BREXIT AND PENSIONS - WHAT YOU NEED TO KNOW AND WHAT YOU SHOULD BE DOING

05 July 2016

Pensions in the UK is shaped by European legislation, case law, policy and regulation. How and when will this change and what does this mean for UK pension schemes, trustees and employers and the pensions industry?

Join us for a 30 minute webinar devoted to considering the immediate, short term and longer term impacts of the Brexit vote. Our pensions experts will look at:

- the legal framework for pensions and how this could change;
- the legal and governance aspects of pension scheme investments, funding and dealing with market volatility;
- the strength of the employer covenant; and
- practical next steps and actions for trustees and employers.

Transcript

Ian Chapman-Curry: Hello and welcome to this Gowling WLG webinar on the recent EU referendum vote.

Today, we will be asking what implications are there following the vote for trustees, employers and the pensions industry in the UK. I am Ian Chapman-Curry, a member of Gowling WLG's firm-wide Brexit Unit and a principal associate in our pensions team.

I am joined this afternoon by Glyn Ryland. Good afternoon, Glyn.

Glyn Ryland: Good afternoon, Ian, good to be here.

Ian: Glyn is a partner in our pensions team and he will be providing us with the benefit of his extensive experience on the legal and governance aspects of scheme investment and funding and dealing with employer covenant issues.

So coming up, first, I will be examining why the vote itself has had an impact and why uncertainty will be the overarching theme for the foreseeable future.

I am then going to move on to consider the immediate impact on pensions in the UK, looking at the legal framework for pensions and asking whether there are any immediate changes to the statutory regime, case laws, guidance and regulation.

Glyn: Then I will move on to look from a legal and governance perspective at immediate pension scheme funding, investment risk and volatility issues, before focusing on employer or sponsor covenant. And if ever there was an advert for the Regulator's integrated risk management approach, I think this might be it!

Ian: Yeah, I agree with that. And then I am going to finish up by looking at some practical next steps and actions for trustees and employers to consider.

So today's webinar is due to last for about 30 minutes but it might be a few minutes longer if we cover some of your questions at the end.

And we would really encourage questions - just click on the 'ask a question' tab, type in your question and click submit. We will try to answer as many as we can in the time available, but we will get back to everyone on questions even if that is off line if necessary.

Before we get started, just some simple housekeeping points.

The webinar has a few simple controls. The most important are the volume adjustment and full screen option which are at the bottom right hand side of the player.

And, finally, we thought you would be thoroughly fed up with opinion polls by now, so we have limited ourselves to just two simple questions towards the beginning and end of the webinar, and these should just flash up on screen with an option to vote.

So, which way now for pensions?

On Thursday 23 June, a majority of those voting in the referendum voted for the UK to leave the European Union and this has opened a constitutional and economic Pandora's box, with a swarm of difficult issues and complicated problems flying out into public view and media scrutiny.

The only thing that seems clear as of today is that those of us working in the pensions industry are going to have to get used to an even higher level of uncertainty than usual.

And there are two main reasons why things are so uncertain. It is not clear how we are going to leave and it is not clear when we are going to leave. So with that just hanging in the air, we are going to go through to the first poll. The poll should be coming on screen any moment.

And what we are asking is your initial views or gut feelings on what impact, if any, the vote to leave the European Union will have on the pensions industry in the UK, and the options are a negative impact, it will not have any impact, a positive impact or it is just too early to tell.

And we are just getting the results coming through, people just voting. I am just going to leave it a few more seconds for people to carry on voting.

There does seem to be a fairly clear consensus emerging that the majority of you, oh it is coming back a little bit now.

Okay, so that is a very interesting split. There are approximately 40% of you that think that it is going to have a negative impact, maybe a bit less, 35%, and a majority of you think it is just too early to tell.

So very few of you think it is going to have a positive impact or will not have any impact at all.

So maybe we have got an audience that is made up of some optimists, some pessimists and some people who have seen this sort of thing too many times before to say that it is too early now.

