

**Department for Work & Pensions (DWP) consultation:  
Pensions Dashboards – Working together for the consumer  
Response from the Low Incomes Tax Reform Group (LITRG)**

**1 Executive Summary**

- 1.1 Development of a pensions dashboard is most welcome and indeed essential given the likely increase in people having fragmented pension savings due to the shift away from the idea of a 'job for life', compounded by the introduction of automatic enrolment. This is particularly so for people on low incomes who may move jobs frequently or work in concurrent part-time employment and so forth.
- 1.2 A free-to-access dashboard (and importantly one which provides **up-to-date** information) will help people to understand how much they have saved overall and to keep track of the many small pots they are likely to amass across their working lives. It is hoped that the potential benefits of a dashboard for consumers (and in turn for society generally if it leads to people making better pensions decisions) would far outweigh the cost of implementation.
- 1.3 We say 'a dashboard' as we are unconvinced of the need for multiple and commercial dashboards. We think a single, government-overseen dashboard is preferable for reasons including security, trust and ease of directing individuals to use it rather than them facing a potentially confusing choice.
- 1.4 We also doubt whether the pensions industry would see enough potential commercial benefit to invest in providing innovative tools for low-income users. It is likely that the government will need to fill this gap directly or fund others to do so.
- 1.5 It is important that the information presented on a pensions dashboard strikes the right balance: too much information will be overwhelming, whereas too little is potentially misleading and dangerous.

- 1.6 The key to this balancing act is likely to be focus – the dashboard’s primary aim should be to present the user with a summation of their total pension savings in an easy-to-understand, digestible format. Further information is important (and our particular interest is in ensuring people understand the tax and related welfare benefits interactions of pensions choices), but it needs to be available via links or add-on facilities in such a way that does not detract from the core purpose.
- 1.7 While the dashboard is not intended itself to be transactional, it should allow users an easy route through to the pension provider if they wish to take any follow up action. Failure to link through to the pension provider or, as a minimum, to provide their contact details is likely to hamper the dashboard’s intention to increase users’ engagement with their pensions.
- 1.8 Dashboard developers need to have a clear understanding of the importance of presenting a complete pensions picture, the essential and largest part of which, for those on low incomes, is likely to be the state pension. For example, the dashboard needs to give users a clear understanding about any gaps in their National Insurance contributions (NIC) record and how this might impact state pension entitlement. We suggest how the dashboard might be integrated with the existing HM Revenue & Customs (HMRC) Personal Tax Account (PTA), which already has some of this functionality.
- 1.9 Given the importance of presenting people with complete information, we are sceptical about the benefits of launching a dashboard on an initially incomplete/phased basis, except as a carefully controlled trial. Otherwise, there is a high risk of either misleading early users and/or deterring them from using a dashboard in future if they are put off as a result of it showing only part of their data.
- 1.10 This response also points out the need to consider how people’s attention might be drawn to where the picture is incomplete. This might be the case if they have taken out a Lifetime ISA with a view to using the funds in later life; or, perhaps more importantly for many people on low incomes such as migrants, where they have non-UK retirement savings.
- 1.11 Digital exclusion continues to be a problem for some of the low-income population. We therefore recommend that the dashboard is designed with facilities for potential users to give trusted helpers the ability to access the information on their behalf. People will need to be able to give such consent in an offline format (for example, by paper form or telephone service). Accessibility of the dashboard for disabled users also needs to be built into its development at an early stage.
- 1.12 Finally, we believe it is vital for consumer organisations to be part of the development. We would therefore be pleased to join in with further work on the delivery of a dashboard.

## **2 About Us**

- 2.1 The Low Incomes Tax Reform Group (LITRG) is an initiative of the Chartered Institute of Taxation (CIOT) to give a voice to the unrepresented. Since 1998 LITRG has been working to improve the policy and processes of the tax, tax credits and associated welfare systems for the

benefit of those on low incomes. Everything we do is aimed at improving the tax and benefits experience of low income workers, pensioners, migrants, students, disabled people and carers.

- 2.2 LITRG works extensively with HMRC and other government departments, commenting on proposals and putting forward our own ideas for improving the system. Too often the tax and related welfare laws and administrative systems are not designed with the low-income user in mind and this often makes life difficult for those we try to help.
- 2.3 The CIOT is a charity and the leading professional body in the United Kingdom concerned solely with taxation. The CIOT's primary purpose is to promote education and study of the administration and practice of taxation. One of the key aims is to achieve a better, more efficient, tax system for all affected by it – taxpayers, advisers and the authorities.

