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Retirement savings in the time of COVID-19

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Retirement savings in the time of COVID-19

1. Retirement savings arrangements that accumulate assets to back future retirement income, whether defined benefit (DB) or defined contribution (DC), are experiencing unprecedented strain because of the COVID-19 outbreak and the related economic downturn. The COVID-19 outbreak that spread worldwide in early 2020 has triggered a global health crisis. It has led to business disruptions everywhere and in all sectors, including the funded pension industry. The effects of the crisis have grown as countries have taken measures to curb the spread of the virus by introducing preventive health measures. Economic activity has slowed down across the globe and financial markets anticipated it, leading to falling stock prices and soaring unemployment. An economic and financial crisis is accompanying the health crisis. The time that each of these crises will last is currently unknown and difficult to predict.

2. Policymakers have tried to respond rapidly to the COVID-19 related crises. They all are endeavouring to address the same issues. However, their responses depend on their specific circumstances. Nevertheless, countries can learn and benefit from each other experiences. Moreover, those experiences, previous OECD work and the international best practices on regulation, supervision and on designing funded retirement savings arrangements can assist in having a set of policies to guide policymakers in the time of COVID-19.[1]

3. The objective of this document is twofold, to assess the impact of COVID-19 on retirement savings schemes and to provide policy guidelines. The document first discusses the main challenges facing retirement savings systems from COVID-19 and the economic downturn. Secondly, it takes stock of the policy responses to COVID-19 affecting retirement savings implemented by different countries.[2] This compilation is based on publicly available information as of the end of April 2020, complemented by inputs from delegates to the OECD Working Party on Private Pensions (WPPP) and Members of the International Organisation of Pension Supervisors (IOPS). It may not be exhaustive of all the policies that countries have considered or implemented. The last section provides preliminary policy guidelines.

4. Delegates are invited to provide comments and verify the information provided. A final version incorporating your comments, and considerations on public pensions, will be published in the OECD Pensions Outlook 2020, scheduled to be launched at the time of the next WPPP meeting on 7 December 2020.

Challenges facing retirement savings

5. COVID-19, lockdowns, and the related economic downturn have several impacts on retirement savings, retirement savings schemes, providers, regulators and supervisors.

[1] See for example, Antolín, P. and F. Stewart (2009), "Private Pensions and Policy Responses to the Financial and Economic Crisis", *OECD Working Papers on Insurance and Private Pensions*, No. 36, OECD Publishing, Paris, https://doi.org/10.1787/224386871887

[2] The Annex provides a preliminary overview of the different country specific policy responses.

These impacts could lead to lower incomes in retirement and important dysfunctions in the market. The main impacts identified are:

- A fall in the value of asset in retirement savings accounts from falling financial markets;
- An increase in liabilities from falling interest rates in retirement savings arrangements with retirement income promises (e.g. DB retirement plans, and life annuity arrangements);
- A lower capability to contribute to retirement savings plans from individuals, as they see their wages reduced or lose their jobs, and from employers suffering financial distress;
- Operational disruptions as a result of working remotely;
- Cyber-attacks, frauds and scams directed to individuals, regulators, supervisors and providers of retirement savings schemes (*e.g.* pension funds);
- A reduction on savings and compound interest earned from measures aimed at providing relief in the short-term that can have a large negative impact in the long-term, especially on retirement income adequacy (e.g. contribution holidays, early access to retirement savings).

Decline in the value of assets in retirement portfolios

6. COVID-19 and the economic lockdown have led to a large fall in the value of equities, fixed-income securities, and other assets. Major stock markets have suffered setbacks in the first quarter of 2020. The S&P 500, FTSE 100 and NIKKEI 225 had declined by 30% as at 21 March 2020 compared to the beginning of the year.[3] Markets have been volatile and sensitive to the evolution of the outbreak and its impact on the economy.

7. As a result, the market value of retirement savings accounts has suffered a large reduction in the first quarter of 2020.[4] Losses on financial markets lower the amount of assets in pension plans. However, equities markets in several jurisdictions have been recovering in the second quarter of 2020 since the lows in March.

8. The tendency may be to sell when the value of assets in a portfolio falls. However, this will lock in the losses, and may be far from the best reaction. This issue can be particularly relevant in jurisdictions where members of retirement savings schemes can switch to another (more conservative) investment strategy or withdraw their voluntary retirement savings invested in capital markets. Opportunities of recouping losses are more limited as the expected return is lower with investments that are more conservative.

[3] OECD Global Financial Markets – Policy Responses to Covid-19 (http://www.oecd.org/coronavirus/policy-responses/global-financial-markets-policy-responses-to-covid-19-2d98c7e0/)

[4] Pension Funds in Figures 2020 provides a preliminary estimation of the impact of COVID-19. It suggests that the impact of COVID-19 in the first quarter of 2020 may have reversed some of the asset gains experienced by pension funds in 2019.

Increase in retirement liabilities puts additional pressure on the solvency of retirement savings plans offering a benefit promise

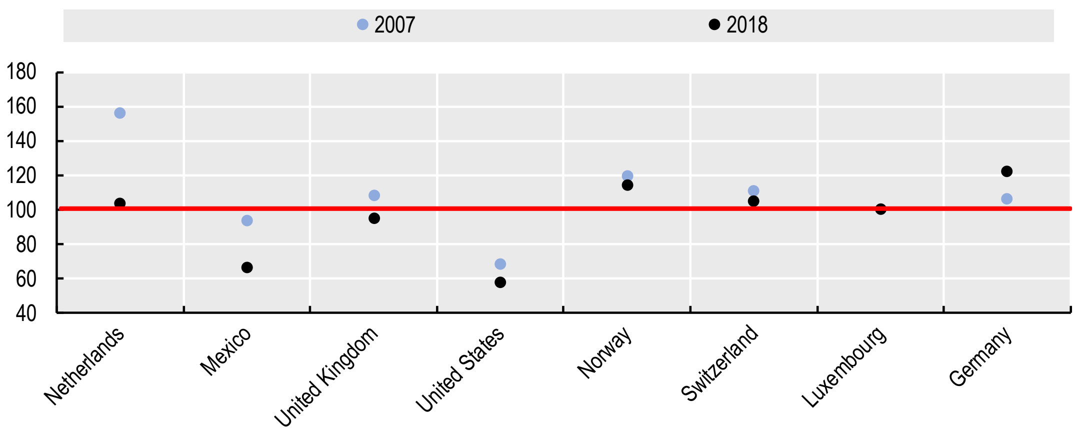
9. The fall in long-term government bond returns could lead to an increase in the value of retirement income guarantees embedded in DB retirement arrangements and in lifetime income products. Returns on government bonds or fixed income securities are used as the risk-free discount rate to value liabilities of most DB pension funds and insurance companies' lifetime annuity books.

10. Increasing liabilities compounds the effect of the drop in asset value on the solvency of DB pension plans and providers. When pension providers promise a future benefit level (such as providers of DB plans), they have to discount the future value of pension income payments to express it in today's terms and have an estimate of their liabilities. The lower the discount rate is, the higher the liabilities pension providers have. The crisis has already led central banks to cut interest rates to support the economy, such as the Federal Reserve Bank in the United States in March 2020.[5] These moves can worsen the solvency of pension providers promising a certain benefit level.

11. Worsening solvency positions may be problematic for pension providers who already had funding shortfalls before 2020. The solvency of DB plans in 2018 was still below its 2007 level in a number of countries, including Mexico, the Netherlands, Norway, Switzerland, the United Kingdom and the United States (Figure 1). Additionally, the ratio was well below 100% in Mexico (67%) and the United States (58%) in 2018. Assets in DB plans were already not covering pension liabilities in 2018 in these two countries. The outbreak may therefore hit DB plans in these countries even harder.

Figure 1. Funding ratio of defined benefit plans in selected countries, 2007 and 2018

In per cent



[5] https://www.ft.com/content/a9a28bc0-66fb-11ea-a3c9-1fe6fedcca75

Note: The funding ratio has been calculated as the ratio of total investment and net technical provisions for occupational DB plans managed by pension funds using values reported by national authorities in the OECD questionnaire. The valuation methods of net technical provisions differ across countries. These ratios are therefore not comparable across countries. Data for Luxembourg refer to DB traditional plans under the supervision of the CSSF. All liabilities of DB plans (instead of technical provisions only) are considered for Mexico (DB plans in pension funds only) and the United States. Data for the Netherlands and Switzerland include all types of pension funds. Data for the United Kingdom come from the Purple Book 2018 published by the Pension Protection Fund and show assets, liabilities valued on an s179 basis (instead of net technical provisions) and the ratio of the two.
Source: OECD Global Pension Statistics.

Reduced ability to contribute into retirement savings plans

12. Some people saving for retirement have already lost their jobs following the COVID-19 outbreak and others have seen their hours reduced. Record numbers of people are filing for unemployment in the United States (over 6.6 million during the week ending on 4 April 2020).[6] Spain has experienced a loss of over 800 000 jobs in March 2020 because of the lockdown to contain the outbreak.[7]

13. Spells of full or partial unemployment could lead to contribution gaps if employees or employers stop contributing to retirement savings plans. Employers may also face more difficulties in paying wages and contributions to their employees' pension plans while they experience business downturns. A salary loss or cut may also reduce voluntary contributions, as people are less likely to contribute voluntarily to retirement savings plans when they are under financial strain.

14. An interruption in pension contributions due to the crisis slows the accrual of pension assets for retirement. The effect of COVID-19 on pension contributions can spill over to the evolution of retirement savings assets.

General operational disruptions

15. The outbreak is also generating operational disruptions that are not comparable with the 2008 financial crisis. Preventive health measures, such as a lockdown, may create challenges for pension providers, who in some jurisdictions may be working remotely, to carry out their regular activities. These activities include collecting and remitting contributions to schemes or individual accounts, investing assets, paying pensions and other benefits, and complying with requirements (reporting, actuarial valuation, auto-enrolment and re-enrolment, etc.) towards their supervisors.

16. These general operational issues may lead to delays in performing some operations as providers have to put in place business continuity plans and adapt their processes.

Cyber risks, fraud and scams

17. The COVID-19 outbreak may exacerbate some of the risks that ill-intentioned people can pose to pension supervisors, providers and plan members.

18. The sudden increase in the number of staff from pension supervisory authorities and pension providers working remotely creates unprecedented data privacy and cybersecurity challenges. Plan members may also have to rely more on online platforms

[6] https://www.dol.gov/ui/data.pdf

[7] https://www.efe.com/efe/english/portada/covid-19-hammers-spain-s-job-market-as-country-surpasses-10-000-deaths/50000260-4211867

and call centres rather than physical meetings with their pension providers to manage their plans. Scammers may try to take advantage of people teleworking or members using online platforms to conduct cyber-attacks.

19. Scammers may also exploit fears from members while they may face financial distress in a context of volatile financial markets to rip them off. They may offer ways to access their pension savings, ways to transfer their pension assets or rights to another plan, or investment opportunities that are too good to be true.

20. Scammers may use different methods and channels to attack companies or lure plan members. They may send emails, or use social networks for instance.

Risks on retirement adequacy of policy measures providing short-term relief

21. Some policy measures aiming at alleviating people's short-term income pressures can risk exacerbating the impact on retirement savings and DB liabilities. These measures need careful consideration before implementation. Policies lowering, stopping or pausing contributions to retirement plans (contribution holidays), or allowing universal access to balances accumulated to finance retirement, even if partial, may be attractive to offset the loss of income, but can easily jeopardise the future adequacy of retirement income. A one-year pause in contributions could lead to a reduction in income at retirement of around 2-3%.[8] While people could recoup this reduction by voluntarily increasing contributions once the economy recovers, evidence from the previous crisis suggests that this generally does not happen as the short-term needs prevail over the long-term financial planning. Moreover, people may not have more resources to increase contributions in the future than they had before the crisis.

22. These policies can also be inconsistent with the way contribution holidays work in other pension arrangements. Contribution holidays to employers and employees in public pay-as-you-go (PAYG) pension arrangements typically grant full pension rights, treating the contributions as having been made and driving a wedge between funded private and public PAYG pensions. Funded pensions will seemingly suffer from comparably lower retirement income adequacy as compared to PAYG public pensions. However, the later may eventually suffer serious financial sustainability problems because of the crisis, leading authorities to cut future pensions.

23. Granting universal access to the balances accumulated in retirement accounts, even if partially, could also seriously jeopardise retirement income adequacy. Income withdrawals from retirement pots would allow people to finance the loss of income resulting from the economic lockdown. However, this could lead to lower balances accumulated at retirement, which would translate into lower income at retirement. The impact of granting universal access to retirement pots on future retirement income is potentially significantly larger than the impact of stopping contributions. The reduction in retirement income resulting from allowing a 10% withdrawal over a year could vary from 2% to 9% depending of the length of the contribution horizon, with older people

[8] These numbers are an approximation using a standard actuarial calculation for an individual contributing 10% of wages over a 40-year period, starting at age 25, with inflation at 2%, productivity growth at 1.5%, nominal returns at 4%, discount rate at 2%, life expectancy at age 65 of 18 years, and contributions to people's retirement accounts stopping for a complete year for someone aged 30, 45 or 60.

experiencing a larger impact because they may have accumulated larger balances to withdraw income from.[9]

24. In addition, granting universal access to balances may lead to materialising the market losses and to liquidity management concerns. Pension funds have cash and liquid assets in their portfolios to address liquidity demands from regular payments and income withdrawals arising from exceptional circumstances. They also count on contribution inflows to manage liquidity needs. However, contribution holidays can create a negative cash flow. Coupled with substantial calls for cash from retirement pots, due to policies granting universal access, this will force pension funds to act pro-cyclically by selling assets in falling markets and materialising value losses. Long-term strategies will also be jeopardised. All these actions are in sharp contrast with the recommendation of staying the course, maintaining long-term retirement investment portfolios and avoid materialising asset value losses.

Policy responses affecting retirement savings schemes

25. Countries have introduced different policies to tackle the challenges they face because of the COVID-19 outbreak. Table 1 provides a summary of the main policy responses identified and affecting retirement savings schemes.

26. These policies target assistance to different participants in retirement savings schemes. They target plan members; their employers; retirees; and/or providers of retirement savings plans (*e.g.* pension funds).

27. The analysis has identified five main groups of policy responses. A first group provides subsidies to cover pension contributions and support the accrual of assets. A second group aims at limiting the materialisation of short-term investment losses. Another group of policy responses tries to secure the solvency of plans with guarantees and the business of pension providers. A fourth group of responses intends to protect providers and participants from cyber risks and COVID-19 related scams. These first four groups all aim at ensuring the resilience of the private pension system and protecting future retirement income and its adequacy from the consequences of the COVID-19 outbreak. However, a last group of policy responses focuses on providing short-term relief to individuals or their employers. These policies may protect short-term well-being at a potential cost to future retirement income.

[9] These numbers are an approximation using a standard actuarial calculation for an individual contributing 10% of wages over a 40 year period, starting at age 25, with inflation at 2%, productivity growth at 1.5%, nominal returns at 4%, discount rate at 2%, life expectancy at age 65 of 18 years, and withdrawing 10% of the assets accumulated at age 30, 45 or 60.

Table 1. Policy responses to COVID-19 in the area of retirement savings

Policy response group	Policy response	Target population	Objective	Implementing countries
Subsidising contributions	Wage subsidies covering pension contributions	Members and employers	Guarantee pension accruals while protecting jobs and wages	Iceland, Netherlands, New Zealand, Slovak Republic, Sweden, United Kingdom, North Macedonia
	Use of contribution reserves	Members and employers	Provide financial relief to employers while ensuring asset accrual	Switzerland
Limiting the materialisation of investment losses	Reduction or suspension of minimum drawdown requirements	Retirees	Limit the materialisation of investment losses	Australia, Canada, United States
	Guaranteeing a benefit level	Retirees	Protecting retirees against investment losses	Colombia
	Freeze of the transfers of pension assets	Members*	Limit the materialisation of investment losses	Canada, Chile, Latvia, United Kingdom
	Communication on the consequences of switches and withdrawals	Members	Ensure members make well-informed and sound decisions in their best interest	Hungary, Mexico, New Zealand, Portugal
	Supervisory forbearance regarding investment restrictions	Members (for DC plans) / Employers (for DB plans)	Avoid suboptimal investment behaviours to meet regulation	Germany, Poland
Securing the solvency of pension plans and the business of providers	Lengthening of recovery periods	Employers and trustees (for DB plans)	Flexibility to recover and avoid putting too much pressure on the guarantor of the pension promise	Canada, Finland, Germany, United Kingdom
	Suspension of dividend payments	Pension providers	Support the solvency of pension providers	Austria, Czech Republic, France, Greece, Norway, Portugal, Slovenia, Spain, Switzerland
	Adjustments of supervisory practices with regard to duties of pension providers	Pension providers	Ensure pension providers can focus on pressing issues	Australia, Austria, Belgium, Canada, Czech Republic, Denmark, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Sweden, Switzerland, Turkey, United Kingdom, Croatia, Kazakhstan, Kenya, Mauritius
Protecting from scams and cyber attacks	Warning and giving tips to avoid scams and cyber attacks	Members and pension providers	Safeguard members' interest and ensure the cyber security of pension providers	Australia, Austria, Luxembourg, New Zealand, Slovenia, Sweden, United Kingdom, Mauritius
Providing short-term relief at a potential long-term cost	Deferral of contributions	Members and/or employers	Provide financial relief to contributors	Belgium, Finland, France, Greece, Slovak Republic, United Kingdom, United States
	Contribution holidays	Members and/or employers	Provide financial relief to contributors	Denmark, Estonia, Kazakhstan (proposal)
	Reduction in contribution rates	Members and/or employers	Provide financial relief to contributors	Canada, Colombia, Finland
	Easier early access to pension savings	Members	Provide financial support and improve short-term well-being of plan members	Australia, France, Iceland, Portugal, Spain, United States, Peru
	Facilitating loans from pension plans	Members and/or employers	Provide financial support to borrowers and improve their short-term well-being	Finland, United States

Note: * It may also benefit employers in the case of DB plans and pension providers to some extent.

