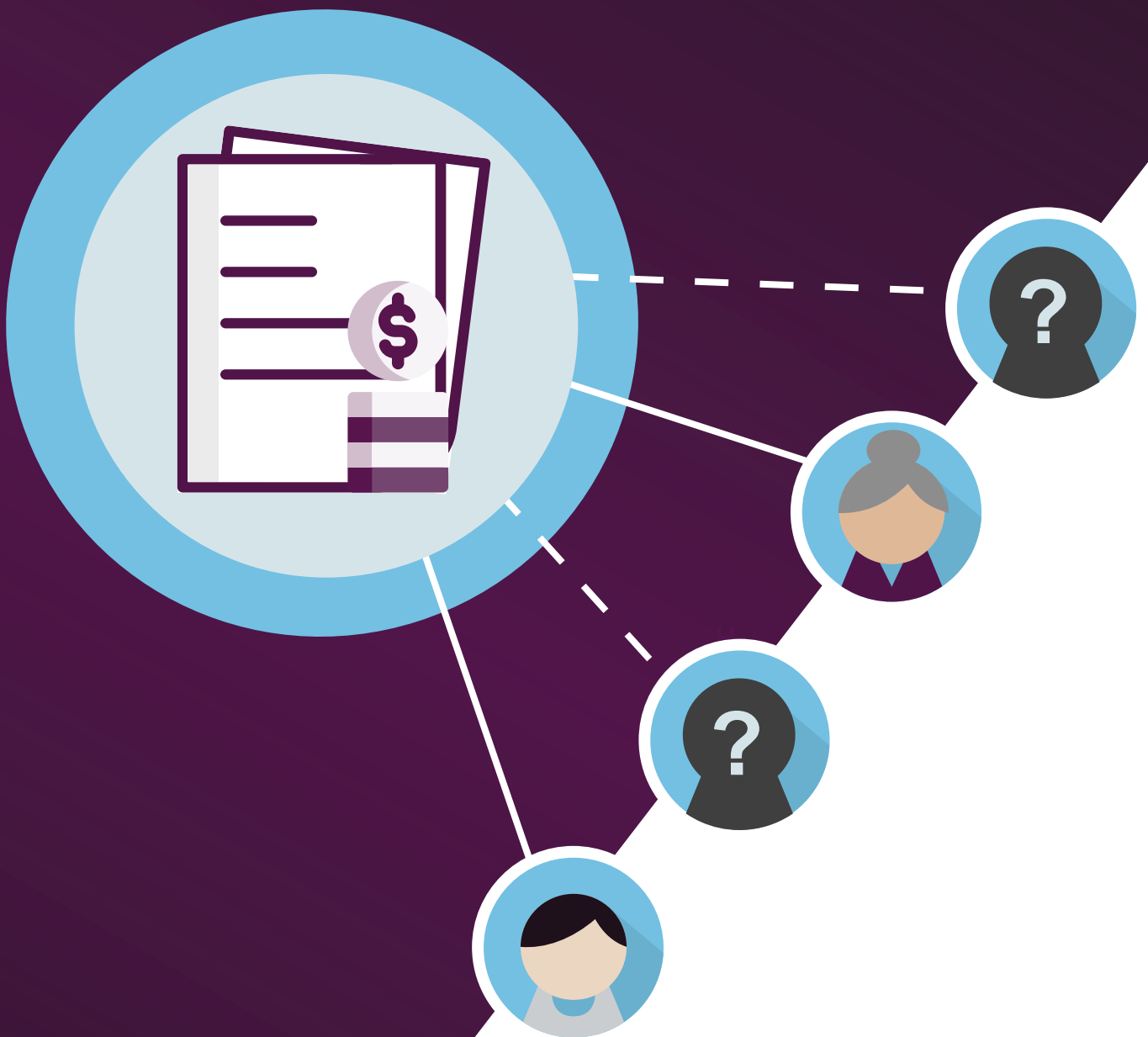


# Missing Pension Plan Members in Canada



# National Institute on Ageing



**Suggested Citation:** Shen, S., Chandler, D., Chen, H., MacDonald, B.-J., Brown, R. and T. Bronstein (2024). Missing Pension Plan Members in Canada. National Institute on Ageing, Toronto Metropolitan University.

**ISBN:** 978-1-77417-098-4

© National Institute on Ageing, Toronto Metropolitan University

**Mailing Address:**

National Institute on Ageing  
Ted Rogers School of Management  
350 Victoria St.  
Toronto, Ontario  
M5B 2K3  
Canada

**Disclaimer:**

Funding for this report was generously provided by Sun Life. All of the research, writing and recommendations herein have been independently produced by the NIA and authors of this report on the basis of sound evidence.

## About the National Institute on Ageing

The National Institute on Ageing (NIA) improves the lives of older adults and the systems that support them by convening stakeholders, conducting research, advancing policy solutions and practice innovations, sharing information and shifting attitudes. Our vision is a Canada where older adults feel valued, included, supported and better prepared to age with confidence.

## Authors

**Sally Shen, PhD**

Associate Fellow,  
National Institute on Ageing (NIA),  
Toronto Metropolitan University (TMU)

**Doug Chandler, FSA, FCIA**

Associate Fellow,  
NIA, TMU

**He Chen, FRM**

Research Manager,  
NIA, TMU

**Bonnie-Jeanne MacDonald, PhD, FCIA, FSA**

Director of Financial Security Research  
NIA, TMU

**Rob Brown, PhD, FCIA, FSA, ACAS**

Professor Emeritus, Statistics and Actuarial  
Science, University of Waterloo  
Senior Fellow,  
NIA, TMU

**Talia Bronstein, MPH**

Director of Policy,  
NIA, TMU

## Acknowledgements

**Gareth Gibbins**

Vice President, Pension Policy, Learning  
& Research, Ontario Municipal Employees  
Retirement System, (OMERS)

**Cheridah Smith**

Director, Pension Administration (Retired)

**Caroline Blouin, FSA, FCIA**

Independent

**Mathieu Tessier, FSA, FCIA**

Vice-President, Client Relationships and  
Innovation, Defined Benefit Solutions,  
Sun Life

# Table of Contents

<b>Report in Brief</b>	<b>6</b>
<hr/>	
<b>Overview of the Problem</b>	<b>9</b>
What is a Missing Member?	9
What Are Unclaimed Pension Assets?	10
Size of the Problem	12
Challenges and Implications	16
<hr/>	
<b>Existing Approaches</b>	<b>19</b>
Canada	19
Other Countries	22
<hr/>	
<b>Policy Options</b>	<b>23</b>
Option 1 - Government Agency	26
Option 2 - Industry Pool	28
Option 3 - Dashboard	30
Evaluation of Options	34
Concluding Remarks	37
<hr/>	
<b>Appendix A: Missing Members Under Different Jurisdictions</b>	<b>38</b>
<hr/>	
<b>Appendix B: Missing Members in Other Countries</b>	<b>43</b>
<hr/>	
<b>Bibliography</b>	<b>48</b>
<hr/>	

## Report in Brief

### Overview of the Problem

A missing pension plan member is an individual entitled to benefits from a pension plan but who cannot be contacted by the plan administrator—often, due to an outdated address. A plan administrator considers a member to be missing if mail is returned or cheques not cashed, usually after unsuccessful attempts by the administrator to contact the member.

From the administrators' perspective, there is very little value in continuing to search for missing members once initial efforts have failed. Cold cases accumulate until the pension plan is wound up. At that point, amounts owed to lost former members need to be settled, no matter how small. Some current regulatory solutions in Canada address the plan wind-up situation but offer no relief or encouragement to ongoing plans.

Former members of pension plans might think they are owed money from their past participation in a pension plan but don't know how to find the current pension plan administrator or are unsuccessful in collecting it. In one example, a former member attempted to claim their pension, but was denied because of inadequate records (FSRA, 2024).

### Purpose of the Report

This research report aims to present the challenges of reuniting missing members with missing pensions and suggest the range of possible solutions. It combines insights from regulators, pension plan sponsors, financial institutions and third-party administrators. While Canada is the focus, experiences from other countries with private pension systems are included.

Reuniting people with their pension funds is a win-win-win for Canadian society: individual Canadians are reunited with the money that they are owed and likely need, pension plans are relieved of the burden of administering the benefits and governments collect taxes when funds are distributed to individuals or their beneficiaries.

The report provides a decision-making framework without endorsing a specific solution. While experts may focus on different priorities and reach diverse conclusions, it's important to recognize the industry's broader challenges.

### Size of the Problem

In 2023, administrators of pension plans registered in Ontario alone reported nearly 200,000 missing members, representing an estimated aggregate entitlement of \$3.6 billion. Slightly more than half of the missing members are associated with Multi-Employer Pension Plans (MEPPs), but the dollar amount of

missing entitlements is skewed towards Single-Employer Pension Plans (SEPPs) (FSRA, 2023a).

Similar issues with unclaimed pension assets are seen globally. In the United Kingdom, there are over £26.6 billion in unclaimed pension savings. In the United States, approximately a quarter of all 401(k) plan assets are left behind when employees leave their positions. In the Netherlands, the three biggest pension funds had a total of €350 million in unclaimed pensions about half a decade ago. In Australia, approximately a quarter of Australians may have lost track of their superannuation accounts, with an estimated \$16 billion AUD remaining unclaimed.

## Global Landscape

Various protocols and systems are employed in Canada and internationally to address the issue of missing members in pension plans:

- In Canada, each federal and provincial government has its own regulations, with no unified national policy. Several provinces have created protocols and databases to track unclaimed benefits. However, the lack of a standardized pan-Canadian approach presents challenges for both individuals and multi-jurisdictional pension plan administrators.
- In the United States, private sector pensions are under federal jurisdiction. The Pension Benefit Guaranty Corporation works to locate lost participants of the terminated pension plans it administers and some other terminated pension plans while the Department of Labor provides services in connection with the plans it regulates. However, the primary responsibility falls on individual workers to track down their pensions.
- The United Kingdom government operates a pension-tracing service to help individuals locate a lost pension. A Pensions Dashboard Programme is currently under development to allow individuals to access multiple pension accounts in one place. The service will cover most defined benefit and defined contribution plans, along with the UK social security program.
- Australia maintains a Lost Members Register via the Australian Tax Office (ATO). All superannuation funds are required to provide details of members with whom they have lost contact. The ATO also proactively consolidates superannuation savings (“super”) accounts to protect accounts from fee erosion.



## Policy Options

Despite varied approaches, all countries face challenges with missing members and unclaimed pension benefits. In this report, we set out three distinct policy options to address these challenges and assess each from a Canadian perspective, based on effectiveness, privacy and administrative burden.

- **The Unclaimed Deposit Program:** This option involves expanding the current program for unclaimed bank deposits. The plan administrator would declare a member missing and provide account balance or settlement value and benefit terms to the Bank of Canada. Members would be deemed to have received their benefits and become liable for taxes on the benefits as soon as the transfer occurs. This option imposes administrative burdens on both the Canada Revenue Agency and the Bank of Canada.
- **The Industry Pool:** This plan involves creating a new industry-sponsored entity to hold funds and administer benefits for missing members. The agency would also actively search for missing members and respond to inquiries. Each pension plan would establish its own policy for transferring missing members to the pool. The agency could be governed as a federally regulated insurance company or a new entity similar to a multi-jurisdictional, multi-employer pension plan.

- **The Dashboard:** This option involves a European or Australian-style pension dashboard for the Canadian multi-jurisdictional environment. The Canada Revenue Agency would play a key role in providing individuals with access to their personal pension accrual history. Another agency, such as Service Canada, could be responsible for linking this data to current plan administrators. The dashboard would help individuals track their retirement financial resources, including lost pensions. The success of this initiative also depends on the completeness and accuracy of the data provided by pension schemes and the engagement of individuals in using the dashboard.

The research report does not recommend any of the options that are set out. Rather, it evaluates options against priorities. The goal is to promote a collaborative approach to this issue, engaging regulators, pension plan sponsors, government policymakers, the financial services industry and third-party administrators in a discussion that can lead to better outcomes for all — especially the Canadians who are missing out on the pensions they were promised. We acknowledge that further efforts are required to address the legislative and data management complexities inherent in each of the three suggested options. However, these challenges fall beyond the purview of this report.

