



FAQ on Independent Trustee Option

Irish Life one-member company pension schemes

This FAQ looks at the Independent Trustee option for one-member company pension schemes, and includes any differences in who makes decisions and who receives correspondence.

How is an independent trustee appointed on a new case?

The independent trustee can be selected on the company pension application form. Simply tick the box for the appropriate independent trustee on the letter of exchange on the application form. There are no additional forms to be completed and there is no need to contact the independent trustees directly.

If neither are selected then the employer will automatically become trustee.

The independent trustee will write to the employer and employee to confirm that they act as trustee from that point. This may take a couple of weeks, during which time the employer will act as trustee.

How is an independent trustee appointed on an existing case?

The independent trustee can be selected on a [Supplementary Letter of Exchange](#) that is available on blin.ie. This Supplementary Letter of Exchange is signed by the employer and employee. There is no need to contact the independent trustee directly.

The Supplementary Letter of Exchange also asks for contact details such as member address and e-mail address to ensure that our records are up-to-date. An endorsement to the scheme rules is included to cover the appointment and removal of trustees and to confirm that the member can make the investment choice.

The independent trustee will contact the employer and employee to confirm that they act as trustee. This may take a number of weeks, during which time the employer will continue to act as trustee.

Who gives instructions on the pension scheme?

For plans where an independent trustee has been appointed, the employer and employee give the instructions regarding the pension scheme, in accordance with the scheme rules. By completing the application form the employer is taking out the pension plan on behalf of the trustee, and the trustee will be the legal owner of the plan.

You can see in the table overleaf how this will work for the most common alterations if an independent trustee is appointed or if the employer is trustee.

	Decision made by	Independent Trustee appointed - Irish life informed by	Employer is trustee - Irish life informed by
Investment Choice	Investment decisions are made by the employee .	Confirmation of the fund choice can be given by the employee directly to Irish Life.	Confirmation of the fund choice is given by the employee to the employer as trustee. The employer then informs Irish Life of the fund choice.
Contributions	<p>Employer can decide how much it pays</p> <p>Employee can decide how much AVCs to pay</p>	So that the employer controls the payroll deduction process and controls how much is taken from its bank account, the employer must confirm all changes to contributions, such as increases, reductions, suspensions or changes in frequency.	
Retirement claims and transfers	<p>Retirement process stays the same.</p> <p>Employee can choose retirement options, e.g. spouse's pension, ARF v Annuity.</p> <p>The employer will provide certain information, for example salary and service information to allow us to check Revenue maximum benefit limits. The employer must also confirm leaving service on early retirement.</p>	<p>The employee signs the claim form to confirm the option selected and required information.</p> <p>There is no need for the employer or employee to contact the independent trustee. Irish Life will work with the independent trustee to arrange its sign off as legal owner of the plan.</p>	The employer as trustee and employee both sign the claim form to confirm the option selected and required information.

The only decision made directly by the independent trustee is on the payment of death in service benefits as outlined below.

Are there any changes to Irish Life's company pension communication process?

Where an independent trustee is appointed, there are some changes to the standard communication process where all correspondence goes to the employer, as trustee. This is so that correspondence is issued to the most appropriate person.

The adviser will continue to be copied in on correspondence in the same way as for company pensions where the employer acts as trustee.

The table overleaf shows who Irish Life will send the correspondence to in each situation.

	Independent Trustee	Employer is Trustee
New Business Documentation	<p>Welcome pack will be issued by Irish Life to the Employer.</p> <p>Confirmation, including the plan schedule, will be sent by Irish Life to the adviser.</p> <p>In addition the Independent Trustee will send a welcome letter to the employer and employee, to confirm that they act as trustee.</p>	<p>Welcome pack will be issued by Irish Life to the Employer.</p> <p>Confirmation, including the plan schedule, will be sent by Irish Life to the adviser.</p> <p>The employer, as trustee, will confirm to the employee that the scheme has been set up and that it acts as trustee.</p>
Investment Choice	<p>As investment decisions are made by the employee, confirmation of fund switches will be sent directly to the employee.</p>	<p>As the employer as trustee will inform Irish Life of the investment choice, confirmation of fund switches will be sent to the employer.</p> <p>The employer as trustee, may inform the employee of the fund switch confirmation.</p>
Annual Benefit Statement	<p>Irish Life will send the ABS directly to the employee.</p>	<p>Irish Life will send the ABS to the employer. The employer, as trustee, must pass this to the employee.</p>
Premium Indexation Letter	<p>Irish Life will send this to the employer.</p> <p>The employer should let the employee know if there will be any change to the amount deducted from the employee's salary.</p>	
Unpaid contribution	<p>The first notice regarding an unpaid contribution will be sent to the employer.</p> <p>If contributions remain unpaid, a further notice of unpaid contributions will be issued to both the employer and employee. This will be after a second month of unpaid contributions for direct debit case, or 45 days after due date for cheque cases.</p>	<p>The first notice regarding an unpaid contribution will be sent to the employer.</p> <p>If contributions remain unpaid, a further notice of unpaid contributions will be issued to the employer. This will be after a second month of unpaid contributions for direct debit case, or 45 days after due date for cheque cases.</p>
Changes to contributions	<p>Confirmation of changes to contributions will be sent to the employer and to the employee. This would include for example, increases, reductions, suspensions or changes of frequency.</p>	<p>Confirmation of changes to contributions will be sent to the employer. This would include for example, increases, reductions, suspensions or changes of frequency.</p> <p>The employer should let the employee know if there will be any change to the amount deducted from the employee's salary</p>
Maturity Date Change	<p>Confirmation of changes to maturity date will be sent to the employer and to the employee.</p>	<p>Confirmation of changes to maturity date will be sent to the employer.</p>

How does the independent trustee decide how death-in-service benefits are paid?

