



Meeting the challenges of Covid-19

LCP Pensions Administration's response to the pandemic

June 2020

Working closely and adapting quickly

Without question, the Covid-19 pandemic represented the single biggest challenge our industry has ever faced, and hopefully will ever face. In these unprecedented times, it was necessary for our pensions administration department in particular to work more closely together than ever before, to adapt quickly, make use of the best-available technology, and to focus attention on the most important task in the pensions industry – paying members' benefits on time.

We set out below answers to our clients' most commonly asked questions since the pandemic began.



Remote working

Where have your staff and partners been working from during the period of lockdown?

Our London office temporarily closed on 18 March 2020 and remains so. We maintain a very small skeleton staff in our Winchester office to fulfil critical on-site functions, which includes scanning incoming post to our electronic workflow and document imaging system. Everyone else is now working remotely. This position remains under constant review and with regard to changes in Government advice.

What adaptations have you had to make to ensure remote working is a success?

Very few. Despite approximately half of the staff in the department never having worked from home previously, our significant investment in IT infrastructure has meant that our systems have remained operational at all times. Even before the pandemic, all staff and partners had been working with laptops and a cloud-based telephony system, which assisted our smooth transition to remote working. In addition, document imaging has been an integral part of our pensions administration database for several years. As a result, our ability to process casework and maintain client mailboxes and helplines has been undiminished.

How have you maintained data security during this period of remote working?

Access to our network is by secure VPN (Virtual Private Network) connection with access controlled by "2-Factor Authentication". For senior staff who authorise benefit payments and pensioner payrolls, they have previously been issued with "key fob" security devices, which provide an additional layer of security over and above that which is required to access our network.

How have your workloads been affected and has staff absence increased?

There was a reduction in the volume of work received in the first few weeks of lockdown, and a reduction in transfer activity. However, by the end of May 2020, workloads had risen back to almost pre-lockdown levels.

We have analysed the recent experience of the defined benefit pension schemes LCP administers on behalf of our trustee clients, covering around 65,000 members. Our analysis shows there has been an increase in the number of deaths, but this has broadly been in line with the increases within the general national population.

We have observed no increase in staff absence compared with the same period in 2019.



Payment of benefits

Has your ability to pay our pensioners been compromised or restricted in any way?

No. Our progressive and innovative use of technology and the facility for remote working have enabled us to continue to process pensioner payrolls and other benefit payments on an uninterrupted basis. We have a pool of senior staff who are able to approve pensioner payrolls and submit the BACS files for payment. Authorisers approve and submit pensioner payrolls outside of the office, using a secure connection to our servers and the necessary “key fob” authentication device. If exceptional circumstances meant we were unable to process a current month’s payroll, we are able to resubmit the previous month’s BACS file to ensure pensioners are still paid.

P60s were posted to all pensioners and dependant pensioners in respect of the 2019/20 tax year, well before the statutory deadline. Normal printing of payslips resumed from May 2020. Month 1 payslips were not issued as it was necessary in that month to ensure all appropriate resource was directed towards ensuring the pensioner payrolls were authorised and processed on time.

Are pension increase exercises still taking place?

Yes. Pension increases have been processed as normal. However, in some cases it was necessary to delay sending the pension increase letters to members informing them of the increase. Your usual contact will be able to tell you when these have been, or will be, issued for your pensioners.

Aside from the pensioner payroll, what are your other main priorities in respect of our membership?

Whilst all pensions administration work is important to us, during the pandemic in line with the Pensions Regulator’s guidance we have prioritised benefit payments such as paying tax-free lump sums at retirement, transfer payments, setting up new retirees on the pensioner payroll and the payment of death benefits.



Member communication

Have you reviewed existing communications and/or implemented new ones?

Shortly into lockdown we produced a leaflet entitled **Covid-19: a note for pension scheme members**, designed to answer the main questions we knew members would want to ask us. It offers members reassurance in several areas, but most importantly that their pension would continue to be paid in the normal way and at the usual time. We continue to review and update the note as things change.

The Pensions Regulator published guidance on 29 April 2020 for trustees and administrators on communicating with members during the pandemic. A review of our communications demonstrated adherence to this guidance, particularly in the key areas of managing member expectations, getting members to think hard about their options in these unprecedented times and helping protect members from scams. In line with further guidance from the Regulator a letter, jointly prepared by The Pensions Regulator, the Financial Conduct Authority and the Money and Pensions Service in response to the pandemic, is now sent to any member who enquires about a transfer.

How have you remained in contact with and protected members who might be vulnerable?

