

**Workshop:** Other Issues for Trustees to Consider

**Presented by:** Ulf Skreppen – C.S. McKee, L.P. Chief Compliance Officer

**Length:** 30 minutes

**Audience:** Pension Trustees

**Summary of Presentation:**

Pension trustees have great responsibility as fiduciaries to municipal plans, though not all providers who seek to work with public funds will consent to a fiduciary standard. Changing regulations and financial realities make staying on top of best practices more important than ever. Learn about best practices that your organization can adopt to ensure you are getting the most out of your plan.

1. Language that should be included in every pension contract.
  - a. MFN clause
  - b. Fiduciary Status (Fiduciary versus Suitability Standard)
  - c. Insurance minimums
  - d. Manager should adhere to ERISA regulations (even though public funds are not covered by ERISA)
  - e. All Fees (and how they will be calculated, arrears, advance, average assets, etc.)
  - f. Any restrictions on terminating the relationship including financial penalties. If none, put it in writing.
  - g. Local restrictions on Gifts and Entertainment Policies (Also reference PA Acts)
  - h. Authorized signors and a reference to the document that allows them to advise on pension plan (minutes, etc.)
  - i. Reference your Investment Policy Statement
  - j. Minimum reporting requirements – Frequency and Types
  - k. An agreement on how many times a manager will meet with client.
  - l. A clear outline of the Managers, Custodian, Consultant, Clients, etc. responsibility.
  
2. Annual disclosures every trustee should request.
  - a. Fees charged directly to the plan
  - b. Fees debited automatically from account versus billing
  - c. Fee calculation worksheet
  - d. Payment Terms
  - e. 12b1 fees
  - f. Use of affiliates and their fees (i.e. shareholding services, actuaries, consultants, custodian)
  - g. Gifts and Entertainment Policies of Manager
  - h. Commissions (directed versus discretionary, soft dollar credits versus execution only)
  - i. Performance (YTD, 3 Year, 5 Year, 7 Year, 10 Year, ITD)
  - j. Reconciliation with Custodian (Year-End)
  - k. Transactions (YTD)

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