

DWP CONSULTATION ON DRAFT PENSIONS DASHBOARDS REGULATIONS 2022: PLSA RESPONSE

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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

The PLSA supports pensions dashboards

1. The PLSA has long been supporter of pensions dashboards and believe alongside Retirement Living Standards they could play a fuller role in supporting effective decision-making by savers. The PLSA is an active member of the Pensions Dashboards Programme's Steering Group and we very much welcome DWP moving forward with pensions dashboards, all the hard work to this point, and the progress that has already been made.
2. We have been working with our membership and wider industry to support the successful launch of pensions dashboards by providing guidance, webinars and knowledge sharing.
3. The key to the success of pensions dashboards will be ensuring they are useful and understandable by savers at public launch. The staging timeline sets out when schemes should connect to the pensions dashboards architecture but there needs to be significant user testing prior to dashboards becoming visible to the public at the Dashboards Availability Point (DAP). Otherwise there is a reputational risk to dashboards if savers are either left confused or with unreturned values.
4. In our response we have set out 3 threshold tests that would need to be met before the public launch/DAP should be undertaken: coverage, data matching accuracy and user understanding. We estimate this could take a further 12-18 months to do properly, after the first cohort have connected to pensions dashboards, but it may take longer.
5. The philosophy for dashboards should be: "Launch, Learn, Lift":
 - Launch dashboards (at the Full DAP, once all the threshold criteria are passed)
 - Learn from live users by understanding their behaviours and listening how they articulate their 'real-world' needs, and
 - Lift dashboards' goals, by iteratively refining the service, including all necessary changes to regulations and standards in order to better meet the real needs of users.
6. We would summarise the key areas of concern as the following:

Q1a Data matching remains a critical issue: In carrying out matching to respond to Find Requests, schemes must balance their existing GDPR and new dashboards duties. Given schemes have limited control over the ongoing accuracy of personal data items (i.e. it is maintained by third parties, such as employers, and deferred members themselves), the ICO must set out its policy for regulating how schemes take these "balancing" decisions. Currently the regulations provide insufficient support to schemes on how to do this.

Q1b Disclaimer / liability waiver wording: All dashboards must clearly indicate that the figures displayed are indicative and as such schemes are absolved of all liability for actions taken (or not taken) by savers in respect of them; actions may be based on savers' misunderstanding of the information they see on dashboards especially the mandated View

data. This has so far been largely untested with users, and (for good reasons) it has to be simplified and standardised. Mandatory disclaimer wording should be prescribed in the regulations (or the PDP Design Standards).

Q1c Staging Timeline: It is too early to say whether the proposed staging timeline is achievable for all schemes. We believe that many schemes will be able to achieve their relevant staging windows as set out but, due to their reliance on third party administrators and ISPs, it is not possible to say this with a 100% certainty. Our discussions with schemes, suggest that some are not at all confident of meeting their staging window.

Q1d Dashboards Available Points (DAPs): There are very considerable risks of making dashboards available to the public too early. Regulations should prescribe that dashboards must not be made available to the public (at the DAP) until 3 threshold tests have been met on coverage, accurate data matching, and user testing. Regarding user testing, the DAP should not take place until extensive live testing of dashboards has shown that most savers consistently: a) understand the limited scope of initial dashboards, b) are not confused by their mix of pensions shown, c) take sensible next steps and d) can withstand the real world figures being different when they actually retire (there are many good reasons why they may be different). This approach is based on critical learning and feedback from international pensions dashboards. As the range of different UK pensions is so diverse, and the risk of saver confusion is so high, there need to be at least 12-18 months of live testing from April 2023 onwards. PLSA estimates a **limited DAP** may be possible in **Q1 2024 for savers in onboarded schemes**, potentially followed by a **Full DAP**, once a **suite of testing criteria** have been met, in **Q4 2024**. Regulations should prescribe that government, regulators and industry agree on these criteria and whether they have been met.

Q1e Ongoing costs of the ecosystem: The regulatory requirements place new dashboards duties upon all pension schemes and commits Government to the ongoing spend for the central digital architecture. It is essential that the amount of these costs, and who will bear them, is clarified and agreed well in advance of the regulations being laid before Parliament.

Q24 Dependencies on TPAs / ISPs: Pension schemes are wholly dependent on their Third Party Administrators (TPAs) (or potential new ISPs) to discharge their new connection duties. But as no TPA / ISP has yet developed a commercial ISP service, schemes do not yet know if they will be able to comply on time. This is a further reason why we are not confident the staging timeline is achievable for all schemes. The DAP testing criteria will help mitigate this considerable delivery risk.

Q31 Discretion on the part of regulators: Schemes will be making their best endeavours to comply but there will be a myriad of teething issues. For 12 months following the DAP, we ask that regulators deploy a highly pragmatic and supportive approach to the exercise of their compliance and enforcement powers on schemes.

Pension income amounts

7. **Policy has moved away from “send what you already provide”:** Since April 2019, to minimise the time needed for connection and the cost burdens for schemes, DWP policy has been that schemes should only be required to return information “already available” (see [DWP Command Paper 75, paras 156-7](#)). This policy was sub-optimal for savers as the information already provided regularly to active members is **highly varied between different schemes and most do not provide regular information for** deferred DB pensions. Initial user testing has demonstrated the need for consistency, and DWP has begun to reflect this in the draft regulations, moving away from “send what you already provide”: see *Specific cohort challenges* below. We support this change in policy but there is no doubt that this will make it more challenging for all schemes to connect by the staging windows that have been set out.
8. **The new approach to deliver more consistent information may prove more meaningful for savers, but is burdensome for schemes:** This will potentially result in a better experience for savers using dashboards (although this remains largely untested), but it will definitely create considerable additional work / costs for schemes, and we are disappointed there will be **no increase in timescales** to accommodate these changes.
9. **Indicative estimates:** Very importantly, users need to understand that the pension income figures they see on dashboards can only ever be indicative, and appropriate disclaimer wording should be developed. As the figures are both simplified to allow for comparability and based on economic and behavioural assumptions that will only come true by coincidence, they can only give an indication of what a saver may get in retirement; for a truer picture it will be necessary that they contact the schemes directly. This was reinforced in December 2021, in [EIOPA’s best practice advice to all countries which are currently building dashboards](#).

Specific cohort challenges

10. **Large Master Trusts (April-June 2023):** The particular personal data accuracy challenges experienced by these schemes should not be forgotten, given the many thousands of micro employers who use them. This should be acknowledged and taken account of in the initial compliance and enforcement policies of regulators, including ICO. The accuracy of employer data provided to Master Trusts adds to the challenge of meeting staging timelines and the need for user testing prior to DAP and during DAP.
11. **Master Trusts and Defined Contributions schemes:** All these schemes must implement the revised AS TM1 DC projection basis, the impact of which is almost

completely untested with savers. We will comment on the deliverability and desirability of the revised AS TM1 basis in our response to FRC in April. The consultation sets out a clear direction of travel but it is possible that the proposals in the outcome may differ, and therefore schemes do not currently have certainty on the requirements for estimated retirement incomes until then and therefore will not know the data that needs to be provided.

12. **DB from Nov 2023:** Many open schemes which don't already do so will need to calculate active DB projected to a chosen retirement age (as it is often not shown on annual benefit statements). Very many schemes will need to revalue deferred pensions to date: this is not how revaluation law works and it will be a major undertaking, which again creates time pressures in meeting the staging timelines.
13. **PSPS in April 2024:** There are currently huge challenges on public service schemes in respect of GMP equalisation and the McCloud Judgement. These challenges have been taking bandwidth for administrators and schemes over the past few years and guidance has only recently been forthcoming from government. The combination of implementing changes necessitated by GMP equalisation and McCloud will make it harder to meet dashboard staging timelines.

Further dialogue: PLSA will be very happy to continue our detailed collaborative dialogue with DWP, regulators and PDP as the draft regulations are finalised over the Spring of 2022.

PLSA RESPONSES TO DWP'S CONSULTATION QUESTIONS

Consultation Questions: Consultation on the draft Pensions Dashboards Regulations 2022

Name of respondent organisation (please provide):

The Pensions and Lifetime Savings Association (PLSA)

Responses to consultation questions are optional. We ask that you provide your reasoning for your answers to the consultation questions that you respond to.

Consultation Chapter 1: Overview of Pensions Dashboards

Question 1: Do you have any comments on any aspect of the Regulations or consultation, which is not covered in the following consultation questions?

It is disappointing that five critically important topics are not covered in the DWP consultation questions.

PLSA's detailed comments on these five crucial topics are covered in turn on the following pages:

1a **Data matching** and schemes' balancing of existing GDPR and new dashboards duties

1b **Disclaimer/liability waiver wording** so schemes aren't liable for user misunderstanding

1c **Staging Timelines** may not be achievable for all schemes based on dependencies on third party administrators and ISPs to deliver requirements.

1d **Dashboards Available Point(s)** and the criteria to be met before dashboards are made generally available to the public.

1e **Ongoing costs** of the central ecosystem and who will pay these costs

1a Data matching and schemes' balancing of existing GDPR and new dashboards duties

The DWP consultation document states (in the fourth step of the process diagram on page 53) that, when completing data matching, schemes (and DWP for state pension) must “*balance [their existing GDPR duties not to disclose data to the wrong person] with their [new] dashboard duty to match and return an individual's data to them*”:



Successful data matching is at the absolute heart of dashboards success, so it is surprising that this crucial aspect of matching is not more extensively covered in the consultation.

