



# INDUSTRY CONSULTATION: FUTURE OF TRUSTEESHIP AND GOVERNANCE CONSULTATION QUESTIONS AND RESPONSE

Issued 23 September 2019

ICAEW welcomes the opportunity to comment on the *Future of trusteeship and governance* published by the Pensions Regulator on 2 July 2019, a copy of which is available from this [link](#).

This ICAEW response of 23 September 2019 reflects consultation with the Pensions Sub-Committee of ICAEW's Business Law Committee.

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## PART 1: TRUSTEE KNOWLEDGE AND UNDERSTANDING, SKILLS, ONGOING LEARNING AND DEVELOPMENT

**Question 1: Do you agree that the expectations set out in the 21st century trusteeship campaign (see Annex 1 of the consultation) is a good starting point for defining a minimum standard for trustee knowledge in the code? Is there anything else that should be added that would be necessary for all trustees to know?**

1. Yes. Annex 1 appears to be a good basic starting point for a framework that would be applicable to all trustee boards, but this should then be underpinned with more detailed guidance that could be tailored to different types of schemes and where they are in their journey (for example, DB scheme trustees will need negotiation skills to deal with scheme funding and deficit recovery plans but these skills will not necessarily be needed by trustees of DC schemes).

**Question 2: Should there be legislative change for trustees to demonstrate how they have acquired a minimum level of TKU, for example through training or qualification?**

2. No. In our view it is inappropriate to make it a statutory duty for trustees to show they have a minimum level of trustee knowledge and understanding. This would, in our view, place undue pressure on trustees when, for instance, sitting a qualification exam. Other than for professional trustees, trusteeship is voluntary and already onerous, and such additional requirements could be counter-productive by severely restricting the talent pool for lay trustees. We also note that Professional Trustees will be expected to meet published standards and be accredited. We note that this will require them to be 'fit and proper' and carry out CPD and therefore we also believe there is no need to introduce legislative TKU requirements in relation to Professional Trustees.
3. We would support a "softer" statutory duty such as reporting on whether trustees have sufficient knowledge and/or have received appropriate training in relation to the matters relevant to their scheme in the annual return (including, for example, confirming whether the trustee board as a whole are sufficiently trained and skilled to be able to challenge the advice they receive). In such an approach, it should be clear that schemes are expected to maintain appropriate evidence that tPR can request sight of to demonstrate how TKU is achieved, whether by formal training sessions or included within the course of meetings as matters are discussed. The annual return could also ask how recently the board has conducted an effectiveness review (see also Q6). This could be a simple yes/no question, but it would help to keep the possibility of such a review on the agenda for trustees.
4. To further incentivise TKU activity, we would also support allowing the Regulator or Ombudsman to take into account when setting the level of a penalty or compensation to be awarded to a member the extent to which the trustees have complied with their duty to have trustee knowledge and understanding.

**Question 3: Should there be a legislative change to introduce a minimum level of ongoing learning for all trustees, for example through CPD-type training? If so, how many hours a year would be suitable?**

5. No. As explained in our response to Q2 above, we do not support the creation of additional statutory duties. In relation to CPD, we note there is no equivalent requirement for company directors.
6. Nevertheless it is a good thing for trustees to undergo continued professional development and we would support a provision such as that referred to at Q2 above whereby trustees report on TKU in their annual return (and are required to maintain evidence to support such submissions).

**Question 4: Do you agree that we should set higher expectations on levels of TKU held by professional trustees in the code, recognising that they typically act across multiple schemes of various types, size and complexity?**

7. Yes. We consider it is appropriate for professional trustees to have a higher standard, not just because they act across multiple schemes but because they are undertaking trusteeship as a commercial business. The standards and accreditation process for professional trustees should, however, be an adequate regime without the need for duplication within the code.

**Question 5: Should we focus more on establishing and setting standards and ensuring all trustees are aware of them, while relying more on industry to have the main role in educating trustees in ways more tailored to their individual needs?**

8. Yes. We consider this would be an appropriate division of responsibility between the Regulator and the industry, although we note it is useful to have a 'free-to-use' guide such as the trustee toolkit to enable trustees to access the basic knowledge and tools appropriate for their needs. Therefore, we consider that this should continue to be available as a central resource in a 'free-to-use' format, although we would be comfortable for this to be issued by another industry body (such as PLSA or PMI). More tailored advice can then be provided by the industry in general and advisers on specific schemes and issues.

