Pension scheme digitisation: don’t overlook your scheme data

Poor data is one of the main barriers to digitisation of pension schemes. And that includes the reams of scheme data that make your pension plan tick.

Pension schemes face many obstacles when it comes to digitising their services. A recent report by the Pensions Administration Standards Association (PASA) highlighted the slow progress made by the industry so far.

We discussed PASA’s white paper and the added urgency of digitising pension administration in the first article in this series. This piece kicks off three further insights about issues related to digitisation that we think need closer attention.

‘Data’ usually means member data

One of PASA’s consistent themes – and a problem for most pension schemes – is the issue of inadequate data. The white paper wasn’t explicit about what it meant by “data”, but the writers were almost certainly referring to member data, by which we mean data specific to a person or their job – such as their date of birth or salary information.

This makes sense because member data has been a leading issue for pension schemes for decades – from smoothing the course to liability reduction to expanding automation and meeting regulatory requirements such as for pensions dashboards.

Scheme data is just as important

However, when thinking about digitisation there is an equally important data issue facing the industry: scheme data – the information we use to administer a pension scheme.

Scheme data includes a wide range of items such as:

- The scheme’s rules?including factors used in pension calculations
- Scheme calendars – renewal date, payroll dates, contribution dates, valuation dates
- Trustee discretionary decision requirements?
- Treasury information such as bank details and disinvestment processes
- Contacts with actuaries, trustees, accountants, consultants and HR?

The definition of clean data is the same for member and scheme data: it must be accurate, complete and up to date. We must also make sure the information is stored consistently and with proper controls (including change control, adherence to data practices, and single source of truth) to maintain this standard. ?

All our data must be digitally consumable

Most schemes can meet requirements when it comes to manual processing,

At Aptia, our human administrators know if they can trust the member data as held and where to get the information they need to complete their task if this isn't the case.

But digitisation means our data must be consumable by digital sources such as calculation engines, document production tools, reporting applications and pensions dashboards to name a few. Let's look at a simple digital process that would fail if scheme data wasn't digitised and any of the required data wasn't digitally consumable. ?

A member has received a retirement quotation that allows them to elect to retire online – by submitting their choices and other required information directly into a portal.?The administrator is also looking to automate the settlement tasks where possible.?And to automate the settlement, the member submission, member data and scheme data must all be digitally consumable.

Scheme data runs throughout this basic scenario. Here are just a few pieces of information you would need:

- Name/directory location of the member's electronic document management store, member record, payroll record and bank account details
- Payroll pay dates, payroll cutoff dates and payment in arrears or advance?
- External fund manager or additional voluntary contribution provider?
- In-payment source/split names to be created on the member record?
- Whether trustee or employee approval is needed?

In essence, the digitisation journey towards greater automation of processes critically depends on scheme data, not member data alone.?

Member service and efficiency are at stake

As an industry, if we let scheme data fall through the cracks while focusing heavily on member data, we could be storing up trouble.

First, there's the quality of the service we provide to members. If scheme data isn't stored properly, we risk errors that will harm members' experience and make them unhappy.

Second, we'll fail to meet our efficiency goals. In the manual world, poor storage of scheme data means human administrators spend extra time finding the information and understanding what is relevant. And if schemes digitise without storing scheme data properly, their digital processes may fail. ?

There's still time to tackle scheme data

At Aptia, we have been thinking about the importance of scheme data for some time. We have developed a low-code database that stores information with a user-friendly interface and all data points available via an API service. And we have a dedicated resource to ensure we and our clients get the maximum benefit from this new tool.

But if you haven't paid much attention to your scheme data yet, you're not alone. There's still time to get to grips with the issue and make it a core part of your digitisation strategy.

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member data



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Insights

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