As the process diagram explains, the existing GDPR duties and the new dashboard duties are both subject to regulatory compliance. The consultation document makes clear that it remains the responsibility of the Information Commissioner's Office (ICO) to investigate any breaches of data protection law, whilst schemes' compliance with the new dashboard duties will be a matter for The Pensions Regulator (TPR).

Annex C of the consultation document confirms that TPR will set out its approach to regulating schemes' compliance with the dashboards duties in a *TPR compliance and enforcement policy*, expected to be consulted on by TPR once regulations are laid.

However, no associated *ICO compliance and enforcement policy* is mentioned.

PLSA member schemes feel that such an ICO policy in this context is essential.

It is well understood in pensions administration that schemes have limited control over the ongoing accuracy of the personal data they hold. This is because it is (or isn't) maintained by third parties, such as employers and previous providers, and updated (or not) by deferred members themselves.

An ICO policy setting out how this area will be regulated, and is expected to work in practice, is needed urgently to help scheme trustees make their decisions on how to “balance” their GDPR and dashboards duties.

It is also worth noting that HMRC have been slow to issue national insurance numbers to new workers, especially during the pandemic. But the employer has to auto-enrol them anyway, as that's their statutory duty.

When the employee leaves service before HMRC have got round to issuing the number, the employer loses interest in providing it to the pension scheme.

Pension schemes don't have anywhere to go to fill the gaps on their database. Although there are various commercial sources for missing addresses, emails, dates of birth, imperfect spellings, we are not aware of anywhere that can supply schemes these missing national insurance numbers.

It would be useful if HMRC/DWP were to set up a facility that can supply pension schemes with the national insurance numbers they don't know. It will help enormously with the matching duties pension schemes have in respect of Pensions Dashboards.

This is also relevant to a wider point that for deferred members of pension schemes there will be a degradation of data accuracy over time and regulators will also need to be cognisant of this in the 12 months after the DAP.

1b Disclaimer / liability waiver wording so schemes aren't liable for user misunderstanding

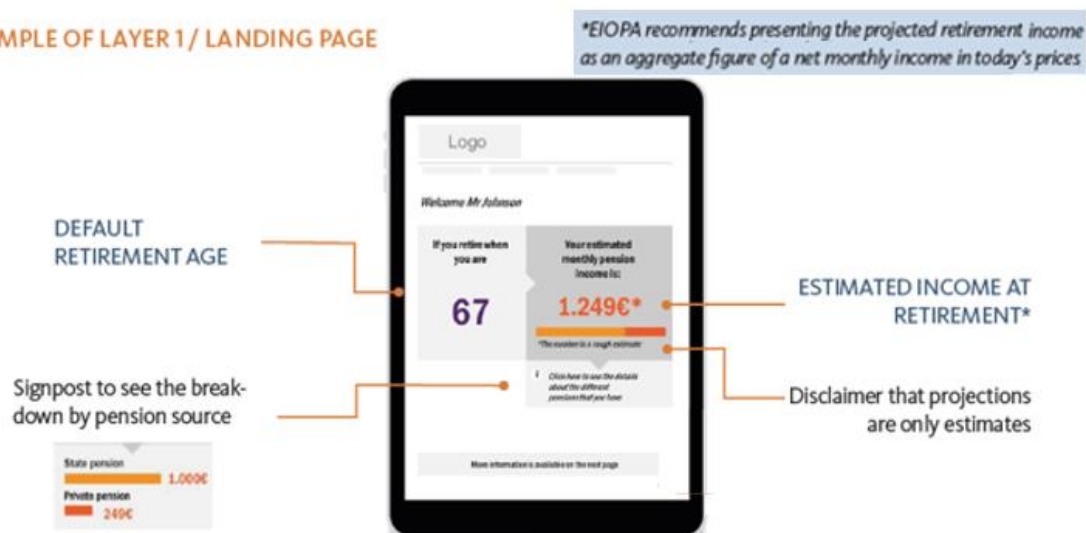
One of the core challenges for delivering meaningful pensions dashboards for savers is that most savers crave simplicity. Yet there is a huge complexity in the wide range of pensions, and options, they have across the UK pensions universe as a whole.

User research and testing, in Sweden in 2015, The Netherlands in 2019, wider European work in 2021, and from PDP, has consistently shown that most savers just want to see the monthly total income they might get in retirement. This is best illustrated with an example. Below is what [EIOPA's 2021 consumer research](#) found most people want to see initially on dashboards (or pensions tracking services (PTS), as dashboards are called in the European Economic Area):

WHAT SHOULD THE LANDING PAGE CONTAIN?

According to our behavioural consumer study, a PTS should include the following key information:

EXAMPLE OF LAYER 1 / LANDING PAGE



What this clearly shows is that the first thing most people want to see on a dashboard is:

- **a total estimated monthly income figure** (aggregated across all their pension sources, ideally net of income tax, although a gross figure may be acceptable)
- **at one single retirement age**
- **in today's prices.**

In the UK, because of the underlying scheme complexities, it will be very challenging, if not impossible, to produce this display. And yet this is what user research consistently shows people want to see (or they will try to get to it by manually adding up figures).

(One key issue is that many UK savers have **multiple pensions payable from different dates** – for this, a timeline format may be best: see our response to Q33.)

Simplifying what savers see on dashboards means figures shown cannot be accurate; they can only ever be estimates. **Therefore, EIOPA made a recommendation, which PLSA strongly endorses, that all dashboards should include disclaimer wording explaining that the pension incomes shown are only estimates.** Below, we expand on this thinking and provide some suggested disclaimer wording.

Disclaimer / liability waiver wording

In simplifying pension dashboard displays, there is a considerable risk that pension scheme members, when they view their pensions on a dashboard, may not:

- understand that the pension income figures are purely indicative estimates, or
- realise that a range of varied options may exist for each of their different pensions, such as taking an early retirement DB pension which may be reduced, or (valuably) unreduced, depending on the scheme entitlements.

Therefore, savers may take actions, or fail to take actions, based on a misunderstanding of the full details of each pension.

It is very important that schemes are not liable for these actions (or failure to act). Nor should the View data schemes return to be viewed on dashboards in any way change their liability. For example, schemes must not be liable to pay the figures shown on dashboards, as they were only estimates.

So strong disclaimer, and liability waiving, wording must be shown on all dashboards. Users may not read, or understand, this wording, but it is essential, nevertheless. Ideally the **regulations should mandate the disclaimer wording** that all QPDSs, and the MoneyHelper dashboard, must display. Alternatively, the PDP Design Standards could mandate that this wording must be displayed by all QPDSs. It needs be crystal clear that this wording extinguishes schemes' liability from users making poor decisions based on View data.

The wording must be **understandable and unambiguous**. We would be happy to work with DWP, PDP, FCA and others to suggest and refine the final disclaimer wording, and we have already begun working with some of our members to do this.

1c Staging Timelines not being achievable for all pension schemes

Although we believe that the staging timelines are achievable for many pension schemes, due to dependencies on third party administrators and ISPs we cannot say this with a great deal of certainty. The alignment of the staging windows is likely to result in crunch moments for TPAs and ISPs connecting pension schemes to the pensions dashboards ecosystem at the same time.

Some of the pension schemes we represent believe that their current staging timeline is very tight, and others have no confidence at all of meeting their window.

Many schemes would like to start preparation of connecting to pensions dashboards but lack the necessary certainty about the precise requirements, from data matching protocols to estimated retirement incomes.

1d Dashboards Available Points (DAPs) and the criteria to be met for dashboards to go live

There are very considerable risks of making dashboards available to the public too early.

Users may:

- a) not understand the very limited scope of initial dashboards. *
- b) be confused by their mix of pensions displayed on their dashboard.
- c) not realise that the figures shown are only indicative estimates.

Therefore, rather than contacting their schemes and providers for more details, they may take inappropriate next steps, potentially resulting in a number of the following:

- Loss of valuable guaranteed benefits (by transferring out)
- Failing to exercise options that were not communicated (e.g. retiring early)
- Reduction in contributions resulting in under saving
- Not increasing contributions resulting in under saving
- Increase in contributions resulting in over saving
- Taking on more risk/volatility compared to risk appetite
- Moving to a more costly scheme/not moving to a less costly scheme

* At PLSA, we talk about dashboards needing to “walk before they run”. Very basic, initial dashboards have to be launched in order to better learn what different users need, so that dashboard can be incrementally evolved. The diagram on the next page illustrates in more detail what features will and won’t be included in initial dashboards.

We think there is a strong likelihood that many users will not immediately understand all these limitations. Effective approaches must be found, and mandated through the PDP Design Standards, to ensure as many users as possible do understand the limitations.

Dashboards Available Points (DAPs)

Dashboards should not be launched to the public (at the ‘Dashboards Available Point’ or DAP) until live testing shows that a range of various thresholds in respect of **coverage, data matching accuracy and saver understanding** have been met.

