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Determinants of Pension Schemes Governance Effectiveness: A Case of Kenya Medical Research Institute (KEMRI)

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Abstract

Retirement Funds Industry plays an important role in boosting economic growth and accelerating domestic savings in many countries. In Kenya, the retirement regulation body compliance based supervision in regulating the Pension industry. Despite this effort, there is a growing concern that some Schemes still experience serious credibility problems due to poor governance. This study sought to assess the determinants of effective pension schemes governance in Kenyan: A survey of KEMRI pension scheme was conducted where a sample of 50 respondents out of the population of 502 employees of the organization using purposive sampling technique. The study established that knowledge of the trustee's covenants by the members, information flow to members and participation of members in the governance of pension schemes are the main factors that influence effectiveness of governance of pension schemes. The KEMRI Pension Scheme Trustees' governance score card on their covenants was below average with 65.4% respondents giving it a poor rating. The study recommends that Trustees should establish a formal governance policy for decision making; enhancing information flow to members; and undertake an assessment of the skills and knowledge of Trustee.

Key words: Pension schemes, KEMRI

Introduction

The subject of retirement plans started receiving a lot of attention in formal employment sector in the late nineties. The first employer sponsored pension plan was started by the American Express Company in 1875. Strauss et al (1980) stated that by the 1920's a few responsible companies pioneered formal retirement programmes, which typically included a fixed retirement age coupled with a guarantee of a regular, often very modest monthly income thereafter. It was however after World War II that there was a rapid growth in the number of pension schemes.

The pension schemes sector in Kenya has tremendously grown and now amounts to approximately Kshs. 200 billion or the equivalent of 18% of Gross Domestic Product (GDP) and covers approximately 11% of the labour force. Kakwani et al, (2006) note that the total labour force is about seven (p. 7) million workers. Currently, the NSSF has about 1 million active members. The various public pension schemes cover about 600,000. This leaves about 5 million workers without any form of coverage. Raichura (2008) reports the total number of occupational schemes are indicated at

1,379 of which 10.4% are Defined Benefits Schemes and 89.6% are Defined Contributions schemes.

The Kenya Medical Research Institute (KEMRI) was established in 1979 under the Science and Technology (Amendment) Act of 1979 as the national body responsible for carrying out health science research in Kenya. KEMRI Pension Scheme was established as an Insured Defined Benefits (DB) Scheme. It was converted to a Defined Contribution (DC) in July, 2008. Members contribute 5% and the employer 15% of the employees' basic salary to the scheme. The Scheme is run by a Board of nine (p.9) Trustees. The Scheme has a membership of 1106 contributing members. Despite these massive retirement investments and the existence of Retirement Benefits Authority providing oversight to pension schemes in Kenya, some Pension Schemes still experience serious credibility problems due to many factors such as inadequate safeguards to protect members' interests. Therefore, the management of pension schemes in Kenya is generally faced with a number of challenges which form a risk framework to governance. Based on the literature, this Study sought to analyze how KEMRI compares in the management of pension schemes. The main objective of the Study was to assess factors influencing effective pension schemes governance in Kenyan Medical Research Institute (KEMRI).

Conceptual framework

Based on literature review of Pensions Schemes' governance in developed countries, a conceptual framework for assessing Pensions Schemes governance was developed. Factors influencing effective pensions schemes governance (Independent Variables) were grouped into four main categories: The legal structure and separation of functions of the governing body (Trustees); the decision making process; the role of Trustees; and transparency and accountability of the governing body (Trustees) to stakeholders. These four main categories are the determinants of effective Pension Scheme governance (Dependent Variable). Each of these four main categories contains more detailed indicators of governance (Figure 1). The structure measures the administration of the scheme and how functions are separated. It includes several measures such as relations with expert advisors, third parties and change of design of the Scheme.

The second measure, decision making process within the governing body includes measures of information supply to stakeholders, internal controls, risk management, compliance and process for investment. The third level looks at the role of Trustees and includes the requisite knowledge and understanding of the Trustees, the role of monitoring employer agreements, and handling of conflicts of interests. The fourth level looks at the means by which the Trustees are accountable to stake holders, principally fund members and beneficiaries but also a wider stakeholder set including employer, supervisory board, supervisors' regulators and government.

