



Association of Member  
Nominated Trustees

## Quarterly Newsletter

JUNE 2018

## 20<sup>th</sup> June 2018 AMNT Conference The Role of Trustees is growing! How can they develop to meet these new responsibilities

On 20<sup>th</sup> June 2018, the AMNT Conference will consider the growing responsibilities of Trustees and be asking how can they cope?

We will hear the views of the Pensions Regulator, Leslie Titcomb and, Robin Ellison, of Pinsent Masons, speaking on sponsor failure, together with Jack Dromey, Shadow Minister for Work and Pensions.

The Conference will be held at the offices of our excellent sponsor, Willis Towers Watson at 51 Lime St., EC3M 7DQ. Places will be eagerly sought after so please respond early if you would like to attend.

This is an important opportunity for MNT's to understand the increasing requirements of being a member nominated trustee and hear the views and experiences from an expert forum of speakers. As usual there will be the ever popular 'break-out' groups.

Willis Towers Watson will be giving us an overview of what trustees can expect in the year ahead, plus their views on the new DB White Paper.

We will end the day with a Panel debate on what MNT's need to be doing and whether or not the pressures on trustees can be sustained.



**Hello!** I am Sanjay Gupta, your host for the AMNT 20<sup>th</sup> June 2018 Conference

### Consultations

The AMNT welcomes the opportunity to respond to the various consultation papers issued by Public Bodies and always appreciates your help in responding to these discussion papers on burning issues.

Our Co-Chair, Janice Turner, recently appeared before a government Select Committee to give our views on CDC and Janice was also quoted in the Financial Times.

**If you wish to have your voice heard, on this or any other public consultations or major pension issues, then please respond: to [consultations@amnt.org](mailto:consultations@amnt.org)**

# Calendar of Future Events

## June 2018

**LCP Safer Pensions. Breakfast Briefing** – 5<sup>th</sup> June 2018  
8.30 to 10am. To be held at 95 Wigmore Street, London, W1U 1DQ

## June 2018

**AMNT Spring Conference** – 20/06/18: an all-day event on the growing Trustee workload – to be held at WTW offices 51 Lime Street, London, EC3M 7DQ

**Pensions and Benefits Conference** – 27<sup>th</sup> & 28<sup>th</sup>

June 2018: all-day events – to be held at The Brewery, 52 Chiswell Street, London, EC1Y 4SD

## July 2018

**Training Event** on 04/07/18 at the offices of P-Solve, 11 Stand, adjacent Charing Cross Station

## 19<sup>th</sup> July 2018

**AMNT Members** will be able to attend an event at the House of Lords, so please save the date. More information soon.



To find out about all our events, visit our dedicated calendar at [www.amnt.org/events](http://www.amnt.org/events)

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### Opt In or Miss Out!!

You've probably already heard that the General Data Protection Regulations are changing a number of ways how associations like the AMNT use and store member's data. We should recently have sent you an email, but we haven't heard from all of our members as yet and we're just double checking whether you'd still like to receive emails from us? To continue receiving relevant emails and newsletters, etc. about our organisation, please make sure you opt in.

Members can register their membership details on our website at [www.amnt.org](http://www.amnt.org)

### **ATTENTION MEMBERS!**

It has been a few months since the launch of our investment consultant initiative - with a total of 16 consultants, representing 85% of the sector by market share, committed to bringing TPR's guidance on environmental, social and governance (ESG) issues to its client

base. Now is the time for us to take stock on the impact this initiative has had so far - we look forward to presentations at our summer conference from select consultants on their journey since signing the statement. We will also be working with UKSIF - our partner - to create a public accountability mechanism to ensure that this initiative continues to have impact into the future. Watch this space over the summer! Please contact Leanne Clements, Campaign Manager, Red Line Voting at [leanne.clements@amnt.org](mailto:leanne.clements@amnt.org)

**Calling all AMNT Members** – To be truly effective, the AMNT needs your support for researching, evaluating and taking action on a number of pension and business issues. Taking action to minimize the impact of the GDPR's is one such issue that you could assist with or alternatively helping to organise one of our events. The proposed AMNT event in July 2018, at the House of Lords, is

one such event looking for willing helpers. If any Members are interested, then please review the narrative at the end of this Newsletter and please respond accordingly, if interested. Some members have already responded positively, so thank you and await further details.

