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PASA GUIDANCE

Dashboards Values Guidance

June 2023

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Acknowledgments

PASA is grateful to the authors of this Guidance the members of the Scheme Configuration Sub-Group of the Pensions Dashboards Working Group (SCSG) and to their employers.

Kim Gubler (Board Sponsor)	**PASA Chair**
Geraldine Brassett (Chair)	**WTW**
Harus Rai	**Capital Cranfield**
Jayne Wiberg	**Local Government Association**
Karl Lidgley	**Hymans Robertson**
Lucy Dunbar	**Sackers**
Maurice Titley	**ITM**
Paul McGlone	**Aon**
Selina Hall	**HSBC**
Phil Cork	**Aon**

We are also grateful for support from The Pensions Regulator and the Money and Pensions Service.

Introduction

Given the variability and complexity of the pension arrangements in scope for dashboards, the Regulations, Standards and Guidance aren't likely to provide the level of detail needed in some areas. This isn't an oversight in the Regulations and Standards, it's intentional so schemes can decide the best course according to their own scheme rules and circumstances to provide the optimum solution for their pension savers. The Guidance is intended to help trustees, managers, sponsors, administrators and providers address these issues and consider some of the practical considerations of implementing dashboards

The Guidance is designed to provide 'good practice' approaches to deal with a number of common issues not addressed by legislation or Standards. These Guidance notes don't represent definitive views on the issues, nor are they intended to be a substitute for professional advice. Many of the issues covered here will be scheme specific and there's unlikely to be a one size fits all approach.

While much of this Guidance has been drafted with trustees of private sector pension schemes in mind, we've also consulted with representatives of public service pension schemes and in each area of guidance have made specific comments relevant to managers of such schemes. For ease of reading, we've referred to 'trustees' throughout the document, but our comments are, for the most part, equally relevant for managers of public service pension schemes (PCPS).

In the document we reference Defined Benefit (DB) and Defined Contribution (DC) pension arrangements. Within the Regulations these are referred to as non-money purchase and money purchase respectively.

Trustees should take their own professional advice and ensure they have an appropriate governance framework and audit trail covering their dashboards preparations and ongoing oversight of dashboards compliance.

The Guidance has been prepared based on the following objectives:

- to provide schemes and administrators with Guidance on good practice and to avoid many organisations considering the same issues from scratch
- to provide savers with, wherever possible, a consistent approach to the information provided to dashboards where this isn't prescribed in legislation or standards
- to support the idea schemes should, where possible, reuse information already provided to savers and which they will be familiar with
- to minimise the possible additional strain on operational delivery immediately after the Dashboards Available Point (DAP) and on an ongoing basis

In preparing this Guidance it's been assumed readers will:

- have a working knowledge of dashboards and the pensions landscape
- be familiar with Pensions Dashboards Regulations 2022 (referred to throughout as 'the Regulations') issued by the Department for Work and Pensions (DWP) as well as any Standards Guidance, or policies issued by the Pensions Regulator (TPR) and/or the Pensions Dashboards Programme (PDP)
- it's intended the Guidance will be updated to reflect changes to law, other Regulatory Guidance and Standards and/or industry practice

This Guidance has been prepared based on the following scope:

- it covers a range of areas, shown in the contents section. We've looked at each topic in isolation and haven't attempted to consider cases where multiple situations apply to a single saver. In some cases, the way different issues interact will be clear, in other cases it won't. It's up to individual schemes to consider the issues they face, but we hope the Guidance will provide a good start
- the range of Guidance is intended to cover a number of common situations but inevitably won't be comprehensive. We've included some chapter headings for Guidance already planned and will complete these as soon as we can. If there are additional areas where Guidance would be beneficial, please get in touch and we'll consider whether this document can be extended
- in Appendix A we've made short comments on a number of areas raised in our discussions, but we felt didn't merit a full section of Guidance
- in Appendix B we provide more detailed comments on situations where administration is split between more than one administrator

Finally, this Guidance is based on current Regulations, Standards, Guidance, and industry understanding at the date it was written.

Disclaimer

The purpose of this document is to provide suggestions and examples of how value data might be prepared for dashboards in circumstances not covered by existing Regulations, Standards or Guidance. This document doesn't provide legal, tax or actuarial advice. Where appropriate, schemes should take their own professional advice in relation to the issues addressed in this document.

1. Calculations stored or on call

Guidance relevant for: The issue/challenge	DB and DC schemes Should schemes run live calculations each time a saver requests view data or have pension amounts pre-calculated and stored, for retrieval when required
Why is this an issue for dashboards?	Trustees are required to make value data, for both DC and DB arrangements available to dashboards. In order to avoid undue strain on administrators and to minimise the potential impact on existing day to day saver services after the DAP, we expect schemes to want to provide value data proactively in as many cases as possible. This would result in minimising the number of cases where value data may have to be calculated on an ad-hoc basis within the timescales set out in the Regulations.
Current legislative position	The Regulations provide for value data to be provided and there's an option, where value data can't be derived from a statement produced in the last 13 months or a calculation performed within the last 12 months (and therefore readily available to dashboards), to return a message to the dashboards to say value information isn't readily available, in which case it can be provided under the 3 (DC) and 10 (DB) working day timelines set out in the Regulations. The Regulations don't set a threshold for the number of savers for whom value information should be readily available to the dashboard, although we understand TPR will be keeping track of such information when considering compliance and enforcement activity.
What's general scheme practice?	The extent to which schemes already have or are able to generate value information will vary from scheme to scheme so, as part of the initial due diligence and discovery stage of an individual scheme's dashboards implementation project, it'll be important for trustees to understand, in relation to both estimated retirement income (ERI) and the accrued value, the following: • what value information is already generated which meets the requirements for dashboards? • how frequently is this generated? • whether this data is stored and if so, where it's held on the administration system and whether it's in the format required by dashboards • the calculation date for the data and when this is provided to dashboards as there'll be a difference between the two • existing levels of automation which relates to value data and the extent to which the calculations are run individually or in bulk • any data issues which will impact on the ability to automate calculations Where trustees have multiple administrators for benefits within the same scheme e.g. AVCs or split administrators for DB and DC sections, the same considerations will apply to all benefits, but further consideration will need to be given to the consistency of the information provided and the saver experience. Further Guidance on AVCs can be found in Section 19 and split administration can be found in Appendix B of this Guidance.

Guidance relevant for: The issue/challenge	DB and DC schemes Should schemes run live calculations each time a saver requests view data or have pension amounts pre-calculated and stored, for retrieval when required
Specific implications for PSPS	The date on which PSPS must connect to the ecosystem is still to be confirmed as connection deadlines will be changed. This is to reflect the fact DWP is intending to re-legislate to amend the deadlines in the current Regulations to allow more time for the technological infrastructure enabling dashboards to be delivered. Since 2015 all PSPS must provide annual benefit statements (ABS) to active savers. ABs must only include accrued values, they don't have to include ERI though administrators may voluntarily choose to do so. If ERI is not included on ABS, it's recommended calculation routines are changed to include ERI. LGPS must also provide ABS to deferred and pension credit savers. Some other PSPS voluntarily provide ABS to deferred and pension credit savers. If a scheme doesn't already provide ABS to deferred and pension credit savers, it's recommended these are provided going forward. Where value data (both accrued and ERI) cannot be drawn from ABS, PSPS will need to consider how they're going to provide this data within 10 working days from when a positive match or a registered match is made. Monthly data collection will help with the calculation and provision of value data within the prescribed timescales. If data's not already collected monthly, it's strongly suggested schemes implement a plan to do so. Collecting data monthly will allow schemes to regularly calculate value data by way of a monthly ABS bulk routine.
What are the options for dashboards?	At the highest level there are two possible options for making data available to dashboards as follows: 1. Run a calculation each time a saver requests this via a dashboard. For the purposes of this Guidance this is referred to as 'calculations on call' 2. Calculate values on a regular basis e.g. monthly, quarterly, annually store the calculated values and make these available when a saver logs on to a dashboard. For the purposes of this Guidance these are referred to as 'stored calculations' There are advantages and disadvantages to both options so, in deciding, trustees should consider the following: • the scheme design i.e. whether the scheme is DC or DB • the data they already hold and the extent to which the requirement to provide value data aligns with current processes • the extent to which either option will result in more savers being able to see their value information when they log on to a dashboard i.e. they don't have to request the information

Guidance relevant for:	DB and DC schemes
The issue/challenge	**Should schemes run live calculations each time a saver requests view data or have pension amounts pre-calculated and stored, for retrieval when required**
	• the ability of their administrator or their ISP to be able to support 'calculations on call' • whether calculations can be returned in a timescale which meets the Regulations • the extent to which either option can provide an audit trail should savers come back with queries and potential challenges in the future, as well as compliance from the trustee's perspective • whether the data quality's good enough to support 'calculations on call' for enough savers to maximise coverage as referenced above • what data trustees might like to hold should they choose to change administration providers in the future • whether one approach or the other creates opportunities for trustees to gain further benefits from the activity (e.g. benefit statements for deferred savers, enhanced online functionality etc.)
Suggested approach and rationale	Based on our discussions with administrators, we expect the most common approach to be to store the results of calculations rather than calculating value data for each request. However, it will be evident the solution will likely vary from scheme to scheme. It's for trustees to decide, working with their administrator and taking all relevant factors into account, which approach is best for their scheme and therefore their savers. We set out above the issues we suggest trustees might wish to consider when deciding on their approach. In addition, we suggest in making the decision the trustees remain focused on: • maximising the saver experience including ensuring as many savers as possible see value information when they log on to a dashboard • minimising their risk in terms of the quality of the value information made available to dashboards and having an audit trail • protecting the existing member services following the DAP. This will be an outcome of maximising the provision of value information

2. Revaluation of deferred DB benefits

Guidance relevant for: The issue/challenge	DB schemes How to revalue benefits for deferred savers
Why is this an issue for dashboards?	The Regulations require benefits for deferred savers to be quoted on dashboards based on, in broad terms, pension at leaving, revalued to a current date. In principle this is straightforward, but questions are sometimes raised around how this might work in practice and how to treat GMP, which is notional until GMP age.
Current legislative position	The Regulations deliberately don't cover the complex issue of GMP specifically. This is designed to allow schemes to manage this in the most appropriate way for them. The description of revalued benefits in the Regulations is: *"an accrued value calculated in accordance with the Scheme's rules and valued to the illustration date and as if the individual has reached their retirement date on the illustration date"* In addition, schemes have the option to produce a simplified value. This section relates to calculations intended to meet this primary definition. Separate Guidance has been prepared on the Simplified Method.
What's general scheme practice?	Many schemes don't issue deferred benefit statements, so don't regularly calculate a revalued pension. Some schemes will have a calculation to respond to individual requests from savers for revalued figures. For those running a bulk calculation, practice varies between schemes.
Specific implications for PSPS	PSPS deferred benefits are notionally increased in line with the Pensions Increase Act 1971 in accordance with the annual Pensions Increase (Review) Order. Also, the HMT Direction titled 'Section 59A of the Social Security Pensions Act 1975' dated 06 April 2021, provides for all savers who reach State Pension age on or after 06 April 2016, who have a GMP, to receive full statutory increases on all their benefits held in the PSPS. LGPS are already required to provide annual ABS to deferred and pension credit savers including the notional pensions increase. Also, a number of other PSPS voluntarily provide ABS to deferred and pension credit savers including the pensions increase. The inclusion of pensions increase calculated up to the illustration date will reflect common practice and we recommend PSPS continue doing so. For PSPS which don't currently provide annual deferred and pension credit ABS, we recommend the same approach, so benefits are displayed consistently across the sector.
What are the options for dashboards?	There are a number of related issues when considering revaluation to a current date:

Guidance relevant for:	DB schemes
The issue/challenge	**How to revalue benefits for deferred savers**
	• **whether to revalue the pension as a whole or split it into tranches, based on different revaluation rates** Splitting the pension for the purposes of revaluation is appropriate and would be expected, although it may be those tranches are then re-combined when the pension is quoted on dashboards. We've included some examples to illustrate this. Combining multiple tranches with different revaluation rates in a single simplified revaluation should be classed as a *Simplified Method* and this is covered in Section 3. • **whether to revalue based on total period since leaving, or complete years only** In a scheme featuring only revaluation required by the Pension Schemes Act 1993, revaluation will be based on complete years since leaving and therefore for these schemes we believe it's appropriate to use the same approach when quoting figures for dashboards. However, each scheme will have their own specific rules in relation to revaluation and should take advice on what's appropriate in their circumstances. Some examples are shown at the end of this Guidance. • **whether to separate and revalue GMPs** There are different views on how to treat GMPs in the revalued pension figure. GMPs are notional until GMP age. However, for a figure to be most helpful to a saver, consensus is it should include revaluation on GMPs. PASA's view is it's in the spirit of the legislation to include revaluation on GMPs.
Suggested approach and rationale	For the reasons outlined above, our suggested approach for private sector schemes is: • the deferred benefit should be split into tranches if there are elements revaluing at different rates • GMP should be one of those tranches and GMP revaluation included to the illustration date • the precise approach should depend on scheme rules but would typically be based on complete years where schemes revalue in line with the Pension Schemes Act 1993 • tranches may be re-combined for quoting on dashboards if they have the same broad characteristics once in payment • our suggested approach for PSPS is: ○ to include pensions increases calculated up to the illustration date. For PSPS which don't currently provide annual deferred and pension credit ABS we recommend the same approach, so benefits are displayed consistently across the sector
Example	An example to illustrate the above: Sam left the pension scheme in July 2002, with benefits as follows: • pre 1988 GMP: £1,000 pa • post 1988 GMP: £2,000 pa

Guidance relevant for:	DB schemes
The issue/challenge	**How to revalue benefits for deferred savers**
	• pre 1997 excess: £3,000 pa – increases in deferment with uncapped RPI, in payment at 3% fixed • post 1997 excess: £1,000 pa - increases in deferment with uncapped CPI, in payment at RPI capped at 5% pa • transfer-in credit: £1,000 pa - non-increasing in deferment and in payment • It's now January 2023 and Sam left 20 years and 6 months ago. We anticipate the revaluation calculation working as below: • revaluation of GMP based on 4.5% pa appropriate for leavers between 06 April 2002 and 05 April 2007 • CPI revaluation order for 20 years ending 2023 = let's say 150% • RPI revaluation order for 20 years ending 2023 = let's say 200%[1] • pre 1988 GMP: £1,000 x (1.045) ^ 20 = £2,412 • post 1988 GMP: £2,000 x (1.045) ^ 20 =£4,824 • pre 1997 excess: £3,000 x (1 + 1.5) = £7,500 • post 1997 excess: £1,000 x (1 + 2.0) = £3,000 • transfer-in credit: £1,000 • total pension to quote on dashboards = £18,736 a year Dashboards also require contextual information, including whether pensions increase in payment or not. As some of these (B, C and D) do (albeit at different rates) and some don't (A and E), a decision's needed whether to recombine some of these pensions when quoting figures. This is covered in section 7 of this Guidance.