But we will go on to the first reason as to why this is uncertain, and that is because it is not clear which door we are going to choose to leave the European Union.

And which door we pick is going to be key to determine how much of an impact this is going to have on pensions in the UK.

Of course, the least impact would be if the government ignores the referendum vote and we ended up staying in the European Union. Politically, however, this could be just as destabilising as the Brexit vote and it looks increasingly unlikely, certainly if you see the comments from the leading contenders for the Conservative Party leadership election.

So, a second option is to try and preserve as much access to the European Union's single market as possible and this would be through membership of the European Economic Area and this has been labelled the 'Norwegian option'.

This provides a level of integration between the European Union and the European Economic Area such that it would have a similarly marginal impact on UK pensions. Effectively, European Union policy on pensions is likely to apply in those circumstances.

One thing that also applies under a Norwegian model is the free movement of people and so if this becomes an intractable sticking point to full access to the single market, we might decide to fall back on what has been called the 'Swiss model'.

And that is membership of the European Free Trade Association with a whole series of bilateral agreements. The Swiss are currently up to 120 [of such trade agreements] and it has taken them over 30 years to get to that position. But, on that basis, there could be a divergence between EU pensions policy and what the UK does, and there could also start to be an impact on the UK's financial services sector and its ability to sell services into the European single market.

Going forward, an even looser arrangement would be based on an entirely bespoke UK/EU bilateral approach. So something similar to what Canada has just put in place with the European Union - that itself took seven years - or a bespoke approach such as Turkey has with its customs union and bilateral trade agreement.

This would probably see UK pension policy outside of the European framework so you are starting then to see a material divergence from the European Union system.

And, finally, if nothing is agreed or if there is a gap between finishing up on exit negotiations and finalising a trade agreement, the UK would then revert to World Trade

Organisation rules in terms of its trading with the single market and it is clear then that pensions policy would be set in the UK, but employers and trustees would then have to grapple with the economic and investment consequences of abandoning free trade with our largest trading partners.

And we have already had some interesting questions on this so, one question focused on the extent to which trustees would be able to continue to receive financial advice and professional services from a provider based in a European Union member state, so where those services are currently passported into the UK without necessarily having to be in the UK or subject to the UK's domestic regulators.

And, as you hopefully have seen from that array of options that are available to us, the answer to that is not clear because it will entirely depend on what exit plan we choose for the United Kingdom. It could be if we choose the European Economic Area or continued EU membership that there is no change whatsoever, all the way through to that being problematic and new rules and regulations having to be in place.

So, the second key element of uncertainty is uncertainty over how soon we are going to exit the European Union, if that is the direction that we go in. Assuming that we take the full two years that is allowed once we have triggered Article 50 of the Treaty of European Union, the earliest exit date is likely to be September 2018, so that is two years after the installation of whoever wins the Conservative Party leadership and his, or increasingly likely, her, entering Number 10 to become Prime Minister.

And it is worth noting that that is just the process for legally taking the UK out of the European Union. Putting in place a comprehensive trade agreement may take even longer so, at the moment it is clear that it is going to be years at the very least and in the most protracted scenario, possibly up to a decade before we have the clear and comprehensive settlement that the markets and many in the pensions industry are craving.

Pension schemes operate with an eye on the long term but, even for them, this is going to be an uncomfortably long period of uncertainty.

So, what actually does change now as a result of the vote? I am going to be looking at the legal framework for the pensions in the UK before passing over to Glyn who is going to look at the investment funding, risk and volatility, and also the strength of the employer/sponsors covenant.

So, what changes now in terms of pensions law?

The legal framework for pensions in the UK was exactly the same on Friday 24 June as it had been the day before. The vote has changed everything in politics, but it changes nothing in law. The referendum was non-binding and did not, in and of itself, trigger the UK's exit from the EU or even trigger Article 50 to start the clock ticking on that process.

So that means that all of the primary and secondary legislation, case law (including European case law) and regulatory guidance remains in force and unchanged.

