

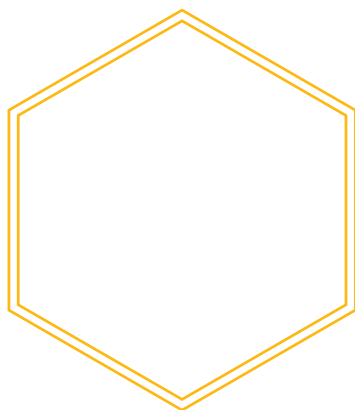
10 Questions to Test Your Crisis Resilience

Including responding to the impact of COVID-19

With the number of coronavirus cases still increasing around the world and the effect of this pandemic being felt across many regions and industries, not a day goes by without new predictions about the economic and human impact.

We have compiled ten questions to check the resilience of your DC pension scheme to a crisis, whether it be the current situation or something else. These address a range of core areas aligned to governance, investments, administration and member communications.

Your score



1. Administration

Are you familiar with the business continuity plans of your administrator; in particular, how will these ensure the accurate and timely processing of core financial transactions and how will they manage with an increased volume of member queries?

2. Communication

Do you have a policy on communicating with members when there are significant market shocks, and can you contact your members easily if needed?

3. Investment strategy

Do you know how the current market environment has impacted your members' current holdings and projected outcomes? Can you get information on your exposure to certain industries, companies, countries?

4. Investment platform

Do you know the contingency plans of your investment platform? For instance, are they in regular contact with investment managers to understand their positioning, impact on trading costs, any strain to accepting future investments or completing transitions?

5. Trading costs and liquidity

Do you have a disinvestment strategy if you have higher than usual demand, eg, for multi-fund blends, and do you have clear instructions to direct your investment platform to liquidate some assets while holding others?

6. Approvals

Have you reviewed your signature limits in the last 12 months and ensured there is no 'key man' risk where only one person can sign?

7. Decisions

Do you have a plan to prioritise scheme tasks and the ability, and operational flexibility, to conduct trustee meetings online/by conference or video call?

8. Substitutes

Do you know the contingency plans of your advisers, including who to contact if your lead adviser in each area is not available?

9. Insurance

Do you understand your insurance provisions and exclusions?

10. Plan

Do you have an incident response plan that pulls together these strands and more into a single place?

How did you score?

Having robust risk management plans provides a clear framework for trustee boards to articulate their contingency plans across key stakeholders, ensuring a cohesive and coordinated response to shocks. The list above is not comprehensive, but how many questions did you respond 'Yes' to?

0–4

You probably want to prioritise taking action in a number of areas, to ensure that you are better positioned to respond to a crisis and can make informed decisions quickly.

5–7

You may need to make further improvements to ensure you have greater flexibility within your structure and to be better positioned to respond to potential shocks.

8–10

You are well positioned to handle the issues that might arise during a crisis, but it is worthwhile reviewing those areas which may not have been addressed to ensure you are comfortable with your arrangements.

At Aon we have a wealth of experience in supporting our clients with understanding operational risks, quantifying these and developing robust plans to get you back up and running following a range of incidents impacting systems, people, location, sponsors or suppliers.

If you would like to know more about the actions you can take to enhance your scheme's resilience, please contact us.

Contact us

Garry Clark

Senior Retirement Consultant
+353 (0) 1 470 5304
garry.clark@aon.com

John Kearney

Senior Retirement Consultant
+353 (0) 21 497 2615
john.kearney@aon.com

About Aon

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