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The Pensions  
Regulator 

Trustee Knowledge and Understanding

# Mapping the DB scope

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Old Scope		
Scope objective	Scope stem	Where in revised scope
<b>Unit 1</b>	<b>The law relating to trusts</b>	
1a	The definition and nature of a pension trust	1a
1b	Fiduciary duties	1b
1c	Conflicts of interest	1j
1d	Professional advice and decision making	1c
1e	The role of advisers and suppliers to the scheme	1d
1f	The particular role and use of advisers where a scheme or employer is under threat or a scheme is in wind up	1e
1g	Fitness and properness to act as trustees	1l
1h	Taking office	1k
1i	Ceasing to hold office	1m
1j	Investing funds	1f
1k	Operating the scheme in accordance with the trust deed, rules and subsequent amendments	1g
1l	The role of the auditors	1d
1m	Protections offered to trustees	1n
1n	The importance of sound administration arrangements	1o
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in revised scope</b>
<b>Unit 2</b>	<b>The law relating to pensions</b>	
2a	Occupational pensions legislation	2a
2b	Disputes resolution	2e
2c	Pensions related legislation	2c
2d	The tax privileges and requirements for occupational pension schemes	2b
2e	The interface between occupational schemes and state pensions provision	2h
2f	The particular powers of the regulator in the event of disagreement between the trustees and the employer	2d
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in revised scope</b>
<b>Unit 3</b>	<b>Investment: defined benefit (DB) and defined contribution (DC) occupational arrangements (Including AVCs)</b>	
3a	Capital markets	3a
3b	The major asset classes and their characteristics	3b
3c	The implications of overseas investment	3c
3d	The existence of specialised asset classes, instruments and techniques	3d, 6c
3e	Risk versus reward	3e
3f	Valuation of assets (DB schemes only)	4c
3g	With profits arrangements and how they work (as appropriate)	3d
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in revised scope</b>
<b>Unit 4</b>	<b>Funding: defined benefit (DB) occupational arrangements</b>	
4a	How the funding for occupational DB pension arrangements works	4a
4b	The nature of the employer/trustee relationship and the effect of pension liabilities on the sponsoring employers	5a

Revised Scope		
Scope objective	Scope stem	Where in old scope
<b>Unit 1</b>	<b>The law relating to trusts</b>	
1a	The definition and nature of a pension trust	1a
1b	Fiduciary duties	1b
1c	Professional advice and decision making	1d
1d	The role of advisers and suppliers to the scheme	1e , 1l
1e	The particular role and use of advisers in special situations	1f
1f	Investment of scheme assets	1j
1g	The operation of the scheme in accordance with the trust documentation	1k
1h	Trustees' powers	New
1i	The balance of power between the sponsoring employer and trustees	New
1j	Conflicts of interest	1c
1k	Taking office	1h
1l	Fitness and propriety to act as trustees	1g
1m	Ceasing to hold office	1i
1n	Protections and immunities offered to trustees	1m
1o	Trustees' responsibility for sound governance and administration	1n
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in old scope</b>
<b>Unit 2</b>	<b>The law relating to pensions</b>	
2a	Occupational pensions legislation	2a
2b	The tax privileges and requirements for occupational pension schemes	2d
2c	Pensions related legislation	2c
2d	The particular powers of the regulator in relation to sponsoring employers as well as trustees (DB only)	2f
2e	Disputes resolution	2b
2f	Member nominated trustees/directors	new
2g	The law relating to internal controls and sound administration	1n, new
2h	The interface between occupational schemes and state pension provision	2e
2i	The obligation on employers to offer a qualifying scheme for all employees from 2012	new
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in old scope</b>
<b>Unit 3</b>	<b>Investment: defined benefit (DB) and defined contribution (DC) occupational arrangements (Including AVCs)</b>	
3a	Capital markets	3a
3b	The major asset classes and their characteristics	3b
3c	The implications of overseas investment	3c
3d	The existence of other asset classes and investment techniques	3d, 3g
3e	The balance between risk and reward	3e
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in old scope</b>
<b>Unit 4</b>	<b>Funding: defined benefit (DB) occupational arrangements</b>	
4a	How the funding for DB occupational pension schemes works	4a, 5a
4b	How liabilities are valued for different purposes	4d, 5a

