

Pensions Dashboards: the way forward

14 March 2023



Introductions



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Overview of the session

- Pensions dashboards programme
- Legal overview
- Challenges for DC schemes
- Challenges for DB schemes
- Privacy and cybersecurity
- Enforcement: what happens if things go wrong?

Pensions dashboards programme

Chris Curry, Principal



14 March 2023

What is coming up?



DWP have made a written ministerial statement outlining changes to the mandatory connection deadlines for pension providers and schemes.

The statement explains that the Pensions Dashboards Programme (PDP) will be unable to meet the connection deadlines set out in legislation, and the timeline will need to be revised.

PDP is working with DWP to establish a new and achievable plan for delivery.

Things you can be doing



- make sure data is up-to-date, accurate and complete:
 - cleansing and preparing data
 - interrogating and improving data accuracy
 - developing an approach to matching
 - determining the method of connection
- keep up-to-date with all regulatory information
- sign up to FAQs newsletter and PDP newsletter



Approach to matching



- understand the scale of the requirements and planning, as liability and potential regulatory scrutiny flows from this
- develop a pension provider matching criteria. PASA guidance is a good start but this will be about having confidence in data quality and:
 - i. risk tolerances: to missed matches
 - ii. risk tolerances: to matches when the user isn't a member
 - iii. resource tolerance: to user contact for possible matches
- help to get the pension provider processes right for production of pensions values – the need to understand benefit structure at all times across the whole membership to be able to provide values
- admin contracts and ISP contracts
- updating pension provider DPIA and Privacy Notices

Stay in touch



@pensions-dashboards-programme



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**Pensions
Dashboards**
Programme

Legal overview

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In scope

- Trustees / managers of relevant OPS with ≥ 100 relevant members (non-pensioners)
 - Unless main administration outside UK or OPS not registrable with TPR (unless public sector scheme)
- Trustees / managers of relevant OPS with less than 100 relevant members who are permitted to connect on voluntary basis
- Schemes in a PPF assessment period before connected exempt; those who start an assessment period later, stay connected but exempt from obligation to provide value data
- FCA published policy statement **PS22/12** and new rules on 1 Nov 2022
 - Rules require FCA-regulated pension providers to provide information about personal / stakeholder pensions for dashboards
 - Rules will apply to an insurer providing a deferred annuity product in a member's own name, but not to an insurer providing a bulk annuity product to trustees (ie post buy-in)

Obligations on trustees / managers

- Cooperation with MaPS
- Register scheme with MaPS
- Connect scheme to MaPS
 - In accordance with MaPS connection, security and technical standards
- Stay connected unless all members become pensioners / scheme no longer in scope
- Provide information in accordance with MaPS service and operational standards to MaPS / qualifying dashboard
- Reporting
 - Operational information on request, for example
 - Number of find and view requests
 - Data on possible matches
 - Retain operational information for six years

Staging profile

Current dates but will be reviewed following reset:

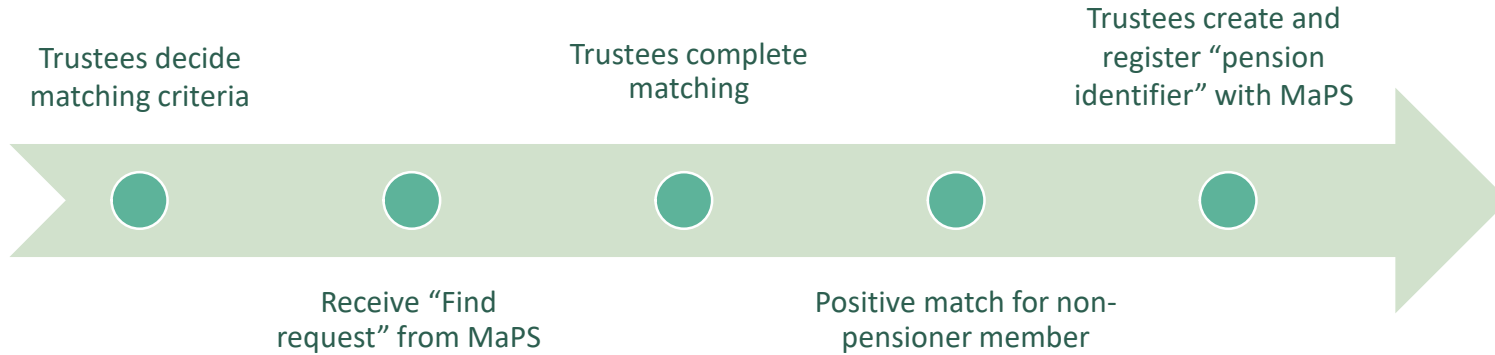
- Largest master trusts August 2023
- Largest DB schemes November 2023
- Public service schemes September 2024
- Small OPS October 2025