# Overview of the Problem

## What is a Missing Member?

A missing pension plan member is an individual the pension plan's administrator cannot contact or for whom the administrator lacks an up-to-date address. In the context of missing members, pension plan members include not only original pension plan participants, but also those related parties who are entitled to benefits from the pension plan after the original participant's death: surviving spouses, ex-spouses, dependent children, heirs and beneficiaries. These other kinds of pension plan members might be unaware of their entitlements and the plan administrator might not know who they are.

From the individual's perspective, it is the pension that is lost, not the member. Individuals might have lost pensions because the sponsor of their pension plan has moved or gone out of business, they don't know how to contact the administrator or they don't know about their entitlement. The term "lost pensions" also includes situations in which — through administrative error or poor recordkeeping — the administrator does not know an individual has an entitlement. Thus, the definition of missing members needs to include members with entitlements that the administrator does not know about.

Members can be designated as missing if:

- They were mailed a cheque, annual statement or other correspondence that was then returned with no forwarding address;
- They were sent cheques that did not clear the pension fund's bank account within six months (and so became stale-dated);
- An insurer or third-party administrator inherits records for members who have already been deemed missing by the plan sponsor; or
- The insurer or third-party administrator knows the original participant is deceased but does not know who is entitled to the death benefits.

Under most circumstances, attempts are made to contact the member before classifying the member as missing. These could include emails, phone calls, internet searches or requests to third parties such as the Canada Revenue Agency, the individual's union or the individual's former employer. Some administrators monitor obituaries for the community where plan members were employed or undertake searches of public death notices when a member first appears to be missing.

In any event, entitlements from pension plans cannot be paid when breakdowns in communications occur between the administrator and the plan member. These breakdowns can occur when individuals earn a small benefit early in their career, switch employers, neglect to settle their entitlement and fail to update their address. While government offices, employers or co-workers may know the individual's new address, this information sometimes does not reach the independent pension plan administrator. Privacy concerns can be an obstacle to reuniting individuals with their pension entitlements.

## What are unclaimed pension assets?

When the administrator and the member of a pension plan cannot communicate, the funds remain in the pension plan. Investment income on the funds might continue to accumulate over time until the beneficiary is located and the necessary administrative procedures are completed. Unclaimed pension assets are sometimes referred to as "frozen assets", since they cannot be used for other purposes.

Broadly, there are three distinct types of entitlements that a missing member might have: money purchase account balances, deferred pensions and accounts payable. Each type of asset has unique characteristics, such as how funds are invested and who bears the investment risk. A single missing member might have more than one kind of entitlement, depending on the nature of the pension plan.

### **Money Purchase Account Balances:**

The accumulated contributions in a money purchase pension plan (also known as a defined contribution pension plan) are typically invested in pooled funds according to the plan member's instructions or the plan's default asset mix. The member's account remains in those funds until the member provides direction for transfer. The investment risk is borne entirely by the member and the fees routinely charged to the funds would be sufficient to pay for investment management and plan administration. Investment management fees are normally deducted from the rate of return on investments. The cost of administration can be recovered the same way, but it can also be absorbed by the employer (particularly when administration is conducted in-house) or deducted from account balances at a flat rate per member. In this last case, small accounts for missing members can shrink down to nothing over a period of years.

In Canada, most of these pension plans are administered under insurance contracts, with the insurance company (and closely related companies) acting as administrator, custodian and investment fund manager (or, at least, as a general contractor for investment partners). Money purchase pension plans can also operate under trusts, with investment management companies or the plan sponsor playing the lead role in arranging agreements between participating employers and service providers. Money purchase pension plans are similar to Group RRSPs and other workplace-sponsored capital accumulation plans.

Although these other plans have similar challenges with missing members, they operate under a different legal framework and are excluded from the scope of this report.

**Deferred Pensions:** By default, an individual who participates in a defined benefit pension plan and terminates employment prior to retirement age becomes entitled to a monthly pension, determined by the plan's benefit formula. Payment of this pension is deferred until the individual reaches the plan's early or normal retirement age. Although deferred pensions are included on the defined benefit pension valuation balance sheet, there are no individual accounts. Instead, the pension fund holds assets collectively to support the obligations. Consequently, the investment and longevity risks associated with deferred pensions are borne by the plan sponsor (or collectively by the group of employers, union members or employees) responsible for making contributions to the plan. In Canada, most defined benefit pension funds are held by trustees, although insurance contracts can also be used. It is possible for a deferred pension obligation to be settled by the purchase of an annuity from an insurance company even if the plan member is missing.

**Accounts Payable:** Once entitlements from pension plans have been established and are due to be disbursed through either lump-sum payments or monthly pensions, they become accounts payable from the fund. Accounts payable would normally be paid promptly, but can go unpaid for a variety of reasons:

- Small defined benefit pensions can be commuted to a lump sum and small money purchase account balances can be refunded in cash without the member's permission. This includes benefits to short-service employees who might not provide a forwarding address or inquire about their pension entitlements when they terminate their employment.
- Larger commuted values of defined benefits require the member's consent and need to be transferred to a locked-in retirement investment account according to the plan member's instructions. If the member elects a lump sum settlement in place of a deferred pension but fails to provide transfer instructions and a locking-in agreement (or if the administrator fails to complete the transfer promptly), then the commuted value becomes an account payable and the member can go missing before the entitlement is transferred. The administrator is normally required to credit interest at the short-term rate used in the determination of the commuted value to the date of payment or, depending on the circumstances, give the member the benefit of an updated commuted value calculation (based on market bond yields closer to the date of payment).

- Today's Canadian pension regulations typically provide for immediate vesting and locking-in of defined benefits. However, accounts payable can arise from refunds of excess or optional employee contributions or, in cases where the termination happened before the effective date of current legislation, non-vested benefits. Interest on contribution account balances is credited at a minimum rate prescribed by provincial pension regulations.
- Upon the death of a pensioner, payments for the remainder of a guarantee period or the lifetime of a surviving spouse become payable. The administrator generally doesn't have contact information for the spouse or beneficiaries (or the executor of the pensioner's estate if there is no spouse or beneficiary on file), and these individuals might not be aware of their entitlements. Even prior to death, a pensioner might become incapacitated and incapable of dealing with pension cheques. No interest is payable on delayed monthly pension payments.
- Defined benefit pension plan sponsors may choose to distribute surplus to plan members while the plan is ongoing or be forced to do so when the plan is wound up. Negotiation and approval of surplus distributions tends to be protracted, and members who

are included in the surplus distribution (based on their status at the effective date of the distribution) can go missing without ever being made aware of the impending payment.

The Bank of Canada has a website for individuals to search for unclaimed bank balances based on name, residency and account or instrument number (Bank of Canada, n.d.). However, this variety of unclaimed pension assets poses risks and challenges not found in unclaimed bank accounts and other types of unclaimed financial assets.

## Size of the problem

### Canada

Canadian pension plans are administered and regulated by various institutions. There is no consolidated record of missing members but insights on the magnitude of the problem can be found in data from two important industry participants.

#### **The Ontario Financial Services**

**Regulatory Authority:** About half of all Canadian pension plans are registered in Ontario. In total, Ontario-registered pension plans have over 4.6 million members. The issue of missing pension plan members has become a matter of significant concern for the Ontario regulator. They began collecting data on missing members as part of the Annual Information Return process, with mandatory reporting by all plan administrators beginning in 2021. As of

December 31, 2023, administrators had reported nearly 200,000 untraceable members, representing a collective entitlement of \$3.6 billion in assets (FSRA, 2023a). The table below shows the breakdown of these figures by type of pension plan.

Table 1 shows that the distribution of the Missing Member frequency and severity is not consistent across plan sponsor type:

- **Single-Employer Pension Plans (SEPPs)** are typically sponsored by private sector employers. They can be defined benefit or defined contribution plans, or a combination of both types, with or without member contributions. Their 45% share of the missing member entitlements is disproportionately large.
- **Jointly Sponsored Pension Plans (JSPPs)** are typically large public sector pension plans. All are defined benefit plans. It is possible that the longer tenure of public sector employees

and the ability to move between jobs within their industry without changing pension plans has resulted in a somewhat lower relative incidence of missing members.

- **Multi-Employer Pension Plans (MEPPs)** are mostly defined benefit plans, typically for workers within a union or trade who work at multiple jobsites or gigs and change employers frequently. Termination of participation in a MEPP does not occur until after a period (typically 24 months) without any covered employment, and so the administrator is always getting a late start on tracking down former members. Their 53% share of the number of missing members is disproportionately large.

FSRA has found that the number of missing members who are 100 years and older exceeds the population of Ontarians who are over age 100 (FSRA, 2021). Many of these missing members are almost certainly already deceased.

**Table 1: Members of Ontario-regulated Pension Plans**

Types of Plan Sponsors	Distribution of Membership	Distribution of Missing Members and Value of Missing Entitlements	
	% of Membership (4.6 million)	% of Missing Members (200,000)	% of Value of Missing Entitlements (\$3.6 billion)
Single Employer Pension Plans (SEPPs)	39%	23%	45%
Jointly Sponsored Pension Plans (JSPPs)	35%	24%	29%
Multi-Employer Pension Plans (MEPPs)	26%	53%	26%
	100%	100%	100%

Source: FSRA, 2023a. Ontario Pensions Sector Overview and Activities Report and author's calculations

**Sun Life:** Most annuities purchased from Canadian defined benefit pension plans are administered by a relatively small number of insurance companies. *Table 2* shows that, as of March 2022, there are 6,730 missing Sun Life annuitants under group annuity policies purchased by pension plans.

*Table 2* shows the distribution of the missing members by sex, birth cohort and annual pension income:

- **Gender:** The majority of the missing members are male (63.1%). This reflects the labour force participation rates of the past and, perhaps, a degree of gender inequality in access to pension plans. It is difficult to draw conclusions concerning the tendency to overlook

pension entitlements from this data alone.

- **Generation:** The largest group of missing members belongs to the “Before 1946” generation (57.1%). This group of missing annuitants has been accumulating for the longest period of time. Many of the missing members from this generation are likely already deceased.
- **Annual pension income:** *Table 2* reinforces that the missing member challenge is generally associated with relatively low figures. Nearly three quarters of missing annuitants have an annual pension of \$5,000 per year or less.

**Table 2: Missing Sun Life Group Annuitants**

<b>Gender</b>	<b>Count</b>	<b>%</b>
Male	4,249	63.1%
Female	2,481	36.9%
<b>Total</b>	<b>6,730</b>	

<b>Generation</b>	<b>Count</b>	<b>%</b>
Birth years before 1946	3,842	57.1%
Baby Boomers (1946-64)	2,388	35.5%
Generation X (1965-1980)	446	6.6%
Millennials (1981-2000)	54	0.8%
<b>Total</b>	<b>6,730</b>	

<b>Annual Pension Range</b>	<b>Count</b>
[0, \$1K]	2,405
[\$1K, \$5K]	2,539
[\$5K, \$10K]	872
[\$10K above]	914
<b>Total</b>	<b>6,730</b>

Source: Sun Life custom tabulation

## United Kingdom

In the UK, there are over £26.6 billion in unclaimed pension savings, as reported by the Pension Policy Institute. The survey suggests that administrators have lost contact with the owners of approximately 2.8 million accounts, with an average balance of £10k (Pension Policy Institute, 2022). Recent research reveals that one in six (16%) UK adults have attempted to trace a pension that has been either lost or forgotten. Among those successful in finding a lost pension, the average total amounted to £6,351. Respondents were most likely to find a pension worth between £1,000-£5,000 (24%). Fewer than one in ten (8%) successfully traced pension(s) worth over £20,000 (Canada Life, 2022).

## United States

Throughout their careers, the average American changes jobs twelve times, often leaving behind retirement benefits with former employers. Adding to this challenge are corporate mergers, acquisitions or changes in ownership that further complicate the prospects for individuals to find their lost pensions. According to a 401(k) service provider, an estimated quarter of all 401(k) plan assets are left behind when employees depart from their positions. They estimate that, in May 2023, 29.2 million left behind or forgotten retirement accounts held \$1.65 trillion in assets (Capitalize, 2023).

## The Netherlands

In the Netherlands in 2017, the three biggest pension funds (ABP, PWZW and PMT) had a total of €350 million in unclaimed pensions associated with 100,000 people. Despite some success in finding the rightful parties to pension using the citizen service number (BSN), there is still a great number of untraceable people. This is often the case with people who have worked in the Netherlands for a few years, built up a pension and then moved abroad. People who worked in the Netherlands during the 1960s and 70s are difficult to locate because citizen service numbers were not issued during that period (Solanki, 2017).

