

Trustee action plan for DC schemes



Updated for The Pensions Regulator (TPR) [latest guidance](#)
27 March 2020

The Covid-19 pandemic will impact all aspects of DC schemes and will, in at least the short term, have worsened member outcomes.

All schemes will need to start by considering what contingency plans are in place to make sure their DC scheme keeps on running successfully. We find ourselves in uncertain times where the situation will develop much further over coming weeks and months.

We've summarised some key considerations and actions for trustees of DC schemes to help you understand the impact on your scheme and members.

In all decisions, as ever, it is important to be proportionate, keep long term goals in mind and follow your processes – remember pension schemes by their nature are long-term.

For further details of what the implications could be for your scheme, please contact the partner who normally advises you.



Governance



Administrator /
provider



Investment



Communications



Working with the
employer

Governance

Area	Action	Done?
Board operations	Check that appropriate measures are in place to ensure trustee business continues efficiently, and that channels of communication are working effectively between all stakeholders including boards, sub-committees, sponsoring employers, advisers, administrators and platform provider.	
Priorities	Understand what on your business plan is a regulatory requirement, a priority and what is a 'nice to have'. This will help you focus resources and time on the priorities if your standard business practices are challenged.	

Administrator / provider

Area	Action	Done?
Business continuity	<p>Ensure your administrator or provider has robust business continuity plans in place and can continue to work, invest contributions and undertake business as usual ('BAU') administration tasks from their homes.</p> <p>Ensure you understand how your administration processes would work if large numbers of their employees are unwell. Also speak to your Company Payroll department on their business continuity processes.</p>	
Focus on BAU	Consider the timing of additional projects that may put undue pressure or strain on administration resources. Speak to your administrator about their capacity and consider if any of these projects can be postponed.	
Postage	Check that your administrator / provider has the ability to post mailings out such as annual benefits statements or other upcoming planned postings. This could particularly impact communications with deferred members where you are less likely to have email addresses.	
Helplines	Check if there have been any changes to the member helplines services. Many have changed the capacity and opening hours, some have even closed. Consider additional communications to members if these services have been reduced to remind members where they can get information and financial advice.	

Investment

Area	Action	Done?
Default	<p>Keep an eye on how the default investment strategy has done. This will be where most members are invested and will be experiencing returns.</p> <p>Ask your provider or consultant for updates on the risk and return profile of the strategies to understand what members will have experienced from being in the strategy. Check that the 'lifestyling' has helped protect members closer to retirement.</p>	
Exposures	Continue to manage and review exposure to the specific risks within your default investment strategy including sector and/or fund concentration.	
Rebalancing	Check the rebalancing processes (tolerances and timing etc) currently in place. In some instances, trustees may feel it is appropriate to delay or tweak these requirements.	
Investment changes	Consider the timing of any upcoming investment changes. Speak to your provider as some may not offer pre-funding facilities or the ability to do any bulk transfers in the current market conditions.	
Fund restrictions or closures	Ask your platform provider, fund managers or consultant for updates on any restrictions or developments with any of the funds you offer.	
Legislative defaults	For fund closures for example property funds, you will likely need to redirect ongoing contributions to an alternative fund in the interim. Unfortunately, this is likely to create an 'unintended' default arrangement - remember to seek legal advice on this and if required to treat these funds like a default, for example including these funds in your SIP and Chair's statement.	

Communications

Area	Action	Done?
Close to retirement	Members who are closer to retirement will be concerned about the possible impact on their ability to retire due to their savings having been hit. Prepare communications to help members understand that 'lifestyling' is likely to have helped, not to make knee-jerk reactions, the importance of target retirement ages and how they can help improve their expected retirement outcome. Point members to where they can get further information and access financial advice.	
Further from retirement	Members who are further from retirement may also be concerned about market falls. Care must be taken not to give advice, but communications can be considered that provide appropriate and reassuring messages about pensions being for the long term.	
Scams	Unfortunately scams have increased, do remember to highlight the increased risk of scams in any communications.	

Working with the employer

Area	Action	Done?
Contributions	Understand how Covid-19 is impacting the employer and its ability to pay ongoing DC contributions. Check that payroll is working efficiently from home and will pay contributions across on time. If it is considering furloughing and / or reducing employer contributions, consider additional communications to provide some comfort to members.	
Communications	Update the employer on the messages you are sending to members as they may be sending messages internally which will go to active members.	

Want to find out more?

If you would like further information, please visit our [DC & financial wellbeing](#) page or contact one of the people below.

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