BRIEFING · SEPTEMBER 2026

Artificial Intelligence in *UK Pensions and Retirement Income*

What the evidence actually says, what the two regulators expect, and what can safely be done now. United Kingdom; the guided retirement duty applies in England, Scotland and Wales.

Neil Catton

Independent Technology Strategist · Technology, Ethics & Human Purpose

NEILCATTON.COM

Prepared as a market briefing. Every figure is traced to a regulator, an ombudsman, a government body, the statute book, a trade body's own data collection, or an organisation speaking on its own record.

ONE

A note on the numbers

This briefing is built from what can be checked, and it names what was left out.

Almost every published statistic about artificial intelligence in pensions is produced by a company selling artificial intelligence into pensions. None of that material appears here. Every figure traces to the Financial Conduct Authority, The Pensions Regulator, the Department for Work and Pensions, the Money and Pensions Service, the Pensions Dashboards Programme, the Financial Ombudsman Service, The Pensions Ombudsman, UK Finance's own data collection, the statute book, or a provider speaking on its own record.

DATES ARE STATED, BECAUSE THEY MOVE

The FCA's retirement income market data used here covers April 2024 to March 2025. The following year's edition had not been published at the date of this briefing; when it is, it replaces every figure drawn from the earlier year.

POTS ARE NOT PEOPLE

One person can access several pension pots. Where this briefing compares pots accessed with guidance appointments, it says so, and it does not turn that comparison into a percentage of people.

NAMED AND EXCLUDED

A bank's commissioned survey on the use of AI for pension planning is excluded, even though a regulator quotes it: a regulator repeating a firm's survey does not make the figure the regulator's. Two industry surveys on AI adoption are excluded because neither publishes its sample. A count of firms applying for targeted support permission is excluded because it rests on a journalist's request rather than a published source. Every supplier figure for administration savings is excluded.

Every vendor claim encountered in the research was excluded, without exception.

Sources for each figure are given at the foot of the section in which it appears, and listed in full in section thirteen.

TWO

The wider market

More people drawing on their pensions, drawing more, and increasingly through drawdown.

961,575	£70.9bn	60m+
Pots accessed for the first time, 2024/25	Withdrawn from pension pots in the year, up 35.9%	Pension records connected to the dashboards infrastructure

In the year to March 2025, 961,575 pension pots were accessed for the first time, up 8.6 per cent. Drawdown sales rose 25.5 per cent to 349,992, against 88,430 annuities. The value withdrawn from pension pots rose from £52,152 million to £70,876 million. Transfers out of defined benefit schemes into defined contribution arrangements fell to 6,418.

The infrastructure around those decisions is changing at the same time. Every provider and scheme in scope must connect to the pensions dashboards by 31 October 2026; by April 2026 more than 1,000 had done so, and "over 60 million pension records… representing around three quarters of the total records in scope" were connected. The Pension Schemes Act 2026, which received Royal Assent on 29 April 2026, creates a duty on trustees to offer default retirement income solutions.

WHY THIS MATTERS TO AN AI PROGRAMME

For the first time, a person's whole pension position will exist in one place.

That is the obvious input to any tool that suggests what someone should do with their retirement savings — and it arrives in the same year as a new regime designed to let firms make those suggestions at scale.

FCA, *Retirement income market data 2024/25*, 16 September 2025 · Pensions Dashboards Programme, 28 April 2026 · Pension Schemes Act 2026 (c. 22).

THREE

The pressure point

The most consequential money decision most people make, most make without advice.

Of the 961,575 first-time pot accesses in 2024/25, 30.6 per cent involved regulated advice. The other 69.4 per cent did not. In the same year, the Money and Pensions Service recorded 112,000 Pension Wise appointments attended, 248,000 pensions guidance sessions and 526,000 completions of its pensions guidance digital tools.

ACCESSES WITHOUT ADVICE

69.4 per cent of first-time pot accesses, 2024/25.

GUIDANCE APPOINTMENTS

About one Pension Wise appointment attended for every 8.6 pots accessed — a comparison of pots with appointments, not a share of people.

The FCA's own diagnosis, set out when it confirmed targeted support, is that "around 23 million consumers are currently underserved by the markets for advice and guidance", and that most adults aged 45 and over have no clear plan for how they will access their defined contribution pension.

That is the gap the two new regimes are designed to fill, and it is the gap in which AI will be deployed. The people it will reach are, by definition, the people who were not being reached before — and who are least likely to have anyone checking what they were told.

FCA, *Retirement income market data 2024/25* · Money and Pensions Service, *Annual Report and Accounts*, year to 31 March 2025 · FCA, PS25/22, 11 December 2025.

