LCP on point

A Match Made in Heaven? – Making Pension Scheme Data Fit for a World of Pensions Dashboards

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Contents

Executive Summary

Once pensions dashboards are up and running in the UK, pension schemes and pension providers will have to assess whether any given dashboard user is a member of their scheme. In some cases, where the data entered by the user and the data held by the scheme are complete and accurate, this will be straightforward.

But in the real world, things will not be quite so simple. For example:

- People may fail to notify past and present pension schemes of changes of address, leading to a mismatch when a dashboard user enters their current address, and it is matched against the pension scheme data.

- People may fail to notify schemes of changes to their name (e.g. marriage/divorce), resulting in a mismatch.

- Scheme data may be held but incomplete. For example, a scheme may hold a member's address without a postcode; this may not matter for the day-to-day running of a pension scheme but could cause problems if postcode data is used for dashboard-matching purposes.

To try to assess the potential scale of this problem, LCP has teamed up with Digidentity, the current provider of digital identity services to the Pensions Dashboards Programme, and TransUnion, a global information and insights company and one of the UK's leading credit reference agencies, to run a pilot data scan on the membership data of a large Defined Benefit (DB) scheme[1] with around 17,000 active and deferred members. This paper presents the results of that analysis.

The key findings of the research are:

- Across the sample as a whole, member data was accurate for about five out of six active members but only just over half (58%) of deferred members.

- The biggest category of discrepancy was on address information, in particular where the address held by the DB scheme appeared to be out of date and where a new address was available. Not surprisingly, a higher percentage of deferred

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[1] The scheme supplied membership data on the basis that they would remain anonymous, but we are most grateful to them for enabling this project to take place for the wider benefit of the pensions industry and scheme members.

members than active members had incorrect address data (16% v 5% respectively), but even amongst active members, around 1 in 20 had moved house and not notified the scheme.

- The research also found that around 1 in 10 deferred members had no address match but could be matched generally and uniquely purely based on name and date of birth against a person showing on TransUnion's records.

- The data matching exercise also showed a large number of smaller discrepancies in address data held by the scheme, including around 200 members with missing postcodes, which could be added, and a further 200 where postcodes were held but not correct. Given the importance of addresses for data matching with pension dashboards, even small 'tidying up' like this could greatly reduce the number of partial matches between user data and scheme data which would require further work to resolve.

It should be stressed that this DB scheme takes record keeping seriously and already undertakes some measures of routine data cleansing. However, the data processes required to run a DB pension scheme, particularly in a world without routine communication with deferred members until they approach pension age, are very different from the data needed for the dashboard programme to run smoothly.

The main advantages to schemes in getting their data 'dashboard ready' is that once dashboards go live, this will greatly reduce the risk of:

- <u>'False positives'</u> - inadvertently sending member data to a dashboard user who is not a member of the scheme.

- <u>'False negatives'</u> – telling people who are a member of the scheme that they do not match membership data.

- <u>'Partial matches'</u> - where a scheme responds to a dashboard user by saying that they 'may' be a scheme member but need to provide further data to verify their identity.

This research shows the huge positive potential of using the rich data held by credit reference agencies to undertake a 'deep clean' of pension scheme data. This would both improve the operation of pensions dashboards for all concerned but would also help with a variety of other projects of importance to pension schemes, including, in the DB world, preparing for a buyout or resolving issues around Guaranteed Minimum Pensions (GMPs).

01 Introduction

Pensions Dashboards in the UK – The Story So Far

For many years, citizens of countries such as Sweden, Australia and the Netherlands have been able to see all of their pension entitlements in one place. The pioneer of this facility was Sweden, where famous 'orange envelopes' arrived in the post with a printout showing the member's entitlements from state, occupational and private pensions. More recently, this information has been collated on websites generally known as Pensions Dashboards.

Currently, there is no similar facility with comprehensive coverage in the UK. Savers have to go to a government website to see their state pension entitlement, go to separate websites or apps for each of their workplace pensions and, in some cases, still phone up a pension scheme to receive a printed statement.

