

# Workplace Pension Reform: Multiple Jobholders

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# Introduction

The analysis presented here is intended to supplement analysis conducted in both the Making Automatic Enrolment Work<sup>1</sup> review, and 2011 workplace pension reform impact assessment<sup>2</sup>. It considers the population eligible for automatic enrolment in 2012, when the workplace pension reforms come into effect. The analysis here specifically refers to individuals with two or more jobs. In any job, an individual will qualify for automatic enrolment into a workplace pension if:

- The individual is aged at least 22 and under state pension age.
- The individual earns over a qualifying earnings trigger.<sup>3</sup>

Employers will be required to enrol all workers into a qualifying pension scheme, provided that the worker meets the eligibility criteria. Should the individual not earn above the earnings trigger in a job, they will not be automatically enrolled. Some individuals may choose to work in several part-time jobs<sup>4</sup>, rather than one full-time job. It is therefore possible that an individual in several jobs could have the same annual income as an individual in just one job. Because the duty to automatically enrol employees falls on the employer, an individual's earnings are not aggregated across employers. Therefore, some individuals earning more than the earnings trigger will not be automatically enrolled if these earnings come from more than one employer. This analysis is intended to demonstrate the prevalence of this situation.

# Methodology

Figures in **Table (1)** are taken from the Labour Force Survey (LFS)<sup>5</sup>. The population within the statistics presented here are defined as<sup>6</sup>:

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<sup>1</sup> <http://www.dwp.gov.uk/docs/cp-oct10-full-document.pdf>

<sup>2</sup> <http://www.dwp.gov.uk/docs/pensions-bill-2011-ia-annexb.pdf>

<sup>3</sup> In this analysis, we have used the earnings trigger recommended by the Making Automatic Enrolment Work review, set at £7,475 in 2011/12 earnings terms. This trigger is then deflated in line with earnings growth, giving the figures of £7,196, £6,980, and £6,711 used in this analysis. Earnings are gross earnings before all deductions.

<sup>4</sup> The LFS only provides details of main and second jobs. There will be individuals who work in more than two jobs, but we are unable to analyse the incomes from any additional jobs above the second job. The main job is self-reported by the respondent, and is not specifically defined as the job with the greatest earnings or longest hours.

<sup>5</sup> For more information on LFS methodology, see here:  
<http://www.statistics.gov.uk/StatBase/Source.asp?vlnk=358&More=Y>

<sup>6</sup> Unlike previous publications, this analysis includes public sector workers. Whilst previous publications have been restricted to the private sector only, public sector workers were included here to allow the inclusion of workers who work in both the public and private sector. Excluding these cross-sector workers may lead to a bias in the statistics published here.

## Employees in multiple jobs and the effects of automatic enrolment

- Employees and agency workers (therefore excluding the self employed, and those on government training schemes).
- Aged at least 22 and under state pension age.

The number of individuals with two or more jobs is given, and this group is then split according to whether their earnings in any job meet the eligibility criteria.

It should be noted that earnings analysis with the LFS comes with a number of caveats. As only a subset of respondents are asked earnings information in each quarter of the survey, sample sizes tend to be small and are therefore subject to greater sampling variation. Also, earnings are self reported, and respondents will not always have referred to the relevant documentation. The figures presented below demonstrate the variability in estimated numbers and median earnings for each group.

## Results

**Table (1): Estimated earnings for workers with multiple jobs, within the eligible automatic enrolment population**

	2007/08	2008/09	2009/10
<b>Number of workers with more than one employee job</b>	550,000	580,000	540,000
<i>of which female</i>	370,000	390,000	350,000
<b>Number of workers where combining income from both jobs would still leave the worker below the earnings trigger</b>	60,000-70,000	50,000-60,000	50,000-60,000
<i>of which female</i>	50,000-60,000	50,000-60,000	40,000-50,000
median annual earnings in main job	£3,000	£3,200	£3,300
median annual earnings in second job	£2,000	£1,900	£1,800
<b>Number of workers where only by combining income from both jobs would bring the worker above the earnings trigger</b>	50,000-60,000	40,000-50,000	50,000-60,000
<i>of which female</i>	50,000-60,000	30,000-40,000	40,000-50,000
median annual earnings in main job	£5,200	£5,200	£5,500
median annual earnings in second job	£3,900	£3,900	£4,200

**Table (1): continued**

	2007/08	2008/09	2009/10
<b>Number of workers where income from one job brings the worker above the earnings trigger, but not income from both jobs</b>	340,000-360,000	370,000-390,000	350,000-370,000
<i>of which female</i>	220,000-230,000	240,000-260,000	210,000-220,000
median annual earnings in main job	£15,100	£15,600	£16,800
median annual earnings in second job	£3,100	£3,200	£3,400
<b>Number of workers where income in each job is above the earnings trigger</b>	80,000-90,000	90,000-100,000	70,000-80,000
<i>of which female</i>	40,000-50,000	40,000-50,000	40,000-50,000
median annual earnings in main job	£20,000	£18,500	£19,900
median annual earnings in second job	£10,200	£10,400	£11,000
<i>Base (unweighted number of observations)</i>	1,264	1,262	1,113

Notes:

1 Figures relate to GB.

2 Numbers of individuals are rounded to the nearest 10,000; percentages are rounded to the nearest whole percent; median earnings are rounded to nearest £100.

3 Components may not sum to total due to rounding.

4 Missing values are excluded from the calculation of median earnings estimates.

5 Ranges express 95% confidence intervals.

6 Median earnings are for all employees, not just women.

Source: Labour Force Survey 2007/08 – 2009/10