

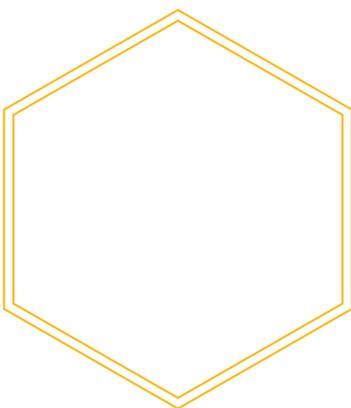
10 Questions to Test Your DC Investment Arrangements

Including responding to the impact of COVID-19

With the number of coronavirus cases still increasing around the world, and the effect of this pandemic being felt across many regions, markets and industries, not a day goes by without new predictions about the economic and human impact.

We have compiled ten questions to check the resilience of your investment arrangements to a crisis, whether it is the current situation or something else. The checklist addresses a range of areas such as member options, governance structure and market opportunities.

Your score



1. Investment performance

Do you know how the current market environment has impacted your members' savings and projected outcomes? Can you get information on your exposure to certain industries, companies, countries? What about your managers, are they performing in line with expectations?

2. Investment platform

Do you know the contingency plans of your investment platform? For instance, are they in regular contact with investment managers to understand their positioning, impact on trading costs, any strain on accepting future investments or completing transitions?

3. Funds suspensions

Do you have a strategy to redirect new contributions and notify members who want to access their DC savings if a fund suspends dealing?

4. Executing decisions

Are there sufficient systems and processes in place to allow decisions to be made and paperwork to be signed remotely?

5. Trading costs and liquidity

Have you reconsidered new investments or any other strategy changes planned? For example, what is the impact on expected trading costs and how is out of market exposure being managed?

6. Business continuity

Are you comfortable with the business continuity plans of your investment managers, investment platform and other providers?

7. Market opportunities

Can you react in a timely fashion to take advantage of market opportunities?

8. Member communications

Do you have a policy on communicating with members when there are significant market shocks and can you contact members easily?

9. Contingency planning

Can you continue to run the scheme effectively if the current situation continues for six months? A year?

10. Re-evaluate your recovery plan

Where your strategy hasn't delivered the required returns for members to achieve their retirement targets, do you have flexibility and governance to alter the glidepath to take account of this e.g. pausing lifestyleing?

How did you score?

Robust investment arrangements allow trustee boards to operate efficiently, while continuing to implement their investment strategy in an effective manner. The list overleaf is not comprehensive, but how many questions have been considered to date?

0–5 You probably want to prioritise taking action in a number of areas, to ensure that you are better positioned to respond to a crisis and can make informed decisions quickly.

6–7 You may need to make further improvements to enable you to have greater flexibility within your structure and to be better positioned to respond to potential shocks.

8–10 You are well positioned to handle the issues that might arise during a crisis, but it is worthwhile reviewing those areas which may not have been addressed to ensure you are comfortable with your arrangements.

At Aon we have a wealth of experience in supporting our clients and developing robust plans to manage shocks and get you back on the path towards your long-term target.

For our latest insights on the current crisis, and to learn more about actions you can take to review and enhance your scheme's investment arrangements, please visit our dedicated [COVID-19 Response Site](#), or contact us directly.

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