



How best to support members of DC schemes in the face of COVID-19

10 questions to decide what actions to take



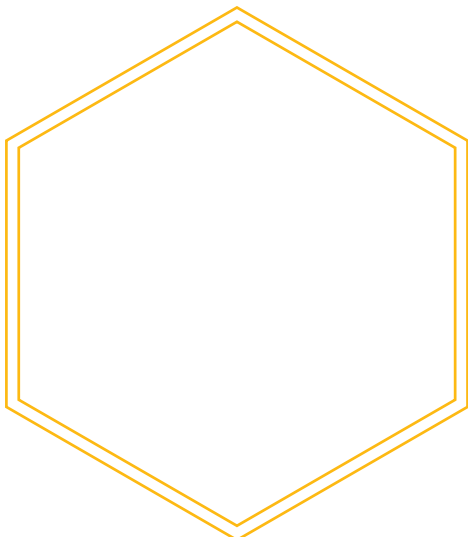
As employers and trustees react to the current environment, members may be left considering their options and wondering what this all means for their retirement savings.

We've compiled ten questions for you to consider how best to support your members at this time and continue to deliver good value to them.

"Trustees should consider how individual members might react in the current environment to headline market/fund value falls or reduction/loss in earnings. Members could make inappropriate decisions, crystallise losses or be exploited by scams."

The Pensions Regulator

Your score



1. Communications

Have you communicated with members about the impact of the market on their retirement accounts? Do you have a member website to direct your members to for more information?

2. Pension scams

Have you reviewed how your scheme currently manages the risk of pension scams? Does your administrator have agreed procedures in place to raise members' awareness to scams?

3. Members close to retirement

Do members understand what their lifestyle strategy is targeting, how their money is allocated and what level of risk is involved? Are members aware of the need to disinvest assets at retirement if certain flexibilities cannot be secured through the scheme and what this means?

4. Flexible retirement options

Do your members know what their current options are in the event they want to exercise them earlier/later? Do they know the next steps to take if they are interested in these options? Have you considered new options that can be implemented during this period?

5. Member contributions

Do your members have flexibility to change their normal and additional voluntary contributions at any time? If not, can this be facilitated in the short term?

6. Member support

Do your members have sufficient support to help them make considered and informed decisions about their investments and their retirement options? Have you considered online tools or improving access to an Independent Financial Adviser?

7. Member reaction and engagement

Do you know how your members reacted over this period? Do you have procedures in place to monitor volumes of transfer value requests and switching of investments?

How did you score?

The Pensions Regulator expects schemes to be alert to the consequences of the current environment on the members. Considering and clearly documenting responses to the 10 questions helps evidence the steps taken to key stakeholders and provide comfort that you are taking all reasonable steps to protect and inform your members.

0–4

You probably want to prioritise taking action around communications to ensure your members understand the potential implications for them and who to contact.

5–7

You may need to take additional action to ensure the options available to members remain appropriate and the end-to-end process for an engaged member has not been impacted.

8–10

Your members are likely up to date and feel they have the information they need, but it is worthwhile considering whether you can provide additional support or new options to help them during this period.

8. Administration

Have you assessed the potential impact on your administrator of the current crisis? Have you agreed which member service areas are to be prioritised?

9. Furloughed employees

Do you know what benefits furloughed employees will receive and what this may mean for their contributions and benefits? Will they later have the opportunity to make good any contribution shortfall?

10. Company update

Have you engaged with the employer to ensure your response reflects recent business announcements?

"We expect trustees to have appropriate monitoring and contingency planning in place and to be alert to risks that would have a significant consequence for their scheme and members."

The Pensions Regulator

If you would like to know more about the actions you can take to support your members, please contact us.

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