

DC hot topic

August 2016

Key points from TPR's DC "how to" guides



TPR's revised [Code of practice](#) on the governance and administration of occupational trust-based schemes providing money purchase benefits came into force on 28 July 2016.

To coincide with this, TPR published the final versions of its ["how to" guides](#). These are intended to help trustees implement the Code.

The six new guides reflect the key areas of the Code, where TPR sets out its expectations in more practical detail.

[This note sets out some headline points in relation to each guide.](#)

1

The trustee board

Trustees should:

- assess the fitness and propriety of candidates as part of the recruitment process (for example, by carrying out background checks)
- have appropriate succession plans in place
- put in place a structured induction process
- ensure that any sub-committees agree, document and regularly review their terms of reference.

2

Scheme management skills

Trustees should:

- regularly review their scheme governance framework
- assess their own knowledge, understanding and skills at least annually
- manage conflicts and also service providers carefully
- regularly review their risk management framework, including the risk register.

Key points from TPR's DC "how to" guides cont.

3

Administration

Trustees should:

- engage with their administrators and employer's payroll function, seeking regular reports
- ensure they have adequate training, a business continuity plan and seek quality assurance
- streamline the procedures for each type of financial transaction without risking inaccuracy
- carry out a data review exercise at least annually and have an improvement plan in place to address poor quality data.

4

Investment governance

Trustees should:

- be clear who has authority to make investment decisions
- understand the needs of the membership and set appropriate objectives
- regularly review fund performance and market developments
- consider the security of scheme assets and communicate any conclusions to members.

5

Value for members

Trustees should:

- use their own judgment to assess value, considering quality and scope as well as cost
- focus on the value provided for costs paid by members
- compare what the scheme provides to similar schemes and other options in the market
- take action to improve or remedy areas of poor value where possible, and monitor this on an ongoing basis.

6

Communicating and reporting

TPR sets out:

- a list of items which should be included in the chair's annual statement as best practice
- what it considers to be best practice in respect of personalised and generic risk warnings
- an example best practice process for providing information at retirement
- what it considers to be best practice information to be included in a statement of investment principles for a default arrangement.



For further information, training and assistance with meeting your legal requirements please speak to your usual contact at Sackers or visit www.sackers.com/dc-schemes.