### **3 Introductory comments, and our interest in this consultation**

- 3.1 The development of a pensions dashboard is most welcome. Many people on low incomes have unsettled working patterns, changing jobs frequently or perhaps working in multiple part-time positions concurrently. Automatic enrolment is therefore going to introduce enormous complexity into people's pension provision unless previous plans to make the pension pot follow the worker<sup>1</sup> are revived. With figures showing that an average person might have 11 jobs in their working life<sup>2</sup>, it is no great leap to deduce that they will end up with pension pot numbers into double digits.
- 3.2 Indeed, if this fragmentation of working patterns (and therefore pension savings with different employers) continues to increase, workers could end up with a bewildering number of small pension pots. For example, an AgeUK poll in 2013 revealed the following:<sup>3</sup>
- ‘Tellingly, the average person over 65 has worked for around 6 (5.6) employers in total, while a quarter (23%) of those aged 25-34 have already worked for a similar number – yet have more than approximately 35 years left before they are likely to retire. This indicates that the younger generation will almost certainly have a variety of pension pots as they get older.’
- 3.3 A pensions dashboard is therefore likely to have two key benefits. First, if people can see all their pension savings in one place, the likelihood of them losing track of them is reduced. Second, they will be able to see how much they have saved far more easily than by piecing

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<sup>1</sup> Ibid.

<sup>2</sup> See for example 2014 DWP and the then Rt Hon Steve Webb MP Press Release from 2014, ‘Thousands more make contact with long lost funds’: <https://www.gov.uk/government/news/thousands-more-make-contact-with-long-lost-funds>

<sup>3</sup> See: <https://www.ageuk.org.uk/latest-press/archive/nearly-one-in-four-lose-track-of-pension-pots/>

together information from paper statements, which in turn will aid their understanding and ability to plan for the future.

- 3.4 As specialists in tax and related welfare benefits for people on low incomes, we wish to highlight that failure to understand how pensions interact with other systems (both at accumulation and decumulation stage) is a further barrier to saving. We would hope that a pensions dashboard, in linking people to relevant guidance, could help to break down that barrier.
- 3.5 In this response, our concern is for people on low incomes and helping them to overcome disadvantages such as: low standards of literacy/numeracy; poor understanding of financial affairs, perhaps especially pensions; and barriers to being digitally included. We also offer comments relating to our experience with migrants to and from the UK, as we frequently receive enquiries via our websites which relate to pensions matters on coming to or leaving the country.

#### 4 Wider benefits of a dashboard

***Question 1. What are the potential costs and benefits of dashboards for:***

***a) individuals or members?***

***b) your business (or different elements within it)?***

- 4.1 In answer to part (a) of this question, we very much welcome progress towards pensions dashboards. We believe that any costs (likely to be greatest in the short term during dashboard creation) will be significantly outweighed by the potential benefits, as outlined below.

##### ***Costs***

- 4.2 First, in terms of cost, we would not envisage there being any **direct** cost to the low-income, unrepresented taxpayer (or pension saver). However, there will naturally be indirect costs. These will be borne by consumers as part of the fees charged by pension providers used to fund the development of a dashboard, and/or by the general taxpaying population to the extent that government funds are used.
- 4.3 Given that pension providers are already bound to provide scheme members with regular detailed information, we would hope that the introduction of a dashboard would not significantly increase their costs. We do of course appreciate the challenges of making systems changes to provide data to a central dashboard, and in a prescribed format. However, once dashboard processes are established, ongoing costs might be minimised. Although not for those who find digital interaction difficult or impossible, it might be the case that paper statements become redundant in future if dashboard users are able to opt in to electronic only communications.

- 4.4 There might be indirect costs to digitally excluded taxpayers if they were to incur costs in getting themselves online to access dashboard information that is otherwise unavailable to them in the same format (see our response to question XII).

