

#PensionsTensions

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Presenters



Clifford Sims

Partner, Pensions

T +44 20 7655 1193

E clifford.sims@squirepb.com



Catherine McKenna

Partner, Pensions

T +44 113 284 7045

E catherine.mckenna@squirepb.com



Jessica Cheek

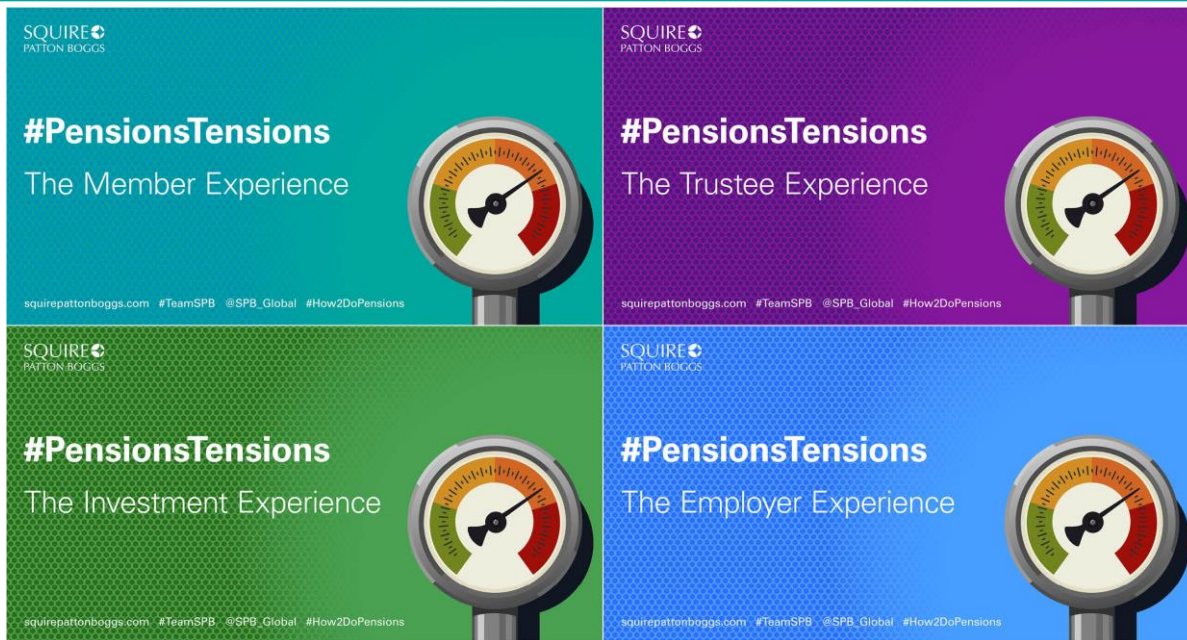
Professional Support Lawyer, Pensions

T +44 121 222 3725

E jessica.cheek@squirepb.com

#PensionsTensions

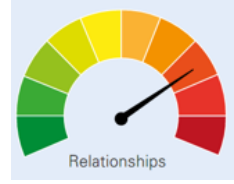
And the #PressureMeasure



This presentation has been prepared as a general guide and does not constitute advice on any specific matter. We recommend you seek professional advice before taking action. We accept no liability for any action taken or not taken as a result of this information.

The Employer Experience

Relationships



**Balancing corporate objectives with
good trustee relations**



**Information sharing
protocols and
confidentiality agreements**



**Conflicts of interest
policies**

The Employer Experience

Affordability - Has the Pandemic Made DB Schemes Unaffordable?



What Options are Available to the Employer?

**Reducing/suspending
deficit repair
contributions**

**Corporate Insolvency
and Governance Act
moratorium provisions**

**Favourable pricing in
buy-out market**

Superfunds

**RPI reform consultation
– possibility of
legislative changes?**

The Employer Experience

Regulatory Challenges



Pension Schemes Bill and New Powers for The Pensions Regulator

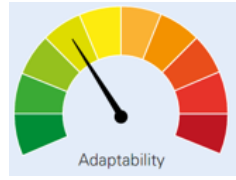
- Increase in maximum civil penalties to £1 million
- New offences of “avoidance of employer debt” and “conduct risking accrued scheme benefits”
- Section 72 notices – civil penalties would also be available to TPR
- Knowingly or recklessly providing false information to TPR/Trustees – up to £1m fine
- “Declaration of Intent”
- New notifiable events

New DB Funding Code

- Consultation closes 2 September 2020
- Twin track compliance regime proposed – fast track and bespoke
- Long Term Objective – this should ensure that by the time a scheme reaches significant maturity it is fully funded on a low dependency basis with investments that are highly resilient to risk – long term goal of buyout?
- Following this consultation, DWP will draft regulations and TPR will proceed to its second consultation on the code

The Employer Experience

Adaptability



Is the current scheme fit for a post COVID-19 workforce?

