

PRESS RELEASE

TRACKING AND TRACING “LIVE” PENSIONERS IS CRUCIAL FOR COMPANIES AND PENSION TRUSTEES
Pension firm launches free “mortality screening”.

It’s no longer acceptable to send out forms asking ‘are you still alive?’

One of the UK’s largest independent firms of pension advisers and administrators has launched a new free service to verify the whereabouts of pension scheme members.

The new service, provided by BBS Consultants & Actuaries, is designed to protect company directors and trustees from fraud, embarrassment, and penalties from the Pensions Regulator.

Until now most company pension schemes have relied on members’ families to let trustees know when members die and on sporadically sending out “certificates of existence” to pension scheme members to check they are still alive.

According to BBS Administration Director Paul Bowden: “This is no longer acceptable to the Pensions Regulator and as well as creating embarrassing mistakes has allowed fraudulent claims to remain unnoticed for years.”

The Pensions Regulator had already issued guidelines to companies and trustees on keeping up-to-date data on their pension scheme members including their current address.

“The regulator is unimpressed by the willingness of many companies and pension trustees to change their approach, so is now making tracing mandatory, and threatening tighter rules and tough penalties,” said Mr Bowden.

“All too often pensions are either paid to members who have died or are halted for members who are said to have died, but are actually still alive and well but living somewhere else,” he added.

“In recent months, we have been advised by HMRC that pensioners have died, only to find that they are still perfectly healthy. In other cases we have been told by pension trustees that pensioners have died and then discovered that they are thriving at a new address,” said Mr Bowden.

These episodes have prompted BBS to strike a deal with TraceSmart, a national specialist in tracing people, to provide a free “mortality screening” service for every pension-scheme client.

The first submission of more than 8,000 pension scheme members fortunately revealed no incidents where BBS were paying pensions to deceased members, but highlighted that members who are yet to retire were not keeping their addresses up to date. About 15% (i.e. 1,200 members) could not be confirmed as living at the last known address held by the pension-scheme trustees.

“This confirms the concerns of the Pensions Regulator about the quality of data held by private pension schemes,” said BBS’s Paul Bowden.

“Tracking down these members will involve some cost, but the arrangements with TraceSmart mean that fees will only fall due where there is a successful trace, so at least Trustees know they are getting value for money.

“We estimate that the average cost of tracing all members will be about £3 or £4 per scheme member, but getting things right now should enable us to keep tabs on every pension scheme member going forward,” said Mr Bowden.

“By taking part in our ‘mortality screening’ service company directors and pension trustees will meet the requirements of the Pensions Regulator, avoid the danger of fraud, and remove the embarrassment of demanding the return of pension payments made to dead pensioners.”

“Most other pensions administrators are still relying on the out-dated formula for keeping track of pension scheme members, or charging significant extra fees for ‘mortality-screening’. Those that do offer the service tend to undertake reviews on a scheme-by-scheme basis, but we are offering this service for free, by combining all the pension schemes we manage into a single package with TraceSmart,” he added.

ENDS

19th August 2010

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