# Public Sector: Pensions Dashboards

## An introduction to Pensions Dashboards and the impact upon Public Service Pension Schemes

### Background

In the 2016 Budget, the Government made a commitment that **Pensions Dashboards** would be created by the pensions industry, enabling pension savers to view details of all of their pensions together.

In 2019, the **Money and Pensions Service (MaPS)** established the **Pensions Dashboards Programme (PDP)** to design and implement the infrastructure that will make Pensions Dashboards work.

The **Pension Schemes Act 2021** provides a legal framework for Pensions Dashboards, including new powers to compel schemes to provide information to dashboard providers. Detailed requirements of what must be provided, when and how will be set out in regulations.

### What do I need to know?

This note provides background information on Pensions Dashboards. The key facts for public service pension schemes are:

1. Dashboards are coming, and public service pension schemes are expected to go live between April 2023 and April 2025.
2. Initially there will be one MaPS dashboard, but further dashboards from commercial providers will follow.
3. All members who are not in receipt of their benefits are expected to be able to see their information. Pensioners will not be included.
4. Many requirements are still unknown, so definitive actions and decisions by schemes and providers are some way off.
5. The majority of the hard work will be done by administrators, but key pension fund decision makers will still need to be involved, as will advisers such as actuaries and lawyers.
6. Pragmatism will be essential - data and calculations will not be perfect at the outset; settling in will take time.
7. Some early adopters will test processes during 2022, leading to learnings for other schemes and providers to use.
8. Costs will be met by the industry, which ultimately means pension schemes, employers and the taxpayer.

The rest of this note provides further information on these points.

### Why bring you this note?

To introduce you to Pensions Dashboards, including how they will operate, the requirements which will need to be met by schemes and when.

### What do public service pension schemes need to do now?

For most schemes there is no immediate action other than general data preparedness. There remains significant uncertainty on the requirements of Pensions Dashboards before definitive decisions can be taken.

### Next steps

- Get your house in order to enable your data to be 'dashboard ready'. This may include clearing a deferred backlog or engaging with members holding a frozen refund to encourage them to be paid.
- Discuss with your software supplier and external administrator (if outsourced) how and when they are preparing for the advent of Pensions Dashboards.
- Consider your current assessment of scheme data and calculations – availability and accuracy.

### Events

We will be hosting a webinar on 6 October and a roundtable event on 9 November. Please see **below** for further details

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## What is a Pensions Dashboard?

The Pensions Dashboards will provide deferred and active scheme members with access to specific information in respect of all of their approved UK pension arrangements in one place. Information expected to be set out on the Pensions Dashboards includes:

- Basic pension details – e.g. name and type of scheme, administrator, contact details etc
- Employment details
- Accrued pension
- Estimated Retirement Income
- State pensions

The vision of the Pensions Dashboards Programme couldn't be simpler: ***"To enable individuals to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement and growing financial wellbeing"***

Chris Curry, Principal of the Pensions Dashboards Programme

The primary drivers of the dashboard's project are to reconnect members with lost pension schemes and provide scheme members with some basic information about all their pensions in one place.

However, Pensions Dashboards will have limited functionality, at the outset at least, with no ability to model benefit options and no way for individuals to change records. Therefore, the Pensions Dashboards are not expected to be a replacement for other online tools such as any member on-line functionality that schemes may already have in place. At this stage even the core information outlined above is still to be confirmed.

## What will pension schemes have to do?

Pension schemes will be required to collate the various information that dashboards are expected to show and construct an interface with the wider dashboards systems so that the data can ultimately be made available to members.

In practice, most public service pension schemes will rely on their software supplier or third-party administrator to provide this functionality. However, there will be a lot of work for the administrator (in-house or third-party) in ensuring accuracy of data and testing that functionality.

## When will schemes need to do this by?

Timescales are yet to be finalised and may only be known for certain during 2022. However, the PDP have indicated that Pensions Dashboards are expected to be operational from 2023 but will only be made publicly available when:

- The **security** of the ecosystem is fully assured;
- The **user experience** has been tested;
- **User behaviours** have been understood and any adverse impacts or unintended consequences mitigated;
- The right **rules and regulations** are in place; and
- The service has **enough coverage** of pension providers/schemes and enough information about those pensions, so that it demonstrably meets a user need and is useful to a majority of people.

Schemes are expected to be brought onto the Pensions Dashboards programme in stages with all public service pension schemes expected to go live between April 2023 and April 2025, with the largest schemes towards the start of that period.

## How will it work?

There will be no central database that holds personal information supplied by users or pension providers. Instead, the ecosystem functions like a giant switchboard, connecting users with their pensions via dashboards. The steps of how this will work in practice are set out below:

**Register and verify identity**

An individual will register with a Pensions Dashboard. The individual's identity will then be verified and passed to the "Pension Finder Service".