The relationship between the variables is diagrammatically presented as shown below:

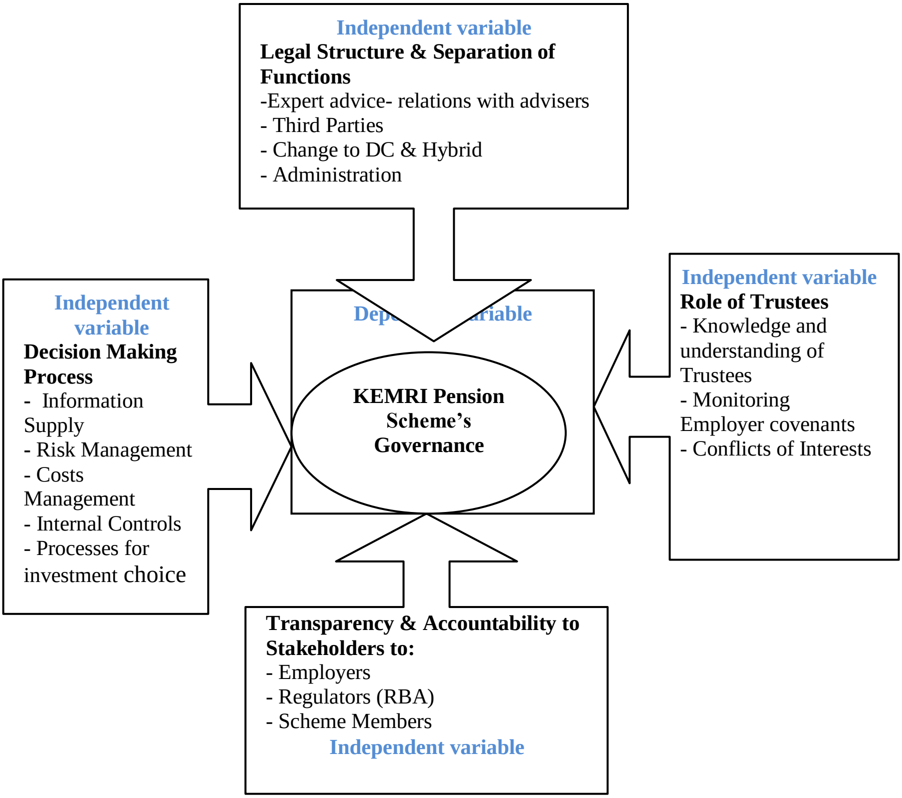

Figure 1: Pension Scheme Governance Factor Interactive Model
Source: Authors' self conceptualization, (2010)

Literature review

Pensions are generally regarded as the most important employee benefit. Armstrong (1999) defines pension schemes as an arrangement under which an employer provides pension for employees when they retire, income for the families of members who die and deferred benefits to members who leave. The problem of supporting the older persons not only financially but psychologically has become one of the foremost social concerns for most Nations. Sloane (1983) advised Employers to take the burden as their concern. He argued that any management that does not give serious and continuous attention to the subject of retirement in this era of rapidly changing demographics, significant pension and retirement legislation and definite reduction in the value of the retirement package, does so only at its extreme peril.

Chruden & Sherman (1984) observed that organizations which were persuaded to curtail or even discontinue pension schemes as a way of cutting down their operating costs experienced transitional problems ranging from increases in labour turnover to demoralizing impact upon employees. This is partly why, pension benefits programmes still make up a significant portion of most of personnel emoluments budgets. Walker (1992) observes that what many employers regarded as a gratuity to employees, are now viewed by employees as an earned component of their total compensation. As a result, it is difficult for employers to modify benefits or to control costs. Chruden & Sherman (1984) further stated that many experts feel that there is no return to the organization in the form of productivity or morale because the employee takes the benefits as his or her due and is totally unconscious of its costs. This is due to a change in the philosophy regarding pension schemes. Chruden et al (1984) observed that originally, pensions were based upon a "reward philosophy" which viewed their primary purpose as that of retaining personnel by rewarding them for remaining with the organization until they retired. Those employees who quit or who terminated prior to retirement age were not considered deserving of such rewards. Pension has undergone a significant change and because of vesting requirements dictated by law, pensions are now based upon an "Earning Philosophy

According to Iglesias & Palacios (2000), Private voluntary pension funds rely on favorable tax treatment and are often subject to certain restrictions on investments withdrawals. Borbone & Sanchez (1999) argues that governments in Sub- Saharan Africa have had considerable degree of say on how pension surplus funds are utilized in almost all countries. Government has either borrowed or appropriated resources from the pension funds.