28. The following subsections further describe the policies within each group. A detailed summary of policy responses is available by country in the annex of this document.

Subsidising pension contributions

29. Several countries are subsidising contributions to private pension plans during the COVID-19 outbreak. These countries include Iceland, the Netherlands, New Zealand, the Slovak Republic, Sweden and the United Kingdom among OECD countries.[10] In these countries, employees generally have to participate or are automatically enrolled into a private pension plan.[11] Employers in these six countries can request an exceptional grant to cover the payments of wages, pension contributions and potentially other staff costs to some extent.

30. There are two main types of grants: grants for employees temporarily unable to work, and grants for employees who continue working. The United Kingdom has introduced the former, the Netherlands and Sweden the latter. Iceland, New Zealand and the Slovak Republic have introduced both.

31. The eligibility to these grants is directly linked to work disruptions due to COVID-19. The specific eligibility conditions vary across countries and depend on whether the grant is for employees temporarily unable to work or for employees who continue working.

32. Iceland, New Zealand, the Slovak Republic and the United Kingdom have established different conditions for employers to get a grant for staff temporarily unable to work. In Iceland, employees have to be unable to work from home. In New Zealand, this type of grant (the COVID-19 Essential Workers Leave Support) is restricted to employees from essential businesses who cannot come to work and cannot work from home.[12] In the Slovak Republic, employers can apply to get reimbursed part of the salary of their employees when they had to stop their operations due to a decision of the National Institute for Public Health or when they cannot assign work to (some of) their employees. In the United Kingdom, employers can get the grant under the Coronavirus Job Retention Scheme for employees on temporary leave (furlough). Employees must be furloughed for a minimum of three consecutive weeks. The grant is available regardless of the initial employment contract (e.g. full-time, part-time, flexible) as long as the employee was on the payroll on or before 28 February 2020.

33. The conditions for employers to qualify for a grant for their employees still working also differ among countries.

34. Iceland and Sweden base the eligibility to this type of grant on the reduction of working hours of the employees for which this grant is requested. In Iceland, the working

[10] North Macedonia has also introduced subsidies supporting the payment of pension contributions to the second pension pillar.

[11] In the Slovak Republic, self-employed and people under 35 entering the labour market can choose to participate in a private retirement pension savings (2nd pillar) arrangement. If they opt in, participation in this arrangement becomes mandatory. See IOPS country profile on the Slovak Republic for more information: http://www.iopsweb.org/resources/SlovakRepublic-IOPSWebsite-Country-Profile.pdf

[12] The Health Act of New Zealand defines essential business as companies that are essential to the provision of the necessities of life, as well as companies that support the former. These companies operate sectors such as: food, healthcare, energy, waste-removal, internet and financial support.

hours have to be reduced by 20% at least but still represent 25% or more of a full-time job. In Sweden, employers are entitled to a short-time work allowance only if they reduce the working hours of the related employee by 20%, 40% or 60% and this is allowed by collective bargaining agreement.

35. The Netherlands, New Zealand and the Slovak Republic have taken another approach and provide subsidies to employers depending on their expected loss of revenue. In the Netherlands, the subsidy is available to companies expecting to lose 20% or more of their revenue over the period March-May 2020 compared to their quarterly average revenue in 2019. Companies are required not to fire any employee for economic reasons during the time they receive the subsidy. In New Zealand, non-essential companies can request a subsidy if they face a 30% decline or more in their actual or predicted revenue over a month compared to the same period in 2019, among other conditions. They also have to retain their staff during the period of the subsidy. Essential business can also request this subsidy if they meet the criteria. The Slovak Republic specifies the decrease in revenue to qualify employers for a grant in its legislation.

36. The value of the grants varies across countries but is always capped (Table 2). New Zealand applies the same fixed flat rate for its two subsidies. The Slovak Republic also provides a fixed flat-rate allowance per employee who continues working. Iceland caps the grant for employees in quarantine at home at ISK 633 000 per month. Otherwise, the cap on grants is usually expressed as a percentage of the wage of the employees.

Table 2. Cap in the value of the grant

Type of grant	Country	Cap
Grant for employees temporarily unable to work	Iceland	Up to ISK 633 000 per month per employee in quarantine
	New Zealand	NZD 585.80 per employee and per week for people working 20 hours or more (full-time rate) / NZD 350 per employee and per week for people working less than 20 hours (part-time rate)
	Slovak Republic	Up to 80% of average earnings of employees, capped at EUR 1 100 if the employer stopped their operations or at EUR 880 if the employer only reduces their operating activities.
	United Kingdom	Up to 80% of the usual monthly wage per employee or GBP 2 500 a month, whichever is the lower, plus the associated employer national insurance contributions and the minimum mandatory employer pension contributions (3% of qualifying earnings)
Grant for employees who continue to work	Iceland	Up to 75% of employees' wage (plus an 11.5% matching pension contribution). The combination of the grant and the part borne by the employer cannot exceed ISK 700 000 per month or 90% of the employee’s average full wage for wages above ISK 400 000 per month.
	Netherlands	Up to 90% of the wage bill of the company, plus 30% top-up to cover pension contributions and other payroll charges
	New Zealand	NZD 585.80 per employee and per week for people working 20 hours or more (full-time rate) / NZD 350 per employee and per week for people working less than 20 hours (part-time rate)
	Slovak Republic	Flat-rate allowance
	Sweden	Up to 60% of employee wage salary (capped at SEK 40 000) times a percentage of state support

Source: Websites of national authorities.

37. In all cases, the grant subsidises the payment of pension contributions ensuring that employees continue to accumulate pension assets. The Netherlands, New Zealand, and the United Kingdom expect employers to pay their pension contributions and transfer their employee contributions to the relevant pension plan. The Netherlands and the United Kingdom include a specific top-up in the grant to cover pension payments: 30% of the compensation amount for pension contributions (from employers and employees) and other

payroll charges in the Netherlands; the minimum mandatory employer pension contribution (3% of qualifying earnings subsidised) in the United Kingdom. By contrast, in Iceland, the Directorate of Labour pays a grant to employers that does not include their mandatory pension contributions. The Directorate of Labour pays the matching 11.5% employer contributions to the pension fund directly.

38. The timeframe of the grants, when defined, ranges from a month to the end of the year depending on the country. New Zealand provides a grant to pay essential workers staying at home for four weeks, but employers can request another grant at the end of the period. Iceland, the Netherlands and the United Kingdom initially planned to provide their subsidies for three months.[13] Sweden has announced that the government support and subsidy could last until the end of 2020. In the Slovak Republic, employers who stopped their operations due to COVID-19 will be entitled to a grant until the end of the month in which the closure of the facilities is revoked.

39. Not all countries have implemented policies where the government supports pension contributions. In Switzerland for instance, the government encourages employers to pay their contributions by tapping into their own contribution reserves.

Protecting from the materialisation of investment losses

40. The value of pension assets has plummeted as financial markets have fallen. However, saving for retirement is a long-term goal, and people with a long-term horizon can likely recoup any losses. Short-term losses only materialise if assets are withdrawn or transferred to a different investment vehicle at a time where markets are at their lowest. Several countries have introduced policies to limit this materialisation of short-term losses and give time to members to recoup investment losses.

41. Australia, Canada and the United States have temporarily revised their rules obliging retirees to draw down assets from their pension plans. In these three countries, retirees are exposed to the investment risk as they usually have to withdraw a certain amount every year from their pension plan to meet the drawdown requirements. For this reason, Australia and Canada have both reduced the minimum amount retirees have to withdraw: by 50% in Australia for retirees with a superannuation pension or annuity; by 25% in Canada for retirees in Registered Retirement Income Funds (RRIFs) or receiving variable benefit payments from a DC Registered Pension Plan (RPP) or a Pool Registered Pension Plan (PRPP). In the United States, people aged 70.5 or more (before 1 January 2020) are not required to withdraw savings from their DC plans for 2020 following the introduction of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020.

42. Australia has currently scheduled this loosening of withdrawal requirements for a longer period than Canada and the United States. Canada and the United States have relaxed their rules for 2020 while Australia's revised rules will apply for two financial years (2019-20 and 2020-21).

43. Colombia has taken another approach to limit the extent downturns on financial markets may hit retirees. It has introduced a decree requiring pension funds (AFPs) to transfer the balance, at the end of March 2020, of retirees receiving programmed withdrawals to the State Pension Fund (Colpensiones) when this balance was not enough

[13] The United Kingdom has recently announced it would continue to provide subsidies until end-October 2020, with some changes from August.

to guarantee a lifetime payment of the minimum monthly wage. The State Pension Fund is in charge of paying an allowance worth the minimum monthly wage to these retirees. This transfer protects the level of benefits and limits the investment losses that retirees may bear. However, it may also prevent retirees from benefitting from the recovery of financial markets at a later stage.

44. A number of countries have introduced policies aimed at protecting those close to retirement, such as Canada and Latvia. People close to retirement are at risk of suffering short-term investment losses. They may not have the time to recoup losses before the beginning of the pay-out phase, especially if they purchase a drawdown product with another provider or shift their assets towards more conservative accounts with the same provider.

45. Canada and Latvia are both putting in place policies allowing certain plan members close to retirement to postpone the beginning of the pay-out phase. In Canada, the Office of the Superintendent of Financial Institutions (OSFI) has announced a temporary freeze on annuity purchases for members of federally regulated DB plans. By contrast, Latvia still lets members of the state funded pension scheme start the decumulation phase but provides them with more time to make their pay-out choice. Members of the state funded scheme have two pay-out options at retirement. They can either use the assets to purchase a life annuity from a life insurance company, or add these assets to their notional DC account to get a public pension based on their notional and financial capital. As a response to the COVID-19 crisis, people who are reaching retirement can postpone their choice until 30 November 2021. If they do not make a choice, assets in their funded pension scheme will be transferred to their notional account from 1 January 2022 and they will receive a public pension.

46. Chile also wants to limit the extent of investment losses for those close to retirement. It has adopted a rule to transfer pension assets to another account when people start applying for pension payments for their retirement. The amount of assets in the pension plan can vary between the start of an application for a pension payment and the actual moment individuals can receive their benefits. This rule can help individuals close to retirement to maintain the level of pension assets unchanged during the process to get pension payments for retirement and avoid further potential losses on volatile financial markets.

47. Some countries, such as the United Kingdom or New Zealand, are trying to avoid that members lock in short-term investment losses by transferring assets out of the plans or investing more conservatively at a time when stock markets are low. However, these countries use different methods.

48. The United Kingdom opens the possibility for trustees to suspend asset transfers from DB plans. The Pensions Regulator (TPR) in the United Kingdom has announced it would not take legal action during three months if trustees of DB plans suspend assessing the value of the rights and transferring the equivalent amount to another plan. This measure is intended to protect the interest of plan members in a context where volatile financial markets may change the value of this estimate significantly. It can also protect providers from liquidity issues by limiting the number of transfers.

49. Some other countries, such as New Zealand, have designed webpages to help members to make investment decisions at a time of volatile financial markets. Individuals

in New Zealand can visit the 'Sorted' website of the Retirement Commission.[14] Members will have the final choice of staying or changing their pension providers and investment strategies.

50. Locking in losses may also occur if pension managers had to sell assets in result of non-intentional breach of investment limits. Some supervisors, such as those in Germany and Poland, are ready to act with forbearance to prevent emergency sales of assets. For example, the Federal Financial Supervisory Authority (BaFin) in Germany has announced it could temporarily allow Pensionskassen to exceed the 25% investment limit on real estate if the breach happened unintentionally.[15] However, Pensionskassen will not be allowed to make new investments in real estate through investment funds if they exceed the 25% limit. The Polish Financial Supervision Authority (KNF) intends to take a case-by-case approach and to adapt its supervisory measures when pension companies exceed investment limits.

Securing the solvency of pension plans and the business of providers

51. A number of countries have quickly implemented policy measures to protect pension plans and providers against an unprecedented combination of challenges in recent times. The ongoing economic and financial crises are weakening the solvency of pension plans and providers as assets plummet while liabilities may increase. At the same time, the business operations of plans and supervisors are more difficult because of the health crisis and self-isolation measures.

52. Finland, Germany and the United Kingdom are giving leeway to providers of underfunded DB plans to avoid detrimental pro-cyclical effects on the plan and its sponsor. Germany and the United Kingdom have extended the deadline for submission of recovery plans for underfunded pension plans. According to the German Insurance Supervision Act, employers are normally required to submit a recovery plan within three months after the beginning of a funding shortfall of Pensionfonds. Given the outbreak, BaFin accepts recovery plans to be submitted by 1 October 2020 and initial contribution payments from employers to start in 2021. In the United Kingdom, TPR is also allowing trustees of DB plans to submit recovery plans three months later than usual. In Finland, the Financial Supervisory Authority can extend the deadline for pension insurance institutions to start implementing recovery plans when their solvency capital falls below the required level. This flexibility helps alleviate pressure on the plan sponsor and avoids requesting additional recovery contributions at a time of economic stress, which could have pro-cyclical effects.

53. Temporary flexibility may help to secure the solvency of DB plans over the long-term. After the 2008 crisis, the OECD called for long-term measures to strengthen the solvency of DB plans, such as increases in contributions, in better economic times.[16]

54. Many European countries have sought to strengthen the resilience of some pension providers by encouraging them to save revenues from 2019. Stock prices rose in 2019, making it a profitable year for some providers. Financial authorities in Austria, the Czech Republic, France, Norway, Slovenia and Spain for instance, advised the entities they

[14] See https://sorted.org.nz/must-reads/riding-out-covid-19-in-kiwisaver/

[15] Asset values can change rapidly and significantly given the volatility of financial markets.

[16] See Antolin, P. and F. Steward (2009), "Private Pensions and Policy Responses to the Financial and Economic Crisis" https://www.oecd-ilibrary.org/docserver/fmt-v2009-art5-en.pdf?expires=1586891968&id=id&accname=ocid84004878&checksum=3FBC0F4D2761B9E67E4A02029ED766F9

supervised to withhold paying dividends and bonuses to their shareholders from 2019 profits. This recommendation is in line with the guidance from other international organisations (Box 1).

Box 1. Initial recommendations of selected international organisations following the COVID-19 outbreak

Several international organisations have issued statements to assist national authorities to face challenges that COVID-19 has raised. The European Central Bank (ECB) and the European Insurance and Occupational Pensions Authority (EIOPA) have come up with recommendations that can be relevant for pension management, insurance companies and banks managing pension plans.

The ECB and EIOPA have advised credit institutions and insurance companies to suspend dividend distribution and share buy-backs aimed at remunerating shareholders.

European authorities have also encouraged supervisors to be flexible about reporting and disclosure deadlines. EIOPA has advised national supervisory authorities to extend deadlines and grant predefined additional time. This flexibility can help supervised entities continue their main operations and focus on monitoring and assessing the impact of COVID-19.

55. Countries are also introducing policies to help pension providers to deal with the operational challenges due to social distancing measures. These policies are diverse as they touch upon various aspects of the activities of pension providers.

56. Many European countries have followed the advice of EIOPA and granted flexibility to supervised entities to comply with reporting requirements (Box 1).

57. At the same time, the Danish Financial Supervisory Authority (FSA) and the Insurance and Pension Funds Supervisory Authority (ASF) of Portugal are stepping up their monitoring on selected key indicators for pension companies. The Danish FSA expects pension companies to report the solvency coverage and carry out a simplified stress test every week from 18 March (inclusive) until further notice. Portugal's ASF has established an extraordinary reporting to collect information on the financial, liquidity and solvency position of pension funds. The ASF is also requesting some quantitative and qualitative indicators related to market conduct.

58. In this extraordinary period, some national authorities (e.g. in Mexico and New Zealand) are authorising pension providers to use alternative processes to enable them to carry out their regular activities and ensure their staff and plan members stay healthy. The Mexican Pension Fund Supervisory Authority (CONSAR) has requested the procedure of partial savings withdrawals from pension plans due to unemployment to be settled in a single appointment. This measure aims at preventing plan members from visiting the same premises multiple times to request early withdrawals of their assets. In New Zealand, the Financial Markets Authority (FMA) has provided guidance to pension providers for alternative steps to verify whether plan members are entitled to financial hardship withdrawals. Plan members usually have to complete a statutory declaration about their assets and liabilities before an authorised witness and show that they have explored other options to get funding. In the lockdown context, the FMA recommends that lawyers witness the statutory declaration of the applicant by video. If this is not possible, the pension

provider has to use the best alternative to verify the identity of the applicant in these exceptional circumstances. The applicant also has to provide evidence of his (or her) assets and liabilities to the provider and can as a last resort communicate this information over the phone if the provider agrees that there is no way to send this information by post or email.

