



Data fit for the future

GMP – Interactive session

Data Technology Consultancy

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itm
Solution delivered...

Introducing our team



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Today's agenda

Introduction

Completing GMP reconciliation

GMP equalisation – getting started

BAU process changes for equalisation

GMP: The story so far...

1978

GMPs were introduced to ensure people 'contracting-out' of the State Earnings Related Pension received an amount at least equal to that of the State scheme

1997

The Government ended GMP accrual

1990

The Barber case threw the limelight on the unequal treatment of men and women in pensions

2018

The Lloyds case put the focus on GMP equalisation – an area where the original Barber case judgment was vague

2019

DWP released guidance on GMP conversion but the industry felt it left some questions unanswered

2019

PASA's GMP equalisation Working Group released guidance on how to approach equalisation

2020 - Q1

HMRC guidance on how to handle tax implications of the lifetime and annual allowance

2020 - Q1

PASA's GMP Working Groups release further guidance

2020 - Q2

The GMP industry working group release guidance on data for equalisation

2020 - Q4

Lloyds judgment confirms past pension transfers to be included

2021 – Q1

PASA's Working Group due to release more guidance on tax and conversion

GMP reconciliation

Are we there yet?!



GMP reconciliation: Where are you now?

Lots of schemes are coming to the end of reconciliation, but...



Some have a large number of **cases requiring Trustee decisions**



Final SRS data files have caused issues – extra checks might be needed



Some schemes have a significant backlog – is there work left to do to reach final position?



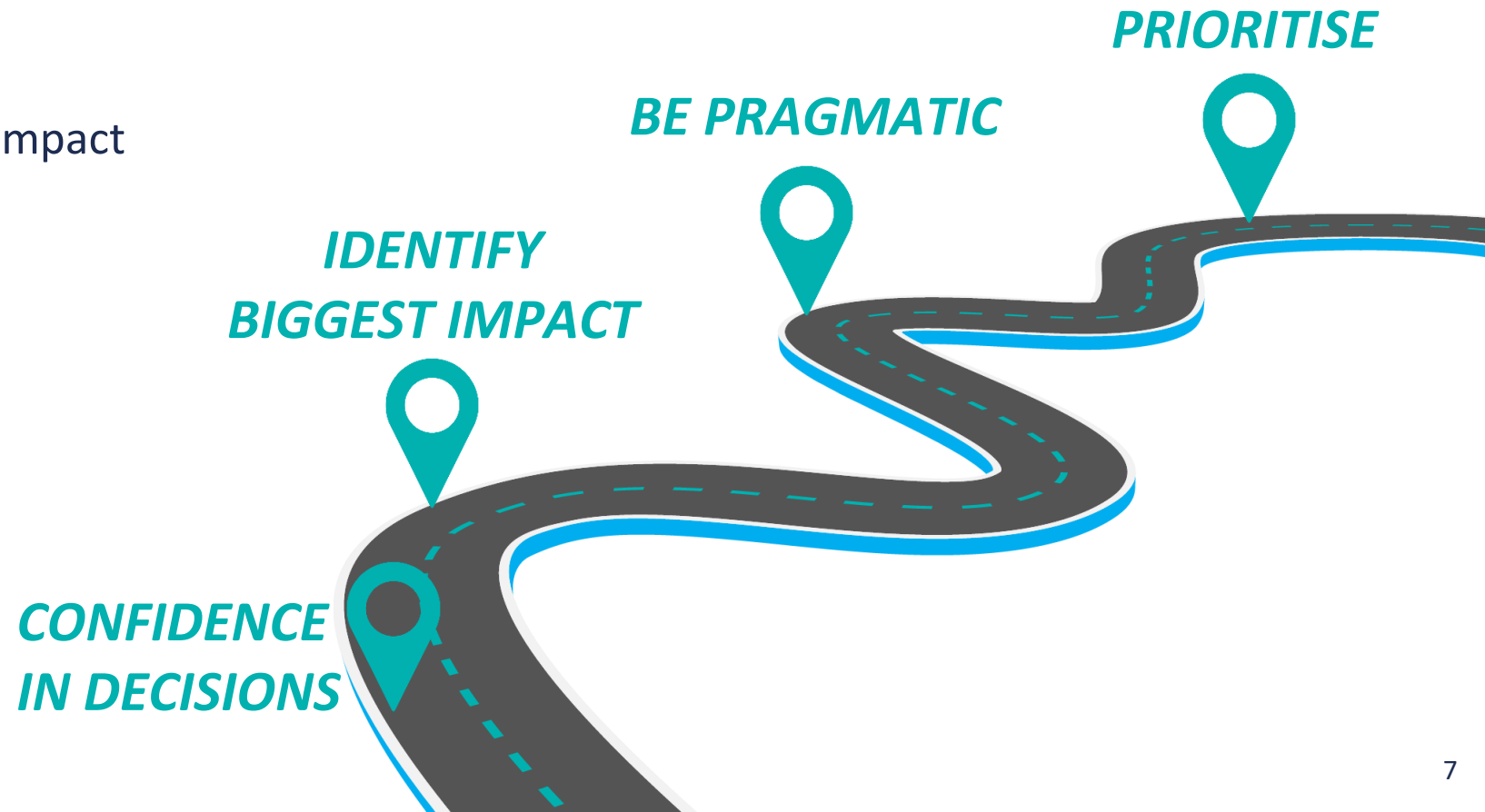
Many are now **considering the overlap with equalisation** and what to do next



