



The SPP member research series:

Progressing the Pensions Dashboard

With the consensus from the Society of Pension Professionals (SPP) members that pensions dashboards can have a positive impact for pension savers, focus has now turned to the specifics, such as which pension schemes will initially be in scope, what information will be required from schemes, and when will this need to be made available to dashboards.

In April 2020, the Pensions Dashboard Programme, overseen by the Money and Pensions Service (MaPS), issued three documents which start to explore some of these areas.

The progress update report included an insight into the work already undertaken by MaPS together with the focus and priorities of the programme over the next six months. The two working papers published alongside the report cover two of these priority areas:

- Data scope – setting out options to achieve an acceptable early level of breadth of coverage
- Data definitions – listing a set of data items that could be included in dashboards

While the impact of COVID-19 has delayed MaPS issuing their call for input on these two working papers, SPP has conducted a survey of our membership, covering pension professionals from a range of backgrounds, to consider some of the high-level areas included. Our findings are summarised in this short paper.

Data Scope

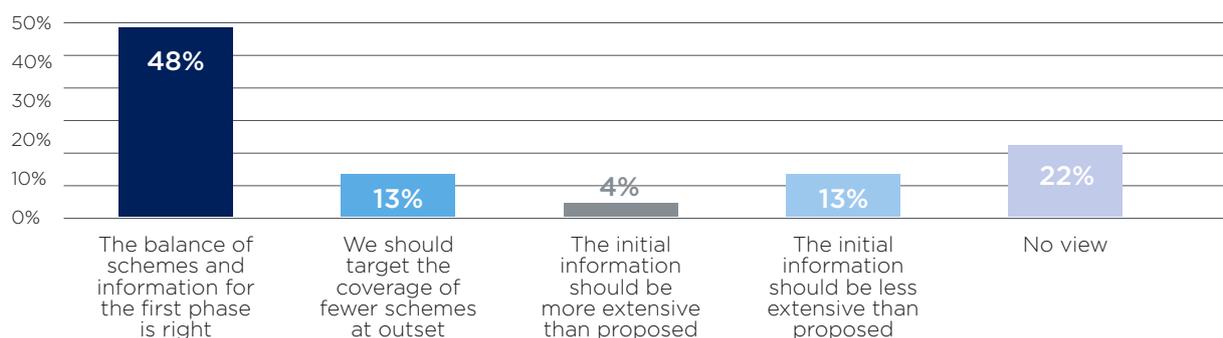
With different types of pension provision likely to be staged onto dashboards at different times, it is critical that the level of initial coverage provides a good customer experience. Confidence in dashboards from the outset is key to increasing public engagement and generating sufficient and sustained demand for this service over the long term.

Coverage of initial dashboards

MaPS considered three options in relation to the early breadth of coverage for initial dashboards. A strategy of including a wide range of pension provision covering most pension sectors, while providing a focussed “find and view” service in terms of the data available, has been suggested by MaPS as being the most appropriate.

As can be seen from the table below (Fig. 1), 48% of respondents to our SPP survey agreed that, of the options proposed, this was the one most likely to achieve the overarching aim of dashboards, of connecting people with all their pensions.

Fig. 1 MaPS intends to focus on wide coverage of pension provision and basic information.
Which of the following best reflects your views:



The mass availability point

The current understanding from Government is that the majority of pension providers and schemes will be able to provide the required data to dashboards within a three to four year timeframe, using a phased on-boarding approach.

While details of the staging window are not under consideration at this time, on-boarding large pension providers and schemes at an early stage would result in a significant proportion of private pension entitlements being accessible from the dashboard. Public sector pensions, for example, would also seem to fall within that priority category to enable dashboards to achieve maximum coverage as quickly as possible.