This is all about to change with the advent of Pensions Dashboards in the UK. Under the terms of the Pension Schemes Act 2021, pension schemes and pension providers[2] will have a legal duty to provide information about the entitlements of members to a centralised dashboard 'ecosystem', and the UK government will do the same for state pension entitlements. In due course, public members will be able to log on to a dashboard, verify their identity, and then see a list of all of their pensions.

Pension dashboards are designed for those who are not yet pensioners and do not include pensions in payment. Dashboards will show the amount of pension an individual has accrued to date from each scheme as well as a projection for their 'estimated retirement income' defined in a standardised way.

Onboarding to the Dashboard 'Ecosystem'

Each pension scheme will have a deadline to connect to the ecosystem and be ready to provide data on demand. The largest schemes originally had deadlines during the course of 2023, with a staged rollout to medium-sized schemes over the following years. However, the timetable is currently being 're-set' by the Government and is likely to be significantly delayed.

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[2] The duty to supply data to the dashboard covers a range of pension arrangements, including the state pension, trust-based occupational pension schemes, contract-based pension schemes such as group personal pensions and so forth. For brevity in this paper, we will simply refer throughout to 'pension schemes', but this should be taken to encompass all non-governmental pension arrangements.

During this 'onboarding' phase, all of this activity will be invisible to the public. Apart from behind-the-scenes testing, the public will not get to see dashboards until a date known as the 'Dashboards Available Point' (DAP). The exact date has not yet been set. Still, it is expected to be once the large majority of pension entitlements have been made available via the ecosystem and sufficient testing has been undertaken to ensure that dashboards will work as intended.

The creation of a dashboard ecosystem is being overseen by a Pensions Dashboards Programme (PDP) whose website contains a wealth of material giving more detail on how the process will work[3].

Unlike in other countries, the UK model involves a plurality of dashboard providers. The public service dashboard will be hosted by the Money and Pensions Service, but commercial providers are expected to host their own dashboards. However, the core information available to users is intended to be identical to whichever dashboard they choose to use.

The User Experience

From the point of view of the dashboard user[4], there will be two main stages to their experience:

- The user will visit their chosen dashboard and have to verify their identity; they may choose the public service dashboard hosted by the Money and Pension Service or one of a number of private sector dashboards, but in either case, the ID verification process will be the same.

- Their verified identity data and other user-supplied information will be sent to every pension scheme which is connected to the dashboard; each scheme will have to assess whether they hold a record relating to that individual and if so, return specified information about that pension to be displayed on the dashboard within a specified time limit.

Although this process sounds relatively straightforward, in reality, this is likely to be a huge endeavour, and the purpose of this paper is to explain why this is the case and what can be done to make it as successful as possible.

The Structure of the Paper

We begin by explaining the concept of a 'digital identity' and how this works in practice. We then explain the central concept of 'data matching' – the process by which pension schemes unite users with their various pension pots. Because of issues about the quality of data provided by users and much greater issues about the quality of data held by schemes, it may be far from straightforward to determine what is a 'match'.

We then discuss the results of a pilot project where a large occupational pension scheme agreed to provide data on around 17,000 non-pensioner members of its scheme to see

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[3] See: UK Pensions Dashboards Programme | Homepage
[4] In reality, a more complex flow of information is going on 'behind the scenes'.

how far this matched with externally validated data on names, addresses, dates of birth and other personal information. The results of this pilot provide food for thought on what schemes need to be done to prepare for the advent of pensions dashboards, and we provide some concluding reflections about the lessons of our research.

This paper has been a partnership between LCP and three other organisations, all of whom gave their time and expertise freely:

- A large UK occupational pension scheme who we have agreed not to name.

- Digidentity[5], a certified Identity Service Provider (IdSP) under the UK's Digital Identity and Attributes Trust Framework (DIATF). Digidentity is the current provider of digital identity services to the Pensions Dashboards Programme.

- TransUnion[6], a global information, and insights company and one of the UK's leading credit reference agencies. It receives hundreds of millions of personal data records each month from numerous sources and provides an actionable picture of each person so that they can be reliably represented in the marketplace.

