

Premier Pensions

COVID-19 Administration update

1st May 2020

Premier Administration has now been on lockdown for six weeks. We are happy to say that the team has been more than able to cope with both business-as-usual volumes as well as projects, despite the transition to remote working. It is rare that organisations have the opportunity to test their Business Continuity Plans in anger and even rarer that they work as expected. We have been delighted with the results and have been pleasantly surprised by how easy it has been for administrators to work from home.

Case volumes in April are 2% higher than in March. The cases are skewed toward COVID-related issues: member web password resets, Expression of Wish updates, Early Retirement quotes and Deaths.

Most of our client SLA's are on track, other than where there are major ongoing projects. Your Client Relationship Manager should already be speaking to you, if that is the case.

The Government has now announced that we are past the peak of the virus outbreak and will be announcing a comprehensive plan next week on how to restart the economy, reopen schools and help people travel to work following the coronavirus lockdown. Given that our Operations are functioning near normal levels, we are in no hurry to change course. In fact, we are not expecting the Government to make radical changes to office-based arrangements, where they can be conducted from home.

Our first priority is the physical and emotional security of our employees. We are running a survey to identify employees who would prefer to work from the office in the short term and can travel in safely. This may be due to the need of social stimulation, emotional support or a less than ideal working environment at home. We will support them with a secure environment with adequate social distance arrangements as Phase I of our back-to-office programme, once we have the go ahead from the Government. Phase II will follow in time, with a staggered back-to-office programme for the rest of our employees, as long as they are not vulnerable or shielding.

Inbound / Outbound post

There is no change in this area. Inbound and outbound post is being processed as normal.

Telephone calls

We continue to capture inbound calls via voicemail, given our concerns around the alternatives of requiring employees to come into office, or risking privacy when taking calls at home. We continue to review the situation and expect to recommence member calls over the next two to four weeks. Current analysis of voicemails and member feedback is not indicating that this is urgent.

Pensioner payroll

We are happy to say that we have completed all year-end payrolls and relevant pension increases. Our P60 provider is currently working through a large volume of furlough-related work and is scheduling sending out P60s mid-May, slightly later than normal. Naturally, continuing to pay your pensioners on time is a critical function and we are not expecting any issues in this area.

Work volumes

As expected, work volume has picked up as members settle into their work-from-home routines. Clients are putting staff on furlough and funding triggers mean that a couple of our clients have accelerated their buy-out plans. Do let us know if you expect any spikes in work due to activity on the part of the Trustees or Sponsor. We can then ensure that the teams are geared up accordingly.

Cash flow

We are working closely with our clients to ensure adequate cash flow. Cash flow projections are reviewed at least daily and the investment / disinvestment processes are working well within a remote environment. We will continue working with you to ensure that we remain on track.

Projects

Our Projects team is working as normal. We have sent out a number of mailings reassuring members about the impact of COVID-19 on the Client Sponsor, stability of the scheme and their ability to retire. We are also discussing potential messaging for DC members and high earners. Other projects on the go are data cleanse exercises, GMP Equalisation audits and preparation for buy-outs.

Sickness and absence

Given the lockdown, unsurprisingly, we have not had any significant sickness on the team, including suspected COVID-19 cases. Administrators are taking annual vacation as normal, presumably to spend time with the family and doing their gardening.

Premier impact

Many of our competitors have reduced salaries of staff by 20% to 50% across the board and put employees on furlough. It is times like these that we can be thankful that we are privately owned and do not have to please the stock market. Revenue is expected to be up this year, albeit slightly below target. We do not expect a material impact on overall profitability. Naturally, we would appreciate all our clients approving and paying their bills promptly, to ensure that our cash flow stays strong, given that our single largest outgoing is employees' salaries.

Key risks

We note, that there are always risks and the Premier Board and our Administration Leadership team are actively reviewing these and ensuring that we have adequate contingencies in place.

- **Mental health concerns:** Our back-to-office plan prioritises employees who are keen to re-engage socially and require emotional support. We are continuing our focus on our employee's mental health, with consistent messaging and educational modules from a team of psychologists at The Positive Group who have given us access to an online course "Managing Your Mind". We are running daily all-employee social events via Zoom, such as yoga, cardio workouts, cooking sessions, bingo and pub quizzes. We made Jerk Chicken last week and Prawn Biryani this week. These are family events, with Spouses and children joining in over Zoom.
- **Extension of the current level of lockdown for three months:** We are more than comfortable continuing our current work arrangements. However, we have commenced back-to-office planning based on the Government announcement.
- **Financial Education:** Trustees are concerned about members being made redundant, put on furlough and members reaching retirement. We are discussing options of sending out targeted communication or even offering IFA support to these members. Do speak to your Client Relationship Manager if this is of interest.
- **Transfers & Scams:** The Pension Regulator and the FCA are concerned about a spike in Transfer and Transfer-related scams. We are not seeing any increased activity as yet in this

area. We already have stringent processes in relation to Transfers & Scams and we will continue to keep this under review. We have added the Regulator's letter warning members about scams, along with our Transfer pack.

- **AVC providers:** We understand that some Third Party Administrators are having issues getting information from AVC providers at the current time. We have not experienced this as yet. Market sources indicate that providers are now getting to grips with the lockdown and this may not be an issue any longer. We will need to manage member expectations if we face any issues and will raise any issues with you as Trustees, when appropriate.
- **Changes in Schemes:** We believe that the economic fallout will cause some Sponsors and Trustees to make changes to their benefit structures. The only experience we have so far is schemes heading toward buy-out. Do keep us informed if this becomes a possibility as we will need to plan our resources accordingly and feed into your timelines.

Do speak to your Client Relationship Manager if you would like to discuss any of this, if you have any concerns about our strategy or believe that we have missed opportunities or risks. Stay safe and we do hope that you and your families are doing well.

Kind regards,

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Further guidance:

The Pension Regulator: <https://bit.ly/3dRuZJP>

The Pensions Ombudsman: <https://bit.ly/2UCxKqJ>

The Pensions Administration Standards Association: <https://bit.ly/2waXp0p>