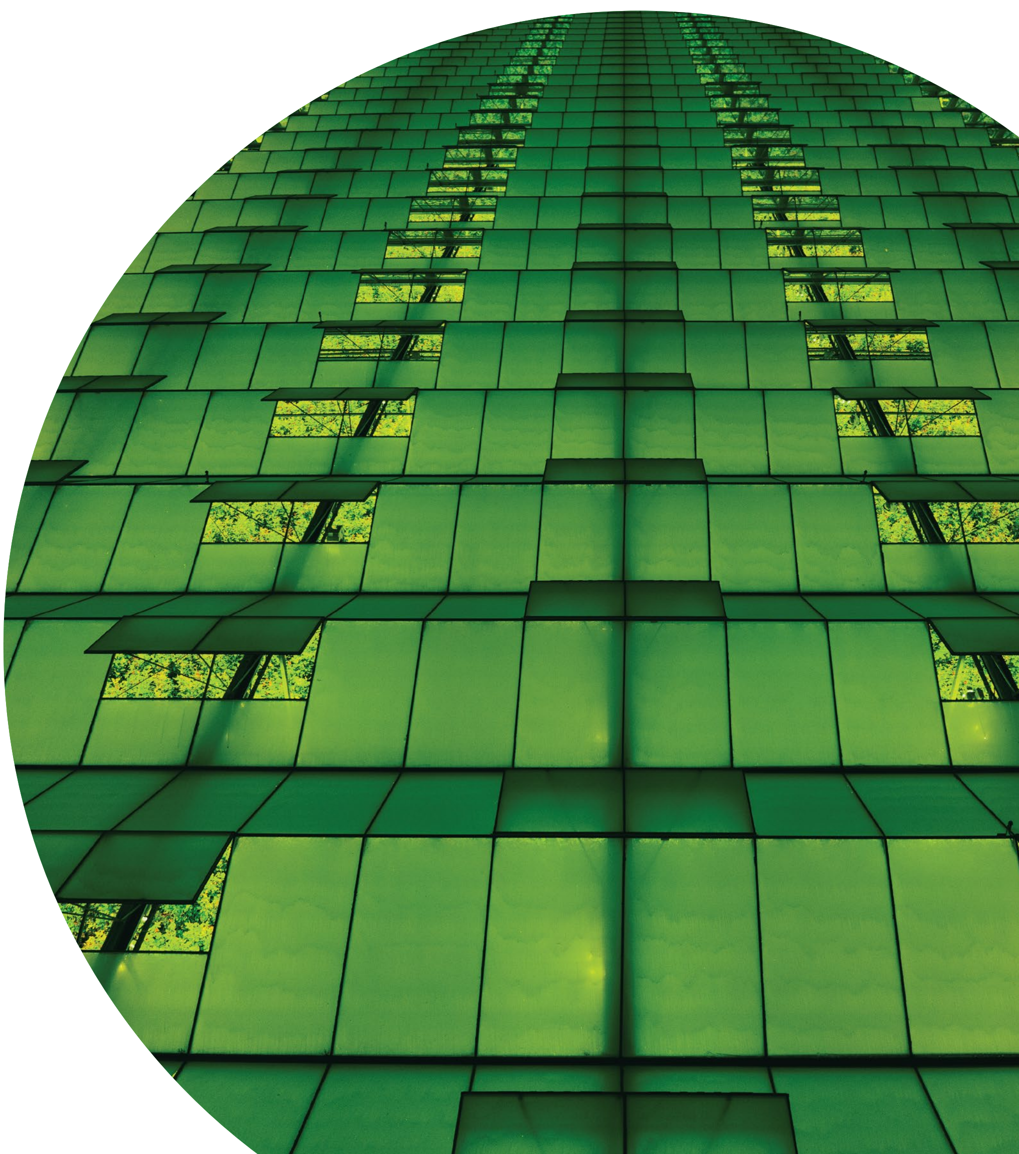
MassMutual
Stable Value Investments

Insights

AI, Fiduciary Oversight, & the Advisor Role

A Perspective on Governing an Emerging Technology



AI, Fiduciary Oversight, & the Advisor Role

PUBLISHED ON JUNE 30, 2026

BY: ARUNA HOBBS

Aruna Hobbs is Head of MassMutual's Institutional Investments business.

Executive Summary: Key Takeaways

Artificial intelligence is moving quickly from the margins into the mainstream of financial services. To understand how AI is being used in the retirement plan services market, we performed a quick pulse check of our advisor base.

AI adoption rates are rising while governance standards and regulations are still evolving. Here are a few key points:

- AI adoption is increasing amongst retirement plans, particularly in participant-facing tools.
- AI adoption among plan advisors is increasing, but uneven.
- Most advisors remain reactive, rather than proactive, on AI governance for plans.
- Dominant risk factors shaping advisor stance towards AI are brand and trust erosion, compliance exposure, data privacy, and potential misuse.
- Advisors are seeking practical governance tools such as standardized oversight questions to support plan sponsors confidently.
- AI governance likely represents the next major opportunity for advisor value creation.

