MPs want to raid millions from dormant pensions and investments

Some £880m should be released from 'lost pensions' to fund financial education

[*By*Jessica Beard](https://www.telegraph.co.uk/authors/j/ja-je/jessica-beard/)28 May 2021 • 6:00am

MPs have urged the Government to use millions of pounds raided from forgotten pensions and investments to fund financial education for children.

The Government has planned [a radical expansion](https://www.telegraph.co.uk/money/consumer-affairs/government-800m-raid-lost-pensions-investments-pandemic-charities/) of the “dormant assets scheme” to include long-lost retirement pots, share certificates and unclaimed payouts from life cover. The state raid has been forecast to unlock £880m that can be put towards charities and local communities.

A group of 38 MPs have made a joint statement calling for the money to be used to teach primary school children about finance in order to build more resilience in the next generation.

A round of funding cuts to the Money and Pensions Service’s budget is expected to be announced next month, although there are plans to increase the debt advice budget by 70pc. This has sparked concern that the Government department will allocate less money towards children’s financial education.

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Jane Goodland, of wealth manager Quilter and KickStart Money, a financial education programme, said: “Speculation that MaPS might cut funding risks the futures of the millions of children and young people who do currently receive financial education at a time of increased financial anxiety.”

The pandemic has highlighted the financial limitations of millions of households, after 11.5 million were found to have less than £100 in savings before Covid-19 struck. Politicians have argued a higher level of financial education could prevent so much money from being left behind in dormant accounts in the first place.

Julian Knight, a Conservative MP leading the call for every primary child to receive financial education, said: “The economic shocks associated with Covid-19 have clearly demonstrated the need for a financially resilient nation and, with money habits forming by age seven, it is imperative that we start teaching our children about money when they are at primary school.”

It is estimated there is £3.7bn languishing in dormant insurance and pensions and wealth management accounts. Financial institutions have to make efforts to reunite lost assets with their owners before transferring them to the scheme. Cash will then be held in a reclaim fund, which pays out to any owners who come forward to claim their lost wealth, before being passed to the National Lottery's charitable endowment fund.

The Government forecast that £2bn could be reunited with rightful owners, leaving £1.7bn for the Reclaim Fund. From that £880m could be released to social and environmental initiatives.

Sharon Davies of Young Money, a charity, said it was essential for young people’s wellbeing in adult life that they are provided with adequate financial education from primary school age. She said: “Primary-age financial education will provide the building blocks of young people’s financial capability, enabling them to make sound financial decisions when faced with high-stakes money choices.”

In May 2020 the Government[unleashed £150m](https://www.telegraph.co.uk/personal-banking/current-accounts/state-raid-150m-forgotten-bank-accounts-fund-good-causes/)from forgotten savings and bank accounts to fund charities and social enterprises during the pandemic – money which helped to keep a number of institutions to stay afloat, as their funding dried up but demand for their services increased.