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Combined Pension Forecasts

A guide to Combined Pension Forecasts





A Guide for Employers, Pension Providers, Trustees and Third Party Administrators

If you are:

- an employer
- a pension provider, for example a company that provides a personal or stakeholder pension scheme;
- a trustee or an administrator; or
- an agent for a pension provider;

then this guide is for you.

It explains what Combined Pension Forecasts are, how they can benefit your scheme members and what you have to do to provide them.

What are Combined Pension Forecasts?

Combined Pension Forecasting consists of us giving you an estimate of:

- the State Pension that your scheme member may get at State Pension age, based on their National Insurance contribution record so far and
- the State Pension your scheme member may get when they reach State Pension age based on assumptions about their future National Insurance contributions.

so you can include it in the annual benefit statements you currently send out. We will provide this information to you free of charge.

Preserving the privacy and security of this data is as important to us as it is to you. We have designed the service with this in mind.

What are the benefits?

Combined Pension Forecasts can help your scheme members make better-informed pension choices when planning for their future. By giving them their State and Occupational or Private pension forecasts together, in a single statement, you will:

- raise awareness of the income they may receive in retirement; and
- highlight the importance of their having adequate pension arrangements.

This forecast may encourage scheme members to look for further information and take further action to plan for their retirement.

Is there anyone I cannot include in the exercise?

We are unable to provide a State Pension forecast for those of your scheme members who are very close to State Pension age. At present this restriction applies to those within four months and four days of reaching State Pension age, although the period of restriction is under review. You will be advised of any change to the restriction period.

If you include details of such members in the data transfer file, the data file we return to you will show their details as having been rejected.

What do I have to do to provide Combined Pension Forecasts?

This guide explains what you will need to do to provide your scheme members with Combined Pension Forecasts.

If you need more information you can telephone one of our Customer Account Managers on **0870 010 1684** (9am to 5pm. Monday to Friday).

What support will I get?

Once you have registered with us, a Customer Account Manager (who will be your main point of contact) and the processing team will work with you, providing support and answering any questions you may have. They can help you with testing, processing and maintaining records. They will also be able to explain how long the process is likely to take from registration to the issue of your Combined Pension Forecasts.

How do Combined Pension Forecasts work?

The process of producing Combined Pension Forecasts can be separated into two key stages. The first stage covers the things you need to do before you can start issuing Combined Pension Forecasts. These are:

- Registration
- Data testing
- Obtaining consent from your scheme members.

The second stage deals with the activities that form part of each year's cycle. These are:

- Sending your scheme members' data to us
- Receiving forecast data and sending out Combined Pension Forecast statements
- Handling rejections
- Dealing with enquiries.

Stage 1

1. Registration

There are three ways you can register to join the scheme. You can:

- telephone 0870 010 1684, from 9am to 5pm, Monday to Friday, and speak to one of our Customer Account Managers, who will guide you through the registration process;
- complete the application form you will find at <http://www.thepensionservice.gov.uk/pensionforecast/register.asp>

and send it to:

**Department for Work and Pensions
Customer Account Manager
Combined Pension Forecast Team
Room TB001
Tyneview Park
Newcastle-upon-Tyne
NE98 1BA**

Or you can

- fax it to us on: **0191 218 2784**.

Your Customer Account Manager will discuss:

- the type of scheme(s) you are responsible for;
- the various media types you can use to exchange data
- contact details for any technical and customer enquiries you may have.

The Registration Agreement

The registration process is complete when we send you a Registration Agreement. This will contain information specific to your scheme, including an Activity Plan that sets out the arrangements for:

- data-exchange testing
- consent procedures
- live data exchange
- volumes and timing.

It will also contain drafts of:

- a consent letter you can use
- the State Pension forecast template to be used.

2. Data-exchange testing

Once the Registration Agreement and Activity Plan have been agreed, we will ask you to send us a small sample of data, so that we can carry out compatibility checks. These checks are an important part of the registration process.