59. National authorities are also affected by business disruptions. A number of ongoing processes have been extended to take into account these business disruptions while allowing pension providers to focus on pressing issues. This has happened, for instance, in Australia, New Zealand, Poland and the United Kingdom. The Australian Prudential Regulation Authority (APRA) announced on 8 April 2020 that it would temporarily suspend its issuance of new licences for regulated entities, including superannuation funds, for six months. New Zealand has extended the terms of its nine KiwiSaver default providers from 30 June 2021 to 30 November 2021. The selection process of the default providers for a new term has been delayed. In Poland, the introduction of the auto-enrolment programme in companies with 50+ employees, has been postponed to later in 2020. In the United Kingdom, the Financial Conduct Authority (FCA) has given extra time to firms to comply with the new rules to engage with members starting their pay-out phase.

Protecting from scams and cyber attacks

60. National authorities are aware of the heightened risk of scammers' attacks that members and pension providers may be exposed to. Authorities have tried to find ways to protect members and providers.

61. Some national authorities, such as in Austria, Luxembourg, Slovenia and Sweden, are disclosing the types of scams that members and pension providers should pay attention to on their website. The Financial Market Authority of Austria lists the types of cyber-attacks against companies on its website (e.g. phishing). The Insurance Commission of Luxembourg publishes the name of former insurance companies that scammers can be using to rip people off. The Securities Market Agency of Slovenia warns against ill-intentioned financial advice. In Sweden, the Financial Supervisory Agency reports the cases of several customers who received a call from scammers pretending they were calling on behalf of the Financial Supervisory Authority.

62. Australia and the United Kingdom advise trustees to communicate with members to protect them from scammers. Scammers may use misinformation to rip off members. Regular and clear communication from safe sources is therefore key for members to have the ability to detect scams.

63. Some countries such as New Zealand and the United Kingdom have designed dedicated webpages or FAQ to help plan members deal with scams. The Commission for Financial Capabilities is providing financial guidance to people in New Zealand through its 'Sorted' website. This website warns people about scams related to COVID-19, and provides people with tips to avoid traps. The Financial Conduct Authority in the United Kingdom has a specific webpage on scams (ScamSmart). This webpage identifies several types of pension scams, and explains to plan members how they should deal with these scams

Providing short-term relief at a potential long-term cost

64. The COVID-19 outbreak has created issues that cut across many sectors of society, such as the health system, the labour market and the private pension system. Policymakers

have tried to address multifaceted and immediate issues with a wide range of policy measures, and sometimes have to make trade-offs. Some policymakers have introduced policies addressing short-term challenges to provide immediate relief to employees and employers, but at a potential long-term cost on retirement outcomes.

65. Certain countries, such as Finland, are allowing employers to defer their pension contributions to provide them with short-term financial relief. The effect of this deferral on the amount of asset accrual and future retirement income can be mitigated when the late contributor pays an interest rate on these contributions to compensate for the missing investment income of the deferred pension contributions. In Finland, employers can agree with their pension provider to postpone the payment of pension contributions into earnings-related pension plans by three months. Employers will have to pay a 2% interest on these delayed contributions. However, they will not be subject to any penalty on late contributions.

66. Finland has also allowed the reduction of contributions to earnings-related pension plans temporarily. Employer contributions are expected to be 2.6 percentage points lower from 1 May 2020 and until the end of 2020. This temporary reduction can provide short-term relief to employers. Pension providers can use buffer funds to offset this reduction in contributions and pay current pensions. Employer contributions will increase again between 2022 and 2025 to make up for the missing contributions in 2020 and replenish buffer funds. The effect of this measure on future retirement income of plan members is likely to be minimal.

67. The effect on pension asset accrual is expected to be greater when employers or employees stop contributing, as it may happen in Estonia, compared to when they defer or reduce their contributions. Estonia is going to suspend employer contributions to the second pension pillar from 1 July 2020 until 31 August 2021. Members will also be given the possibility in October 2020 to stop their own contributions between 1 December 2020 and 31 August 2021. The state will put back the missing 4% employer contributions (and a return on these contributions) in pension plans in 2023-2024 for every month employees continue to make their 2% contributions between 1 July 2020 and 31 August 2021.

68. Some countries are also providing a short-term stimulus by allowing members to access their pension savings before retirement. Pension plans rules may already allow members to withdraw some of their assets under exceptional circumstances (e.g. financial hardship). Australia, Iceland, Peru, Portugal, Spain and the United States have lifted penalties or broadened the conditions to have access to these savings to overcome the short-term challenges of COVID-19 on individuals' finances. Australia, Portugal and Spain have allowed members of some plans to withdraw assets if they become unemployed. Australia and Portugal also allow employees experiencing a reduction in working hours (by 20% or more in Australia) to access their pension savings. The United States gives DC plan members access to their savings if their spouse, dependents or themselves contract COVID-19 or if they suffer from the financial consequences of COVID-19. Iceland appears to be allowing early withdrawals from personal private pension plans without any condition on the situation of plan members.

69. The amount of savings that plan members in Australia, Iceland, Peru, Portugal, Spain and the United States can withdraw is usually capped, limiting the effect on future retirement income. The cap is a fixed amount in Australia (AUD 10 000 by the end of June 2020, and another AUD 10 000 from 1 July until 24 September 2020), Iceland (ISK 12 million), Portugal (EUR 438.81 per month), and the United States (USD 100 000). In Spain, withdrawals cannot exceed the value of wages (respectively net income) that the

temporarily laid-off employees (respectively self-employed) would have received if they had been able to continue working. In Peru, plan members can withdraw all their savings in their individual accounts only if their account balance is less than PEN 4 300. Otherwise, plan members can withdraw from PEN 4 300 up to PEN 12 900 for the largest pension pots.

70. Finland and the United States are also providing a short-term stimulus to employers (in Finland) or employees (in the United States) by facilitating loans from pension plans. In Finland, employers can borrow the contributions they have paid into earnings-related pension plans (premium loans). To get a loan, employers need a guarantee. The state-owned financing company, Finnvera, is going to provide guarantees for these loans during the COVID-19 outbreak. In the United States, the CARES Act has lifted the ceiling on the amount that individuals can borrow from their DC plans from the lower of 50% of the balance and USD 50 000 to the lower of the full balance and USD 100 000. Facilitating access to loans aims at addressing the liquidity needs of plan members while protecting future retirement income as loans are paid back.

Preliminary policy guidelines

71. The COVID-19 crisis is already distressing retirement savings schemes. Its knock-on effects on the economy and financial markets are reducing the level of assets in pension plans. Liabilities of plans guaranteeing a level of benefit are likely to grow if central banks cut long-term interest rates that affect the discount rates used to estimate the present value of future retirement income promises. COVID-19 is also affecting the ability of people and their employers to contribute into pension plans. In addition, policy makers, regulators, supervisors and pension funds may be suffering operational disruptions due, for example, to adjustment to working remotely. They are also exposed to cyber-attacks, and together with retirement savers to frauds and scams.

72. The multi-dimensional impacts of COVID-19 on funded and private pensions and other areas have urged policymakers to take swift and strong policy responses. All these responses are usually temporary measures. A number of them intend to protect plan members, retirees and pension providers and ensure the resilience of the private pension system. These measures may subsidise contributions to retirement savings plans in a time where it may be harder for members or their employers to contribute. Some endeavour to ensure assets stay in the plans to avoid locking in short-term investment losses and losing an opportunity to recoup the losses when financial markets bounce back. Policymakers have also tried to give flexibility to pension providers to secure the solvency of plans, and to allow pension providers to deal with pressing issues given the operational challenges that come with confinement and social distancing measures.

73. Some of the measures implemented by policymakers, regulators and supervisors, while aimed at providing short-term relief, may have a lasting impact on the well-being of future retirees, in particular, on retirement income adequacy.

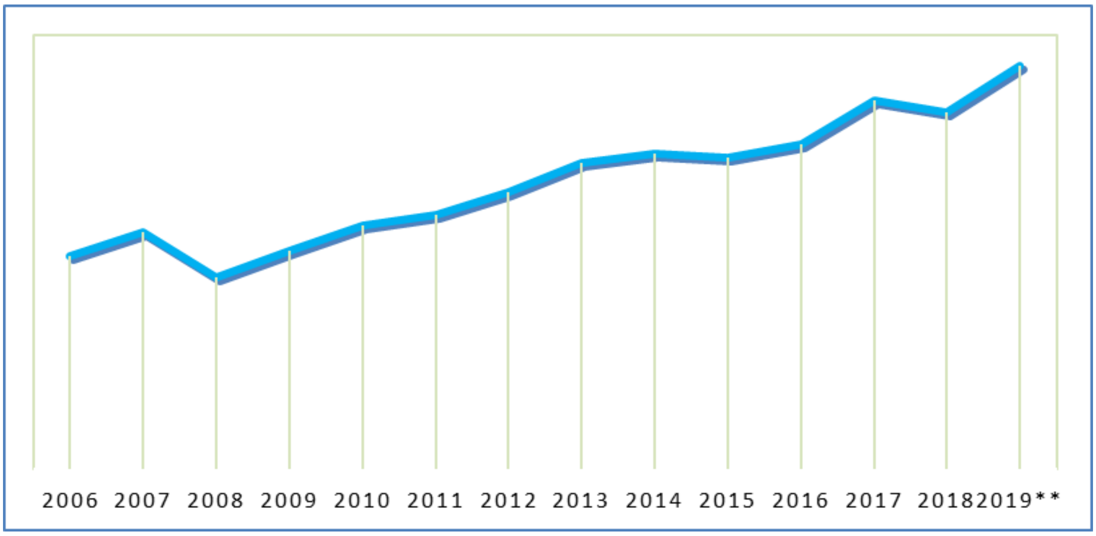
Policy considerations

74. The main policy consideration when addressing the decline of asset values in retirement portfolios is to stay the course and to avoid materialising value losses by selling, given that saving for retirement is for the long haul. This recommendation is in line with recommendations put forward during the previous financial and economic crisis, and when equity markets suffer negative shocks. Fluctuations in asset values are inevitable during the

life of a retirement portfolio. Over the long-term, portfolio investment provides a return to people's savings for retirement. Experience shows that selling when markets go down and buying when they go up is not good policy and 'timing the market' (i.e. attempting to predict future market movements) does not work. Selling assets when shocks occur risks materialising the reduction in value and precludes opportunities to recover those losses.

75. Stay the course and keep long-term investments is essential. The value of assets in retirement savings accounts recovered after the 2008 financial and economic crisis. Figure 2 shows that, despite big valuation losses in retirement assets in OECD countries because of the market meltdown during the 2008 financial and economic crisis, retirement assets were back to 2007 levels two years later.[17] Therefore, as long as people do not sell their assets, they do not materialise the losses and their portfolios eventually could recover and resume their long-term trend upwards.

Figure 2. Evolution of assets in retirement savings plans, OECD



Note: Assets for OECD countries that have data for the period December 2006 to December 2018 in millions of USD. Data for December 2019 are preliminary OECD calculations.
Source: OECD Global Pension Statistics.

76. It is important to allow for regulatory flexibility in recovery plans to address liability problems stemming from retirement promises. Regulatory rules, including mark-to-market valuation principles and recovery plans, remain essential for the long term but need to be flexible during exceptional circumstances. However, it is also important to reverse that flexibility once the exceptional circumstances have faded.

77. Flexibility with respect to regulatory compliance and supervisory oversight in a proportionate, flexible and risk-based manner could help alleviate the on-going pressures

[17] Equity markets quickly recovered after the sharp drop in 2008, in particularly in the United States. The recovery on equity markets led to an improvement in the value of assets in retirement saving accounts. However, improvements depend on several factors, not only the recovery of equity markets, but on the asset composition of retirement savings accounts and the extent to which people have moved their retirement investments towards more conservative allocation. Finally, the data on retirement assets also include contributions and benefit payments, in addition to asset value gains due to better investment returns.

that could lead to poor decisions or exacerbate the financial difficulties that the sponsor faces. Flexibility in regulation and supervisory oversight should focus on making sure that the increase in the liabilities of DB pension plans and insurance companies offering life annuities would not put further strain on those offering retirement income promises during difficult times.

78. Additionally, funding and solvency rules for DB plans should be counter-cyclical. Introducing flexibility in meeting funding requirements would help to avoid 'pro-cyclical policies' and allow pension funds to act as long-term investors and potentially stabilizing forces within the global financial system.

79. Some countries may have implemented measures to provide short-term relief that may have lasting consequences on retirement well-being. Measures such as contribution holidays and access to retirement savings accounts may affect the adequacy of future retirement income. It is important to avoid allowing premature access to balances accumulated to finance retirement as much as possible, especially if access is universal. The goal of retirement plans is to finance retirement. Allowing withdrawals from retirement pots may lead not only to lower retirement income adequacy but also to materialising asset value losses, and liquidity and investment management disruptions.

80. Withdrawing assets from retirement plans should be a measure of last resort. Notwithstanding this, there can be room for the need for flexibility in exceptional personal circumstances. Most jurisdictions already include provisions allowing for partial withdrawals of retirement savings based on specific exceptional circumstances: hardship situations like unemployment accompanied by protracted and large losses of income, or terminal illnesses. These programmes should be maintained for people in the greatest need. The main emergency mechanisms that governments have, and may want to continue to use, to assist people with the large temporary losses in income, are aid programmes such as unemployment programmes. Access to retirement savings should remain an exceptional measure based on individual specific circumstances and based on regulations already in place for that purpose.

Policy messages

Policy makers should make sure that people saving for retirement **stay the course**:

- **Saving for retirement is for the long-term**. Maintain investments in retirement portfolios to avoid selling and materialising value losses.
- **Continue contributing to retirement plans**. Governments may make the income of people full as part of the many programmes to assist the populations facing the economic fall from COVID-19, the lockdown and the associated economic downturn.

Policy makers, regulators and supervisors should:

- **Allow for regulatory flexibility** in recovery plans to address funding problems stemming from retirement promises (e.g. DB pension arrangements, and lifetime income products).
- **Make sure that funding and solvency rules** for DB plans **are counter-cyclical**. Introduce flexibility in meeting funding requirements, thereby avoiding 'pro-cyclical policies' and allowing pension funds to act as long-term investors and potentially stabilizing forces within the global financial system.

- **Provide proportionate, flexible and risk-based supervisory oversight coupled with adequate communication to reduce frauds, and facilitate efficient operations**. Supervisory oversight should concentrate on prudential and market conduct regulation, including ensuring protection of members and beneficiaries against COVID-19 related scams, especially of the most vulnerable individuals. Supervisors should communicate to market participants and individuals on their prudential expectations and recommendations in time of the crisis and actions made to facilitate pension funds' operations and to ease administrative burden.
- **Allow access to retirement savings as a measure of last resort and based on individual specific exceptional circumstances**. Retirement pots are to finance retirement. Accessing retirement savings could lead to materialising temporary asset values loses, liquidity and investment management problems to pensions funds, and, more importantly to retirement income adequacy shortfalls. Current regulatory frameworks already allow for tapping retirement savings in exceptional circumstances when substantial income losses occur, and should not be expanded further.
- **Develop close co-operation** with stakeholders, regulators and supervisors at the national and international levels, to share solutions and effective ways to deal with the current crisis.

Annex A.

This annex provides a preliminary overview of the policy responses to COVID-19 that affect retirement savings schemes that accumulate asset to back retirement income. This compilation is based on publicly available information as of the end of April 2020, complemented by inputs from OECD WPPP delegates and IOPS Members.[18] It may not be exhaustive of all the policies that countries have implemented in the private pension area in order to overcome the challenges from the COVID-19 outbreak.

Australia

Reduction of the superannuation minimum drawdown rates

1. The Australian government has temporarily reduced superannuation minimum drawdown requirements. People starting a superannuation pension or annuity on or after 1 July 2007 usually have to withdraw a minimum amount from their account each financial year.[19] This minimum amount is a percentage of the account balance at 1 July of each financial year and the percentage depends on the member's age.[20]Australia has decided to halve the default minimum drawdown rates for all age groups for the financial years 2019-20 and 2020-21 as a result of the COVID-19 outbreak (Table 3).

Table 3. Reduction in minimum drawdown rates

Age	Default minimum drawdown rate (%)	Temporary minimum reduced rate for 2019-20 and 2020-21 (%)
Under 65	4	2
65-74	5	2.5
75-79	6	3
80-84	7	3.5
85-89	9	4.5
90-94	11	5.5
95 or more	14	7

Source: Australian Government.

2. This measure intends to help retirees to manage the impact of volatility in financial markets on their retirement savings. It reduces the need for retirees to sell assets from their accounts during economic downturns to comply with minimum drawdown requirements.

