

February 2018 MNTD Election

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How to apply

To apply for the role of MNTD you will first need to be nominated. This online process is relatively simple - to get started click the MNTD Election button below.

You will be asked to provide the following information:

- › Basic information about you, including contact details;
- › A short biography (maximum 50 words) which will be used as your election statement if a ballot is required;
- › A passport-type head and shoulders photograph (typically 35mm x 45mm and 300 DPI) which will accompany your election statement;
- › Details of your work experience and any other relevant information (maximum 150 words); and
- › The details of three other active members of the Scheme who will support your nomination (you will be required to provide their email addresses).

The deadline for receipt of applications is **21 February 2018**.

You can find information about the role of the Trustee, the current Trustee Directors and who can apply to be a MNTD using the links on this page.

The role of the Trustee

The Trustee, through the Trustee Directors, has overall responsibility for the day to day running of the Scheme. Each Trustee Director, including an MNTD, has the same duties towards all beneficiaries of the Scheme. It is not correct to say that an MNTD is only responsible for safeguarding the interests of the members of the constituency who elected him or her – the same duties extend to all members whether active, deferred or pensioner members.

The Trustee Directors' primary role is ensuring that the Scheme is run in accordance with the Trust Deed and Rules which govern it, so that members receive the benefits to which they are entitled.

The Rules of the Scheme clearly set out what benefits are to be provided to members and the powers the Trustee has in relation to the Scheme.

The Trustee must also meet legal requirements relating to the Scheme. These include ensuring that:

- › Proper records are kept including detailed member records and minutes of relevant meetings;
- › All contributions are received from both the Company and members in a timely manner – legislation is in place to ensure the Company meets its obligations to pay contributions and it is the Trustee who must closely monitor compliance with such obligations;
- › Actuarial valuations of the DB Section of the Scheme are prepared within the statutory timeframe – currently such valuations are required every three years, with an actuarial update report each year in-between;
- › Annual accounts are prepared and properly audited – the accounts are accompanied by an annual report from the Trustee;
- › Members are kept up to date about matters relating to the Scheme and their benefits – as you know, the Trustee has a regular programme of communications with members; and
- › Any other statutory requirements are met.

Duties of the Trustee Directors

A duty is something the Trustee Directors must do. Some duties are specific (such as those set out in the Trust Deed and Rules of the Scheme), others are more general in nature (such as those required under general trust law principles).

Examples of General Duties

- › Act impartially between different classes of beneficiaries – the Trustee Directors must act fairly between different classes of beneficiary (for example, pensioners, actives and deferred members) and must also act fairly between individuals;
- › Act prudently – each Trustee Director has an obligation to act as a prudent person would, not only in the conduct of his or her own affairs but also in looking after the affairs of third parties;
- › Seek appropriate professional advice – Trustee Directors are not required to be expert in all relevant areas but they may need specialist advice in a number of different contexts, including actuarial, investment and legal advice;
- › Keep matters confidential – Trustee Directors are not able to discuss confidential matters relating to the Scheme with any third party. This includes both members of the Scheme and the Company without express authority from the Trustee Board.

Examples of Specific Duties

- › The Trustee Directors are required by statute to be conversant with certain documentation relating to the Scheme and have sufficient knowledge and understanding to carry out their function as a Trustee Director;
- › To formally appoint an auditor, scheme actuary, investment managers and legal advisers;
- › Make and maintain a statement of investment principles.

Although it is a lot to comply with, Trustee Directors are given support and guidance in their role, both from the Pensions Team and the Trustee's professional advisers.

The role requires considerable investment of time in preparing and attending meetings, and attaining and maintaining the required level of understanding. This is something to take into consideration and therefore we suggest that you discuss it with your line manager before applying. Being an MNTD of a large, respected pension scheme is an extremely rewarding and satisfying role, but you need to have a passion for pensions and a real feel for why they are so important.

