



PASA GUIDANCE

COVID-19 Guidance for Administrators

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1. Introduction

In the space of a few weeks the world has changed for us all. The COVID-19 pandemic represents a once in a generation global shift, and for us in the world of pensions, business resilience and agility during these next few months will be critical in ensuring members are protected. Pension administrators will need to transform their way of working, to enable their people to deliver effective remote services to clients and members. They will need to effectively liaise with trustees and other advisers to ensure adequate measures are in place and daily operations continue. While at the same time reassuring members their benefits are safe - a huge task.

Administrators are flexing their working practices and testing their Business Continuity Plans to ensure Government's Covid-19 guidance for people to follow social distancing and work from home wherever possible can be met. Whether a commercial Third Party Administrator, or an in-house department, the challenges are similar - to ensure members benefits aren't detrimentally affected by this total change to working practices. This will, of course, be easier for those administrators with *well designed and regularly tested* Business Continuity and Disaster Recovery Plan. They will be well positioned as they have the technology to accommodate the challenges of delivering administration and projects remotely. In these extraordinary times, even for these administrators, some Disclosure Requirements and scheme SLAs are at risk. Inevitably some administrators will be caught off guard and there will definitely be slippage of from these. If the administrator has kept trustees informed this shouldn't come as a shock. Those with existing flexible technology and remote working policies already in place may be able to deliver best practice from day one. Those who don't will need to agree prioritised processes with trustees. All administrators will need to engage with all stakeholders on any new working practices and their impact on day to day service or special projects in train.

Whilst there's uncertainty as to when this pandemic will end, administrators must continue to carry out a range of operational processes and services, and those will need prioritising. This is not because other processes aren't important but in these extraordinary times, making sure pension schemes deliver promised income to members is what matters most. Both trustees and administrators will need to agree what comes next.

2. Priorities

[The Pensions Regulator's Covid-19 Guidance](#) offers clarity on what administrators should be prioritising. We agree administrators' priorities should be:

- Ensuring sufficient funds are held to settle benefits and other scheme expenditure
- Maintaining evidenced accuracy for benefit calculations
- Keeping good records of any work in progress

Administrators conversations with trustees should be focused on making sure they can deliver these priority processes so:

- Pensioners continue to be paid
- Cashflow is managed
- Retirement and death cases are processed
- Contribution payments are invested
- Disinvestments are timely
- Pension increases are calculated
- Members have appropriate communication

We agree with TPR's view that the priority for both trustees and administrators should be to meet payments to pensioners when they are due, as well as to any member on death. Pensioners are the most vulnerable category of members, even more so now, when those over the age of 70 are isolated from friends and family. Administrators must ensure they receive an uninterrupted income - this means making sure pension payroll runs on time. On bereavement, administrators must remain sensitive, but ensure any death benefit is settled quickly. This may mean altering protocols for agreeing discretionary benefits.

3. Basic Enablers

We identified the basic enablers required when remote working to meet pension scheme priorities as:

- 1) Daily operations and leadership calls to ensure member facing team members and management are joined up and up to speed on developments as they unfold
- 2) Planning for the critical tasks of running pensioner payroll and settling benefits to ensure these continue uninterrupted:
 - a) In the event of wider spread of the virus, this could mean slippage on non-priority tasks resulting in Disclosure Breaches, lower SLAs or other quantitative measures
- 3) Reviewing cashflow policy to ensure it remains sufficient for both investments and disinvestments. Administrators may need to hold more than the usual amount of 'float' at bank in case disinvestments later become tricky:
 - a) Administrators should be working with investment managers and AVC providers to move away from wet signatures, which are becoming increasingly difficult to turn around quickly
- 4) Communicating to members assuring them their benefits are secure (DB) or providing information on long term investing if they are seeing the fall in markets impact on their DC funds. If significant volumes of queries are received, this could impact on the administrator's ability to meet priorities. Schemes should consider issuing additional member communications:
 - a) Through a member portal, or
 - b) Through a separate communication exercise
- 5) Encouraging clients and members to use secure websites or the administrator's encrypted message system to send any correspondence
 - a) Where none is available, emails shouldn't contain any unencrypted data
- 6) Ensuring someone has responsibility to pick up and scan in post from office(s) to the system's electronic data storage:
 - a) All office-based employees should be able to operate social distancing, or
 - b) The function should be outsourced/centralised

