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Pensions Age Virtual Conference 2020 review

✓ **In these extraordinary times, when pension schemes are faced with a whole plethora of new and unexpected challenges, it's important to reassure trustees that help is at hand. The Pensions Age Virtual Conference was launched to do just that. Francesca Fabrizi reports**

Pensions Age held its first ever virtual conference in June, giving delegates the chance to hear first-hand from industry experts about the guidance that is available to them and learn how their peers are managing the Covid-19 crisis.

The online event, which was live-streamed to hundreds of pension scheme managers, trustees, FDs, CIOs and advisers, brought together leading pension professionals and policymakers from across the industry, who presented on a range of key topics and took part in live Q&A sessions, allowing viewers to get their questions answered and their concerns aired.

Pensions Age editor and chair for the event, Laura Blows, did an excellent job of introducing the speakers and managing the influx of live questions which came in thick and fast.

The first keynote speaker was The Pensions Regulator (TPR) executive director of regulatory policy, analysis and advice, David Fairs, who gave delegates an update on the regulator's main priorities, discussed the latest guidance it had issued for schemes having to manage the Covid-19 pandemic, and also offered a longer-term view of the regulator's future aims.

"Our overriding priority is to protect savers and support the delivery of workplace pensions," began Fairs, who acknowledged that Covid-19 had created an environment of uncertainty and

anxiety for savers, as well as one that is perfect for pension scammers.

He also recognised the pressure that the recent environment had placed on trustees, administrators, employers and schemes in general, and what help and guidance is at hand to help them navigate these uncharted waters.

Fairs then outlined TPR's new corporate plan and its priorities; adding that the regulator would continue to work closely with the industry and government going forward, and confirmed that it would also be pressing ahead with its defined benefit (DB) consultation, despite the challenging environment.

DB superfunds were also in the spotlight, with TPR having published its interim regulatory regime for prospective DB pension consolidation vehicles that very morning. Fairs recognised that superfunds have the "ability to improve member outcomes and deliver benefits of scale", although warned that they were not without their risks, which needed to be managed.

Next to present was Standard Life head of proposition deployment, Donna Walsh, who tackled the thorny issue of engagement, looking at ways in which the industry can engage and empower employees to take positive steps to a better future.

"Employees have different needs throughout the different stages of their lives, therefore a one-size-fits-all

approach to communication will not work. Communication needs to be timely, relevant and we need to truly understand the needs of members. We must also adapt to change," she said.

Walsh offered examples of how Standard Life is already achieving this with its existing and ever-evolving products and services; outlined research that the firm has carried out to help better understand its members, in order to better engage with them; and showcased the innovative ways in which the company is harnessing recent developments in technology to further develop the work it has done in this area.

She also addressed the question of how Covid-19 is impacting engagement levels and how strategies need to adapt going forward. "We have a hugely important role to play in helping people with their life savings, and I am proud that we are helping people save for a better future," she concluded.

Climate risk was the next topic in the spotlight, with Sarasin & Partners institutional and consultant relations, Adam Lees, and its climate change investment analyst, Ben McEwen, sharing their holistic approach to climate change throughout the investment process.

"2019 was a monumental year for integrating sustainability into the pensions landscape; and despite Covid-19 and the disruptions and impacts to operations and activities, 2020 and the years ahead look to build on this momentum," said Lees.

He then went on to look at the Task Force on Climate-related Financial Disclosures (TCFD) framework, what it means for pension schemes, and how investors must "wield the tools available to them as owners of capital", such as utilising their votes as shareholders.



McEwen then went on to look at mechanisms by which one can integrate climate change into their investment frameworks and showcased an example portfolio that they run at Sarasin & Partners.

He showcased the carbon footprint of the portfolio, relative to the MSCI ACWI benchmark; highlighted the mechanisms by which the firm integrates climate risk into their analysis; explained how they act on the assessment of climate risk; and finally how they also make the most of the opportunities available to invest in climate change.

The next keynote speaker of the day was London Pension Fund Authority (LPFA) CEO, Robert Branagh, who continued with the sustainability theme and looked at ways in which pension funds can manage the risks posed by climate change today and going forward.

He showcased the innovative measures the LPFA has taken in this area, outlined examples of good practice and offered helpful hints and detailed observations on how LPFA is helping respond to climate change [see p40].

He also provided an overview of the LPFA's progress in addressing the challenges posed by climate change, touching on the rationale for what the authority has been doing, including its policy and the drivers behind it; the results of the policy; details on its Transition Pathway Initiative; and finally the LPFA's plans for the future in this space.

The investment theme continued into the morning, with World Gold Council chief market strategist and managing director of research, John Reade, explaining the difference gold can play in a portfolio as a standalone asset compared to broader commodity indices.

"Institutional investors continue to embrace alternatives to traditional stocks and bonds in pursuit of

diversification and higher risk-adjusted returns. For those adding commodities to the alternative segment of their portfolio, many gain access to gold via a commodity index but this exposure fails to showcase gold's role as a strategic asset," he argued.

Reade also explained how gold stands apart from commodities as a differentiated asset, having delivered better long-term risk-adjusted returns than other commodities; is a more effective diversifier than other commodities; outperforms commodities in low inflation periods; has lower volatility; is a proven store of value; and is highly liquid.

He also looked at the environmental, social and governance (ESG) aspect of gold and what evidence there is that gold is a climate-mitigating risk asset. "Climate change is increasingly driving investment decisions and re-shaping approaches to portfolio risk. Because of its diverse sources of demand, lack of credit risk and track record as an effective hedge, gold is likely to perform better than most mainstream asset classes under different climate scenarios," he explained.

The third keynote speaker of the day was the Pension Protection Fund (PPF) panel manager, Helen Beckinsale, who introduced the PPF's new Trustee and Support Services Panel, which has been appointed to provide advice where a sponsoring employer is in stressed or distressed circumstances or expected to enter a PPF assessment period.

Beckinsale outlined why the panel was needed, how it was developed, the issues it advises on, and how to access it.

She also explained how she sees the panel evolving: "We genuinely hope that people can utilise the skills and services that the individual firms [on the panel] can offer, and that it can help trustees ensure that they can best protect

members' benefits and get the best outcome for them. It could even reduce the number of claims on the PPF, which would be a huge benefit and success if that were to happen."

All in all, she added, by introducing the panel, the PPF hopes to improve the pre- and post-insolvency experience for both members and levy payers.

The final keynote speaker of the day was Minister for Pensions and Financial Inclusion, Guy Opperman MP, who began by thanking the pensions industry for the great effort it has made "to ensure that pensions survive in these tricky times".

He outlined the steps the government has taken to ensure there is ongoing support for pension savers, schemes, trustees, employers and pensioners during the Covid-19 emergency; and also acknowledged the importance of reducing the potential impact on auto-enrolment (AE), which he said remains a key priority for government.

The Minister then went on to praise the information that TPR and FCA have provided in relation to the pandemic; looked at the risk of scams, acknowledging the excellent work the industry has done on this topic; and looked at the highlights and his hopes for the Pension Schemes Bill.

Finally, he spoke about the importance and relevance of the TCFD; offered updates on consultations in progress; and reflected on the work he and his team are undertaking to improve pension provision for the self-employed.

Pensions Age would like to thank all the speakers, sponsors and delegates who helped make the event such a success.

The Pensions Age Virtual Conference is available to view at www.pensionsage.com/virtualconference/recording

Written by Francesca Fabrizi