[1] This deliberately oversimplifies how statutory revaluation works for ease of illustration.

3. Simplified method

Guidance relevant for:	DB schemes
The issue/challenge	**Whether and how to use the simplified method**
Why is this an issue for dashboards?	The Regulations require benefits for deferred savers to be quoted on dashboards based on pension at leaving, revalued to the illustration date. However, there's also the option to use a simplified method in some circumstances. This simplified method isn't fully defined, although a possible approach is given, so could be interpreted in different ways.
Current legislative position	The Regulations require schemes to quote benefits for deferred members based on a revalued pension, described as: *"an accrued value calculated in accordance with the scheme's rules and valued to the illustration date and as if the individual has reached their retirement date on the illustration date"* The Regulations also permit trustees to use a simplified method, described as: *"a simplified accrued value ("the alternative accrued value"), calculated using a method of adjustment which trustees or managers consider to be appropriate (such as using inflation figures or other percentages from the most recent version of the Occupational Pensions (Revaluation) Order)) and valued to the illustration date and as if the individual has reached their retirement date on the illustration date."* The Regulations also put some restrictions around the use of a simplified method. In particular, the following conditions must apply: *"(aa) no more than 2 years has passed since the scheme connected to the Money and Pensions Service;* *(bb) a value in accordance with paragraph (i) could not be provided within the timescales referred to in regulation 26(5)(b)(ii) without disproportionate cost and within a reasonable time;* *(cc) trustees or managers are content the alternative accrued value is an appropriate representation of the value of the benefits."* In this Guidance we haven't considered conditions (aa) and (bb) but have focused on (cc).
What's general scheme practice?	We aren't aware of any relevant scheme practice in this area, schemes tend to quote accurate benefits when requested.
Specific implications for public service pension schemes (PSPS)	PSPS notionally increase deferred and pension credit benefits under the Pensions Increase Act 1971 in accordance with the annual Pensions Increase (Review) Order – see 'Revaluation of deferred benefits' for more information. We understand from those closely involved with PSPS the simplified method isn't considered appropriate for PSPS.

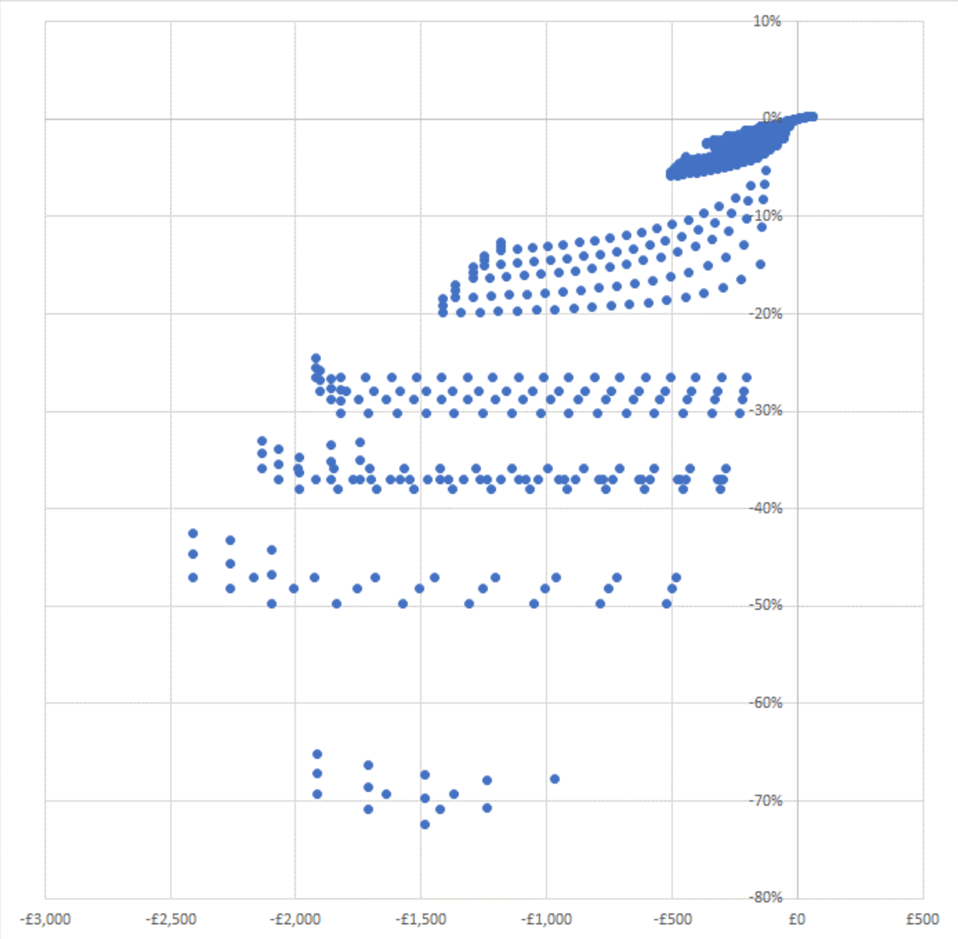
Guidance relevant for:	DB schemes
The issue/challenge	**Whether and how to use the simplified method**
What are the options for dashboards?	When the industry was discussing the simplified method with PDP and DWP during 2022, the concept being discussed was 'the pension you were entitled to at leaving, adjusted for inflation so it's expressed in today's money'. Key to this description is the figure quoted wasn't expected to be a 'revalued pension' an administrator would normally calculate, it's just the leaving pension expressed in today's terms. Much of the drive for a simplified method was to counter the complications of revaluing benefits for deferred savers in different ways, recognising while schemes tend to store pension at leaving in their records, not all schemes have the pension split by different tranches and only deal with these levels of detail when a saver retires. A simplified approach could potentially involve just taking a total pension at leaving and adjusting to allow for inflation (either CPI or RPI) or revaluation orders between leaving and a current date. This would be considerably simpler than a full revaluation with all the different tranches and in many cases would provide a good indication of the estimated pension (see examples). However, it's unlikely to be accurate if there are tranches of benefit subject to different rates of revaluation. It would over-state pensions if any of the tranches aren't subject to revaluation and are subject to capped rates of revaluation (for example in accordance with the Pension Schemes Act 1993). An alternative would be to split the pension at leaving into the part which increases in payment and the part which doesn't and only to apply the simplified revaluation basis to the increasing pension. This is clearly more complex and would only be relevant to those schemes which have such benefits. However, we consider it would still potentially be classified as a simplified method. Any further refinement (e.g. splitting deferred pensions into parts increasing in deferment based on different indices or with different caps) gets more complex still and by this point a scheme's effectively running a full calculation and not a simplified method. As outlined above, the Regulations also impose some conditions on when a simplified method can be used. The condition on timescales is clear, the condition on cost and time is for schemes to consider themselves. We've considered here the condition of the pension amount being appropriate. The condition states: *"(cc) trustees or managers are content that the alternative accrued value is an appropriate representation of the value of the benefits."*

Guidance relevant for:	DB schemes
The issue/challenge	**Whether and how to use the simplified method**
	There's no definition of what 'appropriate representation' means and trustees considering the simplified method will need to take advice on how they should interpret in the context of their scheme. We also note benefits quoted on dashboards are typically figures from some time in the past 12 months. As such they will always be slightly out of date, which means they could be understated typically by up to 1 year's revaluation or inflation. The implication is estimates older than this (i.e. 2 or more years out of date) could be inappropriate and not in line with how other figures on the dashboards are presented. In the appendix we've shown examples for a sample scheme, which identifies circumstances in which a simplified method may be an appropriate representation of the value of the benefits. Trustees may want to commission this type of analysis for their scheme if they're considering using the simplified method to help. For many schemes, even if a simplified method produces appropriate results for most of the savers, there'll be a subset of savers for whom the results aren't appropriate and shouldn't be quoted on dashboards. For those schemes there are a number of choices: 1. Use the simplified method for savers as far as possible, but an accurate calculation for other savers. This may not satisfy the condition for using the Simplified Method, as if the scheme is coding up accurate calculations for the most complex savers, then it should be easy to extend to all savers 2. Use the simplified method for savers as far as possible but deal with other cases as ad-hoc calculations, within the 10-working day deadline. This may be suitable if there are small numbers of such savers and the scheme is confident it can process the calculations within this timeframe and could enable the scheme to code up the calculations properly It's important to note however, the use of the simplified method only provides a short-term solution and work will still be required to provide values in line with the Trust Deed and Rules no later than two years after the scheme's connection deadline. The use of the simplified approach could therefore result in rework and additional costs as well as subsequent saver queries.
Suggested approach and rationale	For private sector schemes, PASA is supportive of schemes using the primary definition of a pension revalued in accordance with the scheme rules. Where schemes want to use a simplified method, we suggest considering the issues outlined above deciding on an approach. Schemes should consider taking advice on the issue and the trustees' rationale for adopting the simplified method and supporting advice should be appropriately documented.

Guidance relevant for:	DB schemes
The issue/challenge	**Whether and how to use the simplified method**

Example	*This example is based on analysis done by Society of Pension Professionals as part of their response to the dashboards consultation in 2022 and reproduced in a simplified fashion with the Society's permission.* Approximate calculations were produced for a series of savers as follows:
	
	• each saver has a salary of £30,000 and accrues benefits of 1/60th of salary
	• between 1978 and 1997 GMP made up 20% of the accrued pension
	• pensions other than GMP increase in line with CPI
	• savers joining the scheme at every year from 1976 to 2021 (i.e. 45 years)
	• savers leaving the scheme at every year from 1976 to 2021 (i.e. 45 years)
	• allowing for the fact a saver cannot leave before they join, in total gives around 45 x 45 / 2 = approx. 1,000 possible combinations of joining and leaving dates
	
	The chart below shows, for each of those 1,000 combinations, the different between the full revalued pension calculation and a simplified approach. The horizontal axis shows the difference in £, the vertical axis shows the difference in %. Our observations are as follows:
	• there are hundreds of savers for whom the differences are nil or modest. The tightly packed group with differences of less than 5% covers over 70% of the sample savers. This includes savers with no GMP, or small amounts of GMP, or leavers post 2003, where GMP revaluation is broadly similar to inflation over the same period
	• each 'pack' of savers represents a tranche of savers with progressively more distant leaving dates. The 5 broad groupings of savers are as follows:
	    ○ 10-20% gap– 1998-2003 leavers, whose GMPs increase at 6.25% pa
	    ○ approx 30% gap– 1994-1997 leavers, whose GMPs increase at 7.0% pa
	    ○ approx 40% gap – 1989-1993 leavers, whose GMPs increase at 7.5% pa
	    ○ approx 50% gap – Pre 1988 leavers, whose GMPs increase at 8.5% pa
	    ○ approx 70% gap – Pre 1985 leaver where some pension doesn't increase in payment at all
	
	For savers who have a modest difference in percentage terms, the difference in pounds is also modest. The largest percentage differences don't always equate to the largest pound differences, as in many cases the service periods (and therefore pension amounts) are small

Analysis of outcomes on full and simplified method



Other types of analysis give different patterns, but with the same principle – for many savers the differences are modest, but for certain groups (which are easy to identify) the differences will be more material.

In conclusion, while a simplified approach may be a good approximation and beneficial for many savers, it needs to be used with care, and won't be suitable for certain groups of savers.

4. Rounding

Guidance relevant for: The issue/challenge	DB and DC schemes Whether to round the value data returned to dashboards
Why is this an issue for dashboards?	The Regulations require schemes to provide pension and other values to savers but provide no guidance on whether these figures need to be exact or rounded. The Data Standards make reference to rounding in their General Data Rules, but these aren't aligned to wider regulations, such as TM1.
Current legislative position	The Regulations don't make any reference to rounding. The data standards state "all decimals should be rounded up if the number of decimal places is greater than the definition in this standard". The value data required 2.306 (annual ERI) and 2.406 (annual accrued amount) are defined as decimal fields up to 16 characters long. TM1, which determines how DC benefit projections are calculated, does cover rounding. TM1 Version 4.2 (effective to 30 September 2023) and 5.0 (effective from 1 October 2023) both specify: *"B.2.2 The statutory illustration must be shown in whole pounds, rounded down to 3 significant figures. If the result is under £1,000 and is not an exact multiple of £10, it may be rounded down to the next lower multiple of £10.* *B.2.3 Any resulting monthly pension of less than £10 may be shown as "less than £10 each month" or "less than £120 each year".*
What's general scheme practice?	Scheme practice varies, some schemes will round pension estimates, while others will quote them exactly. The General Data Rules within the Data Standards would only impact this if scheme's rounding practice didn't already account for rounding to 2 decimal places.
Specific implications for PSPS	PSPS should follow their existing approach in how they quote value data on ABS. Those PSPS not currently issuing ABS for deferred and pension credit savers should follow their existing approach for active savers.
What are the options for dashboards?	For DC schemes, rounding should be dealt with in accordance with TM1. For other schemes there are three options for pension schemes: • **Option 1 - No rounding** Quote benefits exactly as they are calculated, with no rounding (beyond specified in the data standards) • **Option 2 - Round based on same principles as TM1** This would provide consistency with TM1, for example a pension of £1,234 would round to £1,230 • **Option 3 - Round based on some other approach**

Guidance relevant for:	DB and DC schemes
The issue/challenge	**Whether to round the value data returned to dashboards**
	Schemes could round pension values based on some other approach. For example, to nearest or lower whole pounds, or to nearest/lower £10/£100 for all savers, regardless of pension size (assuming compliance with the rounding specified in the data standards). Any of these approaches are reasonable and schemes may want to retain whichever approach they already adopt. For schemes making a decision from scratch, we expect them to prefer Option 1 or Option 2 rather than coming up with their own approach. In principle, we prefer the approach adopted by TM1, as it's consistent with DC schemes and avoids spurious accuracy. However, we recognise any new calculation increases risk and cost, so schemes may prefer to use unrounded figures. An issue not yet covered by this Guidance is what to do for pensions which are less than £120 per year/£10 per month, particularly for DC schemes which are bound by TM1. The Data Standards aren't clear on whether there's scope to return a message the pension is under £120 pa, or whether schemes shouldn't automatically make a value available for those savers.
Suggested approach and rationale	Where a scheme already has a rounding approach they're comfortable with, or if they're comfortable not rounding, then we expect them to continue this approach. For schemes without an existing approach where they wish to round figures, we suggest schemes adopt the same approach as used in TM1. This avoids spurious accuracy and provides consistency between DC and DB. It'll also be helpful for hybrid schemes to adopt the same approach.