We already had a well-established ‘Vulnerable members’ group to assist our administration teams when engaging with vulnerable members. Our definition of a vulnerable member is broad. Typically, if they are suffering from dementia or a loss of mental capacity, ill health or divorce. However, during the pandemic this definition was widened to include, for example, a member trying to get certificates to us whilst self-isolating, or a bereaved spouse trying to claim death benefits. Between March and April 2020 there was a 300% increase in the number of cases being referred to our ‘Vulnerable members’ group – so being able to provide that additional level of support to these members, particularly during this pandemic, has been invaluable.

How are you communicating with members who may be self-isolating and unable to post documentation to you?

We launched an online secure portal for members so they could securely upload personal information and copy documents, and have been collecting more members' email addresses so that we can communicate efficiently and promptly without the need to issue correspondence in the post. The online portal offers a safe and convenient way for members to return information to us and avoids them having to leave their homes to post anything. The portal has a suite of e-forms that members can access, complete and submit to arrange the set-up of their retirement, a transfer of their scheme benefits, settlement of benefits following a member's death and much more.

We recognise that some members will not have access to the internet or an email address, and for these cases the skeleton staff in our Winchester office can print, post and receive documentation.



Protecting members

The Pensions Regulator has told trustees and administrators to be aware of increased scam and other fraudulent activities. What additional preventative steps have you taken?

We quickly became aware that scammers might take advantage of the current situation and target pension scheme members. We alerted our administration teams to the heightened risk and instructed them to be extra vigilant when processing benefit payments, and that if they have concerns to point members to the ScamSmart website. Our processes are continually reviewed and adapted to follow The Pensions Regulator's guidance to trustees, specifically on transfers.

The Pensions Regulator's guidance included a letter, jointly prepared by The Pensions Regulator, the Financial Conduct Authority and the Money and Pensions Service, which we now send to any member who enquires about a transfer. The key message of this letter is to warn that a transfer is unlikely to be in a member's best long-term interests.

In addition, we introduced a further day-one action upon receipt of a member's request for transfer information. We call the member to check that they are aware of the request and to ask if they were cold-called and/or received any unsolicited correspondence about transferring their benefits - referring any cases to our 'Pension Transfer Scams' group immediately where they have. During the call we explain to the member that we are asking these additional questions due to the increase in scam activity observed during the pandemic.

We have also increased the frequency with which we monitor volumes of transfer activity (from monthly to weekly) and continue to look for any unusual patterns.

Given the increase in scam activity across the industry, are you requesting any additional documentation before paying benefits?

Before paying retirement benefits, settling death benefits or changing bank details, during the pandemic we have been asking for a copy of the bank statement connected with the account into which the individual wants payment to be made. This statement should be dated within the last 12 months and include the individual's name, address, bank account number, sort code and building society reference number (where applicable). We can then ensure that the address on the statement matches that which we hold on record for the member (which has already been independently verified), and that the account details match those provided.



Internal procedures

What adaptations have you made to your procedures, striking the balance between flexibility but remaining alert and robust?

On lockdown, almost overnight several of our procedures were adapted, especially in response to the concern about the risk of an increased level of scam activity that the pandemic might introduce. Whilst many minor adjustments have been made, there have also been some more significant adaptations.

We strengthened the identification checks that the member must complete before we release any personal information, either over the phone or in a follow-up email. We also strengthened our verification checks for requests received from third parties to ensure that the request is from a legitimate source and is authorised by the member.

The restrictions on social interaction and movement meant that we needed to move to accepting documentation and sign-off by different methods, a move away from our previous practice of only accepting wet-ink signatures on hard-copy documents to enable the payment of benefits. This is something that we had already been investigating, and received legal advice on, before the pandemic. Therefore, this procedure change was simply accelerated – and we are now able to accept a member’s digital signature, (subject to completion of some additional checks by LCP).

We’ve increased the frequency of mortality screening checks from monthly to fortnightly. This helps reduce overpayments of pension on death that can be difficult to recover and distressing for bereaved families, and safeguards against benefits of deceased members being fraudulently claimed.

A lot of time and effort has gone into developing your IT infrastructure and adapting procedures – how can these investments be used to benefit the post-lockdown world?

Our processes and procedures are regularly reviewed and adapted as our experience grows, with client and member feedback helping inform future changes. We don’t just fire-fight today’s challenges - we look at the long-term future of pensions administration.

Further details

For further details and to keep up to date with the current position, please refer to LCP’s business continuity statement <https://www.lcp.uk.com/business-continuity-at-lcp/>