

The background is a solid teal color. It features several large, 3D-rendered circular shapes in varying shades of teal, creating a sense of depth and movement. These shapes are positioned around the central text, with one large circle on the left and another on the right, both appearing to recede into the background.

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Administration focus: Integrating people and processes



Isio partner, Girish Menezes &
Isio senior solutions consultant,
Ian Wort

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Pensions administration and AI: Is it just a patch?

Trustees have been captivated by the opportunities offered by artificial intelligence (AI), robotics and related technology. They are rightly demanding more from their pension administrators. But could this come at the risk of losing the people-first approach that has always sat at the core of our exceptionally complex pensions industry?

Trustees face a perfect storm

Trustees' duties go far beyond statutory obligations. They have a duty of care to members – to support them at crucial times in their lives. They must be prepared to meet new regulatory demands, while also managing large-scale scheme transformations.

They are faced with expensive GMP equalisation projects, the requirement

Isio highlights how the human touch must not be lost when integrating AI solutions into pensions administration

to connect to pensions dashboards and increasing pressure from the regulator to enhance their levels of oversight. Adding to this complexity is a resource crunch of experienced administrators who understand our complex pensions arrangements. The 'typical member' is also changing – demanding self service and on demand apps. Is AI that secret sauce that will solve all their problems?

Amid this perfect storm, is there a unique opportunity for fresh thinking – a chance to reshape how trustees can deliver a high quality of services to their members?

The traditional approach to technology
AI does have the power to revolutionise

every aspect of how we work. There is a risk, however, that the pensions industry views it primarily as a way to cut costs.

Just as offshoring can reduce overheads without improving service or satisfaction, so AI can automate processes and interactions without benefiting members. The resulting experience is self-service, transactional and lacking empathy. It's like navigating a maze full of sharp angles and dead ends, with your destination obscured from view and human assistance hard to come by.

A new perspective on AI

There is, however, a different approach. Rather than viewing AI as an end in itself, one can use AI to analyse the

huge volumes of data it holds, including the timing and nature of member interactions. This gives us priceless insight into what members need and when they need it.

“We’ve looked at tens of thousands of communications across a range of clients,” says Isio senior admin solutions consultant, Ian Wort.

“The understanding we’ve gained is the foundation of how we design and resource scheme administration. We don’t wait for members to hit a wall; we accompany them on the journey, predicting their needs and explaining their progress along the way.”

Putting people first

Employing AI in this human-first way means that people come first.

“We use the technology, alongside behavioural analytics, to understand members, so we can support them at key moments,” adds Isio head of administration, Girish Menezes.

“We focus on what they need – encouragement, reassurance and guidance – as well as their specific requirements, such as retirement estimates or scheme updates. This could result in us building an AI-powered ChatBot, or in fact advise redesign of our telephone handling training.”

Isio’s AI-driven research shows that around 20 per cent of enquiries are best dealt with by members speaking with a knowledgeable adviser. So, rather than putting obstacles in the way, we need to make it easy to identify these interactions and connect the members with a trained administrator, who will support with empathy and expertise at the times it is needed most. Administration colleagues can help members tackle complex situations – career change, retirement and even bereavement – when they are at their most vulnerable.

Technology that augments

Data analysis shows members want

empathy, honesty about timeframes, and accessible updates, rather than cold transactions. Eight per cent of these member enquiries relating to routine matters can be dealt with, often pre-emptively, by the right sort of communication and interaction.

We need to use the latest technology to deliver the efficiency and value that every scheme requires but never forget that people are at the heart of our service. Expectations of user experience should not be based on the pension industry. We need to benchmark ourselves against the very best consumer digital experiences. Friendly updates and prompts are delivered on your preferred platform, as and when you need them. Dashboards sharing key information at a glance. After all, why shouldn’t managing your pension be as seamless and intuitive as ordering a pizza or booking a flight?

Redefining pension perspectives

At Isio, we keep three words in mind when we’re analysing and developing member experiences: ‘Thoughtful’, ‘human’ and ‘timely’. As an example, we are exploring a ‘voice-first’ experience across all devices, apps and platforms.

