PENSIONS AND
LIFETIME SAVINGS
ASSOCIATION

PENSIONS DASHBOARDS PROGRAMME (PDP) STAGING CALL FOR INPUT: PLSA RESPONSE

JULY 2021

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ABOUT THE PLSA

Our mission is to help everyone achieve a better income in retirement. We work to get more people and money into retirement savings, to get more value out of those savings and to build the confidence and understanding of savers.

We represent the defined benefit, defined contribution, master trust and local authority pension schemes that together provide a retirement income to 20 million savers in the UK and invest £1 trillion in the UK and abroad. Our members also include asset managers, consultants, law firms, fintechs and others who play an influential role in the governance, investment, administration and management of people's financial futures.

EXECUTIVE SUMMARY

1. **PLSA support:** The PLSA strongly supports dashboards' ambitions of helping savers **locate** their different pensions, increase their **awareness** of them, and take greater **ownership** of their financial provision for retirement.

2. **PLSA concerns:** But dashboards must also be secure & safe for savers and not mislead them. All our responses to the PDP staging call for input (CfI) are made within this overarching context of saver **protection** and **understandability**. We also believe that dashboards will be of more value to people if they include information on the PLSA's Retirement Living Standards.

   Key messages with PLSA's response to the Call for Input on staging:

   - Because there are so many significant areas of uncertainty, assumption and dependency, PLSA members find it extremely difficult, or are unable, to estimate how long they will need to be ready to connect to the central pensions dashboards architecture.

   - PDP may have heard from a minority of schemes and administrators that they assume they could be partially ready to connect to the dashboards ecosystem in 12 to 18 months. From wider PLSA members' perspectives, it is far from certain this assumption is achievable. Importantly, even if 12 to 18 months is achievable, as the final data requirements will not be set in regulations until early 2022, the start of this 12 to 18 month period cannot be assumed to begin until then, i.e. early 2022. This means the current PDP proposal that staging should start from April 2023 looks highly ambitious, as does the assumption that large DB schemes should stage before the end of 2023.

   - More positively, we do agree with the order of staging. It is right that large Master Trusts and FCA regulated providers should stage first, as long as a flexible approach is adopted by Government and regulators, for example on the quality of the data available. In addition, in light of the mixed DB and DC provision of those most likely to use pensions dashboards (see paras 3 and 4 below), we agree it makes sense to try to stage DB and public service schemes as soon as possible. However, as noted above, it is unlikely, due to the uncertainties involved, that this will be achievable by the end of 2023 as proposed. (Further details of our views on each of the staging waves and cohorts are set out in paras 20 to 22 below.)

   - We would also like to add that staging will be easier to achieve if, rather than each pension scheme or provider being given a single date to connect to the dashboards ecosystem, they are instead given a period, or window, in which to connect (see para 19).

   - Finally, as we set out below in para 17, we believe that the PASA (Pensions Administration Standards Association) proposal is the best way to ensure the rapid success of this initiative, i.e. to first complete the task of "Find" and then, as a second step, to complete the work to ensure the provision of understandable "View / ERI amounts".

3. **Who is going to use dashboards?:** The UK Government's ambition is for dashboards to be used at scale by people of all ages, not just those approaching retirement, and multiple dashboards may help with achieving this. But, whilst being alive to country differences, consistent international evidence points to **most users being aged 56+**, especially 60 to 64.

4. **What pensions do they have?:** TPR's strategic analysis confirms the cohort of savers retiring in the 2020s and 2030s, is heavily **reliant on both DB <u>and</u> DC** pensions wealth; this fact should be **front of mind, and appropriately reflected, in the dashboards rollout**.

5. **How / What / When?:** The CfI (para 17) encourages respondents to consider the 'how' (technology) and the 'what' (data) of the requirements when thinking about the 'when'. All our responses to the questions of 'when' are made **in this wider context of 'how' and 'what'**.

6. **Key areas of uncertainty, assumption and dependency:** Numerous 'hows' and 'whats' are **not yet certain** (see our Q4 response), including liability model, ISP services, digital ID, matching, GDPR compliance, response times, View data items (including display standards).

7. **Staging timing:** Because there are so many significant areas of uncertainty, assumption and dependency, PLSA members find it extremely difficult to, or **are unable, to estimate how long** they will need to be ready to connect to the central pensions dashboards architecture. This means it is far from certain that any assumption that schemes need 12 to 18 months to prepare for connection to the dashboards ecosystem is achievable.

8. **Other pressures on key data and systems resources:** In the time window envisaged for dashboards compliance (period leading up to 2023, and then 2023 to 2025), schemes have numerous other demands on key resources, including implementing McCloud remedies, GMP equalisation, and major scheme-specific change projects, so flexibility is key to ensure resource availability for dashboards activity.

9. **Reliance on ASPs / TPAs:** A critical dashboards dependency is schemes' reliance on their administration software provider (ASP) (for in-house administered schemes) or third party administrator (TPA) (for outsourced schemes) to **bring forward acceptably priced ISP services** with **capacity to support all schemes**.

10. **Systems dependencies**: With 21 months to go before the proposed start of staging for Wave 1 / Cohort 1 in April 2023, **no ASP or TPA is yet providing ISP services**, and the supplier of the central digital architecture (to which they are going to have to connect) has **not yet been procured**.

11. **Implementation delivery risk:** There is therefore **considerable delivery risk to a safe and secure implementation** of an end-to-end dashboards service by the start of staging in 2023, with a very significant reliance on successful build and test activity during 2022.

12. **View amounts:** A key area of 'what' uncertainty is the View data. PDP's December 2020 data standards are being user tested, with further work being done on ERI, so **the requirements are not final**. Moreover, they are **unlikely to be known until draft Regulations are published at the end of 2021** and **will not be fixed in law until early 2022**.

13. **Understandability:** And if the December 2020 ERI data requirements stand, which is to use the existing data provided by pension schemes on annual benefit or leaver statements, they will **not meet the understandability criterion** above. This is because they will show a range of different retirement dates, with amounts estimated at different dates in the past, present and future, with projections into the future on the basis of different assumptions. Moreover, the fact that the dashboards will be showing in one place data on schemes of different types – DB, DC and Hybrid – also makes the information less easy to compare. The CfI does not explicitly ask for input on this critical point, so we have recorded PLSA members' views on this in **General Comments**.

14. **User testing:** PDP's extensive user testing of savers' needs, and prototype dashboard displays, will run over the summer and into late autumn 2021. PLSA sees the latter as critical, especially on topics like **different payable dates across / within different pension entitlements**.

15. **View data certainty:** The user testing in the summer / autumn 2021 will identify what most users can actually understand and, as noted above, will help to achieve certainty on the data requirements in the form of draft DWP regulations in late 2021 and final regulations in early 2022. **It is only then – in early 2022 – that schemes will be able to estimate with confidence how long they need to be ready.**

16. **Existing versus new ERI bases:** Policy to date has majored on returning to dashboards information which is already sent to members, for example on benefit statements. This will help reduce the cost to schemes and providers of preparing for dashboard. However, as noted above, the resulting information is likely to be hard to understand or compare. If, at a later date, it is decided to make changes to this approach, for example, the adoption of new standardised ERI bases, it will require **industry-wide re-automation**. This is likely to be very expensive and also take considerable time.

17. **Find first:** Given all the current 'how' and 'what' uncertainties, and the delivery risk, many (but not all) PLSA members favour **launching "Find" dashboards first**, moving to "View / ERI amounts" later. This would be both **very useful to savers** and allow an essential **period of bedding in**. False positive returns of contact details during this bedding in period would be much less serious than false positive returns of ERIs and other pension information. False positives will occur, and if View / Amount is launched from the start then pension information will be exposed to the wrong individuals, harming both members and providers. Most PLSA members favour showing comparable incomes amounts. And some want this style of View launched at the same time as Find, accepting that this may delay delivery because standardised ERIs are not yet defined.

18. **Completeness and practicality of regulations:** The largest PLSA members recall being in the first waves of AE implementation from 2012. At that time, **regulatory guidance was incomplete** and the **true challenges of implementing the law in real world contexts** only became clear with industry experience growing at the same time. The PLSA asks that Government learns from the experience of AE implementation and acknowledges that time must be allowed for "real world" issues to be discovered and rectified.

19. **Flexibility within Waves and Cohorts:** Whilst PLSA members accept the proposed waves / cohorts in principle, a flexible staging approach to Find first will be key. To accommodate scheme-specific situations, **each scheme should have a staging window** not a single date.

20. **Wave 1 / Cohort 1:** The largest master trusts (MTs) have thousands of very many small employers, and millions of members. Like all workplace schemes, they are dependent on employers and members to maintain accurate personal information on their records, and this should be reflected in the regulatory approach to dashboards compliance. Given this, PLSA MT members can accept in principle being first to comply, as long as a flexible staging approach is adopted (as described in our response to Q12). Similarly, PLSA members who are FCA regulated providers can accept being Cohort 1 as long as PDP engages closely with them, ideally through a dedicated PDP relationship manager, to agree a detailed plan of which pensions are staged when (see our response to Q14).

21. **Wave 1 / Cohort 3:** We only agree with large DB scheme compliance from Autumn 2023 on the basis of "Find first". If it is to be Find & View, however, then Autumn 2023 is very unlikely to be achievable, depending on the results of user testing (as set out in our response to Q19). Similarly, if Find is not separated from View, then we do not think public service pension schemes should be staged as early as possible in the first wave.

22. **Relative, not absolute, windows:** Further, given the numerous implementation challenges and uncertainties, especially during 2022, it would be wise for the staging regulations to include **relative staging windows**, as opposed to hardcoding actual dates in the legislation, e.g.

> *"Scheme X must comply, at an appropriate point of its choosing within a 12 month window, starting 6 months after final testing and acceptance of a live beta ecosystem".*

23. **Post staging / Pre-Dashboards Availability Point (DAP):** From savers' perspectives, of course, the key issue is "When will the DAP fall?" Given the likely age 56+ user base, PLSA feels the DAP should be when **90% of all deferred and active pension entitlements are findable**. Experience suggests, though, that the DAP should not fall immediately this 90% is reached. Data issues need time to be flushed out / rectified in a live context, prior to the DAP.

