



# Pension Plan Governance Evaluator

Executive Risk Services Limited  
Confidential

Company Name: \_\_\_\_\_

Completed By: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



## INTRODUCTION

The Pension Plan Governance Evaluator is designed to assess a pension plan's existing governance structure and its effectiveness. Therefore, Executive Risk Services Limited asks that the Evaluator be completed by a member of the sponsor company's board of directors who is charged with overseeing the pension plan's governance or a member of the pension plan administrator (which pension legislation defines to be the body ultimately responsible for the plan's governance) who is intimately familiar with the plan's governance, such as a Lead Trustee.

## RATING METHODOLOGY

- All organizations rated by Executive Risk Services Limited ("ERS") are rated on a scale of 1.0 (lowest) to 10.0 (highest).
- The Pension Plan Governance Evaluator contains questions, which can be answered in the form of "yes", "no" or "not applicable". Questions with a "yes" response represent a good Pension Plan Governance practice. For evaluation purposes, each question is weighted differently depending on its relative importance in determining Pension Plan Governance effectiveness.
- Each Pension Plan Governance category will be evaluated and given a rating out of 10.0 (highest). Category ratings will allow each company to easily determine specific issues and areas where Pension Plan Governance practices may be improved.
- Overall and within each category, a Pension Plan Governance rating of 9.0 or higher is considered to be well above average. A Pension Plan Governance rating of 7.5 to 8.9 is considered to be above average, 6.0 to 7.4 is considered average, 3.5 to 5.9 is considered below average and 3.4 or less is considered well below average by ERS.



## Pension Plan Administrator

- |                                                                                                                                                                                                                                  | Yes                      | No                       | Not<br>Applicable        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| 1. Who is the pension plan's administrator (e.g. Board of Trustees, Pension Committee, Pension Committee etc)?                                                                                                                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the plan administrator report directly to the sponsor's board of directors?                                                                                                                                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. How many people comprise the plan administrator?                                                                                                                                                                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. What is the composition of the plan administrator: Employees of the sponsor? Members of the sponsor's board of directors? Any independent trustees? External advisors? (describe in space on last page of this questionnaire) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the plan administrator have full authority to retain, oversee, compensate and terminate outside advisors, who are required to assist the administrator, a committee of the board, or an individual trustee?              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Does a majority of the people who comprise the plan administrator have a relevant professional designation and/or in-depth pension plan experience?                                                                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

## Governance Objectives

- |                                                                                                                                                          | Yes                      | No                       | Not<br>Applicable        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| 7. Have you identified your responsibilities, including fiduciary duties, to the plan's stakeholders (i.e. plan members, beneficiaries, regulators etc)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Have you established governance objectives for the oversight, management and administration of the plan?                                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

## Roles & Responsibilities

- |                                                                                                                                             | Yes                      | No                       | Not<br>Applicable        |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| 9. Have the roles, responsibilities and reporting relationships for all participants in the governance process been defined and documented? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Are the governance and operational roles and responsibilities distinct from one another?                                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Is the pension governance structure communicated to participants in the governance process, including external service providers?       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



### Skills, Knowledge & Access to Information

	Yes	No	Not Applicable
12. Have the knowledge and skills needed for the effective governance of the plan been identified?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Are new members of the plan's governing body provided with comprehensive orientation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Is ongoing education provided to help those with decision-making authority to stay abreast of developments in pension plan governance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Is there a process for keeping all participants in the governance process informed of relevant developments that could have a significant impact on the plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Are there processes for ensuring that you obtain appropriate, current, accurate and complete information from all participants in the governance process?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Performance Measurement of Individuals Sitting on Governing Body

	Yes	No	Not Applicable
17. Are performance measures established for measuring the performance of each participant who has decision-making authority in the governance process?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Is performance evaluated annually?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Is a participant informed of his/her performance results?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Is there a follow-up procedure to ensure inadequate performance has been corrected?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Is an independent external party involved in the performance evaluation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



### Performance Measurement of Delegated Functions

Yes      No      Not  
                                         Applicable

- 22. Is there a process for monitoring and evaluating the performance of all pension plan functions delegated to sponsor employees?
- 23. Is there a process for monitoring and evaluating the performance of all pension plan functions delegated to external service providers (e.g., investment managers, auditors, actuaries)?
- 24. Is performance evaluated at least annually?
- 25. Are the performance measures themselves periodically reviewed and adjusted, as appropriate?
- 26. Are there appropriate mechanisms to oversee and ensure compliance with legislative requirements, the pension plan document and administrative policies?

### Communication

Yes      No      Not  
                                         Applicable

- 27. Is there a formal communication policy for the pension plan that establishes effective communication to all plan stakeholders?
- 28. Does the policy provide for the disclosure of governance-related information to members and beneficiaries?
- 29. Are the form and content of the plan's disclosure and communication materials provided to all stakeholders regularly reviewed and updated as appropriate?
- 30. Have you ever confirmed plan members' understanding of the pension promise?
- 31. Have you established a process to address plan members and beneficiaries questions/concerns?
- 32. If you answered, "Yes" to the question immediately above, is this process communicated to the plan members and beneficiaries?
- 33. If the pension plan is a defined contribution plan, do you provide members with investment information (e.g., glossary explaining terms used in the investment industry, performance reports for any investment funds offered in the plan) to assist them in making investment decisions within the plan?



### Risk Assessment

Yes      No      Not  
                                         Applicable

- 34. Is the plan's risk exposure regularly evaluated?
- 35. Are there internal control policies that address the plan's risks?
- 36. Does the plan's governing body approve the internal control framework and any significant amendments to it?
- 37. Are business transactions being assessed with respect to the impact on pension obligations, keeping in mind the duties to plan members and beneficiaries and shareholders?

### Cost Assessment

Yes      No      Not  
                                         Applicable

- 38. Are the total annual administrative expenses associated with sponsoring the plan accounted for (including fees paid to external service providers)?
- 39. Is a cost-effectiveness analysis of the plan's current administration procedures done periodically?
- 40. If the plan is a defined contribution plan, are fees paid by plan members assessed for competitiveness?



### Conflicts of Interest

- |                                                                                         | Yes                      | No                       | Not<br>Applicable        |
|-----------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| 41. Have you established a policy to address actual or perceived conflicts of interest? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 42. Have you ever had to address an actual or perceived conflict of interest?           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

### Governance Audit/Assessment

- |                                                                                                                                                                        | Yes                      | No                       | Not<br>Applicable        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| 43. Are the plan's governance procedures and practices periodically reviewed and assessed against statutory requirements and best practices?                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 44. If you answered "Yes" to the question immediately above is the governance review a formal governance audit done by an independent party (e.g. consultant, lawyer)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 45. Is the effectiveness of the plan's governance periodically assessed against stated governance objectives?                                                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 46. Are the results of the governance assessment reported to the plan's stakeholders?                                                                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 47. Is there an effective process to resolve any deficiencies in the plan's governance?                                                                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 48. Have any governance deficiencies been identified and resolved in the last two years?                                                                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Comments: