

PDP webinar:

connection guidance, and
understanding AVCs and value
data



- session will be recorded and published on our website
- please add any questions in the 'questions' box

January 2024

Agenda

1. Introduction
2. Department for Work and Pensions: background and legislation
3. PASA guidance
4. Local Government Association guidance
5. The Pensions Regulator: regulators approach to compliance
6. Q&A



Speakers



Department
for Work &
Pensions

**James Holland,
pensions dashboards
policy**

PASA 
assess | aspire | achieve

**Geraldine Brassett,
PASA dashboards
working group**

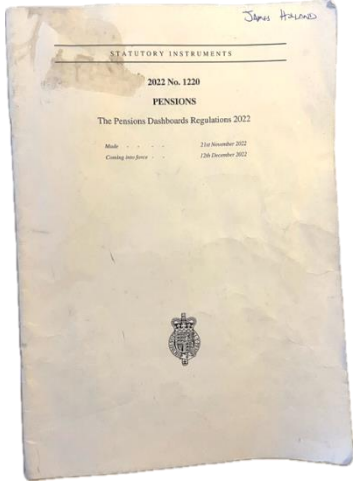
Local 
Government
Association

**Jayne Wiberg,
Local Government
Association**



**The
Pensions
Regulator**

**Angela Bell,
The Pensions Regulator**



Pensions Dashboard Regulations

Regulations and Guidance:

- The 2023 amending regulations put in place a single connection deadline of **31 October 2026**.
- DWP will publish guidance on connection timing to which trustees and managers must have regard. The intention is to publish this in **Spring 2024**.

