

How Cyber Resilient is Your Pension Scheme?

With increasing regulatory and member expectations, it can be challenging to know where to start, or what to do next. Aon's team of pensions cyber specialists have been delivering specialist pensions cyber advice since 2017.

Whether you're just starting on your journey or working towards stronger cyber resilience, benchmark your scheme's current approach against your peers and The Pensions Regulator (TPR) expectations with Aon's Cyber Scorecard.

It's completely free to any UK pension scheme and can be used to support your Own Risk Assessment.

Visit aon.com/cyberscorecard

AON

► **Building trust in a digital pensions world:** Emma Moore explores how integrating digital solutions into pensions administration can drive better outcomes for members **p64**

► **Entering the spotlight:** *Pensions Age* speaks to Aon senior partner and head of pensions administration, Rebecca McGowan, about the changing nature of pensions administration, particularly with it now taking more of a centre stage within project management, and all while ensuring the quality of the member experience **p66**

Administration focus:

A modern relationship



Aon associate partner,
Emma Moore

AON

Sponsored by

Building trust in a digital pensions world

✎ **Emma Moore explores how integrating digital solutions into pensions administration can drive better outcomes for members**

The pensions industry has spent years talking about digital transformation. Now, with pensions dashboards, the growing use of member modelling tools and the rapid emergence of artificial intelligence (AI), we are entering a genuinely digital pensions world.

For decades, many aspects of pension administration have remained stubbornly analogue. Members have received annual statements through the post, completed retirement forms by hand and relied on lengthy phone conversations to understand their benefits. Information has sat in multiple systems, across multiple providers (some of which might be long forgotten by the member) – all making it difficult for members to see the full picture of their retirement savings.

Pensions dashboards aim to change this. For the first time, members will be able to access information about their pension benefits in a single location, bringing together multiple pensions and providing a consolidated view of their retirement wealth. It is difficult to overstate how significant this shift could be.

Used well, digital services can make pensions feel more accessible, immediate and relevant. But they also bring greater responsibility for schemes, trustees and administrators. When information is available everywhere, members need help understanding what it means, which sources are reliable and when they should seek further support.

From information to interaction

Historically, pension administration systems were designed primarily to process transactions efficiently and accurately. Increasingly, they must also provide engaging support to aid decision making.

The growth of dashboards will accelerate this trend. A member who can see all their pension savings in one place is likely to ask the next logical questions:

- When can I afford to retire?
- What happens if I take a larger pension and a smaller lump sum?
- I have defined benefit and defined contribution savings - how do they fit together?
- What income could I expect in retirement?

That is why digital retirement tools are becoming increasingly important. At Aon, this includes the At Retirement Digital Experience (ADE) and My Pension Planner. My Pension Planner gives members the ability to access information digitally, incorporate income from other pensions and savings, and model a wide variety of retirement outcomes. ADE then allows members to confirm their retirement or transfer option paper-free through a secure online portal.

Demand for these services is already evident. More than 70 per cent of members choose to complete transfer and retirement settlements paper-free, reducing completion time by 40 per cent.



This is an important signal for the wider industry. Digital administration is not a future aspiration. Members are already choosing it where the option exists.

The benefits of digital administration

A digital-first approach can have significant advantages. For many members, digital journeys provide greater convenience and accessibility. Information becomes available whenever and wherever it is needed, without the delays associated with printed correspondence or manual processing.

Digital tools can also help members make more informed decisions. Interactive modelling enables individuals to understand the impact of different retirement choices before making a commitment. Instead of a single quotation and lengthy booklet, members can explore multiple scenarios and gain confidence.

Administrators also benefit. Digital processes can reduce handling times (at Aon we have seen a 50 per cent reduction), improve data quality and minimise manual intervention. Information submitted directly by members through secure portals can be validated automatically, reducing keying errors and enabling faster processing.

However, more digital access does not automatically mean better outcomes. Digital journeys can remove friction and speed up processing, but members still need confidence that information is accurate, choices are clear and that there is a trusted route to ask questions when they are unsure.

The growing cyber challenge

With every opportunity, new risks emerge. The same digital transformation that improves member experiences also changes how pension data is stored, accessed and used. This raises the bar for trustees and administrators. The more information is made digitally available, the greater the responsibility to keep it safe.

Over recent years, many schemes have moved towards digital payslips, electronic retirement packs, online portals and digital-first communications. Pension schemes hold some of the most valuable personal information available: names, addresses, dates of birth, national insurance numbers, bank details and financial information. As more member interactions move online, that information becomes increasingly attractive to cyber criminals.

Dashboards will sit directly in the middle of this challenge. Substantial amounts of pension information will become discoverable through a single ecosystem. While dashboards will have robust security controls and governance measures, cyber criminals will still seek opportunities to exploit weaknesses across the wider pensions landscape.

