

Pension Trends – Chapter 7: Private Pension Scheme Membership, 2013 Edition

Abstract

This chapter discusses membership of all types of non-state pension, referred to here as private pensions. These comprise occupational schemes for private sector and public sector employees; and personal pensions, including group personal pensions and stakeholder pensions.

Background

People are living longer and are likely to enjoy a longer retirement. But many people are not saving for their retirement at all, and many that are saving are not saving enough. This chapter aims to support the development of pensions policy by providing up to date information on private pension scheme membership.

The chapter looks first at active members of occupational pension schemes¹. Then it considers the proportion of the population aged 16 to 64 which contribute to private pensions, both occupational and personal. For employees and the self-employed, further breakdowns of pension scheme membership are presented. Finally, the chapter examines some of the characteristics associated with pension scheme membership.

A person may be a member of a number of different pensions simultaneously. Employees may be active members of a workplace pension, which could be either an occupational scheme or an employer-sponsored (group) personal or stakeholder pension. They may also have a personal pension that they have taken out independently. In addition, people may be deferred members of a scheme, retaining pension rights from a previous employer², or hold personal pensions which no longer receive contributions.

The workplace pension reforms introduced in the Pensions Act 2008 started with effect from October 2012 and are being implemented over the period to 2018. However, the analysis in this chapter relates to data collected prior to these reforms.

Notes

1. For a definition of occupational pension schemes, see [Pension Trends Chapter 6](#) and [Pension Trends Glossary \(198.9 Kb Pdf\)](#) under References. Active members are current employees who are contributing or having contributions made on their behalf.
2. Deferred member entitlements are rights held by people who are no longer actively contributing to the scheme. Most belong to former employees who have preserved their pension rights within a scheme but are not yet receiving pension payments. Some belong to widows, widowers, dependents and those who have gained rights following pension sharing on divorce.

Data sources

The various data sources used in this chapter have different coverage and characteristics. The analyses use the source that is most appropriate for the topic, but this inevitably means that there are differences in the types of pension covered and in the population base between one analysis and another.

The main sources used are:

- the Office for National Statistics (ONS) Occupational Pension Schemes Survey (OPSS), for estimating numbers of active members of occupational pension schemes and deferred member entitlements;
- the Department for Work and Pensions (DWP) Family Resources Survey (FRS), and ONS General Lifestyle Survey (GLF) and Wealth and Assets Survey (WAS) for estimating proportions of populations that belong to a pension, and for providing information on the characteristics of members; and
- ONS Annual Survey of Hours and Earnings (ASHE), for providing breakdowns of employee pension scheme membership according to pension type and other characteristics. It should be noted that employee membership in ASHE is measured in terms of 'employee jobs' rather than individuals, and individuals may have more than one job.

Estimate of total private pension membership

Although it is not possible to provide a single figure for membership of private pensions, the Occupational Pension Schemes Survey (OPSS) estimates that there were 8.2 million active members of occupational pension schemes and 9.8 million deferred entitlements to occupational pensions in 2011; and HM Revenue and Customs (HMRC) estimates that in 2011/12 there were 8.4 million members contributing to personal and stakeholder pensions. The number of members relates to members of each reporting provider and should not be taken as numbers of individuals, since individuals can have more than one pension provider. Some may have a deferred entitlement in more than one pension; some with deferred entitlements may still be actively contributing to another pension. There are also some people still contributing to retirement annuity contracts (the predecessors to personal pensions) although this number will reduce over time.

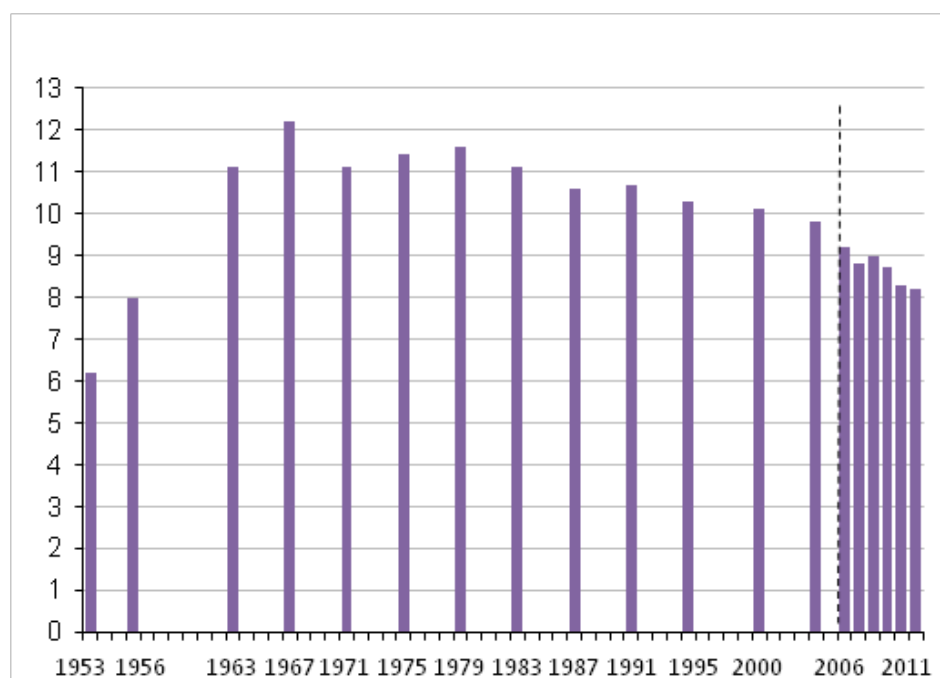
Trends

The longest consistent series of membership in the UK is that for occupational pension schemes. Membership figures are available from the 1950s from the Occupational Pension Schemes Survey (OPSS), which was carried out in selected years by the Government Actuary's Department, and more recently, is carried out by the Office for National Statistics ([OPSS Annual report](#)).

There was a marked increase in the number of active members (those currently contributing) between 1953 and 1967 from 6.2 million to 12.2 million, followed by an almost continuous decline (Figure 7.1). In 2011, the latest year available, there were an estimated 8.2 million active members of occupational pension schemes.

Figure 7.1: Active members of occupational pension schemes, 1953 to 2011

United Kingdom, millions



Source: Occupational Pension Scheme Survey (OPSS) - Office for National Statistics

Notes:

1. The 2005 OPSS did not cover the public sector.
2. Changes to methodology from 2006 onwards mean that comparisons with 2005 and earlier should be treated with caution.

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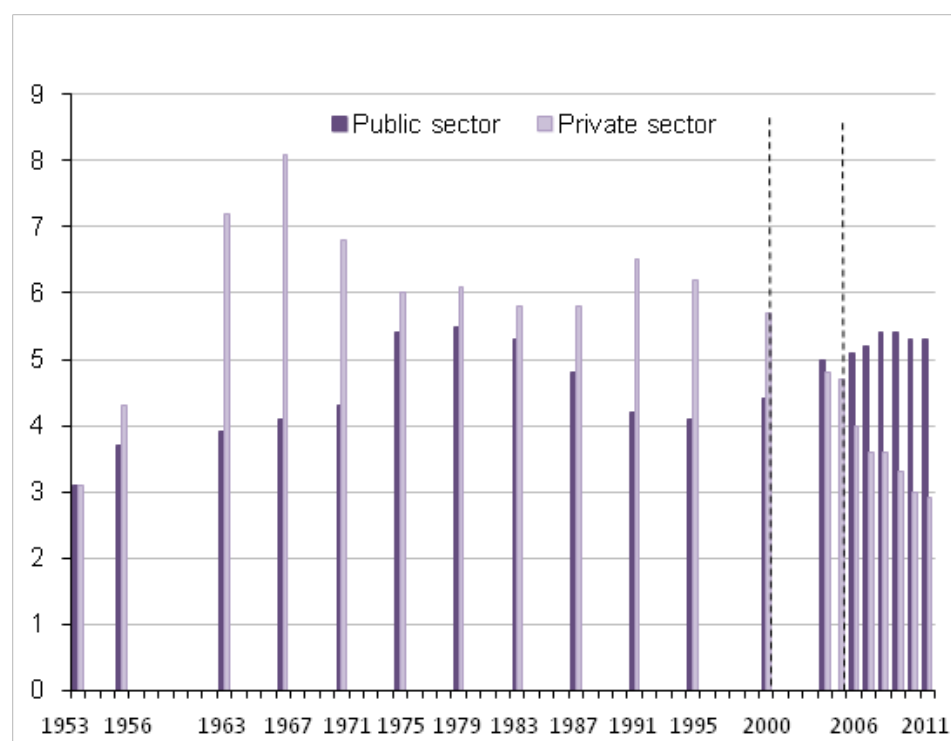
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Figure 7.2 shows the number of active members of occupational pension schemes by sector. In the private sector, there have been considerable changes in the level of membership since the start of the series. In 1953, private sector membership stood at 3.1 million. In the following years,

membership almost tripled, reaching a peak of 8.1 million in 1967. Since then, membership has been on a general downward trend. In 2011, private sector membership reached its lowest point of the entire series, at 2.9 million, partly due to the fall in active membership of defined benefit schemes. It should be noted that occupational pension schemes do not include employer-sponsored (group) personal pensions which, although facilitated by an employer are contracts between an individual and an insurance company. Group personal pensions have increased their membership since their creation in the late 1980s/early 1990s.