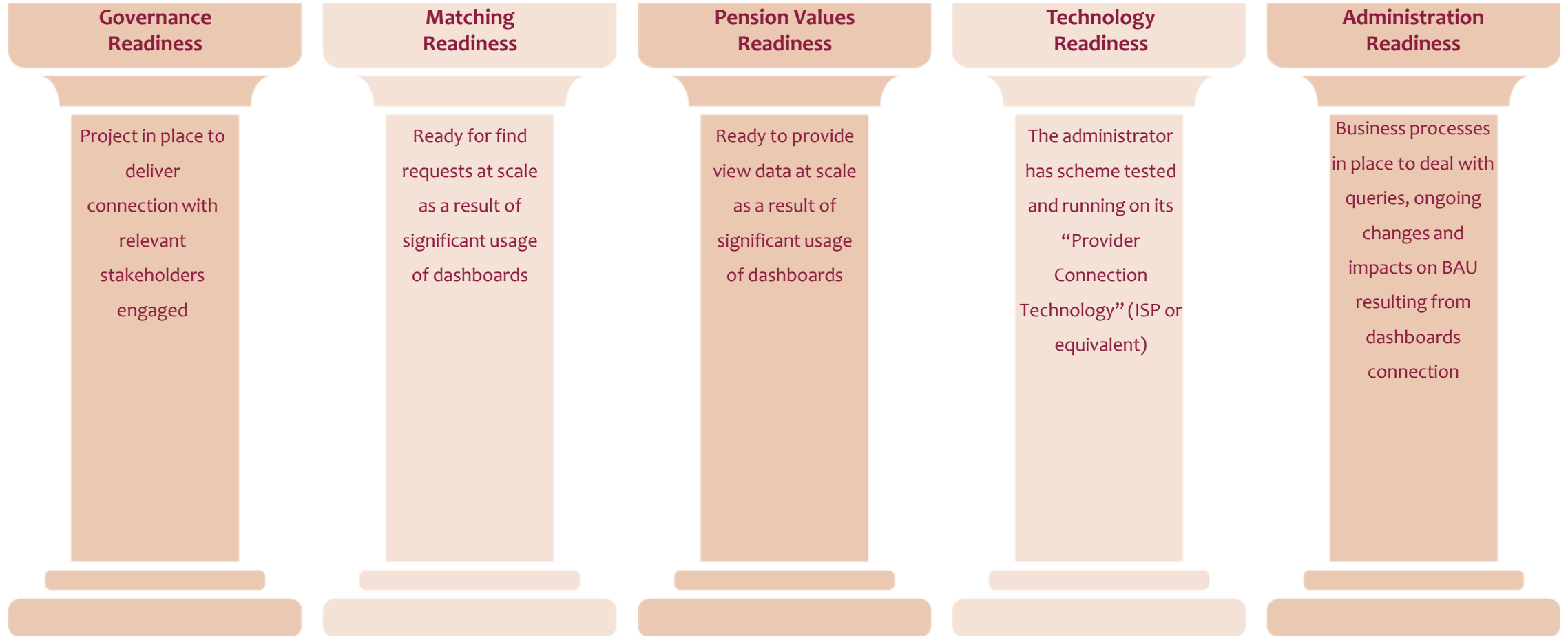
Value data Requirements

- The *Pensions Dashboard Regulations 2022* set out requirements relating to the values which will need to be provided to dashboard users.
- Requirements are often framed at a high level, to ensure that a range of complex scenarios can be accommodated.
- The Regulations also require that trustees and managers adhere to standards published by MaPS – Data standards are of particular relevance here.
- The duties in the regulations fall on the trustees and managers of the scheme. This includes any AVCs associated with that scheme.
- Coordination is therefore required:
 - Requirements apply to AVCs at the point at which the main scheme connects (and there is already a requirement to cooperate with MaPS)
 - There are certain requirements, particularly around value information, where data needs to be aligned. In particular, the regs require that illustration dates align across the main schemes and AVCs, to maintain consistency.
 - Trustees will need to be assured that requirements can be met by their AVC providers, including the provision of view data in line with the immediate/3 day/10-day response times set out in the regulations.

Guidance on value data for pensions dashboards



The Five Pillars of Connection Readiness



Deep dive – guidance on understanding gaps

Assess Pension Values Data Availability	
Description	Pension values and contextual information must be provided as soon as possible after a view request and within 3 days for DC benefits and 10 days for DB. Where calculations have been carried out within the last 12 months (or provided to the saver on a statement within the last 13 months) these should, as a minimum, be available immediately following a view request. For new savers, this data should be provided as soon as possible and no later than 12 months after the end of the scheme year in which they joined.
What's required?	<ul style="list-style-type: none">• A clear, documented understanding of the data which must be returned to dashboards• Agreement on 'house views' on production of pensions values where required (see PASA pension values Guidance)• An understanding of levels of pension values data coverage• A plan to improve the level of pension values data coverage/quality, where appropriate• Documented processes to produce pension values data within DC/DB timeframes where not immediately available• Documented processes to deal with queries resulting from data returned to dashboards• Documented processes for refreshing data for dashboards on a regular basis (minimum annually)



Need for Value Data Guidance

- Regulations and standards are not prescriptive in some areas
 - Reflects variability and complexity
- Trustees are looking to providers for solutions
- Recognition that capacity constraints exist
- Manage third party dependencies e.g. AVCs



Principles underlying the guidance

- to provide schemes and administrators with guidance on good practice and to **avoid many organisations considering the same issues** from scratch, which would be inefficient for all parties
- to provide savers with, wherever possible, a **consistent approach** to the information provided to dashboards where this is not prescribed in legislation or standards
- to support the idea that schemes should, where possible, **reuse information** that is already provided to members and which they will be familiar with
- to **minimise the possible additional strain** on operational delivery immediately after the Dashboards Available Point (DAP) and on an ongoing basis.
- to cover public and private sector, DB and DC and appropriate to all size of scheme



What you should expect to find

- **Our thought process** – what we considered, what was rejected and why, as well as what options we liked - we've done and written down the initial thinking to avoid you all starting from scratch
- **Recommendations** where possible – in some areas we believe a clear preferred approach exists
- **Ranges of options** – in many cases there are multiple approaches that we think are reasonable
- **Guidance, not decisions** – ultimately individual schemes and administrators need to decide



Areas covered in the guidance

Main guidance

- Calculations stored or on call
- Revaluation of deferred DB benefits
- Simplified method
- Rounding
- Members over retirement age (DB schemes)
- Members with benefits containing different payment ages
- Payment characteristics
- GMP equalisation
- GMP stalemate cases
- Benefit underpins and guarantees
- Members with salary link
- Step-ups after retirement
- Step downs (temporary pensions)
- Partial retirements
- Split administration and AVCs
- Pensions debits and pension credits (divorce cases)
- Scheme Pays
- Multiple separate benefits held in the same scheme
- Transfers in and additional DB benefits (DB AVCs)
- What triggers a value data refresh?