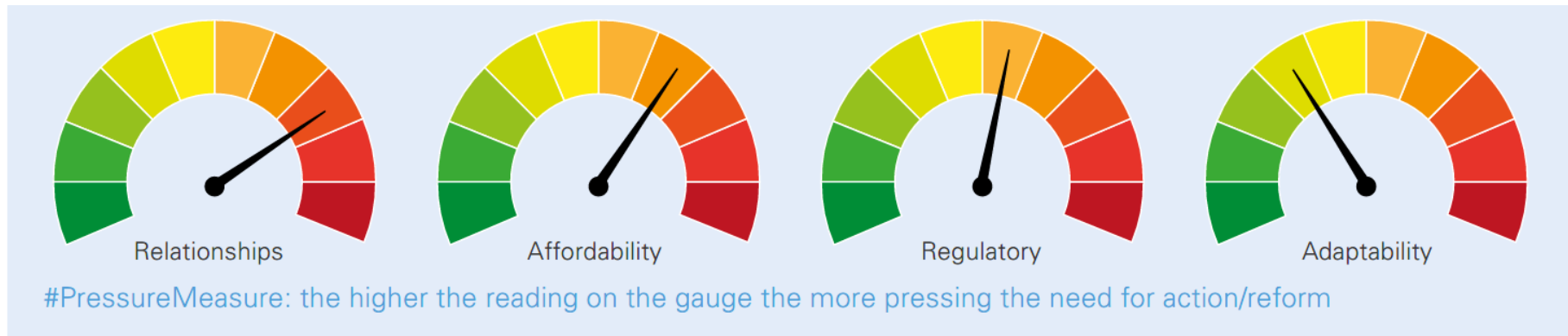
**Increased flexible
working?**

**Early
retirements?**

**Covenant
COVID-19 (and CIGA)?**

The Employer Experience

#PressureMeasure



The Member Experience

Engagement



How much attention do individuals pay to pension saving?



Source: Office for National Statistics, Wealth and Assets Survey

Source: Office for National Statistics, Wealth and Assets Survey

April 2018 to March 2020	Percentage (%)																Unweighted Total	Weighted Total
	Low income/ not working/ still in education	Too many other expenses/ bills/ debts	Can't afford to (general)	Too early to start a pension	Too late to start a pension	Don't know enough about pensions	Not interested, not thought about it/got around to it	Prefer alternative forms of saving	Not eligible/ employer doesn't offer a pension scheme	Employers scheme not attractive/ generous	Not staying with employer/loo king for a new job/recently changed jobs	Past pension arrangements are adequate	Don't think I will live that long	Do not trust pension companies/ schemes	Other	Don't know (SPONTANEO US ONLY)		
16-29	60	10	15	16	0	12	7	5	6	0	3	0	1	2	5	5	886	3,687,000
30-39	53	22	24	4	1	16	8	8	3	1	4	0	3	4	8	2	877	3,247,000
40-49	54	20	27	1	2	8	5	10	3	1	4	1	3	4	7	3	1,129	2,617,000
50-59	49	13	22	0	8	5	5	8	3	1	4	10	4	5	10	2	1,858	3,580,000
All persons	54	16	22	6	3	10	6	8	4	1	4	3	3	4	8	3	4,750	13,130,000

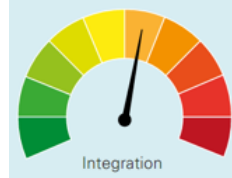
Source: Office for National Statistics, Wealth and Assets Survey

Notes:

1. Figures may not sum to total and percentages may not sum to 100 due to rounding.
2. Includes adults under 60 years old who are not in receipt of or contributing to a pension.

The Member Experience

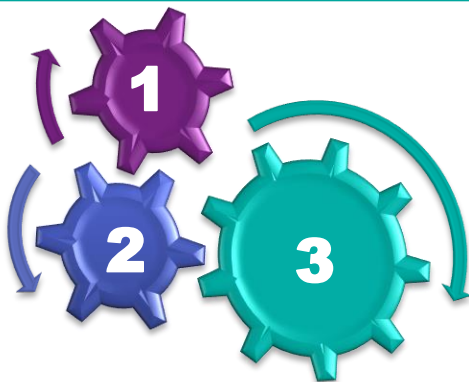
Integration – How Do Pensions Fit With Other Finances?



1

Younger generation

- Housing costs
- Student debt
- High insurance costs (e.g vehicle required for work)
- Childcare costs



2

Older generation

- Helping children
- Helping elderly parents

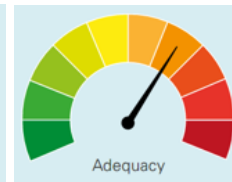
3

Other obstacles to individuals taking control

- Consolidation of own pots
Pension Schemes
Bill conditions and contingent charging
- Pensions scams
Sometimes a failed attempt to integrate with other finances?