    Also, a more granular definition of the DAP percentage is required. 100% Findability (and Viewability if that is in scope from the start) for any given scheme may not (ever) be possible.

So “90% of all deferred and active pension entitlements being Findable” might more accurately be “90% of all deferred and active pension entitlements are in schemes which have been connected to the dashboards ecosystem, but not all (or any?) of these schemes have 100% Findability”. During the beta testing planned for 2022, this topic (i.e. the realistic “extent” of Findability and Viewability achievable by real schemes) should be thoroughly explored to inform regulatory guidance.

24. **Further dialogue:** PLSA will be very happy to continue dialogue with the PDP, regulators and DWP as these detailed dashboards policies are further settled over the summer and autumn.

GENERAL COMMENTS

1. The Pensions and Lifetimes Savings Association (PLSA) is a strong supporter of pensions dashboards. We feel that, when done in the right way, dashboards can be good for savers. There is now a growing body of international evidence supporting this.
2. In particular, PLSA strongly supports pensions dashboards' ambitions of helping savers:
    a. **locate** their various state, workplace and personal pensions
    b. increase their **awareness** of their different pensions by seeing them all in one place
    c. take greater **ownership** of their financial provision for.
3. But dashboards must also be secure and safe for savers and not mislead them. So PLSA feels the dashboards initiative should be focused on:
    a. the **prevention of scams**, for example through the use of proven strong digital identities and thoroughly tested personal data matching between the users of dashboards of the records held by pension schemes and providers
    b. the **protection of savers**, for example via strong FCA conduct rules on dashboards providers
    c. the **understandability of information** displayed on dashboards, for e.g. in particular, consistent pension income amounts across the full range of DB and DC pensions which exist within the entire UK pensions universe, and which have been thoroughly tested for understandability with a wide range of consumers with varying levels of financial literacy. We believe dashboards will be of more value to people if they include information on the PLSA's Retirement Living Standards.
4. In simpler terms, whilst helping savers **find their pensions** and **increase their awareness**, introducing this policy to the UK pensions environment must ***not*** facilitate:
    a. "**scammers** to take my pensions"
    b. "**dashboards** to falsely overinflate my expectations"
    c. "**confusion** to reign due to displaying my mixed combination of scheme-specific pensions" (which may not align with figures I can see on my scheme's website).
5. All our responses to the Pensions Dashboards Programme (PDP) staging call for input (CfI) are made within this overarching critical context of saver **protection** and **understandability**.

Who is going to use pensions dashboards in the UK?

6. Initially, PDP should be focused on the **particular cohorts of savers** which consistent international evidence suggests will be the primary majority users of UK dashboards.

7. Whilst the context of pension system development and people's attitudes varies from country to country, dashboard usage is remarkably consistent. User needs are generally the same regardless of country, and can therefore be viewed as a good indicator for when UK dashboards are launched.

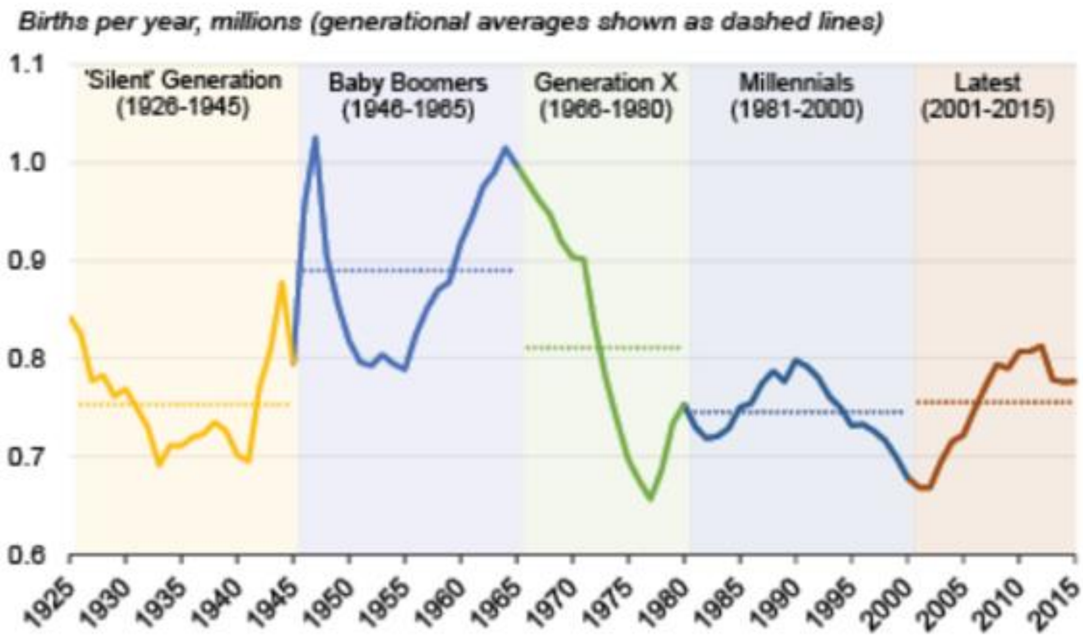
8. The CfI highlights (in para 84) how peak usage of international dashboards occurs as individuals approach retirement. Annex A amplifies this evidence.

9. The UK Government's **ambition** is likely to be for higher usage amongst younger cohorts, for example from age 50+ (aligning with Pension Wise eligibility), plus amongst 40-somethings, and even 30- & 20-somethings.

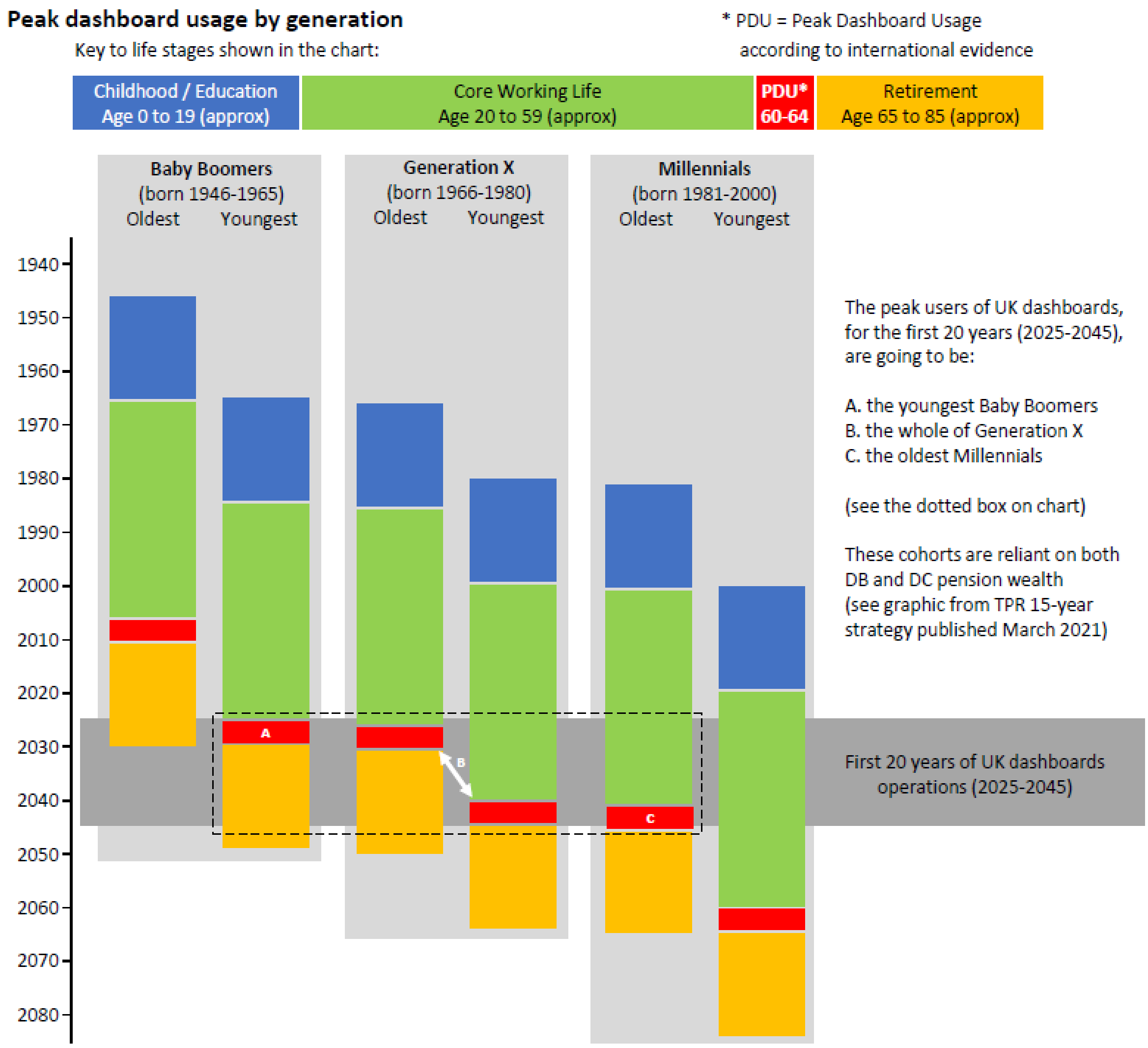
10. These ambitions may be supported by the UK's multiple dashboards policy, i.e. giving people access to their pensions information via technology facilities "where they already are" (such as their online banking app).

11. But at the moment, actual UK usage remain unknown. However, the **actual, and highly consistent**, international usage data (from Belgium, Denmark, Finland, the Netherlands and Sweden) shows that users are a little more likely to be male than female, and are mainly aged 56+, with peak dashboard usage (PDU) occurring between the ages of 60 and 64.

