

The Trustee toolkit downloadable

Introducing pension schemes

Scenario two

In this scenario Adam introduces you to Tony, the pension scheme administrator to learn more about being a trustee.

As you work through this scenario you will be tested on your knowledge at decision points. Here you will have the option to work through a related technical tutorial before returning to the scenario or you can skip the tutorial. You can always work through the tutorial separately later if you would prefer.

This scenario includes two tutorials:

- ▶ What is a trustee?
- ▶ Important documents

Glossary

A detailed glossary of technical terms can be downloaded from the Resources tab when you log in at www.trusteetoolkit.com

Meeting Tony

Adam has arranged for you to meet Tony, the pension scheme administrator, to find out more about becoming a trustee.



Tony says: "I'm Tony, good to meet you. I'm the company secretary as well as the pension scheme administrator.

I don't want to overload you with information, but I'll give you an overview of the role and a flavour of the process to help you decide whether you want to be nominated.

As the scheme is set up under trust, trustees have certain obligations in trust law. The trustee's role carries significant responsibilities; they are the legal owners of the scheme's assets after all. So the issues that you will have to manage as a trustee will be diverse, may be sensitive and can be complex. But I've found it really rewarding, I've learnt a lot about finance as well as skills I can use in my day job. I think you'd be ideal for the role."



Decision point: Trustees

Which two of the following statements are true about trustees?

1. A criminal conviction for dishonesty or deception will prevent someone from becoming a trustee even if that conviction is spent
2. At least one third of the trustees must be member-nominated trustees
3. Every scheme must appoint a professional trustee
4. Providing it has been discharged, a member who has previously been declared bankrupt can become a trustee

Answers at the back



Need help with this question? Read the Tutorial 'What is a trustee?'

Some documents to review

At the filing room, Tony takes you through some of the key documents so you can get more of an idea what's involved. Tony says: "The most important document is the trust deed and rules. It is two documents combined in one, usually known as the trust document. As a rough guide: the deed governs the powers of the trustees and the employer, and the rules govern how it (the scheme) operates.

Were you to become a trustee, you would have an obligation to become familiar with them. Obviously they are legal documents so they can be hard going, but the scheme booklet helps. You probably looked through the scheme booklet when you became a member, but the trustees find it very useful to use alongside the trust deed and rules. The booklet is handy because it is written in plain English, but of course you have to remember that it doesn't contain all the details trustees may need to know. It's also important to make sure you have the latest version of the booklet with any subsequent announcements updating it."



Decision point: Which documents?

Here are extracts from three of the documents Tony has shown you. Where does each of them come from? The choices are: trust rules, trust deed, scheme booklet

Extract A - As a member, when you reach normal pension age, you will have the option to receive all of your benefits in the form of a pension for life...

Extract B - Pension entitlement: On reaching normal pension age a member shall be entitled to a pension for life at an annual rate equal to...

Extract C - Power to provide benefits: The employer wishes to establish a benefits scheme, 'the scheme', for the purpose of providing the relevant benefits for employees...

[Answers at the back](#)



Need help with this question? Read the Tutorial 'Important documents'

Rounding up

You have had a very informative morning talking with Tony and Adam, and you are quite interested in the idea of standing for election. The next module, 'The trustee's role', will focus more on the duties, powers and responsibilities of being a trustee.

Now that you have completed this scenario we would recommend that you begin to work through the 'Check your scheme' worksheet for this module.

Answers

Decision point: Trustees

Options two and four are true, one and three are not.

Providing it is spent, a conviction for dishonesty or deception will not prevent someone from becoming a trustee. The same applies to bankruptcy; providing this is discharged the person can also be a trustee.

It is true that one third of the trustees must be member-nominated trustees, although there are some exclusions such as when all the trustees are independent, or when all the scheme members are also trustees. Although some schemes engage professional trustees because of their expertise, it is not compulsory to appoint one.

Decision point: Which documents?

Extract A is the scheme booklet, Extract B is the trust rules, Extract C is the trust deed.