Last week, the Financial Conduct Authority (FCA) confirmed this and noted that it would implement any current 'in-flight' or developing EU legislation whilst we remained a member of the EU.

Depending on the exit route we choose, it may stay that way - the more access we have to the single market, the more likely it is that we are going to be bound by European pensions and employment legislation in the future.

And even if we decide to leave in such a way that repatriates pensions policy back to Westminster, there is still likely to be no immediate change and the reasons for that are twofold.

The first is that most EU pensions and employment legislation is adopted in the form of directive. Member states have to give effect to EU directives by passing national legislation and so, in the UK, the bulk of pensions legislation that has come from Europe has found its way into Pensions Acts, Finance Acts and a plethora of regulations which are going to continue to have the force of law until repealed or amended by further legislation.

So what if Westminster does want to make changes?

It seems that the second limb as to why this is not going to happen soon is relevant. Pensions policy is unlikely to be at the forefront of the government's agenda as it wades through far more pressing issues that are raised by the UK leaving the European Union.

As a result, it seems unlikely that a government will have the time or political will to implement sweeping reforms of a system that fundamentally does work. But it is not impossible that a more radical administration with a particularly business-friendly agenda and a determination to consign EU 'red-tape' to the bonfire will not take a hatchet to the established legal framework for pensions.

Depending on the way that we leave the European Union, we may also avoid some new European pensions legislation or obligations.

Examples of those are:

- the General Data Protection Regulation, which will have to be adopted by all member states on 25 May 2018;
- IORP II which has just been adopted by the European institutions and where member states have two years to bring that into force in their national legislation;
- GMP equalisation which is something that arises out of European case law, and there is uncertainty as to the extent to which that will have to be given effect by trustees; and
- even things like VAT, the rules for which are determined at a European EU level.

So those four issues that we thought we would be having to deal with as an industry and it is just not clear to what extent or for how long we will have to deal with any of those or for how long they might be in effect, for example, if we are still member states in over two years' time.

So there are no immediate worries for trustees and employers in terms of pensions law, but we are going to be keeping a close eye on those developments.

Investment and funding decisions are, however, a very different story, so I am now going to pass on to Glyn to cover those.

Glyn: Thanks Ian.

So, we are now on the slide headed 'What now? Economics' and the three headings there will not surprise anyone who has been reading recent regulator output.

Obviously, trustees are going to need to look at:

- investment risk, how their investments and the market volatility relating to them are going to impact on what they are holding, how currency changes affect them and so on;
- funding risk, does the prospect of the UK leaving the EU change the funding position? We have already seen changes to gilt yields which will change the stated funding position of many schemes and of course, the amount necessary to pay the benefit does not actually change; and
- covenant risk, how good a bet is the employer now that this Brexit vote has happened, particularly if it has involvement in the EU and so on. Have its prospects changed?

So already you can see straightaway that the Regulator's integrated risk management (IRM) approach is highly relevant, which is why Ian referred to it earlier on.

And on the one hand, that might seem to many pensions people like a 45-page statement of the absolutely obvious, because it is effectively a summary of the earlier guidance note, but if you look at the diagram on page 5, there is a triangle showing at each of its corners investment risk, funding risk and covenant risk, all set within the circle of overall risk management, which on the one hand seems very trite, but on the other hand if you are looking at things from where we are now, you might think that trite is right because from a legal and governance perspective, that guidance would take some beating as a mental framework through which to approach this whole series of problems.

So I mentioned volatility. What do we mean by that?

Well, people will know that the FTSE has not been that badly affected, it is of course measured in pounds and it relates to companies with a worldwide perspective and revenue stream normally so you would not expect it to have been that badly affected, in fact, you would have expected it, all other things being equal, to go up because the value of the pound has fallen.

So looking at the more relevant index, perhaps the FTSE 250 which is on that slide, it saw its biggest ever two-day fall, followed by a recovery amounting to about half or slightly over half of the loss measured in pound terms.

