



Department
for Work &
Pensions

Official Statistics on workplace pension participation and saving trends of eligible employees

Broken down by sector and other characteristics

October 2014

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Introduction

Millions of people in the UK are not saving enough for retirement. Automatic enrolment aims to increase workplace pension saving in the UK and forms part of a wider set of pension reforms designed to enable individuals to save towards achieving the lifestyle they aspire to in retirement.

The Automatic Enrolment Evaluation strategy¹ outlined the Department for Work and Pensions' (DWP) commitment to fully evaluating the effects of the workplace pension reforms and publishing annual evaluation reports. These reports bring together the latest evidence showing what has happened since automatic enrolment began and updates key indicators that are used to monitor progress throughout implementation.

This official statistics publication is a first edition, with regular updates planned every year during the implementation of automatic enrolment². The intention is to complement the annual evaluation reports³, and make key pension trend statistics available for use earlier and provide more detailed breakdowns than is possible within the full report.

This publication will include detailed breakdowns of measures for:

- Increasing the number of savers, by monitoring trends in workplace pension participation and persistency of saving
- Increasing the amount of savings, by monitoring trends in workplace pension saving

Background

Following on from the evaluation strategy, DWP published the baseline evaluation report⁴ (in July 2012) and the first annual evaluation report (in November 2013)⁵. The annual evaluation reports update and show progress against the baseline using the latest available research and analysis from a range of information sources. These reports should be consulted for fuller explanations, including the detailed glossary and data source summaries.

The Annual Survey of Hours and Earnings (ASHE) is a key data source for informing the on-going evaluation of automatic enrolment, and is a National Statistic designed

¹ DWP (2011), *Workplace Pension Reforms Evaluation Strategy*:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214545/rrep764.pdf

² Implementation of automatic enrolment began in October 2012, starting with the largest employers, and continues until February 2018. For more information, see:

<http://www.thepensionsregulator.gov.uk/docs/automatic-enrolment-employer-staging-forecast.pdf>

³ The 2014 automatic enrolment evaluation report is planned for publication in November 2014.

⁴ DWP (2012), *Workplace Pension Reforms Baseline Evaluation Report*

<https://www.gov.uk/government/publications/workplace-pension-reforms-baseline-evaluation-report-rr803>

⁵ DWP (2013), *Automatic Enrolment Evaluation report 2013*

<https://www.gov.uk/government/publications/automatic-enrolment-evaluation-report-2013>

to capture information on levels of pay and hours worked among UK employees. As part of this, key information about pension contributions among active members of workplace pension schemes is captured and the survey provides information to assess the current level of pension participation by industry and sector for all types of employer-sponsored pension schemes.

The latest release, including the pension element, was published by the Office for National Statistics (ONS) on 14 March 2014⁶. This data was collected with reference to April 2013, just six months after the implementation of automatic enrolment began, and shows positive signs of increases in pension participation. However, for evaluating the impact of automatic enrolment this data needs to be filtered to capture the automatic enrolment eligible population⁷ only and this has been performed for the analysis contained within this publication.

Methodology

To enable direct comparisons the methodology and presentation of figures, used here, is as consistent as possible to that used within the annual evaluation reports. However, in addition to the usual narrative and charts, data tables (in a separate Excel spreadsheet) are provided alongside this publication.

⁶ Statistical bulletin: 2013 Annual Survey of Hours and Earnings: Summary of Pension Results <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings-pension-tables/2013-provisional-results/stb--2013-annual-survey-of-hours-and-earnings--summary-of-pensions-results.html?format=print>

⁷ An eligible employee is one who is not already in a qualifying pension arrangement, must be aged at least 22 but under State Pension age, earn more than £10,000 a year in 2014/15 earning terms and work, or usually work, in the UK. This earnings threshold is reviewed annually and was increased from £8,105 in 2012/13, to £9,440 in 2013/14.

Results

1 Increasing the number of savers

1.1 Introduction

This section of the publication updates the baseline indicators designed to monitor trends in the number of eligible employees saving in a workplace pension and presents the early evidence of increases in workplace pension participation as a result of automatic enrolment.

