

pension scheme administration & effective governance

RECORD KEEPING - 'A PROGRESS REPORT'

The JLT Benefit Solutions and Pensions Management Institute (PMI) study into 'The relationship between pension scheme administration and effective scheme governance', announced in last month's issue of PMI News is, at the time of writing, with the typesetters and will shortly be published in full.

In advance of this, we are setting out the key results from the 'data quality' section of the study. This was a subject we first visited last September in a mini survey and, with the Pensions Regulator planning a review of progress against its Recording Keeping Guidance later this year, the findings below will be of considerable interest.

Notwithstanding the regulator's guidance, as well as the threat of more formal requirements if schemes fail to comply with it on a voluntary basis, our study has found that nearly 30% of respondents have yet to agree any targets for standards of data and a deadline for achieving them. Worryingly, over 11% 'don't know' whether such targets have been agreed.

We included space for respondents to make further comments and a handful did observe that targets for data quality were "under discussion". One respondent, with a scheme where the first target had already been met, also candidly admitted that he considered the second target "unlikely to be achievable due to difficulties with obtaining addresses and other comprehensive details for 'disappeared' deferreds", but there was a "major push to capture all we can". We suspect that this sentiment will be shared by many trustees and administrators.

The guidance makes a distinction between 'common' data and 'conditional' data, with different guidelines applying to each. When we asked respondents whether they were making the same distinction in their data quality targets and deadlines, we found that schemes were fairly evenly split into those that are distinguishing between the two types of data and those applying the same target/deadline

for both. As with the last question, there was also a number of 'don't knows' (see table below).

For those that have agreed targets and a deadline, it was reassuring to find that 68% of respondents have set standards that surpass those proposed by the regulator. However, contrary to the recommendations in the regulator's guidance, only 16% are going to report to members in the accuracy of their pension scheme data, with one respondent commenting that this is a "Two-edged sword if you do".

In terms of record keeping services provided by administrators, we found that nearly 70% of schemes have the option of a data management service for measuring and reporting on standards of data. Feedback on how this is paid for shows that there is a near 50-50 split between those who enjoy the service as part of their core administration fee and those who pay a separate fee. However, at least one respondent noted that "In reality, some of it falls within the core fee and some work would fall outside". Interestingly, over 14% of respondents do not know whether a data management service is available.

In our final question on data quality we asked respondents whether they had reviewed with their administrator the way in which they provide data to them and, if so, when. In a positive response, over 50% said they had conducted such a review in the last 12 months. Further, less than 7% of respondents said that they had never reviewed the way in which data is transmitted. Based on the further comments received, this is one area where respondents seem to be content with the processes they have in place but this may change when the requirement for employers to auto-enrol employees into pension schemes starts to take effect.

These are just the results from the data quality section of the JLT/PMI study. Other areas covered are communication, decumulation, investments and the prospective auto-enrolment requirements. All will be revealed soon. ■

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| ANSWER OPTIONS | RESPONSE PERCENT |
|--|------------------|
| Same target/deadline applies to both types of data | 44.0% |
| Different target/deadline set for conditional data | 39.2% |
| No target/deadline set for conditional data | 12.8% |
| Don't know | 4.0% |



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