

# HOW TO CHOOSE A PROFESSIONAL TRUSTEE FOR YOUR SCHEME

**As the regulatory burden of running a pension scheme has continued to grow, it's perhaps no surprise that there is a growing demand for professional trustees to make sure that schemes are effectively run. Let's be clear here, we are talking about someone who makes their living out of acting as a trustee of pension schemes, not someone who may be able to claim they are independent of the scheme sponsor.**

The Pension Regulator's Andrew Warwick-Thompson has said that the overall governance of pension schemes is 'patchy' and good governance can increase annual investment returns by between 1%-2% pa. To put this into context this equates to about £50,000-£100,000 annually for a £5m pension fund.

A good professional trustee will help pension schemes make sure that they comply with the ever increasing legislation. They also bring some discipline to the Trustee board to focus on the relevant issues, not necessarily what may be seen as being more interesting. An experienced professional trustee will be able to move seamlessly between Defined Benefit and Defined Contribution benefits which many Schemes have.

**Technical pensions skills, knowledge and qualifications should be a given for a professional trustee**

**As Fellows of the Pensions Management Institute and member so the Association of Professional Pension Trustees we certainly tick this box**

However, schemes looking to appoint a professional trustee need to make sure that they get the right person for them. What should a professional trustee bring?

- One of the most important skills is the ability to act as an effective conduit between the trustees and the scheme sponsor
- They also need to be able to negotiate and balance large amounts of complex information in order to ensure a satisfactory conclusion for the Scheme
- From this it follows that professional trustees must be good listeners and be able to work with a broad spectrum of people who may have different agendas
- The professional trustee must be able to work effectively with the existing trustees, building trust and ensuring engagement with all of the pension scheme stakeholders
- Most importantly, there is no one size fits all professional trustee. The person you appoint needs to be right for your scheme