GMP reconciliation: Correcting benefits

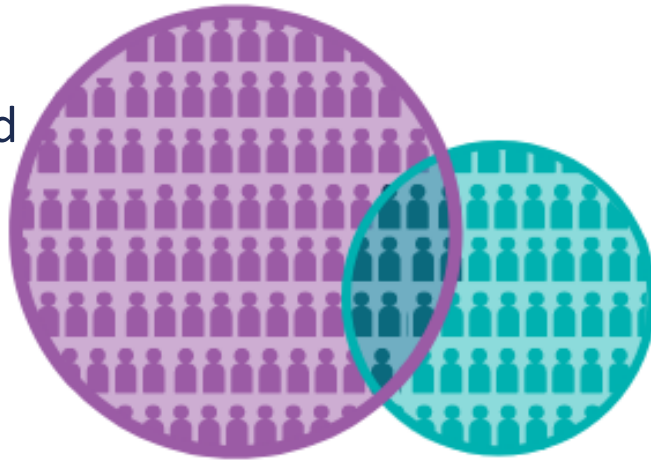
The focus now is on...

- 1 Reaching a final position
- 2 Clearing any backlog
- 3 Establishing the financial impact
- 4 Prioritising corrections
- 5 Communications



GMP reconciliation: Overlay with equalisation

Many members
won't be affected
by equalisation



Equalisation will
highlight different
members in-scope

A segment of
members will be
impacted by both



Find out by
overlaying an impact
assessment



- Tiny number likely to be significantly affected by both
- Different populations & different data requirements
- Both projects can happen in parallel

