


Mind the gap



Bridging the UK's pension divide with
intelligent digital solutions powered by AI.

CreateFuture

Can AI unlock the £800bn pension opportunity?

BUILDING TRUST THROUGH

♥ Empathy

▢ Engagement

☆ Empowerment

The UK pensions system stands at a turning point. Defined Contribution (DC) pension assets are projected to reach **£800bn by 2030 — 400% growth on levels in 2023**. But this headline figure hides a deeper challenge. Despite the expansion, 12.5 million people — 38% of the working-age population — are under-saving. In parallel, many people are accessing their pension and making decisions without any advice or guidance.

Many pension providers are racing to modernise — but too often the conversation starts with technology rather than with people. CreateFuture seeks to confront an urgent reality: **millions of people are under-saving for retirement**, don't feel confident about their financial future, and are being let down by a system that isn't built around their needs.

Against this backdrop, the need to reimagine the customer experience becomes urgent. To deliver meaningful change, providers must focus on three interconnected principles: **empathy, engagement, and empowerment**. Empathy involves understanding savers' goals and the emotional weight of their decisions.

Engagement means creating experiences that feel relevant and personal. And empowerment is about giving people the tools and confidence they need to act. Together, these elements form a powerful foundation for more inclusive and effective pensions support.

Simon Hull, Director of Financial Services at CreateFuture and a CFA charterholder, brings a perspective shaped by years of working across the investments industry to solve these challenges. He believes that digital technology — particularly AI — can play a pivotal role in building a more inclusive, trusted, and empowering pensions system.

At CreateFuture, we believe that acknowledging the limitations of traditional approaches and embracing a new era of digital engagement is essential to delivering more effective support for savers. Rather than simply informing people, we advocate for building **intuitive, confidence-building digital experiences that empower individuals** to take control of their financial futures — ensuring that the wealth within the pensions system benefits all, not just a select few.

CreateFuture

CreateFuture partners with leading financial services and pension providers to deliver transformative digital experiences. Our expertise in leveraging AI, behavioural science, and user-centred design has empowered clients to build inclusive, intuitive, and effective solutions — driving better retirement outcomes for millions of savers. Clients trust us to help navigate complex challenges, harness technology effectively, and deliver impactful innovation in wealth and pensions.

The crisis:

What is happening and why?

Despite making up **42% of UK household wealth** — the single largest component of what most people own, ahead of property or other investments — **pensions are hurtling millions toward an insecure retirement**. This hard-earned asset, meant to support later life, is failing to deliver on its promise. The system designed to protect that wealth is under strain, exposing the limits of traditional pension engagement models and leaving too many at risk of retiring with far less than they need.

One of the most visible symptoms of this systemic strain is the **pensions gap**. Despite the centrality of pensions to household wealth, millions of people in the UK are not saving enough. While pension assets are expected to soar, this growth isn't being felt evenly. The projected growth is largely driven by trust-based DC schemes — workplace pensions where trustees manage the plan in the interest of members, typically benefitting full-time, salaried employees.

Meanwhile, millions who have under-saved, work in non-traditional roles or earn lower wages are being left behind.

A **2023 UK Government analysis** reveals that 12.5 million individuals — or 38% of the working-age population — are under-saving for retirement. This highlights how a growing pension system isn't translating into financial security for all — particularly for those who didn't start saving early enough before auto-enrollment, or those excluded from traditional employment models — and raises urgent questions about who truly benefits from this boom. Those who rely on a state pension (up to a third of future retirees) will find themselves trying to survive on **£11,502 per year, which falls significantly short of the £14,400 per year** recommended by the Retirement Living Standards for even a basic standard of living.

And the concern runs deeper than just how much is being saved. Research by **Unbiased** shows that 57% of UK adults say they lack confidence in having enough time to build a sufficient pension before retirement. This lack of confidence is particularly pronounced among women (only 29% express confidence compared to 42% of men), and those aged 45 and above (just 31%, versus 44% of 18–34-year-olds), highlighting **deep-seated anxiety and generational and gender disparities** in preparedness.

- ⓘ This lack of confidence is particularly pronounced among women (only **29%** express confidence compared to **42%** of men).

Why aren't people saving?