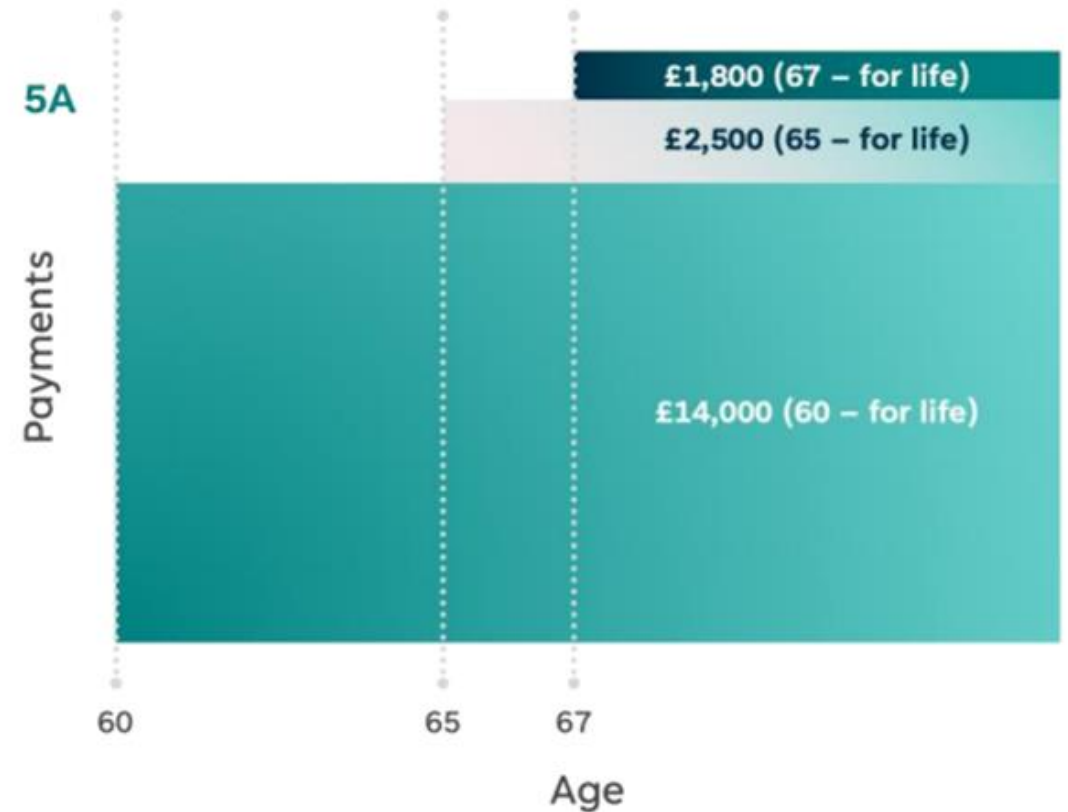
Notes

- Aggregation of DB and DC/AVC benefits
- Generous early retirement terms
- Unfunded private sector schemes
- Linked schemes
- Survivor-only benefits
- Pensions denominated in overseas currencies
- Ill health retirements
- LGPS “Frozen Refunds”
- LGPS suspended “Tier 3 ill health benefits”
- LGPS unpaid benefits following “flexible retirement”



Example 1 - Retirement Age - DB Members Over NRA

- DB pension revalued to current date
- What if the member is already over NRA?
- What if the member has two NRAs as a result of, for example, the Barber judgement?
 - Data usage appendix shows how data will be displayed with two NRAs
- What if the member has two NRAs and has passed both of these?



Retirement Age – DB members over NRA

- Various options exist:
- Deferred members
 - Revalue to NRA only
 - Revalue to a current date (past NRA)
 - Respond on ad-hoc basis
- Active members
 - Likely to be based on post-NRA accrual
 - Calculation basis depends on scheme rules
- What a scheme quotes will likely depend on circumstances



Retirement Age – multiple “NRA”s

- Proposed approach is to return a single figure based on the higher “NRA”
- Dashboards not capable of explaining that some of the benefit can be taken earlier without reduction
- In most cases this will be the easiest option for a member to understand



Example 2 - Value data refresh

Definite refresh

- Retirement
- Death
- Transfer out

Possible refresh – scheme to decide

- Active member leaving service
- Receiving a salary increase
- Moving to part time status
- Changes to scheme structure
- Change to contributions
- Changes to scheme rules
- Changes to over-riding legislation
- Scheme closure
- Partial retirement
- Divorce settlement
- Scheme Pays application
- GMP equalisation implemented
- GMP reconciliation
- Benefit update due to other reasons



Dealing with AVCs - options

- **Single Source** - The main administrator will send both the DB and the AVC values. In this option, the pension provider will need to make sure it is getting a feed of relevant data from the AVC provider on an annual or more frequent basis.
- **Multiple Sources but Linked** - If the benefits are to be provided separately but displayed together on dashboards, the main administrator must generate a unique identifier and pass that identifier to the AVC provider. Both the DB pension provider and the AVC provider will then need to populate a “Pension Link” field in their view data message, so dashboards can connect the benefits.
- **Multiple Sources not Linked** - The Trustees could decide that it is reasonable for the two sets of data to be displayed apart from each other (for example, if the AVC benefit was suitably named). In this case the Trustees may choose not to create a unique identifier. However, Trustees remain responsible for ensuring all of their members’ benefits are displayed on dashboards, even if they are shown separately.



