Pensions Funding Storm

May 1 2020
Economic backdrop

GDP drops by 35% Q2

Jobless rate hits 10%

Source: ONS, OBR
<table>
<thead>
<tr>
<th>Sector</th>
<th>Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>90%</td>
</tr>
<tr>
<td>Restaurants and hotels</td>
<td>85%</td>
</tr>
<tr>
<td>Construction</td>
<td>70%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>55%</td>
</tr>
<tr>
<td>Retail</td>
<td>50%</td>
</tr>
<tr>
<td>Financial services</td>
<td>5%</td>
</tr>
</tbody>
</table>

OBR output losses in Q2 by sector
Impact on schemes’ funding levels

Range of experience from 31 March 2017 to 5 April 2020

Pension backdrop
“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

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

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