Why AI raises the stakes

The emergence of AI is increasing both the opportunities and the risks. The benefits of AI include improved automation, workflow management, fraud detection and enhanced member support. Used responsibly, it could help administrators deliver faster, more personalised services while improving consistency.

At the same time, data becomes even more valuable in an AI-driven world because data is what powers AI systems.

The more complete, accurate and connected a dataset becomes, the greater its value. Pension datasets therefore become increasingly attractive targets because they contain exactly the types of information that sophisticated AI

tools can process and analyse. This creates more pressure on schemes and administrators to ensure strong governance, effective controls and clear accountability around how member data is managed.

Deep-fake fraud and the question of trust

As well as traditional cyber threats, we are also seeing a rise in deep-fake fraud. Deep-fake technology can create convincing audio, video and written communications that appear genuine. We have seen an increase in volume and sophistication of fraudsters seeking to impersonate members when requesting information or intercepting members' post before submitting retirement instructions. Equally, members themselves could become targets if criminals impersonate administrators, trustees or providers.

In a digital environment, trust becomes vital. How does a scheme know it is dealing with a genuine member? How does a member know they are communicating with their genuine scheme or administrator?

Rethinking identity and verification

Much of the industry's future thinking will therefore need to focus on identity validation. This starts with the member matching processes. Administrators must continue to improve how they validate members as they access digital services, particularly where there may be incomplete data, multiple potential matches or conflicting records.

Administrators must also reconsider how they authenticate individuals who contact helpdesks or administration teams. Traditional security questions often rely on information that may be publicly available, previously disclosed or potentially harvested through other sources. If information accessible through dashboards or other digital services is used as the basis for authentication, schemes need to review

whether existing verification processes remain sufficiently robust.

We are continually evolving our validation process to include proactive, automated tracing across multiple verified datasets. We understand that having confidence in matching accuracy will be fundamental to the success of dashboards and wider online services. To maintain this, we expect the future is likely to involve a combination of stronger identity verification, multi-factor authentication, behavioural monitoring and enhanced fraud controls.

A revolutionary opportunity

Dashboards have the potential to transform how members engage with retirement savings. Digital modelling tools can help people understand their options. Paperless transactions can create better experiences while improving administration efficiency. AI could enhance service delivery further still.

But trust is essential to all of this succeeding. Nor will it succeed if the industry treats digital as the answer to every member need. For many members, particularly at important decision points, knowledgeable administrators remain crucial. Digital tools can inform and empower, but a trusted human voice can provide reassurance, help members navigate complexity and make the experience feel personal rather than purely transactional.

The schemes and administrators that thrive in the digital age will not simply be those that offer the most functionality. They will be those that combine innovation with security, convenience with verification, digital efficiency with strong governance and self-service with accessible human support.



Written by Aon associate partner, Emma Moore

In association with

AON



Rebecca McGowan

Entering the spotlight

➤ ***Pensions Age* speaks to Aon senior partner and head of pensions administration, Rebecca McGowan, about the changing nature of pensions administration, particularly with it now taking more of a centre stage within project management, and all while ensuring the quality of the member experience**

Pension administration was traditionally viewed as a 'just' a back-office function. Is this changing now, and if so what are the key drivers shifting administration into an essential consideration within a scheme's strategic plans?

McGowan: I think one of the biggest problems that we have is that pensions administration is called administration, which makes it sound far simpler than it really is. That's battle that we constantly have to fight with the industry and different stakeholders, to show that administration is a professional service in its own right rather than a supporting service for other things done within the pension scheme.

However, administration is now the key that can unlock strategic projects. Therefore, it is far more common now for people to want their administrators at trustee meetings. So, things are changing. Probably not, in my view, changing quickly enough. I would really like it if we could see more clients having administrators for more of the meeting to really build up a full picture of what's going on and actually help the administration to play a fuller part in the schemes achieving their strategic goals. It's very hard when you're an administrator and you just join a small

window of the meeting, you don't really know the context of the discussion and actually there's not the opportunity to explain how admin can help shape and deliver on the strategic priorities.

The drivers of this changing are schemes trying to get to their endgame. Whether this is a run-on or a buyout, those data projects require administration being the key that's needed to unlock the endgame. Suddenly, it means administrators are a much bigger priority for the scheme and that's been I think the real thing that's changed.

➤ **How can schemes better leverage their administration data to drive wider strategic decisions, such as de-risking journeys, investment matching, or member engagement campaigns?**

McGowan: There are probably two elements to that. It's impossible to do any endgame unless you're absolutely certain of what your liabilities are. And that means having your data sorted and in order. That almost certainly involves your administrator and those data projects.