**What training do you want?** – We held a very successful half day training event in Edinburgh on 12<sup>th</sup> April 2018, hosted by our partner Hymans Robertson. The AMNT has several more such events planned for 2018. If there are any particular topics that you feel would be of interest to member nominated trustees then please let us know. Send any thoughts on subjects to [alan.gander83@btinternet.com](mailto:alan.gander83@btinternet.com). You could help and be part of the team in planning such future events; so if you are interested let Alan know.

## Are you letting your members sleepwalk into retirement?

**Ryan Markham**

Senior Consulting Actuary  
Hymans Robertson

With Freedom and Choice firmly entrenched in the UK retirement landscape, the number of members engaging in their retirement options is at an all-time high. Since the introduction of the Pension Freedoms, some £30bn to £40bn worth of defined benefit pensions have been transferred out - and this figure is only set to rise.

While increased member engagement is a positive sign, it is important these choices are informed and exercised in the correct way in order to prevent members making irreversible, life altering decisions. By allowing members to sleepwalk into these choices, Trustees are at risk of being blamed for a lack of quality information and support.

Not only do poor retirement decisions increase the risk of member backlash, now more than ever Trustees have an inherent responsibility to ensure their members are choosing the retirement options that benefit them the most. If Trustees aren't safeguarding their members' futures, who will?

One of the key challenges this poses for Trustees is to find the balance of providing access to quality information in order facilitate good decision making, without being seen by members as giving advice or recommendations. It is important for Trustees to face this head on to ensure the best outcome for their members.

### How can Trustees avoid the nightmares?

There are three simple steps Trustees can take in order to ensure members are engaged and enthusiastic about making good retirement choices:

#### 1. Provide better quality retirement communications, far earlier in the process

Retirement is arguably one of the most important financial decisions an individual will ever make, and cannot

be taken lightly. Ensuring members are engaging in their retirement options as early as possible can only bring advantages. Trustees should communicate with members much earlier than is currently practiced to help improve engagement and understanding. This will ultimately lead to better retirement outcomes.

#### 2. Incorporate technology solutions that add value and reduce costs

Technology solutions have provided a breakthrough in providing accessible, high quality education for members. These solutions provide members with information they can digest in a manner and time that suits them. As the market continues to evolve, innovative solutions now exist which can provide members with interactive access to their own personal retirement options, including transfer values. Although there can be time and cost involved in selecting and implementing such a solution, it will reduce the long term burden on the scheme's administrator, as members are directed to the information within the technology solution.

While education through technology won't replace the need for quality financial advice, it can help filter out the members for whom the right option is to stay in the DB scheme. For those members, it avoids the material cost of paying for financial advisers and also reduces the risk of being scammed.

#### 3. Facilitate access to financial advice.

Finally, one of the most important steps in this post freedom marketplace is to reduce the challenges and costs associated with members receiving DB pension transfer advice. Recent events at Tata Steel have really brought this issue home – there is an undersupply of quality, affordable financial advice in the market and this creates risks for members and Trustees alike.

Going through a careful provider selection exercise and facilitating financial advice to members can materially reduce this risk by providing quality support to members at an affordable price. Facilitating financial advice, rather than letting them find their own adviser, can save an average member c£4,000. But more importantly, Trustees can sleep better at night knowing that those who transfer do so for the right reasons, with the right support, and via the right retirement products.

Ultimately, whatever route Trustees choose, they should be taking an active role in educating members and providing them with sufficient information to help them make an informed choice. With sufficient planning and the right approach, we believe Trustees can take freedom and choice in their stride, and ensure they're not leaving their members' retirement outcomes to chance. Getting this right can only be a win-win for Trustees and members.



"You're fired, Hennessey. How can I trust you to handle multimillion-dollar accounts if you can't even spin a basketball on your fingertip?"

**Being a trustee is not EASY!!**

## How trustee boards can meet the challenge of scheme governance in the 21st century

By Jayne Pocock, Head of Pensions Governance Services  
JLT Employee Benefits

The trustee role is becoming increasingly challenging in the face of fast-paced changes and growing complexity.

The Pensions Regulator (tPR) embarked on a targeted communication and education campaign in 2016 '21st Century Trusteeship' to raise the standard of governance in schemes of all benefit structures and sizes. This campaign is with the expressed aim of improving outcomes for members and effective trusteeship and governance are key factors in achieving this.

tPR's focus is to make sure that its education tools and communications are sufficiently clear to help all trustees understand what the expected standards of governance are and to act accordingly.

