

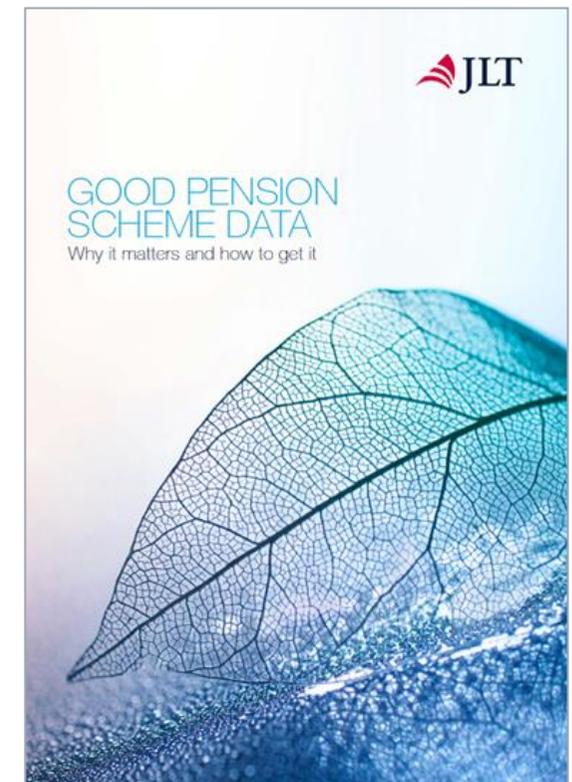
THOUGHT LEADERSHIP WHITE PAPER 2018

Good Pension Scheme Data:
Why it matters and how to get it

March 2019



- Background – ‘How the Data White Paper came about’
- Good Data – ‘From nice to have to must have’
- Legal – ‘Data requirements’
- Practical – ‘Rubbish in, rubbish out’
- Transforming dirty data into good data – ‘How to do it’
- JLT ‘Advantage’ : ‘*e-administration*’
- Questions



BACKGROUND

'HOW THE DATA WHITE PAPER CAME ABOUT'

