

TRUSTEE KNOWLEDGE AND UNDERSTANDING (TKU)

With a number of changes to the trustee board over a relatively short period of time, there was an agreed need to address TKU, not only at an individual but also at a Board level.

We worked with our fellow trustees to identify what skills they felt they had, what areas they felt potentially exposed to in order to move to filling those knowledge gaps. In the spirit of sharing the initial checklist of TKU we started with was as follows:

The law relating to Trusts and pensions	<ul style="list-style-type: none"> • The nature of the pensions trust and the separation of assets from the scheme sponsor and the Trust • Key provisions of pension legislation, such as contributions and funding, Pensions Protection Fund, the Pensions Regulator • Trustee fiduciary duties • Recognising conflicts of interest and solutions
Know your Scheme documents (to have a working knowledge of)	<ul style="list-style-type: none"> • The Scheme trust deed & rules with all of the amending deeds • Statement of investment Principles • Statement of Funding Principles • Scheme booklets and member communications • Scheme annual report and accounts • Balance of powers document
Knowledge of investment matters	<ul style="list-style-type: none"> • Investment asset classes • Balancing risk and reward • Appointing and monitoring investment managers
Manage Scheme advisers	<ul style="list-style-type: none"> • Have contracts with all of your advisers • Prepare an annual budget and monitor costs against this • Constantly monitor your advisers performance
Scheme governance	<ul style="list-style-type: none"> • Have protocols and terms of reference in place for all committees • Process for electing/selecting Member nominated trustees • Scheme business plan • Risk register review • Trustee internal controls
Employer covenant	<ul style="list-style-type: none"> • Process to monitor employer covenant as part of integrated risk management
Administration	<ul style="list-style-type: none"> • Process for reporting and monitoring scheme administrator

This is not a complete list which will always be scheme specific but it's a good place to start from.