

*Fast Facts*

# Fintech and the Retirement Savings System

## SUMMARY

The Society of Actuaries (SOA) report, *Fintech and the Retirement Savings System*, looks at new financial technologies (fintech) and their applications related to the retirement savings system. The authors look at both direct and indirect ways plan participants, plan sponsors, and service providers are affected by fintech.

Fintech can offer personalization for participants, improving their interaction with their pension plans. For plan sponsors and service providers, fintech can provide better protection of data and accountability of advisors.

The report also includes discussion and considerations of the use of artificial intelligence, cloud computing, robo-advisors, blockchains, and dashboards for retirement applications.

## HIGHLIGHTS

- Through the use of robo-advisors, cloud computing, blockchain accounting technology, and artificial intelligence, companies can reduce administration costs and increase security.
- According to a UK survey, there are large differences in how pension participants prefer to receive information: 60% of people age 25-34 are comfortable viewing their pension information with a mobile banking app vs. 11% of people over age 65.
- Gamification can be used to teach basics of investing in pensions, helping to educate workers about pensions and the effect of delaying contributions or saving different amounts.
- Robo-advisors use computer algorithms to provide investment advice and manage investment portfolios at a reduced cost. They use factors such as account balance, income, tax situations, etc. to analyze a client's financial status and provide recommendations tailored to the client's needs, opening up financial advice to more than just the wealthy.
- Lost pensions from workers' previous employment is a well recognized risk. To address this issue, pension dashboards are a developing approach in some countries to help workers keep track of all their pension accounts – from both previous and current employers – in one place.
- Artificial intelligence (AI) evaluates large amounts of data, drawing insights on investment strategies. It is suggested to combine AI with human experts for optimal results.

## LINK TO REPORT

Fintech and the Retirement Savings System

<https://www.soa.org/globalassets/assets/files/resources/research-report/2021/fintech-retirement-savings.pdf>

## METHODOLOGY

- Published: January 2021
- Process: The Society of Actuaries' Aging and Retirement and Actuarial Innovation and Technology Strategic Research Programs commissioned research on fintech and its uses in the retirement system. The Committees' Project Oversight Group provided input on content and reviewed the project. The goal was to produce an informational report with a sampling of the current landscape.
- The report is divided into four major sections: Introduction, Participants, Plan Sponsors and Service Providers, and Summary and Conclusions.

## REPORT SPECS

- Published: January 2021
- Pages: 27
- Access: Downloadable pdf
- Research Sponsor: The Society of Actuaries Aging and Retirement Strategic Research Program and the Actuarial Innovation and Technology Strategic Research Program
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