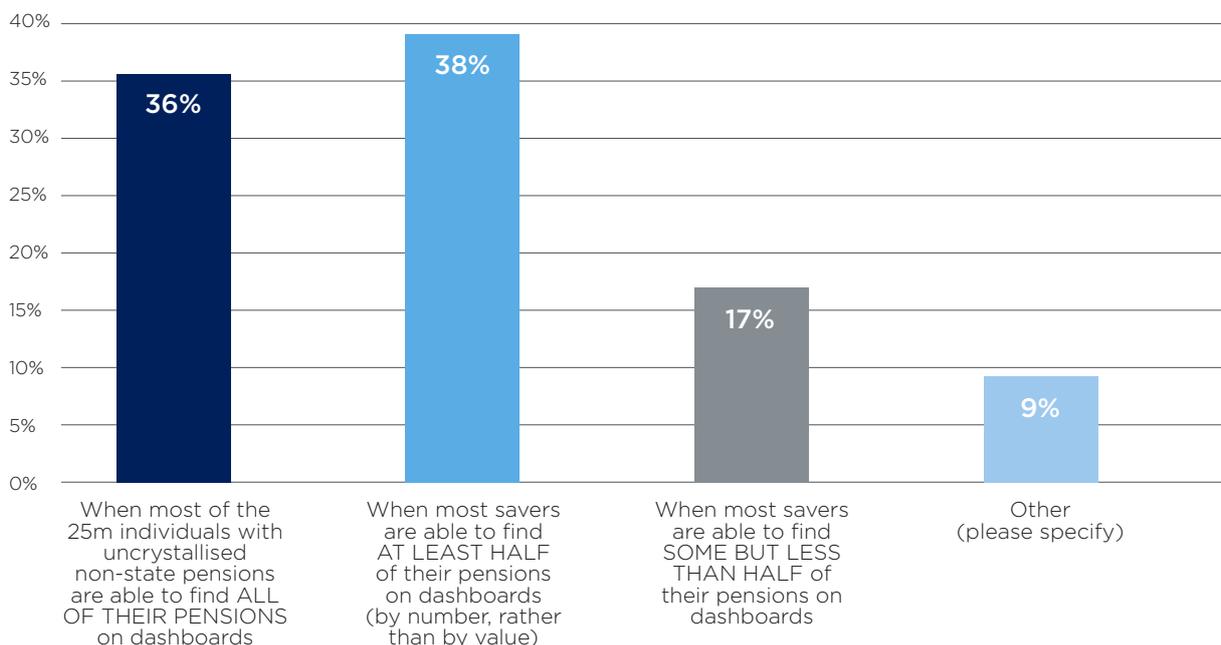
When individuals use dashboards, they will understandably expect to find and view all of their pensions. However, it is possible that the types of pension provision that may fall under the later phases of the staging window

(perhaps for example, SSAS or executive pension type arrangements) will not have a material impact in terms of coverage, for the significant majority of potential dashboard users.

The 'mass availability point' considers at what point of the staging window it is appropriate to make pensions dashboards available to the public. Too early and individuals will quickly lose confidence in dashboards, while waiting until the end of the staging window could be seen to delay delivery unnecessarily.

Interestingly our SPP survey results were inconclusive in providing a consensus on the mass availability point, see Fig. 2 38% of respondents said this should be when most of the 25 million savers with uncrystallised non-state pensions are able to find at least half of their pension savings, whereas 36% said this should be when they could find all of these pension entitlements.

Fig. 2 At what point do you believe the 'Dashboards Available Point' (i.e. when the public will be made aware that dashboards are operating and they can find their pensions) should fall?



Data Definitions

The second working paper focusses on the information that will need to be provided to dashboards for those individuals with uncrystallised benefits. Crystallised pension benefits, such as pensions in payment or in drawdown, are not being considered for dashboards at this stage.

It is imperative that the data required from schemes ensures that the correct person has been identified and that the information shown in dashboards is consistent, clear and simple to understand. This will be a significant challenge to overcome, given the wide variety of pension provision to be included on dashboards.

Given the potential for different challenges for Defined Benefit (DB) and Defined Contribution (DC) schemes, our SPP survey considered each of the following areas separately.

