



Online solutions mean DC members can fish for benefits information more easily but how can you stop red herring data from slipping through, asks Claire Hall Watson Wyatt

IT is becoming increasingly common for defined contribution (DC) scheme members to have online access to pension information via the internet or an intranet. Administration providers recognise that employees are progressively more IT literate. They are removing the need for paper instructions and allowing employers to tailor their offering to fit their brand, communications strategy and member experience.

HIGH NET *worth?*

Offering a web enabled self service tool is cheaper than paying an administration provider to input data from paper. It allows employers to offer an arrangement that fits with their own communication methods. For example, if the employer provides Blackberries (hand held devices for sending and receiving email) to their staff they can be used to access information and target communications via text messages.

Techno trustees

The internet access opens up a host of opportunities for trustees. It enables targeted communications that fit the profile of the individual, as well as the ability to communicate complicated pension changes in a consistent and efficient manner. Another avenue is the promotion of financial education tools to aid members in their lifestyle choices.

Members are free to access their pension

information when it suits them; they do not have to wait for information to be processed and sent out in the post. All data can be found in one place and they are freed from the need to fill out complicated forms. Online communications also allow them to provide feedback which can aid future developments and new communication opportunities. Using the internet for DC pension information and communication has great advantages. But it is not without its pitfalls.

Fishy figures

Online delivery hinges on the internal processes and data quality within the employer, complemented by the processing model between the employer and the administration provider. Real time data can be viewed by the member to check personal details, run quotations and get an up to date fund balance.

This gives the impression that everything is real-time. It means members are

exposed to the company's underlying processing and data issues and herein lies a problem. HR systems are rarely perfect and require a certain amount of manipulation by those using them. For example, payroll staff sometimes need to create dummy data (such as incorrect dates of birth and national insurance numbers) to cheat the system into paying new employees.

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They are doing nothing wrong but may not realise that this information may be passed by automated feed to the administration provider and automatically loaded onto its database making it visible to the

member via the online application. When it was input manually onto administration systems it was easier to pick up data that was obviously false. In an automated environment data is loaded directly without being visible.

Another example of internet access causing a problem is with DC schemes offering member investment selection with more than one fund manager. The UK investment industry does not offer harmonised dealing times. It is a difficult to tell members that, depending on the assets they had and where they want to move them to, updating their account could take anything between four and ten working days.

The key to an effective online solution is appointing a provider that offers a flexible product and the expertise to be proactive in assisting with data issues and resolution with the company HR and payroll departments.

PW
claire.hall@eu.watsonwyatt.com

ASSOCIATION FORUM

Pensions Research Accountants Group (PRAG)

Summary reports award

The Pensions Research Accountants Group (PRAG) announced the winners of its summary reports awards at the summer meeting held on **Thursday 29 June** at the Royal Overseas League.

Winners in the two categories were:

- large scheme (more than £1bn of assets) : Royal London Group Pension Scheme
- smaller scheme (less than £1bn of assets): Dixons Retirement and Employee Security Scheme.

The awards were presented by Nigel Barton, who chaired the summer meeting. David Hewitson of Rexam, last year's winner, was a member of the judging panel and gave an explanation of the awards.

David Hewitson said: "PRAG recognises the summary report to members as a key element of trustees' communication strategy and encourages them to be issued by all schemes. The awards follow PRAG guidance on the content of summary reports.

Its aim is that trustees provide members with relevant information in an appropriate format."

Other summary reports shortlisted were:

- large scheme: Xerox Pension Scheme
- smaller schemes: Smiths Industries Pension Scheme, Westland Pension Scheme.

Other summer meeting items

- a talk by John Ashcroft of the Pensions Regulator on the consultation on guidance for scheme report and accounts
- a talk by Andrew Lennard of ASB on the impact of international accounting standards
- an update on the development of a revised statement of recommended practice from Zahir Fazal.

If you would like more information about PRAG and the content of the meeting or copies of the winning summary reports, please contact Margi Slade: margislade@blueyonder.co.uk

For further details of the summary reports award contact Bob Hymas: bob.hymas@bdo.co.uk

Winning ways



Nigel Barton presenting the award to Hazel Cox, Royal London Group