



GovernanceFit

Assessment of your scheme against the
Pensions Regulator's DC Code of Practice

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A well-run scheme will deliver better member outcomes, and that is why there is continuing interest in the governance and management of defined contribution (DC) pension schemes.

Trustees of DC schemes have to demonstrate how they meet the requirements of the Pensions Regulator's DC Code of Practice. Furthermore, having a robust assessment and monitoring framework in place will allow the annual Chair's Statement to be produced efficiently and with the right level of supporting evidence automatically in place.

Willis Towers Watson has updated its GovernanceFit service to provide a unique and cost-effective assessment against the requirements of the new Code from 2016.

The Pensions Regulator's Code of Practice

The Pensions Regulator has identified the standards of conduct and practice that it expects trustee boards to meet. It has divided these into six areas and supplemented the Code with How To Guides, setting out practical examples of how trustees may meet its expectations.

The six areas are:

- **The trustee board:** This describes the constitution of the trustee board, the running of trustee meetings and the appointment of the Chair of trustees.
- **Scheme management skills:** Trustees should ensure that they have the right level of knowledge and understanding

of the scheme and apply this, together with relevant management skills, to ensure the scheme operates successfully.

- **Administration:** Good administration is the bedrock of a successful DC scheme, and trustees must ensure that they have effective systems and controls in place.
- **Investment governance:** Investment governance at all stages of the membership journey is important to ensure good member outcomes. A key consideration will be the development and delivery of the investment strategy, with particular focus on the default arrangement and its suitability for members.
- **Value for members:** Poor value for members is a key risk that trustees need to manage. Appropriate control of costs and charges should be put in place, together with ongoing assessments of what members value (with a focus on services where members bear the cost).
- **Communicating and reporting:** Good member communication and engagement is a vital component of any DC scheme, with a particular emphasis on the 'at retirement' period. In addition, trustees have a number of statutory reporting obligations including Chair Statements, Statements of Investment Principles and Scheme Returns to the Pensions Regulator.





GovernanceFit

Willis Towers Watson's GovernanceFit is an updated and revised version of the approach we have successfully used with many clients to assess compliance with the first version of the DC Code of Practice.

Main features

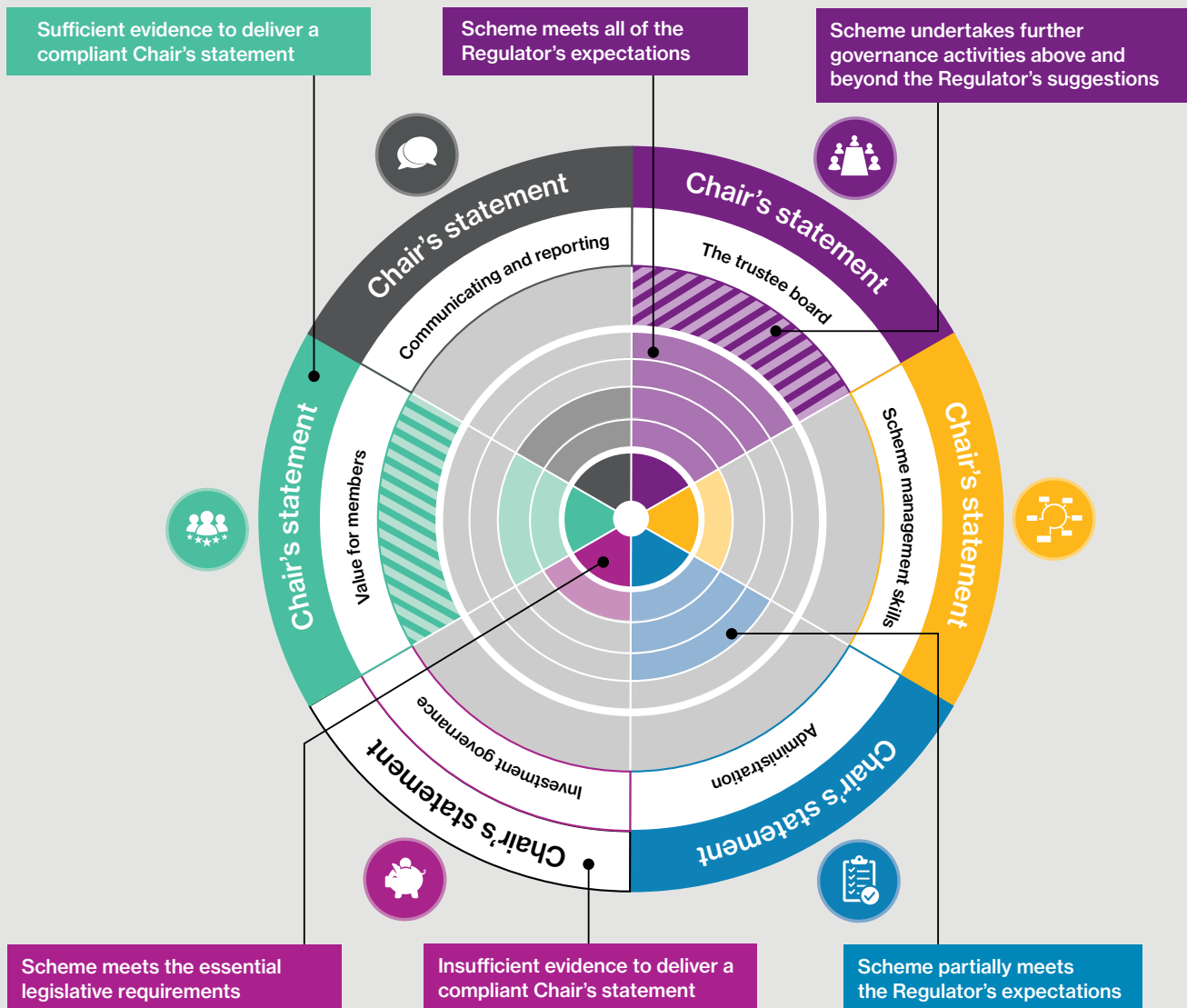
The service consists of four main elements:

