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Introduction

Artificial intelligence ("**AI**") represents an immense opportunity for the pensions industry and can improve pensions administration, member engagement and fraud prevention at scale. However, these capabilities carry material legal risks across data protection, regulatory compliance and trustee governance. This essay examines that tension under Irish law and UK/EU developments, considers its implications for trustee duties and decision-making, and offers governance-focused recommendations for trustees embedding AI in scheme administration.

1. ***With reference to Irish law and regulatory developments (and drawing on UK/EU developments where relevant), describe the benefits and limitations of AI in the pensions industry and analyse the key legal risks for stakeholders, including regulatory, data protection and governance considerations. Would you recommend the introduction of a similar AI strategy or regulatory framework in Ireland as is proposed in the UK?***

Benefits

1.1 **Administrative Efficiency:** Operating a pension scheme involves a volume of routine administrative work, often carrying sizeable cost and time burdens. AI can enable faster, cheaper and more accurate execution of basic tasks like processing contributions, calculating transfer values and handling very basic member queries. These administrative efficiencies are already being achieved with the UK Pensions Regulator ("**TPR**") observing that schemes and providers are implementing AI to automate such tasks, enabling trustees and providers to manage risks more proactively such as by analysing large datasets to spot funding problems or employer financial stress earlier than would otherwise be possible.[1]

These benefits depend on robust standards, with the Pensions Administration Standards Association ("**PASA**") offering guidance in this regard, providing examples of where AI can be leveraged such as chatbots for queries; predictive analytics for member

[1] TPR, 'AI Plan' (20 May 2026)

behaviour (e.g. early retirement likelihood); automation of routine forms; and tools to extract data from historical paper records.[2]

For trustees in Ireland, administrative efficiency is not merely a benefit but forms part of the governance obligations regarding sound and prudent management that should be discharged under the IORP II transposition regulations (SI No 102/2021 (Ireland)) ("**IORP II**"). AI tools that reduce administrative burden and improve data quality may assist with discharging those duties.

1.2 **Personalised member engagement:** The TPR AI Plan identifies the potential to drive member engagement, a perennial challenge of the pensions industry, as one of AI's clearest benefits.[3] AI can answer retirement queries, model projected outcomes and deliver personalised communications at scale, reaching members who would otherwise never access traditional financial advice.

Looking towards Ireland, this opportunity could be leveraged as the Automatic Enrolment Retirement Savings System Act 2024 and MyFutureFund bring hundreds of thousands of workers, many with little prior engagement with pension saving, into the system for the first time. AI tools that can communicate meaningfully, accessibly and at scale with a large and financially diverse membership may prove valuable in enhancing auto-enrolment's effectiveness for MyFutureFund's members.

1.3 **Fraud Detection:** AI offers a powerful defence against pension fraud, an escalating threat involving scam transfers, clone websites and sophisticated phishing. TPR's AI-enabled scam detection has already assessed over 2,000 websites, removed 29 high-risk sites, and cut manual triage by two hours daily.[4] AI can also monitor transaction data continuously, flagging suspicious patterns far faster than human review.

In Ireland, where the Financial Services and Pensions Ombudsman Act 2017 provides redress for members who suffer loss, trustees may mitigate potential liability by using AI-assisted fraud detection that intercepts a scam before a member's savings are transferred. This may also help trustees fulfil their duty to safeguard scheme assets under section 59 of the Pensions Act 1990 (the "**Pensions Act**").

[2] PASA, 'Use of AI in Pensions Administration - Embrace the Opportunity with Caution' (PASA Data Working Group Guidance, October 2025)

[3] supra, n1

[4] supra, n1

Limitations

1.4 **Data Quality:** The administrative efficiencies that AI promises are entirely dependent on the data that AI processes and on which it is trained. Poor-quality data, such as incomplete member records, inconsistent contribution histories and outdated personal details, does not become reliable simply because an AI system processes it. As PASA puts it: "*data is the foundation of AI*;" if data quality is not robust before AI is introduced, AI-led processes will generate inaccurate outputs at speed.[5]

For Irish schemes, IORP II's governance requirements include obligations to maintain proper records and sound internal data management. These are obligations that, in the Pensions Authority's 2024 supervisory review, were flagged as an area where governance gaps remained across a number of schemes.[6] Automating processes built on poor data does not reduce administrative risk but rather amplifies it.