The other part is member engagement and making sure that if a scheme is looking for run-on, that the members have really got a very modern administration experience, particularly as members often have pensions now in both the DB and the DC space and are used to seeing very modern modelling tools.

You really need good quality data,

an administrator who's been able to automate calculations onto their administration system and are able to unlock those proper technology benefits.

At the end of the day, pension schemes are there for the benefit of members. So, it's really important that in the strategic projects, we don't lose sight of that important part of the member experience and making sure that members are able to access, understand and make the most of their pensions.

➤ **How would you describe a modern administration service?**

McGowan: A modern admin service means allowing members to interact with their pension scheme in different ways depending on what they are trying to do.

I think for most people, particularly when they're pre-retirement and looking to model retirement outcomes, they want to be able to do that themselves in some sort of real time through an online solution. That absolutely requires data to be good and automation to be strong.

But it's not all just about that pre-retirement period. A modern admin service does need to have people at the heart of it. At the end of the day, this is a people business.

You need to be able to have members able to contact you and interact with you, often by phone at the more difficult times. Pension schemes are part of people's lives that are often the more difficult times in their lives. So, I see

a modern admin service as being a combination of a really strong technology foundation, but with that personal touch of people on the top.

➤ How can this less 'measurable side of admin, such as member satisfaction, clarity of communication, and member support during difficult times, be monitored and quality ensured?

McGowan: The obvious way is to ask members, but that can be a challenge. We're all used to being bombarded with feedback forms from every company we interact with in the smallest way and pension scheme administrators are no exception to this.

So, it's really important to make sure that we have different ways to capture member feedback, but we need to understand that members will often not leave that feedback if they're satisfied. However, it's really important to be able to capture it if people do want to say something.

We do ask members to leave feedback at the end of telephone calls. We have found that 40 per cent of people who phone us do opt to leave feedback, where they can record a voicemail. That's often where you hear that really good feedback about when someone has gone above and beyond and provided that personal touch in those messages. Trustees should be asking their administrators to play back to them what feedback for good and for bad we are getting from their members.

➤ How can administrators monitor or measure that quality of service? Service level agreements (SLAs) would typically focus on speed and volume. What other metrics should trustees be looking at to measure what 'good' administration look like?

McGowan: There is still absolutely a place for SLAs. SLAs give a very good, high-level overview of timeliness. And when SLAs are not holding up, that's often a sign of more difficult problems under the surface than the

administrators; you will often see poor SLAs correlated with other problems. So, I do think there is absolutely a place for SLAs in the industry, but they are just one small part of what trustees need to be doing to hold administrators to account.

Trustees, as well as SLAs, should be looking to understand what the picture is for members that fall outside the SLA. Are they falling outside the SLA by just a couple of days or are people slipping outside and then not being delivered for quite a significant amount of time? And obviously feedback and any complaints are a really important monitor as well of service and quality.

"I see a modern admin service as being a combination of a really strong technology foundation, but with that personal touch of people on the top"

➤ With increasing regulatory scrutiny on pension schemes, how do you see the formal regulation or oversight of administrators evolving over the next few years?

McGowan: Administration is not currently a regulated activity, which is surprising given the seriousness of the operation, the amount of data we handle and the fact that we're handling financial transactions for members.

It is very much left to trustees to hold administrators to account. We have a view at Aon that there is a place for greater regulation within the administration industry, but that's not there at the moment. That's something the Department for Work and Pensions have been consulting on. But in the meantime, it places a very difficult job on trustees to attempt to understand all of the processes that sit behind administration, to be able to test things like data security and cyber security

processes in place. That's why I do believe there is a place of greater regulation.

I would always encourage trustees where possible to go and visit their administrators and see how things work on the ground, to ask questions and to be walked through processes. That's often a very good way of really understanding what's going on under the bonnet.

➤ With pension schemes having to navigate a great deal of upcoming change on the UK pensions horizon, how can administrators balance the task of preparing for/complying with upcoming changes while still ensuring business as usual (BAU) quality of service?

McGowan: A huge challenge for any administration firm is that if you go back 10 years, administration firms were mainly focused on delivering that BAU service and projects were a very small part of what they do.

Whereas if you look at most administrators today, projects are probably forming about half of the work that they're doing for clients and that has involved people needing to change their businesses. We've changed our business at Aon by moving project work under our consulting business.

This really is an opportunity for lots of people in the industry to become more heavily involved in administration. You really need multidisciplinary teams to be able to fulfil these projects.

What we're seeing ourselves is more people from actuarial backgrounds, project management backgrounds, coding backgrounds, etc., getting involved in administration. That's a good thing. As an industry, we're only going to be able to tackle the complexity and the volume of demands by looking beyond that traditional administration service model to be able to deliver it.

In association with

AON