Admin roundtable

Pensions administration: Doing the industry proud

Our panel of administration experts reflects on the pandemic, GMP equalisation, small pots, artificial intelligence, simpler benefit statements and more

Chair: How has the pandemic affected administration?

Archer: I have been hugely impressed by the service continuity provided by the various pension scheme administrators that I work with on pension schemes that I'm responsible for. I haven't noticed any decrease in service. There has been a small decrease in turnaround times but, on the whole, early on in March 2020, service providers worked extremely hard to ensure that home working for their staff worked.

Cowler: The sentiment, first of all, should be one of pride and positivity about the way we have served our clients and their members during what has been one of the most challenging years any of us can remember. If we roll the clock back 13 months, trustees, sponsors and members were all very concerned about service continuity. I can see clearly that – and this is echoed by views from clients – the investments we've been making in infrastructure, operating models and technology have all been key in building that more resilient model, and that has stood up well to this recent test. Aon was able to move 100 per cent of the team across all locations, all functions, to a home working model in less than a week. We couldn't have done that five years ago.

In terms of wider sentiment, we are mindful of the scale of the challenges still on the horizon. Clients are now beginning to engage with GMP equalisation at the same time that many are moving into the final phase of GMP reconciliation, whilst we also have the pension dashboards firmly on the agenda. It's going to be a challenge for the industry to engage with, resource and deliver against all of those areas.

McQuade: In terms of general view, it has been a tough 12 months and the industry has held up well. If you'd have said at the start of 2020 this is what's going to happen over the next 15 months, I don't think many predictions would have been quite as positive as things have actually turned out – that's a real credit to the industry. That's not to say there haven't been some tricky situations. With a number of in-house schemes, people had to carry on going into the office during the first lockdown because they were on servers rather than cloud-based systems, so accessing systems remotely was a challenge. Also, some providers were hit harder than others in terms of sickness – it can be quite a big challenge, for instance, if you've got senior people who have been hit with long Covid.

So, there has been a bit of fallout from it but, generally, the way providers have reacted has been positive.

Pickering: I have a great deal of sympathy for administrators as they have had so much thrown at them by regulators and legislators in recent times. It would have been hard for them to survive even in a normal world, but I've been very impressed by the way they've coped with the pandemic.

The patchy area has been the call centres – not all have stayed open all of the time. Some have been able to deal with vulnerable customers and not with others. But, by and large, they've responded well, mixing and matching, working in an office and at home.

Pension administration doesn't naturally lend itself to working from home – being able to lean across the chair to your neighbour and say, "what did you do last time you had this problem?", is something that you can't replicate when working remotely. But, by and large, they've done us proud.

Menezes: I'm delighted with the way pensions administration has transformed over the past two decades. Alan *[Pickering]* wrote an article

In association with Capital Cranfield, ptl, Aon Empower Results®, muse ADVISORY

Admin roundtable

CHAIR

Andy Cheseldine, Professional Trustee, Capital Cranfield

Andy joined Capital Cranfield in 2017. Before joining Capital Cranfield, Andy acted as an adviser to trustees and employers at Watson Wyatt, Hewitt Bacon & Woodrow, and latterly as a partner at LCP. Using his experience of over 30 years in consulting on both DC and DB pension arrangements and liaising with regulators throughout the pension and financial services industry, he is able to use his wide knowledge and understanding for the practical benefit of trustee boards. He has served on the PLSA DC Council since 2013.

PANEL

David Archer, Client Director, PTL UK

David is a client director at PTL, a provider of independent trustee and governance services. As well as running routine trustee appointments, David is experienced in complex and large scheme issues involving restructuring; corporate takeovers; insolvency; scheme merger and regulator clearance. David founded PTL in 1994. He has been a partner in Pitmans LLP since 1992. He is a regular contributor to the pensions press and regularly takes part in pensions roundtables and events.