1.5 **AI-Generated Misinformation:** AI outputs' uses are limited by the reality that they can just as easily misinform as inform, with serious implications owing to the longterm nature of pensions, meaning that poor decisions made today may not materialise as financial harm for decades, compounding quietly until retirement.[7] Therefore, a pension scheme's AI tool that strays, even inadvertently, into regulated advice exposes trustees to regulatory liability and members to harm. Nonetheless, there is a readiness to use these tools with 56% of UK adults having used AI for personal finance in the past twelve months and 23% of people aged 25–34 trusting AI-generated financial advice and insights more than traditional sources.[8] Trustees in Ireland must however be mindful of the limitation imposed by the boundary between guidance and regulated financial advice under the MiFID II Regulations (SI No 375/2017).

1.6 **Fraud Amplification:** Fraudsters are adopting the same AI capabilities used to detect them, using AI to build clone websites faster, craft more convincing phishing communications and generate impersonation fraud targeting members.[9] The limitation is inherent: the more the pensions industry relies on AI to detect fraud, the more

[5] supra, n2

[6] The Pensions Authority, 'Findings report on 2024 supervisory activities' (April 2025) 4-5, 7.

[7] supra, n1

[8] Lloyds Banking Group, 'UK Consumer Digital Index 2025: The Generative AI Edition' (2025) 10, 12.

[9] supra, n1

sophisticated the AI-enabled fraud it must counter meaning that governance arrangements must keep pace.

Risks

1.7 **GDPR and Automated Decision-Making:** Any AI system processing member personal data directly engages the General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**") and with it a suite of obligations where breach may result in severe consequences for trustees. Article 22 GDPR prohibits decisions based solely on automated processing that produce legal effects or similarly significantly affect individuals. Where an AI tool determines a member's benefit eligibility, flags a transfer risk, or shapes a targeted communication strategy without meaningful human review, trustees are exposed to potential liability. This is compounded by Article 35 of GDPR, which makes a Data Protection Impact Assessment ("**DPIA**") mandatory wherever AI involves systematic profiling likely to produce high risks, a category which the Data Protection Commission ("**DPC**") has confirmed captures automated profiling yielding significant decisions.[10] Articles 13 and 14 GDPR further oblige trustees, as data controllers, to disclose in privacy notices any automated decision-making and its underlying logic. Failure to implement AI in a compliant manner may expose trustees to DPC action, including fines of up to €20 million or 4% of global annual turnover under section 114 of the Data Protection Act 2018 (Ireland).

1.8 **EU AI Act Compliance:** From 2 August 2026, the EU AI Act (Regulation (EU) 2024/1689) (the "**EU AI Act**") will be fully applicable, presenting a direct compliance risk for pension scheme stakeholders to manage. AI tools deployed for benefit calculations, eligibility determinations or member profiling are likely to constitute high-risk systems under Annex III, subjecting trustees and scheme administrators to binding obligations in respect of data governance, human oversight, keeping technical documentation and assessing their conformity. Failure to comply carries fines of up to €15 million or 3% of global annual turnover, which presents a massive liability risk if opting to use AI. In Ireland, the Central Bank of Ireland ("**CBI**") is designated as market surveillance authority for financial services AI systems under SI No 366/2025, operating in cooperation with the EU's AI Office.

1.9 **Governance Accountability under the Pensions Act and IORP II:** Section 59 of the Pensions Act, IORP II, and EIOPA's August 2025 Opinion on AI Governance (the

[10] Data Protection Commission, 'Data Protection Impact Assessments' (dataprotection.ie,)

"**EIOPA Opinion**") collectively impose accountability obligations that AI adoption directly engages. The EIOPA Opinion requires regulated entities, including those supervised by the Irish Pensions Authority and CBI, to address risk management, data governance, transparency, explainability, human oversight and cybersecurity in relation to AI systems. Trustees who fail to incorporate these requirements into their effective system of governance ("**ESOG**") and own risk assessment risk supervisory intervention. Such intervention may arise where an AI system produces errors in tasks like benefit calculations, member communications or fraud detection, and those errors stem from inadequate oversight rather than an unforeseeable technical fault. The risks attaching to such failures in oversight are significant with section 63 of the Pensions Act empowering the Pensions Authority to petition the High Court for replacement trustees where existing trustees have failed in their duties.

Should Ireland Adopt a UK-Style AI Strategy for Pensions?