This isn’t just about coverage, but more importantly about the whole user experience. For example, it should be demonstrated that a certain proportion (to be agreed) of live test users: i) understand initial dashboards’ limitations, ii) are not confused by the pension information they are seeing, and iii) do not take inappropriate next steps after viewing their pensions on a dashboard. These three elements should be tested in the context of an imaginary ‘after the event’ retirement scenario where the actual figures are materially either more or less than those shown on the dashboard, because these outcomes will be common.

The regulations should **prescribe that dashboards must not be made available** to the public (at the DAP) until **extensive live testing of dashboards** has demonstrated these thresholds have been passed. Every other successful international pensions dashboard has launched on this basis.

The regulations should also prescribe that **industry, Regulators and Government must collectively agree** these thresholds.

As the range of different UK pensions is so diverse, and the risks of saver confusion are therefore high, we envisage many months, at least 12 months, of live testing will be necessary from April 2023 onwards before these thresholds on coverage, data matching accuracy and saver understanding are met and the Full DAP can take place.

However, PLSA estimates a **limited DAP** may be possible (for savers in schemes that have already connected to the dashboards ecosystem), and be beneficial for live testing, in **Q1 2024**. This could then potentially lead to a Full DAP (subject to the passing of the agreed thresholds mentioned above) in **Q4 2024**.

There is also a question around the readiness of the State Pension to be connected to pensions dashboards. We would expect that there would be no DAP until State Pension data is also available.

Dashboard users' expectations need to be managed – initial dashboards won't deliver many features that users might reasonably expect, as illustrated in the graphic below. And even those aspects that we would expect to see such as "click through" many not be possible for all onboarding schemes to deliver.

PENSIONS DASHBOARDS: WHAT DO WE MEAN BY "WALKING BEFORE WE RUN"?

Service feature of dashboards	"Walk" (Initially)	"Run" (Future)
1. Security of data and identity throughout the ecosystem	✓ Must be nailed well before Full DAP (this is a basic user expectation)	
2. Different focus of dashboards for different user segments	✗ Same offering for all users?	✓ User-specific services?
3. Finding my pensions:		
3a. All my schemes covered?	✗ Some schemes not covered	✓ All schemes covered?
3b. Finding my pensions in schemes that are covered	✗ Many "maybe" "matches"	✓ Fewer "maybes"?
3c. Pension amounts returned straightaway?	✗ Up to 10 days, or not available	✓ Yes, figures straightaway?
3d. Pension amount information up to date?	✗ Up to 12 months old	✓ Up-to-date figures?
4. a. Indicative monthly total pension income shown ...	✓ Yes, if pensions are found & amounts are returned (always indicative only)	
b. including progress towards a retirement income target	✓ Yes, once 3. is delivered	✓ PLSA RLS fully integrated
5. Getting help understanding the pension data I'm seeing	✓ Click-through to schemes	✓ Enhanced support?
6. Modelling, such as retiring later, paying in more, etc.	✗ Possibly via an export option?	✓ Integrated modellers?
7. Pensions in payment and drawdown shown?	✗ No	✓ Possibly in the future?
8. Benefits payable if I die shown?	✗ No	✓ Possibly in the future?
9. Investment questions like: How green are my pensions?	✗ No	✓ Possibly in the future?
10. Supporting action, such as merging small DC pots, etc.	✗ No	✓ Possibly in the future?

1e Ongoing costs of the central ecosystem and who will pay these costs

The regulations place new dashboards duties upon all pension schemes to connect to the central digital architecture and be continually available to receive and respond to Find Requests (FRs) and View Requests (VRs).

So, for schemes to be able to comply, an ongoing central digital architecture has to exist and be in operation. In effect, the making of the regulations commits Government to the ongoing spend for the technical architecture.

However, the full estimated set up and annual costs of the ongoing central technology and operations, including the crucial digital identity costs, have not yet been published.

Annex C of the DWP consultation document confirms that, when the final regulations are laid, DWP plans to publish a Regulatory Impact Assessment (RIA), including *“the costs to industry of providing the data, and the costs to MaPS for providing the technical architecture”*.

We assume from this that MaPS is going to operate the technical architecture (i.e. as the successor entity to the PDP which is currently setting it up). As MaPS is a levy-funded body, it is pension schemes and providers who will, in effect, bear the costs of the central technical architecture and its ongoing operations.

On an ongoing basis, therefore, schemes are paying twice, i.e. a) once to maintain their connection to the ecosystem, and b) also to operate the ecosystem they’re connected to.

Given these, potentially very significant b) costs to be borne by schemes (let alone the a) costs), it is essential that the estimated set up and annual technology and operating costs of the central ecosystem are published as soon as possible.

Publication of estimated set up and annual costs will enable a full debate across industry and Government about the value for money dashboards will provide. This debate should take place well in advance of final regulations being laid.

Question 2: Do you agree with the proposed approach to the oversight and approval of standards?

As PDP says on its “Approach to standards” webpage, the mandatory standards will set out a raft of technical and operational detail underpinning the primary and secondary legislation. This will provide more flexibility than legislation can, allowing simpler and more timely iteration and development as dashboards services mature, without amending legislation.

Status of standards

It is not clear to us what status the standards would have in a court of law, particularly where there is divergence between regulations and standards (even if all attempts are made to ensure continual alignment between the regulations and the standards). Greater clarity on the status of standards is required.

Standards controls

We welcome PDP’s commitment that different standards due to be published in Summer 2022 will clearly set out controls for their development and maintenance.

Given the potentially significant burden of changes on schemes, however, we feel these controls on standards should potentially be set out in regulations.

In any case the controls should reflect the published proposals that standards will always:

- a) **be developed collaboratively** with industry
- b) **be consulted on** before changes are made, in accordance with Government’s published principles for consultation
- c) **change no more frequently than once per year** in normal circumstances
- d) **change at around the same time each year**
- e) provide **at least a year’s notice before changes become effective**, except for exceptional circumstances
- f) **be approved by the Secretary of State** before coming into force, and
- g) **support backwards compatibility** for a reasonable period so previous versions of standards can be used by schemes until they are able to upgrade to the latest versions.

Initial standards setting

The above annual cycle of standards maintenance and development should work well once the dashboards regime is fully up and running and standards have become relatively stable.

However, for the initial setting of standards we anticipate **much more frequent iteration** of standards may be required, potentially leading to multiple extant versions applying at once.

Settling initial stable standards

PDP has said it will develop standards in collaboration with industry during the first half of 2022, and then consult on them over Summer 2022, shortly after DWP introduces the finalised dashboards regulations to Parliament.

These initial standards would then be approved by the Secretary of State and come into force shortly after the regulations are made (presumably in the autumn of 2022). But this will all be **before beta testing with real pensions data** is very far advanced, even if it has started at all.

PDP has said the desire to bring the first iteration of standards into force as soon as possible in 2022 is based on providing industry with certainty on the requirements. This is laudable, but PLSA schemes' experience suggests that, once testing with real data commences (particularly at scale once staging begins in April 2023), there will need to be many changes (perhaps significant changes) to the standards.

This scale of change could apply to any of the initial standards but will be particularly relevant to the **PDP Design Standards** controlling how complex mixes of pensions data are displayed on dashboards and the **PDP Data Usage Guide** for schemes' provision of the mandated data.

The full Dashboards Available Point (DAP) must not take place until:

- a) relative stability in the standards has been reached, likely to be some considerable way through the staging profile, and
- b) already staged schemes have had time to comply with the latest mandatory versions of the different standards.

The above criteria should become one of the "Full DAP acceptance thresholds" on coverage, data matching accuracy and saver understanding, developed collaboratively between industry and Government, which we described in our response to Q1d above.

Monitoring against standards

Finally on standards, we understand that PDP (or its successor entity at MaPS) will monitor schemes' and QPDSs' compliance with all standards, but it will be TPR who will take any enforcement action against schemes for any non-compliance.

More detail is needed on the relationship between MaPS/PDP as the envisaged creator and monitor of standards and TPR and/or FCA as the regulator. For MaPS this new role will be a divergence from their current role as a guidance body and from their strategic role on financial capability/wellbeing. For TPR and/or FCA questions remain regarding how much of their usual roles they are effectively delegating to MaPS/PDP over time, and how this whole structure would be governed.

Consultation Chapter 2: Data

Date of Birth display - Question 3: User testing shows that the inclusion of date of birth for display logic purposes could be useful for individuals using dashboards, so we are minded to include it. Does this cause concern?

As per the [PASA Data Matching Convention \(DMC\) Guidance](#), PLSA member schemes expect that Date of Birth (DOB) will be a key data element which is passed from the Pension Finder Service (PFS) to all data providers, and used by them to do carry out data matching. DOB will be known to the dashboard user and so we do not feel that re-presentation of DOB back to the user on their chosen dashboard should present a problem.

However, as with all aspects of the end-to-end ecosystem, we would expect this to be thoroughly tested with real users, with any emerging risks to consumer protection being appropriately mitigated before dashboards are launched to the public at the Full DAP.

Counterintuitively, we can foresee a fringe case benefit, where an incorrect Date of Birth is held by a scheme unbeknownst to them, presenting it may prompt the user to query the scheme or provider and, in this way, improve data quality.

New joiners - Question 4: Will it be feasible for trustees or managers to provide administrative data to new members making a request for information within three months of joining the scheme?

