

Covid-19 – scheme governance risks to tie down

In light of how fast Covid-19 is moving, here are some practical points for pension teams and trustees to consider in their planning, as business will be disrupted. Trustees are looking to their pension/ executive team and advisers to help navigate through the uncertainty and meet increased member service needs.

Below are brief headings and practical examples that occur to us around trustee governance and scheme operation issues. Others in the market are covering ideas on investments, IRM (covenant risk is a particular worry for many) and contract risks.

Who needs to be involved in a 'planning and response' working group?

The Trustee Chair, the pensions team lead, administrator and key adviser leads, main sponsor contact, others to involve or co-opt e.g. professional trustee, committee chair/s, MNT close to member views.

What to focus on for trustee governance and Scheme operations?

Think of it in terms of what absolutely must go right, what could happen if it went wrong? What should you be doing right now, who can help get it done? What do you need to do quickly, or defer, or stop?



Communications

- **Reassurance** that pensions will still be paid. Members may also be worried about the state of the sponsor's business?
- How will **member** calls be taken, handled sensitively, managing very personal data, dealing with an infected member's family? A medical report or death cert. not available? Member website messages?
- How will you approach communication if **DC pots** have fallen a lot; and for the next **retiree** groups?

Scheme continuity

- A **people** contacts page for all. Emergency numbers. Clarity on contact roles for sponsor, TPR, press.
- How will advisers, fund managers, custodians, administrator **BCP/ lockdown policies** work in practice?

- Can **emergency meetings** be called? Quorum needs? Electronic versus wet signatures, including for investment managers, custodians? Has Trustee remote working been tested? Video conferencing?
- Are any extra/ emergency **delegated authorities** needed? Is your **backup resourcing** ready to go?

Key man risk / mission critical activities

- If a **key person** gets the virus and/ or is stuck overseas, will you hear quickly? Your Plan B for them?
- What is **business critical**? TPR's view? What needs to be done differently, is everyone committed to it?
- Meeting legal **deadlines** for valuations and accounts. Is this a post valuation event? Contact with **TPR**.
- Can **member payments** and **investment instructions** still be processed?
- Is there **enough cash** in the Trustee bank account to make benefit payments?
- Does the **sponsor** have processes in place to still meet the schedule of contributions, recovery plan? Can **payroll** still run?

The developing situation is emotionally charged for many, which needs to be acknowledged as part of action planning and ways of working, so that individuals don't feel out on a limb and communication can be regular and clear. By the same token, staying positive but realistic, recognising progress and extra efforts being made will help sustain the whole Trustee effort and sow relationship benefits for the future.

We hope this helps to give you some ideas of what to focus on to help weather the current uncertainty.

Please contact your usual consultant at Muse or contact us on 020 3740 0111 or info@museadvisory.com if you'd like to talk through any such knotty matters.

16 March 2020