



What should boards think about regarding the future skills and experience they will need, as the demands on both DB and DC schemes evolve?

Boards need to look beyond today and work back from where the scheme is heading. That means being clear on the journey, for example, whether that's DB buyout or DC consolidation, and then keeping an up to date view of their skills and experience against that direction. The question is 'what will we need more of over the next few years?' and that might include decumulation experience, stronger member engagement, greater confidence with data and technology, and people who bring broader perspectives and can challenge constructively.

Understanding the current mix of skills and experience on the board, and keeping that under regular review, is an essential part of strategic planning. It ensures the board's composition is aligned with the strategic plan and viewed through a genuinely forward-looking lens.

A common challenge for boards when thinking about succession planning is recruiting new trustees. But what aspects of succession planning are most commonly overlooked?

Some of the more common blind spots that we see in practice include not having a pipeline at all, lack of early exposure and mentoring, and (inadvertently) under selling the role.

Boards can really strengthen their approach by keeping a small pool of interested candidates warm, offering chances to observe meetings or be mentored so people understand the culture and expectations beforehand. There are also real opportunities to promote the important role of the trustee through member communications, even when you're not actively recruiting, so the value and appeal of the role are consistently visible to members.

Planning ahead

➤ Pensions Age speaks to Aon partner, Michelle Burgess, and Aon head of DC governance, Madalena Cain, about what trustee boards should consider when implementing succession planning

Is there a difference in the understanding and implementation of succession planning across the market, for example between DB and DC schemes, or between long-established boards and somewhat 'newer' entities such as DC master trusts or DB superfunds?

Yes, there's variation, but it's often more about the maturity of governance than scheme type.

Long-established boards will often have an informal sense of 'who might be next', especially where there are long-tenured trustees, but it's not always written down or genuinely strategic – it tends to be about filling the next vacancy rather than planning for the skills and experience the board needs in three, five or 10 years' time. In many cases, these boards have an opportunity to embed a more structured and future-focused succession strategy.

Newer vehicles, such as DC master trusts and DB superfunds, are often very conscious of regulatory scrutiny and commercial risk, so succession is more

likely to be baked into their governance frameworks from the outset. For these types of boards, it's important that succession planning remains agile to changing needs of the board as these evolve and change over time.

Why should all types of trustee boards consider succession planning – what are the risks for schemes that do not take a structured, forward-looking approach to succession planning?

Without this type of approach boards are exposed to key person risk, loss of momentum on major projects and less robust decision making. It can also be a real drain on bandwidth, with trustees spread too thin; but if vacancies are then filled in a rush, the board can find itself repeatedly firefighting recruitment and handovers and losing focus on the opportunity to bring key skills and characteristics to support the board into the future. This can pull attention away from the scheme's strategic priorities and ultimately lead to an ineffective board.

How should the relationship element between the board, its sponsor and its advisers be considered when undergoing succession planning?

Succession planning works best where the sponsor and the board see it as a shared endeavour. Sponsors should work with the board to understand the current skills and experience, and agree what's needed to support the board into the future. The sponsor has a key role in identifying future potential candidates and then supporting the time commitment so that the trustee role is seen as highly valued by the sponsor and represents a development opportunity.

Advisers also play a role at the boardroom table and will complement the board's mix of skills and experience. Having insights into the board's level of understanding in key areas and decision-making styles helps advisers to deliver advice effectively. Boards may consider whether the delivery, style or approach of their key advisers supports them with effective decision-making. When thinking about succession planning it's important to understand how collective decision-making styles evolve over time with board changes and ensure that the adviser support continues to be effective.

What practical role can technology play in supporting succession planning, for example in knowledge retention and reducing key person risk?

It has the capacity to play an increasingly important role in succession planning, especially with the growth of AI. For example, AI-enabled



tools can scan training records and experience profiles against the scheme's priorities and flag where there are skills gaps or concentration risks, helping boards focus in on the types of people and experience they will need for the future.

It can also support clearer onboarding pathways and better knowledge sharing. Digital induction packs, e-learning and recorded training sessions help to standardise onboarding and give new trustees a stronger foundation, so they can be more effective more quickly when they join, while also reducing key person risk by making knowledge less dependent on a small number of long-standing trustees.

If a board recognises that its current approach is not fit for purpose, what are the first steps it should take to build a more robust succession plan?

A good starting point is to take stock of where you are by understanding the current board's skills, experience,

diversity and tenure, and set that alongside upcoming future milestones for the scheme including any regulatory or best-practice developments on the horizon.

From there, define what you'll need for the future by aligning with your business plan and agreeing the core skills, behaviours and perspectives needed to support the board with achieving the best outcomes over the medium to long term. This will help the board articulate its principles for appointments, re-appointments, rotation and avoiding 'cliff-edge' departures.

The key point for all boards is that robust succession planning is an ongoing strategic governance task which is crucial for ensuring the board is able to effectively deliver its agenda of work.

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