Figure 7.2: Active members of occupational pension schemes: by sector, 1953 to 2011

United Kingdom, millions



Source: Occupational Pension Scheme Survey (OPSS) - Office for National Statistics

Notes:

1. Due to changes in the definition of the private and public sectors, estimates for 2000 and onwards differ from earlier years. From 2000 organisations such as the Post Office and the BBC were reclassified from the public to the private sector.
2. The 2005 OPSS did not cover the public sector.
3. Changes to methodology from 2006 onwards mean that comparisons with 2005 and earlier should be treated with caution.

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In the public sector, active membership of occupational pension schemes was also 3.1 million in 1953. The number of active members in the public sector has varied considerably throughout

the duration of the survey. From 1967 onwards, public sector membership tended to move in opposite directions to the private sector in many of the years. For example, from 1995 public sector membership increased by 32% from 4.1 million to 5.4 million in 2008, despite the reclassification of some large public sector schemes to the private sector from 2000. In the private sector, active membership fell by 42% during this period. However, active membership in the public sector in 2010 also fell, to 5.3 million, and remained at that level in 2011.

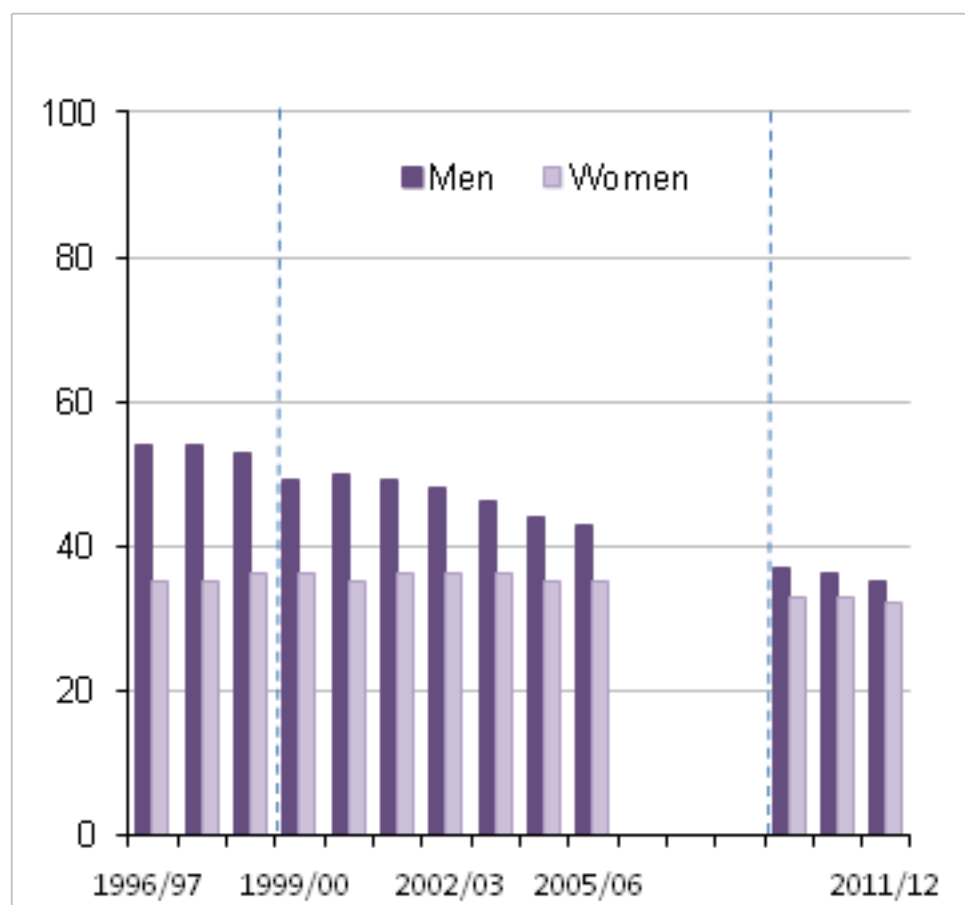
To put these figures in context, [Pension Trends Chapter 1](#) covers the key legislative changes that have affected pension provision over time. For example, the Social Security Act 1986 introduced personal pensions as alternatives to occupational pension schemes and stopped employers from making membership of their occupational pension scheme compulsory. The implementation of [Workplace Pension Reforms](#) in October 2012 introduced automatic enrolment of eligible employees into a workplace pension.

In addition to active members of occupational pension schemes, there were 9.8 million members with preserved occupational pension entitlements in 2011 (up from 4.5 million in 1991). Of these, 6.3 million were in the private sector (up from 3.3 million in 1991). The figure of 9.8 million does not represent the total number of people as an individual may have an entitlement in more than one scheme. People with preserved entitlements may also be active members of another pension scheme.

Figure 7.3 shows the Family Resources Survey (FRS) estimates of the men and women in the 16 to 64 age group contributing to private pensions, both occupational and personal (including stakeholder). It should be noted that estimates for 1999/2000 and later years are not comparable with earlier years because some deferred pension memberships were included until 1998/99. Also, FRS pension participation estimates were not published for the three years from 2006/07 to 2008/09 owing to concerns about data quality. The problems have now been solved¹ and from 2009/10 FRS provides reliable estimates.

Figure 7.3 Proportion of men and women aged 16 to 64 contributing to private pensions, 1996/97 to 2011/12

Great Britain, percentages



Source: Family Resources Survey - Work and Pensions

Notes:

1. Data from 1999/2000 onwards are not comparable with earlier data because of the implementation from that date of improvements in government surveys relating to pensions.
2. Figures for 2005/06 and earlier years may exclude members whose only pension contribution came from the National Insurance rebate.
3. Data for 2006/07, 2007/08 and 2008/09 are not available.
4. Data from 2009/10 onwards are not comparable with earlier data because of changes to the pension provision questions more accurately to capture information on active membership.

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By combining the FRS estimate of the proportion of people aged 16 to 64 contributing to private pensions in 2011/12 (34%) with Labour Force Survey (LFS) estimates of population aged 16 to 64 in January to March 2012 (40.2 million), we can estimate that about 14 million people aged 16 to 64 in Great Britain were active participants in private pensions. The proportion of men aged 16 to

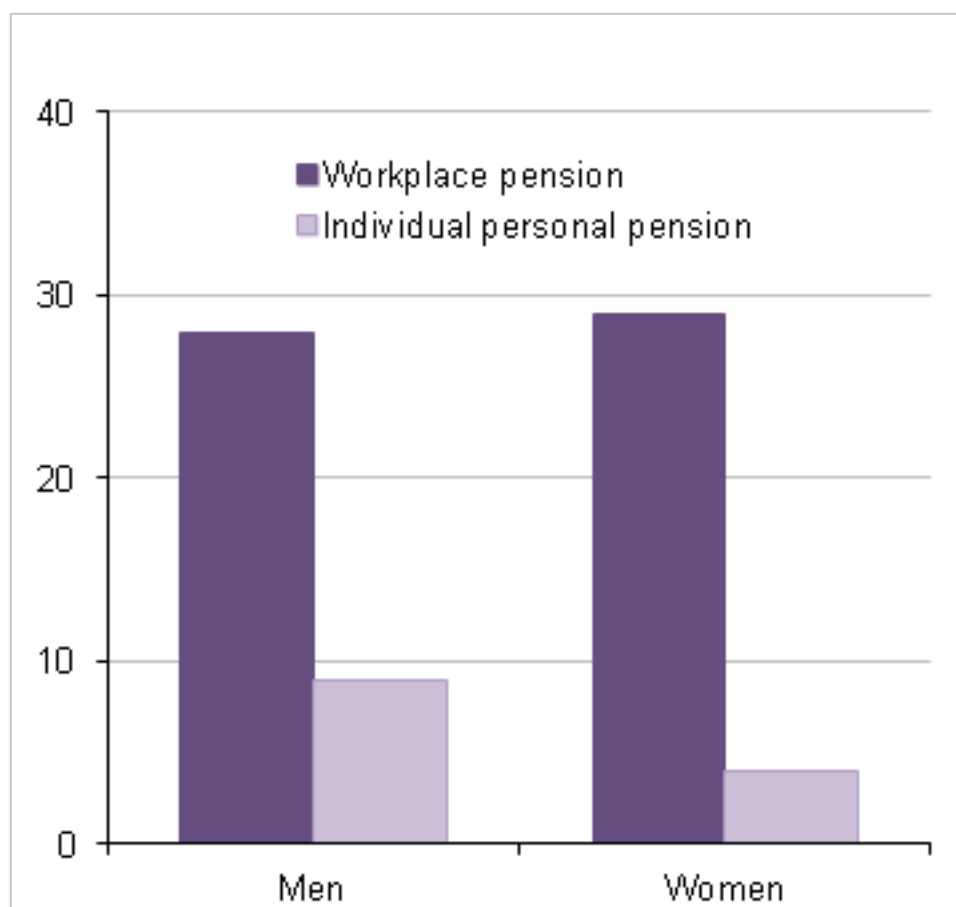
64 who were contributing members in 2011/12 was higher than that of women: 35% compared with 32%. This is partly because State Pension Age was between 60 and 61 for women, at the time of the survey, and 65 for men, so that more women than men in the 60 to 64 age group would have been retired (see [Pension Trends Chapter 4](#)) and no longer contributing to a private pension. In the 60 to 64 age group, 14% of women contributed to a private pension in 2011/12 compared with 24% of men. However, women's earlier retirement patterns do not entirely explain the difference. The proportion of men who were contributing members was higher than that of women in all five-year age groups from age 35 to 39 to age 60 to 64. Another factor may be the relatively low membership rates for part-time female employees (see Figure 7.5).