## Australia

The Australian Tax Office (ATO) oversees the Lost Members Register, which serves as a repository for unclaimed superannuation funds.<sup>1</sup> A recent report reveals that approximately four million Australians may have lost track of their superannuation accounts, with an estimated \$16 billion remaining unclaimed — an increase of \$2.1 billion compared to the previous financial year (Bavin, 2023).



<sup>1</sup> Throughout this report, the terms 'pension plan' and 'superannuation' are used in the context of retirement benefits in Canada and Australia, respectively.

## Challenges and Implications

The issue of missing pension plan members is linked to failings and weaknesses on the part of individuals, plan administrators and government. Pension benefits go unclaimed because former workers are unaware of their eligibility or unable to be traced by their former employers (Blake & Turner, 2001). Substantial sums of money, including tax obligations to the government, go unclaimed. This raises questions about who is responsible and who should benefit from these unclaimed funds (Bruce & Turner, 2004).

### Disengagement

Disengagement is the primary cause of lost pensions for individuals. Financial literacy is a key factor in pension engagement. Individuals often spend less time planning for retirement than they do on purchasing consumer electronics like televisions or tablets (TIAA-CREF, 2014). Boisclair et al. (2017) reveal that 58% of Canadians cannot accurately answer basic financial questions on interest compounding, inflation and risk diversification. Modernizing pension communication strategies, such as highlighting security and tangible benefits, can increase engagement (Dobson, 2017). Schröder et al. (2022a; 2022b) recommend improving pension literacy through data visualization and metaphoric storytelling.

### Worker Mobility

Increasing mobility of workers and the shorter vesting periods of pensions raise the likelihood that workers will suffer lost pensions. Members can easily go missing when they

- earn a small benefit early in their career,
- move to a new employer in a different region,
- overlook their pension entitlement, and
- fail to update their contact information.

Today, switching jobs is relatively common. St-Denis & Hollister (2023) provided novel evidence of a decrease in average job tenure for men in Canada and a decrease in five-year and 10-year retention rates over the four decades between 1976 and 2015. According to research findings, it is common for a Canadian to transition through about 15 different jobs in their lifetime (Columbia College Calgary, 2019).

### Plan Administrators

Missing members pose a significant challenge to administrators of ongoing pension plans. The issue is not just reuniting missing members with unclaimed benefits, but also

- complying with regulations,
- managing costs, and
- dealing with long-abandoned administrative practices and records.

The period between when an individual starts earning pension benefits and when they (or their estate or beneficiary) receive their final monthly payment can span 75 years or more. Though modern data systems can effectively retain basic data, administrative errors and record losses may arise over such lengthy periods due to name changes, pension splitting during marriage breakdown, job changes impacting plan membership, corporate reorganizations, annuity purchases, changes in regulations or jurisdiction, or implementation of new data systems.

One obstacle is that third-party administrators do not typically have an open-ended mandate or budget to incur time and costs in searching for lost members.

When a pension plan is winding up, there are other issues that administrators must navigate. The most important is the need to discharge all of the plan's obligations, despite the lack of clear guidelines for discontinuing search efforts for missing members. For instance, pension plan administrators often face difficulties in confirming the death of a member, even when age indicators strongly suggest the member has passed away (Picard & Dentons Canada LLP, 2016). Regardless of whether search efforts are successful, plan administrators often face unclear guidelines on handling long-deferred payments — especially in cases of members who are presumed to be deceased — and uncertainty as to whether payment to a third party truly discharges the plan's liability (Association of Canadian Pension Management

(ACPM), 2018). The guidance from pension regulators is helpful, but by no means definitive (CAPSA, 2019).

## Taxes

Most funded pension systems, including the Canadian registered pension plan system, operate on a tax-deferred basis:

- Contributions are made from pre-tax income (with a corporate income tax deduction for employer contributions and a personal income tax deduction for employee contributions),
- investment income accrues tax-free, and
- benefits are fully taxable.

The government benefits from this arrangement by receiving income tax during workers' retirement years when the cost of health care and other government services is at its highest. When missing members do not receive their pensions, the government does not receive tax revenue. Taxes are deferred indefinitely.

Even if administrators are required to withhold tax when they finally transfer accounts payable to missing members to the government or another external agency, the portion of the transfer recognized as tax revenue by the government will be determined using withholding rates, with no regard to the personal circumstances of the pensioner. Clawbacks of income-tested government benefits (like GIS, OAS and social assistance in Canada) and phase-out of income-tested tax credits (like the

age amount and medical expense credits in Canada) will be missed. The marginal effective tax rate (including the combined effect of income-tested benefits) will usually exceed the withholding tax rates applicable to pension payments.

Failure to address missing members undermines the premise for tax-deferred retirement savings. The aggregate amounts involved are material to the public finances of countries like Canada which operate funded, tax-deferred private pension systems.



## Existing Approaches

Laws, regulations and regulatory authorities' policies vary widely. In some jurisdictions, regulators do not address the issue of missing members. Elsewhere, regulators keep records of missing members and reconnect members with their unclaimed benefits (Park et al., 2016). This section explores the situation in various jurisdictions.

### Canada

Canada's approach to missing pension plan members is characterized by distinct frameworks developed by federal and provincial governments rather than a unified national policy. Five provincial governments have created unique approaches to missing plan members, including detailed search protocols and the creation of extensive databases to track unclaimed benefits. Provinces differ in their definition of when pension benefits are considered unclaimed and have specific regulations for transferring these benefits to unclaimed property programs. For example, in British Columbia, the option for the administrator to transfer funds to the unclaimed property program is only available when a pension plan is terminated.

The lack of a standardized approach across the provinces is an ongoing challenge. Pension plans are registered in the jurisdiction where the majority of membership resides. Federally regulated employment falls under federal, rather than provincial, jurisdiction.

Consequently, individuals with missing benefits from a national employer often have difficulty determining which regulator is responsible for helping them. In Box 1, we present a hypothetical case study that underscores the challenges Canadians face in tracking down lost pensions.

Three provinces (Alberta, British Columbia and New Brunswick) have established an unclaimed property program. The programs create a central search platform that allows individuals to look for their lost or forgotten financial assets, including pension entitlements. In Quebec, unclaimed pension benefits are transferred to *Retraite Québec*. A fifth arrangement is now being established for federally registered pension plans. Ontario has protocols for administrators, but no central fund. Manitoba has investigated the issue, but has not yet moved forward (Manitoba Law Reform Commission, 2021).

The applicable unclaimed property program:

- receives funds from a pension plan administrator,
- releases the administrator from further obligation, and
- pays the plan member if he or she comes forward with sufficient documentation.

Details of arrangements in each jurisdiction are included in Appendix A.

## Box 1: Case Study

Alex worked for Maritime Distributors from 2000 to 2005. This company sold hairbrushes and other small personal items to drugstores, convenience stores and other small independent retailers throughout the maritime provinces. Alex's territory was PEI and he lived in Charlottetown at the time. His job was to travel around to retail locations to sell and deliver product, set up displays and generally represent the company. He would pick up the product from the warehouse in Moncton, where his regional manager worked. The payroll office and head office were in Halifax. The Maritime Distributors pension plan was registered in Nova Scotia.

After Alex quit his job, he provided the company with a new address in Calgary. There is a termination option form on file, but there is no evidence it was ever sent to Alex or returned. Alex was entitled to a deferred pension plus a refund of excess contributions under the 50% rule. A search of trustee records does not show evidence of any payments.

In 2010, Maritime Distributors was sold to National Distributors. The pension plan for Maritime Distributors was merged with the pension plan of National Distributors, which was registered in Ontario. In 2015, new regulations came into force, which required annual statements for deferred pensioners, but when the National Distributors' pension plan administrator sent the statement to Alex, it was returned "*Moved - Address Unknown.*"

- Which jurisdiction's missing member rules apply?
- Where should Alex look for his pension when he discovers the Halifax office of Maritime Distributors is closed?
- Who is responsible for deciding Alex's entitlements and when is this determination made?



The premise appears to be that unclaimed pensions are akin to unclaimed bank accounts. This addresses the problem of small unclaimed accounts payable that would otherwise prevent a pension plan from being wound up, but does little to reconnect missing members with their money after the funds are transferred, or simplify the challenge for individuals with lost pensions. Unclaimed property programs do not appear to have the capacity to pay deferred pensions, nor do they preserve tax deferral or locking-in of larger account balances. This is because unclaimed property programs in Canada are primarily designed to handle smaller, forgotten assets like uncashed cheques, dormant bank accounts and unclaimed insurance policies. These programs are not typically equipped to pay interest or manage the complexities of deferred pensions.

There is a clear distinction between wound-up plans and ongoing plans. Pension plan administrators are mandated to follow a series of specific measures to locate the owners of lost accounts and/or unclaimed benefits during a wind-up (Park et al., 2016). These measures vary by provincial jurisdiction, but may include:

- publishing notices in newspapers,
- utilizing media and internet tools,
- accessing government records through Service Canada,
- contacting unions and professional organizations,
- searching last known plan records, and
- contacting listed partners or beneficiaries (Department of Finance Canada, 2018).

These prescribed measures on wind-up are in addition to the sorts of measures taken in ongoing pension plans. Administrators of ongoing pension plans employ various agencies, including Equifax, search firms and the Canada Revenue Agency (CRA) to contact individuals on their behalf. However, people often hesitate to respond, especially in the case of the Canada Revenue Agency, due to suspicions of scams — resulting in a near-zero success rate, as noted by pension expert Todd Saulnier (Bickis, 2019). The task of locating members will need to evolve as Canadians phase out landlines and increasingly use email and online portals to conduct their financial affairs.

Entirely aside from the role the CRA plays in contacting missing members on behalf of plan administrators, the CRA is charged with administering the federal and provincial income taxes and CPP contributions (along with Revenu Québec, for Quebec provincial taxes and QPP contributions). Under Canadian tax law, pension plans must be administered “as registered” and plan terms must provide for deferred pensions to commence no later than the year an individual turns 71. CRA has suggested that administrators can comply with this requirement for missing members by paying the benefits into an account in trust for the member, or paying to the provincial court (CRA, 2018). It would appear that CRA expects pension plan administrators to pay benefits and withhold and remit taxes when they are due, even if the member is missing.

## Other Countries

Other countries with funded workplace pension systems are encountering similar situations as Canada. The most mature government program to address missing pensions and missing pensioners is the Australian Lost Members Register. Responsibility for this service was delegated to the Australian Tax Office (ATO) in 1996 “due to its experience in system administration — particularly large-scale data matching” (ANAO, 2005).

The United Kingdom and the United States are in the process of implementing significant improvements to their services in this area, replacing past efforts from different areas of government. The new UK approach is intended to be a single access point for all of an individual’s pensions — including both government social security benefits and private pensions. The United States initiative is described as a “Lost and Found Registry” — akin to the Australian Lost Members Register, but operated by the Employee Benefits Security Administration, rather than the tax department.

Additional background on these initiatives can be found in Appendix B. Additional background on approaches in other countries can be found in John et al. (2021) and on the website at [dashboardideas.co.uk](https://dashboardideas.co.uk). We include some features of alternative approaches alongside the three options suggested for Canada in the subsequent section.

## Policy Options

To explore the complex challenges associated with missing members and unclaimed assets within pension plans, the report sets out a spectrum of **three** policy options:

1. A **federal government agency** could receive funds and administer benefits related to missing pension plan members and work with the Canada Revenue Agency to establish contact and solicit payment instructions from members.
2. An **industry-sponsored agency** could be established to enter agreements with pension plans for tracking and (optionally) administration and custody of benefits and assets related to missing members.
3. A **dashboard** could be established to provide centralized access to all Canadian retirement financial resources, with the underlying data and assets continuing to reside with the plan administrator.

These options are explored below. First, each option is specified in terms of key elements, including asset custody arrangements and record keeping responsibilities. Next, the report discusses the impact of each option to stakeholders — namely, missing members, plan administrators and the government. Finally, the report establishes a set of five priorities and evaluates the three options against them. *Table 3* below outlines key elements of each option.