1.10 Ireland should adopt a UK-style strategy for pensions, but tailor it to its own landscape. TPR's AI Plan is the leading regulatory statement on AI in pensions and sets out principles rather than prescriptive rules; focuses on outcomes rather than specific technologies; and was shaped with industry, not simply imposed upon it. TPR's Chief Executive, Nausicaa Delfas, explains the admirable rationale behind that approach:

"*AI has the potential to transform pensions for the better: improving how schemes are run, how members are supported, and how the system as a whole delivers value. But trust is the most valuable asset in our system, and that trust depends on the safe and responsible adoption of AI in members' interests*."

1.11 Ireland can adopt that spirit but has different opportunities and challenges owing to being an EU member state that will inform its strategy for AI in pensions. Law such as the EU AI Act and GDPR set demanding standards on automated decision-making that exceed the UK's post-Brexit data protection framework. Meanwhile EIOPA's supervision of the Pensions Authority, including active follow-up on country visit recommendations, means that Irish pension governance exists within a strident European regulatory landscape. The government's updated National Digital and AI Strategy, which commits to a new sectoral AI Adoption Strategy in 2026 with ambitious sectoral targets, provides the national policy framework into which a pensions-specific AI strategy should fit.[11]

[11] Digital Ireland, 'Connecting our People, Securing our Future', November 2024

1.12 An Irish pensions AI strategy should therefore adopt TPR's principles-based, outcome-focused approach; embed the EU AI Act's system of risk classification; and integrate the priorities of GDPR and the EIOPA Opinion. This strategy should be issued by the Pensions Authority and developed collaboratively with industry, including the National Automatic Enrolment Retirement Savings Authority ("**NAERSA**"), through a working group modelled on TPR's Pensions Data and Digital Industry Working Group.

2. **Analyse the impact of AI on trustee decision making, including the implications for fiduciary duties, delegation and reliance on AI outputs, with reference to trust law, legislation and regulatory guidance.**

Impact on Trustee Decision-Making

2.1 AI impacts trustee decision making through empowering trustees with more information but also threatening to displace their judgement. Brown identifies this central governance risk that although AI cannot hold legal responsibility, its outputs function as advice with an authority of certainty that creates pressure to accept rather than evaluate.[12] PASA's guidance observes that this impact is already taking hold as AI agents are already executing protracted administrative tasks with minimal human input, such as coordinating workflows and drafting submissions.

Fiduciary Duties

2.2 Where AI may impact or supplant trustees' judgement, this triggers considerations of fiduciary duties.

The duty to act on adequate information requires trustees to inform themselves properly before taking decisions. Only decisions that no reasonable body of properly informed trustees could reach may be impugned,[13] but that standard presupposes that trustees genuinely engaged with the information before them, not merely received it. A trustee who accepts an AI-generated analysis without understanding its methodology has not informed themselves in the relevant sense. This problem deepens where AI operates as a "black box," making it difficult or impossible to understand how a model reaches its outputs. A trustee who acts on reasoning they cannot explain cannot meaningfully be said to have exercised informed judgement at all.[14] While AI may assume a role in

[12] Brown, 'AI and trusteeship' (2026) 32(1) Trusts & Trustees 17, 22

[13] *Greene & Ors v Coady & Ors* [2014] IEHC 38

[14] Brown, 'Artificial intelligence & Trusts and Trustees: a new dawn of investment opportunities and risks?' (2025) 32 Trusts & Trustees 210, 212

decision-making, it remains subordinate to the trustee's personal responsibility and trustees must assess whether reliance on AI compromises the standard of care and skill expected of them.[15]

2.3 The duty to act in the exclusive interest of all beneficiaries is threatened by algorithmic bias. AI systems trained on historical data may systematically disadvantage certain member cohorts, such as women with career gaps, lower-income workers and older deferred members, leading to miscalibrated risk profiles or skewed communications. Trustees owe their fiduciary duty to every member of the scheme[16] and an AI system encoding bias, deployed without scrutiny, may make a trustee complicit in the structural disadvantage it may produce for certain members.

Delegation

2.4 Trustees may engage professional agents for functions that would be impracticable without delegation.[17] Where third parties to which administration is outsourced deploy AI, trustees risk accountability for outputs generated by systems they neither selected nor can interrogate. Trustees are appointed because their judgement is trusted and their duties cannot be substituted by pointing to what a delegate did instead,[18] with it being for advisors, AI or otherwise, to advise and for trustees to decide.[19]

2.5 Brown argues AI is no more than a de facto agent and cannot hold or exercise a trustee's discretion, since the law assumes delegates are legal persons capable of bearing responsibility.[20] Where an AI system produces outputs with reasoning that cannot be explained or examined, a trustee who acts on those outputs has not made a decision but approved a pre-made decision.

