Digitising data is hard for pension schemes – and that's OK

Digitising pension scheme data is difficult. But if we accept that fact – and stop beating ourselves up – we're in a better position to fix things.

In the last of our series on pension scheme data digitisation, I want to reflect on why data is still a problem for our industry, why we should all feel less guilty about it – and what that means for you as a pension provider.

To recap, in this series we've looked at:

- Why digitisation is now essential – and how to plan for it
- How your scheme data is just as important as member data
- The potential to move beyond mass production to provide tailored member services

This is all complex stuff, but our aim has been to discuss the challenges of digitisation and to stress that these things are all doable.

Yes, pension schemes have been slow to digitise

I've read many articles over the years criticising the industry for a lack of progress on digitisation. The most recent was a report by the Pensions Administration Standards Association that got us thinking about this subject.

The argument is essentially correct. After all, the Pensions Regulator issued guidance on improving data back in 2010 and in 2018 data scoring was included in annual returns, but the problem is a long way from being solved.

But I do come away from these articles feeling a bit defensive. It's as if someone is wagging their finger at me saying: "Why haven't you fixed this already?" My gut response is: "Because it's actually really hard."

And I'm right – it is hard. So let's recognise that reality, and feel a bit less guilty about where we are today. Most importantly, if we come to terms with this complexity we can build plans to fix our data for tomorrow.

Old systems, missing info, shaky data

Why is digitisation so difficult? Here are some of the reasons:

- We're dealing with legacy schemes. For some of those members you look after, their first pension record may well have been on an index card
- A DB scheme is a unique, analogue product. DB pension funds weren't designed to be held in digital systems. They are based on legal documents drafted many years ago, and then built on over time
- Records may be incomplete. There can be multiple reasons for this such as lost personal data and problems updating administration records
- Data may be inconsistent. A common problem is that data is held inconsistently within a scheme

If your digital record is incomplete, how do you fill the gaps? That could include reviewing scanned files, paper records or microfiche, or asking the employer or member to check their records. And if you can't find the answer, do you need to (re)calculate something? If so, what assumptions do you need to do it – and who needs to approve them?

You can solve these problems – with planning

The good news is all these problems can be solved. Now we have accepted and faced up to complexity we can fix things. And with pensions dashboards looming, it's an urgent matter – but there's still time.

So where does that leave us when thinking about digitising your pension scheme? Well, we've come full circle: the answer is planning. Here's Lorraine Harper's checklist from her first article in our series:

- Set out your vision for what kind of service you want to deliver in the future
- Identify the barriers to success – typically these involve the availability of reliable data that forms the bedrock of pensions administration
- Identify the range of automation required including calculations, processes and document production
- Check whether you need to change a portal or implement a new one to enable access to the digital environment
- Build your plans, get your deliverers in place and acquire the budget

I hope you've enjoyed our series on data digitisation, and that this last instalment has made you feel a bit better if you haven't solved the problem already – and maybe got you thinking about your next steps to meet your digitisation goals.

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