There are different trends for men and women in Great Britain. For men, the proportion who were contributing to private pensions fell from 49% to 35%, between 1999/2000 and 2011/12, which represents a reduction from 9.0 million to 7.0 million men aged 16 to 64. For women, the figures changed less: the proportion contributing to private pensions was 32%, representing 6.5 million women in 2011/12, down from 36% in 1999/2000, representing 6.8 million women.

Figure 7.4 shows the latest figures (2011/12) for men and women aged 16 to 64 by whether they contributed to an employer-sponsored (workplace) pension or to an individual personal pension. The participation rates in workplace pensions were similar for men and women, 28% and 29% respectively. On the other hand, 4% of women had individual personal pensions compared with 9% of men. This probably reflects the fact that self-employment is more prevalent among men than women, and pension provision for the self-employed is usually in the form of individual personal (including stakeholder) pensions (see **Self-employed pension membership** section).

Figure 7.4: Proportion of men and women aged 16 to 64 contributing to private pensions: by pension type, 2011/12

Great Britain, percentages



Source: Family Resources Survey - Work and Pensions

Notes:

1. 'Workplace' (employer-sponsored) comprises any company or occupational pension scheme run by an employer; 'Individual personal' includes individual stakeholder pensions and retirement annuity contracts.
2. Percentages have been rounded to the nearest 1%.
3. The estimates are based on sample counts that have been adjusted for non-response using multi-purpose grossing factors that control for tenure type, Council Tax Band and a number of demographic variables.
4. Estimates are subject to sampling error and remaining non-sampling bias.

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Notes

1. The FRS pension provision questions have been revised so it can more accurately capture information on active membership. This has enabled the re-introduction of FRS pension

provision estimates from 2009/10. DWP has also produced modelled estimates for the missing years, in their [Estimates of Private Pension Participation Rates 1999/00-2010/11](#).

Employee pension membership

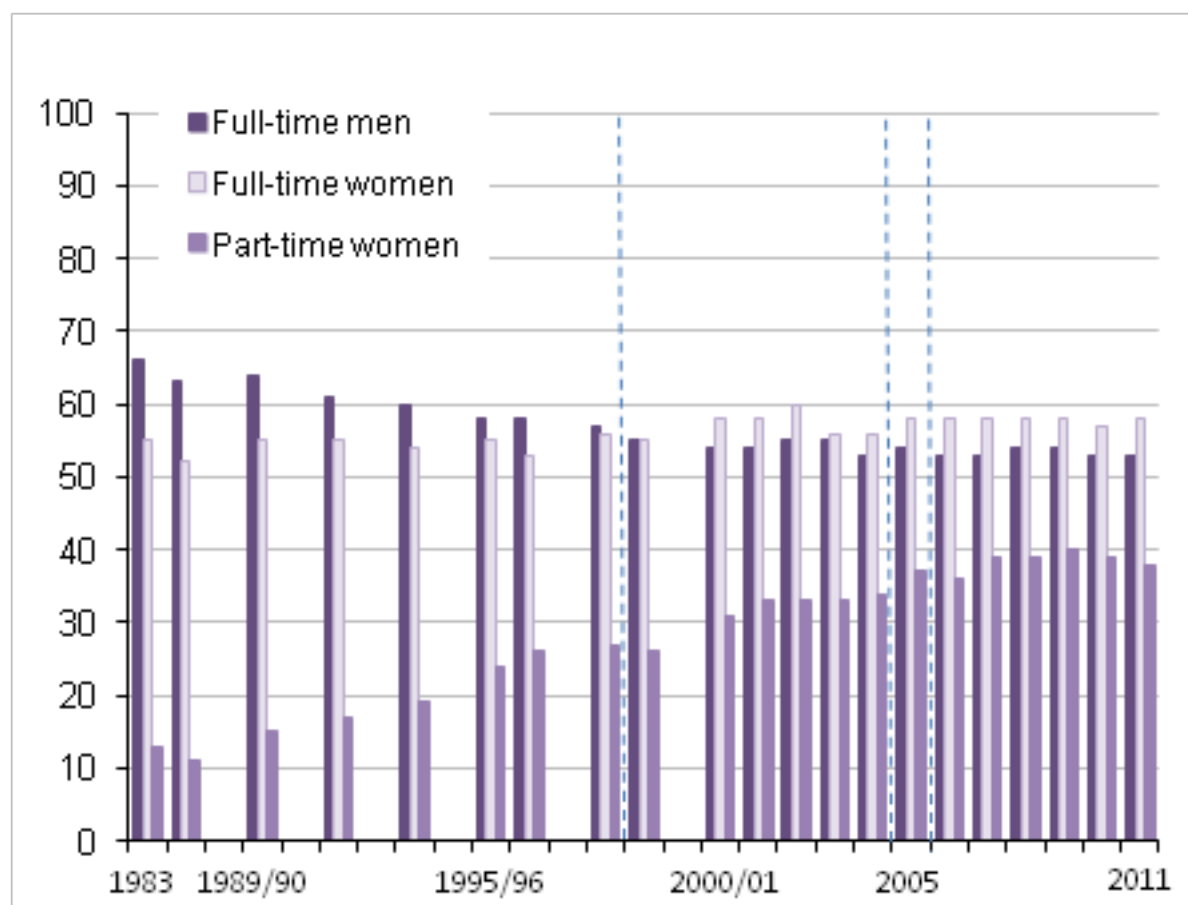
In April-June 2012, there were 25.0 million employees aged 16 and over in the UK (seasonally adjusted figure), according to the Labour Force Survey (LFS). Of this total, 11.2 million were men working full-time, 1.6 million were men working part-time, 7.1 million were women working full-time and 5.1 million were women working part-time.

The General Lifestyle Survey (GLF) provides a consistent data source for employee occupational pension scheme membership over time. Figure 7.5 shows employee participation in employer's occupational pension schemes by gender and working pattern. In 2011:

- a higher percentage of full-time female employees than full-time male employees were members of their current employer's occupational pension scheme; and
- full-time employees had a higher percentage of members than part-time employees, who are mainly women. Information is not shown for part-time men, as sample sizes are not large enough to provide reliable estimates.

Figure 7.5: Employee membership of current employer's occupational pension scheme: by sex, 1983 to 2011

Great Britain, percentages



Source: General Lifestyle Survey - Office for National Statistics

Notes:

1. Employees aged 16 and over, excluding Youth Trainees and Employment Trainees. Membership includes a few people who were not sure if they were in a scheme but thought it possible.
2. Data from 1983 to 1996/97 is unweighted. From 1998/99 the data is weighted to compensate for non-response and to match known population distributions. For 1998/99 (shown by the first dotted line) unweighted and weighted data is shown for comparison.
3. 2005 data includes last quarter of 2004/05 data as the survey changed from financial year to calendar year (shown by the second dotted line). Results for 2006 onwards (the third dotted line) include longitudinal data.
4. Information is not shown for part-time men, as sample sizes are not large enough to provide reliable estimates.

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Some 66% of male employees in Great Britain in 1983 who were working full-time were members of their current employer's occupational pension scheme, falling to 53% in 2011 (Figure 7.5). For female employees working full-time, 55% were members in 1983, increasing slightly to 58% in 2011.

Each year since 2000/01, the GLF has recorded higher membership rates for full-time women than for full-time men. Among women working part-time, there was a steady increase over the same period, from 13% in 1983 to 38% in 2011. This may be partly explained by changes following a European Court of Justice ruling in May 1995 that made it illegal for pension schemes to exclude part-time workers.