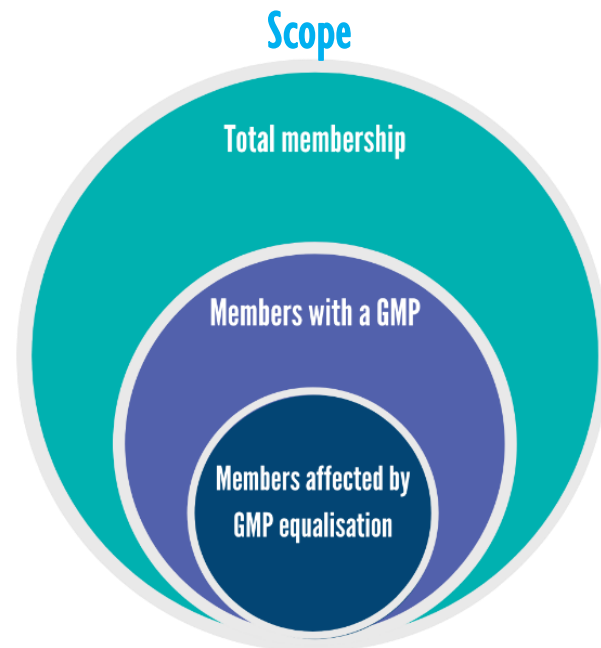
GMP equalisation

Still stalling?



GMP equalisation: Scope

- *Which members are affected?*
- *Which groups should be prioritised?*



You'll need this so you can:

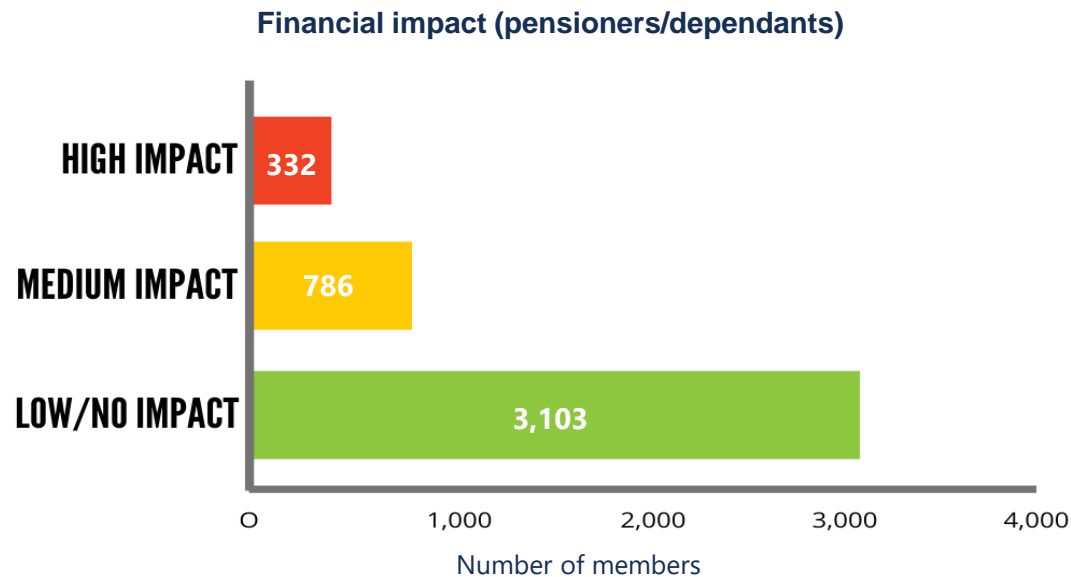
- ✓ Understand the scale and scope
- ✓ Plan resources
- ✓ Assess the impact of the Lloyds transfers ruling
- ✓ Make decisions on approach
- ✓ Data cleanse planning work
- ✓ Assess the overlap with reconciliation

GMP equalisation: Financial impact on members

- Which members are impacted most?
- Which members should be prioritised?
ie. those in payment

This will help you:

- ✓ Plan which member to prioritise
- ✓ Determine the size of your project and level of focus needed
- ✓ Focus data cleanse work where it matters most
- ✓ Assess the financial overlap with reconciliation

