



The PwC Trustee Pay Survey 2022 Lite Report

February 2023



Strictly private and confidential

Contents

	Page
Background & Introduction	1
Composition of the Board	2
Trustee Pay	3 – 4
Gender Pay Analysis	5
Training	6
Professional Independents	7
Pension Management Consulting	8



Background & Introduction

We are pleased to present a sample of the findings from our 2022 PwC trustee pay survey.

The distribution between size of participating schemes in 2020 was broadly consistent, however this year has seen a slight shift in balance, with a decrease to the number of schemes with asset sizes between £0.5bn-£1.5bn and £3bn-£5bn.

Schemes of an asset size below £0.5bn or above £5bn have a relatively equal representation of between 25-30% of the total participation.

Survey participation remains high, and in light of the need to document the principles for determining remuneration when the new code of practice is finalised, alongside ever-increasing regulation, trustee and time commitment is likely to remain topical.



While members of DC arrangements have had to bear the brunt of the continued market volatility, the exposure of shortcomings in the resilience of LDI funds following gilt market volatility earlier this year, has required DB scheme trustees to review their investment strategies and focus on governance arrangements.

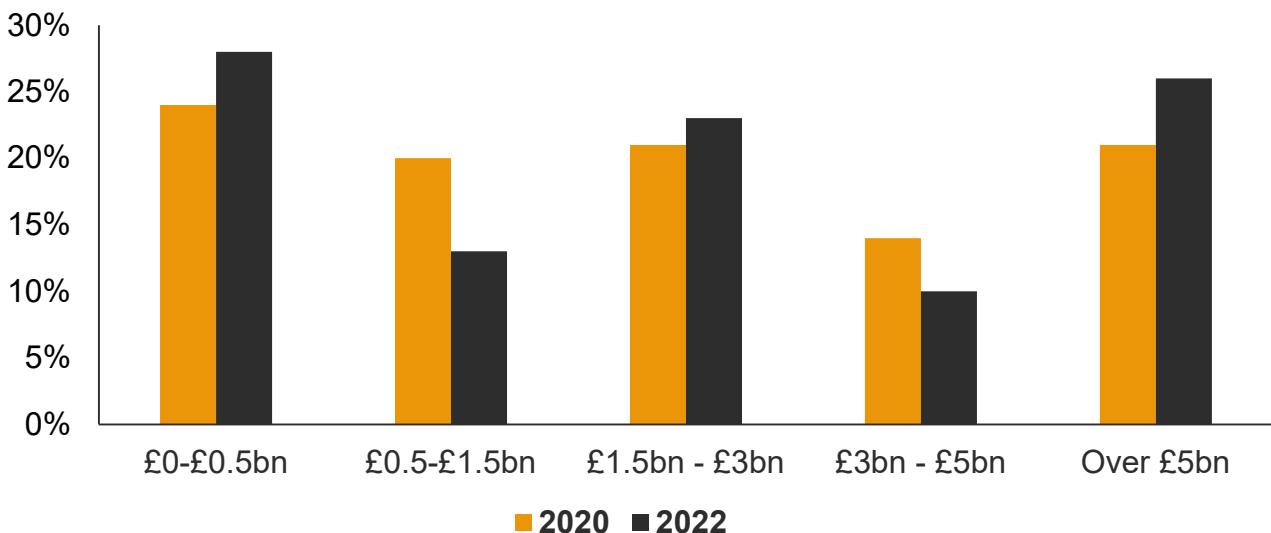
With the preparations being made for the imminent combined code of practice and TCFD requirements, there is increased focus on governance across all areas of scheme management. This reflects what our participants have confirmed are the main challenges for the board over the coming years, with the combined code of practice and increased regulation regularly featuring in the top three.

