

Introduction

If as an employer you have decided to set up an occupational pension plan for your employees, you have to make a decision as to who will act as trustees of that plan. The reason it must be set up under trust and trustees appointed is to avail of pension tax reliefs and to keep the assets of the plan separate from the business. You can appoint your own company or named individuals from within your company as trustees or alternatively, you can appoint a professional

pension plan trustee services company such as General Investment Trust DAC.

General Investment Trust DAC (GIT) is a subsidiary of New Ireland Assurance Company plc and provides professional trustee services for Defined Contribution occupational pension plans. As experienced trustees, GIT takes on the many responsibilities and duties of trusteeship, leaving you more time to concentrate on your business.

Why appoint a professional trustee?

There are many reasons why employers choose to appoint a professional trustee such as GIT and these include:

1. Duties and responsibilities

The role of a trustee involves an increasing amount of work as well as responsibility.

The Pensions Act 1990 and The Trustee Act 1893 set out the main duties and responsibilities that trustees of an occupation pension plan must undertake and adhere to. The Acts state that trustees must act:

- in line with the trust deed, plan rules and the legal framework surrounding pensions
- impartially, honestly, responsibly and prudently and in the best interests of all plan beneficiaries and must identify and manage conflicts of interest

In addition to these general duties, trustees also have a number of specific duties which include:

- ensuring the pension fund is properly invested in line with the plan's investment rules and pension plan regulations

- keeping full and accurate accounting records, which include records of past and present members, transactions into, and out of, the plan
- holding and keeping minutes of trustee meetings as well as meetings with other various parties
- ensuring members get an Annual Benefit Statement in accordance with legislation
- ensuring the Trustee Annual Report (and audited accounts – where relevant) is prepared and relevant parties advised of its availability in accordance with legislative provisions
- paying the correct benefits out within prescribed time limits
- providing members and others with other information about the plan and their personal benefits

GIT has the governance structures in place designed to ensure the above obligations are met.

Today the role of pension trustee is more complex and time consuming than it was in the past. Evolving pension legislation has added to the compliance responsibilities for trustees and as a result, increased trustee liabilities.



2. Trustee liability

In the event that trustees do not adhere to pension plan and trust legislation they can be held personally liable for any loss caused as a result of a breach of trust. This could lead to a fine and/or imprisonment as well as the incident being put on the public record.

For less serious offences the Pensions Authority has the power to issue on-the-spot fines.

A breach of trust can happen when, for example:

- a trustee carries out an act which is not authorised under the trust deed and plan rules
- a trustee fails to do something that should have been done under the trust deed and plan rules
- a trustee does not perform one or more of their duties under trust law or pension legislation or does not perform them with sufficient care.

Except in the case of fraud, the rules of the pension plan may protect trustees from personal liability for a loss caused by breach of trust. In some cases, the employer may provide indemnity insurance for the trustees.

3. Trustee training

An employer is legally obliged to arrange for the trustees (both Irish and foreign directors of the company if the employer company is acting as trustee) to receive appropriate trustee training. This training must be completed every two years and within six months of initial appointment.

If a professional trustee is appointed the employer has no responsibility for trustee training.

4. Employee confidence

It is important for the employees who are members of the pension plan to have confidence in the plan and to know that the plan is professionally run to the highest standards. Appointing an experienced professional trustee services company that is a specialist in this area can provide employees with that confidence. GIT has been providing trustee services for over 60 years.

5. Cost effective

Compliance with pension plan legislation has become more onerous and complex in recent years, which has meant that the role of a trustee now requires a considerable investment of time. The added requirement that all trustees do appropriate trustee training has compounded this time commitment. Many employers find that appointing a professional trustee services company such as GIT is a very cost effective way of fulfilling these duties.

What will General Investment Trust do as trustee?

By appointing General Investment Trust DAC (GIT) as trustee you remove the responsibilities and duties of trusteeship from you, as employer. It is our objective to work in partnership with you and your Financial Advisor on an ongoing basis to monitor the management and administration of the plan and to ensure that members are kept fully up to date in relation to the operation of the plan. We strive to provide market leading pension plan governance so that you can rest assured your plan is being looked after properly. Our trustee services include:

- Checking the plan is run in accordance with its trust deed and plan rules
- Reviewing eligibility conditions for plan membership in line with plan rules and employment law
- Ensuring robust procedures are in place for the timely remittance and investment of contributions and members are notified appropriately of same
- Reviewing the selection and communication of investment funds for members
- Carrying out regular investment reviews with the investment managers
- Working with the plan administrator to ensure the plan is fully compliant with all statutory requirements including the deadlines for the preparation of the annual trustee report (and audited accounts where required) and member Annual Benefit Statements
- Reviewing the plan at least once every year
- Holding a minimum of one trustee meeting each year in relation to your plan and keeping minutes of same
- Ensuring that options are sent to members and benefits are paid in accordance with pension legislation and the Consumer Protection Code
- Where relevant exercising trustee discretion with regard to the payment of death in service benefits
- Liaising with auditors, the Pensions Authority and other regulators in relation to the operation of the plan if required.

About General Investment Trust DAC

GIT is a subsidiary of New Ireland Assurance Company plc. It was established in 1953 and is one of the longest established professional pension plan trustee companies in Ireland.

GIT currently act as trustees for over 1500 pension plans with total investment funds in excess of €1.2 billion.

The directors of GIT are made up of actuaries and pension specialists who individually have over 30 years experience in the pensions industry. This breadth of experience and depth of knowledge means that as an employer you can be confident of best practice when it comes to the running of your pension plan.

To Find Out More

For more information on the benefits of setting up an occupational pension plan for your employees or to find out more about General Investment Trust please talk to your Financial Advisor.