**"It is therefore essential that those who are responsible for running pension schemes and are entrusted with members' savings are the right people with the appropriate knowledge and skills, and have the right scheme management processes in place."**

Whilst this may at first sound daunting, it's important to note that tPR is not looking to impose new standards of governance or add to the burden on trustees. Trustee duties are already set out in legislation and trust law, and tPRs existing codes and guidance explain these legal requirements and outline the standards they expect trustees to meet.

Failure to complete the basic governance activities, such as completing the annual

tPR scheme return or preparing the chair's statement, may be deemed by tPR to indicate wider governance failings. It is anticipated that tPR will take enforcement action where appropriate, particularly in relation to failures to meet basic requirements, so it is vital that trustees manage these processes.

Good governance relies on a number of factors and there is not one single solution which will lead to improvements across the board. However, engaged and competent trustee boards are more likely to govern their schemes well, and education and training can play a vital role in helping trustees acquire the knowledge and skills they need.

Effective trusteeship and governance can be enhanced through the introduction of a robust governance framework, and should ideally include:

- **Having clear roles and responsibilities and clear strategic objectives.** This may include the creation of trustee working groups or sub-committees with delegated responsibilities. Committees will require Terms of Reference, clearly setting out each Committee's remit.
- **Introducing a 15 month rolling business planner** as an effective way to schedule key scheme activities, and reviewing this at every regular trustee meeting. This planner will also help with setting the agenda for future trustee meetings and the annual review of the key risk control measures.
- **Assessing the effectiveness and levels of skills of the Board** and identifying knowledge gaps based on the Trustee

Knowledge and Understanding (TKU) requirements.

- **Maintaining a trustee development plan**, including completion of tPR's online Trustee toolkit within 6 months of being appointed. This plan should be based around the scheme's planned activities, e.g. scheduling valuation training in advance of reviewing valuation results.
- **A robust risk management framework** focused on the scheme's key risks. This needs to be applied to the daily operation of the scheme and not consist of a risk register that is dusted off and reviewed annually. Where appropriate, the review of the key risk control measures should be incorporated within your business planner and these tasks assigned to individuals within the trustee board.
- **Regular review of advisers and service providers** to ensure you are receiving the standard of service and advice you expect.

In a nutshell, tPR has identified that more needs to be done to support trustees to meet the challenges they face and tPR has set out its objective to develop various tools to help trustees, including assessment templates, online videos and checklists.

Introducing a robust governance framework, including the six points listed above, will be a significant step in the right direction to meeting the challenges of 21st Century Trusteeship.



### **Alan Gander writes to all AMNT Members**

The AMNT Management Committee decided recently to look for a broader perspective of views and wants to engage with Members that could in future offer us a wider range of skills and backgrounds; thereby achieving both increased participation and partnership with our membership base.

Following our last Newsletter, I received responses from four Members and would like to increase this number, prior to getting into greater detail and seeking involvement.

At this stage, we are looking for members who would be willing to either help for specific activities or provide their knowledge and input to the various issues facing the world of pensions.

To meet the goals we have set will require additional resource and we look to our membership for this assistance. This could entail:-

1. Attending an evening roundtable event on a subject where you have strong feelings or the necessary experience.
2. Meeting with an AMNT sponsor to consider a training event appropriate for trustees and help with making the necessary arrangements.
3. Taking part in AMNT organisational activities, where your experience and/or interest in the subject matter can add value.
4. Engaging, on behalf of the AMNT, with other associated organisations. For example, we have recently received a request to offer support to the Transparency Task Force to help with their aims and activities.
5. Researching, evaluating and taking action on a number of pension and business related issues, if you have the relevant experience, e.g. GDPR.
6. There will be pre-existing formats and AMNT Administration resources to help with such activities, which may entail face-to-face meetings and email correspondence.
7. Expertise in social media, business and marketing skills would be particularly welcome.

It is our endeavour to give members the opportunity to choose where they can offer the greatest level of participation, without committing themselves to any long-term availability or usage of their time. In total it is anticipated that the role would require between 3- days activity per year, most of which can be undertaken at evenings and/or weekends.

Our prime aims, as an organization, in 'improving the quality of MNT's', in being the 'voice of Member Nominated Trustees' and in 'influencing HM Government' can only be fulfilled with your help.

If you are interested, then please contact me on [alan.gander83@btinternet.com](mailto:alan.gander83@btinternet.com).

Thanks.

Alan