Borbon et al, (1999), noted the importance of adequate regulation in improving governance of pension Schemes. He contends that for private arrangements, (be it individual or enterprises), regulation is important to increase transparency and protect beneficiaries. Private pension arrangements as they have emerged in some countries often failed to provide accurate information regarding costs, returns and balances, making it difficult for beneficiaries to compare among providers. Insurance companies as part of their life business often provide private pension arrangements. However, insurance regulators do not have the expertise to monitor private pension providers. A key problem in Sub Saharans Africa has been government interference in management of pension funds. This interference has been encouraged by institutional designs that give government control, governing boards and the social security administration (Borbone et al, 1999).

The increasing complexity of the operations and investments of funds and the changing legislative environment has raised the level of competence/expertise required of the governing body. IOPS (2008), reports that there has been a move to impose minimum competence standards. For example, before 1995 no specific legislation was laid down in the UK as to who might become a trustee or how a trustee might be chosen. The UK pensions Act 1995 only introduced a requirement that plan members should have the right to nominate one third of the trustees. In this sense lay trustees were allowed to operate pension funds.

Studies in Australia reveal that under the new universal licensing regime, trustees have to fulfill certain conditions before receiving a license from Australian Presidential Regulation Authority (APRA) to operate a superannuation fund. These conditions would include requirement for trustees to meet minimum standards of competency and to have adequate resources, fraud control plans, and proper systems for managing risks and outsourcing (IOPS, 2008). IOPS (2008) reported that in UK instead of setting out specific formal qualifications and professional experience applicable to all trustees, the supervisory authority adopts a flexible approach by requiring the trustees to have an appropriate knowledge and understanding of pension and trust law and be familiar and conversant with their own scheme documentation; and of any documents relating to the administration of the scheme. The degree of knowledge required would depend on the nature of their scheme and their own role within it. IOPS (2008) further reports that in Poland specific and formal qualifications and experience are required of the key officers of the governing body. The Polish law sets out that at least one third management board members should have higher education in law or economics or be approved investment advisers.

Hakijamii (2007) established that operational challenges hamper the growth of the social security in Kenya. These include under- funding of social security schemes especially in the public sector; poor investment of scheme funds leading to poor returns for members; misappropriation of scheme funds due to members lack of adequate awareness, poor administration and record keeping leading to delays in payment of benefits to members, excessive interference by sponsors in scheme affairs, denial of benefits to certain staff members on spurious grounds.

Borbone et al (1999) while applauding the improvement in administrative practices centering on information management and record keeping, argues for focusing first on the basic institutional design before engaging in micro-administrative reforms. For instance, social security institutions undertake a wide variety of tasks including collection, account management instrument of reserves, benefits payments etc. to carry out all these tasks within as single organization has proven a complicated task.

Chruden et al (1984) attributed the problem to inadequate funding in both the public and private sectors saying that current difficulties have been caused in part by the fact that:-Current wages upon which pension are based today drastically exceed the wage rates upon which the contributions into the pension funds were determined in earlier years; Employees are exceeding the life expectancies upon which their pension benefits were funded; employers giving into union bargaining demands for higher pension without taking a critical look at what the future costs of these demands might require. The purchasing power that pension benefits provided is continually being eroded by inflation (Dessler, 2000). The standard of living among retirees is declining rapidly while, the life expectancy increases. Sheer (1979) aptly put it “pensioners are going broke”. He observes that despite the proliferation of public and private pension plans in recent years, rising costs and the rate of inflation make many programs economically unsound.