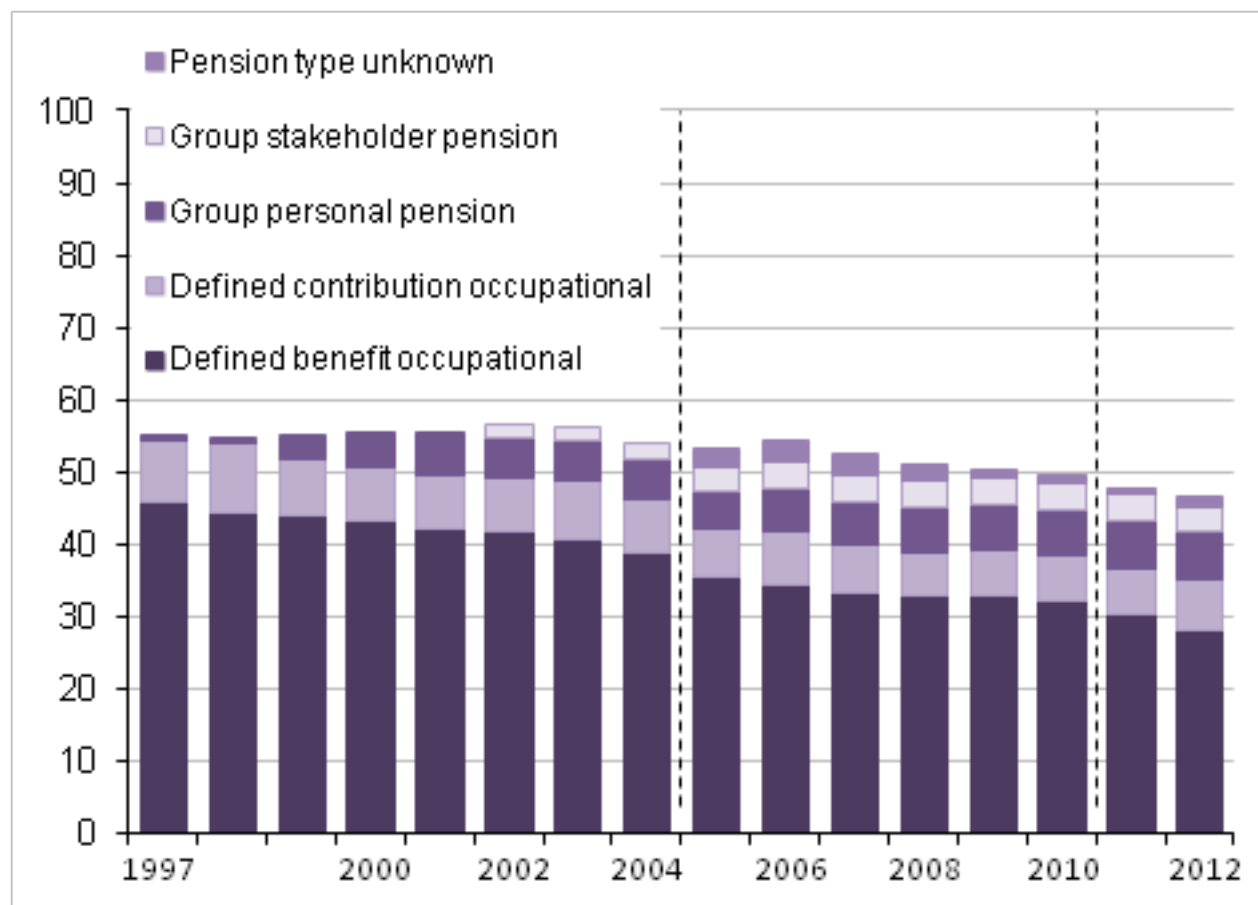
Data from the Annual Survey of Hours and Earnings (ASHE) is available from 1997 onwards only, but is the most useful source of information on the type of pension that employees have because it covers all employer-sponsored (workplace) pensions: occupational pension schemes, Group Personal Pensions (GPPs) and group stakeholder pensions. Nevertheless, ASHE may overestimate pension scheme membership as its sample is drawn from the pay as you earn (PAYE) system, so low-paid workers earning below the PAYE threshold, who are less likely to belong to a pension, may be under-represented. However, some ASHE respondents do not have access to information about employees' pensions, meaning that there is an element of under-coverage of workplace pension membership in ASHE.

Figure 7.6 shows the proportion of employees in the UK who belong to workplace pensions. It shows:

- between 1997 and 2012, the proportion of employees belonging to workplace pensions declined from 55% of employees to 46%, its lowest proportion since the series began in 1997;
- the largest share of workplace pension membership was in defined benefit (salary-related) pension schemes. However, the proportion of employees that were members in these schemes has declined, from 46% in 1997 to 28% in 2012;
- defined contribution (money purchase) occupational scheme membership fell to a lesser extent, from 9% in 1997 to 7% in 2012; and
- the decreases were partly offset by an increase in the proportion with GPPs, from 1% to 7%, and by the introduction of stakeholder pensions in 2001, which were held by 3% of employees in 2012.

Figure 7.6: Employee membership of a workplace pension: by pension type, 1997 to 2012

United Kingdom, percentages



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

Notes:

1. Pension is arranged through an employer, main pension only.
2. Results for 2005 are based on a new questionnaire and may not be comparable with earlier results.
3. In 2011 ASHE replaced the Standard Occupational Classification 2000 (SOC 2000) with the Standard Occupational Classification 2010 (SOC 2010). The change to SOC 2010 has affected the survey weighting. Rounded to the nearest percentage, the proportions in this figure are the same whether the estimates are calculated on the old or new SOC basis.

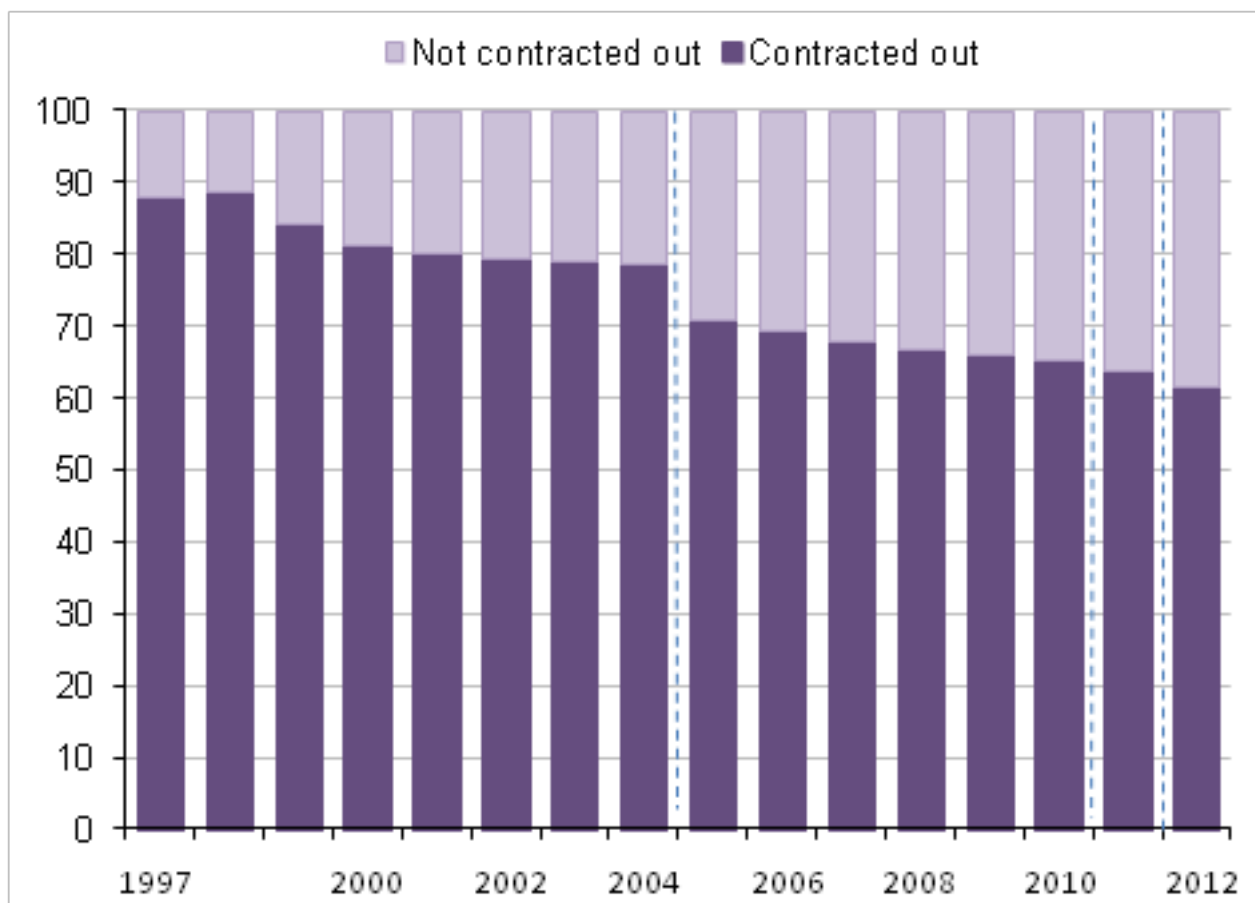
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Figure 7.7 examines the proportion of UK employees with workplace pensions who are contracted out of the State Second Pension (S2P, formerly the State Earnings Related Pension Scheme or SERPS). Employees who are contracted out pay reduced National Insurance contributions or receive contracted out rebates from National Insurance payments¹. The Government abolished contracting out on a defined contribution basis from 6 April 2012. Contracting out for DB schemes will also end with the planned introduction of the [single-tier pension](#).

Figure 7.7: Employee membership of a workplace pension: by contracted out status, 1997 to 2012

United Kingdom, percentages



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

Notes:

1. Pension is arranged through an employer, main pension only.
2. Results for 2005 are based on a new questionnaire and may not be comparable with earlier results (indicated by the first dotted line). In particular, breakdowns by contracting out status include stakeholder pensions from 2005; before then, they are for occupational pension schemes and group personal pensions only.
3. In 2011 (indicated by the second dotted line) ASHE replaced the Standard Occupational Classification 2000 (SOC 2000) with the Standard Occupational Classification 2010 (SOC 2010). The change to SOC 2010 has affected the survey weighting. Rounded to the nearest percentage, the proportions in this figure are the same whether the estimates are calculated on the old or new SOC basis.
4. For 2012 (indicated by the third dotted line), ASHE respondents provided information in respect of the pay period that included 18 April. The returned data did not reflect the Pensions Act 2007 change to defined contribution contracting out. That is, results showed roughly the same proportion of employees in the contracted out defined contribution category in 2012 as in 2011.

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For 2012, ASHE respondents provided information in respect of the pay period that included 18 April. The returned data did not reflect the Pensions Act 2007 change to defined contribution contracting out. That is, results showed roughly the same proportion of employees in the contracted out defined contribution category in 2012 as in 2011. This may be because respondents had only limited time to acclimatise to the change to contracting out when required to complete the ASHE questionnaire, or that the scheme moved to 'not contracted out' status part way through the pay period. Further information is available in the [contracting out information published in the zip files alongside the 2012 ASHE pension tables](#).

The contracted out rebate was reduced during the 1990s, making contracting out less attractive, especially for employers. In 1997, 88% of employees with workplace pensions were contracted out, but by 2004 this figure had fallen to 78%. From 2005, ASHE includes stakeholder pensions, most of which are not contracted out. In 2012, 61% of UK employees who belonged to a workplace pension scheme were contracted out (Figure 7.7).

