

Media Brief

Pension Dashboards

June 2020

Note: This paper is intended as background information for the media. It is not intended as a comprehensive policy paper for The People's Pension.

What are Pension Dashboards?

Pension Dashboards will be online portals that allow people to see all their pension entitlements in one place. Dashboards seek to provide better access to pensions information so that individuals can make better decisions about their retirement plans.

Why are Pension Dashboards necessary?

At the moment, it can be complicated for people across the UK to understand how much they have saved for their retirement and to plan accordingly.

Our research found that nearly half the UK workforce (47 per cent) didn't know how much they had saved across their pensions in total¹ and more than four in ten people (41 per cent) were unaware that they paid charges on any of their pension pots.

Information barriers exist because:

- People now change jobs far more often; The average person could end up with 11 or more pension pots in their lifetime² unless they actively take steps to combine them into one, and some of these pots could end up lost and forgotten about.
- People are likely to rely on the state pension, workplace pensions and private pensions to varying degrees, so there are multiple channels to keep track of and understand.
- Information provided by some pension providers may neither be digitally available nor user-friendly.

During its research into the dashboard in 2014, the FCA³ used the example of the Netherlands, where since its introduction there, it had "encouraged consumer engagement with pensions by making them more tangible and visible."

What should Pension Dashboards provide?

When one in five people across the UK have lost track of a pension, it's vital that the pensions dashboard answers the question 'what have I got and where is it?'

Single or multiple dashboards?

Research we conducted in 2018 showed that seven out of 10 (72 per cent) UK workers with a private or workplace pension scheme back calls for a single pensions dashboard, appearing on one online platform only, to help them keep track of their savings.⁴

However,

in Spring 2019 the Government, following consultation on a feasibility study⁵, announced that there would be multiple dashboards, appearing on multiple online platforms with different functionality, alongside an 'independent' dashboard provided by the Money and Pension Service.

We have called for a single, non-commercial dashboard to be delivered first, ahead of multiple dashboards, and continue to argue that multiple dashboards provided by financial services companies with a commercial interest will require a tough consumer protection regime to ensure savers' interests are put first.

A saver's full pension picture

Dashboards will only be as good as the information that they host. They must be simple to use and allow savers to see all their pension information, including the state pension, in one place. The fear for many in the industry is that consumers will only use the dashboard once if they discover it is missing crucial pieces of information. This is why we think it is important that a publicly run, non-commercial, dashboard is launched first. Providers must be legally required to supply data, otherwise many simply won't play ball.

The Pensions Scheme Bill⁶, which was re-introduced to Parliament in January 2020, includes legislation to support pension dashboards, including powers to compel pension schemes to provide accurate information to consumers.

Transparency of charging

When four in ten people have no idea they pay a charge on their pensions¹, pensions dashboards are perfect opportunity to increase transparency around pension charges. It's vital that charges, in pounds and pence, are included from day one on the dashboard, to give savers a full picture as they plan for their future.

Consumer Protection

It is important for savers that the initial pension dashboard remains a single source of truth, that's free from commercial sales pitches. However, as the government has committed to multiple dashboards, it is vital we protect the 18 million savers whose pension pots and entitlements may be displayed.

In research from Ipsos Mori⁷, almost two thirds of people (65 per cent) said data security would be their biggest concern in online dashboards were run by private companies, and more than half (58 per cent) were concerned that private companies would use dashboards to try and sell to them.

Consumer rights must be at the very heart of the dashboard – meaning that savers must have every confidence that their data is secure at all times and is not being misused in any way. We're calling on the government to ensure all commercial dashboard providers operate to a fiduciary standard; the highest legal protection possible to ensure dashboard operators act in the best interest of the saver.

The road to the pensions dashboards

The suggestion of a dashboard was first floated in December 2014, when the Financial Conduct Authority recommended such a platform as part of its Retirement Income Market Study³.

Several months later in Spring 2015, the FCA entered discussions with the Government about how best to deliver the project, which would result with a ‘consumer friendly, digital interface which would display information about all of an individual’s savings in one place.’

In the 2016 Budget, then Chancellor George Osborne announced that the Government would ensure that the industry would fund and design a dashboard, which would be launched by the end of 2019 – which of course hasn’t yet happened.