**Question 6: We would also welcome any thoughts or ideas that you might have more generally about how we can have greater confidence that trustees have the necessary basic knowledge and understanding to carry out their role.**

9. As mentioned at Q2 and Q3 above, we consider it would be appropriate to add to the questions asked in the annual return for trustees to indicate how recently the board has conducted an effectiveness review and whether trustees have sufficient knowledge and/or have received appropriate training in relation to the matters relevant to their scheme (including, for example, confirming whether they are sufficiently trained and skilled to be able to challenge the advice they receive).
10. Subject to Data Protection considerations, tPR could also use the information it already holds on who has completed the toolkit and when in order to identify schemes on which to focus regulatory activity.

**PART 2: SCHEME GOVERNANCE STRUCTURES FOR EFFECTIVE DECISION-MAKING**

**Question 7: Should there be a requirement for UK pension schemes to report to the regulator on what actions they are taking to ensure diversity on their boards? Should such a requirement be limited to schemes above a certain size? How should such a report be made to us?**

11. No. We do not support the creation of additional regulatory burdens on schemes in relation to the make-up of their board. It is important to avoid forcing a "quota" to demonstrate diversity. Schemes should be able to appoint the right person for the post.
12. However, we also recognise that diversity needs to be appropriately defined to achieve the best outcome. Whilst relevant, it doesn't only cover gender and ethnic background. It also covers differing skills and competencies (boards should, as far as possible, offer diversity of skills, experience and perspective). We can see merit in schemes being required to disclose to members in the trustee report how diverse their boards are as this visibility could help improve diversity and also help enfranchise members to become MNTs eg if they feel they are under-represented. This disclosure could also refer to the board's most recent effectiveness review.

**Question 8: Should industry play a role in creating tools, guidance and case studies that can help pension schemes attract a more diverse pipeline of lay trustees? How would that work and who should take a lead in making it happen?**

13. Yes. Schemes could encourage more candidates from their membership by way of roadshows (depending on size of scheme) and communications (e.g. newsletters, by including material with annual benefit statements and/or via the scheme website). For example, a video on the website setting out the benefits of becoming a trustee might encourage more people to get involved. In addition to the workforce, schemes could encourage more deferred members, especially schemes that are closed to future accrual (although deferred members would need to be by selection rather than election in cases where commercial sensitivity arises that cannot be managed in other ways).
14. We note the TUC and trade unions might be able to assist in expanding the pool of people available for trusteeship by encouraging members to consider becoming trustees. We are also aware that the Association of MNTs has some good material to encourage individuals to volunteer.
15. We also think it would be appropriate for organisations such as the Pensions and Lifetime Savings Association and the Pensions Management Institute to provide relevant material. But, of course, you would need to consult with those organisations and see if they were comfortable with taking on such a role.

***Question 9: Should it be mandatory, in due course, for each pension scheme board to engage a professional trustee? If not what reasons (other than current capacity) would make such a move undesirable?***

16. No. We consider that there is already a move towards the appointment of professional trustees. This is often either as a sole trustee or as a chair of a board. However, we do not consider it appropriate for it to be made mandatory when there is little evidence to show that many schemes are badly run without a professional trustee. Indeed some of the high profile funding cases have involved professional trustees (without casting aspersions on the role they have played in those cases). We do, however, recognise that governance issues may be more prevalent amongst smaller schemes and that such schemes are less likely to have appointed a professional trustee. tPR, of course, already has the power to appoint a professional trustee and therefore this could be used in relation to schemes with a track record of poor governance. Also, if the annual return were to ask how recently the board has conducted an effectiveness review and the completion of TKU (see Q2, 3 & 6 above), this information could inform tPR as to the general approach to governance.
17. We also consider that it would be useful if tPR could improve transparency around the trend towards appointment of professional trustees by publishing relevant data on this (extracted from annual returns) as this would encourage other schemes to consider such an appointment.

***Question 10: Do you share our concerns in this area? Do you have any real case examples where you see these conflicts are not managed effectively in the case of sole corporate trustees?***

18. No. We are not aware of any such cases and consider that a sole professional trustee is an appropriate appointment to be made in many scenarios. We would, however, probably consider the appointment of a sole trustee for an open DC scheme to be inappropriate. In the DB environment, we also note that valuations must be approved by actuaries who are subject to ethical standards. If there are problems with trustees agreeing valuations that are "employer friendly" we do not think that these will be confined to where there is a sole trustee. The problem to be addressed is the valuation, not the trusteeship, and we consider these issues should therefore be dealt with under tPR's other more appropriate powers.

