



THE IMPORTANCE OF GOVERNANCE

■ When did you last review your pension & benefits arrangements?

■ Are your staff engaged with your employee benefits programme?

■ Governance helps to ensure best practice, highlight any issues and promote engagement with pension & employee benefits

■ Ongoing monitoring and review of pension arrangements at heart of Pensions Regulator's guidance – *currently voluntary, will this soon become a requirement?*

■ Good governance adheres to Pension Regulator's principles & Code of Practice – *but is not restricted just to pensions*

What does governance mean? What is good governance? Are you practising it?

Strong governance helps ensure your pension and benefits arrangement remain appropriate and well-managed, as well as keeping your employees informed and engaged.

The Pensions Regulator has put the ongoing governance and employee communication of a pension arrangement at the heart of its good practice guidance.

With an increased focus on the monitoring of pension arrangements coming through automatic enrolment, are we moving towards increased regulatory governance?

Either way, governance is increasingly important and demonstrates good practice.

What is governance and why is it important?



The concept of governance is not new, but it can mean different things in different situations. The Pensions Regulator has issued Guidance and a Code of Practice covering the governance of work-based pension arrangements.

This guidance has been around for several years but how it is applied and how much you as an employer need to comply with it differs depending on the type of pension arrangement that you provide.

The governance of trust-based pension schemes is clear-cut and is undertaken by the scheme trustees. But what if you provide access to a master-trust pension scheme or a group personal pension (GPP) scheme?

Yes, the trustees of a master-trust will have overall responsibility for governance as will the providers of a GPP, but how can you as the employer be certain that your scheme is doing the job that you and your employees want it to do? Is the provider still appropriate? Are your processes and practices still compliant? Are your employees engaging with their savings? What are the market trends?

This is where governance comes in. Governance is increasingly important and demonstrates an ongoing commitment to your pension arrangement.

Governance is not limited to pension saving - it can cover all your employee benefits programme.

Good governance and best practice

In our view, an employer who demonstrates good governance is one who:

- has established a governance panel or committee (or given senior staff the responsibility) to review their pension & benefits arrangements)
- receives regular reporting on their pension & benefits providers, investments, legislation and market trends
- provides feedback to their employees and engages with them.



What actions should you be considering?

- If you use a master-trust or GPP as your pension scheme, or if you provide other group employee benefits, you should consider adopting a governance process to cover these, or if you already have a governance process, taking a fresh look at this to ensure that it is effective.
- If you are not communicating with your employees or engaging with them over their pension saving and employee benefits, you may wish to introduce a regular engagement programme.

Need help or would like to know more? We can support you with the ongoing monitoring and governance of your workplace pension scheme and other employee benefits - contact us for more information and to learn more about our fixed fee, cost-effective solutions.



This graphic shows the typical scope of our Governance service - we can provide services ranging from an annual generic 'provider report' through to the full governance scope shown below and more.

 <h2>TYPICAL GOVERNANCE SCOPE</h2>	
<p style="text-align: center;">Committee</p> <p>Key stakeholders from business</p> <p>Employee representation (if required)</p> <p>Simplicity Pensions representation</p> <p>Provider representation(?)</p> <p>Regular formal meetings</p> <p>Meeting papers</p> <p>Minutes / action points / communications</p>	<p style="text-align: center;">Reporting</p> <p>Detailed management information</p> <ul style="list-style-type: none"> • membership analysis • investment analysis (default fund / as agreed) • provider service monitoring • legislative and provider developments • underwriting / claims management <p>All benefits can be included</p>
<p style="text-align: center;">Output</p> <p>Used to identify trends / areas for review</p> <ul style="list-style-type: none"> • take-up rates & contribution levels • investments (default / self-selection) • online usage (how often / what / when) • success of communication / education / engagement programmes • education requirements • benefit design / placement 	<p style="text-align: center;">Delivery</p> <p>Meetings schedule as agreed</p> <p>Rolling Agenda items, plus ad-hoc</p> <p>Findings communicated to employees – annual / regular newsletters & announcements</p> <p>Technology-driven M.I. where available / used</p>