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[18] This annex provides policy responses by country, ranked alphabetically, in the OECD area first. It then describes policy responses in reporting IOPS non-OECD jurisdictions, also ranked alphabetically.

[19] https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?anchor=Minimumannualpaymentsforsuperincomestrea

[20] For those drawing down their assets for the first year, the required minimum amount is calculated proportionately from the starting day to the end of the financial year.

Suspension of the issuance of new licences

3. The Australian Prudential Regulation Authority (APRA) announced on 8 April 2020 that it would temporarily suspend its issuance of new licences for regulated entities, including superannuation funds.[21] This suspension will last for six months, except where necessary for APRA to execute functions under its mandate.

4. This decision intends to limit the risk of failure of new entrants that would otherwise face greater challenges than under normal economic conditions.

ASIC relief granted in relation to superannuation advice

5. On 14 April 2020, the Australian Securities and Investments Commission (ASIC) announced three temporary relief measures to assist industry in providing consumers with affordable and timely advice in relation to superannuation during the COVID-19 pandemic.

6. This includes a temporary no-action position for superannuation trustees to expand the scope of personal advice that may be provided by, or on behalf of, the superannuation trustee as ‘intra-fund advice’. Intra-fund advice is provided free of charge to the recipient of the advice. It also:

- allowed advice providers not to give a statement of advice (SOA) to clients when providing advice about early access to superannuation; and,
- permitted registered tax agents to give advice to existing clients about early access to superannuation without needing to hold an Australian financial services (AFS) licence.

7. The relief is temporary and subject to conditions including that the client must have approached the advice provider for the advice.

Raising awareness and communicating about scams and fraud

8. ASIC and APRA have released a joint letter to superannuation trustees to help them manage challenges associated with COVID-19.[22] This letter draws the attention of trustees to the heightened risk of scams that members may suffer from during the outbreak. Scammers could use the volatile market conditions and the potential misunderstanding about early access to retirement savings to rip off plan members.

9. Trustees are advised to remain vigilant and have a regular, clear and accurate communication with plan members.

10. This advice intends to protect plan members against misinformation and confusion, and enable them to make sound decisions in their best interest.

Easier early access to pension savings

11. Australia has broadened the eligibility conditions for early access to savings in superannuation schemes as part of a coronavirus stimulus package. Eligible Australian and

[21] https://www.apra.gov.au/covid-19-apra’s-approach-to-licensing

[22] https://www.apra.gov.au/news-and-publications/apra-and-asic-release-joint-letter-to-superannuation-trustees-on-covid-19

New Zealand citizens and permanent residents can withdraw up to AUD 10 000 by the end of June 2020, and up to another AUD 10 000 from 1 July until 24 September 2020.

12. Eligible temporary visa holders can also apply for a single release of up to AUD 10 000 before 1 July 2020.

13. Eligible Australian and New Zealand citizens and permanent residents must satisfy one of the following requirements to benefit from this policy:

- being unemployed;
- being eligible to receive a job seeker payment, youth allowance for job seekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance;
- on or after 1 January 2020: being made redundant or experiencing a 20% or more reduction in working hours. Sole traders are also eligible if their business is suspended or has suffered a decline in turnover by 20% or more.

14. The eligibility criteria for temporary visa holders will depend on the type of temporary visa held and generally reflect the broader conditions for those visas.

15. Individuals can apply for early release of their savings to the ATO. For this purpose, they can use the myGov website: www.my.gov.au.

16. Early withdrawals under these temporary coronavirus measures are tax-free. This measure was expected (on 17 April 2020) to cost AUD 1.75 billion. The government will not collect the taxes they usually receive for early withdrawals.[23]

17. This policy intends to cushion the economic impact of the outbreak on those facing financial stress. However, the industry has expressed worries about potential mass early withdrawals from eligible members.[24] Funds may have to sell assets to fund cash withdrawals at a time when markets are low. However, the estimated AUD 29.5 billion that was forecast to be released by members represents less than 1 per cent of the almost AUD 3 trillion in assets managed by superannuation funds.

Austria

Advice to withhold dividend payments

18. The Financial Market Authority (FMA) of Austria has recommended that insurance companies withhold paying bonuses or dividends. It has also advised them to refrain from share buy-backs.[25]

19. This advice intends to protect the capacity of insurance companies to absorb losses.

[23] Tax treatment of the withdrawals from superannuation schemes for the financial year 2018-2019: https://www.oecd.org/finance/private-pensions/Financial-Incentives-for-Funded-Pension-Plans-in-OECD-Countries-2019.pdf

[24] https://www.theguardian.com/australia-news/2020/mar/27/industry-super-funds-ask-for-government-help-amid-fears-of-mass-covid-19-withdrawals

[25] https://www.fma.gv.at/en/eiopa-and-fma-urgently-recommend-insurance-undertakings-to-refrain-from-the-distribution-of-dividends-as-well-as-share-buy-backs/

Adaptation of supervisory practices

20. The FMA is adapting its supervisory practices in line with the recommendations of European supervisory authorities.[26]

21. The objective is to provide flexibility, allowing supervised entities to focus on maintaining their business operations.

Warning about fraudulent activities

22. The FMA has warned its supervised entities about an increase in fraudulent activities related to the COVID-19 outbreak.[27] The FMA lists several types of fraud, including:

- CEO fraud: scammers deceive teleworking employees by sending them emails from their supervisors, and especially from top management.
- Phishing: scammers attempt to get confidential information from customers via email or social media, and then use this information to carry out fraudulent transactions.
- Pushing of penny stocks: scammers purchase worthless shares, push their prices up using fake news related to COVID-19, and then sell these shares to investors they target to deceive.

23. The FMA intends to keep its supervised entities and their customers informed about these risks.

Belgium

Flexibility in the supervision of IORPs

24. The Financial Services and Markets Authority (FSMA), which is in charge of supervising institutions for occupational retirement provision (IORPs), is providing more flexibility to IORPs to help them to cope with the business disruptions and effects of the outbreak.[28]

25. The FSMA has stated that it is ready to provide more time for IORPs to report their Statement of Investment Principles and comply with the regulation.

26. The FSMA has also adjusted some processes that IORPs have to follow because of the lockdown. The process for requesting a fit-and-proper assessment of candidates for the board or other key positions in the IORPs by the FSMA has been temporarily simplified. For instance, the FSMA is accepting a written affidavit of the candidates in place of a criminal record certificate if the latter cannot be obtained.

[26] https://www.fma.gv.at/en/covid-19/

[27] https://www.fma.gv.at/en/fma-warns-about-a-strong-increase-in-fraudulent-activities-in-the-financial-markets-in-conjunction-with-the-corona-pandemic/

[28] https://www.fsma.be/fr/news/covid-19-information-pour-les-institutions-de-retraite-professionnelle (in French).

27. Given the impact of the outbreak on financial markets, the FSMA is planning to get in touch with IORPs with funding shortfalls for short-term liabilities. The FSMA will discuss a timeline for a recovery plan and related measures with these IORPs.

28. This flexibility and adjustments in processes intend to help supervised entities to overcome operational challenges due to the outbreak.

Deferral of premium payments for group insurance policies

29. The professional union of insurance companies in Belgium, Assuralia, has come up with an initiative to allow employers to defer the premium payments of the group insurance policies for their temporarily laid-off employees. Employers usually pay no insurance premium during a period of temporary unemployment. This in turn affects the build-up of pension rights of laid-off employees. Assuralia's initiative allows employers to pay the premiums they owe to insurance companies until 30 September 2020.[29]

30. This initiative intends to ensure employees continue to accumulate pension rights during their temporary unemployment.

Canada

Reduced minimum withdrawals for Registered Retirement Income Funds

31. Canada has reduced the required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020.[30] RRIFs are arrangements that individuals contract with an insurance company, a trust company or a bank. The selected provider is in charge of paying regular amounts to the subscribers based on assets transferred from a Registered Retirement Savings Plan (RRSP), a Pool Registered Pension Plan (PRPP), a Registered Pension Plan (RPP), a Specified Pension Plan (SPP) or another RRIF.

32. A similar measure applies to individuals who receive variable benefit payments from a defined contribution (DC) RPP or a PRPP.[31] The minimum amount that individuals receive is also reduced by 25% in 2020.

33. These measures are designed to protect retirees. They reduce the amount of assets to liquidate when markets are low and volatile to meet minimum withdrawal requirements.

Freeze of portability transfers and annuity purchases

34. The Office of the Superintendent of Financial Institutions (OSFI) has announced a freeze on portability transfers of rights and annuity purchases relating to federally regulated defined benefit (DB) plans. The OFSI may only accept a transfer or an annuity purchase

[29] https://www.nbb.be/en/articles/insurance-sector-also-working-tackle-socio-economic-impact-coronavirus-crisis

[30] https://www.canada.ca/en/department-finance/economic-response-plan/covid19-individuals.html#eased_rules_registered_retirement_income_funds

[31] https://www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/registered-retirement-savings-plans-registered-retirement-income-funds-rrsps-rrifs/economic-statement-measure-annuitants-rrsp-rrif.html

on a case-by-case basis under exceptional circumstances.[32] This freeze does not affect the ongoing pension payments to retirees and other beneficiaries.

35. This measure is expected to protect the benefits of plan members and beneficiaries at a time when the funding status of DB plans is suffering from developments on financial markets.

Moratorium on solvency payments for sponsors of federally regulated defined benefit pension plans

36. Immediate, temporary relief is provided to sponsors of federally regulated DB plans in the form of a moratorium, through the remainder of 2020, on solvency payment requirements for DB plans.

37. This relief will help ensure that employers have the financial resources they need to maintain their operations and their pension plans, and to protect the retirement security of their workers and retirees.

Flexibility in the supervision of pension plans

38. A three-month extension is granted for annual reporting on federally regulated private pension plans.[33] This deadline extension applies in particular to the filing of annual information returns, certified financial statements, actuarial reports and annual statements.

39. Pension regulators in several Canadian provinces have also tried to provide support to pension plan administrators. Several have provided extensions on deadlines for required filings such as annual information returns, financial statements, member statements and member notices.[34] Regulators have also issued FAQs and website notifications to explain measures and address pension issues stemming from COVID-19.

40. These measures are intended to allow pension plan administrators to focus on pressing issues arising out of the COVID-19 impact.

Reduction in contribution rates

41. Several provinces are allowing DC plans to be amended, to reduce contributions to zero for now.

42. These initiatives aim at providing short-term relief to contributors.

Chile

Transfer of assets to an account during the process to start the pay-out phase

43. Chile has adopted a rule to transfer the pension assets of those about to receive pension payments to an account.[35] The amount of assets in the pension plan can vary between the start of application for a pension payment to the actual moment individuals

[32] http://www.osfi-bsif.gc.ca/Eng/pp-rr/ppa-rra/Pages/Pen20200327_let.aspx

[33] http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/med/Pages/nr_20200327.aspx

[34] https://www.bennettjones.com/Blogs-Section/What-Pension-Plan-Administrators-Need-to-Know-Amidst-the-COVID-19-Pandemic

[35] http://www.spensiones.cl/portal/institucional/594/w3-article-13905.html (in Spanish)

receive their benefits. Individuals who are about to retire can transfer pension assets to an account of the Pension Fund Administrator (AFP) at the beginning of the process, in order to maintain the level of pension assets unchanged during the process to get pension payments for retirement.

44. This measure intends to protect the pension savings of those who are retiring given the volatility of financial markets resulting from the outbreak. This measure entered into force on 1 May 2020.

Colombia

Transfer of the balances of retirees in AFPs to the State Pension Fund

45. Colombia has introduced a decree transferring the duty to pay benefits to pensioners from private AFPs to the State Pension Fund (Colpensiones) under certain circumstances.[36] AFPs providing a lifetime programmed withdrawal usually have to ensure that the remaining accumulated capital is always enough to finance a life annuity at least equal to the minimum monthly wage.[37] Following the COVID-19 outbreak, AFPs are required to transfer the balance of pensioners in programmed withdrawals to Colpensiones if this balance would not be enough to guarantee the lifetime payment of a monthly minimum wage according to the estimates of AFPs as of 31 March 2020.[38] Pensioners in this situation will receive allowances equivalent to the monthly minimum wage from Colpensiones instead.

46. This measure aims at protecting pensioners from potential financial losses in their individual pension accounts.

Adjustment of processes for people over 70 years to collect their pensions

47. Colombia introduced a decree to ensure that people over 70 can collect their pensions in a flexible and safe way.[39] Those over 70 do not need to give a special power or authorisation before a notary or public official to let a relative or someone else close to them collect their pensions. Pensioners simply need to give an original identity document and a written authorisation to let a third party collect their pensions on their behalf.

48. People over 80 (or over 70 if they are disabled) are entitled to receive their pensions at home from a transport company. The pension administrator is in charge of the logistics to ensure entitled retirees receive their payments.

49. These measures intend to ensure old people can receive their pensions while staying safe at home.

[36] https://dapre.presidencia.gov.co/normativa/normativa/DECRETO%20558%20DEL%2015%20DE%20ABRIL%20DE%202020.pdf

[37] https://www.oecd.org/daf/fin/insurance/Colombia-pension-market-2016.pdf

[38] https://gomezpinzon.com/covid19/relief-measure-on-pension-contributions-for-april-and-may/

[39] https://dapre.presidencia.gov.co/normativa/normativa/DECRETO%20582%20DEL%2016%20DE%20ABRIL%20DE%202020.pdf

Reduction of the contribution rate to the General Pension System

50. The recently-introduced Decree 558 allows for a reduction in mandatory contributions to the General Pension System for April and May 2020. Before this decree, employers and employees had to contribute 16% of gross earnings overall to cover pension insurance, disability and survivors' pensions and finance administrative costs. Contributions amounted to 12% of gross earnings for employers and 4% for employees. Decree 558 reduces mandatory contributions from 16% to 3%. Employers pay 75% of this 3% contribution and the employees pay the remaining 25%.

51. This measure intends to provide financial relief to employers.

Czech Republic

Flexibility in the reporting for insurers, reinsurers and pension companies

52. The CNB is ready to provide domestic supervised entities a certain degree of flexibility in fulfilling the information duty of submitting and publishing the 2019 annual report at the same time (30 June 2020).[40]

Suspension of dividend payments

53. The Czech National Bank (CNB) has urged pension management companies to withhold dividend payments.[41]

Denmark

Flexibility in the reporting for insurers

54. The Danish Financial Supervisory Authority (FSA) has extended the deadline for reporting for insurers.[42] In this respect, the FSA follows the recommendations from the European Insurance and Occupational Pensions Authority (EIOPA). EIOPA has itself extended its deadlines, providing more time to national insurance authorities to submit information on insurers.

55. Danish insurance companies wishing to report later than the usual deadlines only have to inform the FSA by email.

56. The purpose of this measure is to enable insurance companies to focus on urgent tasks in response to the outbreak.

[40] https://www.cnb.cz/cs/o_cnb/koronavirus/ (in Czech)

[41] https://www.cnb.cz/en/about_cnb/cnb-versus-coronavirus/

[42] https://www.finanstilsynet.dk/Nyheder-og-Presse/Sektornyt/2020/Forsikring_covid19_fleksibel_indberetning_230320 (in Danish)

Increased monitoring of the solvency of pension companies

57. The FSA is requesting Danish pension companies to report the solvency coverage and carry out a simplified stress test every week.[43] Pension companies are expected to calculate the solvency coverage on the day before the reporting deadline, and an estimate of what the solvency coverage would have been on that same accounting day in the worst-case scenario of a decline by 15% in equity prices and a 25 basis point change in interest rates. Pension companies had to submit this information each Wednesday between 18 March (inclusive) until further notice.

58. This request aims at helping the FSA to monitor developments in the pension sector more closely.

Contribution breaks

59. Some pension companies are providing customers with the option to take a contribution pause or break. For example, Danica Pension allows its self-employed members to take pension contribution breaks.[44] Self-employed only have to pay a small part of their insurance to be fully covered if they fall sick or are injured. The rest of the premium payment comes from existing pension savings. Danica Pension is also willing to help small and medium-sized companies and is ready to reduce company pension contributions if companies, employees and unions agree.

60. These contribution breaks intend to help companies financially under pressure.

Estonia

Proposal to suspend employer contributions to the second pension pillar

61. Estonia will temporarily suspend the payment of employer contributions to the second pension pillar, except for employees borne between 1942 and 1960.[45] This suspension will happen from 1 July 2020 until 31 August 2021. Members will have the option of stopping their contributions as well by applying for a suspension in October 2020. The suspension of employee contributions will apply between 1 December 2020 and 31 August 2021.

62. In 2023-2024, the state budget will finance the missing 4% employer contributions for every month employees continue to make their 2% contributions between 1 July 2020 and 31 August 2021. This amount will be paid into second pillar pension plans. The state

[43] https://www.finanstilsynet.dk/Nyheder-og-Presse/Sektornyt/2020/Lobende_opfolgning_solvensoverdekning_pensionsselskaber_180320 (in Danish)

[44] https://www.europeanpensions.net/ep/Danica-Pension-to-give-self-employed-pension-contribution-break.php

[45] https://www.pensionikeskus.ee/uudis/ii-samba-maksete-peatamine-1-juulist-2020-a/ (in Estonian)

will also finance a return on these missing contributions. This return will correspond to the average return of second pillar pension plans between 1 July 2020 and 31 December 2022.[46]

Finland

Adjustment of the solvency legislation of pension insurance institutions

63. On 19 March 2020, the Ministry of Social Affairs and Health approved the amendment of the solvency rules that pension insurance institutions were asking for.[47]

64. The Finnish government also allowed the Financial Supervisory Authority on 26 March 2020 to extend the deadline for pension insurance institutions to implement recovery plans when their solvency capital falls below the required level. This policy shall remain in force until 26 March 2023.