While interest and experimentation are accelerating, best practices for oversight are very much a work in progress.

From our perspective, this moment presents an opportunity — not to rush toward answers, but to learn, ask the right questions and determine how AI can be leveraged in ways that align with fiduciary obligations and investor trust.

Based on a recent survey we conducted on AI, here is a summary of the results[*]:

Advisor Perspectives on AI – Survey Results

1. **Broad Adoption Rates: AI is already embedded in the retirement plan ecosystem — and often closest to participants.**
   - More than half (57%) responded that plan sponsors are already using AI in participant-facing tools and communications, and over one-third (38%) surveyed report AI usage at the vendor level by plans.
   - Roughly two-thirds of advisors use AI in their practice today, with approximately 24% using it extensively; 38% say they are not using AI at all.

2. **Advisor engagement with Plan Sponsors is slow, advisors are not yet leading AI governance conversations.**

   Despite broad AI adoption rates, few advisors are proactively engaging clients in AI risk oversight:

   - Over 70% of respondents do not address AI at all with plan sponsors or do so reactively only when plan sponsors ask.
   - Only 30% of advisors report helping sponsors proactively with AI oversight and governance today.

   Is this a confidence gap? Comfort in usage for productivity gains but not yet in governing. This reactive posture may reflect uncertainty about service expectations in the absence of a defined practical framework. In the context of retirement plans, where fiduciary responsibility is foundational, that gap between AI usage and governance can create some uncertainty and risk.

3. Primary Concerns/Risk Considerations

- Reputation risk ranks as a top concern with AI, with 43% identifying reputation or trust erosion, or the commoditization of advice.
- Regulatory and compliance exposure, data privacy concerns, misuse or fraud also listed as concerns.

These findings support that advisor confidence in AI is closely tied to their perceived ability to successfully assist with governance of the technology in the absence of clear regulatory guidance.

4. Where Advisors see adding value

While many advisors are not proactively assisting clients with AI today, many agree that there is potential to add value in the future.

- Nearly half of advisors surveyed indicated that helping plan sponsors govern risk and ask the right oversight questions as an area of added value.
- Many also point to understanding trends and standards as an important role.
- At the same time, more than 60% rank acting as a fiduciary accountability layer as a lower priority. **That disconnect is notable.**

5. Increased demand for Practical Guidance Tools

AI use in retirement plans is governed primarily by existing ERISA fiduciary duties, SEC advisor rules, and data privacy laws; however, AI-specific statutes are emerging but not yet finalized. **If there is one area of strong alignment among the survey respondents, it is the need for practical guidance.**

- Again, nearly half (49%) of advisors say that sample governance or oversight questions for vendors would be most helpful.
- Client-ready frameworks, best practices, and clearer expectations were also in demand.

How Cerulli Research Compares to the Survey[1]

Cerulli research was reviewed alongside this survey as an additional point of reference. Cerulli's results point in the same general direction, while adding important context about where the market is headed. Cerulli reports that AI adoption is expected to accelerate significantly over the next several years, particularly in bank and private bank advisory channels, where institutional support and scale enable faster integration.

At the same time, Cerulli highlights sustained caution in fiduciary-sensitive areas, particularly within retirement plan investment management. AI is being explored most actively in operational and administrative functions, while many firms report little appetite for using AI in asset allocation, glidepath design, or risk management in the near term. This caution reflects the same trust, compliance, and quality concerns raised by advisors in our survey.

Cerulli's investor-focused research further reinforces the importance of fiduciary clarity, showing that client trust and satisfaction are meaningfully higher when investors believe their advisor is obligated to act in their best interest. In an AI-enabled 'automated' environment where process, rationale or bias is far less visible, it places an added layer of accountability on the advisor for defending decisions made or recommendations given.

Looking Forward — An Opportunity to Differentiate

AI governance — not AI usage itself — represents the next major opportunity for advisor value creation.

The strong demand for practical tools signals that advisors are ready to engage more deeply with their clients, provided they are equipped to do so confidently and compliantly. As adoption rates continue to accelerate, advisors who are prepared to pivot from AI usage into prudent AI governance are more likely to strengthen sponsor relationships as essential fiduciary partners.

As an added tool for insights into AI governance, please click here to view our **AI Oversight and Governance 5-Point Checklist**. We'd appreciate your thoughts on the topic as well! Feel free to respond to us at **SVI@MassMutual.com**

[*] MassMutual Stable Value Investments Advisor Survey: *AI, Fiduciary Oversight & the Advisor Role* (March 2026) n =37.

[1] Cerulli Associates: public press releases and industry coverage on AI adoption, retirement markets, and fiduciary trust (2024–2026).

FOR USE WITH FINANCIAL PROFESSIONALS OR PLAN SPONSORS.

IS1224 626 MM202704-316139