- **Assessment:** Identifies the extent of compliance with the Code of Practice and wider regulatory expectations. Importantly, any work undertaken to fulfil the Regulator's DC quality features under the earlier version of the Code can be used and updated in the new assessment. The assessment has three levels in each of the six areas described above: legislative compliance, meeting the Regulator's additional expectations and, finally, any scheme-specific activities that go beyond the prescribed requirements.
- **Action plan:** If any gaps are identified, either against the statutory provisions or against the individual scheme's trustee objectives, then a plan can be put in place to address these.
- **Monitoring:** A reporting and monitoring framework will be put in place so that, going forwards, objectives can be prioritised and tracked.
- **Chair's Statement:** Specific actions for the Chair's Statement will be identified, so that in future years this can be produced efficiently and with the right level of supporting evidence.

A robust framework for achieving good member outcomes

GovernanceFit provides a cost-effective framework and methodology for assessing a scheme against the new DC Code of Practice. At the same time, it allows identification of interventions that can be put in place to improve a scheme's governance, leading to better member outcomes.

Assessment Summary



Comprehensive reporting and audit trail

Section 6
Communicating and reporting

Section 5
Value for members

Section 4
Investment governance

Section 3
Administration

Section 2
Scheme management skills

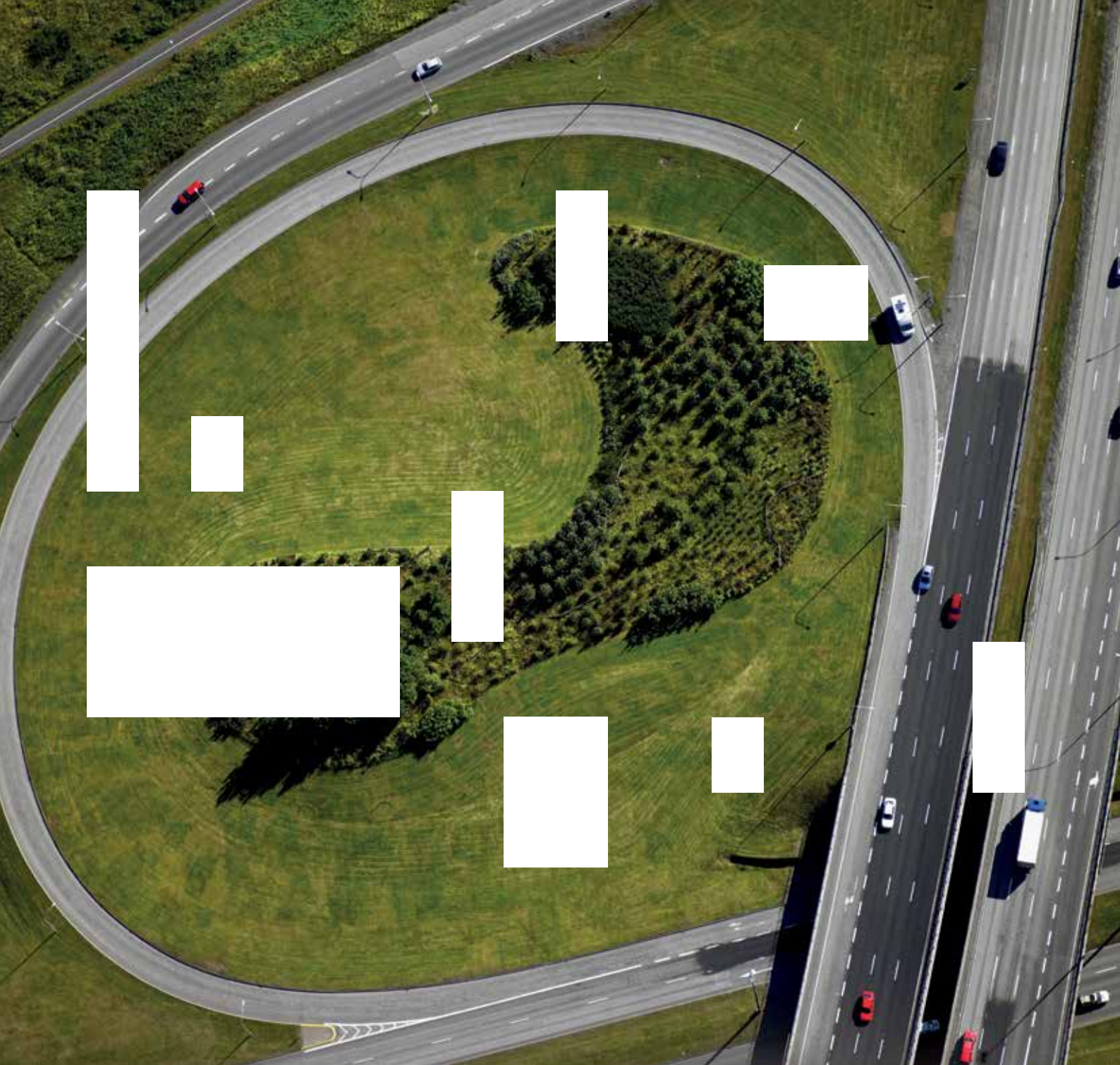
Section 1
The trustee board

Legal Requirements not met

All Legal requirements have been met

Legal Requirement Actions

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Further information

For further information, please contact your usual Willis Towers Watson consultant, or

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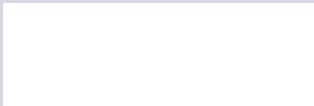
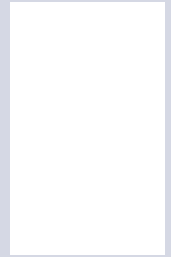
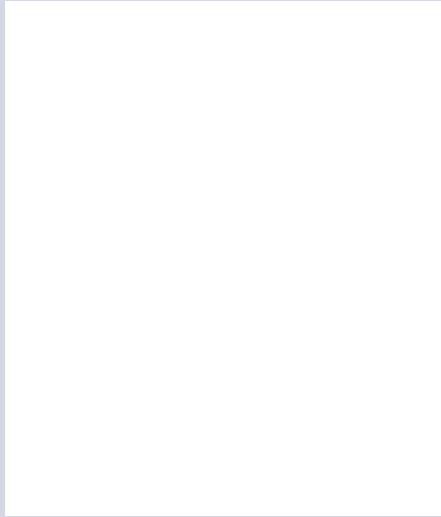
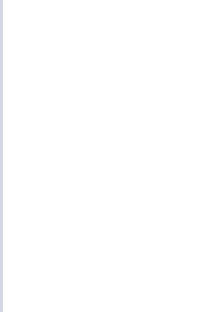
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