BEING A TRUSTEE
WHAT DOES IT MEAN?

1 WHAT IS A TRUSTEE?
As a trustee, you are responsible for the proper running of the scheme which is carried out in your name – from the collection of contributions to the investment of assets and payment of benefits. The scheme members look to you to make sure that the scheme is well run and that their benefits are secure.

This is a great responsibility, but help and advice are available from a range of sources, including your fellow trustees, your professional advisers and the Pensions Regulator.

If you are considering becoming a trustee, you need to understand some basic details about pensions, trustees and the legal framework surrounding occupational pension schemes.

2 WORKING WITH THE EMPLOYER
The trustees and the employer both have a vital role to play in the proper running of a pension scheme. They need to form and maintain a good working relationship. Regular consultation is important; and in some circumstances the law requires trustees to consult.

3 TRUSTEE LEARNING
Pensions legislation requires trustees to have knowledge and understanding of the law relating to pensions and trusts, the principles relating to the funding of occupational pension schemes and the investment of scheme assets. Trustees are also required to be conversant with their own scheme's policy documents. The Pensions Regulator takes the phrase "conversant with" to mean having a working knowledge of those documents such that the trustees are able to use them effectively when carrying out their duties as trustees.

It is important that you understand, and develop your knowledge of, your role as a trustee as this will help you to perform the role effectively.

4 FIDUCIARY DUTIES OF A TRUSTEE
Many of your duties as a trustee arise from trust law. These are "fiduciary" duties, which means that when you carry them out you must always act in the best interests of the scheme beneficiaries.

5 KEEPING THE PENSIONS REGULATOR INFORMED
The Pensions Regulator needs clear and open communication with the trustees. Trustees have to provide the Regulator with information at particular times and in particular circumstances. The information the trustees provide helps the Regulator to perform its role effectively.

6 YOUR LIABILITY
If something goes wrong, trustees may be personally liable for any loss caused to the scheme as a result of a breach of trust. However, there is some protection, depending on the nature of the breach.
7 YOUR ADVISERS

Running a pension scheme is a complicated business. Trustees can and will rely on others to carry out tasks for them and will often need to take a range of specialist advice. As a trustee, you should always feel that you can ask your advisers to explain if you do not understand anything, and that you can question or challenge them if you do not agree with what they are saying.

8 SCHEME FUNDING

One of your most important responsibilities is to make sure that the right money is paid into the scheme at the right time. As a trustee, you also have to make sure that the contribution rates are sufficient to establish the right level of funding to provide the benefits.

9 SCHEME INVESTMENTS

A pension scheme has long-term liabilities. To be able to meet those liabilities when they are due to be paid, trustees will normally need to manage the scheme's existing investments and invest any new contributions they receive. There are practical and legal considerations affecting the investment of scheme assets.

10 ADMINISTRATIVE PROCEDURES

Good scheme administration – sometimes referred to as good "governance" – is vital to the proper running of a pension scheme. The trustees are ultimately responsible for the scheme administration and, as a trustee, you should actively monitor the quality and effectiveness of the scheme's procedures.

Trustees must establish, operate and maintain adequate internal control mechanisms to check whether the scheme is being effectively administered and managed in the interests of the members and beneficiaries under the scheme rules.

11 WEBSITE OF THE PENSIONS REGULATOR

This note is a summary of the material published on the website of the Pensions Regulator. You can get more from the website:

www.thepensionsregulator.gov.uk/trustees/

The Pensions Regulator publishes useful guidance on its website. It outlines the wide-ranging responsibilities placed on trustees and some of the powers they usually have. The guidance provides an overview of the role for newly appointed trustees, including member-nominated trustees, and for others who are thinking of becoming trustees or who are simply interested in finding out more about what being a trustee involves.

Helpful information on the website includes:

(a) "Guidance for trustees"

A substantial booklet giving an overview of the function, duties and responsibilities of trustees. It will be particularly useful for newly appointed trustees and people who are considering becoming trustees.
(b) **Trustee toolkit**

An interactive e-learning programme developed by the Pensions Regulator specifically for pension scheme trustees.

(c) **"Scope" documents for trustee knowledge, understanding and conversance**

These provide details of the items which the Pensions Regulator considers you should know and understand as a trustee, and describe the scheme policy documents with which you should be familiar.

(d) **Codes of practice**

The Pensions Regulator has issued a number of codes of practice and sets of guidance that give practical insight into complying with pensions legislation. They provide a benchmark for the standard of conduct the Regulator expects of trustees.