Many individuals in the UK are not saving adequately for retirement due to a mix of immediate financial pressures, systemic disengagement, and structural barriers. The cost of living crisis has placed significant strain on household budgets, with many people forced to prioritise short-term needs over long-term savings. While there are signs this pressure may be beginning to ease, savers remain concerned. According to [**BlackRock's 2023 survey**](#), nearly half (48%) of UK adults had reduced or stopped their pension contributions due to rising costs. At the same time, the cost of a basic retirement has risen by 60% in just three years, according to research commissioned by the Living Wage Foundation — further widening the gap between what people can save and what they'll actually need.

Research from the [**Pensions and Lifetime Savings Association \(PLSA\)**](#) found that 71% of people believe the current minimum contributions made through auto-enrolment — typically 8% of a person's salary, split between employee and employer — are not enough to fund a decent retirement.

Many are calling for employers to contribute more, or for policy changes to raise this minimum, recognising that the current default approach may leave them short later in life. This reflects not just financial strain, but also that people are beginning to realise they're not saving enough to retire comfortably.

Financial literacy plays a significant role here. Research from [**Aberdeen**](#) shows that individuals with lower financial literacy are worse off — even when earnings are similar — suggesting that knowledge, not just income, shapes outcomes. Without a firm grasp of how pensions work or what's needed for a secure retirement, many people disengage entirely, **avoiding complex decisions rather than navigating them.**



(i)

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Mind the advice gap

The challenge of retirement doesn't end when people stop saving. In fact, it often gets more complicated in the **decumulation phase** — the point at which people begin drawing down their pension pots. And yet, this is precisely where the advice gap becomes most critical. Many are navigating this stage without professional guidance, leaving them at risk of making uninformed and potentially costly decisions.

Since Pension Freedoms were introduced in 2014, individuals have had far more control — but also far more responsibility — over how they manage their pension pots. Yet 52% of people still access their pensions without advice or guidance, according to **research conducted in 2021 by the ABI**. The result is a system that often overwhelms rather than empowers, leaving people to make complex, high-stakes decisions alone.

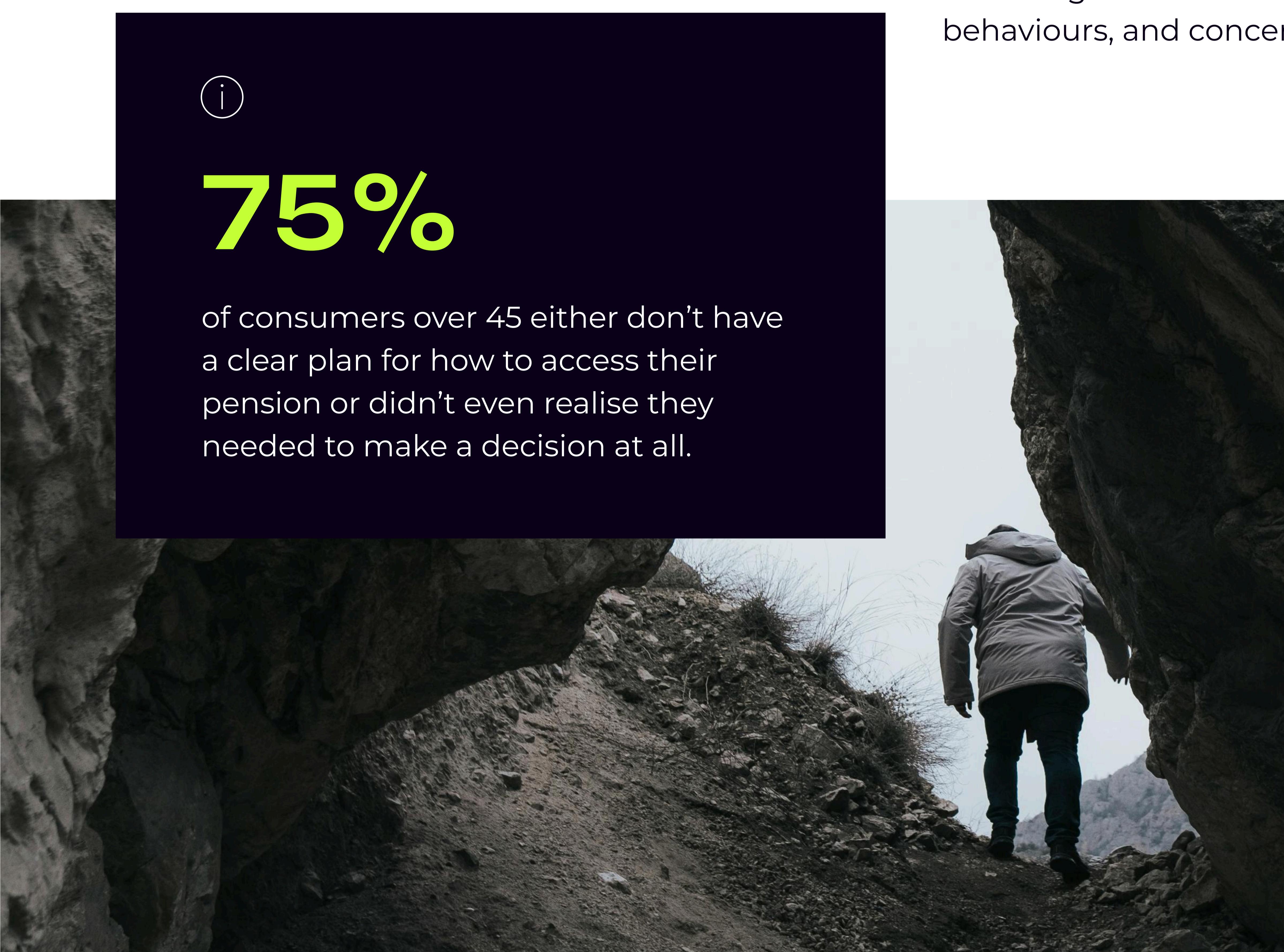
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75%

