Pensions dashboards are coming

Pensions dashboards will bring about a landmark change in the way individuals can access information about their pensions. For the first time, savers will be able to see most of their future pension information securely online, and all in one place.

Although pensions dashboards have been a long time coming, momentum has been gathering over 2022. Whilst much of the detail is still in development, building and initial testing of the digital architecture is now well underway and recent consultations and draft regulations are important steps forward, putting much needed flesh on the bones of how pension dashboards will work and what trustees and administrators need to do. With the first schemes due to connect by August 2023, the Pensions Regulator (TPR) has urged trustees and scheme managers to start getting ready now.

Read on for our introductory guide to pensions dashboards and the steps you can take now to prepare.

What are pension dashboards?

Pensions dashboards are intended to provide a secure and single port of call for savers to access their pensions information in one place. This includes information on the State Pension. The intention is to support better planning for retirement, and help individuals reconnect with any pension pots they may have lost over time.

The Money and Pensions Service (MaPS) will provide a non-commercial dashboard which will connect to pension schemes and providers. Other organisations will also be able to develop and host their own dashboards, subject to approval and regulation by the FCA. Therefore, eventually, there could be multiple dashboards in the marketplace.

To make dashboards work, multiple parties need to be connected in what is referred to as an 'ecosystem'. This 'functions like a giant switchboard', connecting users with their pensions via dashboards. The MaPS has established the Pensions Dashboards Programme (PDP) to design and implement this infrastructure and associated standards.

At a glance

- Pensions dashboards are starting to take shape.

- After formal consultation in March 2022, final regulations are expected to become law later this year.

- TPR published initial guidance in July, and the Pensions Dashboards Programme began consulting on draft standards.

- Deadlines are phased according to scheme size and type – the first schemes will connect by **August 2023** with most schemes due to connect from **2024**.

- Trustees and scheme managers are urged to start planning now.

How will pensions dashboards work?
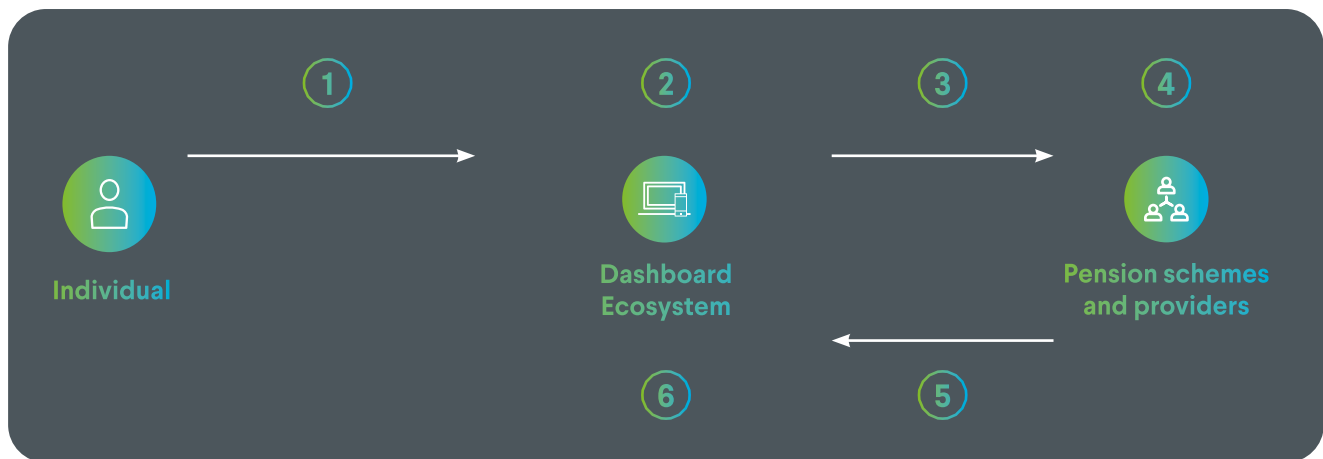
1. Individuals will navigate to a dashboard of their choice and submit a request to view their pensions information.

2. Dashboard processes request with authority and individual's identity verified.

3. All connected pension schemes and providers are sent the individual's information.

4. Schemes/providers search for a 'match' (i.e. check if person is an active or deferred member) based on agreed criteria (e.g. surname, date of birth and NI number).

5. Scheme registers any match.

6. If there is a match, the scheme must create and register a unique 'pension identifier'. This can then be used by the dashboard interface to retrieve the individual's pension information and return it for temporary display on their dashboard.

   If there is a partial match then the individual must be invited to contact the scheme so that this can be investigated. Schemes will have a short timeframe to investigate, confirm and provide details as required.

Who needs to comply?