The Member Experience

Flexibility and Adequacy



Flexibility

Choice within the pensions market



Adequacy

Are people saving enough for retirement?



The Member Experience

#PressureMeasure



Engagement



Integration



Flexibility



Adequacy

#PressureMeasure: the higher the reading on the gauge the more pressing the need for action/reform

The Trustee Experience

Resilience



Adapting to a new way of working

- ✓ Remote working and changes in working patterns
- ✓ Virtual meetings
 - ☐ Check Deed and Rules
 - ☐ Check articles of association of corporate trustees
 - ☐ Check sub-committee terms of reference
 - ☐ Executing documents
 - ☐ Secure meetings

☐ Review trustee policies/protocols

Examples

- ☐ Risk register
- ☐ Conflicts of interest
- ☐ Data protection
- ☐ Data security
- ☐ Privilege protocols

☐ Insurance contracts

The Trustee Experience

Quality



The right benefits at the right time

Overpayments/
Underpayments

Pre-emptive
benefit
specifications

GMP
equalisation

Pensions
dashboards

The Trustee Experience

Quantity



Managing workloads

Business planning

**Managing issues arising
from employer assistance**

Contingency planning

Furloughed employees

**Delegation to
sub-committees**

Trustee training

The Trustee Experience

Evolution

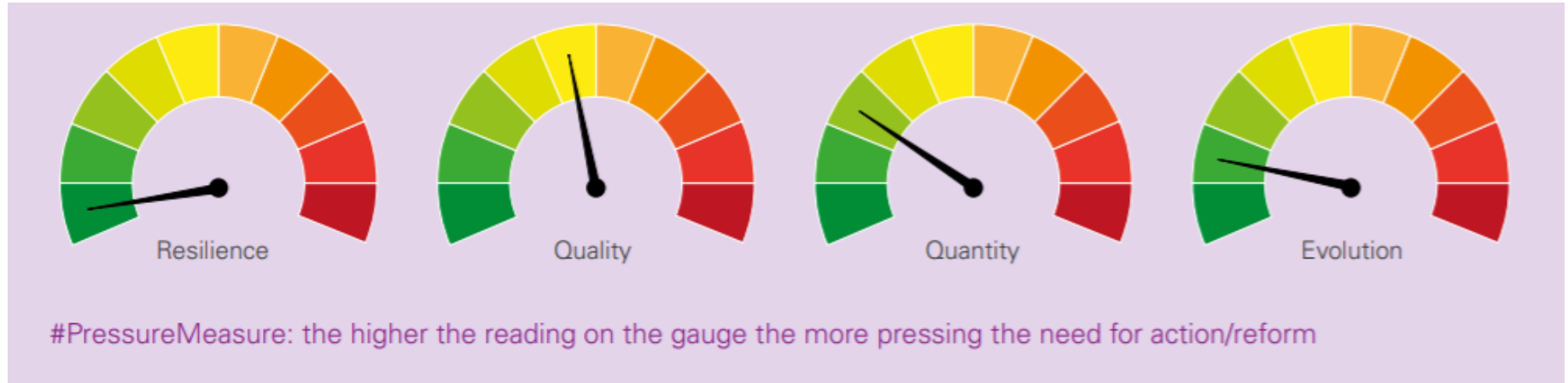


- Challenges recruiting lay or member nominated trustees
- Trustee protection
 - Corporate trustee structure
 - Insurance
 - Take advice, obtain information and keep records of decision making
- Use of professional trustees
 - Accreditation



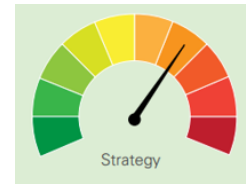
The Trustee Experience

#PressureMeasure



The Investment Experience

Strategy



Has the pandemic created the perfect storm for re-examining asset allocation?

- Gilt yield movements
- Impact on different asset classes
- Corporate behaviour – response to pandemic and government assistance
- ESG: No longer a nice to have?
- Members seeking a greater say in investment strategy



The Investment Experience

Control



So what should trustees be doing? And how well equipped are they?

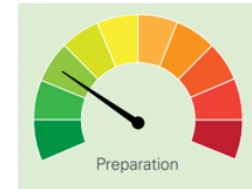
**Re-examine
investment
beliefs**

**Look under
the bonnet of
your
investments**

**Contingency
planning and
PR strategy -
activist and
member
challenges**

The Investment Experience

Preparation – Heading off the Challenges



- ✓ Good governance
- ✓ Know the terms of investment management agreements/fund documents
- ✓ Revise SIPs
- ✓ Prepare implementation reports
- ✓ Follow the recommendations of the TCFD
- ✓ If in doubt – take legal advice!



