

Trustee Effectiveness Review

Work in harmony

When asked what keeps them awake at night, pensions trustees regularly cite issues such as lack of time, resources, knowledge and information.

In other words, they worry about their collective ability to make informed and timely decisions and implement them effectively.

At Aon our definition of good governance focuses on exactly this – that is, having the **right structure**, the **right processes** and the **right people** involved in running the pension scheme; with the **right skills** to not only mitigate the risks the scheme face but also to capitalise on any transient market opportunities.

Good
governance

The right
structure

The right
processes

The right
people

The right
skills



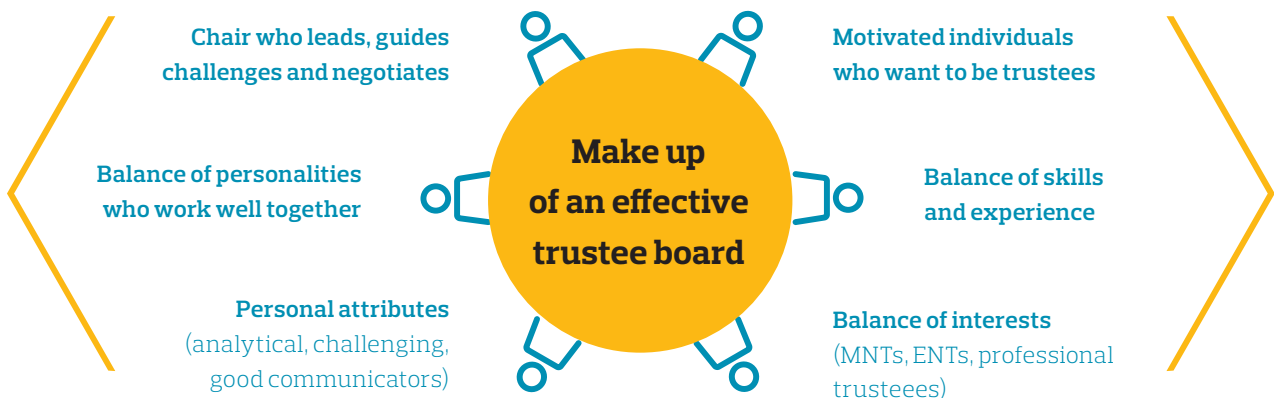
Trustee effectiveness review

➤ Aon carry out trustee effectiveness reviews from two perspectives:

1. **A traditional review** where we focus on the structure and processes of the scheme and;
2. **A forward looking review** capturing the collective skills of the board (both behavioural and technical) as well as how effective the board decision making is.

1. Traditional structure and process review

This includes all of the items that you would expect to see in a traditional trustee effectiveness review; a review of the terms of reference of each subcommittee, the agenda of the meetings, the minutes, the reporting between the subcommittees and the main board and one-to-one interviews with board members. The objective of this review is to analyse how the board currently operates.



Source: <http://www.thepensionsregulator.gov.uk/docs/21st-century-trusteeship-governance-discussion-2016.pdf>

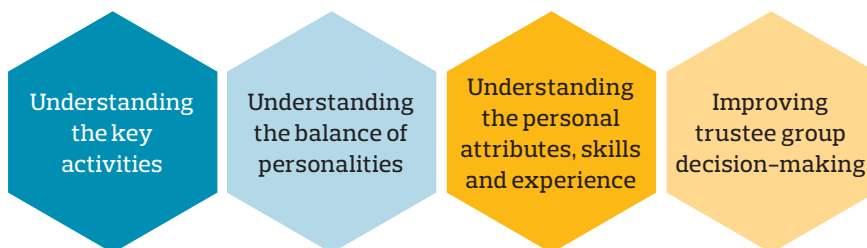


2. Forward looking trustee effectiveness review

The forward looking review has been designed in response to the Pensions Regulator's thinking on 21st Century Trusteeship and Governance. The review is an expertly facilitated workshop with all trustees with the objective of improving the board's operational effectiveness both now and in the future. This can then flow through to performance objectives and the succession planning of the board to ensure sustainability into the future.

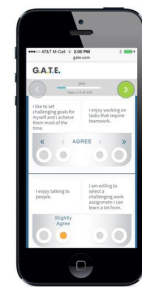
Working with **Aon's Assessment Solutions specialists**, the workshop combines the latest thinking in personality profiling and behavioural finance with our understanding of how trustee boards operate and the challenges involved in building effectiveness. All of this is put into the context of a scheme's specific business plan.

Our workshop typically lasts around 5–6 hrs and is divided into three main areas. These are:



All attendees are required to complete Aon's award-winning personality profile (ADEPT-15) in advance of the session. The aggregate results will be used to facilitate discussion of collective strengths and areas of potential derailleurs as well as the impact these have on decision-making, influencing, communicating and building trust. The workshop will also address potential sources of bias within the group e.g. groupthink and loss aversion and will identify strategies and techniques to optimise the group's effectiveness.

ADEPT-15®



- **ADEPT-15 is built on 50+ years of personality, leadership, and psychometric research**
- **And structured around the 15 personality traits critical to successful performance**



Workshop outline

We would envisage developing a session with the following broad agenda:

Activity	Description
Introduction	<ul style="list-style-type: none">• Introductions and objectives of the session
Setting the scene	<ul style="list-style-type: none">• TPR requirements in relation to governance as well as future changes expected in this space• Trends around what actions other trustee boards are taking
Business planning	<ul style="list-style-type: none">• Consider any adjustments to working parties or sub-committees to better align with the Trustees' strategic business plan and key actions over the next 1-3 years
Personality profiling	<ul style="list-style-type: none">• Overview of Adept 15• Focus on the group personality, the group strengths and potential derailers
Lunch	
Board skills	<ul style="list-style-type: none">• Development of the combined skills and attributes of the group
Succession planning	<ul style="list-style-type: none">• Consider any future training needs for the group and key inputs for developing a succession plan
Effective decision making	<ul style="list-style-type: none">• Exploration of typical biases expected to impact group decision making• Identify strategies and techniques to optimise group decision-making for the board
Conclusion and follow up actions	<ul style="list-style-type: none">• Questions and wrap up

Output

The output of the session is a report setting out a summary of the findings from both the structure and process review and the forward looking review.

The report will include agreed actions as well as some practical suggestions which could include:

- A guide for advisers on how to best present their material to the trustees
- Tips for the scheme secretary about the organisation of the trustee meetings
- Tips for the chair on the best way to get participation of a group with different learning styles.
- Possible use of a devil's advocate
- A flag for succession planning if key attributes are currently only held by one person



Contacts

Susan Hoare FIA

Partner, Retirement
+44 (0)1179 004 441
susan.hoare@aon.com

Sue Austen, AIA

Principal Consultant, Retirement
+44 (0)113 394 3413
susan.austen@aon.com

Della Rath

Principal Consultant, Aon Assessment Solutions
+44 (0)7827 826 499
della.rath@aon.com

Shazeea Ingar

Senior Consultant, Aon Assessment Solutions
+44 (0)7798 572 280
shazeea.ingar@aon.com

About Aon

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For further information on our capabilities and to learn how we empower results for clients, please visit <http://aon.mediaroom.com>.

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Registered Office:
The Aon Centre
The Leadenhall Building
122 Leadenhall Street
London EC3V 4AN

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