The Pensions Dashboard Prototype Project, which The People’s Pension contributed to, was launched in September 2016, with the intention of agreeing a format for the platform and establishing whether such a project was deliverable – which it ultimately did.

In October 2017, the project group, which was managed by the Association of British Insurers, published a paper - ‘Reconnecting People with their Pensions’⁸. Included in its 10 recommendations were:

- That Government introduces legislation to ensure all pension providers and schemes make their data available, as consumer research showed that the public would only engage if they could count on it being ‘near complete’. Studies of other countries using dashboards show that compulsion was a key to their success.
- The establishment of an implementation timetable, along with an implementation and governance body, which will establish the necessary standards for all involved.
- Establishing a non-commercial, Government-backed platform which will operate alongside services from third parties.

In December 2018, the Government published its delayed dashboard feasibility study⁴, which then went out for consultation. The document re-enforced the Government’s desire to put people in control of their data and to take steps to make the State Pension data available for the dashboard. It also reiterated that the industry is best placed to design, develop and pay for the dashboard project

The Government reported back on the consultation in Spring 2019, with one of the most notable conclusions being that there would eventually be multiple commercial dashboards, alongside a public dashboard. There are currently delivery groups from both the industry and the Money and Pensions Service (MaPS), working on how to develop these projects.

In autumn 2019, the Government launched the Pensions Schemes Bill⁶, which included legislation designed to support pension dashboards, including powers to compel pension schemes to provide accurate information to consumers. The Bill has yet to be passed by Parliament.

Once operational, the dashboard project will link 52 million UK adults to a total of 40,000 providers and schemes.⁹

What we’re calling for:

- The initial pensions dashboard must be a single source of truth, free from commercial sales pitches, facilitated independently by the Money and Pensions Service.
- All commercial dashboard providers should be required to put the interests of their customers ahead of commercial interests when operating a pensions dashboard.
- Pensions charges, in pounds and pence, to be included from day one on the dashboard, to give savers a full picture as they plan for their future.

Footnotes:

1. YouGov carried out an online survey on behalf of The People's Pension with a representative sample of 2,297 UK adults in employment aged 18 to 66, between 16 and 20 February 2018:

<https://bandce.co.uk/seven-10-workers-back-calls-single-pensions-dashboard-according-research-peoples-pension/>

2. Estimates based on analysis, conducted on behalf of the Department for Work and Pensions.

3. [The FCA's The Retirement Income Market Study 2014, which used finding for other countries using similar platforms, first recommended pensions dashboards:](https://fca.org.uk/publication/market-studies/ms14-03-2.pdf)

4. The People's Pension commissioned YouGov to conduct a survey in 2018 on attitudes around the concept of Pensions Dashboards:

<https://bandce.co.uk/seven-10-workers-back-calls-single-pensions-dashboard-according-research-peoples-pension/>

5. The Pensions Dashboard: Working Together for the Consumer feasibility study was published in 2018:<https://www.gov.uk/government/consultations/pensions-dashboards-feasibility-report-and-consultation/pensions-dashboards-working-together-for-the-consumer>

6. The Pensions Schemes Bill was reintroduced to Parliament in January 2020:<https://services.parliament.uk/Bills/2019-21/pensionschemes/documents.html>

7. [IPSOS Mori produced its Lost Pensions research in September 2019](https://www.ipsos.com/sites/default/files/ct/news/documents/2019-10/charting_-_lost_pensions_v_0.pdf)

[https://www.ipsos.com/sites/default/files/ct/news/documents/2019-10/charting -
_lost_pensions_v_0.pdf](https://www.ipsos.com/sites/default/files/ct/news/documents/2019-10/charting_-_lost_pensions_v_0.pdf)

8. The ABI-backed report, Reconnecting People with their Pensions in 2017 gave recommendations on how to progress the pensions dashboard project

<https://www.abi.org.uk/globalassets/files/subject/public/lts/reconnecting-people-with-their-pensions-final-10-october-2017.pdf>

9. The Money and Pensions Service provided an update on the dashboard project in April 2020:

<https://moneyandpensionsservice.org.uk/2020/04/08/pensions-dashboards-programme-sets-out-broad-plans-for-future-development/>