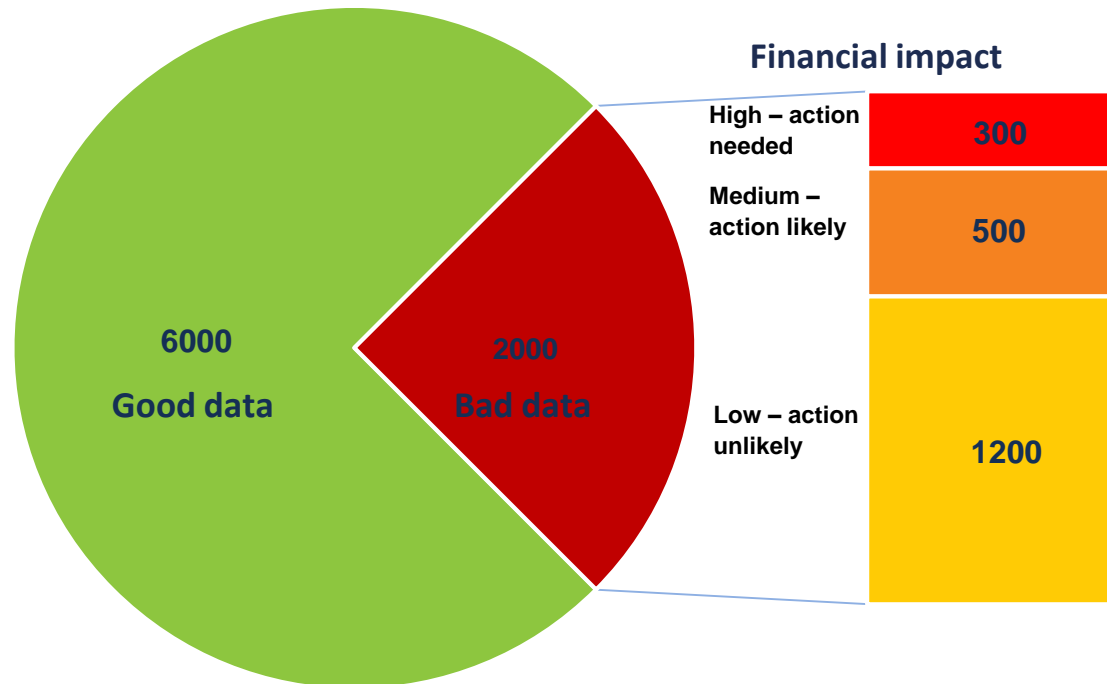


Most need only tiny changes with a larger impact for a small minority



GMP equalisation: Identifying data gaps and issues

- *In what areas will your data hold you back?*
- *How much cleanse work do you really need to do?*



Use this to:

- ✓ Identify areas you might get caught out
- ✓ Develop an approach to cleansing data
- ✓ Understand what calculation approaches are open to you
- ✓ Get an idea of the cost of cleansing
- ✓ Help you locate files and other material to find the data you need

Common data issues:

- Unlinked dependants
- Service date
- Transfers out and uncertainty over transfers in approach