**Table 3: Key Elements of Policy Options**

	<b>Option 1: Government Agency</b>	<b>Option 2: Industry-wide Pool</b>	<b>Option 3: Dashboard</b>
1. Who will have custody of the assets backing the obligations to missing members? a) For ongoing plans b) For wound-up plans with ongoing sponsor c) After sponsor is wound up	Bank of Canada	Industry-sponsored agency	a) Pension fund b) Sponsor c) Insurer
2. Who will benefit when debt to the missing member is ultimately written off?	Government of Canada	Industry	Sponsor or insurer
3. When will withholding taxes be paid on the unclaimed benefits?	When funds are transferred	As if member elected early retirement	At age 71
4. How are money purchase accounts invested and investment returns calculated?	No fund. Interest at Bank of Canada rates.	Pooled fund matching original election	Original member election or default
5. How are defined benefit pension assets and accounts payable invested?	No fund. No interest.	Industry-wide pool	At sponsor's discretion
6. Who bears the risk that the amounts eventually paid to found members will be more than the reserve?	Government of Canada	Industry	Sponsor or insurer
7. Who (if anyone) is responsible for proactively reaching out to missing members if contact details can be found in government records or elsewhere?	Canada Revenue Agency	Industry-sponsored agency	Sponsor
8. Who retains the administrative records concerning credited service, province of employment and other details that were used to determine the member's benefits, options and account balance?	Bank of Canada	Industry-sponsored agency or sponsor	Sponsor (may be delegated to a third-party administrator) or insurer
9. How does an individual who believes he/she has a missing pension go about finding it?	Public website	Electronic message to industry pool	Locate administrator or insurer through dashboard
10. What is the role of provincial regulators after funds are transferred?	None	Regulate industry pool	Regulate individual plans

The most important and problematic aspect of any policy option is the flow of data. All three options depend on the premise that matching missing members with their missing pensions is a data-matching exercise. Either the party with the money owed to missing members

needs to find out how to contact the member or the member with a missing pension needs to find out how to contact the party who owes them money. However, personal data is sensitive and sharing it or placing it in a database raises privacy and cybersecurity concerns.

- Option 1 relies on pension plan and personal member data from the plan administrator and the Canada Revenue Agency. While the Bank of Canada place information about unclaimed balances on a website where it can be searched by the public, the intent is that other pension plan data would only be accessed by the Bank of Canada. Tax data would primarily be accessed by the Canada Revenue Agency, but some contact information would also be available to the Bank of Canada.
- Option 2 relies on the aggregation of personal data provided by pension plan administrators and used by a specialized agency acting on behalf of the administrators. Individuals can make inquiries but would access the data directly. Administrators could choose to delegate records retention to the service provider or choose to retain the records and use the service provider as a referral service only.

- Option 3 does not involve any aggregation of personal member data. Data is retained by plan administrators. The dashboard automates and streamlines the process for individuals to access or inquire about possible entitlements.

None of these options align exactly with the data flow and administration in other countries.

The three options suggested for Canada are intended to stimulate discussion around the range of possibilities. All of them are problematic in some way. One feature common to all of the options would be the creation of a single entity with in-house staff who are experts at searching for missing members on an ongoing basis.

**Table 4: Alternative Service Providers and Data Locations**

Approach	Missing Member Service Provider	Data location
Option 1	CRA & Bank of Canada	Government
Option 2	Industry-sponsored agency	Industry-sponsored agency (or plan administrators)
Option 3	ESDC	Plan administrators
United Kingdom	Money & Pension Service	Government-sponsored agency (or plan administrators)
Australia	ATO	Government
United States	EBSA	Government
Netherlands	Pension Register Foundation (industry-sponsored agency)	Plan administrators

## Option 1 – Government Agency

The 2018 consultation paper identified the Bank of Canada as the government agency being considered as the custodian of unclaimed pension balances (Department of Finance, 2018). As envisioned, the unclaimed deposit program to be administered by the Bank of Canada would apply only to federally registered pension plans and provide only for accounts payable. This facility could be expanded to include money purchase accounts and pensions. With the cooperation of provincial policymakers and legislators, it could also accept funds and benefit obligations in respect of missing pension plan members in provincially regulated employment. New Brunswick, Quebec, Alberta and British Columbia could choose to fold their existing funds into the federal program.

To complete the transfer of a missing member, the plan administrator would need to meet conditions for declaring a member missing, as laid out by the federal pension regulator (or a provincial regulator where comparable conditions have been established and are applicable).<sup>2</sup> The plan administrator would need to provide the account balance (for money purchase accounts and accounts payable) or the pension terms (for a deferred pension). The amount to be transferred for a pension would be determined by the plan administrator and reviewed by the Bank of Canada (possibly with support from ESDC or another federal agency) using a prescribed basis such as the long-term Government of Canada benchmark bond yield at the date of transfer. Once funds are transferred, the government would promptly attempt to notify the missing member of the change in

custody, using the most up-to-date contact information available to the government.

Administrators of plans that are winding up would be required to use this service to discharge obligations to missing members. Administrators of ongoing pension plans and insurance companies with obligations to missing members would be required to use this service no later than the 71<sup>st</sup> birthday of the member in question. Administrators could be permitted (or required by provincial pension regulations) to use the service earlier if conditions are met (e.g. if the member has been missing for three years and prescribed steps have been taken to locate the member). The Canada and Quebec Pension Plans could also use the service.

A key feature of this option is the timely payment and taxation of benefits. Missing members would be deemed to have received their benefits at the earliest date permissible under the terms of the plan and provincial or federal locking-in rules. Thus:

- small amounts and other accounts payable would be deemed to be received upon transfer to the Bank of Canada;
- the maximum variable benefit payable from a money purchase provision under the locking-in rules of the provincial jurisdiction would be deemed to be received each year after attainment of age 55 (or other age defined in the plan terms and applicable legislation); and
- the monthly pension payable in the normal form would be deemed to begin to be received upon attainment of the earliest permissible retirement age under the plan.

---

<sup>2</sup> Currently, federally regulated financial institutions are required to notify inactive account holders at 2, 5 and 9 years and transfer unclaimed balances to the Bank of Canada after 10 years.

Deemed pension payments would accumulate as non-interest-bearing accounts payable, less withholding taxes. T4A tax slips would be issued and sent to the plan member's last known address. This step might not be enough to connect the member with their missing pension, but the T4A would also be part of the record that Canadians download from the CRA website when they use an on-line tax-filing service. If the member fails to include the taxable income in their tax return for the year, it would result in an adjustment and demand for payment from CRA. Taxpayers would be offered the option of having payments to CRA withdrawn directly from their Bank of Canada account (just as they can currently elect to have payments withdrawn from their account at any other financial institution). At some stage in the process, the member or the member's executor, guardian, trustee or accountant would become cognizant of the taxable pension income available for the asking. Of course, this does not address the situation of individuals who:

- have emigrated and severed ties with Canada for tax purposes;
- do not file a tax return; or
- were deceased long before funds were transferred and before the earliest age for deemed payment was attained.

For emigrants and deceased tax-filers, CRA may have a more current address for the individual or their executor, and correspondence from the CRA concerning a tax assessment or collection notice is more likely to attract attention than correspondence concerning a missing

pension entitlement. Individuals who do not file a tax return pose a significant challenge, not just for missing pension benefits but for all sorts of government benefits. However, it would appear that this is primarily an issue with younger individuals and recent immigrants, who are less likely to have participated in pension plans (Robson & Schwartz, 2020).

When missing members contact the government agency concerning their entitlement, they may object to having received the payment at the earliest retirement date. It should be possible to reverse the payment (and tax) and elect a different option within a reasonable period of time, such as two calendar years, just as it is possible to obtain a refund of RRSP over-contributions. This could be particularly important if it is established that the individual has a spouse who has not waived entitlement to survivor's benefits.

## **Outcomes for Missing Members:**

- The interest terms are relatively unfavourable.
- If provinces are willing to participate, then the Bank of Canada would be a single source for searching for pensions which have met the conditions for transfer. There could still be a challenge to find pensions if members don't know the current identity of the administrator and sponsor and the funds have not yet been transferred. It is possible that some sponsors will transfer funds at the earliest opportunity while others will wait until the last possible date (usually age 71).

- The Bank of Canada's existing online search tool permits anyone to search for unclaimed bank balances by name and city of residence. Allowing public access to information about funds owing could cause difficulties to individuals appearing on the search tool in some circumstances.
- Individuals would be assessed taxes and interest on income they didn't know about. This could be perceived as a mean-spirited approach to disbursing funds.

### **Outcomes for Plan Administrators:**

- Plan administrators and insurance companies would have a clear path to discharging their obligation to administer pension plans in accordance with the terms as registered and pay benefits and taxes in a timely manner for all types of missing members, in both wound-up and continuing plans.

### **Outcomes for Government:**

- The burden on provincial regulators would be reduced, since inquiries from pensioners who believe they have lost their pension could be redirected to either the plan administrator or the Bank of Canada. There would be no need for regulators to keep records of missing members.
- There would be an increased administrative burden on the Canada Revenue Agency and the Bank of Canada. In particular, the administration of monthly pensions would be new to the Bank of Canada

and, in some ways, more complex than the administration of government annuities by ESDC. This could be offset by improved tax revenues and ultimate ownership of funds if beneficiaries are never found.

## **Option 2 – Industry Pool**

This option would be supported by a new agency or a new branch of an existing agency (similar to Assuris). The industry pool could hold funds in trust for missing members, with a governing body appointed by industry participants, and would be governed as an insurance company or pension plan. Pension administrators would enter into service agreements, reciprocal agreements or annuity agreements with the industry pool covering the transfer of administration responsibilities. Custody of assets could also be transferred to the industry pool during the wind-up of a terminated pension plan or sooner, at the option of the administrator of an ongoing plan. The industry pool would administer benefits in accordance with the plan terms provided by the individual pension administrators and be able to consult with administrators of ongoing plans if there was a question as to the interpretation of plan terms for a found member.

Personal data on individuals whose benefits had been transferred to the pool would be subject to the same privacy restrictions as applicable to pension administrators. The industry pool would have a facility to allow the public to make inquiries concerning missing pensions. It would also provide a referral service to

help members of the public locate the current administrator of their pension benefits, irrespective of jurisdiction and corporate changes over time.

Money purchase account balances would be invested in a small selection of pooled funds aligned with the member's actual investment choices or the defaults of the transferring pension plan (in accordance with agreements with plan administrators). Reasonable management fees would be deducted from returns or paid on an ongoing basis for referral services. Funds backing defined benefits and account balances would be invested in accordance with policies set by the governors.

It would be up to each individual pension plan to establish a policy concerning if and when to transfer missing members to the pool, subject to restrictions to avoid "cherry picking". The transfers would be akin to assumption reinsurance, portability under a reciprocal transfer agreement for a pension plan or, in the case of a bulk transfer on a wind-up, a pension plan merger.

Investment returns on money purchase account balances, interest on accounts payable and deferred pensions would all be determined on a basis consistent with the original pension plan and applicable regulations. The industry pool would prepare actuarial valuations and set asset transfer prices (and, possibly, member dues) sufficient to cover the expected value of benefits. The industry pool would be registered as a sort of multi-employer pension plan, not subject to solvency funding. Underfunding

and overfunding would be reflected in charges to participating pension plans for future transfers and referral services, not adjustments to pensioner benefits or past charges. That is, rates established by the industry pool would be subject to prospective experience rating, not retrospective adjustments. Actuarial values could be reduced for beneficiaries who are presumed to be deceased, but the obligation would remain on the books of the industry pool indefinitely.

The legal structure of the industry pool would require careful consideration. There are differences in the regulatory jurisdiction and fiduciary responsibilities between an insurance company and a pension plan. In addition to these options, it is possible that a government entity might undertake sponsorship. *Retraite Quebec* and the *Ontario Pension Benefit Guarantee Fund* currently have similar responsibilities, although provincial pension regulators do not.

## Outcomes for Missing Members

- Interest rates and investment returns are consistent with the missing members' original pension plan. Locking-in and settlement options are consistent with applicable regulations and the original plan terms.
- If most pension plans participate, either voluntarily or as a consequence of applicable regulations, the industry pool will become a single source for searching for lost pensions.

- Active ongoing efforts to locate missing members should improve the rate of success. If permissible, limited linking of data between pension plans could also improve the rate of success.

## Outcomes for Plan Administrators

- Depending on the legal structure of the industry pool and individual participation agreements, administrators of ongoing plans may have a role to play in administration of benefits for missing members, even if assets and recordkeeping responsibilities are transferred to the industry pool. They could also have a role to play in governance of the industry pool.