65. The Ministry of Social Affairs and Health has also prepared a proposal to strengthen the solvency of pension institutions in case of further setbacks on financial markets. The reason for preparing this proposal is to be able to react swiftly if the situation on financial markets deteriorates further.[48]

66. The purpose of these policies is to provide flexibility for pension insurance institutions to recover and harness the potential of achieving positive long-term returns on financial markets.

Deferral of contributions into earnings-related pension plans

67. Employers can agree with their pension provider to postpone the payment of pension contributions into earnings-related pension plans by three months. Employers will have to pay a 2% interest charge on these delayed contributions but will not be subject to any penalty fee.

68. This measure can provide financial relief to employers.

Reduction in employer contribution rates for earnings-related pension plans

69. The Finnish government approved the proposal of social partners to reduce contributions to earnings-related pension plans temporarily on 18 March 2020.[49] Employer contributions are expected to be lowered by 2.6 percentage points from 1 May 2020 and until the end of 2020. Pension providers can use buffer funds to offset this reduction in contributions and pay current pensions.[50] Employer contributions will increase again

46 https://www.rahandusministeerium.ee/sites/default/files/teise_samba_maksete_ajutine_peatamine.pdf (in Estonian)

47 https://www.tela.fi/teema/koronatilanne (in Finnish)

48 https://stm.fi/artikkeli/-/asset_publisher/hallitus-valmistautuu-antamaan-tarvittaessa-esityksen-elakelaitosten-vakavaraisuuden-vahvistamisesta-esitys-lausunnolle (in Finnish)

49 https://www.etk.fi/uutinen/tyomarkkinajarjestot-ehdottavat-elakemaksujen-tilapaista-alentamista/ (in Finnish)

50 These buffer funds are cash buffers in the balance sheet of pension providers. They are also called equalisation liability.

between 2022 and 2025 to make up for the missing contributions in 2020 and replenish buffer funds.

70. This temporary reduction in employer contributions is expected to provide short-term relief to companies.

Facilitating premium loans

71. The government is facilitating employers' access to the contributions they have paid into earnings-related pension plans through loans (premium loans). To get a loan, employers need a guarantee. The state-owned financing company, Finnvera, is going to provide guarantees for these loans.[51]

72. This measure intends to support employers financially.

73. On 30 March 2020, the Ministry of Social Affairs and Health approved a possibility to restrict premium lending, to secure the liquidity of pension insurance institutions.

France

Suspension of dividend payments

74. The French Prudential Supervisory Authority (ACPR) is calling on insurers to refrain from paying dividends to shareholders at least until 1 October 2020.[52]

75. By this means, the ACPR aims at protecting the equity capital of insurers and strengthening it if possible.

Flexibility in the reporting for insurers

76. The ACPR has postponed the deadline for insurers to fulfil their reporting duties. The ACPR has given more time to insurers to submit their European prudential reporting, comply with national reporting requirements and return the other requested non-prudential information. [53]

77. This flexibility aims at allowing insurers to focus on assessing the consequences of the outbreak.

Option to defer payments of bonuses and profit-sharing to employees

78. The French government has extended the deadline for companies to pay bonuses and profit-sharing to their employees from end-May to end-December 2020.[54] Employers

[51] https://www.twobirds.com/en/news/articles/2020/finland/governmental-grants-and-financial-assistance-available-for-finnish-companies

[52] https://acpr.banque-france.fr/sites/default/files/medias/documents/20200403_communique_presse_dividendes_assurances.pdf (in French)

[53] https://acpr.banque-france.fr/assouplissement-temporaire-des-dates-de-remise-des-etats-de-reporting-prudentiel-europeens-des (in French)

[54] https://www.amundi-ee.com/entr/Local-Content/News/Loi-d-urgence-epidemie-COVID-19-les-mesures-sur-l-epargne-salariale

only have to inform employee representative bodies if they wish to take advantage of this flexibility. Employees can usually decide whether to transfer this amount to occupational pension plans (*plan d'épargne retraite collectif*).[55] Therefore, postponing the payment of bonuses and profits can have an impact on contributions to occupational pension plans.

79. This measure intends to support companies that may face short-term financial difficulties.

Easier early access to retirement savings for self-employed

80. The French Minister of Economy announced that self-employed would have the possibility to withdraw assets from their retirement savings plan (Madelin contracts).[56]

81. This measure intends to provide financial support to self-employed following the economic consequences of the COVID-19 outbreak.

Germany

Leniency regarding the investment ceiling for Pensionskassen in real estate

82. The Federal Financial Supervisory Authority (BaFin) will be lenient if Pensionskassen exceed the limit on investments in real estate. The German Investment Regulation for Pensionskassen (Anlageverordnung or AnlV) does not normally allow Pensionskassen to invest more than 25% of its assets in real estate through investment funds.[57] However, BaFin has stated that it will not object if the proportion of assets in real estate temporarily and unintentionally exceeds this ceiling. Values of the assets in which Pensionskassen invest can change rapidly and significantly given the volatility of financial markets. However, Pensionskassen will not be allowed to make new investments in real estate through investment funds if they exceed the 25% limit.

83. This measure intends to avoid emergency sales to comply with investment restrictions and to safeguard the stability of financial markets.

Extension of deadline to submit recovery plans for underfunded Pensionsfonds

84. BaFin is providing employers more time to address underfunding of Pensionsfonds as a result of the COVID-19 crisis.[58] According to the German Insurance Supervision Act, employers usually have up to ten years to eliminate the funding shortfall when Pensionfonds are underfunded up to 10%. If the funding shortfall is larger than 10%, employers have to address it without delay. In the case of underfunding up to 10%, employers are normally required to submit a recovery plan within three months from the beginning of a funding shortfall. Given the outbreak, BaFin accepts recovery plans to be submitted by 1 October 2020. Additionally, employers do not have to make initial payments in 2020 and can start in 2021. Employers are also allowed to defer any other

[55] https://www.lemonde.fr/argent/article/2020/03/26/epargne-salariale-il-faut-s-attendre-a-des-retards-de-versements_6034548_1657007.html and https://www.service-public.fr/particuliers/vosdroits/N517

[56] https://www.lesechos.fr/economie-france/conjoncture/coronavirus-les-independants-pourront-debloquer-leur-epargne-retraite-1199316 (in French)

[57] Section 3 (5) of the AnlV at https://www.gesetze-im-internet.de/anlv_2016/__3.html (in German)

[58] https://www.bafin.de/EN/Aufsicht/CoronaVirus/CoronaVirus_node_en.html

payments owed to limit the underfunding to 10% of technical provisions to 2021 if they do not pay dividend to their shareholders.

85. This measure will provide flexibility to employers who may need some, given the operational challenges they may face.

Flexibility in the submission of the registers of assets

86. BaFin provides flexibility with respect to the submission of the registers of assets that are requested under Section 126 of the Insurance Supervision Act (VAG). The deadline of 31 March 2020 was suspended. Pensionsfonds and Pensionskassen subject to VAG have to submit this register by 30 June 2020.

Greece

Advice to insurers to withhold dividend payments

87. The Bank of Greece has advised insurance undertakings to withhold paying dividends to shareholders in line with the relevant statement from the European Insurance and Occupational Pensions Authority (EIOPA).

88. This advice intends to safeguard the solvency of insurance companies and protect the interest of policyholders.

Recommendations to IORPs

89. The Greek National Competent Authorities are working on recommendations to the IORPs to mitigate the impact of COVID-19 on the occupational pensions sector. These recommendations will be issued shortly.

Flexibility in the reporting for insurers

90. The Bank of Greece has exhibited flexibility regarding the reporting deadlines for insurance undertakings. In this respect, the Bank of Greece follows the recommendations from EIOPA that has extended the deadlines for insurance companies to comply with Solvency II reporting requirements.

Payment of contributions

91. As regards mandatory occupational insurance funds, a list of employers affected by the COVID-19 crisis are given the possibility to pay contributions for February and March 2020 later.

92. This measure provides temporary flexibility and relief to employers.

Hungary

Communication with supervised entities and plan members

93. The Central Bank of Hungary (MNB) issued an Executive Circular (Executive Circular 8) that specified the risk mitigation measures pension funds were expected to take during the COVID-19 outbreak. This Executive Circular 8 was issued on 25 March 2020.

94. The MNB also proposes to remind pension fund members that it is not necessarily in their best interest to take their pension savings out of pension funds during the financial market downturn.

95. The MNB intends to pursue more intensive communication with its supervised entities within the framework of off-site supervision.

96. The MNB constantly assists the institutions with legal interpretation and proposals to facilitate their operations.

Adjustment of rules and practices

97. The Hungarian government has issued regulations stipulating how to ensure the operating conditions of institutions in the situation caused by COVID-19. These regulations contain rules applicable during the current emergency situation, which apply, inter alia, to funds too. Among other things, the provisions regulate the validity of mandates of members of the board of directors and the supervisory board and auditors; the way of holding general meetings, the possibilities of approving the annual report; and the borrowing conditions of funds within the monetary policy toolkit.

Iceland

Payment of pension contributions for workers in quarantine or with reduced hours

98. The Directorate of Labour is paying the wages and the pension contributions of employees in quarantine under the Wages in Quarantine Act.[59] This Act applies from 1 February 2020 to 30 April 2020. Employers and employees can benefit from this measure only if employees cannot perform their work while they are in quarantine. Employers are supposed to pay the salary of their employees and get reimbursed by the Directorate of Labour up to a certain amount. Wage payments cannot exceed ISK 633 000 per month (or ISK 21 100 per day) per employee in quarantine. The Directorate of Labour pays both the mandatory 4% employee contributions and the 11.5% employer contributions to the pension fund the employee belongs to.

99. The Icelandic government is also providing support to employees when their employers request them to work fewer hours. Employees are entitled to payments from the Directorate of Labour when their working hours are reduced by 20% but are still over or equal to 25% of a full-time job. The Directorate of Labour pays partial unemployment benefits and a 11.5% matching pension contribution.[60] The combination of the wages from the employer and partial unemployment benefits can neither exceed ISK 700 000 per month nor 90% of the average total wages of the employee. Wages lower than ISK 400 000 per month (for a full-time job) are not reduced.

100. This measure intends to protect jobs, income and guarantee pension accruals during the outbreak.

[59] https://www.lex.is/en/adgerdir-stjornvalda-til-ad-maeta-timabundnu-astandi-a-vinnumarkadi/

[60] https://www.government.is/default.aspx?pageid=5781e635-46bb-4c79-8218-03d44073071e#Tab1

Pause in foreign investments

101. The Icelandic Pension Funds Association (LL) urged pension funds in March 2020 to limit their foreign investments during the following three months.[61]

102. This policy aims at supporting the Icelandic economic and financial system and ensuring its stability.

Access to personal private pension savings

103. The Icelandic government is granting access to personal private pension savings as part of a response package to the COVID-19 crisis.[62] Plan members are allowed to withdraw up to ISK 12 million from their voluntary personal pension savings. If they wish to withdraw this maximum amount, they will receive it over a 15-month period. If they withdraw less, the pay-out period will be shortened proportionally. Each monthly payment can go up to ISK 800 000 and will be taxed as regular income. Pension providers will directly withhold the income tax from the payments to plan members. Plan members who would like to benefit from this measure have to submit an application to their pension provider and can apply until 1 January 2021.

104. This measure intends to support the well-being of households and help them to withstand a temporary loss of income.

Ireland

Flexibility regarding the compliance of pension trustees with their obligations

105. The Pensions Authority does not have the power to waive obligations set out in pensions legislation, thus there has been no change in statutory obligations for supervised entities. However, in acknowledging the significant challenges faced by pension schemes, the Pensions Authority will take into account current circumstances when assessing compliance with legislative requirements. In its public announcements, the Pensions Authority has outlined its expectations that supervised entities will engage with relevant stakeholders, communicate major issues, get appropriate professional advice and be proactive and consumer focused. To date, the Pensions Authority has issued guidance on a number of issues raised by the industry, including communications with members, employers and service providers, investment decisions and, in particular, pension scheme contributions.

Guidance in relation to the possible temporary cessation of employer contributions to pension schemes

106. The Pensions Authority has advised trustees of both DB and DC schemes that the following matters should be considered by employers/trustees in consultation with their advisers:

- scheme rules, in particular in relation to contribution cessation or reduction and notice periods

[61] IPE's article Icelandic pension plans half foreign investment during corona crisis

[62] https://www.government.is/default.aspx?pageid=5781e635-46bb-4c79-8218-03d44073071e#Tab1

- provisions of employment contracts relating to pensions
- the obligation under section 58A of the Pensions Act to make any employer defined contribution payment due
- possible impact on death in service benefits
- possible impact on insured DC schemes if regular contributions cease
- engagement with/communications to affected employees.

107. In addition, the Pensions Authority has outlined a number of matters that should be taken into account specifically by DB schemes, including:

- the effect of any suspension on the ability of the scheme to meet its benefit obligations
- the contributions required under a funding proposal
- whether ongoing contributions are necessary to meet current pension payments
- whether a suspension of contributions would unfairly affect a particular class of members.

Israel

Grant to old-age people losing their job

108. Israel announced that people aged 67 or over who lost their jobs because of the outbreak would receive a grant on top of their state pensions in March and in April 2020. This grant could be worth up to NIS 4 000.[63]

109. This measure intends to help old-age people suffering financially because of the crisis.

Italy

Postponement of reporting deadlines

110. The Supervisory Commission of Italian Pension Funds (COVIP) has extended several reporting deadlines of the institutions it supervises. For example, COVIP has postponed the submission of the 2019 financial statements of open pension funds from 31 March 2020 to 30 June 2020.[64]

111. This measure gives flexibility to pension providers as they face operational difficulties resulting from the lockdown of the country.

Japan

112. No policy response identified so far.

63 https://www.timesofisrael.com/treasury-unveils-nis-80-billion-rescue-plan-for-virus-stricken-economy/

64 https://www.covip.it/wp-content/uploads/COVID_19_Circolare_ANIA_revfinale.pdf (in Italian)

Korea

113. No policy response identified so far.

Latvia

Option for members of the state funded pension scheme to postpone the pay-out choice

114. The Minister of Welfare has provided members of the state funded pension scheme with the option of delaying their pension pay-out choice.[65] At retirement, individuals usually have two options. They can either use the assets in their funded pension scheme to purchase a life annuity from a life insurance company, or add these assets to their notional DC account to get a public pension based on their notional and financial capital. As a response to the COVID-19 crisis, people who are reaching retirement are given the right to postpone their choice until 30 November 2021. If they do not make a choice, assets in their funded pension scheme will be transferred to their notional account from 1 January 2022 and they will receive a public pension.

115. This measure intends to provide the opportunity for people close to retirement to recoup losses due to the financial downturn.

Flexibility in the supervision of financial market participants

116. The Financial and Capital Market Commission (FCMC) announced it would take a flexible and individual approach in its supervision of financial market participants.[66]

117. This approach aims at taking into account of the effects of the outbreak on financial market participants.

Lithuania

Adjustments in supervisory activities

118. The Bank of Lithuania, which, among other financial market participants, supervises pension funds, is adjusting some of its supervisory activities following the COVID-19 outbreak. For example, the Bank of Lithuania has postponed the planned inspections of pension funds until the situation regarding the coronavirus becomes clearer. It has also informed the pension accumulation companies about the flexible approach it will take regarding compliance with the reporting deadlines. The Bank of Lithuania has intensified communication with companies in order to find out possible threats and risks to pension fund participants.

119. These measures provide flexibility to pension funds and allow them as well as the supervisor to focus on the risks that the sector faces.

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[65] http://lm.gov.lv/lv/aktuali/presei/91759-saeima-pienemti-grozijumi-valsts-fondeto-pensiju-likuma-kas-uz-laiku-laus-atlikt-cilveku-izveli-par-fondeto-pensijas-kapitalu&usg=ALkJrhjWec1SSH3UwiriaWbau3mtJsJ60w (in Latvian)

[66] https://www.fktk.lv/en/news/press-releases/with-an-outbreak-of-covid-19-in-supervising-the-financial-market-participants-the-fcmc-will-ensure-an-individual-and-flexible-approach/

Luxembourg

Warning about scams

120. The Insurance Commission of Luxembourg (CAA) has issued warnings about scams on its website.[67] It publishes on its website the name of former insurance companies that scammers may be using to rip people off.

