



**DIGITAL  
DIALOGUES**

# **Pensions Funding Storm**

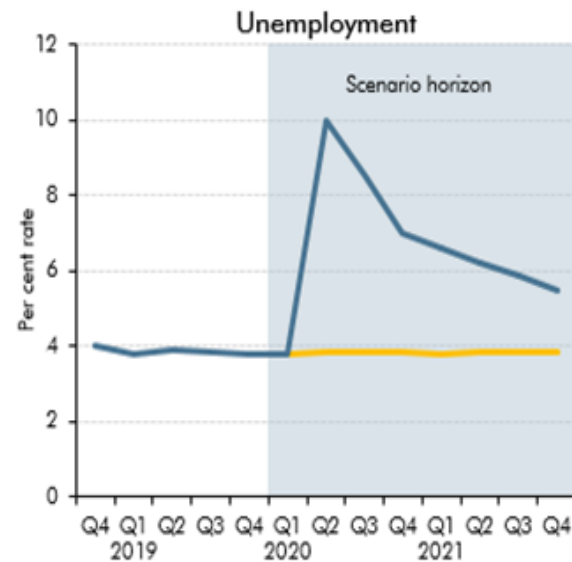
May 1 2020

# Economic backdrop

**GDP drops by 35% 5 Q2**



**Jobless rate hits 10%**



# Sector Warnings

Education 90%

Restaurants and hotels 85%

Construction 70%

Manufacturing 55%

Retail 50%

Financial services 5%

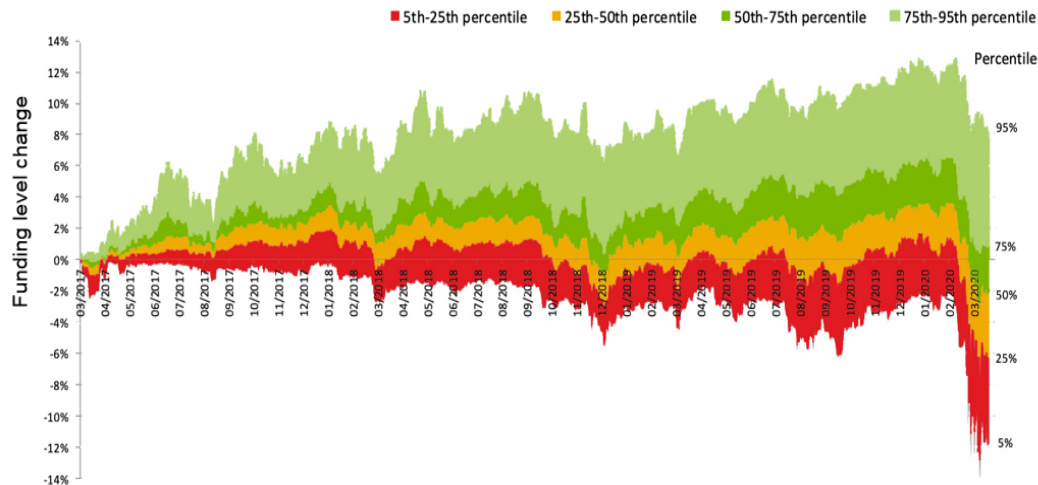
*OBR output losses in Q2 by sector*



# Pension backdrop

## Impact on schemes' funding levels

Range of experience from 31 March 2017 to 5 April 2020



**“These are unprecedented times. We will take a reasonable, pragmatic and proportionate approach to our regulation of schemes.”**

*Pensions Regulator, March 2020*

# COVID-19 Emergency measures

- Open to requests to reduce or suspend DRCs ***for up to 3 months.***
- Payment of dividends and other forms of shareholder return to cease
- Trustees should also consider what is being asked of other creditors to ensure the scheme is being treated equitably.
- DB transfers can be suspended for up to 3 months.
- Easements in place until 30 June

# Post-Covid Britain 'will face twenty years of pain'

Ex-Bank of England advisor warns of  
longer and slower economic recovery

## Coronavirus 'may be as damaging to global economy as 2008 crisis'

Outbreak could close  
schools for two months,  
says chief medical officer

the spread of the disease. Financial  
markets plunged afresh yesterday as  
countries stepped up efforts to contain  
the virus by banning travel, closing

warning that in the event of a global  
pandemic public events may have to  
be cancelled and schools closed for

There is a still a

said afternoon it was down 590. The  
Dow had closed at 26,000.

## Universities' plea for £2bn rescue falls on deaf ears in the Treasury

Bankruptcies threaten • Academics say research base is vital • Whitehall split on bailout