of consumers over 45 either don't have a clear plan for how to access their pension or didn't even realise they needed to make a decision at all.

This lack of support is deeply felt. According to the FCA, 75% of consumers over 45 either don't have a clear plan for how to access their pension or didn't even realise they needed to make a decision at all. Recent **FCA-commissioned research** shows that many retirees overestimate how long their pension will last, or take out large sums without a long-term income plan. It's no surprise, then, that anxiety about running out of money is widespread.

There's growing attention on this issue from both providers and regulators. But despite this momentum, the industry still hasn't cracked how to engage people meaningfully or build the confidence they need to make smart choices about their later life finances. The **opportunity to change this is enormous** — but it demands more than tweaks. Addressing this challenge calls for a fundamental rethink of how the retirement journey is supported — centering solutions around the real needs, behaviours, and concerns of savers.



The opportunity:

What is happening and why?

While these challenges are considerable, policymakers and regulators have been working to address them for some time — and signs of progress are emerging. The introduction of **auto-enrolment in 2012** marked a major policy shift by requiring employers to automatically enrol eligible employees into workplace pensions. This default-based approach helped drive participation rates in many sectors above 80%, according to the **Department for Work and Pensions (DWP)** — with some industries and occupations seeing even more dramatic increases.

This rise in participation has had a significant impact on pension savings. The **DWP reports** that assets in trust-based DC schemes grew from **£22bn in 2012 to over £143bn in 2023**. With the minimum auto-enrolment age set to fall to 18, the number of long-term contributors is expected to rise further — driving total projected DC pension assets to the aforementioned £800bn figure.

However, this growth captures only those with employer-sponsored pensions, excluding gig workers and others in non-traditional roles. This expanding market represents a major opportunity for pension providers.

Those who successfully support customers throughout both the accumulation and decumulation phases stand to benefit from stronger engagement, improved retention, and increased assets under management.

More structural change is also on the horizon. The upcoming Pensions Dashboard — with a connection deadline of **October 2026** — is expected to deliver clear consumer benefits, including improved transparency, the ability to consolidate pension pots, and a more accurate picture of retirement readiness. Providers who move early will likely gain a competitive advantage, while those who delay may risk losing customer trust and loyalty.

There is also growing regulatory focus on improving access to guidance. In December 2024, the FCA released its **Advice Guidance Boundary Review**, acknowledging the persistent advice gap and proposing a new targeted support framework. This framework — intended to bridge the gap between generic guidance and regulated advice — presents a valuable opportunity for providers to deliver more personalised, scalable support to customers navigating retirement decisions.

