


July 2007

The Pensions  
Regulator 

# Occupational pension scheme governance

Technical appendices to the  
2007 scheme governance survey

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk) 

# Contents

---

- Introduction .....3**
  
- Appendix A: Approach .....4**
  - A.1 Eligible schemes ..... 4
  - A.2 Sample source and securing respondent co-operation ..... 4
  - A.3 Number of interviews..... 5
  - A.4 Interview coverage and respondents..... 6
    - A.4.1 The screening interview ..... 6*
    - A.4.2 The main stage interview ..... 8*
    - A.4.3 Changes to main stage questionnaire..... 10*
  
- Appendix B: Universe-building and weighting of results .....17**
  - B.1 The need for weighting..... 17
  - B.2 Calculating the universe of eligible schemes..... 18
    - B.2.1 Overall universe ..... 18*
    - B.2.2 Universes of schemes to which MNT and MND rules apply.....20*
  - B.3 Weighting survey findings to the estimated universe of eligible schemes .....22
  - B.4 Calculating statistical validity ..... 24
  - B.5 Implications of the weighting process for statistical accuracy..... 25
  
- Appendix C: Introductory letter .....26**
  
- Appendix D: Screening and main stage questionnaires .....28**

# Introduction

---

These appendices, which are published in electronic format only, accompany the report on the 2007 *Occupational pension scheme governance survey*.

Appendix A provides an overview of the approaches taken in organising the research, including sample source, securing co-operation from respondents and interview coverage.

Appendix B describes universe-building and weighting of the survey data.

Appendix C is a copy of the Pensions Regulator's letter that was sent to potential respondents to introduce the survey.

Appendix D is a copy of the screening and main stage questionnaires.

# Appendix A APPROACH

---

## A.1 Eligible schemes

The study was designed to gain a broad understanding of current practice in pension scheme administration and governance among **‘live’ trust-based private sector pension schemes**, both defined benefit (DB) and defined contribution (DC) schemes. Except where otherwise indicated, hybrid and segregated schemes are classified as DB.

Very small schemes, as defined by membership, were excluded from the research. These exclusions are estimated to account for 80% of all schemes, but these schemes are responsible for only around 1% of all members. The decision to exclude them was taken on pragmatic grounds. It was known that the majority contacted would prove to be schemes where all members are trustees (ie Small Self Administered Schemes or Executive Schemes) or schemes that are winding up. It was also likely that the smallest schemes would include a high proportion of contract-based schemes that were incorrectly registered. Screening out such ‘ineligible’ schemes would incur substantial costs.

Figure A.1 summarises schemes that were eligible and ineligible for participation in the main stage interview.

**Figure A.1**

*Pension schemes eligible and ineligible for participation in the main stage interview*

Eligible schemes	Ineligible schemes
Private sector	Public sector
Open, closed, frozen	Winding up, terminated
Trust-based schemes	Contract-based schemes, including GPPs, <sup>1</sup> Stakeholder pensions and SIPPs <sup>2</sup>
DB, DC	Benefit type unknown
DC schemes 12+ members	DC schemes 1-11 members, DC size unknown
DB schemes 5+ members	DB schemes 1-4 members, DB size unknown
	SSASs

## A.2 Sample source and securing respondent co-operation

The sample for the survey was drawn from the SCORE database, as at 30 November 2006.

The Pensions Regulator was able to exclude ineligible schemes at source, except for SSASs which the SCORE database does not identify as such. After excluding ineligible schemes,

---

<sup>1</sup> Group Personal Pensions.

<sup>2</sup> Self Invested Personal Pension schemes.

schemes registered as live in the SCORE database were reduced to 13,699. The Pensions Regulator provided RS Consulting with this sample of 13,699 schemes, recognising that some inaccuracies would be identified during survey screening and lead to further exclusions of schemes.

After telephone numbers had been sourced and random sample selection conducted, as described in Appendix B, the Pensions Regulator mailed a letter to introduce the survey to 4,209 pensions schemes. A copy of the template letter is included as Appendix C.

### **A.3 Number of interviews**

Interviews were conducted by Critical Research, whose executive interviewers are pensions-knowledgeable and have interviewed pension scheme trustees for other government studies.

Their ability to engage with respondents on the topics covered by the research underpins low refusal rates at both screening and main interview stage (12% and 11% respectively).

Figure A.2 plots how the 1,482 schemes contacted<sup>3</sup> led to 500 participants being interviewed in the main stage of the survey:

- at the screening stage 184 schemes out of 1,482 contacted declined to take part in the survey;
- of the remaining 1,298 schemes, 438 proved to be ineligible for participation in the survey;
- of the then remaining 860 schemes, 22 were out of quota<sup>4</sup> and 92 declined to take part in the main stage interview; and
- respondents from 246 schemes were not contactable, or unavailable for interview during a tight fieldwork period, though the target number of 500 respondents for main stage interview was achieved.

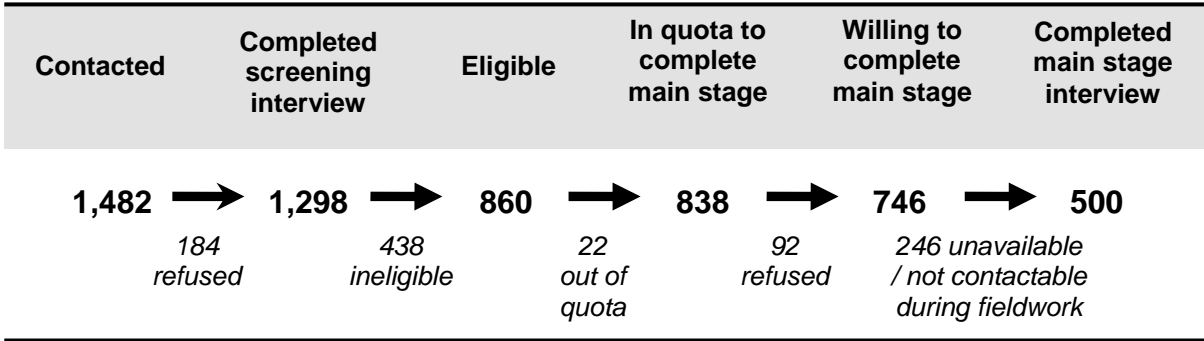
---

<sup>3</sup> A scheme counts as 'contacted' if the interviewer was able to speak to a relevant potential respondent. For instance, a call that did not extend beyond speaking to someone on reception does not count as a contact. In all, Critical Research interviewers called around 2,100 pension schemes.

<sup>4</sup> The survey sought to include a good spread of pension schemes by benefit type and size. Therefore, for instance, once respondents from sufficient schemes of a particular type and size had been interviewed, other potential respondents from schemes of the same type and size were not contacted for a main stage interview. Courtesy calls were made to cancel interviews.

**Figure A.2**

*Survey participation*



The distribution of the 500 main stage interviews by scheme size and type is shown in Figure A.3. An approximately equal number of interviews per subgroup had been targeted, although below average numbers had been anticipated for the three cells with low starting samples (DC 100-999, DC 1,000+, and DB 5-99). In the event, good results were achieved for all three cells.

**Figure A.3**

*Scheme type and size (seven subgroups)*

201 DC schemes			299 DB schemes (DB, hybrid and segregated)			
DC 12-99	DC 100-999	DC 1,000+	DB 5-99	DB 100-999	DB 1,000-4,999	DB 5,000+
72	69	60	69	74	80	76

**A.4 Interview coverage and respondents**

A two-stage programme of fully structured telephone interviews was conducted using a screening questionnaire and a main stage questionnaire.

**A.4.1 The screening interview**

The purpose of the screening interview was, first, to determine eligibility for participation in the survey and to understand all the reasons why schemes were ineligible. Data from all the screening interviews were used in universe-building. For universe-building purposes it was important to understand, for instance, that a scheme was ineligible because it was both too small and winding up.

Second, screening both classified eligible schemes according to their characteristics in terms of benefit type and size, thereby allocating the scheme to one of the seven sub groups presented in Figure A.3, and gathered data on the legal form of the scheme. The average length of screening interviews was eight minutes. Respondents at the screening stage were:

- scheme administrators (33%);
- trustees (31%);
- secretaries to the trustees (11%);

- pension managers (9%);
- scheme advisers (6%);
- finance and HR department staff (2%); and
- others or not known (7%).

Figure A.4 provides an overview of the coverage of the screening questionnaire.

#### Figure A.4

*Coverage of the screening questionnaire*

	<b>Sections of screening questionnaire</b>
<b>Introductory questions</b>	
Receipt of letter from the Pensions Regulator	S1
Willingness to take part in the survey	S2
<b>Scheme characteristics</b>	
Checks that the scheme is trust-based and private sector	S3-S4
Scheme benefit type	S6-S7
Scheme status	S8
Scheme size	S9
<b>Legal form of the board of trustees</b>	
Composition of board	S10
Professional trustees	S11
Individual trustees	S12-S13
<b>Nomination of trustees (member-nominated, employer-nominated, neither)</b>	
Nomination of trustees	S14-S16
<b>Respondent data</b>	
Respondent's role	S5
Length of service	S17
<b>Recruitment</b>	
Recruitment of trustee respondents to main stage or referral to a / another trustee	S18-S19
<b>Contacting referrals</b>	
Confirmation of details	R1-R3
Willingness to take part in survey	R4
Nomination	R5-R8

#### ***A.4.2 The main stage interview***

The purpose of the main stage interview was to gather data on governance activity by scheme type and size. An overview of the main stage questionnaire is provided in Figure A.5. The average length of main stage interviews was 31 minutes.

All main stage respondents were trustees, and they were all recruited on the basis of being knowledgeable in their own estimation to speak on behalf of the board of trustees about its policies and practices in relation to scheme governance and administration.

Of the 500 main stage interviews, 180 were conducted with chairs of the trustee board and 219 with the longest-serving trustee with the remainder conducted with 'knowledgeable' trustees. A mix of employer-nominated and member-nominated trustees was sought, so that any differences in responses by nomination status could be identified: 365 interviews were conducted with employer-nominated trustees and 77 with member-nominated trustees.

## Figure A.5

*Coverage of the main stage questionnaire*

	<b>Sections of the main stage questionnaire</b>
<b>About the scheme</b>	
Whether scheme is wholly insured or not	A1
Number of participating employers	A2
<b>Trustee board and sub-committee meetings</b>	
Frequency of meetings of full trustee board	B1
Sub-committees	B2-B3
<b>Trustee knowledge and understanding</b>	
Board's assessment of trustee learning needs	C1-C3
Time off for training	C4-C5
Learning activities offered to trustees	C5-C6
Formal policy on trustee knowledge and understanding	C7
Recruitment and retention of trustees	C9-C11
Actions of the Pensions Regulator	C12
Barriers to good governance	C13
<b>Managing scheme administration</b>	
Main provider of administration services	D1-D2
Service standards	D3
Administration reports	D4
Standards of administration	D5-D8
<b>Decision-making and managing conflicts of interest</b>	
Maintaining records	E1
Conflicts of interest	E2-3
Inducements	E4
<b>Use of professional advisers and service providers</b>	
Engagement of advisers	F1
Sharing advisers with employers	F2-4
Reviewing advisers	F5

	Sections of the main stage questionnaire
<b>Risk management and internal controls</b>	
Formal processes in place to identify risks	G1
Internal controls in place to monitor and mitigate risks	G2-G3
Reviewing the employer's financial standing	G4-G6
<b>Communications</b>	
Methods of communication	H1
<b>Fund choice</b>	
Number of funds	J1
Default fund	J2-3
Review of funds	J4
<b>Overview and measure of governance standards</b>	
Self-assessment of the board's performance	K1
Raising standards of governance	K2
<b>Re-contact questions</b>	
Willingness to take part in further research	L1-2

#### **A.4.3 Changes to main stage questionnaire**

Whilst the majority of the questionnaire remained unchanged from the 2006 version, some changes were made, including the deletion of a small number of questions, slight changes to question wording and the insertion of new questions. Accordingly, there are questions which are *trackable* (i.e. where findings can be tracked year on year, and the appropriate statistical tests have been applied to identify significant differences in changes from 2006 to 2007), some that are *comparable* (i.e. questions where the wording has changed sufficiently to prevent tracking but where findings can be compared) and some that are *not comparable* (i.e. questions that are new, or where the parameters of the question have changed sufficiently to make any comparison impossible).

