SUMMARY OF CHALLENGES FACED BY TRUSTEES

Based on discussions held at the trustee workshop in March

Introduction

During the workshops held in March 2011 in Johannesburg, Cape Town and Durban, trustees that attended were divided into groups to deal with a specific challenge allocated to each group. The challenges addressed were in the following categories:

1. Educational Challenges facing Trustees
2. Communication Challenges facing trustees
3. Governance Challenges facing trustees
4. Challenges faced when managing stakeholder relationships
5. Practical Challenges facing trustees

The following is a summary of input submitted by trustees, per category being issues raised and suggestions offered by those groups. This is a summary of all the regions where workshops were held being in Johannesburg, Durban and Cape Town. These may not necessarily be views of the IRF but of the trustees in the workshops concerned. The IRF wishes to thank all trustees who attended and participated in these workshops:

1. Educational Challenges facing Trustees

Issues

- Level of education is low;
- There are insufficient skills programmes available to trustees
- Some funds face budgetary and cost constraints;
- There is a gap between trustees with different levels of skills

Suggestions

- Guidance to be given to trustees on how to deal with the skills shortage
- FSB e-learning a good tool
- Funds need to budget for education
• Induction training is imperative
• Continuous training especially on financial matters is important
• Mentoring and Succession Planning should be adopted by funds

2. Communication Challenges facing trustees

Issues
• Communicating investment choice to members
• Ascertaining what is effective communication
• Dealing with the budgetary constraints when communicating
• Communicating with an audience with low literacy levels
• Difficulty in keeping up with technological advancements
• Developing a communications strategy
• Language barriers are difficult to penetrate
• Lack of Resources
• Member financial literacy low
• Demographical and Geographical challenges of membership

Suggestions
• Regular Newsletters at least twice a year
• Seminars and Roadshows to members
• Inductions sessions with new members
• Having a call centre
• Have targeted communication

3. Governance Challenges facing trustees

Issues
• Dealing with conflicts of interest effectively
• Not all Boards are evaluated and follow through with evaluations
• Funds not having Codes of Conduct for Trustees
• Lack of understanding of the roles and responsibilities of trustees
• Trustees unfamiliar with PF 130 and King 3
• Lack of understanding the Independence of Trustees (Employer/Union Influence)
Suggestions

- Declaration of interest at each meeting
- Adopting principles in PF 130
- Adopting a Code of Conduct for Trustees
- Boards must evaluate themselves
- Boards must differentiate between their role regardless of who appointed/elected them to the Board

4. Challenges faced when managing stakeholder relationships

Issues

- Difficult to deal with domineering Employer
- Union Influence impacting on decision making
- Unapproachable long standing trustees are intimidating
- Service provider Bias
- Hard to integrate old and new trustees
- Employer / union representatives tend to be conflicted

Suggestions

- Develop a Code of Conduct
- Training especially for new trustees
- Continuity of membership in the Board (Election process to bear that in mind)
- Appoint an Independent Principal Officer
- Participation of Trustees in Subcommittees of the Board

5. Practical Challenges

Issues

- Transportation
- Insufficient time to attend meetings and go back to work
- Difficult to balance work with trustee duties
- No time given to caucus before meetings to familiarize oneself with the agenda etc.
- Insufficient time to read minutes
Suggestions

• Send nominees on trustee training
• Invite potential trustees to join meetings
• Start process before change over
• Caucus before meetings

When asked what topics trustees would like to see covered in future, the following was noted:

• Budget items affecting treatment of contribution (from 01.03.2012)
• Regulation update – Regulation 28; change in deductibility of contribution with effect from 01 March 2012.
• Death claims the role of the principal officer
• More determination, practical example ‘Role model trustee meeting example
• The effect of PF130 on retirement fund governance
• Investment strategy
• Being active at Trustee meetings.
• The legislations that govern the fund are they possible to allow the trustee to work freely.
• FSB Directives like PF130
• Preservation fund after retirement.
• How to know where all the loopholes are.
• To bench mark with other countries
• Application of section 37C