Please note

This legacy code of practice only applies in Northern Ireland.

To find the code of practice content for England, Scotland and Wales, see: **www.tpr.gov.uk/document-library/code-of-practice**

Important

On 6 April 2015, changes to pensions legislation came into force that are directly relevant to this code of practice.

The Occupational Pension Schemes (Charges and Governance) Regulations 2015 apply to most occupational pension schemes that offer money purchase benefts (subject to various exceptions). You should obtain advice as to the extent to which these regulations apply to your scheme. There is no change for trustees of defined benefit schemes that do not offer any money purchase benefits.

You may wish to check the charges and governance regulations when looking at the following areas of the code of practice and take such advice as you consider appropriate. Be aware this is not an exhaustive list.

- Duties of trustees in respect of the chair of the trustee board (referred to in paragraph 37). Trustees must now appoint a chair of trustees and inform us who that person is. The chair has a new additional responsibility to sign an annual chair's statement that explains how the trustees have complied with a number of new governance standards set out in the regulations.

- Demonstrating knowledge and understanding (referred to in paragraphs 53–64). Trustees have a new legal requirement to explain, in the annual chair's statement, how they meet the requirements for having appropriate knowledge andunderstanding, and how the trustees' combined knowledge and understanding (and the advice available to them) enable them to properly exercise their trustee functions.

Other changes in the law mean that, from 6 April 2015, many members of UK pension schemes which offer DC benefits will have increased flexibility over how they take their pension from age 55. We recommend that trustees of schemes which offer DC benefits take time to become familiar with these new flexibilities, and consider them alongside the existing material regarding annuities in this code. Find more information at: **www.tpr.gov.uk/en/document-library/scheme-management-detailed-guidance/communications-and-reporting-detailed-guidance/6-communicating-and-reporting**

The Pensions Regulator

Code of practice No. 7

Trustee Knowledge and Understanding (TKU)

Second issue

2009

www.thepensionsregulator.gov.uk

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At a glance

The Pensions Regulator's ('the regulator') regime for trustee knowledge and understanding (TKU) consists of this code of practice and the documents *Guidance on the scope of the TKU requirements (scope guidance)*, which are published separately. The regime is designed to enable trustees to:

- increase their own confidence in their ability to carry out their roles;
- know about their powers as well as their duties and responsibilities;
- understand their own schemes, how they work and, in the case of defined benefit (DB) schemes, the importance of the employer covenant;
- understand the advice they are given, enter into discussion with their advisers and participate fully in decision-making;
- be able to question or even challenge advice when the need arises;
- recognise when they need to consult their own or other advisers for particular specialist advice or when they need to consider reselection;
- recognise and manage conflicts of interest;
- develop a regime for the proper governance of their schemes;
- have a working knowledge of their own schemes' governing trust documentation and other important scheme documents;
- select a face-to-face or distance learning regime which is delivered with both the requirements of the TKU regime and the precise needs of the individual trustee in mind.

This code is designed to help trustees by setting out:

- to whom the code applies and those schemes for which the regulator does not think that this code is appropriate;
- what is meant by knowledge and understanding in the legislation;
- what is the scope of the knowledge and understanding requirements and how much time new trustees are allowed in order to complete the learning;
- how trustees might approach the task of determining the elements of knowledge and understanding which are appropriate for them;
- how trustees might acquire the knowledge and understanding they need and how they might satisfy themselves that they have done so;
- how they might update their knowledge and understanding;
- which are the scheme documents with which trustees are required to be conversant and what is meant by conversance in this context;
- how trustees might become conversant with those documents and how they might satisfy themselves that they have done so;
- how trustees might be sure that they remain conversant with scheme documents which may be amended from time to time.

The regulator recognises that much learning is delivered by scheme professionals and by training professionals to boards of trustees and in open access programmes. Provision should reflect in full the requirements of the code. The regulator's own e-learning programme is free and has been developed to do this and to meet the needs of all trustees, whether or not they have access to other learning. This code sets out the circumstances in which further learning may be required over and above that set out in the scope guidance.

