

Personal Pensions and Pensions Relief

September 2019 National Statistics



HM Revenue
& Customs

About this release

Personal pension statistics produced from relief at source admin data. Annual Allowance and Lifetime Allowance figures derived from Self-Assessment and the Accounting for Tax return. For further details:

[Click here for background and methodology](#)

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Feedback
HMRC are committed to providing impartial quality statistics that meet our customers' needs. Feedback from users can be emailed directly to the statisticians mentioned above.



This is a National statistics publication, with exception of Table 7 and Table 8 which have not currently been awarded National Statistics accreditation. As such, they are listed as official statistics.



£28.2bn
CONTRIBUTIONS

↑
3.1%

£28.2 billion was contributed to personal pensions in 2017-18. The total value of contributions to personal pensions has continued to rise, increasing from just under £27.4 billion in 2016-17.



10.4 million
MEMBERS

↑
10.7%

The number of members contributing to a personal pension has increased to 10.4 million in 2017-18, up from 9.4 million in 2016-17. Demonstrating a sustained year on year increase since the introduction of Automatic enrolment in 2012-13.

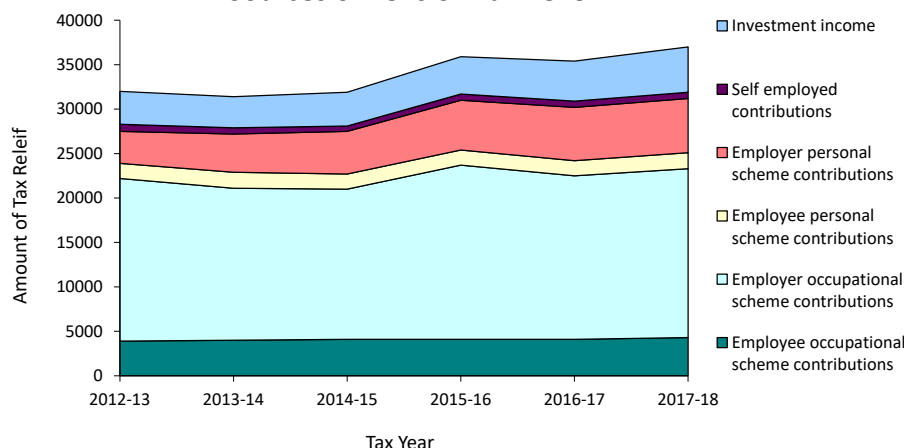


£2,700
AVERAGE
CONTRIBUTIONS

↓
6.8%

The annual average contributions per member has decreased to £2,700 in 2017-18. This is £200 less than the £2,900 average in 2016-17.

Sources of Pension Tax Relief



**PENSION
TAX RELIEF**

↑
1.4%

Gross pension tax relief in 2017-18 is projected to be £37.2 billion, up from £36.7 billion in 2016-17. Estimates use a combination of survey and administrative sources and cover all pensions, not just personal pensions, and includes the cost of tax relief on contributions and tax relief on investment growth of assets held by pension schemes.



**TAX ON PRIVATE
PENSIONS**

↑
2.8%

Tax paid on payments from private pensions (occupational pensions and personal pensions) has increased to £18.3 billion in 2017-18 from £17.8 billion in 2016-17. The estimated net cost of pension tax relief has increased to £19 billion, from £18.9 billion in 2016-17.



£812 million
CONTRIBUTIONS ABOVE
ANNUAL ALLOWANCE

There have been substantial revisions to the annual allowance and lifetime allowance figures due to an educational exercise conducted with pension schemes in 2019 which has led to a marked increase in the number and value of reported and paid annual allowance and lifetime allowance charges.

In 2017-18 26,550 tax payers reported pension contributions exceeding their annual allowance through self-assessment. 2017-18 is the second year of figures since the introduction of the Annual Allowance Taper in 2016-17. The total value of contributions reported as exceeding the annual allowance was £812 million in 2017-18 increasing from £578 million in 2016-17 and £143 million in 2015-16.



£185 million
LIFETIME ALLOWANCE
CHARGES

In 2017-18 4,550 counts of lifetime allowance excess charges were paid by schemes through accounting for tax return. The total value of lifetime allowance charges paid by schemes in 2017-18 was £185 million, a 28.5% increase from £144 million in 2016-17.