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The customer gap and the three ‘E’s’

The pensions market is complex — but one thing is clear: providers have both a responsibility and a commercial incentive to better guide their customers to positive retirement outcomes. The current crisis demands better support, and the next five years offer a huge opportunity to grow assets under administration (AUA) for those who act decisively.

The most effective lever? Improving the customer experience. And at the heart of that are three interconnected themes — **the three E’s**:



Empathy

Real engagement starts with empathy. It’s not enough to understand customers; providers must step into their shoes and recognise the emotional weight of financial decisions. They can also use learning from behavioural science to better understand how customers think, act and make decisions. This mindset is the foundation for building truly resonant experiences.



Engagement

Engagement is still the great unlock, across both accumulation and decumulation. But rather than continuing to generalise by age or income, providers should explore psychographics — how different mindsets and life circumstances shape behaviour. This is where meaningful, personalised interactions begin.



Empowerment

True empowerment isn’t just about knowledge; it’s about confidence and clarity. That means delivering holistic and personalised support, intuitive tools, and experiences that help people understand their options — and feel good acting on them.

Providers who invest now will not only improve outcomes for customers but also **future-proof themselves** — complying with the wave of incoming regulation and positioning for long-term growth.

Everyone is a customer, and customers are changing

When talking about customers and how to serve them, it helps to know who they are — and in the pensions industry, everyone is a customer or a potential customer. **Everyone will ultimately retire and need to finance the rest of their life**, and the long-term nature of pension investments — along with the benefits of starting early — means the customer age range spans from children to the oldest members of society.

Age is just one factor. Pension companies must understand and serve one of the most diverse customer bases imaginable — spanning different ages, demographics, education levels, psychographics, financial situations, and types of employment. The list goes on. This underscores the challenge providers face in delivering empathy, engagement, and empowerment for "the customer."

As populations evolve, customers change too. This creates important considerations for pension companies — particularly around wealth distribution and digital expectations. The population is ageing, with the **over-65s projected to grow from 18% to 26% by 2041**. An estimated £7tn in assets is expected to pass from baby boomers to Millennials and Gen Z over the next 20 years, while Generation Alpha will emerge as a new cohort of digital-native savers entering the early accumulation phase. A recent [Legal & General survey](#) suggests younger savers increasingly expect a **phased or flexible retirement**, while many older workers are planning to retire earlier than expected — highlighting a shift away from one-size-fits-all retirement expectations.



The over-65s are projected to grow from **18% to 26% by 2041.**

Why technology is now essential to pension engagement

Many pension engagement strategies still rely on traditional education-led approaches — such as written statements or generic webinars — to increase awareness and understanding. But as the **Department for Work and Pensions** has found, these methods often fail to drive real behavioural change. The challenge is twofold: cognitive engagement (understanding pensions) doesn't always translate into action, and current communication strategies tend to reach only the already-engaged — the 'usual suspects.' Those with lower financial literacy or less interest are often left behind, especially individuals from more vulnerable socioeconomic backgrounds.

Furthermore, behaviourally-driven engagement — such as logging in, making decisions, or increasing contributions — requires actions that feel proportionate to the perceived benefit. Many savers find the effort too great or the reward too abstract. The solution isn't more information; it's smarter, more intuitive design. That means personalised content, relevant nudges, and digital tools that build confidence.

This disconnect between awareness and action lies at the heart of the engagement problem — and it's where digital technology can make the biggest difference. Unlike traditional methods, digital platforms offer continuous, interactive engagement and empowerment that evolves with the user — building familiarity, trust, and action over time. Providers can meet people where they are, deliver timely insights, and design journeys that work for a broader, more diverse range of savers.

Digital technology is no longer a nice-to-have in pensions — it's a necessity.

Technology is the only scalable way to meet rising expectations and close the customer engagement gap. And while the industry has made progress, the tools on offer still fall short of what savers want and need.