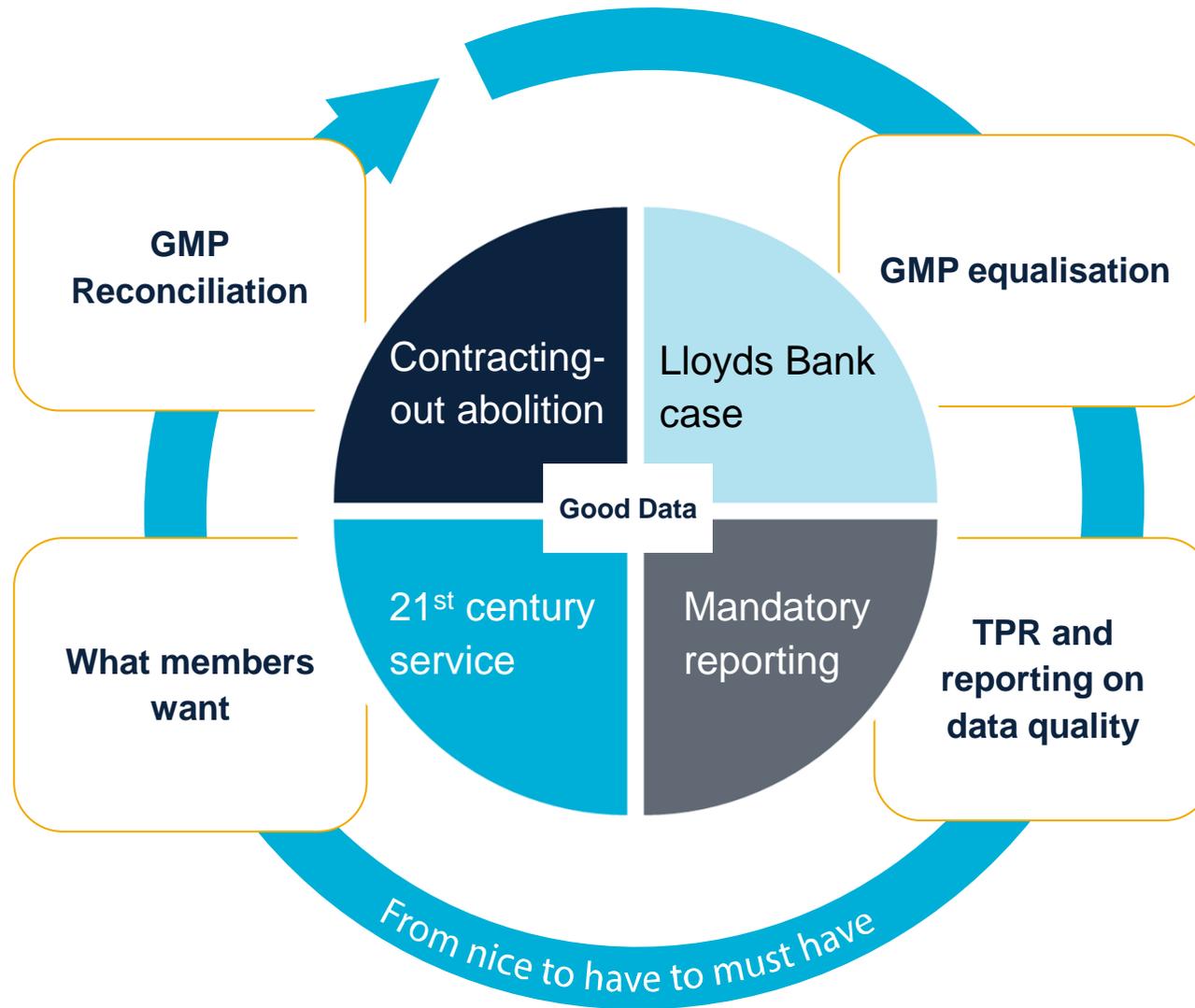


- 'The planets have aligned'
 - Reconciliation
 - Equalisation
 - TPR / Scheme Returns
 - Technology
 - Dashboard

*Many schemes have never carried out
scheme-specific data quality reviews*

GOOD DATA

'FROM NICE TO HAVE TO MUST HAVE'



- **Pensions law**
 - Pensions Acts
 - Finance Act 2004
 - Auto-Enrolment
 - Regulations: Contracting-Out; Scheme Administration; Scheme Funding; Transfer Values; Money Laundering
- **Codes and guidance**
 - Record-keeping
- **GDPR**
 - Personal Data must be accurate and, where necessary, kept up to date

PRACTICAL

'RUBBISH IN, RUBBISH OUT'



ISSUES CAUSED BY BAD DATA



TRANSFORMING DIRTY DATA INTO GOOD DATA

STAGE 1 – SIZING THE PROBLEM



COMMON DATA

- 11 Common elements
- Determined by TPR and all basic in nature e.g. date of birth, address, NI number, etc.
- Run a data validation report to determine what is missing/anomalous
- Target 100% new data, 95% legacy data = very good
 - 70% to 84% poor
 - Less than 70% very poor
- Anything under 90% needs attention – address data tend to drag scores down especially for large deferred populations

