

The Independent Trustee's Changing Role

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A multitude of changes are currently taking place in the world of pension schemes: smaller schemes are being enveloped by larger ones, professional trustees are being increasingly called in, and many schemes are working to make the change between defined benefit (DB) and defined contribution (DC). The role of the Independent trustee (<http://www.dalriadatrustees.co.uk/>) is evolving at a galloping pace to accommodate all of these changes, but what does this mean for existing trustees and the future of trusteeship?

At one time it was assumed that showing good will and enthusiasm was enough to be member-nominated onto a trustee board, and to be a successful trustee. Ten years ago this was undoubtedly the case, but the role has become increasingly complex since. Independent trustees are thus being called upon more and more where schemes can not recruit enough 'lay trustees' or where professional skill and experience are needed to ensure a scheme's progression. The role of the independent trustee is consequently one of increasing importance, and individuals with superior knowledge and experience are in high demand.

With so much new legislation passing through trustee's hands every week, a greater skill and knowledge base is certainly necessary. It is also essential that independent trustees understand the employer covenant which makes each scheme unique. Training and research thus need to be undertaken by independent trustees and consistently topped-up. It is also the case, though, that other professionals such as asset managers can be called upon to relieve some of this pressure.

Furthermore, the role has evolved to encompass an active, dynamic aspect. Trustees need to inform, question and continually improve the scheme. Independent trustees may be guiding lay trustees in some instances, helping to fill the gaps in their knowledge. So is the position becoming more of a profession than a role? The answer to this question would traditionally have been a resounding 'no', but many independent trustees may feel that the boundary between the two positions is becoming increasingly blurred.

It has been suggested by the like of The Association of Corporate Trustees (TACT (<http://www.trustees.org.uk/>)) that a code of conduct should be brought in and applied to all independent trustees, but the worry is that this will only further narrow the spectrum of individuals likely to be selected, a concern voiced by Dalriada Independent Trustee (<http://www.dalriadatrustees.co.uk/>) Claire McGruer in response to the proposition.

She also stated that: "The most important objective must be that schemes (and employers) carry out enough research of their own to ensure they understand the type of trustee they are getting and that their independent trustee meets the specific needs of their scheme."

Whilst independent, professional trustees may be better equipped to deal with new demands, schemes and employers must select carefully and match specific independent trustees with their requirements. It seems that as with any change, these relationships need time to settle down, and rely on good faith being carried forward by all parties involved. It is essential that independent trustees remain objective and act in the schemes interest, but also that they are being offered sufficient support in an ever more

demanding environment.

