Pensions & COVID-19: What Employers and Trustees Should Know

Stephen Gillick, Partner, Mason Hayes & Curran
Jerry Moriarty, CEO, Irish Association of Pension Funds
Pensions Authority Covid-19 Announcement

• The Pensions Authority Covid-19 announcement:
  • Contact Service Providers
  • Confirm Ongoing Compliance With Providers
  • PA Will Take Into Account Current Circumstances
  • Expectation - Reasonable Efforts and Proactive
  • PA Cautions Against Immediate Investment Decisions Unless Necessary

• Further guidance on the suspension of contributions expected

• Criminal liability for non-remittance of contributions
Trustees and Covid-19 (1)

• Immediate Concerns
  • Conflicts of Interest (where trustees are employees and/or shareholders) – Identify and Manage.
  • Data Protection Issues
  • Meeting formalities
    • Covid-19 response committees
    • Remote meetings allowable?
  • Statutory time limits – remittance of contributions/ TAR preparation?
  • Cash availability for payment of benefits
  • Moratorium on DB Transfers Out??
Trustees and Covid-19 (2)

- Business Continuity Plan for the scheme
  - Amendment required to deal with global pandemic?
  - Contingency plan for failure?

- Identify who is responsible for critical activities

- Contact with the sponsoring employer and key service providers

- Remaining updated on the employer’s business continuity plan
Contributions

- Key – Trust Deed & Rules & Employment Contract
- Revenue Requirement – Meaningful Requirement

- Defined Benefit Schemes:
  - Pensionable Service
  - Employer - Contribution holiday request
  - Impact on Funding Proposals – defer payment?

- Defined Contribution Schemes:
  - Employer proposal to suspend contributions
  - Temporary Absence Rule
  - Member requests to suspend contributions
Funding Obligations

- DB employer failure to meet obligation
- Wind-up triggers
- Employer Covenant
- Contingent assets
  - Valuation
  - Enforceability
Investments

- Highly volatile period
- ESG Principles
- Avoid “knee-jerk” reactions
- Risk of “safe haven” scams
- Importance of member communications on expected delays to fund switching or transfer values
Emergency Measures in the Public Interest (Covid-19) Bill 2020

• Both the Bill and Revenue FAQ silent on pension contributions

• UK scheme will cover:
  • costs of employers' National Insurance (NI);
  • and pension contributions at the automatic enrolment (AE) minimum level of 3%.
Death In Service Benefits

- Insurance policy “event limit” or “catastrophe limit”
- Letters of wishes
- Prioritising bereavement requests
Regulatory Matters

- IORP II Implementation
- State Pension Age
  - Election promises vs post-pandemic reality
  - Social Insurance Fund impact
- Automatic Enrolment
  - 2022?
Thank you