The fall in the percentage of contracted out employees over the period 1997 to 2012 is likely to be due in part to the decline in defined benefit occupational pension scheme membership in the private sector (see Figure 7.9), as most defined benefit schemes are contracted out. The fall in the percentage of contracted out employees (since 1997) was larger for men than for women. For men, there was a fall of 35 percentage points to 52% in 2012, while for women, there was a fall of 20 percentage points to 69% in 2012.

Notes

1. Contracted out members of occupational pension schemes pay a reduced National Insurance contribution, as do their employers. For individuals who have a contracted out personal or stakeholder pension, a National Insurance rebate is paid directly into the pension fund. The level of contracted out rebates is reviewed every five years. From April 2012, information from a Department for Work and Pensions [press release](#) says that if an individual is contracted out, the employer and the employee will pay National Insurance Contributions reduced in total by 4.8%, compared with 5.3% at present.

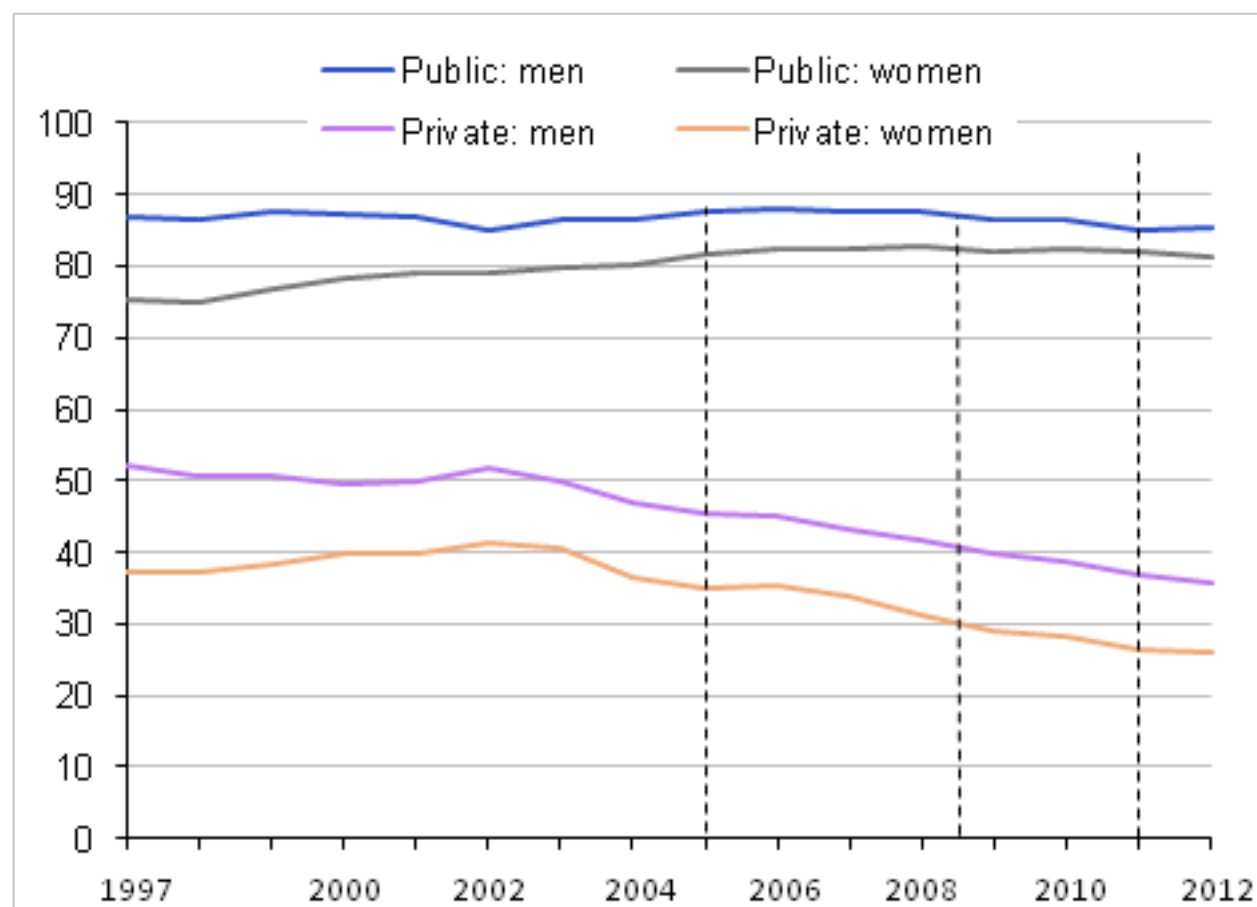
Comparison of the public and private sectors

In 2012, just under half of male and female employees (46% and 47% respectively) were members of workplace pensions according to the Annual Survey of Hours and Earnings (ASHE). However, Figure 7.8 shows that there were important differences in public and private sector membership:

- membership rates were higher in the public sector than in the private sector for both men and women; and
- membership rates were higher for men than for women in both sectors.

Figure 7.8: Employee membership of a workplace pension: by sex and sector, 1997 to 2012

United Kingdom, percentages



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

Notes:

1. Pension is arranged through an employer, main pension only.
2. Results for 2005 (the first dotted line) are based on a new questionnaire and may not be comparable with earlier results.
3. Between 2008 and 2009 (the second dotted line) Lloyds Banking Group, the Royal Bank of Scotland Group and HBOS plc were reclassified from the private sector to the public sector.
4. In 2011 (the third dotted line) ASHE replaced the Standard Occupational Classification 2000 (SOC 2000) with the Standard Occupational Classification 2010 (SOC 2010). The change to SOC 2010 has affected the survey weighting. The estimates for women in the private sector have changed (by less than one percentage point) as a result of this adjustment. The download file for this chart includes 2011 estimates on both the SOC 2000 and the SOC 2010 basis.

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In the public sector, the membership rate for male employees was relatively stable between 1997 and 2012, falling slightly from 87% to 85%. In contrast, male employee membership in the

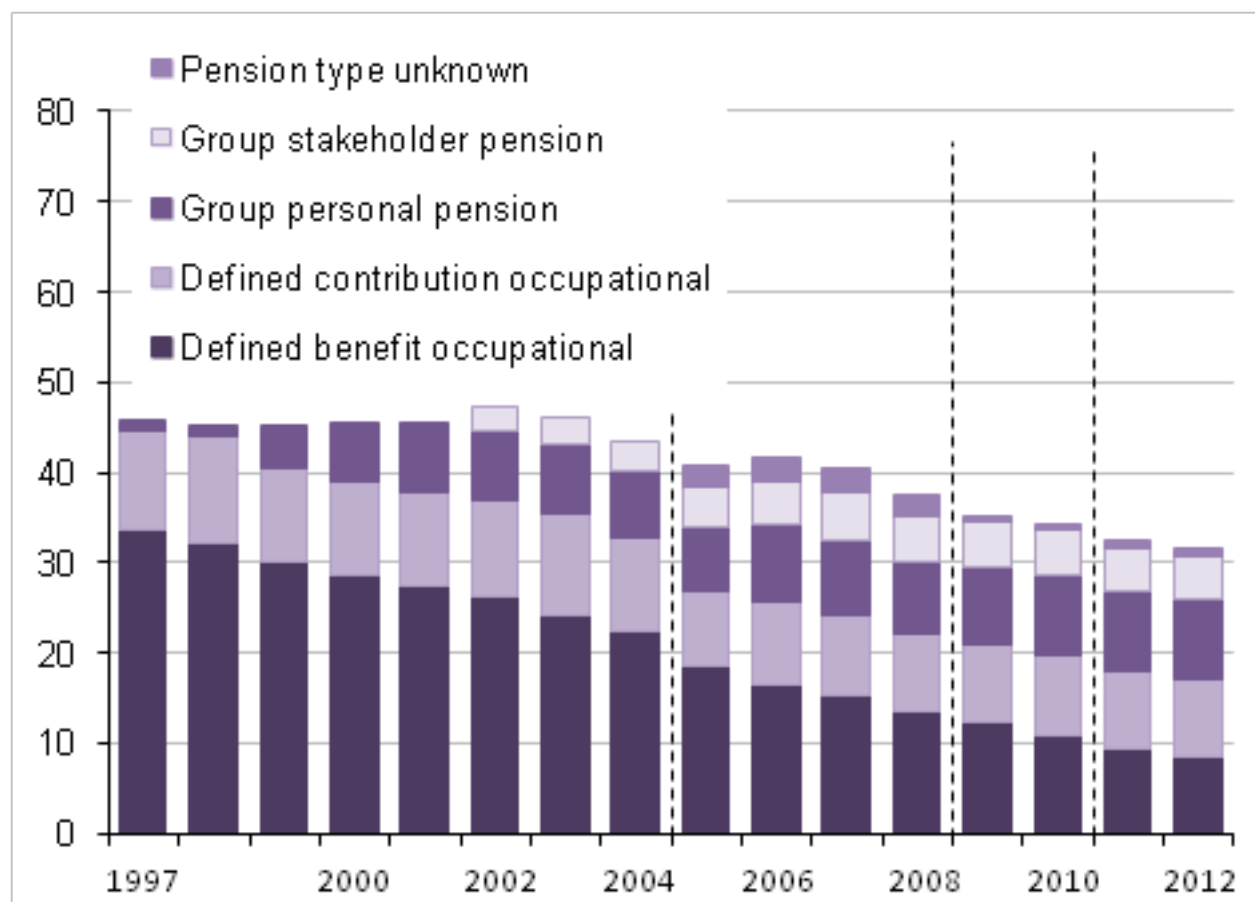
private sector declined from 52% to 36% over this period. Female employee membership in the public sector increased from 75% in 1997 to 81% in 2012. In the private sector, female employee membership increased from 37% in 1997 to 41% in 2003, before falling to 26% in 2012.

