

PRESS RELEASE

Paris, 26 May 2020

IOPS releases its Statement on pension supervisory actions to mitigate the consequences of the Covid-19 crisis

Published today, the *IOPS Statement on pension supervisory actions to mitigate the consequences of the Covid-19 crisis* supports the flexible and pragmatic supervisory approach taken by its Members, but warns against actions that may lead to material worsening of the retirement outcomes of beneficiaries.

Pension supervisory authorities have taken a number of measures directed to protect the interests of members and beneficiaries of private pension schemes and funds, to maintain operations and business continuity of pension schemes and funds, and to ensure the financial health of private pension arrangements in current circumstances.

The International Organisation of Pension Supervisors (IOPS)

- supports and promotes the need for early and clear communication and guidance to be provided by supervisors and supervised entities to respective stakeholders;
- acknowledges the relevance, in these specific circumstances, of easing some regulatory constraints and providing temporary relief from certain requirements for trustees, employers or service providers to allow them to continue their operations in a sustainable way; and
- recognises also the need in specific cases for measures that ease requirements for temporary access to pension accounts to address financial hardship, subject to the unique circumstances of each pension jurisdiction.

However, IOPS also notes:

- the need to take into consideration the longer term interest of pension beneficiaries and warns against actions which may lead to material worsening of the retirement outcomes of beneficiaries; and
- in this respect that early access to pension savings should be limited, temporary, and proportionate to actual needs, especially for most vulnerable groups, and withdrawn in a considered manner.

Further, IOPS emphasises the importance of:

- requiring that supervised entities prudently address risks emerging from the COVID-19 crisis, including implementation of adequate contingency plans, and steps to mitigate losses to reduce the impact on beneficiaries to the extent possible;

- preserving strong supervision of private pension arrangements and continuous close monitoring of actions undertaken by supervised entities;
- considering countercyclical policies with the objective of contributing as much as possible to the stabilisation and recovery of economies;
- coordinating private and public pension policies; and
- supervisors and supervised entities putting in place appropriate operational protection mechanisms related to Covid-19, including taking adequate actions to protect stakeholders against financial consumer abuses and to strengthen financial education amongst beneficiaries.

IOPS encourages further exchange amongst supervisors on their work to assess and address the implications of the Covid-19 crisis on the private pension arrangements worldwide. In this respect, IOPS plans to identify the lessons of this crisis for increased resilience of the supervision of pensions and pensions systems in general in facing such crisis scenarios. IOPS will also strengthen its cooperation and coordination with other standard-setting bodies aiming at mitigating the impact of the crisis on pension schemes, providers, members and beneficiaries.

The statement is available on the IOPS website www.iopsweb.org

IOPS President, Helen Rowell said today: 'As pension supervisors, we need to make sure private pension arrangements will continue to deliver retirement outcomes for members and beneficiaries. We need to facilitate the resilience of supervised entities by offering appropriate supervisory and regulatory flexibility and support measures that may address the short term financial hardship needs of beneficiaries. However we also need to protect the longer term interests of beneficiaries, preserve pension market sustainability and strike an appropriate balance between short-term and long-term priorities. I trust that this note will be beneficial to IOPS members and stakeholders, and assist them with the complex decisions that need to be made at this challenging time.'

Mr Brendan Kennedy, Chair of IOPS Technical Committee, stated that 'This note outlines some of the most important issues faced by pension supervisors nowadays. It also offers a useful summary of measures taken world-wide by supervisors to address the consequences of Covid-19. The IOPS Technical Committee will continue to monitor closely the current situation and its long term implications for private pension arrangements globally.'

In view of Mr André Laboul, IOPS Secretary General, 'Once again, IOPS is being proactive in providing key messages on how supervisors address major events, balancing the interests of supervised entities and individuals. We will seek to provide further guidance on how to respond to the Covid-19 crisis in private pensions, and other major challenges, and look forward to co-operating with all relevant international organisations to collect and share good practices and lessons learnt.'

About IOPS:

IOPS is an independent international standard-setting body representing those involved in the supervision of private sector pension arrangements. 89 members and observers of IOPS represent 78 countries and territories worldwide. One of its key missions is to develop supervisory standards and communicate best practices for the supervision of private pension systems. The IOPS Secretariat is hosted by the Organisation for Economic Development and Co-operation (OECD).

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