

Letter to the Pensionskassen - Information surrounding Covid-19

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The Pensionskassen were informed in a letter about EIOPA's Statement on principles to mitigate the impact of Coronavirus/COVID-19 on the occupational pensions sector, published on 17 April 2020, about the supervisory expectation regarding the implementation of business continuity plans as well as the handling of occupational risk, monitoring of the liquidity situation and ensuring the protection of the beneficiary.

It is also important for the FMA that the necessary flexibility is also provided at the height of the pandemic to Austrian Pensionskassen. The FMA's Deadline Extensions Regulation 2020 (FMA-FriVerV 2020; FMA-Fristenverlängerungsverordnung 2020, see Federal Law Gazette II No. 181/2020) would therefore like to provide assistance where it is necessary to do so in light of the COVID-19 crisis in order to be cope with the requirements for the processing of reporting.

Furthermore, Pensionskassen were reminded that pursuant to Article 22a para. 2 PKG in the event of there being a significant change in their risk profile an ad hoc ORA (Own Risk Assessment) is required to be conducted. They were also informed about the possibilities regarding the the use of resolution by the management board pursuant to Article 24a para. 3 PKG (additional allocation to the volatility reserve) in accordance with which by using additional reserve funds pension reductions in the following year are able to be avoided or absorbed.

The Corona crisis led, at least in early 2020, to massive falls on the capital markets. While there are still more than eight months until the final investment result as of 31.12.2020 is determined, however it is not possible to exclude the possibility of pension reductions in 2021. The annual account information as of 31.12.2019 could be used as the opportunity, to refer to the current performance of the capital markets as well as the pension reductions that potentially are to be expected in 2021.