For the test, we will ask for 100 case records or, with the agreement of your Customer Account Manager, a sample that is representative of your database. The sample should contain test data only, as we cannot guarantee privacy during the test.

If your scheme member details are held on Excel, or can be exported into Excel, we have a Combined Pension Forecast File Generator that you can use to create your spreadsheet in exactly the right format. If you would like to use the Generator please call your Customer Account Manager on **0870 010 1684**.

We can also give you a guide that explains how to convert the reply file data you receive back into an Excel format.

You can send your data using one of five media types. The options available are:

- Electronic data interchange (EDI)
- Secure file transfer
- CD-ROM
- 4mm DAT tape DDS1 or DDS2 specification
- 3½ inch floppy disk

If you choose to use a CD-ROM, 4mm DAT tape or 3½ inch floppy disk, you should send it by recorded delivery. You can discuss the options with your Customer Account Manager, and agree which media type you will use for the data exchange.

Further information is contained in the Combined Pension Forecast technical guide, available in either paper or CD-ROM format.

3. Obtaining consent

Introduction

In general if information about scheme members is to be passed to another person this requires the express consent of the member. We call obtaining such express consent the "opt-in" approach.

However information can be exchanged with the Department for Work and Pensions for the purposes of Combined Pension Forecasting if the requirements of the Child Support, Pensions and Social Security Act 2000 are complied with.

Broadly this means that if the appropriate steps are taken by or on behalf of the scheme, consent to exchanging information can be deemed to have been given if the required time lapse expires without objection by the member.

Opt-out

Most pension schemes that issue Combined Pension Forecasts have chosen where appropriate to use the negative (opt-out) consent approach provided under the Act and regulations. This means that members are asked to respond only if they don't want the DWP to release information about their State Pension. In our experience this approach reduces workloads and gets a better take-up of the Combined Pension Forecast.

In the consent letter which must conform to the opt-out requirements you must include the date by which you want your scheme members to respond. This date must be at least 30 days after the date on which you issue the consent notice. Anyone who does not respond by the agreed date may then be deemed to have given their agreement to the exchange of information.

Opt-in

You may however, if you wish, use the positive (opt-in) approach. This means that scheme members are asked to respond and confirm they **want to be included** in the forecast exercise. If they do not data cannot be exchanged. This can be very time consuming when collating responses, especially if there are large numbers involved.

Whilst there is no mandatory time set down for members to respond, to manage the consent process effectively you should include the date by which you want your scheme members to respond. We cannot then provide State Pension information for anyone who has not given their express consent.

The consent process

Whichever approach you decide to use, we will include an appropriate draft consent letter with the Registration Agreement, which you can use to carry out the consent process.

To keep processing costs down you could include the consent letter in the next round of statements you issue or, in the case of occupational pension schemes, with payslips. You may issue the letter via electronic mail. If you choose this option, you must make sure that scheme members who do not have access to e-mail receive a paper version of the consent letter.

Scheme members who choose to respond can tell you of their decision by completing the tear off portion of the letter, by electronic mail or by telephone – you can decide which method(s) you wish to use.

You need carry out this consent process only once for each scheme member. You can carry out the process for new scheme members as they join. **Scheme members can change their mind and withdraw consent at any time and they should be informed accordingly.**

Keep a record of responses to the consent letter

You must keep a record of the responses you receive, so that scheme members who have not objected to the exchange of data (opt-out) or who have expressly consented (opt-in) can be identified easily. It is important that you send us forecast requests for these people only.

Use of Information

Your scheme members are agreeing to their personal information being passed to us only for the purpose of providing State Pension forecast figures. The information we send you cannot be used for any other reason.

Stage 2

4. Send us your scheme members' data (Combined Pension Forecast Bulk Request File)

Once your data test is complete and you know which scheme members want to receive a Combined Pension Forecast, you can send their personal details to us.

As part of the registration process, we will agree with you the date you can send scheme members' details to us, and the type of media you will be using. The details we need are:

- Surname or family name
- First name or initial
- Gender
- Date of birth
- National Insurance number
- Policy or scheme number – You will only need to include this if you will need it to match the forecast data with your records.

