



## **PASA Data Working Group**

**Data readiness for buy-ins and buyouts – expanded  
and updated Guidance (released February 2023)**



**April 2025**



**PASA** 

# Acknowledgements

PASA is grateful to the members of the PASA Data Working Group (DataWG) who authored the updated Guidance and their employers:

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# Data readiness for buy-ins and buyouts – expanded and updated Guidance (first released February 2023)

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## 1. Introduction

This Guidance expands upon PASA's '[Data readiness for buy-in and buyout Guidance](#)' issued in February 2023, and should be read in conjunction with the information provided in that document.

The original Guidance covered a number of critical areas, including key data items, the consequences of holding incomplete and poor-quality data and actions which should be taken to demonstrate good governance and 'quick-wins'. It concluded good planning leads to certainty and preferential pricing.

This updated Guidance explores in more detail what insurers are likely to view as the key data items necessary to ensure a smooth and successful transaction. Insurers expect trustees and their administrators to focus on providing data as complete, accurate and up to date (and as early) as possible during the de-risking journey. These principles can also be applied to schemes intending to implement alternative endgame options.

This Guidance focuses on final salary defined benefit arrangements. While it refers to 'data' throughout, for the purposes of this document, this is **member data**. Other scheme-specific data will also be required, such as factor tables, details of historic benefit underpins, 'member experience' data etc.

While every insurer transaction is different, this Guidance combines insurer and industry feedback to ensure these experiences are shared with the key stakeholders responsible for ensuring the best pricing is obtained, and scheme members' benefits are insured in an accurate and timely manner.

This Guidance provides useful information for trustees and their administrators, but it's impossible to cover every possible scenario. Appropriate scheme-specific requirements should always be considered by those responsible for managing data management plans, with the full engagement of the scheme's professional advisers.

## 2. A recap on earlier Guidance

Accurate and complete data supports every aspect of the management and delivery of scheme benefits. It's crucial trustees and pension managers strive to maintain the highest standards of data quality for their scheme. This principle applies for the purposes of ongoing administration and, for example, reporting data scores to The Pensions Regulator (TPR). It enables smooth, efficient, and preferential pricing terms when pursuing de-risking projects with insurers, such as buy-ins and buyouts. Poor-quality and incomplete data is regarded unfavourably in all aspects of pension scheme management. Inadequate data results in higher transaction costs, delays and uncertainty.

The objective of 'data-readiness' is to ensure data is complete, accurate and held in a consistent electronic format to proceed with an insurer transaction.

Insurers expect trustees to undertake all essential data-cleansing activities to ensure beneficiaries have their correct benefit entitlements established, particularly in the period between a buy-in and buy-out. This process can run for several years if the data cleansing requirements are extensive; although the duration will be shorter for well-prepared schemes.

It's important to note TPR expects all key wind-up activities should be completed within two years.

It's in the trustees' interests to complete the data cleanse work with their choice of advisors, ahead of a buy-in or buy-out to retain control over the decision-making process.

### 3. Fundamentals

Any data-cleanse plan must start from first principles if it's to be successful. For de-risking projects like buy-ins and buy-outs, the following actions should be considered:

- Agree the project aims working with any potential insurers to identify and agree the data items to be targeted. Decide if data cleanse work will be broken down into smaller workstreams and appoint a responsible stakeholder for each. Understand if there's a crossover between workstreams, and if so, think about and agree the order of work
- Produce a data schedule/output file early in the process containing the data requirements. Map data items from the administration system to the data schedule/output file (and, where relevant, from additional data sources). A data specification could be used to define each data item, allowing other data-users to understand what each data field represents
- Document how the production of the output file works to ensure consistency throughout the process. This should be repeatable and quick to produce, to minimise the impact on day to day scheme administration activities
- Conduct a full assessment to understand and document the structure and composition of the benefits to be insured and the data necessary for this to happen. This should be undertaken in conjunction with, and be guided by, a benefit specification which has been signed-off by the trustees' legal adviser. In addition, consider all trustee discretions and administration practices not formally documented (but will need to be, in advance of buy-out). The benefit specification must differentiate between sections of the scheme where benefit provisions vary. For some schemes, multiple benefit specifications may be produced where the benefit provision varies sufficiently
- Between them, the trustees' professional advisers and administrators should share, discuss and document areas of scheme data known to be incorrect, inconsistent, or incomplete. Open and honest discussions should take place to identify all data issues to be addressed. A good starting point

would be to ask questions to identify as many as possible of the day-to-day issues faced by the trustees' administrators, such as:

