



## Lost Pension Plan Registries in the U.K. and Australia

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## Abstract

In the United States, many retirees face great difficulties in locating their former employers in order to apply for a pension to which they are entitled. At the same time, pension plans have trouble locating prospective 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 benefits.

In a dynamic economy, where employers are going out of business, moving, changing their names, or being taken over, and where workers are changing jobs, changing residences and names, it is sometimes difficult for workers with a claim to a pension benefit to locate the pension plan of a former employer. This paper discusses what workers in the United States can do to try to locate a pension sponsored by a former employer with whom they have lost contact. It then compares that with the situation for workers 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, workers 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 workers find lost pensions, although they have structured their registries differently.

### ***Lost Pensions in the United States***

In the United States, to receive a pension or other retirement benefit, a pension plan participant ordinarily needs to contact the former employer to apply for the benefit, but this task may involve tracing back through a complicated series of name and address changes, corporate mergers, and bankruptcies. For example, in the banking industry, the bank where a former employee worked may have undergone several name changes with the consolidation in the banking industry, and the branch where the person worked may have been closed.

Former employees, or survivors of former employees, seeking lost plans often receive a potential benefit notice from Social Security, which is sent whenever the employee or spouse applies for Social Security. Private-employer pension plans (other than church plans) are required annually to file a schedule with the Internal Revenue Service called the Form 8955<sup>1</sup>, if they have had any vested employees leave their employment with deferred benefits. There is no filing requirement if this situation has not occurred.

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<sup>1</sup> The Form 8955 replaces Schedule SSA of the Form 5500, a change necessitated by a new Department of Labor requirement that the Form 5500 be filed electronically.

On this schedule, pension plans list vested workers who have terminated employment during the preceding year, as well as contact information for the plan. This schedule is sent to the IRS and then forwarded to the Social Security Administration.

When a worker files for Social Security benefits, the Social Security Administration notifies the worker that he or she might be eligible for pension benefits from previous employers that have filed a Form 8955. This notification addresses the problem of lost participants – people who might be unaware that they are eligible for a pension benefit from a former employer. However, it does not address the problem of lost plans. The person must search for the plan. That is because the information provided by the Social Security Administration is current only as of the date the worker left his or her former employer.

The notice provides an employer identification number (EIN) and gives a phone number for the Employee Benefits Security Administration of the Department of Labor (EBSA). Every year, EBSA receives numerous calls from persons looking for these benefits. EBSA staff can search the Form 5500 database to try to locate a former employer. However, the database only includes the current name and address of plans each year. It does not track changes in identity or location, or in corporate structure.

Employees can also contact 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. The Missing Participant Program helps locate people owed benefits from underfunded and fully funded PBGC-insured defined benefit pension plans that have ended. The Pension Protection Act of 2006 expanded the program to include terminating defined contribution plans, such as 401(k) plans, as well as multiemployer defined benefit plans, and plans of small professional service employers. These plans can participate in the missing participant program and transfer benefits for the missing participants, but they will not be required to do so. This expansion will be effective when the PBGC adopts final regulations (PBGC 2011). The PBGC includes an Internet Missing Participant List and includes a helpful booklet, "Finding a Lost Pension," that suggests a number of sources of information for tracking down a lost pension plan (PBGC 2009).

Another resource is the pension counseling projects, funded by the U.S. Administration on Aging. The projects, which currently operate in 29 states, have assisted many former employees with locating their pension plans. Locating the lost plan is necessary before a project can help a participant establish eligibility for a pension.<sup>2</sup>

Employers are required to start paying pension benefits by the time a retiree reaches age 70 ½. A number of companies help employers search for lost participants. One of these companies, PenChecks, also offers to help participants look for their lost plans.

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<sup>2</sup> Strategies used by the counseling projects include contacting former co-workers, a former union, the local Chamber of Commerce, a stock broker, a bankruptcy trustee, a former pension plan administrator, accountant, trustee, or lawyer, a state government's Secretary of State or Recorder of Deeds office, searching the freeerisa.com database, or doing an Internet search (PBGC 2009). Other resources are available by subscription. These include CorporateAffiliations.com (tracks mergers and acquisitions), Westlaw Corporate Records Database, Westlaw News Archives, and Interactive Data XCitek (a service that allows searches of corporate actions).

