



Trustees in the 21st Century – TPR's vision

TPR has stated that it intends to increase its focus on the competence and capability of trustees. TPR intend to publish further reports in 2016 on what a trustee should look like, but they have already stated that:

- Trustees of larger schemes are more capable when compared to smaller schemes.
- Only half of schemes indicate that all trustees meet the minimum standards for knowledge and understanding.
- 14% of schemes indicate that no trustees meet TPR's minimum standards or haven't even heard of the Trustee Knowledge and Understanding Code of Practice.
- Trustees of smaller schemes spend only 9 days per year on trustee duties.

We would expect TPR to push for all trustees to complete the online Trustee Toolkit and / or to have some way to verify what they are doing to satisfy the minimum knowledge and understanding requirements.

As trusteeship becomes more time-consuming and complicated we believe there is likely to be a move towards companies appointing sole professional trustees to look after their scheme instead of having a group of lay trustees, especially for smaller schemes.

How long can you take to pay a transfer value?

In two recent cases the Pensions Ombudsman has fined trustees for maladministration relating to delays in making transfer payments.

Legislation permits a maximum of six months, beginning on the guarantee date of the initial quote, for trustees to pay out transfer values requested under a member's statutory rights.

However, in the first case (the "Optimum case") The Ombudsman stated that a reasonable time period for paying the transfer value would have been one-month, and the Trustees were ordered to compensate the member for changes in market conditions between the date of the payment and the date that it should have been paid.

In the second case ("the Kodak case") the member was a ` seeking a non-statutory transfer, prompted by the scheme's possible entry to the PPF.

Both the member and the trustees needed to liaise with HMRC over their approval of the transfer value before it could be made. The trustees' investigations and deliberations were complex, but were completed within the statutory time limit. However, the Trustees were again still required to compensate the member for market movements working against the member in the intervening period.

The Ombudsman has previously stated, back in 2011, that the routine elements of raising a cheque following the receipt of all paperwork should take no more than 5 working days. Trustees also need to bear in mind new "Pensions Liberation" obligations.

Trustees and administrators should make sure they have their procedures in place to deal with transfer values without any delay. If a review of transfer basis and / or procedures is due you should do these immediately.