5. Savers over retirement age (DB schemes)

Guidance relevant for:	DB schemes
The issue/challenge	**Displaying benefits for savers over their ‘retirement date’**
Why is this an issue for dashboards?	Dashboards are for savers who haven’t taken payment of their pension benefits, and the assumption is the due date of their pensions will be in the future. Trustees need to decide the illustration date on which value data is calculated for savers already over their ‘retirement date’.
Current legislative position	The Regulations provide for value data to be calculated on the illustration date, which is defined as *“the date specified by the trustees or managers of the pension scheme, as being the date by reference to which the value data provided to an individual relates”.* The accrued value data must be calculated as if the individual has reached their ‘retirement date’ (as defined under regulation 19(5) of the 2013 Disclosure Regulations) and the projected value required must be calculated based on pensionable service up to the same ‘retirement date’. The Data Standards allow the illustration date to be either: • past a saver’s retirement date – for example the previous scheme year-end, or • at a saver’s retirement date accompanied by a warning stating ‘post normal retirement date – values have been calculated at normal retirement date (NRD), not as at today’ – for example this could be several years ago
General scheme practice	Scheme practice varies widely, depending on scheme circumstances and rules. We’re aware of a range of different approaches to how benefits are calculated, including: • ability for active savers to continue to earn benefits after normal retirement age Normal Retirement Age (NRA) • schemes crystalise benefits at NRA and thereafter increase these based on late retirement factors • schemes continue revaluation of benefits as if they were a deferred saver or use a method of revaluation linked to pension increases • schemes with continued salary linkage while the saver remains in employment We’re also aware of different rules around how benefits are paid, including: • allowing savers to defer payment of their benefits past NRA • requiring benefits to be put into payment at NRA – where this date is past, benefits must be backdated to NRA when eventually paid

Guidance relevant for:	DB schemes
The issue/challenge	**Displaying benefits for savers over their 'retirement date'**
	• stating benefits must be paid before age 75 – where this date is in the past benefits must be backdated to immediately before age 75 when eventually paid • forfeiting benefits if they're not claimed within a certain period, although there might be different treatment depending how far past NRA a claim is made There are challenges within each of these areas, which means no single approach is likely to be suitable for all schemes. For example: • for active savers, ERI as defined by Regulations includes service to 'retirement date' – if the 'retirement date' used is a saver's NRA, then this concept is unlikely to be appropriate for savers over NRA as accrued income and ERI are likely to be the same • late retirement factors are subject to review from time to time - this means any late retirement increases included in the accrued value will need to be reviewed upon each change to the factors and could result in a saver's pension being higher or lower than shown before the change in factors • savers might have trivial benefits and/or little data supporting those benefits – for example Equivalent Pension Benefits (EPBs) or non-revalued benefits • schemes with benefits containing tranches with different payment ages - savers may be over the payment age for one tranche of benefits and not over in another tranche - this issue is considered in separate guidance.
Specific implications for PSPS	PSPS share many of the same issues. There are a few additional issues which regularly occur. **Payment at NRA** Some PSPS don't allow savers to defer payment of their benefits past NRA. If payment is delayed past NRA, the payment is usually backdated to NRA and arrears paid. If the benefits are not paid at NRA, and after date the saver seeks view data, schemes will need to make sure the accrued value returned to dashboards isn't more than what the saver is entitled to. **Payment before age 75** All PSPS require savers to take payment of their benefits immediately before age 75. If payment's delayed past 75, payment is backdated to immediately before age 75 and arrears paid. If the benefits aren't paid before age 75and the saver seeks view data after this date, schemes will need to make sure the accrued value returned to dashboards isn't more than what the saver is entitled to.

Guidance relevant for:	DB schemes
The issue/challenge	**Displaying benefits for savers over their 'retirement date'**
	Actuarially increasing benefits past NRA Most PSPS actuarially increase benefits where payment is past NRA. The actuarial increase is usually shown on annual benefit statements for active savers if they are past NRA on the calculation date. This will be the accrued value returned to dashboards. The position is less clear for deferred and pension credit savers. Each PSPS should adopt a consistent approach. If, when quoting benefits, actuarial increases for late payment aren't normally included in the accrued value, schemes will need to decide how they're going to communicate to savers increases for late payment will apply if they defer payment past NRA.
What are the options for dashboards?	Options will depend on a range of issues, including what's allowed under the scheme Rules, current practice and what's administratively possible. We've considered the issue for different types of savers: **Deferred saver** – for these savers we believe there are three options: **Option 1 – use a *current* date within the last 12 months as the illustration date and *retirement date*** This approach is most consistent with how dashboards generally operate, where a value will be calculated broadly within the last 12 months. For accrued pensions will involve revaluing/increasing deferred benefits up to the chosen date, using the normal approach the scheme adopts for calculating such benefits. The 'retirement date' could also be set as the most recent year-end, although it would also be possible to set the 'retirement date' as a future date (e.g. if the saver has told the scheme their intended retirement date). Where scheme rules permit payment of benefits past NRA this seems a reasonable approach. For savers under NRA, deferred ABS normally use the scheme's last year-end date, so this is likely to be consistent with current practice. Other than for PSPS, we understand calculations beyond NRA aren't automated for many schemes, so delivering this for dashboards will require additional work. **Option 2 – use the saver's NRA as the illustration date and 'retirement date'** This approach would revalue deferred benefits up to the saver's NRA, but no further. The illustration date and 'retirement date' would be the saver's NRA. Where scheme rules don't permit payment of benefits after NRA this is likely to be the most suitable option.

Guidance relevant for:	DB schemes
The issue/challenge	**Displaying benefits for savers over their 'retirement date'**
	Where scheme rules anticipate savers draw their benefit from their late retirement date, typically with a late retirement factor, this may be an option to consider, particularly where the late retirement factor is uncertain. The Data Standards explicitly allow for this circumstance, with a warning indicating the benefit has been calculated at NRA. Once an accrued value using Option 2 has been calculated, from a practical perspective it doesn't need to be recalculated annually – it'll remain unchanged. The benefits payable date will be shown as a date in the past, but we understand there are no restrictions preventing use of an historic date. **Option 3 – deal with on ad hoc basis** The third option is to not return any figure, but provide on an ad hoc basis within the timescales required by the Regulations. At this point the scheme could decide which figure to return. This might be particularly appropriate if unusual circumstances apply, such as the saver not being permitted payment of benefits after NRA, or if the saver is over the maximum age a benefit can be paid. **Active saver** For active savers in DB schemes the issues are very similar to those for deferred savers, but schemes must return two figures to dashboards: the accrued pension and the ERI including future service to 'retirement date'. For savers over NRA, including future service is challenging unless the saver has clearly stated a future retirement age/date, and this information is held on the administration system. In many circumstances we expect the accrued income and ERI figures to be the same. There may be schemes which decide otherwise, but for the majority, we expect this to be a likely outcome. Given active savers tend to receive ABS or quotations, the most likely approach is equivalent to Option 1 above – i.e. quoting a benefit based on a recent date as both the illustration date and the retirement date. The calculation would depend on the scheme's normal approach to these calculations.
Recommendation and rationale	Other than for PSPS, we expect the following approaches to be most suitable, for the reasons we've set out above: • Active savers– use a recent date as the illustration date (i.e. Option 1), accrued pension and ERI are likely to be the same • Deferred savers – any of the options above may be appropriate depending on the circumstances For PSPS we suggest:

Guidance relevant for:	DB schemes
The issue/challenge	**Displaying benefits for savers over their 'retirement date'**
	• for schemes which provide for deferral beyond NPA – use a recent date as the illustration date (i.e. Option 1) • for schemes not providing for deferral beyond NPA - return 'details not available' plus administrative data only (i.e. Option 3). This is because the benefits should already be in payment and shouldn't be displayed on dashboards.

6. Savers with benefits containing different payment ages

Guidance relevant for:	DB schemes
The issue/challenge	**How to deal with benefits or tranches of benefit payable from different ages**
Why is this an issue for dashboards?	Many DB schemes have tranches of benefits within a single benefit notionally payable at different dates, often due to how equalisation has been implemented or following a change to scheme rules. Schemes will need to decide whether to display different tranches of benefits separately on dashboards.
Current legislative position	The Regulations set out the legislative requirements. It's for the trustees to decide what they consider provides the best representation of the benefit, a single value or separate sets of values. The Data Standards don't specify whether, and if so how, value data should be split into tranches leaving each scheme to determine this based on their rules and circumstances. Data Standards suggest using multiple blocks of data if schemes want to split this into tranches – but only if they're payable from different retirement dates. One exception covered in the Data Standards is where an element of pension isn't payable for life. This is covered in section 13.
General scheme practice	Most schemes provide for benefits to be payable from a single date. They don't allow savers to take payment of tranches of benefits on different dates. This is explained in deferred benefit statements, ABS and retirement packs. This level of explanatory detail isn't possible on dashboards.
Specific implications for PSPS	The question of how to quote benefits when a saver has tranches of benefits payable from different dates also applies to PSPS. The recommendation in this Guidance applies equally to these schemes. PSPS define NRA within their statutory regulations. This age can vary depending on the scheme and in certain schemes (for example - the National Health Service Pension Scheme) the type of saver within the scheme. However, within each scheme the definition of NRA is consistent. Some PSPS provide protection on certain tranches of benefits. These benefits can't be paid separately unless the Regulations provide so (for example - flexible retirement). If a saver chooses to take payment early, the protected tranche of benefits might not be reduced for early payment, while the remainder of the benefits are reduced for early payment. An example of this protection is called the 85 year rule. This was a protection in the LGPS. The 85 year rule was simply a date after which, if benefits were paid (or a particular tranche of benefits were paid), they weren't reduced for early payment. The 85 year rule didn't change a saver's NRA. There might be similar protections in other PSPS under various guises.
What are the options for dashboards?	Trustees need to decide on the amount and payment date of the value information the saver will see. We suggest trustees should consider:

Guidance relevant for:	DB schemes
The issue/challenge	**How to deal with benefits or tranches of benefit payable from different ages**
	• what's allowed under the scheme rules • the needs of the saver, including what provides the best representation of value data and what information has already been provided • current practice • what's administratively possible Savers may be able to take tranches of benefits unreduced from different dates. This typically relates to schemes with Barber windows where, for example, the scheme's NRA is 65 with some benefits payable unreduced at age 60. For example, a saver has a total annual pension of £5000 made up of: • £1900 payable unreduced from age 60 • £3100 payable unreduced from age 65 Using this example there may be two possible options: **Option 1 – quote benefits at different ages** Display two tranches separately: • £1900 payable from age 60 • £3100 payable from age 65 We suggest this option should only be considered where paying tranches of benefits on different dates is allowed under the scheme rules and reflects current practice. This is because the Data Standards indicate this data will show as £1,900 payable from age 60 and £3,100 payable from age 65. In practice, most schemes don't allow benefits to be payable in this way. **Option 2 – quote benefits at a single age** Return a total annual value payable from a single date. For example, £5,000 payable from age 65. This approach doesn't provide all the information. A tranche of benefits may be actuarially increased for late payment if paid from age 65, rather than age 60. However, including a late retirement factor on the 'NRA 60' benefit would also be misleading and in some schemes may not be provided for under the scheme Rules. In particular, part of a typical late retirement factor is an allowance for inflation-protection (i.e. revaluation of pension increases) the saver would otherwise have received. Adding a full late retirement factor would effectively be showing a pension inflated for future inflation, which is inconsistent with how other pensions are shown.

Guidance relevant for:	DB schemes
The issue/challenge	**How to deal with benefits or tranches of benefit payable from different ages**
	While no representation of this situation is ideal, additional information should previously have been provided directly by the scheme to the saver describing the benefits in more detail and would be available to the saver should they need it again. For an active saver this is likely to be shown on an ABS or online portal. For a deferred saver this is likely to reflect the information they received on leaving the scheme which set out their deferred benefits. For those schemes which produce ABS for deferred savers this information is likely to be included in these.
Recommendation and rationale	The most appropriate approach is Option 2 - quoting benefits at a single age. Typically, this will be NRA, being almost always the highest age at which all the saver’s benefits can be paid unreduced. As with all guidance, for some schemes a different approach will be more appropriate.

