

TPR issues guidance on communicating to members during COVID-19



Introduction

On 29 April 2020, TPR published [guidance on communicating to members during COVID-19](#). It is designed to help members avoid making hasty decisions during these uncertain times.

Key points

- The guidance is primarily aimed at trustees, but TPR also expects it to be followed by anyone involved in preparing member communications (eg pensions managers and scheme administrators).
- “For the foreseeable future”, TPR is asking trustees to send DB members who request a CETV quote a [template letter](#) which sets out certain points they should consider before making a decision and where they should go for impartial guidance. The template was prepared jointly by TPR, the FCA and TPAS.
- TPR recognises that trustees may tailor their approach for their situation and members.

Background

With COVID-19 causing market volatility and uncertainty for businesses and personal finances, TPR is concerned that “pension members could be at risk of making knee-jerk decisions which hit their pensions”. It believes that trustees (or others involved in pensions communications) can help prevent members taking actions they may later regret by “urging them not to rush decisions and providing them with clear, relevant and timely information so they can make informed decisions”.

Administration

As these are worrying times, TPR states that members should be informed about the steps trustees are taking to continue running the scheme. It also reminds trustees of the importance of accessible member support services and the need to keep members up to date with any changes or disruptions to them. In particular, if there are problems, trustees should provide the following information:

- the types of member services impacted, including the reasons for any change, delay or disruption

- the steps being taken to restore normal services, including timescales
- whether there are temporary changes to service levels for processing member requests and what these timescales are (for example processing DB CETVs)
- in the case of delays to annual publications and/or member communications (such as annual benefit statements), a timescale for when trustees expect these to be published and/or issued.

Members requesting benefits / transfers

Concerned that the crisis may prompt members to consider moving their pension savings, or accessing their benefits when they would not otherwise have done so, TPR asks trustees to support members in making an informed decision by:

- providing [appropriate warnings of the risks and implications of their chosen option](#) (as required where members are seeking to access DC benefits). TPR also directs trustees to [FCA guidance](#) for assistance with outlining member risks
- encouraging members to take regulated independent financial advice to understand their options. (Where a DB transfer value is more than £30,000, and members want to transfer benefits to a DC scheme, they are [required by law](#) to take advice from a financial adviser firm who is authorised to advise on transfers by the FCA.)
- encouraging members to [ask questions of their financial adviser](#) to identify any increased risks associated with how the member has decided to access their pension funds
- highlighting the [free and impartial pensions guidance offered by Pension Wise](#).

DB to DC transfers

As ever, TPR is clear that “transferring out of a DB pension scheme into a different type of pension arrangement is unlikely to be in the member’s best long-term interests”. In addition to the above it therefore asks trustees dealing with DB to DC transfers to:

- issue a [template letter](#) (prepared by TPR, the FCA and TPAS) to all members requesting a CETV quote
- actively monitor the number of requests for CETV quotes and which advisers are supporting the members’ requests. Trustees should [report](#) any unusual or concerning patterns (such as spikes in requests, or the same adviser across a multitude of requests) to the FCA.

Stopping contributions and ceasing membership

Where members request to cease membership, TPR advises trustees to make them aware that they:

- will lose future employer contributions
- may lose any other benefits that scheme membership provides, such as death in service and survivor benefits
- can contact TPAS for guidance.

As the COVID-19 pandemic is brought under control, TPR suggests that trustees may want to contact members who have left the pension scheme and remind them of any rights they may have to opt-in or re-join.

Pension scams

With the financial impact of the pandemic potentially making members more vulnerable to scams, trustees should, among other matters:

- help members get to know the warning signs of a scam (see [ScamSmart](#))
- always do due diligence when a member asks to transfer their pension and use [TPR's scheme transfer checklist](#)
- follow the [PSIG code of good practice](#)
- direct savers to [TPAS](#) for guidance on how COVID-19 may have affected their pensions.

DC investments and market volatility

Falls in the markets and individual fund values may prompt members to switch investments (crystallising losses), discourage them from saving, and make them especially vulnerable to scams promising better returns. TPR advises trustees to highlight certain points in any upcoming communication (such as an SMPI), including:

- what current market volatility might mean to members retiring over different future time periods
- the need to think carefully and consider getting investment advice before switching funds in the current market (to avoid crystallising losses)
- the current danger of scam activity.

Next steps

Trustees should review their current approach and adapt it, where appropriate, to take account of the above. For assistance and advice, please speak to your usual Sackers contact.

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