Figure A.6 includes details of questions that were revised from the 2006 questionnaire and questions that were introduced in the 2007 questionnaire. The questions that are not mentioned (A1, A2, B1, D2) have not changed and can be tracked.

**Figure A.6**

*Changes to the main stage questionnaire*

<b>Changes to questions</b>			
<b>Section B</b>	<b>Frequency of trustee board meetings</b>		
<b>2007 question number</b>	<b>2006 question number</b>	<b>Tracking</b>	<b>Notes</b>
B2, B3	F1	Yes	<p>Changed from one question in 2006 to two in 2007:</p> <p>2006: <i>“Please could you tell me whether pension scheme sub-committees have been set up to take responsibility for any of the following issues? ... Audit / Investment / Scheme funding / Other / None”</i></p> <p>2007: <i>“Does your scheme have any sub-committees, i.e. any committees made up of some but not all pension trustees? ... Y/N”</i> and <i>“Have sub-committees been set up to take responsibility for any of the following issues? ... Audit / Investment / Scheme funding / Benefit / Communications / Administration and operations / Other”</i></p>
<b>Section C</b>	<b>Trustee knowledge and understanding</b>		
<b>2007 question number</b>	<b>2006 question number</b>	<b>Tracking</b>	<b>Notes</b>
C1, C2	C1-C3	No	<p>C1 wording has changed from 2006 to 2007 (as a result of which C2-C3 from 2006 could be collapsed into one question C2 in 2007). C1:</p> <p>2006: <i>“In the last 12 months has the board of trustees taken a formal, minuted decision to assess the learning needs of some or all of the scheme’s trustees?”</i></p> <p>2007: <i>“In the last 12 months has the board of trustees [or a sub-committee of the trustee board] formally assessed the learning needs of some or all of the scheme’s trustees?”</i></p>
C3	C4	No – comparison only	<p>Question and answer options have changed:</p> <p>2006: <i>“How well equipped in terms of knowledge do you feel that the trustees [who are not paid, professional trustees] are to understand relevant issues with regard to... Would you say they are very well equipped, fairly well equipped, not well equipped or not at all equipped?”</i></p> <p>2007: <i>“Can you say whether you consider the board’s collective understanding to be very good, quite good, poor or very poor?”</i></p>
C4a & C4b	–	No	New questions
C5	C5	No	Question phrasing has changed slightly. Tracking is not possible because the answer options have changed from yes / no (2006) to always / usually / sometimes / rarely or not at all (2007).
C6	C6	Yes	<p>Note that QC6b has been shortened (<i>“and wish to consider more detailed aspects of their responsibilities”</i> deleted in 2007).</p> <p>QC6c from 2006 is not included in 2007, but this was a ‘checking’ question, and its deletion does not prevent tracking.</p>
C7-C13	–	No	New questions

<b>Section D</b>		<b>Managing the scheme administration</b>	
<b>2007 question number</b>	<b>2006 question number</b>	<b>Tracking</b>	<b>Notes</b>
D1	D1	Yes	Explanatory text added in 2007 to describe a TPA: <i>"i.e. a company which specialises in providing administrative services for pension schemes"</i> .
D3a-b	D3	No	Question has changed: 2006: <i>"And does a service level agreement exist in relation to the appointment of the administration service provider?"</i> 2007: <i>"Do service standards exist in relation to the service provided by the administration service provider? ... Y/N"</i> and <i>"Are these service standards documented?"</i>
D3c-D7	–	No	New questions
D8	D5	No	Scale is different: five-point scale in 2006 and four-point scale in 2007
<b>Section E</b>		<b>Decision-making and managing conflicts of interest</b>	
<b>2007 question number</b>	<b>2006 question number</b>	<b>Tracking</b>	<b>Notes</b>
E1	F2	Yes: E1a-b	Wording of the question has changed slightly ( <i>"Does..."</i> in 2006 to <i>"How frequently does..."</i> in 2007). E1a-b can be tracked. E1c-d are new.
E2	F3	Yes: E2a-c	2007 questions add wording: E2a: <i>"trustees' own conflicts of interest as they arise"</i> versus 2007: <i>"conflicts of interest"</i> E2b: <i>"conflicts of interest for each trustee"</i> versus 2007: <i>"conflicts of interest"</i> E2c: <i>"register of trustees' interests"</i> versus 2007: <i>"register of interests"</i> E3d is new.
E3-E4	–	No	New questions

<b>Section F</b>		<b>How the trustees use professional advisers and service providers</b>	
<b>2007 question number</b>	<b>2006 question number</b>	<b>Tracking</b>	<b>Notes</b>
F1	E2	Yes: F1a-k for not wholly insured schemes	This question, asking which external advisers are engaged by the board of trustees, now specifies engagement as “ <i>either directly or via your insurers</i> ”. Consequently, we cannot track responses for wholly insured schemes (since, in 2006, they may not have considered what ancillary services their insurer provides).  F1l-m are new questions.
F2	E3	Yes	Text has been changed from 2006 to specify “ <i>firm</i> ” of advisers
F3-F4b	–	No	New questions
F5	E4, E5	No	Changed from one question in 2006 to two in 2007:  2006: “ <i>Does the board of trustees have a structure in place to ensure that the service provided by [adviser] is formally reviewed at least every three years?</i> ” and “ <i>Has the service provided by [adviser] ever been reviewed by the board of trustees?</i> ”  2007: “ <i>How often, if at all, does the board of trustees [or a sub-committee of the trustee board] assess the quality of the service provided by [adviser]?</i> ”  F5j is a new question.
<b>Section G</b>		<b>Risk management and internal controls</b>	
<b>2007 question number</b>	<b>2006 question number</b>	<b>Tracking</b>	<b>Notes</b>
G1	G1	Yes	The word “ <i>formal</i> ” has been omitted from the 2007 question
G2	G2	Yes: except G2g	Slight change in question wording:  2006: “ <i>How confident are you that the trustees have ensured that appropriate internal controls are in place to monitor and mitigate risks arising from...?</i> ”  2007: “ <i>How confident are you that the trustees have put in place appropriate internal controls to monitor and mitigate risks arising from...?</i> ”  G2g has changed from “ <i>Inappropriate investment strategies</i> ” in 2006 to “ <i>Current investment strategies</i> ” in 2007.
G3	–	No	New question
G4	H5	No – comparison only	Question wording has changed:  2006: “ <i>Does the board of trustees, at regular, set intervals formally e.g. review the sponsoring employer’s accounts?</i> ”  2007: “ <i>During the past 12 months, has the board of trustees, or a sub-committee of the trustee board, e.g. reviewed the sponsoring employer’s accounts?</i> ”  Also, the combined question H5d in 2006 has been split out into G4c and G4d in 2007, asking separately about the employer’s covenant and the employer’s credit rating.
G5-G6	–	No	New questions

<b>Section H</b>		<b>Communications</b>	
<b>2007 question number</b>	<b>2006 question number</b>	<b>Tracking</b>	<b>Notes</b>
H1	H1	No	Time period in the question has changed from “ <i>in the last two years</i> ” in 2006 to “ <i>in the last 12 months</i> ” in 2007. H1h is a new question.
<b>Section J</b>		<b>Codes of practice</b>	
<b>2007 question number</b>	<b>2006 question number</b>	<b>Tracking</b>	<b>Notes</b>
J1	H3	Yes – but limited	Question wording has changed: 2006: “ <i>Is more than one different fund made available to members of your scheme?</i> ” 2007: “ <i>From approximately how many funds can members of your scheme make a selection?</i> ”
J2-J3	–	No	New questions
J4	E6, E7	Yes	Question text has changed: 2006: “ <i>Is there a structure in place to ensure that .... is formally reviewed at least every three years?</i> ” and “ <i>Has the .... ever been reviewed?</i> ” 2007: “ <i>How frequently, if at all, does the board of trustees [or a sub-committee of the trustee board] assess .... ?</i> ”
<b>Section K</b>		<b>Overview and measure of governance standards</b>	
<b>2007 question number</b>	<b>2006 question number</b>	<b>Tracking</b>	<b>Note</b>
K1	K1	Yes: except K1m and K1p	But the wording of some statements has changed: K1e: from “ <i>actively monitors service providers and professional advisers</i> ” in 2006 to “ <i>actively monitors and manages service providers and professional advisers</i> ” in 2007 K1h: from “ <i>has identified potential risks to the scheme</i> ” in 2006 to “ <i>has identified potential financial or governance risks to the scheme</i> ” in 2007 K1j: from “ <i>has appropriate internal controls to manage risks</i> ” in 2006 to “ <i>has effective internal controls</i> ” in 2007 K1m and K1p are new questions.
K2	–	No	New question

Figure A.7 details those questions that were omitted from the 2006 questionnaire.

### Figure A.7

*Questions or parts of questions omitted from the main stage questionnaire*

<b>Questions omitted from questionnaire</b>	
<b>Section A</b>	<b>About the scheme</b>
<b>2006 question number</b>	<b>2006 question</b>
A3	<i>"Are these employers all related by virtue of being within the same group of companies?"</i>
<b>Section D</b>	<b>Managing the scheme administration</b>
<b>2006 question number</b>	<b>2006 question</b>
D4	<i>"On average, how frequently does the board of trustees conduct <u>formal, structured</u> reviews of the administrative service provided by [main provider of administrative services]?"</i>
<b>Section E</b>	<b>How the trustees use professional advisers and service providers</b>
<b>2006 question number</b>	<b>2006 question</b>
E1	<i>"Do in-house pension professionals advise the trustees of your scheme?"</i>
E3 d) e) f) k)	<i>E3 d) "Custodian" E3 e) "Investment / fund manager (not simply scheme insurer)" E3 f) "Investment consultant" Ed k) "Communication consultant"</i>
<b>Section F</b>	<b>Decision-making and managing conflicts of interest</b>
<b>2006 question number</b>	<b>2006 question</b>
F2b	<i>"Does the board of trustees record the reasons why decisions were taken?"</i>

<b>Section G</b>	<b>Risk management and internal controls</b>
<b>2006 question number</b>	<b>2006 question</b>
G2 c) d) j)	G2 c) <i>"Existing controls not operating effectively"</i> G2 d) <i>"Maladministration by scheme administrators"</i> G2 j) <i>"Shortcomings in arrangements and procedures for the custody and security of assets"</i>
G3	<i>"During the past 12 months, have any complaints been upheld against the scheme through the Internal Disputes resolution procedure or by the Pensions Ombudsman that could be attributed to problems in any of the following areas?"</i>
G4	<i>"How many complaints related to (e.g. poor administration) have been upheld during the past 12 months through the Internal Disputes resolution procedure or by the Pensions Ombudsman?"</i>
<b>Section H</b>	<b>Communications</b>
<b>2006 question number</b>	<b>2006 question</b>
H2	<i>"Does the trustees' annual report include a governance statement that describes how the scheme is directed and controlled?"</i>
H4	<i>"Approximately what proportion of members (with DC benefits) would you estimate understand (e.g. that only one fund is available)?"</i>
H5 c)	<i>"Engage in dialogue with the sponsoring employer"</i>
<b>Section J</b>	<b>Codes of practice</b>
<b>2006 question number</b>	<b>2006 question</b>
J1	<i>"To what extent are you familiar with the <b>overall</b> aims and objectives of the following codes of practice that have been produced <b>or will shortly be published</b> by the Pensions Regulator? Would you say that you are very familiar, fairly familiar, somewhat familiar or not at all familiar?"</i>
<b>Section K</b>	<b>Overview and measure of governance standards</b>
<b>2006 question number</b>	<b>2006 question</b>
K1 o) p)	K1 o) <i>"is adequately prepared for Pensions Tax Simplification (often referred to as 'A day')"</i> K1 p) <i>"...and finally, takes steps to ensure it follows good practice in the governance of this scheme"</i>

# Appendix B UNIVERSE-BUILDING AND WEIGHTING OF RESULTS

---

## B.1 The need for weighting

The survey of trustees used as its starting population 13,699 occupational schemes, taken from the SCORE database (as of 30 November 2006).<sup>5</sup>

The sample from the SCORE database contained contact telephone numbers for some, but not all, sponsoring employers. After the whole sample was sent for automatic telephone number matching (with manual telephone number sourcing conducted for those numbers that could not be verified) a total of 4,209 schemes were selected: letters were sent to these schemes advising them that they might be approached and asked to participate in the research.

