

Pension funds: it's time they were accountable to their...

Published: January 13, 2026, 2:39 am

A [commentator on this blog](#) this morning has made an excellent point on pensions:

It used to be the case that most employers' pension schemes in the private sector were defined-benefit schemes. When that was the case, the pension beneficiaries didn't get much of a say in the decisions made by the scheme's trustees. Fair enough- after all, it's the employer that is on the hook if the investments don't perform, the only agreement with their employees is to pay the pension at the agreed rate.

Now though, everything has changed, most private sector schemes are defined-contribution. The risk has been switched from the employer to the employee, so if investments don't perform in the long term, it's the pensioner who suffers if poor decisions are made. Yet, they're still isolated from virtually all the decision making, that all happens at the fund level. It doesn't seem morally right for employees to suffer the consequences of poor long term shareholder decisions, without having any input into what is decided on their behalf.

This would, however, require that the accounting of pension funds be radically reformed. I gave this some thought a while ago, but never published it at the time. Given the topicality of the issue - and the relevance of this context, let me do so now.

What I put together was a checklist of what I would like to see in the accounts I would wish my defined contribution funds would send to me each year instead of the incredibly simple note I get now that says, in essence that I contributed £X pounds of which they lost me £Y and charged £Z in fees, leaving me with a reduced annual pension expectation of £W a year at some dim and distant date in the future. That checklist of what I wanted was this:

Pensionholder capitalism - the information needs

1: Who runs the funds

1.1: The name of the company

1.2: A summary of their accounts

1.3: Full details of where and how their full accounts can be obtained

1.4: The name of the fund in which the prospective pensioner has invested

1.5: Where the constitution of that fund can be obtained from, and how

1.6: The names of the individual pension fund managers responsible for the fund and for each such manager:

1.6.1: Their age

1.6.2: Summary CV

1.6.3: Qualifications to undertake the task entrusted to them

1.6.4: Their remuneration

1.6.4.1: Linked between basic pay and bonuses

1.6.5: Any other appointments they have

1.6.6: Any conflicts of interest they might have e.g. personal shareholdings

1.7: The method of changing the fund managers available to the prospective pensioner

2: What the fund has done

2.1: What its income was in a year, split between:

2.1.1: Dividends

2.1.2: Interest

2.1.3: Rents

2.1.4: Hedge funds

2.1.5: Private Equity

2.1.6: Profits and losses (each stated separately to come to a net disclosed figure) from trading investments split between

2.1.6.1: Equity shares

2.1.6.2: Corporate bonds

2.1.6.3: Government bonds

2.1.6.4: Property

2.1.6.5: Cash related activity e.g. foreign exchange trading

2.1.7: Income from other sources

2.1.7.1: Stock lending

2.1.7.2: Fees

2.2: Volume of trading

2.2.1: Gross purchases and sales of each of the following netted to produce a net movement

2.2.1.1: Equity shares

2.2.1.2: Corporate bonds

2.2.1.3: Government bonds

2.2.1.4: Property

2.2.1.5: Hedge Funds

2.2.1.6: Private Equity

2.2.1.7: Cash held in other currencies

2.3: Costs of trading

2.3.1: Split by category, as noted above

2.4: Movements in value of assets in the year, not yet realised

2.4.1: Increases and decreases in value for each of the following, each then netted to a total

2.4.1.1: Equity shares

2.4.1.2: Corporate bonds

2.4.1.3: Government bonds

2.4.1.4: Property

2.4.1.5: Hedge Funds

2.4.1.6: Private Equity

2.4.1.7: Cash held in other currencies

2.5: Administration and other costs

2.5.1: Salaries

2.5.2: Research

2.5.3: Overhead costs

2.5.4: Management fees to parent institution

2.5.4.1: NB if the previous three categories are included in a management fee an indicative split of the management fee into these categories should be given

2.5.5: Audit fees

2.5.6: Regulatory fees

2.5.7: Other costs

2.6: Surplus for the year

2.6.1: The surplus or deficit for the year allocated by sub fund if appropriate

3: What the fund invests in

3.1: A balance sheet for the fund

3.1.1: Investments

3.1.1.1: See separate notes below

3.1.2: Current assets

3.1.2.1: Split in the format required by Company Accounts

3.1.3: Current liabilities

3.1.3.1: Split in the format required by Company Accounts

3.1.4: Member funds

3.1.4.1: Opening funds plus contributions less the result for the year equals closing member funds

3.2: Investments

3.2.1: Detailed notes required by asset category showing value brought forward, additions, disposals and movements in asset value - to reconcile with notes in the statement of what the funds has done - leaving closing cost

3.2.2: Equity shares

3.2.3: Corporate bonds

3.2.4: Government bonds

3.2.5: Property

3.2.6: Hedge Funds

3.2.7: Private Equity

3.2.8: Other

3.3: Investment analysis

3.3.1: List the top 100 investments by value at the start and end of the year and note the following for each

3.3.2: Name

3.3.3: Type of asset by category already noted

3.3.4: Proportion of the fund invested in the asset and proportion of the asset held (e.g. what percentage of the company invested in is owned)

3.3.5: How the asset invested in generates its income .e.g. what use is made of a let property, what trade a company pursues

3.3.6: Whether the investment is considered ethical, referencing an accepted standard

3.3.7: Whether the investment is in a low tax jurisdiction (headline corporate tax rate of less than 20%)

3.3.8: Value at the start of the year

3.3.9: All purchases

3.3.10: All sales

3.3.11: Profit or loss

3.3.12: Value at end of year

3.3.13: Total income received

3.3.14: Income of highest paid director in company invested in

3.3.15: Whether the fund voted against any resolutions put by the company in the year and if so what on and why

4: Other information

4.1: Future investment policy

4.2: Green policy

4.3: Ethical policy

Now that may look like a lot, but if I put money in a company I get a set of accounts that are complicated, and can quit whenever I like. If I put money in a pension fund I get virtually no data, may be dependent on the outcome for the rest of my life, and have almost no way of quitting. And candidly, any fund must have this information to manage itself.

This would really transform accountability and since now we take the risk on pension funds it's high time this happened.

So which party is going to take this one on?