We hope that you find this lite report useful, and we would welcome any further questions you may have in relation to the results. The details of our pensions management consulting team can also 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-registration.html>

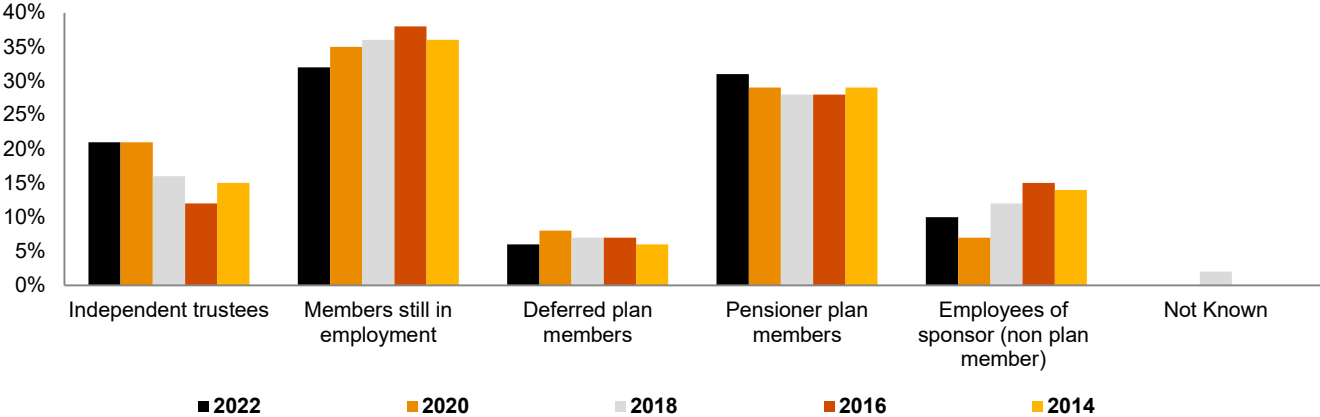
Size of respondents' schemes



Composition of the Board

Representation of independent trustees has remained consistent at c20% when compared to the 2020 results, after steadily increasing since 2016. The proportion of members still in employment has steadily decreased since 2016, with the proportion of pension members steadily increasing since 2016. In 2020, there was an increase of deferred member representation, however this has not continued in 2022, which has now decrease to c6%.

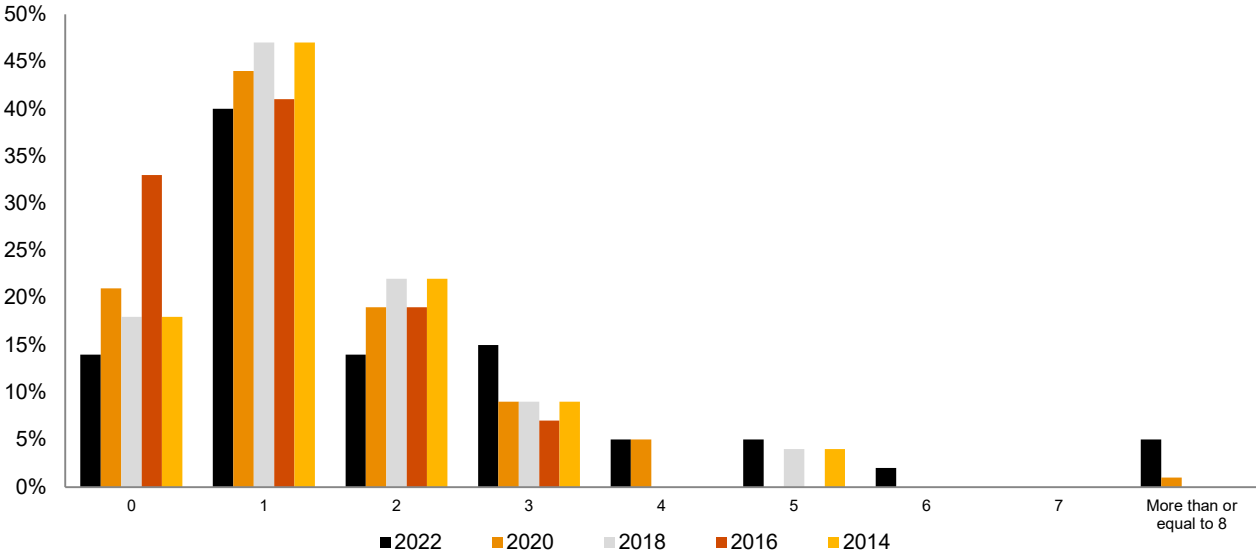
Board composition



The proportion of boards with no independent trustees has decreased to less than 15%, with the vast majority of boards continuing to have at least one independent trustee, and circa 55% with an independent that has taken on the role of the chair.

