

**From:** [ETF SMB Governing Board Liaison](#)  
**Cc:** [Schueller, Shelly - ETF](#); [ETF SMB Governing Board Liaison](#)  
**Subject:** Dec. DC Board: Info. Security/Empower Doc.  
**Date:** Wednesday, December 11, 2024 4:20:30 PM  
**Attachments:** [Empower Technology Innovation Lab and AI Q4 2024 Update.PDF](#)

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Good afternoon, Deferred Compensation Board members,

Please see the below message from the Wisconsin Deferred Compensation Program Director, Shelly Schueller.

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Hello Deferred Compensation Board members –

Thank you all for participating in last week's Deferred Compensation Board meeting and the great discussion on agenda items. Related to the information security topic and information shared by Trish McGinity of Empower, attached please find Empower's 4Q24 Technology Innovation Lab and Artificial Intelligence update. Trish also referenced Empower's response to the Dept. of Labor, which was included with your Dec. 2024 meeting materials as part of [item 12](#).

Trish has made additional sensitive information from Empower available for ETF to review (no downloading) and Dave Maradiaga, ETF's CISO has access. Due to Empower's confidentiality requirements and cybersecurity concerns, we are not able to share these documents outside of ETF at this time.

Thank you -  
Shelly

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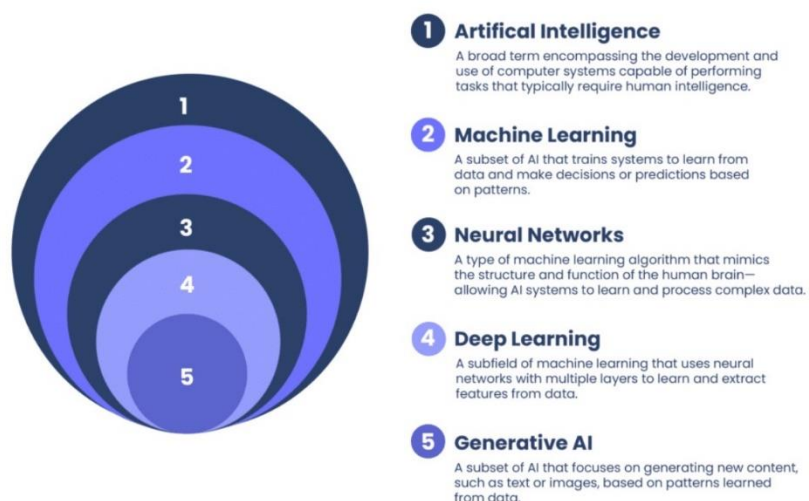
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## Q4 2024: Empower's Technology Innovation Lab and Artificial Intelligence quarterly update

### Global AI trends

- The World Economic Forum has estimated that AI will replace 85 million jobs but will also create 97 million new jobs by 2025.<sup>1</sup>
- 97% of business owners believe that ChatGPT will benefit their businesses.<sup>2</sup>
- Over 60% of business owners believe that AI will improve customer relationships by enhancing client interactions.<sup>2</sup>
- AI could add a staggering \$25.6 trillion to the world's economy.<sup>3</sup>
- 54% of companies had used generative AI in their business by November 2023, with over 80% adoption by Fortune 500 companies.<sup>4</sup>

### Definitions



### Empower's stance on AI

AI has been around as a field of study in universities since the 1950s and presents promising opportunities to help Empower serve customers and deliver insights that support individuals as they take steps to achieve financial freedom. Empower is committed to using AI responsibly and ethically. Everything we do starts with our commitment to protecting customer data.

Empower has established an AI Governance Committee, AI Risk Management Policy, AI Risk Assessments, and our Technology Innovation Lab. Empower has also developed specific AI policies and standards to ensure that our AI/GenAI practices align with our values and principles along with regulations and emerging policies.