We are very grateful to all those who enabled this research to take place and hope it will be to the benefit of all pension schemes as well as the Pensions Dashboards Programme as a whole.

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[5] For more information on Digidentity see: Digidentity

[6] For more information on TransUnion see: TransUnion UK Business Products & Solutions | TransUnion UK

02 *Digital Identities*

A key challenge for those seeking to provide online services is verifying that the individual is who they say they are. With a high risk of cybercrime and scams, a project like the Pensions Dashboard Programme needs to have a range of measures in place to ensure that highly sensitive personal data about an individual's complete pension history is only shared with the correct person.

The way that this will be done is in part through a digital identity verification process. Such methods are now commonplace in the online world, though the exact way in which they work can vary. One goal of the UK government is to establish a common set of standards so that individuals can go through a single ID verification process and then have a 'portable' digital ID which can be used for a variety of online services without the user needing to keep providing the same information repeatedly.

One such service was the gov.uk 'Verify' system, which allowed users to prove their identity once (by means of standard ID documents such as passports, driving licences etc.) and then use that verified identity to access a range of government services.

One of the providers of the Verify system was the Dutch company Digidentity, whose platform successfully verified around six million digital identities under that scheme.

Access to Pensions Dashboards will also require a digital identity verification process. A competitive tender was undertaken by PDP to procure ID verification services in the current phase of the project and this contract was awarded to Digidentity who are now working with PDP during the testing phase.

Verified and Unverified Data

When someone uses a pension dashboard, they will be asked to provide a range of information which will ultimately be passed on to pension schemes so that they can check if they have any pension with each scheme.

However, there is an important distinction between user-data which is 'verified' as part of the digital identity process and data which is simply 'self-asserted' and passed on to schemes without any confirmation of its accuracy. Note that the 'verified' data is mandatory – it will not be possible to use a dashboard without providing this – but the other data items will be optional for the user to supply.

The verified data will be:

- Given name/forename
- Surname
- Current address
- Date of birth

The self-asserted data is likely to include:

- National Insurance number (NINo)
- Alternate surname (e.g. another surname by which the member has been known)
- Mobile phone number
- Email address

One of the big challenges for the pensions world in how user information will be supplied is that the National Insurance number will not be a mandatory field and will not be verified even where it is supplied.

The PDP's reasons for not making NI numbers a mandatory field are:

- Not everyone has a National Insurance number and therefore to require a NINo could exclude some groups.
- There are known errors with NINos, where duplicate numbers and other errors are occasionally found.
- Verification of NINos by a non-governmental organisation would probably not be possible.

For all of these reasons, the only verified data which will reach schemes is the current name, current address and date of birth of the person using the dashboard. This will have been verified as accurate by the digital identity provider. Other data will be passed on as supplied by the dashboard user, but this will be invalidated and could, for example, have been miskeyed by the user.

This means that the quality of the name, address and date of birth data held by pension providers is of crucial importance to the success of the dashboard project. To successfully connect users with their pensions, there will need to be a 'match' between the data supplied by the user and the data held by the scheme. As we discuss in the next section, this is much less straightforward than it might seem.

03 *Data Matching*

What Is the Problem?

At first glance, the process of data matching seems straightforward. The digital identity service verifies the dashboard user to the required level of confidence. Pension schemes are then supplied with validation of the user's name, address and date of birth, as well as other optional and unverified user-supplied data. All the pension scheme has to do is see if those details match a member of their scheme and provide pension information if there is a match.

The problem is that pension scheme data – even in the best-run schemes – is likely to be imperfect. There are several key reasons for this:

- Pension schemes may not have been updated when there are changes to a member's key personal details. This can result in a mismatch between the verified information supplied to the scheme and the information held by the scheme. For example:

  o A scheme may not be told when a member changes their name on marriage or divorce; around 250,000 marriages and 100,000 divorces take place in the UK every year, predominantly amongst those of working age.

  o A scheme may not be notified when a member changes address. The Pensions Policy Institute estimates that the typical person will have 8 different addresses over the course of their life, which means that address data that dates back years or even decades is at high risk of being inaccurate; this may be a particular issue where someone is a 'deferred' member of a scheme, no longer building up rights in the scheme and possibly no longer working for the company in question; many schemes have no reason to contact such members until they approach retirement, and this data can therefore become out of date.

  o The Royal Mail periodically restructures its allocation of properties to postcode districts, meaning an individual's postcode can change even if they are still living at the same address.