Here, members would simply speak their question or request – at which point they’ll be guided to the solution they need. Ways to connect directly with support staff will be clearly signposted, and we’ll know exactly when to pre-emptively offer support, thanks to data-driven, personalised insights.

“Interactions should be friction-free,” explains Wort. “We want to take away barriers to people being able to do what they want to do, however they choose to contact us.”

It’s all part of Isio’s commitment to redefine not just members’ experience of their pension, but their relationship to it. From intimidating, confusing and boring, to understanding, clear and engaging. It’s how we’re generating better outcomes for everyone.

Giving trustees the information and control they need

It is not just members who should benefit from this human-first, tech-augmented approach. The same combination of understanding requirements and maximising the power of AI enables us to inform and empower trustees like never before.

“Trustees are often bogged down by repetitive compliance and reporting,” states Menezes. “Live reporting, customisable dashboards and bespoke reports are all part of a new experience that gives trustees the information they need, how and when they need it.”

Additionally, data around compliance, stewardship, engagement and operations is constantly updated, highlighting trends and key metrics – meaning trustees can make strategic decisions with clarity and confidence.

Wort is clear about the necessary first steps: “Trustees need to get the nuts and bolts right: benefit specifications, clear trust deed lineage, proper governance, and clean data. We support schemes with these fundamentals that are essential when creating a truly friction-free member experience.”

Which path will you take?

Every scheme faces a journey of technological transformation, but the destinations vary widely. The choices taken now, at the early stages of development, will define the shape of a scheme for years to come.

It is a daunting time, but an exciting one. For those trustees ready to explore a new vision for pensions administration, it is also a time of unparalleled opportunity.

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Administration has long been considered an overlooked and underappreciated area of the pensions industry. Is that still a fair description, or is it now getting the recognition it deserves?

Girish Menezes: The perception of pension administration is definitely changing, for three key reasons.

One is the members themselves. Members are demanding more. They're getting better experiences from their banks and so they are expecting much more from their pension schemes. Trustees are having to step up.

The second is the number of recent projects, such as GMP equalisation, dashboards and buyouts, which require more involvement from administrators. Therefore, administrators have to be involved right at the outset in terms of strategic decisions and timelines. That has given pension administration a seat at the table.

The third is the regulator, which has definitely stepped up its focus on the governance of trustees and pension administration. It is focused on data quality, investments in technology, and investments in people.

➤ **Bottlenecks, or capacity crunches, are regularly cited as a concern for pension administrators, as they grapple with additional projects, such as preparing for dashboards, while still delivering business as usual (BAU). How are administrators responding to this pressure?**

Ian Wort: Bottlenecks and capacity crunches are a regular concern for trustees and other advisers navigating these strategic projects. We think administrators are taking three different approaches to cope.

First is investing in automation and process improvement – speeding up BAU administration such as retirement quotes, address changes, and expression of wishes forms to free up administrators' time for



Isio partner, Girish Menezes



Isio senior solutions consultant, Ian Wort

The evolution of pensions administration

➤ **Isio partner, Girish Menezes, and senior solutions consultant, Ian Wort, speak to *Pensions Age* about the key changes occurring within the pensions administration sector**

strategic projects. We want our experienced people – and those we're training – to focus on members and on complex tasks.

Second is an increased focus in apprenticeships and training. We know there's a general resource crunch within pensions. Therefore, can we build and grow our own administrators – the next generation – learning from experienced administrators who may now be approaching retirement? We are investing heavily in apprenticeships and structured training.

Third is offshoring. That's always an option, but it can't just be a 'lift-and-shift'. Moving poor quality data and processes to a lower-cost location doesn't benefit anyone. We have to ensure it's done properly.

➤ **How are administrators using new technologies to assist with their roles?**

Menezes: Artificial intelligence (AI) has already transformed our lives. People forget — for example, when we license a telephone answering system, it's already AI-enabled. Then you've got content management systems. The moment you store member documents in a repository, AI is switched on – you can search by keywords, criteria – so AI is already integrated into our lives.