## Outcomes for Government

- The government would not be directly involved in the administration of benefits for missing members. Oversight of the industry pool would be akin to oversight of any other industry participant. If the industry pool operates as a pension plan, rather than as an insurance company, then variations in legislation to permit portability without an employment relationship would be required.

## Option 3 – Dashboard

This is an attempt to implement the European approach (Kaydzhyska et al., 2018) to a “pension dashboard” within the Canadian multi-jurisdictional environment. Pension data and responsibility lies with the Canada Revenue Agency, Service Canada, provincial and federal regulators and a host of individual employers, administrators, trustees, insurers and other actors. Each is bound by privacy restrictions that would obstruct wholesale sharing of data. However, these restrictions would not prevent a fairly seamless experience for an individual who is using the dashboard to look for a lost pension or simply to take stock of all of their sources of retirement income. Most government agencies have developed secure websites and the federal government is now supporting provincial government credentials as one alternative for accessing federal tax and social benefit data and services.

The single best source for a complete history of all registered pension plan benefits and other retirement financial resources an individual has ever earned is the Canada Revenue Agency. The CRA already provides Pension Adjustment (PA), Past Service Pension Adjustment (PSPA) and Pension Adjustment Reversal (PAR) (Government of Canada, 2008) totals from 1991 and onwards. These details are available in the “Prior years RRSP deduction limits” section of their online portal. T4 slips have, for decades, included the plan registration number, employee contribution and Pension Adjustment.



These additional data (disaggregated for individuals who participated in multiple pension plans in a single year) are, at least theoretically, accessible to individual taxpayers.

The plan registration number used by CRA is the same as the provincial registration number (for some provinces, but not all) and could be used to find the current name and contact information of the pension plan. If the administrator's contact information is not accessible from within the CRA system, it could be passed to provincial registration systems and provided to an individual who has accrued benefits in the plan.

Of course, this approach has limitations. Some CRA records of past Pension Adjustments would be linked to registration numbers for pension plans that have since wound up or merged. Plan members' accrued benefits are paid out, transferred to other plans and settled through group annuity purchases. The fact that an individual had a Pension Adjustment from a particular plan in the distant past does not guarantee that they are still entitled to a benefit from that plan. Nevertheless, it serves as a starting point:

- The plan name and years might serve as sufficient clues for individuals to recall the details of their pension accruals and payouts.
- Pension Adjustment Reversals are also captured by CRA and will provide evidence of what happened to the benefit accruals.
- When a pension plan is merged into another pension plan in its entirety, it would be fairly straightforward to redirect individuals to the new plan registration number and contact information.
- When plans are wound up, the provincial regulator will have a full plan wind-up report, including a confidential appendix listing all of the members' entitlements and their resolutions.
- Asset transfers between continuing plans may require querying both the exporting and importing plan administrators' databases.

Once government sources lead individuals searching for pension plans to the right pension plan, they would need to access confidential data from that pension administrator to see if they have entitlements. T2151 forms are not routinely sent to CRA but could be retained by pension plan administrators along with termination option statements and other documentation that would help them to ascertain whether an individual's benefits have been fully paid. The credentials used to access the government data may suffice for building a connection to the plan administrator's system or to a system operated by an industry association that interfaces with individual plan systems. While this is complicated in the background, it does not necessarily lead to a frustrating user interface. It is possible that the process of accessing T2151 forms and option statement records may not be integrated into the dashboard for small, unsophisticated plans. Rather, this part of

the process could remain manual, as it is now.

Large pension plans, insurance companies and third-party administration service companies might be willing to invest in working with Service Canada to build software interfaces that would allow an individual to view their Canada Pension Plan, Quebec Pension Plan and private pension plan benefits in a single place. However, there would certainly be many smaller plans that are not linked automatically. The pension dashboard could simply say “contact the administrator for details.”

Of course, a dashboard is not simply aimed at helping members who have lost their pensions, as discussed below. In addition, its success depends on plan members actively looking for a summary of their pensions. Unless fully integrated with universal programs like the Canada Pension Plan, it will not automatically bring forgotten pensions to members’ attention or force them to deal with their private pensions by age 71. It also does not address the challenges faced by administrators in plan wind-ups.

A number of European countries have tackled issues within their retirement income systems by introducing dashboards, registries or similar comprehensive retirement recordkeeping facilities. Proposals for the establishment of a pension dashboard in the United States face challenges due to the large and diverse nature of the private retirement system, as highlighted by John et al. (2021). The dashboard could

be a central data hub or a finder service, though both would introduce significant obstacles. A phased approach, starting with a retirement registry, might manage this complexity. However, industry resistance to increased government regulation, standardization and changes impacting their interests or competition could pose significant issues. Standardizing data and functionality may limit market creativity and choice. Opposition could heighten if the dashboard enables product comparisons, transactions or financial advice. These challenges are also pertinent to the Canadian pension system. Notably, the Canadian retirement system, with autonomous provincial jurisdictions, introduces additional complexities. Therefore, the development of a dashboard would necessitate input from all stakeholders and careful consideration of legitimate concerns.

Political opposition to a comprehensive dashboard that surpasses a basic registry and tracking service could prove to be an obstacle. Moreover, cybersecurity measures would be required to safeguard the personal financial information that would be available on such a dashboard. The centralization of access to an individual’s entire portfolio of retirement assets and benefits in a single system may create an attractive target for theft of information (Hadass et al., 2021).

Additionally, funding the implementation and maintenance of a dashboard presents a substantial hurdle. According to a 2023 report by the UK Parliament, £91.1 million has been allocated to the delivery of the Pensions Dashboard Programme between

2019/2020 and 2024/2025 by the Money and Pensions Service. Additionally, the primary costs associated with dashboard implementations are anticipated to be extremely high, with pension providers expected to bear discounted costs of approximately £687.9 million and public administration £251 million over ten years (Mirza-Davies, 2023).

Overall, while the concept of a pension dashboard holds promise in enhancing retirement planning and reconnecting Canadians with their missing pensions, the implementation challenges would be significant.

## Outcomes for Missing Members

- A pension dashboard would make it easier for individuals with lost pensions to find their pensions. However, there would still be some stumbling blocks, especially if provincial governments and industry participants do not invest the time required to build the links from old pension registrations to current pension plans, group annuities and provincial repositories of lost funds.
- If the pension dashboard is comprehensive and user-friendly, it will be an attractive tool for individuals seeking to track their overall retirement readiness. This could lead to missing members discovering pensions even if they are not looking for them. Conversely, it may also lead to confusion and false hopes in instances where old pension benefit obligations have been fully discharged through payment of commuted values, annuity purchases or plan mergers, but the pension entitlement continues to show up on the dashboard.

## Outcomes for Plan Administrators

- Administrators of ongoing plans would need to handle enquiries from former plan members, regardless of whether they have been communicating with deferred members. They might need to invest in systems and maintain records that detail the status of former members no longer in their systems. There could be an expectation that plan administrators will make significant investments in new internet-based member portals and modifications to existing member portals to make them compatible with government systems.

## Outcomes for Government

- The implementation costs and administrative burden on the federal government would be significant. However, ESDC and CRA already have most of the data and links required. The crucial additions to existing databases and systems are the original plan registration numbers, a way to look up pension plan names and the current administrator's contact information and interfaces with other portals. Contact information could be provided directly within the CRA account portal or through linkage to another site. If available, it would be helpful for the CRA to add registered pension plan contributions and plan registration numbers from pre-1991 T4 slips. It would also be helpful to try to capture the trail of plan mergers, asset transfers and annuity purchases as they are discovered over time.

- If CPP, QPP and OAS information are to be included in the pension dashboard, then it would make sense for Service Canada to be charged with assembling data from public and private sources. If not, then the Canadian Association of Pension Supervisory Authorities (CAPSA) might be the coordinating body for technology investments by provincial regulators. However, this would be a significant extension of the existing Service Canada portal and a new and unfamiliar area of responsibility for CAPSA. There could also be a burden on individual provincial regulators called upon to investigate and encode data on wound-up pension plans.

## Evaluation of Options

This research report aims to establish a robust set of priorities to serve as a comprehensive framework for evaluating potential solutions:

1. Improving the likelihood of reuniting missing members or their estates with unclaimed assets,
2. Protecting data privacy,
3. Preserving members’ entitlements under the plan provisions,
4. Minimizing administrative and regulatory costs and burdens for administrators, and
5. Minimizing the impact on the government.

Table 5 below provides an overview of the effectiveness of the three options relative to these priorities.

**Table 5: Policy Option Evaluation: Aligning with Priorities**

	Option 1: Government Agency	Option 2: Industry Pool	Option 3: Dashboard
Improves the Likelihood of Reuniting Missing Members or Their Estates with Unclaimed Assets	✓	◆	◆
Protects Data Privacy	✗	✓	◆
Preserves Entitlements	✗	◆	✓
Minimizes Administrative and Regulatory Burden and Costs for Plan Administrators	✓	◆	✗
Minimizes Impact on Government	✗	✓	◆

 Meets principle     
  Partially meets principle     
  Does not meet principle

## **Improving the Likelihood of Reuniting Missing Members or Their Estates with Unclaimed Assets**

Option 1 (government agency) could be a viable solution for reducing the number of missing members promptly and effectively. This is because it proactively forces action by Canadian taxpayers as soon as a pension plan member is entitled to a cash payment. Option 2 (an industry pool) might also be effective, but only if the employees of the pool develop skills and techniques for finding missing members that exceed those of plan administrators. The dashboard in Option 3 would be of limited effectiveness if it is only designed to support individuals with lost pensions. It could be quite effective if it becomes a primary source for consolidated information about public and private pensions.

## **Protecting Data Privacy**

The government agency approach places information in the public domain that would not otherwise be there. On the contrary, the other approaches are designed to respect existing privacy regulations. However, large, integrated online systems — while intended to safeguard privacy — can be vulnerable to privacy breaches and the magnitude of those breaches could be significantly greater than in a fragmented system.

## **Preserving Entitlements**

Preserving entitlements requires honouring original plan terms and keeping investments aligned with the member's intent. However, the

suitability of an investment may change due to individual circumstances or market conditions. Without communication or governance, fund choices may become unsuitable over time. Nevertheless, the original choices and plan governance decisions should be considered the most suitable.

Similarly, the original pension administrator's practices should guide defined benefit administration. The government agency approach, with its liquidity and guaranteed returns, may not effectively preserve retirement income if funds are held for longer periods. The industry pool approach is effective, but not superior to continuing administration by the original plan administrator.

## **Minimizing Administrative Burden and Costs for Plan Administrators**

The government agency and industry pool approaches are clearly improvements over the existing options and fragmented regulatory framework — for both ongoing plans and wind-ups. The industry pool might lead to some ongoing administrative burden for ongoing plans in instances where the original data is incomplete. The dashboard option increases rather than decreases the burden on plan administrators.

## **Minimizing Impact on Government**

The industry pool shifts responsibility for missing members from administrators to a new non-governmental body. The other options place new administrative burdens on government. The government agency approach also adds fiduciary and financial obligations.

## Legislative and Regulatory Challenges

One of the main challenges in implementing any of the policy options outlined is the regulatory framework governing pension plans in Canada. There are different legislative and regulatory regimes at the federal and provincial levels and each jurisdiction would have to amend its rules to allow for the transfer of pension liabilities to a third-party entity. This would require a high degree of coordination and cooperation among the various stakeholders, including federal and provincial government legislators and policymakers, plan sponsors, administrators, regulators, unions and members. Moreover, plan administrators would likely seek a legal discharge from their obligations once they make the payment to the third party, as well as seeking some assurance that the third party will fulfill its fiduciary duties and protect the interests of the plan members.

These issues are complex and beyond the scope of this report, which focuses on the conceptual and economic aspects of these policy options. However, we acknowledge that any viable solution would have to address these regulatory and legal considerations and we recommend further research and consultation on this topic.

## Concluding Remarks

We offer a rigorous exploration of the issue of missing members in pension plans. It is clear that this is not a problem with a perfect solution. Other countries have struggled with the issue and had false starts, high implementation costs and protracted implementation processes.

Turner (2012) compares the challenges of finding lost pensions in the United States, United Kingdom and Australia. He argues that the decentralized records in the U.S. make the process difficult, requiring individuals to contact multiple sources for information, leading to frustration and increased chances of failure. In contrast, the UK and Australia have centralized systems specifically designed to assist in locating lost pensions and streamline the process for workers who need only contact a single source for assistance. Even if one of the policy options selected in another country were to be deemed a success, replicating it in Canada could run afoul of privacy regulations and multi-jurisdictional approach to pension regulation.