2.6 Practically, trustees may be authorised to rely broadly on professional advice but not surrender their judgement to processes they do not understand,[21] with the EIOPA Opinion requiring explainability and human oversight where AI is used and Article 14 of the EU AI Act making this binding for those deploying high-risk systems.

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15 ibid, 213

16 *Boliden Tara Mines Ltd v Cosgrove & Ors* [2010] IESC 62

17 Hilary Biehler, *Equity and the Law of Trusts in Ireland* (7th edn, Round Hall 2020), p576

18 *Ken Fennell v Gilroy & Ors* [2022] IECA 258

19 *Scott v National Trust* [1998] 2 All ER 705, 717

20 supra, n12

21 supra, n13

Regulatory Guidance

2.7 The CBI's own February 2025 Regulatory Outlook requires regulated entities to maintain clarity of accountability and responsibility for every use of AI.[22] Therefore, trust law, EU regulation and regulatory guidance all converge on the imperative that trustees must retain meaningful oversight and not cede decision-making to AI.

3. ***In light of the above, what practical and governance-focused advice would you give to pension scheme trustees seeking to embed AI tools in the administration of their scheme?***

3.1 **Trustees must develop AI policies which delineate and record the boundary between AI-assisted analysis and trustee decision-making:** Trustees bear responsibility for the proper administration of their scheme and that responsibility cannot be delegated when liability may arise. A trustee who cannot show that they understood and independently evaluated an AI recommendation before acting on it has not discharged their duty. A formal AI policy can assist trustees in demonstrating, if called to account before the Pensions Authority or the High Court, that duties have been upheld and may focus on four areas:

(a) First, a policy may record all AI systems in use across the scheme and its supply chain, including those deployed by administrators and investment managers on the scheme's behalf.

(b) Second, a classification of each system against the EU AI Act's risk tiers so that the human oversight obligations attaching to high-risk systems are identified and met.

(c) Third, a process specifying what human review is required before any AI output informs a material decision.

(d) Fourth, a requirement that trustees document their own reasoning separately from the AI's recommendation so that it is clear that the trustees decided and were not decided for. The discipline of producing that documentation may also tend to produce better decisions and deter outright reliance on AI.

3.2 **Trustees must prioritise monitoring data quality:** AI that processes poor or incorrect data will produce erroneous outputs faster and at greater scale than any manual process could and a trustee whose scheme makes flawed benefit calculations or

[22] CBI, Regulatory & Supervisory Outlook (February 2025) 38.

miscommunicates with members because an AI system was deployed against poor data has failed the duty of proper administration under section 59 of the Pensions Act. Therefore, it is imperative that trustees monitor the data that their scheme's AI may process. Practically speaking, this may form part of any DPIA trustees undertake.

This is advisable not just for GDPR compliance but under IORP II which enshrines data governance as integral to schemes' ESOG. To this end, AI accuracy standards, audit protocols and controls on third-party provider access to member data should be addressed expressly in scheme governance documentation.

PASA's guidance sets the practical benchmark for monitoring data quality that trustees should confirm, at each review cycle, that scheme and member data is accurate, complete and fit for purpose before any processing occurs.[23]

3.3 **Engage actively in building the regulatory framework Ireland currently lacks:** Brown's preferred response to AI in trusts draws on the UK Law Commission's tripartite approach:[24]

(a) prioritise common law development;

(b) pursue targeted statutory reform where necessary; and

(c) consult industry-specific technical experts throughout.[25]

For Irish pensions trustees, the existing legal framework, comprising the Pensions Act, trust law, GDPR, and the EU AI Act, can govern AI without wholesale reform. Targeted guidance is however still lacking and trustees, especially professional trustees, should actively seek and contribute to the shaping of this guidance. TPR published its AI Plan for UK workplace pensions in May 2026 but the Pensions Authority has issued nothing equivalent. A formal AI guidance document for Irish occupational schemes, integrated with EIOPA's August 2025 Opinion on AI Governance and Risk Management and coordinated with NAERSA, should be an immediate priority. Trustees would benefit from advocating for and engaging with same if they wish to embed AI in their scheme administration. In the meantime, trustees

[23] supra, n2

[24] Law Commission, *Digital Assets* (Law Com No 412, 2023) para 2.3.

[25] supra, n12, 22-23

should only embed AI to the extent they have proper policies, knowledge and diligence in place to deliver on the opportunities it presents.