

The Pulse

AI Used Widely (Though Not Always Wisely) for Retirement Planning



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AI is now a copilot for everyday tasks, helping people with emails, meal planning, workout routines, and more. It's also impacting how participants approach retirement planning.

AI's Growing Influence on Financial Decision Making

While health and wellness rank as a top use case for AI (44%), finance is a close second (41%), according to a recent Credit Karma survey. A separate Empower study found that, year over year, nearly half (47%) of Americans now feel more comfortable using AI for personal finance purposes. They're turning to AI for retirement planning recommendations (56%), debt consolidation advice (58%), and budgeting help (54%).

Among Credit Karma respondents who use AI for financial advice, 35% use it for financial education and basic personal finance concepts, 35% for goal setting and financial action plans, 34% for budgeting and expense management, 32% for stock market investing, and 31% for retirement savings. A sizeable 85% who have used AI for financial advice report taking action based on AI recommendations. Notably, however, more than half of that group reported those decisions ultimately resulted in what they considered to be poor outcomes.

The Human Factor Remains Important

AI is not the final word for most users when it comes to financial advice, as 8 in 10 Credit Karma respondents report conducting additional research and validating advice before acting on it. When they do turn to tools over people, reasons include accessibility, lack of fees, and the anonymity of a judgment-free environment.

Among Empower respondents, 62% emphasize the value of receiving human input, especially for more important financial decisions such as investing, and 61% say they'd use AI in conjunction with human financial advice to try to obtain better results.

Users Face Privacy Risks

Looking beyond advice and outcomes, experts note the potential privacy risks associated with AI use. They recommend against entering sensitive and personally identifiable data (e.g., account and Social Security numbers) into AI tools. They also advise against sharing specific income and balance information and to use general ranges instead.

How Sponsors and Advisors Can Help

As their employees increasingly turn to AI for retirement planning guidance, sponsors can help by putting these tools in context and educating participants about the risks of misinformation and the importance of protecting their data. They can also refresh their communications to address emerging AI-related questions, promote fiduciary resources available through the plan, and ensure advisors remain accessible for support.

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