12. Which generations of UK savers are going to be aged 60 to 64 over the next 20 years or so? (using the ONS definition of generations illustrated below):



13. The next diagram illustrates that it is the youngest Baby Boomers, all of Generation X, and the oldest Millennials who are going to aged 60 to 64 during the first 20 years of operational pensions dashboards in the UK (i.e. 2025 to 2045):



14. Younger cohorts do use the international dashboards, but they are in the minority. Initially, whilst UK pensions dashboards should be mindful of, and seek to cater for, the needs of younger cohorts, the reality may be that the majority of users will be 56+, and particularly 60 to 64 (i.e. the dotted box in the chart above for the next 20 years).

15. The Pensions Regulator's 15-year Strategy to 2035 published in March 2021, highlights (albeit in broad and general terms) the reliance that different generations coming to retirement in the next 15-20 years are going to place on different types of pensions wealth:

Savers' relative reliance on retirement wealth sources

25. The Danish dashboard experience (see Annex A) is that people on lower incomes use dashboards less. Again, we should be mindful of country differences, but this may be an indicator that the bottom "low to very low income" row above might be less likely users.

26. The six red ovals in the diagram therefore focus on people with "middle to low income" and "high to middle income", across the three generations: Baby Boomers, Generation X and Millennials. As described above, these are all going to be key users of UK dashboards.

27. In addition to their State Pension (SP), five of these six groupings (or ovals) will place:

   a. **Medium or High reliance on defined benefit (DB)** pensions wealth (i.e. much being deferred in schemes closed to new entrants / future accrual)
   b. **Low or Medium reliance on defined contribution (DC)** pension wealth.

28. For dashboards to be a success as soon as they are launched, these crucial facts about who the users are likely to be, and the pensions that they have, must be front of mind, and appropriately reflected, in the overall staging approach and rollout of pensions dashboards.

29. All our responses to the CfI on the staged coverage and launch of dashboards, are made within this key context that **the majority of users of dashboards for the next 20 years have a mix of DB and DC making up their total retirement income**.

Certainty, and understandability, of pension income data shown on dashboards

30. Whilst PDP published a Data Standards Guide in December 2020, ongoing user testing and work on estimated retirement income (ERI) requirements suggests this is not a finalised and certain statement of requirements.

31. In particular, the data standards published by PDP in December 2020 do not meet the critical "understandability" test for users of dashboards.

32. In PDP's Call for Input on data in the summer of 2020, respondents said that:

    > *"because the ERI information currently provided on different schemes' annual statements is highly inconsistent, putting it alongside each other on dashboards, would be confusing, misleading and generally off-putting to users."*

    The December 2020 data standards did not address this issue, which remains critical for the successful launch of "View dashboards" from the perspective of savers.

33. PLSA's position on pension income amounts, which like all other proposals should be thoroughly tested with a wide range of consumers before being adopted, is that initial dashboards should show only **pensions built up to date, expressed as at income at, say, 65** (DB and DC), with no projections of future service, future contributions, or future investment returns.

34. This is not a consistently held view across the entire PLSA membership, however. Whilst some PLSA members have fundamental concerns about showing projected (as opposed to currently accrued) incomes, other members feel that future accrual **<u>should</u>** be included, otherwise it could be misleading.

35. These disparate views illustrate, again, the critical need for extensive testing of **what most users can actually understand**.

36. Only once the understandability of different pension income amounts has been thoroughly tested should the View data be settled, and only then can estimates be provided by industry of the time needed to achieve connection.

37. This is the approach set out by DWP in April 2019, in paras 65-69 and 74 of its Command Paper 75. PLSA wholeheartedly concurred with this proposed approach at the time, and continues to concur with DWP on this.

38. We have repeated these key elements of DWP's 2019 proposals below as it is not clear to us how user testing is informing the view data standards in the way DWP originally envisaged in paras 66 and 69 below:

> 65. Testing will be important to the success of dashboards to build trust among both those using the data (individuals) and those providing the data (pension schemes).
>
> 66. This means test dashboard(s) would not be using 'real' consumer data or be available to the general public, the testing dashboard(s) would exist to trial how dashboards look, work and what information people will see on them.
>
> 67. Testing is standard good practice for developing any user-facing software, and is especially important in this project.
>
> 68. The pensions landscape is diverse, with many different types of scheme, each with their own set of rules for calculating and displaying information. Combining information from these different types of scheme into one cohesive and easily understandable view is a significant challenge.
>
> 69. This testing process would allow the development of a set of design, performance and user experience standards for all dashboards to follow. We expect these standards and the data standards will need to be developed in tandem.
>
> 74. **Our conclusion: dashboards will be developed using a phased approach. User research and testing connections in a controlled environment will be a critical stage. We expect the creation and user testing of consumer facing dashboards to occur from 2019 in a controlled environment, working with the industry delivery group.**

39. How is the user testing and development of this "cohesive and easily understandable view" informing the data standards to be mandated by draft regulations in December 2021?

40. Numerous PLSA members feel that, given the history and complexity of numerous layers of UK pensions legislation, legal judgements and the consequent variety of scheme designs, it may never be possible to arrive at a "cohesive and easily understandable view".

41. PLSA members want to know how the pension income amounts they provide will be displayed to dashboard users along with all their pensions from other sources. They are yet to be convinced how possible it will actually be to do this in an understandable manner.

42. Furthermore, PLSA members have suggested that trustees may issue communications to their members explaining that **figures on dashboards should not be trusted** if the display is not properly caveated. Benefit statements often contain extensive explanatory comments accompanying figures, detailing the further scheme-complexities which exist.

43. In addition, benefit statements and other communications are often presented with extensive language which is geared towards regulatory compliance with disclosure requirements.

44. On this point about caveats / explanations, though, PLSA members feel much may depend on where legal financial responsibility rests should an individual take action, or not take action, due to the information displayed, or not displayed, on a dashboard which misled them.

45. Depending on how this liability position is defined, PLSA members do not think dashboards will be seen as a good thing if, as soon as they are made available to the public, numerous media, industry and other commentators are saying that the figures cannot be relied upon.

46. We repeat the critical evidence that it could well be younger Baby Boomers, Generation X and older Millennials who may be the major users of dashboards for the next 20 years, and these cohorts have a mix of DB and DC pensions. These varied pensions must be displayed in understandable ways on dashboards if these savers are not to be confused and misled.

PLSA membership coverage

47. Per our response below to CfI Q3, the PLSA has broad coverage. This means our responses to the CfI represent the views of a wide range of pensions arrangements which will be required to make data available to be found and displayed on dashboards, i.e.

    a. Local Government Pension Scheme (LGPS) funds

    b. Private sector DB and DC schemes (both in-house and outsourced administered)

    c. Third party administrators

    d. Master trusts

RESPONDENT DETAILS

Q1: To enable your response to feed into the government's policy development, unless you indicate you do not want us to do this, we will need to share your responses with DWP, TPR and FCA.

48. We confirm we are content for PLSA full response to be shared with DWP, TPR and FCA.

Q2: Please tell us the name of the organisation on whose behalf you're responding.

49. The Pensions and Lifetime Savings Association (PLSA)

Q3: Please select which category/categories of respondent best represents you:

50. The Pensions and Lifetime Savings Association (PLSA) member organisations include the following:

- private sector pension schemes and providers:

  - master trusts
  - FCA regulated providers
  - DC occupational scheme used for AE
  - DC occupational scheme, with 1,000+ members
  - DC occupational scheme, with 100-999 members
  - DC occupational scheme, with under 100 members (not very many)
  - DB occupational scheme, with 1,000+ members
  - DB occupational scheme, with 100-999 members
  - DB occupational scheme, with under 100 members (not very many)

- public service schemes

- administration providers.

WHAT WILL DATA PROVIDERS HAVE TO DO?

Q4: Based on the information, how long do you estimate you will need to be ready to connect, and why? From what point in your working assumptions does the lead time start (e.g. draft regulations, regulations laid before parliament, or approved)?

51. During the six-week CfI period, PLSA has engaged extensively with its members of all types (LGPS funds, DB and DC schemes, TPAs, master trusts and pension providers).

52. The consistent response amongst PLSA members is that the proposed staging waves and cohorts are highly ambitious, from the perspectives of both a) PDP / regulator readiness and b) industry readiness.

53. Whilst a small minority of PLSA members expect their current technology investments to enable them to comply within the April 2023 to March 2025 window, the more consistent view is, across all types of PLSA members, that **they find it extremely difficult or, indeed, are unable, to estimate how long it will take to be ready** before it has been confirmed: a) in absolute certain detail what they have to do, and b) how they will do it.

54. Some of the key, currently largely unquantified, areas of uncertainty, assumption and dependency in relation to this 'what' and 'how' for pensions dashboards are listed below. These are in the not necessarily in priority order for resolution, and the nature of the resolutions vary across the different issues:

    a. **Liability model:** i.e. where legal financial responsibility will rest should an individual take action, or not take action, due to information displayed, or not displayed, on a dashboard. A first "discussion paper" on this has been promised by PDP in July 2021, but this needs to be thoroughly worked through and settled, and then understood by, and agreed with, all trustees, and their legal advisers.

    b. **Acceptability of a scheme's existing system provider / administrator to be their ISP:** Whilst PLSA member schemes are keen to comply and help make dashboards a reality, their ability to do that is, in the main, very largely dependent on their existing administration system providers (ASPs) (in-house schemes) or third party administrator (TPAs) (outsourced schemes) being willing and able to act as their integrated service providers (ISPs). This is a critical dependency.

    No ASPs / TPAs are yet offering ISP services. Whilst some larger TPAs are keen to "get on", some may not wish to make a commercial commitment to providing ISP services until there is absolute legal certainty in the summer of 2022.

    If a scheme's existing ASP / TPA decides **<u>not</u>** to offer ISP services, or where they do but:

    a) the **scope** and / or **price** is **not acceptable** to trustees, or

b) the provider does not have **capacity** to service all their existing clients in the required timescale

then schemes will need to undertake a rapid procurement exercise for an ISP in an immature and time-constrained market.