Levels of data

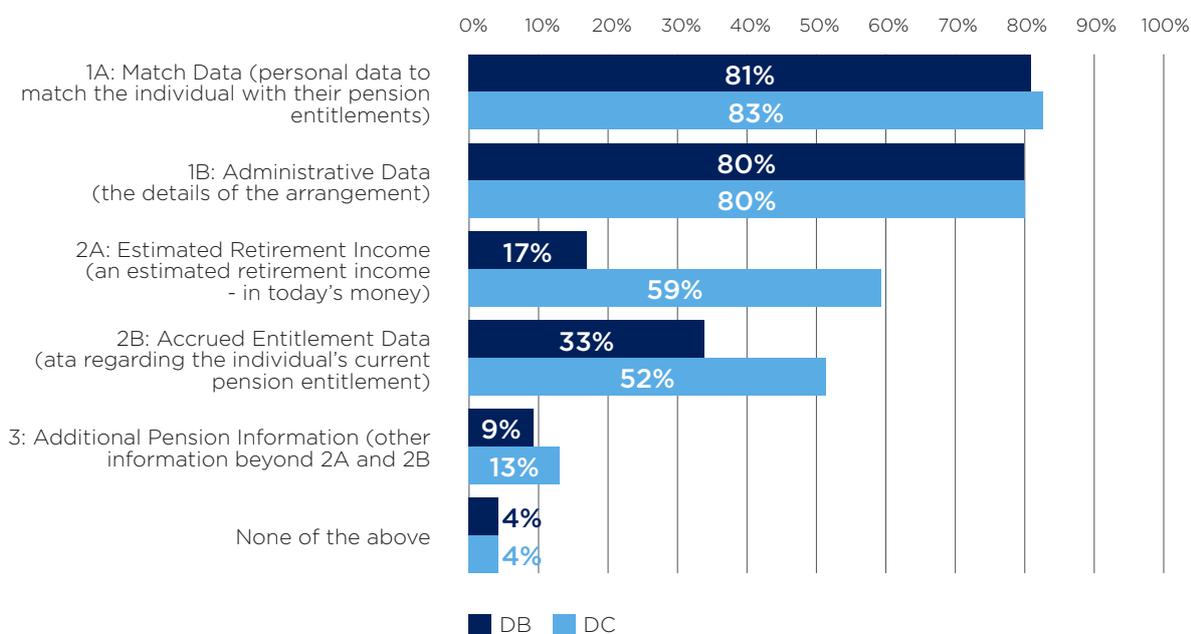
Initial dashboards intend to focus on a “find and view” service and provide some constant “basic information” about each pension entitlement shown. The proposal is that the basic information to be made available will be limited by that currently required under the disclosure of information regulations, although schemes could also choose to provide the optional data to initial dashboards.

The working paper provides five levels of data and we asked our SPP members which of these categories they believe could be provided at this time.

As can be seen from the table below (Fig 3.), responses for both DB and DC schemes were consistent in that around 80% of respondents said that both Matching Data (the personal data required to match the individual to their pension entitlement) and Administrative Data (details of the pension arrangement) would readily be available.

However, while 59% of respondents said DC schemes would currently be able to provide an Estimated Retirement Income (estimated income at the future payment date, in today’s money), unsurprisingly this reduced significantly to only 17% of respondents for DB pension schemes.

Fig. 3 What level of information do you think is achievable now, for initial dashboards? (tick all that are achievable)



Estimate Retirement Income (ERI)

MaPS has proposed that, as part of the basic information, schemes must calculate and provide an Estimated Retirement Income (ERI) figure for each pension entitlement found. Given our survey suggests that around 80% of DB and 40% of DC schemes may not currently be in a position to provide the ERI figure to dashboards, we also asked SPP members how prepared schemes currently were in being able to provide this information in the future.

70% of respondents said that a significant amount of work will be required before an ERI figure can be provided for DB schemes. Conversely, for DC schemes, a similar percentage of respondents (69%) said that none or only a limited amount of work would be required for DC schemes.

Biggest barriers

Perhaps not unexpectedly, our survey results indicate that the calculation and provision of ERI figures for DB schemes is likely to provide a challenge to the industry.

We also asked our members what other barriers there may be for pension schemes in making the proposed data available for dashboards

As can be seen from the tables below (Fig. 4 and Fig. 5), for both DB and DC schemes, respondents indicated that the cost and resources required to deliver the data requirements quickly enough was a primary barrier. For DB schemes in particular, the quality and accuracy of the data currently held by schemes is also likely to be a key barrier.

Fig. 4 What do you see as being the biggest barriers for DB pension schemes in making the proposed data available for dashboards