Digital technology is no longer a nice-to-have in pensions — **it's a necessity.**

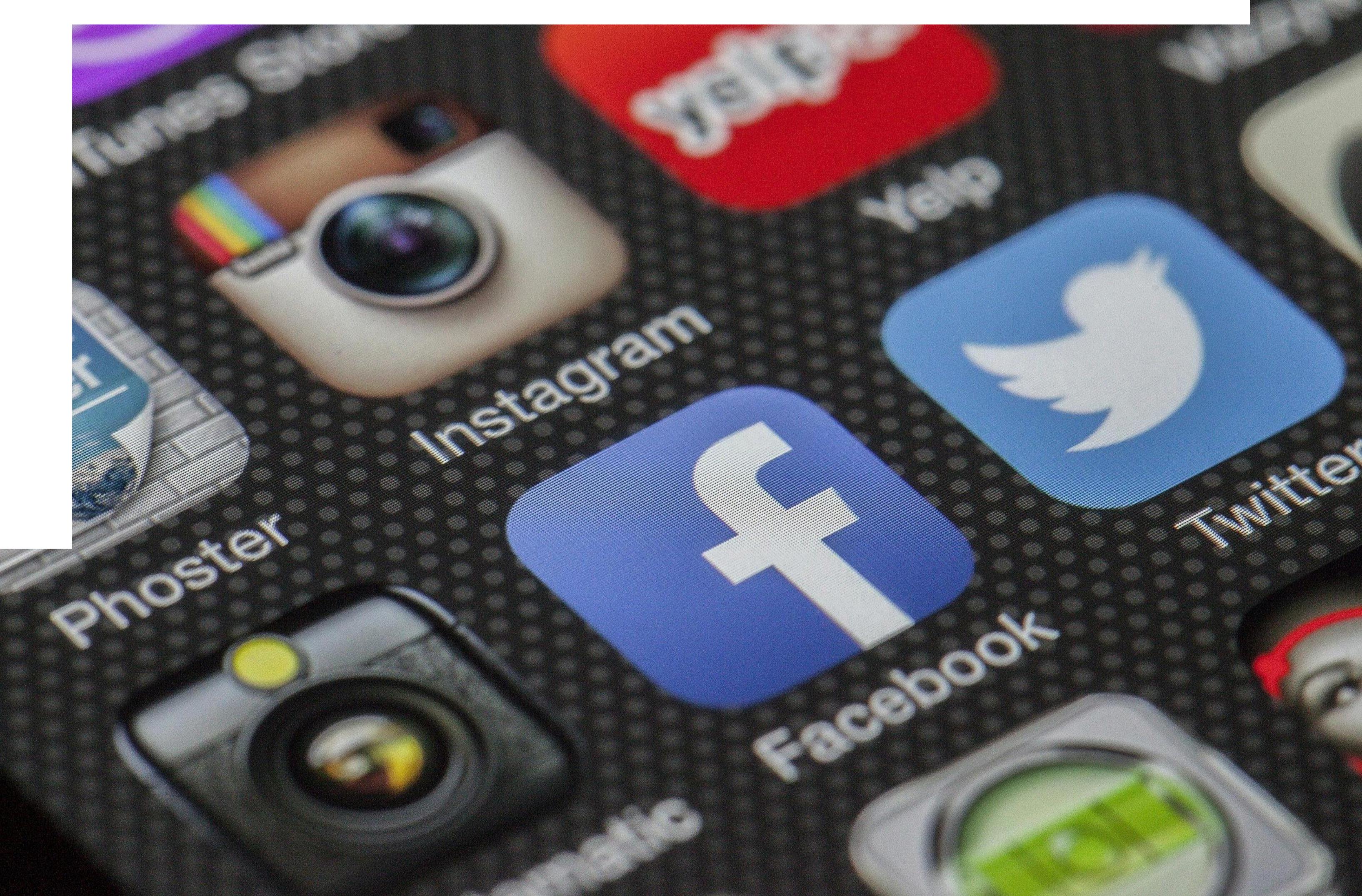
Driving consistent engagement

The gap between expectations and reality is clear. According to **Bravura's 2024 "Pensions 2045" research**, 75% of pension members do not have access to retirement income estimators, savings calculators, or goal trackers — despite naming them as the most useful tools for planning. Meanwhile, 41% of providers still rely on paper-based communication, and **73% of savers say they would use a digital advice service** if it were available from their provider.

