

# CHECKLIST FOR RECORDING TRUSTEE COVID-19 ACTIONS

TRUSTEES AND PENSIONS PROFESSIONALS HAVE NOW RECEIVED DIFFERENT GUIDANCE ON COVID-19 FROM MANY SOURCES. GOWLING WLG'S PENSIONS TEAM HAS BROUGHT THIS TOGETHER TO PROVIDE YOU WITH A ONE-STOP ESSENTIAL GUIDE TO RUNNING YOUR SCHEME IN THE CURRENT CLIMATE.

Since our first Insight on COVID-19 and pensions was issued in the middle of March, there have been material developments. On 23 March 2020, the Prime Minister gave an address to the nation in which he announced a lock-down. Since then, the outlook for society and the economy look very different.

In the midst of this challenging and turbulent time, pension scheme trustees are expected to do their best to ensure critical functions are carried out and to work with scheme sponsors as they deal with incredible pressures on their businesses. With so much news, new guidance and scheme-specific developments to contend with, it could seem overwhelming.

Fortunately, many trustees have focused on risk management and business continuity planning and are well placed to face up to the challenges. The Pensions Regulator (TPR), The Pensions Ombudsman (TPO), the Financial Conduct Authority (FCA) and a range of industry bodies are also providing useful guidance for trustees. In addition, trustees can rely on their professional advisers to help them through.

To help trustees put all of this in context, we've put together a Guide for Pension Scheme Trustees Dealing with COVID-19. We expect the guide will be updated as the situation develops and, when appropriate, we will issue material updates highlighting the changes.

## TRUSTEE CHECKLIST

To provide you with an action plan of the key points in this COVID-19 Guide, we've set out a checklist. This can act as a summary of the key steps for trustees to consider and, if filled out, can form part of a governance trail demonstrating the actions that the trustees took to deal with COVID-19.

This document extracts the checklist in a landscape format so that it is easier to fill in.

CATEGORY	ACTION	NOTES	✓
<b>BUSINESS CONTINUITY, SCHEME ADMINISTRATION AND MEMBER COMMS</b>	Ask the scheme's in-house and/or third party service providers to confirm that they have business continuity plans in place and that these have been successfully activated.		
	Ask the scheme's administrators to confirm that they have business continuity plans in place.		
	Agree alternative contacts with key employer/in-house pensions team leads.		
	Ensure that administrators are aware of and capable of dealing with scheme critical processes such as paying member benefits, dealing with retirement requests and handling bereavement cases.		
	Confirm a priority order of activities with the scheme administrator in the event of under-resourcing (e.g. due to staff absence).		
	Work flexibly with administrators by identifying and limiting any non-critical demands and queries.		
	Review current projects and any projects previously put on back burner to consider whether right time for deferral or acceleration.		
	Be prepared to respond to employer proposals to furlough employees and to consider the practicalities of any such proposal and the impact it may have on the pension scheme.		
	Be prepared to respond to employer proposals to reduce employer and/or member contributions to the defined		

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<b>BUSINESS CONTINUITY, SCHEME ADMINISTRATION AND MEMBER COMMS</b>	contribution sections or AVCs in occupational pension schemes.		
	PASA has produced guidance for administrators. For in-house admin teams, consider this guidance against current operations. For third party administrators, check that they are aware of and following the PASA guidance as far as possible.		
	Work with administrators to make sure they deliver any processes to ensure benefits are accurate.		
	Consider agreeing to changes in operating procedures, such as streamlining certain processes, allowing electronic signatures (where appropriate) and moving member queries online if possible.		
	Consider holding higher than usual amounts in the scheme bank accounts to ensure payments can be made even if there is a delay in disinvestment.		
	Be extra vigilant to scammers targeting members looking to transfer their pension in uncertain times.		
	Consider whether it is appropriate to suspend member CETV requests to allow for greater time to review CETV rates and the administrative impact.		
	If you decide to proceed with transfers, ensure that members who request a transfer are urged to exercise extreme caution.		
	Ensure that members who request a transfer are signposted to ScamSmart and The Money and Pensions Service.		
	Check that administrators have anti-scam communications ready to issue to members and are aware of the advice		

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	available on ScamSmart and The Money and Pensions Service.		
	Consider preparing a statement or frequently asked questions document providing general reassurance about the security of defined benefit savings and/or the importance of long-term investment for defined contribution savers during short term volatility.		
<b>TRUSTEE DECISION MAKING AND GOVERNANCE</b>	Check whether meetings can be held remotely (i.e. electronically or by telephone/video conference).		
	Consider designating a reserve chair for the main trustee board and any relevant sub-committees.		
	Check quorum requirements for trustee meetings and ensure that these continue to be met.		
	Ensure that delegated powers are suitable, broad-enough and clear.		
	Consider whether any powers of attorney should be put in place for trustees who are unwell or who may have to self isolate for extended periods of time.		
	Check that authorised signature lists are up to date and consider including designated alternative signatories.		
	Consider how the trustee will execute and, if necessary, witness documents if they are at home and potentially in self-isolation.		
	Consider whether to pre-agree to the formation of an emergency response committee.		

CATEGORY	ACTION	NOTES	✓
	Consider whether to line up stand-by trustees ready to fill vacancies (whether on a temporary or permanent basis).		
<b>SCHEME FUNDING, VALUATIONS AND COVENANT</b>	Be prepared to consider a request from sponsoring employers to reduce or suspend their deficit repair contributions. Unless the trustee has had time to carry out analysis and take advice and/ or the employer has provided sufficient financial information, any suspension or reduction should be limited to the shortest period		
	Decide who will deal with employer requests for flexibility on the payment of deficit repair contributions.		
	If the employer requests to reduce or suspend their deficit repair contributions, check that dividends and other forms of shareholder return are also suspended.		
	If the scheme is still open to accrual, be prepared to consider a request from sponsoring employers to reduce or suspend employer and/or member contributions.		
	For trustees close to completing valuations, consider revisiting valuation assumptions.		
	Discuss the potential impact on the employer covenant with covenant advisers. This should consider both the immediate, short term impact and any longer-term impacts.		
	Liaise directly with the sponsor to understand its contingency planning and any business impact assessment and/or mitigating steps		
	Consider whether it is necessary to open discussions with sponsoring employers or review funding documentation.		

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SCHEME FUNDING	Discuss with the scheme's investment advisers whether the scheme's current investment strategy remains appropriate.		
	If any investment changes are being planned, discuss with the scheme's investment advisers as to whether it is sensible to progress at this point in time.		
	Consider the list of investment and risk management issues that TPR recommends trustees consider (set out on page 17 of this COVID-19 Guide).		
	Discuss with advisers whether there are any opportunities which might be presented such as risk transfer opportunities or value enhancing opportunities.		