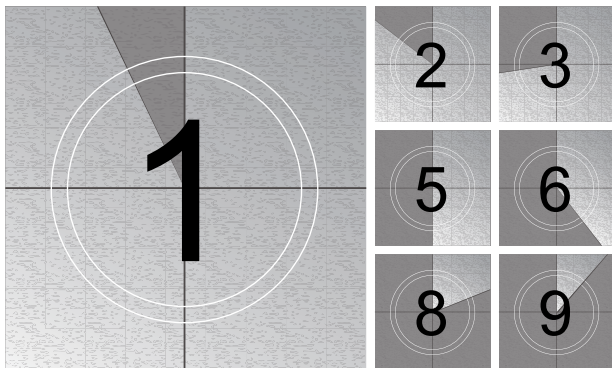


The final countdown: Master trust authorisation

✓ **Duncan Howarth discusses the important role of data in the master trust authorisation process and beyond...**



How important is data to the authorisation process?

The Pensions Regulator (TPR)'s 51 page questionnaire on systems and processes centres around a scheme's ability to receive, protect, process, evaluate, report and act on its data. With key administration tasks such as; processing core financial transactions, contribution reconciliations and investment, membership movement statistics, annual benefit statements, transfers in and out, investment switches and member online access all underpinned by data, processing and systems – data is, quite rightly, an essential component of authorisation. That's without the potential future requirements for dashboard or anything else that might come along.

What about those not looking to go for authorisation, what should they be thinking about in terms of data?

It's important to understand the overall picture when delving into these areas. Once a scheme notifies TPR of a triggering event, the trustees must either transfer out all members and wind up (continuity option one), or resolve the triggering event to continue operating

(continuity option two). There is then a number of actions to undertake within a three-month window; before the start of the implementation phase of continuity option one. They must notify employers in the scheme within 14 days, prepare and submit their implementation

strategy within 28 days as well as determine what the default scheme will be.

Back to data, during the implementation phase there are a number of member notifications that must happen, followed by the transfer of members. Reconciled and clean data will be essential to ensuring these happen as smoothly and efficiently as possible. If a scheme is on the cusp of financial viability – time will be of the essence, being 'data ready' for member transfer will save significant time and aid the due diligence process when looking for a default scheme.

The other obvious point to call out here is data migration. Taking member records, transfer values and contribution history from one database to another, needs to be done in a controlled, robust and secure way – and may well need external expertise.

What sort of timescales are we looking at here?

At the beginning of January TPR confirmed 90 master trusts in the market. Six have applied for authorisation; 29 schemes have decided not to apply for

authorisation and six schemes have wound up. Leaving a further 49 schemes to either apply for authorisation or trigger their exit from the market by 31 March 2019.

That's a substantial volume of consolidation in potentially short timescales. Preparation is key to success; scoping the size and scale of work required will help with project planning and implementing continuity option one. Well-considered sequencing is key to any data project. Some tasks can be started immediately – data analysis and cleansing; this can take anything from eight weeks to eight months. Once a default scheme and platform, or system, has been agreed, the next phase is the mapping requirements. This has a multitude of dependencies and can range from a few weeks to several months and iterations. Finally, there will be a controlled migration, usually iterative, to reduce risk and taking place over a period of weeks.

What are the ongoing data impacts?

Trustees are ultimately accountable for their scheme's administration – even if it is outsourced. They must understand the data controls and quality checks that are in place and review these. This may result in an amendment to procedures to improve the management (and quality) of data. Ultimately data is the lynchpin to operational efficiency. If we loop back to the first question and all those key administrative tasks that rely on data, add to that the requirement to include common and scheme-specific data scores as part of the scheme return, the importance of data is only increasing.



Written by ITM executive chairman Duncan Howarth

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