7. Payment characteristics

Guidance relevant for: The issue/challenge	DB schemes Whether to combine pensions with different characteristics
Why is this an issue for dashboards?	Dashboards provide scope for schemes to quote up to 10 different tranches of benefit and for each benefit the scheme needs to provide key characteristics such as whether the pension has an attaching survivor's pension and whether it increases in payment. Schemes will need to decide whether to quote individual tranches (e.g. pre 1988 GMP, post 1988 GMP, pre 1997 excess, post 1997 benefit, transfer-in benefit,) or combine them in some way.
Current legislative position	The Regulations make no specific requirement in this area. However, under "contextual information" schemes are required to provide information including: • whether the value displayed includes any survivor's or civil partner's or dependant's benefits • whether the pension may increase or decrease in payment In the Data Standards this is covered under items 2.309/2.409 (an indicator to show whether the income amount increases in payment or not) and 2.310/2.410 (an indicator to show whether the income amount also has contingent survivor's benefits or whether it is a single-life income)
What is general scheme practice?	Scheme practice varies, but it's common for schemes to identify different traches of benefit in their statements, primarily because the different tranches increase at different rates either in deferment or in payment. This level of detail will be lost in dashboards, as the only distinctions are whether the pension has a survivor's pension or not, and whether it increases or not. The precise level of survivor's pension or pension increase won't be covered by dashboards.
Specific implications for PSPS	All PSPS provide survivor benefits, though these might be at different accrual rates. For example, survivor's benefits calculated under a 1/80th DB scheme generally accrue at 1/160th. Survivor's benefits calculated under a 1/60th DB scheme might also accrue at 1/160th. We expect PSPS to simply return an indicator to show the value data also has contingent survivors' benefits.
What are the options for dashboards?	There are three options available to private sector schemes: • **Option 1 – Full split of tranches** The first option is to split the pension into individual tranches. For an individual saver this might include tranches such as pre 1988 GMP, post 1988 GMP, pre 1997 excess, post 1997 pension etc. But individual schemes often have other tranches. For example, a scheme may hold Barber benefits in a different tranche, or post 1997 pension may be split if pension increases have

Guidance relevant for:	DB schemes
The issue/challenge	**Whether to combine pensions with different characteristics**
	changed from RPI to CPI or have different increase caps. Many schemes also hold different tranches in their systems for different categories of saver. Schemes can use a maximum of 10 tranches for any individual. • **Option 2 – Group tranches into 'like pensions'** Rather than quote all tranches separately, a scheme could group tranches with similar characteristics together. For example, although post 1988 GMP and pre 1997 excess typically have different pension increases, they both increase in payment and may both have a contingent survivor's pension, which are the only characteristics the dashboards will refer to. • **Option 3 – Group into a single pension** The simplest approach would be to combine all pensions into a single figure, and just quote figure, with the overall characteristics of pension. For example: ○ Even if a pension has some elements (e.g. pre 1988 GMP or some historic benefits) which don't increase in payment, for most savers the overall pension will increase in payment, albeit at a slower rate than if it was all index-linked. For savers looking to understand their pension at a high level this may be sufficient. Schemes will need to take care they avoid circumstances combining all tranches but there could be unusual cases, for example where all pension was pre 1988 GMP so wouldn't increase. ○ although some elements of pension (typically pre 1988 GMP) have no attaching contingent survivor's pension, the overall pension usually does. In the case of pre 1988 GMP it's often the case the survivor's pension is a percentage of the overall pension, even though the pre 1988 GMP doesn't itself have a survivor's pension. Similarly, it may be an overall survivor's pension may be 2/3rds, even though the GMP element is only 50%. ○ Related issues, covered in sections 6 and 13 of this Guidance, are how to treat tranches which can be paid at different dates and how to treat tranches of pension not payable for life.
Suggested approach and rationale	For private sector schemes, combining all pensions into a single figure (Option 3) is adequate for dashboards and in many ways is a preferable choice. • from a scheme perspective it's considerably more straightforward and consistent with our recommended approach on dealing with split retirement ages • from a saver's perspective, although splitting pensions into different tranches provides greater detail, it also makes dashboards considerably more complex. A saver can't get a full understanding of their pension (including early payment terms, survivor's pensions, and increases) just by visiting a dashboard and should be encouraged to contact the scheme for this level of detail For any scheme preferring to quote benefits split by tranche, we understand this will be possible. However, it's worth noting while quoting tranches for a single scheme may be manageable, if a saver had five pension schemes each with three tranches of benefits,

Guidance relevant for:	DB schemes
The issue/challenge	**Whether to combine pensions with different characteristics**
	there would be 15 separate pension amounts to add up, which will quickly become unwieldy as an 'overview' is unlikely to result in a positive saver experience. As with other parts of the Guidance, the deciding factor for schemes may be dependent on what they already do. Our suggestion for PSPP is to return an indicator to show the value data also has contingent survivors' benefits.

8. GMP equalisation

Guidance relevant for:	DB schemes
The issue/challenge	**What to quote when savers are subject to GMP equalisation**
Why is this an issue for dashboards?	The Regulations require schemes to provide pension values. But GMP equalisation poses a number of issues, notably many benefits haven't yet been equalised, and once they're equalised savers may be entitled to the higher of two benefit calculations.
Current legislative position	The Regulations don't make any reference to GMP equalisation. There are however references to hybrid benefits, defined as *"a benefit the rate or amount of which depends on which of two or more alternative methods of calculation produces the highest, or lowest, rate or amount".* For these benefits, trustees are required to provide value data which "best represents the value of the member's benefits under the scheme". This is relevant when considering GMP equalisation.
What is general scheme practice?	Scheme practice for quoting benefits is still emerging, as GMP equalisation is a live issue and many schemes haven't yet equalised.
Specific implications for PSPS	GMP equalisation for PSPS is under review by HMT and sponsoring government departments. Until the outcome is known, GMP equalisation can't be accounted for within value data.
What are the options for dashboards?	For schemes which have already implemented GMP equalisation via conversion before retirement, those converted benefits should be quoted. For other schemes there are only really two options. One is to allow for GMP equalisation when quoting benefits on dashboards, the other is to not allow for GMP equalisation. • **Option 1 - Allowing for GMP equalisation has a number of challenges** Many schemes haven't yet equalised GMPs, so they can't quote equalised benefits without having done the work. Even for those schemes with an agreed approach to equalisation, for active and deferred savers who've not yet reached retirement, the most common approach is to not equalise straight away, and agree equalisation will take place as part of the retirement process. Whether equalisation is using dual records or conversion, at the point of retirement the actual details will depend on circumstances at the saver's retirement date, including when they retire and market conditions leading up to, and at, this date. For some savers it isn't possible to tell whether the original sex or opposite sex benefits will be more valuable until they reach retirement. Even where it's clear which benefits will be more valuable; the precise amounts can't be known. Equalised benefits therefore can't be quoted at the current time. It's also worth noting for those schemes which have agreed to process equalisation at retirement, the equalisation method can usually be changed any time up until the saver retires.

Guidance relevant for: The issue/challenge	DB schemes What to quote when savers are subject to GMP equalisation
	For pensioner members the position is different, those benefits tend to be equalised immediately, including any back payments due. However, pensioner savers won't be on dashboards, so don't need to be considered • **Option 2 - Not allowing for GMP equalisation would be much simpler** Most schemes have been quoting unequalised benefits for over 30 years. While there are a minority of savers (typically males with short service between 1990 and 1997 in schemes of a certain design) where equalisation can find a significant difference in benefits, for the majority of savers the impact of GMP equalisation is nil or very small. As GMPs ceased to accrue over 25 years ago, many who are significantly impacted have already retired, so won't be accessing dashboards. There are exceptions to this, such as those with only GMP remaining in some schemes, where the impact in percentage terms would be more material. Our understanding is for many schemes the figures quoted before retirement would also exclude the impact of GMP equalisation, with a note confirming a check will take place at retirement. For the minority of schemes which have already equalised benefits for active and deferred savers by converting deferred benefits, it should be possible to quote the converted benefit before the saver reaches retirement. It will be clear to the scheme what the benefit is, and it will be held as the saver's primary record. It will also be consistent with what has been quoted previously.
Suggested approach and rationale	Our suggestion is, for the majority of private sector schemes, it will be appropriate to quote benefits for active and deferred savers on dashboards which don't allow for equalisation of GMPs. For many schemes this will be the only benefit they have a record of, so it's the only practical option. It's also the only known benefit, any alternate benefit at retirement age (whether based on dual records or conversion) can only be calculated at that time. For the minority of schemes which have already converted benefits for active and deferred savers, the converted benefit can and should be quoted.

9. GMP stalemate cases

Guidance relevant for:	DB schemes
The issue/challenge	**Whether to include individuals who HMRC shows as entitled to a GMP, but the scheme believes the GMP did not accrue in their scheme or has been extinguished (GMP "stalemate cases")**
Why is this an issue for dashboards?	Many pension schemes have records of individuals for whom HMRC holds a GMP record in the name of their scheme, but the scheme believes GMP did not accrue or has been extinguished, either through transfer to another scheme or payment of a CEP (Contributions Equivalent Premium). Schemes need to decide whether to include these individuals for dashboards.
Current legislative position	The Regulations don't make any reference to this type of case. The question is whether in such cases the individual meets the general definition of a deferred member (section 124(1) of the Pensions Act 1995), which broadly says the individual has accrued rights in the scheme.
What is general scheme practice?	The view most schemes take in relation to these individuals is there's no entitlement to benefits and the HMRC record is a mistake. If they thought otherwise, then they wouldn't be 'stalemate cases'. Schemes don't usually record these cases on their pensions administration software and consequently make no attempt to trace such individuals. Also, schemes don't typically reserve for them in valuations or include them in membership numbers in their report and accounts.
Specific implications for PSPS	PSPS will exclude these individuals as these schemes don't typically hold a record of them on their pensions administration systems. As agreed in 2019, any queries should they arise from a third party, will be raised with HMRC using the standard business as usual approach.
What are the options for dashboards?	The three options we've considered for dashboards are to either include these individuals with benefits, include them as possible matches, or to exclude them. • **Option 1 - Including these individuals with benefit details** has a number of challenges and goes against how schemes tend to view these individuals. This would likely give rise to queries and potential complaints. As a general principle, schemes take the view these individuals aren't members of their scheme, and don't have accrued rights. Including them on dashboards, with information on benefits, would likely result in individuals being advised they had an entitlement when in fact the scheme is strongly of the view this isn't the case. This would likely give rise to additional queries and potentially future complaints. Even if schemes wanted to include them on dashboards, if the scheme is of the view they don't have accrued rights then schemes would need to consider whether they had a lawful basis for them to share information with dashboards such as on 'legitimate interests' grounds • **Option 2 - Including these individuals as possible matches** would also present challenges. Under this option we considered whether schemes might return a possible match for GMP stalemate cases, even if all other matching information indicated a match. The purpose of doing so would be to flag to the individual there may be a benefit, but without automatically quoting a figure. In practice the scheme would use the opportunity to establish whether the individual had entitlement to the benefit. In

Guidance relevant for:	DB schemes
The issue/challenge	**Whether to include individuals who HMRC shows as entitled to a GMP, but the scheme believes the GMP did not accrue in their scheme or has been extinguished (GMP "stalemate cases")**
	practice the same issues noted above applies to this option. Schemes probably don't want to open up the discussion of a benefit with an individual who they genuinely believe has no benefit in their scheme. There may also be technical issues with this option, which is whether the matching algorithms can identify and return possible match tokens for such individuals. Matching algorithms will be set to work on find data, for a possible match to be returned the matching algorithms would have to be extended to look at broader data. This may not be possible, or may only be possible with certain ISPs, or at additional cost • **Option 3 - Excluding these individuals** is likely to be the most appropriate approach. For the reasons outlined above, excluding these individuals from dashboards is likely to be the most appropriate approach
Suggested approach and rationale	For the majority of private sector schemes excluding GMP 'stalemate cases' will be appropriate. This means such individuals would need to be excluded from the data which schemes match dashboard find requests against. For PSPS we suggest these individuals are excluded from dashboards, because most schemes won't hold a record of them on the pensions administration systems.

10. Benefit underpins and guarantees

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with underpins**
Why is this an issue for dashboards?	Many schemes have an underpin as a feature of their benefit design. This usually means the pension benefit payable to a saver is dependent on the outcome of more than one calculation or benefit. For some underpins, the benefit is the same underlying type (e.g. both DB or both DC). For example, in a DB scheme this might arise due to the benefit payable being the better of two different revaluation methods (e.g. statutory revaluation vs. scheme-specific revaluations). A special case of ongoing salary linkage is covered in a separate piece of Guidance. A more complex situation is where the underpin involves one type of benefit with an underpin provided by another (e.g. a DC pot with a minimum level of DB pension). This can result in not only the calculated figure changing but the type of benefit changing from one year to the next. There are additional notes on this at the end of the Guidance. This Guidance only covers situations where underpins apply before or at the point of retirement. It isn't intended to cover situations where underpins continue to apply after a benefit is put into payment. A special case of this, GMP step-ups at GMP age, is covered in separate Guidance.
Current legislative position	The Regulations cover this in Schedule 3. The data standards also provide some guidance on how schemes can present underpin related information: • 2.310/2.412 provides guidance in relation to 'safeguarded benefits'. This would allow for a DB underpin to be provided alongside a DC value. There is no such option for a DC underpin to a DB benefit • 2.313/2.413 – ERI/accrued entitlement warning fields – allows a scheme to return code of UNP – an underpin warning which outlines an underpin of some sort may impact the benefit being displayed This means there's choice available to schemes as to how best to reflect the benefit on a dashboard. We also understand the policy intent in this area is to allow some flexibility as to how schemes accommodate this type of benefit, recognising underpins can be very difficult, if not impossible, to sensibly capture in benefit projections and accrued entitlements. The fact underpins may or may not apply is helpful in this respect.