Gary Cowler, Partner and Head of Integrated Pensions Clients, Aon

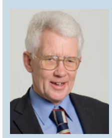
Gary Cowler is a partner at Aon. Having been with the firm for 20 years, he co-leads the UK pensions administration business and is head of integrated clients. Alongside the leadership role, Gary continues to manage a portfolio of integrated or 'full services' clients; crucial in keeping close to what matters to clients and reflecting that in the business' direction and strategy. Gary is also a regular contributor to the pensions press and regularly takes part in pensions roundtables and events.

Ian McQuade, CEO, Muse Advisory

Ian has more than 30 years' pension experience, with a breadth and depth of expertise covering the management and administration of DB & DC pension schemes. He advises trustees and companies on a wide range of strategic, operational and governance related issues. Examples include setting strategy, operational effectiveness, review, selection and implementation of administrators and advisers, supporting governance improvements and leading major change projects.

Girish Menezes, Head Of Administration, Premier Pensions

Girish is head of administration at Premier Pensions. He has over 20 years of experience in business strategy, proposition development, technology build and operational delivery. He is also the director of the Pensions Administration Standards Association and on the Advisory Council of the Pensions Management Institute. He is a regular contributor to the pensions press and speaks often at industry events. Girish has a Masters in Management from the London Business School.



Alan Pickering, President, BESTrustees

Alan is president of BESTrustees and a trustee of a number of pension schemes. These include The Plumbing Industry Pension Scheme, which he chairs, and The People's Pension. Alan chairs the governance group of the Royal Mail Statutory Pension Scheme. He was a trustee of the Kosovo Pensions Savings Trust between 2011 and 2015. Until 2013, he chaired the financial literacy charity, Life Academy. He has also served as a non-executive director of The Pensions Regulator and was a member of the Occupational Pensions Board.

Paul Sturgess, Managing Director for Benefits, Railpen

Paul joined RPMI in December 2017 and he is the managing director of the benefits business unit. He is responsible for RPMI's Rail pension administration, customer engagement and transformation and change functions, as well as a portfolio of employee benefits (third-party administered) schemes. He is a member of the RPMI board. Paul has over 40 years' experience in the pension industry. He has a wealth of experience in both DB and DC occupational schemes and has been involved in a number of leading-edge pension developments.

recently about administration being the Cinderella service and that's absolutely true. Two decades ago, we were very much the sad sister in the cellar. We were underinvested, we weren't profitable, and we were thrown in as a sort of freebie, as part of an overall service. The pandemic has shown how investment has transformed the industry – it has shone a light on the administrators that did invest, and the administrators that didn't.

For instance, those in-house administrators that haven't been able to invest in their technology, or have small teams, they have found it difficult to engage their team, or couldn't turn around remote access to their systems, or couldn't handle the calls. Whereas organisations that had invested in workflow, automation of calculations, online member verification and so on could move their service to homes across the country, and run remote administration seamlessly.

Sturgess: I've also been pleasantly surprised. Covid has taught us, as an industry, that things are much more possible than we might have thought. In my world, service levels were not only maintained but, in fact, improved, and we even managed to successfully carry out some large-scale system migrations during Covid. Ironically, during the pandemic, whilst we did have some people who were poorly with Covid, sickness levels on the whole collapsed.

It's good that the industry has done so well. Saying that, it's not necessarily happened as easily as it might appear. People have had to be quite imaginative in how they've dealt with things. We went through a period where we could take calls, take messages and return calls, but we couldn't take them live. We can now, but we couldn't at first.

Will it go back to how it was before? I don't think so, and it's probably good that it doesn't. You will be looking at something, pretty much universally, that is more flexible in the way people work, the times people work. But working remotely does have an impact on colleagues. It requires a level of discipline and it requires different skills.

It's not sustainable for everyone. I feel particularly for young people and it's also much more challenging for people whose careers require social interaction, as well as technical interaction, that they're not currently getting.

Pickering: I agree – pensions admin is a team game and the team players need to be on the same pitch for some of the week, if not all of the week.

Recruitment and teambuilding is particularly challenging when everyone is working remotely. Many HR directors have found ways of doing it, and doing it well, but humans are by nature quite gregarious. Pensions admin can be both technical and somewhat monotonous, and working alongside other people helps you cope with the peaks and the troughs.