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### Empower's robust AI governance framework includes:

- **AI Governance Committee** – Our cross-functional committee is composed of individuals from legal, risk, compliance/privacy, business, and technology/security who review and approve potential uses of AI and oversee compliance with the requirements of our AI Risk Management Policy, with approvals based on alignment with our overall company strategy and risk tolerance.
- **AI Risk Management Policy** – Our policy establishes several risk-management principles and requirements with respect to the use of AI to help us avoid causing any harm to our customers, employees, and stakeholders. The supporting AI Risk Management Standard establishes specific processes to identify, measure, manage, monitor, mitigate, and report on AI risks in accordance with the company's Enterprise Risk Management Framework.
- **AI risk assessments** – AI risk assessments are conducted to understand the inherent risks and potential impact of AI use cases on our customers, employees, and stakeholders. Risk assessments are used to ensure that risks are appropriately identified, assessed, and mitigated in accordance with Empower policies.
- **Technology Innovation Lab** – Empower's dedicated Lab team works to accelerate technology adoption that enables us to take innovation to scale across the organization. Their efforts are focused not just on AI but on data, analytics, and other emerging technologies. In our Lab, we test new AI solutions in a controlled and risk-averse manner.

### Empower has implemented uses of traditional AI/machine learning in areas such as:

- Call-fraud detection.
- Customer service via a chatbot to offer faster time to resolution and next-best actions.
- Customer Care Center interactive voice response to help extend access during off-peak hours.

### What are the AI benefits to our clients?

Empower is in an innovative position to leverage the power of emerging technologies, including AI, to improve experiences for your plan and participants. We believe our best opportunity with AI is to accentuate and enhance the skills of our service professionals, with a focus on three main objectives:

- Creating more personalized experiences to help deliver better financial outcomes.
- Building user-friendly and innovative solutions to transform the retirement savings experience.
- Accelerating how we develop and deliver enhanced solutions.

### What can AI do for us in the future?

We continue investing to enhance the experience of our clients through our Technology Innovation Lab. The Lab is a team of individuals with a clear mission: to ignite innovation by testing new capabilities, accelerating new technologies, and differentiating the customer experience through safe and transparent experimentation. Through the Lab, we're exploring innovative technologies such as:

- Software development and pair programming to write code to improve productivity and quality while also accelerating time to market for new features.
- AI companion technology to help boost creativity and productivity.
- Using AI to help with analyzing calls from consumers for quality, Empower Customer Care Center (call center) management, and next-best actions for customer service.

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### In closing

While there is exciting potential for AI, it won't replace strong risk-management practices — or our great associates. We've identified many AI use cases, are prioritizing those that keep a "human in the loop," and are evaluating risks to select AI initiatives with higher value and lower risk. Most importantly, we'll continue to take a responsible approach to how we employ AI and honor the trust our clients have placed in us.

1 World Economic Forum, "Recession and Automation Changes Our Future of Work, But There are Jobs Coming, Report Says," October 2020, [weforum.org/press/2020/10/recession-and-automation-changes-our-future-of-work-but-there-are-jobs-coming-report-says-52c5162fce/](https://www.weforum.org/press/2020/10/recession-and-automation-changes-our-future-of-work-but-there-are-jobs-coming-report-says-52c5162fce/).

2 Forbes, "22 Top AI Statistics And Trends In 2024," updated October 2024, [forbes.com/advisor/business/ai-statistics/](https://forbes.com/advisor/business/ai-statistics/).

3 Semrush, "78 Artificial Intelligence Statistics and Trends for 2024," February 2024, [semrush.com/blog/artificial-intelligence-stats/](https://semrush.com/blog/artificial-intelligence-stats/).

4 CompTIA, Inc., "Top Artificial Intelligence Statistics and Facts for 2024," February 2024, [connect.comptia.org/blog/artificial-intelligence-statistics-facts](https://connect.comptia.org/blog/artificial-intelligence-statistics-facts).

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