FOUR

What the sector is facing

Two regulators, two regimes, and two different answers to the same question about AI.

The FCA built targeted support. In force from 6 April 2026, it lets firms "give support to consumers on whether and how to invest or save for their pensions", with suggestions designed for groups of consumers with common characteristics. "While the recommendations firms make will be personal to the consumer, they will not involve a comprehensive consideration of that consumer's characteristics or circumstances." Targeted support is not subject to the COBS 9/9A suitability standards. When it confirmed the regime, the FCA recorded this:

> *Eight respondents also noted there was an inherent tension between artificial intelligence (AI), which enables a high degree of personalisation, and the targeted support regime which is based on consumer segments with common characteristics.*
>
> *FCA, PS25/22, chapter 3*

Its answer: "Overall, we remain comfortable that the outcomes-focused nature of targeted support enables it to remain fit for purpose as technology develops. We will continue to engage closely with industry to make sure there is clarity around their use of AI including for targeted support."

The Pensions Regulator published an AI Plan. On 20 May 2026 TPR named the risks it sees — technology outpacing governance, "members using AI for financial planning and advice", more sophisticated cyber-attacks, AI-generated scams, and "bias that could widen existing inequalities" — and committed to "work with government and industry to ensure well-designed default regimes, such as the forthcoming guided retirement duty, can help protect members against the risks of biased or flawed AI-powered financial advice or decision-making".

THE TWO POSITIONS, SIDE BY SIDE

One regulator lets AI inside the segment. The other is building a default to protect members from it.

Neither is wrong. But a provider running both contract-based and trust-based books answers to both, for the same kind of customer, at the same moment of decision.

FCA, PS25/22, 11 December 2025 · The Pensions Regulator, *AI Plan* and press release, 20 May 2026.

FIVE

The challenges of using AI here

Four risks specific to pensions. None of them is about the technology failing to work.

ONE · SEGMENT DRIFT

An AI system that tailors a group suggestion to one person moves towards a personal recommendation, without the suitability assessment that would ordinarily come with one. The FCA has left the line between the two to be drawn by outcomes. Inside a firm, somebody has to draw it in advance.

TWO · THE DEFAULT'S EVIDENCE BASE

Guided retirement defaults will be designed from the sector's own experience. Lifestyle investment — an automated glide path chosen by design — is already one of the leading themes in complaints to The Pensions Ombudsman.

THREE · THE ADMINISTRATOR'S MODEL

Administration is widely outsourced. TPR expects trustees to establish clear governance for AI use, "including assuring themselves that administrators, service providers and advisers" have comparable arrangements, and says trustees remain accountable for outcomes whatever they delegate.

FOUR · THE TOOL IN THE MEMBER'S POCKET

In TPR's words: "Unlike authorised financial advisers or providers, general-purpose AI tools are unregulated." Most people access their pension without advice, which makes this sector unusually exposed to members arriving with an answer from somewhere else.

FCA, PS25/22 · The Pensions Ombudsman, *Annual Report and Accounts 2025–26*, 9 July 2026 · The Pensions Regulator, AI Plan and press release, 20 May 2026.

Where AI actually is

What the public record shows, and what the firms launching the new regime do not say.

The schemes. TPR records schemes using AI for "personalised support, for example clearly and accessibly answering members' questions about retirement options or modelling their outcomes", and for "targeted and timely communications, tailored to their members' needs, whether bespoke emails or video statements".

The regulator. TPR "uses an AI-enabled process to help identify and prioritise websites that may be promoting pension scams. This approach has assessed over 2,000 websites, enabling the removal of 29 high-risk sites and reducing manual scanning and triage by around two hours per day."

The regulator's testing programme. Scottish Widows, part of Lloyds Banking Group, is testing AI-enabled targeted support for investments in the second cohort of the FCA's AI Live Testing, announced on 21 April 2026.

The firms with permission. Royal London (7 April 2026), Legal & General (May 2026) and Aviva (June 2026) each announced FCA approval to deliver targeted support. Royal London cites its own modelling that 21.5 million people could benefit; L&G serves 5.8 million defined contribution members and will start with members whose savings are "fully invested in cash"; Aviva will offer "prompts and suggestions" based on "what typically works for people in similar situations". **None of the three announcements mentions AI.**

WHAT THE SILENCE MEANS

The regime the FCA said is fit for AI is being launched without any approved firm saying whether AI is in it.

The only public joining of the two is inside the regulator's own testing programme. A board that wants to know what its competitors are doing with AI in targeted support will not find out from their announcements.