The Pension Schemes Act 2021 makes it mandatory for pension providers and schemes to connect to pension dashboards. All registered UK occupational pension schemes with a minimum of 100 active and deferred members will fall within the scope of the current requirements, as well as public service pension schemes. Pensioners (and survivors) do not count as members for these purposes since dashboards will not show pensions that are already being paid.

Small schemes (with fewer than 100 members) are not currently in scope although may be included in future legislation from 2026. They can apply on a voluntary basis.
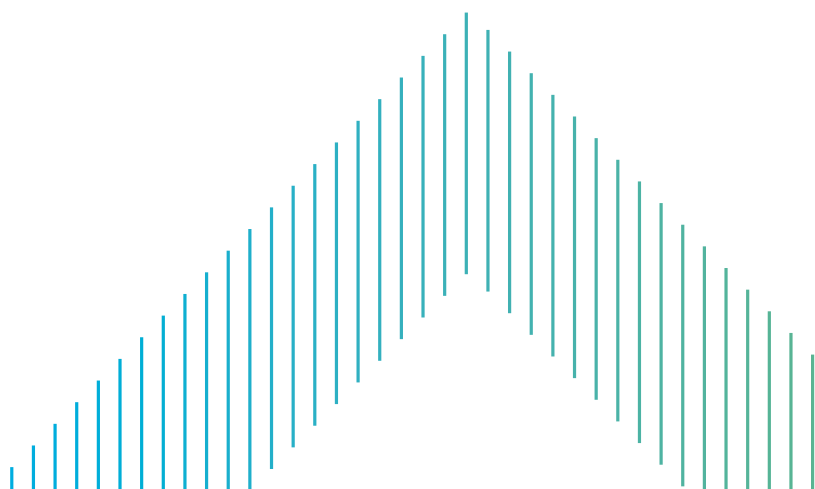
What is my staging deadline?

Under current plans schemes will join according to their type and size. There will be a one-month staging window to connect, with the exception of initial 20,000+ master trusts which have a five-month window.

Relevant active and deferred members [1]:	20,000+	10,000 to 19,999	5,000 to 9,999	2,500 to 4,999	1,000 to 2,499	100 to 999 [2]
Master trusts	31 Aug 2023	30 Sept 2023	31 Oct 2023	31 Jan 2024	29 Feb 2024	Staging dates between Oct 2024 and Oct 2025
DC auto-enrolment schemes	30 Sept 2023	30 Sept 2023	31 Oct 2023	31 Jan 2024	29 Feb 2024	
DB schemes, all other DC schemes and all hybrid schemes (including hybrid master trusts and hybrid CDCs [2], [3]	30 Nov 2023	31 Mar 2024	30 Jun 2024	31 Jul 2024	31 Aug 2024 (>1,500) 30 Sept 2024 (<1,500)	
CDC schemes	30 Apr 2024					
Public service schemes	30 Sept 2024					

[1] *As at the scheme year end date between 1 April 2020 and 31 March 2021. Your connection deadline will not change if your scheme changes size.*

[2] *Schemes with less than 100 members are not in scope. If you reach the 100 members threshold after 1 April 2021 you will be required to connect within six months of the relevant year end (or by the relevant staging date if later).*

[3] *In hybrid schemes the numbers of relevant members across both the DB and DC sections are added together.*

When will dashboards go live to the public?

This is still to be confirmed. However, it is anticipated the public will not be able to access the dashboard until at least 2024. Plans to give schemes just 90 days' notice before going live were not well received by the industry.

Can you choose to connect early or at a later date?

You can choose to connect earlier than your window, subject to approval (guidance on early and voluntary connection still to come).

Subject to various conditions, a one-off deferral (maximum 12 months) to your connection deadline may be permitted where you are in the process of changing administrator. The application must be made within 12 months of the regulations coming into force.

What will we have to do?

In a nutshell, schemes will be required to:

- Ensure connection to the dashboards system, by the relevant staging deadline. Most schemes are likely to do this through their third-party pensions administrator's integrated service / software provider.

- Receive personal information on dashboard users, and search and match members to their pensions.

- Provide members with information about their pension through their chosen dashboard.

- Once live, remain connected and demonstrate compliance.

What data do we need to provide?

Based on draft regulations schemes will have to supply three main categories of data through the dashboards:

Data:	What it includes:	Requirements:
Administrative data	Information such as the name of the scheme, the nature of the benefit, if the individual is an active or deferred member, service dates, contact details for the administrator and, if available, the employer's name.	In most cases, this information will need to be provided immediately.
Signpost data	Information already hosted by the scheme on a public website. For example, information on costs and charges and the scheme's statement of investment principles.	Should be provided immediately.
Value data	Information about accrued and projected values of the member's own benefits. **In a DC scheme:** • An accrued pot value. • Annual income this current pot would provide. • Illustration of benefits on retirement – this can be taken from the latest statutory money purchase illustration. **In a DB scheme:** • For active members: a statement of accrued benefits and a projection for service to normal pension age but with no salary increases. No projection is required for members within two years of retirement age. • For deferred members: accrued benefits revalued to the illustration date. No projected value is required. Members will also need to be given background information such as pension increases and any dependants' benefits.	In most cases, this information will need to be provided immediately, from either a statement from the preceding twelve months or a calculation performed within the same period. If such figures are not already available, there is a three-day deadline for providing DC data and a ten-day deadline otherwise. Recognising many DB schemes do not currently provide annual statements to deferred members, simplified illustrations of revalued deferred pensions will be permitted for up to two years after the scheme's connection date so long as simplification not deemed 'misleading'.

