

## What you need to know about pension trustees

### Who is a trustee?

- A trustee is one who is appointed to manage the affairs, property, assets, or business on behalf of another person(s)
- A trustee is a custodian
- Trusteeship- stewardship
- Pension Fund trustees appointed or elected to manage a fund on behalf and for the benefit of fund members

Trustee is equivalent to a company director.

### Qualities of a Trustee

- Integrity, honest and trustworthy
- Fit and proper in that they should:
  - ✓ be properly qualified with knowledge on pension fund legislation, rules of the fund, administration of pension fund in terms of financials, investments of assets and risk management;
  - ✓ Without a criminal record;
  - ✓ They should have clean financial records with unsettled debt where courts have entered judgements against them; and
  - ✓ It is mandatory that a trustee acquires an IPEC approved basic course in trusteeship within six months after date of appointment.

### Appointment of Trustees

- The law provides that a pension fund should have a minimum of 3 and maximum of 9 member board of trustees
- At least half of these trustees should be elected by the members of the fund and the other half by the sponsoring employer
- The procedure for the election and appointment of trustees must be provided in the rules of the pension fund

### Responsibilities of Trustees

- take reasonable steps to protect the interests of members of the fund, especially in the event of —
  - the amalgamation of or transfer of any business; or
  - the division of the fund; or

- the withdrawal of a participating employer or the termination or reduction of contributions by a participating employer.
- act honestly and in good faith with a view to the best interest of the fund;
- exercise due care, diligence and skill that a reasonable and prudent person would exercise in comparable circumstances;
- avoid conflict of interest;
- act impartially towards all members; and
- supervise those to whom functions have been properly delegated; and

### **Statutory Powers and Duties**

The law provides that trustees should:

- ensure that proper control systems are put in place to ensure that the fund complies with the Act and any other law in terms of its rules and administration;
- ensure that members of the fund are adequately informed of their rights, benefits and duties in terms of the rules of the fund;
- take all reasonable steps to ensure that contributions to the fund are paid when they are due;
- where appropriate, obtains expert advice on matters on which the trustees lack expertise;
- formulate an investment policy to further the objectives and purposes of the fund; and ensure that records of all proceedings of the board of trustees and of the business of the fund are kept. This includes membership data.

### **Administrative Functions**

- Ensure that their pension funds are registered and that any amendments to the rules are also registered with the Commission;
- ensure that contributions are received and invested in appropriate assets;
- make arrangements for paying the benefits;
- ensure that records are kept up to date;
- preserve or transfer benefits or exiting members; and
- Should also play a communication role by providing information to members, regulator, auditors and actuaries.