



DISCUSSION PAPER PI-0112

Lost Pensions: The U.S, UK and Australia Take Different Approaches to Find Them

David Blake and John Turner

August 2001

ISSN 1367-580X

The Pensions Institute
Cass Business School
City University
106 Bunhill Row London
EC1Y 8TZ
UNITED KINGDOM

<http://www.pensions-institute.org/>

Lost Pensions:
The U.S, U.K and Australia
Take Different Approaches to Find Them*

David Blake
Pensions Institute
Birkbeck College
London, UK
(d.blake@bbk.ac.uk, www.pensions-institute.org)

John Turner
Public Policy Institute
AARP
Washington, DC, US
(jturner@aarp.org, www.aarp.org)

August 2001

Abstract

In the United States and other countries, many retirees face great difficulties in tracing their former employers in order to apply for a pension to which they are entitled. At the same time, pension plans have trouble tracking down pensioners with whom they have lost contact. The problem of lost pensions and lost pensioners was also prevalent in the United Kingdom and Australia, but these countries have established national pension registries. These registries have helped thousands of people receive their pension entitlements.

In a dynamic economy where workers are changing jobs and employers are going out of business, moving, or being taken over, it is sometimes difficult for a worker with a claim to a

* The opinions expressed here are the responsibility solely of the authors and do not represent the position of AARP. We have received helpful comments from Loretta Berg of PBGC, John Hotz of the Pension Rights Center, David McCarthy and Jane Smith of the Pension and Welfare Benefits Administration of the Department of Labor and Jeanne Medeiros of the New England Pension Assistance Project in the US, and Carl Davey, Nick Edmans and David Smith of the Occupational Pensions Regulatory Authority, Shirley Dean and Dean Harrowell of the Pension Schemes Registry, Terry Dring of the Saving Pension and Share Schemes Office, and Ian Davies of Eversheds in the UK; and Peter Whiteford from Australia, currently working at the OECD.

pension benefit to locate the pension plan of a former employer. This article discusses what employees in the United States can do to try to locate a pension sponsored by a former employer. It then compares that with the situation for a worker in the United Kingdom or Australia. To briefly preview the findings, in the United States workers may need to make a number of contacts to try to find a lost pension. By comparison, both the United Kingdom and Australia have established a central pension registry for the purpose of helping people find lost pensions, although they have structured their registries differently.

Lost Pensions in the United States

In the United States, it is up to the individual worker to find his or her former pension plan. To receive a benefit, the worker needs to contact the former employer to apply for the benefit, but this task may involve tracing back through a complicated series of corporate mergers and bankruptcies.

Employees can start by contacting the Social Security Administration to get a copy of their social security earnings record. This record will provide their former employer's federal ID number, which may help in tracking down the plan.

The Pension Benefit Guaranty Corporation (PBGC), which insures most private sector defined benefit plans in the United States can assist in finding pension plans that are ongoing defined benefit plans paying pension benefit insurance premiums. It also maintains a Pension Search database that will assist workers whose lost defined benefit plans have terminated with insufficient funding and have been taken over by the PBGC. It also suggests thirteen other sources of information for tracking down a former employer and a lost pension (Pension Benefit Guaranty Corporation 1999):

1. Contact former co-workers who may have useful information.
 2. If a union covered workers at the former workplace, contact the union.
 3. Contact the Chamber of Commerce in the city where the company was located.
-

4. Try to contact the pension plan administrator based on information from the most recent documentation the worker has.
5. If the information is known, contact the plan's actuary or other service provider.
6. If one is available, go to a business library to research information about possible mergers the company was involved in.
7. Do a computerized search over the Internet.
8. Contact the office of the Secretary of State in the state where the employer was located. In most states, companies are required to file an annual report with the Secretary of State's office.
9. Contact the company's competitors to see if they can provide information about the company.
10. Contact a local historical society for information about the company.
11. Contact the office of the county or municipal recorder of deeds.
12. Contact a stockbroker if the company was publicly traded. Get an annual report of the company to find its current address.
13. If the company went bankrupt, try to find the identity of the trustee in bankruptcy.

There is currently no statistical data on the likelihood of success for a worker looking for a lost pension. The PBGC (1999) cautions "None of the sources of information described in this section is likely to lead you directly, in one easy step, to the pension fund."

Lost Pensions in The United Kingdom

The United Kingdom has established a national pension plan registry so that workers need only contact a single source to trace a lost pension. They can make a request by telephone, mail or the Internet. The Occupational Pensions Regulatory Authority (OPRA) was established under the Pensions Act 1995 to help make sure occupational pension plans were safe for workers. The Pension Schemes Registry (PSR) is now part of OPRA, although it was established in 1991 by the Social Security Act 1990¹. The PSR is designed to help workers track down their pension with former employers.

¹ "Pension schemes" is the British term equivalent to "pension plans" in the United States.

Workers in the United Kingdom filing a tracing request form with the PSR are asked information such as the full name and last known address of the former employer. The tracing service then tries to find a current address for the pension fund. It provides this service without fee to persons requesting it. While the British government provides the PSR on the grounds that it provides an important social service, the cost of the PSR is covered by a levy collected from each of the registered pension schemes in the UK.

The success rate for people contacting the registry varies from year-to-year but has uniformly been high. Between fiscal years 1991-92 and 1997-98, the registry had a total of 74,605 requests, an annual average of almost 11,000 or nearly 900 requests a month. A survey conducted by the PSR indicated that 34 per cent of those who used its tracing service received some financial benefit and there was an 85 per cent success rate in tracing contact details (Maunsell 1998, 1999). In the year 1999/2000, the service received 18,000 requests and had a 95 percent success rate in tracing lost pensions. The number of requests increased to 21,000 in 2000/2001 and the success rate was 92 percent.

Lost Pensions in Australia

The Australian Tax Office (ATO) maintains a Lost Members Register. All regulated pension funds are required to provide details of members with whom they have lost contact. Providers of individual retirement savings accounts are also required to register the names of members whom they are unable to contact. That information is required to be provided within four months of the end of each half year (www.ato.gov.au). If a worker is unable to contact a former pension plan, the worker can contact the Australian Tax Office. That worker's plan will presumably have contacted the ATO because of the inability of the plan to contact the worker so

that a connection between the worker and the plan can be made. The Lost Members Register database is searched by government bureaucrats on behalf of persons making an enquiry. Thus, the Australian approach maintains a central registry as in the United Kingdom, but the registry contains information about workers as well as information about plans. Plans that were able to contact all members, however, would not be required to contact the registry.

Conclusions

In the United States with decentralized records that are not designed for tracing pensions, workers and people searching on their behalf may need to contact more than a dozen sources of information and ultimately fail to find a lost pension. No data is available on the number of workers looking for lost pensions nor on their probability of success. In the United Kingdom and Australia, by contrast, workers need only contact a single source for finding a lost pension, and they have a high probability of succeeding in contacting their former pension plan.

References

- Australian Tax Office. "The Lost Members Register." www.ato.gov.au, downloaded August 2001.
- Maunsell, Harriet. "A View of the Pension Schemes Registry," OPRA Bulletin, Issue 6, November 1998.
- Maunsell, Harriet. "A View of the Pension Schemes Registry: Part 2.," OPRA Bulletin, Issue 8, March 1999.
- Pension Benefit Guaranty Corporation. Finding A Lost Pension. Washington, DC: PBGC Publication 1012, July 1999.