I'm all for flexible working, but I remain to be convinced that working remotely for all of the time, in an area like pensions admin – which is, after all, a people business – is the right thing. I want people to feel members of a team, to appreciate the brand under which they sail, to be loyal to that brand and, as a result, provide customers with the best possible service. So, I think we will see a mix and match approach to working.

Sturgess: Mix and match is probably the correct phrase. Some people in my team are desperate to be back in the office, and others are getting quite used to working remotely. There is a balance to be had. Team is important. We've recruited people throughout lockdown. It is harder, and it's taught me a lot around the whole induction piece/the way in which you train someone. Very

often in our industry, there's a period where people are working and beyond structured training, they also learn almost by interaction and osmosis. That's hard to do in a remote environment.

For certain things, you need to be more disciplined and structured working in a remote way. I was always a great exponent of managing by walking around. I rarely sat at my desk. I could see people in the corridor and have spontaneous conversations.

So I expect we will land in a mix and match environment – and some people will even choose to be in the office more frequently, depending on their personal circumstances. Sometimes there's no substitute for a team meeting, sometimes there's no substitute for people talking to each other, and I can envisage a situation where someone in their induction process, for example, might be much more office-based for a period, before they can work more flexibly.

Menezes: Employee engagement is really important at Premier. It's our number one metric. We've also done a lot of research into what other big organisations have done in this area. What's worked? What hasn't?

There are a few key aspects. The first is that 50 per cent of our employee base want to work from home two or three days a week. Then you've got about 10 per cent who want to come into the office; and another 10 per cent who never want to come into an office again. We want to support all of these people. We realise it helps work/life balance to be

In association with

Capital Cranfield

ptl

AON Empower Results®

muse ADVISORY

Admin roundtable

able to work remotely and reduces the time and costs of commuting.

Secondly, initial training hasn't been an issue for us, because we're so well automated, and we've got benefit specifications, knowledge bases, Zoom and so on, but my fear is longer term. If we're working from home for a year, two years, I'm not worried but, in the longer term, how do you train your employees? How do you mentor your employees, whether it's the junior people or the senior people? How do you move them through the ranks? Also, how do you create a company culture?

The final point relates to innovation. If people work from the office, five days a week, innovation tends to be stifled. Whereas, if people work five days a week remotely, you can get some wacky ideas, which often don't work in practice. So the best method of innovation is, apparently, a hybrid model, where you have space to think, but then you keep coming back and working together in groups and trying out things and seeing what works.

That's what we are trying. We are creating a template to allow people to work flexibly, but within certain parameters. They have to come in three days a week and their team leader will decide which three days. Because it's also pointless members of a team coming in on different days. So, when teams come in, they come in together, so they can learn from each other.

Archer: Picking up on that comment about culture, one important aspect

of culture is what I call the defensive aspect of it. However good your internal processes are, and however well they might be communicated, one still has to have a culture. We all want to be part of a culture where, if somebody junior in the organisation sees something going on that they're not easy with, that they speak up. That they feel they can walk into the door of anybody senior, or to the desk of anybody senior, and say, "I'm a bit uneasy about this".

That often happens at an informal level. Any organisation needs to have that openness, needs to have that ready communication at all levels, as opposed to a top down, oppressive culture in which employees don't feel free to speak out. That openness – which is important for the service delivery as well as the integrity of our organisations – is key and I am concerned about how we maintain that openness if everyone is working from home; that coffee machine/water cooler chat where we pick up pieces of information. We will need to find ways to replicate that collegiality. I agree also that a hybrid/two or three days in the office model is what, probably, most of our organisations will adopt.

Cowler: We adopted the agile working profile across all offices some years ago and, of course, you have to back that up with technology. That was a key determinant in helping us get the whole of the workforce fully operational, in a home working environment, in less than a week last March.

But whilst the shift to home working across the industry has been more successful than any of us might have imagined, we shouldn't see it as a nirvana of any sort. We are going to have to think quite carefully about what this new flexible or hybrid model looks like for the future. It's about finding an approach that works for colleagues, for clients and also for firms. It's going to be a delicate balance. You have got to work out how you coordinate, sensibly, the time that a team spends in the office, together, so that it delivers some real value for them.