Added to the problem of inadequate pension funding have been movements to have more pension funds diverted to investments considered socially desirable (Chruden et al, 1984). According to Rinaldi et al (2008), the provision of information regarding contributions is important for two reasons: first, for pension planning in the DC context, contributions are an important "control variable ". The contribution rate should be varied over time, as a function of the development of the individual balance, and of the gap that may emerge between the actual balance and the balance that would be consistent with desired and targeted benefits. Therefore, it is important for members to have access to correct and previous contributions and to the evolution of the current personal balance over time. Secondly, systems should be in place to check that contributions are paid regularly, especially regarding employer contributions. In many contributors, it is left to individual members to ensure that their employer contributions are paid when they are due. In this case, it is crucial that they receive timely information about the contributions actually paid.

Conflict of interest is an issue of concern particularly for pension funds managed by external governing bodies. (e.g. Pension funds of contractual forms) with financial institutions assuming a variety of functions relating to pension fund management, there may be an increasing scope of circumstances involving real or potential conflicts of interest. IOPS (2008) observes that related party transactions of the governing body that may pose a threat to the interests of pension members and beneficiaries may be of particular concerns to supervisory authorities. If trustees do not manage their conflicts of interest, they may not act in members' best interests. The risks to pension schemes from conflicts of interest are greatest in defined benefit schemes. This is because decisions by the employer which potentially conflict with the interests of scheme members, for example on resource allocation, are likely to arise more frequently. Moreover, developments such as the greater role of trustees in corporate transactions and scheme specific funding are likely to lead to greater potential for conflicts (The pension's regulator, 2007).

According to Kakwani et al (2006) the Kenya economy has experienced a sustained period of uneven growth since the early1990. Annual per capita growth has declined from 4.7 percent since 1990 to below zero by the year 2000. The low growth rates of economic growth and several other factors have resulted in decline in formal sector employment, which now comprises only 25 percent of the total labour force. The remaining 75 percent one engaged in the informal economy (Juakali).

Raichura (2008 found out that 51 percent of the total scheme by number is invested in guaranteed funds (i.e. invested with insurers on a pooled basis) whilst 49 percent are segregated basis. However by value over 90 percent of the total assets of occupational schemes are currently invested on a segregated basis. According to The Pension's Regulator (2007) Trustees may be required to demonstrate that they have followed appropriate processes in the area of investment; for example in setting their investment strategy, their statements of investment and funding principles, and in their appointment and review of investment managers and consultants. Poor investment performance does not in itself mean that trustees have failed in their obligations, provided that they have followed appropriate processes.

In conclusion, it is evident that pension fund governance has a crucial impact on occupational scheme members; particularly in terms of protecting members benefit rights and reasonable expectations. However, Kakwani et al (2006), a research in Kenya was concerned with old age poverty in Kenya and developing social pension programs for the elderly. The thrust of the study was to develop precise socioeconomic and demographic profiles of the elderly in Kenya so as to provide policy makers with information that may be useful in the reform and expansion of the pension system. Therefore issues of pension governance were not given higher weight in this study.

In Kenya, RBA's focus on the compliance based supervision utilized from inception has been compliance with the regulatory framework and the retirement benefit legislation Raichura (2008). An analysis of this system has led to identification of gaps in the effectiveness of current supervisory practice. In recognition to these shortcomings, RBA adopted the Australian model by implementing Risk Benefit Supervision (RBS). The risk mitigants that have already been identified by RBA for prioritization in RBS include the quality of the Board of Trustees, operational systems, information systems and financial controls, risk management systems and internal audits and compliance levels. There however appears to be no research in Kenya undertaken to look at the efficacy of the RBS model. Also in Kenya, a few studies have attempted to study impact of information provision to members. However, they have not sought to isolate information content factors and study them in greater detail. This study therefore sought to evaluate factors influencing effective Pension Fund governance in Kenyan, with a focus on KEMRI Pension Scheme.

Methodology

The study design was a cross-sectional descriptive survey conducted among the KEMRI Pension Scheme members and the Board of Trustees' members. This design was appropriate for this study as it made it possible for in-depth search of information on the nature of the problem. Cross sectional data was collected over a period over two months. The study was carried out in Kenya on Kenya Medical Research Institute (KEMRI) Head Offices in Nairobi and the field station in Kisumu. The sample population of 50 respondents was using random sampling technique. Primary data was collected using structured questionnaires and interview schedules administered the respondents. The questionnaire was hand delivered to the sample respondents and interviews conducted in March 2010 in KEMRI Kisumu Field Station and Headquarters in Nairobi. Data was mainly analyzed by descriptive statistics.

