



# **INDEPENDENT PROFESSIONAL TRUSTEES**

## **ARE THEY RIGHT FOR YOU?**

**Cartwright Group Ltd · Actuaries and Consultants**

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Cartwright Group Ltd July 2010.

# Professional Trusteeship

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## The role and duties of a trustee

The role of a trustee of a pension scheme, particularly one providing defined benefits (typically a pension linked to salary and service), has become increasingly onerous over recent years. Many lay trustees are groaning under the weight of ever increasing Regulation and guidance.

In order for a trustee to carry out their duties effectively, efficiently and equitably, it is important that they have the relevant levels of expertise and understanding for the role.

Whilst a bespoke, ongoing training programme can help with this (*see our briefing paper 'Trustee Training – Enhancing knowledge & understanding' for further details*), trustees can still find themselves without the requisite knowledge to enable them to fully understand their role and duties and carry these out effectively. This is often due to time constraints.

More and more frequently, trustees also find themselves conflicted, with pressures of business or financial management often at odds with their duties as trustees. Some trustees can have three different 'hats', making it difficult to objectively carry out their role.

## The role of the professional trustee

The appointment of a professional independent trustee can help to provide a level of guidance and comfort that the trustee board is acting appropriately. This can be of particular relevance in times of corporate transactions or amendments to the pension scheme basis.

Professional trusteeship can prove to be a valuable appointment, providing help and guidance across key issues, such as:

- Difficult negotiations with the sponsoring employer over scheme funding and contentious Recovery Plan proposals
- Overcoming conflicts of interest, for example, where the employer is considering a change or closure to the scheme and the existing trustees are also scheme members or directors of the sponsoring employer
- Providing continuity where there are frequent changes to the trustee board
- The management of advisers, ensuring relevant, cost effective and added value advice
- Chairing the board and managing delegated subcommittees
- Assistance with difficult or technical projects, such as asset-liability profiling, investment reviews, scheme closures and wind-ups
- Assisting co-trustees in acquiring and maintaining knowledge levels

Whilst this is the case, it is also important to consider the potential downsides of a professional trustee appointment. For example, being completely independent and impartial can lead to professional trustees taking a less pragmatic approach to employer negotiations.

Professional trustee services also come at a cost and it is important to ensure that value is gained from the appointment.

# Professional Trusteeship

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## What can you do?

Is your trustee board struggling to undertake their duties effectively, finding itself increasingly conflicted or are you about to embark on a corporate transaction project or scheme restructuring or closure?

Or do you struggle to find any volunteers to undertake the role of trustee, whether employer or member nominated?

If so, you should consider whether the appointment of a professional trustee would add value to your scheme and its members.

## How can we help?

We will help you to identify actual or potential issues within your trustee board and recommend solutions to overcome these.

We can assess the need for professional trustees and the value that this may bring to your scheme.

Acting as procurement consultant for you, we will work with you and your existing trustees to review the professional trustee marketplace and make recommendations as appropriate, including arranging 'beauty parades' of potential partners.

## What does it cost?

Our services are tailored to each client, and our costs reflect the level of support that is required. Please contact us to discuss your particular requirements in more detail.

### Contact information:

If you would like to discuss this further, please get in touch with your usual contact at Cartwright, or call **Martin Ralph** on 01483 860 201 or 07789 986 161 (email: [martin.ralph@cartwrightgroup.co.uk](mailto:martin.ralph@cartwrightgroup.co.uk)).

### **Cartwright Group Ltd**

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# About Cartwrights

## Profile

Cartwright Group Ltd is an independent pension and benefits consultancy with offices in Godalming, Surrey and Farnborough, Hampshire.

With a history dating back to 1986 under our original name of I S Cartwright & Co, we specialise in the provision of high quality actuarial, consulting and administration services for company pension schemes and employee benefit programmes.

Through our highly qualified and experienced team of actuaries, consultants and administration staff, we adopt an integrated team-based approach to client management, working in partnership and proactively focusing on the key issues affecting our clients.

## Services

We provide the full range of actuarial, consulting and administration services to our clients to allow them to effectively and efficiently manage their pension and employee benefit arrangements.

We also provide actuarial advice in non-pension areas including: loss assessments, valuing life interests, cash flow models for retirement villages and reversionary property portfolios.

Our team will focus on anticipating and identifying concerns and needs before they develop into problems, and will suggest appropriate action plans.

We have the skills, experience and resources to help businesses, trustees and employees face the challenges ahead –

***our clients' responsibilities are our responsibilities***

## Take a step in the right direction...

The decisions you make today about the future of your pension and employee benefit arrangements have never been more crucial. Make the right decisions for your business with Cartwright Group by your side providing all the services and advice you need...in plain English.



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