

### Summary

- The pensions dashboard will enable an individual to access their entire retirement savings in one place.
- The Department for Work and Pensions will oversee the project, which must standardise an estimated 64 million pension schemes onto one accessible system.
- The government and the pensions industry face a significant challenge in getting such an ambitious project up and running by the 2019 deadline.

# Making the impossible happen

**➤ Gill Wadsworth explains how the pensions dashboard is overcoming its detractors and making it a possibility for savers to be able to view all their retirement savings in one place**

**S**ceptics never believed pension savers would be able to access all their fund information in one place but it is looking increasingly likely the dashboard will come to pass.

Pensions Minister Guy Opperman has promised government support for the initiative, which will be run by providers in the pension industry and offers members the chance to see all their pension information at the click of a button.

After months of speculation and lobbying by the pensions industry to get the Department for Work and Pensions (DWP) to officially back the plan, in October this year Opperman finally endorsed the dashboard.

He said: “The government has made a decision that the pensions dashboard will definitely go ahead... A well-designed and thought-

through dashboard has the potential to enhance consumer engagement and help people make better decisions.”

In May this year the cross-industry initiative, then overseen by the Association of British Insurers (ABI), produced a prototype to establish such a project was viable. The early stage work benefited from HM Treasury funding and the input from 16 pension firms and six technology companies, as well as regulators and independent industry.

However the dashboard got derailed somewhat by the government’s surprise election in June, leading to

questions about whether it would ever get off the ground.

### Resurgence

However, Opperman’s endorsement has put the dashboard back on track.

And it will certainly need government backing if it is to track down the estimated 64 million separate pension pots that exist in the UK and bring them into one place.

The dashboard’s resurgence is a huge relief to those who fear for the many millions of people who have no idea where their money is invested or even how much they contribute.

Figures from the Financial Conduct Authority – published on the same day the DWP gave its support to the dashboard – found more than one-third (35 per cent) of 45-54 year olds investing in a DC plan do not know how much they/their employer contribute to their DC pension.

Furthermore, nearly one-fifth (18 per cent) of 55-64 year olds who have accessed a DC pension in the past two years do not know whether they have taken a lump sum, bought an annuity or entered into drawdown.

Pension provider

Aegon's head of pensions Kate Smith says: "Pensions dashboards will not only generate interest in pensions, they also have the potential to transform pension saving for consumers and advisers. Providing a clear view of all their pension pots at a glance saves time and effort, and makes advice more affordable. With savers having lost track of £400 million worth of pensions, there's a clear need for one."

The government's oversight of the dashboard initiative is important for several reasons. First is ensuring involvement across the board both from employers and providers.

Without full cooperation – which is only truly possible if participation is mandatory – the dashboard cannot hope to meet its aims.

In its October 2017 report, *Reconnecting people with their pensions*, the ABI said all pension providers and schemes must make data available to consumers via regulated third parties, including occupational, personal

and public-service pension schemes.

"This compulsion requires a legislative change and a completion date stated by government," the report stated.

Royal London director of policy and former Pensions Minister Steve Webb says: "The government can help to ensure that state pensions and public-service pensions are included and can legislate to require all private-pension schemes to supply data to the dashboard."

However, with the government preoccupied with Brexit, the pensions dashboard is unlikely to be seen as a top priority. The chances then of pre-empting or perhaps even meeting the 2019 deadline for implementation may be slim.

#### Taking the initiative

Consequently, Hargreaves Lansdown head of pensions policy Tom McPhail says the industry itself must take the initiative.

McPhail says: "The priority for the pensions industry is to build widespread coverage of the dashboard, encouraging

as many firms as possible to participate. The government's commitment, with the planned inclusion of state pension benefits, will help to develop this coverage."

The government also has a role to play in ensuring impartiality. Even though the project is actually being led by several stakeholders rather than one single provider, with so many interested parties involved in formulating the dashboard there are concerns that corporate agendas may overshadow consumer need.

The People's Pension director of policy Darren Philp says: "The pensions dashboard is there to answer the question: what have I got and where is it? Focus on the consumer, strong regulation, and good coverage and the project will be a success. Keep it simple and deliver the services that consumers need and want."

Philp says consumer protection has to be at the forefront of this initiative, adding: "Consumers expect, and indeed are entitled, to know that the dashboard



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framework will be well-regulated.”

The ABI director general Huw Evans promises that the long-term savings industry would work closely with the government to “make the dashboard a success”.

However living up to such a promise will be no small feat.

Corralling all the interested parties to operate under one system will be a challenge, as will securing adequate funding.

Pensions Administration Standards Association chair Margaret Snowden calls for a timetable for its development, which will “demand a great deal from hard-pressed schemes and administrators”.

While Snowden says the benefits of the dashboard outweigh the costs and calls for the industry to support the initiative, she also calls into question how the process will be paid for.

Snowden added: “Funding must also be considered and the government

should now be looking at creative ways to support these essential improvements for the benefit of the nation.”

To help manage all these possible sticking points, the ABI says an ‘implementation entity’ should be established to deliver the service and its governance. This includes setting up a body that oversees the network, establishes and manages data standards, is accountable for data security and setting up data-sharing agreements.

It must, the ABI says, also be sustainably funded, yet at this stage there is no real clarity on just how that will manifest.

### Technology

The financial technology to support the dashboard is also a serious consideration, especially given the vast amounts of data to be collated and – importantly – stored securely.

The prototype project reports that the ‘plumbing’ is available, yet current technology has not yet supported such a large scale initiative.

The ABI says data must be made available in a standardised digitally consumable format on which the industry must agree standards to be mandated by government and regulators.

Such demands sound ambitious given

the financial industry’s previous efforts to establish industry-wide standards.

Selectapension national accounts director Peter Bradshaw, says: “The real challenge now will be taking the plans beyond proof of concept. It may prove tricky to consolidate the vast amount of information from pension schemes. Unless the dashboard includes the majority of DC and DB schemes, users will not have the complete picture and this could lead to them losing confidence in the tool.”

Implementation of the dashboard requires a delicate hand. The need for such a tool is clear but the execution looks fraught with difficulty. Cooperation across many providers, the government’s involvement with big data and securing engagement from scheme members are all areas that have proved notoriously difficult to manage. Add to that the tight timeline and setting up the pensions dashboard looks challenging.

However, if all the parties do their jobs and get it right then the UK will boast a system that rivals that of its advanced counterparts in Australia and the industry may yet ensure people reconnect with their pensions.

 **Written by Gill Wadsworth, a freelance journalist**



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