4c	The nature and strength of the employer covenant and its ability and willingness to meet to meet the costs of members' benefits	5b
4d	How liabilities are valued	4b,4d
4e	Funding targets	4d
4f	Potential risks to the scheme	4e
4g	The impact of trustee powers	4g
4h	Transfers and bulk transfers in and out of schemes	4i
4i	Additional pension funding by employees	5e
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in revised scope</b>
<b>Unit 5</b>	<b>Contributions: defined benefit occupational arrangements</b>	
5a	The assumptions underlying the contribution calculations	4a,4b, 5c
5b	The nature and status of professional advice	4h
5c	Funding deficits	5d
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in revised scope</b>
<b>Unit 6</b>	<b>Strategic asset allocation: defined benefit (DB) occupational arrangements</b>	
6a	How to fund particular future benefits	5c
6b	The process of strategic asset allocation	6a
6c	Reviewing asset allocation decisions	6d
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in revised scope</b>
<b>Unit 7</b>	<b>Funding: defined contribution (DC) occupational arrangements (including AVCs)</b>	
7a	How the funding for occupational DC pension arrangements works	7a
7b	The risks borne by members	7d
7c	The implications of contracting out	7e
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in revised scope</b>
<b>Unit 8</b>	<b>Valuation of assets (DC schemes only)</b>	
8a	Investment strategy and member investment choices	8a
8b	Administration procedures specific to DC arrangements	7b
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in revised scope</b>
<b>Unit 9</b>	<b>Fund management: occupational defined benefit (DB) and defined contribution scheme (DC) arrangements (including AVCs)</b>	
9a	The Statement of Investment Principles (SIP)	11c
9b	Measuring performance including the use of indices	9d, 9e
9c	The ownership of assets	9f, 9g
9d	The structure of investment portfolios	9a
9e	The selection of fund managers	9b
9f	Continuing review of investment arrangements	9e

4c	How the market valuation of assets is assessed	3f
4d	Funding measures	4d, 4e
4e	Potential risks to the ability of the scheme to pay benefits	4f
4f	The importance of complete, accurate and up-to-date data and calculations	new
4g	The impact of trustee powers	4g
4h	The nature and status of professional advice	5b
4i	Transfers and bulk transfers in and out of schemes	4h
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in old scope</b>
<b>Unit 5</b>	<b>Contributions: defined benefit occupational arrangements</b>	
5a	The nature of the employer/trustee relationship and the effect of the scheme's funding level on the sponsoring employer	4b
5b	The way in which the sponsoring employer covenant reflects its ability to fund the scheme	4c
5c	The calculation of regular contributions to fund liabilities for future accruals	5a,6a
5d	The setting of special contributions for past service as required	5c
5e	Member contributions	4i
5f	The role of the sponsoring employer in the calculation and collection of member contributions	new
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in old scope</b>
<b>Unit 6</b>	<b>Strategic asset allocation: defined benefit (DB) occupational arrangements</b>	
6a	The process of strategic asset allocation	6b
6b	The characteristics of alternative asset classes and financial instruments	3d
6c	The use of specialised investment techniques	3d
6d	Reviewing asset allocation decisions	6c
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in old scope</b>
<b>Unit 7</b>	<b>Running a defined contribution (DC) occupational arrangement (including AVCs)</b>	
7a	How DC occupational pension arrangements work	7a
7b	Administration procedures specific to DC occupational arrangements	8b
7c	The role of the employer in the calculation and collection of member contributions	new
7d	The implications of the transfer of risk to members of DC occupational arrangements	7b
7e	The implications of contracting out	7c
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in old scope</b>
<b>Unit 8</b>	<b>Investment choices: defined contribution (DC) occupational arrangements (including AVCs)</b>	
8a	The implications for members of the investment strategy adopted by trustees	8a
8b	The importance of member understanding of investment risk	7b, 8a, new
<b>Scope objective</b>	<b>Scope stem</b>	<b>Where in old scope</b>
<b>Unit 9</b>	<b>Fund management</b>	
9a	The structure of investment portfolios	9d, 11g
9b	The selection of fund managers	9e
9c	Investment mandates	11d, 11e, 11f
9d	Measurement of performance using indices, benchmarks and targets	9b
9e	The mechanisms for monitoring investment arrangements and fund managers	9f,11e,11f
9f	The importance of sound custody arrangements	9c

