

DC hot topic

August 2016

TPR's guide to the trustee board



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 detail.

This note sets out some headline points in relation to the guide to the trustee board.

1

The importance of selecting the right people to be trustees

Best practice:

- a structured induction process
- professional trustees should have relevant experience and, ideally, an appropriate qualification from a recognised organisation before being appointed.

Should have:

- records of the steps taken in the appointment process and the information used to make decisions
- an assessment of how candidates demonstrate they are fit and proper for the role
- appropriate succession plans reflecting the size and complexity of the scheme.

2

The role of the chair

Should have:

- a process in place for appointing a chair, who must sign the chair's annual statement
- an effective leader, who is prepared to assume similar governance responsibilities to those expected of a chair of any corporate board
- a good overall knowledge of pensions, but need not be an expert in every area.

TPR's guide to the trustee board cont.

3

Composition and organisation of the trustee board

Best practice:

- an independent scheme secretary to assist the board with day-to-day management tasks.

Should have:

- a board that is diverse and well-balanced as to the type of trustees, their experience and skills, and demographic.

4

Board sub-committees

Should have:

- terms of reference which are agreed, documented and regularly reviewed
- sub-committees which provide regular updates to the full trustee board.

5

Master trusts

Should have:

- at least three trustees appointed
- a majority of those, including the chair, must be independent of any company that provides services to the scheme
- an open and transparent appointment process for independent trustees.

6

Board meetings

Best practice:

- TPR sets out a list of best practice meeting agenda topics.

Should have:

- a chair who provides guidance on meeting content and structure, and contribution expected from attendees
- access to all relevant information before taking decisions
- consideration of potential impact on value for members before making decisions.



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