

The role of a trustee

Trustees play an essential role in the proper running of pension schemes. Scheme members look to the trustees to make sure that their pension benefits are secure. As a trustee of a small self-administered scheme, it is important that you are aware of the role and responsibilities.

To act in line with the trust deed and rules

The trust deed and rules tell you what your powers are as a trustee, and the procedures you must follow. For example, the rules require that all trustees of the scheme agree unanimously to all investments. The trust deed and rules are important documents and, therefore, you must be familiar with them and with the other documents governing your scheme.

To act prudently, responsibly and honestly

You must act in a way that a prudent person would in his/her own affairs. This means, for example, that when deciding whether to exercise a power you must consider the circumstances impartially, having taken account of all the relevant facts, and you must ask for professional advice if necessary.

Naturally, you must not make any personal profit at the expense of the fund. This does not mean that, as a trustee, you can't be a member of the scheme, but, as a lay trustee, you must not profit from the scheme in other ways.

To act in the best interests of the scheme's beneficiaries

Your first loyalty must be to the scheme's beneficiaries, and you must always act in their best interests. A beneficiary is anyone who is entitled to, or who might receive, a benefit from the scheme, now or in the future.

A beneficiary may include an ex-spouse who becomes a scheme member following a pension sharing order on divorce.

To act impartially

You must consider the interests of all the classes of beneficiary covered by the trust deed and rules, and act impartially between them. You have to act fairly between individual beneficiaries too, weighing the interests of the particular individual against the need to protect the security of the beneficiaries as a whole.

The Pensions Regulator (TPR) has produced a code of practice which sets out the knowledge and understanding required of a trustee. Whilst it is aimed at ensuring a minimum level of knowledge amongst trustees of larger schemes, as a trustee of a small scheme, you are nevertheless required to have an appropriate level of knowledge to fulfil the position. Full details of the code of practice are given on TPR's website: www.thepensionsregulator.gov.uk. There is also an e-learning course available on the website.

Please contact your usual Barnett Waddingham client manager if you would like to discuss any of the above in more detail.

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