1

**Pension Finder Service**

The Pension Finder Service sends the individual's details to all pension providers in search of 'matches'. It is estimated that every pension scheme could receive up to 20,000 enquiries a day, most of which will not be in respect of their members.

2

**Matching**

If a pension provider holds a pension for the individual the pension provider will send back a "token" to the Pension Finder Service who will collect all tokens for that individual and send back to the Pensions Dashboard on which the individual registered.

3

**View information**

The Pension Dashboards sends the token to the pension provider which generated it and the pension provider then sends the individual's data directly to the Pensions Dashboards for the individual to view.

4

## Administration Considerations

It will be a legal responsibility for schemes to connect to the Pensions Dashboards. Schemes will therefore be responsible for ensuring the appropriate systems and technology are in place to interact with the Pensions Dashboards securely. In practice, this is likely to mean working closely with their software provider.

Schemes will need to understand the suitability of their scheme data for the purpose of the Pensions Dashboards, the extent to which calculations can be made available to provide retirement estimates, and the work required to fill any gaps. We expect that the data required for displaying estimated retirement income will mirror the data that is supplied within the Annual Benefits Statements.

There may also be wider consequences for administration. If the Pensions Dashboards do reconnect members with their pensions then day - to - day administration activity levels could increase, particularly in the period immediately after dashboards go live.

Most third - party administrators are actively considering these issues but are still at an early stage of development due to the lack of detailed information. In particular, despite the proposed timescales outlined above, there are still substantial uncertainties around the dashboard infrastructure, digital identity assurance, matching protocols, GDPR compliance, response times, mandatory data items, calculation requirements and liability implications.

In-house administration teams (which represent the majority of LGPS funds) will need to deal with similar issues and should consider at an early stage what additional resources or support they may need.

Aon is working with industry groups, including directly with the PDP, to lobby for clarity in these areas, so that we can develop solutions for the schemes we advise and administer. In the meantime, seven large pension providers have volunteered to connect to the Dashboards infrastructure from the end of 2022, including Aquila Heywood and Capita, with the intention that the experience will help create a smoother onboarding process for subsequent providers and schemes.

## What can public sector schemes be doing now to prepare?

The PDP are expected to issue its response to the Call for Input, which welcomed industry views on the outlined proposals for the order and timing of when data providers will connect to the dashboard, in the coming weeks. This will hopefully clear up some of the uncertainty around certain data elements. However, schemes could start preparing their data in the following ways:

- Ensure that **Common data items** (i.e. forename, surname, date of birth, NI number etc.) **are present and validated.**
- Undertake **tracing exercises** to locate missing members' addresses (which we know can be particular problem for deferred and frozen refund members).
- It is recognised that schemes may have built up a backlog of cases, particularly over the past 18 months as homeworking practices were implemented and resources were impacted by the pandemic. We suggest that **these backlogs are cleared** well ahead of Dashboard onboarding.
- It's common practice for LGPS funds to have significant numbers of frozen refunds. Given the potential difficulties of displaying the current value of a frozen refund, a proactive approach schemes could adopt is to **connect with frozen refund members in an attempt to get these paid** and extinguish the liability.

If you feel that your scheme would benefit from receiving some support in these areas or starting to **scope out your project management for implementing the dashboards**, then please get in touch with **Craig Payne** or your usual Aon contact.

### Key date

We are planning on hosting a client webinar on **6 October** on Pensions Dashboards where we will be joined by Paul Noone who is the Pensions Dashboards Programme's Head of Onboarding. The registration details for the webinar will be issued shortly.

In addition to this, we are holding a roundtable event on **9 November** with specialists from Aon's Dashboards Working Group and we will again be joined by Paul Noone.

The roundtable will be invitation only **so please get in touch with Craig Payne as early as possible if you would like to join us for this event.**

## What will implementing dashboards cost?

Pensions Dashboards will require substantial investment by the industry; building the infrastructure, readying data and calculation routines and connecting millions of records to dashboards. But until the requirements are clear, schemes will not have all the answers.

However, schemes will need to ensure that onboarding to the dashboard is part of their business plan for the next few years and budget put in place for any software costs, the work created as part of the onboarding process, and ongoing improvements and developments.

The Pensions Administration Standards Association (PASA) provided a (fictitious) case study within its response to the Call for Input, which can be found in Annex B of the response document. This is aimed to help Government and regulators to better understand the scale of the work ahead, but it also covers the major strands to the project as well as estimated timescales. Schemes may find this information very useful in scoping out their project plan to onboard onto PDP and understand the tasks ahead of them.

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