

# Changes ahead around data accuracy

✔ **Target Professional Services client manager Andrew Hayward explains why and how trustees should be engaging with essential record keeping**

Pensions are a technical minefield, with constantly changing legislation and regulations to consider. Experts and technical advisers are employed to address these important aspects of scheme management and offer advice. Typically, trustee focus and use of these experts will centre around investment, managing costs, running the scheme and ensuring future funding and stability.

With so many demands and so many features of scheme management to contemplate, some essential components of any scheme can easily be overlooked. By “essential components” we mean data, particularly, basic member data, and specifically, the need to annually test that this data is accurate and up to date.

Important changes around data will apply when the General Data Protection Regulation (GDPR) comes into force in May 2018. These regulations are more specific than their predecessor; stipulating superior data accuracy and demanding that known gaps around essential data are correctly filled. Trustees will have to demonstrate compliance in respect of data accuracy, ensuring that any data transferred to third parties are complete, that omissions are highlighted and where possible, corrected. Breaches may result in substantial fines. Additionally, The Pensions Regulator is demanding improved focus from trustees around data accuracy. TPR Executive Director Andrew Warwick-Thompson recently commented: “Good record keeping is essential to the good running of a scheme. The time to engage is now – if you don’t, you run the risk of

increased costs, not managing funding of risks properly, and you could even put members’ benefits at risk”.

**“Focus today is on encouraging member engagement and installing responsibility around their pension benefits, but that cannot happen if you don’t know where your members are”**

Trustees and advisers need to be aware of these changes, and structured plans for an annual data check are a necessity, irrespective of the size of the pension scheme. Ideally, trustees should employ a data accuracy strategy that exercises best practice and compliance, allowing a yearly budget for this essential data review. Third Party Administrators should also consider the solutions for data accuracy that they offer to their clients. As trusted advisers; how is the data checked? Are known data inaccuracies flagged to your clients as part of your stewardship reports? Will the new information on the scheme return around the data be recorded accurately?

Focus today is on encouraging member engagement and installing responsibility around their pension benefits, but that cannot happen if you don’t know where your members are. Think about how the holes in your basic

data could affect your future planning; what do you do when you urgently need to contact your members quickly? Before you send a normal retirement quote to a person who may have worked for an employer 20 or 30 years ago; have you verified the address? How can you be sure that important financial information is going to the correct address? Are your actuaries and advisers using correct information?

Today, member tracing has advanced; utilising up-to-date and accurate data sources will frequently confirm a member’s whereabouts through automated tracing. This method is consistently more successful than letter exercises, is unquestionably more cost-effective, and is highly relevant to the recent report by the Dormant Assets Commission.

Consider developing a data accuracy strategy to ensure GDPR compliance and regulatory best practice; make it part of your annual planning. We have successfully developed and implemented such a strategy with one of our clients, the Pension Protection Fund, both in regard to their existing membership, and in regard to the data accuracy of ‘schemes in assessment’ due to join the fund. Together we examined areas of risk and developed strategies to minimise that risk, while obtaining a minimum 95 per cent basic member data accuracy. It’s been a challenge with schemes of all sizes joining from many incumbent providers; we have learned and adjusted along the way, refining and enhancing our processes. The refinements will continue.

We encourage this practice with our clients, listening to their requirements and creating strategies for data accuracy. To repeat and reiterate Warwick-Thompson’s words about essential record keeping, “the time to engage is now”.



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