

Spend money to save more money

➤ **Andrew Hayward reveals how implementing a data cleanse exercise can actually save a scheme money in the long run**



I recently wrote about the value of ensuring that basic member data is correct and trustees have a plan in place to complete regular checking of member records.

Data for each member is an essential component that is the first step in administering a scheme correctly. If there are gaps and inaccuracies within member records you will be struggling from the outset, mistakes will be made and information may be sent to an out of date address. Your administration team may then become embroiled in checking addresses, allowing less time for them to focus on processing benefits, which is what they are paid to do.

What is not often understood is that routine data checks can pay for themselves and save trustees money in the long run. The best example of this is mortality screening, which we complete monthly for most of our clients who operate a pension payroll. We report quickly and conclusively on recorded deaths enabling administrators to promptly suspend payments. We check the death notifications we receive

ourselves to ensure we have identified the scheme member and not a person with the same details. In many cases we can notify trustees before they receive confirmation of a death from the family – and that can stop a month or more pension from being overpaid and then remove the need to recover an overpayment,

which is often seen as insensitive by members. Small overpayments in these circumstances are often written off by trustees due to the cost and effort in recovering, but over the year collective overpayments add up. One of our clients for whom we carry out monthly screening on their entire pension payroll estimates that last year they saved £1.2 million following the screening exercise.

This is not the only way to save money through data checking. We work with trustees to improve their data to identify future liability. We can verify addresses and postcodes, obtain missing addresses and give a good assessment of which members may be married or have a dependent. This information is invaluable to actuaries in predicting future liability. Feedback from one of our clients suggests such work has provided a 1 per cent saving when valuing a scheme ahead of a de-risking exercise, which has easily covered the price of the data cleansing project many times over.

Maintaining accurate basic data will be a requirement that The Pensions Regulator will ask to be documented on

the 2018 scheme return. They understand the importance of record keeping and with the imminent GDPR 2018 also stipulating greater data accuracy it makes financial sense to do so to avoid any risk of fines. The ability to communicate with the scheme membership should not be overlooked. Accurate data allows trustees to communicate with all members and ensures they can be agile and quickly take advantage of favourable market conditions. Insurers do not have to make so many assumptions when scrutinising scheme records which are more robust.

One of our clients offers an online risk exchange, which enables their clients to present scheme information to insurers quickly. We work with them to ensure the basic member data is as complete as it can be and spouse append has been completed. This combined with the live platform, has proved fruitful in enabling trustees to be in the best position to obtain the very best rates with insurers.

How do you know what the quality of your basic member data is? How can you establish who has moved and where to target improvements? Most tracing agencies offer a quick and free data assessment, which can recommend staged next steps so improvements are made cost effectively. Continued data checking then ensures that the cost of such exercises in future years becomes more manageable as the data is constantly reviewed.

GDPR puts greater restraints on what data can be used for tracing. Get it right now – don't face the risk of a fine.



➤ **Written by Andrew Hayward, client manager, Target Professional Services**

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