PLSA member schemes feel this is reasonable and feasible. Where employers are late in passing details to schemes, however, this is clearly not the scheme's fault and this should not be regarded as non-compliance with the dashboards duties.

The PDP Design Standards must mandate that all QPDSs must make clear that newly commenced pensions may not appear for up to three months. Example wording for this is shown on the [Disclaimer page of the Norwegian dashboard](#):

"If you have recently established, changed or terminated a pension, it may take some time [] for the data to be reflected on a dashboard."*

* A period could be specified, such as "three months", but it might be better to be non-specific, i.e. "some time". This is another example of content that must be thoroughly user tested.

SMPI exemptions - Question 5: To what extent do schemes currently make use of the exemptions under Disclosure Regulations 2013, regulation 17(6)(c), which exempt money purchase schemes from issuing projections if certain criteria are met? Do many choose instead to issue SMPIs to individuals in these circumstances?

As with most things in pensions, differing approaches currently exist across different PLSA DC member schemes.

The two categories of optional exemption, where SMPI information doesn't have to be sent to members under Disclosure (but schemes can if they wish) are:

- Active and deferred DC members within 2 years of their normal / selected retirement date, and
- Deferred members with small DC pots of less than £5,000 (i.e. with no new contributions flowing in).

For these members, the draft dashboards regulations currently require accrued pot (and an annualised equivalent of it) to be returned, but not a projected pot or projected income (unless the schemes wants to).

We think it could potentially be very confusing to individuals if there is inconsistency between what their different DC schemes provide (for example, an individual with two deferred DC pots of £4,000 where one has projected values shown but the other doesn't).

Extensive user testing should dictate what is comprehensible to savers and therefore what must be returned by DC schemes, and how it is displayed. Specifically in relation to the proposed SMPI exemptions:

- **Close to retirement members:** What has user testing shown that users with active and deferred DC pensions, who are within 2 years of retirement date, want and expect to see on dashboards?

For these members, current pot and an annualised version of it (if this is shown – see our response to Q13 below), may be sufficient to give a **rough idea** of the income they could expect from retirement, alongside encouragement to contact their scheme(s) / provider(s) for more details.

Showing projected values for just some of their DC pensions, i.e. inconsistently, could be confusing: this should be thoroughly investigated in user testing.

- **Deferred members with small DC pots:** Similarly, what has user testing shown that deferred members with small (<£5k) DC pots want and expect to see on dashboards? The findings of this user testing should dictate what schemes are required to return in these circumstances, and the degree of consistency that is necessary between schemes.

The key point, as with so much to do with dashboards, is that **extensive user testing should seek to discover what most users can understand and then do, and then this should define the data ask of schemes**. It may be appropriate to “piggy back” the current optional SMPI exemptions in the Disclosure regulations, but this could result in a “mixed picture” across different DC pensions on a dashboard, and the impacts of this must be thoroughly user tested.

Question 6: Do schemes apply exemptions when providing information in respect of cash balance benefits, which they think should be transferred over to dashboard regulations?

We are not aware of any exemptions being applied by Cash Balance Schemes that should be transferred over to dashboard regulations.

Question 7: Do the Regulations reasonably allow for our policy intent for deferred non-money purchase schemes to be achieved, and does it reflect current practice?

This question relates to bringing deferred DB pension figures up to date for dashboards, and whether this is what schemes do today.

There are mixed views and practices across different PLSA DB member schemes.

Some schemes feel it is very important for individuals who have deferred DB pensions to see pension incomes brought up to date from date of leaving to a date within the last year. It will be very difficult for people to know how much to pay into their current active DC scheme without being able to see, roughly, what their DB pension income(s) might be in today's money, rather than figures which are potentially decades out of date.

However, other PLSA schemes feel that displaying deferred DB pensions as at date of leaving would be satisfactory for people to see on dashboards. Many DB schemes have very low enquiry demand from their deferred members, leading schemes to question why they should bring these figures up to date.

On balance, and whilst recognising the burden this will place on some DB schemes, PLSA's view is that it is in savers' interests for **deferred DB pensions to be brought up to date** before they are displayed on dashboards. This view, however, should be thoroughly validated by **extensive user testing**.

Specifically, what does user testing show that savers with multiple deferred DB pensions, want and expect to see on dashboards? Are they content with one, some or all of their of the DB pension income figures as at date of leaving, i.e. up to several decades out of date, or do they want and need to see up to date figures for all of their deferred DB pensions?

Current practice

Regarding current practice, we refer DWP to the detailed response we sent to PDP on this question in August 2021, which is summarised below.

PLSA's previous response on current practice

PLSA sent PDP a detailed response on this in August 2021, based on a very rapid survey of some large PLSA DB member schemes. For ease, this previous response is embedded below as a pdf:



Adobe Acrobat
Document

In summary, across the small sample set of large PLSA member schemes we spoke to about this in summer 2021, we rapidly uncovered at least three different current administration and communication practices in relation to deferred DB pensions:

1. Run a **bulk annual revaluation** calculation, produce statements and make them available on the member portal, but do not store updated data items
2. On request, run an **individual automated calculation** to bring benefits up-to-date, possibly as part of a wider retirement or transfer out calculation, but without storing updated figures (but storing an image of the letter sent to the member)
3. On request, **reissue the statement of deferred benefits as at date of leaving**, possibly directing the member to a sophisticated retirement modelling tool on the scheme's website.

No doubt a more extensive and thorough review of current practice across the full DB pensions administration universe would identify additional approaches to the above, or variants of them, i.e. these three practices should not be seen as the full picture.

A significant minority of (typically larger) DB schemes adopt practice 1 above, so it should be relatively straightforward for them to return revalued deferred DB pensions for the majority of their deferred members (except for the new need to store the annually calculated figures, if this is not done already).

Schemes adopting practice 2 might potentially be able to leverage their existing automated calculations in order to return revalued deferred DB pensions on demand, but this would need to be investigated on a scheme by scheme basis.

However, a majority of schemes adopt practice 3 and do not revalue deferred pensions from date of leaving until the member retires (or earlier transfers out or dies). These schemes (or rather their administrators) will have considerable work to do to provided revalued DB pensions, at a time when administration capacity is minimal – see our response to Q8 below for more on this.

Bear in mind that revaluation in deferment is cumulative and could be less at retirement than it was at an intermediate point between leaving and retiring.

Also that some schemes apply a scheme specific rate of revaluation, often on a year by year basis in line with increases in payment, in addition to statutory revaluation, and the rates may differ for different members, different tranches of pension for the same member, so for some schemes updating revaluation annually throughout deferment will be much more onerous than for others.

Note that the distinction between active and deferred members in legislation does not depend on continued annual accrual; some deferred members who have risk benefits in addition to a salary link (usually because they are still in service) are technically active members but the projections for them do not make sense.

Schemes should have the same flexibility as in the Disclosure Regulations 2013 to choose the appropriate retirement age for projections. 'Normal pension age' is not a scheme-wide test, and it is not always clear what it means on a member-by-member basis. It is common for DB members who left before or joined after a Barber Window to have the right to their pension in full at different ages; and for those whose service crosses a date of change to have two or more tranches of pension payable in full at different ages. These legal complexities mean that the term 'normal pension age' is not fit for purpose in this context, as recognised in the Disclosure Regulations.

The consultation document and the PDP data standards usage guide are very clear that pensioner members are out of scope of pension dashboards and that pensioner members are those members with pensions that are currently in payment. However, the draft regulations states that pensioner members has the meaning given by section 124(1) of the Pensions Act 1995(d) which defines a pensioner member as 'a person who in respect of his pensionable service under the scheme or by reason of transfer credits, is entitled to the present payment of pension or other benefits.'

Question 8: Would provision of an alternative, simplified approach to calculating deferred non-money purchase benefits as described make a material difference in terms of coverage, speed of delivery or cost of delivery of deferred values for any members for whom the standard calculation (pension revalued to current date in line with scheme rules) is not available?

There are mixed views across PLSA member schemes on an optional simplified approach.

Those schemes who do not support the option and feel that deferred DB pension valuations which are known to be inaccurate (because they have been brought up to date on a simplified basis) could be unhelpful on dashboards. This is notwithstanding that all pension income figures on dashboards will be indicative estimates as we explained above.

However, there are those who feel this **could be a useful option** for schemes across the full TPA and wider admin industry, especially when considering the constraints on the numerous (and limited) specialist resources which support this sector, such as scheme rules documentation experts, benefit specification analysts, software programmers, and so on.

On balance, the PLSA feels that **most trustee boards will wish their TPA to automate deferred revaluation calculations on a scheme rules basis.**

However, in exceptional cases, and for a limited period, where a TPA does not have immediate capability to automate calculations ahead of a scheme's staging deadline, the option of simplified basis could be useful. But this would only be acceptable if clear "disclaimers" were displayed on dashboards and all liability concerns had been resolved. The regulations could be extended to require trustees to take advice that this is a reasonable approach for them to take for a limited period.

Question 8a: If a scheme were to use the alternative, simplified approach to calculate the deferred non-money purchase value, would the resulting values be accurate enough for the purposes of dashboards and as a comparison with other pension values? Is the potential for this degree of inconsistency of approach reasonable? What are the potential risks to consumers or schemes in providing a value based on a simplified calculation?