- Are manual backfile reviews needed before benefit calculations can be undertaken?
- Is the contingent spouse's pension data complete, correct and up to date?
- Is marital status data complete and up to date for all current members?
- Are there any membership categories or statuses where data is inconsistent or missing?
- Are there any difficulties in communicating with deferred members (i.e. no address held)?
- Is all electronic data held on the administration platform or are there standalone spreadsheets containing data?  
Can it be demonstrated when the address data was last checked?
- Do members with a transfer-in generally require more manual calculation intervention or use data outside of the administration platform?
- Do any groups of members have guarantees or underpins not set out in the data?
- Are there any membership groups without automated calculations and if so, what's preventing this from happening?
- Is the HMRC Online checker used to verify GMP? Has reconciled contracted-out data been uploaded to the administration system?
- Are any pensioner members subject to annual (pre-A Day) Inland Revenue maximum checks?

In addition to asking questions, a first principles-based data and benefit audit should be undertaken to validate data assumptions and be run from first principles (where feasible):

- Review the results of the most recently calculated Common and key Scheme Specific data scores<sup>1</sup>. TPR can't be prescriptive about the tests which need to be run for all schemes, and often the accuracy of data isn't considered in the testing. It's therefore likely the data scores being reported to TPR only cover some of the data issues which need to be considered for the purposes of de-risking exercises, rather than a comprehensive and definitive list
- Trustees may have previously decided minor data issues can be resolved on a case-by-case basis, as and when the need arises. For example, gaps in employee contribution records, where a lump sum becomes payable upon a member's death prior to retirement. While death in deferment cases are comparatively rare, to avoid the insurer using unfavourable assumptions it's pragmatic to be prepared for insurers to request all data items necessary for every eventuality described in the benefit specification – for so long as eligible members remain. Trustees and scheme managers will need to decide which data items are provided and consider the cost/benefit of cleansing every item of data

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<sup>1</sup> Further guidance can be found here: <https://www.pasa-uk.com/wp-content/uploads/2020/04/Data-guidance-FINAL.pdf>

- While a scheme buying-out before its pension dashboards connection date isn't required to be ready to connect, trustees will need to be sure the scheme will definitely be bought out before the October 2026 legislative end date. However, insurers increasingly requiring schemes to be dashboards ready due to transaction timescales and the proximity of the 2026 final connection date. Therefore, this should be a point for all schemes to consider as well as understanding the requirements for being dashboards ready. TPR expects all schemes with relevant members to be ready to connect unless they have completely bought out

#### 4. Essential data items

The data necessary for insurers to administer the insured benefits will vary considerably between schemes. But there's commonality, and fundamentally, the key questions trustees need to ask themselves are:

- Can an insurer be provided with all the data items required to process BAU casework in the same way (and in accordance with the benefit specification) as the trustees' administrators did?
- Does the electronic data currently include everything which might have historically been obtained from historic paper files and other off-system data-sources?
- Can the benefits be administered in future without the luxury of being able to rely upon the availability of longstanding administration team members, with decades of scheme experience between them?

Trustees should look to validate any assumptions made in the process.

The tables in the following pages set out the key principal data items schemes are expected to hold electronically, for all members and the most common membership statuses. Non-standard membership statuses should be assessed, defined and reviewed for completeness on a scheme-specific basis. For example, 'employed deferred' where there's usually some form of salary-linkage after closure to accrual.

#### 5. Conclusion

Ensuring membership data is as complete and accurate as possible adds significant benefits to the de-risking journey.

**Greater insurer engagement is achieved.** In a busy buy-in/buy-out market, being able to demonstrate complete and accurate benefits and data is important. This encourages insurers to view the scheme as an attractive counterparty and to agree to commit the necessary resource (ahead of other schemes) to provide a competitive quote.

**Transaction efficiencies are maximised.** To enter a buy-in/buy-out arrangement, a scheme needs to provide insurers with a materially complete set of membership data and benefit specifications. Having these items

in good shape will help the scheme avoid unnecessary delays and extended lead-in times, allowing the scheme to move swiftly to capture buy-in/buy-out opportunities as they arise.