- The original member information held by a scheme may itself be incorrect or incomplete. For example, providers of automatic enrolment pensions will receive member information in the first instance from an employer (who has enrolled the member) rather than directly from the member. If the information supplied by the employer is inaccurate, then the pension provider will start off with incorrect information.

- Even where information held by a scheme or provider is not incorrect, it may be incomplete. For example, a valid address might be held but without a postcode, so data matching on the postcode could produce an error. Or an initial may be held instead of a full first name, causing a mismatch when matching on the basis of name.

All these issues mean that *even where a dashboard user is a member of the scheme in question* there can be a data mismatch leading to uncertainty about whether data should be released.

Under the legislation which governs dashboards (the Pension Schemes Act 2021), the decision as to what constitutes a data match is left to the trustees or managers of the pension arrangement. In part, this is because schemes will vary in the quality and nature of the data that they hold and may reasonably differ in the level of confidence they need before they are willing to release member data.

The legislation[7] does, however, explicitly recognise the fact that there will sometimes be uncertainty as to whether there is a match or not and introduces the concept of the 'possible match'. In this case, the scheme may receive data which partially matches that of a scheme member but perhaps has some discrepancy. This could, for example, be an address mismatch or a surname mismatch. The scheme has the option of indicating to the user that there is a 'possible' entitlement with the scheme and then to set out a process for resolving that uncertainty (such as visiting a website to input further information or calling a helpline).

However, it is important to note that the 'possible match' route is not a get-out-of-jail-free option for pension schemes. The responses of schemes to dashboard requests will be closely monitored. Any scheme which is an outlier in terms of not supplying pension information because of data match concerns will risk regulatory action. In addition, resolving possible matches on a case-by-case basis might be a manual or slow process for schemes. Therefore, they will want to limit the number of cases where further clarification is required.

Given that schemes will want to:

- Avoid sending member data to someone who is not a member of the scheme.
- Avoid returning a negative response to someone who is a member.
- Avoid too much extra administrative effort to resolve 'partial' matches.

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[7] See: The Pensions Dashboards Regulations 2022 (legislation.gov.uk)

There is a strong case for schemes to do all that they can to make sure that their data is brought up to date (perhaps through a one-off 'deep clean' of their data) and then kept up to date (perhaps through ongoing refreshes of data).

Many large pension schemes already take data quality seriously, will already run periodic exercises to improve data and may periodically check, for example, whether those to whom they are paying pensions and those who they are about to pay pensions are still alive – so-called 'existence checks'.

But there is currently relatively little real-world data as to how far the issues we have raised so far mean that the data held by a typical Defined Benefit pension scheme will be adequate for the purposes of the Pensions Dashboard. Until now, schemes have often operated on a 'need-to-know' basis, making sure that information about pensions in payment and those going through the retirement process is accurate, but worrying less about those some years away from retirement, especially in cases where it is not the custom of the scheme to send annual statements.

Therefore, we have undertaken what we believe to be the first exercise of its kind in comparing the membership data of a large DB pension scheme with third-party name and address data held by a leading UK credit reference agency (TransUnion) to see what issues arise. In doing so, we have benefited from earlier work on data matching by the Pensions Administration Standards Association (PASA)[8] and an important research paper on data matching[9] published by Pension Fusion which looked at large DC arrangements and some small DB schemes. The results of this exercise are described in the next section.

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[8] See, for example, the PASA data matching guidance of August 2022: PowerPoint Presentation (pasa-uk.com)

[9] See, for example, "Getting to the Heart of Data Matching", published in September 2022 - Pension Fusion - Pensions Dashboards - Getting to the heart of matching.pdf

04 The Results of the Research

Method

A large UK-based occupational pension scheme agreed to provide a subset of its member data for verification purposes. As the pensions dashboard is designed for those who are not yet pensioners (and pensions in payment will generally not be shown on dashboards), the scheme was asked to provide data for all of its active and deferred members. These numbered just over 17,000. For each member, the scheme supplied key identification data such as first name and last name, current address, date of birth etc. However, the scheme did not provide any financial information as this research was purely about identity verification and data matching rather than the pension information that would be sent to a dashboard once that process was complete.