### **Benefits**

#### 4.5 *Aiding understanding of pensions*

- 4.5.1 We note at paragraph 71 of the consultation document that minimum objectives are set out and the first of these is to ‘increase individual awareness and understanding of their pension information and estimated retirement income’. We agree that this is a key objective, given that the risk is extremely high of consumers making poor, ill-informed pensions decisions. This risk can at least be reduced by people having up-to-date and comprehensive information. It does, however, require some detailed thought as to how it translates into information presented to the user.

#### 4.5.2 There is a fine balance to be struck between:

- a) keeping it simple so that users understand basic information about their pensions (for example, current fund valuations and contributions, and what this might provide for them later in life); and
- b) providing further information (such as modelling tools/‘what if’ calculators and so forth).

- 4.5.3 We believe that the primary aim should be (a) as above – to keep it simple. We know from our experience and research<sup>1</sup> that people can easily be overwhelmed and confused in relation to pensions. The message that the dashboard should be trying to get across is how much people have saved and how much that is likely to mean they will have to live on in retirement (including the state pension). Future potential benefit figures also need to be adjusted for inflation, so that users can make sense of the figures by relating their likely pot to equivalent spending power in today’s terms. Unless these basic messages are clear, it is unlikely that the dashboard will help to combat under-saving into pensions.

- 4.5.4 For this reason, we think it is vital that there is consumer representation in the delivery group, within the governance model illustrated on page 48 of the consultation document. We would be pleased to participate in the ongoing delivery of pensions dashboards (see also our response to question XIII).

- 4.5.5 It is unfortunate that pensions are imbued with additional complexity by virtue of their interaction with the tax and benefits systems. For example, someone saving into a pension might benefit from both tax relief and an uplift in their universal credit payment by virtue of

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<sup>1</sup> See for example ‘*The complexities of government-incentivised savings for people on low incomes*’ <https://www.litrg.org.uk/latest-news/reports/180227-complexities-government-incentivised-savings-people-low-incomes>

the contribution.<sup>1</sup> An understanding of these interactions might inspire them to save more, if they could afford to. However, attempting to include such information in the pensions dashboard strays into the territory of (b) above and the dangers of over-complicating the user's experience.

- 4.5.6 Nevertheless, we believe that some attempt should be made to flag these issues to the dashboard user – in particular, we recommend that the dashboard includes illustrations as to how the net cost of contribution to a pension can be lowered due to tax relief and deduction of the contribution from means-tested benefits income. This might be done by way of links to further guidance or add-on tools, rather than by over-complicating the primary information purpose of the dashboard.
- 4.5.7 It is not clear from the consultation, which seems to conclude that there should be multiple dashboards (see also our answer to question II), to what extent the pensions industry will be motivated to provide innovative tools for pension savers with limited means. The kind of information we refer to above – understanding tax and benefits interactions at the lowest end of the contributions spectrum – is extremely complicated to understand and to present in a clear and understandable format. But it is also unlikely to generate significant return for the industry, as the amount people at the lower end can save is limited and therefore interest in them in any commercial sense is likely to be correspondingly limited. For this reason, we recommend that the government-provided dashboard should consider how it can fill this gap for low-income savers.
- 4.6 *The potential to provide savers with up-to-date information*
- 4.6.1 We assume, though it is not entirely clear from the consultation document, that a pensions dashboard will present users with 'real time information'<sup>2</sup> rather than merely picking up figures from the most recent annual statement. To provide anything less will diminish the benefit of having a dashboard, especially as users will expect it to deliver a similar service to online banking through which they can instantly see their up-to-the-minute bank balance (with only any pending/uncleared transactions listed separately).
- 4.7 *Help savers to get advice where it is needed, and lead them to appropriate guidance*
- 4.7.1 At the time when savers come to make decisions as to what and when they should draw on pension savings, it is vital that they understand the consequences. For example, our website guidance<sup>3</sup> illustrates how someone taking money out of their pension could face multiple and

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<sup>1</sup> See the example calculations on page 85 et seq of 'The complexities of government-incentivised savings for people on low incomes' <https://www.litrg.org.uk/latest-news/reports/180227-complexities-government-incentivised-savings-people-low-incomes>

<sup>2</sup> Precedent for compulsory real-time data transmission has been set in the context of Pay As You Earn for tax purposes, for example, which is then used by the DWP to calculate universal credit payments.

