



The SPP member research series:

The Pensions Dashboard

The Pensions Dashboard project has been a topic of discussion for many years. With an original intention to launch something in 2019, timescales have been extended for a combination of reasons. But with the creation of the Money and Pensions Service, the appointment a Principal of the Pensions Dashboard Delivery Group, and the subsequent announcement of the Steering Group members, the project now seems to have some fresh momentum behind it.

During September 2019 the SPP conducted a survey of its membership, covering pension professionals from a range of disciplines, to try to understand some of the high-level issues around the dashboard. Our findings are summarised below.

Primary Purpose

Being clear on the purpose of the dashboard is critical to ensure that any project is well-focussed, yet that clarity is difficult to find. Most industry experts recognise the reality that different parties have different objectives, and with multiple dashboards expected to emerge over time, the potential for a divergence of objectives from the different dashboard providers is evident.

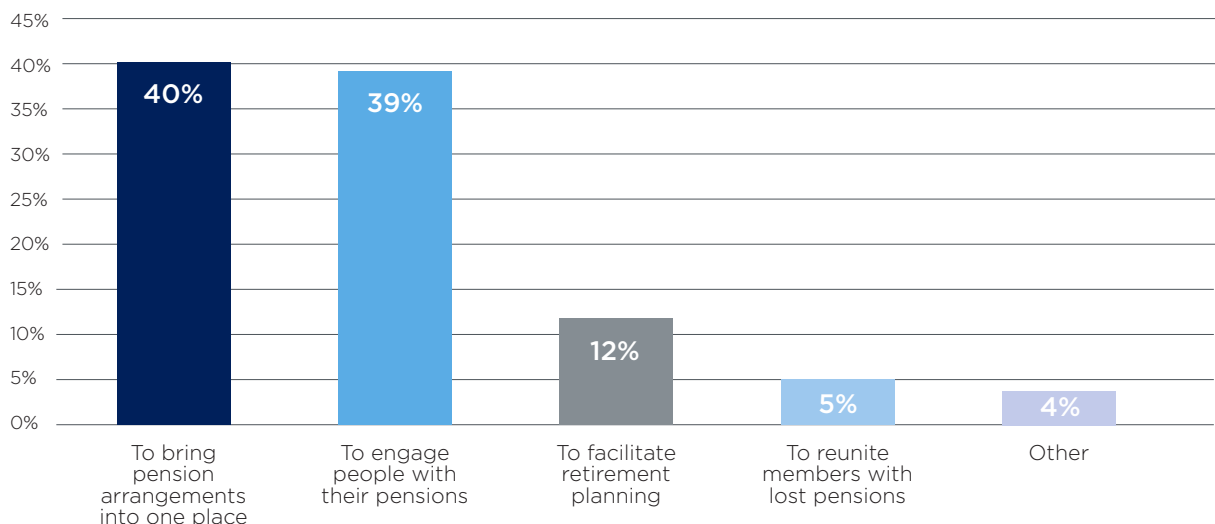
We therefore asked our members what they felt the primary purpose of the dashboard project was (Fig. 1).

Although views on the primary purpose of the dashboard were mixed, almost four fifths (79%) opted for one of two aims: to bring pensions arrangements into one place or to engage people with their pensions.

The challenge for the Dashboard Delivery Group is that different objectives imply different approaches, and unless there is clarity on the purpose, which is re-iterated regularly, then there will continue to be parts of the industry, media or politicians pushing in different directions and claiming that the dashboard has failed their particular needs.

- If the dashboard is primarily about member engagement then a piece of technology cannot do that, it needs wider support, financing and advertising, as well as positive industry and media messages.

Fig. 1



- If it is about retirement planning then it needs functionality to enable people to consider options and make changes. Functionality such as “drag and drop” becomes relevant.
- If it is about lost pensions then the dashboard needs to be able to track down schemes using historic scheme or sponsor names, even if those schemes are not yet on a member’s account.
- And if it is about bringing pensions into one place then that needs as broad a spread as possible including DB and DC, public and private sector, SSASs, SIPP’s etc.

