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The Rt. Hon. the Lord Lilley  
House of Lords  
London SW1A 0PW

20<sup>th</sup> March 2023

Dear Peter,

**PRIVATE MEMBER'S BILL –  
PENSIONS DASHBOARDS (PROHIBITION OF INDEMNIFICATION)**

Despite not actively participating in the Second Reading of the Pensions Dashboards (Prohibition of Indemnification) Bill, I am aware that you had been listening and were keen to understand more. I am writing to you to address your question on how the dashboard will aggregate defined benefit and defined contribution pensions.

We recognise that the display of values on dashboards is of critical importance. Because different pensions may have different benefits attached to them, different start dates, different indexation in payment and so on, great care needs to be taken both when reading them alongside each other, as well as when attempting to calculate a total future value.

The Financial Conduct Authority (FCA) recently [consulted on a regulatory framework for pensions dashboards](#) and the Pensions Dashboards Programme (PDP) [consulted on Design Standards](#). Both consultations have concluded, and the FCA and PDP are considering responses. The FCA framework and the Design Standards will set out the parameters for the way in which information will be displayed to individuals on qualifying pensions dashboards. I have included links to the consultations, which I would encourage you to look through.

In their consultation on Design Standards, the PDP outlined their current proposed approach, that: “if a Qualifying Pensions Dashboard Service (QPDS) provides pensions totalling or graphical representations of the data, then the QPDS must explain the differences between the types of pensions (when there is more than one) used before the representation can be displayed. This would include explaining the material differences:

- a. in risks and uncertainty between each pension type (for example, the differences between a defined benefit pension and defined contribution pension),
- b. in the methodologies and assumptions (used to calculate the pension value data) between each pension type; and

- c. that some of the pensions displayed may be subject to inflationary increases that are not reflected in the totalling or graphical representation.”

The consultation on Design Standards also stated that when a QPDS is developing their own framework based on what is set out in the Design Standards, “they must undertake user research in respect of their proposals to ensure it delivers an effective and comprehensible means of communicating to the user and meets the requirements [of the framework set out in Design Standards]”.

Additionally, the Pensions Dashboards Regulations set out which value data different members of different schemes are entitled to, how it should be calculated, and in what time frames it should be provided. The Regulations also set out a list of contextual information that trustees or managers are required to display alongside the value data they return to an individual. This contextual information is designed to give members additional information about their entitlements to help them better understand the values shown.

I hope this clarifies the issue you raised. I will place a copy of this letter in the House library.

*With best wishes,*  
*James*

**VISCOUNT YOUNGER  
PARLIAMENTARY UNDER SECRETARY OF STATE FOR WORK AND  
PENSIONS (LORDS)**