HM Revenue and Customs

Personal Pension Statistics: 2017-18

Contents

Page Number

1	Headline Figures	1
2	Commentary and analysis	2
	Personal Pensions Contributions by Source	2
	Number contributing and average contributions to Personal Pensions	3
	Cost of tax relief of registered pension schemes	4
	Annual Allowance and Lifetime Allowance charges	4
3	User Engagement	5

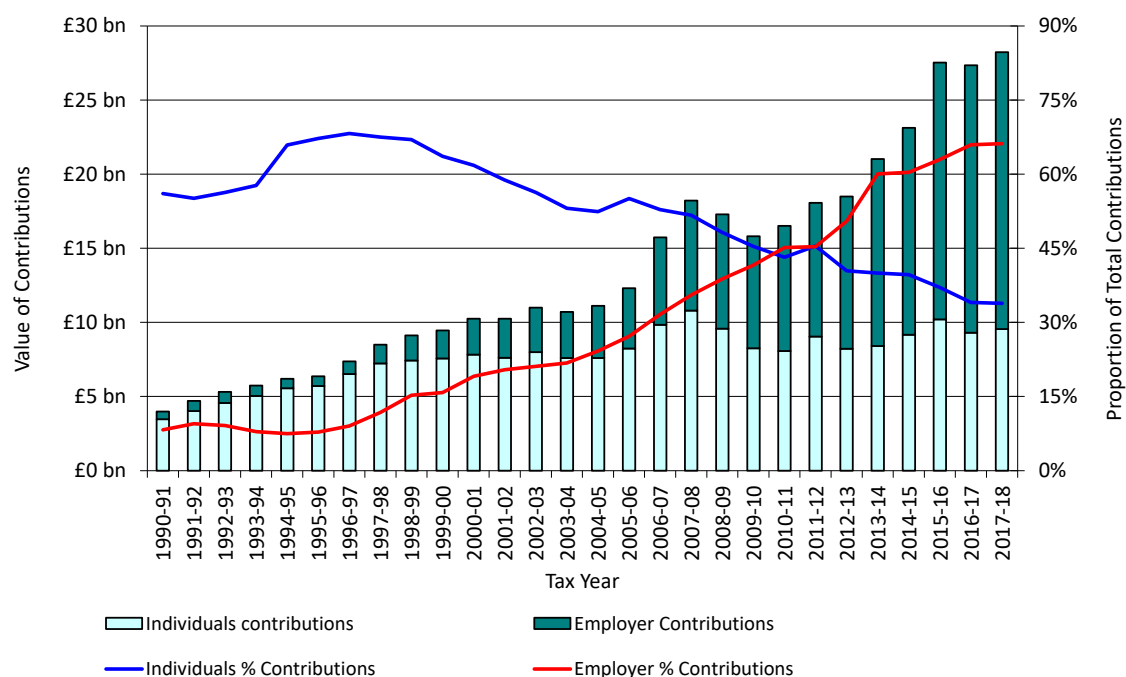
In order to improve the quality of our statistics, HMRC plan to move publication of all these tables to an annual basis each September to align with data availability. Due to changes in the data available to HMRC we are no longer able to produce Table 3 (Formerly PEN3)- Estimated number of individuals making or receiving contributions and average contribution by status, Table 4 (Formerly PEN4)- Estimated number of individuals making or receiving contributions by gender and age and Table 5 (Formerly PEN5)- Estimate number of individuals making or receiving contributions by country and region.

2 Commentary and Analysis

This section provides commentary and analysis on the key features of the statistics contained in the release.