Introduction

1. This code of practice is the second issue of code no 7 on Trustee Knowledge and Understanding. Codes of practice are issued by the Pensions Regulator, the body that regulates work-based pension arrangements (occupational pension schemes and certain aspects of stakeholder and other personal pensions). The Pensions Regulator is required by section 90(2)(f) of the Pensions Act 2004 to issue this code.

2. The Pensions Regulator's statutory objectives include protecting the benefits of pension scheme members, reducing the risk of calls on the Pension Protection Fund (PPF), and promoting the good administration of work-based pension schemes.

3. The Pensions Regulator has a number of regulatory tools, including issuing codes of practice, to enable it to meet its objectives. The Pensions Regulator will target its resources on those areas where members' benefits are at greatest risk.

4. Codes of practice provide practical guidelines on the requirements of pensions legislation and set out the standards of conduct and practice expected of those who must meet these requirements. The intention is that the standards set out in the code are consistent with how a well-run pension scheme would choose to meet its legal obligations.

The status of codes of practice

5. Codes of practice are not statements of the law and there is no penalty for failing to comply with them. Nevertheless, codes have legal effect; they must be taken into account by the regulator, a court or tribunal, if they are relevant to what is being decided.

6. Consequently, while any alternative approach to that which appears in the code will need to meet the underlying legal requirements, it is not necessary for all the provisions of a code of practice to be followed in every circumstance.

7. This is one of a number of codes of practice issued by the Pensions Regulator. The purpose of this code is to provide practical guidelines on what knowledge and understanding is required by trustees under the legislation, and to set out the scheme documents with which trustees are required to be conversant.

Other relevant codes

8. This code sets out the requirement for trustees to have knowledge and understanding of those matters included in the *Guidance on the scope of the trustee knowledge and understanding requirements (scope guidance)*. That scope guidance should be read in conjunction with this code and includes reference to all the codes of practice and guidance issued by the regulator. All codes of practice are therefore relevant. Several codes also specifically make clear that trustees are expected to have knowledge and understanding in the particular area in question.

9. Note that there are now three documents entitled *Guidance on the scope of the TKU requirements (scope guidance)*, which sit alongside the code. They are:

    - a full version for defined benefit (DB) schemes, all of which we believe will have a defined contribution (DC) arrangement associated with them;

    - a separate and shorter document for trustees of defined contribution schemes, where there is no defined benefit element;

    - the new and much reduced scope document for the benefit of the trustees of small (12-99 members) fully insured DC schemes.

Northern Ireland

In this code of practice, references to the law that applies in Great Britain should be taken to include corresponding legislation in Northern Ireland. The Annex in this code lists the corresponding references.

The code of practice on trustee knowledge and understanding (TKU)

Application and readership

10. This code, together with the scope guidance, applies to all trustees, individual and corporate, of all occupational schemes (including those stakeholder pension schemes set up under trust) with the exception of trustees of small schemes of fewer than 12 members, either where all members are trustees and are equal decision-makers or where all trustees are directors of a company which is the sole trustee, and all directors are equal decision-makers.[1]

11. Where there are overseas trustees of schemes in the UK, the provisions of this code apply in the same way as they apply to trustees based in the UK.

12. The code also applies to trustees of group schemes (eg centralised schemes, industry-wide schemes and multi-employer schemes). Their learning needs will include those set out in this code and the scope guidance but are likely to exceed them.

13. This code is commended to a wider readership including employers who sponsor schemes, scheme advisers, fund managers and administrators, scheme members, and training and examination providers who are interested in this area of trustee knowledge and understanding.

The legislative requirements for individual trustees

14. Legislation dealing with the trustee knowledge and understanding requirements[2] states that individual trustees of an occupational pension scheme must have appropriate knowledge and understanding of the law relating to pensions and trusts, the principles relating to the funding of occupational pension schemes (DB only) and the investment of the assets of such schemes. There is also, within the legislation, an opportunity to prescribe other matters for trustee knowledge and understanding although none is envisaged at present.

15. The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual properly to exercise the function in question.

16. Individual trustees must also be conversant with their own scheme-related documents. These are described as the trust deed and rules of the scheme, any statement of investment principles and the most recently prepared statement of funding principles (DB only).

