

► You were re-elected as PASA chair for a further three years in December 2014. How would you rate the progress of the association so far? PASA has achieved all of its key objectives since it was formed in 2011. It has become the voice of pension administration in the UK and is well respected as a not-for-profit organisation committed to improving standards and member outcomes. I am especially proud of our flagship service, the PASA accreditation scheme, with Hymans Robertson and UK Power Networks gaining gold accredited status and with Royal Mail Pensions becoming re-accredited at the end of last year. With the regulator's interest in evidence of good administration practice, the PASA accreditation scheme will become a must-have for administrators over the next few years.

► What have been the main challenges for the association since it was established in 2011 and for you personally as chair?

Our challenge is to ensure that PASA always offers the highest value for money to its supporters so that we can grow. We rely very heavily on our volunteers who give so much of their time to produce materials and ideas and have been very fortunate to have received so much support. As an organisation we are also making good progress and have been able to engage a part-time person to give us operational support. However, we need even more support to ensure we can keep raising the bar. For me personally, the challenge has been to recognise the tremendous skills of people on the PASA Board. It has been great to see people take on responsibility for key areas and see them deliver fantastic results; I believe that PASA has come of age.

► What is the latest update concerning PASA's GMP guidance? The first phase of the guidance

The highest standards

► Adam Cadle speaks to Pensions Administration Standards Association (PASA) chair Margaret Snowdon about the organisation's progress to date and its aims and ambitions for the administration landscape

launched on 19 January 2016 and covers the analysis and reconciliation stages. The launch event also covers the next set of guidance that we expect will be released in late January/early February, which will cover the closure of the reconciliation phase and rectification. The PASA GMP working group will continue to meet on a regular basis to review the existing guidance and generate additional materials such as the communications to members regarding the single-tier state pension and a paper on the implications of GMPs on de-risking is one of the items they are also currently looking at. The group will also keep a watching brief on GMP-related issues such as equalisation and conversion. We have already highlighted in the call to action that we published previously that we believe GMP reconciliations are a significant challenge for the pension administration industry and that trustees should not delay this work and should work closely with their administrators. We believe the guidance is an important step in helping to make this happen.

► There have been warnings within the industry that if trustees decide to pursue de-risking exercises such as bulk trivial commutations and PIE exercises without taking into account the GMP underpin these might have,

this could lead to benefits being miscalculated. How concerned are you by this?

It is important that scheme members receive their correct entitlement and that includes GMP elements. If you don't know what the GMP really is, trustees cannot guarantee that correct benefits will be paid and run the risk that unplanned for liabilities could emerge in future. Wholesale inaccuracies in GMP records could also undermine the fragile growing trust in pensions among the public.

► The government has confirmed the launch of a secondary annuity market in 2017. What is PASA's reaction to this and what extra challenges will this bring to the association and administrators in general?

PASA supports the principles of flexibility and choice for members, whether active, deferred or annuitants. However, it is vital that people understand what flexibility means and any risks that come along with it. Administrators have a key role to play in helping members to understand the choices and issues. What we need is for the FCA and others to accept that valuable help can be provided without the need for expensive regulated advice or without fearing that non-regulated guides will inadvertently give financial advice. Administrators can provide a

middle way, paid for as part of normal pensions administration and would make a huge difference to people's attitudes to saving, decumulation and cashing in annuities.

► The issue of DB to DC transfers was a hot topic of conversation in 2015, with concerns growing that automatic offers of a transfer value at retirement to a DC scheme could be construed as an inducement by the sponsoring employer to reduce scheme liabilities. How have you reacted to this?

PASA supports members' right to transfer from a DB scheme to a DC one, subject to understanding the implications and being able to make informed choices. Informing people of their rights is not an inducement to take action.

► What will be PASA's main challenges in 2016 and what are your main hopes for the pensions industry over the next couple of years?

PASA has an important role setting standards and providing support for the pensions industry. We will start the year with a new standard covering data security and will release phase one of GMP guidance in January. Phase two of GMP guidance comes a few weeks later. The pensions industry, like PASA, will face many challenges in 2016, including dealing with further change and pressures on administration costs. Cybercrime will emerge as a significant risk and administrators will play an important part in protecting benefits.

Access to pension flexibility is a thorny issue right now, but administrators will need to step up to the plate and provide facilities that respond to customer expectations. Tax relief changes could alter the landscape for saving for later life and will introduce admin complexity, especially if DB and DC saving is differently affected. VAT on administration will change and introduce new processes



and pricing models. Pension and investment scams are on the increase and administrators will be at the forefront of helping to protect people from the unscrupulous.

In all these areas, PASA will be there to support administrators, push for common-sense solutions and good standards.

Experienced administrators will be in greater demand than ever before, which will drive up skill levels and improve the perception of the profession. This will be good for the industry, good for member outcomes and good for administration as a whole. As mentioned, there is an opportunity for administrators to broaden their reach and help society through providing friendly, expert low-cost help to ensure scheme members understand more about pensions in life stages. If we had three wishes for 2016, they would be for trustees (and third

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party evaluators too) to give priority to administration providers who are at least members of PASA and ideally accredited members, administrators as qualified guiders helping people with important decisions whether saving for retirement or taking benefits and simpler and common terminology for pension saving. Let's stop bamboozling the public with complex language and acronyms.

► Written by Adam Cadle