Schemes were selected for the mailout on the following basis:

- Three cells where the available sample was small (DC 1,000+, DB 1,000-4,999 and DB 5,000+) were not sampled using a *1 in N* approach. A **census approach** was taken and all schemes with an available telephone number were selected for the mailout.
- In order to draw a random sample which best represented each of the four remaining cells by scheme size (number of members), all schemes within each cell were ordered by number of members. A **1 in N selection process** was applied, in order that, allowing for refusals and ineligibility, the target number of interviews would be achieved. Where a scheme was selected which did not have a telephone number available, a scheme of the same size, or very similar size, within the given cell, was selected at random to replace it. To verify that this process had produced a representative selection, the mean number of members belonging to those schemes selected was compared to the mean number of members of those schemes not selected. The two profiles were closely matched in each cell.

The process of seeking to contact selected schemes by telephone produced a number of different outcomes. In some cases:

- schemes / potential respondents proved not to be contactable;
- schemes were contacted, but declined to provide information;
- schemes provided information in respect of their eligibility for the study, but declined to participate in the main stage interview;
- schemes were found to be ineligible for various reasons; and
- schemes were found to be eligible for the survey, but in the starting SCORE sample were allocated to an incorrect cell.

---

<sup>5</sup> See Section A.2.

The incidence of these different outcomes, in addition to variations in success in obtaining accurate telephone numbers, were taken into account in weighting processes to ensure that survey outcomes were accurately 'grossed up' to reflect the overall universe of eligible schemes.

Weighting procedures were developed to take account of:

- differential participation rates (bias) due to variations in the success of Telephone Number Sourcing (TNS) and differences in Contact Success Rate (CR), Screener Response Rate (SR) and agreement to complete the full interview – response rate (RR); and
- variations in Eligibility Rate (ER).

The Eligibility Rate for the sample for each cell covered:

- proportion found not to be eligible;
- proportion found to be eligible but allocated to an incorrect cell (e.g. a scheme taken from the SCORE database as DC 12-99 found to be DC 100-999); and
- proportion found to be eligible and allocated to the correct cell.

The weighting processes took account of all of these factors, with the result that we can provide:

- a revised and more accurate estimate of the size and distribution of the universe of DC schemes and schemes with a DB element across the seven cells under survey; and
- an accurate measurement of the statistical validity of the survey findings.

## **B.2 Calculating the universe of eligible schemes**

### ***B.2.1 Overall universe***

The processes used in calculating the universe of eligible schemes were based on the outcome of a substantial telephone screening exercise.

As shown in Figure B.1, a total of 1,298 schemes were successfully contacted and screened, so that it was possible to ascertain whether or not the schemes were eligible for the survey and, if so, recorded in the SCORE database in the correct or an incorrect cell.

Overall, 66.3% of the schemes screened were found to be eligible, but a minority (15.6%) of these schemes had been recorded in the 'wrong' cell in the SCORE database.

**Figure B.1***Total universe size calculations*

	<b>Total</b>	<b>DC 12-99</b>	<b>DC 100- 999</b>	<b>DC 1,000+</b>	<b>DB 5-99</b>	<b>DB 100- 999</b>	<b>DB 1,000- 4,999</b>	<b>DB 5,000+</b>
Sample provided (SCORE population)	13,699	4,801	1,280	204	2,700	3,352	939	423
Sample with telephone numbers	10,731	2,573	1,119	204	2,320	3,153	939	423
Selected sample	4,209	1,087	647	204	447	471	934	419
Sample screened	1,298	430	203	136	131	120	145	133
Schemes represented / 'weight' of each screener <sup>6</sup>		11.2	6.3	1.5	20.6	27.9	6.5	3.2
Eligible	860	164	117	110	96	108	136	129
Eligible – for this cell	726	131	86	86	90	94	120	119
Eligible – for another cell, of which:	134	33	31	24	6	14	16	10
Eligible for DC 12-99	13		10	1	1	1	0	0
Eligible for DC 100-999	29	16		12	0	0	1	0
Eligible for DC 1,000+	7	0	6		0	0	0	1
Eligible for DB 12-99	28	14	1	0		11	1	1
Eligible for DB 100-999	32	3	13	2	5		9	0
Eligible for DB 1,000-4,999	17	0	0	7	0	2		8
Eligible for DB 5,000+	8	0	1	2	0	0	5	
Eligibility rate for schemes sampled from this cell	66.3%	38.1%	57.6%	80.9%	73.3%	90.0%	93.8%	97.0%
Universe estimate for schemes originating in correct cell	7,770	1,463	542	129	1,855	2,626	777	378
Additional universe estimate for schemes originating in another cell	1,250	113	203	41	480	280	92	42
Total estimated universe	9,020	1,576	745	170	2,335	2,906	869	420
Estimated survey universe as proportion of SCORE database universe	65.8%	32.8%	58.2%	83.3%	86.5%	86.7%	92.5%	99.3%

<sup>6</sup> Shown to one decimal place.

Thus, for instance, in the DC 12-99 category:

- a total of 430 schemes with this classification in the SCORE database were screened;
- as this cell in the database contained 4,801 schemes, the 430 screened schemes were considered to represent 11.2%<sup>7</sup> of schemes;
- as 131 of the 430 screened schemes were found to be eligible and in the correct cell, they were estimated to represent 1,463 eligible schemes;
- a total of 13 other schemes, screened from other cells (10 from the DC 100-999 cell, and one each from the DC 1,000+, DB 5-99 and DB 100-999 cells) were also found to be eligible for the survey but in the DC 12-99 cell; and
- the number of schemes these 13 schemes were taken to 'represent' depended, of course, on the cell from which they had originated, but in aggregate they added a further 113 schemes to our estimate of the universe of eligible DC schemes with 12-99 members, making a total universe of 1,576 schemes in this cell.

This process was completed for all seven cells and resulted in an overall revised estimate of a total population of 9,020 eligible schemes.

- This represents 65.8% of the relevant population as recorded in the SCORE database;<sup>8</sup>
- the largest change in estimated numbers is for DC 12-99 cell, where the survey estimate of 1,576 is 32.8% of the total number of schemes with this designation in the SCORE database; and
- the most frequently occurring reasons for schemes proving to be ineligible were that they were in the process of winding up or merging, were fully wound up, or were found to be SSASs or GPPs.

### ***B.2.2 Universes of schemes to which MNT and MND rules apply<sup>9</sup>***

As part of the screening process, we identified the incidences of schemes for which MNT and MND rules applied. Proportions varied by cell and, by applying them to the overall universe estimate in each case, separate MNT and MND universes were estimated. Full details are shown in Figure B.2.

---

<sup>7</sup> Stated to one decimal place.

<sup>8</sup> This figure of 65.8% does not match the 66.3% stated earlier as the proportion of individual screeners found to be eligible. This is because individual screeners represent a larger or smaller number of total schemes depending on the cell from which they were drawn.

<sup>9</sup> Member Nominated Trustee (MNT) or Member Nominated Director (MND)

## Figure B.2

*Trustees' knowledge of board make-up and whether it was sufficient to ascertain whether MNT or MND rules applied*

	Total	DC 12-99	DC 100- 999	DC 1,000+	DB 5-99	DB 100- 999	DB 1,000- 4,999	DB 5,000+
Number of eligible screeners	860	144	115	93	118	126	137	127
MNT proportion	68.1%	69.4%	75.7%	62.4%	78.8%	81.0%	62.0%	48.0%
MND proportion	31.9%	30.6%	24.3%	37.6%	21.2%	19.0%	38.0%	52.0%

The proportion of schemes identified as falling under MNT or MND rules was then used, in conjunction with the overall universe estimates for each cell, to calculate universes separately for MNT and MND schemes. Details are shown in Figure B.3.

## Figure B.3

*MNT and MND universe size calculations*

	Total	DC 12-99	DC 100- 999	DC 1,000+	DB 5-99	DB 100- 999	DB 1,000- 4,999	DB 5,000+
Total estimated universe	9,020	1,576	745	170	2,335	2,906	869	420
MNT proportion from screening process	74.2% <sup>10</sup>	69.4%	75.7%	62.4%	78.8%	81.0%	62.0%	48.0%
MND proportion from screening process	25.8%	30.6%	24.3%	37.6%	21.2%	19.0%	38.0%	52.0%
Estimated MNT universe	6,697	1,094	564	106	1,840	2,352	539	202
Estimated MND universe	2,323	481	181	64	495	553	330	218

Overall, therefore, there are an estimated 6,697 schemes where MNT rules apply and 2,323 where MND rules are relevant.

---

<sup>10</sup> This figure is 74.2% and not 68.1%, as shown in Figure B.2, because the total combines screeners of different weights. Figure B.4 allows for this, while Figure B.2 treated all screeners as having equal weight regardless of the cell from which they were drawn.

### B.3 Weighting survey findings to the estimated universe of eligible schemes

Having calculated universe estimates for all schemes and for MNT and MND schemes, it was then possible to weight each of the 500 main stage interviews, with weighting based on the relationship between the universe estimate for each cell and the number of interviews conducted in it.

It was necessary, however, to introduce some limited modifications to the weighting process as a consequence of small interview numbers when some fairly small cells were divided between MNT and MND schemes.

Ideally, weighting would have been based on a 14-cell matrix. This is shown in Figure B.4, which also summarises the number of interviews completed and the universe estimate for each of the 14 cells.

**Figure B.4**

*Fourteen-cell weighting matrix*

	Total	DC 12-99	DC 100- 999	DC 1,000+	DB 5-99	DB 100- 999	DB 1,000- 4,999	DB 5,000+
Total estimated universe	9,020	1,576	745	170	2,335	2,906	869	420
Estimated MNT universe	6,697	1,094	564	106	1,840	2,352	539	202
Estimated MND universe	2,323	481	181	64	495	553	330	218
MNT interviews completed	350	51	55	37	58	61	53	35
MND interviews completed	150	21	14	23	11	13	27	41
Number of schemes each MNT interview would represent		21.5	10.3	2.9	31.7	38.6	10.2	5.8
Number of schemes each MND interview would represent		22.9	13.0	2.8	45.0	42.6	12.2	5.3

Due to the smaller MND scheme universe and, therefore, the low numbers of interviews conducted in most of the MND cells, the decision was taken that it would be statistically prudent to apply an overall weight across all DC MND schemes and also across all DB MND schemes in the three size ranges of 5-99, 100-999 and 1,000-4,999 members.

Therefore, in producing weighted tables of survey data, a 10-cell rather than 14-cell weighting matrix was used, as shown in Figure B.5.

**Figure B.5***Ten-cell weighting matrix*

<b>Weighting Cell</b>	<b>Schemes Interviewed</b>	<b>Universe Estimate</b>	<b>Schemes Represent</b>
<b>MNT schemes</b>			
DC 12-99	51	1,094	21.5
DC 100-999	55	564	10.3
DC 1,000+	37	106	2.9
DB 5-99	58	1,840	31.7
DB 100-999	61	2,352	38.6
DB 1,000-4,999	53	539	10.2
DB 5,000+	35	202	5.8
<b>MND schemes</b>			
All DC	58	727	12.5
DB 5-4,999	51	1,378	27.0
DB 5,000+	41	218	5.3

As a consequence of this approach, the weighted results from the survey (in 10 cells) do not produce entirely accurate estimates for the number of schemes in each cell of the 14-cell matrix. The level of inaccuracy is small, however, and likely to be less damaging to overall statistical robustness than grossing up using the original number of weighting cells, where some weights would have been based on very small cell sizes. The differences in approach, and outcome, are summarised in Figure B.6. This also demonstrates that variations between actual estimated cell sizes and those used to weight interview results occur only with respect to MND schemes. The weights based on 10 cells were applied to the raw data to provide the overall weighted survey findings.