CONDITIONAL DATA

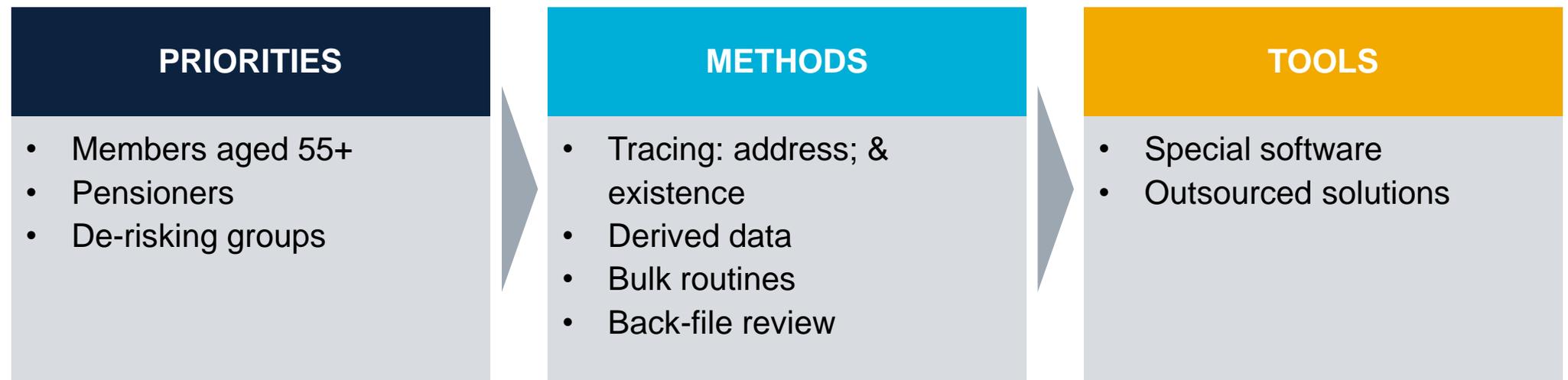
- As many elements as needed to deliver the right benefits to the right people at the right time
- Identify what data you need for your scheme e.g. service tranches, benefit changes & dates, etc.
- Run a data validation report to determine what is missing/anomalous
- No specific targets but Common targets have tended to be used as the standard
- Anything under 90% needs attention in order to meet scheme obligations reliably