***Question 11: Should the governance standards for sole trustees be strengthened, for example by requiring two or more trustees to attend trustee meetings? Are there any circumstances where this would not be appropriate or necessary?***

19. No. There are a number of small schemes where a sole independent professional trustee is an appropriate appointment. We do not think it would be reasonable to impose additional burdens beyond those being introduced by the standards for professional trustees unless there is evidence that those individuals have behaved inappropriately. It is also relevant that more onerous requirements may actually deter appointments on economic grounds when for all other reasons the appointment would result in improved governance.
20. Moreover, we note that the professional standards regime will require a minimum of two accredited individuals from the trustee firm, directly responsible for each sole trustee appointment, so there should be no need for regulatory intervention. We note the standards will also require Professional trustees who act as sole trustees to have appropriate governance arrangements to mitigate the additional risks and responsibilities associated with sole trusteeship.

***Question 12: How do corporate professional trustee organisations manage potential conflicts of interest in relation to procurement of services?***

21. We are not in a position to answer this question.

***Question 13: How do sole professional trustee organisations with preferred suppliers ensure that pension schemes get value for savers? Do they run competitive tenders for services? Are regular performance reviews conducted?***

22. We are not in a position to answer this question.

***Question 14: What are the pros and cons of the different types of corporate trustee model that currently operate in the occupational pensions landscape? Are there are certain circumstances where a particular model would not be appropriate?***

23. We are not aware that there is any particular type of corporate trustee model that has shown deficiencies that would justify a strengthening of governance standards or other regulatory intervention.

**PART 3: DC SCHEME CONSOLIDATION AND BARRIERS TO WINDING-UP FOR SCHEMES WITH GUARANTEES**

***Question 15: Do respondents have any other solutions for winding up schemes with guarantees without detriment to savers?***

24. Yes. We consider that it should be possible and appropriate for defined contribution schemes to wind-up by transferring their members to other suitable vehicles, with members given value for money for relinquishing their guarantee (such as compensation amounts to be determined by risk-based calculations signed off on by actuaries).
25. We note that a legislative change would be needed in order to permit such transfers to be made into NEST.

***Question 16: Would it be helpful for TPR to provide guidance on the factors to be considered when winding up schemes with guarantees?***

26. Yes. We think that the Regulator could issue guidance to insurers as to how they could provide value to members with guarantees on their DC pots on a bulk transfer away from that insurer.
27. We also believe that if necessary legislation should be passed which provides for a member of a DC occupational scheme with a guarantee to be able to have the policy assigned to be an individual policy with the guarantee retained.

***Question 17: Are there any factors that respondents feel must be considered when winding up schemes with guarantees?***

28. Yes. Clearly the trustees of a scheme must take the guarantees into account when considering winding-up or other transfers of relevant members.

***Question 18: Do respondents have a view as to whether the costs involved in winding up a scheme with guarantees would be affordable for small and micro schemes?***

29. Yes. If there is a duty on the insurer to provide some form of compensation for a guarantee when surrendered then, as part of their duty to treat customers fairly, they will protect the individual members and there should not be undue costs created.

***Question 19: Do respondents have a view regarding the loss of trustee oversight if benefits are assigned to individual savers?***

30. Yes. The loss of trustee oversight is a necessary part of winding up a scheme and assigning benefits to the individual members. It is not confined to schemes with guarantees and happens on a regular basis. It is not in itself inappropriate and as the regulator has highlighted not all schemes do provide the necessary level of trustee oversight and that is often why trustees feel it is better for the members for them to wind-up and assign the annuities to the individuals. This also encourages individual responsibility for retirement saving.
31. However, it is important for tPR to maintain the ongoing campaign about scams to ensure potential transferees are aware of the potential dangers and risks.

# Industry consultation: Future of trusteeship and governance consultation questions and response form

This form is interactive. Please save the whole consultation pdf to your computer, fill in your response to the questions as appropriate and return it by 12 noon on 24 September 2019 to the following email address: [futuretrusteeship@tpr.gov.uk](mailto:futuretrusteeship@tpr.gov.uk)

## Your details

Your name:	<input type="text" value="Liz Cole"/>
Organisation (if applicable):	<input type="text" value="Institute of Chartered Accountants for England and Wales"/>
Job title (if applicable):	<input type="text" value="Manager, Business Law"/>
Postal address:	<input type="text" value="Chartered Accountants' Hall&lt;br/&gt;Moorgate Place&lt;br/&gt;London&lt;br/&gt;EC2R 6EA"/>
Telephone:	<input type="text" value="+44 (0)20 7920 8746"/>
Email:	<input type="text" value="Liz.Cole@icaew.com"/>
Which category best describes you or your organisation?	<input type="text" value="Professional Body"/>

Please select one category from the drop down menu above.