2.1 Personal Pensions Contributions by Source (see [Table 1](#))

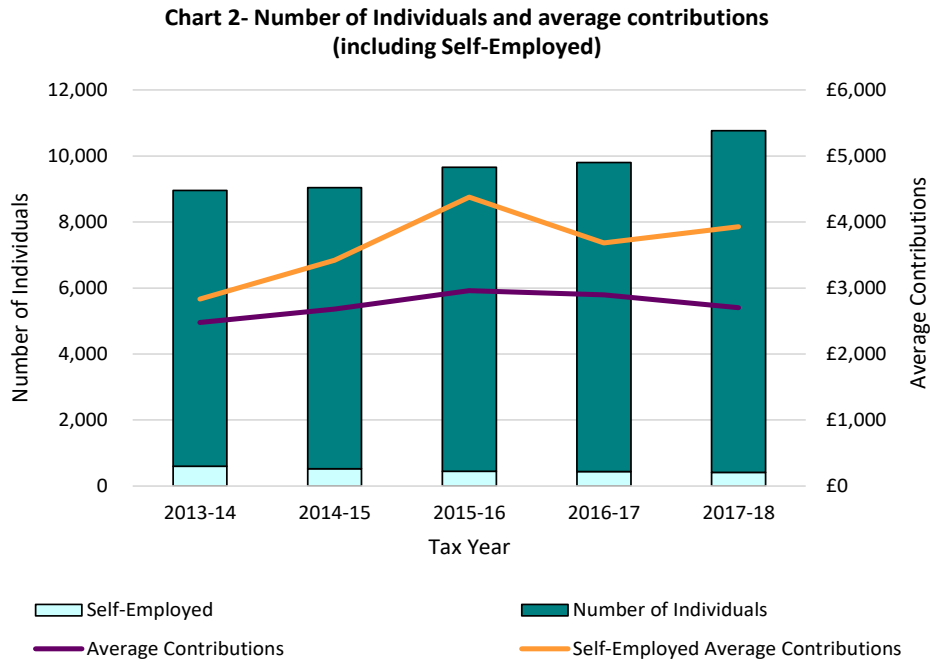
Chart 1 - Personal Pension Contributions



£28.2 billion was contributed to personal pensions in 2017-18 (Chart 1), which is 3.1% larger than contributions in 2016-17. Contributions are now £7.3bn higher than the peak before the financial crisis in 2007-08.

The proportion of payments contributed by employers has been rising since 1990-91 from around 9% in the early 1990's to 66% in 2017-18. Recent rises in the dominance of employer contributions are partly the result of the introduction of automatic enrolment, and partly the result of increasing use of group personal arrangements to deliver workplace pension schemes.

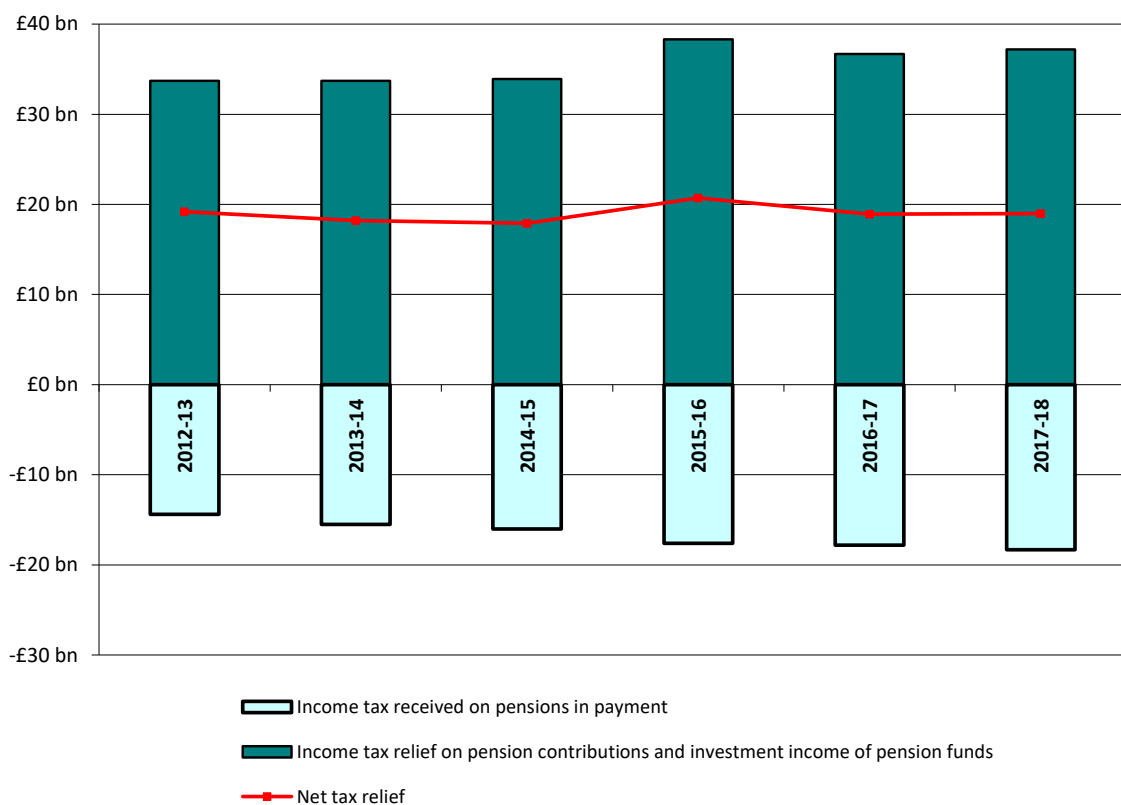
2.2 Number contributing and average contributions to Personal Pensions (see [Table 2](#))



