

Being able to live comfortably in retirement requires a pot of £265,420 for a couple receiving the state pension who want to purchase an annuity, according to the latest analysis by Which?. It's no small sum, which is why it's imperative that members keep a track of all their pension savings.

The problem is that with the introduction of auto-enrolment, and the trend of having multiple jobs over a working life, lost pension pots are extremely common. Figures from the Association of British Insurers (ABI) published in May 2020 revealed that there was £19.4 million of unclaimed pension savings from around 1.6 million pension pots.

Legal & General retail retirement income managing director, Emma Byron, says: "The average value of lost pots has been estimated at nearly £13,000 and the government predicts there will be as many as 50 million dormant and lost pensions by 2050. Our own research has told us that people have found that tracking them down themselves can be complex and time consuming."

In addition, in the past year, The Pensions Advisory Service (TPAS) received almost 10,000 enquiries about tracking down lost pension pots, according to a spokesperson from TPAS.

But why do people lose track of their pensions? Aegon head of pensions, Kate Smith, says there are many reasons: "This could be due to the pension provider or employer changing name through a company merger or being acquired by another business.

"Another common reason is that often people forget to tell their pension provider of their new address when they move house."

Buck head of DC and wealth, Mark Pemberthy, adds: "In general, schemes don't trace the addresses of their members, which means that if a member moves and doesn't update their administrator, they could lose track of their pension pot."

Lost and found

Summary

- Lost pension pots are very common, with around £19.4 million of unclaimed pensions, according to figures from the ABI.
- However, there are a number of ways members can track down lost pots, such as The Pension Tracing Service, contacting their pension administrator or through independent industry initiatives.
- Once found, experts suggest making sure members keep their contact details updated to keep track of their pensions, or look at consolidation as an option.
- The pensions dashboards are set to be a game changer in this area and should help resolve the problem of lost pension pots.

▶ With many savers having multiple jobs over their working life, lost pension pots are a common occurrence. Natalie Tuck explores how the industry can help savers track down missing pension pots

Current services

The good news is that, for members with lost pension pots, the industry and government-backed services are on hand to help. As a starting point, a TPAS spokesperson says that members should check any paperwork, such as annual benefits statements, as this will give a good indication about what they are entitled to and who administers the scheme. Although, they highlight that if it is an old scheme, the administrator may have changed by now.

Indeed, finding the pension administrator is the best course of action, according to Saint James's Place head of pensions strategy, Claire Trott, who says: "If you don't have any documentation, then you can use a search facility provided by the government. If you know the employers' name then www.gov.uk/find-pension-contact-details is the best place to start. You can search as many times as you like, and it is free. I would avoid using a paid-for service."

The above website is part of The Pension Tracing Service offered by the government to help people locate workplace pensions, which can also be accessed by phone for those that would

prefer. Another option is to contact the old employer directly to find out where the pension is held. TPAS also suggests using Companies House to find out company contact details or speaking to colleagues that they may still be in touch with.

When contacting their pension provider, TPAS advises that members will need to provide information such as their name and date of birth, National Insurance number, the date they joined and left the scheme and the name of their employer when they were a member of the scheme.

When it comes to the length of the process, Smith says this will depend on whether the individual has retained any details of the employer or pension provider.

"If the individual has these details they can be inputted into The Pension Tracing Service. If the employer or pension provider is on the database, contact details will be provided. So the next step is to write to the employer/pension provider with their details... The pension provider/employer will then go through their identity verification process, and if there's a match, contact

the individual with details about their pension scheme, or possible request further information to confirm the individual's identity."

The Pension Tracing Service is not always a successful option, however. Byron says: "Research carried out by Legal & General showed that, of those who have tried to track down their lost pension through the government's Pension Tracing Service, approximately a third (32 per cent) did not have the right details and 16 per cent found it too complicated."

It's also worth highlighting that pension providers and scheme administrators carry out regular exercises to try to trace members they have lost touch with. Smith notes: "These are usually in the run-up to the individual's selected retirement date. They will continue to carry out these exercises until they have managed to track down the members. Although there will be a small minority of members they aren't able to trace."

In addition, Byron says that Legal & General has launched two services to try to help members locate their lost pensions. This includes a 'standalone' tracing service, to help people find

lost or forgotten pension pots, and a consolidation solution, for those wanting to bring their various pension savings together with Legal & General.

"Legal & General has created a simple and time efficient online process, requiring minimal details on a customer's pension and past employment. The customer can then see their current values and, where possible, whether there are any penalties, guarantees or valuable benefits they should be aware of, helping them to make an informed decision on their next steps.

"Once pensions have been traced the information is displayed in a personal dashboard to ensure customers don't lose track of them again. We recognise that not everyone is ready to make that consolidation decision until they have a better understanding of all their pension savings, which is why we have the 'stand-alone' tracing option for customers unsure of their next steps."

Keeping track

For those that go through The Pension Tracing Service or contact the company directly, the best way to keep track of their newly found pension is to make sure that their contact details are up to date.

Trott says: "Ensuring that you keep your contact details up to date is key. Not just for pensions but all financial products. You should make sure that you update them if you move or change name and it is always important to ensure that any beneficiaries for your pensions are always reviewed and updated."

Another idea, suggested by Smith, is for members to sign up to online services offered by their provider or pension administrator, so they can see their pension online at any time.

Pension consolidation is also an option. Pemberthy says: "If a member has multiple small

DC pension pots, then consolidating these into one larger pot can also make it easier for them to manage their money, particularly as people tend to take more notice of their pension as the value becomes more substantial, so one large pension pot is likely to get more attention than lots of smaller ones."

Pensions dashboards

All of the above, however, should become irrelevant with the launch of the long-awaited pensions dashboards. According to Byron, they have the potential to be a game changer.

Due to be launched in 2023, the programme is being led by TPAS, which is working together with the government, regulators and the pensions industry to develop pensions dashboards that will help savers keep track of their pensions.

Trott believes that once the dashboard is fully established, cases of lost pensions will become very rare. "It could be the case that the provider may not hold sufficient information to match a search, in which case it wouldn't show on anyone's dashboard. This is where the cleansing of data and the careful implementation of the dashboard will hopefully mean that this isn't a general occurrence and the provider can try and resolve the issue manually."

Smith echoes this and hopes that the dashboards will mean that people never lose touch with their pensions again.

"They should be able to simply go online to the dashboard, input their ID details and request details of all their pensions. This will then allow them to see all their pension online, in one place, including contact details. However, there's still a long way to go; the first pension dashboard won't be live until 2023, and it'll be a few years until all pension schemes are able to share their data with dashboards. So, it continues to be really important for people to keep in touch with all their pensions and keep their records up to date."

➤ **Written by Natalie Tuck**