## Confidentiality

Please confirm whether you would like us to list your organisation on our list of respondents to this consultation:

☒ Yes, I wish my organisation to be included on the list of respondents

We may need to share the feedback you send us within our own organisation or with other government bodies. We may also publish this feedback as part of our response to the consultation. If you wish your response, in whole or in part, to remain confidential, please tick the box below:

☐ Yes, I wish my response to remain confidential.

If so, please specify which part of your response you wish to remain confidential and why:

## Part 1: Trustee knowledge and understanding, skills, ongoing learning and development

1. Do you agree that the expectations set out in the 21st century trusteeship campaign (see Annex 1 of the consultation) is a good starting point for defining a minimum standard for trustee knowledge in the code? Is there anything else that should be added that would be necessary for all trustees to know?

☒ Yes ☐ No

Please give your reasons.

Annex 1 appears to be a good basic starting point for a framework that would be applicable to all trustee boards, but this should then be underpinned with more detailed guidance that could be tailored to different types of schemes and where they are in their journey (for example, DB scheme trustees will need negotiation skills to deal with scheme funding and deficit recovery plans but these skills will not necessarily be needed by trustees of DC schemes).



2. Should there be legislative change for trustees to demonstrate how they have acquired a minimum level of TKU, for example through training or qualification?

Yes      No

☐☒

Please give your reasons.

In our view it is inappropriate to make it a statutory duty for trustees to show they have a minimum level of trustee knowledge and understanding. This would, in our view, place undue pressure on trustees when, for instance, sitting a qualification exam. Other than for professional trustees, trusteeship is voluntary and already onerous, and such additional requirements could be counter-productive by severely restricting the talent pool for lay trustees. We also note that Professional Trustees will be expected to meet published standards and be accredited. We note that this will require them to be 'fit and proper' and carry out CPD and therefore we also believe there is no need to introduce legislative TKU requirements in relation to Professional Trustees.

We would support a "softer" statutory duty such as reporting on whether trustees have sufficient knowledge and/or have received appropriate training in relation to the matters relevant to their scheme in the annual return (including, for example, confirming whether the trustee board as a whole are sufficiently trained and skilled to be able to challenge the advice they receive). In such an approach, it should be clear that schemes are expected to maintain appropriate evidence that tPR can request sight of to demonstrate how TKU is achieved, whether by formal training sessions or included within the course of meetings as matters are discussed. The annual return could also ask how recently the board has conducted an effectiveness review (see also Q6). This could be a simple yes/no question, but it would help to keep the possibility of such a review on the agenda for trustees.

To further incentivise TKU activity, we would also support allowing the Regulator or Ombudsman to take into account when setting the level of a penalty or compensation to be awarded to a member the extent to which the trustees have complied with their duty to have trustee knowledge and understanding.

3. Should there be a legislative change to introduce a minimum level of ongoing learning for all trustees, for example through CPD-type training? If so, how many hours a year would be suitable?

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Yes

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No

Please give your reasons.

As explained in our response to Q2 above, we do not support the creation of additional statutory duties. In relation to CPD, we note there is no equivalent requirement for company directors. Nevertheless it is a good thing for trustees to undergo continued professional development and we would support a provision such as that referred to at Q2 above whereby trustees report on TKU in their annual return (and are required to maintain evidence to support such submissions).

4. Do you agree that we should set higher expectations on levels of TKU held by professional trustees in the code, recognising that they typically act across multiple schemes of various types, size and complexity?

☒ Yes ☐ No

Please give your reasons.

We consider it is appropriate for professional trustees to have a higher standard, not just because they act across multiple schemes but because they are undertaking trusteeship as a commercial business. The standards and accreditation process for professional trustees should, however, be an adequate regime without the need for duplication within the code.

5. Should we focus more on establishing and setting standards and ensuring all trustees are aware of them, while relying more on industry to have the main role in educating trustees in ways more tailored to their individual needs?

☒ Yes ☐ No

Please give your reasons.