<sup>3</sup> See <https://www.litrg.org.uk/tax-guides/pensioners-and-tax/what-tax-position-when-i-take-money-my-pension-flexibly#toc-could-taking-money-out-of-my-pension-affect-my-child-benefit-claim->

unforeseen tax consequences. They might not only incur a ‘straightforward’ basic or higher rate tax charge, but could also trigger loss of other tax reliefs such as the personal savings allowance or create themselves a high income child benefit charge. Moreover, they could adversely affect their entitlement to state benefits such as tax credits.

4.7.2 This could be a costly mistake for savers and one which could be avoided with access to the correct guidance or advice. It is therefore vital that the dashboard helps people to understand the tax and benefits consequences of pension decisions and avoid potential pitfalls which mean that they might not get the best out of their savings.

4.7.3 As we suggest at 4.5.6 above, to avoid over-complicating the dashboard itself, help on these issues could be given by driving people towards appropriate guidance, add-on tools, or sources of further advice.

#### 4.8 *Tax and benefits – drawing together contributions information*

4.8.1 As the tax system stands at present, some taxpayers need to claim tax relief on pension contributions via their Self Assessment tax return or other claim to HMRC. This includes, for example, Scottish taxpayers liable at the intermediate rate of 21% who receive only 20% relief at source, or higher rate (and additional/top rate) taxpayers contributing to relief-at-source pension schemes. A pensions dashboard has the ability to ease the process for individuals to make their own claims to tax relief by drawing together all amounts that have been contributed in a tax year and flagging to them that additional relief might be due if contributions have been made to a relief-at-source scheme.

4.8.2 Similarly, a dashboard could help self-employed people if they can easily identify any pension contributions to be deducted from their income when making a claim to means-tested benefits such as universal credit.

4.8.3 We therefore recommend that the dashboard has the functionality to draw together all pension contributions that have been made and that the user is able to select for what period they require contributions information.

#### 4.9 *State pension entitlement – gaps in contributions and dependants’ pensions*

4.9.1 The new state pension regime is based upon individuals accruing their own entitlement, i.e. a pension cannot be claimed based upon a spouse or civil partner’s contributions.

4.9.2 For example, although not a ‘low-income household’ issue per se, it is understood that some couples might not be claiming child benefit where one of the parents in the couple would be liable to the high income child benefit charge.<sup>1</sup> This might mean that a non-working or low-earning spouse is missing out on National Insurance credits and eventually therefore their state pension entitlement could be affected. What the couple ought to have done in such a

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<sup>1</sup> See for example, Treasury Committee ‘Stay-at-home parents risk losing out on pensions’: <https://www.parliament.uk/business/committees/committees-a-z/commons-select/treasury-committee/news-parliament-2017/child-benefit-letters-statistics-chairs-statement-17-19/>

situation is to have claimed child benefit but then elected for it not to be paid, thus preserving the claim and National Insurance credit but without having to pay the benefit back via the tax charge.

- 4.9.3 In showing state pension entitlement, we recommend that a pensions dashboard also has the facility to alert savers to gaps in their National Insurance contributions record which might affect their state pension provision. This should include pointing people to possible credits they might have failed to claim and how to claim these retrospectively (if it is feasible to do so) or to at least rectify the position going forward.

4.10 *Deceased taxpayers/estate administration*

- 4.10.1 Depending on the functionality of the dashboard and the ability for an individual's representatives to access it (see our reply to question XII), it might ease some of the burden of personal representatives who are trying to identify a deceased person's assets and administer their estate. We therefore recommend that a means for personal representatives to access the dashboard for deceased taxpayers is built into the security processes at the outset. Such situations would also present an ideal opportunity to direct the personal representatives to sources of information and guidance as to the ongoing tax treatment of the remaining pension pot.

## 5 Architecture, data and security

### ***Question II. Do you agree with:***

- a) our key findings on our proposed architectural elements; and  
b) our proposed architectural design principles?***

***If not, please explain why.***

5.1 *Multiple dashboards versus a single dashboard*

- 5.1.1 The consultation seems to be predicated on multiple pensions dashboards being developed with commerciality in mind rather than a single dashboard (although the architecture would support either single or multiple dashboards, per the summary at (a) on page 33).
- 5.1.2 We are concerned that although there is 'some evidence that having multiple dashboards can encourage usage' (paragraph 33 of the consultation document), research showed that potential users showed a 'strong... preference for a single dashboard with a single point of access' (paragraph 83).
- 5.1.3 To use an analogy, a driver requires only a single dashboard when driving a car. What would be the point in having multiple fuel gauges which all show the same amount in the tank? And what happens if they show different amounts; which one do you believe? We would not, for



example, want a similarly confusing situation to arise with pensions dashboards as that which we already have with multiple credit reference agencies.<sup>1</sup>