Also, whilst home working might suit some more experienced colleagues – who have done most of their learning and who have built their networks – we have got to balance that against the needs of some of the different parts of the workforce. New recruits, for example, will need some of those more experienced people around so they can learn from them and network with them.

Whilst we can do some of that virtually with technology, and we've proven that we can over the course of the last year, some face-to-face element is also going to be important. Without that, there's a risk that there's a generation coming through that might be heavily impacted and that we might let down.

McQuade: Where people have tripped up is when they're trying to apply a blanket policy to everybody. That's clearly not going to work, because different people want, or need, different things. There are people who are desperate to get back into the office. Every time we've had a lockdown, as we come out of it these people want to get back because, perhaps, they live on their own or don't have a good workspace at home. You can provide people with the appropriate setup, but that's not what it's about. They want to be in an office, and that's bound to be the case for some. So, just saying, "everyone is going to be home-based and that's the way forward," is not going to work. It's about being flexible.

In terms of people learning from others in the business, people certainly learn by sitting next to others. They learn by working with experienced people. Yes we have technology, we have Zoom, we

In association with

Admin roundtable

have people picking up the phone, but it's not the same as sitting together.

Small pots

Chair: According to a report from 2020, the big four auto-enrolment (AE) master trusts have around 11 million small pots, ie of less than £2,000. Of those, 75 per cent are less than £1,000, and just short of 24 per cent are less than £100.

There's a risk that if we try and merge some of these pots, for example if you have one person with two pots of £99, and you merge them, suddenly the £1 per month policy fee that some providers charge is going to be applied, and that doesn't sound like a good result. So, how are we going to deal with small pots?

Cowler: I've seen one estimate that the number of those small pots might grow to something like 27 million by the time we get to 2035.

So, whilst it might not be something that's directly and significantly impacting Aon's administration business given our areas of focus, it's clearly a massive problem for the members and one that the industry needs to tackle.

Also, while those stats indicate poor outcomes for members, they are also not good for providers. Where markets or parts of markets are not sustainable for providers, then poor outcomes for customers tend to follow. There are a range of options being considered in terms of the models and the approaches to address this issue, but we'd all agree that a solution is needed and ideally, it'll be soon, and it'll be simple.

Pickering: Small pots have become a problem, and it's one of the flaws in the AE system that we have tried to include people for whom a pension scheme isn't the natural home. People who are on lifelong low earnings, who are itinerant workers, are going to have small pots, and we have to find a way of amalgamating those small pots.

For as long as there is a competitive number of master trusts in the firmament, I'm moving towards an idea that if you are a trustee of a ceding scheme, whether it's a master trust or a single employer trust, you will say to your customers, "if you don't move your pot on within six months, then we have selected someone with whom we are comfortable, to steward your pot for the next phase of your accumulation journey".

Sturgess: I have several hundred employers in the railways industry, and we run a DC master trust. A lot of people move to different employers within the railways industry, so they'll disappear from one entity and reappear in another.

So small pots is an issue for us, and any charging structure is a balance. However, as our DC charging structure is AMC-based, it doesn't result in as many 'shrinking funds' issues for those with very tiny pots.

Equally, a lot of the workers that we have joining those schemes are not the sort of itinerant workers that get into difficulties with small pots. For someone who is a career itinerant worker, you're not going to end up with a massive pension pot. That is the reality of life. So, you have to question, what is the right vehicle for those sorts of people, who were previously outside the catchment of pension schemes?

What I do worry about, also, is that the solution to lots of small pots could be spending a lot of money moving small sums of money around. That's crucial to me, because I'm involved in a mutual so, in effect, any money I spend dealing with this is effectively other people's money. I'm spending members' money, in the Railways Pension Scheme, so I always want to make sure I spend that sensibly. I worry that we could end up with a

system where there is a substantial cost of moving. The question then is, who bears that cost, and what is fair?