Results and discussion

The results for the main objective of the study have been presented in terms of Scheme members' participation in decision making process as a theme which hinges on; participatory approach, information supply to members and change of the scheme to defined contribution.

Decision making process through participatory approach

The RBA Act (2000) requires that trustees hold annual general meetings through which members are mandated to make decisions about their scheme. The results in **Table 1** below indicate the level of attendance of Annual General Meetings by KEMRI Pension Scheme Members.

It is noted that 19.2% of the members indicated that they had attended at least one meeting whereas15.4% indicated that they have attended at least two meetings. 7.2% of the members who had been members for 11- 15 years and over 16 years had attended 3-4 or more meeting respectively. Notably however, nearly 58% of the respondents reported that they have never attended any Schemes' annual general meetings. Trustee respondents interviewed confirmed that in the last three years, only two annual general meetings had been organized.

Table 2 below indicates that documents availed to members in terms of member statement, scheme audited accounts, benefits instructional guides among others have been poorly distributed to members.

Half (50%) of the respondents indicated that they have never received any document in the form member statements, bulletins and benefits guides. 23.1% of the respondents acknowledged being furnished with member benefits instructional guide. 3 out of 26 interviewees had received scheme audited accounts and only 7.7% of the respondents with over 16 years of work had received member statements.

The study sought to investigate importance of various variables on the governance of Retirement benefits schemes Table 3 below indicates the scores by the respondents on the selected variables. The findings revealed that 81% of the respondents rated the importance of Trustees seeking advice from independent advisors rating the range from important to very important.

Of the total number of respondents, 38.5% agreed that declaration of conflict of interests is important, whereas 27% agreed that it was very important. 7.7% indicated that it was not important at all and 19.2% reported that it was least important. The overall score on this determinant was 62.3%. Of the total respondents, respondents 38.5% agreed that Trustees knowledge and understanding of the governing body is important, whereas 30.8% agreed that it was very important. Four (15.4%) indicated that it was not important at all and 11.5% reported that it was least important.

Of the total number of respondents, 34.6% rated as very important the need for Trustees to monitor employer covenants, 19.2% rated this as more important, whereas 26.9% agreed that it was important. This result brings the total number of respondents agreeing on the importance of this variable at approximately 81%. The average score on the importance of the relationship of trustees and advisors stood at 45.4%. Therefore this variable was found to be of least importance among the array of variables.

Most respondents attached more importance on the investment policy guidelines by the trustees with an average overall score of 75.4%. Of the total respondents, 46.2% rated as very important the processes for investment choice, 15.4% rated this as more important, whereas 30.1% agreed that it was important. Trustees' governance score card on their role was rated below average with only 42.3% giving it a good rating on how Trustees discharged their role of organizing annual general meetings. 84.6% rated it poor in terms of organizing Trustee elections, whereas 65.4% rated poor in providing accuracy of record keeping. 69.2% rated it poor in disclosure of levies and fees. When all these performance indicators are averaged, it was found that

65.4% of respondents gave a poor rating on how Trustees have discharged their responsibilities.

Discussion of results

Participative and consultative meetings are some of the means by which pension scheme members are able to make decisions about their scheme. The concern is how to increase the likelihood that appropriate decisions are taken by individuals regarding pensions. Therefore information needs to be provided in several modes and mediums The general duties of Trustees include disclosure of relevant information to plan members, their beneficiaries' agents and supervisory authority on a periodic basis as observed by IOPS (2008). This is echoed by RBA (2000), which requires that Trustees furnish members with information periodically. The results in **Table 1** indicated that nearly 58% o0f the respondents had never attended any Schemes' annual general meetings. These results point to poor organization of meetings and thus members missing out on opportunities to make decisions about their scheme. It is therefore realized that KEMRI Pension scheme members have been denied a chance to make decisions that affect them and their scheme.

