

Press Release

The WPA publishes paper on 2020 Global Regulatory Responses and Pension Fund Challenges Related to the COVID-19 Pandemic

23 March 2021- Today, the World Pension Alliance (WPA) published the paper on *'2020 Global Regulatory Responses and Pension Fund Challenges Related to the COVID-19 Pandemic'*. In this paper the WPA aims to provide an overview of the challenges that both pension funds and pension plan members faced during 2020 and promote the adoption of policies with a long-term view toward retirement security. While not overlooking the current difficult economic situation of many workers around the world, this research underscores the damaging effects of specific policies such as pension withdrawals. With that in mind, the paper summarizes the challenges and global regulatory efforts in response to COVID-19 made in 2020 in different regions around the world in response to the COVID-19 pandemic and provides a brief analysis on sector developments since the beginning of the pandemic.

Even more so during the current pandemic crisis, pension funds serve a significant social function in supporting economies and citizens. They ensure benefits for old age income while they work as automatic stabilizers in times of economic strain. Because employers' and employees' representatives are involved in the management of workplace pension schemes, such schemes help to promote transparency, inclusiveness, and democratic legitimacy. Most notably, pension funds are important institutional investors and can foster long-term investment and sustainable economic growth while maintaining financial stability. They often act countercyclically by maintaining their long-term strategic asset allocation in stressed market conditions, in that they rebalance and buy assets whose prices have diminished abruptly.

Broad Policy Recommendations

In the paper, the WPA members make the following policy recommendations based on their common experience; they are meant to broadly underline policy directions for supporting workplace pension schemes. Importantly, the recommendations align with the OECD's latest relevant recommendations related to the COVID-19 pandemic, as laid out in the OECD Pensions Outlook 2020.

- It is important that policymakers understand the social character of pension plans, as pension plans should not be treated as mere financial institutions.
- Given the long-term and countercyclical role of retirement plans, it is of the utmost importance to support their funding adequacy. In that respect, we urge decision makers to continue displaying flexibility in the implementation of supervisory practices and regulations as current circumstances dictate, always in close consultation with the industry.
- As the WPA members have a long-term perspective, we recognize that pension savings should not be considered as an alternative for obtaining short-term resources.

- Under the current unprecedented circumstances, a key priority should be funds' ability to serve their obligations. That points to the importance of ensuring the continuity of operational activity of pension funds – whether that refers to day-to-day tasks or decision-making processes – as well as ensuring a good level of services to members and beneficiaries.
- As sponsoring companies are under considerable financial pressure, we do not preclude a more flexible approach in the collection of contributions, through their deferral to a later date, their decrease, or even their temporary waiver. At the same time, policymakers should reflect on the possibility of subsidizing contributions.
- Pension funds should advise their members and beneficiaries of the increased risk exposure to fraud, and at the same time they should address the issue of enhancing their cybersecurity and data protection procedure.
- Retirement schemes should actively communicate to their members the potential negative consequences of transfers or other short-term-driven decisions, such as early redemption, on their future ability to receive an adequate benefit.

The WPA paper on 2020 Global Regulatory Responses and Pension Fund Challenges Related to the COVID-19 Pandemic is available via [this link](#).

Please see here the press release in pdf format.

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About the WPA

The World Pension Alliance (WPA) is a collective organization made up to be the main advocacy associations representing pension plans and providers in the World, including Europe, the United States of America, Canada, Latin America, and Australia.

Founded in 2011, under the name of Global Pension Alliance, the network kept growing and made a decisive step in 2016, when it created its governing rules, appointed a Chair and a Coordinator, and changed its name to World Pension Alliance. Today, through its members, the WPA represents more than 400 million people covered by retirement plans, and roughly 5000 pension providers managing more than 7 trillion US \$.

The primary long-term objective of the WPA is to be recognized at the international level as the common voice of the not-for-profit pension industry representing millions of retirement income plan members.

To achieve its long-term objective, members of the World Pension Alliance:

- facilitate an open exchange of ideas, experiences and best practices among WPA participants; advocate on issues of common interest in order to globally defend and promote the voice of the not-for-profit pension community by supporting WPA member positions with local, regional, national and international decision makers;
- provide independent thought and education on issues impacting retirement income including subjects such as investment management, governance and legislation.