Dashboards available point

- Notice period: Government have amended DAP “notice period” to six months
- Decision to specify DAP notice: SoS must be satisfied that *“the dashboards ecosystem is ready to support widespread use of qualifying pensions dashboard services by the general public, having regard to any matters that the [SoS] considers are relevant”*
- Regs do not specify the relevant matters, but consultation suggested they should include:
 - Sufficient coverage
 - Effectiveness of dashboards service
 - Safety and security
 - User experience
- SoS must consult with MaPS, TPR and FCA before issuing notice

Responding to a dashboard user

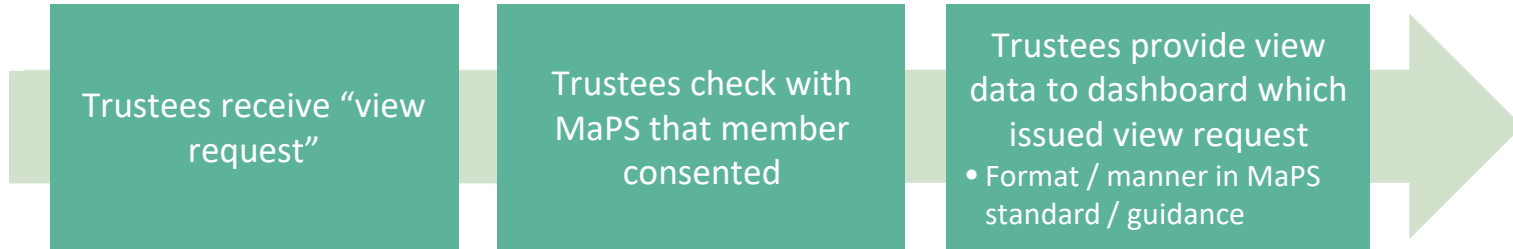
Stage 1



If there is a possible match – broadly, can display limited administrative data and a message saying more information is needed to determine if match can be made

Responding to a dashboard user

Stage 2



View Data

- Administrative Data eg
 - Name of scheme and details of administrator
 - Type of benefits
 - Date joined and name of employer
- Signpost Data
 - Member-borne costs and charges
 - SIP and implementation statement
- Value Data
 - DB or DC requirements
- Contextual information

Practical issues for trustees

- Decide whether your administrator or an integrated service provider will connect to the ecosystem
 - You will need to amend your administration agreement and, if you appoint an ISP, negotiate an agreement with them
 - Agree data matching policy
 - Consult AVC providers (and other third parties who supply necessary data)
- Good data will be important, consider expanding any existing data cleanse projects to get your data in better shape; remove the need for manual calculations
- Design standards for dashboards should set out required explanations of data, but suggest trustees advise members to apply to scheme for benefit statements before making decisions
- FCA draft Pensions Dashboards: Conduct of Business Sourcebook – requirement to make clear figures are estimates and not guaranteed

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Key challenges for DC Schemes

Key challenges for DC schemes



Timing



Schemes in
transition



AVC providers



Projected pot
values



Matching (also relevant for DB schemes)

- On receipt of a find request, trustees must complete matching **immediately**
 - If a possible match is found:
 - the trustees must **immediately** provide to the dashboard some limited administrative data and a message asking the individual to contact the scheme without delay
 - if the individual contacts the scheme, the trustees must **immediately** seek to resolve the possible match
 - if the individual does not contact the scheme within 30 days, or the match cannot be made within a reasonable time, the request data must be deleted
 - If a match is made, trustees must provide the data set out in the Regulations
- “**Immediately**”: <60 seconds, with a 15 second target time



Disclosing data

- **Signpost data:** Information on member-borne costs and charges
- **Value data:**
 - **Members who have had a benefits statement in the last 12 months or a calculation made in the last 12 months:** Immediately
 - **Otherwise:**
 - **Only DC benefits:** within 3 working days
 - **All other cases:** within 10 working days
- **“New” members:** (1) date of first benefits statement for that member or (2) 12 months after the end of that member’s first full scheme year, whichever is sooner

Moving to a master trust

Before the move

- There is no exception for the transferring trustees from connection
- If the transferring trustees have already staged, a data transition will need to be carried out
- Consider:
 - Who is responsible for ensuring data accuracy?
 - How long will any “blackout” period be and how will this be communicated to members?

