

Report to: Pension Board

Date: 8 February 2018

By: Chief Operating Officer

Title: Pensions Annual Benefit Statement update

Purpose: Provide the Board with an update on the planned production of Annual Benefit Statements in 2018

RECOMMENDATION

The Board is recommended to consider and comment on the report

1 Introduction

1.1 This report has been prepared to inform the Board of the plan for the production of the 2018 Annual Benefit Statements (ABS's) to ensure the statutory deadline of 31 August 2018 is met. A high level production plan has been provided at **Appendix 1** which incorporates the lessons learnt from the 2017 exercise (see below). This production plan has previously been shared with the Pensions Regulator.

2 Active Members

2.1 **Appendix 1** sets out that the ABS's are scheduled to be delivered to scheme members over three phased production cycles – with the final production cycle being completed at the end of July, well in advance of the statutory deadline of 31 August 2018.

2.2 The Board may recall that ABS's were delivered online for the majority of scheme members in 2017 and this has proved a successful innovation with members having secure access to their statement 24/7. The online facility also provides scheme members with the ability to project “what if” scenarios using different retirement criteria. The aim is for 100% of statements for active members with a contact email address to be delivered online for 2018 – though members who wish to request a hard copy of the ABS will be able to do so.

2.3 The plan shown at Appendix 1 incorporates lessons learnt from the 2017 exercise as illustrated in the table below.

| Issue Identified | Mitigation for 2018 | Contingency |
|--|--|--|
| Some employers were late in submitting their End of Year (EOY) return to Business Operations in 2017 – the EOY return contains the key data required to produce the ABS. | More structured monitoring of the receipt of EOY returns will be carried out in 2018. Employers will be issued routine reminders and any returns not submitted by 31 May 2018 at the latest will be referred to the Governance and Strategy team to pursue compliance. | If any employer does not submit the EOY return by the dates requested their scheme members will be contacted individually to explain why it has not been possible to issue an ABS. It is hoped this scenario will not arise. |
| A small number of employers reported difficulties using the secure email system. | All employers will be requested to confirm receipt of the EOY template which will be issued via secure | Secure email must be used as this is the only approved method of secure data transfer but employers will |

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| | email (Egress) to confirm they have successfully registered and this will be monitored | be offered individual support if they are experiencing any difficulties. Issues experienced in 2017 were identified as user error rather than any system faults. |
| The 2017 statements were issued in a very condensed period in August 2017. | The statements will be issued online in 2018 and delivery will be scheduled over three phases at the end of May, June and July. | There will be a 'sweep up' exercise carried out in August to identify any outstanding cases not completed in the 3 production cycles. |

3 Deferred Members

3.1 The Board may recall that the statements to members in 2017 were issued two weeks late. This delay was primarily caused by the use of an external print provider without a fixed delivery date guaranteed in the contract.

3.2 As the issue of deferred member ABS's is not dependant on any EOY returns, the production of ABS's for 2018 has been brought forward within our business cycle to June 2018. In addition to the above, Business Operations has switched to an alternative print provider who offer a 48 hour production and posting process.

3.3 The combination of the earlier production date and the more responsive print provider should ensure that benefit statements will be issued well in advance of the statutory deadline of 31 August 2018.

3.4 As part of the 2017 exercise, deferred members were invited to register for the online portal to view their deferred member data. Members who have registered for the online portal will be contacted electronically to confirm that their deferred statement can be viewed online. As part of the 2018 exercise, members will be advised that the 2019 statements will only be available online (unless they specifically request a paper copy) and will be encouraged to register if they have not already done so.

3.4 As a separate exercise, Business Operations has recently carried out a screening exercise with a tracing agency to check the validity of the home addresses we hold for deferred members. Members for whom we hold no current address but for whom a possible forwarding address has been identified via the screening will be contacted and appropriate verification sought before records are updated. This exercise should increase the proportions of deferred members receiving an ABS.

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