The number of members contributing to a personal pension has increased to 10.4 million in 2017-18. This is the highest level since these statistics began; higher than the 9.4 million seen in 2016-17.

2.3 Cost of tax relief of registered pension schemes (see [Table 6](#))

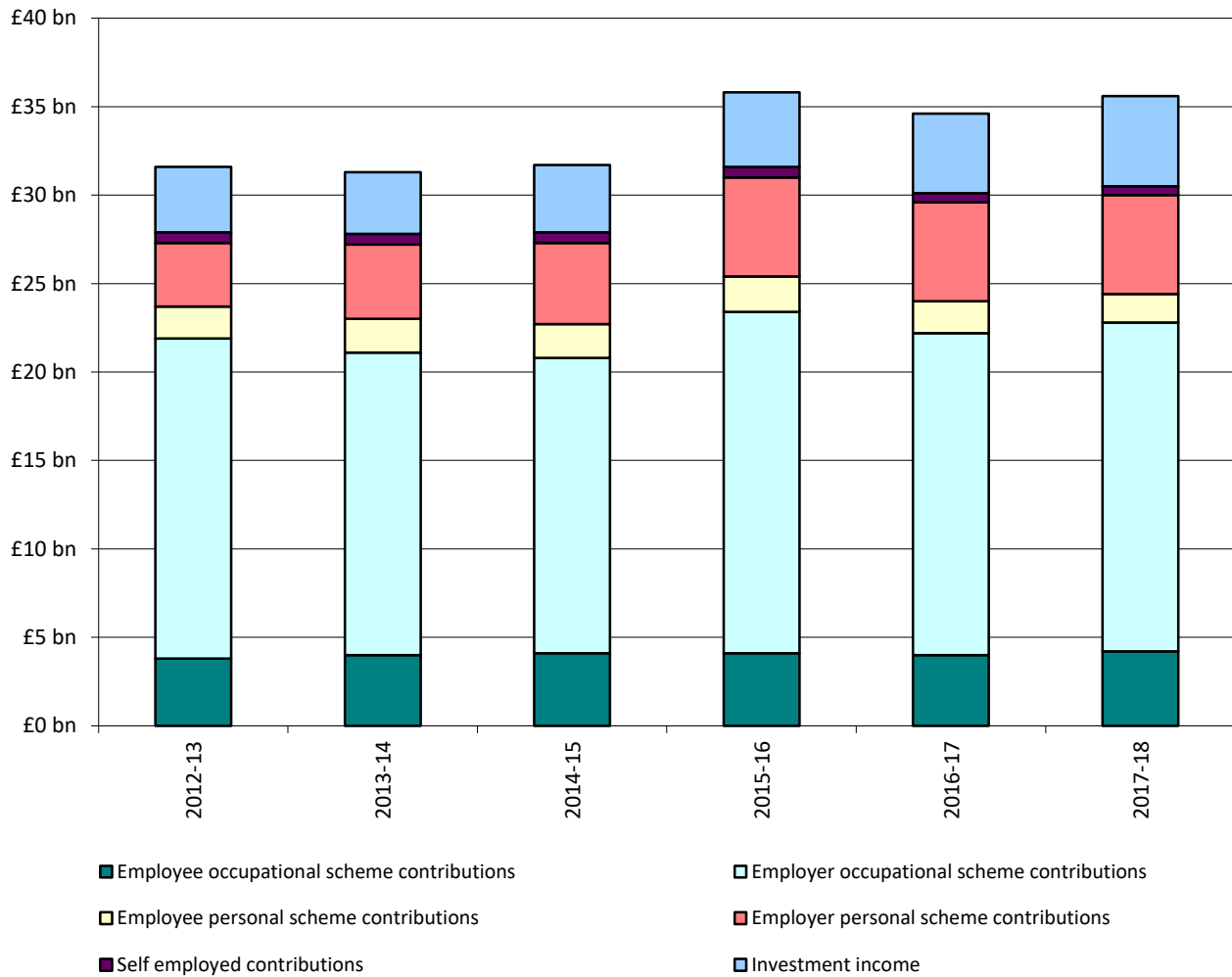
Chart 3 - Estimated cost of Pension Tax Relief and Tax on Pensions in Payment (Table 6)



