

NZAS RETIREMENT FUND

WHAT DOES A TRUSTEE DIRECTOR DO?

It is particularly important that you understand what is involved in becoming a trustee director if you are going to nominate a Fund member to stand for election, or if you are thinking of standing as a candidate yourself.



The role and duties of a trustee director

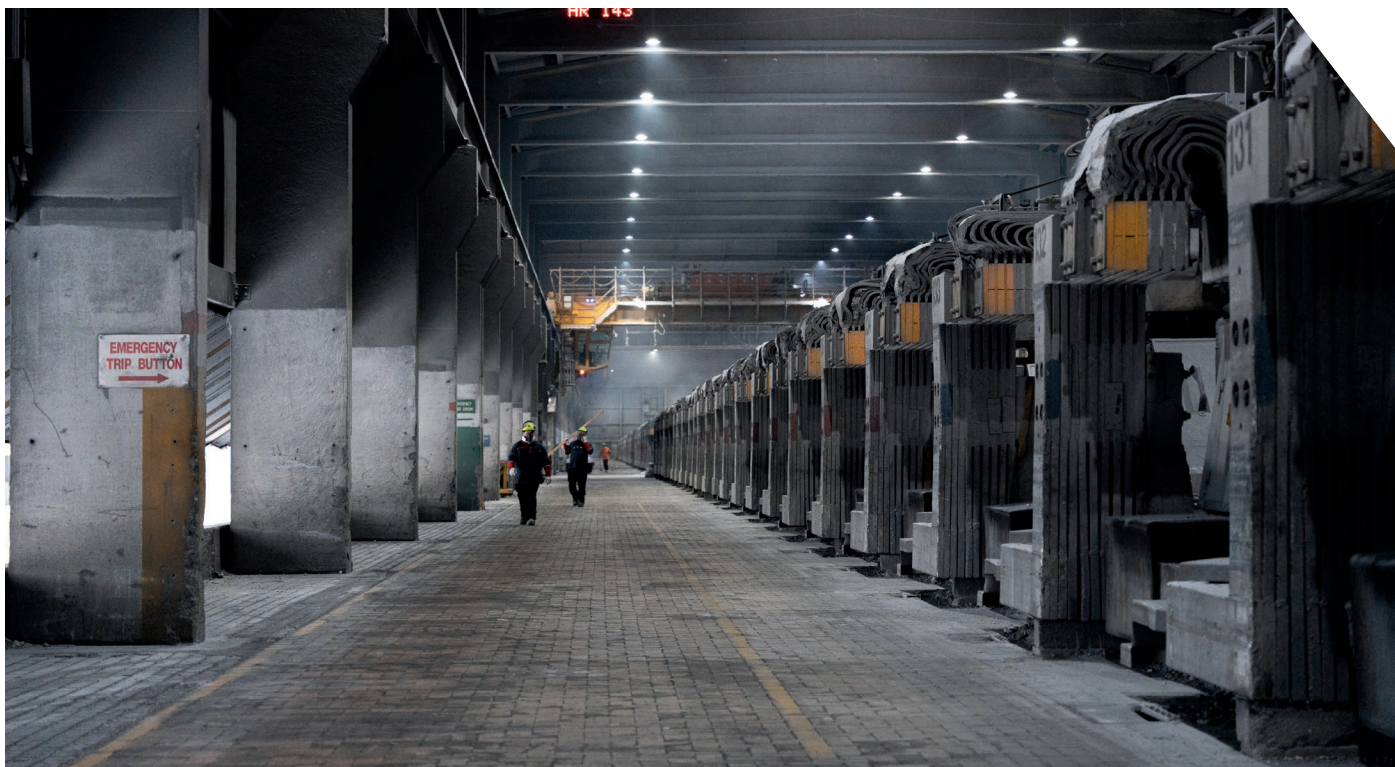
Put simply, the role of the trustee (NZAS Retirement Fund Trustee Limited) is to make sure the Fund is managed properly. This means a director of the trustee (referred to as a 'trustee director') must give the management of the Fund proper care and attention and is responsible (along with the other trustee directors) for making sure the Fund operates according to the law and the Fund's Trust Deed. The Trust Deed is the Fund's governing document. It details the obligations that the trustee has towards the members of the Fund, and the duties and powers of the trustee. The members of the Fund and the employers are also bound by the provisions of the Trust Deed.