Menezes: If a member has a small pot in a trust-based arrangement, whether a DB or DC, there's a lot of risk and cost taken off the table and therefore, from the member's point of view, actually the best bet might be just to leave the money there until the point of retirement.

From the trustee's point of view, if they pushed those members out of the scheme, I think they'd be in trouble with the regulator, because it is probably not in the member's interests to do that. That's an important consideration. So, any solution should keep in mind the specific dynamics of the trust-based sector and not create unnecessary costs and increased risks.

On the other hand, for the insured market and master trusts, small pots is a huge problem at 75 basis points. The problem was so evident, and when auto-enrolment came in, we know some organisations refused to take on retail pensions schemes because of this, because they knew this was an issue.

How do we solve it? Because it doesn't work for members to have little pots all over the place, with different charging structures, different investment arrangements. I like the idea of virtual consolidation, and Pasa has always supported virtual consolidation, because pot follows member just sounded like a very expensive administrative chore. Dashboards would allow virtual pot consolidation and for people to see where

In association with

Admin roundtable

their little pots are, how much they're charging and possibly, at the click of a button, to consolidate it.

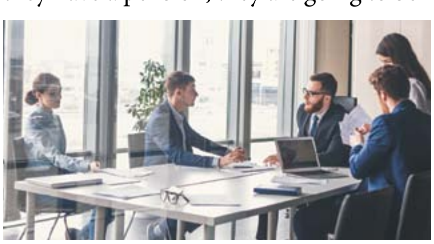
It is in the interest of insurance companies and master trusts to make that consolidation easier, to sell that consolidation to people, to give people a cost-effective way to do it.

McQuade: The dashboards will help here, and it works well for DC pots; but the member still needs to engage with it, and this is the main problem.

When we were talking about pot follows member, I said at the time we should be looking at how the Swiss system works. In Switzerland, you have six months after leaving an employer to transfer your pot to the scheme of your new employer. If you don't, it gets transferred to the consolidator vehicle that exists.

We have a potential consolidator vehicle here in the UK – Nest. The problem with that is the insurance industry, more than the pensions administration market, has concerns with anything that drives more money towards Nest, which I so understand. At the same time, from a member point of view, if their assets were consolidated, with no costs on the transfer, then with the 0.30 per cent charge, I don't think that's a bad outcome for members. We know also that a lot of the people impacted by multiple small pots are those who already have an account with Nest.

Archer: The broader issue is pensioner poverty in 30 or 40 years' time. So many workers think, because they have a pension, they are going to be alright – they don't appreciate that their small pot won't go far in 30 years' time.



I would either double employer contribution levels in AE, or significantly improve the state pension. Neither of which is politically attractive.

GMP equalisation

Chair: How is the market coping with the continued administration challenges created by GMP equalisation?

McQuade: Everyone understands why GMP equalisation is happening, but it does worry me that we're going to spend more solving the problem than we are in actually rectifying people's benefits.

From a resourcing point of view, the amount of effort that will be taken up with this is terrifying, when there are lots of other conflicting priorities.

Some providers are taking a more pragmatic approach and looking to focus on the narrower population that really needs help in this area. They are looking at how they tackle this issue as efficiently as possible so that the time is spent on the members where there really is going to be an impact as a result of equalisation.

It's an absolute beast of a project, as far as our industry is concerned, so the more pragmatic we can be, the more we can focus in on the small proportion of members who have really lost out, and therefore need to have their benefits rectified.

Pickering: I am sad that this issue ended up in the courts, rather than in Whitehall and Westminster. I'm sure we could have found a legislative solution, even if it meant passing some primary legislation. It's not the sort of topic that lends itself to a court judgment because, although judges are more down to earth than many of their critics would have you believe, no matter how down to earth a judge is, they are never going to be able to sort out the weeds of GMP equalisation. We are spending a mammoth amount of money to little or no benefit. It would be cheaper just to give every member of a contracted-out pension scheme a one-off bonus and call it quits.