These services will then need to be developed extremely rapidly during the remainder of 2022, including the detailed contractual terms surrounding the provision of ISP services, and the anticipated knock-on impacts on wider administration services.

c. **ISP strategy:** Only when their ASPs / TPAs have confirmed they will provide ISP services, will schemes be able to settle their ISP strategy for dashboards compliance, which could very likely involve multiple ISPs across different elements of the scheme.

d. **Development and testing of technical connections with the central architecture:** No ISPs have yet connected to the CDA; indeed the architecture does not yet exist, nor has its supplier yet been procured. Detailed technical specifications for the APIs that ISPs must use need to be developed, tested and published.

So any estimates are all based on the critical assumptions that the CDA is procured, built, tested, and API specifications published, and then ISP services are developed, connected and tested, including on key issues such as security and performance.

e. **Digital identity assurance:** The level of confidence / assurance of digital identities being passed to ISPs is not yet confirmed.

f. **Testing of Digital identity and Find / match processes:** the Find dataset (i.e. the asserted digital identity) being sent from the central digital architecture (CDA) to all schemes appears to be relatively settled (in theory at least). But as well as the establishment of technical Find interfaces between the CDA and ISPs, the delivery of safe Find processes requires users' personal details to be compared and matched by every pension scheme and provider (or their ISPs acting on their behalf) against those digital identities.

This is a very significant undertaking which needs to be thoroughly tested and proven from multiple perspectives (including security, safe matching and performance) before schemes can start to comply.

Whilst ASPs / TPAs may be confident they can technologically connect relatively quickly, they are unlikely to have extensive insights into the accuracy of schemes' data (remembering that TPR data scores only look at the presence and reasonableness of data, not its accuracy).

Schemes are looking for (yet to be developed) industry standard approaches for reviewing the accuracy, not just the presence, of personal data.

Industry standard protocols for personal data matching also need to be developed, including what steps should be taken for partial matches. There is a concern that schemes may set a "high bar" for matching and therefore fail to match records that are only very slightly different (e.g. shortened / mis-spelt names, etc.). These issues will impact the experience of using dashboards and expose schemes to data breaches.

g. **Overcoming data protection challenges:** The interaction of the new dashboards legislation and existing data protection law has not yet been devised. This will be critical before any schemes can start meeting their dashboards compulsion duties.

h. **Response times:** No response times have yet been announced (i.e. how quickly data must be returned when a positive match is made) which could significantly impact strategic technology decisions.

i. **Certainty of View dataset requirements:** The ongoing user testing of the View dataset, and the further work being done on ERI, suggests there could be changes to the initial data standards published by the PDP in December 2020.

A major consultation on draft secondary legislation (which mandates the data standards) is currently scheduled to run through the first quarter of 2022. So whilst there will be **greater certainty by the end of 2021, when DWP will consult on draft regulations, there will only be full legal certainty on a) the data requirements and b) staging dates in early 2022**, once final regulations have been published and approved by Parliament.

So in the 21 months from now (July 2021) to the proposed commencement of staging in April 2023, 12 months will be spent finalising requirements, leaving nine months for industry from the point of certainty to the start of staging (for master trusts and FCA regulated providers).

And even once regulations are settled in the first quarter of 2022, the standards are expected to need to iterate in light of live usage. PDP's June 2021 research report from BIT[1] states that continual iteration will be key, rather than a "set and forget" approach. This has also been the experience with other countries' pensions dashboards.

PLSA members can only provide an informed view on timescales to get ready for View when there is absolute certainty on View data. This includes assurance that the View data has been thoroughly tested with users for understandability, as well as the display and caveat standards that will apply on all dashboards.

[1] "The work on pensions dashboards is still relatively nascent, and there are many gaps in relation to understanding how people actually behave when they interact with dashboards ... testing and optimisation should continue once pensions dashboards are live ... Rather than a "set and forget" approach, continuous evaluation and monitoring will be important."

j. **Testing of "View" processes:** View interfaces between dashboards, the CDA and ISPs need to be developed and tested, and (as stated above) iterated in live usage.

55. Implementing both "Find" and "View" will require the creation, and thorough testing, of two sets of interfaces between dashboards, the CDA and ISPs.

56. The Find dataset is relatively settled compared to the View dataset which is still being extensively tested with users. Given this, many PLSA members feel that **it will be quicker, and safer, to launch Find dashboards first**, with View data being made mandatory later (see our response to Q8 for more details).

57. Thinking more broadly than dashboards, pension schemes of various types have **other pressures on key data and systems resources** in the time window envisaged for dashboards compliance (period leading up to 2023, and then 2023 to 2025).

58. In particular, public service schemes are implementing McCloud remedies, and all formerly contracted-out schemes are implementing GMP equalisation solutions. Other schemes will be implementing their own scheme-specific major change projects, so flexibility is key.

59. These other projects, including some (like dashboards) where the full requirements are not yet known, will all have a major bearing of schemes' resource availability for dashboards.

Q5: [Pension & data providers:] If different from your response to Q4, how long would it take you be able to provide all the required view data?

60. As set out in our General Comments above, **the view data in the December 2020 is very unlikely to reach an acceptable level of understandability** for savers.

61. Some PLSA members with hybrid schemes, with DB and DC sections, have received feedback from members that they **struggle to sensibly combine the disclosure ERIs**, i.e. DB ERI accrued to date and DC SMPI ERI at a future retirement date. This is what dashboards will show across all schemes, which will be a very confusing user experience.

62. Pension income amount displays need to be thoroughly tested, as DWP originally envisaged in 2019. View data can be settled as a result of that extensive testing with savers.

63. This is the point at which there will be View data certainty, currently planned for the first quarter of 2022. This certainty must cover all relevant topics, such as the provision and display of different payable dates both across, and within, different pension entitlements (i.e. different retirement dates across schemes and multi-tranches within schemes).

64. Dashboard display and caveat standards should also be clearly defined at this stage, as well as the liability model for users acting, or failing to act, because of misunderstanding the summary information they view on a dashboard.

65. Once this certainty exists, schemes can estimate the costs and timescales required to comply.

66. Note that policy to date has centred on the core assumption of returning to dashboards information which is already sent to members, for example on benefit statements. Any changes to this core assumption as a result of using testing (for example, new standardised ERI bases), will require industry-wide re-automation, adding time to the timescales.

67. PDP's 2020 Call for Input on data covered the existing ERI complexities, but additional details on this are provided in Annex B.

Q6: Would response time be material to onboarding i.e. would longer response times for ERI or accrued value information (rather than real-time) facilitate earlier staging? If so, what sort of response time would make a difference?

68. Per our response to Q4, many PLSA member feel Find dashboards should be launched first, with a reasonable user response time established (through user testing).

69. User testing should also investigate to what extent users will tolerate longer response times for View data.

70. The View data, that has been proven as user-understandable, should then be settled per our response to Q5, and mandated later, to be returned within the established Find response times (or longer response times if the user testing has shown this to be acceptable).

71. Policy to date has centred on the core assumption of returning to dashboards information which is already sent to members, for example on benefit statements. This assumes that schemes would not need to do calculations as a result of dashboard find requests, i.e. because they already store the View data to be returned, but this is not always the case

72. This, of course, impacts the recency of returned data (which could be up to 11 months out of date). **Response time and recency of data** should be tested together with users.

73. If users require very recent data, then schemes may need to do live calculations, which will likely lengthen response times. However, PLSA schemes feel members wanting up-to-the-minute information will be sufficiently engaged to go their different schemes' and providers' websites for that information.

74. Dashboards should be focused on grabbing the attention of users looking to find their pensions, for which up to 11 months out of date information is probably acceptable. This, however, should all be thoroughly tested, alongside the trade off with response times, and potential conflicts between figures users will see on dashboards compared to more up-to-date information on schemes' / providers' own websites.

75. So, in the answer to the question, subject to the results of user testing, faster response times are likely to push back the point at which schemes can connect to dashboards, whereas slower ones, are likely to make connection more achievable.

Q7: [Pension & Data Providers:] What further information, if any, do pension providers need to get ready for dashboards?

76. Data providers need a considerable list of further information to get ready.

77. Most, if not all, of the items on this list are **outside of schemes' control**, hence the reluctance to say how long it will take to be ready. This list currently comprises (not necessarily exhaustive as further requirements may emerge in alpha/beta testing in 2022):

    a. **Liability:** Confirmation of where legal financial responsibility rests should an individual take action, or not take action, due to the information displayed on a dashboard which misled them

    b. **ISP provision / funding:** Confirmation that existing ASPs / TPAs will offer acceptable ISP services, with capacity to support schemes' compliance, at an acceptable price, with budgets secured, enabling schemes and providers to settle their ISP strategy

    c. **Technology requirements:** Confirmation, once alpha / beta testing is underway that technology suppliers have everything they need, in good time, to support schemes with the provision of ISP services

    d. **Learnings:** All relevant learnings from the alpha, and beta, volunteers rolled out as quickly as possible across the whole industry

    e. **ISPs contract service definitions:** Industry standard examples of ISP contract service terms

    f. **Digital identity:** Confirmation of the level of confidence / assurance to be placed on digital identities passed to data providers.

    g. **Matching:** Industry standard personal data matching protocols, i.e. specifying which personal data items could be used for matching

    h. **Partial match response:** Confirmation of what data providers should do if, say, only two out of three identifiers match (for example NI Number and Date of Birth match but Surname doesn't)

    i. **Personal data accuracy:** Industry standard approaches, and best practices, for assessing, and improving, the **<u>accuracy</u>** of personal data (not just its presence and reasonableness as required under TPR record keeping requirements). Note: the scale of this issue, and rectification approaches, may only become apparent once schemes have connected and are operating Find processes

j. **GDPR compliance:** Industry standard approaches to ensuring that schemes are GDPR-compliant in every aspect of their involvement with dashboards, including during the staging window

k. **Response times:** Confirmation of how quickly data must be returned (with the acceptability of these response times thoroughly tested with users)

l. **Certainty of view data items required:** Confirmation of the view data items, in particular that full user "understandability" testing has been completed, in particular income amounts, payable dates, tranches, recency, etc.

m. **View data display standards:** Details of how view data will then be displayed on dashboards alongside pensions from all the user's other sources

n. **View data caveat standards:** Confirmation of how view data items will be caveated on dashboards.