The second thing is the so-called 'gold rush'. Organisations are saying: "Can I use AI for benefit specs? Data cleaning? Reporting?" We worry that people see AI as an objective in itself, rather than as a tool. But in reality, it's like in your personal life – you use it to analyse, to search. That's how we approach it.

For example, Ian and I know we're sitting on a vast treasure trove of data, such as processes, member interactions, requirements. So, we're using AI to analyse it, and we've gained priceless insights into what members actually need – not what we think they need.

They want encouragement, reassurance, guidance. It's not just about getting a retirement quote – they want to be supported as human beings through that process.

One note of caution: There's a lot of 'AI washing.' The USA's Securities and Exchange Commission has flagged it as a problem. Companies overhype their tech, use legacy systems, and call it AI. Or they implement AI that doesn't work properly, like those frustrating call centres where the AI keeps looping you around.

Ultimately, AI is only as good as the strategy that sits behind it. And for it to work, you need clean data.

➤ **Ensuring data quality has been a perennial issue for pensions administrators, and with pensions dashboards coming up, it's more vital than ever. How can new technologies help administrators tackle this issue?**

Wort: My observation is that there's often a stark difference between a trustee saying, "Our data is really good," and what we find when we analyse it.

We're now using enhanced tracing and ID verification functions to support administration firms with common data elements, which is especially relevant for the pensions dashboards.

Verification will be essential to access dashboards so the pensions industry should be using the same level of rigour – to ID people properly and use that information to improve data quality.

Now, the easy part is things like names and addresses. The harder part is scheme-specific data. That's more difficult, especially with legacy administration over 20, 30, 40 years.

AI and robotics can help. They can harvest data from member files, but that

means digitising. That's our first message to any trustee: If you've got paper files sitting in a castle in Scotland, they need to be scanned. There's so much valuable data in those archives. Digitising is critical – there's no longer a legal need for paper files. Digital has the same contractual value. We can then use AI and robotics to pull out information, validate, and enhance the data.

"Administrators have to be involved right at the outset in terms of strategic decisions and timelines"

However, it is important to remember that AI is a catalyst, not a cure. AI-driven validation tools need trustee investment – not just in tech, but in people, because people understand the data. You can't just tell AI, "fill in the blanks" as you don't know what it will find, what it will update.

So, trustees need skilled staff and robust processes, with ongoing audits.

➤ **For a long time, there was pressure on administrators to deliver more for lower fees – arguably a "race to the bottom". Now it seems the conversation has shifted away from purely cost and toward value for money and value for member. Is this the case?**

Menezes: The shift in perception around administration has driven a change in pricing perceptions too. High-quality member experience and cyber resilience are now seen as essential.

One reason is projects. If you're going through an expensive GMP equalisation or a buyout, you quickly realise you need a good administrator that has the resources and systems to deliver. The regulator's focus on administration has also made trustees think more carefully when appointing providers.

Also, administrators themselves have pushed back. There's been pressure in the

market, and everyone's recognised that the current model isn't sustainable. We have to charge a profitable, appropriate fee. I don't see many tenders going to the cheapest bidder anymore.

Wort: We've been reviewing admin pricing for 10–15 years. Yes, fees go up with inflation and demand, but expectations have changed. We're being asked to deliver much more.

Even after a big project there is still work. With dashboards, post-buy-in transactions, the administration doesn't get easier, it often gets more complex. There are different reporting, financial obligations, and so on, and so the increase in price reflects the reality.

➤ **What will be the main areas of focus for the pensions administration sector over the next few years or so?**

Wort: We've identified four key points.

First is data integrity; it underpins everything. Without trustee support to get the data right first, we risk giving members incorrect information.

Second is cyber resilience. As schemes become more digital, protecting member data is absolutely critical. We must also protect members from scams, fraud, and cyber threats. Member guidance is vital.

Menezes: Member-centric technology is another area of focus. With AI and robotics, members will expect a friction-free retirement experience.

Finally, the regulator's focus on administration is increasing. Therefore, we will need much more quantitative evidence – inputs and outputs – to demonstrate the quality of member communications, data quality plans and value for money, especially in DC. The regulatory environment will become much more evidence based.

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