

## **April 2010 – Buck Consultants’ response to the Pension Regulator’s consultation on record-keeping: measuring member data**

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### **Executive summary**

In responding to this consultation, we have answered all the questions based on our knowledge and experience, but only in respect of our main pensions business – corporate pension arrangements – and from our perspective as advisers and administrators.

### **Buck Consultants’ answers to the consultation questions**

#### **Question 1: Do you agree that the above conclusions are reasonable?**

Yes. Following, the regulator’s guidance issued in December 2008, there has been much greater emphasis on improving quality of member data and the importance of good-record-keeping.

As a result, Buck has taken positive steps to review the manner in which it collates and retains member data, with a view to introducing improvements where needed. In addition to this, Buck is currently working on the production of a sophisticated software tool to provide more detailed, scheme specific data reports for trustees, compatible with the regulator’s requirements and this will be available shortly.

#### **Question 2: Do you agree that more work needs to be done to improve record-keeping standards?**

A high standard of record-keeping is fundamental to the operation and good governance of a pension scheme and clearly more work needs to be done industry wide, to improve record-keeping standards. Nevertheless, even with a strengthened regulatory approach, some schemes may find it difficult to attain the standards of measurement being proposed in the timeframe given i.e. by the end of 2012.

#### **Question 3: Do you agree that it is appropriate for the regulator to set specific targets for the standard of common data, and that targets quoted above are reasonable?**

In principle, yes, although not specifically as proposed.

In relation to newly created, common data from 2010 onwards - whilst we believe it is reasonable to have a target of 100% for the proportion of member records to have all key

common data items, we do not believe it reasonable for the regulator to expect trustees to be able to fulfil this requirement at any given point in time. Quite often, employers and third party administrators will need to wait for certification of a particular aspect of data - for example, certification of a National Insurance Number may be needed; or the member may need to apply for a new birth/marriage or civil partnership certificate etc., which can take a number of weeks. Therefore, we believe a solution to this problem would be to allow trustees a reasonable time frame within which to achieve 100% completeness and accuracy of common data. Say three months from the date the member's record was newly created.

Whether the application of a 95% target for legacy common data can be considered reasonable, will depend on whether or not the target is realistically achievable for the scheme in question. Much will depend on whether the data for the scheme is already held in a format elsewhere, in which case it would only be necessary to manage the transfer of the missing data onto the main computer database. For example, missing data may be held on a different computer database which is not compatible with the main database and would need some adaptation (at a cost), to be able to transfer the data across systematically; or the data may be held manually which would require manual updates (again at a cost). Where the missing data is not already held, the reliance will be on members being contactable and responding to information requests. Therefore, conceivably a 95% target may not be achievable for some schemes. Buck would prefer the regulator to expect trustees to aim for 95% and to be able to demonstrate that they have made reasonable endeavours to reach this target.

**Question 4: Do you agree that a scheme specific approach is appropriate to measuring the quality of conditional member data? Should targets be set by the regulator for conditional data, and if so what would be appropriate for different scheme types?**

Yes. We believe a scheme specific approach to measuring the quality of conditional data is more appropriate given the diversity and complexity around scheme designs. Schemes should be permitted to set their own targets for standards of conditional data.

**Question 5: Do you agree that, in the period up to the end of 2012, these targets will help achieve the higher standards that are essential to protecting members' benefits and efficient running of schemes? What milestones might be appropriate here?**

Yes to the first part of the question, however, we do have concerns about the timeframe with automatic enrolment just around the corner. It would be helpful if the regulator would allow trustees to focus on improving completeness and accuracy of common data, both newly created and legacy data only by the end of 2012.

**Question 6: What reasons for not being able to resolve data problems should the regulator consider legitimate when considering whether 'all reasonable endeavours' had been made?**

There are numerous ways in which the trustees can seek to improve their data, for instance - writing to a third party provider for assistance; utilising the services of an external body; and writing to members. As trustees will be reliant on the responses they receive, we believe that trustees should not be penalised where an exercise hasn't proved fruitful.

**For further information, please contact:**

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