

## Dead money? Dashboard costs, is there an alternative?

We are already well into October and Christmas is around the corner.... are your fingers in your ears yet?

If it seems like your 2024 has gone by fast, then imagine how quickly April 2025 will arrive. This is when the Pensions Dashboard staging timeline starts, with the deadline date of October 2026.

### Thinking about providers

By now, Pensions Dashboard should be high on any pension scheme board meeting agenda. Most Trustees have chosen or have at least started to review and select Pension Dashboard Integrated Service Providers (ISPs). These are the third-party organisations that act as a bridge between the Pension Scheme and the Pensions Dashboard. They play a crucial role in ensuring any Scheme is connected and compliant with the regulations.

Schemes already weary from the costs of legislative projects undertaken in the last few years, are asking the same question;

'How much is this going to cost us?'

These costs are starting to become visible within the market, with some ISPs and Providers now confirming their fees. In most cases there will be an initial set-up cost and an on-going annual license, alongside a support and maintenance fee for using the chosen ISP, usually based on the number of member records in scope for the Dashboard.

These costs are not going to be cheap. We've already seen proposed set up fees for between £80k - £100k for a medium to small sized scheme which is likely to come as a surprise to Trustees. And of course, the Scheme's Provider's will have their own costs of getting Scheme's ready to connect to the Dashboard which will need to be met. Schemes may also need to consider any additional associated costs relating to preparatory work to be undertaken, for example, on data matters or member communications.

### Money in maintenance

Ongoing support and maintenance fees will commonly be based on membership numbers, but this may not be as simple as it sounds. If a Scheme has less than the 100 minimum requirement of relevant members they will not have to connect. However, just one more relevant member than the minimum and there may be a minimum maintenance fee imposed by the ISP provider.



The likelihood is, if Dashboard does its job, it will spark interest in pensions, which will lead to an increase in the volume of work for pension administrators. A Provider may look to increase their fixed fees to cover this increase.

Therefore, one can't help but wonder if connection to the Pensions Dashboard will become dead money' for some Pension Schemes.

Schemes may like to instead consider if they could get to wind up.

It's entirely possible for well-funded smaller schemes to complete both a buy-in transaction and a full wind-up within two years. And that this could be a consideration for the medium to small pension schemes whose staging date are in 2026.

The September update from The Pensions Regulator focused on some of the 'hot topics'. They informed the industry on how dashboard duties will apply to a change of administrator. In a nutshell, dashboard duties don't cease during the transfer exercise, there is no additional 'black out' period. Here trustees are still required to meet their dashboards duties while the administrator change takes place.

But what duties apply to a buy in / out?

Under FCA rules, insurers have three months to connect individuals to the Pensions Dashboard.

## Final thoughts

It's been said that there is limited resource in the market to complete a transaction in time. However, this is not true, there are some providers out there who have the right resource and processes in place to achieve this.

On the flip side, schemes already in the process of buyout may hope to complete the process ahead of the connection deadline. Trustees must push their providers to achieve this otherwise to avoid further unexpected costs in addition to the buyout costs.

It would be a real shame if any defined benefit pension schemes miss an opportunity to secure their members' benefits at a cost that works for everyone. And, not waste 'dead money' connecting to the Pensions Dashboard where connection may only be required for a limited time.

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**If you would like to discuss any of these matters further, please get in touch with your usual contact at Cartwright.**

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