



## Defined Benefit (DB) schemes can delay transfers by up to three months

The Pensions Regulator (TPR) has published guidance which will allow employers to temporarily cease their DB responsibilities for up to three months in response to the ongoing COVID 19 crisis.

### Transfers

- Trustees may suspend cash equivalent transfer value (CETV) quotations and payments. This will provide trustees with a longer timeframe in which to calculate CETVs due to the economic uncertainty caused by coronavirus.
- Following the three months, trustees may continue with the CETV suspension or delayed quotation if this is in the best interest of their members. Trustees should be clear on the reasons to do so and they should notify TPR.
- Trustees should give greater attention to the risk of scams to members.

### Governance

- In these difficult times it is important for trustees to continue to fully document all decisions.

### Requests to suspend or reduce DRCs

- Trustees should be open to requests to reduce or suspend Deficit Repair Contributions (DRCs) in line with the principles set out in TPR's guidance published on the 20 March 2020.
- Trustees should continue to offer only short term concessions of no more than three months until such time that more reliable covenant visibility is available where trustees are not able to fully assess the employer's position.

- Trustees may agree to a longer suspension/reduction period, but this should be fully considered in line with TPR's 20 March guidance.
- Trustees should take legal and actuarial advice not only on whether a suspension/reduction of DRCs is appropriate, but also on the most appropriate method to suspend/reduce DRCs (e.g. amendment of Schedule of Contributions (SOC) or short-term suspension of payments without amendment to the SOC).
- TPR expect suspended/reduced contributions to be repaid within the current recovery plan timeframe and the recovery plan not to be lengthened unless there is sufficiently reliable covenant visibility.
- TPR cannot waive trustees' statutory obligations, but they will not take regulatory action in respect of late reporting or a failure to make contributions during the three months after the 15 month period.

### Suspending or reducing payments for future service

- Member requests to suspend or reduce future service contributions should be treated in the same manner as requests to suspend or reduce DRCs. TPR recommend taking legal advice as there are additional issues that trustees should consider such as whether this is allowable under scheme rules.

44 Benefit Solutions Ltd

9 Woodbrook Crescent, Billericay, Essex, CM12 0EQ

44 Benefit Solutions Ltd is an Appointed Representative of 44 Financial Ltd which is authorised and regulated by the Financial Conduct Authority  
Registered Address: 9 Woodbrook Crescent, Billericay, CM12 0EQ Reg: 08272027

*This publication is for the general guidance of our clients only. It is not financial advice and is not an authoritative statement of law.*

## Schemes currently completing valuations

- TPR does not expect trustees that have almost completed their valuation to revisit valuation assumptions.
- TPR do not require trustees to take into account post valuation experience, but they expect trustees to consider it when agreeing recovery plans, with focus on whether provisionally agreed DRCs are still affordable to the employer.
- Trustees may delay their recovery plan submission by up to three months if they need more time to consider the scheme's and employer's situation. TPR cannot waive trustees' statutory obligation but they will not take regulatory action in respect of a failure to submit.

## Employers of DB schemes provision of information to trustees

- TPR have acknowledged the challenging circumstances faced by many employers. Nevertheless, it is important that employers provide trustees with the information they need in a timely manner and treat the scheme fairly compared to other stakeholders.

*If you have any queries please contact your usual 44 Consultant or email [admin@44benefits.co.uk](mailto:admin@44benefits.co.uk)*

**March 2020**

**44 Benefit Solutions Ltd**

9 Woodbrook Crescent, Billericay, Essex, CM12 0EQ

44 Benefit Solutions Ltd is an Appointed Representative of 44 Financial Ltd which is authorised and regulated by the Financial Conduct Authority  
Registered Address: 9 Woodbrook Crescent, Billericay, CM12 0EQ Reg: 08272027

*This publication is for the general guidance of our clients only. It is not financial advice and is not an authoritative statement of law.*