This data was supplied to Digidentity, who first analysed it against their own records. Digidentity found that roughly 15% of the members of the pension scheme also held digital ID records with them. This means that such people will have verified their identity with Digidentity for a gov.uk 'Verify' use case or for another service supported by Digidentity. This group may be thought to be relatively 'engaged' digitally, and the data for this group is likely to be relatively up to date.

However, in order to provide a more comprehensive check, Digidentity then shared the full scheme data with TransUnion, one of the largest credit reference agencies (CRAs) operating in the UK.

The traditional role of a CRA has been to help financial institutions assess the creditworthiness of someone applying for a financial product such as a mortgage or loan. They do this by assembling a wide range of information about an individual ranging from address information, entries on an electoral roll, holdings of bank accounts, utility accounts, existing credit arrangements and so forth. One consequence of bringing all this data together is that a CRA can often have a high degree of confidence that a given person of a given name and date of birth is a resident at a particular address.

Although CRA data is gathered for this primary purpose, it clearly also offers the potential to identify people for other purposes that may benefit them. As a result, CRA agencies are permitted to use data gathered for credit reference purposes to help reunite people with financial assets. As such, using CRA data seems a sensible way to help ensure that pension dashboards successfully connect people with all the pensions to which they have an entitlement.

The first thing TransUnion did as part of this project was to compare the 17,000 or so records from the pension scheme with their own extensive databases to identify those where everything lined up perfectly and to identify those where there were problems. Where there were problems, TransUnion identified the nature of the problem (e.g. an address mismatch, or a potential DOB mismatch) and whether this could be easily fixed using their records (e.g. by the provision of an updated address).
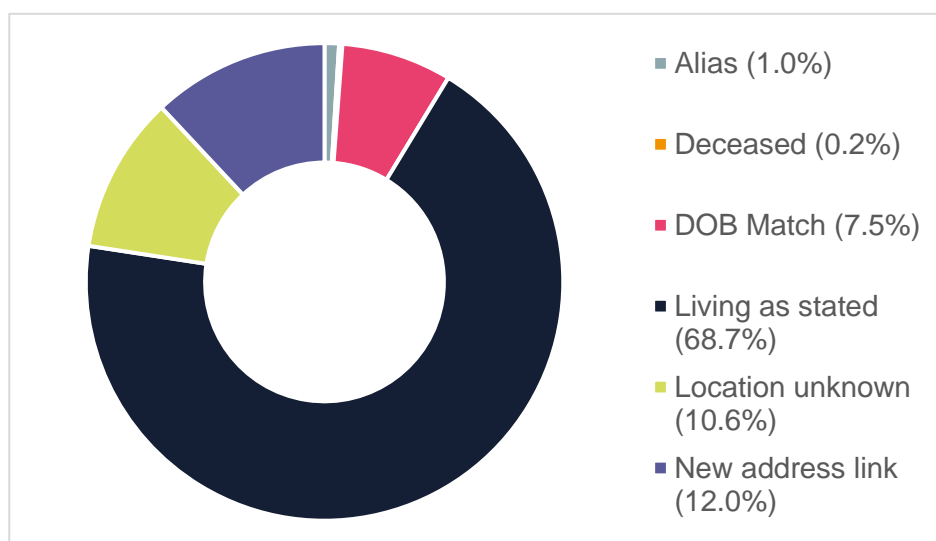
The categories used are as follows:

