



The PwC

Trustee Pay Survey 2020

Lite Report

December 2020



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# Background & Introduction



**This year we more than doubled survey participation when compared to 2016, and are pleased to present a sample of our findings.**

The vast majority of respondents continue to represent DB schemes, closely followed by those with both DB and DC schemes / sections.

There has been a peak in the number of schemes with assets between £1.5bn and £5bn, which now represent the largest population at 35% of all participating schemes.

The size and nature of schemes participating from one iteration of the survey to the next can be influenced by many factors, including simple recruitment or an imminent review of trustee pay. However, the consistent increase in growth of participation with each cycle of the survey, as well as the requests for further and more detailed analysis we receive in between, demonstrates an increased interest in and focus on trustee pay over the last decade.

We launched our 2020 survey against the backdrop of a global pandemic that has caused far reaching economic harm. As a result, huge additional pressure has been placed on trustees to preserve the continuity of service to members and mitigate the impact of Covid-19 on funding levels which is set to continue for the coming years.

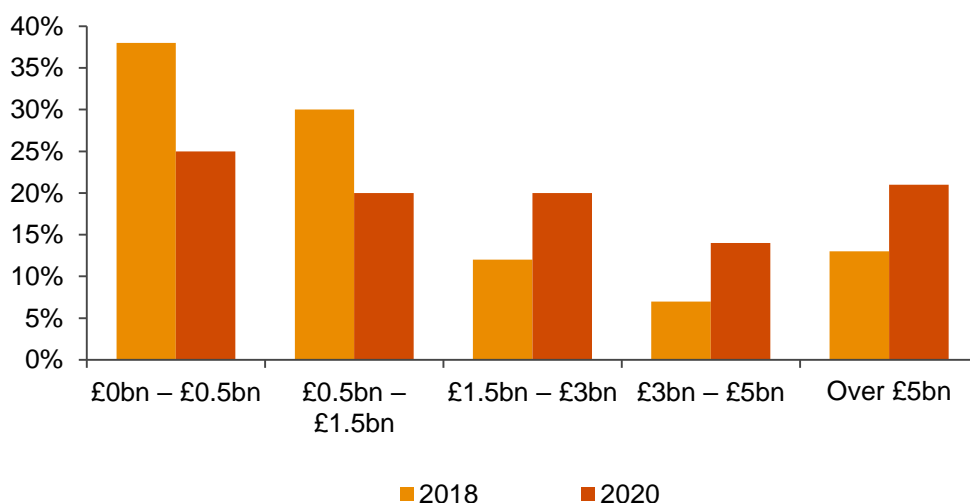
At the end of such a difficult year and with no easing in sight, it is perhaps a good time to understand and reflect on whether trustees are adequately rewarded for taking on the ever-growing list of responsibilities and challenges.

We hope that you find this report interesting and useful, and we would be happy to discuss the findings with you. The details of our Pensions Management Consulting team can be found at the back of this report.

In order to participate in the next edition of the survey and receive the full survey report, please register your interest by clicking on the link below:

<https://www.pwc.co.uk/pensions/insights/trustee-pay-survey-2022-registration.html>