17. Individual trustees must also be conversant with any other document recording current policy relating to the administration of the scheme generally. The requirement to be conversant with scheme documents is dealt with in paragraphs 65–80 of this code.

18. For the purposes of this code, being conversant with documents is taken to mean having a working knowledge of those documents such that the trustees are able to use them effectively when they are required to do so in the course of carrying out their duties as a trustee of a scheme.

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[1] See the Occupational Pension Schemes (Trustees' Knowledge and Understanding) Regulations 2006

[2] See section 247 of the Pensions Act 2004

The legislative requirements for corporate trustees

19. A corporate trustee must ensure that any individual who exercises a function in relation to the scheme as a director of a trustee company, or in any other capacity, has the appropriate level of knowledge and understanding of the same matters as if that person were an individual member of a trustee board (ie pensions and trust law, and the principles relating to funding and investment).[3]

20. This will apply whether the corporate trustee is:

    - a corporation formed to act as a professional trustee for any number of pension schemes;
    - a corporation formed only for the purpose of acting as a trustee of a particular pension scheme; or
    - a company (eg the sponsoring employer) acting as the scheme trustee.

21. Exactly the same arrangements will cover the requirement to be conversant with scheme documents.

22. In this document the word 'trustee' is taken to include directors of a corporate trustee board.

The scope of the body of knowledge and understanding

23. The scope of knowledge and understanding that is required under the legislation is set out as a list of items in the scope guidance which is published by the regulator and may be found on the regulator's website (www.thepensionsregulator.gov.uk).

24. There are three versions of the scope guidance, which are published separately. One is for defined benefit (DB) schemes with defined contribution (DC) arrangements, on the basis that all DB schemes in the private sector have such arrangements (eg DC sections, additional voluntary contributions (AVCs)).The second is for schemes which are exclusively DC and the third is for fully insured DC schemes with 12-99 members. The last of these represents a much reduced scope.

[3] See section 248 of the Pensions Act 2004

Applying the scope to individual circumstances

25. Schemes vary enormously. Areas of diversity include the benefits schemes provide (eg DB or DC), the powers which are given to trustees by the trust deed, the size of the fund, the nature of the investments and the type of sponsor (eg corporate or not for profit, single or multi-employer, UK or overseas).

26. As a result, even the three versions of the scope guidance do not quite capture the exact body of knowledge which is appropriate for all trustees in all circumstances. Trustees will need to determine what is appropriate in their particular circumstances using the relevant version of the scope guidance, and some trustees (eg of large and complex schemes) will need to add matters which apply to them.

27. On the other hand, some items which do appear in the scope guidance may not be relevant for all trustees. Such items can be deleted for the trustees in question.

28. When trustees have completed the exercise of deciding what is relevant for them in the context of their particular scheme, they should have a checklist of the appropriate knowledge and understanding for them, from which they can create their own training plan.

29. Trustees may disregard items in the scope guidance when preparing their training plan on account of their own expertise or experience.

30. The breadth of the knowledge and understanding achieved should be sufficient to allow trustees to understand fully any advice they are given, to challenge that advice if it seems sensible to do so and to enter fully into all decision-making processes.

31. The scope guidance will be kept under review to ensure that it remains relevant and up to date.

32. Examples to illustrate the concept of deciding what is appropriate in relation to the type of scheme are set out in the box below. These examples cannot cover every case and are only designed to illustrate how trustees or trustee boards might approach the task of determining what is relevant for them.

Examples of the different situations in which trustees may find themselves and how those situations may affect their learning requirements

A. DB and DC

It is because the differences in what is appropriate in these areas are so great that we have prepared separate documents for them, although there is much in common (eg trust duties). A third and much reduced scope document is available for trustees of fully insured DC schemes with 12-99 members.

Because DB scheme trustees will also be running a DC section or a DC AVC arrangement, they will need to cover learning material for DC arrangements as well, and this is included in the DB scope.