The authors explore three policy options for Canada: the government agency, the industry pool and the dashboard. Each of these options is defined in terms of tax implications, investment strategies and risk allocation and then evaluated against a set of priorities.

The report does not endorse any single solution but provides a framework for decision-making. Different experts and industry participants will undoubtedly place more emphasis on one priority than another and arrive at different conclusions as to the approach that best meets their objectives. Hopefully, they will see that the challenge for the entire industry is bigger than their primary irritant and will cooperate with solutions that serve everyone — especially the Canadians who are missing out on the pensions they were promised.

# Appendix A Missing members under different jurisdictions

## Federal

In 2018, the federal government initiated public consultations aimed at updating its unclaimed asset programs. With a focus on incorporating unclaimed pension balances alongside existing unclaimed bank funds, the consultation proposed to appoint the Bank of Canada as the administrator of these pension balances and to list the balances in BOC's public online searchable database. A notable aspect of the proposal was the intention to apply taxation to the transfer of unclaimed pension balance from terminated pension plans. These balances would be transferred to BOC on a pre-tax basis (with income tax being withheld) and subsequently remitted to CRA when the transfer happens (Department of Finance Canada, 2018).

Amendments to the Pension Benefits Standard Act (PBSA)<sup>3</sup> to facilitate the transfer of unclaimed balances of missing members of terminated pension plans to a designated entity received Royal Assent in June 2021 (Government of Canada 2021). The government consulted on operational aspects of these transfers in June 2023 (Government of Canada, 2023a and 2023b), but the new arrangements are not yet in effect. In spite of submissions from industry, the changes make no provision for transfer of unclaimed balances from ongoing pension plans.

The origins of the federal unclaimed assets program track back to the 1940s, marking the period when the Bank of Canada (BOC) was appointed as the federal custodian for unclaimed bank balances from federally regulated banks and trust companies. Dormant bank accounts are transferred to the BOC after 10 years, with balances of less than \$1,000 held for 30 years and amounts exceeding \$1,000 held for 100 years. As of 2022, the Bank of Canada (BoC) had nearly \$1.1 billion in "unclaimed balances" contained in 2.5 million accounts that have been dormant for over 10 years (Nardi, 2022). Other changes to the unclaimed asset program arising from the 2018 consultation came into effect in 2023 and 2024. Those changes include a requirement for electronic notification of holders of dormant bank accounts and explicit permission for publication of personal information related to the unclaimed deposits.

## Ontario

The Financial Services Regulatory Authority (FSRA) in Ontario supervises guidelines for managing missing pension plan members, emphasizing administrators' fiduciary duties, including accurate benefit disbursement (FSRA, 2020). However, these guidelines aren't binding and may not cover all potential challenges, such as legal issues, benefit transfers or privacy laws.

---

<sup>3</sup> PBSA is the legislation governing pension plans under federal jurisdiction in Canada.

Pension plan administrators are required to keep accurate, up-to-date records of plan participants and actively search for untraceable members to restore their benefits. During a pension plan wind-up, all entitlements must be settled, which requires making efforts to find missing members. FSRA may approve methods such as bulk annuity purchases or transferring missing members to other plans. Administrators should consider tax implications and detail their approach, benefit security, average benefits, search efforts and cost-benefit analysis in the wind-up proposal (FSRA, 2023b).

In December 2017, Ontario introduced legislative amendments empowering the Financial Services Commission of Ontario (FSCO) to establish and maintain an electronic registry of unlocatable beneficiaries within Ontario-registered pension plans (Government of Ontario, 2017).<sup>4</sup> This registry aims to assist beneficiaries in locating owed benefits. Plan administrators must notify FSCO when beneficiaries cannot be located, ensuring the registry remains updated, although administrators retain custody of the beneficiaries' pension benefits. Those listed in the registry can contact FSCO to obtain their pension plan administrator's contact details, so they can communicate directly to claim their benefits. FSCO has issued a waiver which exempts administrators from needing to provide biennial statements to missing beneficiaries if the search for them has been conducted without success (Department of Finance Canada, 2018).

The evolution of vesting provisions may have contributed to the number of missing members in Ontario:

- Prior to 1987, pension plans were allowed to offer terminating plan members a lump sum of up to 25% of the commuted value of their pension and a refund of member contributions on termination of employment, even to individuals who had a vested entitlement to a deferred pension at age 65. The 75% residual vested employer-paid pension was prone to be forgotten by the plan member, the administrator and the trustee. Therefore, there could have been instances where individuals received cash for non-vested pre-1987 contributions and a deferred pension for vested pension credits and associated contributions. This might have led to administrative records marking the member as "terminated, paid out" even though benefit entitlements remained.
- Prior to 2010, members were entitled to:
  - Vesting of post-1986 pension benefit credits after two years.
  - Vesting of 1967-1986 pension benefit credits after 10 years of service and reaching the age of 45.
  - No vesting benefits for service prior to 1967 unless stipulated in the plan provisions.
  - A cash refund of contributions for non-vested service.

---

<sup>4</sup> These amendments under Ontario Bill 177 have not yet been proclaimed into force. (Nicholl, 2018).

- An augmentation to their pension benefit credit under the 50% rule (for post-86 service) and 100% rule (for pre-87 service), using contributions for those periods of vested service.
- In 2010, the Pension Benefits Act was amended to provide immediate vesting, even after membership of only a day. Individuals with extremely short service would not be motivated to cooperate with payout of their pension benefits, despite legislative provisions allowing small amounts to be paid without consent (Government of Ontario, 2010).

The number and percentage of individuals missing may decrease in the years after the adoption of the 2017 legislative amendments, for several reasons. These include the implementation of the biennial statement requirement, a rise in transactions requiring member contact (such as annuity purchases, asset transfers and wind-ups), increased small benefit unlocking, the growth in plan size resulting in enhanced administrator resources and administrative sophistication, heightened awareness among plan administrators of their fiduciary obligations and advancements in electronic searches and communication technology (FSRA, 2020). The decline in the number of private sector pension plans should also help to stem the incidence of new missing members.

## British Columbia

In British Columbia, while the Pension Benefits Standards Act doesn't detail specific protocols for locating missing plan members, the Unclaimed Property Act obligates the administrators of unclaimed pension benefits to make reasonable efforts to track down and inform missing members or beneficiaries regarding their plan benefits. Benefits are deemed unclaimed if, after a year-long period of search, the member remains unlocated and unnotified.

Administrators of terminated plans have the option to either voluntarily transfer unclaimed benefits over \$1,000 to a non-profit organization, the British Columbia Unclaimed Property Society (BCUPS) or record them in a publicly available database. The database is to include key information such as the owner's name, the date when the benefits became unclaimed and an identification number for the benefits. To uphold privacy restrictions outlined in the legislation, the searchable database only reveals information by name and no other details (Government of British Columbia (n.d.)).

Furthermore, the legislation mandates that administrators must inform the public about the process for claiming unclaimed benefits. It is necessary for them to designate a contact point for owners to make inquiries regarding unclaimed benefits and ensure this contact information is publicly available. Administrators are required to have procedures in place for assessment and reviewing claims (Patterson & Shatiryar, 2020).

## Alberta

The Alberta Interpretive Guideline #14 outlines the process for transferring missing members' benefits to a fund account held with Unclaimed Property as per the Employment Pension Plans Act and Regulation. It details the circumstances when funds may be transferred, the requirement for diligent searches including hiring an experienced search firm and checking the registration of death and the steps for applying to the Superintendent for consent to transfer the benefits. Blakes (2017) argues Alberta's application process is burdensome and that the cost of hiring the required search providers can be significant.

For missing members younger than 71 in active pension plans, their non-locked-in benefit entitlement can be moved to Unclaimed Property. When members reach the age of 71 or the pension plan is terminated, the benefits can be transferred, regardless of whether the benefits are locked-in. The guideline also defines both lower and upper limits for transferring funds to Unclaimed Property. If a member's account is below \$250, it is not eligible for transfer and the plan administrator must maintain a record (Alberta Superintendent of Pensions, 2016).

## Quebec

In Quebec, pension plan administrators are mandated to actively locate missing members and beneficiaries to ensure the delivery of entitled benefits. This involves asking Retraite Québec (the administrator of the Quebec Pension Plan) to conduct

a search and, if necessary, employ specialized tracing firms to aid the search. As Willis Towers Watson (2019) points out, the services of Retraite Québec are available on an optional basis for missing members who resided in Quebec but did not work there. For pension plans registered outside of Quebec, administrators are similarly encouraged to report missing members or beneficiaries who worked or lived in Quebec. Retraite Québec will directly inform the individuals of their benefits once they are found (Retraite Québec, n.d.).

The duties of a plan administrator in Quebec include the obligation of transferring unclaimed pension benefits to Revenu Québec. This action is required within three years, following certain events: when a member reaches the age of 71, when they are entitled to demand a lump-sum refund because their benefits are less than 20% of the Maximum Pensionable Earnings or after the member's death. Upon a pension plan's termination, the plan administrator must transfer any owed benefits to Revenu Québec for members and beneficiaries who cannot be located. This transfer should occur after the plan has the legal authority to disburse benefits to other members and beneficiaries as per the Supplemental Pension Plans Act. This ensures that all participants are treated equitably and that those who are untraceable have their benefits secured by a governmental authority, streamlining the termination process of the pension plan.

## New Brunswick

Under the Unclaimed Property Act of New Brunswick, plan administrators in possession of unclaimed benefits are tasked with making reasonable efforts to find and inform rightful owners of their benefits. The benefits are deemed unclaimed three years after a pension plan files the wind-up report to the Superintendent of Pensions. To support this effort, the Financial and Consumer Services Commission (FCSC) of New Brunswick has launched FundsFinder NB, an annually updated online database. The database allows plan administrators to report unclaimed benefits and members to find and claim what they are owed (FCSC, 2022; Willis Tower Watson, 2019).

A revision of the act, effective from January 1, 2022, allows pension plans with missing members to transfer the benefits to the Unclaimed Property Program, which paves the way for plan termination. This is a significant shift from prior regulations, which did not permit such actions, thereby streamlining asset distribution and the closing of pension plan registrations involving missing members. However, the modification doesn't extend to ongoing pension plans. The Canadian Bar Association (CBA) suggests that New Brunswick adopt Alberta's approach, which allows administrators of both ongoing and wound-up plans to transfer benefits to the unclaimed property fund (CBA, 2021).

## Appendix B Missing members in Other Countries

### United States

The regulation of private pensions and retirement funds in the United States is governed by the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code (IRC). The U.S. Department of Labor and the Internal Revenue Service oversee the regulation of private pensions, with ERISA pre-empting state regulations in this area. The United States levies an excise tax when the required minimum distributions are not taken. This creates an incentive for administrators and individuals to act on missing members and missing pensions prior to age 70.5 (Bruce & Turner, 2004).

Deferred pensions are more prevalent in U.S. single employer pension plans than in Canadian plans because, until recently, lump sum settlements were relatively uncommon (U.S. Department of Labor, 2023). (Since the late 1980s, all Canadian jurisdictions have required pension plans to offer lump sum portability to plan members who terminate employment prior to eligibility for an immediate pension.) Thus, it is much more common for U.S. workers to have to contact the employers who sponsored their single-employer pension plan when the time comes to claim their retirement pensions.

This can be straightforward if workers keep good records and their employer's pension administration office is still operating in the same place and under the same name. Matters become more difficult when personal records fail or

pension plan sponsors undergo mergers and bankruptcies. There have been a number of efforts by government agencies over the years to offer assistance with lost pensions, varying over time with fluctuations in funding (Bruce & Turner 2024). The Department of Labor is now implementing a program through the Employee Benefits Security Administration (EBSA) to assist individual participants across the country, including locating lost pensions. While announcing \$3.5 million in funding for this new online "Lost and Found" registry to allow participants and their families to search for private pension plan employment plan benefits, the federal government noted that "since 2021, EBSA has recovered more than \$4.2 billion for such missing participants" (U.S. General Service Administration, 2023). The new lost and found registry is encountering resistance from plan sponsors who are concerned with data security and administrative challenges (Degen, 2024).

