

# Trustee toolkit downloadable



## Investment in a DC scheme

### Check your scheme

Each module features a section called 'Check your scheme'. This aims to embed the learning you have completed throughout the module by asking you questions about your own scheme or to check your scheme documents.

It is essential that you complete each 'Check your scheme' section relevant to your scheme type and size, so we have created this worksheet to help you do this offline.

Once you have completed the learning, work through the questions and learning points in this worksheet, noting your findings, to help you transfer the theoretical learning into the practical application of your own scheme.

If you have already completed the toolkit, the worksheet can serve as a useful refresher. Work through each section to identify any areas you should brush up on by redoing the module or reviewing your own scheme documents.

This worksheet applies to:

- DC schemes
- DB schemes with AVC
- hybrid schemes.

The Pensions  
Regulator

<b>A DC investment strategy</b>	For your notes
Does your scheme offer a default arrangement?	<input type="radio"/> Yes <input type="radio"/> No
Is your scheme a 'qualifying scheme' being used for automatic enrolment?	<input type="radio"/> Yes <input type="radio"/> No
Does your scheme offer alternative investment options for members who wish to set their own investment strategy?	<input type="radio"/> Yes <input type="radio"/> No
If you haven't already, read through your DC scheme's statement of investment principles (SIP).	
When was the SIP for the DC scheme last reviewed?	
<b>Membership profile</b>	
Have the trustees assessed the membership profile?	
It can be useful to segment the membership and analyse particular groups of members in order to understand their needs and offer suitable investment options.	

Membership profile continued	For your notes
<p>Do you know the mix of membership by:</p> <ul style="list-style-type: none"> <li>• active and deferred members?</li> <li>• age bands?</li> <li>• pot size?</li> <li>• salary bands?</li> <li>• target pension ages?</li> <li>• investment options selected outside the default investment strategy?</li> <li>• contribution rate?</li> </ul>	<p><input type="radio"/> Yes   <input type="radio"/> No</p> <p><input type="radio"/> Yes   <input type="radio"/> No</p> <p><input type="radio"/> Yes   <input type="radio"/> No</p> <p><input type="radio"/> Yes   <input type="radio"/> No</p> <p><input type="radio"/> Yes   <input type="radio"/> No</p> <p><input type="radio"/> Yes   <input type="radio"/> No</p> <p><input type="radio"/> Yes   <input type="radio"/> No</p>
<b>Default arrangement</b>	
<p>Does your DC scheme offer a default arrangement?</p>	<p><input type="radio"/> Yes   <input type="radio"/> No</p>
<p>What is your default arrangement?</p>	
<p>What proportion of your membership is invested in the default arrangement?</p>	
<p>What is the objective of your default arrangement?</p>	

<b>Default arrangement</b> continued	For your notes
How often is it reviewed?	
Does your arrangement include actively managed funds?	
What are the charges for your default arrangement?	
<b>Alternative investment options</b>	
Does your scheme offer members who wish to set their own strategy, a range of alternative investment options?	<input type="radio"/> Yes <input type="radio"/> No
How many alternative investment options does your scheme offer?	
Do you think this is too few, too many or about right?	<input type="radio"/> Too few <input type="radio"/> Too many <input type="radio"/> About right
What alternative investment options does your scheme offer?	

<b>Alternative investment options</b> continued	For your notes
Does your scheme offer actively and passively managed options?	<input type="radio"/> Active <input type="radio"/> Passive <input type="radio"/> Both
Does your scheme offer any ethical or religious options?	<input type="radio"/> Yes <input type="radio"/> No
Does your scheme offer a with-profits option?	<input type="radio"/> Yes <input type="radio"/> No
<b>Financial protection of investments</b>	
What form does your scheme hold your investment in? For example, does your scheme have direct holding in life policies?	
Have you checked whether your scheme is covered by the Financial Services Compensation Scheme (FSCS) protection for your scheme funds and how it might apply?	<input type="radio"/> Yes <input type="radio"/> No
What advice have you taken from your scheme advisers on this issue?	
If you think that FSCS protection may not apply, have the trustees looked at other forms of security for members?	<input type="radio"/> Yes <input type="radio"/> No

<b>Charges</b>	For your notes
<p>Take a look at the charges for the investment options offered to members, including the default arrangement. What do you think about the level of these charges?</p> <p>(The government has set a 0.75% charge cap for member borne charges (excluding certain costs such as transaction costs) in all default arrangements within DC schemes used by employers to comply with their duties under automatic enrolment legislation).</p>	<p><input type="radio"/> Too high    <input type="radio"/> About right    <input type="radio"/> Quite low</p>
<p>If your scheme is required to have a chair who signs, on behalf of the trustees, an annual statement and one of these statements has been completed and signed, take a look at this now.</p> <p>How does it explain the extent to which charges and transaction costs in each of the scheme's investment options (including any default arrangements) represent good value for members?</p>	
<b>Managing performance</b>	
<p>When was the Statement of Investment Principles last reviewed?</p>	
<p>Did the trustees make any changes at the last review?</p>	<p><input type="radio"/> Yes    <input type="radio"/> No</p>

<b>Charges</b> continued	For your notes
How often do the trustees review the performance of the default investment strategy?	
How often do the trustees review the performance of alternative investment options offered to member who wish to set their own strategy?	
Taking into consideration the performance of the default investment strategy and the charges incurred, do you think it offers members good value?	<input type="radio"/> Yes <input type="radio"/> No
Have the trustees ever decided to change the scheme's investments?	<input type="radio"/> Yes <input type="radio"/> No
How was this communicated this to members?	
How were issues such as 'out of market' risk managed?	

