



Guideline No. 9

Searching for Un-locatable Members of a Pension Plan

draft - consultation

Introduction

Pension plan regulators receive a large number of inquiries from pension plan members looking for their pensions as well as from pension plan administrators and third party consultants who cannot locate members (un-locatable members) entitled to pension benefits.

Un-locatable members present an ongoing challenge for pension plan administrators as they try to trace members who have terminated plan membership and deferred their pension benefits. With increased job mobility, there can be a significant period between an employee terminating employment and becoming eligible to receive a pension. This creates an increased likelihood of the member's contact information becoming out of date.

In a plan wind-up situation, the challenge is intensified if the administrator is unable to locate all members or former members of the pension plan who are entitled to benefits from the pension fund. In most jurisdictions, the administrator must allow the un-locatable members' entitlements to remain in the pension fund until the member is located. As a result, the administrator cannot complete the plan wind up until pension plan assets have been fully disbursed. Plan administrators maintain their responsibilities and fiduciary duties until assets are distributed to all former plan members and/or their beneficiaries before a plan can be fully wound up. This Guideline is designed to outline best practices and options with respect to searching for un-locatable members.

Plan Administrator Responsibilities

Records Retention and Management

Pension plan administrators are responsible for retaining and maintaining accurate pension plan records. This includes ensuring contact information for all plan members and beneficiaries is current.

Plan records for members and beneficiaries should be retained for at least as long as they have an entitlement under the pension plan. This may include information related to plan enrolment, beneficiary designations, pension statements, court documents related to breakdown of a spousal relationship, etc.

Inadequate record keeping may result in loss of member and beneficiary information. To minimize or prevent such loss, CAPSA recommends that all administrators develop and implement a comprehensive records management and retention policy. The policy should specify appropriate practices and procedures that address elements such as how to manage plan records, how long they should be retained and also specify individuals/entities who are responsible for these records.

The records management policy should include a component that sets out how the plan administrator will maintain contact with former and retired members, as administrators often face great difficulties in trying to track down these members. Plan administrators can determine how to do this, based on their plan specifics. For example, some jurisdictions have a requirement to provide periodic statements to former and retired members. Plan administrators could use this as an opportunity to remind members to update their contact information.

Searching for un-locatable members

When a plan administrator is unable to contact plan members through their last known address, it is the administrator's responsibility to conduct a search for these members.

In most jurisdictions, there is no legislative framework or standardized process associated with searching for un-locatable members. However, CAPSA encourages plan administrators to use all possible methods to locate plan members. Common search tools include:

- searches of government databases and other public records in jurisdictions where these are available;
- professional search organizations;
- registered letters to the last known address of the member;
- newspaper advertisements;
- union contacts;
- professional associations;
- social media channels;
- retiree associations.

Plan administrators may use flexibility to customize search parameters based on the nature of the employer's business and the size and demographics of the pension plan.

There may also be a great variance in the costs involved for different methods. For example, using search engines via the internet is relatively inexpensive while the cost of hiring professional search organisations may be high.

Administrators should periodically review and modify their search processes as new approaches, avenues and technology becomes available over time. Developing and implementing a fulsome policy that details all components of a search process including how frequently to conduct a search can help plan administrators review the methods and procedures they implement so that they are relevant and effective for their pension plan.

Steps to Consider after an Unsuccessful Search

Federal

The Canada Revenue Agency (CRA) provides a letter forwarding service to locate individuals, to assist with searches. CRA provides this service at a cost, and only when all other efforts to locate an individual have been exhausted, including those through private sector organizations.

The CRA reviews the written request along with the material that the administrator wishes to send. They also have final authority with regard to the wording of any letter sent on behalf of the requesting organization.

Provincial

Plan administrators should review the options available to them through the provincial legislative framework as the level of guidance from each provincial jurisdiction can vary. A few provinces have unclaimed property legislation; after an unsuccessful search based on established criteria, a member can be declared missing and the administrator can apply for permission to transfer the member's assets to the unclaimed property office. Pension plan members searching for lost pension entitlements can then search the unclaimed property database. Some jurisdictions have also published guidelines to provide assistance regarding member searches.

Other

Where feasible, pension plan administrators could establish a database/registry of missing members on the sponsoring employer or the administrator's website. By providing relevant missing member data on an external facing website, anyone could access the registry to search for their name. Plan administrators must take into account the applicable privacy laws that apply to the disclosure of personal information on such a database/registry. Plan administrators should monitor the database/registry on a regular basis to ensure that it is up to date, and that appropriate security measures are in place to protect any personal information that is publically available.

The nature and location of the employer's business could be useful in determining what other search methods could be effective. These could include searches through local newspaper obituaries and funeral homes, websites of related professional associations and advertisements in local newspapers and radio stations.

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