



# ICI Pension Fund

## The Day to Day Role of a Trustee Director

### The main purpose of the Trustee

The role is to work to ensure that the Pension Fund is run properly (the right payment is paid to the right person at the right time) and that members' benefits are secure, acting in line with the Trust Deed and Rules and the legal framework surrounding pensions. The Fund's Trust Deed and Rules sets out the powers, obligations and responsibilities that the Trustee holds.

In simple terms running a pension scheme involves the collection of contributions, investment of assets and payment of benefits. Trustee Directors are required to apply professional judgement, common sense and integrity to the care of other people's pensions.

### Principal Accountabilities

The overall responsibility can be broken down into the following six key areas:

- Benefits
- Funding
- Investment and Management of Risk
- Capability and Operational Effectiveness
- Governance
- Communications

More detail is provided on the next few pages.

### Duties

A key duty will be to understand and discharge your responsibilities in line with the Rules of the Fund and legislation and to develop and maintain your knowledge and understanding of the Fund and pensions in general.

You will need to quickly gain knowledge and understanding about how the Fund works and relevant pensions law, undertake training and ensure that your knowledge is kept up to date.

### Qualification requirements

There are no particular requirements in terms of formal qualifications. However, in order to aid those wishing to become a Trustee Director understanding of the role, modules 1 to 4 of the Pensions Regulator's Trustee Toolkit online learning programme ([www.trusteetoolkit.com](http://www.trusteetoolkit.com)) are expected to be completed before the face-to-face interview stage. New Trustee Directors must complete the remaining modules within six months of becoming a Trustee Director. On appointment, a training plan will be established setting out how the training needs will be met, both through the job and at training sessions. Trustee Directors also have use of an iPad, as all Board papers are provided via a secure application, rather than in paper form.

### Support given

A Trustee Director's responsibilities are considerable and should not be underestimated, however, Trustee Directors are not expected to be pension experts and they will receive training and support to help them carry out their duties.

The Trustee appoints professional advisers and experts to help run the Fund, e.g. actuary, legal advisers and investment specialists, but the Trustee remains responsible for the actions taken on their behalf.

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## Meetings

Trustee Directors are expected to attend and take part in all Board meetings (usually five a year). Attending meetings is an important requirement and you will be expected to make attending meetings a priority.

In preparation for each meeting, you will be provided with detailed briefing papers and background documentation, which you will need to spend time reading and making sure that you understand the technical material. You will be expected to contribute to discussions and challenge advice, if necessary.

## The time commitment

The time commitment required of a Trustee Director is about 30 days a year, although this may be more in the first 12 months. This includes Board meetings, preparation for meetings and training.

## Benefits

The Trustee is responsible for the payment of benefits from the Fund and, in some cases, have to exercise discretion over what benefits are paid. The key benefits responsibilities are:

- To pay benefits to members in the correct amounts and within the required timeframes, and
- To make decisions about the payment of discretionary benefits, within the parameters set in the Rules of the Fund.

The day-to-day work of administering the Fund is carried out by appointing delegates and advisers to assist with the Fund management and administration (including administrators, auditors, actuaries, legal advisers and consultants). However, the Trustee retains ultimate responsibility for the Fund's administration, including, monitoring and reviewing the effectiveness of the Fund's procedures and its delegates on an ongoing basis.

## Funding

The Trustee works to ensure that sufficient contributions are paid into the Fund by the Company at the appropriate time so that benefits can be paid when they are due. This includes:

- Setting the Fund's long term funding objectives
- Arranging for an actuarial valuation of the Fund to be undertaken at least once every three years
- Arranging for inter-valuation funding updates
- Drawing up a 'schedule of contributions' which sets out the contributions to be paid to the Fund and when they should be paid
- Ensuring that the contributions are sufficient to comply with statutory funding requirements.

## Investment and Management of Risk

The Trustee is required to:

- Make decisions about the investment strategy of the Fund, taking into account the Fund's circumstances, and record these decisions
- Draw up a written Statement of Investment Principles, which must be reviewed at least every three years
- Appoint investment managers. The Trustee is permitted to delegate day-to-day investment decisions to an investment manager who has the appropriate expertise but they remain responsible for the investment strategy that the manager follows
- Monitor the Fund's investment managers and ensure that the investment principles are put into effect
- Arrange for the assets of the Fund to be held securely.

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## Capability and Operational Effectiveness

The Trustee processes advice and information in order to reach a decision and must be satisfied that the decision is reasonable. The Trustee always aims for a consensual and harmonious atmosphere and regard effective and appropriate decision making as paramount. It is neither practical nor desirable for the Trustee to become involved in day-to-day decisions. The primary role of the Trustee is to:

- Set policy and objectives
- Put in place controls to ensure decisions are being implemented effectively
- Review and, if necessary, develop the policies that have been put in place
- Ensure that those who exercise powers and discretions on behalf of the Trustee have a strong understanding of their values and objectives.

## Governance

Good governance is at the heart of all aspects of a well-run pension scheme. The Trustee is required to:

- Establish effective processes and procedures for the way in which the Trustee carries out its work, e.g. the recording of decisions, management of risks and internal controls
- Maintain an appropriate composition of the Trustee Board
- Comply with the member-nominated director requirements
- Develop and maintain their knowledge and understanding
- Manage conflicts of interest
- Maintain key documents, including keeping the Trust Deed and Rules up-to-date.

## Communications

The Trustee has formal duties of disclosure and ordinarily provides additional communications to members. Other key communication responsibilities are:

- To ensure that all members receive the information to which they are entitled on the Fund's benefits, finances and overall management
- To develop and implement a communications strategy for the Fund
- To ensure that written communications are of a high standard in terms of appropriateness, clarity and accuracy.

Before deciding whether you wish to put yourself forward as a candidate you are advised to visit the Pensions Regulator's website at [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk), where details of the responsibilities of trusteeship can be found.