

Consultation Response

The Pensions Dashboard Programme's consultation on *Pensions Dashboards: staging call for input*

Which? broadly supports the Pensions Dashboards Programme's proposed approach to the staging of pension schemes, but earlier take-up should be encouraged

Which? supports the Pensions Dashboards Programme's proposal for requirements for pensions schemes to provide data to pensions dashboards to be predominantly based on the size of scheme. As we set out in our report on the pensions dashboard in 2018,¹ smaller schemes especially may need longer than others to provide data to pensions dashboards. The Pensions Dashboards Programme's proposed approach is a proportionate way to ensure pension schemes are ready to provide reliable and accurate data to pensions dashboards while covering as many pension memberships as possible at the earliest date.

Within the proposed first wave of large schemes, we agree that defined-contribution schemes are the more immediate priority for consumers. Defined-contribution schemes are also more likely to be ready to connect to dashboards, given that they are already required to provide annual benefit statements that include the key data requirements proposed for dashboards and many of the large schemes have online customer-facing services. Nonetheless, defined-benefit schemes are also important given the number and value of deferred pots among people approaching retirement, and these schemes should come on at the earliest opportunity.

Furthermore, some schemes can and should provide data to dashboards earlier than the proposed deadlines. We therefore agree that this should be enabled and encouraged. This will help to speed up the testing of the system.

However, the Pensions Dashboards Programme should commit to a launch date for dashboards to be available to consumers once large schemes (covering 99% of schemes) have successfully connected

The proposed timetable that the Pensions Dashboards Programme has proposed does not say when pensions dashboards will become available to consumers. This is the most important deadline of all, and its omission risks undermining the progress of the entire initiative. After all,

¹ Which? (2018), *The pensions dashboard: how can we make sure it works for consumers*

the government first committed to introducing a pensions dashboard by 2019 and a prototype was available as early as 2017.

While we understand that there needs to be a period of testing early-on before dashboards can be launched to the public, we see no reason why this cannot be built into the staging timetable. A launch date will give all participants in the system a clear goal to aim for and ensure that the necessary impetus and pace is maintained.

Once large schemes in the proposed first wave have connected, this will mean that more than 99% of scheme memberships will be covered. Launching dashboards at this point will mean that some users will not be able to see all of their pension pots, however we believe that with appropriate warnings alongside this information the benefits of launching dashboards earlier will outweigh the potential harms for some users.

The Pensions Dashboards Programme should outline deadlines for small- and medium-sized schemes to connect to dashboards

The proposed timetable currently only suggests deadlines for large schemes with more than 1,000 members. While other schemes account for less than 1% of scheme memberships, there should still be deadlines set for these schemes. This is especially important given that there are likely to be much weaker incentives on smaller, single-employer schemes to connect to dashboards compared to larger schemes that are competing to attract new savers and employers.

Given the long tail of very small schemes, we do not believe that every scheme needs to be required to be on dashboards. A low de minimis threshold for the very smallest schemes with a handful of members would be a proportionate approach, as long as this is combined with effective warnings to users of dashboards about potential gaps in coverage.

The Pensions Dashboards Programme should set out deadlines for government to provide state pension information and to standardise estimated retirement income projections

Government has a crucial role to play in the progress of dashboards. As well as establishing the legal deadlines for staging of pensions schemes with the Financial Conduct Authority, building on the Pensions Dashboards Programme's proposals, the government is leading work to connect state pension data to dashboards and to standardise estimated retirement income projections. The Pensions Dashboards Programme should set out deadlines it believes the government should work to for both initiatives given how critical these initiatives are for the launch of dashboards to consumers.



Without state pension data consumers could be given a significantly misleading picture of their potential income in retirement. The DWP's work to standardise rules around how pension schemes calculate projections of what an individual's pension savings could be worth is also crucially important. The use of different assumptions for projections can lead to vastly different projections between schemes, which can mislead people about the potential value of their pension savings. It is an issue that will particularly be highlighted by pension dashboards, which for the first time will bring together information on a person's pension schemes in one place. Currently, different bodies set the rules for projections for different types of pension schemes, and within those rules pension schemes are in some cases given significant flexibility over what methodologies they use. There needs to be a single body, with a single standardised approach mandated across the pensions sector. We therefore support the Department for Work and Pensions taking responsibility for this crucial area to enable this to happen.

We support the 'find and view' data requirements for all schemes required to provide data to dashboards, but want to see this evolve over time

We support the initial requirements for the 'find and view' information that will be initially provided by pension schemes. This information is the bare minimum that should be shown under the proposed timetable. Anything less will undermine the experience for users and could reduce the level of future usage and engagement with dashboards, as well as making it harder for advisers and guidance practitioners to support decision-making.

In the longer term, dashboards should evolve alongside annual statements to provide better information and usability, with key information mirrored across annual statements and dashboards so that consumers are not confused by different data being provided for the same time periods. This should include a figure for costs and charges that have been paid for each defined-contribution scheme. Some schemes voluntarily provide this information already, and all income drawdown providers are also required by the FCA to show this information. There is some international evidence that transparency on charges for consumers has had a positive impact on engagement as well as helping to create a relatively high level of consumer trust in the pensions industry.² Better understanding of what individuals pay for their pensions is also crucial to prepare people for when they are confronted with decisions in later life, when people with savings in defined-contribution schemes must make challenging decisions about when and how they access their pension savings.

About Which?

Which? is the UK's consumer champion. As an organisation we're not for profit - a powerful force for good, here to make life simpler, fairer and safer for everyone. We're the independent

² Pensions Policy Institute (2018), *Charges, returns and transparency in DC - what can we learn from other countries?*

The logo for 'Which?' is displayed in white text on a red rectangular background. The word 'Which?' is written in a bold, sans-serif font, with the question mark being a slightly larger size than the letters.

consumer voice that provides impartial advice, investigates, holds businesses to account and works with policymakers to make change happen. We fund our work mainly through member subscriptions, we're not influenced by third parties and we buy all the products that we test.

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