As per our answer to Q8, we would only envisage the simplified option being used in exceptional cases, and for a limited period. Together with the very strong disclaimer / caveat wording referred to in our response to Q1c above (including that all pension income figures on dashboards are merely indicative), then limited and timebound use of the simplified option should be sufficient to mitigate risks to members. For some individuals, using a simplified approach could result in the figure being very substantially incorrect.

Question 9: Do the regulations as drafted fulfil our policy intent for cash balance benefits, and do the requirements reflect current practice in delivering values?

The drafted regulations bring cash balance schemes into line with the presentation of DC scheme values, and this seems appropriate in the absence of other evidence to the contrary.

Public service schemes

Question 10: Is displaying more than one value, to account for legacy and new schemes, in respect of members affected by the McCloud judgement and Deferred Choice Underpin a feasible approach? Do consultees believe it is the correct approach in terms of user experience?

LGPS funds we have spoken with, do not feel it would provide a meaningful experience for users if funds were to return, and dashboards were to display, two pension income figures.

For most members, the underpin is not expected to be triggered and displaying two figures could be confusing for dashboard users. However, it would be appropriate to develop suitable wording around the underpin to indicate to savers that it is a valuable benefit of the pension scheme. This wording, again, would need to be user tested. The implications from the McCloud judgement are still being worked through and could take another two to three years potentially impacting on the ability of LGPS funds to meet their staging timelines.

Hybrid schemes

Question 11: We have proposed that hybrid schemes should return the value data elements as outlined for money purchase/non-money purchase schemes depending on the structure of the individual's benefit within the scheme, within the relevant timescales. Are the regulations drafted in such a way as to deliver the policy intent stated, and is this deliverable?

Separate DB and DC elements should be returned but we do not think the proposed 3 (DC) / 10 (DB) working day response times are generally helpful – see our response to Q17.

We have concerns that the methodology set out in AS TM1 to calculate the annualised income for money purchase benefits may not accurately reflect the benefits that would be available to members in line with some DB schemes with AVCs. Some scheme rules insist AVC pots are initially taken as PCLS to maximise the amount of tax-free cash that is available but that any excess be converted into DB benefits on a fixed basis. Obviously, this gives a much higher value than would be calculated on the simple structure.

Greater clarity is also needed on who is responsible for providing the data for the AVCs, the pension provider managing the AVC or the trustees of the scheme that the AVC is attached too. Where different administrators are involved in providing data for estimated retirement incomes for the DB scheme and the AVC, it may involve a degree of liaising between the schemes to base this data on the same retirement date.

Furthermore we need clarification on Regulation 15(2) which seems to go against the policy intent of showing AVC data on the pensions dashboards when it states:

“Where a hybrid scheme has members with money purchase benefits all of which are additional voluntary contributions, then those members are not relevant members for the purposes of these Regulations.”

Question 12: Our policy intention is that where a benefit is calculated with reference to both money purchase and non-money purchase values (as opposed to hybrid schemes with separate values), schemes should only provide a single value. The regulations do not currently make this explicit. Would a requirement that a scheme must supply only the data for the greater benefit of the two cover all scenarios with mixed benefits? Are there other hybrid scenarios which are not covered within these regulations?

In respect of Hybrid pension schemes that are either DB schemes with a DC underpin or DC schemes with a DB underpin, there is a logic to providing whichever is currently the higher of the two figures as the underpin is only triggered when it becomes the higher figure. For this reason, we are comfortable with the higher figure with hybrid underpins being used.

However, it may not always be possible or appropriate to return a single true hybrid figure, i.e. higher of the DB and DC elements. Schemes should return the single pension income figure that is most appropriate (which could be what they would give the member if they were to approach them directly, through existing channels, and asked the scheme for details of their current accrued and projection pension entitlement). It would be helpful to have guidance from TPR on the best way for schemes to go about this or, ideally, a prescribed methodology to mitigate potential costs.

Accrued value deliverability

Question 13: Are the accrued values for different scheme and member types deliverable, and can they be produced in the time frames set out in the 'Response times' section? Are these values necessary for optimal user experience?

We do not think the proposed 3 (DC) / 10 (DB) working day response times are helpful – see our response to Q17 below.

On comments on whether the different prescribed accrued amounts are i) a necessity for an optional user experience (UX) and ii) deliverable by schemes, are given below.

We note that we are not sure why this question only asks about accrued and not projected amounts, e.g. Deliverability of Active DB projected may not be straightforward. We are keen to engage with the DWP on this.

Active DB accrued (to a date in the last 12 months):

Do we believe this is a UX necessity?: Yes, active DB members will expect to see what they have built up so far.

Do we believe this is deliverable?: This should be relatively deliverable by most open DB schemes as DB pension, based on pensionable service to date, is typically shown on active DB annual statements (although the calculated figure is not always stored as a returnable data item – where this is the case, schemes will need to change their processes to store the item).

Deferred DB accrued (i.e. revalued to a date in the last 12 months):

Do we believe this is a UX necessity?: Yes, per our response to Q7 above.

Do we believe this is deliverable?: This will be problematical for some DB schemes (see our response to Q7 above). A simplified, and time limited, option (per Q8) might be helpful in exceptional circumstances where TPAs do not have capacity to automate calculations ahead of a scheme's staging deadline.

Active/Deferred DC accrued annualised figure:

Do we believe this is a UX necessity?: There are mixed views amongst PLSA member schemes about whether this is necessary, or even helpful for, an optimal user experience. Some PLSA schemes with DB and DC sections find members often think their projected DC pot is actually an income – so these schemes feel users may struggle to understand their current pot as an income.

On balance, though, PLSA's view is that a user's DC savings so far, expressed in terms of an income payable from retirement but in today's terms, **should** be displayed on dashboards **as long as it is properly explained**. This should be thoroughly validated by extensive user testing, with a wide range of savers, especially those in their 50s.

Do we believe this is deliverable?: This is a new requirement for schemes. DWP's proposal is that the annuity basis prescribed in FRC's AS TM1 (i.e. flat and single life) is used by schemes to convert the current pot to an income. However, PLSA feels it would be more relevant for savers to see **DC incomes which are more comparable to DB incomes** (i.e. increasing during payment, and continuing at a lower rate to a spouse /dependant on death). If this is not adopted, then to avoid substantial risk of saver detriment, very clear labels should be added to DB values highlighting that, unlike the DC pension values shown they include indexation and spouse's benefits (where this is the case).

Question 14: Do you believe our proposals for data to be provided and displayed on dashboards, particularly on value data, provide the appropriate level of coverage to meet the needs of individuals and achieve the aims of the Dashboard programme?

On balance we do not believe that the proposals achieve the appropriate level of coverage within the timelines suggested as they are not achievable for all schemes to meet. We also believe that extensive testing will be needed in the estimated 12 to 18 months after the first cohort of schemes have connected in order to ensure that values are both accurate and understood by savers and therefore the DAP can only follow after this testing has taken place.

1. If the goal is for individuals to be able to **obtain detailed and accurate retirement quotations**, perhaps as a first step to thinking about retiring (given that we know from several other countries dashboards usage peaks in the 12 months prior to retirement), then this is also met by 1. above, too. This is because the individual will have all the necessary contact information they need (from the returned Administrative data) to be able to request detailed retirement quotations from all their pension schemes and providers and no value data is required.
2. As DWP says on p34 of the condoc: *“Dashboards would present values which would be indications rather than detailed quotes ... meaningful to individuals to aid readability ... [with] contextualising info”*.
As we set out in our response to Q1c, all income figures on dashboards can **only ever be indicative**, but extensive user testing has yet to be carried out to discover the extent to which most users will understand this, and how they will react to indicative figures. It is therefore impossible to say whether the prescribed value data will meet users’ needs: **live usage user testing, of the prescribed data, across many different segments of the user population, is needed to make this claim.**
3. However, as we also set out in our response to Q1c, the consistent research insight from Sweden, The Netherlands, EIOPA and PDP is that many savers just wish to ask: **“How much in total might I get every month in retirement?”**. As can be understood from our diagram in our response to Q1d, meeting this user need is **only possible if all of a user’s pensions are found, and with incomes returned.**
4. Three other very important insights from other countries about needs and aims:
 - a. **User needs vary** (see our “walk before running” diagram), so it is not appropriate to think all users have the same needs / data requirements;
 - b. A very significant amount of **learning about user needs happens once dashboards are launched** and people start seeing pension amounts: this leads to iteration of the service (including changes to regulations / standards);
 - c. After several years of live operation of the Swedish dashboard, the minPension team carried out a **major review of user needs** and their overall dashboard offering. From this, the top 5 needs identified, from extensive research, were:
 - *What might I get every month in retirement?*
 - *How do I know if any pensions are missing?*
 - *Is this better or worse than my peers?*
 - *How can I bring my pension(s) into payment?, and*
 - *Now I have an overview of my pension, what should I do next?*

Question 15: Are there ways in which industry burden in terms of producing and returning value data could be reduced without significant detriment to the experience of individuals using dashboards?

