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Dashboards

PASA Guidance

Dashboards – Pensions Values Guidance

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1. Introduction

The [consultation document on the draft Pensions Dashboards Regulations 2022](#) was published on 31 January 2022. Responses to the consultation had to be submitted by 13 March 2022 and the consultation response issued on 14 July 2022. We now expect confirmation of the final regulations to be released this summer. It is important to note that we have chosen terminology used in the draft regulations, so further definitions can be found there.

The regulations will apply to all registrable UK-based occupational pension schemes with Active and/or Deferred members, including public service pension schemes.

The connection of pension schemes to the digital architecture is set to be a three-wave staging approach. The draft regulations state the first wave (April 2023 – September 2024) will include the largest schemes with greater than 1,000 relevant members, the second wave (October 2024 – October 2025) will include medium-sized schemes with between 100-999 relevant members, and the third wave (from 2026 onwards) will include small and micro-sized schemes with less than 99 relevant members, but these will require further regulations.

This checklist concentrates specifically on data required to help an individual understand the income they may receive from a pension benefit **Value Data**. In the context of the draft [Pensions Dashboards Data Standards](#), this includes the accrued value of a member's pension and the estimated retirement income (ERI) a member may receive at retirement, as well as contextual data such as date payable.

Based on the recent response to the Dashboard consultation, we now know a simplified approach to providing accrued benefits for DB deferred members can be used – but only for a two year period. We also know the 3 days for provision of 'value data' for DC benefits and 10 days for all other benefits is effectively confirmed. However, it is recognised the regulations are yet to be finalised and that some uncertainty remains, specifically in the following areas:

- The detail of the final Pensions Dashboards Data Standards
- The outcome of the [FRC consultation on changes to AS TM1](#) which will define some of the 'value data' requirements for Defined Contribution arrangements ('AS TM1')
- The presentation of data on the dashboard pages

Despite these remaining uncertainties, this checklist for Value Data provides examples of the steps administrators can take now:

- To gain a full understanding of what the **Value Data** requirements mean for their scheme
- To identify where gaps exist, what the options are for plugging those gaps, and whether they should wait to see DWP's updated regulations before making a decision
- To decide if there's work to be commenced now, well in advance of the expected industry capacity crunch and safely in advance of their designated staging date

The examples in this checklist are by no means exhaustive, and administrators are encouraged to add any further items and consider key decisions which could impact the provision of **Value Data**, such as:

- Cost
- Management of risk
- Member experience (e.g. consistency with other pension communications)

Once considered, and information collated, administrators will be well placed to discuss the current position and any required next steps with Trustees in a reasonable timeframe.

2. The Checklist

Preliminary Activities

- Review your membership profile and confirm your scheme's anticipated staging date for pensions dashboards
- Familiarise yourself and your administration team with the draft Pensions Dashboard Regulations 2022, particularly with regard to proposals relating to **Accrued Entitlements** and ERI, and also with the Data Standards
- Identify individuals and providers you potentially need to include in discussions relating to **Value Data** (e.g. trustees, administration platform providers, Integrated Service Providers (ISP), legal advisers, AVC providers, etc.)

Planning your provision of Accrued Entitlements

- Understand, based on your scheme and membership, what **Value Data** you'll be expected to provide for **Accrued Entitlements**, including all the contextual information required in the Data Standards such as calculation date, payable date, and other indicators (for example, whether a spouse benefit is attached)
- Keep in mind benefits payable at different dates and benefits only payable for fixed terms may need to be separately identifiable
- Clarify whether **Value Data** for **Accrued Entitlements** are currently populated manually or automatically on your administration platform (or a combination of both depending on scheme/section complexity) – or whether **Accrued Entitlements** are calculated and/or stored away from your administration platform
- Understand what level of automation (*if any*) you currently have on your administration platform for determining **Accrued Entitlements**
 - For active members
 - For deferred members
- Review whether any existing automation of calculations for **Accrued Entitlements** will need to be refined for pensions dashboards (*which may require a discussion with your platform provider, as key Value Data items may need to be stored in specific locations for transmission to an ISP*)
- Review the data quality of any data needed for the provision of **Accrued Entitlements**. If necessary, consider how best to improve this data before connecting to pension dashboards and, in addition, plan further around how best to maintain the quality of this data
- Consider SMPI and AS TM1 requirements for your DC members and DB members who pay AVCs
- Consider whether a 'simplified' approach might be acceptable on a temporary basis for estimating **Accrued Entitlements** for your deferred DB members and, if so, whether such an approach should extend to all deferred members within your pension scheme. You should also consider how you'll transition from this approach to 'actual' revaluation in line with your scheme rules after two years