Some special provisions will exist around timings and data for new joiners (including bulk transfers). In general, schemes are no longer required to provide information once benefits have begun to be paid (although the consultation response suggests this excludes uncrystallised funds pension lump sums).

Getting prepared – what should I do now?

1 Know your connection deadline

You should work out your proposed staging date according to your scheme size and type and check the final regulations when they are published later this year to confirm. TPR will be writing to schemes around 12 months ahead of this deadline to alert them to what they need to do. Schemes with staging dates in 2024 and 2025 have more time to get ready but should be starting to include in upcoming business plans.

2 Stay up to date with developments

Pensions dashboards should be added as a regular agenda item and trustees and managers should monitor developments in the regulations, PDP standards and TPR guidance. Look out for:

- Post-consultation Pensions Dashboards Regulations — expected autumn 2022.
- DWP application process for scheme deferral of connection deadline — expected autumn 2022.
- Changes to the FRC's Actuarial Standards Technical Memorandum 1 (AS TM1) for calculating projected values in DC pensions — consultation response expected in autumn 2022.
- TPR's compliance and enforcement policy for dashboards — to be consulted on in autumn 2022.

3 Begin engaging with your suppliers

Talk to your pensions administrator and software/IT suppliers to understand their plans and decide how you'll connect. Most schemes are likely to do this through their third-party pensions administrator and even those schemes with in-house administration functions are likely to engage a third-party service / software provider to help them establish and test the required systems and processes.

4 Plan how you'll get data ready

Data needs to be **available, accurate and accessible** – in developing plans think about:

- Are pension records held in a way that data can be easily accessed, matched and returned? If you have any records that are not digitised, then you should put a plan in place to do that ahead of connection.
- Is there an opportunity to consider dashboard requirements alongside other ongoing data projects? For example, work linked to GMP equalisation or risk transfer exercises.
- Are planned member communication exercises an opportunity to check you hold the right information?
- Engaging with holders of other scheme data such as AVCs (in practice data is expected to be provided by whoever administers the AVCs but responsibility will rest with schemes).

Once you've decided how to connect, there will be a range of other things to consider and discuss with suppliers including:

- **Reviewing existing scheme management processes** – as well as being ready to receive and respond to data requests quickly, this includes setting up record keeping and reporting, and managing any new risks concerning data protection and cyber security.
- **Updating member communications and scheme websites.**
- **Bracing for more member activity** – for example, members seeking to correct their personal data, requests for more quotations and follow-up queries.

TPR has published a checklist to help trustees and scheme managers with their early preparation.

What about schemes in PPF assessment or wind-up?

Schemes in PPF assessment before their staging deadline only need to connect if the scheme does not enter the PPF (either by the original staging date, or within six months of the end of the assessment period if later). If a scheme, or a section of a scheme, goes into PPF assessment after connecting it will provide messaging confirming that it is in PPF assessment rather than any pensions value information. Similarly, schemes in the process of winding up will need to connect to the system, but do not have to provide value information to members (though they can do so voluntarily).

What happens if we fail to comply?

The draft regulations suggest failing to comply with the pensions dashboard's duties could see penalties issued up to a maximum of £5,000 to individuals and £50,000 in other cases. TPR's enforcement policies are due to be published for consultation later in the year. Although indicating they will take a pragmatic approach, they have also stated they will be robust where there is evidence of intentional non-compliance.

Summary and next steps

As plans pick up pace, it is important to start planning how you'll get 'dashboards ready'. Although there is still room for things to change, with the first wave of TPR letters landing, those holding out hope for a significant delay or reprieve look set to be disappointed.

We suggest over the coming months trustees begin engaging with their administrator and any third parties they appoint to support their dashboards work. Look to stay up to date, as further information and guidance is published throughout the rest of 2022 and 2023.

Please contact your usual Hymans Robertson consultant if you would like any further information.

Please note this briefing paper has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and guidance as at July 2022. It is designed to be a general information summary rather than a definitive analysis of the subject covered. It should not be relied upon for detailed advice or taken as an authoritative statement of the law. Further information and guidance is available on TPR's website and from the Pensions Dashboards Programme.

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