Moving to a master trust

After the move

- DWP Consultation: *“In the event of a bulk transfer of liabilities, if a scheme that was receiving a transfer had already connected to dashboards, [...] individuals with a pension being transferred would be considered to be new members of the scheme following the transfer.”*
- Transferred members are considered new members of the master trust scheme
- The Regulations allow schemes some time to “onboard” new members

Winding up (also relevant for DB schemes)

- **<100 relevant members at the relevant date**: No obligation to connect
- **100+ relevant members at the relevant date**:
 - The connection obligation still applies unless all the members have become pensioners
 - **But** the trustees only need to provide administrative data as normal and either:
 - a message explaining that it would not be appropriate to provide value data; or
 - value data with contextual info (as far as possible) and a message explaining that the scheme is winding up



Accounting for AVCs

- AVC data can be provided to the dashboard
 - Directly from the AVC provider; or
 - Via trustees
- However, trustees will remain legally responsible for ensuring that the data is provided to the dashboard
- TPR's draft enforcement policy suggests it is more likely to sanction AVC providers if data is not provided in time, as long as trustees take certain steps

AS TM1

- **What is it?** A guidance document produced by the Financial Reporting Council. The document specifies the actuarial assumptions and methods to be used in the calculation of statutory money purchase illustrations of money purchase pensions.
- **New version published:** AS TM1 v5.0 was published in October 2022, effective from 1 October 2023
- **Industry criticism:** Concerns about volatility
- **Updated review:** No changes



Key challenges for DB Schemes

Data to be provided

- Value data
 - Active members – accrued benefits to date and estimate at retirement
 - Deferred members – accrued benefits revalued to date (simplified process for two years)
- Provided “immediately” if based on calculations within the last 12 months or statement issued within last 13 months, otherwise 10 working days
- Contextual information
 - Illustration date
 - Whether benefits can change in payment
 - Date benefit starts
 - Whether individual should get in touch and reason
 - Whether benefits are hybrid benefits
 - Whether annual income, lump sum or pot size

Benefit issues

- Split NRDs
 - Provide one data set with one NRD or two data sets with separate NRDs
- State scheme integration
 - Can provide two data sets
- GMP issues
 - Use existing data until benefits updated
- Hybrid benefits
 - Trustees to choose whether to provide data for DB or DC benefits
- Manual calculations (eg deferred revaluation; transfers in; divorce)
 - Engage with the member; look for process improvements to improve response times

Privacy and cybersecurity

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Privacy and Cybersecurity

Main issues to consider (1)



Roles of parties

- Controller, processor, joint controller
- Important to establish responsibility under UK data protection law



Lawfulness

- 6 available lawful bases for processing
- Consider which lawful basis to rely on for the specific processing activities



Transparency

- Informing individuals on how you will use their personal data
- Consider amendments needed to Privacy Notice