Having a greater clarity of objectives is therefore crucial, and it is likely that those objectives will evolve over time.

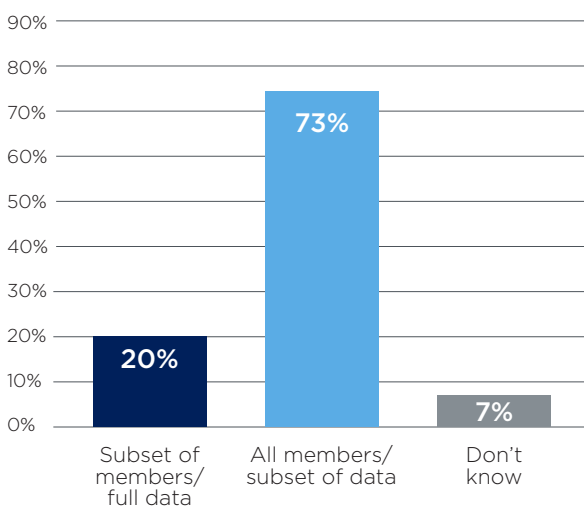
A multi-dimensional problem

A key challenge for the dashboard is that it cannot do everything at the outset, and decisions need to be made about scheme and member coverage, extent of available data and dashboard functionality. Faced with a choice, would the industry rather have:

- All members included but with limited data and limited functionality?
- Limited members and functionality but full data available for select members to view?
- Strong functionality, but limited members and patchy data?

Setting aside the option of starting with functionality, we asked our members whether member coverage or completeness of data was the priority (Fig. 2).

Fig. 2



The clear consensus from our members was that getting the majority of schemes and members onto the dashboard was more important than ensuring data was complete.

This view was particularly strong amongst administrators (94% in favour of member-engagement over data completeness) though weaker amongst lawyers (67%). Although purely speculation, one could conclude that administrators were more likely to understand the challenges of “full data”, while lawyers may be more attracted to having data that is robust and reliable.

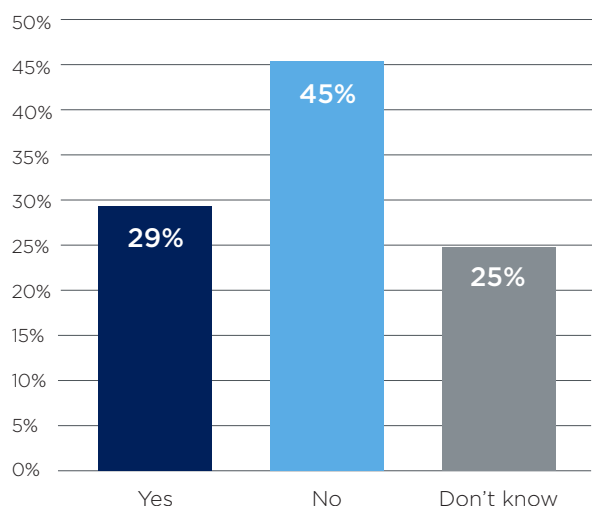
Perhaps the most interesting question is to consider which approach will keep the most people engaged while full functionality is built. Limiting early versions to a subset of members risks alienating those who are excluded. However, putting basic information for all members risks alienating everyone, as members find it tells them nothing they don’t already know. To determine which approach is best will probably need testing with real members rather than pension professionals.

Money and Pensions

For many in the pensions industry, a pension scheme has a special place, distinct from other forms of saving. But with the dashboards now being overseen by the Money and Pension Service, the recognition of pensions as just one form of saving is clear. Add to that the idea that “open pensions” is just an extension of “open banking” and an obvious question arises, whether pensions should be integrated into banking apps?

We asked our members what they thought (Fig. 3).

Fig. 3



Of all the questions that we asked, this had the least consensus. While the most popular response was not to integrate pensions into banking apps, over 1 in 4 admitted to not having a view, and less than 1 in 3 agreed with the idea.