B. Investment

- In a fully insured DC scheme (including with-profits), there may be little discretion regarding investment decisions on the part of trustees. These trustees will need to understand basic investment matters like the characteristics of fixed interest *v* equity investments and may need to know how a with-profits fund works, but little beyond this.
- Trustees of other schemes will only need to understand with-profits funds if they invest in them. However, trustees of schemes which invest in with-profits policies in relation to their AVCs should include the requirement to understand them.
- Trustees of DC schemes with earmarked funds will need to know the characteristics of those funds and to appreciate the importance of any choices offered to members.
- Where a DB scheme is very mature (eg where all members have retired), and trustees have selected assets with a predictable income stream (eg government stocks / bonds), they will need to understand those assets and why they are more appropriate than other assets with less predictable income streams (eg equities). Beyond this, however, they will not need to concern themselves with asset classes other than those in which their scheme is invested.
- Trustees of larger schemes who take investment decisions should cover all of the ground at the level indicated in the scope guidance, even if they have an investment sub-committee, with more specialised expertise, which makes recommendations to the board.
- Where there is an investment sub-committee which takes investment decisions, then those sub-committee members may need to build on the requirements set out in the scope guidance. This is because such a scheme is likely to be large and may need opportunities for a wider range of investment opportunities than is dealt with in detail in that guidance.

C. The interface between occupational schemes and state pensions

Matters of importance under this heading will differ, depending on whether or not the scheme has been contracted out of the State Earnings Related Pension Scheme (SERPS) or the State Second Pension (S2P).

Trustees of schemes with a guaranteed minimum pension (GMP), for example, will need to understand how GMPs work, but this will be of no concern to trustees of schemes that are not contracted out.

D. Deficits and surpluses

Trustees of DB schemes with a large funding deficit will need to consider the implications of funding deficits in their learning, and they may decide to postpone serious consideration of surpluses until they have one. The reverse would be true where a scheme is in surplus, although the position can change, and change quite quickly. All such trustees should be prepared.

E. Annuities

Trustees of schemes which fund benefits by buying annuities will need to understand the annuity market, the Open Market Option (OMO) and alternative ways of securing retirement income. Trustees of schemes which fund benefits out of their own assets will not have the same interest in the annuity market except in relation to AVCs. Any trustee may need to have some understanding of what it is that affects annuity rates in relation to transfer values and in relation to the purchase of annuities for members with AVCs etc. The situation is different again for those schemes which use annuities as an asset class.

The level of knowledge and understanding

33. Just as there will be differences in relation to the scope of the requirements, according to the role and current expertise of any individual trustee and the type of scheme in question, so the level of knowledge and understanding will also vary.

34. For example, trustees may well find that the units of the scope guidance which cover asset allocation and investment matters are the ones where they need to take particular care in assessing the level of their own learning requirements. Among other scheme specific considerations, they might take into account:

- the level of the decision-making undertaken by individual trustees (eg where there is an investment sub-committee);
- the size of the fund and the extent to which there are opportunities to consider alternative investments; and
- the maturity of the scheme (DB only) and the extent to which this might dictate the asset classes which are available to trustees.

35. On the other hand, all trustees will need a good understanding of such matters as:

- their duties, responsibilities and powers;
- when they might be in a position of conflict of interest; and
- the risk/reward concerns governing the choice of asset classes.

36. Conversely, it is likely that they will only need to know, rather than understand, such matters as:

- the requirements for the appointment of member nominated trustees;
- eligibility for membership of the scheme; and
- the implications of contracting out.

37. It would be very unusual for the trust deed and rules of any occupational scheme not to require that meetings of the trustee board and any sub-committees (eg investment sub-committee, audit sub-committee) are chaired. Particular responsibilities fall on the chair. Members of those bodies will look to the chair for guidance, and the regulator's view is that the chair must be equipped to be able to accept the particular responsibilities of the role from the date the chair is appointed. This may involve learning at a deeper level than that required at the basic level for the majority of trustees, particularly for chairs of boards and sub-committees of large and complex schemes.

Acquiring knowledge and understanding

38. Trustees are reminded that, under employment legislation,[4] they have the right to time off for the purposes of performing their duties as trustees and for relevant trustee training.

39. Newly-appointed individual trustees have a period of six months from the date of appointment as trustee to complete the required learning.[5] This period is designed to give new trustees the time to acquire the necessary knowledge and understanding.