## Size of respondents' schemes



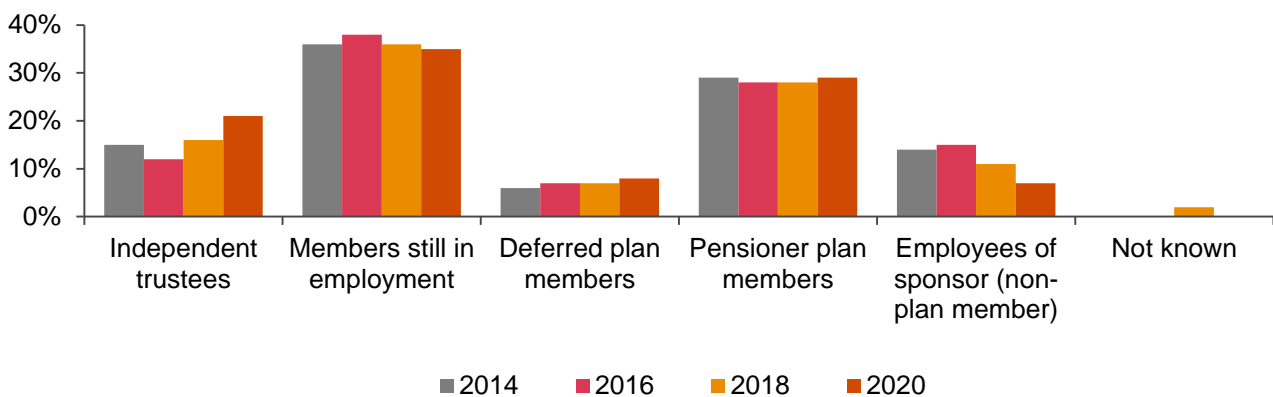
# Composition of the Board



The increase in the representation of independent trustees has continued since 2016, with them now making up circa 20% of trustees. While the largest proportion of trustees are active and pensioner members, the representation of deferred members has for this first time since 2016, started to increase.

Although future composition will change, this is likely to be relatively slow, as current trustees see out their term of appointments.

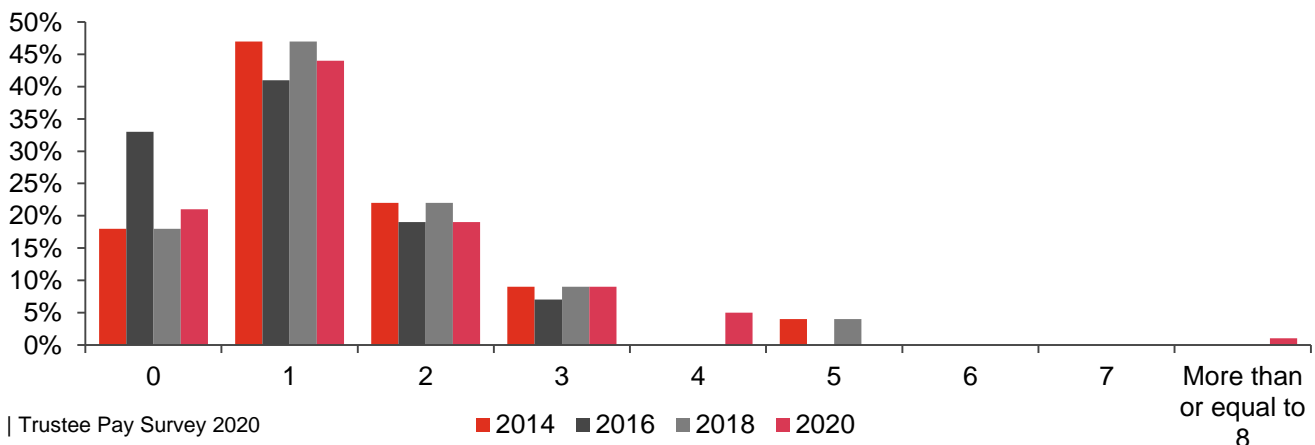
## Board composition



Surprisingly, the proportion of boards with no independent trustees has increased to 21%, however the vast majority of boards continue to have at least one independent trustee, with circa 45% having an independent who usually takes on the role of the chair.

We have seen the trend continue for boards to only employ 1 or 2 independent trustees, with a low percentage (15%) having more than 2. There are several outliers, however these relate to boards that predominantly, if not completely, consist of independent trustees, and they tend to be for large, multi-employer and workplace pension schemes.

## Number of independent trustees



# Trustee Pay



## Breakdown of which trustees are paid

	2020	2018	2016	2014
<b>Pay at least one trustee</b>	97%	89%	89%	94%
<b>Pay the chair of the board and other trustees</b>	83%	52%	71%	64%
<b>Pay only the chair of the board</b>	5%	48%	17%	11%
<b>Pay other trustees but not the chair of the board</b>	9%	6%	10%	18%
<b>Pay only the independent trustees</b>	9%	18%	0%	0%
<b>Pay only the pensioner trustees</b>	10%	5%	8%	9%

Having remained steady at 89% since 2016, this year the number participating schemes paying at least one trustee increased to 97%, which is the highest it has been since survey inception. The number of schemes that only pay the chair of the board has reduced dramatically from 48% at 2018 only 5% in 2020.

