

Pension trustees have no duty to maximise short term re...

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The Fair Pension campaign's launch of [its new report on fiduciary duty is fascinating](#).

In the pension context they argue that the prevailing interpretations of fiduciary obligation have lost their way, neglecting the core duty of loyalty — including the duty to avoid conflicts of interest — in favour of a narrow focus on maximising returns.

And as they argue, nowhere, anywhere, is there a legal duty that this power be used to maximise returns. That means in statute or in case law. And they've sought advice from heavy weight lawyers to check they're right.

But in that case, they ask, why do trustees think the latter is true? Who persuaded them of it? Why do they act on it as if it is true?

And how come despite the fact that trustees believe this fiction is it that investment charges charges have risen in real terms by 50% over the last decade but the average rate of return they have generated despite their claim to be maximising returns is just 1.1% per annum (and I think that's before charges) over the same period?

The reality is that the current structure of pensions has been moulded to suit the needs of the City and its capture by neoliberal thinking that puts short term goals at its heart and which, quite literally, discounts the future. And yet it is that future for which pensions are invested.

It's been very obvious for a long time that there was an inherent conflict at the core of pension management. Full marks to Fair Pensions for very ably exposing it.

And note - company directors also have fiduciary duty - and they have perverted it too. There is, for example, no obligation for them to minimise tax - that's not a requirement in any UK law - and I suspect you may also find it hard to pin down in US law too. This is just convenient urban myth created to justify the abuse of shareholders, the long term and real investor needs and all for the benefit of management - who are probably acting in breach of their fiduciary duty.