

Pensions dashboards are coming

28 November 2022



Pensions dashboards are online platforms which will allow people to see information about all of their pensions in one place. The Government has described them as having the potential to revolutionise the way people interact with their pensions. But they also mean new duties for trustees of occupational pension schemes. These new duties have now been confirmed with the publication of the final Pensions Dashboards Regulations 2022.

From August 2023, the first wave of schemes will be required to connect to the dashboards infrastructure established by the Money and Pensions Service (MaPS). Schemes will need to be ready to receive find requests relating to individuals and search their records for a match, provide members with information about their pensions through the dashboard of their choosing, and report certain information to the Pensions Regulator and MaPS.

Schemes should already be well on the way to becoming “dashboard ready”, including checking their connection deadline, taking steps to ensure the quality and completeness of their scheme data, and liaising with the scheme administrator to understand their plans and readiness to connect to pensions dashboards. The publication of the final regulations should provide trustees with the certainty they need to progress their preparations.

Which pension schemes will the requirements apply to?

The requirements will apply to trustees of occupational pension schemes with 100 or more members (excluding pensioners). They won’t apply to schemes whose main administration is outside the UK or schemes which are not registrable with the Pensions Regulator.

What will trustees be required to do?

It is proposed that trustees will be subject to new requirements falling under two broad headings:

Requirements relating to cooperation and connection

Most trustees will be required to connect their scheme to the dashboards infrastructure during the month prior to the staging deadline that applies to their scheme (although the first cohort – master trusts with 20,000 or more relevant members – will have a five-month connection window). In broad

Contents

Which pension schemes will the requirements apply to?	1
What will trustees be required to do?	1
Requirements relating to cooperation and connection	1
Requirements relating to the provision of information	3
MaPS standards	5
How will compliance with the new requirements be monitored and enforced?	5
When will dashboards become available to the public?	6
Next steps	6

terms, there will be three waves (with each wave being split into multiple cohorts and specific staging deadlines applying to each):

- > **Wave 1:** the largest schemes (with 1,000 or more relevant members) will be required to connect by staging deadlines between 31 August 2023 and 30 September 2024 (depending on scheme type and size).
- > **Wave 2:** medium-sized schemes (with between 100 and 999 relevant members) will be required to connect by staging deadlines between 31 October 2024 and 31 October 2025 (depending on scheme type and size).
- > **Wave 3:** small and micro schemes (with 99 or fewer relevant members) are not currently covered by the regulations, but the Government has said it expects these schemes will be required to connect from 2026.

For the purposes of determining which staging deadline applies to a particular scheme, “relevant members” exclude pensioners and the date for determining the number of relevant members is the scheme year end date falling between 1 April 2020 and 31 March 2021. This means that a scheme’s staging deadline will be based on historical membership numbers.

It is possible for trustees to apply for a deferral of their staging deadline, although the circumstances in which a scheme will be able to apply for such a deferral are limited: trustees must submit evidence to demonstrate that, before the regulations come into force on 12 December 2022, they had either:

- > in good faith embarked on a programme to transfer the data held by the scheme to a new administrator; or
- > entered into a contract containing an obligation to retender the administration of the scheme, and the timetable for this is reasonable and conflicts with the staging deadline.

Trustees will also be required to submit evidence to demonstrate that complying with the staging deadline would be disproportionately burdensome or would put the personal data of members at risk, and must set out the steps being taken to ensure that the scheme can connect to dashboards at the earliest opportunity. The application must be made by 11 December 2023 and the Government has published an application form and draft guidance, which sets out the issues trustees should consider if they plan to apply for a deferral of their staging deadline. Given that the earliest staging deadlines are before the deferral deadline, schemes in the first cohorts who wish to apply for a deferral should do so as soon as possible.

Once connected, trustees must use every endeavour to ensure that their scheme remains connected. Trustees will also be subject to a general duty to cooperate with MaPS to assist with the exercise of its functions in relation to pensions dashboards.

Requirements relating to the provision of information

Once schemes are connected to the dashboards infrastructure, they will be required to provide certain information to the pensions dashboard provided by MaPS and to any qualifying pensions dashboard services (QPDSs).

