

Welcome to the Pension Fund

A Guide for New Trustees

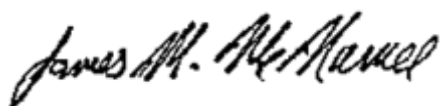
Trustee Knowhow

This short introductory guide will help you understand your obligations as a trustee and give you an idea of the duties that your new role entails.

The role you have accepted carries with it significant responsibilities. Safeguarding the retirement benefits of your pension fund members is challenging, and will require you to identify, assess, and mitigate risks. You will also have to ensure that your fund is well governed and administered, to minimize the chances of things going wrong in the future.

The issues that you will have to manage as a trustee will be diverse, sensitive and potentially complex.

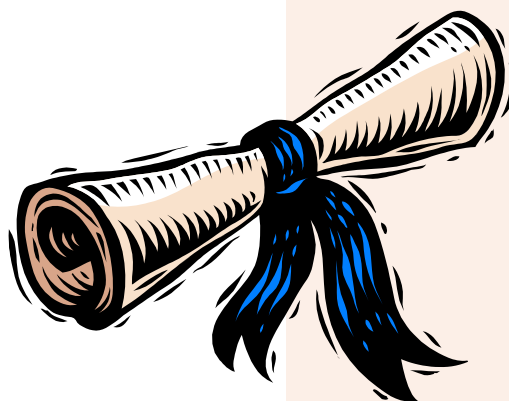
The pension system simply would not work without trustees like you, so thank you for accepting this position. Pension fund members will rely on you to safeguard their retirement benefits, and this guide should act as the first step in your journey towards being an effective guardian of their rights and benefits.



James McNamee
President,
IPPPA



'The role you have accepted carries with it significant responsibilities.'



Inside...

Trustee knowledge and understanding

What you need to know to be an effective trustee

The trustee role and responsibilities

Your key duties and powers

Governance and fund administration

Ensuring your fund is well run

Help from the IPPFA

The resources and support we can provide

Address book

Who can help you?

Feedback

Let us know what you think

Trustee Knowledge and Understanding

The law requires you to have the relevant knowledge and understanding to perform your role within eighteen months of your appointment.

Professional trustees, or trustees appointed for their specialist expertise, are required to have the relevant knowledge and understanding immediately on appointment.

You will need to have knowledge and understanding of pensions and the law relating to them, the principles of funding pension funds and the investment of assets on behalf of members. You'll also need to understand how your fund works, including the rules that govern it.

The tasks of trusteeship can be challenging, particularly if you are an elected trustee, and finding time to gain this knowledge may be a concern. You will need to find time to get familiar with the role and the responsibilities it carries.

Training is an important feature of a well-run fund. The IPPFA 32 Hour Certified Trustee Program is a learning program, which can be taken live or online, with core modules that help you gain the relevant skills, knowledge and understanding.

In our view, the 32 Hour Certified Trustee Program is required study for new trustees. New trustees are required to obtain their 32 Hour Certification within 18 months of election or appointment to a pension board. The IPPFA 32 Hour Certified Program fulfills this mandated training.

Get the
knowledge
you need

For more about trustee knowledge and understanding...

go to the 'Members Center' section on our website at:
www.ippfa.org/member_center.htm

The Trustee Role and Responsibilities

As a trustee you have specific duties and responsibilities. Above all, you must act prudently, responsibly and honestly, in the best interests of your members.

The rules and regulations of your fund should outline how you should handle some key issues – for example how many trustees need to attend a trustee meeting to make decisions on behalf of all of them, and the powers the trustees have.

Pension fund trustees are there to act in the best interests of fund participants. This includes consideration of the interests of all the classes of members – active, deferred, pensioner and beneficiaries. This may involve weighing the interests of the particular individual against the need to protect the security of the membership as a whole.

For more about the trustee role and responsibilities... go to our website at:
www.ippfa.org



'You are required to have knowledge and understanding of pensions and regulations.'