- Consider how a ‘simplified’ approach might be implemented for estimating **Accrued Entitlements** for your deferred DB members. The options available may be:
 - On your main administration platform
 - As part of your pensions dashboards connection platform
 - By some other means

Understand what you’ll need to do in respect of AVCs for **Accrued Entitlements**. In particular, if you have external AVC providers, consider whether you would want or need to provide the AVC **Value Data** to pensions dashboards through your scheme’s connection. If so, plan how this data will be obtained and stored, and how frequently. Consider the AS TM1 consultation and requirements for your members with DC benefits (including DB members who have money purchase AVCs).

Planning your provision of ‘ERI Benefits’

- Understand, based on your scheme and membership, what **Value Data** you’ll be expected to provide for ‘ERI benefits’, including all the contextual information required in the Data Standards such as calculation date, payable date, and other indicators (for example, whether a spouse benefit is attached)
- Keep in mind benefits payable at different dates, and benefits only payable for fixed terms, will need to be separately identifiable
- Understand what level of automation (*if any*) you currently have on your administration platform for determining ‘ERI benefits’
 - For active members
 - For deferred members (noting that for DB deferred members, ERI benefits aren’t expected to be required in addition to **Accrued Entitlements**)
- Clarify whether **Value Data** for ‘ERI benefits’ will be populated manually or automatically on your administration platform (or a combination of both depending on scheme/section complexity) – or whether ‘ERI benefits’ will be calculated and/or stored away from your administration platform
- Consider the AS TM1 consultation and requirements for your DC members and DB members who pay AVCs. This will include understanding if historic investment return data is available as required by the proposed volatility grouping approach to deriving investment return assumptions
- Review whether any existing automation of calculations for ‘ERI benefits’ will need to be refined for pensions dashboards (*which may require a discussion with your platform provider as key **Value Data** items may need to be stored in specific locations for transmission to an ISP*)
- Understand what you’ll need to do in respect of AVCs for ‘ERI benefits’. In particular, if you have external AVC providers, consider whether you would want, or need, to provide the AVC **Value Data** to pensions dashboards through your scheme’s connection. If so, plan how this data will be obtained and stored, and how frequently

Other considerations for Value Data provision

- Understand the warning messages permitted and which may need to be triggered with regard to **Value Data** and the circumstances under which you might be required to use them for any of your 'in-scope' members
- Plan how you'll determine and populate missing **Value Data** within the required timelines should the proposed service levels be enforced (i.e. three days for DC members and 10 days for DB members)
- Consider the frequency with which you intend to update **Value Data** exposed to pensions dashboards for your members in relation to **Accrued Entitlements** and 'ERI benefits', taking into account:
 - Current practice for the running of benefit statements for active members
 - Current practice for the running annual reviews of accrued benefits for deferred members
 - Current practice for updating AVC data (for active members and deferred members)
 - Existing member portal capabilities
- Consider what your process will be for populating/refreshing/deleting the **Value Data** exposed to pensions dashboards for changes happening within a scheme year:
 - New joiners
 - New leavers
 - New 'out-of-scope' members
- Consider the 'Pension Link' outlined in the data standards which allow dashboards to show AVCs and scheme benefits as being associated with each other. You should consider how this data will be set and maintained to ensure effectiveness.

3. Conclusion

As momentum for pensions dashboards gathers pace and proposed staging dates for pension schemes and requirements for **Value Data** are confirmed, now is the time for administrators to take action. This will involve engagement between trustees, pension administrators, platform providers and/or designated ISPs (and other advisers) to understand and agree what actions need to be taken – and by who – to ensure optimal readiness.

Using this checklist should help you understand the requirements, understand your scheme's readiness to meet those requirements, and create a plan of action to fill any gaps. While there may be some actions in your plan you choose to hold back until the final regulations are laid, there'll be others you can start now. The sooner you create your plans the sooner you make other parties aware of them and beat the inevitable rush to make changes as staging dates get closer.

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