



An tÚdarás Pinsean The Pensions Authority

Consultation on Trustee Qualifications – September 2015

Background

The DC consultation process commenced by the Authority in 2013 set out the Authority's views on the future of DC provision and sought responses to specific questions raised. In relation to pension scheme trusteeship, the Authority stated:

“There are probably about 200,000 people acting as trustees at present. These trustees have a duty to manage their schemes in accordance with the rules of the schemes, the general law applicable to trustees and the provisions of the Pensions Act and other legislation affecting pensions. The Authority does not believe that all of these trustees have enough knowledge and commitment to fulfil their duties in a way that optimises the outcome for the members whose savings they are responsible for.”

The Authority asked respondents to the consultation paper for suggestions regarding minimum standards for trustee knowledge, understanding and behaviour. Many positive and constructive suggestions were made including:

- In order to become a trustee, the prospective trustee should be required to have a specified minimum relevant qualification or a level 7 in the National Framework of Qualifications (NFQ) in administration/finance.
- In order to continue as a trustee, trustees should be subject to 15 hours continuous professional development (CPD) per annum.

In response to these submissions and as part of the Authority's overall proposals for DC reform, the Authority is now considering the issue of trustee qualifications. The Authority's considerations include the nature of any requirement for trustee qualifications i.e. whether this would be a mandatory or voluntary requirement, the interaction with any forthcoming developments in this area emanating from the IORPS II Directive and how such a qualification would be introduced in Ireland.

In addition, the Authority is considering topics which might be included in a potential curriculum leading to a trustee qualification. These topics are listed below on pages four and five, with the intention that appropriate educational bodies would:

- match the suggested topics to appropriate curricula/course learning outcomes,
- match the resultant course to the NFQ with e.g. Professional Certificate or Diploma qualifications at either Level 7 or 8 on the NFQ,
- provide a Trustee Designation title to those successful in the course which would be recognised by the Pensions Authority,
- manage the ongoing CPD programme for Trustee Designation holders – probably 15 hours per annum. CPD would be made up of prescribed subjects e.g. to do with administration, audit, investment, actuarial, governance etc.

Consultation process

Submissions are now being sought in relation to the issue of trustee qualifications. We would like to hear from trustees, providers, managers, and other interested stakeholders on this matter. Whilst all comments are welcome, we would particularly welcome inputs and views on the specific questions below.

- Q1.** Should the trustee requirement be mandatory and if so when should such a requirement be introduced?
- Q2.** Should “grandfathering” be considered for professional trustees and those trustees who have specified experience? If so, how do you think this should be managed, for example, what existing experience/expertise should get recognition? How long should grandfathering last for? Should there be some form of testing for those with specified experience, such as an online test with ongoing CPD requirements?
- Q3.** Following on from question 2, should there be exemptions/partial exemptions from some of the examinations for existing relevant pensions related qualifications i.e. accountancy/actuarial/legal.
- Q4.** Is there anything missing from the list of topics for the proposed curriculum leading to a qualification for DC trustees?
- Q5.** What is your view on the NFQ status for the proposed trustee qualification – level 7 or level 8? Level 7 equates to an ordinary bachelor degree and level 8 is a higher diploma or honours bachelor degree. What do you consider to be the more appropriate and practical level in terms of professional status and capability of delivery and take-up?
- Q6.** Should the trustee qualifications requirement apply to trustees of both DB and DC schemes with differing requirements as appropriate?
- Q7.** Do any other issues occur to you at this point?

How to respond

A submission form in word format is available under 'Related Documents'. Please save a copy of the form, insert your responses and forward to the address below. Otherwise, you may send a separate submission.

Please send responses to Mary Broderick by Thursday, 1 October 2015 by email to mbroderick@pensionsauthority.ie.

or by post to:

Mary Broderick
Policy Unit
The Pensions Authority
Verschoyle House
28-30 Lower Mount Street
Dublin 2

DC Trustee Qualifications

Proposed list of topics for curriculum

Sources of Law

- The law relating to trusts/case law;
- The Trustee Act 1893;
- The Trustee (Authorised Investments) Act 1958;
- The trust documents;
- The Pensions Act 1990, as amended and Regulations;
- The pension provisions of the Family Law Acts 1995 and 1996;
- The pension provisions of the Civil Partners and Certain Rights and Obligations of Cohabitants Act 2010;
- The Protection of Employees (Part Time Work) Act, 2001;
- The Protection of Employees (Fixed Term Work) Act, 2003;
- The Protection of Employees/Employers (Insolvency) Act, 1984;
- EU Law – “IORPs Directives”;
- Revenue Law - the Taxes Consolidation Act, 1997.

Regulatory bodies

- Role and functions of the Pensions Authority;
- Role of Revenue;
- Role and functions of the Pensions Ombudsman and the internal dispute resolution procedure;
- Role of the Central Bank;
- Role of the Workplace Relations Commission.

Trustees' obligations under the Pensions Act, 1990, as amended and regulations

- Collection of contributions;
- Investment of assets;
- Payment of benefits;
- Keeping of records;
- Registration of schemes;
- Payment of fees;
- Appointment of Registered Administrator (RA);
- Undertaking trustee training;
- Preservation and transfer of benefits;
- Disclosure of information;
- Application of equal pension treatment;
- “Whistleblowing”;
- Cross-border applications/authorisations;

- Compliance with other legislation affecting pensions – pension provisions of Family Law Acts, Part Time and Fixed Term Work Acts, Personal Insolvency Act, 2012;
- Prohibition on reduction of benefits;
- Duties on winding up;
- Rule against borrowing/guarantees;
- Bulk transfer rules;
- Power to amend scheme rules;
- Invalidity of amendments to scheme rules and of exercises of discretion;
- Sanctions for non-compliance.

Trust law principles

- Acting in good faith;
- Acting in members' best interests;
- Acting prudently;
- Maintaining confidentiality;
- Managing conflicts of interest;
- Taking advice;
- Exercising discretionary powers;
- Making decisions.

DC scheme governance issues to include:

- Collection, payment and remittance of contributions;
- Calculating and paying the benefits;
- Keeping records;
- Reporting obligations to the Pensions Authority;
- Trustee meetings;
- Member communications;
- Basic principles relating to the investment of assets;
- Investment choices and the implications for members;
- Default investment strategies;
- Investment principles and the scheme's statement of investment principles (SIPP);
- Risk management;
- Service level agreements (SLAs);
- Implications of fees and charges;
- Value for money;
- Conflicts of interest;
- Seeking advice/challenging advisers;
- Pensions Authority DC codes and Trustee Handbook.