Our results continue to show that a significant number of trustees taking the role of the chair of the board are professional independents and are therefore remunerated. This demonstrates the requirement for technical expertise in a leadership role.

In practice, we see most boards appointing trustees who have held or hold senior roles with financial backgrounds or other corresponding skill sets that lend themselves to the requirements of the role. The personal accountability and onus on them as individuals to operate and make critical decisions within a complicated regulatory framework raises important questions as to why more trustees are not explicitly remunerated for taking on this responsibility, as well as how boards can attract the right skills and talent for the future.

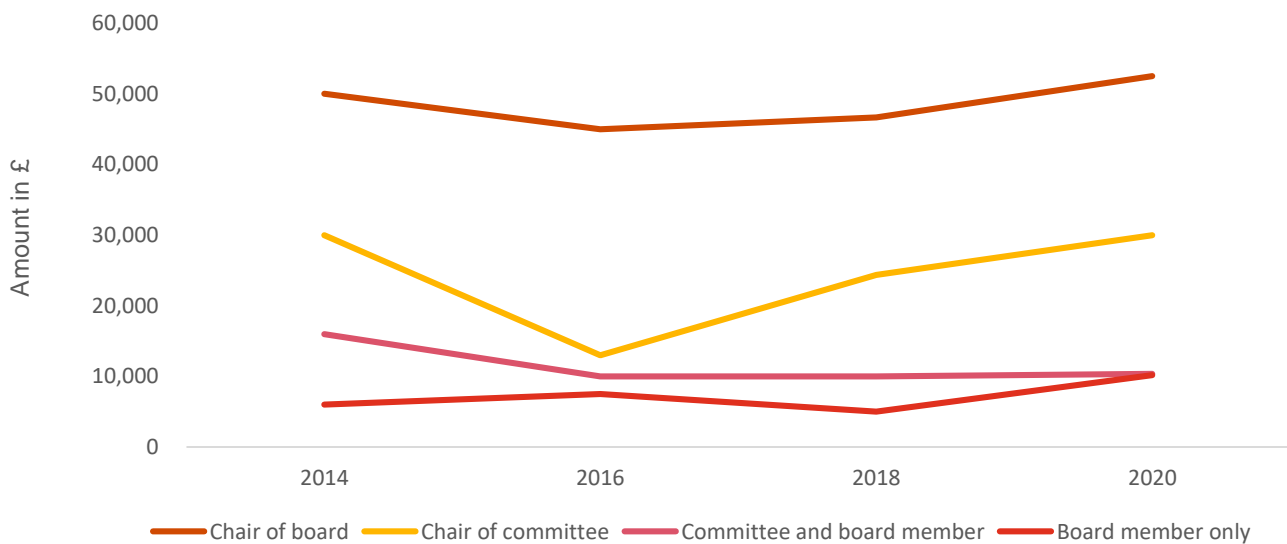


### How much are trustees paid?

Average annual pay has increased across all roles, with the exception of board and committee members, which has seen a slight reduction since 2018. While the role of a committee member is likely to be less demanding than the chairs, we often see board members sit on multiple committees and it is therefore surprising to see this reduction.

The pay of chair of boards has seen a steady increase for the 6<sup>th</sup> year running (3 survey cycles) with the most common chair pay being between £50,000 and £60,000 per annum.

The most significant increase is in the pay of the chair of committee, in 2020 this was 60% higher than 2018, which could be indicative of the delegation of responsibilities from the board and therefore additional time commitment required.