**Figure B.6**

*MNT and MND universe estimates compared with apparent universe sizes derived from merging cells for weighting purposes*

	Total	DC 12-99	DC 100- 999	DC 1,000+	DB 5-99	DB 100- 999	DB 1,000- 4,999	DB 5,000+
Total estimated universe	9,020	1,576	745	170	2,335	2,906	869	420
Estimated MNT universe	6,697	1,094	564	106	1,840	2,352	539	202
Estimated MND universe	2,323	481	181	64	495	553	330	218
Total universe estimate used in weighted tables reporting 500 interviews	9,020	1,357	739	394	2,137	2,703	1,269	420
Variance	0	-219	-6	224	-198	-203	400	0
MNT universe estimate used in weighted tables	6,697	1094	564	106	1,840	2,352	539	202
Variance	0	0	0	0	0	0	0	0
MND universe estimate used in weighted tables	2,323	263	175	288	297	351	729	218
Variance	0	-218	-6	224	-198	-202	399	0

#### **B.4 Calculating statistical validity**

Previous sections explained how the weighting processes enabled calculation of the universes and 'grossing up' survey findings to these universes.

The weighting processes also took account of the effects of biases recorded in contact and response rates, and the degree of weighting used on a cell by cell basis to 'gross up' the results to the total universe.

Procedures were built into the weighting process to take account of differential participation rates (bias) due to telephone number sourcing, differential screening and eligibility rates across all cells in the matrix and also to remove non-response bias with respect to the key variables, namely scheme size and status.

Cell weightings based on information from the SCORE database for the original 13,699 schemes and information from the screening process with regard to eligibility were applied to help counteract the effect of non-response. This stage of weighting (wt1) calculated a weight for each of the cells to correct for three stages of non-participation bias: Contact Success Rate (CR), Screener Response Rate (SR) and Eligibility Rate (ER) amongst successfully screened schemes:

$$wt1 = 1/CR \times 1/SR \times 1/ER$$

A second weight (wt2) was created to correct for the last stage of non-participation bias, that due to differential Response Rates (RR) amongst eligible schemes:

$$wt2 = 1/RR$$

Combining the two-stage weights, our final weighting (Wt) applied cell by cell was:

$$Wt = wt1 \times wt2$$

## **B.5 Implications of the weighting process for statistical accuracy**

The effect of weighting to remove the impact of bias due to the two weighting variables (size and status), on the precision of survey estimates (standard errors and confidence intervals) has been estimated by using the design factor (DEFT) and the net effective sample size (neff):

- The 'DEFT' is defined as the ratio of the standard error after weighting to the standard error prior to weighting, and is a measure of how weighting has affected the standard error of the estimates. A DEFT of 1.0 would indicate that there is no difference between the weighted and unweighted standard errors
- The 'neff' is the size of the unweighted sample that would have produced the same precision as the weighted sample

This enabled us to calculate the accuracy of the findings (i.e. margins of error at the 95% confidence level). For example, if we estimated that respondents representing 34% of schemes implemented a certain policy, we have been able to calculate what survey-specific margin of error (+ / -) amount to apply to that finding to say that we are 95% certain the true answer lies in that range. This survey-specific approach is preferable to relying on standard rules or assumptions applicable only to truly random samples.

Calculations also took into account the relationship between the estimated universe of schemes and the number of interviews achieved in each cell. Where universe in a cell was small and we interviewed a reasonably high proportion of the schemes, we could apply a small universe statistical adjustment – the finite population corrector for small populations:

$$\text{SQRT}(1-n/N), \text{ where } n = \text{sample size and } N = \text{population estimate}$$

This corrector reduces the statistical margin of error (the effective estimated standard error) for these cells, because the error estimate in these cases is less than expected from applying standard statistical rules for simple random samples drawn from a large universe. This adjustment was applied in two cells where the ratio of sampled schemes versus universe was greater than 0.2, namely MNT DC 1,000+ and MND DB 5,000+ schemes.

After allowing for this adjustment, the DEFT for this survey was 1.193 and, therefore, the margins of error in the results were in practice greater than would be associated with a truly random sample of 500, meaning that our 'neff' was 351.5.

## **Appendix C      INTRODUCTORY LETTER**

---

January 2007

### Dear Sir or Madam

I am writing to let you know about an important research study of the governance of UK occupational pension schemes. Your scheme has been selected at random and I hope that, if contacted, you will be happy to participate.

#### What will the research involve?

The study, being conducted on our behalf by an independent research agency (RS Consulting), will involve several hundred telephone interviews with trustees during February and March. Interviews will last approximately 25 minutes and will focus on the governance practices of the board of trustees. All interviews will be conducted by Critical Research (RS Consulting's interviewing partner), and by way of thanks all participating schemes will receive a summary of the study findings.

#### The research findings

In strict accordance with Market Research Society guidelines, all information provided will be treated in strict confidence and reported to the Pensions Regulator on a collective and anonymous basis.

#### And finally...

If you have any questions about the research or about RS Consulting, please contact Jane Lyons (Research Manager) at the Pensions Regulator on 01273 627220. As sponsors of the study we are mindful of the burden placed on participants. However, regardless of the circumstances of your scheme, your contribution in the 2007 study will be most valuable and we would like to thank you in advance for your support, in particular if you also participated in the 2006 study.

Yours faithfully



John Ashcroft  
Head of Strategy  
Email: [john.ashcroft@thepensionsregulator.gov.uk](mailto:john.ashcroft@thepensionsregulator.gov.uk)

**Appendix D**

**SCREENING AND MAIN STAGE  
QUESTIONNAIRES**

---

**SCREENER AND CLASSIFICATION QUESTIONS**

**SWITCHBOARD:**

Good morning / afternoon, my name is \_\_\_\_\_, from Critical, an independent research company. I am calling on behalf of the Pensions Regulator, with regard to **[SCHEME NAME]**. Could you put me through to someone who might be able to help me, for instance a trustee, secretary to the trustees or pensions manager of **[SCHEME NAME]**?

**TARGET RESPONDENT:**

Good morning / afternoon, my name is \_\_\_\_\_, from Critical, an independent research company. We are conducting a study on behalf of the Pensions Regulator to enhance its understanding of how occupational pension schemes are administered and governed. We are calling specifically with regard to **[SCHEME NAME]**, which is registered as scheme number **[SCHEME REGISTRATION NUMBER]**.

**IF SAME RESPONDENT INTERVIEWED LAST YEAR ABOUT THE SAME SCHEME, ADD:**

You were kind enough to take part in a telephone interview for the first wave of this study, which was conducted in early 2006. We are very grateful that you took the time and effort to participate and we hope that you will be able to help again this year.

**IF RESPONDENT IS A REFERRAL, ADD:**

I was referred to you by **[NAME OF REFERRER]**, who told us that you might be able to help us on this matter.

S1 Your scheme was recently sent a letter from the Pensions Regulator explaining the purpose of this research. Did this letter reach you?

Yes	1
No	2
Don't know	99

**IF NO / DON'T KNOW, OFFER TO SEND RESPONDENT A COPY OF THE LETTER AND CALL BACK AT A LATER DATE, UNLESS RESPONDENT IS WILLING TO PROCEED WITH THE INTERVIEW IMMEDIATELY, OR OFFER TO READ OUT THE LETTER**

**READ OUT IF RESPONDENT DID NOT PARTICIPATE LAST YEAR, OTHERWISE ONLY IF NECESSARY**

This study consists of a number of interviews with occupational pension schemes of different types and sizes. Your scheme has been selected at random from the Pensions Regulator's Pension Scheme Registry records. Your scheme's contribution to the study will be very valuable, and will be held in the strictest confidence. It will not be passed on to Pensions Regulator staff. Neither you nor anyone else in your organisation, nor the organisation itself, will be identifiable in the findings from the study.

**READ OUT**

As a 'thank you' for your participation in this study, we will send the scheme a summary of the report produced as a result of this research.

**READ OUT IF RESPONDENT COMPLAINS THAT HE / SHE HAS ALREADY PROVIDED INFORMATION IN THE ANNUAL SCHEME RETURN**

I understand that you have been asked to provide some of this information as part of the Annual Scheme Return sent to the Pensions Regulator. Although this information is available to us through the Pensions Regulator, we wish to collect the most up-to-date information over the telephone for this research, as scheme characteristics such as status and membership are liable to change over time. I can assure you that there is only a limited amount of repetition.

**TICK IF STATEMENT NEEDED TO BE READ OUT**

**READ OUT IF SAME RESPONDENT WAS INTERVIEWED LAST YEAR ABOUT THE SAME SCHEME:**

Although we are aware that you provided information on the characteristics of your pension scheme during last year's study, we wish to collect the most up-to-date information over the telephone for this research, as scheme characteristics such as status and membership are liable to change over time.

S2 Could you spare me a couple of minutes now to answer a few basic questions about [SCHEME NAME]?

- Yes 1 **CONTINUE**
- Can help, but not now 2 **RESCHEDULE FOR SCREENER**
- Cannot help at all 3 **ASK FOR REFERRAL FOR SCREENER; THANK & CLOSE**

S3 As an initial check on scheme characteristics, could you just confirm whether any of the following apply to [SCHEME NAME]?

**READ OUT**

**ONCE A CODE 1 SELECTED, DO NOT READ OUT OTHER STATEMENTS**

		Yes	No	Don't know
a	The scheme is a small, self administered scheme, or 'SSAS'. These are set up specifically for a small number of members: usually 12 or fewer, and typically for a group of directors	1	2	99
b	The scheme is a Self-Invested Personal Pension, or 'SIPP'. These are typically set up for a small number of members or for one member only	1	2	99
c	The scheme is a Group Stakeholder Pension or Group Personal Pension (GPP). This is a collection of individual personal pensions, rather than a single scheme with its own trustees	1	2	99
d	The scheme is a centrally funded public sector scheme	1	2	99

**IF CODE 1 TO ANY AT S3, SCHEME IS INELIGIBLE.**

**IF 'DON'T KNOW' TO ANY AT S3 AND IF SCHEME NOT INELIGIBLE ON ANY OTHER GROUNDS, MUST CALL BACK OR SEEK REFERRAL FOR THIS INFORMATION**

**IF CODE 1 AT S3c, ASK S4**

- S4 Can I therefore ask you to confirm that the scheme does not have a board of trustees that makes decisions on behalf of scheme members?

Yes, I can confirm this	1	<b>CONTINUE</b>
No, there is a board of trustees	2	<b>REVIEW CODE GIVEN AT S3c</b>
Don't know	99	<b>MUST CALL BACK OR SEEK REFERRAL FOR SCREENER</b>

- S5 Please could you clarify your role in this scheme?

**IF CODE 1 AT S3c, READ ONLY CODES 7, 8, 9 AND 10**

**OTHERWISE: READ OUT CODES 1-5; THEN READ OUT CODES 6-10, ONLY IF 1-5 NOT CODED**

**CODE ALL THAT APPLY**

Chairman of the board of trustees	1	
Chairman of one of the subcommittees	2	
Professional trustee	3	<b>CANNOT ALSO CODE 4</b>
Lay trustee	4	<b>CANNOT ALSO CODE 3</b>
Director of a company that is a trustee	5	<b>DO NOT ASK IF CODE 3 APPLIES</b>

-----

Secretary to the trustees	6	
Scheme adviser	7	
Pensions manager	8	
Scheme administrator	9	
Other ( <b>WRITE IN:</b> _____)	10	

- S6 Does [SCHEME NAME] provide any benefits on the following basis ...?

**READ OUT; MULTICODE POSSIBLE**

**CODE 1 REQUIRED FOR AT LEAST ONE OF S6a, S6b AND S6c**

**IF RESPONDENT MENTIONS AVCs REPEAT QUESTION SAYING “Leaving aside AVCs, does the scheme provide any benefits on the following basis ...?”**

	Yes	No	Don't know
a) Defined benefit (i.e. final salary or average salary)	1	2	99
b) Defined contribution (i.e. money purchase)	1	2	99
c) Death in service / life cover	1	2	99

**IF ‘DON’T KNOW’ AT S6a OR S6b, MUST CALL BACK OR SEEK REFERRAL FOR SCREENER**

**IF CODE 1 AT S6c AND CODE 2 AT S6a AND CODE 2 AT S6b, SCHEME IS INELIGIBLE; CONTINUE<sup>11</sup>**

**IF CODE 1 AT S6a AND S6b, ASK S7**

S7 Is [SCHEME NAME] a...?

