

Retirees ISO Their Lost Pensions

IN A DYNAMIC ECONOMY WHERE WORKERS ARE CHANGING JOBS and changing residences, and employers are going out of business, moving, or being taken over, it's sometimes difficult for a worker with a claim to a pension benefit to locate the pension plan of a former employer. 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.

Lost Pensions in the United States

In the United States, it's up to individual workers to find their own former pension plans. To receive a benefit, workers need to contact their former employers 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 identification 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. While it does not provide any assistance for workers looking for a lost defined contribution plan, it suggests 13 other sources of information for tracking down a former employer or union and a lost pension (Pension Benefit Guaranty Corporation 1999):

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- ▶ **1.** Contact former co-workers who may have useful information.
- ▶ **2.** Contact the union that covered workers at the former workplace.
- ▶ **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 in the most recent documentation the worker has.
- ▶ **5.** Contact the plan's actuary or other service provider.
- ▶ **6.** Research information about possible mergers the company was involved in.
- ▶ **7.** Conduct an Internet search.
- ▶ **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.** Seek information from the company's competitors.
- ▶ **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 the company's annual report for its current address.
- ▶ **13.** If the company went bankrupt, try to find the identity of the trustee in bankruptcy.

All private employer pension plans (other than church plans) are required annually to file a schedule with the Department of Labor called the Schedule SSA of the Form 5500 if any vested employees leave their employment with deferred benefits. On this schedule, pension plans list the vested workers who terminated employment during the preceding year as well as information on how to contact the pension plan. This schedule is sent to the Social Security Administration.

When a worker files for Social Security benefits, the Social Security Administration notifies the worker that he or she may be eligible for pension benefits from previous employers who have filed this form. This notification deals with the problem of lost pensioners—people who may be unaware that they're eligible for a pension benefit from a former employer. At that point, however, the person must search for the plan because the information provided by the Social Security Administration is current only as of the date the worker left his or her former employer.

There is currently no statistical data on the likelihood of a worker's success in looking for a lost pension. The PBGC (1999) cautions, however, "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 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 of 1995 to help make

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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 of 1990. The PSR is designed to help workers track down their pensions with former employers.

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 em-

ployer. The tracing service then tries to find a current address for the pension fund. It provides this service without fee to anyone requesting it. While the British government maintains 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 United Kingdom.

At regular intervals, the Savings Pen-

sion and Share Schemes Office (SPSS) sends the PSR details about new plans that have been granted "exempt approved" status. Active plans are required to provide updated information to the registry at the same time that they pay their annual levy.

The two functions are interrelated; at the time of collection of the levy, plans are reminded that they should provide updated information to the registry.

The success rate for people contacting the registry varies from year to year but has been uniformly 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 PSR survey indicated that 34 percent of those who used its tracing service received some financial benefit, and there was an 85 percent success rate in tracing contact details.

In the year 1999/2000, the service re-



ceived 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.

Finding Pensions in Australia

The Australian Tax Office (ATO) maintains a Lost Members Register. All regu-

lated 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 account holders they're unable to contact. That information must be provided to the government within four months of the end of each half year (www.ato.gov.au). Workers unable to contact former pension plans can connect through the Lost Members Register.

Government bureaucrats search the register's database for people who inquire. 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, wouldn't be required to contact the registry.

Conclusions

Finding a lost pension is much more difficult in the United States than in the United Kingdom and Australia. In the United States, decentralized records aren't designed for tracing pensions. Workers and others searching on their behalf may need to contact more than a dozen sources of information and even then fail to find a lost pension.

In the United Kingdom and Australia, by contrast, workers need only contact a single source specifically designed for assisting them in finding a lost pension, and they have a high probability of succeeding in contacting their former pension plan. ●

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