

# AI's future within the pensions industry

## ➤ **Capita Pension Solutions managing director, Chris Clements, reveals Capita's vision for AI in the pensions sector**

**I**s AI the panacea for pensions? Technology is advancing at an unprecedented pace and for pensions, it has the potential to transform the way we deliver services to our members and clients.

I hear too often in the industry that pensions are complex and need to be looked at differently. Whilst I accept that pensions are one of the most complicated financial products to manage (for trustees, administrators, employers and even members), the potential benefits that AI could bring are enormous. However, it's important that this technology is deployed in the right way and does not become a 'flavour of the month' idea that the industry forgets about when the 'next big thing' comes along.

### **Our investment in AI**

At Capita Pension Solutions, we're investing heavily in 'digital pensions', with AI a part of this investment. AI will be transformational for the industry and free up our most valuable resource, our people, to do what they do best – help our members and clients.

Partnering with technology hyperscalers such as Microsoft, ServiceNow, Salesforce and AWS, we're developing efficient, ethical and impactful solutions that will underpin our operations to support better outcomes for our clients. Living by our

principle to use AI to 'amplify humans', we're enhancing roles by removing repetitive tasks and streamlining workflows, so our people are empowered to work smarter and have more time for creative, human-centric tasks.

As Capita's chief AI and product officer, Sameer Vuyyuru, says: "Our strategy is to evolve Capita by building on our strengths and focusing on what we do best. We aim to deliver unparalleled value through technology and human ingenuity, benefiting our clients, people, and society. By transitioning to applied AI, we can achieve significant benefits for our clients, their customers, our people, and investors, positioning Capita as the best implementor of responsible human-in-the-loop AI."

### Capita AI Catalyst Lab

We launched the AI Catalyst Lab earlier this year, a dedicated team focused on identifying, testing, and scaling AI solutions that drive measurable business outcomes for both Capita and its clients, including in the pensions sector. By embedding AI into structured workflows internally, Capita aims to achieve accelerated service delivery, optimised operations, and new efficiencies. The Lab's initiatives are projected to enhance decision-making and improve overall service quality.

### AI Apprenticeships

We support our employees in upskilling in AI through various initiatives, including AI apprenticeships in partnership with Multiverse, which have already enrolled over 100 colleagues. We also offer Copilot Bootcamps designed to enhance AI literacy and responsible

use of AI tools. These programmes are crucial as they empower employees to leverage AI effectively, driving innovation, efficiency, and improved service delivery for clients.

## **Pensions & Technology**

### **Why are pensions complex?**

Before considering how AI can help, it's useful to recognise why pensions are complex to manage. Very few products or services have the lifespan of a pension, and ultimately it is this longevity that creates complexity. Examples of how complexity manifests itself include:

- Each pension scheme will have a unique set of rules, often with several sections;
- There are many 'tranches' of accrual with different benefits/legislation applying to each;
- Keeping records updated as individuals change jobs, homes, names and other personal circumstances;
- Changes in legislation and policy; and
- Macro world events.

These examples demonstrate that rather than being resistant to AI, the pension industry needs to embrace it – AI has the potential to remove a lot of the complexity of running a pension scheme.

Pensions have been called the 'laggards of tech'. Whilst there is some truth in this, it's not entirely fair. Capita Pension Solutions turned 50 last year and when I reflect on how much has changed over that time, it's clear that the industry has made progress, but too often it has not happened as quickly as it perhaps should or could have done, and, as an industry we've not been proactive in the way we use technology. Whilst we no longer use manual records and actuaries are no longer calculating benefits on paper, technology should be playing a bigger role in 2025 than it currently does.

## The complexity is creating the AI opportunity

It's precisely because of this complexity that AI has the power to become transformational for pensions. Its power is in taking the complex, analysing it, and providing the results in super-fast time. However, I do believe that pensions must take the 'human in the loop' approach – it's too complex to rely on AI alone and pensions are very emotive and personal – they need human interaction.

AI will revolutionise the way pensions are managed. The key benefits will be enhanced efficiency, accuracy, and a much deeper personalised service for scheme members.

The ability to create 'agents' using AI is transforming the way we work across all areas of our business. Below are my thoughts on its future uses.

### 1. Streamlining administrative processes

AI is being employed to automate routine tasks such as data entry, form processing, and member queries. This reduces human error and frees up valuable time for pension administrators to focus on helping members and trustees. Machine

learning algorithms will be used to predict and flag anomalies, helping colleagues with processes and reviewing and summarising scheme rules. We are developing agents to help with:

- automating labour intensive tasks
- autonomous email resolution
- project management
- member interaction

### 2. A truly personalised experience

AI will help us provide members with a truly personalised engagement experience tailored to each individual. From how information is presented, to recognising vulnerabilities and language selection, AI has the potential to drive better engagement, create personalised modellers and react to changes in circumstances, rather than the generic segmentation that is currently the norm.

### 3. Enhancing engagement

AI-powered chatbots and virtual assistants are improving communication between the scheme and members. These tools can handle a wide range of enquiries, provide real-time information, and guide members through complex processes. This leads

to higher member satisfaction and engagement, as individuals receive timely and accurate support.

### 4. Predictive analytics for longevity and liabilities

AI has the power to support trustees and advisers in their decision making, making them both quicker and more effective – for example it will be able to predict longevity and other demographic factors that impact pension liabilities. By analysing historical data and trends, AI models can estimate future obligations more accurately, helping pension funds to better manage their financial positions and ensure long-term sustainability.

### AI and pensions – a bright future

AI has the potential to transform the pensions industry and at Capita Pension Solutions we are committed to being at the forefront of this technological revolution. As AI technology continues to evolve, we can expect to see even more innovative applications that will further enhance the efficiency and effectiveness of pension management – the possibilities are endless.

In conclusion, safe and ethical AI is playing a crucial role in modernising the pensions sector and ensuring its adaptability to future challenges. We are all at the start of the AI journey and we are empowering our colleagues to identify opportunities to use it across the business. I am excited about the journey ahead and the potential of AI to transform the industry, and am personally committed to leveraging this technology to deliver better outcomes for our clients and members.



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