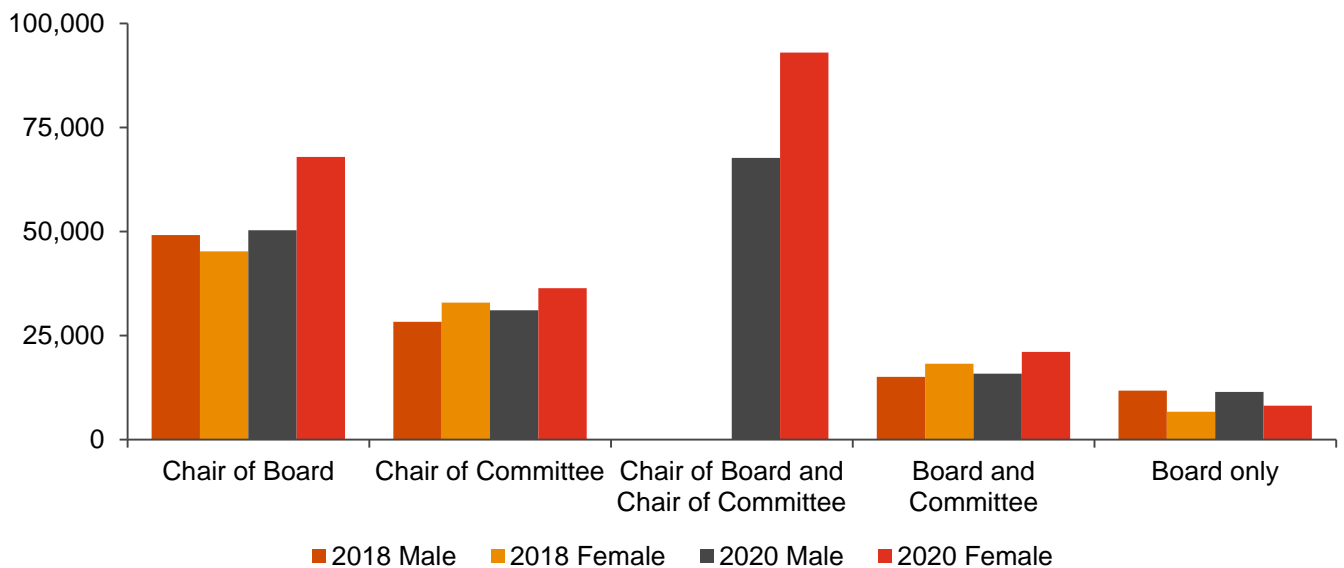
# Gender pay analysis

This year's data shows a significant increase in the average pay of female chairs of the board, jumping from circa £45,000 in 2018 to £68,000, overtaking male chairs which has remained at circa £50,000 per annum. In relation to other roles, the position remains broadly similar to 2018 with each gender experiencing a slight, but equivalent, increase.

Across the types of trustee we collected data for, women's average remuneration has shown a significant increase from 2018 across independent professional, deferred and pensioner members. The increase in average pay of female independent professionals mirrors the increase in female members of the board, which is expected as independents tend to take on this role.

The position is reversed for employee (non-members) where pay has decreased to a third of what it was in 2018 (£30,000) to circa £10,000 in 2020.

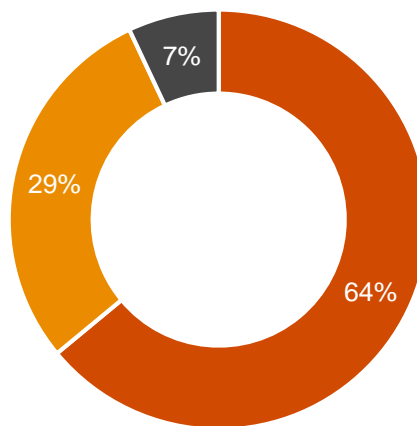
## Average core pay per annum



# Training

Based on feedback from our last survey, we asked participants this year to provide data on whether trustees are paid for attendance at training. The data we received shows that, despite the requirement for trustees to maintain an appropriate level of knowledge and understanding, the majority (64%) of trustees receive no financial support for training outside of regular board meetings.

## Paid for attendance at training sessions



■ No ■ Yes an allowance is included in the pay amount ■ Yes in addition to the pay amount