- 5.1.4 Without further explanation and compelling arguments for multiple dashboards, we therefore cannot understand why it would be beneficial to have more than one – that is, a single independent dashboard, overseen by the Single Financial Guidance Body (SFGB).
- 5.1.5 Indeed, the findings in paragraph 112 do not logically imply that there would be negatives if there were only an independent dashboard.
- 5.1.6 It seems to us that a single dashboard would be preferable, for example because:
- a) organisations such as ours which provide guidance to the public could direct people to it with confidence;
  - b) choice seems to be one of the enemies of people taking financial decisions – indeed the success of automatic enrolment capitalises on people’s inertia, so it is counterintuitive to present a choice of dashboard;
  - c) pension savers are frequently the target of scams,<sup>2</sup> and with multiple dashboards, it would seem far easier for fraudsters to create bogus websites purporting to be a pensions dashboard from which they could glean people’s personal information and so forth.
- 5.1.7 We therefore recommend that further evidence is published which clearly supports the development of multiple pensions dashboards before a final decision is taken.
- 5.1.8 We would also point out that while the consultation document shows that research has been done to find out what has happened with the development pensions dashboards overseas, no mention is made of UK IT projects which bear similarities with a pensions dashboard.
- 5.1.9 For example, HMRC have developed the PTA, which aims to bring together an individual’s dealings with the department in one single place.
- 5.1.10 A pensions dashboard could be a feature of the PTA rather than a separate entity with its own login and so forth. There is already a significant link as the PTA allows users to view their state pension forecast and National Insurance record. If this could be built upon, rather than a whole new system devised for a pensions dashboard, there could even be a dual benefit in getting people to engage with both tax and pensions at the same time.
- 5.1.11 Alternatively, a pensions dashboard could sit alongside the PTA, within GOV.UK, and the dashboard could share the same login details/security verification. Having multiple accounts

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<sup>1</sup> See for example: <https://www.moneyadvice.service.gov.uk/en/articles/how-to-check-your-credit-report>

<sup>2</sup> See for example DWP/HMT ‘*Pension scams: consultation*’ published 5 December 2016, para 1.1 (‘Evidence of the problem’): <https://www.gov.uk/government/consultations/pension-scams/pensions-scams-consultation>

to access such central information and having to pass security checks many times is likely to put people off. They are also potentially more likely to lose or forget multiple login IDs and passwords than if they have just one.

## 5.2 *Third party access to pension dashboards*

- 5.2.1 The summary on page 33 at (h) mentions that access should be available only to the user unless their specific consent is given. This implies user capability, yet an incapacitated user might not be capable of delegating consent such that someone can access on their behalf. It could therefore be that in precisely the situation a user would need someone to access the information on their behalf, a third party would not be able to obtain the user's specific consent and therefore not be able to access the dashboard. Capability for others to use the dashboard, such as holders of lasting powers of attorney, should therefore be built into the system.
- 5.2.2 As discussed in answer to question XII, users should also be able to delegate access to other trusted helpers. The ability to give consent should be available in offline form so that a helper can create and access the account on the individual's behalf (to break down digital exclusion barriers).
- 5.2.3 Also, we would disagree that all delegated consents should be 'time sensitive' (see (j) on page 33 of the consultation document). While we agree that in some circumstances a user might wish to grant only temporary access to the dashboard, in other cases (such as long term or fluctuating incapacity), the user should have the ability to grant indefinite consent.

## 6 **Providing a complete picture**

***Question III. Is a legislative framework that compels pension providers to participate the best way to deliver dashboards within a reasonable timeframe?***

- 6.1 Yes, we agree that all pension providers (except perhaps for those identified in question IV) should be compelled to participate and that such compulsion should come into effect as soon as possible.
- 6.2 If a partially complete dashboard were to be launched before all providers are compelled to join in (which we think should be avoided if possible or at least kept to an absolute minimum for the purposes of initial trials), users must be given clear warnings that the information may be incomplete. Partial information is at best useless, and at worst misleading. From a tax perspective, it is almost impossible to work out any tax consequences of pensions decisions sensibly without comprehensive information.
- 6.3 There should be absolutely no doubt that the state pension should be included, and ideally from launch. It is, and probably will remain, the largest part of retirement income for the majority of the population. The statement at paragraph 130 that 'we expect State Pension data to ultimately be part of the service' does not instil confidence that this point is fully understood by the designers of the dashboard.

