

# Business plan for 2021: A checklist for DB 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	✓
<b>Covenant</b>	<ul style="list-style-type: none"> <li>• Make sure any actions are focused on ensuring that stakeholders are treated fairly and that members benefits are protected as much as possible, particularly in the light of what we expect may be a challenging economic background.</li> <li>• Work collaboratively with your sponsor and advisers to ensure that covenant strength is maintained in the face of any corporate transactions.</li> <li>• Covenant risk should continue to be considered holistically alongside funding and investment risks.</li> </ul>	<input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>
<b>Equalisation for GMPs</b>	<ul style="list-style-type: none"> <li>• Divide the project into smaller, more manageable tasks.</li> <li>• Prepare a clear action project plan because of all the different parties and workstreams involved and develop a communications strategy.</li> <li>• Get on with the data work, tick off some quick wins and keep an eye on wider developments.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>Investment returns</b>	<ul style="list-style-type: none"> <li>• Make sure covenant can underwrite risks being taken.</li> <li>• Keep your eye on the long-term target when making all investment decisions.</li> <li>• Equip yourself to make quick decisions.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>Member options and IFA advice</b>	<ul style="list-style-type: none"> <li>• Closely monitor transfer value activity in your scheme and be ready to step in and take action where necessary to protect members.</li> <li>• Review your member communications and regularly remind members to ensure that they are fully aware of their options in the scheme from age 55, so that they are not tempted by inappropriate transfers out.</li> <li>• If you haven't already done so, consider appointing a financial advisor to help members.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>Pension Schemes Act 2021</b>	<ul style="list-style-type: none"> <li>• Familiarise yourselves with the new requirements and new Regulator powers - perhaps via a trustee training session for the full Board.</li> <li>• Seek advice on any live corporate activity (eg M&amp;A activity but also increasingly including 'business as usual' refinancing and dividends etc) - to ensure your approach is in line with the new powers.</li> <li>• Formalise data/information sharing with your sponsor on changes to the covenant support for your scheme - perhaps in a legally enforceable information sharing agreement and/or a quarterly report from the CFO outlining upcoming corporate activity.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

Topic	Top three actions for trustee boards	✓
<b>Responsible investment, including climate change, voting and engagement</b>	<ul style="list-style-type: none"> <li>Familiarise yourself with the new climate guidance from the Pensions Climate Risk Industry Group (PCRIG) and develop a plan of action.</li> <li>If you have net assets of £1bn or more, ensure your system of climate governance meets the Pension Schemes Act requirements and prepare for annual climate reporting.</li> <li>Publish your first implementation statement online by 1 October 2021 and ensure you're getting good voting and engagement information from your investment managers to help you prepare future statements.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>Superfunds</b>	<ul style="list-style-type: none"> <li>Every scheme should assess if and where a superfund fits on its journey plan.</li> <li>Circumstances can change quickly – particularly in the current economic environment – so make sure a superfund is considered if you are having to re-think your journey plan.</li> <li>Proactively assess whether emerging solutions could help you more effectively achieve your objectives.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>TPR's new funding code</b>	<ul style="list-style-type: none"> <li>Be prepared: see how your scheme stacks up against Fast Track on our new dashboard and prepare for the need to formalise a target destination and journey plan for your scheme.</li> <li>Understand your key risks, and how they stack up against what can be a changing covenant – can your covenant support your investment risk and long term journey plan, for example?</li> <li>Plan the actions you'd take if things go off track. This may include contingent asset or contribution structures.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>TPR's new governance code</b>	<ul style="list-style-type: none"> <li>Familiarise yourself with the Regulator's expectations for scheme governance as set out in the <a href="#">21st Century Trusteeship campaign</a>, paying particular attention to the composition and diversity of trustee boards, risk management and the effective management of conflicts.</li> <li>Work collaboratively with your sponsor to ensure that your pensions scheme's governance framework is appropriate, particularly in light of the new funding code and Regulator's new powers.</li> <li>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.</li> </ul>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

## Want to find out more?

Whilst each scheme is in its own unique position, there are some actions that every scheme could take to reduce risk and increase the likelihood of a better outcome for members.

Our [Chart your own course: Your scheme, your journey](#) report provides a six-point plan to help you develop a clear end goal and a journey plan to get there. Visit [www.lcp.uk.com](http://www.lcp.uk.com) and search for: 'Chart your own course 2020'.



If you would like further information, please contact the partner who normally advises you, or visit [www.lcp.uk.com/pensions-benefits](http://www.lcp.uk.com/pensions-benefits)

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