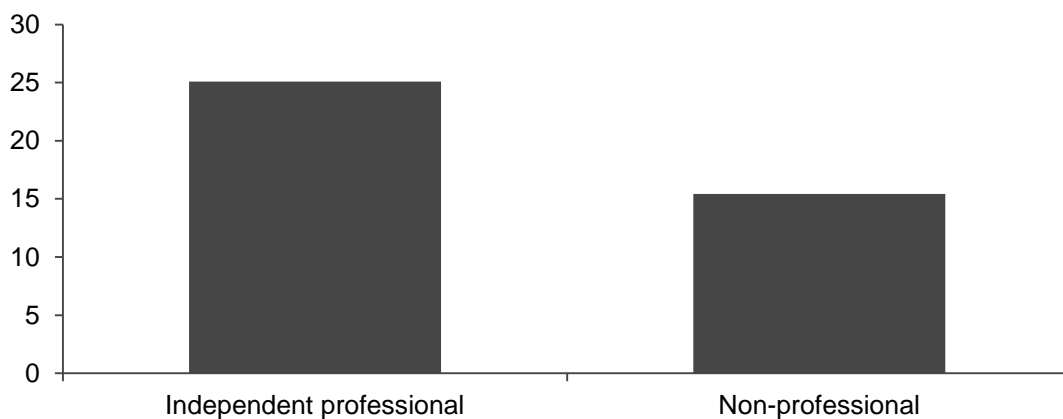


# Professional Independents



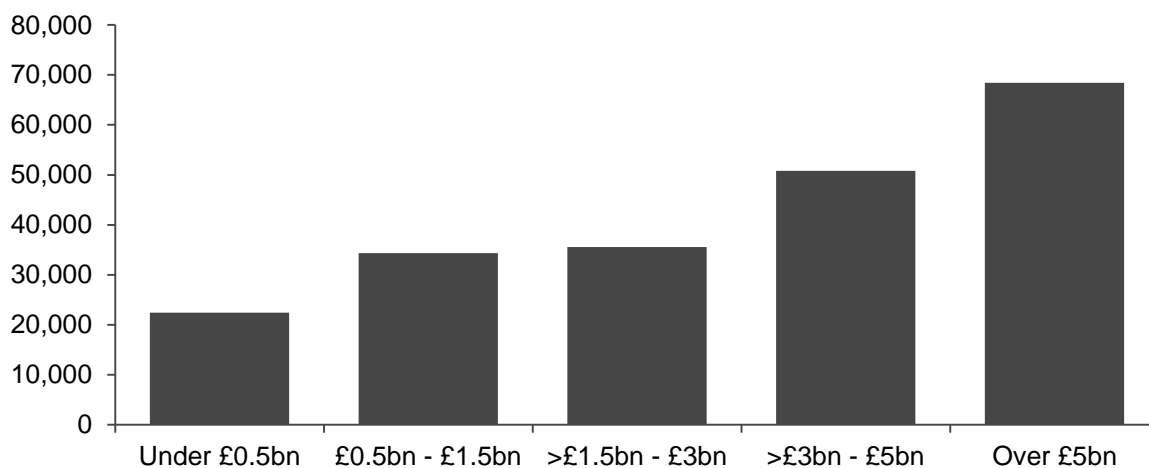
Average pay of independent trustees is higher than lay trustees, which is a function of the commercial nature of their business as well as value of the experience and expertise they bring to the board, but also demonstrated by the time they commit to the role, which is on average 56% higher.

## Average time commitment (days)



The correlation between asset size and average annual pay of independent trustees is more pronounced than for other trustees, which is due to the higher levels of activity required to manage them, and this demonstrated in part by the increased number of meetings they attend per annum.

## Average pay per annum



# Pensions Management Consulting



This report was produced by PwC's Pensions Management Consulting team (PMC), led by Peter Sparshott. Our PMC team are dedicated to working with trustees to demonstrably improve their ability to deliver an effective and compliant pension service.

PMC's core service offerings include:

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## Design

Design and support in the transition to service delivery models based on best practice that optimise effectiveness and efficiency.

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## Benchmarking

We maintain an extensive database against which we can compare leading suppliers' services and costs, whether these be administration, actuarial, legal or investment.

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## Predictive analytics

Our predictive analytics tools can provide visibility and insight into pension scheme membership demographics.

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## Project management

We provide hands on support and project management of the implementation of any change project.

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## Provider selection and support

We provide varying levels of support throughout the process of procurement of third party service providers, from engagement with the market and managing the process, through to contract negotiations and implementation.

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## Quality assurance

We provide independent assessments of the changes our clients or their service providers implement and provide recommendations or remedial actions where required.

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## Implementing change

We support clients through complex operational change, whether this is due to a change of administration supplier, the administration platform or the broader suite of services and processes used to support the pensions operation.