**ALWAYS READ OUT BOTH CODES; CANNOT CODE 1 AT S7a AND S7b**

	Yes	No	Don't know
a) Hybrid scheme, which provides defined benefits with a defined contribution underpin or vice versa, <u>or</u>	1	2	99
b) Sectionalised scheme, for example one with a defined contribution section for new entrants and a closed defined benefit section	1	2	99

**IF NECESSARY:** Members of a hybrid scheme are entitled to both DB and DC benefits, whereas in a sectionalised scheme, some members are entitled only to DB benefits while others are entitled only to DC benefits.

**IF ‘DON’T KNOW’ AT S7a OR S7b, MUST CALL BACK OR SEEK REFERRAL FOR SCREENER**

S8 And how would you describe the current status of this scheme? Would you say that it is...?

**READ OUT. IF 1 CODED, DO NOT READ OUT OTHER CODES**

Open to new entrants	1	<b>CONTINUE</b>
Closed to new entrants	2	<b>CONTINUE</b>

---

<sup>11</sup> Full screening information was required, as this was used in universe building, even if the scheme did not qualify for participation in the main interview.

Frozen or paid up	3	<b>CONTINUE</b>
-----		
In the process of winding up	4	<b>IF CODES 4, 5 OR 6, SCHEME IS INELIGIBLE;</b>
Wound up / terminated	5	
In the process of merging / recently merged with another scheme	6	
Don't know	99	<b>MUST CALL BACK OR SEEK REFERRAL FOR SCREENER</b>

**IF 2 CODED, READ THE FOLLOWING TEXT:**

Could you please confirm for me that the scheme is not frozen or paid up, in the process of winding up, wound up or terminated, or in the process of merging with another scheme?

**RECODE APPROPRIATELY IF ONE OF THESE APPLIES**

S9 How many members does **[SCHEME NAME]** have, including all active, deferred and pensioner members. Would you say it has...?

4 members or fewer	1	<b>SCHEME IS INELIGIBLE; CONTINUE</b>
-----		
5 to 11 members	2	<b>IF DC SCHEME (I.E. CODE 2 AT S6a AND CODE 1 AT S6b), SCHEME IS INELIGIBLE; CONTINUE</b>
-----		
12 to 99 members	3	<b>CONTINUE</b>
100 to 999 members	4	<b>CONTINUE</b>
1,000 to 4,999 members	5	<b>CONTINUE</b>
5,000 to 9,999 members	6	<b>CONTINUE</b>
10,000 or more members	7	<b>CONTINUE</b>
Don't know	99	<b>MUST CALL BACK OR SEEK REFERRAL FOR SCREENER</b>

**ELIGIBILITY INSTRUCTIONS:**

**IF SCHEME INELIGIBLE, THANK AND CLOSE  
OTHERWISE CONTINUE**

**FOR S10 TO S11 IF THE ANSWER IS 'DON'T KNOW', CALL BACK OR SEEK REFERRAL. 'DON'T KNOW' IS NOT AN ACCEPTABLE ANSWER.**

Now some questions about the legal form or forms of the board of trustees. Some boards have companies as trustees, some are made up of individuals acting each in their own right as a trustee and some have a combination of companies and individuals acting as trustees.

S10 Do you have any of the following on your board of trustees ...?

	Yes	No	Don't know
a) A company that has been specifically formed to act as trustee of this scheme <b>IF NECESSARY:</b> this is also known as a corporate trustee	1	2	99
b) A sponsoring, principal or associated employer company or companies acting as a trustee <b>(IF CODE 1 AT S10a:</b> i.e. an employer company that is a trustee in its own right, <b>not</b> a director of the company specifically formed to act as trustee of this scheme)	1	2	99
c) Individuals who are trustees in their own right <b>IF NECESSARY:</b> <b>Not</b> Directors of a company that has been specifically formed to act as trustee of this scheme	1	2	99

S11 How many professional trustees or trustee companies (if any **BUT EXCLUDE 'IF ANY' IF CODE 3 AT S5**) are there on the board?

None	1	<b>SKIP TO S13</b>
One	2	<b>CONTINUE</b>
More than one	3	<b>CONTINUE</b>
Don't know	99	<b>SKIP TO S13</b>

S12a **ASK IF CODE 1 AT S10a AND CODE 2 AT S11 AND CODE 3 AT S5:** Are you on the board of trustees in your own right **or** as a director of the company formed specifically to act as trustee?

S12b **ASK IF (CODE 1 AT S10a AND CODE 2 AT S11) AND NOT CODE 3 AT S5:** Is the professional trustee on the board of trustees in his or her own right **or** as a director of the company formed specifically to act as trustee?

S12c **ASK IF CODE 1 AT S10a AND CODE 3 AT S11:** Are the professional trustees on the board of trustees in their own right or as directors of the company formed specifically to act as trustee?

Yes, in own right	1	
Yes, as director(s) of company trustee	2	
Both	3	<b>ONLY AVAILABLE IF CODE 3 AT S11</b>
Don't know	99	

**IF CODE 2 AT S10a AUTOMATICALLY CODE S12 AS 1.**

**IF THE SCHEME HAS NO TRUSTEES (S10a-c AND S11 ALL CODE 2),**

**IT IS INELIGIBLE: THANK AND CLOSE**

**IF CODE 1, 2, 3, 4 OR 5 AT S5 (I.E. RESPONDENT IS A TRUSTEE), ASK S13 TO S18**

**IF CODE 1 AT S10c AND (CODE 1 AT S10a OR CODE 1 AT S10b OR [CODE 2 OR CODE 3 AT S11])**

S13 Are you an individually-appointed trustee?

Yes	1	<b>CONTINUE</b>
No	2	<b>SKIP TO S16</b>
Don't know	99	<b>SKIP TO S17</b>

**IF CODE 1 AT S13, OR IF SCHEME ONLY HAS INDIVIDUAL TRUSTEES (I.E. CODE 1 AT S10c AND CODE 2 AT S10a AND CODE 2 AT S10b AND CODE 1 AT S11)**

S14 Are you ...?

**SINGLE CODE ONLY**

**INTERVIEWER NOTE: RESPONDENTS MAY REFER TO MEMBER-NOMINATED TRUSTEES AS EMPLOYEE- OR PENSIONER-NOMINATED TRUSTEES, AND EMPLOYER-NOMINATED TRUSTEES AS COMPANY-NOMINATED TRUSTEES**

A member-nominated trustee,	1
An employer-nominated trustee, or	2
Neither an employer- nor member-nominated trustee	3
Don't know	99

**IF SCHEME ONLY HAS CORPORATE TRUSTEES, I.E. IF CODE 2 AT S10c AND (CODE 1 AT S10a OR S10b OR [CODE 2 OR CODE 3 AT S11])**

S15 Are you ...?

**SINGLE CODE ONLY**

**IF NECESSARY:** by 'director', I am referring to a director of a company that has been specifically formed to act as trustee of this scheme

A member-nominated director,	1
An employer-nominated director, or	2
Neither an employer- nor member-nominated director	3
Don't know	99

**IF SCHEME HAS CORPORATE AND INDEPENDENT TRUSTEES, BUT RESPONDENT IS NOT AN INDIVIDUAL TRUSTEE, I.E. CODE 1 AT S10c AND (CODE 1 AT S10a OR CODE 1 AT S10b OR [CODE 2 OR CODE 3 AT S11]) AND NOT CODE 1 AT S13**

S16 Is the company you represent ...?

**SINGLE CODE ONLY**

A member-nominated trustee or represented on the board of a member-nominated trustee	1
An employer-nominated trustee, or represented on the board of an employer-nominated trustee	2
Neither an employer- nor member-nominated trustee or represented on the board of such a trustee	3
Don't know	99

S17 Are you the longest-serving trustee on [**SCHEME NAME'S**] board?

Yes	1
No	2
Don't know	99

S18 As [**ROLE GIVEN AT S5 (BUT INSERT "a trustee" INSTEAD OF "lay trustee" or "director of a company that is a scheme trustee")**], OR **ROLE GIVEN AT S17 IF CODED 1**], may I talk to you about the policies and practices of the trustees in relation to the governance and administration of the [**SCHEME NAME**]?

Yes	1	<b>SKIP TO MAIN QUESTIONNAIRE PREAMBLE</b>
No	2	<b>CONTINUE</b>

**S19 IF CODE 2 AT S18**

Would you then be able to provide me with the contact details of a trustee who might be able to help me in this respect? Do you have contact details for...?

**IF NONE OF CODE 1 TO 5 AT S5**

Thank you for this information. In order to complete this research, we need to speak to an appropriate pension scheme trustee. Would you be able to provide us with contact details for...?

**READ OUT LIST IN GIVEN ORDER AND RECORD ALL CONTACT DETAILS RESPONDENT IS ABLE TO PROVIDE. LATER TO BE CONTACTED IN PRIORITY ORDER**

**READ OUT IF NECESSARY:**

I can assure you that the information collected in this study will be treated in complete confidence.

**IF RESPONDENT REFUSES TO GIVE OUT CONTACT DETAILS, READ OUT:**

Would you be willing to contact trustees yourself and ask them if they are willing for you to pass on their details to me? I can then call back later to obtain their details.

Chairman of the board of trustees	1	<b>DO NOT READ IF CODE 1 AT S5</b>
Longest-serving trustee	2	<b>DO NOT READ IF CODE 1 AT S17</b>
A / Another Professional trustee	3	<b>IF CODE 3 AT S5, ADD 'ANOTHER'</b>
A / Another trustee able to speak with knowledge and authority about governance arrangements, e.g. Chairman of Investment Subcommittee or a trustee who is a trade union representative	4	

**FOR EACH TRUSTEE, RECORD:**

Name: \_\_\_\_\_

Role: \_\_\_\_\_

Phone: \_\_\_\_\_

**FOR SCREENER RESPONDENT, RECORD:**

Name: \_\_\_\_\_

Role: \_\_\_\_\_

Phone: \_\_\_\_\_

**THANK & CLOSE**

**MAIN QUESTIONNAIRE PREAMBLE**

Thank you for this information, we would now like to ask you some more detailed questions about the practices of the trustees of this scheme. This will take approximately 20-30 minutes.

Let me just reassure you that the answers that you provide will be treated in total confidence. We need you to answer as frankly as possible so that we can develop a clear picture of how pension schemes are governed.

**CONTACTING REFERRALS, I.E. MAIN INTERVIEW RESPONDENT WHO DID NOT COMPLETE THE SCREENER**

Good morning / afternoon, my name is \_\_\_\_\_, from Critical, an independent research company. We are conducting a study on behalf of the Pensions Regulator to enhance its understanding of how occupational pension schemes are administered and governed. We are calling specifically with regard to **[SCHEME NAME]**, which is registered as scheme number **[SCHEME REGISTRATION NUMBER]**.

**IF SAME RESPONDENT INTERVIEWED LAST YEAR ABOUT THE SAME SCHEME, ADD:**

You were kind enough to take part in a telephone interview for the first wave of this study, which was conducted in early 2006. We are very grateful that you took the time and effort to participate and we hope that you will be able to help again this year.

I was referred to you by **[NAME OF REFERRER]**, who told us that you might be able to help us on this matter.

Your scheme was recently sent a letter from the Pensions Regulator explaining the purpose of this research.

**IF RESPONDENT HAS NOT RECEIVED LETTER, OFFER TO SEND RESPONDENT A COPY OF THE LETTER AND CALL BACK AT A LATER DATE, UNLESS RESPONDENT IS WILLING TO PROCEED WITH THE INTERVIEW IMMEDIATELY, OR TO READ OUT THE LETTER**

**READ OUT IF RESPONDENT DID NOT PARTICIPATE LAST YEAR, OTHERWISE ONLY IF NECESSARY**

This study consists of a number of interviews with occupational pension schemes of different types and sizes. Your scheme has been selected at random from the Pensions Regulator's Pension Scheme Registry records. Your scheme's contribution to the study will be very valuable, and will be held in the strictest confidence. It will not be passed on to Pensions Regulator staff. Neither you nor anyone else in your organisation, nor the organisation itself, will be identifiable in the findings from the study.

We would like to ask you some detailed questions about the practices of the trustees of this scheme. This will take approximately 20-30 minutes.

Let me just reassure you that the answers that you provide will be treated in total confidence. We need you to answer as frankly as possible so that we can develop a clear picture of how pension schemes are governed.

## Pension Scheme Governance Survey 2007

### Screener Questionnaire



#### **READ OUT**

As a 'thank you' for your participation in this study, we will send you a summary of the report produced as a result of this research.