We consider this would be an appropriate division of responsibility between the Regulator and the industry, although we note it is useful to have a 'free-to-use' guide such as the trustee toolkit to enable trustees to access the basic knowledge and tools appropriate for their needs. Therefore, we consider that this should continue to be available as a central resource in a 'free-to-use' format, although we would be comfortable for this to be issued by another industry body (such as PLSA or PMI). More tailored advice can then be provided by the industry in general and advisers on specific schemes and issues.

6. We would also welcome any thoughts or ideas that you might have more generally about how we can have greater confidence that trustees have the necessary basic knowledge and understanding to carry out their role.

☐ Yes ☐ No

Please give your reasons.

As mentioned at Q2 and Q3 above, we consider it would be appropriate to add to the questions asked in the annual return for trustees to indicate how recently the board has conducted an effectiveness review and whether trustees have sufficient knowledge and/or have received appropriate training in relation to the matters relevant to their scheme (including, for example, confirming whether they are sufficiently trained and skilled to be able to challenge the advice they receive).  
Subject to Data Protection considerations, tPR could also use the information it already holds on who has completed the toolkit and when in order to identify schemes on which to focus regulatory activity.

## Part 2: Scheme governance structures for effective decision-making

7. Should there be a requirement for UK pension schemes to report to the regulator on what actions they are taking to ensure diversity on their boards? Should such a requirement be limited to schemes above a certain size? How should such a report be made to us?

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Yes

☒

No

Please give your reasons.

We do not support the creation of additional regulatory burdens on schemes in relation to the make-up of their board. It is important to avoid forcing a "quota" to demonstrate diversity. Schemes should be able to appoint the right person for the post.

However, we also recognise that diversity needs to be appropriately defined to achieve the best outcome. Whilst relevant, it doesn't only cover gender and ethnic background. It also covers differing skills and competencies (boards should, as far as possible, offer diversity of skills, experience and perspective). We can see merit in schemes being required to disclose to members in the trustee report how diverse their boards are as this visibility could help improve diversity and also help enfranchise members to become MNTs eg if they feel they are under-represented. This disclosure could also refer to the board's most recent effectiveness review.

8. Should industry play a role in creating tools, guidance and case studies that can help pension schemes attract a more diverse pipeline of lay trustees? How would that work and who should take a lead in making it happen?

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Yes

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No

Please give your reasons.

Schemes could encourage more candidates from their membership by way of roadshows (depending on size of scheme) and communications (e.g. newsletters, by including material with annual benefit statements and/or via the scheme website). For example, a video on the website setting out the benefits of becoming a trustee might encourage more people to get involved. In addition to the workforce, schemes could encourage more deferred members, especially schemes that are closed to future accrual (although deferred members would need to be by selection rather than election in cases where commercial sensitivity arises that cannot be managed in other ways).

We note the TUC and trade unions might be able to assist in expanding the pool of people available for trusteeship by encouraging members to consider becoming trustees. We are also aware that the Association of MNTs has some good material to encourage individuals to volunteer.

We also think it would be appropriate for organisations such as the Pensions and Lifetime Savings Association and the Pensions Management Institute to provide relevant material. But, of course, you would need to consult with those organisations and see if they were comfortable with taking on such a role.

9. Should it be mandatory, in due course, for each pension scheme board to engage a professional trustee? If not what reasons (other than current capacity) would make such a move undesirable?

☐ Yes ☒ No

Please give your reasons.

We consider that there is already a move towards the appointment of professional trustees. This is often either as a sole trustee or as a chair of a board. However, we do not consider it appropriate for it to be made mandatory when there is little evidence to show that many schemes are badly run without a professional trustee. Indeed some of the high profile funding cases have involved professional trustees (without casting aspersions on the role they have played in those cases). We do, however, recognise that governance issues may be more prevalent amongst smaller schemes and that such schemes are less likely to have appointed a professional trustee. tPR, of course, already has the power to appoint a professional trustee and therefore this could be used in relation to schemes with a track record of poor governance. Also, if the annual return were to ask how recently the board has conducted an effectiveness review and the completion of TKU (see Q2, 3 & 6 above), this information could inform tPR as to the general approach to governance. We also consider that it would be useful if tPR could improve transparency around the trend towards appointment of professional trustees by publishing relevant data on this (extracted from annual returns) as this would encourage other schemes to consider such an appointment.

- 10: Do you share our concerns in this area? Do you have any real case examples where you see these conflicts are not managed effectively in the case of sole corporate trustees?

☐ Yes ☒ No

Please give your reasons.

