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UK PENSION SCHEMES FALL SHORT ON INVESTMENT INCOME MONITORING

Nearly half of UK pension plans have failed to put in place measures to monitor the efficiency with which their managers relay investment income into bank accounts, according to Europlan, a fund monitoring and accounting software provider.

The survey of 42 UK pension schemes found that only half had taken steps to monitor whether income earned on their portfolios was being promptly accounted for.

Katherine Lynas, an associate director at Europlan, described this finding as "potentially alarming".

Investment monitoring is considered important because it allows pension schemes to continuously monitor the performance of their fund managers.

Equally important is the fact that because most plans are so big that even a short delay in crediting a dividend or other income to the fund can be very expensive for the scheme.

Significantly, 84% of respondents to the survey said that they believe investment monitoring to be more important now than it has been in the past.

Roger Forder, chief executive of Europlan, said:

"The survey's findings show unequivocally that the commitment to and demand for investment monitoring is reaching unprecedented levels in the pensions industry."