

## PROs and CONs of having a professional trustee

Pros	Cons
<p><b>RESOLVE CONFLICTS OF INTEREST</b></p> <p>A professional trustee can resolve conflicts of interest which have particular relevance for company directors. A company's finance director on the trustee board may find the demands of their day job puts them in an uncomfortable position with their role as trustee, for example if the pension scheme needs higher contributions from the company.</p>	<p><b>BOARD RESENTMENT</b></p> <p>Lay trustees may resent the presence of an outsider. They may feel they know their scheme well and are confident about how efficiently it is run, so may question why a professional trustee is necessary. If the professional trustee is regarded as someone with superior knowledge and expertise who will take control at the expense of existing trustees, resentment could grow unless properly managed by a skilled professional trustee</p>
<p><b>MORE TIME FOR EXECS</b></p> <p>Appointing a professional trustee can free up senior executives who are also trustees, giving them more time to do their day jobs, which benefits the employer.</p>	<p><b>COST</b></p> <p>The cost might be seen as expensive particularly for a smaller scheme. This has to be offset against the savings that can be made elsewhere, in terms of savings on advice and other external services.</p>
<p><b>BACKGROUND EXPERIENCE</b></p> <p>Many professional trustees are former pensions industry professionals, meaning their skill and experience can potentially save the scheme from having to take expensive advice from external consultants, actuaries or lawyers</p>	<p><b>LOSS OF PERSPECTIVE</b></p> <p>How long a professional trustee can remain truly 'independent' is debatable. Once they have been a member of the board of trustees for an extended period of time they could become 'one of the team' and be unable to effectively challenge their own decisions. That's why choosing one who works on multiple schemes is good as they are more likely to keep perspective.</p>
<p><b>WIDER KNOWLEDGE</b></p> <p>Professional trustees often work with multiple schemes, meaning they have knowledge of how other trustee boards have dealt with certain situations – they can say what worked and what didn't.</p>	<p><b>AN EASY RIDE</b></p> <p>With a professional trustee on the board, there is a risk some lay trustees might take a more relaxed approach in fulfilling their responsibilities. The board may also defer to their experience and judgement, reducing the overall effectiveness of decision making. A good professional trustee will make sure this doesn't happen.</p>

<p><b>CONFIDENCE IN NEGOTIATIONS</b></p> <p>Professional trustees are likely to be more confident in dealings with external consultants because of their background and experience. Their outsider status on the trustee board also means they are better placed to negotiate robustly with the company's management. Lay trustees may well feel uncomfortable in tough negotiations with their bosses.</p>	<p><b>OVER-CAUTION</b></p> <p>From the company's view, a professional trustee may take an overly-cautious approach to scheme funding, resulting in high contributions and unsupportable levels of financial assistance to the scheme. A good professional trustee will have made sure they fully understand the needs of the scheme and the board to ensure the right approach is taken.</p>
<p><b>TRUSTEE EDUCATION BENEFITS</b></p> <p>The whole trustee board can learn from the experience of a professional trustee. They are able to consult them for clarification of any technical point they don't quite understand.</p>	<p><b>FIT</b></p> <p>The professional trustee's style is not one that works with the rest of the Board resulting in a poorly operating group. And is why it's important you understand your values before you recruit so you can ensure their style and values match yours.</p>

Contact us to find out how a CBC Professional Trustee could help your scheme:

Email us - [enquiries@cbcpensionservices.co.uk](mailto:enquiries@cbcpensionservices.co.uk)

Call us - 08454 334 199