121. This disclosure intends to protect people against scammers.

Flexibility with respect to reporting deadlines

122. National authorities in Luxembourg have provided pension providers with some flexibility to meet their reporting requirements. The Luxembourg Financial Supervisory Authority (CSSF) announced it would not use its enforcing powers over supervised entities that experience a delay in meeting their reporting requirements if they duly explain the reasons for this delay.[68] Pension funds under the supervision of the CSSF can submit their quarterly reporting until 20 July 2020 (instead of 20 days after the end of the quarter) and their actuarial report until 30 September 2020 (instead of end-June).[69] They simply have to inform the CSSF by email if they need this extra time to fulfil their reporting duties. Likewise, the Insurance Commission has extended some of its reporting deadlines that pension funds under its supervision have to meet (e.g. quarterly IORP 2 reporting).[70]

123. This measure intends to take into account the operational difficulties that supervised entities face because of COVID-19.

Mexico

Settlement of the procedure for partial unemployment withdrawals in a single appointment

124. The Mexican Pension Fund Supervisory Authority (CONSAR) has requested the procedure of partial savings withdrawals from pension plans due to unemployment to be settled in a single appointment.[71] The Mexican pension system allows people to make partial withdrawals of their assets in individual accounts in the case of unemployment. People are entitled to these partial withdrawals when they have been unemployed for at least 46 days and have not already used this possibility within the last five years. Given the

[67] http://www.caa.lu/fr/actualites/avertissement-general-contre-les-arnaques (in French)

[68] https://www.cssf.lu/fileadmin/files/Publications/Communiques/Communiques_2020/C_reporting_reglementaire_230320.pdf (in French)

[69] https://www.cssf.lu/fileadmin/files/FAQ/FAQ_Covid_19_fr.pdf (in French)

[70] http://www.caa.lu/uploads/documents/files/Calendrier_Reportings_CAA_2020_F_3.pdf (in French)

[71] https://www.gob.mx/consar/articulos/medidas-temporales-y-extraordinarias-para-garantizar-la-ejecucion-de-actividades-esenciales-en-materia-financiera-de-operaciones-y-atencion-a-trabajadores-239109?idiom=es (in Spanish)

COVID-19 outbreak, CONSAR expects eligible individuals requesting access to their savings to receive the amount in a one-off payment.

125. This measure is in place for precautionary health reasons. It intends to avoid people going multiple times in the same premises to request early withdrawals of their assets.[72]

126. However, CONSAR encouraged people to keep assets in their plans and refrain from making early withdrawals during the outbreak to avoid materialising the investment losses on financial markets.[73]

Simplified reporting

127. CONSAR is allowing private pension fund administrators (AFORES) to send simplified reports instead of the regular ones if they request so.[74] However, CONSAR expects the AFORES to submit their reports within the usual timeframe and deadlines through the Electronic Information System.

128. This measure is supposed to help AFORES to deal with the operational challenges resulting from the outbreak while ensuring the fulfilment of their duties.

Netherlands

Payment of pension contributions by the state for workers of eligible companies

129. The Dutch government announced that it would pay the salary and cover pension contributions for the workers of eligible companies during the outbreak.[75] This policy response is part of the temporary emergency measure for the preservation of jobs (NOW) scheme. The government will pay the wages of employees for three months, up to 90% of the wage bill of the company depending on its loss of revenue. The government will add a 30% top-up to this compensation amount to cover employer and employee pension contributions and other payroll charges.[76] The Employee Insurance Agency is in charge of making these payments to companies.

130. To be eligible for this help, companies need to meet certain criteria. This help is available to companies expecting to lose 20% or more of their revenue over the period

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72 https://www.msn.com/es-mx/dinero/noticias/retiros-por-desempleo-en-afores-se-harán-en-un-solo-pago-por-covid-19/ar-BB12eYkR?li=AAggPN5 (in Spanish)

73 https://www.imagenpoblana.com/20/04/03/afores-presentan-minusvalias-para-clientes-de-hasta-nueve-mil-pesos-por-covid-19 (in Spanish)

74 https://www.gob.mx/consar/articulos/comunicado-238986?idiom=es (in Spanish)

75 https://www.europeanpensions.net/ep/Dutch-Pension-Federation-welcomes-govt-response-to-Covid-19.php

76 https://www.pensioenfederatie.nl/actueel/nieuws/2020/openbaar/03-maart/now-regeling-compenseert-volledige-pensioenpremie-met-extra-30-op-loonsom (in Dutch)

March-May 2020 compared to their quarterly average revenue in 2019. To be eligible for this help, companies shall not fire any employee for economic reasons either.[77]

131. The objective of this policy is to tackle the liquidity issues that some companies may face and to continue to finance pension accrual during the crisis.

Adjustments in supervisory activities

132. The Dutch Central Bank (DNB), which supervises pension funds, is adjusting and relaxing some of its supervisory rules.[78] The DNB has postponed the deadlines of the annual reporting of pension funds by three months. Pension funds can submit their annual reports by 30 September 2020. The DNB is also ready to give more time to pension funds to submit their monthly and quarterly reports if they request so.

133. The DNB is allowing pension funds to deviate from their strategic investment policies temporarily. However, this deviation should be the result of a well-considered decision making process.

134. The DNB is also adapting its supervisory activities and turning its attention to ongoing specific risks for the pension sector, such as business continuity management, cyber risks, the fall of the funding ratio resulting from developments on financial markets.

135. These measures provide flexibility to pension funds and allow them as well as the supervisor to focus on the risks that the sector faces.

New Zealand

Subsidies covering KiwiSaver contributions

136. Against the backdrop of the COVID-19 crisis, the Ministry of Social Development (MSD) is paying subsidies that will be used to cover pension contributions. These subsidies are granted to eligible employers upon application. Employers who are entitled to a subsidy and receive it shall pass it onto employees by paying them their regular wages. Employers shall deduct KiwiSaver contributions from wages and transfer these contributions to the Inland Revenue that will channel them to the pension provider of employees.[79]

137. New Zealand has designed and introduced two types of subsidies that employers may be eligible to receive during the outbreak:

- the COVID-19 Wage Subsidy to support companies who face laying off or reducing hours of their employees because of the outbreak;

[77] https://www.government.nl/ministries/ministry-of-social-affairs-and-employment/news/2020/03/19/coronavirus-dutch-government-adopts-package-of-new-measures-designed-to-save-jobs-and-the-economy

[78] https://www.dnb.nl/nieuws/dnb-nieuwsbrieven/nieuwsbrief-pensioenen/nieuwsbrief-pensioenen-april-2020/index.jsp (in Dutch)

[79] https://www.ird.govt.nz/covid-19/tax-relief/wage-subsidies

- the COVID-19 Essential Workers Leave Support to help essential companies to pay employees who cannot come to work because of social distancing measures and who cannot work from home.[80]

138. The Wage Subsidy is available to employers in New Zealand under certain conditions. To be eligible for this subsidy, the company needs to comply with all the following requirements: i) being registered and operating in New Zealand with employees legally working in New Zealand; ii) experiencing at least a 30% decline in actual or predicted revenue over a month compared to the same period in 2019; iii) taking active steps to mitigate the impact of COVID-19; and iv) retaining the employees for which a subsidy is requested for during the period of the subsidy.[81]

139. The Leave Support is available to essential businesses only. The Health Act defines essential business as companies that are essential to the provision of the necessities of life, as well as companies that support the former. All these companies operate in the following sectors mainly: food, healthcare, energy, waste-removal, internet and financial support. The list of services that are considered essential is available on the website of the government.[82] Essential companies can request this type of subsidy for their employees who cannot come to work and cannot work from home.

140. Essential companies can apply to a Wage Subsidy or a Leave Support for an employee if they meet the eligibility conditions of the respective subsidies. However, they will only receive one of the two for the same employee.

141. Both types of subsidies are paid at the same flat rate. The rate is NZD 585.80 for people working 20 hours or more per week (full-time rate), and NZD 350 for people working less than 20 hours (part-time rate).

142. Both types of subsidies cover different time periods. The Wage subsidy is paid for 12 weeks. An employer receiving this subsidy cannot request it a second time for the same employee. By contrast, the Leave Support is for 4 weeks, but employers can apply to get this subsidy again for the same employee.

143. Employers are expected to pay employees their usual wages – from which employee contributions are deducted – with the subsidy and satisfy all additional features of the employee's remuneration package, including employer contributions to their pension plan. However, the subsidy may be less than the usual wage of the employee. In that case, employers must undertake best endeavours to pay the employee at least 80% of their usual wage or at the very least the payment rate. If an employee's usual wage is less than the subsidy, they should be paid their usual wages, with the employer expected to use the difference for the wages of other affected staff. The subsidy is still subject to standard KiwiSaver contributions.

144. These subsidies intend to support companies impacted by the outbreak and their employees, and ensure the latter continue to accumulate assets in their pension plan.

[80] https://workandincome.govt.nz/products/a-z-benefits/covid-19-support.html#null

[81] https://workandincome.govt.nz/products/a-z-benefits/covid19-wage-subsidy.html#null

[82] https://covid19.govt.nz/businesses-and-employees/essential-businesses/#information-for-business-owners-and-employees

Financial Guidance Service through a website

145. The Commission for Financial Capabilities is providing financial guidance to people in New Zealand through its 'Sorted' website at: https://sorted.org.nz/. This website can help people manage their money and plan for retirement.

146. This website provides advice to people on how to manage assets in their KiwiSaver plans during the COVID-19 outbreak. It explains the consequences of withdrawing assets from the plans or changing investment strategies.

147. The 'Sorted' website also warns people about scams related to COVID-19. It gives the methods that scammers use, such as: phishing emails, offer of a coronavirus map app to download malicious softwares, investment offers in 'safe havens', phone calls. The website gives tips to help people avoid traps.

148. This website is a tool to provide clear and simple information. It intends to help plan members to make informed decisions on the management of their retirement savings and to avoid scams.

Extension of the terms of current KiwiSaver default providers

149. New Zealand has extended the terms of KiwiSaver default providers.[83] New Zealand currently has nine default providers. Individuals aged between 18 and 65 are randomly enrolled in a KiwiSaver default fund when they start working, unless they actively choose a fund or opt-out. The default providers are selected by the Minister of Finance and the Minister of Commerce and Consumer Affairs. The term of the current default providers was originally supposed to expire on 30 June 2021, but has been extended by five months to 30 November 2021. The selection process of the default providers for a new term is delayed.

150. This deferral in the selection process of default providers aims at allowing pension providers to focus their efforts on continuing to operate smoothly.

KiwiSaver significant financial hardship applications in the context of lockdown

151. KiwiSaver plan members wishing to access their savings under financial hardship circumstances have to complete a statutory declaration about their assets and liabilities in front of a witness authorised under the Oaths and Declarations Act 1957 and show that they have explored other options to get funding.[84]

152. In light of the COVID-19 epidemic, a temporary law change has been made to the requirements for witnessing declarations under the Oaths and Declarations Act. The change makes it clear that there is no requirement for a person witnessing a declaration to be in the physical presence of the person making it. The person witnessing the declaration is also not required to physically sign the same document as the person making it. Instead, oaths,

[83] https://www.fma.govt.nz/assets/Uploads/CoFR-table-of-deferred-regulatory-initiatives-April-2020.pdf

[84] https://www.fma.govt.nz/news-and-resources/covid-19/thinking-making-kiwisaver-hardship-withdrawal/

affirmations or declarations can be administered using audio-visual or audio links, such over Skype, Zoom, Facetime, or over the phone.[85]

153. Taking into account this change, the Financial Markets Authority (FMA) of New Zealand has provided guidance to supervisors and pension providers for alternative steps to verify that plan members are entitled to financial hardship withdrawals.[86] In the lockdown context, the FMA recommends that lawyers witness the statutory declaration of the applicant by video. If this is not possible, the pension provider has to use the best alternative to verify the identity of the application in these exceptional circumstances. The applicant also has to provide evidence of his (or her) assets and liabilities to the provider and can as a last resort communicate this information over the phone if the provider agrees that there is no way to send this information by post or email.

154. However, the FMA has urged plan members to use hardship withdrawals as a last resort and try to use governmental assistance measures first.[87]

Norway

Possibility for laid-off employees to remain members of occupational pension plans

155. On 3 April 2020, the Norwegian government proposed a measure letting employers decide whether temporarily laid-off employees could remain members of their pension plan.[88] This measure would apply to employers whose pension arrangement does not already allow them to choose to keep laid-off employees as members of their plan. Employers would not have to pay pension contributions. However, they would have to pay for the administration and management of the plan of their laid-off employees.

156. This proposal would be a means of ensuring that laid-off employees still have an occupational pension plan. The Parliament adopted this proposal, and the rules were set into force on 17 April 2020.

Advice to withhold dividend payments

157. The Norwegian Ministry of Finance has recommended insurance companies to postpone decisions on dividend payments and other distributions of profits until the great uncertainty about the economic outlook is reduced.[89] The Ministry of Finance does not

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85 https://www.justice.govt.nz/about/news-and-media/covid-19-news/oaths-affirmations-or-declarations/

86 https://www.fma.govt.nz/assets/Uploads/CoFR-table-of-deferred-regulatory-initiatives-April-2020.pdf

87 https://www.fma.govt.nz/news-and-resources/covid-19/hardship-withdrawals-a-last-resort-rob-everett/

88 https://www.regjeringen.no/en/aktuelt/additional-financial-measures-to-mitigate-the-economic-effects-of-the-coronavirus-crisis/id2696548/

89 https://www.regjeringen.no/no/aktuelt/banker-og-forsikringsforetak-bor-holde-tilbake-overskudd/id2695014/ (in Norwegian)

intend to legislate on this aspect in the short-term but expects insurance companies to follow the recommendation.

158. This precautionary advice intends to protect the solvency of insurance companies given the financial uncertainties related to the COVID-19 outbreak.

Postponement of reporting deadlines

159. The Financial Supervisory Authority of Norway (Finanstilsynet) has postponed the deadlines for the submission of annual reports. Pension funds had until 30 April 2020 to submit them.[90] The Financial Supervisory Authority is following EIOPA's guidelines and extended deadlines for insurance companies to comply with Solvency II reporting requirements.[91]

160. This measure is expected to help pension funds and insurance companies to address priority issues.

Poland

Supervisory forbearance regarding investment restrictions

161. The Polish Financial Supervision Authority (KNF) intends to take a case-by-case approach when pension companies exceed investment limits. The KNF plans to adapt its supervisory measures to the current market situation.

Flexibility and adjustments in supervisory practices

162. The KNF has extended the reporting deadlines for open pension funds and employee pension funds. These pension funds have two more months than originally scheduled to return their annual financial reports.[92] This measure provides flexibility and time to pension funds for the preparation and validation of their financial reports and allow them to deal with pressing issues.

163. The KNF has also postponed and adjusted some supervisory actions, such as on-site inspections, to allow supervised entities to focus on key processes and day-to-day operations. The KNF is taking a pragmatic approach to some supervisory deadlines, such as the deadlines for the implementation of post-inspection recommendations, in relation to the initial deadlines.

164. The KNF has adapted its communication process with its supervised entities in the context of the COVID-19 outbreak. It enables its supervised entities to use digital channels of communication only.

165. The KNF has requested its supervised entities to follow suitable procedures to maintain business continuity during the COVID-19 outbreak.

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[90] https://www.finanstilsynet.no/nyhetsarkiv/nyheter/2020/utsettelse-av-rapporteringsfrister/ (in Norwegian)

[91] https://www.finanstilsynet.no/nyhetsarkiv/nyheter/2020/finanstilsynet-folger-eiopas-anbefaling-om-lettelser-i-rapporteringskrav/ (in Norwegian)

[92] https://www.knf.gov.pl/o_nas/komunikaty?articleId=69462&p_id=18 (in Polish)

Postponement of auto-enrolment in companies with 50+ employees

166. Employers with 50 or more employees at the end of June 2019 now have more time to enrol automatically into an Employee Pension Plan (PPK). These employers have until 10 November 2020 to set up a PPK plan with a financial institution instead of 10 April 2020.[93]

167. This measure intends to give employers more flexibility to deal with other issues they face because of the outbreak.

Postponement of the pension reform

168. A reform involving the transformation of open pension funds into specialised open-end investment funds has been postponed. Implementing the reform as originally scheduled could be financially unfavourable for members of pension funds as well as for the state budget (due to stock exchange market turmoil).

Portugal

Financial consumer protection

169. The Portuguese Insurance and Pension Funds Supervisory Authority (ASF) advised pension fund management entities to be flexible on the treatment of plan members and beneficiaries' needs, with a particular focus on the communication to members, beneficiaries and sponsors of pension funds.

170. In this respect, when there is an intention to exercise the switching option (where applicable), pension fund management entities are expected to reinforce the need for prior contact with the sponsors or members, in order to promote their full understanding of the current exceptional situation.

171. Pension fund management entities should also disclose their contingency plans on their websites, in order to inform members and beneficiaries of all the measures taken that can affect the contractual obligations that are established.

Advice to withhold dividend payments

172. The ASF advised pension fund management entities to withhold dividend payments to their shareholders.

173. This advice intends to protect the solvency of pension fund management entities as the outbreak increases the risk of the deterioration of the solvency position and non-compliance with solvency margin requirements.

