

The pensions industry has been calling for government regulation on pensions dashboards for some time now, and finally after myriad delays, the Pension Schemes Bill was introduced into the House of Lords. Unfortunately, there was a twist in the tale as just two weeks later a general election was announced and the bill was dropped.

Despite this, experts are convinced that the bill will once again be on table when we have a new government.

“The General Election means that the present government’s pensions bill will go no further. But most of the measures, such as support for a pensions dashboard... have broad cross-party support. This means that a new government, of any complexion, is likely to bring forward pretty much the same legislation, albeit much delayed,” Royal London director of policy, Steve Webb, says.

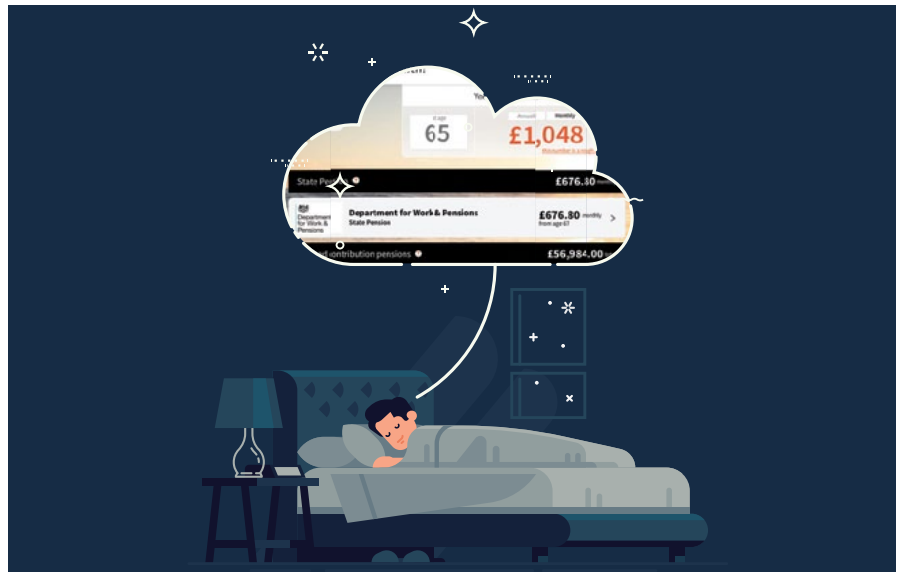
While this is surely a cause for celebration, there are still several hurdles to be overcome, before the dashboard(s) becomes a reality. And the industry must continue to prepare for when legislation is eventually introduced.

Getting legislation right

Assuming that the Pension Schemes Bill is reintroduced by the next government, there are still questions around what the new laws will look like and what will be expected of pension schemes and providers.

Compulsion is critical, particularly if we want to have a dashboard that shows people a holistic view of all their pensions savings. Many have also argued that it is crucial that the state pension is included, something the government has not yet promised will happen.

Altus head of retirement strategy, Jon Dean, says: “If pension schemes are not forced to provide data to pension dashboards, we believe that many will choose not to, leaving individuals with an incomplete picture of their entitlements.



Summary

- Pensions dashboards see yet another delay due to the general election.
- However, schemes still need to crack on with preparing their data.
- Challenges to overcome include digitalisation and data cleansing.
- Two further hurdles are data security and settling the question of one dashboard versus many.

A dream come true

► Sara Benwell explores how to make the dream of pensions dashboards a reality

If it's incomplete, this is likely to be an expensive but unsuccessful project.”

Royal London pension specialist, Helen Morrissey, adds: “Care must also be taken to ensure all providers are willing and able to supply their data and the government must commit to supplying state pension data on the dashboard without users having to go off to another site. The whole point of the dashboard is that it should be a one-stop shop – if people need to go elsewhere to gather further information then it defeats the object.”

Dealing with data

Perhaps the biggest challenge to be overcome is that of data. Part of the problem is that the data standards for the

dashboard have not yet been released, so schemes are finding it hard to prepare.

Standard Life head of global savings policy, Jamie Jenkins, explains: “The biggest challenge will not be the technology itself. The real obstacle will be the provision of accurate data from schemes, especially when it has been stored in a paper format for many years.”