40. Notwithstanding the above, even a new trustee is accountable in law and must be equipped to make the decisions with which he or she might be faced. New trustees may find they need to prioritise their learning according to the agenda of the early trustee meetings which they attend.

41. There may be existing trustees who have not had the opportunity for learning at all or have had induction training but nothing beyond that. They should recognise that they have insufficient knowledge and understanding.

42. Those trustees will not be equipped to make all the decisions which they will need to make on behalf of their members and may not be in a position to satisfy themselves as to the various aspects of the governance of their schemes. They need to rectify the matter at once and their first task is to carry out a training needs analysis, using the relevant version of the scope guidance.

43. This exercise of checking against the scope guidance to decide what is relevant should not be onerous and should be part of any good learning programme (be it traditional, distance or e-learning). Trustees should look for the facility to tailor their learning to their own needs in any learning programme they might follow.

44. If trustees appoint a training provider (who may be an existing scheme adviser) or avail themselves of training courses, they should expect that the learning will address the needs of the delegates who attend. This will require that a learning needs analysis is carried out for each delegate to ensure that the learning is relevant and pitched at an appropriate level.

[4] See section 58 of the Employment Rights Act 1996

[5] See the Occupational Pension Schemes (Trustees' Knowledge and Understanding) Regulations 2006

45. In order to ensure that every trustee has the opportunity to acquire the knowledge and understanding which is required, the regulator has developed a free e-learning programme, the *Trustee toolkit* (www.trusteetoolkit.com). This takes each item in the scope guidance as a separate and distinct learning objective. There are diagnostics in the programme to allow for trustees' own experience and expertise to be built into their individual learning paths.

46. The regulator is of the view that this is required study for new trustees unless they can find an alternative learning programme which covers all the items in the scope guidance at a level relevant for them and within the timescale allowed. In any event the learning should be started immediately, on appointment if not before, and can be done in conjunction with a scheme specific induction programme, if one is provided. Any more advanced scheme specific learning from other providers is unlikely to be effective before a trustee has acquired the knowledge and understanding set out in the scope guidance.

Updating knowledge and understanding

47. The legislative requirement is that trustees must have the appropriate knowledge and understanding. 'Appropriateness' includes the notion that trustees should keep their knowledge and understanding up to date so that it remains relevant.

48. The regulator strongly recommends that trustees should review their own knowledge and understanding at least annually against the scope guidance, and undertake learning to fill any gaps that they expose. Learning programmes designed to update knowledge should help trustees with this activity. The regulator will review its scope guidance from time to time and will publish any updates on its website.

49. Further, any well thought out learning programme will have the facility to 'dip in and out' to enable trustees who have completed the programme to remind themselves of what they learned some time previously and avail themselves of the most up-to-date version in the process of reviewing the learning.

50. Also, and in addition to annual review, trustees may find at any time that they need to acquire new areas of knowledge in the event of any change, whether internal or external, which may affect the scheme or the sponsoring employer. Similarly, trustees who take on new functions will need to have the knowledge and understanding which is appropriate to their new roles.

51. Internal changes, which may prompt a revisiting of knowledge or an acquisition of new knowledge, could include a change in the ownership of the employer, in its financial viability or in its relationship with a parent company. Other possibilities include accumulating an unexpected surplus or deficit, or a proposed closure of the scheme to new members (DB only).

52. External changes, which may prompt trustees to look again at their knowledge base, could include changes in relevant investment markets or in the law. Further topics may be suggested by the Pensions Regulator on its website (www.thepensionsregulator.gov.uk).

Demonstrating knowledge and understanding

53. It is good practice for trustees to keep their own records of their learning activities. In addition, among the records which trustee boards should keep should be records both of the learning activities which trustees have carried out individually and of learning activities carried out by the board as a whole. However, the task should not be onerous because any good learning programme will maintain records of the learning activities of individuals on the programme or of group activities if these have taken place.

54. Those trustees who use the *Trustee toolkit* are able, at any time, to print out a screen indicating their general progress through the toolkit. Additionally, those who successfully complete the 'question time' session at the end of every relevant module can obtain a 'Certificate of Successful Completion'. This certificate indicates to the learners, to their scheme members, to their sponsor or to the regulator that they have learned and understood all that is required to run a straightforward scheme.