#### **READ OUT IF SAME RESPONDENT WAS INTERVIEWED LAST YEAR ABOUT THE SAME SCHEME**

Although we are aware that you provided information on the characteristics of your pension scheme during last year's study, we wish to collect the most up-to-date information over the telephone for this research, as scheme characteristics such as status and membership are liable to change over time.

R1 Can I just confirm that you are [TRUSTEE ROLE] of [SCHEME NAME]?

- |                                     |   |                                    |
|-------------------------------------|---|------------------------------------|
| Yes                                 | 1 | <b>SKIP TO R3</b>                  |
| No, I have a different trustee role | 2 | <b>CONTINUE</b>                    |
| No, I am not a trustee              | 3 | <b>SEEK ALTERNATIVE RESPONDENT</b> |

R2 In that case, could you please confirm your role in this scheme?

**CODE ALL THAT APPLY; CANNOT CODE 3 AND 4**

- |   |   |
|---|---|
| Chairman of the board of trustees       | 1 |
| Chairman of one of the subcommittees    | 2 |
| Professional trustee                    | 3 |
| Lay trustee                             | 4 |
| Director of a company that is a trustee | 5 |

R3 Are you the longest-serving trustee on [SCHEME NAME'S] board?

- |            |    |
|------------|----|
| Yes        | 1  |
| No         | 2  |
| Don't know | 99 |

R4 As [ROLE GIVEN AT R2 (BUT INSERT "a trustee" INSTEAD OF "lay trustee" or "director of a company that is a scheme trustee"), OR ROLE GIVEN AT R3 IF CODED 1], may I talk to you about the policies and practices of the trustees in relation to the governance and administration of the scheme?

- |     |   |                                    |
|-----|---|------------------------------------|
| Yes | 1 | <b>CONTINUE</b>                    |
| No  | 2 | <b>SEEK ALTERNATIVE RESPONDENT</b> |

**IF CODE 1 AT S10c AND (CODE 1 AT S10a OR CODE 1 AT S10b OR [CODE 2 OR CODE 3 AT S11])**

R5 Are you an individually-appointed trustee?

- |            |    |                                   |
|------------|----|-----------------------------------|
| Yes        | 1  | <b>CONTINUE</b>                   |
| No         | 2  | <b>SKIP TO R8</b>                 |
| Don't know | 99 | <b>SKIP TO MAIN QUESTIONNAIRE</b> |

**IF CODE 1 AT S13, OR IF SCHEME ONLY HAS INDIVIDUAL TRUSTEES (I.E. CODE 1 AT S10c AND CODE 2 AT S10a AND CODE 2 AT S10b AND CODE 1 AT S11)**

R6 Are you ...?

**SINGLE CODE ONLY**

A member-nominated trustee,	1
An employer-nominated trustee, or	2
Neither an employer- nor member-nominated trustee	3
Don't know	99

**IF SCHEME ONLY HAS CORPORATE TRUSTEES, I.E. IF CODE 2 AT S10c AND (CODE 1 AT S10a OR S10b OR [CODE 2 OR CODE 3 AT S11])**

R7 Are you ...?

**SINGLE CODE ONLY**

A member-nominated director,	1
An employer-nominated director, or	2
Neither an employer- nor member-nominated director	3
Don't know	99

**IF SCHEME HAS CORPORATE AND INDEPENDENT TRUSTEES, BUT RESPONDENT IS NOT AN INDIVIDUAL TRUSTEE, I.E. CODE 1 AT S10c AND (CODE 1 AT S10a OR CODE 1 AT S10b OR [CODE 2 OR CODE 3 AT S11]) AND NOT CODE 1 AT S13**

R8 Is the company you represent ...?

**SINGLE CODE ONLY**

A member-nominated trustee or represented on the board of a member-nominated trustee	1
An employer-nominated trustee, or represented on the board of an employer-nominated trustee	2
Neither an employer- nor member-nominated trustee or represented on the board of such a trustee	3
Don't know	99

**Pension Scheme Governance Survey 2007**

**Screener Questionnaire**



**ANY SCREENER QUESTIONS FOR WHICH ANSWERS ARE MISSING WILL BE ASKED EITHER AT CALL-BACK OR AT MAIN INTERVIEW.**

**INTERVIEW CANNOT PROCEED IF ESSENTIAL ANSWERS ARE MISSING, I.E. THOSE WHICH DETERMINE WHETHER OR NOT SCHEME IS ELIGIBLE**

### SECTION A: About the scheme

#### READ OUT

I would now like to talk about [**SCHEME NAME**] in some detail, starting with some general information about the scheme.

A1 Would you classify this scheme as one which is wholly insured, i.e. a scheme that has no investments other than long-term insurance policies?

Yes	1
No	2
Don't know	99

A2 How many employers participate in this scheme?

A single employer	1
More than one employer	2
Don't know	99

### SECTION B: Trustee board and sub-committee meetings

#### READ OUT

I would now like to ask you a question concerning the board of trustees of [**SCHEME NAME**].

B1 Thinking now about the formal meetings that scheme trustees hold, on average, how frequently are meetings of the full trustee board held?

**READ OUT IF NECESSARY:** Are they held monthly, less than monthly but at least every 3 months, less than quarterly but at least every 6 months, less than 6 monthly but at least annually, less than annually or have you have never held a trustee meeting?

Monthly	6
Less than monthly but at least every 3 months	5
Less than quarterly but at least every 6 months	4
Less than 6 monthly but at least annually	3
Less than annually	2
Have never held a trustee meeting	1
Don't know	99

**DO NOT ASK B2 AND B3, IF THE SCHEME IS DC, FROZEN AND FULLY INSURED (I.E. CODE 2 AT S6a AND CODE 1 AT S6b, AND CODE 3 AT S8 AND CODE 1 AT A1)**

B2 Does your scheme have any sub-committees, i.e. any committees made up of some but not all pension trustees?

Yes	1	<b>CONTINUE</b>
No	2	<b>SKIP TO SECTION C</b>
Don't know	99	<b>SKIP TO SECTION C</b>

B3 Have sub-committees been set up to take responsibility for any of the following issues?

	Yes	No	Don't know
a) Audit	1	2	99
b) Investment	1	2	99
c) Scheme funding	1	2	99
d) Benefit	1	2	99
e) Communications	1	2	99

f)	Administration and operations	1	2	99
g)	And does your scheme have any other sub-committee? ( <b>WRITE IN:</b> _____)	1	2	99

**SECTION C: Trustee knowledge and understanding; recruitment and retention of trustees**

**READ OUT**

We would like to know more about the learning activities that are undertaken by pension scheme trustees.

C1 In the last 12 months has the board of trustees [**IF CODE 1 AT B2:** or a sub-committee of the trustee board] formally assessed the learning needs of some or all of the scheme's trustees?

**IF NECESSARY:** By this I mean a documented assessment of each board member's learning needs against a set of learning outcomes

Yes	1	<b>SKIP TO C3</b>
No	2	<b>CONTINUE</b>
Don't know	99	<b>SKIP TO C3</b>

C2 Although this has not happened, do any of the following apply?  
**CANNOT CODE 1 AT C2b AND C2c**

	Yes	No	Don't know
a) A formal assessment of learning needs took place over 12 months ago but within the last 3 years	1	2	99
b) A formal assessment of learning needs is planned for the near future	1	2	99
c) There are no immediate plans for a formal assessment	1	2	99

C3 In each of the following cases can you say whether you consider the board's collective understanding to be very good, quite good, poor or very poor?

		Very good	Quite good	Poor	Very poor	Don't know
a	Firstly, the provisions of the scheme's rules, procedures and policies	4	3	2	1	99
b	The role of the scheme trustees	4	3	2	1	99
c	Assessing the performance of advisers to the scheme	4	3	2	1	99
d	How the scheme's assets are invested	4	3	2	1	99
e	How the scheme is funded <b>ONLY SCHEMES WITH A DB ELEMENT (CODE 1 AT S6a)</b>	4	3	2	1	99
f	The scheme's actuarial valuations <b>ONLY SCHEMES WITH A DB ELEMENT (CODE 1 AT S6a)</b>	4	3	2	1	99

g	<p><b>PROGRAMMER NOTE: START QUESTION ANEW:</b></p> <p>I would also like to ask about the employer covenant, which is the employer's <b>[IF CODE 2 AT A2: employers']</b> ability and willingness to meet its scheme funding obligations...</p> <p>Would you say that the board's collective understanding of how to assess the employer covenant is very good, quite good, poor or very poor?</p> <p><b>ONLY SCHEMES WITH A DB ELEMENT (CODE 1 AT S6a)</b></p>	4	3	2	1	99
h	<p>The clearance process for sponsoring employers who are proposing to undertake a corporate transaction such as a merger, acquisition or disposal</p>	4	3	2	1	99

Now moving on to the subject of training...

C4a Does the employer **[IF CODE 2 AT A2: Do the employers]** allow employees who are trustees time off work for trustee training?

Yes	1	<b>CONTINUE</b>
No	2	<b>SKIP TO C5</b>
Don't know	99	<b>SKIP TO C5</b>

C4b Do you consider that the time off work allocated or allowed by the employer **[IF CODE 2 AT A2: employers]** for the purpose of trustee training is sufficient or not?

Yes, sufficient	1
No, not sufficient	2
Don't know	99

**IF CODE 2 OR CODE 3 AT S11 AND THE RESPONDENT IS NOT A PROFESSIONAL TRUSTEE (CODE 3 AT S5 OR R2), READ OUT:** I will be making reference to professional trustees. For the purposes of this research, a professional trustee is a trustee who is paid for the expertise they bring to the trustee board and is independent of both the scheme and the employer, i.e. they are not an employee of a sponsoring employer company and not a member of the scheme

C5 Thinking more about the learning activities that are offered to trustees, generally speaking **[IF CODE 2 OR 3 AT S11, READ OUT:** excluding any paid, professional trustees] are trustees...?

		Yes	No	Don't know
a	Provided with an induction programme of learning activities on appointment	1	2	99
b	Encouraged to undertake formal qualifications such as the PMI (Pensions Management Institute) trustee qualification	1	2	99
c	Encouraged to undertake their own learning to fill gaps in their knowledge	1	2	99

C6 Have any of the trustees **[IF CODE 2 OR 3 AT S11, READ OUT: excluding any paid, professional trustees]** undertaken any formal, structured training on any of the following during the last 12 months? By this, we mean attendance at a training course, or training arranged as a separate item at a board meeting.

	Yes	No	Don't know
a) Firstly, introductory level training, i.e. basics for new trustees or refresher courses for existing trustees about their responsibilities	1	2	99
b) Other more advanced or specific training, i.e. for trustees who have had prior training and experience	1	2	99

C7 Does the board of trustees have a formal, documented policy on Trustee Knowledge and Understanding (TKU)?

Yes	1
No	2
Don't know	99

I would now like to ask you a question about the e-learning Trustee Toolkit that is available on the Pensions Regulator's website.

C8 Approximately how many members of the trustee board, if any, have made use of the Trustee Toolkit? Would you say that all or most have used it, some (at least half) have used it, at least one has used it or none has used it?

All or most have used it	4
Some (at least half) have used it	3
At least one has used it	2
None has used it	1
Don't know	99

Moving on to talk about the recruitment and retention of trustees ...

C9 Does the employer **[IF CODE 2 AT A2: Do the employers]** encourage employees to take up the role of trustee or not?

Yes	1
No	2
Don't know	99

C10a In the last 12 months, has the board of trustees experienced any difficulties in retaining existing trustees?

Yes	1	<b>CONTINUE</b>
No	2	<b>SKIP TO 11a</b>
Don't know	99	<b>SKIP TO 11a</b>

C10b And did these difficulties relate to member-nominated trustees, employer-nominated trustees or both?

Member-nominated only	1	<b>CONTINUE</b>
Employer-nominated only	2	<b>CONTINUE</b>
Both	3	<b>CONTINUE</b>
Don't know	99	<b>SKIP TO 11a</b>

C10c Could you please describe these difficulties?

Yes	1	<b>DESCRIPTION OF DIFFICULTIES: _____</b>
No	2	
Refused	98	
Don't know	99	

C11a In the last 12 months, has the board of trustees experienced any difficulties in recruiting new trustees?