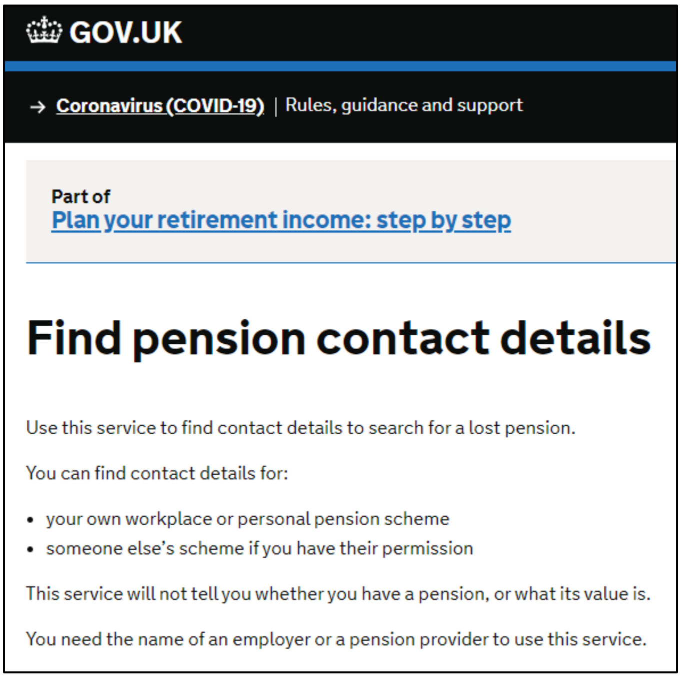
FIND DASHBOARDS

Q8: Do you have any further evidence on consumer needs and/or the acceptability of a dashboards service displaying partial information for a limited time?

78. Many PLSA members feel that Find dashboards would not only be acceptable, but **highly valued**, by individuals*. This could be especially true for the individuals who evidence shows will be the **primary users of dashboards**, i.e. people in their 60s looking to contact their schemes to bring their pensions into payment in the relatively near future. For these individuals, the nearer they are to actual retirement, the more accurate a retirement quotation they need, so returning contact details to enable them to request an actual quotation with all associated options, as opposed to seeing an out-of-date, approximate ERI, might be the best for them – to be user tested, like everything else.

    * (although others feel there should be a partial View of current DC pot amounts).

79. What feedback has been received from users of the existing "Find pension contact details" service on Gov.uk? (see image).



80. From experience, the service is a bit "hit and miss" in terms of the contact details it returns after searching on an employer or scheme name.

81. Anecdotally, we understand users of this service have fed back they would like to just be able to input their personal details and be told which schemes and providers they have pensions with.

82. As can been seen from the image, the existing service does not tell you whether you have a pension. And you need to know the employer and provider name before you start, with no guarantee the scheme will be found.

83. That said, people do use this existing service to discover contact details, which they then use to get in contact with PLSA member schemes. So we know people would find a properly functioning Find service very helpful.

84. "Find dashboards" would go way beyond this existing Gov.uk service by:

    a. Telling the dashboard user definitively which schemes and providers they have a pension with (assuming personal data matches, which is a key assumption), but

   b. Without having to know or input employer / provider names up front.

85. “Find dashboards” could also potentially offer a “click through” to each found scheme’s / provider’s website, rather than a postal address and phone number as provided by the current service (which may or may not be for the correct scheme). Indeed, some PLSA members even feel that **Find dashboards are enough for users**, i.e. “for all View pension information, click through to your schemes’ / providers’ website”.

86. If Find dashboards are positioned and launched correctly with users, they will be well received, with the promise of **comprehensive, user-tested understandable View data to follow** in due course. This would deliver great publicity for dashboards, as a safe, reliable and developing service. Early feedback would evidence their usefulness.

87. In the meantime, Finding your pensions, with contact details (or click through to scheme / provider websites), means users will be able to go and get all the pension information they want from their schemes / providers. This has real meaningful value for users.

88. And just to reiterate, based on the December 2020 data standards, users will **not be able to tell what their total ERI is**, and they must not be led to think that this will be possible.

Bedding in Find

89. As well as providing a very useful service for dashboard users, launching Find dashboards will allow a safe period of bedding in matching and Find.

90. The largest PLSA members recall being in the first waves of AE implementation from 2012. At that time, **regulatory guidance was incomplete** and the **true challenges of implementing the law in real world contexts** became clear with industry experience growing at the same time. A period of bedding in Find would minimise the risk of a similar situation recurring with dashboards.

91. For matching, all parties involved with pensions are very well aware that data scores from TPR record keeping checks only reflect the **presence** and **reasonableness** of common data, not its **accuracy**. Everyone knows workplace pension schemes/providers depend on employers and individuals for the maintenance of accurate personal data. What is not known is the **extent of inaccurate personal data** maintained by employers/individuals.

92. ABI’s May 2020 research found that only 1 in 25 people consider notifying their pension scheme or provider when they move house, so in very many cases matching on Postcode will be a non-starter. If partial matches are dealt with well, this may improve over time, but address quality also drifts over time.

93. Moreover, PDP's October 2020 research from PwC found that *"the true extent of the challenges [with] key identifier data may only become apparent when data providers [connect with] the pensions dashboards ecosystem"*.

94. The prevalence of false positives and false negatives is therefore not known. A period of operations of Find dashboards would enable this to be discovered and the situation mitigated / improved accordingly. Extreme caution is needed, however, around making data updates – solutions will be possible, but will take time to implement in live usage.

95. In essence, Find, done well on time, is better than Find and View done badly, or Find and View done late (given testing, liability, response times, recency, tranches, etc are unknown).

EARLY STAGING

Q9: Do you see any barriers to early staging?

96. We advocate in our responses below that every pension scheme and provider is allocated a window within which it can comply. So, in effect, complying at any time in that window other than the very last day would represent early staging, without any barriers. (See our response to Q27 below, though, in respect of small schemes associated with larger schemes)

97. In addition, this would allow schemes within various sub-sectors of the pensions universe some flexibility across those communities. For example, this could be:

    a. Different funds within the LGPS

    b. Different schemes administered by the same TPA

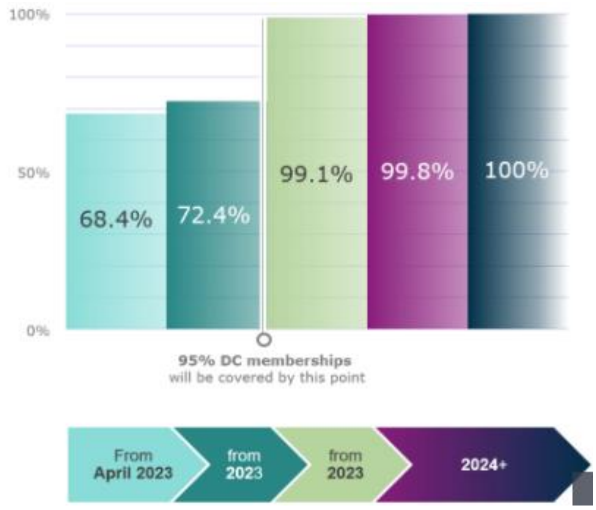
98. Of course, staging will not be possible, let alone early staging, until the 'what' and the 'how' issues described above are resolved.

Q10: This question particularly applies to data providers, what is your appetite for staging early? Are there things PDP could do to encourage you to onboard earlier?

99. There is little appetite amongst PLSA members to stage early. Flexibility should be enabled by prescribing a staging window for each scheme as described above.

WAVES AND COHORTS

Waves	Cohorts	Cumulative proportion of memberships
1	Master trusts and FCA regulated pension providers	68.4%
	Large DC used for AE	72.4%
	Other large DC, DB & public service schemes	99.1%
2	Medium schemes	99.8%
3	Small and micro schemes	100.0%



Wave 1

Q11: Do you agree with our recommendation to prioritise occupational schemes with 1,000+ members and FCA regulated providers in the first two years?

100. A flexible staging approach will be key. To accommodate scheme-specific circumstances, such as special projects underway, each scheme should have a staging window not a date. In addition, there should be provision for exceptional circumstances for schemes to apply for a limited "spill over" window. Further, consideration should be given to exceptional discretion being extended to enable regulators to disapply compulsion on individual schemes in certain tightly defined circumstances (such as the scheme being in wind up, transfer to the PPF, etc.).

101. As set out in our earlier comments, many PLSA member feel dashboards should be launched on a Find basis first, with a Dashboards Availability Point (DAP) when all, or nearly all, pensions are findable (at least 90% of all deferred and active pension entitlements). The sequencing of getting to this Find DAP should be focused on deliverability.

Wave 1, Cohort 1

Q12: Do you agree master trusts should be the first to stage? Do you have any further evidence that speaks to their deliverability?

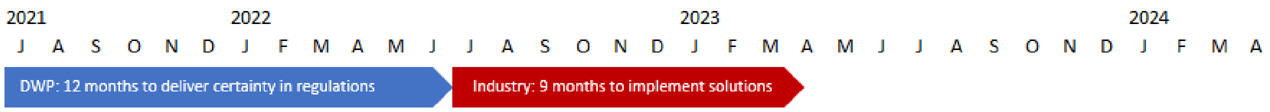
102. The largest master trusts (MTs) have thousands of very many small employers, and millions of members. Like all workplace schemes, they are dependent on employers and members to maintain accurate personal information on their records. This should be reflected in the regulatory approach to dashboards compliance. Given this, PLSA MT members can accept in principle being first to comply, as long as a flexible staging approach is adopted. be key. This is described below.

103. Bringing master trusts to compliance first is pragmatic in terms of building scale quickly, but we repeat our view that, given the likely users of dashboards, the DAP should not be before 90% of all deferred and active pension entitlements are findable. Once dashboards are up and running, the sequencing prior to the DAP will be irrelevant.