But moving on, the value of the FTSE [250] index measured in US dollar terms for those, if you like a bird's eye view of the UK from the outside, looking at not only the loss in value in those companies but also the diminution of the value of the pound in which they are measured. If you add those up, you get the purple line showing that there has been a bigger dip and a similar proportionate recovery but still a much bigger overall loss.

So you have got currency risk built in there as well as the loss itself and just going on now to look at the currency itself, you can see why that has arisen because there is the movement in the pound versus the dollar over a similar period.

Ian: And there is quite a big difference there for the FTSE 250 between a 5% fall, which you might see as a marginal correction, and a 15% fall which is looking like a far more fundamental correction in most terms.

Glyn: That's right, and then this morning, Mark Carney has been speaking about 11 o'clock trying head some of these issues off, he has announced £150 billion release in bank reserving requirements which effectively frees up that much money to be lent and used in the UK economy, which is obviously attempting to solve the problem before it really hits us, which I am sure is a sensible move whether it actually works or not.

So, moving on to the next slide. What changes now from a trustee perspective in investments? Well, we have talked quickly about market volatility and investment risk so I am going to look at the four bullet points under the specific risk issues heading from a trustee perspective.

Counterparty credit risk, given the downgrade of credit ratings, trustees are going to need to get their advisers to look at whether termination rights have been triggered (either against them or are now trigger-able by them) and that is definitely an area where advisory input is needed, it is pretty technical.

Flowing from that, or instead of that, there might be margin calls on derivative positions and those might of course be made against the trustee or by them against their counterparties. Either way, you need to know whether the relevant party has got the relevant asset and, particularly, if you are the trustees, you need to make sure that you are ready for those calls if they come in.

And moving on from there, the trustees will have taken an approach to risk tolerance and investment strategy review. They will need to go back and look at that again, but what is their risk tolerance now?

Is it higher because they are in an inherently more risky world, so that's a more proportionate approach to the world we are in?

Or is it lower because they are in such a risky world but they want to actually minimise the amount of risk they are taking and batten down the hatches a bit before whatever is about to happen next?

And, of course, all of this is at least as important for DC [defined contribution or money purchase] trustees, I think that is something that the market now understands more than it would have done a few years ago.

But it is vital that you not only have the right options available to your members, and that they are decent options of their type, but also that that is being communicated fairly, something which might have been described as low risk last month might no longer be suitably described as low risk and trustees should perhaps be looking at those things to make sure that they are giving their members a fair chance of reacting on a personal level appropriately to the situations that they are in.

So, looking at some of those issues in a bit more detail, and of course it needs to be emphasised, we are lawyers here, we are not giving investment, consultancy, actuarial or covenant advice, but the governance and the mechanism by which the trustees approach these issues, I think, is fundamentally a legal issue so it is a good approach for us to take.

So, what about funding? We have already seen some impact, the UK Government gilt yields have, strangely enough, fallen even though the UK Government credit rating has fallen, you expect yields to rise if an issuer is less creditworthy.

They have fallen and [corporate] bond yields have risen so the market's reaction to the British Government having a lower likelihood of repaying its debt is to be so worried that it is moving out of corporate bonds and into sovereign debts because that is a less risky thing, or so it perceives.

Ian: In fact, to such an extent that on Friday we saw two bond issues from the British Government that were trading in negative territory for the first time, and also for the first time the entire Swiss Government portfolio of debt was trading negatively.

Glyn: So, people are so worried that they are actually willing to pay a government to look after their money instead of expecting interest return on their money.

I think that is enough on funding changes.

What about covenant strength? Well, this of course is going to be extremely employer specific, all covenant assessments are, but it is already an issue for trustees, they have had British Steel, they have had BHS, they are already concerned about covenants, that's what we are seeing in trustee meetings.

So, they are going to be looking all the more carefully now at the financial position of their sponsors, how the size of the scheme's pension liabilities and deficits in particular now compare to the value of those sponsors and, of course, that could be a good news story if your sponsor group is predominantly a European or an American group. The size of the deficit measured in pounds is now less frightening [in dollar or euro terms] than it was a few days ago, so it is not all bad news here.