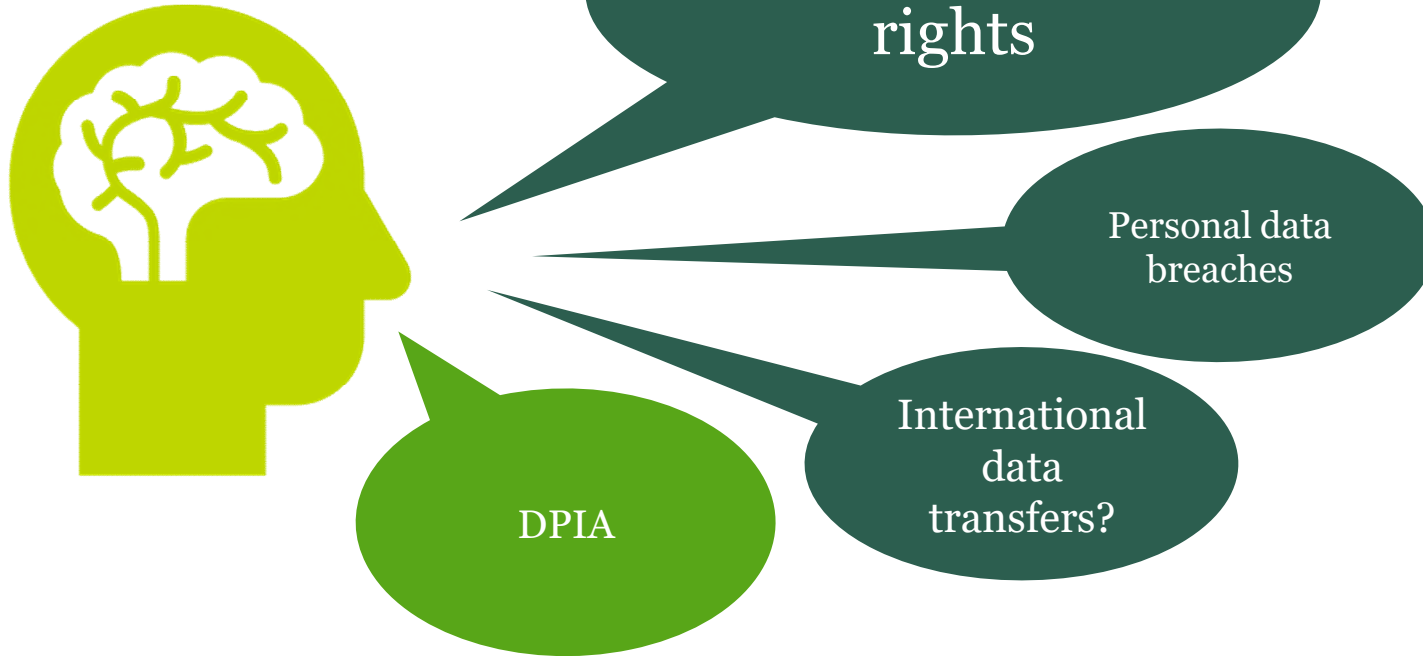


Accuracy

- Personal data shared must be accurate and kept up to date
- Consider measures to implement to ensure accuracy at all times

Privacy and Cybersecurity

Main issues to consider (2)



Privacy and Cybersecurity

What to do to prepare

- Consider carrying out a data protection impact assessment (**DPIA**)
- Review and revise **Privacy Notice(s)**
- Set up of underlying data to ensure reliance on appropriate **lawful basis for processing**
- Consider proactive engagement with government on **data sharing protocol / arrangements**
- Review and revise **relevant contracts with third parties, policies and procedures**

Useful resources and guidance

From the UK Data Protection Regulator

- [ICO response to the DWPS consultation on the dashboard](#)
- [Controllers and processors](#)
- [Lawful basis for processing](#)
- [Individuals' rights](#)
- [Security](#) and [personal data breaches](#)
- [Lawfulness, fairness and transparency](#)
- [Accuracy](#)
- [Data Protection Impact Assessments \(DPIAs\)](#)
- [International Data Transfer Agreements](#)

Enforcement

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New enforcement powers in the Regulations



Compliance notice



Penalty notices

TPR's Policy consultation: Key principles

- A risk-based and proportionate approach, targeting resources according to the level of risk and intervening only to the extent necessary to address the harm or reduce the risk
- Focused on outcomes for savers
- Recognising that delivering pensions dashboards is a huge challenge for industry
- Industry is best placed to devise common solutions
- Focused on the quality of the data held by schemes
- Focused on robust internal governance
- Acknowledging that schemes will be highly dependent on third parties
- Monitor effectiveness of our regulatory interventions and adapt as necessary

TPR's Policy consultation

- **Key risk areas:**
 - **Connection compliance** (failing to connect all members, or to remain connected)
 - **Matching** (failing to return a match or returning data to the wrong saver)
 - **Data accuracy** (failing to provide data, especially value data)
- **Expectations for trustees:** to implement adequate internal controls, with risk management processes and clear audit trails and compliance records
- **Relevant factors in enforcement action:** including the nature and scale of the issue, number of affected members, whether non-compliance was wilful, history of breaches, and cooperation with TPR

Illustrative examples

- For missing the connection deadline:
 - TPR will issue a compliance notice and further penalties will depend on the trustees' response
 - If the trustees cannot show how they prepared for their duty or evidence of attempting to connect their system: penalty + potential governance case
 - If the trustees proactively reach out to TPR, explain the reason for delays, can show active engagement to resolve it, and commit to resolve it within 2 weeks: no further action
- For failing to return value data:
 - If the scheme reaches out to the member but explains the delay is due to non-standard benefits and the trustees can show they are actively working to improve response times for other savers in a similar position: no further action
 - If the scheme is found to have large chunks of missing data and does not attempt to resolve it but decides to deliver value "on demand": potential governance case

Any questions





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