6.4 Rather than the state pension ultimately being included in the dashboard data, we therefore recommend that it is made a priority to include it from the outset. This would be far more helpful to the user than a link to the state pension checker as suggested at paragraphs 167-169 of the consultation document. If a full service cannot be achieved from the outset, a clear delivery timescale should be given for bringing in the state pension as soon as possible.

#### 6.5 *Lifetime ISA*

6.5.1 Although not explicitly part of the question, it is important to note that people's earmarked retirement savings might be incomplete if the dashboard does not display balances held in Lifetime ISAs. There are two purposes to Lifetime ISA savings – towards either a home purchase, or towards later life. The Lifetime ISA is 'tax-incentivised' (in the form of both a government bonus and tax-free growth) and promoted<sup>1</sup> as being suitable for either objective and therefore savers might have chosen them to supplement pension savings, particularly as the balance is accessible in the shorter term should the need arise (albeit subject to a penalty).

6.5.2 Dashboard users should therefore ideally have the option to have Lifetime ISA balances shown alongside pension savings (though making it clear that they are not treated the same as pensions). Alternatively, users should be made aware that even if they have taken out a Lifetime ISA with a view to it comprising part of their retirement savings, the balance will not be shown.

***Question IV. Do you agree that all Small Self-Administered Schemes (SSAS) and Executive Pension Plans (EPP) should be exempt from compulsion, although they should be allowed to participate on a voluntary basis?***

6.6 We have no strong views on whether SSAS and EPP should be exempt. It is highly unlikely that the low-income population we aim to represent will be involved in either.

***Question V. Are there other categories of pension scheme that should be made exempt, and if so, why?***

6.7 No. All other pension schemes should be included so that the individual is presented with a complete picture of their pension savings, for the reasons given above.

## 7 **Implementing dashboards**

***Question VI. Our expectation is that schemes such as Master Trusts will be able to supply data from 2019/20. Is this achievable? Are other scheme types in a position to supply data in this timeframe?***

7.1 We have no comments on this question.

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<sup>1</sup> See for example: <https://lifetimeisa.campaign.gov.uk/>

**Question VII. Do you agree that 3-4 years from the introduction of the first public facing dashboards is a reasonable timeframe for the majority of eligible schemes to be supplying their data to dashboards?**

- 7.2 Following on from answer to question III, we would query the suggestion that the dashboard should be gradually implemented as the data holders are phased into the system over time. The dashboard is at best useless and at worst dangerously misleading until it has the full information available to the enquirer.
- 7.3 A phased implementation period of three to four years would potentially mislead a great many people as to the amount of their pension savings. It could also mean that potential users are put off returning in future if they have found the dashboard on first impression to be of little or no help to them.
- 7.4 We would therefore recommend as short an implementation timeframe as possible or, if there is to be a delay, that an initial launch using limited data is done on a trial-only basis in which test users are clearly made aware of its limitations.

**Question VIII. Are there certain types of information that should not be allowed to feature on dashboards in order to safeguard consumers? If so, why? Are there any other similar risks surrounding information or functionality that should be taken account of by government?**

- 7.5 *Risk of not including tax and benefits interaction information*
- 7.5.1 As noted in answer to question I, the complexity of pensions decisions is compounded due to their interaction with the tax system, and also with welfare benefits for those on low incomes.
- 7.5.2 It is of course impossible to forecast what the tax and benefits law will be when someone comes to draw on their pension who is currently in the early part of their working life. But as someone approaches potential retirement age (or at least an age when they are able to draw on pensions, for example under pensions freedom), it becomes possible to give them an indication of what impact pension decisions might have on their wider financial situation. This might include in particular what tax charges may arise on withdrawal, or how crystallised pension savings might be treated differently to uncrystallised benefits for means-tested benefits purposes.
- 7.5.3 Failure to include functionality that warns savers of potential pitfalls risks people not getting the most out of their savings. As a minimum, we therefore recommend that the dashboard links people to appropriate guidance on tax and benefits interactions. This could be tailored to the user's profile. For example, there would be little benefit in referring someone in their early working life to guidance on withdrawing benefits, but they could be guided toward information on the cost of pension contributions taking into account tax relief, etc. which might inspire them to save more.
- 7.6 *Transactional functionality*

