

Pensions Act 2004

Part 5 – Obligations of trustees of occupational pension schemes

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247 Requirement for knowledge and understanding: individual trustees

- (1) This section applies to every individual who is a trustee of an occupational pension scheme.
- (2) In this section, “relevant scheme”, in relation to an individual, means any occupational pension scheme of which he is a trustee.
- (3) An individual to whom this section applies must, in relation to each relevant scheme, be conversant with –
 - (a) the trust deed and rules of the scheme,
 - (b) any statement of investment principles for the time being maintained under section 35 of the Pensions Act 1995 (c. 26),
 - (c) in the case of a relevant scheme to which Part 3 (scheme funding) applies, the statement of funding principles most recently prepared or revised under section 223, and
 - (d) any other document recording policy for the time being adopted by the trustees relating to the administration of the scheme generally.
- (4) An individual to whom this section applies must have knowledge and understanding of-
 - (a) the law relating to pensions and trusts,
 - (b) the principles relating to –
 - (i) the funding of occupational pension schemes, and
 - (ii) investment of the assets of such schemes, and
 - (c) such other matters as may be prescribed.
- (5) The degree of knowledge and understanding required by subsection (4) is that appropriate for the purposes of enabling the individual properly to exercise his functions as trustee of any relevant scheme.

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Part 5 – Obligations of trustees of occupational pension schemes

248 Requirement for knowledge and understanding: corporate trustees

- (1) This section applies to any company which is a trustee of an occupational pension scheme.
- (2) In this section, “relevant scheme”, in relation to a company, means any occupational pension scheme of which it is a trustee.
- (3) A company to which this section applies must, in relation to each relevant scheme, secure that each individual who exercises any function which the company has as trustee of the scheme is conversant with each of the documents mentioned in subsection (4) so far as it is relevant to the exercise of the function.
- (4) Those documents are –
 - (a) the trust deed and rules of the scheme,
 - (b) any statement of investment principles for the time being maintained under section 35 of the Pensions Act 1995,
 - (c) in the case of a relevant scheme to which Part 3 (scheme funding) applies, the statement of funding principles most recently prepared or revised under section 223, and
 - (d) any other document recording policy for the time being adopted by the trustees relating to the administration of the scheme generally.
- (5) A company to which this section applies must secure that any individual who exercises any function which the company has as trustee of any relevant scheme has knowledge and understanding of –
 - (a) the law relating to pensions and trusts,
 - (b) the principles relating to –
 - (i) the funding of occupational pension schemes, and
 - (ii) investment of the assets of such schemes, and
 - (c) such other matters as may be prescribed.
- (6) The degree of knowledge and understanding required by subsection (5) is that appropriate for the purposes of enabling the individual properly to exercise the function in question.
- (7) References in this section to the exercise by an individual of any function of a company are to anything done by the individual on behalf of the company which constitutes the exercise of the function by the company.
- (8) In this section “company” means a company within the meaning given by section 735(1) of the Companies Act 1985 (c. 6) or a company which may be wound up under Part 5 of the Insolvency Act 1986 (c. 45) (unregistered companies).

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249 Requirement for knowledge and understanding: supplementary

- (1) For the purposes of sections 247 and 248, a person's functions as trustee of a relevant scheme are any functions which he has by virtue of being such a trustee and include, in particular –
 - (a) any functions which he has as one of the trustees authorised under section 34(5)(a) of the Pensions Act 1995 (c. 26) (delegation of investment discretions) in the case of the scheme, and
 - (b) any functions which he otherwise has as a member of a committee of the trustees of the scheme.
- (2) Regulations may provide for any provision in section 247 or 248 –
 - (a) not to apply, or
 - (b) to apply with modifications, to a trustee in prescribed circumstances.
- (3) Nothing in either of those sections affects any rule of law requiring a trustee to have knowledge of, or expertise in, any matter.