

Quality information

✓ How to ensure the information that members receive, or are directed to, by their pension schemes is up to date, accurate and of high quality

Increasing member engagement has rightly been in the spotlight when it comes to improving member comms, but what about the quality of the information we are trying to get members to engage with? How can trustees ensure the information it provides is always accurate and up to date?

BESTrustees chairman Alan Pickering admits quality control can be a challenge with templated documents that are sent out to members every few months or so.

“The danger there is that you might not review it on each occasion that it’s sent out,” he explains. “Another danger if there is new stuff to add to the document, the temptation is to add it at the end. So what began as one-pager ends up as war and peace.”

Pickering gives the example of GMP equalisation: “Last year there were people who were just about to be communicated with, explaining their trivial commutation options, and then along comes GMP equalisation, which meant that trivial commutation might no longer be quite so trivial as it once was. Say you are all geared up to send a letter and overnight that letter needs to be reviewed. So do you rewrite it or just stick a paragraph on the end?”

The pension scheme handbook is another area where a similar problem may occur. DLA Piper pensions partner Matthew Swynnerton explains: “The handbook is effectively a summary of the scheme rules. But time to time scheme rules are amended to reflect changes in legislation, or to benefits etc so inevitably there is a lag between when the handbook is updated and when those changes occur.

It is not cost effective for continual minor changes to be made to a booklet. Instead, the booklet will be updated at a fixed point to accommodate those changes.

“To explain this discrepancy and avoid member confusion, ‘health warnings’ are placed at the front of the handbook, saying something like ‘at the event of any discrepancy between the booklet and scheme rules, the scheme rules will prevail!’”

While information held online can be updated more quickly to changes, it is still not without its challenges.

Ferrier Pearce client relationship director Laura MacPhee warns that over time websites are regularly added to, and potentially becoming cumbersome to navigate and hard to keep track of to ensure all content is up to date.

While it may be a challenge for trustees to continually monitor their own comms for accuracy, how much responsibility do they have for the information members receive from third parties, especially when it’s the trustees themselves who directed the members there?

According to AHC head of engagement Karen Bolan: “Trustees can be a little reluctant to steer employees in a particular direction, other than directing them to unbiased.co.uk for a list of IFAs or the Money and Pensions Service for general guidance.”

Swynnerton notes that trustees have valid concerns about going beyond this general signposting and recommending a specific adviser, for if anything goes wrong the member may place blame on the trustees for directing them to that service.

The exception to this is when the scheme is going through a specific liability management exercise, such as a pension increase exchange.

Sackers associate director Nigel Cayless says: “If there is a liability management exercise, the employer may be paying for the financial advice, so may select a specific IFA for members to see.

In this scenario, due diligence is key. Both at the beginning, at the selection process, and on a monitoring basis so that the IFA is performing as expected.”

Despite the risk of signposting members to an adviser and things potentially going wrong, LawDeb Pension Trustees director Robert Thomas warns that the risk of not doing anything may be greater, as members looking themselves may fall prey to ‘bad’ advisers.

Cayless agrees, noting that along with a liability management exercise, a scheme expecting a lot of transfers may want to proactively select IFAs to avoid a “British Steel-type situation”.

Quality control is easier during these specific events, Pickering notes, as “you may be choosing a company or person for a purpose at a point in time. To then extend that blessing on a timeless basis is quite dangerous as you don’t know what will happen with that firm; its quality might degrade over time.”

To ensure that the information given by schemes themselves does not degrade over time, most – other than the largest schemes – would turn to their providers/advisers, particularly their administrators.

Dalriada Trustees senior trustee representative Sean Browes recommends schemes having a checklist for their administrator, which includes knowing their information review processes. “Trustees will not be able to review every piece of comms, so they need to have confidence in the people they are tasking that too,” he explains.

As Pickering says: “Vigilance needs to be the watch word.”

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