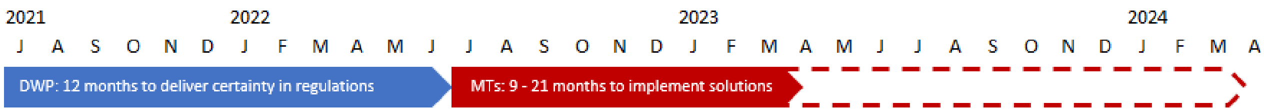
104. To accommodate scheme-specific circumstances, such as special projects underway, each scheme should have a staging window not a date, with provision in exceptional circumstances for schemes to apply for a limited "spill over" window.

105. Such flexibility will enable appropriate resource and delivery alignment alongside all other special one-off projects that specific schemes and providers have underway.

106. This is illustrated in the diagrams below. Rather than having to comply **<u>on 1 April 2023</u>** with 9 months to comply from legal certainty in the first part of 2022:



PLSA proposes that each scheme has a prescribed "window" during which it must start to comply. So, for example, the first master trusts would be required to comply **<u>"within 12 months of the start of staging"</u>**:



107. This same "flexible window" approach should apply to **<u>all schemes, of all types, throughout the waves and cohorts</u>**.

108. In this way, staging should be seen as more of a process than an event. There will be a connection and testing process, and a period of live operations / testing / bedding in, after which scheme compliance will have been achieved.

109. Schemes' experience with existing large scale data management projects suggests the DAP should not fall immediately after the 90% of entitlements threshold is reached. Data issues need time to be flushed out / rectified in a live context, prior to the DAP.

110. This concept of a staging window / process is particularly important for TPAs and FCA providers, to enable them to plan compliance across their whole books of business, with a variety of different, current and legacy, schemes and product types.

111. Moreover, major TPAs and FCA providers should be able to agree with a PDP Relationship Manager, an onboarding plan for their books of business.

112. Also, given the numerous implementation challenges and uncertainties, especially during 2022, it might be wise for the staging regulations to include **relative** staging windows, as opposed to **hardcoding actual dates** in the legislation, for example:

> *"Master trust X must comply, at an appropriate point of its choosing within a 12 month window, starting 6 months after final testing and acceptance of a live beta end-to-end pensions dashboards service"*.

Q13: Do you agree that non-commercial master trusts should stage as part of the next cohort? In the absence of a legal definition of non-commercial, is 20,000 members a suitable proxy to differentiate them from master trusts competing in the AE space?

113. PLSA members do not feel strongly on this question.

Q14: Do you agree FCA regulated pension providers should be among the first to stage? Do you have any further evidence that speaks to their deliverability?

114. This depends on the nature of staging and the level of engagement providers can have with PDP in the build-up. Many FCA regulated providers manage a number of products across a variety of administration platform, potentially resulting in the need to build multiple points of connection to the digital architecture. This means that in comparison to, say, a master trust which provides a single product type, there may need to be a more nuanced approached to staging FCA regulated providers' books of business. Due to the scale and complexities of their businesses it is even more appropriate for large FCA regulated pension providers to be given a staging window rather than a single staging date.

115. This could allow for a negotiated program of onboarding where providers can onboard their less complex products first, learn from the process, and then utilise that experience to progressively move towards 100% of products being staged.

116. Due to the large proportion of benefits held by these providers they are critical stakeholders in completing a successful staging process. We would therefore recommend

that the PDP engages closely with all large providers to agree a detailed plan of which benefits can be staged and when.

Q15: Taking into account any existing plans to consolidate systems, and the potential to use an ISP (in-house or external), what specific challenges, if any, do FCA regulated providers of personal pensions face in getting all or part of their business dashboard-ready? Please provide evidence of the nature and scale of those challenges and how those challenges might be overcome.

117. See answer to Q14

Wave 1, Cohort 2

Q16: Do you agree that DC schemes used for AE should be the second cohort to stage?

118. PLSA members with DC schemes used for AE can accept in principle being in cohort 2, but these schemes, like all others, should be prescribed the flexibility of a staging window as described above.

Q17: Do you agree that non-commercial master trusts not included in cohort one should join cohort two?

119. PLSA members do not feel strongly on this question.

Q18: Do you agree with the rationale for requiring mixed benefit schemes with DC sections used for AE to be part of cohort two? Do you have any evidence on the impact of this? How far does this differ from current disclosure practice i.e. issuing annual benefit statements? What is the scale of the population impacted?

120. This has the effect of making some very large DB sections of hybrid schemes stage early. PLSA feels this is important for the user, i.e. so both parts of their scheme are connected.

121. DB schemes with DC sections will need to be explicitly made aware they could fall into an earlier staging band than expected.

122. As with all other waves and cohorts, this is only acceptable to PLSA members as long the scheme-specific staging windows, and Find first, approaches we describe above are adopted.

123. So they are not inadvertently caught by this requirement, there should be exception provision to exclude schemes which are in the process of closing / de-sectionalising.

Wave 1, Cohort 3

Q19: Do you agree the largest DB schemes should be staged from Autumn 2023 and all DB schemes with 1,000+ members should be staged within the first wave (within two years from April 2023)? Do you have any evidence that speaks to the deliverability of this?

124. **This is acceptable only as long as the Find first approach is adopted.**

125. If it is to be Find and View, however, then Autumn 2023 is very unlikely to be achievable, depending on the result of user testing. As set out above, PLSA DB schemes cannot provide a view on the timescales for the deliverability of View data once these requirements are certain, following user testing in autumn 2021 (and questions of multiple payable dates, multiple tranches, recency of data, response times, etc. have all been answered).

Q20: [DB schemes:] What are the specific challenges for DB schemes in connecting to dashboards? Which data elements are challenging, and why? Please provide any supporting evidence.

126. There will be a whole host of questions which schemes have about the precise pension income amount to return, for example, DB schemes with:

   a. level pension options (i.e. a higher pension until State Pension comes into payment from State Pension Age, when it reduces, so the total scheme + state income remains broadly "level", but with member optionality around this)

   b. underpins

   c. GMP step-ups

   d. GMP dual records, where the eventual benefit at retirement age is the higher of the male and female benefit, determined at the time

   e. figures that differ significantly depending on member choices and conditions at the time of crystallisation.

   f. non-standard individual member circumstances, e.g. divorced members / pension credit members

127. DB schemes may largely wish to return the latest ERI from a statement, but this will vary between deferred statements at date of leaving, revalued annual deferred statements, active accrued benefits and active projected benefits.

128. PDP's 2020 Call for Input on data covered the existing ERI complexities, but additional details on this are provided in Annex B.

Q21: [Largest DB schemes, over 50,000 members:] When is the earliest in 2023 you could reasonably be expected to comply? Why? Please provide any supporting evidence.

129. PLSA members will be able to form a view on this when the View data is certain.

130. On a Find basis, the largest DB schemes expect to be able to comply within six months of there being a fully tested live end-to-end beta service.

131. We reiterate the long list of unknowns articulated in our response to Q4 above which make PLSA members reluctant and unable to provide a hard date.

132. If Find is not separated from View, and because the points listed in Q4 will not be answered until well into 2022, we do not think the largest DB schemes will be able to connect during 2023.

Q22: Do you agree that all public service schemes should be staged as early as possible within the first wave?

133. Yes public service schemes should be staged early but, as with all schemes, they should be prescribed a staging window, within which to comply on a Find basis.

134. Flexibility of staging window is particularly relevant for public service schemes given the upcoming, and currently unquantified, rectification work for the McCloud Judgement.

135. If Find is not separated from View, then we do not think public service pension schemes should be staged as early as possible in the first wave.

Q23: [Public sector schemes:] What specifically are the challenges presented by the McCloud Judgement in terms of dashboard readiness? When do you expect you would be able to connect?

136. Challenges faced include but are not limited to:

a. Identifying members in scope
b. Collecting data from employers (some employers now not members of scheme)
c. Verifying data
d. Dependency on software provider
e. Resource
f. Recalculating benefits, including resolution of current uncertainties such as will the underpin be required to be shown in the benefit statement value
g. Applying data to aggregated and concurrent records
h. Communicating with members

137. These challenges may grow / change as the work involved in the McCloud Judgement progresses. All of these however impact on dashboard readiness as member records will be incomplete until work is finalised. Expected times cannot be given due to the early stage of the McCloud exercise.

Q24: Do you agree that all remaining DC schemes with 1,000+ memberships should be staged by the end of the first wave (within two years of April 2023)?

138. Yes, but again, all schemes should have a staging window, complying on a Find basis.

Wave 2

Q25: Do you have any additional evidence on the ability of medium schemes to participate in pensions dashboards?

139. PLSA members do not have evidence on this question.

Q26: Do you have any evidence about the potential impact on savers of deferring medium schemes until the bulk of large schemes have staged?

140. The Find DAP should not occur until all, or nearly all, pensions are findable, including state pension, and ideally Pension Protection Fund compensation. This should cover at least 90% of all deferred and active pension entitlements.

Wave 3

Q27: Do you agree that small and micro schemes should form a third wave, after large and medium schemes? If so, when would be a reasonable timeframe for staging these schemes, and why?

141. PLSA agrees that schemes with less than 100 members can wait, but they should be brought under compulsion in due course.

142. Some large PLSA members have small schemes associated with larger arrangements. So there should be discretion for these to be brought forward to comply alongside associated larger schemes if it makes sense to do so.

Q28: Do you have any evidence about the potential impact on savers (e.g. lost pots) if small and micro schemes were delayed until after 2025.

143. No evidence.

FURTHER GENERAL QUESTIONS

Q29: Do you have any evidence of practical obstacles to our recommended sequencing and timing for staging?

