

Welcome to pension scheme trusteeship

A guide for new trustees

Trustee knowhow

This short introductory guide will help you get to grips with your obligations as a trustee and give you an idea of the duties that your new role entails.

The role you have accepted carries with it significant responsibilities. Safeguarding the retirement savings of your pension scheme members is challenging, and will require you to identify, assess, and mitigate risks. You will also have to ensure that your scheme is well governed and administered, to minimise the chances of things going wrong in the future.

The issues that you will have to manage as a trustee will be diverse, sensitive and potentially complex.

The UK pensions system simply would not work without trustees like you, so thank you for accepting this position. Pension scheme members will rely on you to safeguard their retirement benefits, and this guide should act as the first step in your journey towards being an effective guardian of their rights and benefits.



Stephen Soper
Interim chief executive,
The Pensions Regulator

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'The role you have accepted carries with it significant responsibilities.'

The Pensions
Regulator

Trustee Knowledge and Understanding

The law requires you to have the relevant knowledge and understanding to perform your role within six months of your appointment.

Professional trustees, or trustees appointed for their specialist expertise, are required to have the relevant knowledge and understanding immediately on appointment.

You will need to have knowledge and understanding of pensions and trusts and the law relating to them, the principles of funding pension schemes and the investment of assets on behalf of members. You'll also need to understand how your scheme works, including the rules that govern it.

The tasks of trusteeship can be challenging, particularly if you are a member-nominated trustee, and finding time to gain this knowledge may be a concern. You will need to find time to get familiar with the role and the responsibilities it carries.

Training is an important feature of a well run scheme. Our **Trustee toolkit** is a free online learning programme with core modules that help you gain the relevant skills, knowledge and understanding.

In our view, the **Trustee toolkit** is required study for new trustees unless they can find an alternative learning programme which covers the same areas at a level relevant for them and within the timescale allowed.

Get the knowledge you need

For more about Trustee knowledge and understanding...

go to the 'I am a new pension scheme trustee, what do I need to do?' section on our website at: www.tpr.gov.uk/newschemetrustee

The trustee role and responsibilities

As a trustee you have specific duties and responsibilities. Above all, you must act prudently, responsibly and honestly, in the best interests of your members.

The trust deed and rules of your scheme should outline how you should handle some key issues – for example how many trustees need to attend a trustee meeting to take decisions on behalf of all of them, and the powers the trustees have.

Pension scheme trustees are there to act in the best interests of scheme members. This includes consideration of the interests of all the classes of members – active, deferred and pensioner. This may involve weighing the interests of the particular individual against the need to protect the security of the membership as a whole.

For more about the trustee role and responsibilities...

go to our website at: www.tpr.gov.uk/roletrustee



'You are required to have knowledge and understanding of pensions and trusts'.

Governance and scheme administration

The trustee board

The trustee board is responsible for the governance of the pension scheme. This is an important task and one that significantly differs from a management role.

It's the trustee board's legal duty to make sure that the right processes, systems, people and procedures are in place to manage the scheme, its investments and the risks that can arise.

Trustee meetings

You'll soon be attending – or may even have already attended – a meeting of the trustee board.

Trustee meetings are formal, minuted, occasions where the position of the scheme is reviewed and decisions are made in relation to its future.

There should be standard items on the agenda at every meeting, with extra items added on an ad hoc basis as and when they need to be discussed. Timescales should be set to deal with each issue on the agenda. If you feel any particular subject is not being given enough, or any, time at meetings you should ensure that you speak up and highlight this as a concern.

Using advisers

To help them, trustee boards will appoint specialist advisers to provide information and guidance on the status of the scheme and how decisions might affect it in the future.

While a trustee can delegate responsibility for fulfilling certain scheme functions to advisers or service providers – for example, issuing annual statements to members or filing reports with the regulator – **you cannot delegate your accountability**. This is important. The decisions taken on your scheme may have a significant effect on the pensions your members receive, and accountability for these decisions rests with the trustees alone.