Some providers are pushing forward. Companies like Aviva, Scottish Widows, PensionBee, and Smart Pension are investing in **mobile-first solutions** to create more intuitive and accessible services. According to Scottish Widows, **app users log in five times a month on average** — demonstrating that digital tools can drive consistent engagement in a way annual statements never could. Scottish Widows has invested £100m in digital transformation and even launched a TikTok channel to reach younger audiences.

These mobile platforms move us closer to the concept of "pension in your pocket": frictionless access to accounts, calculators, scenario tools, transfers, beneficiary management, and educational content. Still, the gap between digital leaders and laggards remains stark. The opportunity is clear: if providers want to engage customers at scale, especially younger generations and those underserved by traditional advice, they must move faster and smarter.

Mobile-first platforms are now the baseline for pension providers. But even well-designed digital tools are struggling to close the engagement gap — especially as customer needs grow more complex and regulatory expectations rise. Under the **FCA's Consumer Duty**, firms are now expected to deliver better customer outcomes, including more effective digital engagement, clear communication, and support that helps individuals reach their financial goals.



How AI could supercharge the digital pensions experience

Building on the growing momentum of digital platforms, the next frontier in pension engagement is artificial intelligence, which is already reshaping pensions — and the real opportunity lies ahead. According to the [CFA Institute](#), AI can enhance personalisation, efficiency, and accuracy across the value chain — from onboarding to investment strategy to decumulation. Many providers are experimenting with AI — like Smart Pension's SAVA assistant, or LifeSight's AI-generated benefits videos — to improve onboarding and decision-making.

Generative AI can deliver more intelligent, adaptive and human-like interactions — and **agentic AI** takes this even further with an ability to plan, adapt, and act autonomously in pursuit of positive outcomes for the customer. The technology is maturing, training costs are falling, and the arrival of open finance and the Pensions Dashboard is paving the way for smarter, more connected experiences. Yet most pension firms are still in early phases: a recent [Pensions Age survey](#) found 87% use AI in some way, but mostly in limited areas covering just 1–5% of services.

AI can — and should be — driving a complete reimaging of the customer experience, moving us into a new realm of possibility for how to solve the challenges of **empathy, engagement, and empowerment**. For AI models with access to the right data and services, the potential is enormous — particularly in the form of vertical AI agents. For pension companies, this could mean a personal retirement coach or advisor for every customer.

Think of it as scaling the most high-touch, tailored personal services across every customer — making once-premium experiences universally accessible. With agentic AI, the concept of a personal retirement coach or advisor becomes increasingly realistic. Agentic AI-based systems can evolve into always-on assistants that guide savers through every stage of their pension journey — from seamless onboarding and data collection to personalised guidance during accumulation, and informed decision-making in later life during decumulation.

AI can — and should be — driving a complete reimaging of the **customer experience**.

Into the future:

The personal retirement coach

Imagine the potential of an agentic AI personal retirement coach. With the right data, it would be capable of understanding your life goals, pension pots, wider finances, and spending patterns — while also staying informed on economic conditions, market trends, actuarial assumptions, and regulations.

This advisor might access real-time data and any tools it needs — from pension calculators to scenario analysis and research services. By analysing anonymised data across users, it may even **detect patterns and parallels that shape more effective investment plans**. Over time, this personal AI advisor would learn about you — not just your financial goals and situation, but your personality and communication preferences. You might define its avatar and interact with it like a real person. It would adapt its tone and style to suit you, make content more accessible if needed, and even recognise your current mood.

It might track your behaviours and offer gentle nudges if you're going off track, monitor your retirement plans and suggest adjustments, or generate forecasts and "what if" scenarios instantly. Interactions could happen via mobile, through voice or text.

Context-aware and highly responsive, it would tailor communication to your needs — and collaborate with a human adviser when appropriate.

This kind of personal coach would directly support the three E's that underpin a better customer experience: Empathy, Engagement, and Empowerment. It might build **empathy** by recognising each customer's unique situation, delivering a hyper-personalised experience, and adapting its communication style — even adopting the persona of your "future self."