Many PLSA schemes, and wider industry participants who understand in detail how pensions administration and employer data feed work, feel there are two major, but entirely separate burdens on them in relation to dashboards:

- a) **Getting matching to work safely:** Many PLSA schemes, and their administrators, feel it would be much wiser and less risky to “bed in” a Find service first.
- b) **Returning pension information which most savers can meaningfully interpret:** Understanding what most savers can meaningfully interpret can only be achieved through extensive live usage testing. (This is a major advantage of doing a) first, i.e. you could do extensive live value data testing once a Find service had been launched, as PASA described in their Summer 2021 proposal: “*Safe, Simple, Soon*”.)

As we set out under Q1d, the Full DAP should only happen once it is shown that most users are understanding what they are seeing (as part of the industry/government agreed DAP threshold criteria). We estimate this could take 12 to 18 months after the staging of the first cohort of schemes to ensure that savers do not suffer and that dashboards policy is not undermined and criticised.

Also, it is critical to understand, from all the international evidence, that **very significant learnings will happen once dashboards are launched**. It is **wholly misguided to think the regulations / standards will be correct at the outset**.

The philosophy should be: “*Launch, Learn, Lift*”, i.e.

- **Launch** dashboards (at the Full DAP, once all the threshold criteria are passed)
- **Learn** from live users by listening to their real articulation of their real needs, and
- **Lift** dashboards’ goals, by iteratively refining the service, including all necessary changes to regulations and standards in order to better meet the real needs of users.

Consultation Chapter 3: How will pensions dashboards operate? Find and View

Question 16: Is 30 days an appropriate length of time for individuals to respond to their pension scheme with the necessary additional information to turn a possible match into a match made?

The 30 day limit appears to be a device to enable a “maybe PeI” to be deleted by the ISP if the maybe match is not resolved. If such a device is required what user testing has led to the 30 day proposal?

PLSA’s view is that, when a dashboard user receives a “maybe match” notification on a dashboard, most users are going to want to correct this.

Like everything else, this needs to be thoroughly user tested, but it seems to us that the individual is either going to provide the necessary additional identifying information to their “maybe scheme” promptly or not at all.

If we are correct, then there would be no problem with deletion of “maybe PeIs” by ISPs within a much shorter period.

We recommended extensive testing of maybe matches takes place during the beta phase, so that more is discovered about the real practical challenges of resolving them. After this testing, if a time limit is required, it can be set **in the relevant standards, not in regulations.**

The consultation and the regulations appear to differ on where the responsibility for resolving the partial match lies, between the individual (consultation) and the scheme (the regulations). We would like to see the responsibility for resolving partial matches clearly lie with the individual as it is their data and this would be in line with GDPR considerations.

Question 17: Do you think that the response times proposed are ambitious enough?

No schemes or administrators we have spoken to support the proposed 3 (DC) / 10 (DB) working day response times as helpful; neither for a good UX, nor for TPA operations.

If a scheme cannot return the prescribed figure straightaway, then there is probably something fundamentally complex about the case which an extra 3 or 10 working days isn't going to help resolve. In this case, the notification to the dashboard user should be: *"We are unable to show you a figure for this pension, contact your scheme / provider"*. In other words, there should be a binary response: provision of a pension figure straightaway, or notification to contact your scheme.

There are two further complications of the proposed added 3 / 10 days:

- a) This will clash with service standards for other business as usual work, such as high priority requirement quotes, and
- b) It is the process of mixing digital and manual environments which will add (potentially significant) complexity to the refresh of data held by ISPs once value data is available. This is because the request for data will be made digitally through the dashboard ecosystem, the information will likely be searched and found manually, and then will be input into a digital system, so it can be returned digitally; every switch between digital and manual adds complexity.

Question 18: What issues are likely to prevent schemes being able to return data in line with the proposed response times?

Once schemes have done the necessary prescribed work in respect of: a) active DB projections, b) deferred DB revaluation, and c) the FRC changes to DC projections, then most schemes will be able to return value data for the **majority of active and deferred pension memberships**.

However, for relatively small pockets of memberships, scheme-specific complexities, across the pensions industry as a whole, will prevent data being able to be returned, such as:

- ▶ Protected Ages
- ▶ Pension Credit
- ▶ Step Up Pension
- ▶ Bridging Pension
- ▶ Barber Window

These complexities very often apply to only a relatively small proportion of a scheme's membership, meaning the **costs of calculation automation is not justified by the low number of cases affected**. For these cases, the dashboard user should be notified to contact their scheme / provider for details of their pension.

Question 19: We are particularly keen to hear of where there could be specific difficulties to providing this data for exceptional cases, how many cases this might include, and whether consultees have views on how exceptions could be made without damaging the experience of individuals using dashboards for most cases where values can be provided more readily. Are there any specific cases when providing the information asked for would be particularly difficult?

We asked PLSA members about such cases, and their prevalence. Some comments made were:

- *“Members where we are **awaiting information from employers**. For example, where they have left (become deferred), but where we cannot finalise the record until we have the necessary information for the employer. In the LGPS, these are called ‘undecided leavers’ with many LGPS funds having backlogs in this area.”*
- *“People **over retirement age** but whose status is still deferred or active” – many TPAs have many such cases: they should be told to “Contact your scheme provider”.*
- *“Based on our experience of offering member websites, we can in most cases offer view-type data to **c.90-95% of members**. Those where we don’t are the trickier cases, for example **underpins, divorce debits, etc.**”*
- *“If a **benefit claim process is currently underway**, for example an ill-health retirement application, it could make a big difference to the real world figure.”*
- *“We **haven’t had time to assess the extent** of this. When we do get a chance to assess it, what happens if we discover it’s a bigger issue than we thought?”*

We therefore do not believe it is possible to devise a definitive list of case types at this time, so any list should be designed so that it can be added to as further work in this area reveals what they are.

Consultation Chapter 4: Connection: What will occupational pension schemes be required to do?

Question 20: Do the proposed connection requirements seem appropriate and reasonable? If not, what alternative approach would you suggest and why?

On balance we feel that the connection requirements are appropriate, although alongside an already ambitious timeline could create time challenges in and of themselves.

We anticipate there could potentially be “bunching” at each staging window’s end, although there are a variety of views on this topic:

- some PLSA members felt that, given the option, schemes would go with the last day, or last week of the month;
- others felt going at the end of the month would not allow any contingency if issues were encountered;
- some felt a month is not long enough, particularly in relation to TPA / IPS capacity and spikes in demand;
- others would prefer a designated week rather than a specific date as having one date on which everything has to come together puts unnecessary pressure on people / internal departments (especially as the Full DAP won’t yet have happened), and
- finally, the point was made that, if a scheme cannot connect because of a technical glitch, then it won’t work regardless of whether or not a date has been agreed.

Much more detail is needed about how PDP propose to mitigate this by **“spreading” of a month’s cohort** across each cohort’s staging window, to ensure that sufficient support is available for schemes / administrators / ISPs from MaPS PDP and TPR, especially where issues are encountered.

Schemes also need to know **how far in advance each their connection deadline the deadline must be agreed.**

All of the above points to a lighter touch TPR compliance approach initially – see our response to Q31 below.

Consultation Chapter 5: Staging – the sequencing of scheme connection

Question 21: Do you agree that the proposed staging timelines strike the right balance between allowing schemes the time they need to prepare, and delivering a viable pensions dashboards service within a reasonable timeframe for the benefit of individuals?

Whilst we believe that many schemes will be able to achieve the staging timeline, due to the reliance on TPAs and ISPs it is not yet possible to be certain of this. In addition, some schemes believe the timeline is not possible. Moreover, even if connection is achievable within the proposed timeline, all are agreed that the data and coverage is unlikely to be good enough for sharing with the public, i.e. it will not achieve our proposed DAP thresholds regarding coverage, data matching accuracy and saver understanding.

Therefore, we are arguing that, in order to resolve the many difficulties expected, the DAP should not take place until extensive testing has taken place and we estimate this to take place 12 to 18 months after the staging timeline is completed.

The two key words in this question which have not been defined are:

- Viable – what will most users feel is a viable service?, and
- Reasonable – what will most users feel is a reasonable time to wait before they can use a viable dashboard service?

PLSA feels that most users would rather wait until dashboard services are viable, rather than rushing to use an unviable service. Even when launched, many users will feel underwhelmed given their anticipated expectations – see our “walk before running” diagram in our answer to Q1d above.

What this all means is that, regardless of the staging timeline:

- The Full DAP must not happen until the industry/Government agreed threshold criteria for coverage, data matching accuracy and saver understanding have been passed (see our response to Q1d above), and
- Mandatory Disclaimer / Liability waiver wording must be displayed on all dashboards (see our response to Q1c above).

Thus, to an extent the staging timeline is **rather less important than the Full DAP criteria**. That said, the following verbatim comments from PLSA member schemes indicates the range of opinion which currently exists across the industry:

- “Ambitious but about right”
- “Hesitantly agree”
- “It’s too soon to tell but at this point it feels too fast”
- “It’s very fast”

We have specific comments on DB superfunds, Hybrid schemes, and general industry capacity (e.g. while TPAs are dealing with other issues such as GMP equalisation) – these are covered under the respective questions below.

Question 22: Apart from those listed in the table ‘classes of scheme out of scope of the Regulations’ are there other types of schemes or benefits that should be outside the scope of these Regulations? If you have answered ‘yes,’ please provide reasons to support your answer.