55. Any learning programme delivering trustee knowledge and understanding should be designed to deliver either particular elements of the scope guidance or particular more advanced scheme specific learning, as appropriate, to the trustees concerned. The learning objectives should always be clear.

56. As noted, trustees should expect bespoke training providers to check on the current level of knowledge and understanding before the session begins so that all can participate fully. The use of case studies, small group work, self assessment (including quizzes) and other techniques should allow trainers to satisfy themselves that everyone has understood the matters in hand. On that basis, they should be able to certify as to attendance, to subject matter and to the fact that attendees have participated and understood. Any such certification should be kept as part of the trustee's individual training records and would also serve to demonstrate compliance with the TKU regime.

57. A number of investment houses and other organisations provide open access information or training sessions, free of charge. These sessions attract very large numbers and we would not wish to deter any such initiatives. Trustees may well decide that these sessions are useful, whether or not they result in confirmation of attendance, participation and understanding in the way that bespoke training sessions should do.

58. Trustees should note that, should the regulator make enquiries about their level of knowledge and understanding when discussing any regulatory issue of compliance with the legislative requirement, it will be the level of knowledge and understanding set out in the scope guidance and in this code which will be expected, subject to the notion of 'appropriateness' as it applies to the trustees in question.

59. Trustee boards may like to consider whether they should additionally keep records themselves of any alternative or further learning activity (eg reading, attending conferences, sessions with the scheme advisers etc) although such record-keeping is not mandatory. Neither is it intended to be onerous or difficult; a simple log would suffice.

60. Some large schemes have already installed a system of annual discussions between the chair of the board and individual trustees about the progress of those trustees and whether there are any learning activities which might be useful for them in the coming months.

61. Trustees may then like to consider whether they should, and how they might communicate with employers and members about what they have done.

62. Some trustees will want to take a qualification to demonstrate their knowledge and understanding to themselves or their sponsors and members, as they have done in the past. Vocational qualifications that are accredited in the National Framework are currently available.[6] Accreditation enables trustees to make the qualification part of their lifelong learning credits if they wish to do so. There is no requirement in law to take a qualification and there will certainly be no pressure from the regulator to do so. It is simply offered for the benefit of those who wish to avail themselves of the opportunity.

63. The regulator has produced an indicative syllabus, based on its scope guidance.Readers of this code may find that this syllabus is an extremely useful further guide as to the depth of the knowledge or understanding expected for different elements of the scope guidance.

64. Professional trustees and those who offer their services to schemes on the basis of specific expertise should be able to demonstrate to the sponsor and to their fellow trustees that they are appropriately qualified to do so from the date of appointment. Experience will clearly be required and it is likely that a formal qualification will be expected. Many such expert trustees will already hold one but the expectation will be the same, whether or not they are remunerated by the scheme.

Conversance

The scope of the requirement to be conversant with scheme documents

65. As already noted, for the purposes of this code, being conversant with documents is taken to mean having such a ‘working knowledge’ of those documents that trustees are able to use them effectively when required to do so in the course of carrying out their duties as trustees.

66. Trustees need to be able to cope both with the routine and with the unexpected. For example, while trustees may frequently refer to eligibility for membership, they will not need detailed knowledge about trustee powers in the event of wind-up unless they suspect that a wind-up may be a possibility in the foreseeable future.

[6] See the Pension Regulator’s website for information on qualifications

67. The statutory requirement is that trustees must be conversant with some particular scheme documents, including the trust deed and rules (and, in the case of a corporate trustee, the Memorandum and Articles of Association), the Statement of Investment Principles (the SIP) and the Statement of Funding Principles (SFP), for those schemes which are required to have them. A further requirement mentions those unspecified documents 'recording policy for the time being adopted by the trustees relating to the administration of the scheme generally'. This means that trustees must also be familiar with other documents relating to scheme governance and general administration. This is despite the fact that they are not specified in the Act. Trustees will need to be able to make use of those documents as well as the specified documents in carrying out their functions as trustees.

