

IAPF Investment Guidelines Improving Governance

By Mark McNulty

The role and responsibilities of trustees have rarely if ever been more challenging. In 2008, to help Trustees carry out their responsibilities in providing for the proper investment of the resources of their scheme, the IAPF produced a set of guidelines for Defined Benefit (DB) and Defined Contribution (DC) schemes. There are seven guidelines each for DB and DC schemes.

The guidelines are intended to provoke a regular and systematic discussion around the most critical issues in pension fund investing for both DB and DC schemes and to bring focus

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on a more holistic agenda that includes the relatedness of the assets to the liabilities of the scheme. The guidelines encourage a greater level of dialogue between the various parties than may have existed previously so that a common understanding is reached about the true nature of risks in the pension scheme and what actions, if any, are needed. An assessment of the skills required to operate a trustee board is recommended and in

the case of DC schemes the guidelines counsel on appropriate choices of fund options and the nature of communications around those options.

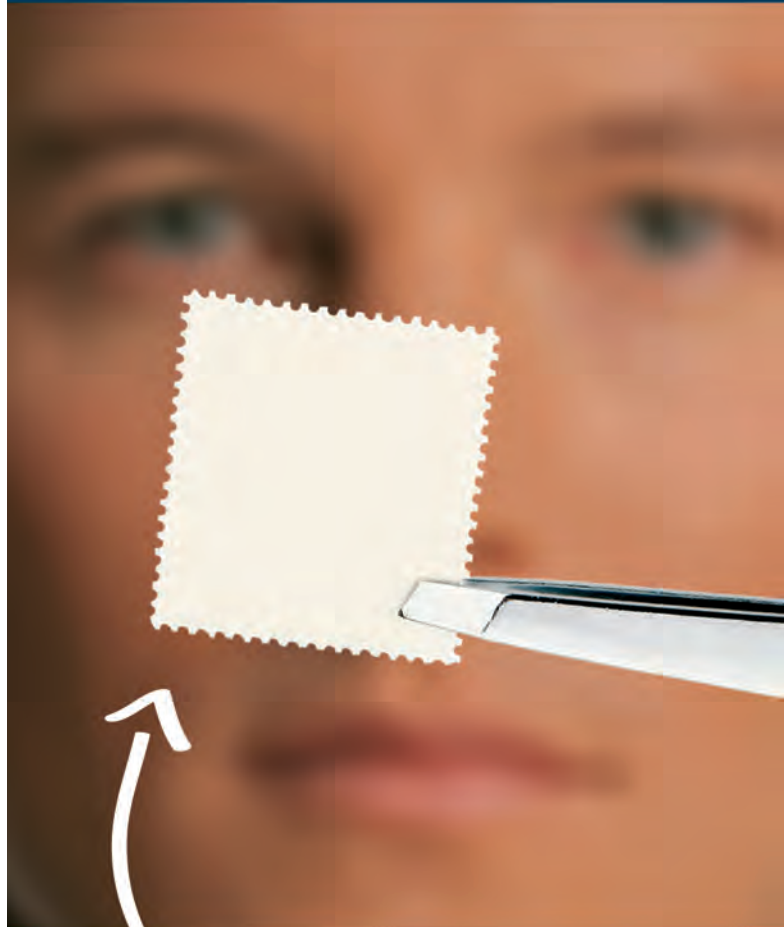
It is fair to say that in the period since they were issued the guidelines have been well received and in many cases are being adopted as regular agenda items in schemes across the country.

A major factor in their dissemination is attributable to the proactive efforts of advisers in bringing the IAPF guidelines to the attention of their clients. In addition, the Pensions Board have strongly endorsed their adoption.

Further work was completed in recent months by the IAPF to add some additional depth to the original paper whereby each guideline is explored from the perspective of the trustee, the plan sponsor, the advisor and the investment manager. This latest addition is not intended to be overly prescriptive or burdensome on stakeholders but instead reinforces the important items on the investment agenda of pension schemes while recognising that each scheme's situation is unique.

The paper will be launched at the IAPF Investment Conference in March. All feedback is welcome and should be directed to Jerry Moriarty at the IAPF offices. 

- Mark McNulty is a member of the IAPF Investment Committee



Here's what we don't know about Pensions Law

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