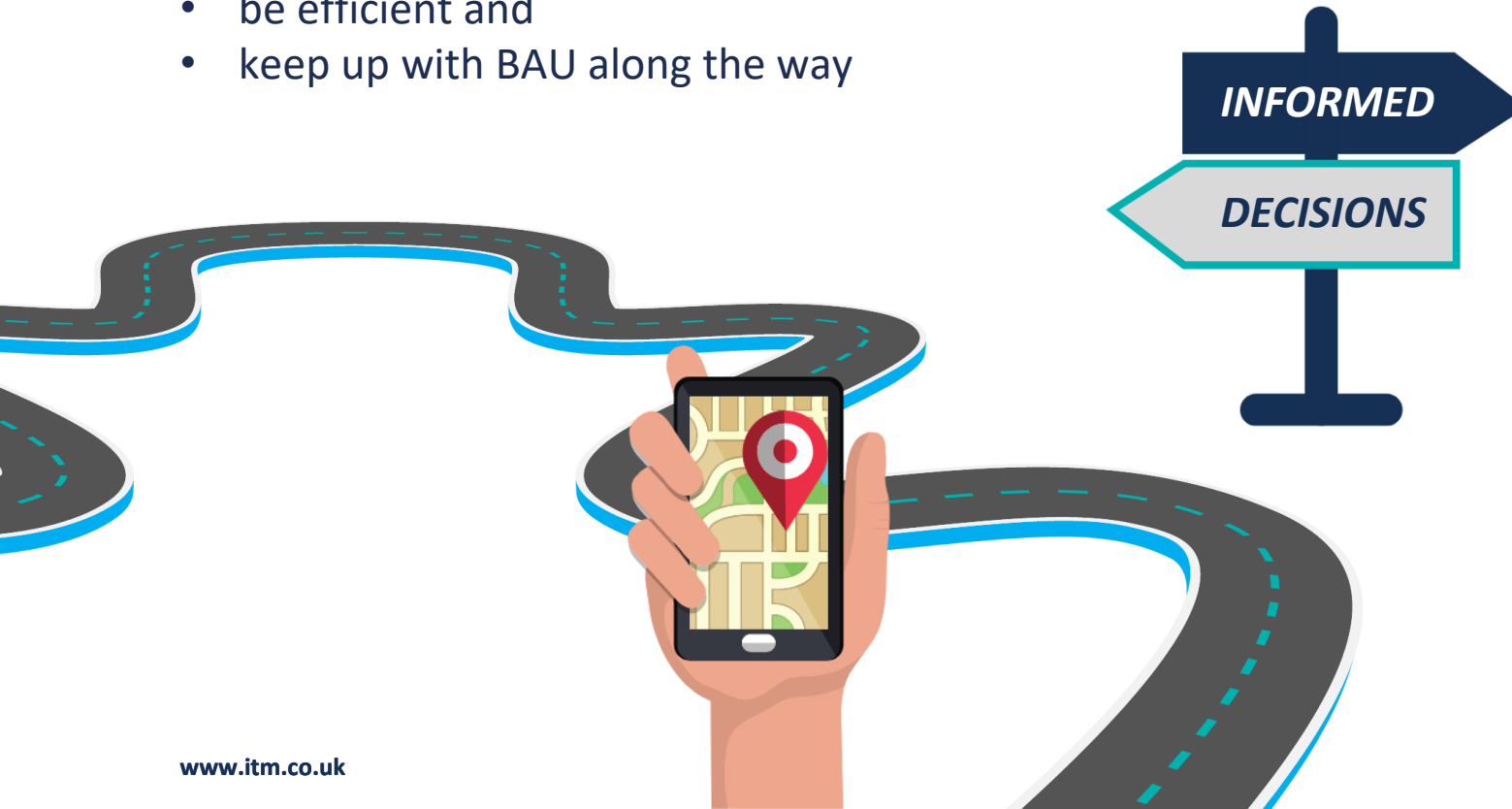


GMP equalisation: Your approach

All our steps so far are about planning your route

This is something you have to do, but doing it in a controlled and realistic way is vital to;

- constrain costs,
- be efficient and
- keep up with BAU along the way



- Decide what equalisation method(s) you'll use
- Carry out a cost vs benefit analysis
- Decide which calculation method suits your scheme
- Consider how you'll treat transfers in and out
- Think about the systems impact

GMP equalisation: Cleanse and prep

**Most schemes need to do some preparation and cleansing.
Consider...**

- *What data items do you need?*
- *Do you have a realistic chance of finding them? How hard will you try?!*
- *Do you have member image files?*
- *Will you include benefit retransching?*
- *What about address tracing? – you'll need addresses for comms too*



Image file data extraction is a good way to gather extra data – doing this electronically keeps it efficient

You'll likely want to focus on:

- Tracing dependants back to original members
- Gathering service dates



Be pragmatic!

Costs can easily spiral if you let cleanse work get out of hand

GMP equalisation: Calculations

You'll need to look back and look forwards too – correcting past issues and making sure future calculations are correct.