We have seen the trend continue for boards to only employ 2 or 3 independent trustees, with a low percentage (17%) having more than 3. 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

	2022	2020	2018
Pay at least one trustee	100%	97%	89%
Pay the chair of the board and other trustees	62%	83%	52%
Pay only the chair of the board	7%	5%	48%
Pay other trustees but not the chair of the board	24%	9%	6%
Pay only the independent trustees	18%	9%	18%
Pay only the pensioner trustees	5%	10%	5%

For the first time, 100% of the participating schemes are paying at least one trustee which increased from 97% in 2020. The number of schemes that only pay the chair of the board has increased slightly to 7% from 5% in 2020.

This year, the percentage of schemes that only pay independent trustees has doubled and mirrors the results from 2018, which perhaps reflects the increased number of schemes onboarding professional trustees to meet growing need for support from skills and experience.

Trustee Pay (continued)

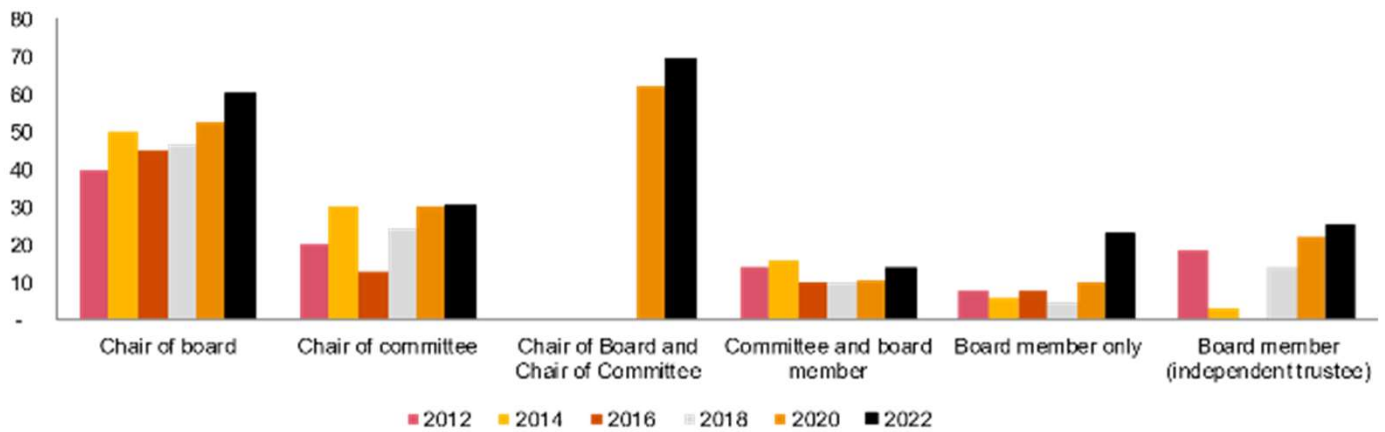
How much are trustees paid?

Average annual pay has increased across all roles in the median quartile, with the most marked increase of 14% for chair of the board and the pay of board only members more than doubled since 2020.

This suggests trustee pay is not lagging too far behind rising levels of inflation. However, there is likely to be other factors such as greater responsibility driving these increases rather than general cost of living.