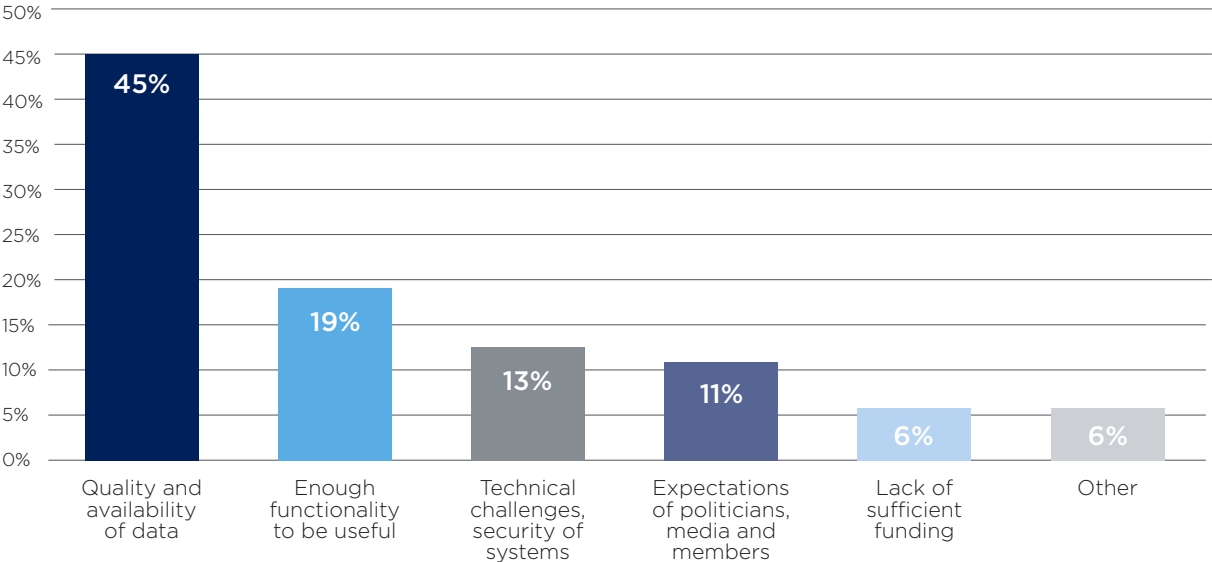
The sample, of course, is biased, made up of professionals from the mainstream pensions

community, who may have limited understanding of banking apps and the possibilities of technology. However this is important – if integration with banking apps is the way forward (and this could be a key way to reach as wide an audience as possible) then the industry needs some education to bring it on-side.

The weakest link

The final question we posed to our members was about the difficulties facing the dashboard (Fig. 4).

Fig. 4



By far the biggest concern was around data, with specific comments highlighting that legacy data, and DB data in particular, was the biggest concern. This concern was the most common amongst all groups of our members.

The dilemma here is which groups of schemes and members to target. With the success of auto-enrolment since 2012 we have millions of new members in DC schemes who have data readily available due to the fact that they have been automated from outset. These are easy to include but they represent small amounts of money (both for individuals and across the industry as a whole) and members are already getting regular communication about their fund values.

In contrast, while active DB membership is far smaller, legacy DB benefits are far and away the largest private sector pension liabilities. Most DB members get no communication between leaving a particular employer and its DB scheme and retirement, which can be a gap of decades, and so losing track of benefits is common. And yet data remains relatively poor in many schemes, and benefits are complex to explain, making inclusion on the dashboard a challenge on multiple fronts.

Conclusions

The concept of a Pensions Dashboard is hard to argue with. With improvements in technology, a drive for greater transparency, an increase in scheme membership and a reduction in vesting periods, the ability to keep track of all schemes in a single place is clearly a good idea and perhaps somewhat overdue.

The SPP fully supports the approach, but we do have concerns about how this will play out and the risks to the project. To be successful we believe three things are vital:

- That the vision for the dashboard is more clearly defined and properly articulated, so that all parties – whether members, pension providers, journalists or politicians – have a common view of what is expected.
- That the build takes place in stages, starting with as broad a range of members as possible, and building additional data and functionality from that base.
- That the industry is engaged as early as possible on challenges in relation to data, particularly when it comes to DB schemes, as that is likely to have a longer lead time than many of the other challenges.

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