

# The Trustee toolkit downloadable

## Running a scheme

### Tutorial four: Introducing advisers and service providers

By the end of this tutorial you will better understand:

- ▶ who is accountable when scheme tasks are delegated
- ▶ who the many advisers and service providers to the scheme are
- ▶ when professional advice should be sought

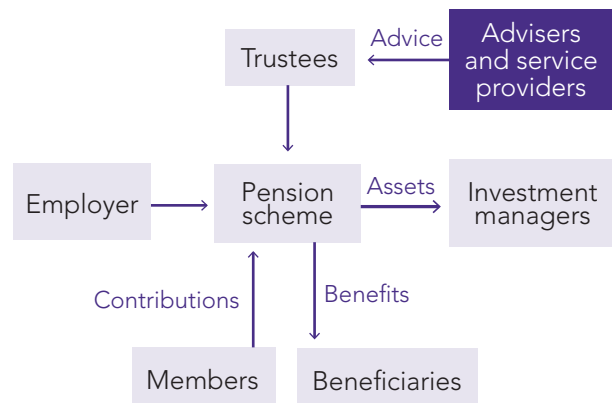
This tutorial is part of Scenario two.

#### Glossary

A detailed glossary of technical terms can be downloaded from the Resources tab when you log in at [www.trusteetoolkit.com](http://www.trusteetoolkit.com)

## Why appoint advisers and service providers?

Trustees engage advisers and service providers to help them in the running of their pension scheme. It is a legal requirement for some types of advisers to be appointed to pension schemes. The extent to which trustees use these advisers and service providers will depend on the circumstances of their scheme.



## What advisers and service providers must you appoint?

Trustees of almost all schemes must appoint auditors and investment managers and must take advice from a suitably qualified adviser before making any investments and before preparing or revising a statement of investment principles. In addition, trustees of DB schemes must appoint a named scheme actuary.

These advisers and service providers may be in-house or appointed externally. Either way, trustees will need to ensure that those they appoint are suitably qualified, deliver a good service and offer value for money to the scheme.

### Actuary

An actuary is a professional adviser able to conduct an actuarial valuation, and to advise on policy issues, eg, transfer values, draw up the scheme's statement of funding principles, and advise on the choice of appropriate assumptions. In a DB scheme it is sometimes the case that the scheme actuary will also provide the trustees with investment advice (if he or she is sufficiently qualified and experienced, and is authorised by the Financial Conduct Authority).

DB schemes are required to have a named scheme actuary appointed by the trustees or managers of the scheme.

### Auditor

It is a legal requirement for most schemes to appoint a scheme auditor. The auditor will audit the scheme's accounts and processes.

## Investment manager

The investment manager (sometimes referred to as a fund manager) is responsible for investing the scheme's assets. They make the day-to-day investment decisions relating to the funds that they manage on behalf of the trustees and the members. The scheme's overall investment strategy (or in the case of DC schemes, its default strategy) will be set by the trustees. Some schemes have more than one investment manager.

In a DC scheme, some members choose their own investment options from a range of funds that the trustees consider to be appropriate; it is the investment manager's job to invest the members' money in their chosen funds.

You will find more information on this topic in the Module: 'Investment in a DC scheme'.

## What others might you appoint?

The sort of advisers and providers you appoint is likely to depend on the size and nature of your scheme, the level of skills of the trustee board, and the way in which the trustee board intends to administer the scheme.

Download the extra resource 'Advisers and service providers' from the Resources tab on the website.

## Additional resource

You may find the section 'Review your providers' and advisers' level of expertise' in the TPR guidance useful, when reviewing whether your relevant service providers and advisers have the skills and resources to address climate-related risks and opportunities and provide appropriate levels of data and advice for your scheme. Go to: <https://www.tpr.gov.uk/en/document-library/regulatory-guidance/climate-related-governance-and-reporting/governance>

## Other organisations

There are a number of other organisations with which the trustees may need to engage from time to time. These include:

- ▶ Department for Work & Pensions (DWP)
- ▶ HM Revenue & Customs (HMRC)
- ▶ The Pensions Regulator (TPR)
- ▶ MoneyHelper
- ▶ The Pensions Ombudsman
- ▶ The Pension Protection Fund (PPF)

You will learn more in the Pensions law module, in the tutorials: 'The Pensions Regulator' and 'Internal dispute resolution procedure'.



## Who is responsible?

So now you know that there are different advisers and service providers who can help trustees to run their scheme. But, as a trustee, if you act on the advice they give you, who is responsible for the decisions that you make?

1. Both the trustee and adviser or service provider
2. The adviser or service provider
3. The trustee

### Answer and feedback

The correct answer is 3.

As a trustee, you're responsible for any decision you make, even if it's based on professional advice. Because of this, you should challenge the advice of your advisers if you don't understand their analysis/advice or the reasons they give in their analysis/advice.

In some cases, you may be able to take legal action against an organisation that provides you with advice if that advice is negligent.