The location of pension assets and the government department responsible for assisting individuals in locating missing pensions changes after a pension plan termination. The Pension Benefit Guaranty Corporation (PBGC) was established by Congress to insure private defined benefit plans and steps in as plan administrator for plans with insufficient funds (even if the sponsor is not bankrupt). The PBGC actively works to locate lost participants of the plans it has taken over due to insufficient funding. In addition, the PBGC operates a missing participants program

to help participants connect with pensions from plans that have terminated.

Participation in the PBGC program is mandatory for the single-employer private sector pension plans and multi-employer pension plans insured by the PBGC, although pension plan administrators have the option of transferring assets to an insurance company or private financial institution rather than to the PBGC to secure the benefits. The program is optional for retirement savings plans that the PBGC does not insure.

Workers can begin by obtaining their social security earnings record from the Social Security Administration, which may provide helpful information such as the former employer's federal ID number. In a 1999 publication, the PBGC (1999) suggested additional ways individuals might find missing former employers, including contacting former co-workers, unions, chambers of commerce, state and local governments, former pension plan administrators or actuaries, public libraries, historical societies, competitors, stock brokers and bankruptcy trustees. The PBGC emphasizes that none of the suggested sources are likely to provide a direct, easy solution (Blake & Turner, 2001). Organizations like the Pension Rights Center and commercial companies also provide aid, albeit sometimes for a fee.

In an interview with Karen Beckham<sup>5</sup>, who oversees the task of locating missing person beneficiaries for numerous

pension plans in the U.S. administered by Milliman, several key insights were revealed. Previously, the prevailing notion placed the onus on plan members to maintain contact with the plan, absolving the plan of responsibility if members were lost. However, the Department of Labor (DOL) has gradually shifted this implied responsibility onto the plans themselves, exerting significant pressure on them to locate missing members. Milliman employs a search firm (PBI Research Services) to initiate contact with missing members, utilizing strategies such as monitoring obituaries and sending out letters. It was noted that initiating a search for missing members earlier yields better results, with Milliman commencing searches at the Normal Retirement Age (NRA), rather than waiting for the required initial payout age of 70.5. Despite possessing Social Security Numbers (SSNs) for most missing members, contact is not guaranteed, particularly if the individual does not file a tax return or in areas with a high percentage of "foreign" workers where SSNs may not be as helpful. A more challenging task lies in locating eligible plan member beneficiaries.

## United Kingdom

The UK government is implementing a pension dashboard to allow individuals to view all their pension details in one place. The Pensions Dashboard Prototype Project was initiated in September 2016 and pension plan sponsors are expected to connect to the completed Pensions Dashboard Programme by 2026.

---

<sup>5</sup> K. Beckham, personal communication with R. Brown, April 26, 2023

The prototype project had five areas of focus: user interface, data retrieval, identity verification, additional data sharing connections and data quality analysis (Hadass et al., 2021).

The UK pension dashboard is an ambitious government initiative designed to offer people a single access point for all their pension entitlements (UK Department for Work and Pensions, 2018). The service will include most defined benefit and contribution plans and the UK social security program. This requires significant digitalization efforts from pension sponsors and administrators. It aims to reconnect individuals with lost pensions (FCA, 2022). Although the dashboard is expected to help recover lost pensions, it could increase administrative burdens due to increased member engagement.

This initiative aims to overcome the challenge of managing multiple pension accounts and improve personal financial management. The dashboard is expected to increase transparency and help participants understand their financial situation better, thereby motivating them to take proactive steps in managing their retirement plans. The initiative is being developed by the Money and Pension Service, an arms-length body sponsored by the Department for Works and Pensions.

In an interview with Chris Daykin<sup>6</sup>, a retired Chief Actuary from Government Actuary's Department (GAD), he noted that, in the UK, the challenge of maintaining accurate member information

is prevalent across both defined benefit and defined contribution pension plans. Trustees bear the responsibility of ensuring the quality of member data, which is generally straightforward for pension recipients, but poses challenges for deferred members — those with entitlements that are yet to be paid.

While actively contributing members typically have updated records through their sponsoring employers, deferred members often present difficulties, especially regarding contact information accuracy. Data completeness, including addresses, is typically reviewed every three years; however, a considerable portion of deferred members may be deceased or have outdated contact details due to failure to notify plan administrators of address changes. This observation from the UK generally applies to all jurisdictions.

Various commercial firms offer searches to find contact details for individuals and these are regularly used. This often identifies individuals who have died and there is a reasonable success rate in identifying address changes. Attempts to ensure current contact details usually intensify in the six months or so before payment of retirement benefits is due. Even when current addresses are identified and a benefit is being offered, some members resist responding to attempts to contact them, for a multiplicity of reasons, including apathy, concern about being scammed or failure to understand what is required.

---

<sup>6</sup> C. Daykin, personal communication with R. Brown, April 13, 2023.

The same problems are encountered by insurance companies administering insured pension plans. This will include defined benefit plans where the trustees have entered into a buy-out contract with an insurance company, since, at that point, responsibility for contact with members passes from the trustees to the insurance company. Although best endeavours will have been carried out to ensure that data concerning members is as complete as possible at the point of buy-out, contact can still be lost with deferred members before their benefits come into payment. The lack of a mandate for annual or biennial reporting to deferred members further exacerbates this issue.

## Australia

Australia operates under a compulsory system where every employer must contribute for each employee. This ensures widespread participation, with the government keenly invested in its success. The Australian Tax Office (ATO) plays a pivotal role in this system.

The ATO maintains a Lost Members Register. All regulated superannuation (“super”) 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 members they are unable to contact. The ATO website provides extensive guidance on the legislated reporting requirements (ATO 2019). 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 about plans.

In the interview with Paul Shallue, Manager for Research and Policy, and David Knox, Senior Partner at Mercer Melbourne<sup>7</sup>, the discussion centered on addressing the missing member challenge within the Australian framework. They provided a few additional details concerning the trigger for notifying the ATO of lost members. Members are categorized as lost if they meet certain criteria, including being inactive or having transferred from another fund without a known address. A member is considered inactive if, after joining their employer-sponsored super fund for over two years, they then have a period of five consecutive years without making any contributions to their account or receiving any rollovers funds from another super fund. Additionally, inability to contact a member due to unclaimed mail may also trigger a requirement to report that the member is lost.

In addition, to protect accounts from fee erosion, inactive low-balance super accounts are transferred to the tax office which proactively consolidates super accounts where possible.

There are also processes to try to reduce unwanted multiple accounts, with super funds required to undertake internal consolidation processes at least annually,

---

<sup>7</sup> P. Shallue and D. Knox, personal communication with R. Brown.

and to report or transfer lost and inactive accounts (as defined) to the ATO every six months. The process of transferring inactive low-balance super accounts to the ATO is designed to protect these accounts from being eroded by fees over time. This is particularly relevant for people who may have multiple super accounts from different periods of employment and did not consolidate them. Super funds are required to take measures to consolidate multiple accounts of a member and report or transfer lost and inactive accounts to the ATO twice a year. Before transferring these accounts to the ATO, super funds likely exhaust all possible means to contact the account holder, including contacting the contributing employer and using other contact information available to them. They may also use third-party tracing services to locate the account holder.

## The Netherlands

The Dutch Stichting Pensioenregister (SPR), also known as the Pension Register Foundation, is an independent foundation founded in 2008. It was mandated to create the Dutch pension dashboard, [Mijnpensioenoverzicht.nl](https://mijnpensioenoverzicht.nl) ("My pension overview"), which launched in 2011. This launch was a response to legislation that required all Dutch pension schemes and providers to make their data available for retrieval in the dashboard. The dashboard enables citizens to access their accrued and expected pension amounts, including Algemene Ouderdomswet (AOW), the National Old Age Pensions Act, offering a

comprehensive overview of their pension entitlements in the Netherlands.

This centralized platform allows individuals to view their accrued pension rights from various providers in one place and thereby reduce the risk of unclaimed pensions, especially in the face of changes in personal circumstances, such as relocation. To log in, the system utilizes DigiD, the national electronic identification method in the Netherlands which is connected to the Social Security Number (SSN) of Dutch citizens. These SSN serve as unique identifiers among the 200 pension schemes and providers in the Netherlands, helping to link users to their pensions. This set-up streamlines the process of retrieving pension information. Instead of sending personal details to all schemes and providers, as is the case in the United Kingdom, the dashboard only needs to reach out to a user's known schemes and providers. Additionally, the [Mijnpensioenoverzicht.nl](https://mijnpensioenoverzicht.nl) dashboard can also be accessed using eDIAS, if the individual's ID was issued from another country in the European Economic Area (EEA), rather than from the Netherlands, which further enhances pension accessibility.<sup>8</sup>

From 2015 to 2016, the pension insurer for the Transport sector in the Netherlands successfully matched 32,000 unclaimed pensions to their rightful owners. In 2016, the Stichting Pensioenfonds Zorg en Welzijn (PFZW) pension fund successfully matched 3,000 unclaimed pensions to their rightful owners (Solanki, 2017).

---

<sup>8</sup> See the website [Dashboardideas.co.uk](https://Dashboardideas.co.uk): Thinking about how best to keep track of all your UK pensions for more details.

## Bibliography

- Association of Canadian Pension Management (ACPM). (2018). *Re: Modernization of the unclaimed balances regime and proposals for an unclaimed pension balances framework*. [https://www.acpm.com/ACPM/media/media/resources/7/media/AGR/Govt\\_Submission/2018/ACPM-Response-Unclaimed-Pension-Balances-Framework-Aug22-18.pdf](https://www.acpm.com/ACPM/media/media/resources/7/media/AGR/Govt_Submission/2018/ACPM-Response-Unclaimed-Pension-Balances-Framework-Aug22-18.pdf)
- Alberta Superintendent of Pensions. (2016). *Interpretive guideline #14: Missing members*. <https://open.alberta.ca/dataset/623fa691-3296-4bf4-ae01-ebd3cd657f99/resource/a64cdd83-c43c-4222-b0a0-73c6d3bc4877/download/ig-14-missing-members.pdf>
- Australian National Audit Office (ANAO). (2005, November 29). *Auditor-General Report no. 17 of 2005-06. Administration of the Superannuation Lost Members Register*. <https://www.ato.gov.au/tax-and-super-professionals/for-superannuation-professionals/apra-regulated-funds/in-detail/apra-resources/protocols/lost-members-register-protocol-document/legislative-content?anchor=Legislativecontent#Legislativecontent>
- Australian Tax Office. (2019, August 19). *Lost members register – protocol*. <https://www.ato.gov.au/tax-and-super-professionals/for-superannuation-professionals/apra-regulated-funds/in-detail/apra-resources/protocols/lost-members-register-protocol-document>
- Bavin, E. (2023, March 26). *Lost superannuation: 1 in 4 Aussies owed share of \$16 billion*. Yahoo Finance. <https://au.finance.yahoo.com/news/lost-superannuation-1-in-4-aussies-owed-share-of-16-billion-234250187.html?guccounter=1>
- Bank of Canada. (n.d.). *Unclaimed Properties*. <https://www.unclaimedproperties.bankofcanada.ca/>
- Bickis, I. (2019, May 31). *How Canadian legislation is moving to solve issue of missing pension members*. Benefits Canada. <https://www.benefitscanada.com/pensions/governance-law/how-canadian-legislation-is-moving-to-solve-issue-of-missing-pension-members/>
- Blake, D., & Turner, J. (2001, August). *Lost Pensions: The U.S. UK and Australia take different approaches to find them*. The Pensions Institute. <https://www.pensions-institute.org/wp-content/uploads/2019/workingpapers/wp0112.pdf>
- Blakes. (2017, August 21). *Missing pension plan beneficiaries and the federal consultation paper on the financial sector framework*. <https://www.blakes.com/insights/missing-pension-plan-beneficiaries-and-the-federal>
- Boisclair, D., Lusardi, A., & Michaud, P. C. (2017). Financial literacy and retirement planning in Canada. *Journal of Pension Economics & Finance*, 16(3), 277-296.