We are not aware of any such cases and consider that a sole professional trustee is an appropriate appointment to be made in many scenarios. We would, however, probably consider the appointment of a sole trustee for an open DC scheme to be inappropriate. In the DB environment, we also note that valuations must be approved by actuaries who are subject to ethical standards. If there are problems with trustees agreeing valuations that are "employer friendly" we do not think that these will be confined to where there is a sole trustee. The problem to be addressed is the valuation, not the trusteeship, and we consider these issues should therefore be dealt with under tPR's other more appropriate powers.

11. Should the governance standards for sole trustees be strengthened, for example by requiring two or more trustees to attend trustee meetings? Are there any circumstances where this would not be appropriate or necessary?

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Yes

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No

Please give your reasons.

There are a number of small schemes where a sole independent professional trustee is an appropriate appointment. We do not think it would be reasonable to impose additional burdens beyond those being introduced by the standards for professional trustees unless there is evidence that those individuals have behaved inappropriately. It is also relevant that more onerous requirements may actually deter appointments on economic grounds when for all other reasons the appointment would result in improved governance. Moreover, we note that the professional standards regime will require a minimum of two accredited individuals from the trustee firm, directly responsible for each sole trustee appointment, so there should be no need for regulatory intervention. We note the standards will also require Professional trustees who act as sole trustees to have appropriate governance arrangements to mitigate the additional risks and responsibilities associated with sole trusteeship.



12. How do corporate professional trustee organisations manage potential conflicts of interest in relation to procurement of services?

Please give your reasons.

We are not in a position to answer this question.

13. How do sole professional trustee organisations with preferred suppliers ensure that pension schemes get value for savers? Do they run competitive tenders for services? Are regular performance reviews conducted?

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Yes

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No

Please give your reasons.

We are not in a position to answer this question.

14. What are the pros and cons of the different types of corporate trustee model that currently operate in the occupational pensions landscape? Are there are certain circumstances where a particular model would not be appropriate?

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Yes

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No

Please give your reasons.

We are not aware that there is any particular type of corporate trustee model that has shown deficiencies that would justify a strengthening of governance standards or other regulatory intervention.

### Part 3: DC scheme consolidation and barriers to winding-up for schemes with guarantees

15. Do respondents have any other solutions for winding up schemes with guarantees without detriment to savers?

☒ Yes ☐ No

Please give your reasons.

We consider that it should be possible and appropriate for defined contribution schemes to wind-up by transferring their members to other suitable vehicles, with members given value for money for relinquishing their guarantee (such as compensation amounts to be determined by risk-based calculations signed off on by actuaries).

We note that a legislative change would be needed in order to permit such transfers to be made into NEST.

16. Would it be helpful for TPR to provide guidance on the factors to be considered when winding up schemes with guarantees?

☒ Yes ☐ No

Please give your reasons.

We think that the Regulator could issue guidance to insurers as to how they could provide value to members with guarantees on their DC pots on a bulk transfer away from that insurer.

We also believe that if necessary legislation should be passed which provides for a member of a DC occupational scheme with a guarantee to be able to have the policy assigned to be an individual policy with the guarantee retained.

17. Are there any factors that respondents feel must be considered when winding up schemes with guarantees?

☒ Yes ☐ No

Please give your reasons.

Clearly the trustees of a scheme must take the guarantees into account when considering winding-up or other transfers of relevant members.

18. Do respondents have a view as to whether the costs involved in winding up a scheme with guarantees would be affordable for small and micro schemes?

☒ Yes ☐ No

Please give your reasons.

If there is a duty on the insurer to provide some form of compensation for a guarantee when surrendered then, as part of their duty to treat customers fairly, they will protect the individual members and there should not be undue costs created.

19. Do respondents have a view regarding the loss of trustee oversight if benefits are assigned to individual savers?

☒ Yes ☐ No

Please give your reasons.

The loss of trustee oversight is a necessary part of winding up a scheme and assigning benefits to the individual members. It is not confined to schemes with guarantees and happens on a regular basis. It is not in itself inappropriate and as the regulator has highlighted not all schemes do provide the necessary level of trustee oversight and that is often why trustees feel it is better for the members for them to wind-up and assign the annuities to the individuals. This also encourages individual responsibility for retirement saving. However, it is important for tPR to maintain the ongoing campaign about scams to ensure potential transferees are aware of the potential dangers and risks.

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Free online learning for trustees



Industry consultation  
Future of trusteeship and governance  
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