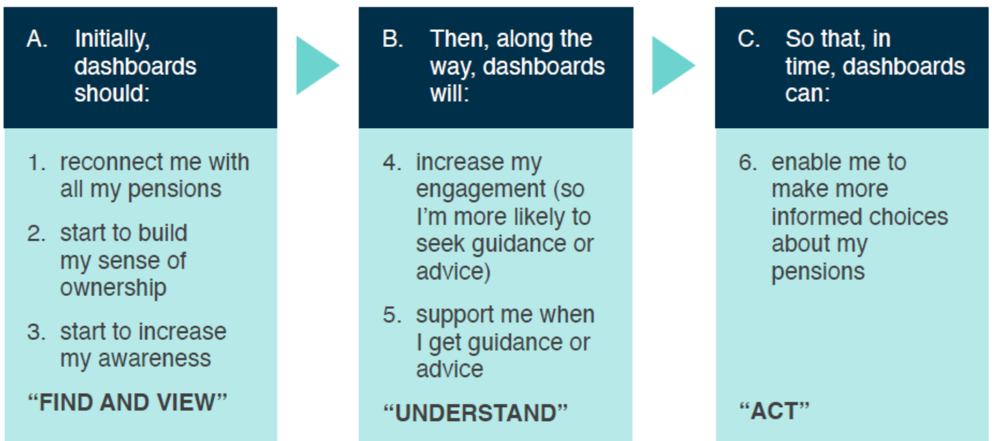
144. When the DAP occurs, there will be knock-on impacts on wider administration services.

145. While there are good reasons (explained elsewhere) for having a DAP with high coverage, this could prove a logistical challenge for TPAs and FCA providers if thousands of people get in touch with them in the space of a few days or weeks having used a dashboard for the first time.

146. TPAs / Providers would need to implement a technology solution for that volume of queries, with associated costs.

Q30: How well do our recommendations meet the policy objectives and staging principles?

147. The PDP April 2020 Progress Update Report very clearly, and helpfully, set out the sequential ambitions for dashboards to meet increasing user needs:



148. Focusing on Find first, with 90+% entitlement coverage, would meet the first policy objective (A.1. above) whilst adhering to both staging principles of pace and deliverability.

149. "Increased awareness" will flow by dashboard users knowing who their pensions are with, with a click-through option to obtain further information about each pension.

150. "Sense of ownership" is a growing feeling of user control over pension savings, similar to a bank account. This will come by getting Find dashboards up and running quickly, and subsequently mandating properly user-tested View data. Launching with a confusing mix of ERIs will increase confusion and mistrust and diminish "ownership".

Q31: Do you have any evidence on where lost pots are most likely to be located and the impact, therefore, of our staging recommendations on reconnecting savers with lost pots?

151. Savers have lost touch with older pension entitlements, which is why the DAP should be at 90%+ coverage of entitlements.

Q32: Do you have any evidence on equalities impacts of staging and impacts on under-pensioned groups?

152. Moving rapidly to 100% Find dashboards is the most equal approach.

153. Find / matching issues can be resolved early, such as Surnames including typeface characters not typically used in British English, and indirect gender inequality because of a historically higher number of female members whose Surnames have changed.

QUESTIONS ABOUT INTERGRATED SERVICE PROVIDERS (ISPS)

Q33: As a data provider do you intend to connect your data via an ISP type solution? If not, what is your intended alternative?

154. PLSA scheme organisations, in the main, intend to use an ISPs. This will be their system provider for in-house administered schemes, or their TPA for outsourced schemes.

155. PLSA TPA organisations intend, in the main, to extend their client administration service to include ISP service provision.

156. However, as explained above, it will not be possible for schemes and TPAs to commence detailed contractual negotiations around the provision of ISP services until there is full legal certainty in the early part of 2022. These contractual dialogues will therefore need to be undertaken at pace from the second half of 2022 onwards.

Q34: As a pension provider will you work with your existing software provider or seek an alternative ISP provider?

157. PLSA pension scheme members' general preference is to work with their existing software provider or TPA in the first instance.

158. However, some FCA providers, and TPAs, have multiple books with a variety of software providers. So the technology response depends very much on when staging takes place.

159. If staging can be done in an agreed manner then FCA providers / TPAs may seek to onboard using their one single main service provider. However, if all types of products / schemes need to be staged together, or at a similar time, providers / TPAs will have to use different ISP services for subsections of their customers who are not on the main system platform. In other words, some TPAs' / providers' strategic technology decisions about how to connect are impacted by the staging rules which won't be known until December 2021, at the earliest.

QUESTIONS FOR INTERGRATED SERVICE PROVIDERS (ISPS)

160. PLSA is aware that a number of its member schemes' administration / software providers intend to respond directly to PDP. PLSA is therefore not responding to questions 35 to 39 inclusive.

Q35: If you are a software provider we would like to ask you a few more questions to further understand how your organisation is preparing for staging. Please choose Yes if you are happy to answer the four additional questions Please choose No if you are not a software provider or you are a Software Provider not wanting to answer more questions

Q36: [Software providers] As an existing software provider do you intend to extend your ISP offering beyond your existing client base?

Q37: [Software providers] Are you considering developing and providing an ISP solution as a new entrant into the market? What sectors of the market do you envisage providing ISP solutions to?

Q38: [Software providers] What is the anticipated lead time for bringing ISP solutions to market?

Q39: What factors will influence the pace at which ISP providers can connect clients to the dashboards ecosystem? What can be done to accelerate market coverage to better facilitate connectivity for data providers?

ADDITIONAL RESEARCH

Q40: PDP would like to carry out additional research* with organisations who will be providing pension information for users to view on dashboards. We want to further understand what will be involved for you to successfully on-board with the pensions dashboards ecosystem and respond to these requests. If you're happy to be contacted about this, please include details of the people we can reach out to here:

*In some cases we may commission an independent research organisation to carry out research on our behalf.

161. Yes, PLSA is happy to be contacted. Please route all requests through Craig Rimmer (craig.rimmer@plsa.co.uk).

In case of any queries, please contact:

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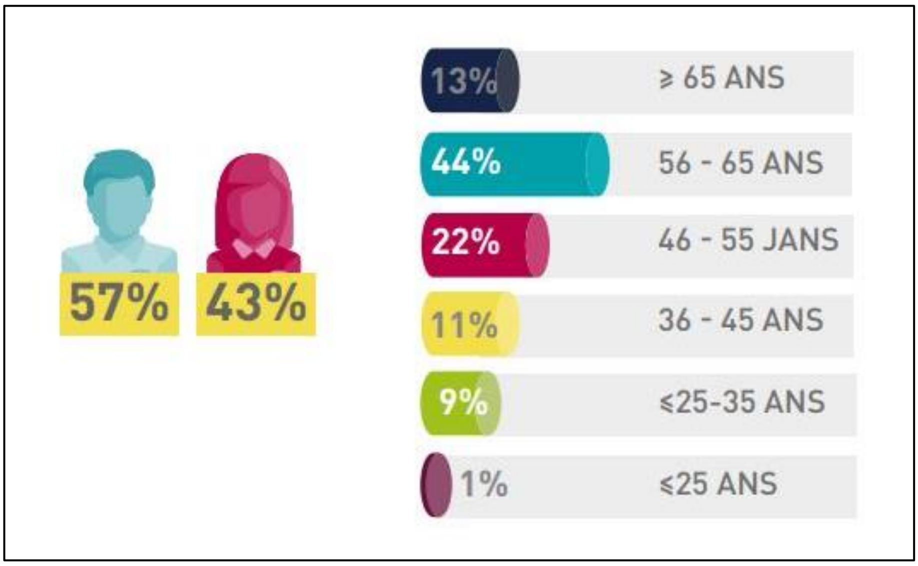
ANNEX A – INTERNATIONAL DASHBOARDS USAGE

Belgium

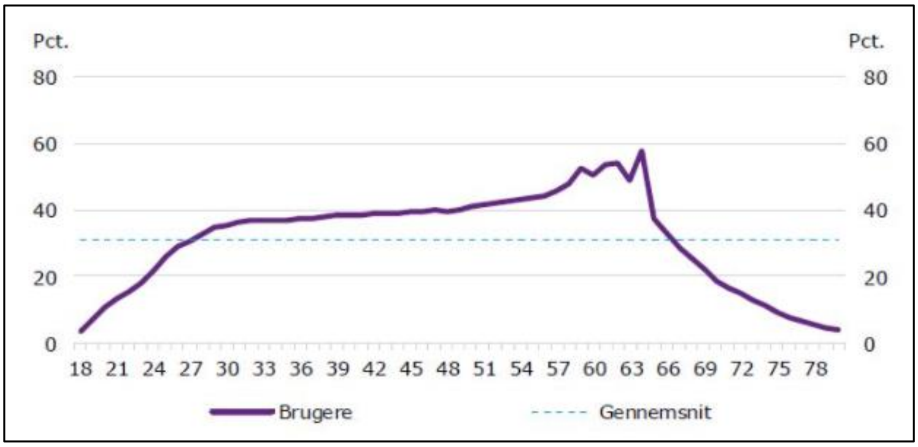
162. Nearly **60% mypension.be users are aged 56 or more**:



163. Source: "10 years of mypension.be" - https://www.10jaarmypension.be/fr/stat.html

Denmark

164. In Denmark, 31% of the Danish adult population uses PensionsInfo.dk at least once a year, but this percentage varies significantly by age. In the graph below, the dotted blue line shows the 31% average (Gennemsnit), and the purple "Users" (Brugere) line shows how this varies by age. The percentage increases from age 18 to around age 30. At age 30, about 40% of Danes use PensionsInfo, and this percentage stays at around 40% until age 55, when it increases again: for example, to **53% of 59-year-olds**, and **58% of 64-year-olds**:



165. In Denmark, usage of the dashboard is also higher amongst Danes:

i. with higher levels of education

j. with greater pension wealth

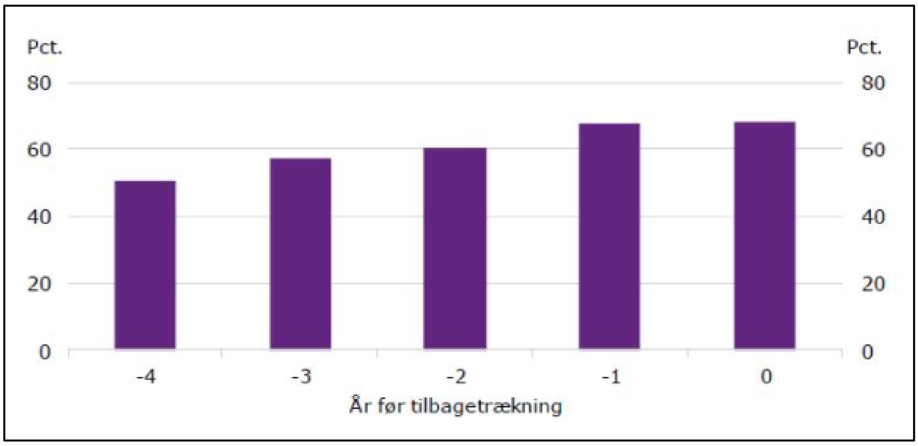
k. with higher current contributions

l. who are employed

m. who move house, and

n. who are divorcing.