The Pensions Regulator, *AI Plan*, 20 May 2026 · FCA, AI Live Testing second cohort, 21 April 2026 · Royal London, 7 April 2026; Legal & General, May 2026; Aviva, June 2026.

SIX

The threat side

Scams aimed at members, and errors arriving at the ombudsman — the second is the less obvious and the more useful.

£221.5m
Investment scam losses in 2025, up 40%

0.8m
Adults reporting a pensions or investment scam in 12 months

+14%
New complaints to The Pensions Ombudsman, 2025–26

UK Finance recorded £221.5 million lost to investment scams in 2025, up 40 per cent, across 14,893 cases. The FCA reports that 0.8 million UK adults experienced a pensions-related or investment-related fraud or scam in the previous twelve months. TPR's AI Plan warns that perpetrators are using AI "to develop clone websites and convincing phishing campaigns more efficiently", with impersonation and "fake personas" among the risks it expects next.

The less obvious finding comes from the ombudsman. The Pensions Ombudsman received 10,944 new complaints in 2025–26, up 14 per cent, and reports an "increased use of AI in the judicial review challenges" it receives, with some containing "errors caused by AI, including incorrect case references being cited". The Ombudsman is itself preparing to use AI in its casework.

THE DIRECTION OF THE THREAT

This series re-establishes the threat model for every sector rather than inheriting it. In pensions, as in legal services and social housing, part of the threat is legitimate: members and their representatives using AI to challenge decisions, sometimes badly. That has to be handled without implying wrongdoing on their part.

UK Finance, *Annual Fraud Report 2026* · FCA, *Regulatory Priorities: Consumer Investments*, March 2026 · The Pensions Regulator, AI Plan · The Pensions Ombudsman, *Annual Report and Accounts 2025–26*.

SEVEN

The UK legal position

Two rulebooks for one member, and a design choice underneath targeted support that nobody has framed.

Targeted support	FCA permission required from 2 March 2026; in force 6 April 2026. Suggestions for groups; not subject to COBS 9/9A. A post-implementation review "within 2 years of the gateway opening".
Consumer Duty and SMCR	Apply to contract-based providers unchanged. The FCA's guidance on applying its existing rules to AI is due by the end of 2026.
TPR expectations	Governance of AI, testing and ongoing monitoring, assurance over providers, data quality, and compliance with data protection law "including as it relates to automated decision-making". Guidance for schemes promised in 2026.
Pension Schemes Act 2026	Duty on trustees to design and offer default pensions providing an income throughout retirement. Legislated; no commencement date on the public record.
DUAA 2025, s.80	In force 5 February 2026. Whether a targeted support suggestion is a "significant decision" within the automated decision-making rules is an open question; the ICO's draft guidance was consulted on from March to May 2026 and is not yet final.

The overlooked change: outside the suitability rules

The FCA proposed, and confirmed, that targeted support "will not be subject to the suitability standards in the Conduct of Business Sourcebook (COBS) 9/9A". Suitability is assessed for the segment, not the person. For the problem it was designed to solve — millions of people making decisions with no help at all — that is a sound design.

It also means that the one test that would ordinarily catch a suggestion that is wrong for a particular person is, by design, not applied to that person. If AI inside a firm's targeted support personalises further than the segment, the protection that would normally travel with a personal recommendation does not travel with it. The FCA's answer is that the regime is outcomes-focused. That puts the line-drawing inside the firm, and it will be tested first in a complaint rather than in a rule.

FCA, PS25/22 · The Pensions Regulator, press release, 20 May 2026 · DWP, *Guided Retirement guiding principles*, 13 July 2026 · Data (Use and Access) Act 2025 s.80 · ICO consultation, 31 March–29 May 2026.

EIGHT

Beyond the UK

One comparator, and one omission from it that is itself informative.

The EU Artificial Intelligence Act lists, in Annex III point 5(c), AI systems intended to be used for risk assessment and pricing in relation to natural persons in the case of life and health insurance as high-risk. Annuities are life insurance. An enhanced-annuity underwriting model that prices a retirement income on a person's health and lifestyle would fall within it, and the Act's requirements — risk management, data governance, documentation, human oversight and standards of accuracy — would attach to the system itself. The high-risk obligations apply from 2 December 2027.

Investment guidance and retirement income suggestions do not appear in the EU's high-risk list. The EU regulates that activity through its conduct rules, not through the AI Act. On the specific decision this briefing is about, the EU and the UK are closer than the headline contrast between the two regimes suggests.

IN THE EU LIST

Life and health insurance risk assessment and pricing — which reaches annuity underwriting.