Your advisers are there to support, rather than lead, the trustee board. So be sure to take the time to discuss the advice and support on offer, and don't be afraid to challenge your advisers to provide justification for the actions they recommend. Trustees are responsible for the decisions taken on their schemes, so you should only make a decision once you feel you have received all the information you need.

For more about delegation of responsibilities – including the exceptions for decision making about investment of scheme assets by professional fund managers – visit our website using the links below.

Get the knowledge you need... go to the Trustee toolkit

The trustee's role' module in the **Trustee toolkit** covers what it's like to become a trustee and attend meetings of the board. It also includes scenarios on your first and second meeting, go to: www.trusteetoolkit.com

For more about using advisers... and suppliers and their responsibilities, go to the 'How do I know my scheme is being run well?' section on our website at: www.tpr.gov.uk/myscheme

Conflicts of interest

It's likely that all trustees will encounter conflicts of interest at some point.

These must be dealt with properly. It's important that conflicts of interest are declared to make sure the trustee board is aware and able to take sensible steps to address any conflict. There may be different conflicts of interest depending on whether you're running a defined benefit (DB) or defined contribution (DC) scheme.



'It is important that any conflicts of interest on the trustee board are declared.'

Help from the regulator

Our website provides guidance and resources to help you carry out your important and often challenging but rewarding role. Start with **An introduction to trusteeship** which will tell you the basics of your role as a pension scheme trustee.

To find out more, go to:
www.tpr.gov.uk/newtrustee

Our **Trustee toolkit** allows you to work through the training in your own time and at your own pace, and there are downloadable resources meaning you can study offline. Go to the **Trustee toolkit** on our website to find a list of the core modules and sample study planners tailored for your scheme type and size.

Go to: www.tpr.gov.uk/getting-started

Our **news-by-email** service is an easy way to keep up to date with all developments. This includes updates about new regulatory guidance as well as changes in the wider pensions landscape that might affect your duties or your scheme.

Sign up for news-by-email today:
www.tpr.gov.uk/trustee-news

Get the
knowledge
you need... go
to the Trustee
toolkit

The **Trustee toolkit** has a **tutorial** in '**The trustee's role' module** which will tell you how important it is to be aware of any conflicts of interest and how to respond to these conflicts, go to: www.trusteetoolkit.com

Address book

There are a number of organisations that can provide information or assistance to trustees. These include:

The Pensions Advisory Service

An independent, non-profit, organisation providing free information, advice and guidance on occupational and personal pension schemes.

11 Belgrave Road
London
SW1V 1RB

T 0845 601 2923
www.pensionsadvisoryservice.org.uk

The Pensions Management Institute (PMI)

The PMI supports and develops those responsible for running the UK's pensions and employee retirement benefits industry. The PMI also provides a wide range of professional qualifications and training for those in the pensions industry.

PMI House
4-10 Artillery Lane
London
E1 7LS

T 0207 247 1452
www.pensions-pmi.org.uk

The Association of Member-Nominated Trustees (AMNT)

The AMNT supports the development of member-nominated trustees to enable them to perform their role to the best of their ability.

E mail@amnt.org
www.amnt.org

The Trades Union Congress (TUC) Trustee Network

The TUC has a network of trade union member nominated trustees which is free to join. The TUC provides a free quarterly newsletter to the network and holds an annual trustee conference open to all.

Congress House
Great Russell Street
London
WC1B 3LS

T 020 7636 4030
www.tuc.org.uk/jointn

National Association of Pension Funds (NAPF)

The NAPF represents and supports pension schemes and those who provide them with advice. The NAPF also provides pension training courses, including training for trustees.

Cheapside House
138 Cheapside
EC2V 6AE

T 0207 601 1700
F 0207 601 1799

www.napf.co.uk

Feedback

We're interested to hear your thoughts on the information we have available for new trustees – including this guide for new trustees. Let us know what you think by emailing us at:

trusteeviews@tpr.gov.uk

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www.trusteetoolkit.com

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