AVCs – Examples of Specific Considerations

- **Connection Date** – This is determined by the connection date for the main scheme. AVC arrangements need to connect on the same date
- **Benefit Illustration Date** – This needs to be the same for the main scheme and all related AVC arrangements
- **Matching Criteria** – Opportunity for alignment between the main scheme and AVC arrangements
- **Data Quality** - What if any data analysis, reconciliation and cleanse work needs to be considered before connecting
- **Member and Trustee Support** –
 - Where will members who partially match, have queries or require more information go to for support
 - Who will provide trustee compliance reporting in respect of AVCs



Next steps

- Future guidance
 - AVCs Phase 2
 - DC ‘Late retirements’
 - Buy in and buy out
 - EPBs



Pensions Dashboards connection guide for LGPS administering authorities

Jayne Wiberg
Pensions Adviser

17 January 2024

Who are we?



National voice of local government, working with councils to support, promote and improve



Politically-led organisation working on behalf of councils to make sure local government has a strong credible voice with national government



Aim to influence and set the political agenda on issues that matter to councils so they can deliver local solutions to national problems

What is our role in the LGPS?



One voice representing 86 LGPS administering authorities (sub scheme administrators) in England & Wales on behalf of 6.5 million members



Represent the interests of LGPS administering authorities at national level with government and other bodies - TPR, TPO, HMT, DWP, HMRC, PDP



Central point of contact for government departments enabling the spreading of information across the LGPS community



Support LGPS administering authorities with guides, communications, national member and technical websites, training, plus lots more

Why did we produce the guide?

One scheme in England & Wales administered by 86 LGPS authorities

One scheme in Scotland administered by 12 LGPS authorities

4.9 million members in scope of dashboards

To try to achieve consistency for all scheme members

To help all LGPS administering authorities

LGPS Pensions Dashboards connection guide



Identify steps to connect to dashboards



Provide a synopsis of each step - links detailed online information



Actions to be taken, decisions to be made, and timings



Checklist of connection tasks



Value data checklist with recommendations on how to proceed



List of regulatory queries raised by the LGA with responses

Steps to connection

Who does
what?

Keeping
stakeholders
up to date

Committees
and Boards

Accuracy and
accessibility of
data

Internal
controls and
record
keeping

The DAP

Connecting to
dashboards

Registration

Budget

Connecting to
the ecosystem

Authorisation
and
identification

Matching
criteria

View data

Timings to
provide view
data

AVCs and dashboards



10 AVC providers working with LGPS administering authorities



100,000 LGPS members in scope with AVCs



Shared Cost AVC policies on the increase



National LGPS working group established to work with AVC



LGPS AVCs and dashboards guide - published later in 2024

Where can you find the guide?

- ↓ LGPS Regulations and Guidance website – www.lgpsregs.org

- ↓ Administrator resources page -
<https://www.lgpsregs.org/resources/index.php>

- ↓ Administrator guides and documents page -
<https://www.lgpsregs.org/resources/guidesetc.php>

- ↓ LGPS Pensions Dashboards connection guide -
<https://lgpslibrary.org/assets/gas/uk/PDv0.1.pdf>

TPR: Compliance and enforcement approach

- Principles-based policy
- Data-led: information will flow from PDP to TPR identifying non-compliance, or providing us with data to identify potential risk of non-compliance
- Leveraging a range of powers:
 - New powers in regs designed to operate at scale – compliance notices, third party compliance notices, penalty notices
 - Existing information-gathering powers
 - Existing powers to pursue wider governance issues including removing and replacing trustees

Key message:

The importance of having the appropriate governance, processes and systems in place to record key decisions and progress.

TPR's compliance and enforcement policy: a pragmatic approach but robust where we see intentional non-compliance

Useful resources

[PASA values guidance](#)



[PASA connection readiness guidance](#)



[LGPS Pensions Dashboards connection guide](#)



[How Additional Voluntary Contributions \(AVCs\) are reported to dashboards FAQs newsletter](#)



[Value data and returning values from multiple sources FAQs newsletter](#)



[Additional information on illustration dates FAQs newsletter](#)



[View data response times FAQs newsletter](#)



[TPR Pensions dashboards: initial guidance](#)



[TPR Preparing to connect: checklist](#)



Any questions?

Stay in touch



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