In what sector does the employer operate? Is it in a sector which everyone believes will be very badly affected by a Brexit or is it not, and it is not for me to comment on which those sectors are but you can read many views on that in any Sunday paper or any other day of the week paper actually.

And what are the overall macroeconomic conditions and how are they going to affect the employer and its performance in its ability to generate cash to meet deficits in the future?

So, I think those are the key issues, and there are some sectors which are said to be particularly vulnerable and, particularly, trustees in those areas will be interested. Anybody with a particular interest in currency fluctuations will also be, I think, particularly concerned.

Ian: So trustees are really going to have to grapple with potentially a weakening employer covenant in some situations at the same time that scheme funding is really taking a hammering.

I know that Hymans Robertson have put out figures where the aggregate deficit of UK defined benefits schemes has risen to £935 billion last week.

Anything else that the Bank of England does to improve the economic situation, whether that is a further round of quantitative easing, which seems likely, or a further cut in interest rates, which could happen but seems slightly less likely, but the impact of that is going to be even worse on scheme funding just at a time when trustees are having to deal with a whole range of other issues.

Glyn: Yeah, to the extent they are not matched and, you know, on the plus side, one of the things Mark Carney said this morning was that the markets have effectively done their job, they have reflected a change, they have reacted sensibly. I do not think he used the word 'sensibly' but he implied that they were functioning as you would expect and that, you know, everything he is doing is pushing us towards a stable and rational rather than emotive reaction to what is going on, which must be the right thing for anyone in his position to be doing.

So, what do the trustees need to look out for?

I have mentioned one, the first one, triggering and reporting certain things under derivative contracts is going to be crucial but also, looking at the first bullet point there, triggering and reporting of funding obligations on the employer - have there been any changes that are so radical that action needs to be taken?

Has there, looking at the second bullet point for example, been a credit rating downgrade of the employer or its group or of an investment counterparty?

All of these things are, to some extent, linked but also distinct from each other.

Is there a materially higher level of risk so that the Statement of Investment Principles (SIP) needs to be reviewed and amended?

And, overall, I think this is the overriding point that comes out of all of these things is that trustees need to be having, I would say, quick, informal chats with their core advisers in this area, their investment consultants, their scheme actuary and their covenant advisers.

Not to commission a big piece of work, not to get stuck into things in a heavy way unless the initial chat indicates that more support is necessary.

I suspect summer holiday plans will be cancelled over the summer in some of those organisations but, overall, I think the best way to protect yourself as a trustee right now is to have those conversations and document them rather than launching into precipitative action of any kind.

Ian: So, are the holiday plans going to cancel because of the amount of work or because no-one can afford to go on holiday anymore?

Glyn: A bit of both actually! So back to Ian at that point.

Ian Yes. So, I am just going to be looking at some of the next steps and actions and these are just some of the sensible, commercial, pragmatic actions that trustees and employers might want to consider in the aftermath of the vote and the turbulence and uncertainty that they are having to deal with.

So, Glyn has already highlighted integrated risk management and that is a really sensible place to start, it is a mechanism by which trustees can sensibly engage with risk, especially risk that is as complicated and nuanced as Brexit where the impact will be on all aspects highlighted by integrated risk management, so in terms of investment scheme funding, covenants, you know, the whole triangle of risk is affected potentially by Brexit.

The Pensions Regulator has made a big focus of IRM over the past few months since it published guidance on it in December 2015 and this is going to be a real test for that methodology and how useful it is going to be.

It is important to note that IRM is not a panacea or a solution in and of itself, it is a set of tools that enables trustees to identify risk and make better decisions and like with any system such as this, its quality depends on the quality and time that is put into it, so the quality of information that is put in and the time that trustees and their advisers spend on it.

The second point would be to engage professional advisers and, again, Glyn has commented on this.

It is a good time to speak to professional advisers, if nothing else, to make sure that the people that you have in place are up to speed, monitoring developments and are committed to providing the trustees with the information that they need and also to open up those channels to make sure the trustees can take prompt action whenever this is required.

