



# New standards and accreditation system for professional trustees

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## Briefing

June 2019

## Introduction

Earlier this year, new Standards for professional trustees were published. These standards will apply to all professional trustees (as defined by the Pensions Regulator). Alongside these standards, it has been announced that a new system of accreditation for professional trustees will be introduced. This update summarises which trustees are obliged to comply with the standards, what the standards are, and how the accreditation process will work.

## Am I a professional trustee?

The Regulator defines a professional trustee as

*“Any person, whether or not incorporated, who acts as a trustee of the scheme in the course of the business of being a trustee.”*

Additional colour is added to this with a statement that the Regulator would not normally consider a remunerated trustee to meet this definition if

### *“they are or have been*

- *A member of the pension scheme or a related pension scheme (e.g. a scheme with a sponsoring employer in the same corporate group).*
- *Employed by, or a director of, a participating employer in the pension scheme (or an employer in the same corporate group).*
- *They do not act, or offer to act, as a trustee in relation to any unrelated scheme.”*

For any trustees of the pension schemes of law firms, it is not clear whether being a partner at a law firm would earn you the same exemption that being a director of a company does. We have asked the Regulator for clarity on this point, and its response was that it anticipates it would be reasonable to treat LLP partners in a similar manner to directors for these purposes.

## The new standards

The standards apply to all professional trustees and aim to articulate what “excellence” looks like for individuals acting as professional trustees. They are intended to be used as a benchmark against which complaints against professional trustees are judged, as well as assisting in independent trustee selection processes.

The standards cover issues including fitness and propriety, governance skills, ongoing professional development, behaviour and skills, and managing conflicts of interest. There are additional standards for professional trustees who are the chair of a trustee board, or who are a sole trustee. The standards will be maintained by the Association of Professional Pension Trustees (the APPT).

You can read the full standards [here](#).

## The accreditation system

The standards state that an associated accreditation system will be introduced, which will enable professional trustees to demonstrate they meet the Standards, and provide reassurance to those appointing them.

This accreditation system is still being finalised, but so far we know that applicants must

- Confirm that they comply with a “fit and proper” requirement.
- Provide references from two reputable figures within the industry.
- Have completed the most recent version of the Regulator’s toolkit.
- Have passed the Pension Management Institute’s Level 3 Award in Pension trusteeship (which is a 90-minute exam containing 60 multiple choice questions).
- Have successfully completed an online soft skills test (which is currently being developed).

Once a professional trustee has become accredited, each year they will have to complete an annual attestation stating that they continue to meet the fit and proper requirement, that they comply with the standards and that they have completed any new Regulator toolkit modules. In addition they must have completed 25 hours of relevant CPD, of which 15 hours should be “structured”. Once confirmed, professional trustees will receive a certificate demonstrating their accreditation for that year.

## Why is this important?

The majority of pension schemes have a professional trustee on their trustee board. Each of these individuals will need to ensure that they comply with the standards, and consider whether they wish to become accredited. Whilst we understand that accreditation will not be compulsory, we expect that more and more schemes will use accreditation as a requirement when selecting professional trustees. We understand that it is also intended that schemes must state in their scheme returns whether their professional trustees are accredited, and if not explain why not.

It is anticipated that final details of the accreditation process (including the structure of the soft skills test and the cost of accreditation) will be released in the next few months.

## Contacts

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