**Better pricing and certainty.** If key data is missing or unreliable, insurers will add margins to their price to insure against the risk, potentially using the worse-case scenario. Accurate data also reduces the scope for adjustments to the buy-in/buyout premium following any subsequent data cleansing, thereby giving trustees and the employer better price certainty.

**Accurate pension benefits.** Accurate data enables benefits to be calculated correctly and allows the trustees to fulfil their obligations and discharge their responsibility having validated each member will receive the correct benefit from the insurer.



## Appendix A: Data relevant to all members

Data item	Importance	Comments
Current contact address	High	Without current verified contact details, members can't be kept informed throughout the buy-in/buy-out process, their individual policy document can't be issued and the insurer will be unable to contact them as and when the benefits become payable after buy-out
Post Code	High	In addition to keeping members informed throughout the process, post code is often used within the insurer's mortality/longevity assumptions and therefore will impact the pricing received
Other basic member details: eg full name, date of birth, gender, and National Insurance number	High	To ensure the member receives the correct benefits at the correct time, and automated member verification can take place when the benefits become payable
Scheme category indicator	Medium	Schemes often have multiple membership categories, offering a variety of benefit provisions which can differ subtly or significantly. Need to check if an indicator is held for each member to denote their category . Also understand if members can swap between categories, and whether the relevant date needs to be held – and whether it is
Date of joining company	Low	Requirements will vary by scheme, but some benefit calculations may use the date the member joined the company. It can also be useful to validate date of joining the scheme. For example, where a waiting period is (or was) a requirement of the rules
Date of joining the scheme	High	This is a very important data item. For example, as a minimum it will be used to determine, the appropriate membership category, rate of benefit accrual, contingent spouse's benefits and the pension increases to apply in retirement  Missing dates should be obtained as soon as possible
Normal Retirement Date	High	Needs to be recorded in the data for all members. Any gaps should be filled, otherwise members may not receive their correct benefits when they fall due and disclosure breaches may occur
Normal Pension Age (NPA)	High	This term is defined in statute and it should be possible to identify the appropriate date (for each member) from the data held and without ambiguity. This is the date upon which a member has an unfettered right to claim their benefits and it may also determine the point before or after which early or late retirement factors apply. Where a Barber Window applies, some members may have multiple NPAs
Protected Pension Ages	Medium	Under transitional protection regulations, identify if any members have a right to retire before age 55. If so, their membership record should hold a flag to note this. Similarly, if the protection has been lost (eg because of a breach

		of the employment conditions), this information should also be recorded in order to avoid an Unauthorised Payment
<b>Data item</b>	<b>Importance</b>	<b>Comments</b>
Protected Lump Sums	Medium	Identify if any scheme members retain a right to a tax-free lump sum which is greater than 25% (i.e. one of the transitional protections introduced on 06 April 2006). If so, there should be an indicator on these members' records to flag this entitlement exists. Similarly, if the entitlement is lost (e.g. because they've taken a partial transfer-out), this should also be recorded to avoid an Unauthorised Payment
Date of leaving pensionable service	High	This data is required for the appropriate revaluations to be applied between leaving and retirement
Current membership status	High	Trustees should always know the status of every member who has joined their scheme in order for liabilities to be assessed (for ongoing valuations, member queries and de-risking exercises)
Lifetime Allowance (LTA) protections	Low	Given recent legislative changes this isn't a currently required data item. However, this data item should be retained in case any further legislative changes arise
Money Purchase Annual Allowance (MPPA)	Medium	Trustees are required by law to inform members as and when the MPAA starts to apply to them, e.g. the point at which benefits are first taken under a flexible-access arrangement. The database should record the relevant date, regardless of whether it was taking the benefits from the trustees' scheme which caused the MPAA to be triggered, or it was triggered at an earlier point in time (in respect of benefits flexibly accessed via another arrangement)
Data held in 'free-format' comments and other notes-type screens	Medium	While information held in this way is undoubtedly useful, it's not a robust repository of key knowledge, and it's an unreliable way of recording data. Any data which can only be obtained from comments screens, should be transferred across to dedicated data fields
Status history	Medium	As far as reasonably possible, relevant dates should be held to enable a member's service to be tracked, and liabilities identified.  If any member's current status is marked as, for example, 'Exit – reason unknown', this should be investigated, and the database updated with the accurate/complete reason for leaving
Spouse / Civil Partner data (normally excludes cases where a dependant's pension is already in payment)	High	For the purposes of obtaining quotations from insurers, complete and up to date information about members' beneficiaries will lead to more accurate and favourable pricing terms. Without up-to-date data, insurers will make assumptions which will drive up costs. The difference can be substantial.

