

Business plan for 2021: A checklist for DC trustees

January 2021

Plan your year effectively and make sure you cover the key topics at the right time, asking the right questions, with our business plan.

To watch a video summary for each topic, [click here](#). For a suggestion of when to tackle these topics over the course of 2021, [click here](#).

For any advice or help tailoring this plan for your scheme, please contact your usual LCP adviser.

Topic	Top three actions for trustee boards	✓
Financial wellbeing	<ul style="list-style-type: none"> Undertake analysis of member data to highlight areas of financial concern within the membership and to facilitate effective targeted communication. Consider the impacts of Covid-19 on saving behaviours – how can you support members to feel in control of their financial futures? Recognise any gaps in the knowledge and understanding of members and develop a clear strategy to improve awareness amongst your members. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Member engagement	<ul style="list-style-type: none"> Review the communication channels and media you use as part of your communication to members. There are new ways to get your message across. If we can make virtual PE sessions popular, we can do anything. Consider how your members have reacted to the changes to their circumstances. What was the impact on contribution levels and investment choices? Have their retirement plans changed? Would understanding their options help them be more secure? Think about the support that people might need and how to increase their confidence in their financial planning ability. Communications is often the poor relation on the agenda and in the budget setting. Consider how important member engagement is for your scheme and then determine whether that importance is reflected in the amount that is spent on communications both in time and cost. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Investment strategy	<ul style="list-style-type: none"> Review your default strategy performance during 2020 and assess whether it performed in line with your expectations, given the extreme market environment. With return expectations falling across DC friendly asset classes, consider how best to offset these by improving the efficiency of returns in your investment strategy. Consider the Environmental, Social and Governance factors that will impact on member outcomes and how best to manage these risks. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Responsible investment, including climate change and voting reporting	<ul style="list-style-type: none"> Familiarise yourself with the climate guidance from the Pensions Climate Risk Industry Group (PCRIG) and develop a plan of action. If you've got assets of £1bn or more, or are an authorised master trust, ensure your system of climate governance meets the Pension Schemes Act requirements and prepare for annual climate reporting. Work with your investment managers and consultants to get good information on the votes exercised on your behalf, to help you prepare implementation statements. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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Administration	<ul style="list-style-type: none"> Consider how your administrator/provider coped during Covid-19 and assess whether service levels have returned to normal. Benchmark the scheme administration to assess how well it has performed compared to others in the market. Ensure that your scheme has implemented the measures necessary to comply with TPR's scams pledge, such as regularly warning members about scams. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Pension Schemes Act 2021	<ul style="list-style-type: none"> Familiarise yourselves with the new requirements and understand the actions that apply to your scheme and when. If you have net assets of £1bn or more or are an authorised master trust, ensure your system of climate governance meets the Pension Schemes Act requirements and prepare for annual climate reporting. Create a plan to improve your member data, so you are ready to comply with pensions dashboard requirements. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Scheme design including master trusts	<ul style="list-style-type: none"> If your scheme has less than £100m in assets, make sure you understand the new requirements for value for member assessments which come into force in October 2021, perhaps through a trustee training session. Assess the range of flexible retirement options your scheme offers, in order to meet increased demand from members, perhaps by using a Master Trust as your post-retirement solution, or as a holding pen for deferred members. If you conclude that a Master Trust may be a potential solution, choose your provider carefully, as the bubble wrap has only just come off these and the market is still developing. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
TPR's new governance code	<ul style="list-style-type: none"> Review governance arrangements to ensure you are adequately prepared for increased scrutiny from the Regulator. Familiarise yourself with the Regulator's expectations for scheme governance as set out in the 21st Century Trusteeship campaign, paying particular attention to the composition and diversity of trustee boards, risk management and the effective management of conflicts. Look out for the new governance code and be prepared to assess your scheme against the requirements, implement any changes that are required, and demonstrate that you have an effective system of governance in place. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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