

Formalising Member Education – Make the Jump!

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With the release of PF130, trustees are faced with the reality of formalising member education. This calls for often difficult decisions surrounding the topic, especially since not a lot of expertise readily exist on boards of trustees on launching an effective communication strategy.

PF130 promotes the appointment of a communication and education sub-committee, drafting of a detailed communication policy and assessing the risk surrounding poor communication. The aim of PF130 is to encourage trustees to apply their mind to this increasingly important issue and to identify the shortcomings in their current communication strategy. But, implementing PF130 will require serious deliberation by trustees.

Increasingly boards of trustees are realising that only complying with the prescribed minimum communication levels as per PF 86 and 90 may not be enough to properly educate their members. *Awareness has shifted from distribution of information, to transfer of knowledge.* When weighed against fund investments, actuarial valuations and general fund administration, member communication does not always enjoy the same level of attention.

Trustees spend a large portion of trustee meetings on the drafting, implementation and monitoring of the fund's investment strategy. And rightly so. But, the communication of those benchmarks and strategies to members does not always enjoy sufficient consideration. This is especially true for funds offering individual member choice. The investment strategy as intended by the board of trustees can only deliver its full benefit if members understand how to utilise the relevant strategy properly and make informed decisions on the portfolios on offer. Despite hours spent on providing the most appropriate range of portfolios and spending numerous hours on monitoring performances; if members do not utilize these portfolios knowledgably, the value of the investment strategy is eroded.

The dilemma boards of trustee face is to first discover how effective the fund's current member education has been to date and if deficiencies exist, in what areas and how to address them. An interesting estimate could be to test the fund's newly elected trustees, prior to having them undergo any training, on general fund issues such as portfolios on offer as well as the benefits on death and retirement. This is particularly applicable for individual member choice funds. Having been members of the fund for typically quite a period of time, if the communication strategy surrounding investments was truly sufficient, the newly elected trustees should be relatively well informed of at least the portfolios on offer, choice dates and frequency of options. But experience has shown, newly elected trustees very often have very little knowledge of important issues such as these.

It is clear from the above the knowledge levels of members on fund issues have to be determined prior to compiling a formal communication policy. The results of this survey will drive the communication process and guide the board of trustees in which media to use, the most effective distribution network to utilise, topics to focus on, languages to use, knowledge levels of different demographics of members and the level of complexity. This

needn't be a costly exercise, as live questionnaire surveys can often prove to be. Technological advances can make this a cost effective and relatively easy process; even where employees are not computer literate.

Once the base knowledge level of members has been determined, the communication policy can be tailored to suit the fund's needs. The results of any strategy implemented should then be measured against this and the necessary adjustments made. It is clear the release of PF130 and its guidelines on member communication and education is yet another positive step in the journey towards up skilling fund members. The success however, will be determined by the efficiency with which these guidelines are applied to facilitate this growth.