- ✓ Calculate updated pension elements and back payments
- ✓ Apply agreed GMP conversion approach to re-shape pension elements
- ✓ Produce data files required for communications or system load

Decide:

- What assumptions you'll use – and are they fair?
- How you'll apply corrections
- How and when you'll communicate changes



GMP equalisation: Project plans and resourcing

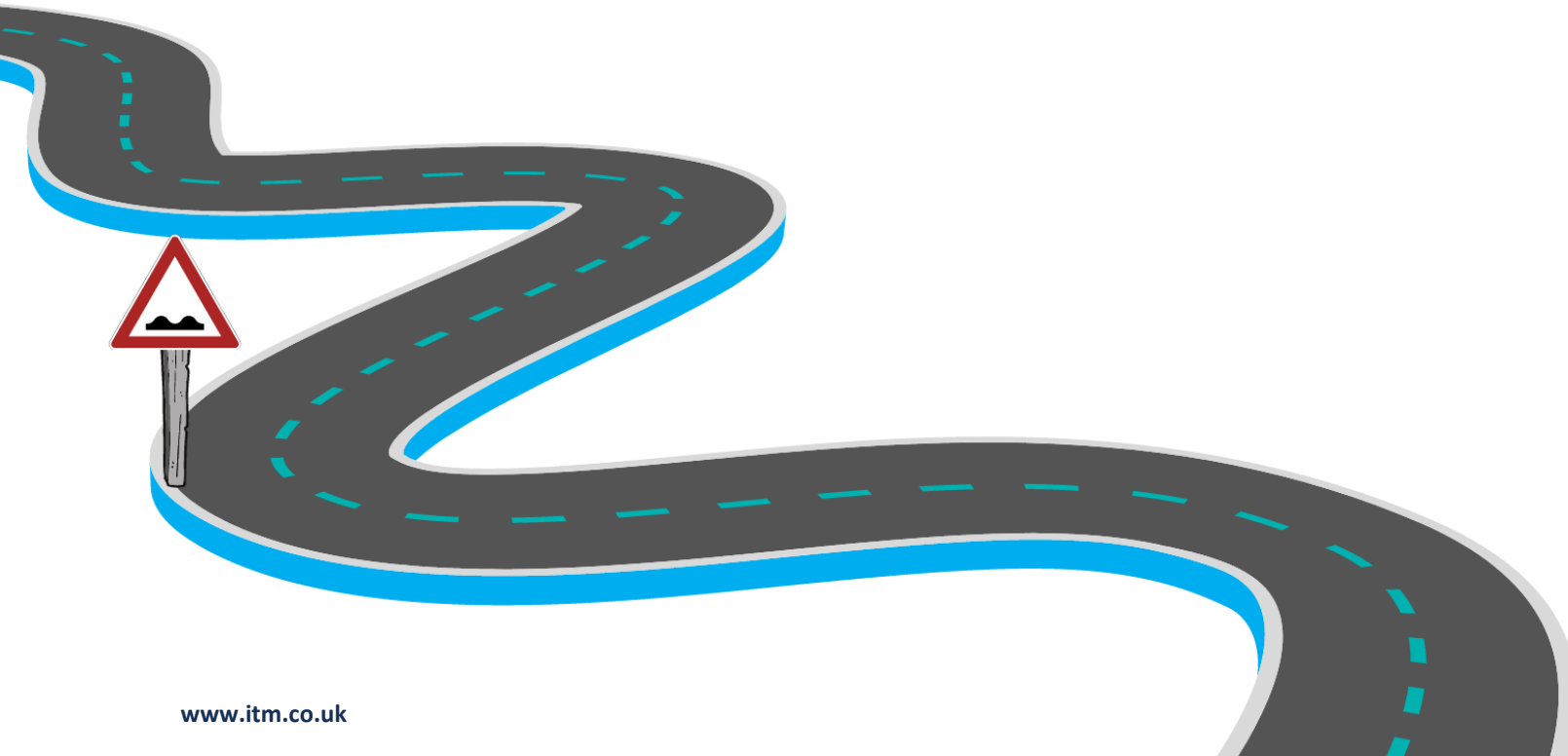
The challenges ahead...