- **Living as Stated** – there is a full match between the scheme data and the data held by TransUnion.
- **Location unknown** – the scheme does not hold enough address data for the individual.
- **New address link** – the scheme has a previous address stored, but TransUnion can link this to a more up-to-date address; other key fields match.
- **Alias -** where TransUnion have identified a name change for the individual; this would typically be because of marriage or divorce and indicates that one (or more) of TransUnion's records has been updated with a new name detail.
- **Deceased**
- **DOB (& Name) Match** – although there is no address match, TransUnion are able to identify someone else in their records with exactly the same full name and date of birth residing at a different address than help by the pension scheme; in the large majority of cases this will be a *unique* match, though sometimes the flag will indicate that there are two or more people with an identical name and date of birth as the scheme member;

Results

Chart 1 below shows the overall results of this analysis:

Data Match Results for Full Scheme Sample

- Alias (1.0%)
- Deceased (0.2%)
- DOB Match (7.5%)
- Living as stated (68.7%)
- Location unknown (10.6%)
- New address link (12.0%)

The key findings are:

- For roughly two in three of the members of the scheme (just under 12,000), there is a full match of name, address and date of birth with records held by TransUnion.

- For about 1 in 8 members (just over 2,000), the scheme address data appears to be out of date, but TransUnion have access to a linked address which is more up to date.

- For about 1,350 members, there is an address mismatch, with no obvious onward link from the scheme address to a new address, but there is a match between the member's name and date of birth and someone on TransUnion's database; about 1,200 of these are unique links, suggesting a reasonably high level of confidence of a match.

- For just under 1,850 members, there is no address data.

- Around 170 members seem to have changed names, primarily via marriage or divorce.

- Thirty-nine of the members of the scheme are now deceased.

At first sight, this might appear to be quite a high level of discrepancy between scheme membership data and that held by a CRA. However, the different types of discrepancy suggest that a major improvement in scheme data could be achieved with relative ease.

For example, it would be relatively straightforward to add to scheme records the inferred new address data in the case of the 2,000 or so people who seem to have moved house[10]. A scheme could also consider using at least the 1,200 unique name/date of birth matches, and the 170 identified name changes in order to improve scheme data.

Exactly how the scheme chooses to use this information will be a matter of judgment. For example, if it now believes that a member has moved from Address A (held on scheme records) to Address B (supplied by the CRA), then it could still write to Address A in the hope that the mail will be forwarded. If the letter is returned as addressee unknown, then this would provide further evidence that the new address could be used. Alternatively, the scheme could write to the new address and ask the member to confirm their new details, whilst clearly being careful not to disclose any unnecessary confidential information.

The analysis also revealed that the quality of scheme data varied considerably between those who are still 'active' members of the scheme and those who have 'deferred' rights having, ceased to build up new rights, possibly many years ago. Chart 2 shows the split of

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[10] However, as we discuss below, the level of certainty of the address link does vary and schemes may wish to take a view how much certainty they need of a new address before they consider it to be reliable.

data matching categories separately for 'active' members (around 6,800) and 'deferred' members (around 10,600).

Data Matching – Active v Deferred Members
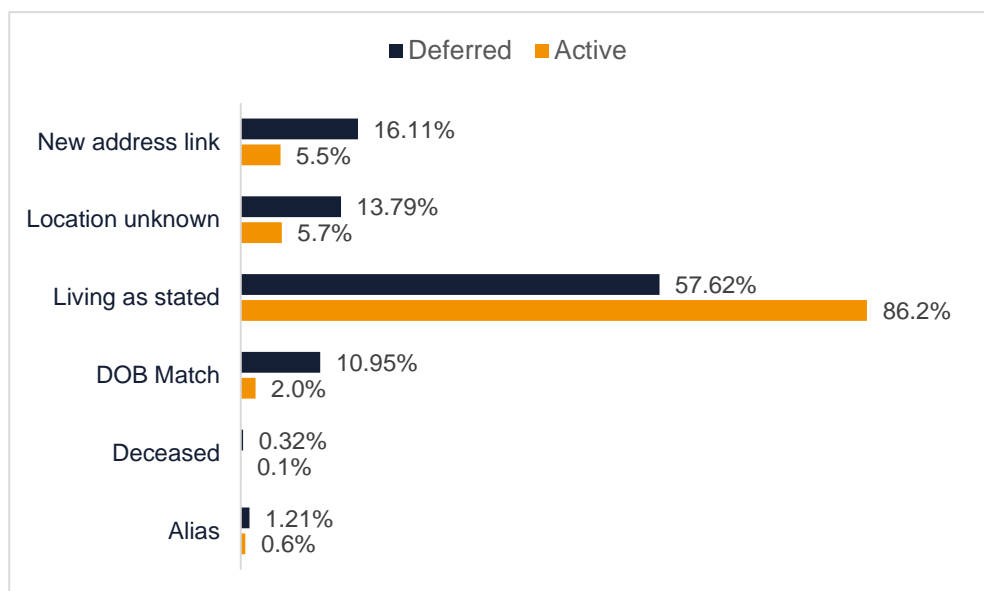
Ideally, the scheme would want to see that members are 'living as stated', and the chart shows that this is far more likely to be true for active members (86%) than for deferred members (58%). Even for one in six of active members however there is some sort of data issue, with no location information at all for around 6% and an apparent address move for a similar proportion.

