

DC hot topic

October 2019

Is your data ready for the Dashboards?



With the introduction of the pensions dashboards on the horizon and TPR's crackdown on poor record-keeping, schemes should act now to get their data in order.

1 Statutory requirements

Good record-keeping is essential to the running of a DC scheme, but there are also particular legal requirements to be met. In brief, trustees must:

- retain member records (eg, the date on which they joined the scheme, payments of pensions and benefits) and records of trustee meetings for at least six years from the end of the scheme year to which they relate
- maintain certain records for the purposes of automatic enrolment (eg the name of any jobholder who opts out and the date on which the scheme was informed of their decision to do so)
- process core financial transactions (eg investment of contributions, transfers and member payments) promptly and accurately. To do this they must have accurate records
- comply with anti-money laundering legislation. This requires trustees to keep certain records of the beneficial owners of the trust, broadly, the settlor, the participating employer(s), the trustees and the scheme members, including survivors
- comply with the data protection legislation. Broadly, in terms of records this requires trustees to ensure personal data (any information, whether opinion or fact, relating to an identified or identifiable living person) is:
 - accurate and up-to-date
 - kept only for as long as is necessary
 - secure
- confirm in their scheme return when they last measured their “common” data (eg name, address, NI number and date of birth) and “scheme-specific” data, their assessment of how much they have and how accurate it is.

2 TPR's expectations

TPR expects trustees to carry out a data review exercise **at least annually**, working with their administrator as necessary. Where gaps in the scheme's data are identified, TPR expects trustees to put plans in place to complete the scheme's records as soon as possible and to document those plans and the progress made towards their completion.

In its record-keeping guidance, TPR identifies key areas in which DC trustees must have robust processes in place to enable them to ensure that:

- their data is complete and accurate
- transactions are being actioned promptly and correctly
- transactions are accurately recorded in member records.

Is your data ready for the Dashboards? cont.

These areas are:

- fund switching
- lifestyling
- DC roll-up – contribution and investment data. In particular, trustees should ensure it is possible to access historical transaction records as these are often requested
- contributions records
- the administrator’s investment and reconciliation processes – trustees should work with their administrator to understand the operational and data recording risks and how their responsibilities in this area are being met by the administrator
- remitting contributions – are the processes for calculating and remitting contributions thoroughly tested and secure?
- unit reconciliation – while not strictly a check on individual member records, TPR regards it of “fundamental importance” that trustees regularly reconcile the total number of units held by investment managers with the units allocated to members and states that “ideally” this should take place whenever there is an investment or disinvestment but, in any event, at least monthly.

On the horizon



We are not only waiting for the Pensions Bill. Regulations designed to implement the second European Pensions Directive (“IORPII”) came into force on 13 January 2019 and replaced the requirement for trustees to establish and operate “internal controls” with a new obligation to establish and operate “an effective system of governance”. TPR is due to set out the detail of this new obligation in its new single code of practice this year. While not directly linked to record-keeping, good administration is a prerequisite for good governance and requires good data.

Actions



Trustees should ensure that:

- ✓ they understand their duties and TPR’s expectations
- ✓ they undertake an annual data review and put an improvement plan in place to complete the data and resolve any issues
- ✓ they have appropriate systems in place with the administrator for ongoing data monitoring, reporting and dealing with errors
- ✓ their member data is secure.

How can we help?

- Strategic advice on how to balance compliance requirements with resource constraints.
- Trustee training on legislative requirements, TPR’s expectations and our practical experience.



For further information, please speak to *Helen Ball*, *Claire van Rees*, *Jacqui Reid* or your usual Sackers contact. You can also visit www.sackers.com/expertise/schemes/defined-contribution.