- Multiple project streams, with overlapping requirements, need to move forward at the same time
- Resource intensive
- Cross-team management and collaboration needed
- You'll need full accountability, auditable records and a documented approach



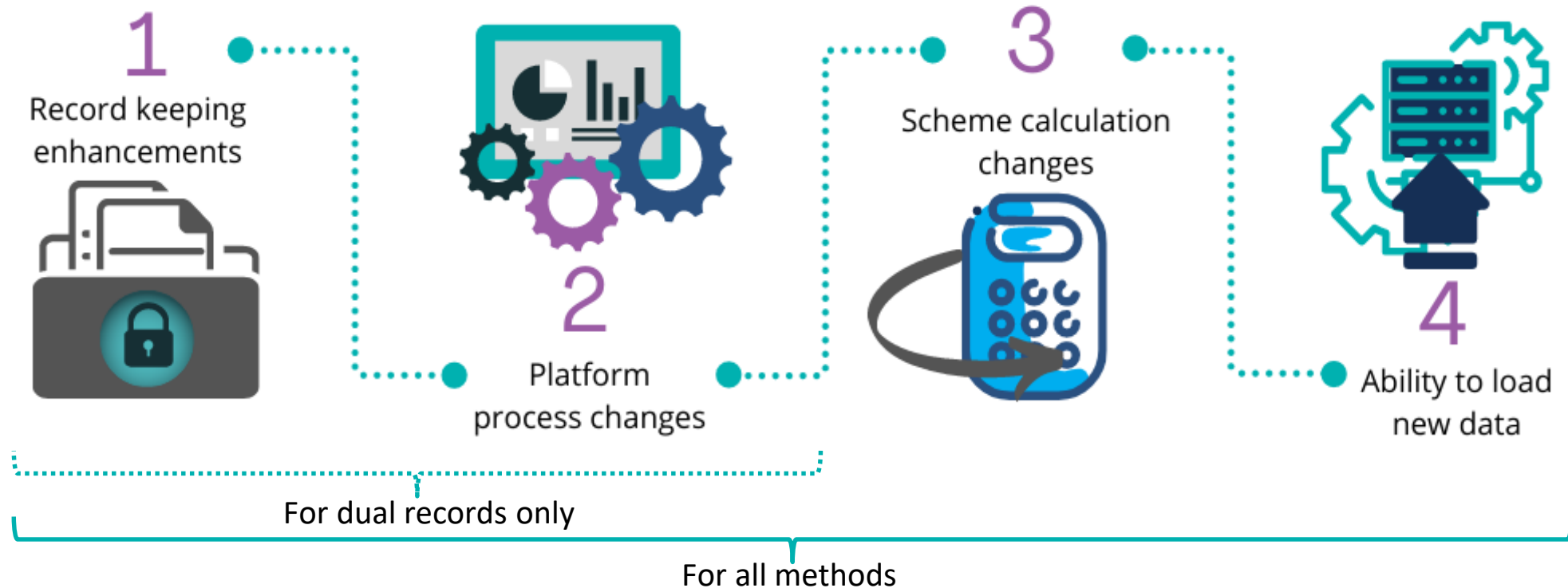
GMP equalisation

It's never too early to think about system changes



BAU system and process changes: What might change?

After GMP equalisation you'll want your scheme to run smoothly, so think about administration systems and processes changes as soon as possible.