The Investment Experience

Opportunities in rebuilding the UK economy



Infrastructure: a pressing case?

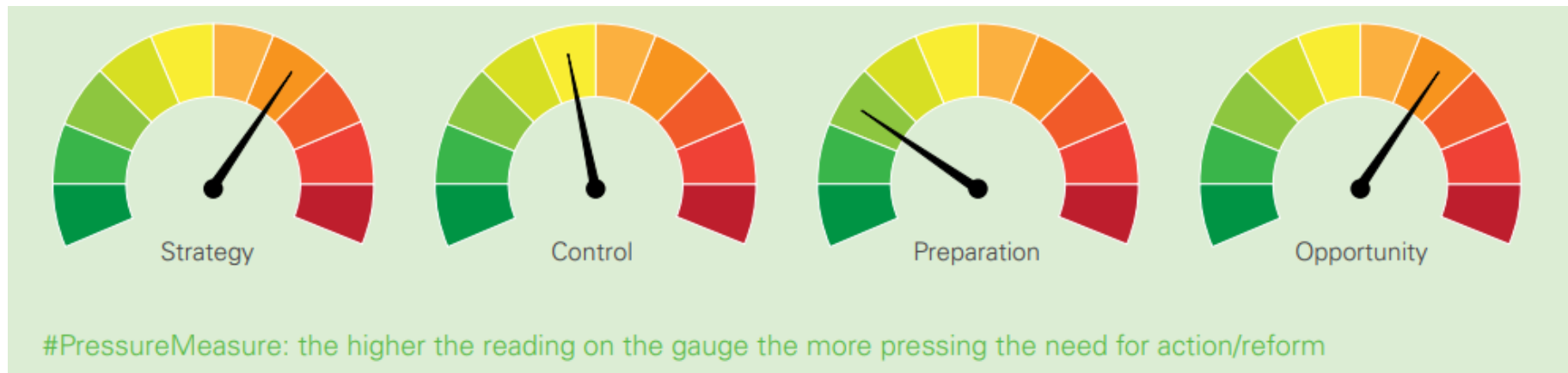
Challenges for investors:

- Liquidity
- Scale and resources
- Political risk



The Investment Experience

#PressureMeasure



And Finally.....

Any Questions?



We Are Where You Are

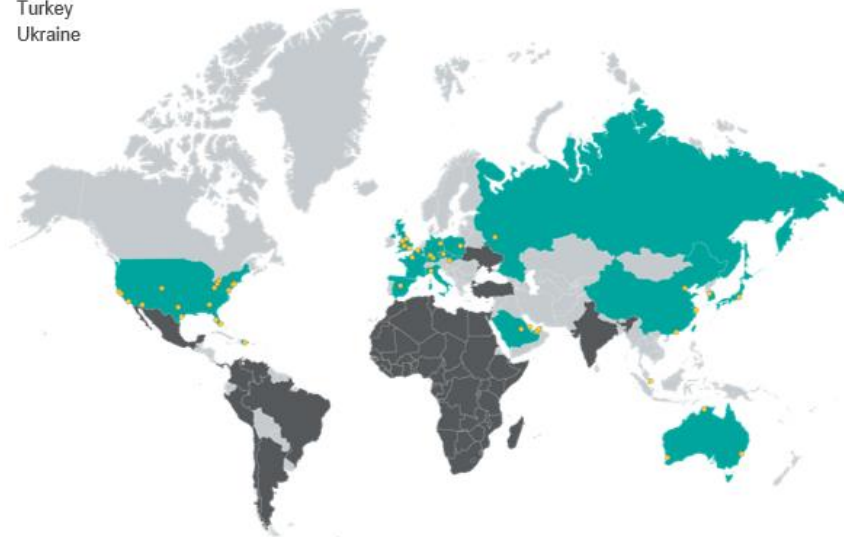
Abu Dhabi
Atlanta
Beijing
Berlin
Birmingham
Böblingen
Bratislava
Brussels
Cincinnati
Cleveland
Columbus
Dallas
Darwin
Denver
Doha
Dubai
Frankfurt
Hong Kong
Houston
Leeds
London
Los Angeles
Madrid

Manchester
Miami
Milan
Moscow
New Jersey
New York
Palo Alto
Paris
Perth
Phoenix
Prague
Riyadh
San Francisco
Santo Domingo
Seoul
Shanghai
Singapore
Sydney
Tampa
Tokyo
Warsaw
Washington DC

Africa
Brazil
Caribbean/Central America
India
Israel
Mexico
Turkey
Ukraine

■ Office locations

■ Regional desks and strategic alliances





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