So, as Glyn noted, we are not suggesting that trustees take urgent, precipitative or provocative action, they just need to make sure that they are keeping tabs on what is happening and have all of the advice ready for them.

Glyn: I would say as well perhaps those conversations, once they have been had, could usefully be reported back on to the next trustee meeting so there is a visible sign of trustees having monitored and had appropriate governance in relation to those issues, even if the product of those conversations is that nothing needs to be done now.

Ian: Yes, and I think The Pensions Regulator would be pretty clear that risk, in all its myriad forms, should be a standing point on trustee agendas and particularly for the next batch of trustee meetings. I think this is going to form a lot of the discussion for trustees.

The Pensions Regulator is keen that trustees and employers discuss issues early and often, so an encouragement for employer and trustee engagement. That is to open up channels of conversation and to understand how the employer was dealing with that. It is not necessarily to go in with all guns blazing in terms of employer covenant issues or at least not until trustees have taken proper, professional advice.

The suitability of investment strategies and options is something that Glyn has talked about. If risk is elevated, if we are living in completely different times to when the SIP was agreed, it might be time to revisit the SIP or at least get advice on whether it remains suitable, but the SIP may well remain suitable because, fundamentally, the world has changed and so the risk profiling may well still stack up, but it would be sensible to at least examine that.

Another step would be to take due diligence on existing investments and contracts so trustees and their advisers can check existing investment contracts such as derivatives and swap instruments to understand the triggers for termination and margin calls and that is going to enable them to react a lot more quickly if anything is needed to be done in terms of a rating downgrade or a call on collateral.

In the longer term, trustees are also going to potentially have to consider issues around financial and professional services being passported into the UK from former colleague countries remaining in the European Union.

Finally, on communications, we have had a report of spikes in queries from members who are concerned about the safety of their pension savings.

Trustees may want to consider issuing a statement to members in order to reassure them that they are taking appropriate steps, are monitoring the situation and reminding them that the fundamental system of safeguards and protections remain in place.

So, we are just going to finish up now and have the poll again.

That is just being pushed over to you.

In the meantime as well, if you have got any questions, you can push those through to us and we will deal with those in the time that we have left and also take them off line if necessary.

The poll we are asking is a repeat of what we asked at the start, so after having had half an hour of me and Glyn talking about the European Union, Brexit and the vote, do you think the impact of the vote to leave the European Union on the pensions industry is going to be a:

- negative impact;
- it will not have any impact;
- it will be a positive impact; or
- it is just too early to tell.

And we are getting in a lot of responses again, I will just give you a few seconds to make sure that everyone has had a chance to vote on that.

Glyn, what is your gut feeling on this?

Glyn: Well, the same as our voters, which is actually there has been a move away from distinctly that it is negative and slightly towards the view that it is too early to tell.

I think that so many of the areas we have been talking about it is too early to tell and, in fact, we have had a question which I can look at while we are watching these numbers come in which points out that an exit from the single market would weaken the covenant of firms that trade in it to some extent, that must be right, and pointing out that 40% of motor components are sourced from it.

I mean, I would not argue with that, there has to be a strong point in that observation but the point I was making earlier was not that an exit would itself strengthen anybody's economy but simply that the value and cost of replacing a deficit which is measured in pounds is now lower for a group which measured its wealth in Euros than it used to be because...

Ian: 10% lower.

Glyn: … exactly, that is the extent it has gone down. And in fact, now that the numbers have stabilised there is a larger number, as a proportion of the people responding, which is about the same, a significantly larger proportion of you think that it is too early to tell and a slightly smaller proportion have concluded it is a negative impact.

The number of people who concluded it will have no impact has dropped to zero and there is a still a small minority who see this as having a positive impact.

Ian: So we might have changed some minds there, or at least given some food for thought but it is not an entirely negative picture necessarily, there are some sectors, some industries and some opportunities where there are positives, there are opportunities in the buy-in and buy-out insurance markets for example in terms of some employers.