In Kenya, the Retirement Benefits Act provides for appointment of certain service providers as a way of enhancing Schemes management. Trustees are required under section 22 of the Act to appoint investment managers and custodians. The Pension's Regulator (2007), echoes this as a good practice and observes that Trustees are required to take advice from suitably qualified persons in areas such as investment and actuarial matters. As noted in **table 3** above, 81% of the respondents underscored this view by rating the importance of KEMRI Trustees seeking advice from independent advisers.

Pension Regulator (2007) observes that where expert advice is sought, Trustees are still responsible for the actions of the external expert in view of the risk associated with that advice. Such risks may be in terms of conflict of interest where for instance the adviser may have a conflict of interests in certain circumstances advising another scheme or another employer with whom Trustees ate engaged. Secondly there is the risk that that advice may not be properly understood by Trustees or is not properly issued by suitably qualified advisers. If Trustees do not manage their conflicts of interest, they may not act in members' best interests. In **table 3** above 73% of the respondents support the need for KEMRI Trustees to manage conflict of Interests. IOPS (2008) therefore recommends that supervisory authorities have to ensure that the governing bodies disclose properly any transactions which may give rise to conflicts of interest and that they have put in place proper internal control mechanisms.

According to Rinaldi et al (2008) costs are important both for occupational and for personal Pension Funds and therefore are a key issue that Trustees should consider for in the long run, differences in costs may add up to huge differences in pension benefits. Therefore, ensuring cost transparency for occupational plans puts pressure on Trustees, making them accountable to members, and stimulating them to look for efficiency gains. Even in the presence of adequate transparency, Rinaldi et al (2008) argues that individuals are not careful enough to spot the cost differences across the plans available.

The increasing complexity of the operations and investments of funds and the changing legislative environment has raised the level of competence/expertise required of the governing body. IOPS (2008) reports that there has been a move to impose minimum competence standards. In the UK, the Pension Regulator routinely questions trustees about their learning activities and steps taken to maintain their knowledge and understanding (IOPS, 2008). In Kenya, RBA Act (2000) only provides for appointment of competent Trustees but does not impose any competence requirements. From **table 3**, 76% of respondents agreed on the importance of knowledge and understanding of Trustees.

Under section 7 of the KEMRI pension Scheme Trust deed and rules, The Trustee covenanted with the sponsor and each Employer that they will: Manage, Supervise and administer the scheme as established in accordance with the Retirement Benefits Act and the Regulations there under as amended from time to time and the income Tax/Retirement Benefits Rules; Take Reasonable care to ensure that the management of the scheme is carried out in the best interests of the members and sponsors of the scheme; Exercise the power of investment of the scheme Fund with diligence and to strictly comply with investment guidelines as provided under the Retirements Benefits Act and the Regulations. As summarized below in **table 3** above on the trustee covenants, 65.4% of respondents gave a poor rating on how the trustees have implemented their agreements.

Summary, conclusions and recommendations

The aim of this study was to assess factors influencing effective pension schemes governance in Kenyan by means of a case study on Kenya Medical Research Institute (KEMRI). The results of the Study showed that an average of 38.5% agreed with following as important factors for Trustees to consider as they impact effective governance of Pension Schemes:- Knowledge and understanding of the governing body; Relationships of the governing body; declaration of conflicts of interest by Trustees; Information supply to members; Monitoring of employer covenants; Relations with advisers; internal governance structures and procedures of the governing body; Pension Scheme Administration-internal/External service provision among others.

Equally the study showed that the highest participants are aged over 38 years and yet appeared to miss out on the information about the scheme. 65.4% of the averaged respondents indicated lack of knowledge or less knowledge on the Trustees' covenants in terms of; organizing and ensuring attendance of annual general meetings, election of member trustees, accuracy of pension records, disclosure of scheme fees and levies among others. Therefore, the KEMRI Pension Scheme Trustees' governance score card on their role was rated below average with only 34.6% giving a good rating. Information flow to members was wanting as supported by the fact that 13 respondents out of 26 indicated that they had never received any document in the form of member statements, bulletins and benefits guides; Annual general meetings were poorly attended for the last three years as approximately 58% of the respondents reported that they had not attended any meeting; Election of Member Trustees was not done openly noting with 84.6% of the respondents indicating that they did not participate in the election of Member representative Trustees. Only 15.4% acknowledged participating in these elections. Trustees are vested with the power to administer the pension Scheme and ultimately responsible for ensuring adherence to the terms of the Trust deed and the protection of the best interests of Scheme members and beneficiaries. To this end, Trustees must espouse transparency in discharging their duties. They must also retain the responsibility for monitoring and exercising oversight on employer covenants and also following through on their own covenants.