- 7.6.1 We note that the dashboard is not to be transactional, i.e. it will not include the functionality to amend underlying data, but that providers' contact details '**could be** linked to or included on dashboards' (paragraph 141 of the consultation document).
- 7.6.2 We would stress that contact details definitely **should** be included in dashboards, making it as easy as possible for the user to get through to the pension provider if there is something they need to follow up after consulting the dashboard.
- 7.6.3 Failure to do so risks undermining the very user engagement with their pensions that the dashboard aims to improve.

***Question IX. Do you agree with a phased approach to building the dashboard service including, for example, that the project starts with a non-commercial dashboard and the service (information, functionality and multiple dashboards) is expanded over time?***

- 7.7 As above, we believe that it would be preferable to have a single, non-commercial dashboard and that further compelling arguments and evidence as to the benefits of multiple dashboards would be required before going down that path.
- 7.8 Again, as mentioned previously, there is a balance to be struck between providing sufficient information and overwhelming the user. The primary aim of the dashboard should therefore be to show the basic information in a user-friendly format and to avoid embellishments.
- 7.9 That is not to say that additional functionality should not be developed over time, although this should never be at the expense of keeping it simple.
- 7.10 We would recommend that the developers keep a watch on how often users are accessing the dashboard and gather some experience of what they are using it for before developing it further. In our experience of tax (which suffers similar complexity and inertia to pensions engagement), people tend only to engage with the system at particular trigger points. If the dashboard similarly turns out to be a facility that people use only infrequently, this furthers the arguments for keeping it as simple as possible. By contrast, if people were to use it regularly, they would be more likely to cope with (and indeed would seek) additional functionality.

***Question X. Do you agree that there should be only one Pension Finder Service? If not, how would you describe an alternative approach, what would be the benefits and risks of this model and how would any risks be mitigated?***

- 7.11 We have no comments on this question.

## **8 Protecting the consumer**

***Question XI. Our assumption is that information and functionality will be covered by existing regulation. Do you agree and if not, what are the additional activities that are not covered?***

We have no comments on this question.

## 9 Accessing dashboard services

***Question XII. Do people with protected characteristics, or any customers in vulnerable circumstances, have particular needs for accessing and using dashboard services that should be catered for?***

### 9.1 *Digital inclusion*

- 9.1.1 Digital exclusion is an ongoing problem for people on low incomes. Affordability, age profile and those living in rural areas with poor access are amongst the reasons for it<sup>1</sup> and the problem is unlikely to ever disappear completely such that everyone is digitally included. Provision must be made for people who are digitally excluded as they are likely to be amongst those most in need of a strong, independent and accessible dashboard, not to mention pointers towards impartial guidance and/or advice.
- 9.1.2 Since there will be no paper alternative to the dashboard (beyond the existing provision of annual statements, which many people do not read or understand), we recommend that there is provision to enable trusted helpers to gain access to the dashboard on another's behalf.
- 9.1.3 This might be, for example, family members or well-established national agencies who already provide similar services to the vulnerable, such as Citizens Advice, Age UK, etc.
- 9.1.4 Similarly, it might be helpful for the tax charities, Tax Help for Older People and TaxAid (see also our answer to question XIII) to have access to dashboard data on a trusted helper basis. This is particularly so if it might help them to gather a complete picture of a taxpayer's pension savings and so assist them in making correct entries on tax returns or checking HMRC tax calculations and PAYE coding notices.
- 9.1.5 Suitable security measures need to be developed for these situations. These need to take into account the fact that the relevant customers are themselves digitally excluded, so the authority needs to be given in offline form, for example on paper or by passing through security question on the telephone. Precedent has already been set in this respect in the way that the tax charities referred to in the preceding paragraph deal with HMRC, using a 'Fast track' system that works by them taking written or orally recorded consent from the taxpayer (which is then audited by HMRC).