- 7) Payments out should be made electronically and any clients still using manual payments in, such as cheques, should be directed this is now mandatory
- 8) Investment of DC contributions and investment instructions (including switches) is time critical. Straight Through Processing (STP) helps and many administrators have adopted it. But even if the administrator operates STP, not all managers do.
 - a) Given recent market volatility, timely processing of all transactions is crucial. Communications highlighting the risks involved in switching when markets are so volatile can be helpful. Adequate provisions for getting authorised signatories (internal/trustee/investment managers) should be in place and be able to operate in a remote working environment
- 9) Testing laptops for long term remote working. This means they should have appropriate security protections. There should be clear parameter controls on any facility to print locally. Any distribution of multiples of new laptops rolled out quickly could be a risk, unless carried out in line with formal policy:
 - a) If employees are using their home WIFI, speeds should have been checked to ensure productivity is not unduly hindered through slowing of the network
 - b) If the administrator is leveraging employees' own hardware, appropriate checks will need to be in place, particularly on anti-virus software
- 10) Access to all the administrator's systems should allow employees the same levels of authority as if they're working in their office. It also means work can be re-assigned by a team leader or manager in the event they become ill
- 11) Warning all employees working remotely about the increase in scamming, particularly phishing attempts. Members are also at risk and should be alerted to increased pension scams
- 12) Client meetings should be conducted via telephone or video conference. No face to face meetings should be taking place until the Government eases its advice

Only when the basic enablers are in place and priorities are being met, can conversations move to medium term and 'second order' processes, which could include:

- Transfer value requests
- Issuing annual benefit statements
- Ongoing projects e.g. reconciliation and rectification

4. Higher Level Enablers

Clearly all administrators should aspire to adopt best practice for delivering administration services to trustees and members in this current remote working environment. Ultimately this depends on leveraging cutting-edge technology and supporting processes - this will not be possible for all. Many administrators can support fully functional remote working by:

- 1) Adoption of common working practices across offices and teams ensures services won't be interrupted should resources become tight because the virus has spread throughout the population
- 2) Paperless working is imperative for pension administrators and other critical functions, such as pensioner payroll. All necessary documentation and systems should be accessible remotely via a Virtual Private Network (VPN)
 - a) There will be administrators where paper files are still a reality. If this is the case, there should be a formal process for maintaining and disseminating this information
- 3) All employees working remotely should have appropriate supplementary equipment e.g. headsets and chargers so they can function professionally in their own homes
- 4) All calls to administration teams should divert to individual's laptops or mobiles and they should be able to transfer a call in a similar way as they would in an office
 - a) Where contact centres are part of the operating model, flexible contact centre technology means they can work remotely effectively
- 5) Where possible, administrators should be adopting biometrics or other methods of identification verification avoiding the need to post valuable certificates
 - a) If this is not widespread and does not cover all processes, there should be a way of ensuring members' certificates and documents are returned quickly by tracked and 'signed for' (contactless receipt) post - ideally within 24 hours
- 6) To ensure employees don't become isolated when remote working, team chats and video conferencing should be regular - preferably daily
 - a) Poor mental health affects productivity and accuracy. Therefore employee wellbeing can't be ignored

Finally, has the administrator acted as a responsible employer? Have they furloughed any employees? Are they paying full pay for people self-isolating, or stranded through Covid-19? We would expect most will but it's a good question to ask, because when normality returns, they'll be judged on these behaviours. This could affect their future ability to resource their administration teams.



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