

Welcome to Clearview



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ITM, the independent pension data and administration consultants, welcomes the Regulator's Consultation document on Scheme Record Keeping.

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Welcome to Clearview, the newsletter from ITM, the independent pension data and administration consultants. You may already be familiar with ITM but to briefly summarise, ITM provides a range of pension data and administration risk auditing, data cleansing and migration services for trustees, scheme managers and third party providers. Our data risk audit and cleanse services are for trustees or providers wishing to manage data risk in all situations, for ongoing schemes as part of governance and risk programmes, to assess data risk and data suitability for buy out and also for schemes in PPF Assessment. Our web site has further information so just click here if you want to know more www.itmlimited.com

The Regulator's Consultation Document on Record Keeping - A landmark in pension administration data standards?

The last few months has seen an intensification of focus on the issue of pension scheme data management. Earlier this year (in July) The Regulator, together with the PPF and DWP, issued guidance on winding up schemes with a strong emphasis on data management. This has now been followed by what might be regarded as a monumental landmark in the management of scheme data with the Regulator's Consultation document on Record Keeping.

What does it cover? What is the Regulator's objective?

The Regulator is consulting about specific steps to be implemented by providers and trustees, recommended as best practice. These include a benchmark for the presence of core member data, whether trustees or providers should identify and measure additional information needed to administer a scheme and to develop a plan to obtain such data. The Regulator states that it is a fundamental requirement of good administration that members can be told the value of their pension rights and this is dependent on accurate data and record keeping. The Regulator's proposed approach is to 'educate, enable and if necessary at a later stage, to enforce'

What are the main problem areas identified by the Regulator?

Have you read the Regulator Consultation document and will you be responding?

What are your views?

The main problem areas include poor legacy data, no common standards and a lack of appreciation of the importance of administration by sponsors and trustees, as is the level of professional skills in a sector of considerable complexity. The Regulator identifies how poor data leads to additional costs in a number of areas, for example, more expensive administration, more claims from disgruntled members, increased funding costs, inaccurate FRS 17 liability, higher actuarial involvement in data checking and higher trustee insurance premiums.

Are you aware of the implications for your scheme?

What are the benefits of good record keeping identified by the Regulator?

A number of areas are highlighted and are summarised as: good data is a prerequisite to trustees and providers discharging their fiduciary and statutory obligations; enabling appropriate investment and management decisions based on more accurate valuation results; more precise assessment of a sponsors financial commitment; reduced administration time and cost and members being more likely to receive accurate benefits.

Trend towards buy out

The Consultation document notes this trend and the importance of accurate data to determine longevity risk and the resulting premium. The cost of buy out is likely to be significantly reduced if member data has been well maintained and thoroughly cleansed.

What does ITM recommend you should do next?

Free seminars to find out more ... Pension Administration Data Standards at the Novotel London Tower Bridge, morning and afternoons of 24th September and 2nd October. Call John on 020 7648 0095 to register.

The Regulator is seeking responses to the Consultation document by 15th October and ITM recommends trustees and providers to participate in this and respond to the document. ITM provides a range of solutions that can help trustees and providers to comply with the Regulator proposals and is already working closely with many clients to audit, benchmark and cleanse data via an independent audit leading to data quality certification. ITM is providing a free consultation to any interested party.

You may also wish to attend the free Pension Administration Data Standards seminars in London on 24th September and 2nd October, jointly hosted by ITM, Baker Tilly, Premier Pensions Management and Met Life.

ITM welcomes the Regulator Consultation and commends this as an excellent opportunity for trustees and providers to help in an important area which hopefully will assist all our efforts to raise standards of pension administration.

Contact

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