Pensions Dashboards Programme – data standards

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Q5. 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.

1. When creating the first dashboards, a balance must be struck between 'completeness' and timeliness. Given the potential positives of dashboards for engagement, we believe that on balance, it would be better to get a reasonable amount of information available as quickly as possible, rather than wait until almost everyone can expect to find all of their pensions.

2. However, any incomplete product would need to clearly communicate the limitations on availability of data, why those limitations exist, and preferably a timeline for data providers to fill any gaps. This obviously needs to be supported by relevant legislation compelling pension providers to supply complete and accurate data. 'Customer Satisfaction' can be thought of as Perception less Expectation so setting expectations appropriately are essential. Otherwise trust in dashboards, and the pensions industry more generally, could be jeopardised, and individuals could disengage further.

Q6. 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?

3. Setting reasonable expectations for customers will be crucial here. The actual length of time that individuals have to wait for their data is likely to be less important than the way the delay is communicated to them. For example, customers being told that they need to wait for 6 months to access a personalised dashboard could be preferable to being told their data is not available yet, with no timeline for when it will be.

4. The timeline for this also needs to be considered against the information that is readily available to individuals already. Many, if not all, individuals will see value in getting information in a digital form as opposed to paper copies of, for example, benefit statements. However, if information is already available in digital form alongside the ability to project/model retirement income directly through a pension provider/scheme then it's unlikely that an individual will consider it reasonable that this data is not available the first time they log into the pensions dashboard. As such ensuring data already available digitally to individuals is represented as early as possible on the dashboard is crucial.

5. If dashboards do start out with incomplete data, individuals should be invited to sign up for regular updates and / or nudge communications when more data is available. Without this clear communication, individuals are only likely to try logging on a few times before 'giving up'.

Q7. 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?

6. It is likely that the majority of younger pension savers will have most of their benefits in master trusts and large occupational DC schemes. However, this population will also still be accruing state benefits as well as have a significant representation in DB schemes in public sector.

7. As members increase in age, the diversity of their pension savings increases due to career length and the breadth of historic pension arrangements that exist. This means that targeting populations who may already be more engaged with (or need to be more engaged with) pensions savings cannot be covered sufficiently by focussing solely on DC arrangements.

8. From a practical perspective, it would make sense to prioritise the largest schemes and providers. This group will be largely (although by no means exclusively) correlated to those who have digital provision of member services and access to data for members. However, it must be noted that this will not necessarily ensure full coverage for any segment of the population as per comments above.

Q8. 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?

9. The most important communication materials will have to be aligned to the dashboard itself. The density and complexity of pensions information is one of the key reasons individuals find it difficult to engage with pension savings. Having simple to digest information using the right media (video/interactive guides/help) alongside an individual's data can be invaluable to them understand what is (and what is not) being provided to them.

Q9. 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?

10. National Insurance number seems like it would be a suitable primary source, with date of birth as the secondary sources of information. Other potential indicators such as surnames, forenames and address should only be used as corroborative information due to the ease and regularity with which they can be changed. Extensive testing will be needed to validate this.

11. It is important to recognise up front that errors in data will be inevitable, and individuals should be able to report data errors through the dashboard to keep them engaged with the dashboard through its development.

Q10. 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.

12. Ultimately, this will depend on the predefined lists, as different providers will use different terminology. We can foresee issues with some items such as employer name (name changes, mergers/acquisitions) as well as start and end dates (where pensionable dates often get confused with actual service). These are items which are more likely to be understood by the individual and so effective commentary alongside this data will be essential.

13. Again, extensive testing will be needed to ensure data standards are realistic for providers and produce the intended outcome.

Q11. 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.

14. ERI is something that can (and often is) calculated at a provider level. There should be no issue in providing these projections to the dashboard where they are calculated. The key issue here is the need for consistency. We do not believe that the current regulatory environment provides for consistent projection of retirement benefits between providers of similar/identical products let alone across the breadth of DB, DC, hybrid and other pension provision in the UK.

15. For example, there are limitations using the well-established SMPI approach for estimated retirement incomes for DC members where identical products from different providers can base projections on different investment returns, contributions and annuity shape. These can lead to a fundamentally different estimate of retirement income for different products. Whilst this in itself may still be reasonable (as neither estimate is likely to be correct anyway), it could lead to poor decision making in the short term.

16. To ensure that we do no harm, standardisation of projections where possible for the dashboard should be a minimum aim for the introduction of ERI. Even applying this logic, there is still a risk of differing interpretation and calculation between providers which could create difficulties.

17. To fully address this issue, a central calculation is likely to be needed to ensure that ERIs are presented on a consistent and reliable basis. As well as avoiding negative outcomes for the individual, this consistency will be crucial to building and maintaining trust in dashboards, especially over the longer term. We recognise that this is not in line with the DWP design principle, but we strongly recommend that this design principle is revisited. We are working to provide the Dashboard Programme with some illustrations showing the limitations of SMPI and other projection approaches. We will attempt to highlight potential problems that could arise using the proposed approach, including examples of poor decisions that members could make based on SMPI data.

18. Separately, we would note that level 2b data is as important as 2a data, particularly for younger people who are highly unlikely to stay in the same employment until retirement.

Q12. 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?

19. Our view is that using current technology, no one data item is harder to supply digitally than another. The keys are having clean data held digitally at a provider level. Individual providers will be best place to answer how long it will take to deliver this for their different schemes which will without doubt be highly variable. Our view is that clean data held digitally is best practice for all providers and would endorse stronger action from the Pensions Regulator to drive all providers to deliver this outcome.

20. Very little of the level 3 information would be considered essential to meet the 'Find and View' brief outlined in the data scope paper. It is also highly unlikely that all providers would be able to supply this information consistently for all products/schemes as easily as the higher level data in levels 1 and 2.

21. Although level 3 information may be required for providing advice and effective decision making it is important that excessive information is not provided to individuals before this can be consistently managed and communicated.

22. With that in mind and in the interests of ensuring we deliver a timely, accurate and usable dashboard we would suggest that either

   a) Level 3 data items are not provided on initial dashboards, or
   b) Level 3 data items are optional for providers who can deliver them, but are layered effectively so that they do not interfere with or put at risk the user journey that a 'find and view' dashboard is attempting to deliver.

23. We understand that level 3 information includes the emotive subject of providing details of charges. We do accept that this is important information for members, but urge caution in displaying these side by side for different products. If this information is to be provided to individuals it is crucial that it does not lead to negative outcomes from member decision making on the basis of ongoing charges alone.

Should you want to discuss any of the points raised please contact Catherine Burtle, Policy Manager (catherine.burtle@actuaries.org.uk / 0207 632 1471) in the first instance.