

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

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**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 changing residences, and employers are going out of business, moving, or being taken over, it is sometimes difficult for a worker with a claim to a 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 and Australia. To briefly preview the findings, in the United States workers may need to contact a number of sources of information to try to find a lost pension. By comparison, a worker in the United Kingdom or Australia need only contact a single source. Both the United Kingdom and Australia have established a central pension registry for the purpose of helping

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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. While it does not provide any assistance for workers looking for a lost defined contribution plan, it suggests thirteen other sources of information for tracking down a former employer or union 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.

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 they have had 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 that have filed this form. This notification deals with the problem of lost pensioners—people who may be unaware that they are 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 as of the date the worker left his or her former employer.

There is currently no statistical data on the likelihood of success for a worker 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 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 1990<sup>1</sup>. The PSR is designed to help workers track down their pension 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 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 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 UK.

At regular intervals, the Savings Pension and Share Schemes Office (SPSS) sends the PSR details about new plans that have been granted “exempt approved” status<sup>1</sup>. 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, in that 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 uniformly has 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.

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<sup>1</sup> The role of the SPSS is to grant “exempt approved” status to pension schemes, i.e., it approves pension schemes for the purpose of enjoying tax relief on contributions into the schemes and income and capital gains tax exemption on the assets in the pension fund. The SPSS is part of the Inland Revenue, the UK’s tax authority.

### ***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 account holders whom they are unable to contact. That information is required to be provided to the government within four months of the end of each half year ([www.ato.gov.au](http://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 through the Lost Members Register a connection can be made between the worker and the plan. 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.

### ***Comparison of the Three Countries and Conclusions***

Finding a lost pension is much more difficult in the United States than in the United Kingdom and Australia. 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. 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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<sup>i</sup> "Pension schemes" is the British term equivalent to "pension plans" in the United States.