Data item	Importance	Comments
Pension Sharing Orders and Earmarking Orders	High	On a scheme-by-scheme basis, and status by status, trustees should engage with their insurer(s) to understand the extent to which data needs to be held in respect of the benefits paid out in respect of the ex-spouse (or are prospectively to be shared with the ex-spouse), including the date of payment and name of the receiving arrangement. It should be clear and unambiguous from the data the amount of member's benefits which remain
Scheme Pays (excludes Dependant pensioners)	Medium	<p>Members may have asked the trustees to pay an Annual Allowance tax charge to HMRC on their behalf, in exchange for a reduction in scheme benefits. The reduction can be dealt with in several ways, but principally it should be possible to identify from the data whether the tax charge was deducted from a member's DC funds (eg AVCs), their defined benefit arrangement, or a combination. As a minimum, the data should include:</p> <ul style="list-style-type: none"> <li>• the date the member made the election to use Scheme Pays</li> <li>• whether it was a Mandatory or Voluntary election (or a combination)</li> <li>• the resultant reduction in member benefits (and whether the contingent dependants' benefits were affected)</li> <li>• the tax charge paid and the tax year to which it related</li> <li>• the date the tax charge was paid to HMRC</li> </ul>
Special terms	High	Any member-specific special terms (e.g. accelerated accrual, non-standard death benefits)
Additional Voluntary Contributions (AVCs)	High	Where a scheme has an AVC policy on a DC basis, it will need to separate out the AVC benefit from the scheme benefit. For pensioner members, details on the guarantee period, single or joint-life terms and escalation rate will need to be held

## Appendix B: Data relevant to any In-service members which remain, pre buy-in/out

Data item	Importance	Comments
Salary details	High	On a scheme-by-scheme basis, trustees should engage with their insurer(s) to understand the extent to which salaries are needed to determine members' accrued benefits immediately prior to buy-out, as this will vary by scheme. The requirements should be understood and any gaps in data should be addressed. The longer missing data is ignored, the less chance there will be of being able to obtain it. This includes DB and CARE sections of the scheme
Member contributions	High	Depending on the scheme rules, and to the extent the scheme rules allow for member contributions to be included in, for example, lump sum death benefits and/or transfer value calculations, a complete and accurate history of payments should be held. As with missing salary details, the longer the gaps in data go unaddressed, the harder it becomes to fill them
Transfer-in data, in respect of benefits members have transferred into the trustees' scheme which secured them (for example) additional pensionable service and/or a minimum pension underpin.	High	<p>This incorporates funds members have transferred into the trustees' scheme, either from a personal arrangement, or as part of a bulk or block transfer.</p> <p>Upon receiving transferred funds, the additional benefits secured in the trustees' scheme will need to be held in full, to ensure these benefits are accounted for when the member's pensionable service ends. To the extent minimum pension underpins apply post-leaving, the revaluation and comparator bases should be understood and the data necessary to undertake the calculations must be comprehensive.</p> <p>As a minimum, the date of receipt of the funds must be held, together with the amount received (including the amount which relates to contracted-out service), the additional pensionable service secured and (where relevant) underpin pension. The date upon which the transferred-in benefits become payable should also be recorded (or easily discernible), given it's common for a members benefit tranching to be determined by the date upon which the benefits are due to be paid without reduction</p>
Part-time service and non-pensionable absence	Low	<p>If calculated benefits reflect part-time service, this data may not be required by the insurer. However, if not reflected in benefits, periods of part-time service need to be identifiable: i.e. start and end dates, contracted hours per week and full-time equivalent hours. It should also be clear as to whether the salary details held are actual earnings or full-time equivalents.</p> <p>Similarly, periods of non-pensionable absence should be recorded (i.e. start and end dates), in order members' overall periods of pensionable service can be correctly determined</p>