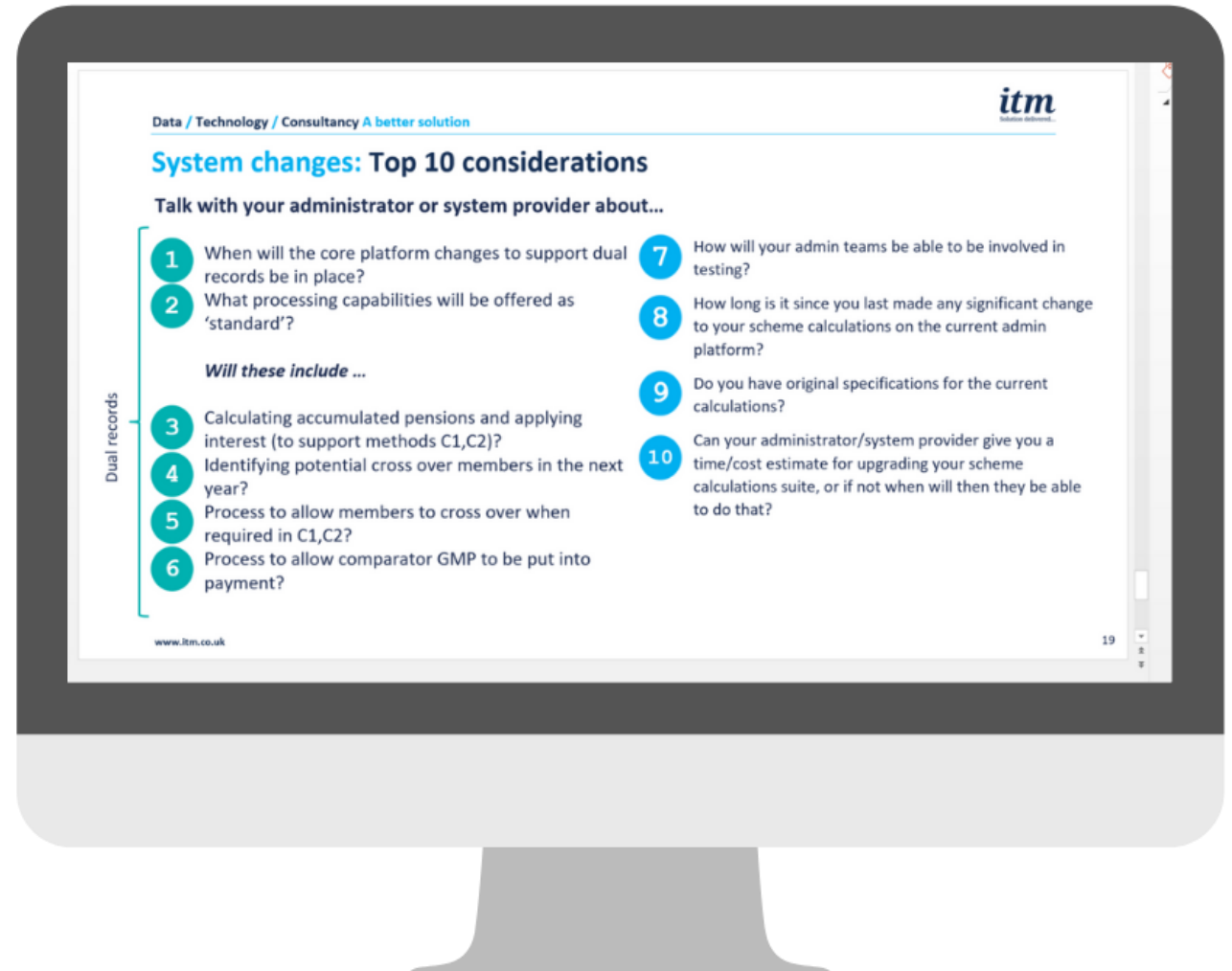


BAU system and process changes: Top considerations

Talk to your administrator or admin system provider about:

- The methods you are considering, and the extent you plan to use conversion
- What changes they are making to core admin platforms, and when?
- How long it will take to upgrade your scheme, and how much will it cost?

BAU system and process changes are likely to have a significant impact on overall project timescales



Thank you

For more information please contact
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