ASSOCIATION OF CONSULTING ACTUARIES

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Pensions Dashboards Programme
11 Belgrave Road
London
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Dear Sirs

Call for input on data standards

I am writing on behalf of the Association of Consulting Actuaries in response to the above-named consultation issued by the Pensions Regulator.

Our comments on specific questions raised in the consultation are set out in the Appendix.

We hope that you find the contents of this letter of assistance. We would be happy to discuss them further if that is helpful. In that event, please contact me on 07557 031198 or at tessa.page@mercer.com.

Yours sincerely

Tessa Page
Chair, Defined Contribution Committee
On behalf of the Association of Consulting Actuaries Limited

APPENDIX

Call for input on data standards

Data scope working paper

5. Existing user research indicates that people have a low tolerance for incomplete dashboards and would rather wait until the majority of pension providers and schemes are 'online'. To be acceptable to individuals, what proportion of their pension entitlements should initial dashboards find? Please indicate any consumer or other research used in framing your response to this question.

The ACA has not conducted member/consumer research and so cannot add specific research to the body of evidence.

We agree that user testing could be used to determine the point at which most people logging on to dashboards for the first time can reasonably expect to find and view all, or most, of their pensions. However, given the challenges of providing all of the information, it is inevitable that people will want more information than it is initially possible to provide and so for some (possibly many) individuals, the initial experience with dashboards will not be as compelling as when the full dashboard is available. This can be mitigated, but not entirely resolved, with clear communications on what is available and why this is an improvement, why there are limitations, and what is being done to address the limitations.

The objectives of the dashboard (enabling individuals to reconnect with their pensions, start to build a sense of ownership and start to increase awareness) will be better met by getting a reasonable amount of information available as quickly as possible, rather than waiting until almost everyone can expect to find all of their pensions.

6. How long (i.e. how many months?) will most individuals find acceptable between first using a pensions dashboard (and finding only some of their pensions) and subsequently finding out that more of their pensions are now available to view?

The length of time is likely to be less important to individuals than the way that the delay is communicated and explained.

If individuals are able to sign up for email nudge notifications, they could be sent generic progress updates which will act as a reminder to look at the dashboard again, and/or a personalised automatic notification when more information is available for that individual to view.

Without reminders/notifications, it's likely that a large proportion of the population who look at the dashboard once and find incomplete data, will not make the effort to look again.

7. Are there any segments of the population for whom the majority of their pensions could be covered early by selecting a subset of pension provider/scheme types?

From a practical perspective, it would make sense to prioritise the largest schemes (as these will be able to provide the most member data) and also defined contribution schemes (as the data issues relating to defined benefit arrangements will be more complicated.

8. If you have identified one or more population segments in response to Question 7, what simple, cost effective communication approach(es) could be adopted to explain to all individuals (both within and outside of the specified segment(s)) which pensions they should and should not expect be able to view on initial dashboards?

N/A

Data definitions working paper

9. Which data items do you anticipate could be used to definitively match individuals to their pension entitlements? Of the data items listed, are there some (or some combinations) that will provide a more accurate match than others?

The ACA is not a scheme or provider and so is not best placed to answer this question. In our experience working with schemes and providers we expect that using National Insurance Numbers as the primary source with Date of Birth, Initials and Surname as secondary sources is most likely to provide an accurate match, but this can only be known with extensive testing.

Even with extensive testing, errors are inevitable and will need to be corrected over time to maintain the confidence of users. Individuals will expect to be able to report certain errors like incorrect matches through the dashboard (even though they cannot edit the data).

10. In Level 1b, we have set out the administrative data items that will be useful to individuals, as these items will enable them to see where their pension entitlements are. Which of these items would be most challenging for pension providers and schemes to supply? Please indicate in your response why this would be the case.

The extent to which these items are challenging for providers and schemes to supply will depend on the predefined lists as different types of schemes will use different terminology.

It's unlikely that all of this information would be useful for individuals and it could be confusing. The level 1b information should just be sufficient to allow individuals to reconnect with their pensions and should not attempt to remove the need, or perceived need, for an individual to contact their scheme to find out more.

11. One of the DWP design principles is that dashboards will initially be used for presentation purposes only (i.e. they will not alter the source data). This means that initial dashboards cannot calculate projected pensions, meaning that pension providers/schemes must supply an Estimated Retirement Income (ERI) for each pension. This includes situations where there are multiple "tranches" within a pension, i.e. multiple ERIs with multiple Payable Dates may need to be supplied. The Level 2a data table sets out our assumptions on the simplest way for pension providers/schemes to meet this requirement. Please comment on these assumptions.

In relation to DC pension entitlements, SMPI annual income is unlikely to be a reasonable proxy for ERI. There are several reasons for this, including the flexibility in the assumptions (notably the investment return assumptions) and the increasing disconnect between the required statutory SMPI projection relative to the way that DC savers typically take their benefits.

It is likely that a central calculation tool will be needed to determine the ERI for DC schemes, to ensure that figures are presented on a reasonable and comparable basis.

It is likely that the ERIs for different pensions will be payable from different ages, but that will be easier for individuals to accept and understand than if an attempt was made to align all pensions to a single assumed retirement age, with appropriate communication in the dashboard to make clear that this has been the approach.

Level 2b data is as important as level 2a data, particularly for younger people who are highly unlikely to remain in the same work until retirement.

12. Are there any "disclosure items" (i.e. items required under current disclosure regulations) that are currently challenging to supply digitally? If so, please indicate how many months it would take to make these "disclosure items" available digitally?

The ACA is not a provider or a scheme and so not best placed to answer this question.

13. Most data items in level 3 are not currently required to be made available to individuals under the current disclosure regulations. Would any of these (or other) areas of data be able to be supplied voluntarily for initial dashboards?

Care should be taken to ensure that provision of level 3 data is not seen as a reason for the individual not to need to engage with their pension provider. It won't be possible to provide all relevant information from all pension entitlements on the dashboard in a prescribed format, because of the numerous complexities and the bespoke nature of different pension arrangements. Retirement planning based solely on the information provided on a dashboard is likely to lead to suboptimal decisions.