### 9.2 *Migrants – both to and from the UK*

- 9.2.1 With increased international movement of people, it is not unusual to find people with overseas pensions from a time when they worked abroad. This might be the case for non-UK nationals who have settled in the UK, who have previously accrued savings elsewhere. Or it might be UK nationals who have worked overseas for a time and then returned to the UK.

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<sup>1</sup> See for example the Digital Exclusion Heatmap: <http://heatmap.thetechpartnership.com/about-heatmap/> and <http://heatmap.thetechpartnership.com/>

There may also be cases where individuals have an increased state pension as a result of contribution periods overseas under the EU Aggregation Principle.<sup>1</sup>

- 9.2.2 The dashboard will therefore encounter a problem in terms of its aim to give people a **complete** picture as to their potential retirement provision, assuming that there is no intention to import overseas pension data into it.
- 9.2.3 Affected individuals might have a state or private pension entitlement in another country, which will not be shown on the dashboard and therefore provide them with incomplete data. This might be particularly common for those living in Northern Ireland and working in the Republic, for example. (We note that the consultation does not specifically cover Northern Ireland, but ‘it is envisaged that Northern Ireland will make corresponding legislation’.)<sup>2</sup> We therefore recommend that the dashboard makes it very clear to users that overseas pensions are not included in the data shown.
- 9.2.4 Overseas pension entitlement is something on which we get a number of queries to our website. For example, this came to us on 9 January from a primary school principal (the enquirer having already unsuccessfully tried searching GOV.UK):

‘25 years ago, I worked for 2 years in an international school in Portugal. How can I find out if I have accrued any employment pension entitlement in Portugal?’

- 9.2.5 Therefore, in addition to being clear that dashboard data does not include any overseas pensions, we recommend that the dashboard links to guidance as to how users might trace pension entitlement in other countries, be that state pensions or private savings.

### 9.3 *Accessibility/usability*

- 9.3.1 Provision needs to be made for disabled people to access pensions dashboards, and such accessibility issues must be addressed in the early development stages.

## 10 Governance

***Question XIII. The Department has proposed a governance structure which it believes will facilitate industry to develop and deliver a dashboard. Do you agree with this approach? If not, what, if anything, is missing or what workable alternative would you propose which meets the principles set out in this report?***

- 10.1 The governance structure appears to be reasonable. Our only comment, as previously made in various places in this response, is that it is not only the pensions industry and the SFGB that

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<sup>1</sup> See for example: <https://www.litrg.org.uk/tax-guides/migrants-and-tax/national-insurance-migrants/what-if-i-am-posted-worker-eu-norway-iceland#toc-what-happens-if-i-am-hired-in-the-uk>

<sup>2</sup> Page 4 of the consultation document

should be involved. Consumer organisations should be represented in the delivery group (or working groups beneath the main delivery group as appropriate) to help inform what users need.

- 10.2 We would be pleased to participate in the ongoing delivery work, to offer our significant experience from a tax and related welfare benefits perspective. Since the formation of LITRG in 1998, we have produced reports<sup>1</sup> on pensions-related matters and drawn large (and ever-increasing) numbers of users to our websites – totalling almost 5 million in 2018.
- 10.3 Offering tax guidance on pensions via our websites, in respect of both accumulation and decumulation, results in us receiving frequent enquiries from the public pensions-related matters. To add to this experience, we also maintain a close working relationship with TaxAid<sup>2</sup> and Tax Help for Older People.<sup>3</sup> These are the two ‘frontline’ tax charities, helping people to deal with their tax affairs first hand. Tax Help for Older People, as the name suggests, particularly encounters issues arising at pensions decumulation stage.

## 11 Costs and funding

***Question XIV. What is the fairest way of ensuring that those organisations who stand to gain most from dashboard services pay and what is the best mechanism for achieving this?***

- 11.1 Except to stress that the dashboard should be free to access for customers, the only comments we have on costs are given in answer to question I.

## 12 General

***Question XV. Do you have any other comments on the proposed delivery model and consumer offer?***

- 12.1 No further comments.

LITRG  
22 January 2019

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<sup>1</sup> See <https://www.litrg.org.uk/latest-news/reports>

<sup>2</sup> [www.taxaid.org.uk](http://www.taxaid.org.uk)

<sup>3</sup> [www.taxvol.org.uk](http://www.taxvol.org.uk)