- Bruce, E., & Turner, J. (2004). Lost pension money: Who is responsible? Who benefits? *John Marshall Law Review*, 37(3), 695-726. <https://repository.law.uic.edu/cgi/viewcontent.cgi?article=1394&context=lawreview>
- Canada Life. (2022, November 3). *One in six adults have tried to trace their lost pension*. <https://www.canadalife.co.uk/news/one-in-six-adults-have-tried-to-trace-their-lost-pension/>
- Canada Revenue Agency. (2018, May 25). *RPP Consultation Session - Questions from the Industry November 23, 2004*. <https://www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/consultation-sessions/rpp-consultation-session-questions-industry-november-23-2004.html#q1>
- Canadian Association of Pension Supervisory Authorities (CAPSA). (2019, June). *CAPSA/ACOR guideline No. 9 searching for un-locatable members of a Pension Plan*. <https://www.capsa-acor.org/Documents/View/1681>
- Canadian Bar Association (CBA). (2021, January 25). *Unclaimed property funds benefit both pension plan administrators and members*. <https://www.cba.org/Our-Work/cbainfluence/Submissions/2021/January/Unclaimed-property-funds-benefit-both-pension-plan>
- Capitalize. (2023, June 14). *The true cost of forgotten 401(k) accounts (2023)*. <https://www.hicapitalize.com/resources/the-true-cost-of-forgotten-401ks/>
- Columbia College Calgary. (2019, September 16). *How often do people change careers in Canada?* <https://columbia.ca/often-people-change-careers-canada/#:~:text=Today%2C%20switching%20jobs%20is%20relatively,can%20be%20a%20great%20motivator>
- DashboardIdeas.co.uk. (2023, September 11). *The Netherlands*. Retrieved May 7, 2024. <https://www.dashboardideas.co.uk/international-precedents/europe/the-netherlands/>
- Degen C. (2024, April 26). *Americans leave billions in workplace 401(k) plans. DOL wants to help find their lost money*. Pensions & Investments. <https://www.pionline.com/regulation/labor-departments-lost-and-found-database-faces-roadblocks>
- Department of Finance Canada. (2018, June). *Modernization of the unclaimed balances regime and proposals for an unclaimed pension balances framework*. <https://www.canada.ca/en/department-finance/programs/consultations/2018/unclaimed-balances-regime-proposals-unclaimed-pension-balances-framework.html>
- Dobson, D. W. (2017). *Designing retirement schemes Canadians want: Observations from a Modern DB Pension Plan*. CAAT Pension Plan. [https://www.caatpension.ca/CAAT/Assets/Documents/News/CAATs%20Thought%20Leadership/English/2017-05-11\\_final\\_cpplc\\_report\\_dobson-caat.pdf](https://www.caatpension.ca/CAAT/Assets/Documents/News/CAATs%20Thought%20Leadership/English/2017-05-11_final_cpplc_report_dobson-caat.pdf)

- Financial Conduct Authority (FCA). (2022, November). *Pensions dashboards rules for pension providers – feedback on CP22/3 and our final rules and guidance*. <https://www.fca.org.uk/publication/policy/ps22-12.pdf>
- Financial and Consumer Services Commission (FCSC). (2022, January 12). *The Unclaimed Property Act received proclamation on January 1*. <https://www.fcncb.ca/en/news-alerts/the-unclaimed-property-act-received-proclamation-on-january-1>
- Financial Services Regulatory Authority of Ontario. (2020). *Missing members - Principles and practices*. <https://www.fsrao.ca/industry/pensions/regulatory-framework/guidance-pensions/missing-members-principles-and-practices>
- Financial Services Regulatory Authority of Ontario. (2021). *Missing members: Interim update on FSRA's data collection*. <https://www.fsrao.ca/consumers/pensions/missing-members-interim-update-fsras-data-collection>
- Financial Services Regulatory Authority of Ontario. (2023a). *Ontario pensions sector overview and activities Report*. <https://www.fsrao.ca/media/24851/download>
- Financial Services Regulatory Authority of Ontario. (2023b). *2022 report on the funding of defined benefit pension plans in Ontario*. <https://www.fsrao.ca/media/23631/download>
- Financial Services Regulatory Authority of Ontario. (2024). *Lost and found: What it costs when you lose track of your pension*. <https://www.newswire.ca/news-releases/lost-and-found-what-it-costs-when-you-lose-track-of-your-pension-plan-886799346.html>
- Government of British Columbia. (n.d.). *Unclaimed Property Act [RSBC 1999] Chapter 48*. [https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/99048\\_01](https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/99048_01)
- Government of Canada. (2008, December 2). *Pension Adjustment Reversal (PAR)*. <https://www.canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/pspa/pension-adjustment-reversal.html>
- Government of Canada. (2021, April 19). *Budget 2021 -Legislative Measures*. <https://www.budget.canada.ca/2021/report-rapport/anx3-en.html>
- Government of Canada. (2023a, June 24). *Canada Gazette, Part I, Volume 157, Number 25: Regulations amending the pension benefits standards regulations, 1985 (Negotiated contribution plans)*. <https://www.gazette.gc.ca/rp-pr/p1/2023/2023-06-24/html/reg4-eng.html>
- Government of Canada. (2023b, July 5). *Order Fixing June 30, 2023 as the Day on Which Certain Provisions of the Budget Implementation Act, 2021, No. 1 Come into Force: SI/2023-22*. <https://www.gazette.gc.ca/rp-pr/p2/2023/2023-07-05/html/si-tr22-eng.html>

- Government of Ontario. (2010, May 18). *Pension Benefits Amendment Act, 2010, S.O. 2010, c. 9 - Bill 236*. <https://www.ontario.ca/laws/statute/s10009>
- Government of Ontario. (2017, December 13). Stronger, Fairer Ontario Act (Budget Measures), 2017, S.O. 2017, c. 34 - Bill 177. <https://www.ontario.ca/laws/statute/s17034>
- Hadass, Y., Laboure, M., Shen, S., & Turner, J. (2021). *Fintech and the retirement savings system*. Society of Actuaries.
- John, D. C., Enda, G., Gale, W. G., & Iwry, J. M. (2021). A retirement dashboard for the United States. In Gale, W. G., Iwry, J. M., & John, D. C. (2021), *Wealth After Work* (pp. 82-115). Brookings Institution Press.
- Kaydzhyska, A., Wegner-Wahnschaffe, C., Dhondt, D., Curvers, G., Weber, N., Walpert, R., Sips, T. and Beens, W. (2018). Pilot project report – Building the European tracking service on pensions. Project VP/2018/0392. European Commission. [https://www.findyourpension.eu/fileadmin/user\\_upload/ETS\\_Pilot\\_Project\\_Report\\_-\\_online.pdf](https://www.findyourpension.eu/fileadmin/user_upload/ETS_Pilot_Project_Report_-_online.pdf)
- Manitoba Law Reform Commission (2021, March 31). *Fiftieth annual report 2020-2021*. [http://www.manitobalawreform.ca/pubs/pdf/additional/2020-2021annual\\_report.pdf](http://www.manitobalawreform.ca/pubs/pdf/additional/2020-2021annual_report.pdf)
- Mirza-Davies, J. (2023, August 17). *Pensions dashboards*. Commons Library Research Briefing. <https://researchbriefings.files.parliament.uk/documents/CBP-8407/CBP-8407.pdf>
- Nardi, C. (2022, August 17). *How to know if you own any of the \$1.8B in unclaimed bank accounts in Canada*. <https://nationalpost.com/news/canada/how-to-know-if-you-own-any-of-the-1-8b-in-unclaimed-bank-accounts-in-canada>
- Nicholl, A. (2018, February 2) Legislative changes under Ontario Bill 177. Global Workplace Insider <https://www.globalworkplaceinsider.com/2018/02/legislative-changes-under-ontario-bill-177/>
- UK Department for Work and Pensions. (2018, December). *Pensions dashboards working together for the consumer*. UK Government. <https://www.gov.uk/government/consultations/pensions-dashboards-feasibility-report-and-consultation/pensions-dashboards-working-together-for-the-consumer>
- U.S. Department of Labor. (2021, January 12). *Missing participants – Best practices for pension plan*. <https://www.dol.gov/sites/dolgov/files/ebsa/employers-and-advisers/plan-administration-and-compliance/retirement/missing-participants-guidance/best-practices-for-pension-plans.pdf>
- U.S. Department of Labor. (2023, September). *Private pension plan bulletins abstract 2021*. <https://www.dol.gov/sites/dolgov/files/ebsa/researchers/statistics/retirement-bulletins/private-pension-plan-bulletins-abstract-2021.pdf>

- U.S. General Service Administration. (2023, November 13). *Technology modernization Fund announces targeted investment to support America's workers*. GSA Newsroom. <https://www.gsa.gov/about-us/newsroom/news-releases/technology-modernization-fund-announces-targeted-i-11132023>
- Park, K. G., Stańko, D., & McShane, D. (2016, December). *Supervision of lost accounts and unclaimed pension benefits*. International Organisation of Pension Supervisors. [https://www.iopsweb.org/WP\\_26\\_Lost-Accounts-Unclaimed-Benefits.pdf](https://www.iopsweb.org/WP_26_Lost-Accounts-Unclaimed-Benefits.pdf)
- Patterson, K., & Shatiryan, V. (2020, December 1). *Canadian primer on unclaimed property legislation*. Blakes. <https://www.blakes.com/insights/canadian-primer-on-unclaimed-property-legislation>
- Pension Benefit Guaranty Corporation (PBGC). (1999, July). *Finding a lost pension: Pension Benefit Guaranty Corporation publication 1012*.
- Pension Policy Institute. (2022). *Lost pensions 2022: What's the scale and impact?* <https://www.pensionspolicyinstitute.org.uk/media/yxgdozgx/202210-bn134-lost-pensions-2022-whats-the-scale-and-impact.pdf>
- Picard, M., & Detons Canada LLP. (2016). *Pension plan administrators could save millions by writing to the dead: "Dear Retiree: are you still alive?"*. Pension & Benefits Review. <https://www.dentons.com/-/media/pdfs/insights/2016/january/pension-plan-administrators-could-save-millions-by-writing-to-the-dead-vol-1-1.pdf?la=en>
- Retraite Québec. (n.d.). *Obligations of the administrator: Untraceable participants or beneficiaries*. [https://www.rrq.gouv.qc.ca/en/administrateur/role\\_administrateur/obligations/Pages/participants-ou-beneficiaires-introuvables.aspx](https://www.rrq.gouv.qc.ca/en/administrateur/role_administrateur/obligations/Pages/participants-ou-beneficiaires-introuvables.aspx)
- Robson, J., & Schwartz, S. (2020, September). Who doesn't file a tax return? A portrait of non-filers. *Canada Public Policy*, 46(3), 323-339.
- Schröder, K., Belavadi, P., Ziefle, M., & Calero Valdez, A. (2022a, June). The pension story-Data-driven storytelling with pension data. In International Conference on Human-Computer Interaction. In Duffy, V. G. (Ed.). (2022), *Digital Human Modeling and Applications in Health, Safety, Ergonomics and Risk Management* (pp. 404-415). Springer International Publishing.
- Schröder, K., Kohl, S., de Jongh, F., Putzu, M., Ziefle, M., & Calero Valdez, A. (2022b, June). Rethinking pension communication—the role of metaphors in information visualization. In International Conference on Human-Computer Interaction. In Duffy, V. G. (Ed.). (2022), *Digital Human Modeling and Applications in Health, Safety, Ergonomics and Risk Management* (pp. 416-429). Springer International Publishing.
- Solanki, M. (2017, September 28). *Millions of euros in unclaimed pensions in the Netherlands*. LAMEXPAT. <https://www.iamexpat.nl/expat-info/dutch-expat-news/millions-euros-unclaimed-pensions-netherlands>

- St-Denis, X., & Hollister, M. (2023). Are all the stable jobs gone? The transformation of the worker–firm relationship and trends in job tenure duration and separations in Canada, 1976–2015. *Work Employment and Society*, 38(3), 657-683. <https://doi.org/10.1177/09500170221146916>
- TIAA-CREF. (2014). *TIAA-CREF survey finds Americans spend less time planning their IRA investment than choosing a restaurant*. <https://www.tiaa.org/public/about-tiaa/news-press/press-releases/pressrelease495.html>
- Turner, J. (2012, February). *Lost Pension Plan Registries in the U.K. and Australia*. Pension Rights Center. [https://www.pensionrights.org/wp-content/uploads/2020/10/lost\\_pension\\_plan\\_registries\\_in\\_uk\\_and\\_australia.pdf](https://www.pensionrights.org/wp-content/uploads/2020/10/lost_pension_plan_registries_in_uk_and_australia.pdf)
- Willis Tower Watson. (2019, September 17). *Client Advisory: Searching for missing plan members and beneficiaries, and unclaimed property rules*.

To learn more about the NIA visit our website at [www.NIAgeing.ca](http://www.NIAgeing.ca) and follow us on X (@NIAgeing), LinkedIn, and Facebook.