



# For the People, By the People: The Need for Human-Centered Public Pension Systems

## INTRODUCTION

As the number of retired U.S. civil servants continues to grow, public pension administrators are realizing the significance of human-centered technology for member engagement, collaboration, and convenience. Seamless and intuitive interfaces, AI technology, and customization can make public pension core systems and processes more user-friendly, leading to greater usability and engagement among constituents. With collaborative and human-centered technology, pension systems can ensure that they serve people, and not vice-versa<sup>1</sup>, to truly fulfill their long-term commitment to millions of public servants nationwide.

## THE HUMAN-CENTERED TECHNOLOGY NEED

Pension systems should run on modern platforms that enable intuitive and engaging self-service and convenience for pension members throughout their active careers and into retirement. These systems should also allow for remote collaboration, security and compliance, and performance and scalability. Embracing these capabilities is not only a requirement for today's post-pandemic, increased digital world, but also necessary to address rising member expectations for pension programs to offer the same speed, security, and usability as any smartphone application.<sup>2</sup>

## THE AI OPPORTUNITY

Human-centered technology that is adaptable to member needs includes AI technologies that can model what/if scenarios and benefits calculations, as well as real-time analytics for liquidity forecasting and overall pension fund management. AI technology can also be used for intelligent, automated document uploading and recognition, but can only succeed if it delivers the best member outcomes, most notably when agencies foster collaboration between people and technology, to augment the other's capabilities to get the best results. International public pension systems have already taken a human-centered approach to technology, by instituting AI to coordinate services and manual tasks for members as well as considering future expanded uses. Namely:

- The Finnish Center for Pensions in Helsinki, Finland, which implemented a machine-learning algorithm to predict those retiring on a disability pension, based on socioeconomic, earnings, and benefit data. It managed a 78% accuracy rate.<sup>3</sup>
- Within the UK, the Department for Work and Pensions is currently using AI to work with members to crack down on benefits fraud.<sup>4</sup>

- Canada's Ontario Municipal Employees Retirement System is partnering with the Toronto-based Vector Institute, an AI-oriented think tank to expand the use of AI software in its pension space.<sup>5</sup>

In future use cases, AI could improve an individual's retirement saving investment strategy, through personalized portfolio recommendations.<sup>6</sup> AI can also potentially identify populations in pension programs that will not be able to retire due to insufficient savings, or those that will face other critical decisions, such as what to do when saving into a pension is no longer economically efficient.<sup>7</sup> In these instances, AI can be used to target members who need education or better follow up. Public pension constituencies are ready and willing for AI to make headway into pension operations: a recent poll determined that 57% of citizens want the government to use AI to increase efficiency and reduce costs, while 37% of citizens say they've used AI-enabled public services in the past six months.<sup>8</sup>

## CONCLUSION

With more collaborative, intuitive, and engaging human-centered technology, public pension systems can evolve along with their members' career and retirement trajectories to deliver the services that they are obligated to provide, at an enhanced level. Namely, for active public service workers, the critical retirement process information for appropriate planning decisions, and for retirees, the benefits payouts for the security and peace of mind for their golden years.

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1 "Public Services that Move at the Speed of Life," Accenture, September 2019

2 "How Government Agencies Can Accelerate Their Modernization Journey," Atlassian, April 2021

3 "Artificial Intelligence and Pension: Narrow AI in Pension and Youth Saving for Retirement," Medium, July 2019

4 Ibid.

5 "OMERS joining think tank to find uses for AI in the pension sector," Benefits Canada, August 2021

6 Ibid.

7 Ibid.

8 Op. Cit, Accenture