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with underpins**
What is general scheme practice?	Where an underpin exists as a feature of the scheme design, schemes already need to decide how to present this information in their communications and quotations. We're aware practice varies depending on the nature of the underpin and whether it regularly bites. • In some cases, schemes perform an underpin test on a regular basis, in all benefit statements and quotations. This may be more common when the underpin is of material effect • In some cases, the test is only performed at a benefit crystallisation event. These may be more common where the underpin is not material Savers may or may not be aware an underpin exists, through the communications they receive from the scheme e.g. member booklets, scheme notes with leaving service statements etc. This may outline how the underpin applies and impact on the benefit they receive. Overall, it's expected all schemes will have a method of calculating and testing benefits against an underpin, although it may not be automated or used regularly depending on the circumstances.
Specific implications for PSPS	The issues raised in this Guidance can apply to any underpins within PSPS. For example, where benefits are underpinned at GMP pensionable age to equal the value of the GMP. However, this Guidance doesn't refer to McCloud remedy cases. These are addressed separately in the Regulations.
What are the options for dashboards?	The challenge for schemes with underpins is how to provide a meaningful value to savers, recognising trustees' obligations under the Regulations are to provide a value which 'best represents' the value of the benefits calculated in accordance with what trustees consider to be the appropriate methodology from the permissible alternatives in the Regulations. The approach for any individual scheme may depend on a number of factors, including how readily available the underpin information is, whether the calculation exists and can be re-used for dashboards purposes, how material the underpin is, when the underpin test is performed, the position under the scheme rules regarding when the underpin test is performed and how it's normally communicated to savers. If the position under the rules is the underpin test isn't performed until a saver crystallises their benefits e.g. on retirement, then the underpin may not need to be considered when calculating the Accrued or ERI values. In broad terms there are two possible approaches: • **Option 1** – Do a comparison against the underpin when calculating each item of value data (where relevant) for dashboards

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with underpins**
	• **Option 2** – Quote only one of the two possible benefits i.e. ignoring the underpin, with the alternative being considered only at the point benefits come into payment There possible variations. For example, under Option 2 it may be some savers are quoted one type of calculation and other savers a different type, based on whether certain types of members are more likely to have the underpin bite. If schemes use Option 2, even where underpins are not expected to be material, they should use the warning flag fields presented in the Data Standards (2.313 and 2.413 for ERI or Accrued warning) against the relevant value to indicate an underpin may exist. Schemes should select the UNP value available in these fields. Finally, in considering any underpin, it's also worth noting for dashboards purposes it's the value assuming the saver had reached *retirement date* is relevant. If an underpin is most likely to bite, for example, on early retirement then this is unlikely to be relevant for dashboards.
Suggested approach and rationale	Where underpins are material and are currently allowed for in pension values provided to savers, we suggest they are allowed for in dashboards figures. Where underpins are material but not commonly allowed for in existing calculation we suggest schemes should aim to include them in dashboards. However, we recognise not all schemes may be able to do this at outset and will need to consider their position more carefully. For underpins which aren't expected to bite, or are not material, we believe the spirit of the Data Standards is schemes shouldn't go to great lengths coding up underpins purely for dashboards purposes, although depending on scheme Rules, this may risk being a technical breach of the Regulations and trustees may wish to take advice on this.
Additional notes: Where the underpin compares two types of benefit	The Guidance above applies to all types of underpin but is easiest to consider where an underpin compares two benefits of the same type (e.g. two DB pensions). Where the underpin compares two fundamentally different benefits (e.g. DB and DC) then the situation is more complex. • With a DB-to-DB comparison, the extent to which an underpin bites will impact on the pension amount quoted each year. With a DB to DC comparison, the type of benefit being quoted may change from one year to the next. With dashboards not able to provide any explanation, it will be for individual schemes to explain the complexity

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with underpins**
	• In some DB/DC underpin cases the underpin acts as a top-up, for example, the DC pot may be the core benefit, topped up by a DB benefit if the underpin bites. In this case a member may see a DC pot with a DB benefit one year and the next year may see a DC pot with no DB benefit at all • Other underpins will operate in reverse, with the DB benefit being core, and the DC pot being variable • In other cases, it may be the whole benefit switches from being DB to DC A specific case of such an underpin is DC schemes contracted out on a GMP basis. Practice for such schemes varies considerably, depending on their circumstances and whether the GMP underpin is expected to bite. Such underpins can also be highly volatile, depending on market conditions. A calculation done at a current date, based on an assumed continuation of current market conditions, may be highly unreliable. Rather than providing specific guidance here, this type of underpin needs to be considered by each scheme independently and advice taken on the most appropriate approach to take given the specific circumstances of the scheme and the underpin.

11. Members with salary link

Guidance relevant for:	DB schemes
The issue/challenge	**How to treat deferred savers with a Salary Link**
Why is this an issue for dashboards?	Dashboards describe the value data required for deferred and active savers. The Regulations and Data Standards don't specify how schemes should deal with deferred savers who have an ongoing salary link but no continued benefit accrual in the scheme.
Current legislative position	The Regulations and standards don't set any specific requirements on this issue. They do make reference to hybrid benefits, which are described as *"a benefit the rate or amount of which depends on which of two or more alternative methods of calculation produces the highest, or lowest, rate or amount".* For many savers with a salary link this will apply, as their benefit is the higher of a salary linked benefit or a benefit with revaluation. Depending on scheme Rules, this test may be performed at different times. The Regulations go on to state in such circumstance trustees must provide value data they consider *"best represents the value of the member's benefits"* calculated in accordance with what the trustees consider to be the appropriate methodology from the relevant paragraphs of Schedule 3 in the Regulations.
What is general scheme practice?	Scheme practice varies, both in terms of whether statements are issued regularly, whether those statements are based on a recent pensionable salary or a more complex definition such as final pensionable salary (including any averaging), whether savers have an underpin based on deferred revaluation and if so when the underpin is tested. In general, it's worth noting, for savers who have no other ongoing benefit provision in the scheme other than the salary link, they would have deferred benefit and therefore only need to be provided with an accrued value, not a projected value as well (even though in this situation the two would be the same). If savers have other ongoing benefit provision (e.g. DC accrual or death in service benefits) then trustees should take advice as to whether these savers may be considered to be *active members*. The description in the Regulations appears to have been drafted with a comparison of two types of benefits in mind e.g. DB and DC comparison but the relevant parts of the Regulations would also apply in the case of a salary link with a statutory revaluation underpin.
Specific implications for PSPSs	There are no specific PSPS issues. We're not aware of any PSPS which operate a deferred salary link.
What are the options for dashboards?	There are a number of possible options for schemes in this position, depending on the circumstances and each scheme's rules: • **Option 1 - Pension based on current pensionable salary** This is a simple calculation but doesn't take into account any final pensionable salary definition under the scheme Rules, so could be under or overstated compared to what the saver would get if they had actually left service at the illustration date. Although it's simplified it may be consistent with what some schemes use when preparing benefit statements. If the salary link is an underpin to revaluation, then this wouldn't fully capture the benefit

Guidance relevant for:	DB schemes
The issue/challenge	**How to treat deferred savers with a Salary Link**
	• **Option 2 - Pension based on final pensionable salary definition under scheme rules** Similar to 1, but a more complex approach, is to calculate the appropriate final pensionable salary figure as defined under the scheme Rules at the illustration date and use this for the calculation. It better reflects what the saver would get on leaving at the illustration date, but again it would be incomplete if the saver also has a statutory revaluation underpin. It may be harder for a saver to understand without further explanation. The approach may be consistent with what some schemes use when preparing benefit statements • **Option 3 - Pension based on revaluation under scheme rules** Where the salary link is subject to an underpin the benefit will be no lower than the benefit calculated on closure of the scheme to future DB pensionable service, a scheme could quote the revalued pension figure as at the illustration date. This is consistent with how all other deferred benefits are calculated for dashboards, the salary link check would then only be applied when the saver leaves service and the salary link crystallises. Dependent on the scheme Rules, it seems this is unlikely to be in most circumstances, unless for example it is clear the salary link is unlikely to bite • **Option 4 - Higher of two calculations** The most complex calculation would involve calculating two of the above figures and quoting the higher of both – i.e. the higher of Options 1 and 3, or Options 2 and 3, as applicable The Regulations are drafted in a way gives trustees some discretion on what to quote, but subject to being the approach they consider *"best represents the value of the member's benefits"* and being calculated in accordance with what the trustees consider to be the appropriate methodology from the relevant paragraphs of Schedule 3 in the Regulations.
Suggested approach and rationale	For private sector schemes where the benefit is only the salary-related benefit, without a revaluation underpin, we think it likely most schemes will want to take an approach is consistent with how they quote the benefits at other times. For example, on benefit statements/a member portal and so we suggest either option 1 or 2 are likely to be appropriate depending on scheme Rules. For schemes with a revaluation underpin, the requirement for an approach which *"best represents the value of the member's benefits"* suggests option 4 would likely be required, depending on scheme Rules. However, there may be scheme specific circumstances where another option is suitable, and it's for the trustees of each scheme to select a method they consider appropriate and satisfies the requirements of the Regulations and the standards. Trustees may also want to consider a *Simplified Method* for such calculations in some circumstances although would need to recognise this can only provide an interim solution.

12. Step-ups after retirement

Guidance relevant for: The issue/challenge	DB and DC schemes How to deal with pension step ups
Why is this an issue for dashboards?	Generally, once in payment, a pension will only change following the application of annual pension increases. However, there can be occasions where the pension in payment could be further increased. Such step-ups usually apply where a member has GMP, retires before their GMP age and the benefit put into payment under the rules doesn't include GMP revaluation until GMP age. This situation is the primary focus of this Guidance, although we note step-ups may apply in some schemes for other reasons.
Current legislative position	Regulations say accrued and projected benefits must be provided in accordance with scheme Rules, but don't cover the specific situation of pensions stepping up. The Data Standards allow for different tranches of pension starting at different dates. There's no explicit instruction to include step-ups, but there's a clear facility to show them.
What is general scheme practice?	As noted above, the most common type of increase (other than regular annual pension increases) is when a pension in payment needs to be increased to a certain level to meet regulatory requirements, typically GMP step-ups which occur at GMP age. As dashboards quote benefits assuming normal retirement, it would only apply where normal retirement age is before GMP age (combined with the circumstances noted around having GMP and not giving full revaluations on retirement). Such step ups, once they have occurred, are payable for life. Practice on whether these are quoted to members will vary, but it's widespread practice for GMP step-ups not to be communicated or calculated in advance, but awarded to members at GMP age. Individual schemes will know how they communicate these to members, as well as how readily available the data is relating any step ups. The availability of information on step ups will also depend on how each scheme calculates and stores this information and whether the member is active or deferred. In some situations, it may be the change in pension is unknown. For example, where a pension needs to step up at GMP Age to meet the GMP requirements, a calculation/check is usually performed at GMP age to determine if a step up is required, which depends on factors such as annual pension increases which can't be known in advance. Overall, we believe this presents a significant challenge to the industry, for what in many cases will be modest step-ups for a minority of savers.
Specific implications for PSPS	As far as we are aware PSPS don't have step ups of the type described in this Guidance.
What are the options for dashboards?	Where it's known, a saver will receive an increase some years after the pension coming into payment, then this should arguably be illustrated through the values displayed on dashboards. In those circumstances, schemes would need to calculate a suitable step-up, and deliver two figures to dashboards:

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with pension step ups**
	• one coming into payment at the normal retirement age • one coming into payment when the pension steps-up, for example at GMP age In practice, whether or not a scheme can provide this information will depend on a number of factors, including the availability of data held or calculated. Where the step-up's already calculated and stored as a data item then it may be possible to reuse this information for dashboards purposes. Where the step-up needs to be calculated, how the scheme will calculate this isn't covered in this Guidance. In many schemes this calculation doesn't exist and new calculation routines would need to be created. In some circumstances schemes may decide to ignore step-ups. For example, schemes may decide this would be reasonable if there's genuine uncertainty as to whether they'll exist (for example, they depend on unknown future experience), or if they are expected to be nil or immaterial. Where they're expected to be material it feels more difficult to ignore them, but there may be circumstances where schemes decide to do so. We note for day-to-day administration and benefit quotations, it's common practice not to calculate or quote GMP step-ups until they occur. Schemes also have the option of flagging they're using a Simplified Method for a period of up to two years, which may be a useful option if the work to calculate these step-ups is planned but can't be completed ahead of the connection deadline. Although the Simplified Method wasn't put in place was this in mind, we consider it to be a suitable use of the option. Finally, schemes could opt to return no value data, but to deal with cases on an ad-hoc basis in accordance with timescales required under the Regulations. This leave schemes with four options: • **Option 1-** include the step-up by returning two figures to dashboards, as noted above • **Option 2 -** exclude the step-up from the data returned • **Option 3 -** use the simplified option for up to 2 years • **Option 4 -** return no value data, deal with requests on an ad-hoc basis
Suggested approach and rationale	This issue presents a significant challenge to the industry and we expect to see a range of approaches. In general, our view for private sector schemes is where the step-up's a known benefit design and is expected to be material, then this should be illustrated on dashboards, by returning two tranches of benefit, with different payment dates – i.e. Option 1 above. Even outside of dashboards, it may be important information to communicate with a saver when planning their retirement.

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with pension step ups**
	There may be circumstances, as noted above, where it's appropriate to take other approaches and we note excluding GMP step-ups is currently common practice.

13. Step downs (temporary pensions)

Guidance relevant for:	DB schemes
The issue/challenge	**Pension step downs/temporary pensions**
Why is this an issue for dashboards?	Once in payment, a pension will generally only change following the application of annual pension increases. However, there can be occasions where the pension in payment could step-down, typically when a temporary pension is paid which ceases at State Pension Age, but also for other reasons.
Current legislative position	Regulations say accrued and projected benefits must be provided in accordance with scheme Rules. There's no explicit mention of temporary pensions. There's facility in the Data Standards which allow for tranches stopping at a future date.
What is general scheme practice?	The most common type of step-down or temporary pension is where a pension in payment is reduced at some point in the future, usually at State Pension Age. This can also be known as Bridging Pensions, Clawback, State Pension Integration etc. This reduction, once it happens, is usually permanent and an important feature of the saver's benefits. The reduction in pension isn't usually in doubt. Practice on whether and how these are quoted will vary, but it's common for such reductions to be clearly flagged ahead of time, including in retirement quotes. Particularly in some high-profile cases where the reductions weren't clear to savers and were challenged.
Specific implications for PSPS	PSPS don't have step downs of the type described in this Guidance. However, they do operate abatement which is covered in the partial retirement Guidance.

What are the options for dashboards?	In general, where it's known the pension a saver will receive will reduce once in payment, then this should be illustrated via the values displayed on dashboards. There are a number of ways in which this could be shown. For example, taking a saver with a pension of £10,000 from 62 to 67, reducing to £8,000 from 67 onwards (all ignoring future revaluation and pension increases):
	
	• **Option 1** is to quote the permanent pension and temporary pension separately:
	    ○ £8,000 from age 62
	    ○ £2,000 from age 62, ceasing at age 67
	
	We believe this is the most intuitive approach
	
	• **Option 2** is to quote the pensions before and after 67 separately:
	    ○ £10,000 from age 62 to 67

Guidance relevant for:	DB schemes
The issue/challenge	**Pension step downs/temporary pensions**
	○ £8,000 from age 67 onwards We believe this approach could easily be misunderstood, as a saver could inadvertently add up £10,000 and £8,000 to reach a pension of £18,000 • **Option 3** is to quote the full pensions from 62, with a negative pension from 67: ○ £10,000 from age 62 ○ Minus £2,000 from age 67 onwards We believe this approach is unhelpful and we don't believe negative amounts can be returned to dashboards.
Suggested approach and rationale	For private sector schemes, where the step down is a known benefit design, then this should generally be illustrated on dashboards, by returning two tranches of benefit, in line with Option 1 above. There may be circumstances, as noted above, where it's appropriate not to allow for the step-down.

