Preparing for pensions dashboards

❯ Matthew Swynnerton looks at some recent developments in relation to pensions dashboards

July saw a number of developments in relation to pensions dashboards including: the government's response to the DWP's January consultation which considered the requirements that will have to be met by trustees of occupational pension schemes; and updates to The Pensions Regulator's initial guidance on dashboards for trustees to reflect the response. This article looks at some of the issues for trustees to consider as they prepare for the introduction of pensions dashboards.

Connection

The regulator notes that one of the action points for trustees is deciding how they will connect their scheme to dashboards, that is, whether they will develop a solution in-house, use a pensions administrator or use an integrated service provider.

The indicative regulations published with the DWP's consultation included a schedule setting out the proposed connection deadlines for large and medium schemes, with a scheme's deadline depending on the number of members, excluding pensioner members, as at the scheme year end date between 1 April 2020 and 31 March 2021. Whilst an updated version of the regulations was not published alongside the response to consultation, the response confirms that changes will be made to the deadlines for the first two staging cohorts. This means that the first deadline (which is for master trusts with 20,000 or more members) will be 31 August 2023 rather than 30 June 2023. The response also reports on a change to the deadline for public service pension schemes and a change of approach to ascertaining the deadline for hybrid schemes.

Matching

Once the scheme is connected, trustees will need to be ready to complete matching in relation to 'find requests', that is, searching the scheme records to see if an individual has a pension with the scheme. Trustees will have discretion over which data elements they use to search their records for a match. The response notes that trustees will need to adhere both with their requirements to conduct matching and their duties under data protection legislation. It also sets out some of the points in the Information Commissioner's Office's response to the DWP's consultation, which include that data providers must consider the data minimisation principle when setting their own matching criteria.

Action points in the regulator's guidance relating to matching include that trustees should assess the accuracy and digital accessibility of the relevant data and, if required, put in place plans for improvements.

View data

Trustees will also need to ensure that they can respond to 'view requests'. There will be three main categories of view data: (1) administrative data, which is information about the scheme and the administrator; (2) signpost data, which is the website addresses where certain information can be found, such as the scheme's Statement of Investment Principles; and (3) value data, with the relevant value data depending on the benefit type. The response to consultation reports that the regulations will be altered so that a simplified approach may be used in certain circumstances, for a limited period, when calculating the value of deferred members' non-money purchase benefits.

Actions for trustees in the regulator's guidance include: understanding what data will need to be returned to members and how to calculate values (including how recent the calculations must be); assessing the scheme's data; and putting in place plans to improve data and make any changes required to the scheme's systems and processes.

Future developments

As well as the regulations needing to be finalised, other upcoming developments include that: a consultation on the regulator's compliance and enforcement policy is expected in the autumn; and the Pensions Dashboards Programme's standards (which will provide further technical or operational detail about the requirements) will need to be finalised following a consultation that was published in July.

Next steps

The regulator's guidance notes that there will be significant work involved in successfully connecting to dashboards and that it could take at least 12 to 18 months to prepare. It states that, regardless of their connection deadline, trustees are strongly advised to start preparing as soon as possible.

Trustees should therefore ensure that preparing for dashboards (including issues such as connection, scheme data and matching) is on their meeting agendas and scheme action plans.

❯ Written by DLA Piper pensions partner, Matthew Swynnerton

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