On the death of a member while in service, the independent trustee will contact the personal representatives of the member and any other relevant people in order to determine who should receive the lump sum and any spouse's/dependants pension payable.

The member can give the trustees a 'letter of wishes' at the commencement of the scheme. This is a written request from the member that benefits are paid in a certain way on death. The member can update the 'letter of wishes' at any time. While this request is not binding on the trustees, they will take it into account when deciding how benefits will be paid.

If the member dies after leaving service with the employer, having completed at least two years in the scheme, then in accordance with the Pensions Act 1990 the benefit must be paid to the estate of the deceased. It will then be for the personal representatives to distribute the benefit, either in accordance with the member's Will or in accordance with the terms of the Succession Act 1965.

When will the independent trustee contact the employer and employee?

The Independent Trustee will send a welcome letter to the employer and employee, to confirm that they act as trustee.

As the independent trustee is the legal owner of the pension plan, they may also need to become involved at certain other times for example,

- on the death of the member the independent trustee will contact the necessary people to determine who receives the death-in-service benefits
- if a Pension Adjustment Order is issued following the divorce or judicial separation of the member
- on a complaint involving the Pension Ombudsman or that involves the trustees Internal Disputes Resolution procedure

If the independent trustees contact the member or employer at any stage they will copy the adviser in correspondence

What is the role of a pension scheme trustee?

The trustee's role is to oversee the pension scheme. They are required to act prudently and in the best financial interest of the beneficiaries. The trustee is also the legal owner of the assets

The role of the trustee is separate to the role of the adviser. For example, the trustee will not give investment advice, this remains the role of the adviser. It could be a conflict of interest to do both roles. Both independent trustees are committed to supporting you as the adviser by stressing the importance of the member taking financial advice.

Why would I appoint an independent trustee to a one-member company pension plan?

The introduction of the trustee training requirement has led to an increased focus on trustee duties. Our [Trustee Training Workbook](#), which has been very well received, covers these duties and sets out how Irish Life helps trustees to meet these obligations. However, in some circumstances, for example where the employer and member are different people, the employer may not wish to act as trustee. For these clients, Irish Life offers the option of appointing an independent trustee company at no charge to the client.

Experience

An employer may not have any pensions or trustee experience in-house. Given the increasing legislative and regulatory requirements an employer may prefer to appoint a professional expert.

Transparency and Autonomy

Potential conflicts of interest may arise where people, for example a Life Office, hold dual roles. Using a professional independent trustee ensures that the operation of a scheme is transparent and can give the members peace of mind that their interests are being protected.

Full range of options

Appointing an independent trustee with Irish Life's trustee option does not alter the investment choice. Clients have the benefit of the full range of investment options.

Does appointing an independent trustee remove all duties and responsibilities from the employer?

While appointing an independent trustee removes all trustee duties from the employer, there are still some duties under the Pensions Act 1990 that remain the employer's responsibility. In particular it is very important that contributions due are paid to the pension scheme. Amounts deducted from the employee's salary/wages must be paid over to the pension scheme by the 21st of the following month.

The employer is responsible for passing on employee and employer pension contributions in all circumstances. So if the employer acts as trustee, or if an independent trustee is appointed, or if the employer uses a PRSA scheme, the Pensions Act puts the same duty on the employer to pass on employee and employer pension contributions by the 21st of the following month.

In addition the employer must provide employees with a statement, usually on the payslip, showing the employer and employee contributions paid in the previous month.

The employer should also keep Irish Life up to date on any changes to employer or member details.

Can the trustee be changed in the future?

The employer has the power to appoint a new trustee at any stage. If this happens the independent trustee will write to the employer and employee to confirm that it no longer acts as trustee for the pension. If the independent trustee is removed, or resigns, the employer can appoint another independent trustee, or if the employer doesn't appoint a new trustee then the employer will become trustee itself.

Which independent trustee companies are available?

Irish Life are working with two independent trustee companies:

Independent Trustees Services (ITS)

ITS is part of the ITC Group, which has been trading since 1993. Headed by Aidan McLoughlin, they aim to provide a high-quality and professional independent trustee service. For more information see: www.independent-trustee.com

Dedicated Trustee Services Ltd (DTS)

DTS is a corporate trustee company with the sole purpose of providing independent trustee services to Irish Pension Schemes. Headed by Rosemary Burke and Michael Hickey, their combined experience of over 30 years in pensions and law enables the provision of careful, practical and expert service. For more information see: www.dtstrustees.ie

The information contained in this document is based on Irish Life's understanding of legislation and practice as at August 2014. While great care has been taken to ensure the accuracy of the information it contains, Irish Life cannot accept responsibility for its interpretation.