Schemes:

- Schemes which have begun a winding up or PPF assessment process before the dashboards regulations come into force. Work to automate responses to Find requests and View requests could prove nugatory. If the wind up / assessment process is protracted, they could potentially be placed at the end of the staging profile.
- The status of bought out schemes is unclear – do insurers have to connect and provide details of deferred annuities? The annuities are not pension schemes.

Benefits:

- Equivalent Pension Benefit (EPB)-only members, as the costs of automating responses to Find requests and View requests for these members would far outweigh the benefits to individuals.
- We think the dashboards experience could potentially be very confusing for users who have taken one or more Uncrystallised Funds Pension Lump Sum(s) (UFPLSs) – who will see their remaining DC pot shown - compared to those who have taken Pension Commencement Lump Sum (PCLS) but have left the remaining pot untouched in a drawdown vehicle – who won’t see their remaining pot shown. This all needs thorough user testing, and we think “out of scope” benefits may need to be reviewed in light of the confusion that this user testing uncovers in this area.

- We think users who are over SPa will have an unsatisfactory and confusing dashboard experience. Clarity is required over what such users should expect if, for example, they are still working, and have not yet claimed their state, workplace and personal pensions.

In all cases, what really matters is the “materiality” of any exclusions. If a user has three pensions, 1) and 2) being trivial but 3) being significant, and if 1) and 2) are found and displayed but 3) is not shown, then this won’t be a meaningful experience for the user. Exceptions should be judged on a materiality basis, and clearly explained to users.

Question 23: Do you agree with the proposed sequencing as set out in the staging profile (Schedule 2 of the Regulations), prioritising Master Trusts, DC used for Automatic Enrolment and so on?

As we explained in Q21 above, the staging sequencing is less important than when the DAP takes place, i.e. after all the agreed Full DAP acceptance criteria have been met.

It is generally accepted that very large MTs will go first, but their particular issues with huge numbers of micro employers providing poor quality data must not be forgotten. These particular issues should be recognised in TPR’s compliance approach – see Q31.

Question 24: (Cohort specific) If you represent a specific scheme or provider, would you be able to connect and meet your statutory duties by your connection deadline? If not, please provide evidence to demonstrate why this deadline is potentially unachievable and set out what would be achievable and by when.

Because many schemes are completely dependent on their TPAs / ISPs, it is currently impossible for many to answer this question with any certainty. Some PLSA members were able to provide us with a preliminary view and these ranged from a high degree of confidence in their own or others' abilities (such as their administrator or software provider's) to meet their respective timelines, particularly where contractual obligations and responsibilities were felt to be strong enough, through to some scepticism that their own or others' timelines will be possible to meet.

These significant uncertainties for schemes, because of their huge dependencies on TPAs, while the TPAs have capacity constraints from other issues (such as GMP Equalisation projects for example). This further supports the argument for a **threshold-based Full DAP**, based on joint industry / Government agreed criteria on coverage, data matching accuracy and saver understanding – see our response to Q1d above.

Question 25: Do you agree that the connection deadline for Collective Money Purchase schemes/Collective Defined Contribution schemes (CDCs) should be the end of April 2024?

We are comfortable that the prospective Collective Money Purchase schemes will meet the end of April 2024 connection deadline and if the regulatory framework for CDC is in place by early 2023, the data shown should also be more meaningful to savers at this point too because their will be at least one year's worth of accruals.

There is however still a need to determine how Estimated Retirement Incomes would work for CDC schemes, as the benefits will vary prior to and during retirement. We are not confident that an approach that mirrors that of DC or DB would work for CDC schemes.

It should be clarified that the amounts (instead of values) are to be calculated at the illustration date and without regard to possible future increases or reductions (in a similar way to the approach adopted for defined benefits).

The same accrued amount should be used for both deferred members and active members (with an additional amount including future service for actives, discussed below). On this point, there appeared to be some confusion between the comments on page 28 of the consultation document (which noted that deferred members should be provided with an accrued value, as we would expect) and the draft legislation, which suggested a projected figure would be used for deferred members. Other references in the consultation document (the summary table on page 35, and paragraph 70 on page 44) suggest – we believe wrongly – that CDC deferred members would receive a projected annualised amount.

For active members, we agree that it is also important to show a figure reflecting potential future service, consistent with the approach that will be taken for DB. Under the regulations coming into force from 1 August 2022, CDC schemes must apply a single accrual rate for all members and our proposed wording below is based on this position. However, under Phase 2 of CDC we anticipate more flexibility, such as the potential for age-related accrual rates and the dashboard legislation may need to be amended to reflect this.

Allowance needs to be made for CDC schemes that provide additional lump sum benefits, which we understand to be possible under the CDC regulations coming into force from 1 August 2022. This could be achieved by using wording similar to paragraph 2(2) for defined benefits, but we have suggested an alternative approach below which we think is clearer.

We agree there is no need for a CDC scheme to provide a “pot value” as discussed in paragraph 69 of Chapter 2 of the consultation document.

Taking all this into account we would suggest that paragraph 4 be re-drafted to read as follows:

4. Trustees or managers of a pension scheme which provides collective money purchase benefits must provide the following value data—

(a) for active members—

(i) annualised and lump sum accrued amounts; and

(ii) annualised and lump sum projected amounts;

(b) for deferred members, annualised and lump sum accrued amounts.

Along with the following definitions:

“annualised and lump sum accrued amounts” means the accrued amounts of pension and additional lump sum, calculated as at the illustration date in accordance with the scheme rules and without regard to future adjustments to benefit amounts (where an additional lump sum is an amount directly accrued, rather than an amount commuted into a lump sum);

“annualised and lump sum projected amount” means estimates of the member’s annual pension and additional lump sum, calculated in accordance with the scheme rules assuming future contributions continue to the individual’s normal pension age and without regard to future adjustment to benefit amounts or increases in earnings (where an additional lump sum is an amount directly accrued, rather than an amount commuted into a lump sum);

This definition of “annualised and lump sum projected amount” may be sufficient to cope with more flexible CDC benefit designs which could be allowed under phase 2 of the development of CDC, because of the reference to “an estimate.... in accordance with the scheme’s rules”. However, we suggest that this be considered further as part of the Phase 2 development of CDC.

Another consideration is how benefits are communicated by QPDSs. A huge amount of work and user testing has been carried out by one of our members, who is a prospective CDC, to communicate the nature of their benefits to their pension savers, via the sponsoring employer and trade unions and it is important that this work is not undone or ignored through an

alternative presentation on dashboards. This will be another area where getting the right disclaimer wording for display values on the dashboards will be prove vital.

Question 26: Do you agree with our proposition that in the case of hybrid schemes, the connection deadline should be based on whichever memberships falls in scope earliest in the staging profile and the entire scheme should connect at that point?

No. Exactly the opposite should apply; the **connection deadline should be based on whichever membership falls in scope latest in the staging profile.**

Just because a DB section is part of hybrid scheme doesn't mean it is any easier / quicker to prepare for dashboards than if it was a standalone DB scheme.

In any case, from a user perspective, it really doesn't matter if the DC section is "postponed" until the DB section stages, as the Full DAP should not take place until afterwards (once live testing has shown that the threshold criteria on coverage, data matching accuracy and saver understanding have been passed).

Question 27: Do you agree that the Regulations meet the policy intent for hybrid schemes as set out in Question 26?

We don't agree with the proposal in Question 26 – please see our response to Q26 above.

Question 28: Do you agree with our proposals for new schemes and schemes that change in size?

Yes, connecting within 6 months of the end of the scheme year in which the scheme comes into scope seems broadly sensible.

This is except for a bulk transferred-in new segregated section to a DB superfund should be treated as if it is a new scheme, otherwise they will need to stage (potentially) immediately they become part of the superfund.

Question 29: Do you agree with the proposed approach to allow for deferral of staging in limited circumstances?

Yes, the provision of appropriate evidence within a set limit seems sensible.

However, provision should be made within the regulations for schemes not to have to stage in exceptional unforeseen circumstances, such as sudden insolvency of the sponsoring employer. We would expect regulators to exercise latitude on the extent an unforeseen event could make a difficult for a scheme to meet its staging timeline.

Question 30: Are there any other circumstances in which trustees or managers should be permitted to apply to defer their connection date to ensure they have a reasonable chance to comply with the requirements in the Regulations?

The current “administration transition” circumstances should be broadened to include other major scheme changes such as a change to the management of the scheme’s core data. In effect we would expect to see a range of appropriate reasons for schemes to apply to TPR for deferral, to be considered at TPR’s discretion. For another example, a DB scheme could be implementing a sectionalisation process in just the month when they are due to stage, which would put very great pressure on the administrator. A move from buy-in to buyout would be another situation.

The FCA consultation lays out different criteria for deferring connection dates including where providers:

- Have fewer than 1,000 pots in accumulation and,
- Rely on a third party ISP to achieve compliance

We would like TPR to also include the FCA stipulated eligibility criteria and will likewise call on the FCA to include administration transition in their criteria. It is important that there is consistency and regulatory arbitrage is limited.

Consultation Chapter 6: Compliance and enforcement

Question 31: Do you agree that the proposed compliance measures for dashboards are appropriate and proportionate?

