‘Free at the point of use’ pension dashboards could mean higher fees

Pension minister Guy Opperman said the first dashboard is expected next year but there will be no "Big Bang" and the full roll-out could take until 2022. CREDIT: DAVID HARTLEY/REX/SHUTTERSTOCK

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By **Laura Miller**

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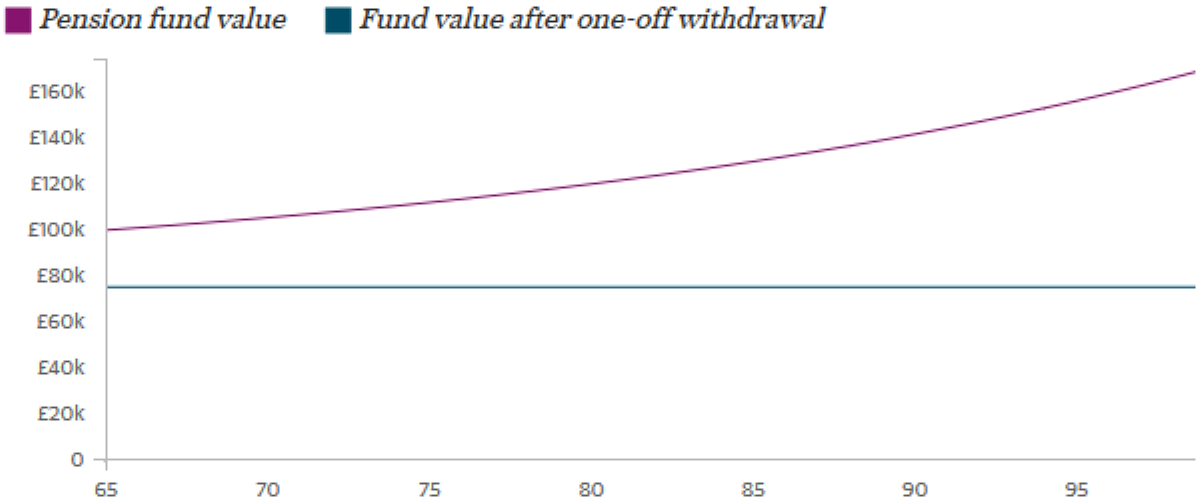
Pensioners can expect free access to a "basic" dashboard of their retirement savings next year, but future "free at the point of use" alternatives could mean extra charges on their savings.

Around 10 million pensioners in workplace schemes are due to be the first to benefit from the initial version, which will include state pension data, Guy Opperman, the minister in charge, said today, as he unveiled 50 pages of detail on the long-awaited project.

Pension companies would later be allowed to develop their own dashboards with a commercial interest, which the minister said could be added to pension plans for a fee.

Mr Opperman said: "The non-commercial dashboard will be utterly free. For the commercial dashboards, the cost is met through the relationship between the provider and the individual themselves."

Pension drawdown calculator



Starting pension fund value £100,000

Target annual pensions income £3,000

At what age it is due to start 65

One-off withdrawal £25,000

Annual investment return 4%

A spokesman for the Department for Work and Pensions (DWP) said the industry dashboard delivery group will need to work through what charges may apply. He added: “But the basic premise is that it's their own data, so why would customers be charged to use it?”

The Government will compel all pension providers to ready their data to give savers a fully comprehensive view of their savings across all dashboards. However, Mr Opperman said this could take up to four years.

“This is a deliberate attempt to do it in a phased way to protect consumers. There will be no Big Bang," he said.

Telegraph Money has previously revealed that one in eight pensions has the wrong address attached to it and tens of thousands also have wrong names, according to a database of millions of pension records seen by credit checking firm Experian.

Experts warned the dashboard would be a "disaster" if the underlying data was inaccurate.

Ros Altmann, a former pensions minister, said auto-enrolment pension records are “riddled with errors”.

She added: “Before a reliable pensions dashboard project can succeed, even just beginning with auto-enrolment pension records, it is essential the industry makes greater efforts to check the correctness of the contribution data they receive.

“Regulators have not demanded that pension schemes regularly reconcile records or spot-check for accuracy of contributions.

“Many pension providers do not even have the data they would need to do such checks.”

Mr Opperman admitted different pension providers will take longer to get their data ready to feed into dashboards.

“Clearly some will be easier than others to get their data in a proper format,” he said.

How much can you save into a pension in a year? | Annual allowance

- You can contribute as much as you earn in a year, up to £40,000 annually

- You can also use HMRC's "carry forward rules" to use the past three year's pension contribution limits - if you haven't already
- Once you start drawing from your pension your annual limit falls to £4,000.

Are you a high earner?

- Workers earning over £150,000 will have their annual pension allowance gradually reduced to £10,000 once they earn £210,000 or more.
- To work out whether you will be affected you need to calculate a “threshold” and “adjusted” income.
- If your threshold income is more than £110,000 and adjusted income is more than £150,000 a year you will be caught and start to see your annual allowance drop.
- Threshold income includes income from all sources, not just your salary. From this deduct pension contributions. If the figure produced is less than £110,000 there is nothing to worry about – your annual allowance will be £40,000. If it is above, however, you need to calculate adjusted income.
- Adjusted income is calculated in much the same way as threshold income but includes the pension contributions that you and your employer make both from gross pay and via salary sacrifice.

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