

Workplace Pension Reforms: Pension provision by economic status and age

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Introduction

The analysis presented here shows the percentage of adults with pension provision by economic status and age group. The DWP Family Resource Survey (FRS) Report¹ has produced several analyses on pension provision by gender and economic status. However, the latest report does not publish information on pension provision by age distribution. This analysis demonstrates how the various age groups would be affected by the workplace pension reforms².

Methodology

The FRS is an annual survey that collects information on the incomes and circumstances of approximately 25,000 private households in the United Kingdom.

The FRS asks a number of questions relating to income from jobs and the number of jobs held, from which the respondents' economic status is derived. It also provides information on type of pension scheme. Through the use of the FRS we can identify pension provision by economic status and age group for all adults in the UK.

All figures in Table 1 are expressed as percentages based on the 2009-10 FRS. The figures are intended to be comparable to the 2005-06³ FRS report which showed pension provision by employment status, sex and age group.

In order to do this we have followed the 2005-06 FRS methodology as closely as possible, but due to the questionnaire changes, there are some methodological differences that might generate small differences⁴.

¹ Link to the latest report http://research.dwp.gov.uk/asd/frs/2009_10/frs_2009_10_report.pdf

² From 2012, all employers will be required to automatically enrol their employees into a workplace pension scheme. All employees aged 22 and over to state pension age, and earning over £7,475 per year, will be enrolled into a pension scheme where the employer must contribute at least 3 per cent of salary, and the employee 4 per cent.

³ See table 7.12 http://research.dwp.gov.uk/asd/frs/2005_06/chapter7.pdf .

⁴ Questions on pension provision were changed for the 2006-07 FRS to try to provide more information on the type of private pension scheme, but problems were identified during analysis as some respondents reported dormant (closed) pension schemes memberships as if they were live memberships. It has not been possible to identify and exclude all the dormant memberships on a consistent basis. As a result, FRS data for 2006-07 to 2008-09 over-state pension participation rates compared to other sources, and DWP has taken the decision not to publish tables and indicators showing pension participation rates for these years.

Pension Provision: age and economic status

Results

Table (1): Pension provision: adults by economic status and age group, 2009-2010 in UK

Pension provision	Percentage of adults					
	16-24	25-34	35-44	45-54	55-64	All adults
Employees						
Employer sponsored pension provision of which:						
Occupational pension	9	28	35	39	32	30
Group Personal or Stakeholder pension	4	14	16	17	16	14
Any employer sponsored pension ⁵	15	44	54	58	50	46
Personal or stakeholder pension	*	4	9	10	11	7
All pension participation	15	46	61	65	57	51
Self-employed						
Personal, stakeholder or other pension ⁶	*	10	24	30	28	21
All adults⁷						
Employer sponsored pension provision of which:						
Occupational pension	5	20	25	27	15	16
Group Personal or Stakeholder pension	2	10	12	12	7	7
Any employer sponsored pension ⁵	8	32	38	41	23	24
Personal or stakeholder pension	*	4	10	11	9	6
All pension participation	9	35	46	49	30	28
<i>Base (unweighted)</i>	3,877	6,624	8,053	7,621	7,289	43,777

Pension Provision: age and economic status

Notes:

⁵ Includes pensions where type of pension is unknown.

⁶ Includes doctors and dentists in private practice who are members of an occupational scheme

⁷ Includes Inactive (ILO defined groups 'Unemployed', 'Retire', 'Student', 'Looking after home/family', 'Permanently sick/disabled', 'Temporary sick/injured' and 'Other')

(*) Information suppressed due to small sample size.

Source: Family Resources Survey, UK, 2009–10