If you put yourself forward as an MNTD you must be prepared to attend several Trustee meetings each year. You will also be expected to take an active role in the Trustee's various Committees and Working Parties and you will receive training to give you the required knowledge and understanding about the laws on trusts and pension schemes. The table below gives an indication of the amount of time you could expect to spend in the role in an average year (you should also bear in mind that you will need to allow additional time for travel as meetings will be held in London):

RESPONSIBILITIES	MEETINGS PER YEAR (APPROXIMATELY)	AVERAGE TIME (MEETINGS AND PREPARATION)
Trustee Board Meetings	5	6+ hours each
Membership of Working Parties (average 3 Working Parties)	3 (per Working Party)	4+ hours each
Committee Meetings	4	5+ hours each
Training	2	4 hours each
Reading and research	Ongoing	4+ hours per month

What do you need to know?

The Pensions Act 2004 requires trustees to be conversant with documents in relation to the Scheme and have knowledge and understanding of the laws relating to trusts and pension schemes, the principles of funding and investment and such other matters as may be set out in legislation. Therefore, Trustee Directors must be willing to familiarise themselves with, for example, the Scheme's Trust Deed and Rules, and to take steps to gain sufficient knowledge and understanding as is required by the legislation.

Clearly, an amount of learning is involved at the outset of taking up the position as a Trustee Director. Formal training is provided to assist all new Trustee Directors – whether MNTDs or Trustee Directors appointed by the Company – which may include one to one sessions with advisers to the Trustee and attendance at external courses.

In addition to induction training, formal training is provided to all Trustee Directors on an ongoing basis. All Trustee Directors are required to keep themselves up to date with topical pension issues which will inevitably require setting aside time for personal study from time to time. The Pensions Team and the Trustee's professional advisers are available to lend support and guidance where necessary.

Who can apply

For the purpose of this exercise a member who is eligible to stand as an MNTD, vote or support another member must be an active member of the Scheme. A member who took flexible retirement from the DB Section of the Scheme and joined the DC Section, as an active member, is not eligible.

Certain individuals may not act as Trustee Directors. For example, legal requirements prevent the following from becoming a director:

- › An individual issued with a prohibition order by The Pensions Regulator;
- › An individual disqualified from acting as a director, which would include:
 - a person convicted of an offence involving dishonesty or deception; or
 - an undischarged bankrupt.

The individual must also be resident in the UK.

The Trustee

Prudential Staff Pensions Limited is a limited company responsible for ensuring that the Scheme is administered in accordance with the Trust Deed and Rules.

The members of the board of the Trustee serve as individual Trustee Directors. There are up to 10 directors - four of whom are Member Nominated Trustee Directors (MNTDs) of which three are appointed by employee members and one by pensioner members. The remaining six are appointed by the Company with at least one pensioner Trustee Director

Company Trustee Directors

- › Michael Abrahams CBE DL (Chairman)
- › David Green
- › David Higgins
- › David Martin
- › Andrew Swan

Member Nominated Trustee Directors

- › John Paino
- › William Rutherford
- › Neville Swift

The Committees

The Trustee has also formally constituted four Committees and also uses Working Parties who either report directly to the Trustee or to a Committee. Working Parties tend to be established for a particular project and disbanded once that project has been completed.

AUDIT & GOVERNANCE COMMITTEE

The key responsibilities of the Audit & Governance Committee are:

- › Working with the external auditors to plan, scope, discuss and consider the auditor's findings and recommendations in connection with the annual audit of the Scheme;
- › Ensuring that the Scheme's Annual Report & Accounts are prepared and finalised within the regulatory timescales;
- › To maintain the Scheme's Risk Register, review the Scheme's framework and the effectiveness of the Scheme's internal controls;
- › To review and seek assurance on the effectiveness of the Scheme's compliance framework and to review the Scheme's policies for ensuring compliance with relevant regulations, industry codes and legal requirements;
- › To make recommendations to the Trustee in relation to the appointment, reappointment or removal of the external auditors;
- › To review the annual communication of the Scheme's financial statements to members; and
- › Ensuring that contributions are paid in accordance with the Schedule of Contributions and Payment Schedule.