Figure 7.9 shows analysis of changes in private sector pension provision. Figures are expressed as percentages of all private sector employees:

- employee membership of workplace pensions fell from 46% in 1997 to 32% in 2012;
- employee membership of defined benefit occupational pension schemes fell from 34% in 1997 to 8% in 2012;
- membership of defined contribution occupational schemes fell slightly, from 11% to 9% over the same period; and
- increasing membership of group personal (or group stakeholder) pensions mostly offset the falls in the membership of defined benefit and defined contribution occupational schemes, with 14% of employees belonging to group personal/stakeholder pensions in 2012, compared with only 1% in 1997.

Figure 7.9: Employee membership of a private sector workplace pension: by pension type, 1997 to 2012

United Kingdom, percentages



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

Notes:

1. Pension is arranged through an employer, main pension only.
2. Results for 2005 (the first dotted line) are based on a new questionnaire and may not be comparable with earlier results.
3. Between 2008 and 2009 (the second dotted line) Lloyds Banking Group, the Royal Bank of Scotland Group and HBOS plc were reclassified from the private sector to the public sector.
4. In 2011 (the third dotted line) ASHE replaced the Standard Occupational Classification 2000 (SOC 2000) with the Standard Occupational Classification 2010 (SOC 2010). The change to SOC 2010 has affected the survey weighting. The overall proportions of employees in the private sector with a pension has changed (by less than one percentage point) as a result of this adjustment. The download file for this chart includes estimates on the SOC 2000 and SOC 2010 basis.

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Self-employed pension membership

In April-June 2012, 4.2 million people aged 16 and over were self-employed in the UK according to the Labour Force Survey (LFS). Of this total, 59% were men working full-time, 12% were men working part-time, 13% were women working full-time and 16% were women working part-time.

Personal pensions were first introduced in 1988, and stakeholder pensions in April 2001. Until recently, these were the only form of private pension that the self-employed could take out, although some self-employed people are still investing in retirement annuity contracts set up before 1988.

Unlike retirement annuity contracts, personal and stakeholder pensions can also be taken out by employees, and by people who are not in work. From the end of 2011, the National Employment Saving Trust ([NEST](#)) provided another option for the self-employed who wish to contribute to a private pension.

NEST is an occupational pension scheme set up by the Government under the Pensions Act 2008 (see **Characteristics of pension members** section). Although it is primarily intended to provide pensions for employees, the National Employment Saving Trust Order 2010 established that NEST can also accept self-employed workers, single person directors and memberships resulting from pension sharing on divorce.

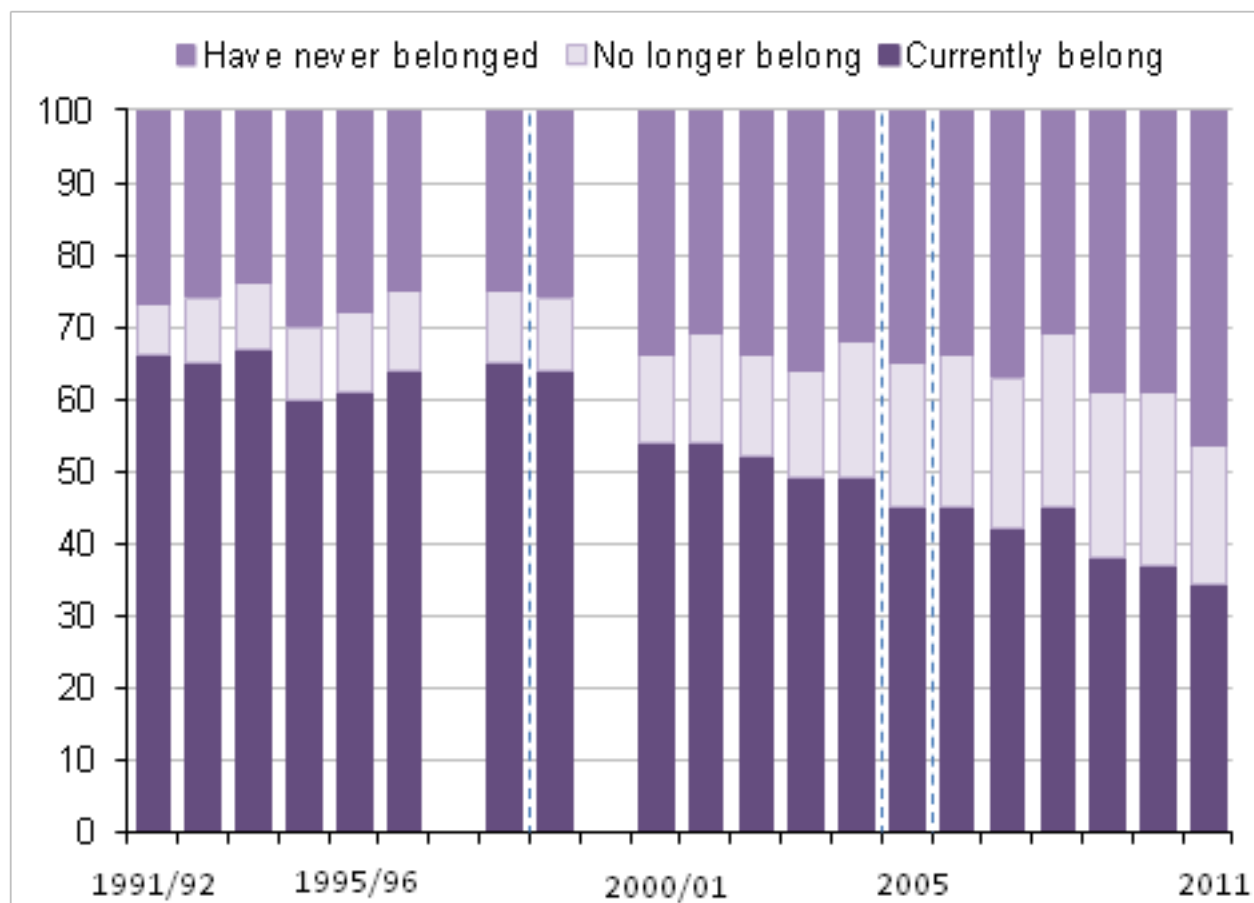
The General Lifestyle Survey (GLF) provides the most consistent information on trends in pension scheme membership for the self-employed. Figure 7.10 shows for self-employed men working full time:

- in 2011, 34% currently belonged to a personal pension, compared to 66% in 1991/92;
- the proportion that 'no longer belonged' to a personal pension increased from 7% in 1991/92 to 19% in 2011; and

- 46% in 2011 have never belonged to a personal pension, up from 27% in 1991/92.

Figure 7.10: Self-employed men: by whether belong to a personal pension, 1991/92 to 2011

Great Britain, percentages



Source: General Lifestyle Survey - Office for National Statistics

Notes:

1. Full-time workers only; aged 16 and over.
2. No surveys were carried out in the years 1997/98 and 1999/2000.
3. Data from 1991/92 to 1996/97 are unweighted. From 1998/99 the data is weighted to compensate for non-response and to match known population distributions. For 1998/99 unweighted and weighted data are shown for comparison.
4. 2005 data includes last quarter of 2004/05 data as the survey changed from financial year to calendar year. Results for 2006 onwards include longitudinal data.

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There are several possible reasons why participation in personal pensions has declined since the turn of the century. In 1999, the Individual Saving Account (ISA) was introduced, giving people the opportunity to save tax-free and offering an alternative to the personal pension. The percentage of

self-employed men that were members of a personal pension fell from 64% in 1998/99 to 54% in 2000/2001.

The 2008/09 recession may have also had an impact on self-employed personal pension membership. Between 2008 and 2009, membership fell from 45% to 38%, and it fell even further to 34% in 2011.

Contributions to personal and stakeholder pensions

HM Revenue & Customs (HMRC) publishes statistics based on administrative data from pension providers which show the number of individuals contributing to personal and stakeholder pensions (a subset of the total number holding personal and stakeholder pensions, which includes pension holders not currently contributing). The figures include pensions where the only contribution was the National Insurance rebate.

In the 2010/11 tax year, 5.7 million individuals in the UK contributed to individual or employer-sponsored (group) personal pensions, including stakeholder pensions, lower than in recent years. There were 3.6 million men contributing to personal pensions and 2.1 million women. In terms of employment status, 5.0 million were employees and 0.6 million were self-employed; the remaining individuals were not in employment.

Characteristics of pension members

This section explores some of the characteristics of private pension scheme members. First it looks at members of workplace pensions, using data from the Annual Survey of Hours and Earnings (ASHE) to show how membership relates to the member's age, the industry sector in which the member is employed, and earnings.

