PASA Call for Input Response

Pension Dashboards

August 2020

Dashboard Data Standards Call for Input Response

Your contact details

1. Name   Chris Connelly, Chair.

2. Organisation   PASA: Pensions Administration Standards Association

This response has been collated and prepared by the Pensions Dashboard Working Group. Members of the group can be found at:

https://www.pasa-uk.com/get-involved/working-group-members/pensions-dashboard-working-group-pdwg/

3. Email address   info@pasa-uk.com

4. Are you happy for your responses to be made public? Yes

Data Scope Working Paper

5. Existing user research indicates that people have a low tolerance for incomplete dashboards and would rather wait until the majority of pension providers and schemes are 'online'. To be acceptable to individuals, what proportion of their pension entitlements should initial dashboards find? Please indicate any consumer or other research used in framing your response to this question.

The basis of this, and our other answers in this section, is we believe the best, and quickest route to reconnecting people with their pensions is to separate the "find" and "view" functions of Dashboards into separate, but defined project stages. Having an online "find" service first will immediately resolve a gap in the industry today, reconnecting people in one place of their choosing. Being able to see how much their entitlements are worth is important and should follow within an agreed, and published timescale so people know when to come back to look, or in the meantime, where they need to contact for more information.

It is important a very large majority of pensions are findable at outset. People are not going to know if an incomplete list is everything they have earned or not. There's a risk they may see 4 benefits and assume this is all and never come back to discover they actually have 6.
The advantage of staged delivery is twofold:

1. It allows dashboards to be available sooner with useful information, whilst giving schemes with the most to do to make benefit data available the time to do it.
2. It allows dashboard user experiences to develop and let the people feedback on future functionality.

In terms of phasing, this approach would allow the dashboard infrastructure to establish and roll out onboarding of data providers (schemes, insurance companies, ISPs etc.) in a relatively short window, rather than over a protracted set of staging windows. This would meet the policy objectives of reconnecting members in a short time frame.

The phasing would also allow data providers to focus firstly on personal data quality and connectivity, and then focus on how benefit data should be best presented in a later phase. For many of the schemes most in need of work to provide benefit data, they are already wrestling with GMP equalisation and potentially scheme de-risking or closure. Additional work to provide information to dashboards without any clear view of the value of this, or the volume of members interested in a dashboard will be difficult to prioritise over work being carried out to secure the future of the benefits themselves.

Solutions need to be found which are useful to the members, but deliverable within a fixed bandwidth of industry resources.

6. How long (i.e. how many months?) will most individuals find acceptable between first using a pensions dashboard (and finding only some of their pensions) and subsequently finding out that more of their pensions are now available to view?

In line with our response to question 5, we believe the target for "find" should be as close as is practicably possible to 100% at the mass availability point. We do not see an acceptable delay for this initial level of information. We believe it is the depth of information which could be phased, not the breadth of coverage, and limiting the breadth of coverage at outset could impact adversely on consumer take up of the dashboard.

7. Are there any segments of the population for whom the majority of their pensions could be covered early by selecting a subset of pension provider/scheme types?

We believe the quality (or lack thereof) of personal data is not something unique to any one subset and so all sectors should be challenged to provide a set of "find" results relatively quickly. When you then consider the value of benefits, there will be significant variances from sector to sector, but not necessarily exactly how the Data Scope paper sets them out. For example, within the MasterTrust sector you would imagine the schemes open to Auto Enrolment have fewer challenges with their data and the provision of benefit information electronically. However, there are schemes which fell under the MasterTrust regulation due to the existing structure of their employer base. There is no broad conclusion you could reach which says whether these schemes are any better or worse than the single-scheme sectors.

Our concern is while there will be very different scales of challenge for different types or sizes of schemes, staging them by sector would lead to the need to have to explain the differences between

different types of pension to an audience which has never engaged with pensions. By finding all pensions first, and then subsequently allowing different sectors to roll out "value" data, you could avoid the need to explain details which would be a barrier to understanding and simply treat the phasing of more information as ongoing improvements to the service.

Additionally, there is the issue of comparability. DC style benefits are much more easily grouped together as similar types of benefit, and the industry has worked together to provide standardised benefit statements. DB has a lot more variety, and any attempt at standardisation would be deeply involved and time consuming. Being able to phase delivery of benefit related data would give industry groups the time to work on improving standards in this area.

8. If you have identified one or more population segments in response to Question 7, what simple, cost effective communication approach(es) could be adopted to explain to all individuals (both within and outside of the specified segment(s)) which pensions they should and should not expect be able to view on initial dashboards?
Our suggestion would be to avoid the need to distinguish between different types of pension wherever possible and just communicate these issues as a phased roll out (on the understanding the first phase is "find everything").

