

## Pension Dashboard – Mind the Elephant in the Room

First announced in the 2016 Budget, the Pensions Dashboard is the latest step in the government's wider strategy to help people to engage with their pensions earlier rather than at retirement.

The prototype was launched in Sept 2016 and after a busy period of close cross-industry collaboration, it is currently being demonstrated to Government, industry and other stakeholders; an important step towards delivering services by 2019.

The aim of the Pension Dashboard is to help people keep track of all their pension saving including those from previous employers. The Department of Work and Pensions (DWP) estimate that circa £400bn of pension savings are 'lost in the system' and therefore the introduction of a database to trace details of these funds should be welcomed.

Research has shown that:

- On average, an individual will have around 11 employers over their working life meaning its not unreasonable they could have up to a 11 separate pension pots.
- People approaching retirement find it difficult to keep track of their various pension pots. This is mainly due to people not informing their pension providers of a change of address when they move home. From personal experience, people tend to focus on companies to whom you are paying money for services such as Sky, utility companies and the like. Pension providers fail to hit the radar as in many cases no contributions are being made to historic plans or payments are being made directly by an employer.

As such the Dashboard is a great idea and has been warmly welcome by the industry. The plan is for the Dashboard to work as follows:

- An individual confirms their identity in a similar way to the Government Gateway
- An individual gives the dashboard permission to share their information with multiple pension schemes and providers
- Queries are sent to all the different pension schemes and providers to look for the pensions pots which match that individual's details, including the State Pension
- The system reports back on all the pensions it has found on a single page, showing the names of the schemes and their estimated value at a particular retirement age

Individuals being unable to trace previous pensions on reaching retirement is a common problem we encounter. This can be due to a number of reasons: policy documents being misplaced, past employers merging or being acquired, employees moving address, pension providers poor administration.

As such a centralised database of pension savings is long overdue and its introduction will give people far better chance of understanding what pension provision they have, with whom and its value. This also has the potential of reducing the number of people who transfer their pensions

and incur charges for doing so, simply because they want to view all their pensions in one place.

Perhaps it's the cynic in me, but (and it's a big BUT) it leaves me wondering if the drive to accrue such data could be a precursor to a radical change to the State Pension. If HMRC know what the pension landscape looks like for individuals it's reasonable to speculate there may be a time in the future when Government uses this data to reconsider the need to supplement this with a State Pension. Could this information be used to start means testing State Pensions at some point in the future?

Arguably, this would be political suicide but against the ever increasing struggle to balance the treasury books, the opportunity to reduce the cost of providing the State Pension at its current and escalating levels may prove impossible to ignore at some point. The level of private pension saving is increasing significantly due to Pension Auto Enrolment at the same time as the HMRC's ability to see the results of this begin to appear on their own database.....

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