It is, as might be expected, amongst the deferred population that the biggest problems arise. However, the chart shows that there is considerable potential for improving things, with 16% of all deferred members having a link to a new address not currently held by the scheme and around 11% having a match based on full name and date of birth.

One conclusion from this research is that there is clearly the potential for schemes to significantly improve their data by a one-off 'deep clean' of their data, using the latest information on member addresses and names. But it is also clear that data which ought to be relatively up-to-date, such as that for active members can 'go off' quite quickly. This suggests that regular 'spring cleaning' of data on an ongoing basis could be of considerable value.

How Certain Is the Matching Data?

Where scheme data matches CRA data even based on a limited set of CRA data, it seems reasonable for the scheme to leave its data unamended. But if the scheme is considering amending its data because an individual is flagged as not 'living as stated', it will want to take a view as to how confident it can be that – for example – the new address supplied is definitely that of the scheme member.

To help with this, the CRA can provide a data matching 'score,' which provides an indication of the confidence with which the address link can be made. Factors which influence the data matching score include:

- Where someone who lives with the scheme member is confirmed as having moved to a new address as well as the scheme member (a 'cohabitee' move).

- Where the member has an active mortgage or home credit account at the new address.

- Where there are multiple accounts (such as utility bills, broadband providers, credit and loan records etc) operating at the new address under the name of the individual.

Where all of these are satisfied, then the CRA (and hence the scheme) can have a high level of confidence that the new address supplied can be relied upon. However, if there is – for example – just a single account pointing to a more up-to-date address, then the scheme might decide to make further checks before applying the change to its records. One approach might be to send a 'soft' contact letter to the new address, probing to see if it is correct or not.

Similarly, if there is no address link and no address match but a name/DOB match, the scheme could try a 'soft' contact with the linked person to see if they are indeed the scheme member. The scheme might, however, take a view as to whether this is worth doing if the name/DOB match is non-unique (e.g. two John Smiths, both born on 1st February 1980).

For cases which were not immediately coded as 'living as stated', TransUnion's judgment was that the nature and volume of corroborating evidence for the linked addresses were strong enough in around 90% of cases to be used with confidence by the scheme but felt that in around 10% of cases, the evidence was more limited and might warrant a 'softer' initial contact.

Other Data Quality Issues[11]

Very often, scheme data may be adequate for the purposes of running an occupational pension scheme but could be problematic for the purposes of exact data matching in a dashboard world. A simple example might be where a member has just a first initial on the scheme records rather than a full name. This might not prevent payment of his or her occupational pension but could result in a 'possible' match being returned rather than a confirmed match with a dashboard user.

The CRA check revealed a number of areas where this scheme's data could be improved:

- **First/last names** – the CRA identified 840 cases where a 'better' forename could be provided and 478 where a 'better' surname was available; apart from

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[11] One other data issue - of which the scheme was already aware - was the presence of duplicate records, where a member had multiple periods of service and separate entries for each. The CRA checking process identified just under 500 scheme members who appeared at least twice in the membership file.

cases where there had been a marriage or divorce, improvements might include correcting spelling mistakes or expanding initial letters to full names.