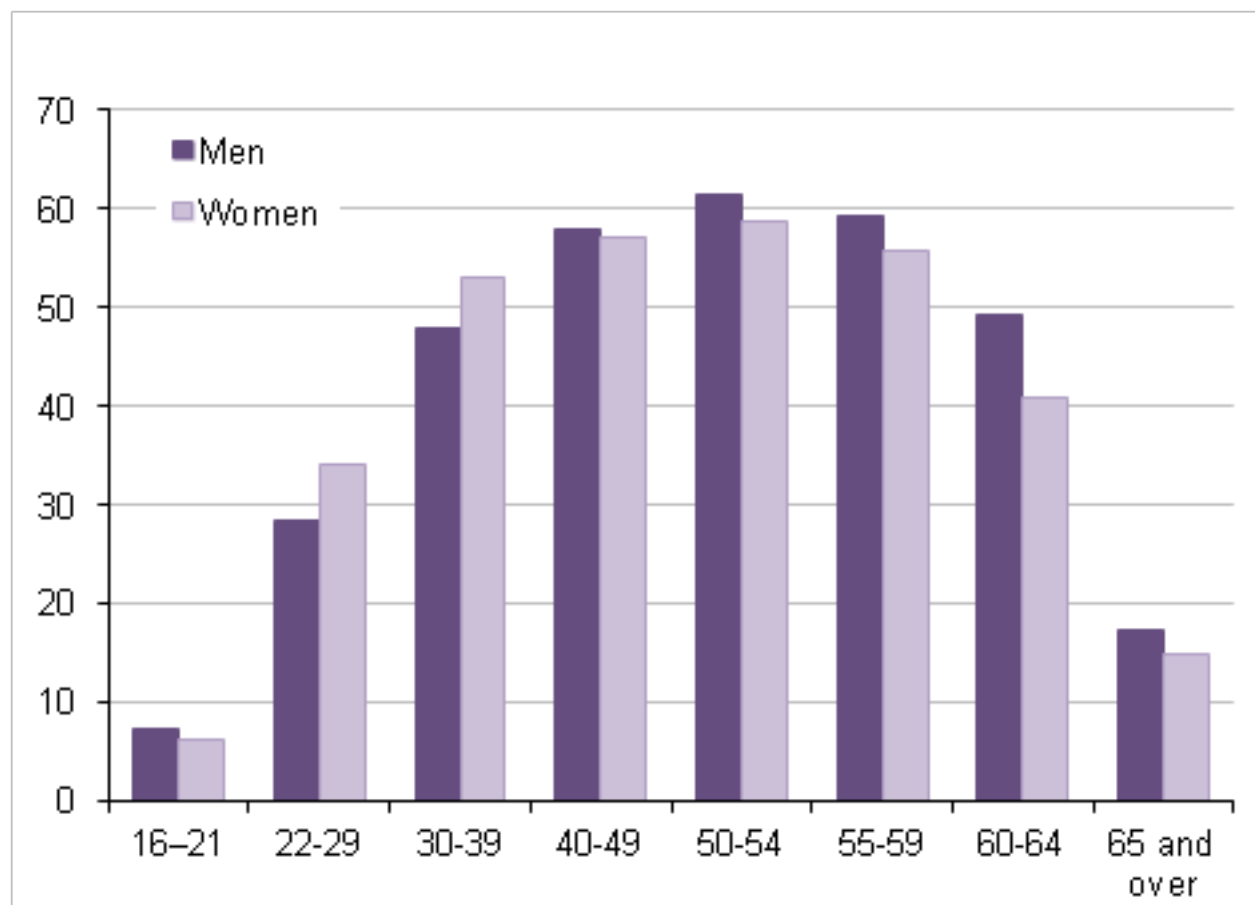
Then it presents analysis from the Wealth and Assets Survey (WAS), looking at characteristics of current pension scheme members in terms of their socio-economic status and the type of household they live in.

Figure 7.11 looks at the proportion of employees who were members of a workplace pension in the UK in 2012 by sex and age¹:

- men and women in their 40s and 50s are most likely to be members of their employer's pension scheme;
- membership was highest in the 50 to 54 age group – in this age group 61% of male employees and 59% of female employees were members in 2012; and
- for both male and female employees, membership was least likely at the beginning and end of their working lives. For employees aged 16 to 21, 7% of male and 6% of female employees belonged to their employer's pension scheme. For those aged 65 and over, 17% of male and 15% of female employees were members in 2012.

Figure 7.11: Employee membership of a workplace pension: by sex and age, 2012

United Kingdom, percentages



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

Notes:

1. Pension is arranged through an employer, main pension only.
2. In 2011 ASHE replaced the Standard Occupational Classification 2000 (SOC 2000) with the Standard Occupational Classification 2010 (SOC 2010). The change to SOC 2010 has affected the survey weighting. The download file for this chart includes estimates on the SOC 2000 and SOC 2010 basis.

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ASHE data suggests that there is little difference between male and female employees' pension membership, although in the 22 to 29 and 30 to 39 age bands, women are more likely to be members of workplace pensions than men and the reverse is true for older age groups. These differences may reflect part-time working by older female employees, as part-time employees have relatively low membership rates (see Figure 7.4), as well as women's earlier retirement patterns (see **Trends**).

There is a wide variation in employee pension membership by industrial sector. Table 7.12 presents employees that were members of a workplace pension by age and sex in 2012:

- for men and women in 2012, those working in public administration, defence and social security were most likely to be members (91% for both); and
- the industry where both men and women were least likely to be members was the accommodation and food service industries (6% and 5% respectively).

Table 7.12: Employee membership of a workplace pension: by sex and industry, 2012

United Kingdom

	Percentages	
	Men	Women
Public admin, defence, social security	91.5	90.7
Electricity, gas, steam and air conditioning	81.3	66.0
Education	76.2	74.3
Financial and insurance activities	73.8	71.5
Health and social work	60.5	54.3
Information and communication	55.6	48.8
Transportation and storage	50.6	52.9
Manufacturing	50.8	42.5
Professional, scientific and technical	49.1	38.1
Real estate activities	43.2	47.7
Water supply and other	45.7	35.2
Construction	30.6	25.7
Mining and quarrying	70.8	..
Wholesale and retail trade, and other	26.4	22.0
Arts, entertainment and recreation	26.8	26.1
Agriculture, forestry and fishing	19.4	13.7
Administration and support services	14.9	11.8
Accommodation and food service industries	5.8	5.3

Other service activities	38.1	23.5
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Table notes:

1. Source: Annual Survey of Hours and Earnings, Office for National Statistics
2. Pension is arranged through an employer, main pension only.
3. Industries are grouped according to the Standard Industrial Classification (SIC) 2007.
4. The 'other' category in 'Water supply and other' covers sewerage, waste management & remediation activities.
5. "." denotes that results have been suppressed due to concerns over quality (the coefficient of variation is greater than 20).

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Between industries, there was considerable variation in employee membership of workplace pensions. The variations between industrial sectors reflect differences in the extent to which employers offer pension schemes as well as the rate at which employees take up schemes offered. For example, sectors with high public sector employment, such as public administration, defence and social security, education, and health and social work, tend to have high levels of pension membership.

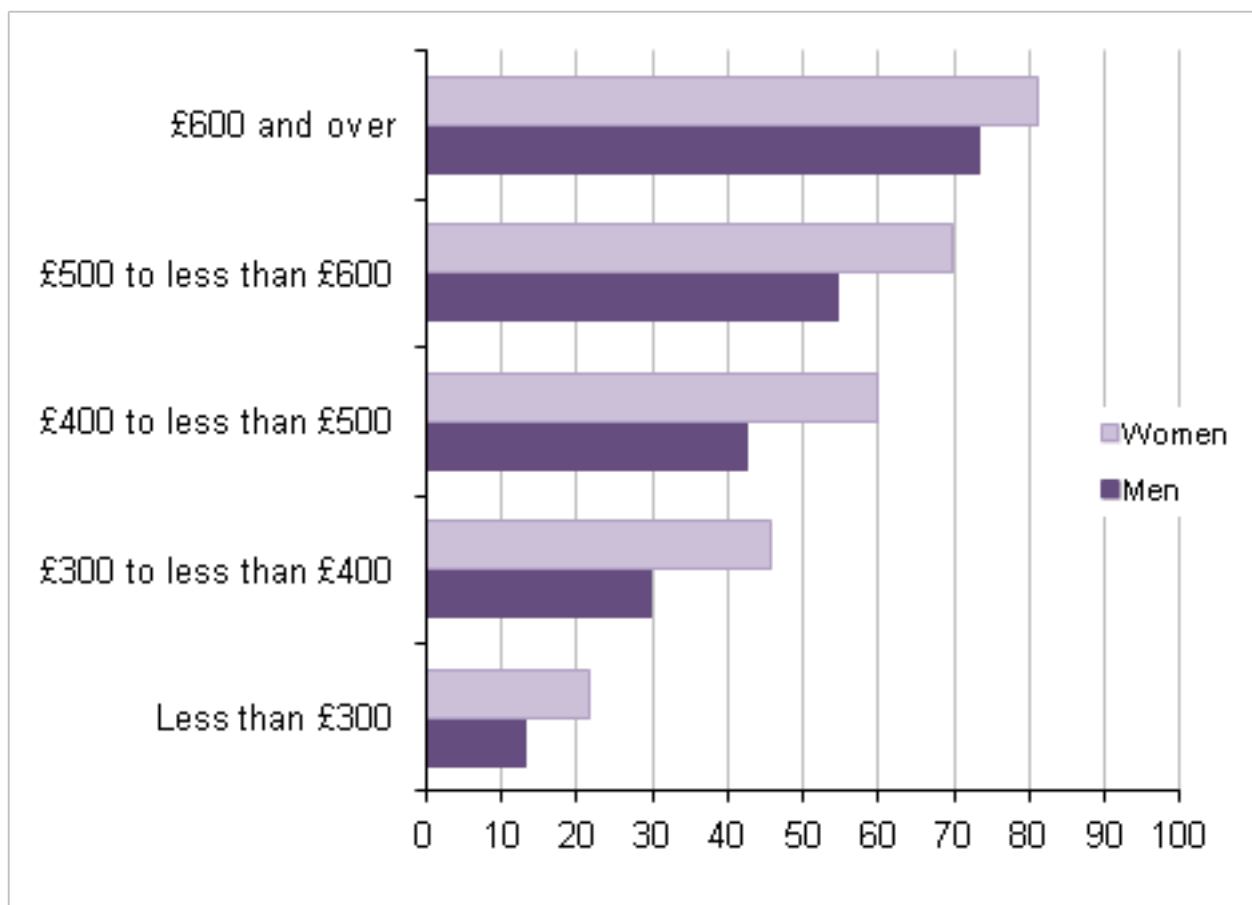
A further factor behind the variations between industrial sectors is likely to be the differences in average earnings between sectors. The higher people's weekly earnings, the more likely they are to belong to a workplace pension and the lower their earnings, the less likely they are to belong to a workplace pension.

