



Trustee meetings in an ongoing crisis situation

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Trustees of pension schemes – like all of us – are operating in unprecedented times. The COVID-19 pandemic has meant that, almost overnight, trustee boards have had to adapt to working remotely and getting to grips with virtual meetings.

It is not surprising that trustees, sponsors and advisers operating in these challenging times are keen to take swift action – both to mitigate the immediate impact, and to shore up their crisis resilience so they are not to be caught off guard by unfolding events.

There are two pieces to this crisis management work. In the short to medium term, trustees and sponsors need a way to manage meetings, make decisions and to move forward on agreed actions.

Longer term, there are steps schemes should take to continue operating within this restricted environment for a prolonged period. Crisis management of trustee meetings and decisions has moved beyond just finding a way to take forward the business from your next trustee meeting. It is now more about how we continue to operate in this way for successive meetings.

Immediate priority actions

To increase your scheme's robustness in the current environment, we suggest you take the following steps:

1: Review your current governance and decision-making structure to ensure it remains fit for purpose over the next few months

Ongoing monitoring will be essential, and you will need to make further decisions, potentially with limited time, on future direction.

Where boards have established emergency sub-committees, these will now kick in and start to work through schemes' business continuity plans. If you do not already have such a committee,

we recommend that one is established as quickly as possible. You need to be flexible; the nature of this virus means that your emergency sub-committee members may need to be fluid, and/or decisions be made by different groups within the subcommittee.

Trustees should be given clear roles. Availability, health and experience will be essential considerations. Keeping all relevant people informed is also vital. Where governance, investment and/or member engagement actions are being undertaken by different sub-committees, ensure that decisions and priorities are fed back. Also consider including members from those sub-committees in the emergency sub-committee to maintain understanding and to ensure informed decision making.

2: Review your scheme priorities

The right structure is necessary to ensure appropriate robustness around upcoming decisions. Administration, communication and investment are among the key areas to consider. Do you know what sort of business continuity plan your administrator has? Do you have accurate scheme data that enables you to communicate quickly with members? What investment decisions might you need to make at short notice?

Crisis resilience over the long term

Taking these steps to bolster your scheme's robustness is essential if you want to maintain productive meetings and continue driving decisions for the benefit of the scheme and members.

But there is a potential danger in operating in crisis mode. Managing meetings in this way runs the risk that a few urgent items will be pulled out for debate and decisions – with everything else parked until a future date.



While this works in the very short term, it is not a sustainable approach if this environment continues for the next 3-6 months – something that is looking increasingly probable. Schemes must find a way of delivering business as usual if this continues for any length of time.

How should they approach this?

Firstly, schemes need to revisit their business plan for the year. It is very likely that priorities may have changed. You may have additional items to consider; you may be concerned about your sponsor covenant, or cash management or an increase in requests for transfer values.

Three monthly calls, each of, say, two hours should be sufficient to replace a single trustee meeting. These calls need to be carefully managed. A trustee meeting might see between twelve and twenty people on the phone, once you have factored in trustees, advisers, the scheme secretary and pensions manager. This amount of people might be necessary but can quickly make calls unwieldy.

Consider introducing greater delegations for committees. This means that more work can be done at committee level, therefore allowing you to have fewer people on a call. That makes it easier to manage, and for people to contribute and challenge – all ensuring that decision-making remains robust.

For many schemes, their current delegations document and terms of reference may only give their committees limited decision-making powers. Sponsors and trustees should review their own documents. Where items currently need to return to the board for a decision, they might want to consider relaxing these rules.

When schemes delegate more to committees and smaller working groups, workstreams can be set up to tackle details and make decisions, reporting back at board or full trustee meeting level.

In practice, this potentially means a monthly committee meeting and a monthly board meeting. For this to work, the first step is for the Chair of Trustees to split out the scope of work into bite-sized chunks.

Looking ahead, once the trustees feel comfortable that they have got the pension scheme to a safe place and are comfortable about business continuity, it may be possible to reduce the number or duration of these meetings.

Planning to operate in a crisis means taking immediate action. It also means keeping an eye on the longer term. Successfully balance the two and you should improve your scheme's robustness.

You can read Aon's full Crisis Resilience document for DB schemes here: bit.ly/crisisresilienceDB

Aon's UK Retirement and Investment COVID-19 website is continually updated with our latest data and thinking. You can find it here: aon.io/COVID-19

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