Lost, not yet found

As concerns over the growing problem of lost pension pots continue, Sophie Smith explores what is being done to address this issue and protect member savings

The issue of lost pension pots has long been a concern for the pensions industry, with many organisations taking a renewed focus on this issue in recent months amid National Pension Tracing Day, which was founded by Punter Southall Aspire and supported by supported by Scottish Widows, Aegon, Legal and General and Standard Life.

The campaign has also received support from Money and Pensions Service, which sees more than 400 people call its government-backed MoneyHelper phoneline to track down their pensions every month.

Yet, despite industry efforts, concerns remain, with research from Blacktower FM suggesting that 17 per cent of savers are expected to lose track of one or more pensions during their working life.

There are also signs that the issue could worsen with future generations, as research from Hargreaves Lansdown revealed that one third of 18-24 and 35-44 year olds have three or more pensions. In total, the survey found that 45 per cent of savers had one pension, whilst 28 per cent had two and 12 per cent had three.

Younger people were more likely to have accumulated a larger number of pensions, with one third of 18-24 year olds and 35-44 year olds stating that they have three or more pensions, compared to 22 per cent of those aged 55-64. Hargreaves Lansdown warned that younger people are also likely to have several more jobs in their lifetime and therefore could risk losing track of several pensions.

Commenting on the findings, Hargreaves Lansdown senior pensions and retirement analyst, Helen Morrissey, warned that there could be a "looming problem of people losing track of what they have", meaning that they are not going to get as much pension as they should when they retire.

She said: "The concept of a job for life no longer exists and the reality is most people will work for several different employers and accumulate a number of pensions over their working lives.

"As you shift employers and then move house, you can forget to keep your details updated and before you know it you have lost track of old pensions and this can be further complicated if an ex-employer was to be taken over and change its name, or go out of business."

Indeed, research from PensionBee revealed that savers could miss out on an estimated £64 billion in pension savings due to out of date contact details, as just 37 per cent of savers updated their addresses with their pension provider prior to moving home.

The survey revealed that whilst 67 per cent of savers understood that by not updating their provider of a change of address they run the risk of losing track of their pension savings, almost a third (32 per cent) of pension savers expected their pension provider to still be able to find and contact them.

Furthermore, whilst the majority (70 per cent) of savers still receive annual statements by post, only 37 per cent had updated their address with their pension provider(s) in advance of moving, with 28 per cent instead planning to update their contact details once their move was complete.

PensionBee CEO, Romi Savova, highlighted the findings as "extremely shocking and concerning", warning that as house moves are increasingly popular at the moment, it's "never been more important for savers to ensure that their providers have up to date contact details".

"Losing track of hard-earned savings can have a significant impact in later life, and could see millions of people working for far longer than they would otherwise need to, before they can afford to comfortably retire," she said, continuing: "Pensions are a long-term investment so changes in personal details are expected over the years.

"All providers need to offer digital solutions so savers can easily update their personal information and manage their savings in a few clicks, instead of relying on the outdated practices of the past."

And further, more sinister risks could be lying just under the surface, as PensionBee also warned that if pension statements are being sent to incorrect addresses, around 10.4 million people could be at risk of mail fraud, should their sensitive personal financial information end up in the hands of fraudsters.

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