Based on the findings of this study, several recommendations emanate as way of improving the Schemes' governance: the Board of Trustees of pension schemes should to establish a formal governance policy that they can use to assist in decision making and managing Trustees' activities in an effective and efficient manner. As a way of establishing internal controls, Trustees need to identify and assign operational and oversight responsibilities in accordance with the objectives set out in the pension fund by-laws structures, contract and trust instruments and ensure that they comply with the law. Such controls should cover all basic organizational and administrative procedures. They should include performance assessment compensation mechanism, information systems and processes and risk management procedures.

The Trustees should be subjected to a rigorous selection process in order to ensure a high level of integrity and professionalism in the administration of Pension Scheme. Besides, they need to undertake an assessment of the skills and knowledge of Trustees individually and collectively covering analytical and decision making skills as well as technical knowledge in pension matters. This will assist in designing and implementing a training and development programme to address any identified skills and knowledge gaps. It is critical that Trustees Board prepare a risk management strategy for itself and risk management plan (RMP) for the Scheme. The RMP would demonstrate arrangements Trustees have in place to instigate relevant risks including risks relating to governance and decision making process, outsourcing, potential fraud and theft, and changes to relevant law. The RMP for the Scheme must encompass investment risks to the Scheme's financial position, out sourcing and audit.

Finally, it is recommended that similar studies be done on Risk-based Supervision (RBS) model that RBA started implementing in 2007 with a view to understanding proactive mechanisms of schemes at risk and the implementation of good governance structures that such a model portend.

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Table 1: Attendance of Pension Scheme Annual General Meetings

No of pension schemes annual general meetings have you attended.	Length of membership in the current scheme				Total
	0 - 5yrs	6 - 10 yrs	11 - 15 yrs	Over 16 yrs	
One meeting	1	0	1	3	5
Two meeting	0	0	2	2	4
Three meeting	0	0	0	1	1
Four or more meetings	0	0	1	0	1
Never	3	6	2	4	15
Total	***4***	***6***	***6***	***10***	***26***

Source: Survey data, (2010)

Table 2: Documents availed members by Length of Membership

Documents availed to members of the pension scheme	Length of membership in the current scheme				Total
	0 - 5yrs	6 - 10 yrs	11 - 15 yrs	Over 16 yrs	
None	2	4	3	4	13
Member statements	0	0	0	2	2
Scheme audited accounts	1	1	1	0	3
Member Benefits Instructional Guide	0	0	2	4	6
Others (Bulletins)	1	1	0	0	2
Total	**4**	**6**	**6**	**10**	**26**

Source: Survey data, (2010)

Table 3: Importance of various variables on governance of Retirement Benefit Schemes

Determinant	*Measurement scale* 1		2		3		4		5		***Average***
	N	*%*	N	*%*	N	*%*	N	*%*	N	*%*	***%***
Trustees seeking advice from independent advisors	3	*11.5*	2	*7.7*	12	*46.2*	3	*11.5*	6	*23.1*	***65.4***
Declaration of conflict of interest	2	*7.7*	3	*11.5*	10	*38.5*	2	*7.7*	7	*26.9*	***62.3***
Knowledge and understanding of the trustees	4	*15.4*	3	*11.5*	10	*38.5*	1	*3.8*	8	*30.8*	***64.6***
Monitoring of employer covenants by trustees	4	*15.4*	1	*3.8*	7	*26.9*	5	*19.2*	9	*34.6*	***70.8***
Relationship with independent advisors	5	*19.2*	12	*46.2*	6	*23.1*	3	*11.5*	0	*0.0*	***45.4***
Investment policy guidelines	2	*7.7*	3	*11.5*	6	*23.1*	3	*11.5*	12	*46.2*	***75.4***

Scale: 1=Least important; 5= Most important

Source: Survey data, 2010