DISPUTES COMMITTEE

The key responsibility of the Disputes Committee is to consider and decide on any Stage 2 disputes received by the Trustee under the Internal Disputes Resolution Procedure.

ASSET AND LIABILITY COMMITTEE

The key responsibilities of the Asset and Liability Committee are:

- › Reviewing and recommending to the Trustee the funding strategy and investment policy for the Defined Benefit (DB) Section of the Scheme;
- › Maintaining and recommending to the Trustee changes required to the DB Section's Statement of Investment Principles;
- › Reviewing and agreeing the recommendation from the Scheme Actuary regarding the bonus rate and conversion factors to be applied to the DB Section's in-house AVC arrangement; and
- › Monitoring the investment performance of the DB Section's investment managers;
- › Working with the Scheme Actuary and the Company to recommend to the Trustee the Statement of Funding Principles, Recovery Plan (if required) and Schedule of Contributions in connection with the Scheme's valuations;
- › Reviewing communications in connection with the DB Section's in-house AVC arrangement, the Summary Funding Statement and any other communications in relation to the DB Section's investment and funding.
- › Monitoring the DB Section's funding position;
- › Reviewing the DB Section's factor calculation principles and approving any changes to factors being used to calculate members' benefits;
- › Appointing and removing the actuarial advisers, investment consultants, investment managers, custodians and performance measurers and overseeing any changes to their agreements;

DC SECTION COMMITTEE

The key responsibilities of the DC Section Committee are:

- › Monitoring the performance of the investment funds available to DC Section members;
- › Maintaining and recommending to the Trustee changes required to the DC Section's Statement of Investment Principles;
- › Ensuring that DC Section members receive or have access to detailed, clear, accurate, compliant information regarding their benefits from the Scheme; and
- › Reviewing the investment funds available to members to ensure that they meet members' needs and making any necessary changes to the fund range;
- › Monitoring the service standards and reviewing the overall operation of the DC Section's third party administrator;
- › Developing the communications strategy for the DC Section of the Scheme.

What happens next?

As part of the nomination process the three active members supporting your nomination will be contacted to confirm that they are eligible members. Please note that under the Rules your supporting members cannot simultaneously support another candidate.

Assuming we receive more than one nomination for this position a ballot of the active members will be held. This election will be held using the Single Transferable Vote system. You will be notified as to whether you have been successful within two weeks of the closing date of the ballot. If however you are the only applicant, and assuming you satisfy the eligibility criteria, your appointment will be automatic.

If no one applies the role will remain vacant for a period of 12 months. After this time active members will again be invited to apply.

Each MNTD serves for a period of four years from the date of appointment (or earlier if they cease to be a member of the Scheme).

1 February 2018

Introduction email issued to qualifying members



21 February 2018

Closing date for all applications and supporting nominations



8 March 2018

Assuming more than one nomination for this position is received, a ballot of active members will be held. If only one application is received, and assuming all eligibility criteria are met, an appointment will be made automatically by this date



About the Scheme

The Prudential Staff Pension Scheme is set up under trust and is managed by a trust corporation, Prudential Staff Pensions Limited (the Trustee). The Trustee Directors who sit on the Trustee Board are responsible for running the Scheme.

The Trustee holds, manages and invests assets for the benefit of members and their dependants. The trust structure is used for pension arrangements such as the Scheme and this means its assets are held separately from those of the Company.

As you may know, the Scheme comprises two main Sections:

- › The Defined Benefit (DB) Section of the Scheme (sometimes known as 'final salary') providing benefits broadly based on a member's final salary and service with the Company; and
- › The Defined Contribution (DC) Section of the Scheme (sometimes known as 'money purchase') under which amounts are allocated to notional Personal Accounts, invested and used to buy benefits on retirement.

Summaries of the two Sections are set out in booklets available to members of each Section. These booklets can be accessed from the Documents section of the website www.prudentialstaffps.co.uk.