- **'Other' names** – perhaps surprisingly, the CRA said that for more than one in three of the members – over 6,000 – it could provide additional names such as middle names, whilst middle names may be of little value when it comes to paying pensions. A scheme which held middle names for members might be in a much better place when it came to dashboard data matching on full names than a scheme which lacked that data. To give a light-hearted example, there might be some nervousness about matching a scheme member John Smith against a dashboard user John Smith, but greater confidence in providing data to a verified John Fitzspaniel Smith against a member with the identical name!

- **Date of birth** – TransUnion identified 118 cases where the scheme only held a partial date of birth (e.g. a year of birth), which may have been correct but incomplete; given the importance of the DoB field for dashboard data matching, improving this data would be very worthwhile;

- **Tidying up correct addresses** – even in cases where the CRA was confident that the member data was essentially correct, TransUnion identified a large number of cases where the address data could be usefully tidied up by aligning it with the official Post Office Address File (PAF); the changes recommended are shown in the Table below:

Type of enhancement	Number of cases
Component added or removed to align with PAF	3597
Spellings changed to align with PAF	704
Format standardised to match PAF	1093
Postcode added to match PAF	196
Postcode changed to match PAF	208

Whether a scheme wishes to make these changes will be a matter of judgment. For example, there would presumably be a strong case to make the change in the 196 cases where there is no postcode or the 208 where the postcode needs to be changed. This would benefit both the functioning of the scheme and its ability to match with dashboard requests. Other changes, such as standardising addresses to match the format used in the Post Office Address File, may be regarded as a lower priority.

05 *Conclusions and Next Steps*

Much of the discussion of data matching for pension dashboards has so far focused on which data fields schemes may wish to use to identify matches with members of their scheme. But any such decision has to be informed by an understanding of whether the underlying scheme data in each of these fields can itself be relied on.

Our research has focused on just one well-run and relatively large DB scheme, but it seems reasonable to suppose that the lessons we have learned would be of much wider applicability.

Our key findings are:

- Scheme data 'goes off' and older scheme data 'goes off' more; there is a high rate of churn in people's addresses and names, and even data for active members of a scheme can still be significantly out of date; data for members who the scheme is no longer contacting on a regular basis can have far more problems.

- Schemes who choose to use existing name and address data for dashboard matching purposes could find they have significant problems; as well as full-blown mismatches (e.g. where surname has changed following marriage or divorce, or where someone has moved house) there could be lower level imperfections (e.g. missing or incorrect postcode) which could also cause matching problems.

- Where a scheme has had little reason to contact members (e.g. the deferred members of many DB pension schemes), data quality for those members is likely to be considerably lower; this suggests that the DB sector may face more challenges in this regard than the DC sector.

- There is huge potential for schemes to improve their data in a relatively straightforward way; there is a strong case for:

    o A one-off 'deep clean' of data to deal with records which may not have been updated for years, if not decades.
    o An ongoing process of 'spring cleaning' of data to make sure that it stays 'fresh'.

Although at first sight, the finding that thousands of records for a large DB scheme appear to have incorrect addresses and/or names is rather discouraging, in many ways, our research provides a more positive conclusion. Whilst many schemes – and DB schemes in particular – may have data, which is significantly out of date, data sources are readily available, which can make a material improvement. Improving data quality will be of value not only to the everyday running of the scheme but particularly in a world of pension dashboards where schemes will be required to verify 24-7 whether a dashboard user is a member of their scheme or not. Having data which is cleansed and kept fresh will reduce the risk of false positives (data being sent to the wrong person) and false negatives (scheme members being told there is no record for them). Still, it will also reduce the time and cost of resolving 'partial matches', where dashboard users 'resemble' scheme members, but there are enough discrepancies for further clarification to be required. This process of one-off and ongoing data cleansing feels like a 'win' for all parties.

Contact us

If you would like more information please contact your usual LCP adviser or one of our specialists below.

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At LCP, our experts help to power possibility by navigating you through complexity to make decisions that matter to your business and to our wider society. We are powered by our desire to solve important problems to create a brighter future. We have market leading capabilities across pensions and financial services, energy, health and analytics.

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