Of course, some schemes will find it easier to provide data than others. DB schemes, and in particular, those that are closed or have relied on paper records, are likely to have the most difficulty. There may also be some difficulty for DC schemes, where trades don't reconcile immediately.

Cosan Consulting director, Ian Bloxham, says: “The ideal world would

be one with a dashboard linking together all forms of an individual's pensions from multiple sources, with 'dynamic' views of retirement, transfer and death values. This will therefore rely on a base level of calculation automation for all schemes and members. This is probably a harder nut to crack, especially for smaller schemes on legacy technology.

"Most admin operations will automate the volume calculations but have workarounds in place for categories of members and/or calculation types where the casework is low. This could lead to a double standard within schemes where certain members can view retirement benefits online but others can't because the calculation is manual."

While the regulatory expectation may be that all schemes, even those in the DB world, have accurate and up-to-date records, there is substantial evidence that this is not always the case. This means that many plans may have an uphill journey in getting their scheme data clean and ready, in a digital format.

ITM director, Matt Dodds, explains: "At the moment, the best thing for schemes and providers to do is get their data as clean as possible and keep it clean – whilst this seems obvious, only at the latest PLSA annual conference did we hear that most schemes do not have data that is fit for dashboards. And the regulator has recently issued hundreds of schemes with warnings due to non-compliance with record-keeping guidance."

Smart Pension director of policy and communications, Darren Philp, adds: "For some it will be as simple as writing an additional section of code. It's probably two weeks' work for a provider with its own API. For others with legacy issues, it will be a much bigger, longer-term undertaking that will involve dusting down paper records, or investing in more dynamic, proprietary technology. This kind of digital transformation would require enormous investment and inevitable cultural

change, so it won't happen overnight."

Legal & General Investment Management head of product policy strategy, Colin Clarke, concludes: "Schemes and providers should start reviewing this as soon as possible, as well as IT infrastructure and associated processes. Third-party administrators should also be engaged early to ensure they are prepared.

"At a high level, schemes should focus on the basic principle of the dashboard – to ensure a successful match with the member's personal details and to play back information, such as the fund's current value, on request in real time. The Pensions Regulator has recently stepped up activity to make sure schemes have high-quality data and this will become even more important when the dashboard is rolled out."

Security and compliance

As well as data quality, on the dashboard design side there are also serious concerns about how data will be kept secure and what it will be used for. Issues to be overcome include how dashboard providers will verify identity and how schemes will provide the data in a safe and secure manner.

Dodds says: "Whilst data is critical it is not the only consideration – simultaneously the industry delivery group will also be working on defining the way dashboards will verify identity, how data will be made available as well as lots of stakeholder and consumer engagement. There is a challenge around compliance regime too. If data standards are set, how do schemes confirm their compliance with them? Will they need to actively confirm this, or will it be assumed?"

There are also still some technical hurdles to be overcome in terms of physical dashboard provision. For instance, questions remain about whether there will be one sole independent and non-commercial dashboard provided by the Money and Pensions Service

or whether it will be more like open banking where providers can build their own dashboards.

Opinion is divided on which approach is best. Consumers have indicated that they would prefer a dashboard to be government run. A consumer survey by Ipsos Mori found that 42 per cent of people said they would trust a government-backed model, compared to 22 per cent who would trust a private pensions company or a company set up specifically to run a dashboard.

Of course, providers are keen to build their own dashboards, ostensibly for engagement purposes. However there are concerns about what the commercialisation of the dashboards projects could mean.

Cosan Consulting director and actuary, John Reeve, says: "The main issue for me is the way in which the data is used. If the data is used to drive profits within the financial services industry then trust will very quickly be lost, and engagement will fall. I have to believe that we are entering a new world where the data will be used to help ensure that individuals have a better financial future and that this drives value and hence profits. Abuse of this data for corporate gain will create a world too horrible to contemplate."

The eventual route may well depend on who wins the general election. Webb concludes: "If we were to have a change of government, the main differences would be that a Labour government would be less keen on multiple pension dashboards and would prefer a single one hosted by a public body.

"The delay to the legislation means that the legal framework for the pensions dashboard will be further delayed, but the industry needs to crack on in the meantime with getting systems and data in place ready to go live as soon as possible."

Written by Sara Benwell, a freelance journalist