Menezes: Pasa has done a lot of work on GMP equalisation and we recently set up a working group to look at this from the practitioner's point of view, addressing questions such as how are we going to do the equalisation calculations, and how are we going to store the data in a standardised fashion? If you look at the problem, clients of ours who are going through the process are finding, actually, the amount of data cleanse required, especially if you can leverage some of the HMRC data for example, could be much less than expected, and you should be able to make many more assumptions than we first thought, so data cleansing may not be such an issue. Administrators also originally thought that they'd have to do member-by-member calculations for bringing things up-to-date, or the rollback, roll forward. Whereas, actually, there should be quite a simplified, automated manner to do the rollback, roll forward, which could be far more cost effective than first expected.

There are lots of clever minds trying to support this process and if we, as an industry, come together, we can find a pragmatic way to deal with this.

Cowler: I absolutely understand the comment about pragmatism, but I also think back to those cases where the initial challenge of sex equalisation in the 1990s saw some compromises made for a quick and easy solution. Too many schemes are still paying the price for that today, some 30 years down the line. If we imagine the same scenario here, that we're re-opening the file on GMP equalisation again in five or 10 years' time, perhaps at the point of buyout, and the approach taken on a particular scheme is significantly challenged, well, that will be horribly unwelcome to say the least. I guess the point I'd make here is that the only thing worse than dealing with GMP equalisation is having to deal with it twice!

We have seen some important progress made so far by clients, but we're still in the relative calm before the storm, and there's an awful lot more to come. The majority of Aon's clients are now equalising future transfer values, for instance, and we're seeing good engagement with the data analysis and early data cleanse work. But the serious job of deciding upon the method of equalisation is only now getting under way for many clients and, of course, that's what's going to trigger most of the work.

So, the data-related work is going to be a significant undertaking for administrators, and I do expect there will be some capacity constraint coming across the industry. If all this arrives at the same time, it's going to be in clients' best interests to move sooner rather than later, and perhaps think about beating any possible capacity crunch, which might be on its way.

Also, the follow-on work for administrators depends very much upon the method decision that trustees and sponsors are making.

For the earliest movers, we are seeing a fairly even split between those choosing dual records and those choosing conversion. An interesting angle on this, however, is that of those choosing conversion, almost half are seeing this as a wider transformation opportunity. They're combining GMP equalisation with a PIE offer too. That can be a good outcome for the scheme and for the members, but it also means conversion won't always be the relative light touch approach for the administrator that might first be assumed.

Sturgess: I fear that, whilst we all want as pragmatic a solution as possible, the moment for real pragmatism has passed, so we're saddled with it.

The choice of method is a much harder decision to make than people think. The Rail Scheme has got many separately funded sections, and given that the conversion route requires agreement from employers, then that's not easy to achieve.

There's also a degree of frustration among trustees that they have to bear the cost of the fact that other things didn't happen with state benefits/GMP, and it does become disproportionate.

One of the things I was particularly encouraged by, when I joined the board of Pasa, was the collaborative work that's been happening with other industry bodies, to try and come up with the right, most practical route for this.

Archer: The two things I would love to see would be a decent de minimis threshold being applied here. We might all differ on where that de minimis threshold should be set, but it would make a big difference. The other thing would be limitation period. There ought to be one. So, I would love to see if there's any scope, even at this late stage, for some guidelines to be set along those lines that would make the process simpler.

Member web and self-service

Chair: There have been developments in the areas of member web and self-service – but is there enough demand?

Pickering: This is clearly an area where DC leads the way, because it hasn't got the legacy issues that DB has. I'm a great believer in multichannel access to pension engagement. One mustn't assume that elderly people can't cope with digital tools, but one shouldn't also assume that all young people can access pension information digitally. So, we are

going to need multiple channels – paper, email, websites, and some of the wackier pieces of kit that people can use. There is also a need for human intervention at some stage in the process.

Also, one mustn't apply every tool in every set of circumstances, because there will be certain membership cohorts that only need to engage at a certain level, and to make the kit so complicated that it's hard to find a level at which you want to participate is pointless.

