

PENSION SCHEME GOVERNANCE

a Trustee's perspective

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My Pension Schemes

Scheme	Members	Pensioner Payroll €'m
Diageo UK	54,000	215
Diageo Ireland	5,000	90
Aviva Ireland DB	3,200	25
Aviva Ireland DC	2,100	-
Mott MacDonald UK	4,000	30
	68,300	360

Liabilities of €11 billion – and plenty of work still to do on funding!

Role of the Trustee

Administer the scheme in accordance with the law and the trust deed, ...

- DB: so as to pay the benefits when they fall due.
- DC: making a suitable range of investment options available, including a default option.

... pretty easy really?

A few things for Trustees to do!

Collect contributions	Record keeping
Investment strategy/SIPP	Scheme accounts
Investment Managers	Company Covenant*
Pay benefits	Risks and Controls
Valuations*, inc MFS	Member communications

*DB schemes only

Making life easy (or easier!)

- Get the Board working well
- Use your advisers and administrator
- Build a great relationship with the Company
- Use a business plan
- Investments – focus on what matters
- Keep in touch with your members

Get the Board working well

- A good Chair is critical
- Select the board members carefully, inc MNDs
- Maybe use committees?
- Follow through on training commitments
- Do a self-assessment of effectiveness
- Corporate trustee?

Use your advisers and administrator

- Board Secretary
- Actuary
- Investment adviser
- Legal adviser
- Administrator
- Do an annual performance appraisal!

Build a great relationship with the Company

- Work out where the power lies!
- CEO – likely to have the overall say
- HR Director – esp for benefits and engagement
- Finance Director – esp for funding
- Pensions Manager – normally does the work!
- Company covenant review

Use a business plan

- Work up the big list of things to do
- Assign accountabilities – use delegations!
- Use it to inform the agenda for Trustee meetings
- Use it as your Governance Report

Investments – focus on what matters

- Please focus on investment strategy
- DB – set the strategy vs the liabilities
- DC – make life easy for members, with a reasonable fund choice for the more engaged
- Manager selection and review
- Fiduciary management and oversight

Keep in touch with your members

- You are running the scheme for the members' benefit, so tell them what you are up to!
- Annual Benefit Statements
- Newsletter, including summary funding statement

It's not so bad, really!

... so enjoy life as a Trustee too!