Figure 7.13 shows the analysis for full-time employees. In 2012;

- 73% of male and 81% of female full-time employees reporting gross weekly earnings of £600 and over were members of a workplace pension; and
- 13% of male and 22% of female full-time employees earning less than £300 a week were members of a workplace pension.

Figure 7.13: Full-time employee membership of an employer sponsored pension scheme: by sex and gross weekly earnings, 2012

United Kingdom, percentages



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

Notes:

1. Pension is arranged through an employer, main pension only.
2. In 2011 ASHE replaced the Standard Occupational Classification 2000 (SOC 2000) with the Standard Occupational Classification 2010 (SOC 2010). The change to SOC 2010 has affected the survey weighting. The download file for this chart includes estimates on the SOC 2000 and SOC 2010 basis.

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(145 Kb)

The proportion of female full-time employees with a workplace pension was greater than that for men in all earnings bands, with the greatest differences found in the middle earnings bands.

This is in part because there is a higher proportion of women than men employed in the public sector, where participation in workplace pensions is higher than in the private sector. Between 2005 and 2012, there was a decrease in the proportion of male and female full-time employees belonging

to a workplace pension in every earnings band. Data for 2005 are available in the download file for this chart.

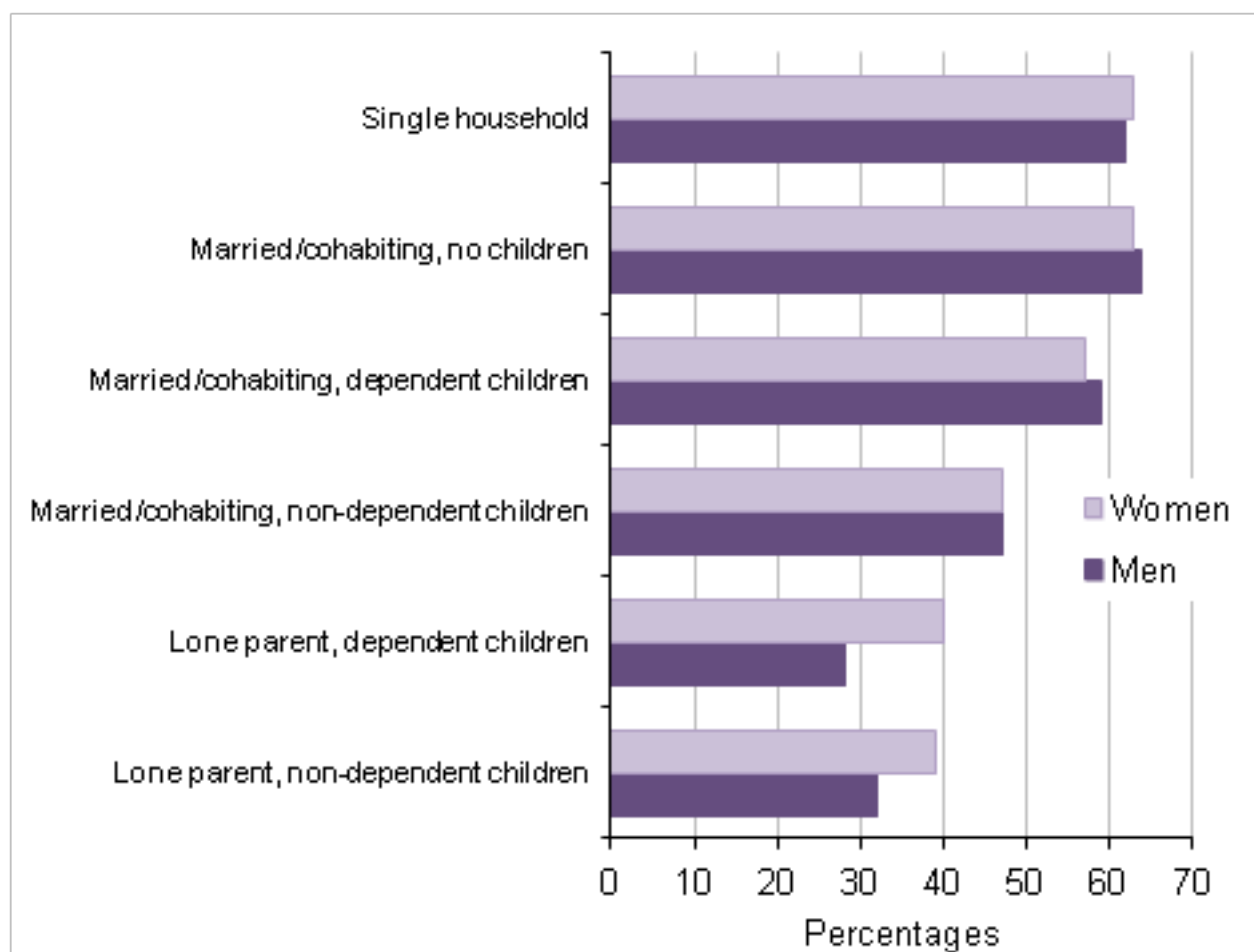
One of the largest falls was for male full-time employees earning £300 to £400 per week, where membership of workplace pensions fell by 18 percentage points between 2005 and 2012. Female full-time employee membership in this category also fell by 18 percentage points over the same period.

The low levels of pension participation by employees on low earnings have long been a matter of concern to policymakers. The Pensions Acts 2008 and 2011 contain measures designed to increase participation. In a staged implementation, which started from October 2012², all eligible employees³ will be automatically enrolled into a qualifying workplace pension scheme. [Pension Trends Chapter 6](#) and [Chapter 8](#) contain further details of automatic enrolment. If successful, the reforms should raise pension participation rates among low to medium earners and alter the pattern shown in Figure 7.13. However, ASHE data for (April) 2012 was collected before the implementation of these reforms. To support these reforms, the National Employment Savings Trust ([NEST](#)) has been set up with an obligation to accept any employer that wishes to use it as the employer's workplace pension scheme. [Chapter 6](#) of Pension Trends gives more information on NEST.

Figure 7.14 presents findings from the Wealth and Assets Survey (WAS) 2008/10 on the relationship between belonging to a private pension scheme and the type of household that a person lives in. The analysis presented here is the same as in the previous edition of this chapter because WAS collects data on a biennial basis, and the 2010/12 (wave three) data are yet to be released. For this analysis, we present only the household types that correspond to people of working age because the question about pension scheme membership was not applicable to most pensioners. The analysis is for all pension members who are economically active, those aged 16 and over or who are either in employment or unemployed.

Figure 7.14: Current pension scheme membership of economically active people: by sex and working age household type, 2008/10

Great Britain, percentages



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. Working age is defined as 16 to State Pension Age (SPA): 65 for men and 60 for women at time of survey. Those who were 16-18 years old but in full-time education were excluded from the analysis.
2. People in households with pensioners (over SPA) and multiple family/other households are not shown.
3. The economically active are defined as those aged 16 or over who are either in employment or unemployed.

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(147.5 Kb)

The results show that married/cohabiting men without children (pension scheme membership 64%) and the two categories married/cohabiting women without children and single women without children (both having pension scheme membership of 63%) had the highest levels of pension scheme membership in 2008/10, closely followed by single men without children (62%).

Notes

1. It should be noted that the age bands in Figure 7.11 are not uniform: narrower bands are presented for those at the beginning and end of their working lives.
2. [Timetable for automatic enrolment](#) as published in January 2012.
3. Eligible employees are: between 22 years old and State Pension Age; working in the UK; and earning above a specified amount, £9,440 per annum in 2013/14.

Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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Supporting Information

Further information

[Pension Trends Chapter 6: Private Pensions, 2013 Edition](#)

This chapter looks at private pensions in the UK that are provided by employers in the private and public sectors and by insurance companies. The analysis presented here focuses on private pensions in the 'accumulation' stage, when people are building up their pensions.

[Pension Trends Chapter 8: Pension Contributions, 2013 edition](#)

This chapter looks at contributions to private (non-state) pensions using data from the Occupational Pension Schemes Survey, the Annual Survey of Hours and Earnings and from HM Revenue and Customs.

Related Internet Links

[Pension Trends](#)

consists of 14 chapters bringing together official statistics on pensions and retirement.

References

1. Department for Work and Pensions, [Family Resources Survey](#)
2. HM Revenue & Customs, [Pension Statistics](#)
3. Office for National Statistics, [Occupational Pension Schemes Annual Report](#)
4. Office for National Statistics, [Annual Survey of Hours and Earnings Pensions](#)
5. Office for National Statistics, [General Lifestyle Survey](#)
6. Office for National Statistics, [Pension Trends](#)
7. Office for National Statistics, [Pension Trends Glossary](#)