

COVID-19 AND PRIVATE PENSION PLAN STAKEHOLDERS

*“The COVID-19 virus infects people of all ages. However, **evidence to date suggests that two groups of people are at a higher risk of getting severe COVID-19 disease. These are older people; and those with underlying medical conditions.** WHO emphasizes that all must protect themselves from COVID-19 in order to protect others.”- World Health Organisation, March 2020.*

As the regulator of private occupational pension plans in Guyana, the Bank of Guyana continues to monitor how pensioners are receiving their pensions and whether there has been any disruption to benefit payments.

UPDATE ON BENEFIT PAYMENTS

The Bank has confirmed with all private pension plan administrators that there has been **no disruption to benefit payments**, that pensions have been paid out for March 2020 and some payments for April 2020 are already being processed. Self-administered pension plans have also confirmed that no disruption to payments were experienced.

It is emphasised that all benefit payments remain a priority.

INVESTMENTS

Given the current economic stresses experienced by developed markets, **pension fund investments should be closely monitored.** Plans with investments in countries that have been significantly affected by the pandemic e.g. the United States, United Kingdom should continue to monitor these. Risk Management strategies of all stakeholders should be consulted to determine the best way to minimise pension funds' risk exposure in light of current events. Business Continuity Plans (BCP) should be activated where possible in order to reduce operational risk. Pension funds' liquidity risk should also be closely monitored, as benefit payments remain a priority.

LIFE CERTIFICATES

It is recommended that a three (3) month moratorium on the submission of Life Certificates be observed. Therefore, pensioners should not be required to submit Life Certificates until July 1st, 2020.

GUIDANCE TO STAKEHOLDERS

These are unprecedented times for **trustees, employers, administrators** and members of private pension plans in Guyana, as well as globally. There are different pressures on several aspects of the private pension system.

The Bank wishes to provide guidance to those we regulate and as well as those *in whose interest* we regulate.

- **ADMINISTRATORS**

The Bank acknowledges that currently, some services may be disrupted.

- Administrators are also asked to prioritise benefit payments to provide stability for pensioners and their beneficiaries at this time. Where possible advanced payments are encouraged.
- Payments directly to bank accounts are encouraged where possible, to minimize the risk of persons interacting with your staff.
- Arrangements should be considered for pensioners to authorize an appointed individual to uplift benefits on their behalf, provided extreme caution is exercised.
- If a Sponsoring Employer is unable to remit contributions in a timely manner, grace periods already in existence may be utilised. Extensions may be assessed on a case by case basis.
- Advice should be sought from the relevant professionals (investment managers, actuaries etc.) on what credit facilities are available within the pension fund e.g. a smoothing reserve- that may be utilized at this time.

- **SPONSORING EMPLOYERS**

The Bank is aware that employers may be experiencing some form of strain on their businesses at this challenging time.

- Where possible, employers are expected to remit contributions to the fund as normal.
- Employers are asked to liaise with the plan's administrator (if one exists) to find out about possible grace periods or extensions that may exist for their situation.
- The Bank aims to employ a risk-based yet amenable approach to delayed payments, given the current circumstances.

- **TRUSTEES**

Trustees of both defined benefit (DB) and defined contribution (DC) pension plans need to be aware of the pressures and additional risks that their schemes may face at this time.

- Trustees should prioritise activities that serve to benefit plan members directly e.g. the processing of pension payments, death benefits – and ensure that these are carried out by the respective stakeholders.
- Trustees should communicate with their respective administrators the activities that they have prioritised and assess whether the administrator is in agreement with these.
- Trustees may assess the Business Continuity Plan (BCP) of their respective Sponsoring Employer or Administrator to ensure that they are satisfied with the contingency measures therein, with respect to the treatment of private pensions. Staff shortages and reduced business hours of stakeholders should be considered.
- You may receive requests from Sponsoring Employers to defer contribution payments, due to a decline in business. If this occurs, you should liaise with your Administrator to discuss a workable grace period within which contributions may be remitted to the pension fund.

- **MEMBERS**

- Members are asked to kindly take the necessary precautions as advised by the World Health Organisation (WHO), the Centres for Disease Control and Prevention (CDC), Ministry of Public Health Guyana (MOPH) whose websites may be found below:
<https://www.who.int/>
<https://www.cdc.gov/globalhealth/countries/guyana/default.htm>
<https://www.health.gov.gy/>
- If possible, please authorize a family member or trusted individual to uplift benefits on your behalf. Extreme caution should be exercised in this instance.

- **AUDITORS, ACTUARIES, INVESTMENT MANAGERS & OTHER ASSOCIATED PROFESSIONALS**

Associated professionals are asked to closely monitor the COVID-19 situation globally and kindly collaborate with trustees, administrators, the regulator and other bodies to assess the most immediate risks to private pension schemes.

The Bank is open to any suggestions on how we may assist the sector at this time.

We encourage all stakeholders to take the necessary precautions to remain safe and most importantly to mitigate the exposure of the elderly at this time.