We have to make the choice, hoping that we understand what our cohort membership wants and how they can engage with what they want and what they need, and mustn't just do a technology dump and say, "there you are – get on with it".

Menezes: In DC, member self-service is critical, and we find lots of engagement with our DC schemes. I would like to see all DC members logging in when they get their benefits statement, to look at what they have, review their requirements and so on. For people to do that, you need to move away from paper benefits statements being sent once a year. You need email communication, online benefits statements, lots of modelling tools, lots of online learning resources, because that's what's going to get DC members online and engaged and reviewing – not every day, not every month, possibly not every quarter, but at least once a year – that would be sensible.

For DB, it's interesting – most DB members only review their DB arrangement a couple of times in their

In association with Capital Cranfield, ptl, Aon Empower Results, muse Advisory

Admin roundtable

lives, if that. They don't really want to go online for this. Saying that, I do believe there is a need for a frictionless website, where they can go online, fill in a form, press a button to submit, and a few days later they are emailed a retirement quote or transfer-out quote, whatever it is they are looking for. That's how it should work. Then, if I'm a pensioner, I can log in once a month or once a year, look at my payslip, print out my P60, download it to my computer, and so on. A few people may want to use it for changes of address, a couple of times in their lifetime, update their expression of wishes, for example. So, we already have a lot of engagement online, but we need to make sure we review what members need and focus on the right things.

Sturgess: I think there is enough demand for DB. If I look at the main scheme I run, we have had websites for many years, but because we had a complete system migration, we had a new website, which involved people re-registering, and this has been up for a little bit less than a year. For most of the membership, in fact, it was only available within the last six months, and I'm running with 44,000 registrations in that scheme! Yes, it's a big scheme, but our DB members have carried out 73,000 transactions over that period.

So the DB appetite needs to be properly understood, because it's more extensive than we think. The dashboard will help drive this because the people retiring now are the people that have worked in the digital age, so it is going to change. People's energy is going to change, their wishes are going to change. It's only going one way.

We will always need different ways of dealing with people but, if you find your benefits through the dashboards, by definition, you're engaging electronically. That's how you're going to do it. So it's going to help drive that deferred population, where people are less engaged, or the retired population – who have less need, frankly, to go into their scheme every five minutes – where you'll get registrations. I've got a lot of retired people registered, at great ages, but there will be differences. Things like the dashboard could become a catalyst to change, just as Covid has been.

Cowler: We have also seen quite a significant increase in all forms of engagement from members, including preserved members, over the course of the past five or six years, since pensions freedoms. For instance, we're increasingly seeing people asking for large volumes of retirement and transfer quotations. If they are not thinking about transacting those, they're instead trying to get their affairs in order, or they're trying to do some financial planning.

Interestingly, we see that about 80 per cent of those quotes do not go through to any final change in status for the member. I'm convinced that if we can find a more efficient way of satisfying members' needs in real time for what are 'what if' calculations in most cases, it's better for all parties; members, trustees and administrators. It's cheaper and more efficient so better for our clients, it's better risk and data control, so yes, web is proving to be a really important facility, in that respect.

We, as administrators and trustees, can work together to decide how we want to nudge and engage members to use web at the right time and in a way that works for them. So, when a preserved member rings up and asks for five or 10 different retirement quotes – which is not exceptional – instead of sending them in the post, or an email, a week later, it's much better to invest some time talking them through their first log-in, or talking them through their first quotation run. That person is then equipped to get all that they need, whenever they need it, for the future. They get a richer member experience, and the client gets a broader, more efficient, better risk-controlled, more responsive service.

Simpler benefits statements

Chair: Are we getting any closer to delivering simpler benefit statements?

Pickering: I genuinely have a passion for simplified benefits statements. I'm not convinced we need standardised benefits statements, because simplification and standardisation can often be pushing us in different directions. But for almost as long as I've been involved with pensions, there's been a belief among the chattering classes that if only we gave members more information, they'd make more use of that information.