TRANSFORMING DIRTY DATA INTO GOOD DATA

STAGE 2 - PLANNING RECTIFICATION

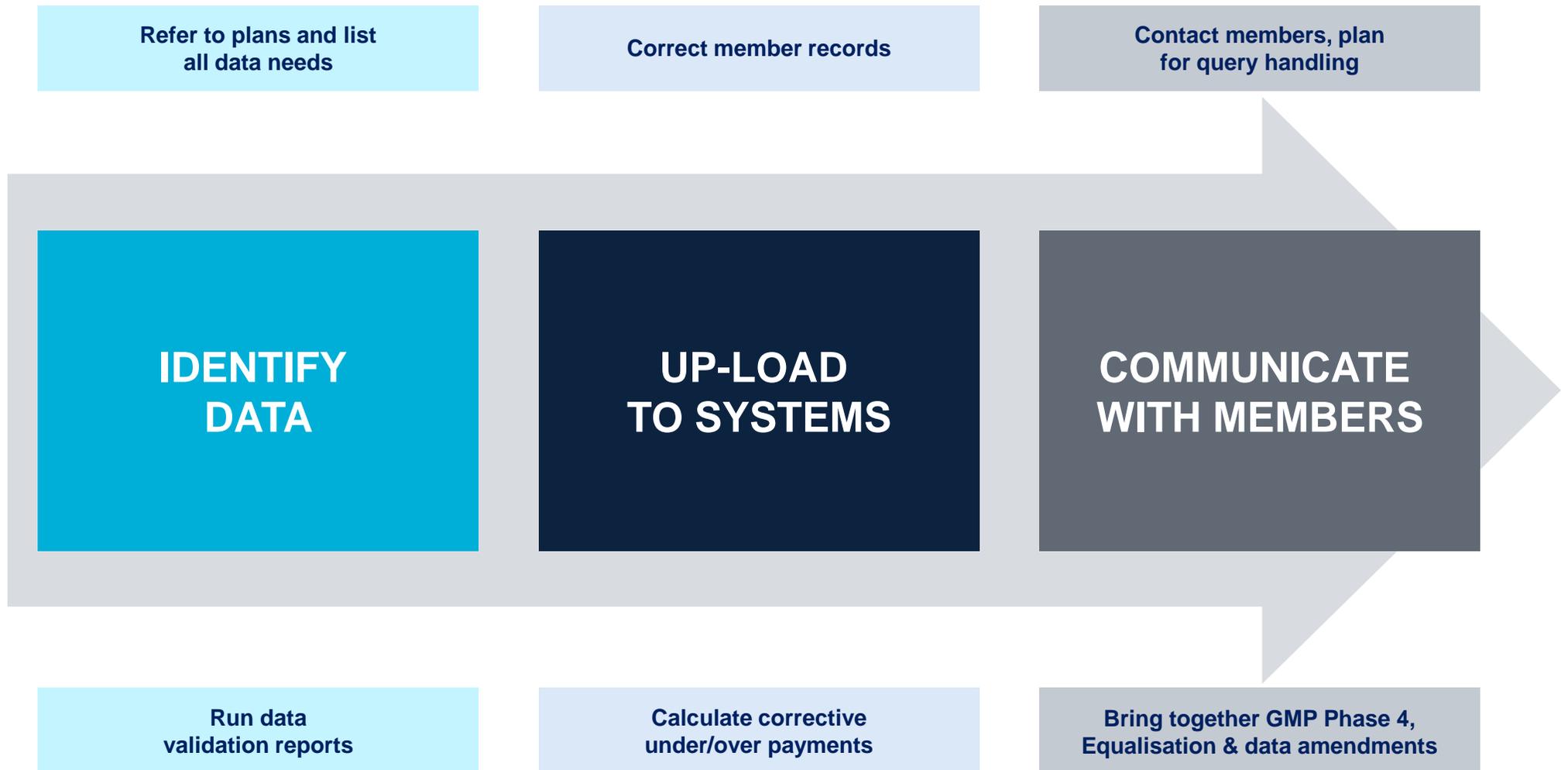


One size does not fit all



TRANSFORMING DIRTY DATA INTO GOOD DATA

STAGE 3 - RECTIFICATION

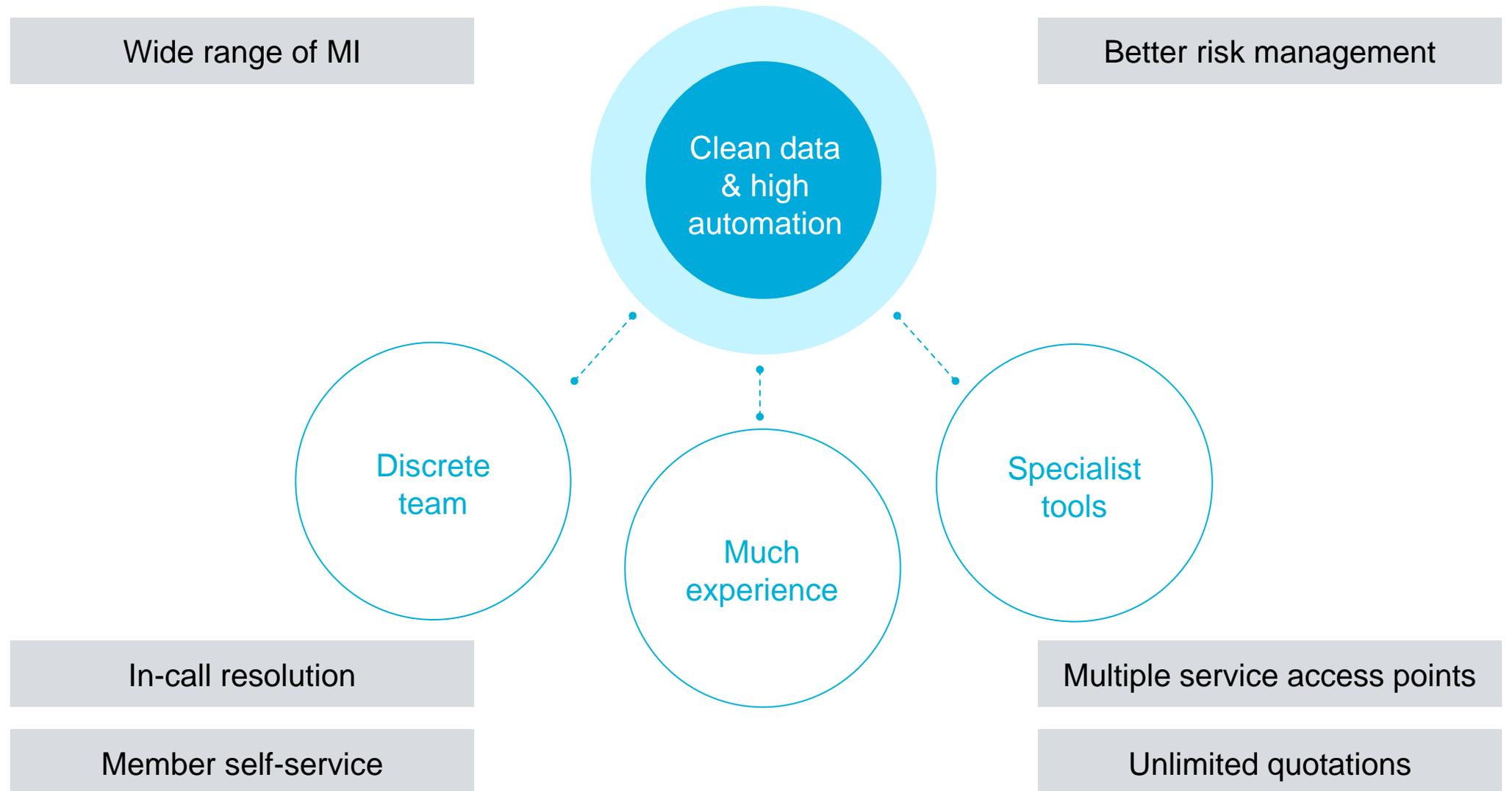


GOOD DATA : WHERE IT MAKES A DIFFERENCE

PAY THE RIGHT BENEFITS TO THE RIGHT PEOPLE AT THE RIGHT TIME



JLT 'ADVANTAGE' 'E-ADMINISTRATION'



A DIFFICULT QUESTION

THE ADMINISTRATOR'S FAULT?



Reasons why data might not be complete

- DB Occupational are very old but – flourished from 1945 onwards
- Administration was manual until 1980s – then batch processing using dumb terminals
- Data pro formas completed by hand – lots of opportunity for input error
- Outsourcing started in earnest from 1993 – BP outsourced, many transfers between administrators since then
- Huge amount of corporate activity – scheme mergers, bulk transfers, legacy promises
- Second generation computer systems 1990s and third more recently
- Poor funding levels have driven much scheme change and increased complexity still further
- Successive legislative change created significant complexity added to already poor data levels
- Periods of intensive corporate activity added to the complexity

It is no wonder that the majority of schemes have data problems

- Administrators cannot be held responsible for poor data inherited from other TPAs or in-house schemes
- Sponsors have had little appetite to pay for data cleansing
- Some pockets of data cleansing have taken place to support de-risking but much still to go

“Half of all pensions records contain errors some of which are so fundamental that as many as one in 20 people’s monthly payslips may be wrong.” *Pension sync*

WHAT HAPPENS NOW?

OVER TO YOU



1

PLANS



- What are your plans that might require a data review?
- When did you last review data (Conditional in particular) does this need up-dating for the Scheme Returns?

2

EQUALISATION



- What is your current thinking on Equalisation?
- Are scheme data likely to be ready to support this activity?

3

DE-RISKING



- Are you thinking about Buy-In and/or Buy-out?
- Good data = up to 5% reduction buy-out price!

NEXT STEPS

YOUR ACTION PLAN



- Add good data to you next agenda
- Put data integrity on to your risk register
- Know you data integrity scores
- Make a plan :
 - Start by thinking about what you actually need
 - Then see what you already have
 - Check what you still need and, equally, what you can get rid of
- Agree a budget with the scheme sponsor
- Come and speak to us

<https://www.jltemployeebenefits.com/our-insights/thought-leadership/good-pension-scheme-data-why-it-matters-and-how-to-get-it>

1 THANK YOU FOR
LISTENING
ANY QUESTIONS?

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