2022 median trustee pay

Amount in £1000s

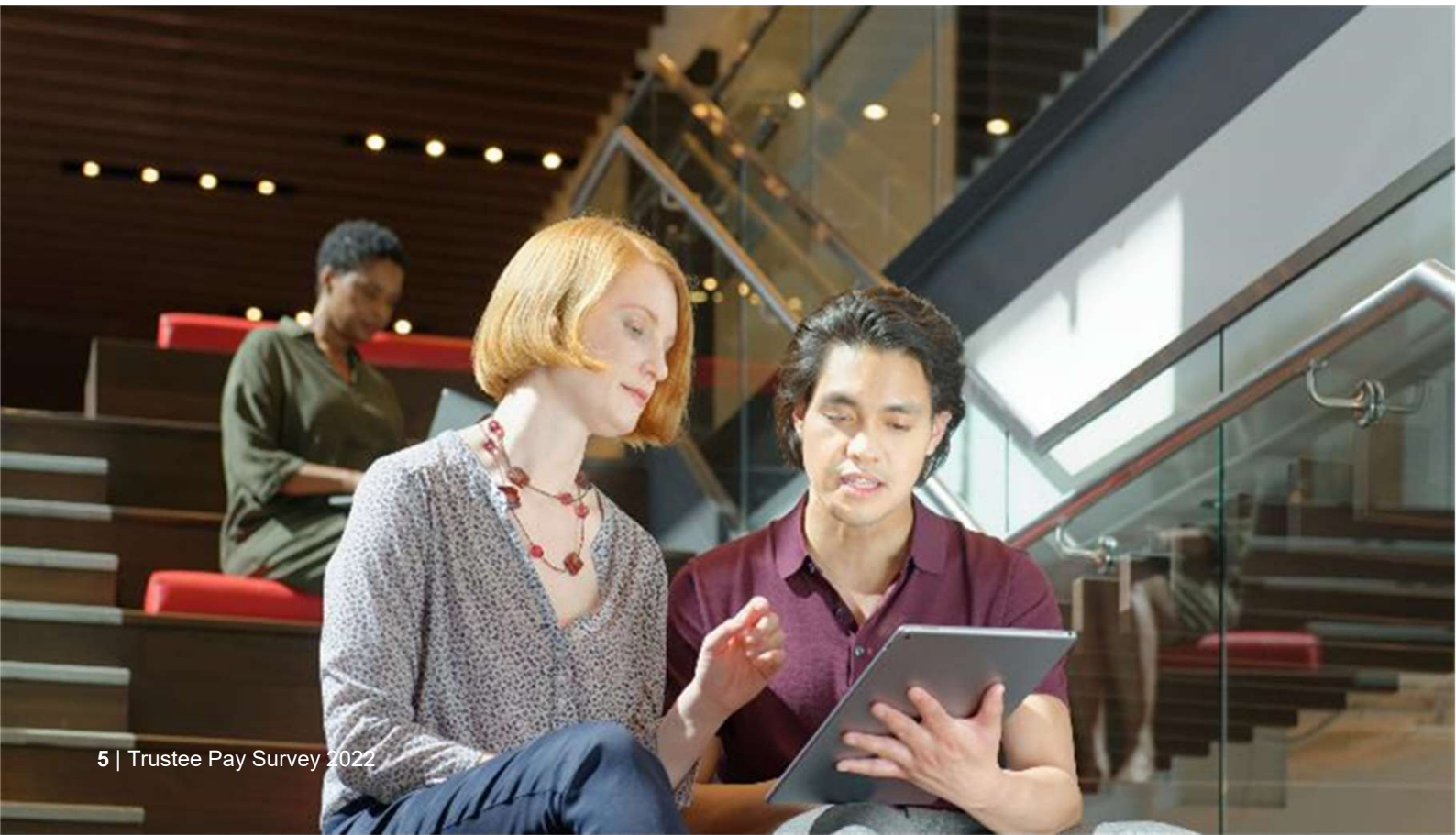
