NCPERS Unveils Code of Conduct for Pension Service Providers

Voluntary Guidelines Protect Interests of Plan Participants and Beneficiaries

Washington, D.C. – Public pension plans will begin asking their service providers to commit to a new set of ethical guidelines designed to protect the interests of plan participants and beneficiaries, the National Conference on Public Employee Retirement Systems (NCPERS) announced at its Annual Conference and Exhibition, being held in New Orleans May 3-7.

The NCPERS Code of Conduct for Public Pension Service Providers identifies 10 principles for service providers. The ethical framework was developed at a time when compensation and other arrangements for providing services to employee benefit plans have grown more complex. Some types of services that pension plans secure include legal, financial, accounting, investment, and custody services.

“Pension plan fiduciaries are obligated to make prudent, informed decisions about plan services, with an eye at all times on discouraging conflicts of interest,” said Hank Kim, Esq., NCPERS executive director and counsel. “NCPERS created this code of conduct to help fiduciaries and managers articulate strong, consistent ethical expectations for service providers across the board.”

The 10-point voluntary plan requires service providers to:

- Act in a professional and ethical manner at all times in dealings with public plan clients.
- Act for the benefit of public plan clients.
- Act with independence and objectivity.
- Fully disclose to public plan clients conflicts of interest that arise that may impair the ability to act independently or objectively.
- Act with reasonable care, skill, competence, and diligence when engaging in professional activities.
• Communicate with public plan clients in a timely and accurate manner.

• Uphold the applicable law, rules, and regulations governing their sector and profession.

• Fully disclose to public plan clients all fees charged for the products or services provided to said client.

• Not advocate for the diminishment of public defined benefit plans.

• Fully disclose all contributions made to entities enumerated in Schedule A that advocate for the diminishment of public defined benefit plans.

NCPERS began developing the code of conduct about a year ago, with work originating in the Advisors Committee of the NCPERS Executive Board. As the code of conduct took shape, discussions were held with the CFA Institute, whose mission is to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.

“Pension participants place great trust in the plan fiduciaries to do the right thing in overseeing service providers,” Kim said. “The code of conduct is a valuable tool to ensure that fiduciaries and plan providers are working together in the best interests of participants and beneficiaries.”

About NCPERS

The National Conference on Public Employee Retirement Systems (NCPERS) is the largest trade association for public sector pension funds, representing more than 500 funds throughout the United States and Canada. It is a unique non-profit network of public trustees, administrators, public officials and investment professionals who collectively manage more than $3 trillion in pension assets. Founded in 1941, NCPERS is the principal trade association working to promote and protect pensions by focusing on advocacy, research and education for the benefit of public sector pension stakeholders.

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