14. Partial retirements

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with partial retirements, including DC income drawdown. We have not considered the position where part of a DB pension is drawn as this is rare and likely to need to be considered by each scheme.**
Why is this an issue for dashboards?	The Regulations require benefits to be included for active and deferred savers, but not pensioners. For savers who have taken part of their benefits and are a *pensioner*, it isn't clear. Schemes will have to consider how to apply the Regulations in practice. Examples could include savers who have taken partial retirement (accessing some/all of their accrued entitlement) but continue to accrue benefits. It could include savers with two benefits in a scheme from different periods of service, where one has been drawn and one hasn't. DC Income drawdown scenarios where savers may have accessed part of their pension pot will also exist. This Guidance only applies where the benefits in question are all part of the same pension scheme. Where benefits belong to differing schemes but are linked in some other way (e.g. through employment, or through having two pension plans with the same provider) they should be considered individually.
Current legislative position	TPR's updated Guidance issued March 2023 states savers who have taken an uncrystallised funds pension lump sum (UFPLS) should still be considered in scope for dashboards. Other than this, there's no reference to such circumstances in Regulations, Standards and Guidance. However, PASA and other industry bodies have had informal input on the policy intent in this area, which is outlined below. Our Guidance is based on this understanding and may change should a more formal position be taken by DWP or any of the relevant regulatory bodies. **Our understanding of policy intent** • Where benefits in a single scheme are two distinct benefits (e.g. a DB and DC benefits in the same trust) and can be accessed independently and would otherwise have been shown on dashboards as separate benefits, the drawing of one benefit only shouldn't impact on the other benefit being displayed on dashboards. An example of this might be a DB and DC scheme in the same trust, or a member drawing DC AVCs at a date other than when their main DB benefit is paid • Where there's a single benefit which has been partly drawn then whether the benefit is quoted may depend on the precise circumstances, for the scheme to determine • For private sector DB schemes, we understand such partial retirement is uncommon and any scheme with this type of facility will have to consider their approach. We understand the issue is more common in PSPS and this is referred to in the section below

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with partial retirements, including DC income drawdown. We have not considered the position where part of a DB pension is drawn as this is rare and likely to need to be considered by each scheme.**
	• For DC schemes there may be different types of partial retirement. For example, a member taking 25% of a DC pot as an UFPLS (leaving the other 75% uncrystallised) would be treated differently to a member taking 25% of a DC pot as a Pension Commencement Lump Sum (PLCS) (leaving the other 75% in a post-retirement drawdown fund). Our understanding of policy intent is the first example i.e. the member taking an UFPLS and leaving uncrystallised benefits would be in scope for dashboards whereas the member taking a PCLS and leaving the remainder in a retirement drawdown fund wouldn't be in scope of dashboards • As a general point, where a scheme decides they will show the *non-accessed member benefits* on dashboards then it's considered to be in the spirit of dashboards to put as much information as possible on these benefits on to dashboards. Schemes will need to consider this point as part of their data protection preparation and ensure they are satisfied they have a legal ground for processing this data with the dashboards
What is general scheme practice?	The main scheme practice relevant to this Guidance is how schemes currently deal with showing benefits for savers who have partially drawn their pension or entered income drawdown in their ongoing member communication and engagement. Regular saver engagement channels could be considered, including: • Annual benefit statements • Online saver engagement portals and apps • Approach taken for 'on demand' requests As with other areas, achieving consistency between dashboards and current saver engagement practices is an important factor in deciding what to provide for dashboards, both from a saver perspective and also an operational feasibility perspective.
Specific implications for PSPS	In PSPS, there are specific circumstances where *partial retirements* can arise, owing to regulations allowing pension to be taken whilst continuing in the same employment. **Flexible retirement** Some PSPS provide for a saver, aged 55 or over, to take payment of all or part of their benefits flexibly, while continuing in the same employment. Following payment, they can remain an active member or opt out. This means in relation to the same employment, they can be a pensioner member **and** an active or deferred saver. DWP has confirmed where the saver is a pensioner member as a result of flexible retirement and in relation to the same employment, an active or deferred saver, none of the members benefits should be displayed on dashboards. This is because they are 'out of scope'.

Guidance relevant for:	**DB and DC schemes**
The issue/challenge	**How to deal with partial retirements, including DC income drawdown. We have not considered the position where part of a DB pension is drawn as this is rare and likely to need to be considered by each scheme.**
	Suspended Tier 3 ill health benefits Some PSPS provide for payment of a short-term ill health pension. Payment of this pension is usually restricted to a maximum number of years – for example 3 years. When payment ceases, the benefits are deferred and are paid under the normal deferred rules. DWP has confirmed when the pension is in payment, the benefits are *out of scope* of dashboards. Once the pension is suspended and becomes deferred, the deferred benefits fall *in scope* and should be displayed on dashboards.
What are the options for dashboards?	The decision for schemes is whether to include such savers on dashboards or not. Based on our understanding of policy intent, both approaches could be valid in different circumstances. In terms of practicalities, in some circumstances it may be easier for scheme administrators to include these pension entitlements rather than exclude them, in other circumstances the opposite may apply – there won't be a clear *route of least resistance*.
Suggested approach and rationale	If our understanding of the policy intent is correct, then our suggested approach for private sector schemes is: • treatment of partial retirements on dashboards should, in general, be informed by how benefits were displayed on dashboards prior to the partial retirement or access of benefits • If benefits were displayed as separate benefits, either as separate pension entitlements or as separate benefits attached to a single pension entitlement, then if any one of those benefits is accessed then any non-accessed benefits should continue to be shown on dashboards • If benefits were displayed as a single benefit, and part of benefit has been drawn e.g. a DB pension or DC income drawdown, then the remaining part of the benefit may not need to be shown on dashboards. However, if schemes want to do so then they should be free to do so. The most suitable approach may vary by scheme, depending on how they store their records • In this last situation another option would be to match the saver but provide value data reactively in line with the 3/10 day SLA Considering the examples in the Policy Intent section: • **Example 1** - Where there are separate DC and DB benefits (or DB with AVCs) then these will be shown as separate benefits on dashboards and following this Guidance means if one of these benefits is accessed then the other one should still be shown

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with partial retirements, including DC income drawdown. We have not considered the position where part of a DB pension is drawn as this is rare and likely to need to be considered by each scheme.**
	• **Example 2 –** Where a saver has a DC pension entitlement they've accessed in the form of taking income drawdown, then once part of benefit has been drawn (i.e. the saver is *retired*) then none of it should be shown on dashboards • **Example 3 –** where the saver has taken payment of all of their benefit but is now accruing fresh benefits (either of the same type or a different type) brought about by continued accrual, the new accrual should be shown on dashboards As with all Guidance, there will be circumstances not covered above, where schemes need to seek advice.

15. Split administration and AVCs

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to manage DC AVC information for DB schemes, and other types of split administration**
Why is this an issue for dashboards?	For schemes with multiple administrators under the same trust or statutory regulations, dealing with dashboards is more complex. This is particularly the case where certain individuals have benefits managed across more than one administrator. The most common situation is in relation to additional voluntary contributions (AVCs). This Guidance primarily covers the position of a DB scheme with DC AVCs. Appendix B provides more information, as well as additional Guidance on other situations where administration is split.
Current legislative position	The Regulations don't cover this situation. However, material issued by PDP recognises the challenges and variations which exist when it comes to DB schemes with DC AVCs. The standards offer three potential approaches: 1. **Single Source –** The DB administrator will make both the DB data and the AVC data available to dashboards 2. **Multiple Sources but Linked –** The DB data and the AVC data are provided separately but displayed together on Dashboards with a unique identifier to link the records. This unique identifier is allowed for (- ref 2.009) in the data standards 3. **Multiple Sources not Linked –** The two sets of data are provided separately but not linked in any way In all cases, the scheme remains responsible for ensuring all their savers' benefits are displayed on dashboards, even if they're shown separately.
What is general scheme practice?	There's no common scheme practice for dealing with this issue. When it comes to existing statements and online tools, some schemes have regular data feeds from their AVC provider, while others don't.
Specific implications for PSPS	We understand PSPS expect AVC providers to supply view data on behalf of savers AVCs, to dashboards directly. This will be accompanied with the unique identifier to link to the DB records - ref 2.009 in the Data Standards.
What are the options for dashboards?	The options outlined above are all valid approaches. Appendix B provides detailed analysis of the feature of each option.
Suggested approach and rationale for it.	For private sector DB schemes, the most appropriate option is likely to be Option 1 and we're aware many third-party administrators are working with AVC providers to arrange this. For PSPS we understand Option 2 is the preferred approach. For other circumstances different options will make sense, including:

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to manage DC AVC information for DB schemes, and other types of split administration**
	• hybrid schemes with split administration (e.g. DB and DC run by different administrators) • sectionalised schemes with split administration • schemes with buy-in policies These are expanded on in Appendix B.

16. Pensions debits and pension credits (divorce cases)

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with savers where pension sharing on divorce or dissolution of civil partnership has impacted on the pension benefit**
Why is this an issue for dashboards?	Divorce cases are common in pension schemes, but the way information is recorded can be varied. Schemes need to understand how they quote benefits both for the debited saver and the former spouse or civil partner who's awarded a pension credit.
Current legislative position	The Regulations define pension credit members, though there's no specific reference to indicate where a benefit has been reduced following a pension debit. The Data Standards (item 2.005, pension origin) allow for a record to be identified as an occupational pension scheme pension credit member.
What is general scheme practice?	Scheme practice is variable, particularly how pension debits are processed and recorded. For example, some schemes update records at the outset to reflect the reduced member benefit, whereas others make a note on the record, to be processed when member benefits are quoted.
Specific implications for PSPS	Across PSPS the practice varies. PSPS should follow their existing approach in how they quote value data on ABS. For those PSPS which don't currently issue ABS for deferred and pension credit members we recommend following their existing approach for active savers.
What are the options for dashboards?	For the original member there are two basic options for dashboards: • **Option 1** – quote the accurate benefit, allowing for reduction in benefit arising from the divorce • **Option 2** – return no immediate value but respond on an ad hoc basis within the timescales required by the regulations, then provide a value allowing for the reduction For some schemes the only readily available figures are the pension figures before allowing for the divorce. These figures shouldn't be returned, as this would be misleading. For the former spouse or civil partner there are also two options for dashboards: • **Option 1** – quote the accurate benefit, where this is retained in the scheme • **Option 2** – return no immediate value, but respond within 3/10 days as applicable
Suggested approach and rationale for it.	For private sector schemes, for both original saver and former spouses and partners, we consider both options to be reasonable. Both are compliant with the Regulations and in practice the decision is for individual schemes to take, depending on the level of data and calculations they have available.

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with savers where pension sharing on divorce or dissolution of civil partnership has impacted on the pension benefit**
	We recommend PSPS follow their existing approach in how they quote value data on ABS. For those PSPS not currently issuing ABS for deferred and pension credit members we recommend following their existing approach for active savers.

17. Scheme Pays

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to deal with savers where a Scheme Pays tax liability has been paid**
Why is this an issue for dashboards?	Many schemes have individuals impacted by the Annual Allowance and have agreed to settle tax liabilities under the Scheme Pays arrangements. Those Scheme Pays adjustments are not always reflected in the core pension record.
Current legislative position	There's no reference to Scheme Pays in the Regulations.
What is general scheme practice?	Scheme practice is variable, including how Scheme Pays adjustments are defined and how they are recorded. For example, Scheme Pays adjustments could be based on a notional DC fund, an adjustment to pension, or an adjustment to cash benefits. Some schemes reflect these adjustments fully in their records, while others don't, only including them when quotations are issued.
Specific implications for PSPS	Across PSPS the practice varies. Some schemes apply Scheme Pays debits, others offset the scheme pays debit by way of a negative DC pot. PSPS should follow their existing approach in how they quote value data on ABS. For PSPS not currently issuing ABS for deferred savers we recommend following their existing approach for active savers.
What are the options for dashboards?	There are two basic options for dashboards: • **Option 1 –** quote the accurate benefit, allowing for Scheme Pays reduction • **Option 2 –** return no immediate value but respond on an ad hoc basis within the timescales required by the Regulations allowing for the reduction For some schemes the only readily available figures are the pension figures before allowing for the Scheme Pays adjustments. These figures shouldn't be returned, as this would be misleading. The only benefits quoted by schemes should be those the saver is entitled to. If benefits are reduced due to Scheme Pays, this should be reflected in what's quoted to them.
Suggested approach and rationale	For private sector schemes we consider both options to be reasonable. Both are compliant with the Regulations and in practice the decision is for individual schemes to take, depending on the level of data and calculations they have available. For PSPS we recommend PSPS follow their existing approach in how they quote value data on ABS. For those PSPS not currently issuing ABS for deferred savers we recommend following their existing approach for active savers.

18. Multiple separate benefits held in the same scheme

Guidance relevant for:	DB and DC schemes
The issue/challenge	**How to display information for savers with multiple separate benefits held in the same scheme (usually arising from two or more separate periods of service in the scheme)**
Why is this an issue for dashboards?	Savers may have two or more benefits within one scheme. The multiple sets of benefits may interact with each other and could be held separately or aggregated by an administrator. Aggregation might be the saver's choice. The scheme might have sub-scheme administrators and the benefits could be held separately with different sub-scheme administrators, though still in the same scheme. They might have different rules for payment depending upon when the saver left active membership of the scheme. In the specific case where a saver's benefits are held by the scheme as two or more separate records and/or administrators, the administration platform may have different personal details held for matching attached to each of those benefits. This would potentially mean not all the saver's benefits would be displayed on dashboards after the pension finder request.
Current legislative position	The Regulations don't specify how value data relating to multiple benefits should be displayed. The Data Standards allow for multiple tranches of membership within the same benefit to be provided. This allows for pensions in respect of multiple periods of membership, for example, to be provided separately or be consolidated. Where multiple benefits are held as separate scheme records and returned to dashboards as separate pension entitlements, the *pension link* field can be used to ensure the entitlements will be grouped and/or ordered together when displayed on dashboards.
What is general scheme practice?	Schemes will typically record multiple benefits service in one of three ways: • a single record where all benefits are consolidated into one calculation as a matter of course • a single record where each benefit is calculated separately • multiple records where each benefit has its own record Each of these is a reasonable way of recording the saver's entitlement. However, there are implications of different approaches. The first two options can be provided to dashboards under the current Data Standards as a single record. The first may be returned as a single benefit, while the second may be returned as multiple parts of a single benefit. In both cases, the dashboards' response will need to return a single set of service dates, despite the record possibly covering more than one period of service. Where this is the case, we suggest the earlier joining date and latest leaving date are returned, so the overall period of employment is covered. In doing so, the start and end date will conceal a service gap within the period.