166. Usage is highest amongst those who are nearing, or at, the point of retiring. The graph below shows the percentage of Danes who use PensionsInfo by their "Years before retirement" ("År før tilbagetrækning"). 57% of Danes who were 3 years before retirement logged in, increasing to **68% of Danes who were 1 year before retirement, or in the year of actual retirement (0 years)**:



167. Source: "Who uses PensionsInfo?" ("Hvem bruger PensionsInfo?") – a detailed annual analysis report on which types of Danes log in to PensionsInfo produced every year by the Insurance & Pension Denmark (Forsikring & Pension (F&P)) team who operate the Danish dashboard. The figures above relate to 2019, taken from F&P's 2020 report.

Finland

168. Of the 1.6m annual visitors to the Finnish pensions dashboard (Työeläke.fi) **most are 55+ years old**.

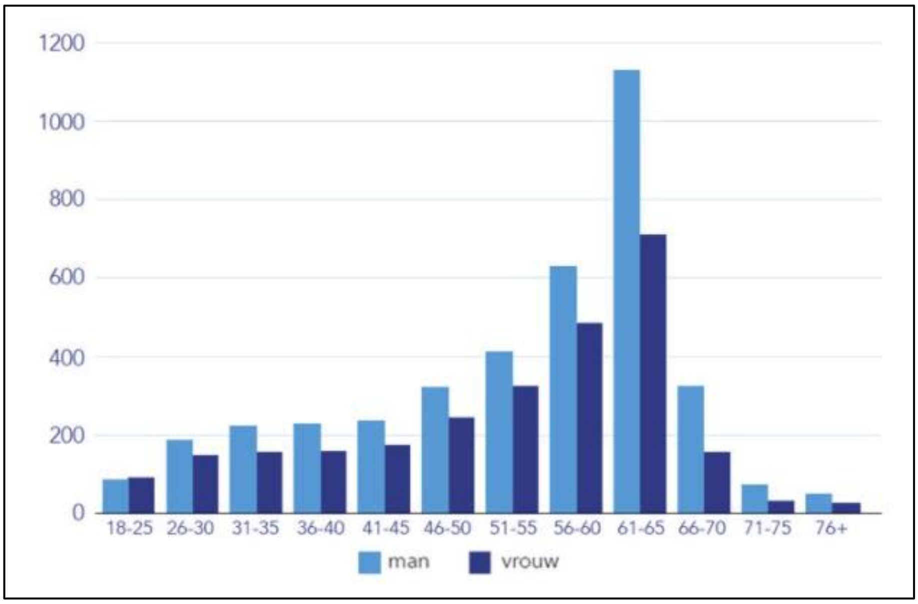
169. Source: Finnish Centre for Pensions who operate the Finnish dashboard.

The Netherlands

170. Usage of the Dutch dashboards, Mijnpensioenoverzicht.nl (MPO), varies significantly by age, rising dramatically in people's late 50s and particularly early 60s, as shown in the graph below. The numbers on the left of the graph are in 1,000s. As in the other countries, more men ("man" / light blue) than women ("vrouw" / dark blue) use MPO, so, for example, in 2019, there were:

o. circa 1.1 million MPO visits by men aged 61-65

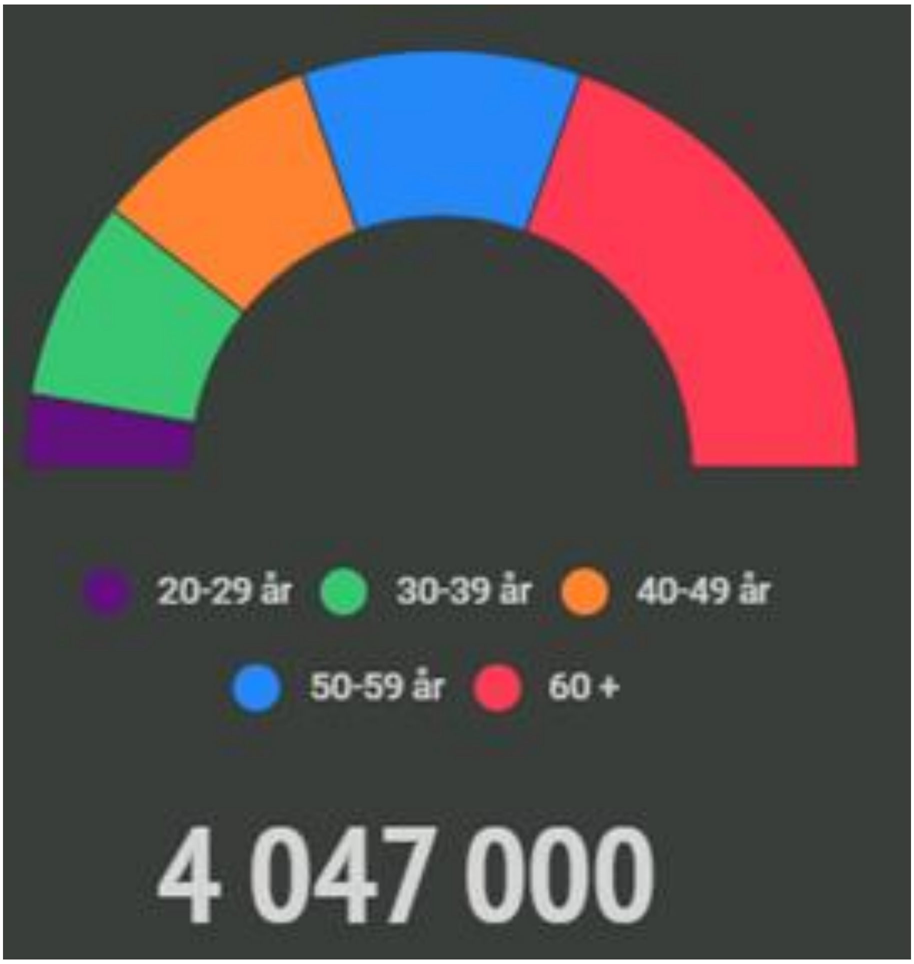
p. circa 0.7 million MPO visits by women aged 61-65.



171. Source: The MPO Annual report 2019, published by the Pension Register Foundation (Stichting Pensioenregister (SPR)) who operate the Dutch dashboard - https://www.pensioenregister.nl/jaarverslagen/

Sweden

172. Of the over 4 million Swedes who have registered to use the Swedish dashboard, minPension.se, 60% are aged 50+, and 40% are aged 60+.



173. Source: Patrik Malmqvist, minPension Development Manager

ANNEX B – FURTHER DETAIL ON DB AND DC COMPLEXITIES

174. **DB communication complexities:** DB deferreds do not generally receive regular annual statements. The pension becomes payable at some time in the future (the Normal Pension Date or "NPD"). For leavers aged between 16 and 54, the pension is contingent on them surviving to NPD or electing early retirement terms. Early retirement terms are dependent on prevailing economic conditions and cannot be predicted in advance.

175. Providing to dashboards "what we currently provide to DB deferred members" would mean showing what show at date of ceasing to be active. But parts of this pension revalue before retirement at different rates and also increase after retirement at different rates. The parts of the pension are not necessarily consistent pre and post retirement. The current communications to members explain all this in text.

176. Converting a detailed historic DB promise into a single (or small number of) ERIs will result in substantial simplification. This will lead to a difference between what members get from a scheme and what they see on dashboards, impacting public trust.

177. Retirement quotes in most DB schemes are calculated only when requested and, before being quoted, they are checked for error by a human being. Including future ERIs on dashboards will be a huge undertaking, with substantial cost implications for the industry. The lack of human oversight will inevitably result in mistakes in some cases.

178. The proposal to limit information to "that already provided on request" doesn't help with the resourcing issue, as many schemes will need to automate to meet this requirement, and it doesn't deal with the lack of oversight.

179. Even a fully automated calculation currently doesn't produce a quote which is simplified enough to fit into the ERI format.

180. And if an alternative consistent ERI approach is devised, then we will need to program that ERI definition. From a practical perspective, administrators and actuaries can only start to do this work once schemes trustees agree to their fees. Schemes will only agree to fees (and providers can only quote fees) once they know that the requirements are properly defined and not going to be reversed or changed later.

181. The CfI say ERIs are essential if savers are to find dashboards helpful. However, a dashboard with limited initial scope remains preferable to launching a dashboard which results in the right members being given misleading information (i.e. ERIs that are overly simplified) and the wrong members being given personal financial information that does not belong to them (false positive matches).

182. **DC communication complexities:** Schemes show the current value of the fund held for the member and a SMPI projected fund and annuity values at retirement. Modelling should be done to establish what sort of margin of error is likely in DC income predictions so appropriate caveats can be given.

183. General communication complexities: PLSA member organisations have reported that user confusion arises because scheme members often have questions about:

g. Technical language

h. GMPs

i. How to work out pension revaluation (when provided with revaluation rates)

j. Transparency of assumptions used

k. How much LTA they are likely to use up

l. The cash equivalent of DB benefits (as well as multiple retirement quotes at different ages), but often without understanding all the associated caveats and explanations that come with a transfer value

184. PLSA members generally feel that, across all the existing types of schemes (and the complexities that exist within each scheme), a limited view of a simple ERI on a dashboard could lead savers to make decisions that are not necessarily in their best interests.

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