NOT IN THE EU LIST

Retirement guidance, investment suggestions and default design.

STATE THIS PLAINLY

The EU AI Act does not apply to UK schemes serving UK members. This is a comparator, not an obligation, and no compliance gap is implied.

Regulation (EU) 2024/1689, Annex III, point 5(c), and Articles 9 to 15.

NINE

Today

Seven things that can be done now, none of which waits on new law, new funding or a supplier.

→ **Write down where your targeted support ends and a personal recommendation begins**, and test any AI component against that line before it goes live.

→ **Test for segment drift.** Compare what an AI-assisted service actually suggests with what the segment design says it should suggest.

→ **Review default and lifestyle designs against The Pensions Ombudsman's leading complaint themes**, before guided retirement defaults are built on them.

→ **Obtain written assurance from administrators** on the AI they run on your behalf, as TPR expects trustees to do.

→ **Clean the data you will expose through the dashboards** before 31 October 2026.

→ **Monitor for clone sites and impersonation of your scheme**, as TPR now does across the sector.

→ **Tell members, in plain words, what any AI in your service is and is not** — including that it is not advice, and what protection comes with it.

None of these requires a decision about whether to adopt AI. They are the conditions under which that decision can be defended afterwards. The first is the one most firms have not done, because the regime was written so that they would not have to.

Drawn from FCA PS25/22; The Pensions Regulator, AI Plan and press release, 20 May 2026; The Pensions Ombudsman, Annual Report 2025–26; Pensions Dashboards Programme guidance.

TEN

Tomorrow

Three levels defined by where accountability sits, and three horizons.

Three levels

Assistive	It prepares, answers and models; the member or adviser decides. Answering factual questions about retirement options and drafting statements sit here. Accountability is unchanged, and almost all defensible value sits here today.
Augmentive	It recommends within bounds; the person confirms. A targeted support suggestion is augmentive for a group by design. Personalised further by AI, it approaches a recommendation to one person — and the member is the one confirming it.
Adaptive	It decides within a defined envelope. A guided retirement default is adaptive by design: the trustee sets the envelope and the member consents at "the key consent moment". How AI is used inside that envelope is a reasoned projection, not yet an observation.

Three horizons

0 to 12 months	Dashboards connection by 31 October 2026. The FCA's AI guidance and TPR's promised guidance for schemes, both due this year. A written line between support and recommendation.
12 to 36 months	Guided retirement defaults designed and offered. The FCA's post-implementation review of targeted support, within two years of the gateway opening in March 2026.
36 months and beyond	Tools that read a person's whole pension position from dashboards data and suggest what to do with it. Whether those are support, advice or a default is the question this briefing raises.

The third band is a projection. Guided retirement has no commencement date on the public record, and TPR describes its reform roadmap timings as indicative.

Pensions Dashboards Programme · FCA, PS25/22 · The Pensions Regulator, *Pensions reform roadmap* · DWP guided retirement principles, 13 July 2026.

ELEVEN

Benefit realisation

Reach is not the same as help, and the sector's first targeted support uses show why the difference matters.

The worked example is on the public record. In a single year, 961,575 pots were accessed for the first time, 69.4 per cent of them without advice, against 112,000 Pension Wise appointments. Legal & General's first use of targeted support is members whose pension savings are "fully invested in cash", highlighting inflation risk and suggesting diversification. It reports that in testing its communications drew 85 per cent engagement interest and 95 per cent comprehension.

Those are reach and understanding measures, and they are the right first measures. They are not the benefit. The benefit is whether the members who received the suggestion end up better off than they would have been — and some will not, because a suggestion designed for a group will be wrong for some of the people in it.

WHAT IS EASY TO COUNT

Suggestions sent. Engagement. Comprehension. Members who acted.

WHAT THE BENEFIT ACTUALLY IS

Outcomes a year on for those who acted and those who did not. Complaints traced to a suggestion. Withdrawal rates that later proved unsustainable.

The practical step is small. Add one measure of the effect on the member to every AI business case. A benefit case that counts messages sent will report a success whatever happens to the people who received them.

FCA, *Retirement income market data 2024/25* · MaPS, *Annual Report and Accounts*, year to March 2025 · Legal & General press release, May 2026.

TWELVE

A way in

Eight workstreams. The first three form a natural first step.