Scope objective	Scope stem	Where in revised scope
<b>Unit 10 The scheme's trust deed and scheme rules</b>		
10a	The duties, powers and discretions of trustees	10a
10b	The balance of power between employer and trustees	10b
10c	Classes of members in the scheme	10c
10d	Benefits offered	10d & 10e
<b>Scope objective Scope stem Where in revised scope</b>		
<b>Unit 11 The schemes's Statement of Investment Principles [SIP]</b>		
11a	Responsibilities for investment decisions	11a
11b	The investment objectives	11b
11c	The asset allocation strategy (DB schemes only)	11b
11d	Investment mandates	9c
11e	Fee structures (DB schemes only)	11c 9c
11f	Charges (DC arrangements only)	11c 9c
11g	The type of investments undertaken (DB schemes only)	11b, 11c 9a
11h	Socially responsible investment and corporate governance	11c, 9g
<b>Scope objective Scope stem Where in revised scope</b>		
<b>Unit 12 The scheme's Statement of Funding Principles (SFP) (DB schemes only)</b>		
12a	Responsibilities for preparing the SFP	12a
12b	The scheme' statutory funding objective	12b
12c	Contents of the SFP	12c
12d	Review of the SFP	12d
<b>Scope objective Scope stem Where in revised scope</b>		
<b>Unit 13 Other relevant scheme documents</b>		
13a	Scheme booklet, announcements and other member communications	13a
13b	Actuarial valuation and advice	13b
13c	Minutes of meetings	13c
13d	Annual report and accounts	13g
13e	Any significant insurance policy	13h, 13i
13f	Any significant agreement or contract	13h, 13i
13g	Any trustee approved procedures	13j
13h	Statement of compliance with the <i>Myners' Principles</i> (where appropriate)	13k
13i	Terms of reference of any sub-committee (where relevant)	13l
13j	Memorandum and Articles of corporate trustee (where applicable)	13m
13k	The scheme business plan	13n, 13p
13l	Trustees should be aware of where all original documents are kept and of the arrangements for their custody, safekeeping and access	13q

9g	The importance of responsible ownership of assets	9c, 11h
9h	The Myners Principles for investment decision making and governance	new
<b>Scope objective Scope stem Where in old scope</b>		
<b>Unit 10 A working knowledge of the scheme's own trust documentation</b>		
10a	The duties, powers and discretions of trustees	10a
10b	The balance of power between the sponsoring employer and trustees	10b
10c	Categories of membership in the scheme	10c
10d	Benefits offered (DB)	10d
10e	Decumulation of pension funds (DC)	10d
<b>Scope objective Scope stem Where in old scope</b>		
<b>Unit 11 A working knowledge of the scheme's Statement of Investment Principles (SIP)</b>		
11a	Roles and responsibilities for preparing the SIP	11a, new
11b	The scheme's investment objectives and asset allocation strategy	11b, 11c, 11g
11c	The contents of the SIP	9a, 11e, 11f, 11g, 11h
11d	Monitoring and updating the SIP as appropriate	new, 9a
<b>Scope objective Scope stem Where in old scope</b>		
<b>Unit 12 A working knowledge of the scheme's Statement of Funding Principles (SFP) (DB schemes only)</b>		
12a	Roles and responsibilities for preparing the SFP	12a
12b	The scheme' statutory funding objective	12b
12c	Contents of the SFP	12c
12d	Monitoring the SFP	12d
<b>Scope objective Scope stem Where in old scope</b>		
<b>Unit 13 A working knowledge of the scheme's other relevant documents</b>		
13a	Scheme booklet, announcements and other member communications	13a
13b	Recent actuarial valuation and advice (DB only)	13b
13c	Minutes of meetings	13c
13d	Regular stewardship reports	new
13e	Schedule of contributions (DB) and any payment schedule (DC)	new
13f	Internal audit reports or reports of alternative internal checks	new
13g	Annual report and accounts for scheme and for the sponsoring employer	13d,new
13h	Any significant contract in respect of scheme assets	13e, 13f
13i	Any other significant agreement or contract	13e, 13f
13j	Any trustee approved procedures	13g
13k	Statement of compliance with the <i>Myners' Principles</i> (where appropriate)	13h
13l	Terms of reference of any sub-committee (where relevant)	13i
13m	Memorandum and Articles (or equivalent documents) of corporate trustee (where applicable)	13j
13n	The scheme's business plan	13k
13o	Job descriptions for the Chair and for the trustees	new
13p	Trustee skills audit, training needs analysis and training log	13k
13q	The whereabouts of all original documents and the arrangements for their custody, safekeeping and access	13l