

The Trustee toolkit downloadable

Running a scheme

Scenario two

In this scenario your first board meeting continues and the trustees discuss the member complaints and review the business plan.

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:

- ▶ Introducing advisers and service providers
- ▶ Appointing advisers and service providers

Glossary

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

What is the problem?

The meeting continues and the trustees listen as Tony talks through the two complaints that Edmund alluded to earlier during the conversation about member data. He says: “The complainants are two deferred members – Mr Allan and Ms Loftus.

Mr Allan was in the defined contribution part of the scheme. He left the company four years ago. He is now 50, and claims he is entitled to his deferred pension. He has been told that, according to scheme rules, he would only be entitled to it at this age if he were made redundant.

Ms Loftus was in the defined benefit part of the scheme. She has just started receiving deferred benefit but says it is less than she was advised it would be. She is threatening to go to the Ombudsman. I’ve checked the scheme rules and the correspondence with Ms Loftus. I don’t think either complaint is justified.”



Decision point: Handling the complaints

What should the board do about this situation? Which of the statements below do you most agree with?

1. Consult the scheme lawyer about Mr Allan and the scheme actuary about Ms Loftus
2. Consult the scheme actuary about Mr Allan and the investment consultant about Ms Loftus
3. Consult the scheme lawyer about Mr Allan and the investment consultant about Ms Loftus
4. Consult the investment consultant about Mr Allan and the scheme lawyer about Ms Loftus

Answers at the back



Need help with this question? Read the Tutorial ‘Introducing advisers and service providers’

Item six: Business plan review

The trustees agree to consult with Beatrice, the scheme lawyer, and Robert, the scheme actuary, about the member complaints. The next item on the agenda is the Trustee's business plan review.

Meryl says: "We need to check we are on track with the plan. I've highlighted the next big action for us, the review of the investment strategy, including the performance of the investments and the contracts we have with the investment managers. Tony, have you started compiling this?"

Tony replies: "Yes, I've been steadily working my way through it and will be compiling a report for the next meeting. I am finding it difficult to get some of the information I need though. They've missed some of the deadlines I've given them and I've never seen a disaster recovery plan in the whole time I've been secretary."



Decision point: Advisers and service providers

What are your thoughts about Tony's difficulties in getting the information he needs? Out of the statements below which is the most reasonable reaction?

1. There is a legal requirement for them to provide this information within seven days of the request so perhaps we should report them to the Financial Conduct Authority.
2. This is outrageous! Surely with the amount we're paying them, they should send us everything we want.
3. We'll just have to wait until they respond before Tony can write the report. We'll have to put this action back a few months on the business plan.
4. We should look at the service level agreement to see what the agreed turnaround times are for requests and the original requirements in the contract to make sure we requested a copy of the disaster recovery plan.

Answers at the back



Need help with this question? Read the Tutorial 'Appointing advisers and service providers'

Rounding up

Tony agrees to check the service level agreement and contract before contacting the investment manager again. Nothing is raised during AOB and with that, your first trustee meeting is over. In the next module, Pensions law, Beatrice attends the trustee meeting so you learn more about the legal aspects of the scheme.

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: Handling the complaints

The correct answer is option one. Apart from the fact that Mr Allan is threatening legal action, the lawyer has knowledge of trust law and so can check that the scheme rules are being interpreted properly. The scheme actuary deals with the DB part of the scheme and is the right person to check the projection that was given to Ms Loftus. The investment consultant isn't really relevant here.

Decision point: Advisers and service providers

Only the fourth answer is correct.

There is no legislative requirement for advisers or service providers to respond to requests within seven days, so that is not right. It may be tempting to think about demanding a quick response for the fees paid or to delay looking at this area until later but the best response is to check the service level agreements and original contract before taking action.

If they are outside of the service level agreement in responding or the disaster recovery plan was part of the contract and they haven't provided it, Tony can explain this to them and action can be taken.