Guidance relevant for:	**DB and DC schemes**
The issue/challenge	**How to display information for savers with multiple separate benefits held in the same scheme (usually arising from two or more separate periods of service in the scheme)**
	Care will need to be taken with the third option to ensure any matching algorithm returns both benefits and doesn't just stop when the first record's found.
Are there any specific implications for public service schemes?	Aggregation of periods of service is a common option for savers in unfunded PSPS. Managers of PSPS will need to decide if this is accounted for when returning value data to dashboards. If managers decide such benefits should be: • separate, each benefit should be supplied separately to dashboards • aggregated, a single benefit containing multiple tranches of membership should be returned to dashboards The LGPS operates by way of sub-scheme administrators in the form of LGPS administering authorities. It is common for savers to have: • more than one benefit with a single administering authority and / or • more than one benefit within multiple administering authorities This is because before the introduction of the CARE schemes, aggregation wasn't automatic. Although aggregation is now automatic, savers can choose for their benefits not to be aggregated. For the LGPS, where the saver has more than one benefit, each benefit should be supplied separately to dashboards.
What are the options for dashboards?	We understand the policy intent is for dashboards to reflect the benefits due to the saver in the best way possible, taking into account information previously provided to savers and how they will expect to see the information on dashboards. Ultimately this means the benefits in respect of all periods of service should be reflected in line with scheme rules and existing practice. But it's up to schemes to determine how to do this. The options for schemes are broadly: • **Option 1 –** return a single benefit which may contain benefits from multiple periods of service • **Option 2 –** return multiple benefits separately
Suggested approach and rationale	We suggest for private sector schemes and unfunded PSPS, value data is returned in line with how the benefits are already administered. Care should be taken to ensure all periods of service are provided where benefits are held as separate records. Where schemes clearly identify multiple benefits relate to the same individual, then a *pension link identifier* should be used and a single set of personal details to be used for matching should be provided to avoid any risk of one record being matched, but another not.

Guidance relevant for:	DB and DC schemes
The issue/challenge	How to display information for savers with multiple separate benefits held in the same scheme (usually arising from two or more separate periods of service in the scheme)
	For the LGPS, where the saver has more than one benefit, each benefit should be supplied separately to dashboards.

19. Transfers in and additional DB benefits (DB AVCs)

Guidance relevant for:	DB schemes
The issue/challenge	**How to display information for DB savers with transfer-in credits or additional DB benefits (often referred to as DB AVCs)**
Why is this an issue for dashboards?	For savers with transfer-in or additional DB benefits (DB AVCs), these additional benefits are in addition to the core benefits earned in the scheme. They may have different payment terms (retirement dates, revaluations, pension increases) and the dates they were earned may be different to the dates the saver was in the scheme. In many ways this issue is similar to the issue of having multiple periods of service.
Current legislative position	The Regulations don't specify how this information should be supplied. Data Standards allow for multiple tranches of benefit in respect of one scheme to be provided. This allows for pensions in respect of transfers-in or additional DB benefits to be provided separately if required, or to be consolidated.
What is general scheme practice?	Schemes record and quote these benefits in different ways. When quoting a pension, schemes may quote the individual components separately, or may consolidate them into one calculation. When it comes to recording information about the benefit itself, this can be very variable: **Transfers in** • Some schemes will have data on the period of service in the previous scheme which gave rise to the transfer, others won't. Some will have a record of the date the transfer arrived, but for old transfers they may not. In practice we expect the dates in the previous scheme wouldn't be relevant to dashboards, as there's nowhere for them to be quoted • In some cases, the transfer credit awarded will be additional years of service, it could also be a CARE pension, an additional fixed pension or some other form of benefit • Where additional years are awarded, some schemes will record this as a separate figure, others will artificially adjust the 'date joined scheme', resulting in a date joined scheme which can be many years before the saver actually joined the scheme (and company) **Additional benefits (DB AVCs)** • DB additional benefits come in different forms. They might be additional years of membership linked to salary or a fixed amount of additional pension not linked to salary • in either case these are often recorded separately without any links to dates (i.e. they're just an additional period of membership or an additional fixed amount of pension)

Guidance relevant for:	DB schemes
The issue/challenge	**How to display information for DB savers with transfer-in credits or additional DB benefits (often referred to as DB AVCs)**
Are there any specific implications for PCPS?	There are no specific issues for PSPS.
What are the options for dashboards?	While the section on multiple periods of service included the option of returning two separate records, in this situation this wouldn't be appropriate. The saver has a single record, albeit there are additional tranches arising from transfer credits or additional benefits. The options for schemes are: • **Option 1 –** Quote transfer-in and DB additional benefits as separate tranches of benefit, with their own characteristics • **Option 2 –** Include such benefits alongside core scheme benefits, without separating them out
Suggested approach and rationale	We believe both options above are reasonable and the decision should rest with schemes, depending on their own circumstances, including how they record information and what is quoted to savers.

20. What triggers a value data refresh?

Guidance relevant for: The issue/challenge	DB and DC schemes Which events trigger a refresh of value data
Why is this an issue for dashboards?	Under the Regulations schemes need to return value data which is no more than 12/13 months out of date and remove information when a saver ceases to be a relevant member. However, circumstances change far more frequently than this and schemes may want to consider whether they wish to update data in other circumstances
Current legislative position	The Regulations require information on dashboards is no more than 12/13 months old, which means schemes need to update information at least once a year. The Regulations also require where a saver *ceases to be a relevant member* then any *pensions identifier* is de-registered as soon as possible. This would include cases where a saver retires, dies or transfers out of the scheme, as they then cease to be a relevant member. Beyond these requirements it's up to schemes to decide whether they wish to update data more frequently, or in other circumstances.
What is general scheme practice?	Where savers request information from a scheme directly it would automatically be based on the most up to date information at the time. Where savers are issued an ABS, for example on an annual basis, these statements wouldn't be recalled or reissued should a saver's circumstances change. There's no existing scheme practice to consider.
Specific implications for PSPS	There are no specific issues for PSPS we are aware of as the circumstances out herein apply equally to PSPS.
What are the options for dashboards?	On the timing of data, schemes will need to update information at least annually to remain compliant with Regulations. There may be reasons why it makes sense for some schemes to update information more frequently. On other data changes, certain events trigger a saver being removed from the dashboards environment. These are cases where an individual ceases to be a relevant member. We take those to be: • Retirement • Death • Transfer out In these cases, the obligation is on schemes to remove their tokens as soon as possible (and arrange for them not to show up in future find requests). However, there are many other situations where a saver remains a relevant member, but the value data shown on dashboards (either accrued pension or ERI) would become outdated. Examples include:

<table>
<tr><th>Guidance relevant for:</th><th>DB and DC schemes</th></tr>
<tr><th>The issue/challenge</th><th>Which events trigger a refresh of value data</th></tr>
<tr><td></td><td>

an active saver leaving service
receiving a salary increase
moving to part time status
changes to scheme structure or contributions
changes to scheme rules
changes to over-riding legislation
scheme closure
partial retirement
divorce settlement
scheme Pays application
GMP equalisation implemented
GMP reconciliation
benefit update due to other reasons

This list isn’t comprehensive and schemes will have their own circumstances. The Regulations don’t require schemes to update value data in such circumstances. The information returned to dashboards will have an effective date and provided the information is correct at the date shown, there’s no obligation to provide updated information when circumstances change.
However, in not updating information, schemes will need to recognise any discrepancy between the information on dashboards and the information provided directly by the scheme could generate uncertainty for savers. Ultimately it’s up to each scheme to determine in which circumstances data is refreshed.
</td></tr>
<tr><td>Suggested approach and rationale</td><td>Other than the changes required by the Regulations, it’s up to individual schemes to determine whether to update value data when circumstances change.</td></tr>
</table>

Appendix A – Miscellaneous

In this Appendix brief notes have been included on other areas of interest which didn't justify a full section within the main Guidance:

- **Aggregation of DB and DC/AVC benefits –** We're aware many schemes allow DC benefits or AVCs to be used first for PCLS purposes before commuting any DB pension. Dashboards don't provide any indication of PCLS, so it isn't necessary or helpful to attempt to show such benefits on dashboards
- **Generous early retirement terms –** Dashboards will only provide details of benefits at a *normal* retirement age, the existence of generous early retirement terms can't be covered within dashboards
- **Unfunded private sector schemes (including top-up schemes) –** Unfunded schemes are excluded from the scope of dashboards, so not addressed here, whether they are stand-alone or top-up schemes
- **Linked schemes –** We're aware some schemes have benefits calculated by reference to one-another (eg 2/3rds promise, less what has been earned in main scheme). These schemes will need to determine a suitable approach, depending on their circumstances, they are not addressed by this Guidance
- **Survivor-only benefits –** Occasionally schemes have cases where the main saver's pension is nil, but there's a pension due to a survivor on the death of the saver. We consider these to be 'pensions in payment' (albeit with a nil pension) and therefore not in scope for dashboards
- **Pensions denominated in overseas currencies –** Where there are members of UK schemes with benefits denominated in overseas currencies (formerly cross border schemes), the expectation is these savers will be on dashboards. We understand dashboards won't be able to show other currencies, so any value data would need converting to GBP
- **LGPS "Frozen Refunds" –** Benefits such as *Frozen refunds* with LGPS shouldn't be included on dashboards
- **Ill health retirements –** In the case of savers in ill health, it may be possible to draw a DB pension well before normal retirement age, but to have pension suspended if the saver's health recovers. Our view, which is consistent with how administrators record such savers, is such savers are *suspended pensioners*
- **LGPS suspended "Tier 3 ill health benefits" –** Once a tier 3 ill health pension has been suspended the saver becomes a deferred member as defined under section 124(1) of the Pensions Act 1995. The Local Government Association is waiting for a view from DWP as to whether the suspended benefits should be displayed on dashboards.

We will update this Guidance in due course .

- **LGPS unpaid benefits following "flexible retirement" -** The Local Government Association is waiting for a view from DWP as to whether any unpaid benefits following, or benefits built up after, flexible retirement should be displayed on dashboards. We will update this Guidance in due course .

Appendix B – Guidance on Split Administration

Considerations for split-Administration scenarios

With the introduction of dashboards, trustees of all qualifying UK pension schemes will be required to comply with new legislative duties to check, on request, if a pension benefit is held and where a positive or possible match is found, return information about the pension to the dashboards eco-system.

On the face of it this requirement seems straight forward, match a saver then return the required data. However, there are scenarios widespread across the pensions industry making it more challenging for trustees to fully comply, notably where there are multiple administrators involved in the running of the pension scheme under a single trust.

Some of the scenarios and the factors trustees will need to take into account when deciding how to get ready for connecting with dashboards include:

- DB AVC funds, where record keeping of the AVCs is separate to the main scheme administrator.
- schemes with two or more administrators. DB and DC sections are often within the same trust but administered by different providers. This may be a situation where individual savers can hold both benefits (referred to here as Hybrid Benefit Schemes). Or it could be where an individual is only in one section or another (referred to here as Sectionalised Schemes). The latter could also apply, for example, in a sectionalised DB scheme where each section has its own administrator
- buy-in policies may be administered primarily or in part by an insurer. This would almost always involve the insurer dealing with a particular group of savers, it would be unusual for a saver to have both insured and uninsured benefits within the same scheme

For any scheme with such arrangements, trustees will need to have appropriate actions in place to ensure :

- savers and benefits don't fall down a gap between providers
- they aren't double counted
- all arrangements can be made available to dashboards with effect from the scheme's connection deadline, remembering it's a legal requirement. There's no lawful basis allowing trustees to stage different elements of the arrangement at different times, this includes any AVCs held by Insurance companies on behalf of the trustee. It is, however, possible for trustees to apply for an overall earlier connection window for the entirety of the scheme

AVCs and options for trustees

Of the scenarios above, the most common across the industry is pensions arrangements where a scheme has one or more AVC providers, with some or all the AVC information being held separately. Trustees will need to decide how the AVC component of an individual's pension will be made available to dashboards when requested and make sure this is achieved in line with the scheme's overall connection deadline. The Standards recognise the challenges and variation exist when it comes to AVC arrangements form part of a DB scheme. The Data Standards offer three potential options:

- **Option 1 - Single Source -** The main administrator will send both the DB and the AVC values. In this option, the pension provider will need to make sure it's getting a feed of relevant data from the AVC provider on an annual or more frequent basis
- **Option 2 - Multiple Sources but Linked -** If the benefits are to be provided separately but displayed together on dashboards, the main administrator must generate a unique identifier and pass identifier to the AVC provider. Both the DB pension provider and the AVC provider will then need to populate a *Pension Link* field in their view data message, so dashboards can connect the benefits
- **Option 3- Multiple Sources not Linked -** trustees could decide it's reasonable for the two sets of data to be displayed separately (for example, if the AVC benefit was suitably named). In this case trustees may choose not to create a unique identifier. However, they remain responsible for ensuring all their members' benefits are displayed on dashboards, even if they are shown separately

Although these options were written with AVCs in mind, the same options exist for other scenarios. The approach each scheme takes will depend on various factors including:

- who holds and maintains the key personal and contact data used for the find service
- how many AVC providers each scheme has
- whether all providers involved can consistently apply the trustees' desired matching rules for full and partial matches
- whether the AVC provider can field calls and queries directly from savers
- what operational processes are in place to keep administration records aligned and specifically regarding status and matching data

In the table below, the different options are examined and compared. The comparison has been written from the perspective of a DB scheme with a main administrator and one or more AVC providers and the language used reflects this. Options 2 and 3 are very similar in many senses, but we have shown them as separate columns as there are some relevant distinctions.