Governance and Fund Administration

The Pension Board

The pension board is responsible for the governance of the pension fund. This is an important task and one that significantly differs from a management role.

It's the board of trustee's legal duty to make sure that the right processes, systems, people and procedures are in place to manage the fund, its investments and the risks that can arise.

Board Meetings

You'll soon be attending – or may even have already attended – a meeting of the pension board.

Board meetings are formal, minuted, occasions where the position of the fund is reviewed and decisions are made in relation to its future.

There should be standard items on the agenda at every meeting, with extra items added on an ad hoc basis as and when they need to be discussed. Timeframes should be set to deal with each issue on the agenda. If you feel any particular subject is not being given enough, or any, time at meetings you should ensure that you speak up and highlight this as a concern.

The 32 Hour Certified Trustee Program

covers what it's like to become a trustee and attend meetings of the board. Go to: www.ippfa.org to learn more about the IPPFA 32 Hour Certified Trustee Program

For more about trustee responsibilities and advisers... go to the 'Members Center' section on our website at: http://www.ippfa.org/member_center.htm

Using Advisers

To help them, trustee funds will hire advisers to provide information and guidance on the status of the fund and how decisions might affect it in the future.

While a trustee can delegate responsibility for fulfilling certain fund functions to advisers or service providers – for example, issuing annual statements to members or filing reports with the regulator – **you cannot delegate your accountability**. This is important. The decisions taken on your fund may have a significant effect on the pensions your members receive, and accountability for these decisions rests with the trustees alone.

Your advisers are there to support, rather than lead, the trustees. So be sure to take the time to discuss the advice and support on offer, and don't be afraid to challenge your advisers to provide justification for the actions they recommend. Trustees are responsible for the decisions taken on their funds, so you should only make a decision once you feel you have received all the information you need.

For more about delegation of responsibilities – including the exceptions for decision making about investment of fund assets by professional fund managers – visit our website using the links below.

Get
Educated
and Be
Informed

Conflicts of Interest

It's likely that all trustees will encounter conflicts of interest at some point.

These must be dealt with properly. It's important that conflicts of interest are declared to make sure the other trustees are aware and able to take sensible steps to address any conflict. There may be different conflicts of interest depending on whether you're running a defined benefit (DB) or defined contribution (DC) fund.



Get the
knowledge
you need

'It is important that any conflicts of interest on the board are declared.'

Help from the IPPFA

Our website provides guidance and resources to help you carry out your important and often challenging but rewarding role. Start with browsing the 'Members Only' section of website to view helpful resources and to learn more about our certification programs.

To find out more, go to:
www.ippfa.org/member_center.htm

Our 32 Hour Online Certified Program allows you to work through the training in your own time and at your own pace, and there is handout resources shipped directly to you, meaning you can study offline. Go to the Certified Section on our website to find a list of the upcoming live and online classes available.

Go to:
www.ippfa.org/training/certified_training_program/certified_trustee_program3.htm

Our monthly newsletter service is an easy way to keep up to date with all developments. This includes updates about new regulatory guidance as well as changes in the wider pensions landscape that might affect your duties or your fund.

Sign up for our newsletter today:
www.ippfa.org/newsletter_subscription.htm

Address Book

There are a number of organizations that can provide information or assistance to trustees. These include:

Illinois Department of Insurance

DOI's goals are to ensure Pension Fund integrity and to educate participants about retirement and disability benefits.

Public Pension Division
320 West Washington Street - 5th Floor
Springfield, IL 62767-0001

T (217) 782-7542

insurance.illinois.gov/applications/pension/

Feedback

We're interested to hear your thoughts on the information we have available for new trustees – including this guide for new trustees. Let us know what you think by emailing us at:

contact_us@ippfa.org

The Illinois Attorney General Office

The IL Attorney General's Office provides required Open Meetings Act and Freedom of Information Act Training.

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