In addition, legislation such as the Financial Markets Conduct Act 2013, the Financial Markets Conduct Regulations 2014 and the Trusts Act 2019 imposes specific conduct, reporting, disclosure and other obligations on the trustee.

Every new trustee director is given a detailed pack of core Fund documentation (including copies of the Trust Deed, the statement of investment policy and objectives, the current offer materials and the trustee's policies) and receives briefings from both:

- the Fund's legal adviser, outlining the trustee's core legal duties and the key legislation, and
- the Fund Secretary, outlining how the Fund is managed and administered.

Additionally, as the trustee is a member of the Financial Services Council (FSC), trustee directors can access from the FSC (or through the Fund Secretary) the tailored on-line trustee training modules produced by the FSC's Workplace Savings Committee.



Amongst their duties, trustee directors must:

- Understand and follow the terms and conditions of the Fund, as set out in its Trust Deed
- Act in the best interests of the members
- Act impartially without favouring one member over another, or being influenced by others
- Avoid conflicts of interest – for example, generally a trustee director should not vote on something in which he or she has a personal interest
- Exercise reasonable care in all matters, especially trustee decisions and the exercise of trustee powers under the Trust Deed
- Maintain proper and correct records
- Keep members informed
- Invest the assets held for each investment option in the Fund (currently Cash, Conservative, Balanced and Growth) in accordance with an investment strategy which is considered appropriate for that investment option and which complies with the trustee's statement of investment policy and objectives
- Keep Fund assets separate from other assets, like employer or personal assets
- Act in good faith in exercising all the discretionary powers given to the trustee by the Trust Deed
- Maintain confidentiality about private information which comes to them in their role as a trustee director
- Seek appropriate advice about any matters that they do not have the required skill or knowledge to deal with (or about which they have questions).

Fees and expenses

Other than the licensed independent trustee director and the trustee board chair, which are paid positions, the trustee directors are not separately compensated for performing their trustee director roles. Other than in their capacities as Fund members, they also cannot profit from any transactions conducted by the Fund (for example, by way of commission).

However, any out-of-pocket expenses incurred in relation to trustee director duties or training will be paid by the employers.

Term of office

The normal term of office for a member-elected trustee director ('member-elected director') is three years. However, under the terms of the Trust Deed a member-elected director may cease to hold office for a variety of reasons including:

- Ceasing to be a member
- Becoming ineligible under the law, or
- Resigning as a member-elected director.

A member-elected director will also be removed from office if the majority of valid votes cast in a secret postal ballot of all members (conducted after the Fund Secretary receives a motion signed by at least 10% of the members, proposing removal and giving reasons) are in favour of the removal.

If a member-elected director leaves office less than 12 months before the expiry of their three-year term, the remaining trustee directors may appoint another person to complete the balance of that term. If more than 12 months of the member-elected director's term remains, an election must be held to fill the vacancy.

Help with day-to-day and expert matters

Many of the tasks associated with managing a workplace savings scheme are complex and specialised, but that does not mean you have to be a superannuation, legal or investment expert to act as a trustee director. The Trust Deed allows the trustee to delegate the performance of certain tasks to (or to seek advice from) specialist service providers like investment managers, auditors, actuaries, accountants, administrators and solicitors. The Fund also has a Secretary who arranges trustee directors' meetings, keeps records of those meetings and generally advises and helps the trustee directors.

However, despite its ability to delegate, the trustee remains legally responsible for managing and administering the Fund, and delegating the performance of any of its functions (such as administration, which is delegated to Mercer) does not affect the trustee's responsibility for the performance of that function. This means the trustee directors must:

- take care in selecting service providers and advisers, and
- take all reasonable steps to:
 - ensure that delegated functions are performed in the same manner, and are subject to the same duties and restrictions, as if the trustee were performing them directly, and
 - monitor the performance of those functions (and the performance of their advisers).

