Multi-Employer Funds Recruiting New Trustees Despite Challenges

The vast majority of multi-employer fund representatives believe it is more challenging to be a trustee today compared with the past, according to the International Foundation’s Canadian Multi-Employer Trustee Selection and Orientation: 2015 Survey Results.

The most common challenges for new trustees are personal concerns about lack of appropriate knowledge or experience with fund issues and a desire for work/life balance. Desire for work/life balance, worries over fiduciary liability and concern about keeping up with constantly changing regulations are the most common challenges for current trustees. On average, trustees spend about 136 hours per year in service to the fund (e.g., trustee meetings, meeting preparation, education, independent study, etc.).

In June 2015, the International Foundation of Employee Benefit Plans deployed a survey to multi-employer funds in a number of industries across Canada. The survey examines the recruitment, selection, orientation and education of new trustees and the biggest challenges facing trustees. The survey received 49 completed responses in total—Readers are cautioned that the very small sample size restricts the extent to which findings can be generalized.

According to the survey, the average board is made up of about seven individuals and holds five full board meetings each year. Among surveyed funds, the average age of board trustees is 53 and more than one-quarter are over the age of 60. Women represent only about one in ten current trustees, and minorities represent less than 5%.

Funds use a wide variety of strategies and initiatives to recruit new trustees. Some of the most common recruiting strategies used by boards, unions and employer/management associations are adopting a contingency plan for appointing a successor trustee upon an unexpected event, developing an action plan for recruiting the next generation of leaders and using retirees as trustees.

Experience recruiting new trustees varied by the type of trustee being sought. Respondents were only slightly more likely to say it is more difficult today to recruit labour trustees compared with a decade ago but far more likely to say it is more difficult to recruit management trustees.

Respondents cited the learning experience/chance for ongoing education, responsibility/duty and the ability to improve the fund as the three most effective recruiting messages. Other commonly cited effective recruiting messages are the ability to lead and strategize, ability to take care of others and giving back.

Listening was regarded as the top skill for a good trustee. Many respondents cited working as a team player and effectiveness in working with both labour and management as needed skill sets. Being committed to learning, ethical and honest/transparent were most commonly viewed as necessary personality traits.

A total of 59% of boards, 13% of unions and 11% of employer/management associations have formal orientation, mentoring or knowledge-transfer processes for new trustees. Education and learning opportunities and meetings to discuss the duties and responsibilities of trusteeship before a candidate accepts trusteeship are the most frequently used components in trustee orientation. Trust/plan documents and governance
manuals are distributed by 57% of boards during orientation.

About four in five funds have educational policies, and an additional 14% are considering adopting policies. The majority of representatives believe it takes between three and five years to develop a competent trustee. About one in ten representatives believes it takes less than two years. Another one in ten believes it is a longer process that takes between six and ten years.

This was the first survey of its kind conducted for Canada by the International Foundation of Employee Benefit Plans. Among the 49 survey respondents, labour respondents outweighed management three to one (15 responding funds do not have management trustees). About 12% of respondents are the appointing authorities for their funds, 73% of respondents are trustees and the remaining 14% are administrative staff. Survey respondents commonly serve multiple funds within their organizations. Most responding funds are from the construction industry, but a variety of industries, fund sizes and regions of the country are represented.

Canadian Multi-Employer Trustee Selection and Orientation: 2015 Survey Results is available at www.ifebp.org/CanadianTrustee.

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