## Appendix C: Data relevant to Deferred members

Data item	Importance	Comments
Total pension at date of leaving	High	This should equal the sum of the individual benefit tranches, in respect of benefits accrued throughout a member's period of pensionable service (and any benefits secured by a transfer-in).
Deferred pension tranches	High	<p>Members' benefits should be tranching in full, to make it possible to discern the increases to apply before and after retirement, and the date(s) upon which each element is due to be put into payment. This could include EPBs, transfers-in, pre-97 excess, GMPs, post-97 benefits, post-06 benefits and CARE elements.</p> <p>For example, benefits accrued in the 'Barber period' might be payable without reduction from a different retirement date from benefits accrued either side of the period</p>
Contingent spouse and dependants' pension	High	This is usually (but not always) a proportion of the member's pension. The total figure should be held as at the date the member left pensionable service, together with all necessary tranching. Check AVCs to ensure single-life and joint-life benefits are separated
Member contributions	High	If the scheme rules provide contingency for a refund of member contributions to be paid as a death benefit lump sum, it's important a complete record of contributions paid is held, together with any contributions included within a transfer-in
Final pensionable salary	Low	<p>From a de-risking perspective, salary data is important because insurers may use it when deriving their mortality assumptions.</p> <p>From a BAU perspective, final pensionable salary data might be required to reconstruct a member's benefits. For example, if a member or other beneficiary queries the entitlement</p>
Annual Allowance details	Medium	Annual Allowance information (eg history of Pension Input Amounts, split between DB and DC savings) will be needed by an insurer in order for the statutory disclosure requirements to be satisfied post-buyout

## Appendix D: Data relevant to Pensioners

Data item	Importance	Comments
Total pension at date of retirement	High	This should equal the sum of the individual benefit tranches put into payment in respect of benefits accrued throughout a member's period of pensionable service (and any benefits secured by a transfer-in). The figure should allow for any early and late retirement adjustments
Pension tranches	High	Members' pensions should be tranced in full, to make it possible to discern the increases to apply after retirement, and the date(s) upon which the increases apply (e.g. GMP increases may be added on a different date from those applied to non-GMP benefits)
Contingent spouse and dependants' pension (at date of retirement)	High	This is usually (but not always) a proportion of the member's retirement pension, either before or after the exchange of pension for lump sum. The total figure should be held as at the member's date of retirement, together with all necessary tranching
Contingent spouse and dependants' pension (ongoing post-retirement)	High	For insurer transactions, it's important the 'current' amount of each contingent spouse's pension is held, as at the most recent pension increase date (or pension inception date, if later). Although historic scheme practice might have been to only calculate a spouse's pensions at the point at which it comes into payment, insurers require contemporary figures for all pensioners. It may be necessary to provide the first life pre-commutation pension and pension tranches where the CSP isn't 50% and contains GMP, or for a female member with pre-88 GMP
Lump sum taken at retirement	High	If a member has exchanged any scheme pension for a lump sum, and/or received an as of right lump sum, this data should be recorded (together with the date(s) paid). Post-5 April 2024, members have a statutory right to request a protection certificate which confirms the actual amount of Pension Commencement Lump Sum (PCLS) paid at retirement
Pension exchanged for lump sum	Medium	If a member has exchanged any scheme pension for a lump sum, the amount of pension 'given up' should be held and it should be split between the tranches of the member's pension, as determined by trustee policy
Temporary pensions	High	Whether or not a temporary pension is due to commence in future or payment starts from date of retirement, the relevant start and end dates should be held in all cases
Ill-health retirements	High	If ongoing payment (or level of payment) is dependent on the medical condition of the member and/or their age, it must be possible to identify the relevant review dates from the data which is held on their record

## Appendix E: Data relevant to Dependants

Data item	Importance	Comments
Total pension at date of commencement	Medium	This should equal the sum of the individual benefit tranches that were put into payment, in respect of benefits accrued throughout a deceased member's period of pensionable service (and any benefits secured by a transfer-in)
Total current pension in payment	High	Dependants' pensions should be tranced in full to make it possible to discern the increases to apply after commencement, and the date(s) upon which the increases apply (e.g. GMP increases may be added on a different date from those applied to non-GMP benefits)
Temporary pensions (including children's pensions)	High	<p>Whether or not a temporary pension is due to commence in future or payment starts from date of commencement, the relevant start and end dates should be held in all cases.</p> <p>For children's pensions, if ongoing payment is conditional on age and/or education status, it must be possible to identify the relevant review dates from the data which is held on their record</p>
Link to original deceased member	High	It should be clear which deceased member is linked to each dependant, to ensure there's no ambiguity as to the benefit entitlement or whether the record truly is a dependant rather than an original member



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