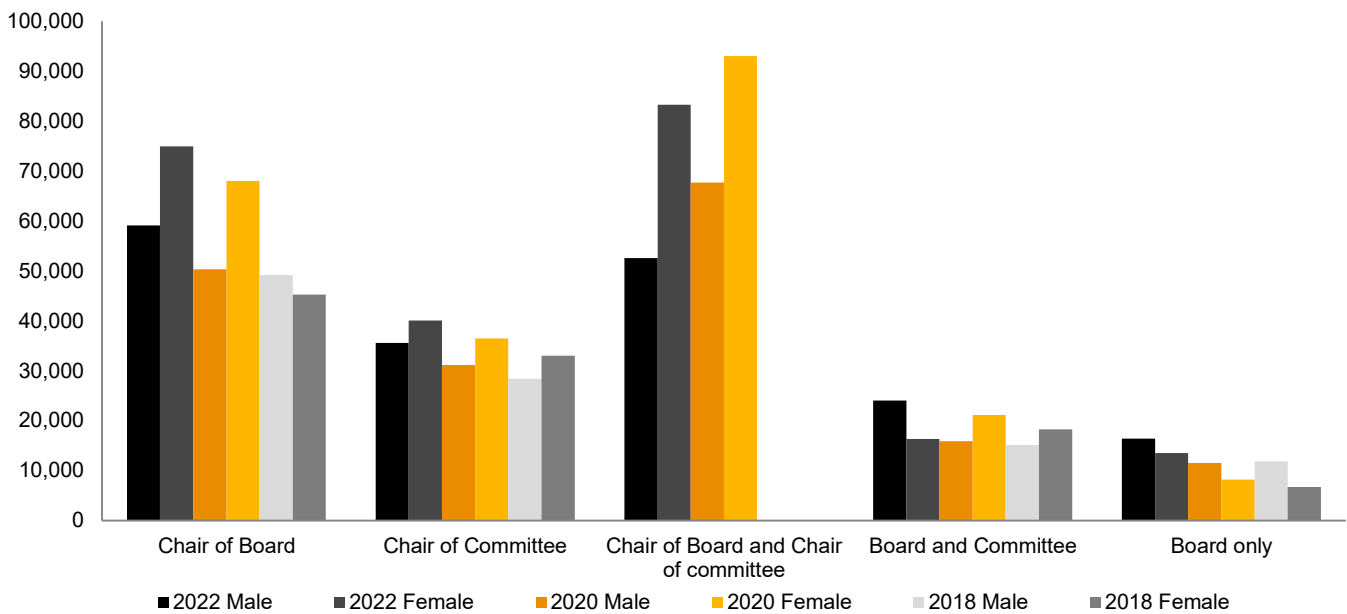


