from 31 percent in 1980 to less than 10 percent today – leaving workers with more responsibility to manage their own retirement planning. The days of "set-it and forget it" are over.

It is as if we are asking people to move from the passenger seat to the cockpit with limited training. But, with artificial intelligence reshaping the world, could AI be the co-pilot we now need?

Technology – particularly AI – offers both promise and peril. Low-cost conversational tools like ChatGPT can explain financial concepts, simulate scenarios, and answer questions in plain language. It can deliver "just-in-time" guidance for major decisions, from buying a home to planning retirement. The fintech industry is already capitalizing on this using AI algorithms to provide personalized recommendations as users' goals and circumstances change.

Making reliable AI guidance widely available – including through publicly backed tools – could help ensure that more Canadians aren't left to navigate these decisions on their own. But quality control is essential. Not all AI tools are created equal.

For advisors, AI can transform productivity. Tasks like gathering client information, updating records, and summarizing meetings can be automated, allowing advisors to focus on tailoring advice and building human relationships.

Direct AI advice remains the riskiest frontier, however. AI can "hallucinate" information, and it's often unclear who is accountable if things go wrong.

AI should be treated as a support tool, not a replacement for human professionals: it can help flag opportunities, propose options, and provide guidance, but the final judgment must remain in human hands.

Policy tools – from financial incentives to choice architecture, like default enrollment in retirement plans – help Canadians make better decisions. Defaults and nudges help overcome inertia, but they only work if people understand why the choices matter. However, without basic financial literacy, even the best-designed options can lead Canadians off course.

Moving forward, governments must play two key roles. First, regulation – clear guidelines are needed on how AI can be used in financial services, including auditing, hallucination controls, human-in-the-loop models and more. Second, leadership – someone must be in charge of coordinating retirement policy and providing Canadians with trusted, comprehensive guidance. Imagine a government "pilot" developing a personal finance flight simulator, allowing workers to practice flying and landing their financial plane safely.

Tools alone won't solve the problem. Literacy, advice, and responsible technology must work together. Canadians are already in the cockpit, whether they're ready or not. AI won't fly the plane for us – but, like a co-pilot, it can help ensure more of us reach our financial destination safely.

Bernard Morency serves as Co-Chair of the C.D. Howe Institute's Pension Policy Council and is an Adjunct Professor at HEC Montréal, where Pierre-Carl Michaud is a Professor in the Department of Applied Economics.

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