9. Which data items do you anticipate could be used to definitively match individuals to their pension entitlements? Of the data items listed, are there some (or some combinations) that will provide a more accurate match than others?

Our analysis across those of our members who specified, shows the most common fields used to identify people today will always include NI Number, Surname and Date of Birth. In addition, postcode is often used as an additional criterion. When you are identifying somebody verbally, it is easier to drill into different items, but when having to perform matching algorithmically, it is likely our schemes would want to see a fixed set of fields with zero tolerance for mismatches. As providers to those schemes, administration companies and software providers seem more open to the idea of a "possible" match as long as there is a way within the candidate architecture to be able to express a view that a match might be possible, but the member should contact the scheme directly.

The risk of false negatives has been raised, there is a reported fear people will lose faith in a dashboard which doesn't find their pensions. We understand the academic risk, but the risk of false positives is intolerable by most if not all schemes, and so any solutions formed by industry will reflect this position.

One possibility which has been mentioned to improve match certainty is the ability for dashboards to provide previous surnames and addresses as part of the data request. Some evidence exists this information improves the match by considerable factors. Notably PensionBee's work in this area. One item not currently in the data standard which may also add value to the match criteria is 'gender'. Our concern, however, is not the data item itself, but whether it is checked by anything in the dashboard infrastructure. Many of the data items we rely on will have been checked as part of the identity and verification steps within the dashboard. However, it is proposed the NI Number entered by the member will be unchecked. We believe the increasing importance (and reliability) of NI Number warrants there being a service in the dashboard infrastructure to validate member-entered NI Numbers.

10. In Level 1b, we have set out the administrative data items that will be useful to individuals, as these items will enable them to see where their pension entitlements are. Which of these items would be most challenging for pension providers and schemes to supply? Please indicate in your response why this would be the case.

We do not consider these data items to be too difficult to provide from a technical standpoint, but the challenge will be whether this information can be provided in a way which is useful to the members. We are most concerned with employment data. There will be a lot of schemes which have never held employer data if it wasn't needed. For example, single employer schemes where the name of the scheme was synonymous with the employer. The challenge comes when these schemes (and employers) undergo merger and acquisition activity, or simply pass from one administrator to another

and this un-needed detail was dropped. There are many companies and pension schemes not called what they were when the members worked there.

We believe the challenge will be easier for schemes where employer data is necessary. For example, multi-employer schemes such as Master Trusts or Local Government schemes.

Similarly we do not believe this data, if it is missing, is even possible to re-create through data cleaning. Once it has gone, it has gone.

11. One of the DWP design principles is that dashboards will initially be used for presentation purposes only (i.e. they will not alter the source data). This means that initial dashboards cannot calculate projected pensions, meaning that pension providers/schemes must supply an Estimated Retirement Income (ERI) for each pension. This includes situations where there are multiple "tranches" within a pension, i.e. multiple ERIs with multiple Payable Dates may need to be supplied. The Level 2a data table sets out our assumptions on the simplest way for pension providers/schemes to meet this requirement. Please comment on these assumptions.
We do not share the DWP's concern about dashboards being able to carry out maths. Whether simple levelling up, or projected pensions calculations. We *would* agree, however, we would not wish to see a dashboard framework which would allow different dashboards to present different results, but believe you could design a framework where all dashboards were allowed to carry out the same interpretive standardised calculations or conversions on the data provided by schemes to make the returned values more comparable. This may require a change to the current detailed data requirements as to the consistency to be provided by schemes so it can be interpreted in an equally consistent manner (for example how to interpret where a member's benefits include an underpin or other form of guarantee.

The alternative is, if the requirement remains for schemes to provide the equivalent of a benefit statement, all of these numbers will mean different things and be effective from different dates. No member would be able to work out where they stood.

Another alternative is to mandate schemes to all provide the projected benefits to an agreed date. This will create quite the burden on many schemes, which will be felt worst by the smaller DB schemes. Those which did not pass a cost/benefit point to make automation worth investing in. Very few DB schemes (of practically any size) will produce deferred member benefit statements proactively at all, so very few will have automated this activity. Additionally, there is no common standard for DB benefit statements, so even those schemes who do have automation will not necessarily have the right automation to meet the requirements of Dashboard.

Having said this, schemes were previously looking down the barrel of having to produce deferred benefit statements under IORP2. (Article 39). Many will think this has gone away with the UK's withdrawal from the EU. However, our understanding is IORP2 predates the withdrawal agreement and therefore, unless UK specific legislation is passed, IORP2 still needs to be delivered. If UK Government's position remains to be the implementation of Dashboard is how it will satisfy the requirements of IORP2, then our suggestion would be we maximise the benefits of carrying out this work by allowing schemes to provide something which will be useful to them beyond just being dashboard compliant. We suggest if schemes could provide a retirement quote online as part of the dashboard requirement, this is something they can then also use for processing member requests and retirements. Not just a number they need to produce for a website.