Schemes will be making their best endeavours to comply but there will undoubtedly be myriad of teething issues to be resolved.

For 12 months following the Full DAP, regulators (including TPR, FCA, ICO, etc.) must deploy a highly pragmatic and supportive approach to the exercise of their compliance and enforcement powers on schemes. This has to be for 12 months **after** the Full DAP, as compliance with Find Requests & View Requests will not be tested at scale until then.

We are reassured by the commitments of TPR to use its discretion pragmatically, but must soon understand how will this commitment be more formally enshrined.

PLSA member schemes asked us how TPR will set their policy, how it will phase in, what amnesty will apply, what approach will be taken to proportionality, and different compliance approaches depending on whether a breach is the result of a system issue or poor administration.

It also needs to be clearly defined what the regulatory approach there will be where there are multiple cases of non-compliances with the requirements by a scheme.

For example, what is the trigger for a penalty? Contravening a provision under Part 3 is a highly open-ended definition. Some compliance issues might be a 'point in time' sole breach whereas others might be seen as continuing breaches. This must be covered in TPR's compliance policy.

Some PLSA members asked us if there could be a monetary cap for breaches in any one year scaled according to size of scheme, or otherwise the number of members affected by the breach. Alternatively, it may be suitable to design a penalty regime that escalates for non-remedy, or is multiplied by a measure of the severity of the breach, rather than being per breach. For example, it may be appropriate for the same breach affecting multiple scheme members to count as one breach, rather than each member affected counting as an additional breach.

Consultation Chapter 7: Qualifying Pensions dashboard services

Question 32: Do you agree that our proposals for the operation of QPDS ensure adequate consumer protection? Are there any risks created by our approach that we have not considered?

The key theoretical risks, as identified as far back as DWP's 2018 feasibility study, appear to be covered by the draft regulations.

But, as with everything else, to be sure that consumer protection is adequate requires thorough and extensive user testing. This might identify potential additional risks which transpire in practice. These should then be quickly mitigated through the appropriate regulatory vehicle (e.g. FCA dashboards rules, PDP Design Standards, etc.)

We remain cognisant of the potential risks of savers being mis-sold to or even worse scammed out of their pensions through unscrupulous use of the dashboards.

When dashboards become available to the public we need to make sure that people are fully aware of their availability, how to assess their authenticity, how to log on safely and to be wary of any potential scammers who may seek to help them logging in or be present in the room when they do so.

Question 33: We are proposing that dashboards may not manipulate the view data in any way beyond the relatively restrictive bounds set out in Regulations and Standards, as a means of engendering trust in Dashboards. Do you agree that this is a reasonable approach?

PLSA schemes are very concerned about how their member's pension information is going to be displayed, and potentially manipulated, on dashboards.

Clearly, the UX must be optimised, but with indicative values being returned there has to be unambiguous data labels, and strong disclaimer wording giving cast iron certainty that schemes are not liable for any user misunderstanding (see our response to Q1c above).

Whilst we agree that, initially, there should be very limited manipulation of data by QPDSs, we see that some limited, controlled, manipulation could benefit user understanding. We say more about specific examples (in respect of timelines, totalling and monthly amounts) in which this may be the case below.

Data manipulations

Timelines: Amongst PLSA members there is widespread, although not universal, support for the timeline display idea, such as the Danish example below. However, there are concerns that the key differences between increasing and joint-life DB incomes compared to flat and single-life DC incomes may not be understood by most users.



Totalling: As mentioned above (in responses to Q XX and YY), there are significant concerns amongst PLSA members that totalling incomparable DB and DC incomes, including on a timeline, is not appropriate. This should be explored extensively through detailed user testing.

Monthly amounts: PLSA members generally support QPDSs showing 1/12th of the annual income amounts provided. Perhaps these amounts should be in whole pounds and rounded down to, say, two significant figures. This would help underline to user that they are only seeing indicative estimated income figures.

Question 34: Do you agree that not constraining the content placed around dashboards is the right approach for dashboard providers and users?

PLSA members feel the content placed around dashboards should **definitely be constrained**, by the forthcoming FCA handbook rules on dashboards. Savers will need protection from information surrounding dashboards as much as they do in respect of information on dashboards. Dashboards that are surrounded by commercial messages around advice, transferring out of a scheme or trying to sell financial services products could:

- Give an unfair competitive advantage to companies hosting dashboards
- Result in savers giving the same weight to commercial messages as to the display data on the dashboards
- Damage the reputation of pensions dashboards

Also, it is not completely clear to us at what “level” the QPDS regulations, rules and standards will apply. Where a dashboard provider delivers a “white label” dashboard to another provider, it must be clear which entity is it that has to comply with all the dashboard requirements.

Question 35: Do the proposals set out here provide the right balance between protecting consumers and enabling dashboards to deliver the best user experience? Are there ways in which consumers might be afforded more protection without negatively impacting the user experience?

Striking the optimal balance between consumer protection and optimal UX can only be achieved as a result of extensive user testing with real pensions data, which will lead to appropriate refinements of the PDP Design Standards, the FCA Handbook rules, and potentially the DWP Part 2 regulations.

The testing will ensure that there is appropriate coverage, data matching accuracy and user understanding prior to the DAP.

Very importantly, users need to understand that the pension income figures they see on dashboards can only ever be indicative, and appropriate disclaimer wording should be developed. As the figures are both simplified to allow for comparability, and based on assumptions that may not come true, they can only give an indication of what a saver may get in retirement; for a truer picture it will be necessary that they contact the schemes directly. This was reinforced in December 2021, in [EIOPA's best practice advice to all countries which are currently building dashboards](#):

It is of utmost importance to indicate on the landing page that projections are o
estimates and they are not the exact amount a person will actually get at retireme

It would be appropriate to launch dashboards after a public awareness campaign to ensure savers are not potentially scammed or mis-sold to, as we detail in our response to question 32.

QPDS Audits

Question 36: Does the introduction of a 3rd party audit sound workable for potential dashboard providers? We are particularly keen to receive views on:

- The deliverability of such an approach.
- The availability of relevant organisations to deliver such an audit.
- The degree of assurance individuals can take from this third-party audit approach.
- Who should be this third-party trusted professional to carry out the assessment on dashboards compliance with design and reporting standards.

On the face of it, this seems like a good idea.

With any novel venture, “trial and test” is a sound approach. DWP / PDP / FCA should endeavour to test how deliverable this audit idea would be.

For example, during the beta phase, a couple of “beta auditors” should be invited to investigate how they might audit compliance with the PDP Design Standards in practice. This might, for example, involve looking at a random sample of actual cases on a QPDS and then comparing the value data displayed back to the source schemes’ administrators.

The traditional audit firms should be able to provide this service as they have multi-disciplinary teams spanning the different sectors on knowledge required (e.g. pensions, technology, data privacy, etc.). We, however, are unable to comment on the willingness of organisations such as these to carry out such assessments in this context.

Question 37: In what ways might prospective dashboard providers expect a third-party auditor to assume any liabilities?

We believe audit bodies, such as the ICAEW, will be best placed to respond.

Question 38: What would dashboard providers expect the cost of procuring such a service to be?

We believe audit bodies, such as the ICAEW, will be best placed to respond.

QPDS Data Export

Question 39: What are your views on the potential for dashboards to enable data to be exported from dashboards to other areas of the dashboard providers' systems, to other organisations and to other individuals?

We are not in favour of data being exported in the first iteration of pensions dashboard but are not against this for future iterations.

The scope of the initial dashboards needs to limit potential complications to de-risk the initial delivery of dashboards, for both savers and schemes.

We are not clear that the View dataset will be particularly helpful as an export. PDP designed it as a simple "Find and View" dataset, not as a "Find, View and Export for modelling" dataset. The latter would potentially have been richer, and therefore more useful.

Data exporting might be acceptable for future dashboards as long as the export is the active choice of the individual, with clear disclaimers, and to an FCA-authorised entity. We would also expect protections to be in place to ensure that the data cannot itself be monetised once exported.

As with everything else, this should be extensively user tested in a live environment before anything is enshrined in legislation.

Question 40: If data exports were prohibited, would prospective dashboard providers still be keen to enter the market to provide dashboards?

Exporting data may be beneficial for QPDSs but to what extent would this present a risk to the pension saver is another issue.

The question in respect of how keen dashboard providers would be to enter the market is difficult to answer without understanding the costs of the central architecture and governance of pensions dashboards as a whole. Without knowing these costs, and who would have to pay for them, it is difficult to determine the attractiveness of the business case for prospective dashboard providers.

Protected groups

Question 41: Do you have any comments on the impact of our proposals on protected groups and/or views on how any negative effects may be mitigated?

It is important that the PDP UWG gathers the necessary evidence as described in the consultation document, to ensure dashboards are as accessible to as many different groups as possible.

We are unclear to what extent those that are digitally excluded would be able to access a version of the pensions dashboards, and alternative formats should be actively considered.

We are also unclear to what extent power of attorney has been taken into account, which is particularly important for vulnerable customers. We would welcome further consideration of whether there is scope for delegated access to be extended to those with power of attorney. Particularly, it will be important to understand whether the QPDS acknowledge pre-existing power of attorney status. This is a key issue for many vulnerable people who have entrusted another to handle their financial/legal affairs via a power of attorney arrangement.

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