



## Pensions Dashboard - How does it work?

### Introduction

The Pensions Dashboard is a concept that the government has been working towards for a number of years. It began as a pension finder service but has morphed into a far wider and more complex project. This does explain some of the reasons for the delay in getting it up and running.

### What is the Pensions Dashboard and how will it work?

The idea is that pensions dashboards will enable individuals to access their pensions information online, securely and all in one place. There could be multiple providers of a pensions dashboard, but the government is committed to providing at least one. We are expecting multiple dashboards to be developed. However, this does not mean that schemes will need to provide data to multiple sources. Instead, there will be a central pension finder service which will match members (who are accessing their dashboard record) and the pension scheme (who hold the information).

The way this works is like this.

Step 1 – a person registers for the dashboard and verifies their identity, most likely using something similar to the gov.uk gateway ID system.

Step 2 – basic identifier information is then shared with the pension schemes via an intermediary system - the 'pension finder service'.

Step 3 – queries (a find request) are then sent to all the different pension schemes and pension providers searching for a match.

Step 4 – where there is a “match” the pension scheme or provider will have to provide the required information (more on that below).

Step 5 – this is displayed on the dashboard for the person or their representatives to see, together with any other pension benefits matched (including the State pension).

This means that information is only shared when members request it. It does mean that large amounts of data are stored separately. The system is designed to fetch and deliver the information only when a member requests it.

### When will schemes need to comply?

The DWP has provided details of the staging of schemes in size order with the largest going first. As pensioner members are excluded from the membership figures. Schemes with particularly large pensioner memberships may find themselves at a slightly later stage in the process than they may have expected.

Schemes will need to be able to receive a find request and match with their members from their staging deadline as set out below.

Scheme type / size	Deadline for compliance
Master Trust (20,000+ members)	31 August 2023
Auto-enrolment compliant DC schemes (20,000+ members)	30 September 2023
Large schemes 1,000+ members	Between 30 September 2023 and 30 September 2024
Public service Schemes	30 September 2024
Medium schemes (between 100 and 999 members)	Between 31 October 2024 and 31 October 2025

Schemes with fewer than 100 members are exempt for the time being and likely to comply from 2026.

Hybrid schemes should total their relevant members across the two sections and then treat the scheme as a non-DC scheme.

Schemes may be able to defer their staging deadline for up to 12 months if the scheme is changing administrator. This would appear to be the only reason for deferral.

### Broadstone comment

#### Matching members

This is a major undertaking for pension schemes to comply with. There are discussions within the industry about how to achieve consistent and

reliable matches. Industry groups are working on the most appropriate data to match on. The biggest concerns are:

- Not matching with a member who is in the scheme
- Matching with a member who is not a member
- How to efficiently resolve partial matches

Clearly, where Broadstone are your administrators, the onus is likely to be on us to ensure we can liaise smoothly with the pensions dashboard system and we've been working with them over the past 24 months to understand the mechanics for matching members and then providing the figures. We are required to retain records of the criteria we've used to match members for six years.

We will be confirming our recommended matching methodology in due course, although ultimately the matching criteria will be for the trustees to determine due their position as data controller. Also, trustees will need to be able to understand and accept implications for the level of work that will be involved if different criteria are used.

The matching work will come at a cost to schemes as there are expected to be tens or even hundreds of thousands 'find requests' daily.

### Member data

The vast majority of schemes have been undertaking Common data checks over the last 10 years or so to check for the presence of personal member data in an accurate format. However, these checks would not have confirmed the accuracy of a member's date of birth or national insurance number.

Therefore, we recommend that trustees undertake a personal data verification exercise for their Deferred membership in advance of their staging date. Discussions may also be needed with participating employers regarding Active members, although this is expected to be much less of an issue.

Trustees will also need to consider a Data Protection Impact Assessment (DPIA).

### Data to provide

Schemes will need to provide View Data and Value Data when a successful match is made:

**View Data** – basic scheme and limited member information.

**Value Data** – fund value and income values of pensions (see below).

### Estimated Retirement Income data

Schemes will need to be able to provide pension value data and what the numbers will be will depend on whether the pension scheme is defined contribution or defined benefit.

Scheme Type	Data
Defined Contribution	<ul style="list-style-type: none"> <li>• Current fund value</li> <li>• Annual income based on that fund value</li> <li>• Fund value projected to retirement age</li> <li>• Annual income at retirement age</li> </ul>
Defined Benefit	<p>Active members</p> <ul style="list-style-type: none"> <li>• Accrued pension (as if the member left)</li> <li>• Projected pension to retirement age (assuming service continues, but with no salary increase)</li> </ul> <p>Deferred members</p> <ul style="list-style-type: none"> <li>• Pension at date of leaving revalued to current date</li> </ul>

### Broadstone comment

- Hybrid schemes will need to provide both sets of figures.
- The defined contribution values will be the same as supplied for SMPs. The Financial Reporting Council are currently consulting on those rules and we'll need to ensure the assumptions are compliant.
- The revaluation of deferred benefits may be difficult for schemes to do. An approximation using inflation could be used as a work around and a common retirement date if schemes have multiple retirement ages.



- Trustees will need to consider any AVCs attached to a DB scheme and discuss with the AVC provider(s) to see if they will provide data to the Dashboards directly.
- If the required calculation has been undertaken over the previous 12 months this number can be used. If not:
  - DB schemes will have 10 working days to produce the figures
  - DC schemes will have 3 working days to produce the figures.

## Estimated Retirement Income calculations and other data

There is also a challenge for us to work with you to ensure your data is in a condition that the required calculations can be supplied. Clearly this will be a bigger challenge for DB schemes where the functionality to calculate current values of deferred benefits on an annual basis has generally not been needed before.

Trustees may wish to consider this at forthcoming Trustee meetings and we'll be happy to discuss with you the current status of the member data and any work required to either ensure:

- Calculations are run and stored annually to comply with requests (this will be the default position of most schemes); or
- Calculations can be performed and provided within the 10 or 3 day turn around.

We are preparing a checklist for you to use to plan for your dashboard compliance.

We will be advising clients of their date of compliance and the condition of the data to be able to supply the right number at the right time for members. TPR will also advise schemes 12 months in advance of their staging date.

## Failure to comply

TPR's guidance notes that they have discretion to issue fines (up to £5,000 for individuals or up to £50,000 in other cases) but they do acknowledge the size of the challenge and will be proportionate when using powers, although TPR will take action if non-compliance is intentional or reckless. They will consult shortly on their policy.

## Increased pressure on administration

As noted above, the industry anticipates that there will potentially be hundreds of thousands of find requests a day during the initial launch phase. Your administrators will need to be able to cope with these requests and we are working on appropriate solutions. We are also expecting there to be some manual interventions where the matching protocols don't work smoothly.

The industry also anticipates that we will see an increase in member queries as members become more engaged in their pensions.

This increased work to:

- Create the infrastructure to interact with the Dashboard ecosystem
- Get the data ready
- Calculate the Estimated Retirement Income figures
- Resolve issues with member matching
- Respond to matched requests
- Deal with direct communication from potential members who have a partial match.
- Deal with increased member demand

will come at an increased cost to schemes. We are still in our discovery phase to determine how this will look for our clients and will advise further in due course.

## Contact

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