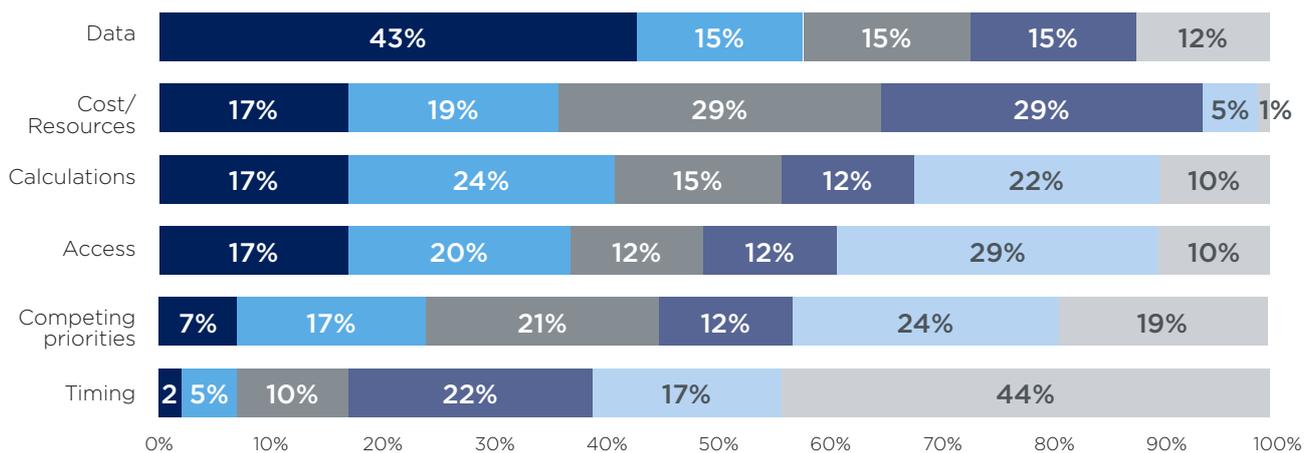
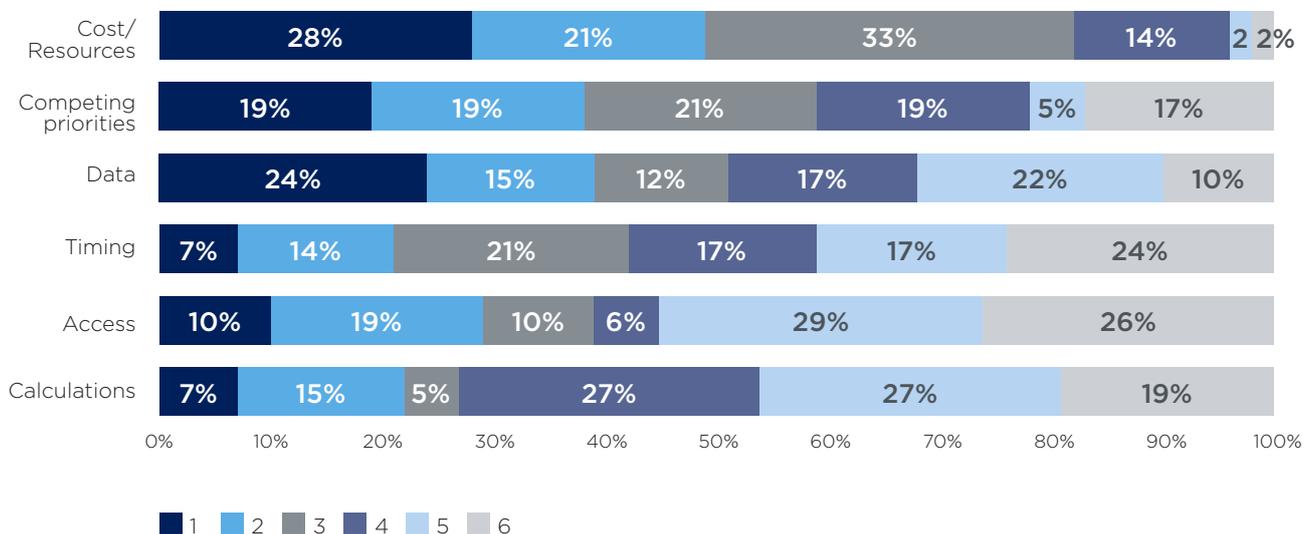


Fig. 5 What do you see as being the biggest barriers for DC pension schemes in making the proposed data available for dashboards



Conclusion

While it will be essential for industry to consider the detail and contribute to the call for input once published, based on the SPP survey, members broadly agree with the overall principles proposed in these two working papers.

Schemes will require sufficient clarity on data expectations, as well as a realistic period of time to implement the final data requirements, once known. Indeed, our survey respondents estimate that it would take up to two years for DC schemes and three years for DB schemes to be able to provide all the proposed basic information data to dashboards in an electronic format.

While there remain a substantial number of other areas to still be considered, one of the key elements for dashboards to be a success is for users to have absolute confidence in the data provided on them. Both the Government and industry have a responsibility to ensure they work together to ensure the potential barriers to achieve this goal are overcome in a pragmatic manner.

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