Data-matching

We will match your data to our records using the following information:

- First three letters of the surname
- Initials
- Gender
- National Insurance number
- Date of birth.

If the details of a scheme member included in the request file differ from those on our records (for example, there is a different date of birth or National Insurance number), we will not be able to match the information to an account on our computer system.

Without this information match, we will not be able to extract the information required to work out a State Pension forecast for that scheme member. The Registration Agreement will explain what to do if this problem arises.

5. Receive the forecast data (Combined Pension Forecast Bulk Reply File)

We will find the National Insurance records for each scheme member and provide you with an estimate of:

- the State Pension that your scheme member may get at State Pension age, based on their National Insurance contribution record so far; and
- the State Pension your scheme member may get when they reach State Pension age

We will also give the age at which the scheme member will reach State Pension age.

We will send this data to you using the medium you have agreed with us, within the timescales set out in the Registration Agreement. The Forecast data can be shown in weekly, four-weekly, monthly, three-monthly, or yearly figures, whichever you prefer.

6. Issue of Combined Pension Forecast statements

You can send out your benefit statements in the normal way, but with the extra State Pension information included. For example, you may send all of your statements out on the same day every year, or you may send them out as part of a monthly programme.

When you include the State Pension information in your annual benefit statement, you must present it in the format laid out in the template we provide.

We can provide copies of the leaflet 'Your pension statement explained' (CPF5), to send out with the Combined Pension Forecast. This leaflet gives answers to basic questions about State Pensions.

Your scheme members can also obtain a copy of this leaflet by telephoning 0845 7 31 32 33 or by going to: <http://www.thepensionservice.gov.uk/combinedpensionforecast/recipient/home.asp>

7. Employers and Non-scheme members

If you are an employer and manage your occupational pension scheme internally, you can, if you wish, include in the exercise those of your employees who are not members of your pension scheme, and provide them with a State Pension forecast only.

If you are an employer and your occupational pension scheme is managed for you externally, perhaps by a trustee or external manager, your employees who are not members of your pension scheme can still be included in the CPF exercise provided the external scheme manager is authorised by you in writing to administer your scheme. In this case you can use either the opt-out or opt-in consent procedures.

If, however, the external scheme manager operates **without** your written authority, you **must use the opt-in approach** when seeking the agreement of these non-scheme members.

You need only send one data file, containing the details of both the scheme and non-scheme members. We appreciate that if you hold the information on two separate databases, you may wish to send two data files.

If you have deferred scheme members, they may also benefit from receiving a Combined Pension Forecast. The same requirements for using either the opt-out or opt-in consent procedures apply to this group of members.

8. Third Party Administrators

If you are a third party administrator responsible for a number of schemes, as well as completing the Registration Form you will need to complete a Registration Certificate. In this certificate you list the names of the companies or schemes you administer that you wish to include in this agreement.

By signing the certificate you confirm that you have the appropriate authority to exchange data on behalf of the trustees or managers of the companies or schemes listed.

The law requires that you provide such confirmation, that you are authorised in writing to act for all the schemes you have included in the Registration Certificate in order to use the opt-out procedure.

Each time you exchange data with us, we will ask you to complete a Renewal Certificate. This will ensure that we have a list of all the companies involved in the Combined Pension Forecasting process, and will confirm that you still have the necessary written consent to exchange data with us.

Continuation sheets are available if required.

9. Follow- up enquiries

Our contact centre can handle scheme members' questions about State Pension forecasts. You can include the contact centre telephone number on the statement. The leaflet 'Your pension statement explained' (CPF5) provides a list of helpful telephone numbers for scheme members who have questions about State Pensions.

We will give you the name and contact number of your Customer Account Manager, who will help you through all stages of the process after you have registered.

To find out more, phone us on 0870 010 1684.

For more copies of this leaflet you can phone
0870 010 1684.

You can also access this leaflet on the internet at
www.thepensionservice.gov.uk

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