Yes	1	<b>CONTINUE</b>
No	2	<b>SKIP TO 12a</b>
Don't know	99	<b>SKIP TO 12a</b>

C11b And did these difficulties relate to member-nominated trustees, employer-nominated trustees or both?

Member-nominated only	1	<b>CONTINUE</b>
Employer-nominated only	2	<b>CONTINUE</b>
Both	3	<b>CONTINUE</b>
Don't know	99	<b>SKIP TO 12a</b>

C11c Could you please describe these difficulties?

Yes	1	<b>DESCRIPTION OF DIFFICULTIES: _____</b>
No	2	
Refused	98	
Don't know	99	

C12a Do you think that actions of the Pensions Regulator, such as issuing guidance and codes of practice, have made it easier or more difficult for your trustee board to recruit and / or retain trustees, or have they made no difference?

Would you say that they have made it much easier, slightly easier, slightly more difficult, much more difficult to recruit and retain trustees, or have they made no difference?

Much easier	5
Slightly easier	4
Slightly more difficult	3
Much more difficult	2
Made no difference	1
Don't know	99

**IF CODE 2 OR 3 AT C12a, ASK C12b**

C12b Can you describe how and why the actions of the Pensions Regulator have made it more difficult for your trustee board to recruit and / or retain trustees?

Yes 1 **DESCRIPTION OF DIFFICULTIES:** \_\_\_\_\_ -  
 No 2  
 Refused 98  
 Don't know 99

C13 I'm going to read you a list of items that may be considered to be barriers to a trustee board's conducting its role effectively. Can you tell me if any of these apply to your board of trustees, and, if so, do you consider this to be a major issue, a minor issue, or not an issue at all to your board's conducting its role effectively?  
 Is **[READ OUT FROM LIST BELOW]** an issue that applies to your scheme, and, if so, is this a major issue, a minor issue, or not an issue at all to your board's conducting its role effectively?

		Not an issue	Minor issue	Major issue	Does not apply to my scheme	Don't know
a	Insufficient training	1	2	3	4	99
b	Insufficient knowledge among trustees	1	2	3	4	99
c	Insufficient budget for trustee activities	1	2	2	4	99
d	The complexity of the scheme's arrangements	1	2	3	4	99
e	Lack of time available for trustees to devote to the scheme	1	2	3	4	99
f	The presence of a dominant individual on the trustee board	1	2	3	4	99
g	Conflicts of interest	1	2	3	4	99
h	Actions of the Pensions Regulator	1	2	3	4	99
j	Turnover of senior staff who are employer-nominated trustees	1	2	3	4	99
k	Risk and additional responsibilities carried by the trustees	1	2	3	4	99

**SECTION D: Managing the scheme administration**

**READ OUT**

Now I would like to ask you a few questions about the administration of the scheme.

D1 Which of the following is the main provider of administration services for this scheme?  
**READ OUT; SINGLE CODE ONLY**

**SECTIONALISED SCHEMES ONLY (CODE 1 AT S7b): IF DB AND DC ELEMENTS OF SCHEME HAVE DIFFERENT PROVIDERS, ASK WHICH HAS MOST MEMBERS AND CONCENTRATE ON THIS**

A firm of third party administrators (TPA), i.e. a company which specialises in providing administrative services for pension schemes	1	<b>CONTINUE</b>
A dedicated in-house admin team	2	<b>SKIP TO D3a</b>
The scheme insurer (not TPA)	3	<b>CONTINUE</b>
<b>DO NOT READ OUT CODE 4:</b>		
Scheme trustees	4	<b>SKIP TO SECTION E</b>
Other ( <b>WRITE IN:</b> _____)	5	<b>CONTINUE</b>
No main provider	6	<b>SKIP TO SECTION E</b>
Don't know	99	<b>SKIP TO SECTION E</b>

**IF RESPONDENT IS PROFESSIONAL TRUSTEE (CODE 3 AT S5 OR R2) AND CODE 1 OR CODE 3 OR CODE 5 AT D1, ASK D2**

D2 Is it your firm that is the main provider of administration services to the scheme?

Yes	1
No	2
Don't know	99

D3a Do service standards exist in relation to the service provided by the **[PROVIDER SELECTED AT D1, I.E. CODE 1, 2, 3 OR 5; BUT IF CODE 1 AT D2, REWORD TO "your firm"]**?

Yes	1	<b>CONTINUE</b>
No	2	<b>SKIP TO D3c</b>
Don't know	99	<b>SKIP TO D3c</b>

D3b Are these service standards documented?

Yes	1
No	2
Don't know	99

D3c **[IF CODE 2 AT D3b: Even though the service standards are not documented ...; IF CODE 2 AT D3a: Even though service standards do not exist ...; IF CODE 1 AT D3b: NO ADDITIONAL TEXT]**

How often does the **[PROVIDER SELECTED AT D1, I.E. CODE 1, 2, 3 OR 5; BUT IF CODE 1 AT D2, REWORD TO "your firm"]** provide formal reports on its level of service to the trustee board **[IF CODE 1 AT B2: or to a sub-committee of the board]**?

**READ OUT IF NECESSARY:** Does it provide formal reports at least monthly, at least every 3 months, at least every 6 months, at least annually, less often or never ?

At least monthly	5
At least every 3 months	4
At least every 6 months	3
At least annually	2
Less often or never	1
Don't know	99

**IF CODES 2, 3, 4 OR 5 at D3c:**

D4 Which, if any, of the following items do these administration reports cover?

**READ OUT**

		Yes	No	Don't know
a	Errors (e.g. incorrect calculation of interest earned, incorrect payment of benefits or incorrect contributions received)	1	2	99
b	Breaches of the law	1	2	99
c	Complaints	1	2	99
d	Failures of service standards	1	2	99
e	Investment and reconciliation of contributions and units. <b>IF NECESSARY:</b> This is the reconciliation between the units held by a scheme's investment manager and the units held on the administrator's database	1	2	99

D5 How often is scheme administration included as a formal agenda item at trustee board meetings? Would you say it is included always, usually, sometimes or rarely or not at all?

**READ OUT; SINGLE CODE**

Always	4
Usually	3
Sometimes	2
Rarely or not at all	1
Don't know	99

- D6 How often, if at all, does the board of trustees **[IF CODE 1 AT B2: or a sub-committee of the trustee board]** use the following methods to assess the quality of the service provided by the **[PROVIDER SELECTED AT D1, I.E. CODE 1, 2, 3 OR 5; BUT IF CODE 1 AT D2, REWORD TO "your firm"]**?  
Does the board **[READ OUT OPTIONS BELOW]** at least annually, at least once every 3 years, less frequently or never?

		At least annually	At least once every 3 years	Less frequently or never	Don't know
a	Check compliance with service standards <b>ONLY ASK IF CODE 1 AT D3b</b>	3	2	1	99
b	Consider patterns of complaints	3	2	1	99
c	Use member satisfaction surveys* or feedback forms	3	2	1	99
d	Use independent assessment other than member satisfaction surveys or feedback forms	3	2	1	99

**\*IF NECESSARY: member satisfaction surveys are surveys conducted by a scheme among its members to gauge their perceptions of and satisfaction with some or all of the following: the way the scheme is being run by its administrators, the performance of the scheme and the quality of communications or service provided by any relevant party (e.g. the pension provider, trustee board, administrators)**

**IF CODE 2 AT D1, ASK D7**

- D7 Are you head of or part of the in-house admin team?

Yes 1  
No 2  
Don't know 99

**SKIP TO E1, IF CODE 1 AT D2 OR IF CODE 1 AT D7**

- D8 How would you rate the current standards of administration provided by the **[PROVIDER SELECTED AT D1, I.E. CODE 1, 2, 3 OR 5]** in relation to ...? Would you rate it as very good, good, poor or very poor?

		Very good	Quite Good	Poor	Very Poor	Don't know
a	Timeliness	4	3	2	1	99
b	Value for money	4	3	2	1	99
c	Accuracy	4	3	2	1	99
d	Member satisfaction	4	3	2	1	99
e	Compliance and meeting legal requirements, e.g. disclosure	4	3	2	1	99

**SECTION E: Decision-making and conflicts of interest**

**READ OUT**

Now moving on to decision-making...

E1 How frequently does the board of trustees ...? Does it do so always, usually, sometimes, rarely or not at all?

		Always	Usually	Sometimes	Rarely or not at all	Don't know
a	Ensure that records are kept of the decisions it takes	4	3	2	1	99
b	Take steps to ensure decisions are implemented	4	3	2	1	99
c	Conduct reviews to check that decisions have been implemented effectively	4	3	2	1	99
d	Document where decision-making has been delegated	4	3	2	1	99

**SKIP TO SECTION F, IF THE SCHEME IS DC, FROZEN AND FULLY INSURED (I.E. CODE 2 AT S6a AND CODE 1 AT S6b AND CODE 3 AT S8 AND CODE 1 AT A1)**

**READ OUT**

At times, conflicts of interest may arise for trustees between their roles as a trustee and another role they play, as a company executive or scheme member, for example. I'd now like to talk briefly about this topic.

E2 Does the board of trustees ...?

		Yes	No	Don't know
a	Have a specific policy to manage trustees' own conflicts of interest as they arise	1	2	3
b	Have a means of identifying and recording potential conflicts of interest for each trustee	1	2	3
c	Keep and maintain a register of trustees' interests	1	2	3
d	Manage conflicts effectively	1	2	3

E3a Has the board of trustees had an actual or perceived conflict of interest to deal with in the past 12 months?

Yes	1	<b>CONTINUE</b>
No	2	<b>SKIP TO E4</b>
Don't know	99	<b>SKIP TO E4</b>

E3b Can you describe the conflict of interest briefly?

Yes ( <b>DESCRIPTION OF CONFLICT:</b> _____)	1	<b>CONTINUE</b>
No	2	<b>SKIP TO E4</b>
Refused	98	<b>SKIP TO E4</b>
Don't know	99	<b>SKIP TO E4</b>

E3c Can you say briefly what actions were taken in dealing with the conflict of interest?

Yes	1	(ACTIONS TAKEN: _____)
No	2	
Refused	98	
Don't know	99	

**ASK E4 ONLY OF SCHEMES WITH A DB ELEMENT (CODE 1 AT S6a)**

E4 To your knowledge, has the board of trustees ever been asked by the sponsoring employer [IF CODE 2 AT A2: employers] to offer inducements to members to transfer out of [IF CODE 1 AT S7a: a scheme providing defined benefits? IF CODE 1 AT S7b: the DB element of the scheme? IF NO CODE 1 AT S6b: the DB scheme?]

Yes	1
No	2
Don't know	99

**SECTION F: How the trustees use professional advisers and service providers**

**READ OUT**

In this part of the survey, we would like to seek your views on how the trustees use professional advisers.

F1 Which of the following types of external advisers and service providers are engaged by the board of trustees (ADD IF CODE 1 AT A1: either directly or via your insurers)?

	Yes	No	Don't know
a) Investment or fund manager (not simply the scheme insurer)	1	2	99
b) Investment consultant*	1	2	99
c) Actuary	1	2	99
d) Auditor	1	2	99
e) Legal adviser	1	2	99
f) Custodian**	1	2	99
g) Benefit consultant	1	2	99
h) Independent Financial Adviser (IFA)	1	2	99
j) Adviser in corporate finance	1	2	99
k) Communication consultant	1	2	99
l) Risk insurer***	1	2	99
m) AVC provider	1	2	99

\*IF NECESSARY: a professional adviser who advises a pension scheme on its long-term investment planning

\*\*IF NECESSARY: an organisation which holds and accounts for pension scheme assets (such as share certificates) on behalf of a fund manager or investment manager, or the trustees

\*\*\*IF NECESSARY: an insurance company that covers the scheme in the event of its having to make lump sum payments such as 'death in service' benefits to members or their dependents

F2 And is the firm of **[READ OUT OPTIONS BELOW, IF CODED 1 AT F1]** serving the scheme engaged to advise the employer **[IF CODE 2 AT A2: employers]** as well?  
**NOTE: F2 TO BE ASKED ONLY IN RESPECT OF c) d) e) g) h) AND j).**

	Yes	No	Don't know
c) Actuaries	1	2	99
d) Auditors	1	2	99
e) Legal advisers	1	2	99
g) Benefit consultants	1	2	99
h) Independent Financial Advisers (IFAs)	1	2	99
j) Advisers in corporate finance	1	2	99

F3 And is the same individual **[READ OUT OPTIONS BELOW, IF CODED 1 AT F2]** serving the scheme engaged to advise the employer **[IF CODE 2 AT A2: employers]** as well?  
**NOTE: F3 TO BE ASKED ONLY IN RESPECT OF c) d) e) g) h) AND j)**

	Yes	No	Don't know
c) Actuary	1	2	99
d) Auditor	1	2	99
e) Legal adviser	1	2	99
g) Benefit consultant	1	2	99
h) Independent Financial Adviser (IFA)	1	2	99
j) Adviser in corporate finance	1	2	99

**IF CODE 1 AT ANY OF F3c, d, e, g, h OR j, ASK F4a**

F4a Do you think that that the scheme's engaging the same individual advisers **[IF CODE 1 AT ONLY ONE OF F3c, d, e, g, h, j: adviser]** as the employer **[IF CODE 2 AT A2: employers]** creates potential conflicts of interest?

