



How best to support members of DB schemes in a crisis

Including responding to the impact of COVID-19

10 questions to decide what actions to take

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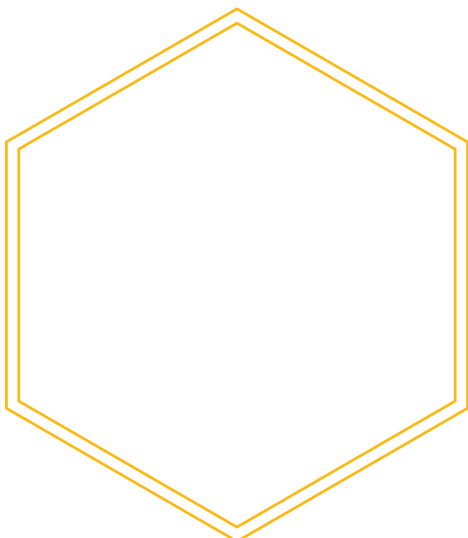
As employers and schemes react to the coronavirus, members may be left considering their options and wondering what this all means for their pension benefits.

We have compiled ten questions for you to consider how best to support your members at this time and ensure your scheme is well placed to help members.

“Trustees should give greater attention to the heightened risk of members being targeted by scammers and unscrupulous financial advisers.”

The Pensions Regulator

Your score



1. Communications

- Have you given assurances to your members that their benefits can continue to be paid?
- Do you have a member website to direct members to for more information?
- Have you communicated to your members the potential interaction between the Government’s Coronavirus Job Retention Scheme and their pension?

2. Pension scams

- Have you reviewed how your scheme currently manages the potential risk of pension scams?
- Does your administrator have agreed procedures in place to raise members’ awareness of scams?
- Have you reminded members to be alert to potential pension scams?

3. Existing options

- There is likely to be an increase in interest from members on the options available to them. Do your members know what their current options are, both in the scheme and through the pensions freedoms?
- Do they know how to access these options?

4. New options

- There may be simple options that can be introduced to help members who are facing short-term financial hardship over this period. Have you considered whether new options can be implemented to provide members with additional choice during this period?
- If applicable, is the company seeking to introduce new options to manage its costs and how will this communication be managed?

5. Member support

- Do your members have sufficient support to help them make informed decisions on current and new options and to avoid them taking inappropriate advice?
- Have you considered online tools or improving access to an Independent Financial Adviser (‘IFA’)?
- Where an IFA is in place, are they operating business as usual?

6. Member engagement

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

7. Value of options

- Are the terms for your transfer values and other scheme factors appropriate in current market conditions?

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 administrators of the current crisis?
- Have you agreed which member service areas are to be prioritised?

9. Company update

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

10. Additional savings

- Have you considered the impact on any DC holdings members may have such as Additional Voluntary Contributions?

"We expect trustees to have appropriate monitoring and contingency planning in place and to be alive 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 using the details below. Alternatively, you can email us: memberoptions@aon.com

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