There would still be a long way to go to achieve this, and so our comments on the phasing of the depth of data provided still stands, but this approach would allow industry bodies to step in and work towards a common way of addressing the challenges. Many administrators today could not quote projections of retirement benefit if the member were too far away from retirement, so the approach on how to project, or what assumptions to use in the projection would be required. Much as it was for the DC market when SMPI rules were agreed.

The additional benefit of establishing a single projected ERI, is it would avoid the difficulties currently presented by different schemes providing benefit statements which all default to different dates. Some challenges will still remain, such as agreeing which date schemes should project to. Some schemes will not allow late retirement (for example) and so their benefits would not be able to be quoted at the current state pension age if the scheme retirement age is lower. However, we believe the provision of retirement projections would either be simpler than standardising benefit statements or at least more reusable in day to day administration.

12. Are there any "disclosure items" (i.e. items required under current disclosure regulations) that are currently challenging to supply digitally? If so, please indicate how many months it would take to make these "disclosure items" available digitally?
It would be difficult to generalise this response across our membership as different schemes will have different challenges. The only generalisation which could be made would be the assumption smaller DB schemes would be challenged more than larger ones. It would not be a reflection of the data items per se. It would be reflective of the general levels of automation.

Having said this, if the requirements became clear and schemes had to provide data they do not provide digitally today, they could always choose to conduct annual exercises to ascertain the results, and store them for retrieval online by a dashboard data request. This is an approach some schemes may be able to cost-justify.

For other schemes who could not see the benefit to do even this, one option would be to allow a small number of exceptions to the regulatory requirement to provide data. If a scheme cannot justify the expenditure to perform online provision of data, then perhaps they could be allowed to respond offline. If the permissions framework in the dashboard allows members to consent to being contacted outside of the dashboard, these schemes could take the request for data, and use the email or mobile number provided to engage directly with their member.

To make sure schemes do not take advantage of this easement unnecessarily, you could empower the Regulators to monitor the MI of returned searches to see who is not replying online and they can then set targets for schemes to improve automation. Much like the way TPR can monitor common and scheme specific data quality scores and insist on improvement plans.

13. Most data items in level 3 are not currently required to be made available to individuals under the current disclosure regulations. Would any of these (or other) areas of data be able to be supplied voluntarily for initial dashboards?

Again it would not be valuable for us to generalise, other than to say with the existing cost burden and complexity on our schemes, we could not see any but the most automated schemes willing to volunteer any more information than they need to under legislation. Even then, those schemes which value engagement and go above and beyond the legislative minima today already do so in their own online tools. They will not necessarily value doing it in a dashboard as well.

Our concern in this area would be that beyond the scope of initial dashboards, we would want dashboards to innovate to be useful and this implies a much more user-led driving of requirement, rather than looking at what data is available to be supplied.

To deliver the policy aims of dashboards evolving from "Find" to "Understand" to "Act" dashboards will increasingly need to get more personal to the user. We can see we need to take the lead at the "Find" stage because people don't know what they don't know. But having started them on the journey to better engagement, we need to let them take the lead.

We would want to see the future direction of dashboards to be led by the consumers, not by the suppliers.

About PASA

The Pensions Administration Standards Association (PASA) was created to provide an independent infrastructure which will set, develop, guide and assess administration standards.

PASA will act as a focal point and engage with industry and government to create protocols for understanding good administration - but also appreciates there is no one size fits all. PASA will develop evidential accreditation practices which will allow benchmarking across and between the industry regardless of how the administration is being delivered.

As well as raising the profile of pension administration generally, PASA will focus on three core activities.

1. Defining good standards of pensions administration relevant to all providers, whether in-house, third party or insurers
2. Publishing guidance to support those standards
3. Being an independent accreditation body, assessing the achievement of good standards by schemes (regardless of provider)

There is no organisation providing such services across schemes, yet there is a demand for evidence of service quality from scheme trustees, sponsors, administrators, insurers, scheme members and regulators.

About PASA Accreditation

PASA Accreditation is open to all corporate members of PASA (DB, DC, trust-based and contract-based schemes). PASA Accreditation is granted following an independent evaluation and assessment process, which includes on-site visits and the review of documentation to evidence controls, procedures, process, staff development and contractual positions with clients.

Full details on PASA can be found by visiting **www.pasa-uk.com.**

Full details on PASA Accreditation can be found by visiting **http://www.pasa-uk.com/pasa-accreditation**

THE PENSIONS ADMINISTRATION STANDARDS ASSOCIATION

Get in touch:

info@pasa-uk.com

www.pasa-uk.com