Obviously, the anti-scam campaign can try and help members smell a rat, but I don't think we can rely entirely on member communication as a means on its own to protect members against scammers, but we ought to be able to communicate with members in a way that is a meaningful as it can be to someone who only dips in and out of pensions. Whatever we issue, we've got to bear in mind who is on the receiving end of what we issue, and the more we can make it cohort specific, the better.

Menezes: Simpler benefits statements – I love the idea. I hated the execution, but I'm coming around to it. The reason is that, from my conversations with the DWP, it's going to be a two-pager, high-level information, simplified, standardised statement. You will get it from all providers at the same time, and then you can compare things on a like-for-like basis. Therefore it's a precursor to the dashboard.

My understanding is also that you don't have to send it by post. You can send it by email, you can have it on a website, and it doesn't have to be the only communication. So, if you have a fabulous benefits statement, if you've got a video statement, you can still provide that as well. So, I'm getting won over. I'm on the DWP working group focusing on this, so I am looking forward to providing input into how it develops.

Sturgess: Who can argue with simpler benefits statements? One word of caution, though, if you've got a half decent website, where someone has engaged and registered, the benefits statement *per se* is an irrelevance, because they will actually see things that are more up-to-date than the benefits statement on the portal.

Protecting members at transfer

Chair: Protecting members at transfer: how can this be achieved?

Cowler: There are two things there. The first one is the practical steps that we, as administrators working with trustees, can take to mitigate against scams, while the regulator's pledge is another positive step. On the pledge, there are some points of detail that concern us, but we'll get those resolved in good time. We also all remain mindful that scammers will keep evolving. We'll need to keep up and try to get beyond the scammers.

The second angle is the work that we and trustees can do in engaging non-retired members generally. The more engaged members are with the scheme in the first place, the less vulnerable they will be to scammers. So, if you've got regular communications with members, that can help maintain contact and engagement, it also provides an opportunity to warn against the risk of pension scams in the first place.

The particular area, though, which has been very beneficial, is that more proactive approach in communicating the wider range of scheme options in the run-up to retirement. This has been beneficial for members and even more so where we're aligning that with a selected, and often paid-for, IFA.

We've seen that becoming increasingly popular. The feedback from members, trustees and sponsors has been that it's a very valuable investment of time and money. Again, I call it out here because the degree of engagement that it brings to the scheme is a huge step in reducing the risk that members will be caught by scammers in the first place.

Menezes: Given the flexible retirement options that are available, we need much more education – be it via paper, online, or whatever - for members, so that they understand transferring and the implications of it. Because 90 per cent of members shouldn't be transferring, but those who should do need the right support. Also, every trustee body is going to, at some point, have to bite the bullet and offer a preferred set of advisers to their membership. Because if you don't, then they're open to scams. But if they get scammed, and the trustees had offered a preferred adviser or advisory firm, it will be more difficult for the member to make a legal case against them.

Pickering: Many years ago, when I was trying to persuade employers to have a designated financial adviser, they felt that having such an adviser was a risk too far. I think not having such an adviser is a fairly fundamental risk. If you don't provide people with access to trusted advice, they'll talk to someone in the pub instead and that frightens me.

Chair: What trends might we see in the future? What does artificial intelligence (AI) potentially come in?

McQuade: Looking ahead, people having the ability to self-serve is going to be important. The only way we can address pensioner poverty is by getting members to really understand what it is that they're going to receive. That's not just what they're going to receive from their individual pots, but also what they are going to get from the state.

When you bring it all together, along with anything else that they've already got planned outside of their pensions, what does that look like to them? That's where the likes of AI can make a difference. So, there is a real opportunity to use some of the technology, some of the AI, to help people engage with their future and start to do something about it.

Archer: Most people outside of pensions think of administration as being a simple role, or a simple task, and we all know it's not. It's complicated data analytics and processing, and the pay for basic administration work is too low. It has been regarded as a commoditised service by a lot of employers and trustees and that has driven prices down.

It seems to me that, in pension scheme administration generally, there are quite a lot of slightly demoralised and underpaid workers, and that's because of pressures that drive costs down. I hope that the introduction of better algorithms, more reliable AI systems, will equip those workers to be free to do more interesting work.