The cost of pension tax relief is estimated in isolation and does not impact receipts estimates or income tax forecasts, which are already net of any pension tax relief provided. Gross pension tax relief in 2017-18 is projected to be £37.2 billion, up from £36.7 billion in 2016-17. The general rise between 2012-13 and 2017-18 is expected to be partly the result of the introduction of automatic enrolment, which has increased the number of individuals saving and thus the total amount saved into workplace pensions in recent years, and partly the result of increasing use of group personal arrangements to deliver workplace pension schemes.

Reductions in the annual and lifetime pensions tax allowances since 2010 are forecast to have restricted tax relief available to high earners and driven behavioural reductions in contributions made by high earners. These changes are understood to have stabilised tax relief over the period. Automatic enrolment is expected to have had a small upward pressure on the cost of tax relief.

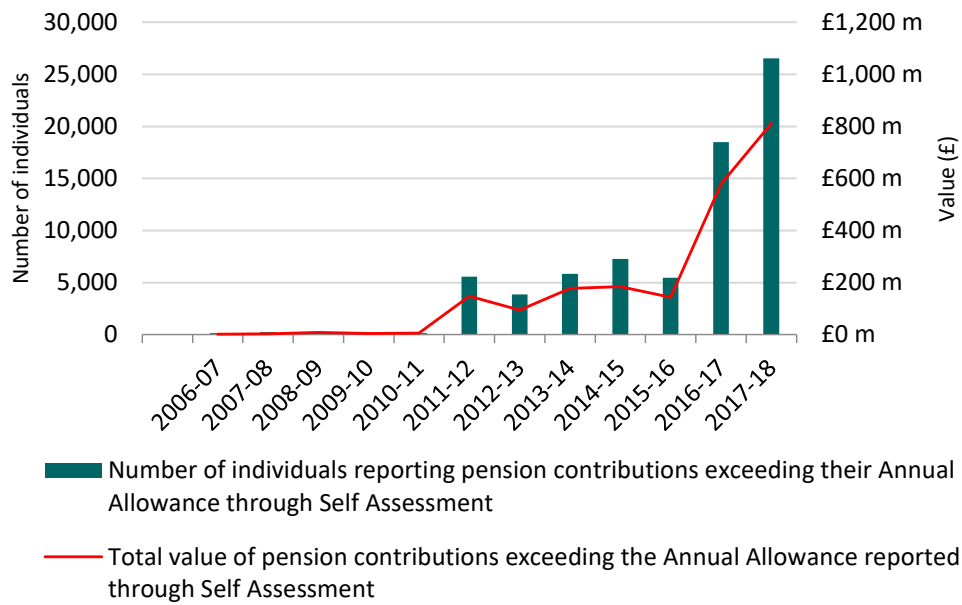
**Chart 4- Gross Tax Relief by Source
(Table 6)**



The sources of gross pension tax relief are illustrated in Chart 9. Income tax relief in respect of employer contributions to occupational schemes increased in 2017-18, remaining the largest element of tax relief at around 60 per cent of total relief. Contributions to personal pensions by employers and employees account for around 20 per cent of the total relief and contributions by the self-employed a further 1.5 per cent. The remainder of the cost of relief is relief on investment income.