Yes	1
No	2
Don't know	99

F4b In the last 12 months, has the board of trustees changed any of the advisers it engaged because of potential or actual conflicts of interest arising from one or more of the same individual advisers' being engaged both by the scheme and the employer **[IF CODE 2 AT A2: employers]**?

Yes	1
No	2
Don't know	99

- F5 How often, if at all, does the board of trustees **[IF CODE 1 AT B2: or a sub-committee of the trustee board]** assess the quality of the service provided by **[READ OUT OPTIONS BELOW, IF CODED 1 AT F1]**? Is it at least every 6 months, at least annually, at least once every 3 years, less frequently or never?  
**READ OUT PRE-CODES FOR FIRST ONE / TWO PROVIDERS AND SUBSEQUENTLY ONLY IF NECESSARY**

		At least every 6 months	At least annually	At least once every 3 years	Less frequently or never	Don't know
a	Investment or fund manager (not simply the scheme insurer)	4	3	2	1	99
b	Investment consultant	4	3	2	1	99
c	Actuary	4	3	2	1	99
d	Auditor	4	3	2	1	99
e	Legal adviser	4	3	2	1	99
f	Custodian	4	3	2	1	99
g	Benefit consultant	4	3	2	1	99
h	Independent Financial Adviser (IFA)	4	3	2	1	99
j	Adviser in corporate finance	4	3	2	1	99

## SECTION G: Risk management and internal controls

### READ OUT

Now I'd like to talk a little about risk management...

- G1 Please could you tell me whether the board of trustees has a process in place to identify the risks that could affect the scheme and its members?

Yes 1  
No 2  
Don't know 99

- G2 How confident are you that the trustees have put in place appropriate internal controls to monitor and mitigate risks arising from...?  
Would you say you are very confident, quite confident, not very confident or not at all confident?

		Very confident	Quite confident	Not very confident	Not at all confident	Don't know
a	Non-compliance with legislation and regulations	4	3	2	1	99
b	Non-compliance with scheme rules	4	3	2	1	99
c	Errors and serious delays by scheme administrators including computer system failures	4	3	2	1	99
d	Fraudulent claims on a deceased scheme member's pension	4	3	2	1	99

e	Other forms of fraud	4	3	2	1	99
f	<b>ONLY SCHEMES WITH A DB ELEMENT (IF CODE 1 AT S6a)</b> Deterioration of the employer's [IF CODE 2 AT A2: employers'] willingness or ability to meet its obligations ... <b>IF HYBRID OR SECTIONALISED SCHEME, I.E. CODE 1 AT S7a OR S7b ADD:</b> ... in relation to the defined benefit element of the scheme	4	3	2	1	99
g	Current investment strategies	4	3	2	1	99

G3 How often does the board of trustees [IF CODE 1 AT B2: or a sub-committee of the trustee board] review the scheme's internal controls in respect to one or more of these risks?

At least annually	4
At least once every 2 years	3
At least once every 3 years	2
Less frequently or never	1
Don't know	99

**ASK G4 TO G7 ONLY OF SCHEMES WITH A DB ELEMENT (CODE 1 AT S6a)**

G4 During the past 12 months, has the board of trustees [IF CODE 1 AT B2: or a sub-committee of the trustee board] reviewed the sponsoring employer's [IF CODE 2 AT A2: employers'] ...?

	Yes	No	Don't know
a) Accounts	1	2	99
b) Business plans	1	2	99
c) Credit rating and the analysis underlying it	1	2	99
d) Covenant*	1	2	99

**\*IF NECESSARY: the employer covenant is the employer's ability and willingness to meet its scheme funding obligations**

G5 During the past 12 months, have the trustees obtained independent professional advice to ....?

		Yes	No	Don't know
a	Help the board understand the strengths and weaknesses of the employer [IF CODE 2 AT A2: employers]	1	2	99
b	Enable the board to assess the employer's [IF CODE 2 AT A2: employers'] ability to make pension deficit contributions at the agreed level	1	2	99
c	Assist the board in negotiations with the employer [IF CODE 2 AT A2: employers] over the funding of any pension deficit	1	2	99

G6 **IF CODE 2 AT G5a ASK G6a etc:** Do the trustees have definite plans to obtain independent professional advice to ...?

		Yes	No	Don't know
a	Help the board understand the strengths and weaknesses of the employer <b>[IF CODE 2 AT A2: employers]</b>	1	2	99
b	Enable the board to assess the employer's <b>[IF CODE 2 AT A2: or employers']</b> ability to make pension deficit contributions at the agreed level	1	2	99
c	Assist the board in negotiations with the employer <b>[IF CODE 2 AT A2: employers]</b> over the funding of any pension deficit	1	2	99

## SECTION H: Communications

### READ OUT

Now I would like to move on to talk about communications...

H1 During the last twelve months, which of the following methods has the board of trustees used to communicate with members?

### READ OUT

	Yes	No	Don't know
a) Scheme newsletters, letters sent to members or additional information issued with the annual statement	1	2	99
b) Scheme website or intranet	1	2	99
c) Member forums or workplace presentations	1	2	99
d) Workplace posters or notice boards	1	2	99
e) Members provided with access to advice from an external adviser	1	2	99
f) Summary of the trustees' annual report <u>automatically</u> sent to members	1	2	99
g) Trustees' full annual report <u>automatically</u> sent to members	1	2	99
<b>ONLY SCHEMES WITH A DB ELEMENT (CODE 1 AT S6a):</b>			
h) Summary funding statements sent to all members	1	2	99

## SECTION J: Fund choice

### SECTION J FOR DC AND SECTIONALISED SCHEMES ONLY (DC: CODE 1 AT S6b AND CODE 2 AT S6a; SECTIONALISED: CODE 1 AT S7b)

I would now like to ask you about choice of funds...

J1 From approximately how many funds can members of **(IF SECTIONALISED SCHEME (CODE 1 AT S7b), READ OUT: the DC element of)** your scheme make a selection?

Write in and code into ranges below: \_\_\_\_\_

- One fund only 1 **SKIP TO J4**
- 2-5 2 **CONTINUE**
- 6-10 funds 3 **CONTINUE**
- 11-20 funds 4 **CONTINUE**
- More than 20 funds 5 **CONTINUE**
- Don't know 99 **SKIP TO J4**

**PROGRAMMER NOTE: IF RESPONDENT SAYS 'DON'T KNOW' AS THEIR FIRST ANSWER, ADD:** "Would you be able to say whether the number of funds falls into one of the following ranges?"

J2 Is there a default fund?

- Yes 1
- No 2
- Don't know 99

J3 **IF CODE 1 AT J2 ASK:** Approximately what proportion of members is in the default fund?

\_\_\_\_\_ %

Don't know 99

J4 How frequently, if at all, does the board of trustees **[IF CODE 1 AT B2: or a sub-committee of the trustee board]** assess **[READ OUT OPTIONS BELOW]**? Is it at least annually, at least once every 3 years, less frequently or never?

		At least annually	At least once every 3 years	Less frequently or never	Don't know
a	Whether the range of investment choices offered to members <b>[IF CODE 1 AT S7b, ADD: with DC benefits]</b> is appropriate to the membership profile	3	2	1	99
b	<p><b>IF CODE 99 AT J1:</b> The performance of the investment fund or funds offered to members <b>[IF CODE 1 AT S7b, ADD: with DC benefits]</b></p> <p><b>IF CODE 1 AT J1:</b> The performance of the investment fund offered to members <b>[IF CODE 1 AT S7b, ADD: with DC benefits]</b></p> <p><b>IF CODES 2, 3, 4 or 5 AT J1:</b> The performance of the investment funds offered to members <b>[IF CODE 1 AT S7b, ADD: with DC benefits]</b></p>	3	2	1	99
c	The level of fund charges <b>[IF CODE 1 AT S7b, ADD: for these members with DC benefits]</b>	3	2	1	99

**SECTION K: Overview and measure of governance standards**

K1 And now to sum up your views, thinking about the overall governance activities of the board of trustees of this scheme, please tell me the extent to which you agree with the following statements? Do you strongly agree, tend to agree, tend to disagree or strongly disagree that the board of trustees ...?

**READ OUT; ROTATE ORDER**

**DO NOT ASK K1d, IF THE SCHEME IS DC, FROZEN AND FULLY INSURED (I.E. CODE 2 AT S6a AND CODE 1 AT S6b, AND CODE 3 AT S8 AND CODE 1 AT A1)**

		Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know
a	Understands its roles and responsibilities in relation to the scheme	4	3	2	1	99
b	Addresses trustee learning gaps	4	3	2	1	99
c	Works together as an effective unit	4	3	2	1	99
d	Has appropriate processes in place to manage conflicts of interest	4	3	2	1	99
e	Actively monitors and manages service providers and professional advisers	4	3	2	1	99
f	Regularly reviews its investment strategy	4	3	2	1	99
g	Manages the scheme's administration to ensure an acceptable level of service	4	3	2	1	99
h	Has identified potential financial or governance risks to the scheme	4	3	2	1	99
j	Has effective internal controls	4	3	2	1	99
k	Focuses its attention sufficiently on the DB and DC sections of the schemes for which it is responsible <b>SCHEMES WITH BOTH DB &amp; DC SECTIONS (IF CODE 1 AT S7a OR S7b)</b>	4	3	2	1	99
l	Ensures a high standard of member communications	4	3	2	1	99
m	Ensures a high standard of member service	4	3	2	1	99
n	Is able to conduct effective negotiations with the employer [IF CODE 2 AT A2: employers] in relations to scheme funding requirements <b>ONLY SCHEMES WITH A DB ELEMENT (IF CODE 1 AT S6a)</b>	4	3	2	1	99
o	Reviews the scheme rules at regular intervals and updates these as required	4	3	2	1	99
p	Monitors effectively the employer's [IF CODE 2 AT A2: employers'] covenant <b>ONLY SCHEMES WITH A DB ELEMENT (IF CODE 1 AT S6a)</b>	4	3	2	1	99

K2 From your own experience, to what extent do you agree that the following aspects contribute to raising standards of governance? Do you strongly agree, tend to agree, tend to disagree or strongly disagree?

		Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know
a	Having a professional trustee on the board	4	3	2	1	99
b	Holding regular trustee board <b>[IF CODE 1 AT B2: or sub-committee]</b> meetings	4	3	2	1	99
c	Trustee training	4	3	2	1	99
d	Regular, independent assessment of the performance of advisers and service providers	4	3	2	1	99
e	Risk management procedures	4	3	2	1	99
f	The level of experience of the trustees	4	3	2	1	99
g	A mix of member-nominated and employer-nominated trustees	4	3	2	1	99

**SECTION L: Recontact questions**

L1 Finally, would you be happy for us to contact you again after an interval of about 6 months?

Yes 1 **THANK AND SKIP TO INSTRUCTIONS AFTER L2**  
No 2 **CONTINUE**

L2 Would it be alright to contact you after 12 months, instead?

Yes 1  
No 2

**CONFIRM RESPONDENT'S POSTAL ADDRESS FOR DELIVERY OF SUMMARY REPORT**

**CLOSING STATEMENT**

I would like to thank you very much for your time and help. That is the end of the interview. I would like to stress that this interview has been conducted in line with the Market Research Society Code of Conduct and all your responses will be treated in the strictest confidence.