The obligation to provide this information will be triggered by the receipt by the trustees of a “find request” from MaPS. This request will contain data relating to an individual and will ask the scheme to search its records for a match. Trustees will be able to decide on the criteria to use for matching, but they will be required to complete matching immediately following receipt of a request and register the result with MaPS. They should not provide any “view data” at this stage of the process. Special provisions apply where a possible match is identified. The Pensions Administration Standards Association (PASA) has published industry guidance on data matching conventions, which schemes may wish to consider.

If a match is found (and the member is not a pensioner member) and a “view request” is then received by the trustees, they will be required to:

- > check with MaPS that the individual has consented to their “view data” being provided to a pensions dashboard of their choosing; and
- > provide “view data” to the relevant pensions dashboard.

The “view data” that must be provided consists of the following:

- > **Administrative data:** this must generally be provided immediately and includes information about the scheme (such as the name of the scheme, a description of the type of benefit provided under the scheme to the individual, whether the individual is an active or deferred member and the date when the individual became a member of the scheme); information about the scheme administrator (including the administrator’s name and contact details); information about the employment that gave rise to the pension; and the individual’s date of birth.
- > **Signpost data:** this must also be provided immediately and involves providing a website address where individuals can access (where relevant) information on member-borne costs and charges, the scheme’s statement of investment principles and the scheme’s implementation statement.
- > **Value data:** this is information on the value of the individual’s pension, with the specific requirements differing depending on the type of pension scheme (see below). In all cases, the value must be from a benefit statement provided within the last 13 months or a calculation performed within the last 12 months, and must be accompanied by contextual information (such as the illustration date; whether the value is expressed as an annual income, lump sum or pot value; whether there is an attaching spouse’s pension; and whether the benefits will increase in payment). The information must be provided immediately, unless a value hasn’t been calculated within the last 12 months or provided on a benefit statement within the last 13 months. In this case, trustees must generally

provide the value within 3 working days (with a longer 10 working day timescale applying for defined benefit and hybrid schemes).

As mentioned above, the “value data” that will need to be provided differs depending on the type of scheme and the type of member. Schemes are already required to make some of the value data elements available (either as part of the annual benefit statement or on request) under existing disclosure requirements, but some of the requirements go beyond this. The following table summarises the requirements for the most common types of scheme:

Scheme / member type	Accrued pot value ¹	Annualised accrued value ²	Projected pot value ³	Annualised projected value ⁴
Defined contribution	Yes	Yes	If held	Yes
Defined benefit (active member)	No	Yes	No	Yes
Defined benefit (deferred member)	No	Yes	No	No
Hybrid	Trustees must supply value data which they consider best represents the value of the member’s benefits, calculated in accordance with what the trustees consider to be the appropriate methodology and indicating which methodology they have applied to the calculation for each benefit.			

In the case of DC schemes, the annualised accrued value, projected pot value and projected annualised value will only need to be provided from 1 October 2023. These three values must be prepared using the methodology set out in Actuarial Standards Technical Memorandum 1 (AS TM1), which is the same as that used to prepare annual benefit statements. The Financial Reporting Council (FRC) has recently updated AS TM1, with the changes coming into force from October 2023. There are also several exemptions that mean certain individuals with DC benefits do not have to be provided with a projected value.

¹ The current value of a member’s pension benefits, expressed as a single amount.

² The current value of a member’s pension benefits, expressed as an annual income.

³ An estimate of the value of a member’s pension benefits at their retirement date, expressed as a single amount.

⁴ An estimate of the value of a member’s pension benefits expressed as an annual income at their retirement date.

Linklaters

In the case of DB schemes, the accrued value must be calculated in accordance with the scheme's rules and valued to the illustration date, as if the individual has reached their retirement date and (in the case of active members) without regard to possible increases in earnings. For active members, the projected value must also be calculated in accordance with the scheme's rules and without regard to possible increases in earnings, but must assume that the member will remain in pensionable service until their retirement date. A simplified accrued value may be provided for deferred members in certain circumstances.

MaPS standards

The regulations include several references to standards to be published from time to time by MaPS. These standards are intended to provide further detail on how schemes must comply with the statutory requirements.

Following a consultation earlier this year, the Pensions Dashboards Programme (PDP – the part of MaPS responsible for pensions dashboards) has published a number of standards, specifications and technical requirements for connecting to pensions dashboards. These standards will need to be formally approved by the Secretary of State before they come into force, but have been published now to give industry as much notice as possible of the duties that will need to be complied with. No major changes are expected prior to approval.