01	**Readiness assessment**	What AI touches a member at the point of access, in-house or at the administrator, and who answers for it.	4–6 weeks
02	**Use case identification and triage**	Sorted by where accountability sits, not by expected saving.	3–4 weeks
03	**Regulatory and legal position paper**	Targeted support, COBS, Consumer Duty, TPR's expectations and section 80, read together.	3–4 weeks
04	**Board and executive governance**	Who owns the line between support and recommendation.	4 weeks
05	**Threat and integrity response**	Clone sites, impersonation, and AI-assisted challenges.	4 weeks
06	**Benefit realisation framework**	Including the effect-on-the-member measures in section eleven.	3 weeks, parallel
07	**Build, buy or partner evaluation**	Including administrator AI, and who carries the error.	4–6 weeks
08	**Twelve-month mobilisation roadmap**	Sequenced against dashboards, the FCA's guidance and TPR's.	2 weeks

THE FIRST STEP

Workstreams one to three form a natural first engagement of six to eight weeks.

Six to eight weeks fits inside a year in which dashboards connect, the FCA publishes guidance on AI and TPR publishes guidance for schemes — which is the difference between describing a practice you already have and being told what it should have been.

nc@neilcatton.com · neilcatton.com

THIRTEEN

Sources

Every figure in this briefing, traceable to a named publication and a date.

→ FCA, *Retirement income market data 2024/25*, 16 September 2025.

→ FCA, PS25/22, *Supporting consumers' pensions and investment decisions: rules for targeted support*, 11 December 2025.

→ FCA, AI Live Testing second cohort announcement, 21 April 2026.

→ FCA, *Regulatory Priorities: Consumer Investments*, March 2026.

→ The Pensions Regulator, *AI Plan*, and press release *TPR clarifies expectations for responsible use of AI in workplace pensions*, 20 May 2026; *Pensions reform roadmap*.

→ Department for Work and Pensions, *Pension Schemes Act 2026: Guided Retirement guiding principles*, 13 July 2026.

→ Pension Schemes Act 2026 (c. 22), 29 April 2026.

→ Money and Pensions Service, *Annual Report and Accounts*, year ended 31 March 2025, laid 23 March 2026.

→ Pensions Dashboards Programme, *Pensions dashboards connection deadline: your questions answered*, 28 April 2026.

→ Financial Ombudsman Service, *Annual complaints data and insight 2025/26*.

→ The Pensions Ombudsman, *Annual Report and Accounts 2025–26*, 9 July 2026.

→ UK Finance, *Annual Fraud Report 2026*.

→ Royal London, press release, 7 April 2026; Legal & General, press release, May 2026; Aviva, press release, June 2026.

→ Information Commissioner's Office, consultation on draft guidance on automated decision-making, 31 March–29 May 2026.

→ Data (Use and Access) Act 2025, section 80; commenced 5 February 2026 by SI 2026/82.

→ Regulation (EU) 2024/1689 (the EU Artificial Intelligence Act), Annex III.

Excluded on the record: a bank's commissioned survey on AI and pension planning, quoted by a regulator; two industry AI surveys without a published sample; a targeted-support application count resting on a journalist's request; a provider's retirement research not read in full; all supplier figures for administration savings.

FOURTEEN

About the author

Neil Catton is an independent technology strategist with more than thirty-nine years of technology leadership across twenty-plus sectors — from central government, policing and national health systems to banking, manufacturing and insurance. He has held CTO and Director-level roles at BT, Wipro, Fujitsu, Sopra Steria and Capita, and works across a fractional portfolio spanning public safety, public sector, insurance, health technology and early-stage startups.

He currently supports a pre-launch insurance business in the institutional investment and pension-adjacent long-term savings market as its nominated COO, presenting to funders, and has designed the technology for two UK challenger banks end to end. He is the author of the technology ethics trilogy *The Next Evolution*, *The Cognitive Crucible* and *The Shadow System*, and writes at neilcatton.substack.com.

How this briefing was produced

Only primary sources are used: a regulator, an ombudsman, a government body, the statute book, a trade body's own data collection, or an organisation speaking on its own record. Where this briefing reports an absence, the relevant documents were read for it and the claim is stated as what was read. Figures that could not be traced to a named source are named as excluded rather than quietly dropped, because what a briefing leaves out is the better test of it.

In keeping with this report's own argument: this briefing was produced with AI assistance, used transparently and kept under direct human editorial control throughout. Every source was verified; every judgement was reviewed by Neil Catton before publication.

NOTICE

This briefing is not legal, regulatory, financial or professional advice. The position is stated as at 24 September 2026 and may since have moved; readers should check the current position before relying on anything here. Third-party sources are cited in good faith and should be verified before reliance. Named organisations appear only from regulator or ombudsman records or from their own published statements, and are used illustratively; none has been engaged or approached in connection with this briefing. No advisory or client relationship is created by receipt of this document.

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