## ***Lost Pensions in the United Kingdom***

Since 1991, the United Kingdom has had a national pension plan registry. Workers need only contact a single source – the Pension Tracing Service (PTS)<sup>3</sup> – to trace a lost pension. The British government maintains the PTS on the grounds that it provides an important social service.

Workers in the United Kingdom who are searching for a pension file a tracing request with the Pension Tracing Service. They can make a request by telephone, mail, or the Internet. They are asked to provide information such as the full name and last known address of the former employer. The PTS has access to the Pension Schemes Registry, which maintains a record of the addresses and other basic details of all pension plans in operation in the UK. The tracing service then tries to find a current address for the pension fund.

The tracing service does not contact pension plans on behalf of workers, but instead provides contact information. It is up to the individual to then contact their former pension plan provider. A weakness of this approach is that 28 percent of users in a recent survey did not follow up and contact their former employer, the most common reason stated being that they were too busy (Shury and Koerbitz 2010).

The PTS provides this service both for employer-provided plans and for individual account plans (the equivalent of Individual Retirement Accounts, or IRAs, in the United States). More than 90 percent of the users of the service, however, use it to contact employer-provided plans (Shury and Koerbitz 2010).

Between fiscal years 1991-92 and 1997-98, the Pension Schemes Registry had a total of 74,605 requests for assistance in tracing a lost pension plan, an annual average of almost 11,000. A survey conducted by the Registry indicated that 34 percent of those who used the tracing service received some financial benefit, and there was an 85 percent success rate in tracing contact details (Maunsell 1998, 1999). By 2008, the number of annual requests had risen to 63,000 (Shury and Koerbitz).

A survey conducted in 2009 found that nearly half (48 percent) of Pension Tracing Service users were ages 55-64, and 16 percent were ages 65 and older (Shury and Koerbitz 2010). That survey found a success rate in providing contact information of 75 percent.

As noted above, of those who were given contact information, 28 percent did not follow up and make contact with the found plan. Among workers who did make contact, respondents reported that the contact details provided by the Pension Tracing Service were correct in 80 percent of cases. Of those persons with correct contact information, respondents were able to establish their eligibility to access the pension in 43 per cent of cases. Based on all inquiries processed by the Pension Tracing Service, the outcome was that the respondents' eligibility to draw the pension was confirmed in 19 per cent of survey respondents. The low success rate may be due in part to the fact that 64 percent of the searches were for a job that had ended

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<sup>3</sup> The location of this registry within the government has changed with various reorganizations. 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) became part of OPRA, although it was established in 1991 by the Social Security Act 1990. OPRA was replaced by the Pensions Regulator in 2005. The Pensions Regulator has responsibility for the Pension Scheme Registry, which maintains a record of the addresses and other basic details of all pension plans in operation in the UK.

between 20 and 40 years ago. A reason for the long lag is that often people initiated searches when they were preparing to retire.

### ***Lost Pensions in Australia***

For more than a decade, the Australian Tax Office (ATO) has maintained a Lost Members Register. All regulated pension funds are required to provide details of members with whom they have lost contact. Similarly, providers of individual retirement savings accounts are required to register the names of account holders whom they are unable to contact. If a worker is unable to find a pension plan, he or she can contact the Australian Tax Office. If the ATO has a notice from the plan in the Lost Members Register that the plan had lost contact with the worker, a connection can be made between the worker and the plan.

The Lost Members Register database originally was searched by government bureaucrats on behalf of persons making an inquiry. Now individuals can search on-line themselves, with the possible matches reported back to them on-line (Australian Tax Office 2012). The search is based on the person's name, date of birth, and tax filing number. It is then up to the individual to follow up. The Australian approach features a central registry, as in the United Kingdom, but the registry contains information about lost participants as well as information about lost plans.

### ***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, decentralized records are not designed for tracing pensions, so people searching for lost plans often need to contact a number of different sources of information. The process can be time-consuming and frustrating, which increases the chance of failure.

In the United Kingdom and Australia, by contrast, a system has been established to handle such searches, and workers need only contact a single source specifically designed for assisting them in finding a lost pension.

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