Extension of deadlines

174. The ASF has extended deadlines for reporting requirements. The ASF has published a set of new deadlines (such as for accounting and financial information) in a circular-letter to the industry.[94]

[93] https://www.tpa-group.at/en/news-en/poland-covid-19-virus-relief-measures/

[94] https://www.asf.com.pt/NR/exeres/DA3C0127-02DF-45FA-A945-A2A45D74FD60.htm (in Portuguese)

175. This flexibility aims at helping pension fund management entities to focus on ensuring the continuity of their critical tasks and services towards plan members and face the challenges resulting from the outbreak.

176. In this sense, the ASF has also suspended or cancelled the supervisory on-site actions scheduled for the coming months in order to allow pension fund management entities to focus on their activities and to secure business continuity.

Extraordinary monitoring and reporting

177. The ASF expects pension fund management entities to report any serious disruption in their activities or with regard to the operation of the pension funds under management due to the outbreak. These disruptions may affect the financial and liquidity position of pension funds and, eventually, may also compromise the rules of proper functioning in the market conduct area, undermining the protection of members and beneficiaries. The ASF has established an extraordinary reporting to collect information on the financial, liquidity and solvency position of the pension funds and also an extraordinary reporting of some quantitative and qualitative indicators related to market conduct.

178. The ASF also recommends pension fund management entities to monitor early withdrawals from PPR pension funds closely.[95] The ASF recalls the importance of explaining the impact of early withdrawals and the amount of loss to plan members.

179. This extraordinary monitoring provides a tool for pension fund management entities and the supervisor to detect problems due to the outbreak and take action as necessary to safeguard the interest of plan members.

Temporary extension of the legal conditions for early withdrawals in PPR

180. The Law no. 7/2020, of 10 April 2020, has temporarily extended the conditions for early withdrawals in PPR without tax penalties to certain situations such as changes in the employment status due to the current exceptional situation, up to a monthly limit of EUR 438.81.[96]

Slovak Republic

Subsiding wages and supporting pension asset accumulation

181. The state reimburses 80% of the employee's salary to the employer and to self-employed whose services are compulsorily closed. Employers, including self-employed as employers, who had to close their operations based on a decision of the National Institute for Public Health (NIPH), can apply for an allowance to get reimbursed a part of the employee's salary amounting to 80% of their average earnings, up to a maximum of EUR 1 100 EUR. The condition is to keep the job even after the end of the crisis period and for at least two months after the month for which the employer is requesting an allowance. This measure is aimed at protecting jobs and helping with temporary loss of income. This measure is valid from 13 March 2020 until the end of the calendar month in which the decision of the NIPH on the closure of facilities will be revoked.

[95] PPR pension funds are personal retirement saving schemes in the form of pension funds.

[96] https://dre.pt/application/file/a/131347485 (in Portuguese)

182. Self-employed, who have closed services based on a decision of the NIPH or whose sales have decreased by at least 20% (or 10% in March), may apply for an allowance to compensate for the loss of income.

183. The decrease in sales is determined as a percentage rounded up to the nearest whole number. The method of determining the decrease in sales is notified to the Social Insurance Agency and the relevant health insurance company.

184. Employers affected by an emergency situation (including self-employed who are employers) who did not have to close down but had to reduce their operating activities can choose the most advantageous support option between the two available to them: a) reimbursement of part of the salary of the employee whom the employer cannot assign work to due to an obstacle on the part of the employer (§ 142 Act. 4 of the Labour Code), up to a maximum of 80% of the employee's average earnings or EUR 880, whichever the lower; (b) a flat-rate allowance to cover part of the wage costs per employee, depending on the decrease in revenue in the amount according to the tables provided in relevant legislation.

185. Selected groups of people who have no other income during the emergency situation may apply for a flat-rate allowance of EUR 105 for the loss of earned income for March 2020 and for EUR 210 for April and May 2020.

186. Measures adopted by the government (direct or indirect financial assistance) are intended to help employers to overcome an unfavourable situation, mitigate losses, and ultimately help employees to further accumulate pension assets.

Adjustment of supervisory activities

187. Pension fund management companies and supplementary pension management companies were requested to provide the regulator with new extraordinary reporting introduced during the pandemic at a higher frequency. This request aims at helping to monitor the situation with respect to supervisory board meetings and investment decisions, capital position, eligible own funds, observation of lapses and surrenders, funds return in guaranteed bond funds, performance and risk (potential loss/maximum loss).

188. The National Bank of Slovakia (NBS) is monitoring the fulfilment of all obligations of the supervised entities to ensure the continuity of key operational activities and the protection of long-term interests of savers. Savers should be provided with relevant and transparent information, including on their investment options/situation, to discourage potential short-term decisions in the current situation. The NBS is monitoring the investment decisions and asset allocation of pension funds to ensure savings of members are protected.

189. The NBS urges pension fund managers to communicate with savers at an increased pace, even in times of emergency, and to explain them that a decrease in asset value may, in some cases, lead to a possible impact on the amount of savings of pension savers, future retirement income or (in the case of occupational pension funds) motivation of early withdrawal. Due to the COVID-19 outbreak, the possibility to physically meet a client is extremely limited, therefore the NBS recommends using digital communication tools and publishing information on the administrator's website.

190. In addition to legislative measures there is enhanced reporting on COVID-19 from supervised entities, enhanced exchange of information and mutual coordination with other relevant EU countries.

Transitional measure for supplementary pension savings

191. The Slovak Republic modified the Act on Supplementary Pension Savings.[97] The revised version is in force from 6 April 2020 until 31 December 2022. Employers fulfilling the amended conditions in the Act no. 68/2020 Coll have to pay pension contributions for their employees within the deadlines specified under the same Act. This supersedes the terms of the pension plan arrangement.

Slovenia

Advice to withhold dividend payments

192. The Securities Market Agency (SMA) and the Insurance Supervision Agency (ISA) followed the recommendations of the Financial Stability Board and EIOPA and advised the financial entities they supervise to withhold paying dividends to shareholders.[98] The SMA supervises mutual pension funds while the ISA supervises pension and insurance companies.

193. This advice aims at ensuring financial companies are able to face potential capital losses that could be resulting from the financial knock-on effect of the outbreak.

Warning about ill-intentioned financial advice

194. The SMA has issued a warning on ill-intentioned financial advice.[99] Scammers may advertise investments promising high returns. These investments are risky and the promised returns may not reflect the actual realised ones.

195. This warning intends to protect investors against scams.

Spain

Advice to withhold dividend payments

196. The General Directorate of Insurance and Pension Funds has recommended that insurance companies withhold paying dividends to their shareholders.[100] This recommendation is line with those of EIOPA.

197. This advice intends to guarantee the solvency of insurance companies and protect the interest of policyholders.

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[97] https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2004/650/ (in Slovak)

[98] https://www.a-tvp.si/arhiv-novic (in Slovenian) for the SMA and https://www.a-zn.si/sporocilo-za-javnost-zacasno-zadrzanje-izplacila-dividend-v-zavarovalnicah-pozavarovalnicah-pokojninskim-druzbah-je-v-interesu-vseh-deleznikov/ (in Slovenian) for the ISA

[99] https://www.a-tvp.si/novica?newsID=779 (in Slovenian)

[100] http://www.dgsfp.mineco.es/es/DireccionGeneral/Publicaciones/Nota%20publica%20dividendos_v_publicar.pdf (in Spanish)

Easier access to private pension savings

198. Spain has facilitated the early access to private pension savings as a result of the COVID-19 crisis (Royal Decree 11/2020).[101] Members of pension plans are able to withdraw assets from their pension plans with no penalty under certain conditions for a period of six months from the entry in force of the Royal Decree 463/2020 on 14 March 2020. This option is available to members of insured pension plans, company benefit schemes and mutual provident funds.

199. Members need to meet one of the following conditions to be allowed to withdraw assets from their pension plans:

- temporarily unemployed because of the COVID-19 outbreak;
- unable to work as employers are obliged to close to the public because of the lockdown;
- self-employed registered in the social security and unable to continue their activities.

200. The amount of assets that can be withdrawn is capped. It cannot exceed the wages (respectively net income) that the temporarily laid-off employees (respectively self-employed) would have received if they had been able to continue working.

201. The tax treatment of these early withdrawals is the same as benefit payments. Benefits are usually taxed as labour income at the marginal tax rate of the individual (except for contributions made before 2007).[102]

202. This measure intends to provide financial support to individuals facing liquidity issues.

Sweden

Support of wages and pension contributions

203. The Swedish government has introduced a short-time work allowance programme to further subsidise wage payments (and therefore pension contribution) when employers reduce their staff's number working hours. This programme will last throughout 2020.[103]

204. The proportion of salary that the state and employers pay and that employees keep depends on the reduction in the number of hours. The short-time work allowance from the state is only available for three levels of reduction in working hours: 20%, 40% and 60%. Employer staff costs are reduced by 19%, 36% and 53% respectively under the short-time work allowance programme. However, employees still receive over 90% of their salary for a 60% reduction in their working hours.

205. Employers have to meet some conditions to benefit from this allowance. The possibility for a reduction in the number of working hours must exist in the collective bargaining agreement. If it is not the case, employers have to sign an agreement with at

[101] https://www.boe.es/diario_boe/txt.php?id=BOE-A-2020-4208 (in Spanish)

[102] https://www.oecd.org/daf/fin/private-pensions/Financial-Incentives-for-Funded-Pension-Plans-in-OECD-Countries-2019.pdf

[103] https://tillvaxtverket.se/english/short-time-work-allowance.html

least 70% of the employees in the operating unit. Employers should also have tried to reduce their labour costs, such as by dismissing non-permanent employees who are not critical for their operations.

206. This measure intends to provide support to both employers and employees in a context of economic and financial difficulties due to COVID-19. It reduces the staff costs for employers while allowing workers to get almost their full salary on which contributions to the pension premium system (PPM) are taken.[104] This measure limits the effects of COVID-19 and its economic and financial consequences on pension contributions.

Invitation for flexibility with respect to internal buffer requirements

207. The Swedish Financial Supervisory Agency encourages occupational pension funds to use the internal buffers they have built up on top of their risk-capital requirements under more favourable circumstances.[105] It also encourages occupational pension funds to refrain from selling assets to meet internal buffer requirements.

208. This invitation aims at limiting further negative effects on asset prices that are already falling.

209. The Swedish Financial Supervisory Agency is also ready to discuss with companies which capital falls below risk-based capital requirements.

Temporary measures to enable general meetings in companies to be held using digital communications and mail

210. The Swedish Government has published a draft bill introducing a temporary possibility of conducting annual general meetings in companies and associations without the need for the concerned parties to meet physically. According to the proposal meetings can take place and the concerned parties exercise their rights using at the meeting using digital communications and mail or just via mail.

211. This measure is intended to limit the spread of the COVID-19 and is aimed at insurance companies as well as other businesses.

Warning about scams

212. The Swedish Financial Supervisory Agency is warning customers about scams on its website.[106] It reports the cases of several customers who received a call from scammers pretending they were calling on behalf of the Swedish Financial Supervisory Authority. Scammers were pretending to assist customers to recoup lost money that was invested.

213. The purpose of this disclosure is to protect customers and ensure they do not give bank details to scammers.

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[104] https://www.pensionsmyndigheten.se/forsta-din-pension/vad-paverkar-din-pension/corona-hur-paverkas-pensionen (in Swedish)

[105] https://www.fi.se/sv/publicerat/nyheter/2020/forsakringsforetag-och-tjanstepensionskassor-bor-anvanda-sina-buffertar/ (in Swedish)

[106] https://www.fi.se/sv/publicerat/nyheter/2020/bedragare-utger-sig-att-ringa-fran-fi/ (in Swedish)

Switzerland

Possibility for employers to use contribution reserves to finance contributions

214. Switzerland decided on 25 March 2020 to allow employers to temporarily tap into their contribution reserve to pay their contributions to occupational pension plans.[107] This measure is in force for six months. Employers using this option have to inform their pension fund in writing.

215. This measure intends to help employers facing liquidity issues. It does not affect employees. Employee contributions continue to be withdrawn from employees' salary and transferred to their occupational pension plans. Their plans receive all the expected contributions.

Advice to withhold dividend payments

216. The Swiss Financial Market Supervisory Authority (FINMA) recommends the entities it supervises to withhold paying dividends to their shareholders. [108]FINMA is the supervisor of insurance companies with which individuals can set up voluntary private pension arrangements.

217. This advice intends to ensure insurance companies can withstand a potential economic slowdown in 2020.

Postponement of the reporting deadlines of insurers

218. FINMA has extended the reporting deadlines of insurers.[109] Insurance companies can submit a number of reports on their capital and financial situation until 31 May 2020 instead of 30 April 2020. Insurance companies wishing to benefit from this deadline extension have to let FINMA know by 30 April 2020.

219. This measure provides insurers with some flexibility to deal with other issues they may be facing due to the outbreak.

Turkey

Delay in the disclosure of financial reports of pension funds

220. The Capital Market Board announced that the disclosure of quarterly financial reports for the first quarter of 2020 may be delayed until 30 April 2020.

221. The announcement dates and reporting periods of some transactions regarding pension mutual funds have been extended.

[107] https://www.bsv.admin.ch/bsv/fr/home/assurances-sociales/bv/grundlagen-und-gesetze/bv-corona.html (in French)

[108] https://www.finma.ch/fr/news/2020/03/20200325-mm-garantiepaket/ (in French)

[109] https://www.finma.ch/fr/news/2020/04/20200407-meldung-finma-aufsichtsmitteilung-03-2020/ (in French)

Protecting pension providers against liquidity risk

222. The Notification on Principles Regarding Investment Funds authorises the Capital Markets Board of Turkey to halt the calculations of unit fund values of the pension mutual funds, and to suspend trading these funds in extraordinary situations.

223. Trading the funds may be halted, if found necessary, to eliminate the liquidity risk that may arise from a large number of possible demands from participants to leave the system to meet their financial needs due to the pandemic.

224. A regulation enables participants to terminate pension contracts via secure electronic communication tools. Before this measure was taken, signed documents were required to terminate contracts.

Proposal for flexibilities for employers and pension companies

225. Considering that there will be delays on the transfers of payment that institutions participating in automatic enrolment have to make, a work is under way by the Ministry of Treasury and Finance to introduce some flexibilities for these institutions and pension companies.

United Kingdom

Coverage of wages and pension contributions to furloughed employees

226. The United Kingdom has introduced a Coronavirus Job Retention Scheme that pays a grant to eligible employers for employees on temporary leave (furlough) due to COVID-19.[110] This scheme has been in force since 1 March 2020, originally for three months. The Chancellor Rishi Sunak has recently announced that this scheme will continue until end-October but will be gradually phased out from August 2020.

227. The grant available under this Scheme initially covers 80% of the usual monthly wage of the furloughed employee, up to GBP 2 500 a month, plus the associated employer national insurance contributions and the minimum mandatory pension contributions. Pension contributions are financed up to the level of the minimum automatic enrolment employer contribution (i.e. 3% of qualifying earnings). Employers cannot claim for pension contributions they make above the mandatory employer contributions. From August 2020, employers will be required to pay the national insurance contributions and the minimum 3% pension contributions.[111] The government will reduce its salary payment down to 70% (up to GBP 2 190) in September, and further down to 60% (up to GBP 1 875) in October 2020. Employers will be requested to make up the difference (10% in September, 20% in October).

228. Employers can claim the grant if they have created and started a pay-as-you-earn (PAYE) payroll scheme on or before 28 February 2020. They must have enrolled for PAYE online and have a UK bank account.

[110] https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme

[111] https://www.pensionsage.com/pa/Employers-to-resume-pension-contributions-to-furloughed-workers-from-August.php

229. Employers can only claim the grant for furloughed employees who were on the PAYE payroll on or before 28 February 2020. Employees must be furloughed for a minimum period of three consecutive weeks. The grant is available regardless of the initial employment contract (e.g. full-time, part-time, flexible). Employers cannot get a grant from the Coronavirus Job Retention Scheme if employees are still working, even on reduced hours or for reduced pay.

230. The reference salary of the employee on which the calculation of the grant is based excludes non-monetary benefits provided to employees and benefits provided through salary sacrifice schemes (such as pension contributions). These benefits that reduce the taxable pay of the employee are not included in the calculation of the grant.

231. However, Her Majesty's Revenue and Customs (HMRC) exceptionally allows individuals to exit salary sacrifice schemes in the COVID-19 context. HMRC usually lets individuals switch out from salary sacrifice schemes only in the case of a life event. HMRC agreed to consider COVID-19 as a life event that could justify a change to salary sacrifice arrangements. The related employment contract needs to be updated accordingly.

232. The Coronavirus Job Retention Scheme is expected to help employers in a difficult economic context while protecting the salaries and pension accruals of their employees.

Flexibility with respect to the disclosure of transfer values of DB plans

233. The Pensions Regulator (TPR) has announced it would not take legal action during three months if trustees suspended their cash equivalent transfer value (CETV) quotations and payments. The CETV is the cash value placed on pension benefits. It corresponds to the amount that plan members can transfer to another plan in exchange of giving up their rights in their current plan. Trustees are usually required to disclose this value upon the CETV terms and process.

234. This measure can help to protect the liquidity of the DB plan provider by limiting transfers between plans. It can also protect the interest of plan members in a context of volatile financial markets as the CETV may be fluctuating significantly. This measure also intends to help trustees to focus on other administrative activities (such as pension payroll) than assessing CETV.