2.4 Annual Allowance and Lifetime Allowance Statistics (see [Table7](#) and [Table8](#))

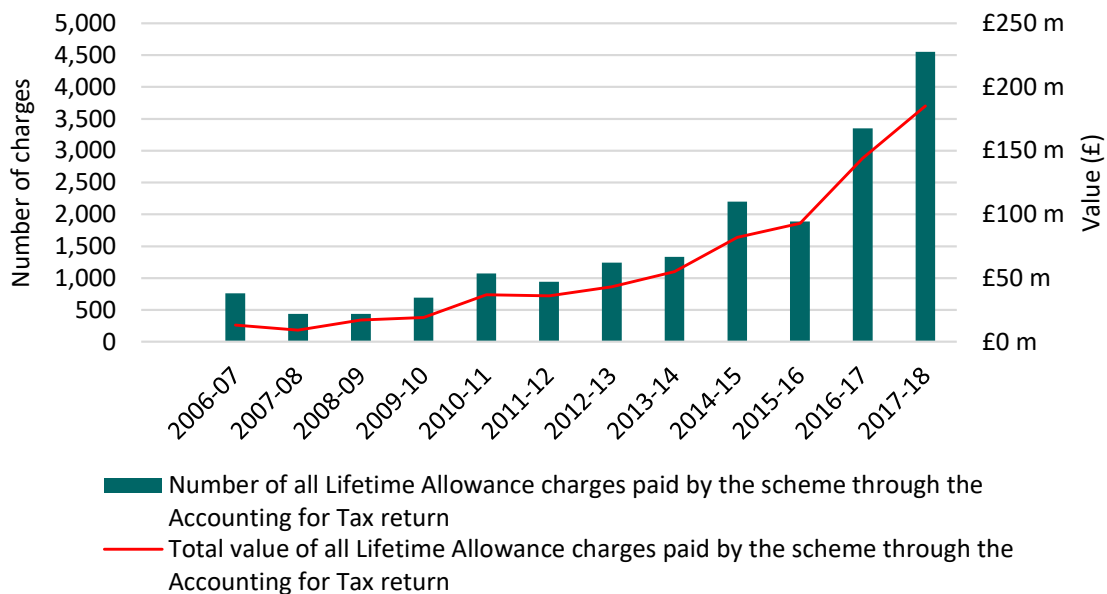
Chart 5- Number of individuals reporting pension contributions exceeding the Annual Allowance via Self-Assessment, and the value of these contributions



HMRC recently undertook an education exercise with pension providers on the process of reporting Annual Allowance and Lifetime Allowance charges that have been paid, through the Accounting for Tax Return. Following this exercise, there have been a considerable number of new or amended returns which have been made, which has led to upward revisions across all years for AA and LTA charges reported as having been paid by the scheme. This does not impact statistics on individuals reporting pension savings in excess of the Annual Allowance via their Self-Assessment return.

In 2017-18, £812 million of pension contributions reported through Self Assessment exceeded the Annual Allowance. This is significantly higher than the £578 million reported in 2016-17, when the annual allowance taper was first introduced.

Chart 6 - Number and value of Lifetime Allowance charges paid by the scheme



The total value of all Lifetime Allowance charges paid by the scheme through the Accounting for Tax return in 2017-18 was £185 million, rising from £144 million in 2016-17 and £93 million in 2015-16. This has consistently increased year on year over the last decade.

3 User Engagement

HMRC is committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so that we can improve our statistics and identify gaps in the statistics that we produce. Please see HMRC Statistics "Continuous User Engagement Strategy": https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/278751/HMRC_statistics_continuous_user_engagement.pdf.

From September 2019 onwards, all tables will be released on annual basis to bring the publication and methodology under a single statistics release. The publication will therefore be published annually in September each year, starting in September 2019.

Former tables PEN 3, PEN4 and PEN5 are no longer available for 2017-18 and onwards because of changes to the data we receive. Previous tables will still be available at: <https://www.gov.uk/government/collections/personal-pensions-statistics> but we will not be updating for 2017-18 onwards. These tables can still be produced on individual contribution basis excluding all employer contributions. Please let us know if this would be useful for us to produce in future releases of this publication. If you have any comments on these tables or any enquiries on the statistics please contact:

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