Comparison of options

<table>
<tr><th>Item</th><th>Issue</th><th>Option 1
Single source</th><th>Option 2
Multiple sources (linked)</th><th>Option 3
Multiple sources (unlinked)</th></tr>
<tr><td colspan="5">Saver experience</td></tr>
<tr><td>1</td><td>Saver view of records</td><td>Main record and AVC record automatically presented adjacent to each other.</td><td>Records should appear adjacent to each other provided linking works and all providers hold up to date find data and apply consistent matching criteria.</td><td>Records won’t show as linked, could be in any order, also relies on all providers holding up to date find data and applying consistent matching criteria. May lead to a less positive user experience and more calls from savers. Naming of the AVC record may be important to show which main scheme they are linked to.</td></tr>
<tr><td>2</td><td>Contact details for use by the saver</td><td>Main administrator will be initial contact point for all benefits.</td><td colspan="2">Decision needed on which provider’s details to give, depending on what capabilities exist at the AVC provider and the ability to fulfil the required activities listed below.</td></tr>
<tr><td>3</td><td>Partial/Possible Matches</td><td>The main record and data is used for all matching and single set of matching criteria deployed. Any resulting partial matches can be resolved with the main administrator and appropriate action on data or removal of PEI token taken.</td><td colspan="2">AVC provider contact details to be provided on dashboards to resolve calls on partial matches. Resulting call allowing either data to be updated with appropriate validation checks, or in the case of a negative match remove the PEI token. The main scheme administrator is unlikely to be able to perform this function on behalf of another provider unless the AVC provider holds a full set of find data kept in sync with the main administrator record. This isn’t current industry practice. In this scenario the main administrator won’t be able to field and resolve partial matches, update data on the AVC providers system or remove the require PEI token where a confirmed negative enquiry</td></tr>
<tr><td>4</td><td>Responding to benefit queries</td><td>Main administrator will need to deal with AVC queries as well as</td><td colspan="2">Main administrator can deal with main benefit queries, AVC provider likely to need to respond to AVC benefit queries (either directly or via main administrator).</td></tr>
</table>

<table>
<thead>
<tr><th>Item</th><th>Issue</th><th>Option 1
Single source</th><th>Option 2
Multiple sources (linked)</th><th>Option 3
Multiple sources (unlinked)</th></tr>
</thead>
<tbody>
<tr><td></td><td></td><td>main benefit queries. Should have the basic information to do so, but may need to refer some to AVC provider.</td><td colspan="2"></td></tr>
<tr><td>5</td><td>Saver communication</td><td>Simpler approach which is easier to explain to savers.</td><td colspan="2">More complex approach may be harder to explain to savers depending on how dashboards allow information to be shown.</td></tr>
<tr><td>6</td><td>Wider communications and self-service options</td><td>Having combined data facilitates improved saver communications and self-service website.</td><td colspan="2">Having separate data means scheme can’t show aggregated data in wider communications and saver self-service website.</td></tr>
<tr><td colspan="5">Data quality and accuracy</td></tr>
<tr><td>7</td><td>Matching data</td><td>Data used for matching will be held by main administrator only and should be up to date.</td><td colspan="2">Data used for matching may be different between main administrator and each AVC provider, so matches and possible matches could be different for different providers. There may be delays in sharing updates, schemes will need to consider how to keep data in sync across all providers, possibly via more regular data feeds.</td></tr>
<tr><td>8</td><td>Data cleanse and tracing</td><td>Data cleanse projects, tracing services or data monitoring will only be required for the main administrator.</td><td colspan="2">Each AVC provider will need to manage their own data performing data cleanse, member tracing (to verify forenames, surnames, DOB’s and address) as well as a process to keep data up to date.</td></tr>
<tr><td>9</td><td>Validation of data</td><td>Main administrator would want to run some sort of validation of AVC data before uploading, as well as any checks on its own records.

AVC provider only needs to validate the data sent to the main administrator.</td><td colspan="2">Main administrator only needs to validate its own records, not the AVC records.

Each AVC provider needs to validate all data being returned to dashboards, including scheme data, signpost data, employment data etc.</td></tr>
<tr><td>10</td><td>Member movements</td><td>Joiners, leavers and changes in status take place at once. The main administrator</td><td>Joiners and leavers notified to main administrator will need to be passed to, and processed by, each AVC provider. Linked</td><td>Joiners and leavers notified to main administrator will need to be passed to,</td></tr>
</tbody>
</table>

Item	Issue	Option 1 Single source	Option 2 Multiple sources (linked)	Option 3 Multiple sources (unlinked)
		system/records are updated without the need to sync data with other providers.	records will make this more complex, as links may break until both records are updated.	and processed by, each AVC provider, so records will change at different dates.
11	Data flows	Regular flows of data from AVC provider needed to administrator to keep records up to date.	Regular flows of data from main administrator to AVC providers needed to ensure their records are up to date for matching and other purposes.	
12	Special member flags	Any special circumstances (e.g. divorce cases or savers whose data is suspect), can be applied across all parts of the record at once	Special circumstances may not be reflected in AVC return unless data is shared on regular basis from main administrator. Risk of the main scheme pension being excluded but the AVC element being returned	
Matching				
13	Matching algorithm	Matching rules will be agreed by the trustee and applied by the main administrator only. trustees are required to keep a record of the rules selected and the rationale for a period of 7 years	Matching rules may be different between main administrator and each AVC provider, so matches and possible matches could be different for different providers. While different matching rules can be applied, the trustee has a legal requirement to document the rules selected and rationale for them being used. The decisions and rationale must be kept for a 7-year period	
14	Dealing with possible matches	Main administrator will deal with possible matches, across all types of benefit combined	Each AVC provider will deal with their own possible matches, as only they have the data to know the result of the match. Each provider needs capability to do this, a saver may have to call multiple providers to resolve same issue (e.g. incorrect DoB), results may be different depending on data held by each provider.	
15	Links between main benefits and AVCs	No unique link needed	Approach to unique links needs to be agreed and managed on ongoing basis	No unique link needed
Calculations				
16	Non-automated calculations	Main administrator is responsible for returning all data to dashboards, to the extent there are any non-	Each provider responsible for their own non-automated calculations and can manage their own timescales	

Item	Issue	Option 1 Single source	Option 2 Multiple sources (linked)	Option 3 Multiple sources (unlinked)
		automated AVC calculations, it may be difficult to deal with these in the required timescales. Where possible, trustees should consider running annual activities to bulk calculation the figures required to avoid producing pension figures on demand under the new required timescales	Trustees should consider running annual activities to bulk calculation the figures required to avoid producing pension figures on demand under the new required timescales	
Onboarding and infrastructure				
17	AVC provider connectivity and onboarding	AVC provider doesn't need dashboards connectivity and onboarding project, trustees only need consider main administrator's facilities	AVC provider needs dashboards connectivity and an onboarding project, the timing of which needs to align with the scheme's own connection deadline (and not the connection deadline for any of its own products), trustees will want to be comfortable with security of those facilities	
18	AVC provider ongoing activity	Limited activity other than sharing data feeds on a regular basis	Substantial activity including dealing with savers and ongoing maintenance of dashboards environment. The main scheme administrators cannot field possible match queries or queries on pension figures without access to core source data being used and details of matching rules	
19	Systems development for main administrator	As well as general dashboards work, the main administrator has additional work to incorporate AVCs into own systems and dashboards planning. It will be a challenge where administration teams have capacity issues	Mainly general dashboards work, but there will still be additional work in relation to AVCs. Development work will likely be required for the main administrator to create data update extracts and securely provide to AVC provider(s) moving forward	Only general dashboards work, limited additional work in relation to AVCs.

Item	Issue	Option 1 Single source	Option 2 Multiple sources (linked)	Option 3 Multiple sources (unlinked)
			AVC providers may need development to be able to record the Scheme's pension link identifier.	
Reporting				
20	Reporting to trustees	Dashboards reporting to trustees will be from main administrator, with a single consolidated view of member activity	Dashboards reporting to trustees will be from a combination of the main administrator and the AVC providers, trustees will need to consider both to get a full view of member activity	
21	Reporting to MaPS/TPR	Dashboards compliance reporting to TPR will be from main administrator	Dashboards compliance reporting to TPR will be from a combination of the main administrator and the AVC providers and trustees may need to take action to consolidate reporting, depending on requirements	
Other				
22	Project planning	Single dashboards connection simplifies project, both for implementation and on an ongoing basis	Multiple dashboards connections on the same date and data transfers complicates project, both for implementation and on an ongoing basis	

Likely approaches

The comparison was prepared with AVCs in mind. There are other circumstances where a similar situation exists, although in each case there are important differences. The above list inevitably won't be comprehensive and there will be other factors schemes need to take into account.

For DB schemes with DC AVCs

For a DB scheme with AVCs it will be essential to consider these and other issues when deciding which approach to take. Other factors will be relevant include:

- the capabilities of the main administrator, whether this is a third-party administrator (who may have a preferred approach across all clients) or an in-house team. would include any limitations of the administration platform or ISP the administrator is using
- the capabilities of the AVC provider(s), who may have a preferred (or mandatory) view.
- the number of AVC providers and whether the scheme needs a common approach across all the different providers
- the cost implications of the different options, both at outset and on an ongoing basis. In the same way administrators will need to charge for dashboards work, it is possible AVC providers may charge for aspects of dashboards connection
- Whether it is possible to switch to another approach later if the selected approach turns out to be not working out as expected

For split administration Hybrid benefit schemes (DB and DC, with many savers having a combination of both)

These schemes are very similar to AVC arrangements, as there will be many savers with both a DB and DC benefit within the same scheme but where the arrangements are administered by different providers. The issues outlined in relation to AVCs apply in the same way but with some important distinctions:

- while not all AVC providers may be able to, or willing to, perform a full administration function (maintaining full member data, running matching algorithms, connecting to dashboards. dealing directly with saver queries), the DC administrator will almost certainly be able to do
- while a DB scheme may have many AVC providers to deal with, a scheme with hybrid benefits is likely to only have one DC provider, which makes the co-ordination much simpler

The most suitable approach will vary from scheme to scheme, but we believe the most likely outcome in this situation is the two administrators will connect separately and the trustees consider whether to create a unique member link between the two parts of the scheme. While it's highly likely the two providers would connect separately (albeit on the same connection deadline), the challenges and examples raised in the AVC section are largely relevant to this scenario. Trustees will need to consider the challenges and work with their providers to agree an appropriate approach.

For split administration sectionalised schemes (DB and DC under the same Trust, with distinct groups of savers, or sectionalised DB)

Although these schemes are similar in some senses to schemes with AVCs, in that they have two administrators, in practice they can be two schemes with separate memberships, which just happen to sit under the same trust. As savers don't often have benefits in both sections (or if they do then they are an exception or discrete group, for example due to past corporate activity) then many of the issues in the AVC comparison, such as data sharing, matching, member movements and how to deal with queries, don't apply. The administrator of different sections will each have their own approach and technology solutions to support dashboards, however, will ultimately need to coordinate with trustees to successfully stage both sections on the same connection deadline. While it's highly likely the two providers would connect separately (albeit on the same connection deadline), the challenges and examples raised in the AVC section are largely relevant to this scenario. Trustees will need to consider the challenges and work with the providers to agree an appropriate approach.

For schemes with a buy-in provider

In many senses these schemes are very similar to sectionalised schemes -any given saver will likely be in the insured group or the non-insured group. The trustee retains responsibility and the savers continue to interact with the scheme for administration activities. The challenge for trustees is to engage with the scheme administrator and buy-in provider to understand who's responsible for bulk calculating the pension figures required, ensuring there's a mechanism to bulk calculate and a mechanism to provide figures on demand to the central digital architecture.

Conclusions

There's no simple answer to how trustees should deal with schemes with multiple administrators. The best approach will vary from scheme to scheme, depending on its circumstances, and this Guidance can aid trustees in making these choices.

Our suggested first step is to collate all the information needed to enable trustees to decide on the best approach for their scheme. The list below sets out the information likely to be important in these decisions.

Questions to consider
Does the scheme have multiple administrators?
AVCs
Does the scheme have additional administrators in relation to AVCs?

If so, obtain the following details:
• who are the different providers
• number of savers managed by each provider split by status
• whether the arrangement is open to new savers/contributions/both
• does the provider issue annual statements and if so:
    ○ are these sent direct to savers or issued via the administrator?
    ○ do they include all the value information required by dashboards?
    ○ when are these usually issued? (to enable a check regarding the 12/13 month rule)
    ○ what plans does the AVC provider have to implement the new SMPI basis?
• do savers interact with the provider directly?
• what information do providers hold on records for savers?
• how is the information kept up to date and in sync with the main scheme administrator?

Why is this important?
If not, then your journey to dashboards readiness and onboarding is a simpler one. If yes, read on.
It's important trustees map out the different providers they need to engage with and the potential number of dashboards connection points potentially needed. The more connections the greater the need for strong project governance. The decision on whether to connect via the AVC provider or via a single point with the main administrator might be influenced by the number of members involved and whether this is a decreasing population, if a small population(s) a feed(s) to the main provider might be easier. If the AVC providers hold all the mandatory dashboards find and value, including an exclusion flags or NRA/Benefits payable dates, a direct connection with the provider along with a link to the main benefit is a viable option. If, however, the data used for matching or data used to determine if a saver is in scope is not kept in regular sync with the

<table>
<tr><td></td><td>main administrator record this will impact trustees’ ability to meet dashboards’ obligations.

It’s also important to consider where savers go for information today. Will the AVC provider(s) have a helpline to help with queries on data displayed on the dashboards, partial match queries and take the appropriate action on the PEI tokens based on the outcome of the discussions</td></tr>
<tr><td>Buy-Ins</td><td rowspan="3">It’s important to map out the different providers to engage with to discuss the capabilities in place to bulk calculate pension figures, map out the process for doing this along with the timescales and ensure this is completed in time to allow any pension figures to be provided and loaded to the main scheme administrator’s administration platform</td></tr>
<tr><td>Does the scheme have administrators in relation preserved buy-ins?</td></tr>
<tr><td>If so, obtain the following details:

• who are the different providers?
• number of savers managed by each provider.
• what information do providers hold on records for savers?
• how is the information kept up to date and in sync with the main scheme administrator?
• can the provider produce in bulk all the value information required by dashboards?</td></tr>
<tr><td>Hybrid DB/DC or Sectionalised</td><td rowspan="3">It’s highly likely the two, or more, providers would connect separately as saver records are administered and maintained separately. It’s however important you validate this assumption and determine the readiness and ability for each provider to connect</td></tr>
<tr><td>Does the scheme have separate administrators for DB/DC arrangements or sections of the scheme?</td></tr>
<tr><td>If so, obtain the following details:

• who are the different providers?
• are the records for each scheme/section administered independently by each provider?
• is there any cross over between savers in schemes and sections?
• do savers interact with each provider directly?
• can the provider produce in bulk all the value information required by dashboards?</td></tr>
</table>

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PASA is a Community Interest Company and our full name is Pensions Administration Standards Association CIC.
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