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Firms urged to monitor depositing of dividends

UK - Delays in crediting dividends earned from shares can cost pension schemes substantial sums, software provider Euraplan claims.

Its survey – Investment Monitoring in Practice – calculates that half of all pension funds fail to monitor the actions of their custodians and fund managers in banking dividends and other investment income properly.

Euraplan believes many schemes delegate the responsibility for making these deposits, as they have insufficient resources to do it themselves.

Euraplan chief executive Roger Forder said:

“There is clear evidence that many pension schemes would handle their own investment monitoring if they had the in-house resources to do it.”

He added:

“More than a half of pension schemes are saying that they are happy to delegate the responsibility to a third party, but their response to more probing questions reveals that many have reservations about making this delegation.”