68. It is difficult to set out what exactly this means for each board of trustees and impossible to prescribe, because of the variety of schemes and circumstances. However, to help in this respect, in unit 13 of the scope guidance the regulator has set out those documents which are unspecified in the legislation but which, in the regulator's view, are of significance for the majority of schemes and fall into the category mentioned there. In any one scheme, there may be other documents which also fall into this category.

69. Knowing the essential elements of the scheme's trust documentation will require every trustee to read it through thoroughly.

70. It is equally important that trustees understand the essential elements of their own SIP (as specified in the scope guidance) and, in the case of DB schemes, their own SFP (again, as specified in the scope guidance).

71. Experienced trustees will find that they already know many of these essential elements through frequent use.

72. With regard to other documents, we can take one example, that of insurance policies. Trustees should know broadly which risks are covered but will only need to look at the detail if and when they might need to make a claim. That is to say, they can behave in this respect as a responsible private individual would in respect of household or motor cover. However, like that individual, they will need to revisit this exercise from time to time, to ensure that the cover is still required, is consistent with the trust deed and rules (especially if those have changed) and is also consistent with current legislation. They should also reconsider the cost and conduct a comparison regularly.

73. A similar approach can be taken to other documents setting out agreements and contracts, and could be adopted for the other documents listed in the relevant scope guidance.

74. Trustees need also to consider how they will assure themselves that they have adequately met this requirement covering scheme documents. They may also wish to be able to demonstrate this to fellow trustees, to sponsors or to members, as previously suggested for knowledge and understanding.

75. Despite the fact that the documents in question are, of course, scheme specific, the regulator's own e-learning programme, the *Trustee toolkit*, covers them and refers trustees repeatedly to their own documents as part of the programme. For the majority of trustees, this part of the regulator's e-learning programme will be sufficient to cover the necessary ground. If trustees choose other learning programmes they should assure themselves that the same will apply. Any certificate of successful completion should also cover scheme specific documents.

76. As with knowledge and understanding, trustees will need to consider what steps they need to take to ensure that their conversance with their scheme documents remains up to date.

77. Newly-appointed trustees have a period of six months from their date of appointment to become conversant with scheme documents. This is designed to give new individual trustees the time to acquire the necessary conversance with their own scheme documents.

78. Notwithstanding the above, the precise time allowed may well be determined by the timing of trustee meetings and the precise role of the individual (eg the chair of the board or of a sub-committee is unlikely to be able to chair effectively without being fully conversant with the scheme documents). Even a new trustee must be equipped to make the decisions with which he or she might be faced. New trustees may find they need to prioritise their learning according to the agenda of the early trustee meetings which they attend.

79. Newly-appointed lay trustees are advised to start immediately to acquire the appropriate knowledge and understanding (including familiarising themselves with the scheme's trust deed, rules and relevant documents). Some schemes may offer pre-appointment training and this good practice should be encouraged. Others may arrange for mentoring of new trustees by experienced ones and this is a very useful practice of which the regulator could only approve.

80. Professional trustees and those appointed for special expertise will be expected to be fully conversant with scheme documents from the date when the appointment becomes effective, as is the case with knowledge and understanding (see paragraph 64).

Annex – Corresponding Northern Ireland legislation

GB legislation	Corresponding Northern Ireland legislation
Section 90(2)(f) of the Pensions Act 2004 (c. 35)	Article 85(2)(f) of the Pensions (Northern Ireland) Order 2005 (S.I. 2005/255 (N.I.1))
Section 247 of the Pensions Act 2004	Article 244 of the Pensions (Northern Ireland) Order 2005
Section 248 of the Pensions Act 2004	Article 245 of the Pensions (Northern Ireland) Order 2005
The Occupational Pension Schemes (Trustees' Knowledge and Understanding) Regulations 2006 (S.I. 2006/686)	The Occupational Pension Schemes (Trustees' Knowledge and Understanding) Regulations (Northern Ireland) 2006 (S.R. 2006 No. 120)
Section 58 of the Employment Rights Act 1996 (c.18)	Article 86 of the Employment Rights (Northern Ireland) Order 1996 (S.I. 1996/1919 (N.I.16))