

Forgotten Pensions

The extent to which pension pots are being forgotten about has been revealed in a study from Aviva. A survey of almost ten thousand people who hold a pension has revealed that just under one in eight (13%) admitted that they have at least one pension that they have forgotten about (1). This equates to more than 2.5 Million pension policies currently sitting in the back of people's minds (2).

Misplaced Pension pot

Amongst those with a forgotten pension, the majority believe that they have misplaced one pension pot (77%) although 17% think they have forgotten about two and 6% have forgotten three or more. According to government statistics there is an estimated £400m in unclaimed pension savings. (3) At the same time, almost three in five (59%) UK adults are concerned about not having enough money to last them into their own retirement.

Pension Statement

Pension providers must issue a pension statement to all policyholders every year. These statements include an estimate of the retirement income that the pension pot may generate when you reach retirement. If you are no longer receiving these statements this may be cause for concern. There are three ways that you can track down these pensions; you can contact your former employer, the pension provider themselves or the pension tracing service.

Retirement Boost

Although tracking down a lost pension can provide a valuable increase to retirement income, those who delay could receive a smaller amount than expected. Forgotten pensions may have been subject to charges and not invested in the best way in line with the policyholder's requirements, subsequently making it worth less than it would have been if it was actively managed. The study also revealed the lack of engagement around pensions. More than a quarter of savers admitted that they never review their retirement savings, while almost a fifth of those with a pension said they had reviewed it less than once every five years.

Fund Choices

Since the introduction of the Pensions Act 2008, every employer in the UK must put certain staff into a pension and contribute to it. This is called automatic enrolment. Following this change in legislation, the number of pension savers who were unaware of their fund choices or had not reviewed them has risen to almost 1.5 Million People or 15% of the public-sector employees, up from 9% at the start of 2013 (6). It's also important to be aware of the potential problems of having a number of different pension pots with small amounts of money in each. It is likely that there will be charges taken out of these pots for their management and that there can be implications if you are no longer paying into to them.

Achieve your Retirement goals

Regardless of the stage of life you are at, it is important to receive expert and professional advice on your pension plans and requirements. For more information about how you can reach your retirement goals please contact one of our independent financial advisers.

Source data:

1. yougov survey of 9,910 people in the UK Jan-Dec 2015 who hold a pension carried out on behalf friends Life now part of the Aviva Group.
2. ABI Key facts 2015 says there are 20.8m individual pension policies active 13% of 20.8m = 2.7m
3. DWP <http://gov.uk/government/news/new-pension-tracing-service-website-launched>
4. research conducted for Aviva by censuswide, with 2002 general consumers aged 18+ in GB between 30 sept and 5 oct 2016. The survey was conducted from a random sample of UK Adults.
5. Yougov Survey of 9498 people in the UK carried out on behalf of Friends Life, now part of Aviva Group.
6. Aviva's latest working lives report and analysis of data from the Office for National Statistics.



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