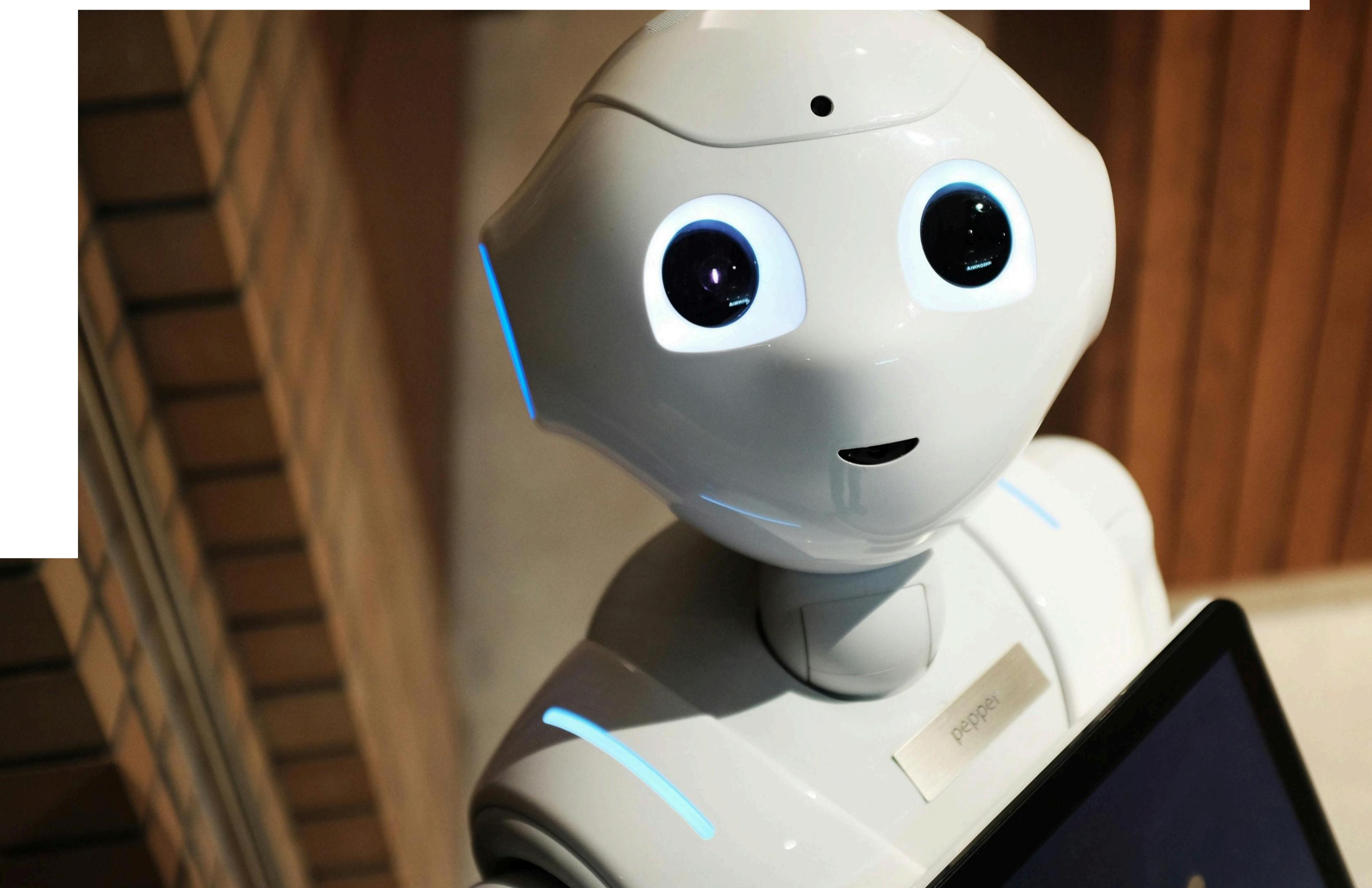
It would deepen **engagement** by simplifying complexity, offering timely nudges and alerts, using multimodal content (such as videos), and guiding users step-by-step through key tasks that the customer is looking to fulfill. And these highly personalised, simplified, and educational experiences build **empowerment**. They help customers develop the confidence and motivation to engage and take action — safe in the knowledge that they understand their choices, trade-offs, and consequences.

