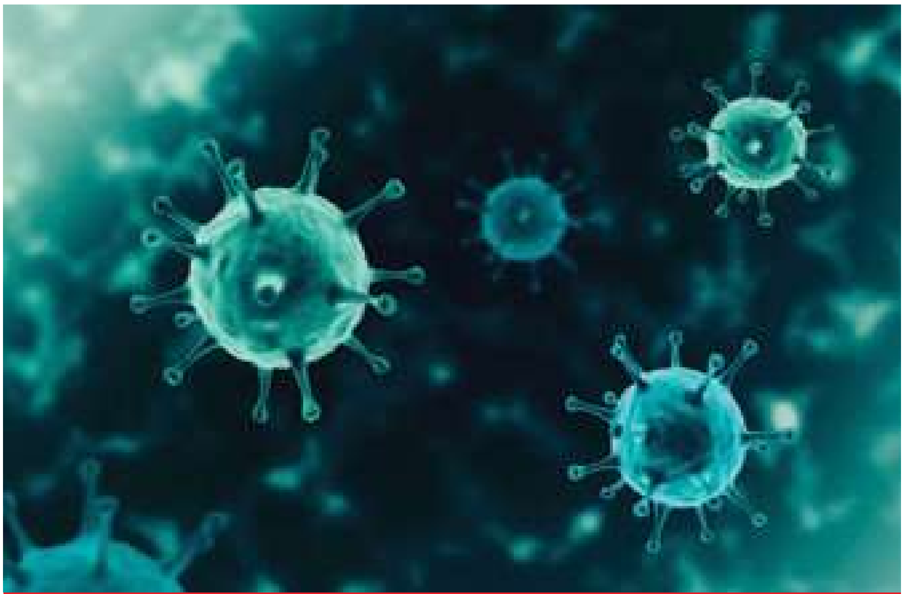
Covid-19 guidance round-up

In response to the Covid-19 crisis, the government and regulatory bodies have been issuing regular guidance on how to minimise the negative effects on savers, schemes and the industry



TPR urges trustees to form contingency plans in response to Covid-19

The Pensions Regulator (TPR) says it expects trustees to have contingency plans in place and be "alive to risks" in response to the coronavirus. It adds that they should have a business continuity plan setting out strategies for dealing with events that could impact their schemes, stressing that trustees must understand what contingencies are in place to deal with issues such as staff shortages. The guidance urges trustees to prioritise certain scheme activities, such as pension payments, retirement processing and bereavement services, and to pass the information on to administrators and providers.

Updated TPR guidance tells employers to meet contribution requirements

In TPR's second Covid-19 guidance update, the regulator emphasises that "employers need to continue contributing" throughout the outbreak. The regulator states that it will take a "proportionate and risk-based approach towards enforcement decisions, in light of these challenging times", also acknowledging the strain put upon employers by the outbreak. Trustees are also called upon to confirm priority order in the event of under-resourcing, stressing the need to communicate this with administrators and providers.

DWP confirms Covid-19 pension process changes

The Department for Work and Pensions (DWP) issues further guidance on changes to pension processes being introduced as a result of Covid-19. Its *Pension Schemes Newsletter* confirms details on rent and loan payment holidays, as well as addressing issues around obtaining 'wet signatures'. The changes apply for a preliminary period of three months, when a review will be undertaken. The department highlights that whilst a payment holiday would usually require an independent valuation to confirm it was on a commercial basis, this will not apply for the time being.

DRC suspensions to be allowed by TPR

TPR confirms easements for employers to suspend deficit repair contributions (DRCs) as part of its 30 March Covid-19 guidance. The guidance also includes provisions around scheme valuations and transfer requests. However, it clarifies repeatedly that TPR has no power to waive statutory duties, but that the regulator would make allowances in terms of its enforcement activity to provide easements for schemes amid the pandemic. TPR also tells trustees to be open to requests to reduce or suspend DRCs.

Pasa publishes Covid-19 guidance for administrators

The Pensions Administration Standards Association (Pasa) publishes Covid-19 guidance for pension scheme administrators. The priorities in the guidance are aligned with those outlined

by TPR, including continuing to pay promised benefits, ensuring funds are available, and keeping records of any ongoing work. It highlights basic enablers as a crucial tool in the current remote working environment, identifying around 12 basic enablers for administrators to consider. These include daily operations and leadership calls, planning for critical task, reviewing cashflow policy and communicating with members.

TPR issues Covid-19 guidance for scheme administration

The regulator urges trustees to work flexibly with their scheme administrators to ensure the delivery of critical processes, emphasising that the pandemic had placed huge pressures on the administration of pension schemes. It states that this would likely affect non-critical scheme and member services, and service level agreement targets, adding that breaches were also likely to occur in certain areas. TPR suggests trustees reduce non-critical demands and queries, and agree any changes in operating procedures, such as allowing electronic signatures, to support administrators in the crisis.

FCA publishes consumer support guidance for providers and DB transfer advisers

The FCA releases updated consumer support guidance for pension providers and DB transfer advisers during the Covid-19 pandemic. It warns that providers must still steer clear of giving regulated advice by pointing customers towards specific changes to their investments but explains that clients should be supported with the information to make well-informed decisions. The regulator notes that consumers wanting to withdraw funds from their pensions early should still be notified of the availability of free and impartial pensions advice, encouraged to take regulated advice and questioned to identify possible risks.

Employers' AE duties 'continue to apply as normal' – TPR

Employers' auto-enrolment (AE) duties towards their staff will continue to apply as normal, despite the ongoing challenges posed by the coronavirus, TPR states. The regulator's new guidance update says that this includes paying minimum contributions, as well as re-enrolment and re-declaration duties. However, if an employer has put a worker on the Coronavirus Job Retention Scheme, then the government will cover the minimum AE contribution of the furloughed employee's 80 per cent salary. Furthermore, those struggling to complete re-enrolment duties on the third anniversary of their staging or duties start date will be able to choose a later date by up to three months.

TPR outlines 'flexible approach' in updated Covid-19 reporting guidance

TPR's 9 April Covid-19 guidance on reporting duties and enforcement activity outlines plans for a 'flexible approach'. The regulator confirms that it would be adopting a more pragmatic approach to what must be reported and its enforcement action amid the Covid-19 crisis. It outlines changes to reporting requirements that support this approach, stating that if a breach can be rectified in less than three months and does not negatively impact savers, then there is no need to report it. However, schemes should keep a record of any decisions and actions relating to breaches.

TPR issues guidance on pension contributions in salary sacrifice arrangements

The regulator highlights that when employers are calculating the pension contributions of furloughed workers with a salary sacrifice arrangement, any contractual and pension scheme rule obligations will continue to apply as normal. It adds that the existence of the grant available under the Coronavirus Job Retention Scheme does not change an employer's usual pension contribution payment obligations or processes in salary sacrifice arrangements. TPR warns that employers may need to amend their payroll processes to calculate the contribution under the scheme rules where a salary sacrifice arrangement is in place.

Trustees requested to warn savers against pension transfers

TPR asks trustees to warn DB scheme members looking to transfer to DC schemes against doing so during the Covid-19 pandemic. In its latest guidance update, TPR calls on trustees to send letters to relevant members, warning them of the risks amid the crisis and urging them to consider the decision carefully. The regulator says that due to ongoing market volatility, and uncertainty for businesses and personal finances, members may be more likely to make 'knee-jerk decisions' that affect their pensions.

Written by Jack Gray