PwC Pensions Management Consulting: <https://www.pwc.co.uk/pensions/management-consultancy.html>

PwC pensions services: <https://www.pwc.co.uk/pensions.html>

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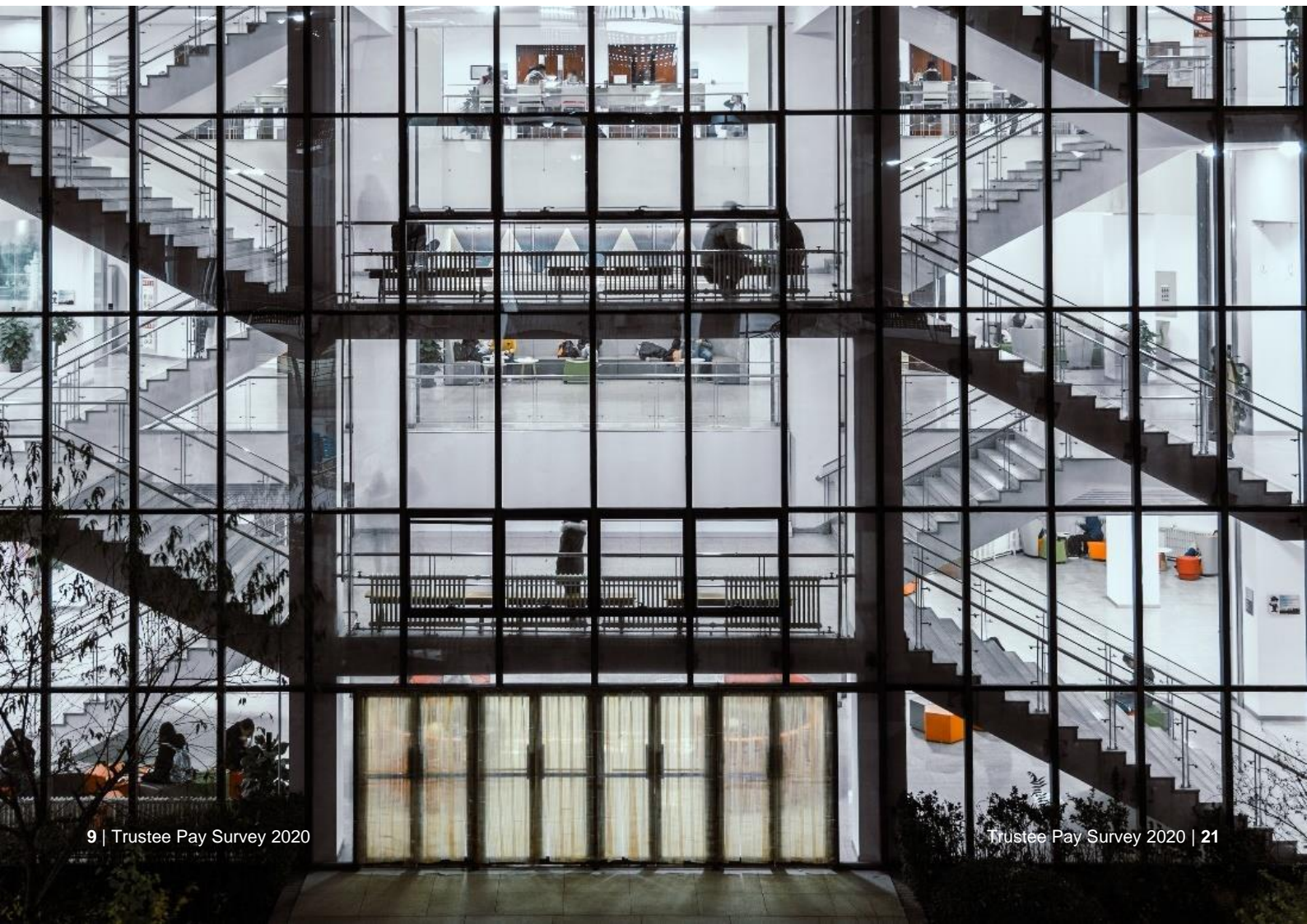
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For registering your interest in participating in the 2022 survey please go to:

<https://www.pwc.co.uk/pensions/insights/trustee-pay-survey-2022-registration.html>



**pwc.com**

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