Flexibility with respect to the submission of recovery plans for DB schemes

235. TPR has stated that it is ready to refrain from taking regulatory action if trustees of DB plans do not submit recovery plans of underfunded DB plans on time.[112] TPR suggests that the submission of the recovery plan could be delayed by up to three months.

236. This flexibility aims at providing more time for trustees to consider the situation of the plan and of the employer for the recovery plan. TPR does not expect trustees who are about to calculate the funding of the plan to change their valuation assumptions. However, TPR suggests that trustees consider the affordability of deficit repair contributions from the employers when agreeing the recovery plan.

[112] https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/db-scheme-funding-and-investment-covid-19-guidance-for-trustees

Extension of deadlines to comply with the new rules of the Financial Conduct Authority

237. The Financial Conduct Authority (FCA) is giving a delay to firms to comply with the new rules to engage with members starting their payout phase.[113] The FCA's new rules specify the type of information that firms will have to send to members selecting how to draw down their pension assets. Firms will have to inform members about annuities and their eligibility to enhanced annuities. The new rules are also expected to make the cost of drawdown products clearer and easier to compare. These rules were supposed to come into effect on 6 April 2020. As a result of the outbreak and its consequences, the FCA now expects firms to comply as soon as possible but requests to be informed if firms plan to comply after 31 May 2020.

238. The FCA is also postponing its new rules to improve the design of income drawdown products and to ensure they deliver value for money. The new rules are expected to introduce investment pathways for members purchasing a drawdown product without any advice. Consumers will also invest in cash only if they actively request so according to the FCA's new rules. The new rules also require firms to send an annual information of the costs and charges of the products they offer to members. The implementation deadline of these new rules has been extended by six months until February 2021.

239. These deadline extensions aim at giving flexibility to firms as the outbreak generates operational challenges that can make it difficult for firms to comply with new rules.

Webpage on pension scams

240. TPR reminds trustees and employers that there is a heightened risk of scams from which members need protection.[114] Scammers may lure savers willing to transfer their pension, prompted by the volatility of financial markets or the risk of bankrupcy of the employer. TPR raises warning and asks trustees and employers to be vigilant if members ask about transferring their pension.

241. The FCA has a specific webpage on scams (ScamSmart) that TPR recommends to visit as necessary: https://www.fca.org.uk/scamsmart. This webpage identifies several types of pension scams. Scammers may offer one of the following opportunities: free pension review, taking money from a plan, pension transfer to another plan. ScamSmart lists the channels that scammers may use, such as emails, social media, phone calls. ScamSmart provides assistance and explain to plan members how they should deal with these scams.

242. The objective of this guidance is to help plan members to protect themselves from scams.

Flexibility with respect to the payments of pension contributions to DB plans

243. TPR is ready to refrain from taking regulatory actions if employers fail to make deficit repair contributions (DRC) during three months according to the recovery plans. TPR advises trustees to be open to requests from employers to reduce or suspend DRC.

[113] https://www.fca.org.uk/firms/information-firms-coronavirus-covid-19-response#pensions

[114] https://www.thepensionsregulator.gov.uk/en/covid-19-an-update-for-trustees-employers-and-administrators

This reduction or suspension shall be for a period of time as limited as possible below three months.

244. TPR has also made it possible for trustees to grant the same leeway for future contributions of employers (and members) to DB plans as for the reduction or suspension of DRC.

245. This flexibility intends to help employers facing liquidity constraints. However, TPR expects trustees to check the actual financial conditions of the employers before allowing these contribution breaks and ensure that dividend payments from employers to shareholders are suspended.

United States

Suspension of minimum distribution requirements from DC plans

246. The United States introduced a Coronavirus Aid, Relief, and Economic Security (CARES) Act, suspending the minimum distribution requirements from DC plans for 2020.[115] Before this Act, individuals aged 70.5 or more (before 1 January 2020) had to withdraw assets from their DC plans. Otherwise, they had a 50% penalty. Individuals who had already withdrawn assets in 2020 before this Act could roll over the withdrawn amount.

247. This measure allows members to avoid withdrawing assets from their plans while their balance may be lower as a result of financial losses.

Deferral of employer contributions to DB plans

248. The CARES act allows employer to defer their contributions into DB plans in 2020 until 1 January 2021.

249. This measure provides support to employers who may face liquidity needs.

Early access to pension savings without penalty

250. The CARES Act allows members to access savings in their DC plans up to USD 100 000 without penalty. Before this Act, individuals withdrawing their savings before the age of 59 and a half had to pay a 10% penalty.

251. Additionally, under the CARES Act, the income tax payment on these early withdrawals can be spread over three years. Individuals will no longer have to pay taxes within the year.

252. Individuals are also allowed to put some of their withdrawals back into their plan within three years. This possibility was not available before the CARES Act.

253. Individuals can benefit from this measure until 30 December 2020 for purposes related to COVID-19, i.e.:

- if a test that is approved by the Centers for Disease Control and Prevention (CDC) reveals they are infected by COVID-19;

115 https://crr.bc.edu/wp-content/uploads/2020/03/CARES-Act-Changes_onepager_final_for_web.pdf

- if their spouse or one of their dependents is infected by COVID-19 according to a CDC-approved test; or,
- If they suffer from adverse financial consequences of COVID-19.

254. This measure intends to support individuals who may have liquidity needs because of COVID-19.

Loans from DC plans

255. The CARES Act lifts the ceiling on the amount that individuals can borrow from their DC plans. The loan can amount to the full balance of the plan (instead of 50%) up to USD 100 000 (instead of USD 50 000). They can also delay the repayment of their outstanding loan from their DC plan by one year.

256. This measure also aims at addressing the liquidity needs of plan members. Individuals can benefit from this measure within 180 days of the enactment of the Act.

Albania

257. No policy response identified so far.

Croatia

Adjustment of supervisory practices

258. The Croatian Financial Services Supervisory Agency (HANFA) closely monitors the impact of COVID-19 on the operations of its supervised entities, and adjusts its regulatory and supervisory procedures and requirements accordingly. HANFA has taken supervisory measures of preventive nature and is providing flexibility to its supervised entities.

259. HANFA requests pension companies to report on their plan and way of ensuring the continuity of their operational processes during the COVID-19 outbreak. HANFA intends to get insight on the measures taken by pension companies to preserve business continuity and protect the functioning of the pension market.

260. HANFA has also engaged in an ongoing communication with IORPs on the ability of employers sponsoring pension plans to continue contributing. Employers may face potential liquidity pressures due to the COVID-19 outbreak and its economic and financial consequences. However, HANFA has received no information so far on any disruption nor problem that would affect the contributions and pension rights of members of IORPs.

261. Communication between pension companies and HANFA has been facilitated. HANFA and pension companies are having electronic exchanges. This process aims at reducing personal contacts and lowering the risk of virus transmission, as well as facilitating the delivery and submission of documents.

262. HANFA has simplified some processes that pension companies have to follow because of the lockdown. The documentation that pension companies provide to HANFA – which is usually subject to specific signatory requirements – must now contain a signature of only one member of the board of the pension company. The objective is to demonstrate the necessary flexibility under exceptional circumstances.

263. HANFA is also providing flexibility to its supervised entities by postponing reporting deadlines. The deadline for submission of pension fund reports (e.g. annual, quarterly reports) has been extended by up to 30 days. The objective is to minimise administrative burden and allow supervised entities to take care of minimising the impact of the COVID-19 crisis.

264. In parallel, HANFA is conducting some extraordinary monitoring and reporting. HANFA monitors currency exposures of pension funds via daily reports from pension companies. HANFA also requests daily analyses of the impact of COVID-19 on net asset value and asset structure of pension funds. This provides an efficient tool for both pension companies and the supervisor to identify potential problems due to the outbreak and take necessary actions to safeguard the interest of plan members.

265. The objective of all these measures and adjustments in supervisory practices is to provide relief and tools to pension companies to tackle challenges arising out of the COVID-19 outbreak, protect the interest of plan members and help to safeguard the stability of the pension system.

Kazakhstan

Adjustment of supervisory practices

266. Kazakhstan has adjusted its supervisory practices and introduced a set of supervisory measures for life insurance companies in charge of pension annuities following the COVID-19 outbreak:

- easing of the requirements for the calculation of high-liquid assets adequacy ratio and solvency margin ratio for the period from 30 March to 30 September 2020;
- suspension of on-site inspections;
- extension of reporting deadlines.

Discussion on the suspension of pension contributions

267. There is an ongoing discussion among national authorities in Kazakhstan on allowing members of the Unified Accumulative Pension Fund (UAPF) to suspend their monthly pension contributions.

Kenya

Relaxing compliance requirements

268. On request of the Authority, the Cabinet Secretary National Treasury and Planning gazetted a waiver of penalties accruing from late submission of audited financial statements that were due on 31 March 2020 for a period of 60 days. The gazette was published on 30 March 2020 in Legal Notice no. 44 of 2020.

269. Kenya relaxed compliance timelines for submission of statutory returns under different circumstances faced by different stakeholders.

270. The Authority allowed schemes with financial year ending 31 December 2019 and which have not finalised their audited financial statement to pay a levy based on the last audited accounts as at 31 December 2018. Any resultant underpayments shall be paid once

the accounts are finalised and such underpayment will not attract penalties. Overpayment will be refunded or credited against future levy.

271. Trustees may postpone Scheme Annual General Meetings and reschedule their own meetings. However, they are encouraged to explore the use of technology to hold meetings through video conferencing and other alternative methods.

272. Schemes that have trustees whose term is due to lapse soon and may not be able to organise for elections or nominations are advised to bring the same to the attention of the Authority at the earliest opportunity for guidance.

273. Trustee Development Training Program Kenya (TDPK) trainings have been postponed until further notice and the Authority has agreed to defer the requirements for trustees to be trained within a period of six months. The six months period will count from the date of appointment of Trustees but excluding the period of postponement.

274. Acknowledging that many employers particularly those from sectors most impacted by the crisis such as travel and hospitality are unable to remit contributions over this period, employers and/or schemes are guided as follows:

- *where employees are still working and earning full or reduced salary* - The employer is expected to contribute both employee and employer portions based on the full or reduced pay as the case may be.
- *where employees are on unpaid leave* - The employees who are members of the scheme will be considered as being temporarily absent from work; and the contributions of both employer and employee shall be suspended for the period they remain unpaid or the maximum period defined in the scheme rules. The employer and/or Trustees are advised to notify the Authority of the same.
- *where an employer is seeking to vary the contribution rates* - The employer can exercise their right to vary the contribution rates subject to issuing the required notice as defined in the scheme rules and submitting the relevant documentation to the Authority.
- *where an employer is seeking to temporarily suspend contributions* - The employer is advised to seek consensus of the members either directly or through their representatives, evidenced by member signatures or a joint affidavit by the employer and the Trustees, to suspend either or both employer and employee contributions to the scheme for a specified period. When the said period lapses, the employer shall automatically resume contributions / start to accrue liability to contribute to the scheme.
- *where an employer is seeking to discontinue contributions (this leads to winding up or scheme operating as a closed fund)* - The employer can exercise their right to cease/discontinue the employer portion of the contributions, subject to issuing a notice to the Trustees as defined in the scheme rules. During the notice period the employer will accrue liability for both employer and employee contributions based on the full or reduced salaries. However, where the employer is financially constrained to meet the obligations for the said notice period, trustees may exercise their power to compound liabilities, and allow the employer to pay at a later date or submit a remedial action plan to the Authority for approval. In the alternative, the employer may seek consensus of the members either directly or through their representatives, evidenced by member signatures or a joint affidavit by the

employer and the Trustees, to waive the notice period. In that case, the Authority will consider the said notice and contributions accruing for that period as waived.

Mauritius

Flexibility with respect to reporting requirements

275. The Financial Services Commission (FSC) of Mauritius has announced that it would demonstrate flexibility towards its supervised entities that may face challenges in meeting their reporting obligations.[116]

276. The FSC declared that it would not charge administrative penalties for late filing and reporting obligations due for end March, April, May and June 2020.[117,118] The FSC has published new reporting deadlines with which supervised entities have to comply to avoid being charged administrative penalties.

Raising awareness about scams

277. The FSC is warning the public about scams from unregulated entities.[119]

278. The FSC provides examples of scams that individuals could be victim of in a communiqué. For example, scammers may advise individuals to invest or transfer existing investments into highly risky investments.

279. The FSC lists precautions that individuals can take. Individuals can visit the website of the FSC to check if the entity that contacted them is regulated. The FSC also advises individuals to avoid clicking on links from unknown senders, to avoid being pressured into making decisions, and to be cautious before giving personal financial information, among other precautions.

North Macedonia

Financial support and subsidy of mandatory social security contribution

280. The government of North Macedonia has issued decrees to provide financial support to the self-employed and to private-sector employers affected by the COVID-19 outbreak and its economic and financial consequences.[120] Support can be granted through the payment of wages for April and May 2020. Financial support can go up to MKD 14

[116] https://www.fscmauritius.org/media/84869/communiqu%C3%A9-statement-on-covid.pdf

[117] https://www.fscmauritius.org/media/84878/communiqu%C3%A9-covid-19-reporting-requirements-and-administrative-penalties.pdf

[118] https://www.fscmauritius.org/media/84887/communiqu%C3%A9-16-04-2020.pdf

[119] https://www.fscmauritius.org/media/84875/communiqu%C3%A9-scam-activities-unlawful-transactions-28-03-20.pdf

[120] http://www.ujp.gov.mk/files/attachment/0000/1258/Uredba_za_finansiska_poddrska_SVD_za_na_WEB.pdf for instance (in Macedonian)

500 per employee in order to help private-sector employers to pay salaries of their employees under certain conditions.[121] Self-employed can also be eligible to this support.

281. A decree also introduced another type of subsidy. This second type of subsidy covers the payment of mandatory social security contributions and pension contributions to the second pension pillar from April to June 2020.

282. These decrees provide support to members of the second pension pillar plans through the subsidisation of contributions to the mandatory pension funds.

Postponement of general administrative procedures including procedures regarding benefit payments from the second pension pillar

283. The government of North Macedonia has issued a decree on general administrative procedures. Deadlines in the proceedings have been stopped because of a state of emergency. This can cause possible delays in benefit payments from the second pension pillar. However, there is a small number of members entitled to benefit payments from the second pension pillar in this period.

Peru

Easier early access to retirement savings

284. Peru enacted a special measure on 30 April 2020, enabling members of pension funds to make early withdrawals from their individual accounts managed by AFPs under certain conditions.[122] Members have 60 days from 18 May 2020 to submit a withdrawal request to the AFP managing their accounts.

285. The amount that members can withdraw depends on their account balance (Table 4). Members with account balance lower than PEN 4 300 can withdraw all their savings. Members with a larger account balance can withdraw from PEN 4 300 up to PEN 12 900 for the largest pension pots.

Table 4. Allowed withdrawal amount and payments

Account balance	Allowed withdrawal amount	First payment	Second payment
Less than 1 UIT	100% of the account balance	100% of the account balance	Not applicable
1 to 4 UIT	1 UIT	0.5 UIT	0.5 UIT
4 to 12 UIT	At least 1 UIT but no more than 25% of the account balance	50% of the withdrawal amount	50% of the withdrawal amount
More than 12 UIT	At least 1 UIT but no more than 3 UIT	50% of the withdrawal amount	50% of the withdrawal amount

Note: 1 UIT = 1 reference tax unit = PEN 4 300 (currently).
Source: International Update from the Social Security Administration's Office of Retirement and Disability Policy.

121 https://home.kpmg/xx/en/home/insights/2020/04/north-macedonia-government-and-institution-measures-in-response-to-covid.html

122 https://www.ssa.gov/policy/docs/progdesc/intl_update/2020-05/index.html

286. AFPs must release the funds in one or two payments depending on the account balance. The first payment must be made within ten days upon receipt of the withdrawal request. The second payment (if applicable) must occur within the following 30 days.

287. This measure intends to help individuals cope with the consequences of the COVID-19 outbreak and to provide them economic support.

Zimbabwe

Coordination of responses to the outbreak

288. The Insurance and Pension Commission (IPEC) of Zimbabwe has been part of a national COVID-19 response team through the following:

- Participating in COVID-19 regular national consultative meetings of the Inter-Ministerial Taskforce on COVID-19, which is chaired by the Vice President of the Republic of Zimbabwe, Hon. Kembo D. C. Mohadi. The meetings are meant to ensure regular exchange of information with Government on how the sector is responding to the pandemic and discuss measures to reduce the impact of the COVID-19 on insurance policyholders and pensioners.
- Coordinating relief efforts by the industry players, including donations to Government, following declarations by Government of COVID-19 as a national disaster.
- Facilitating issuance of COVID-19 treasury bond through facilitating liaison between the industry and Government. The bond is aimed at facilitating borrowing by Government from institutional investors such as insurance companies and pension funds towards COVID-19-related expenditure.
- Requested Government to consider pensioners as a vulnerable group for inclusion as beneficiaries of the Social Welfare Fund set by Government in response to COVID-19. The recommendation was made on the backdrop of the adverse impact of inflation on pension benefits that reduced the purchasing power of their incomes.