We will be finishing up soon. We have had some more questions in.

One question is "does this pose any issues to the roll out of automatic enrolment?", and that really goes back to the point I was saying about the current pensions legal framework. It should not pose any issues to the roll out of automatic enrolment.

Automatic enrolment is one of the few main policies to emerge in pensions [in recent times] that has been entirely a domestic, UK creation. If anything, it has been more influenced by Commonwealth countries than it has by EU partners.

Glyn: So that is definitely the legal answer, no question about it, but I suppose a government might think over the next few years that the last thing the British industry needs is a further strain on its profits and cashflow, it might therefore delay the roll out of the higher rates of contribution that are coming through, or it might not.

Ian: It already has shown its appetite to do that when economic conditions have necessitated a pause in the phasing of contributions.

It should not fundamentally change automatic enrolment.

It certainly does not do anything to get rid of the problem, the mischief that the legislation is designed to tackle, which is that people are not saving enough for their retirement. If anything, that question might become more pressing if some of the economic forecasts do become, absolutely.

I think I should probably just wrap up with a few closing comments. Oh, sorry, there is one more question, have we got time to deal with that do you think, Glyn?

Glyn: Yeah.

Ian: The one more question is, "do you think there is a risk of 'planning blight', particularly in relation to EU legislation, such as the general data protection regulation and IORP II?"

Glyn: The answer must be yes, to some extent, I mean, as Ian explained earlier, we think that there is very little prospect of the UK not still being a full member of the EU at the time when the data protection rules come in.

So, I think plans to implement those need to proceed as planned and the FCA has indicated that other 'in-flight' legislation, which must include IORP II, should be implemented by FCA members, that is financial institutions and companies. So, I think the only advice that we can responsibly give at the moment is to carry on implementing, irrespective of where you think Brexit will end up.

There is another question about comms to reassure employees and starting to list a few of the things that are coming in.

I think it is very hard to say more than people are saying in general about that in a pensions context, and what they are saying in general is that nothing changed immediately as a result of the vote, there is an extended period during which the terms of our exit, if that is to proceed as expected, will be negotiated and perhaps anything else you say would be specific to the employer in question and the funding status of its scheme.

Ian: I think the trustees can also still reassure employees that some of the protections that are in place, so the fact that the trustees are still, you know, they have adopted risk management processes, that the protections that were in place before have not changed, the PPF still exists, all of those things, yeah, it is going to depend very much on the scheme in question and how the employer is also tackling any communications.

Just on European policy as well, it is just worth pointing out, if you are interested in things like the general data protection regulation, if this half an hour slot has not completely satiated your appetite for all things Brexit, you can just go to gowlingwlg.com/brexit and that will take you straight to our Brexit untangled hub where experts from every discipline such as public law, environmental protection, competition, employment, and of course, me and Glyn from pensions, are providing sector and practice specific updates on the impact of Brexit in those business areas.

There is also a fascinating development set of works from Kieran Laird, who is a principal associate in the public law team, and he is looking at some of those knotty issues. So, if you have been interested in the actual nuts and bolts of how negotiations to exit are going to happen, I can really recommend those, there really is some really interesting stuff coming out there.

Glyn: Thanks Ian.

And on that bombshell, as they say, just a few short words to end this.

First of all, thank you very much to everyone who has joined us and stayed online listening to this, we appreciate you doing that.

There is a short feedback questionnaire we would very much appreciate your thoughts, obviously with the aim of doing things which are most relevant to what you want in future as we possibly can and, as Ian has said, if there are things that have sparked your interest we have more information online accessible through the Brexit page on our website.

And I think that brings us to a close.

Ian: It does.

Thank you, and if you have got further questions or queries, send them through or talk to your normal client service teams.

It is a very interesting area, it is not necessarily one we anticipated having to deal with over summer, but you can rest assured that it is something that the pensions teams is looking at in all permutations and in all detail.

Glyn: Thank you very much. We will end it there.

Ian: Thank you.

Related Pensions

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