Anticipatory, adaptive and always-on, agentic AI offers something new: an intelligent system that evolves alongside the user. For pensions, this means a coach that not only answers questions but also initiates guidance — for example, suggesting changes in contributions based on lifestyle shifts, surfacing relevant investment options, or flagging deviations from objectives. **These capabilities bridge the gap between awareness and action** — enabling savers to make informed decisions without needing deep expertise.

In advice settings, AI can streamline admin, flag vulnerabilities, and generate useful pre-meeting insights — giving advisers more time for meaningful conversations. Rather than replacing advisers, it enhances their value and makes advice scalable. To succeed, firms will need more than smart tech — they'll need strong governance, thoughtful design, and a clear focus on customer needs.

But for those who get it right, the opportunity is enormous. **Agentic AI offers a powerful path to close the customer gap**, deliver on the Consumer Duty's promise of improved outcomes, and build long-term trust and value.

Of course, there are hurdles to overcome. Regulatory frameworks would need to evolve to accommodate AI agents offering personalised guidance. Risks such as data security, transparency, and over-reliance are well documented — and require robust guardrails, governance, and oversight. Access to high-quality data is far from guaranteed, given legacy systems and organisational siloes. Risk-averse cultures and limited internal capabilities could also be barriers. But these are not reasons to avoid progress — they are simply challenges to solve.



Beyond the interface:

Building experiences that matter

Amid the excitement around what AI could make possible, it's easy to lose sight of the goal: **delivering better outcomes for customers.**

The question isn't just whether we can build these tools, but whether they are what customers want — and whether they genuinely improve their experience. As AI becomes more widely available, the differentiator won't be access to the technology itself, but how well providers understand their customers and design experiences that reflect diverse needs, preferences, and levels of financial literacy.

Today's digital products are typically deterministic — fixed pathways, predefined flows, linear journeys. AI, by contrast, operates probabilistically, enabling more dynamic and responsive experiences. But that brings design challenges: how do you design something that can flex and adapt in real time?

We think the **future will be hybrid**: a combination of traditional digital interfaces, agentic AI, and human touchpoints with all underpinned by a layer of intelligence and integration that enables a seamless omnichannel experience to the customer. Crucially, it won't be one-size-fits-all. Some savers will embrace conversational and agentic AI. Others may prefer app-based tools or personal support from an adviser. The providers who succeed will be those who balance these elements and adapt them to each user.

This makes investment in customer research, proposition design, behavioural science and UX critical — not just as inputs to innovation, but as the bridge between technology and trust. The goal is an adaptive experience that evolves with the customer and meets them where they are. In a fast-changing landscape, the value of flexibility rises. Rather than betting on a single future, **providers should focus on optionality**: designing systems and services that can evolve as needs shift. That's how to stay ahead — and stay relevant.

When the future is uncertain, the value of optionality increases, and agility becomes hugely important. Taking a big bet on one possible future may not be the right choice; instead, ensuring that experiences and the underlying technology are designed in such a way that they are adaptive and can evolve alongside customers will be the winning formula.



Providers should focus on optionality: designing systems and services that **can evolve** as needs shift.



Realising the £800bn opportunity.

Conclusion:

There's never been a more important moment for life and pensions providers to step up. The predicted growth in DC pension assets over the next five years presents an enormous commercial opportunity — but it comes alongside a growing responsibility to support savers more effectively.

The most powerful lever for progress? Reimagining customer experience around the three E's: **engagement, empowerment and empathy**. Technology, especially AI, now gives providers the tools to do this in meaningful, personalised, and scalable ways. But it's not about tech for tech's sake. The winners will be those who focus on outcomes — not interfaces.

For providers already leading in digital, **agentic AI should be central** to their next wave of innovation. For those behind the curve, the technology presents a chance to leapfrog competitors. Either way, the path forward is clear: understand your customers deeply, build experiences they trust and return to, and deliver better long-term outcomes.

At CreateFuture, we've helped some of the UK's leading financial services providers navigate complex transformation journeys. If you're exploring how to reimagine your customer experience or unlock the potential of AI in pensions, we'd love to support you. [**Get in touch**](#) to book a complimentary call or speak with our team about your goals.

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