Gender Pay Analysis

This is the third survey cycle that we have collected data on gender pay. Average pay of both males and females has increased since 2020 across all roles with the exception of those performing both the chair of board and chair of committee roles.

Interestingly, the difference between pay of females and males is more pronounced for those holding the chair of board and chair of board and committee roles, with females being paid c27% and 58% more respectively than their male counterparts. However, females performing board only and board and committee roles are paid between 18% and 30% less than males.

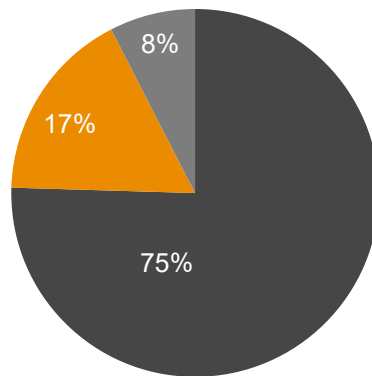
Average core pay per annum



Training

The data continues to show that, despite the requirement for trustees to maintain an appropriate level of knowledge and understanding, the majority (75%) of trustees are not paid for attendance at training outside of regular board meetings. This has increased in the last two years up from 64% in 2020.

Paid for attendance at training sessions



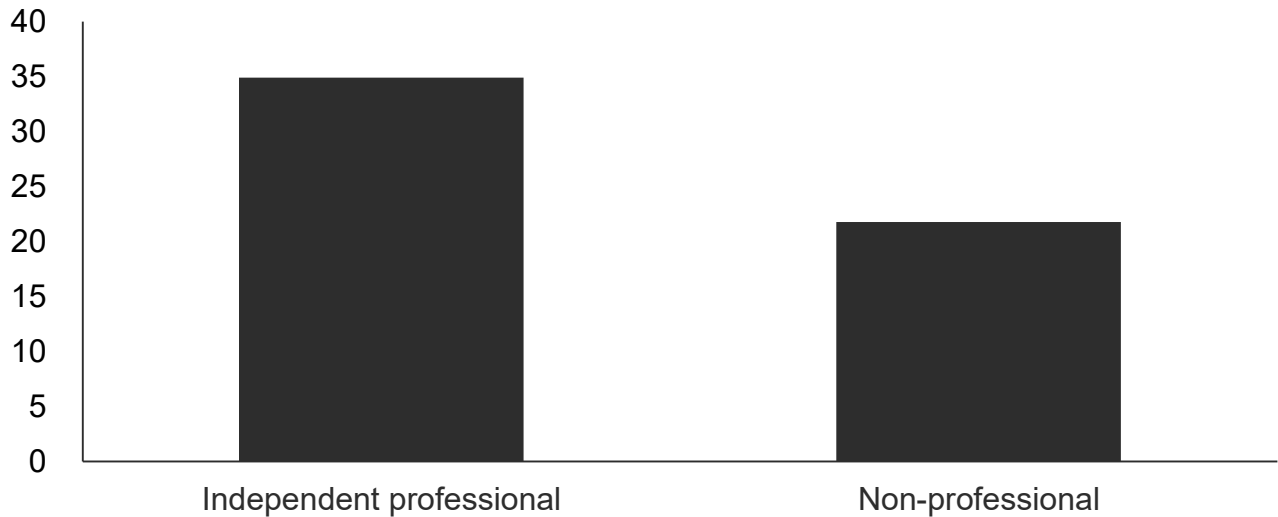
■ No ■ Yes an allowance is included in the pay amount ■ Yes in addition to the pay amount



Professional Independents

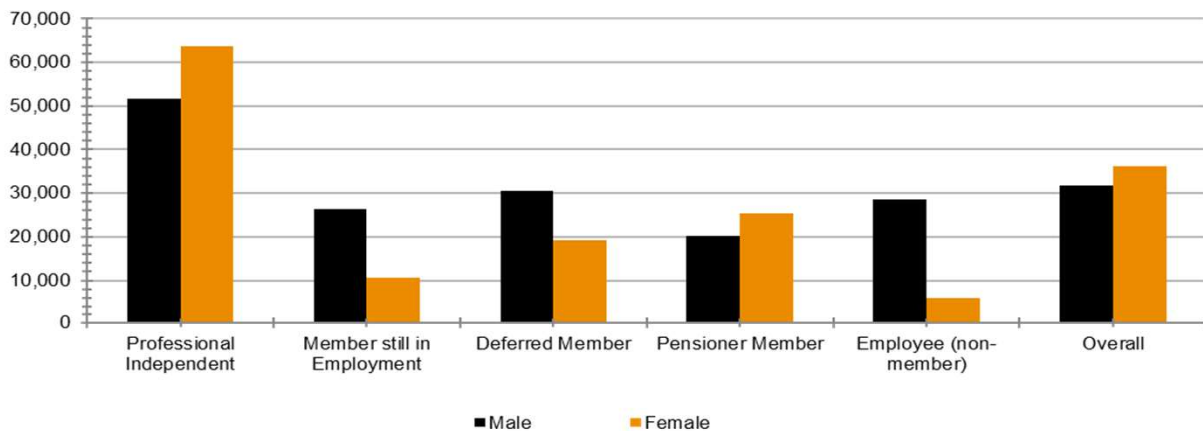
The time commitment difference between independent professional and lay trustees has increased, which is now on average 59% higher for independent trustees compared to lay trustees.

Average time commitment (days)



Average pay of independent trustees is still higher than lay trustees, which continues to be a function of the commercial nature of their business as well as value of the experience and expertise they bring to the board. Interestingly, for 2022, the results of our survey show that female independent trustees were paid an average of 21% more than their male counterparts.

Average pay per annum



Pensions Management Consulting

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

PMC's core service offerings include:

Design

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



Benchmarking

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



Predictive analytics

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



Project management

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



Provider selection and support

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



Quality assurance

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



Implementing change

We support clients through complex operation 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>

Contacts

For further information on this survey please contact:



Peter Sparshott
Partner
07841 563503
peter.x.sparshott@pwc.com



Simon Bourke
Director
07702 675911
simon.e.bourke@pwc.com



Anna Smith
Senior Manager
07701 295712
anna.x.smith@pwc.com

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>



This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2023 PwC. All rights reserved. Not for further distribution without the permission of PwC. 'PwC' refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.

RITM11070186