ASSOCIATION OF CONSULTING ACTUARIES

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PRESS RELEASE

ACA WELCOMES PENSIONS DASHBOARDS, BUT CAUTIONS ON TIMETABLE AND UNRESOLVED ISSUES

28 January 2019: In a response to the DWP consultation on the Pensions Dashboards, submitted today, the Association of Consulting Actuaries (ACA) expressed strong support for the initiative, whilst warning about the care needed in managing user expectations and not rushing its implementation. The response notes that the data and security issues will require material upfront investment and there is little detail in the DWP consultation on these vital matters. The ACA also notes that for members to fully understand the benefits provided by their multiple DB schemes it is important that schemes have the opportunity to simplify their benefits alongside GMP equalisation, ahead of them being required to place benefit details on the dashboards.

The ACA response says, 'we are concerned about the costs that will be imposed on contributing schemes, particularly DB schemes, that are not necessarily set up at the current time to communicate individual benefit information to members electronically 'at the touch of a button'. For many DB schemes there will be costs associated with data cleansing and electronic storage, potentially along with fees to integrated service providers. The consultation document barely discusses this issue and consequently schemes may not be aware of the likely additional costs that they will shortly be compelled to bear.'

Commenting on the response, **ACA Chair, Jenny Condron** added:

"We agree with the approach – in particular, the single pension finder service and the ability of integrated service providers to act as a conduit between schemes and the pension finder service.

"But, we do have concerns about security of the eco-system. If it is breached by hackers they will presumably be able to access extensive personal and financial information about millions of people and potentially go on to try to hack their way into individual pension schemes where certain malicious actions, such as changing investment choices in DC schemes and changing death benefit nominations in any scheme, might be open to them. We feel it essential that there are protections for trustees and sponsors from prosecution should members' personal data be illegally obtained from dashboards.

"The issue of data security does not seem to have been addressed in any detail in the consultation paper."

"We also feel that, with DB schemes having to grapple with GMP equalisation over the near-term, it's important that schemes have the opportunity to simplify their benefits alongside this legal requirement, so members can better understand the benefits they are entitled to.

"So, some relaxation and flexibility in the timetable for DB schemes to place information on the dashboards seems sensible. It also does not seem right for this consultation document to be talking about compelling individual schemes to provide data for the dashboards when HMRC is not able to provide State pension data in the same timescale. We suggest that individual schemes should have the same option that is proposed for the State pension of being allowed to say 'here is where you can find out about your pension with X' (rather than having to supply the full data to the dashboards). We suggest that DWP should consider phasing along these lines – i.e. existence of pension ahead of details of it – as well as having a staging process by scheme size or type."

The ACA thinks it most important that the non-commercial dashboard engenders confidence amongst all stakeholders, particularly consumers. Therefore, it should not be rushed out to meet what is now an arbitrary 2019 deadline. We suggest that the prime purpose of the first roll-out of the non-commercial dashboard should be to enable consumers to be reunited with their "lost pots", which means that the pension finder service should be able to find all pensions, if not be able to quantify them.

The ACA's full response to the DWP consultation is **here**.

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About the Association of Consulting Actuaries (ACA)

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members of the Association are all qualified actuaries and all actuarial advice given is subject to the Actuaries' Code. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of private sector defined benefit pension schemes. The ACA is the representative body for UK consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body.