A consultation on draft design standards is expected to take place in the winter.

How will compliance with the new requirements be monitored and enforced?

The regulations provide that trustees must report to MaPS and the Pensions Regulator on matters such as the number of find requests received, the matching process used by the scheme, the number of matches and possible matches, how quickly possible matches are resolved, the number of view requests and the time taken to respond to each one. This is intended to enable the Regulator and MaPS to monitor schemes' compliance with their duties.

The regulations also include provision for the Regulator to issue compliance notices, third party compliance notices and penalty notices in cases of non-compliance with the new requirements. The maximum penalties for each instance of non-compliance are £5,000 in the case of individuals and £50,000 in other cases. Given that schemes could potentially receive a large number of find requests, there is obvious scope for multiple instances of non-compliance.

The Regulator has published a consultation on its draft dashboards compliance and enforcement policy, which sets out its expectations for trustees to achieve compliance with the regulations, as well as providing clarity on the Regulator's approach to enforcement in the event of a breach. In the accompanying press release, David Fairs, the Regulator's Executive Director of Regulatory Policy, Advice and Analysis, is quoted as saying that: "We will be pragmatic in our approach to regulating dashboards compliance

and will not be looking to simply issue fines. However, it is not acceptable for schemes and their administrators to do nothing, and we'll take a dim view of wilful or reckless non-compliance”.

The consultation on the policy closes on 24 February 2023 and the Regulator expects to publish its final policy in spring 2023.

When will dashboards become available to the public?

Pensions dashboards will be made available to the general public on a date known as the Dashboards Available Point (DAP). This will be a date specified in a notice issued by the Secretary of State at least six months before the DAP. Before issuing the notice, the Secretary of State must be satisfied that pensions dashboards are ready for widespread use by the general public, having regard to any matters that the Secretary of State considers are relevant and following consultation with MaPS, the Regulator and the FCA. The Government has indicated it is planning for the public to have access to dashboards for the first time in the middle of 2024.

Next steps

Now that the regulations have been finalised, trustees have more certainty about what they need to do to get “dashboard ready”. Their immediate next steps should be to:

- > confirm the scheme's connection deadline (i.e. the date by which they will be legally required to be connected to the pensions dashboards);
- > have pensions dashboards as a regular item on board agendas;
- > if they haven't already done so, discuss dashboards with their administrator and other relevant parties;
- > confirm how the scheme will connect (i.e. whether trustees will develop a solution in house, use their administrator or use an integrated service provider); and
- > if they haven't already done so, assess the accuracy and digital accessibility of the scheme's data and put in place plans to improve the accuracy and digital accessibility of this data if required.

For more information, please speak to your usual Linklaters contact.

For general enquiries please contact

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Tel: +44 20 7456 2000
Fax: +44 20 7456 2222

www.linklaters.com

Author: Claire Collier

This publication is intended merely to highlight issues and not to be comprehensive, nor to provide legal advice. Should you have any questions on issues reported here or on other areas of law, please feel free to contact us.

© Linklaters LLP. All Rights reserved 2022

Linklaters LLP is a limited liability partnership registered in England and Wales with registered number OC326345. It is a law firm authorised and regulated by the Solicitors Regulation Authority. The term partner in relation to Linklaters LLP is used to refer to a member of Linklaters LLP or an employee or consultant of Linklaters LLP or any of its affiliated firms or entities with equivalent standing and qualifications. A list of the names of the members of Linklaters LLP together with a list of those non-members who are designated as partners and their professional qualifications is open to inspection at its registered office, One Silk Street, London EC2Y 8HQ or on www.linklaters.com and such persons are either solicitors or registered foreign lawyers. This document contains confidential and proprietary information. It is provided on condition that its contents are kept confidential and are not disclosed to any third party without the prior written consent of Linklaters. Please refer to www.linklaters.com/regulation for important information on our regulatory position.

We process your data in line with our Global Privacy Notice. You can view this at www.linklaters.com/en/legal-notices/privacy-notice.

To opt-out of receiving any marketing emails from us, or to manage your email preferences and the personal details we hold for you, please contact: marketing.database@linklaters.com.