

Sixty second summary

Green light for pensions dashboards

The Department for Work and Pensions (DWP) has at long last published the results of its feasibility study of ‘pensions dashboards’.¹ The Government is prepared to compel providers’ participation, but would do so in phases, beginning with money purchase schemes. An industry-financed project could lead to the first such dashboard commencing operations, with voluntarily supplied data, in 2019 or 2020.

‘Dashboard’?

The essence of the pensions dashboard idea is to present a person with information about all of their different pension entitlements, in one place and in a consistent way, allowing them to easily determine what benefits they have accrued, and what that might mean for their income in retirement.

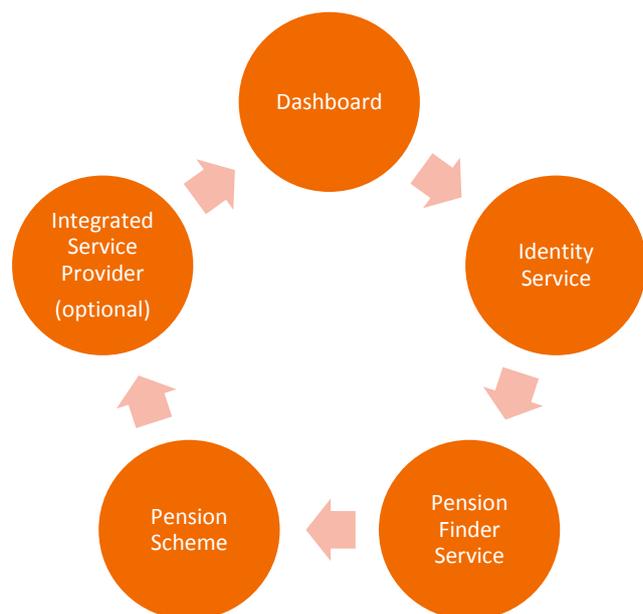
A plethora of pensions dashboards

The Government foresees scheme members having a choice of dashboards, including a non-commercial product hosted by the Single Financial Guidance Body (SFGB). Development of the infrastructure and standards underlying the dashboards will continue to be an industry-led project. The SFGB will convene and appoint the chairperson of a pensions dashboards ‘delivery group’, comprising representatives from the pensions industry, consumer organizations and government, by the spring of 2019.

Design

A person’s chosen dashboard will be his or her interface with the system. Once the user has verified their identity, a single, non-commercial ‘Pension Finder Service’ (the DWP likens it to a search engine for pension rights) will locate the pension schemes of which that person is a member. It will make contact with the schemes but will not itself aggregate or otherwise process the details of the pensions. Instead, schemes will either provide the necessary information to the person’s chosen pension dashboard directly, or will retain the services of an ‘integrated service provider’ (ISP) to do so on their behalf. The dashboard will present the information; it will not store it or facilitate alteration of the source data.

The diagram to the right illustrates the envisaged process in a simplified form.



¹ DWP: Pensions dashboards: Working together for the consumer (3 December 2018) <https://www.gov.uk/government/consultations/pensions-dashboards-feasibility-report-and-consultation/pensions-dashboards-working-together-for-the-consumer>.

Participation

The Government will legislate, 'when Parliamentary time allows', to oblige pension providers to supply data for the dashboards. There are likely to be exemptions for arrangements such as small self-administered schemes (SSAs) and executive pension plans (EPPs). State pension data will be supplied to the dashboards once sufficiently robust data standards and security are in place. In the interim, dashboards may direct users to the official 'Check Your State Pension' service.

There will be a phased introduction of the obligation to participate. The Government anticipates that some providers, such as master trusts, will be willing and able to supply data voluntarily from 2019. Compulsion is likely to begin with money purchase (defined contribution) schemes, then move on to encapsulate public-service, private-sector defined benefit and hybrid schemes. The DWP thinks that data from most schemes can be captured within three to four years.

Who foots the bill?

Government will meet the costs of legislation and developing the system for providing State pension data. The pensions industry will pay all of the other expenses, for which the DWP will consider using levies. Dashboard providers other than the SFGB will have to cover their own development overheads. Pension scheme providers will bear the costs of supplying data to dashboards or using ISPs to do it on their behalf.

Next steps

There will be an eight-week consultation exercise on the DWP's proposals. Responses should be submitted by 28 January 2019. Government will report on the outcome of the consultation exercise within twelve weeks of the closing date.

We are very encouraged by the consultation paper, which shows that the Government has listened to feedback from a broad range of interested parties. It recognizes that standardization of data access and security will enable innovation in the user experience. State pensions will be a significant portion of the retirement incomes of many people, so the inclusion of that information is critical to giving them a meaningful overview.

Mandating participation by scheme providers is similarly central to presenting users with a complete picture of their finances. Public- and private-sector DB schemes will generally need longer to prepare, and an understanding of the complexity involved in their participation will be important.

The recommendations would put pension scheme members at the heart of a secure, easy-to-use service that puts them in control of their own data. A working dashboard will be transformational in so many ways that it has the potential to be the second most positive pension development in a generation, after auto-enrolment.