

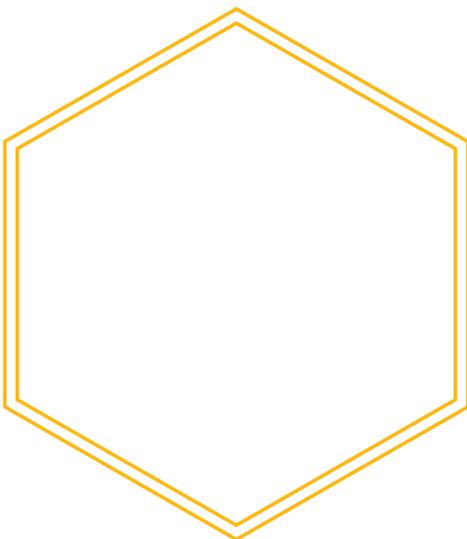
10 Questions to Test Your Crisis Resilience

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've compiled ten questions to check the resilience of your DB pension scheme to a crisis, whether it be the current situation or something else. The checklist addresses a range of areas such as cash management, IRM and contingency plans.

Your score



1. Cash

Have you reviewed your cash management plan in the last 12 months to ensure pensioners can still be paid in a stressed scenario?

2. Administration

Are the majority of your administration calculations automated rather than needing manual administrator or actuarial input?

3. 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?

4. Decisions

Do you have flexibility in your quorate rules to allow you to operate in different ways?

5. Covenant

Do you know what the early warning signs are of your company covenant deteriorating and the actions you would then take? Do you have a crisis response plan for major covenant events such as insolvency, default or opportunistic M&A?

6. Substitutes

Do you know who to contact if your lead adviser in each area or corporate contact is not available?

7. Communication

Have you given reassurances to your members about the actions you are taking to manage the investment volatility? Can you contact your members easily?

8. Liquidity

Do you have a disinvestment strategy if you have higher than usual demand?

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 overleaf is not comprehensive, but how many questions did you answer '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.

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About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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