1.2 Trends in workplace pension participation

Within the annual evaluation reports, chapter 3 focuses on measures which monitor whether automatic enrolment is increasing the number of savers within a workplace pension. Estimates of the pension participation trends of eligible employees over time are derived, by DWP, from the ONS ASHE data for the public and private sector, and further breakdowns are shown for; industry, occupation, employer size, employee earnings, working pattern, region, age and gender. The DWP Family Resources Survey (FRS)⁸ can also supplement this analysis, by providing specific characteristic breakdowns not available from ASHE, for economic status, disability and ethnicity however these can not be broken down by sector.

1.2.1 Overall number of savers, by sector

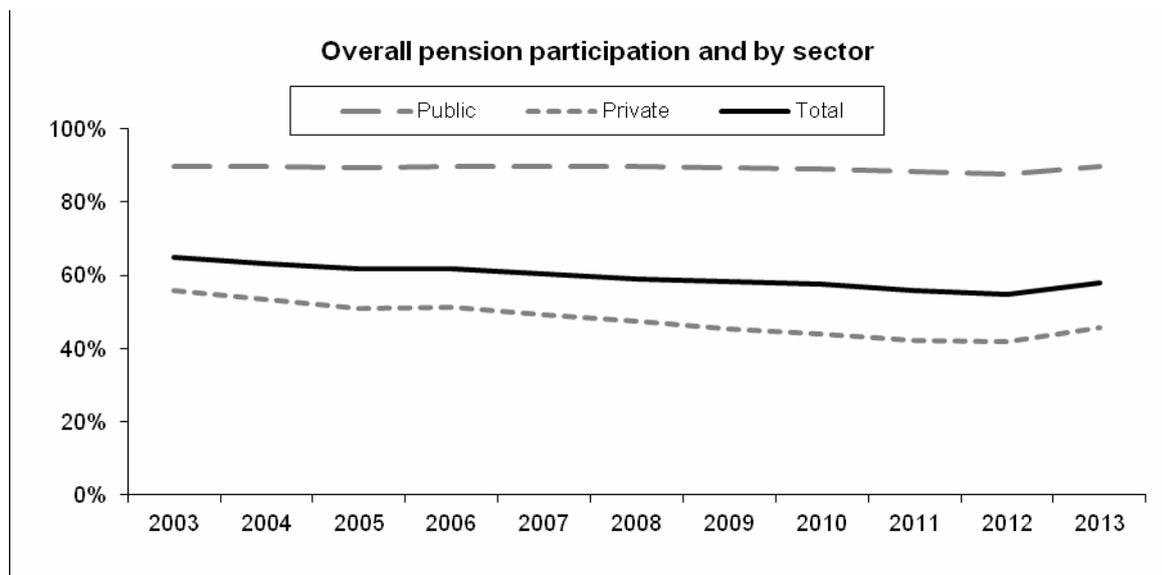
Overall, between 2003 and 2013, there has been a decline in the number of eligible employees participating in a workplace pension from 12.3 million (65 per cent) to 11.7 million (58 per cent). However, between 2012 and 2013 there was a significant increase of 0.9 million, potentially showing the positive impact of the workplace pension reforms⁹.

Figure 1.1 shows trends in workplace pension participation for eligible employees by sector. Public sector pension participation remains high at 5.0 million (90 per cent) in 2013, which is the same level as it was in 2003. Overall, private sector pension participation has fallen from 7.7 million (56 per cent) in 2003 to 5.9 million (42 per cent) in 2012. However, this has risen to 6.7 million (46 per cent) in 2013.

⁸ 2012/13 FRS data was collected between April 2012 and March 2013 and published on 1 July 2014: <https://www.gov.uk/government/publications/family-resources-survey-2012-to-2013>

⁹ These high-level figures were also published within the DWP annual report and accounts; <https://www.gov.uk/government/publications/dwp-business-plan-transparency-measures/dwp-business-plan-transparency-measures#number-of-employees-in-a-pension-scheme-sponsored-by-their-employer>

Figure 1.1 Eligible employees participating in workplace pensions by sector



Source: DWP estimates derived from the ONS ASHE, GB only, 2003 to 2013

1.2.2 Industry, by sector

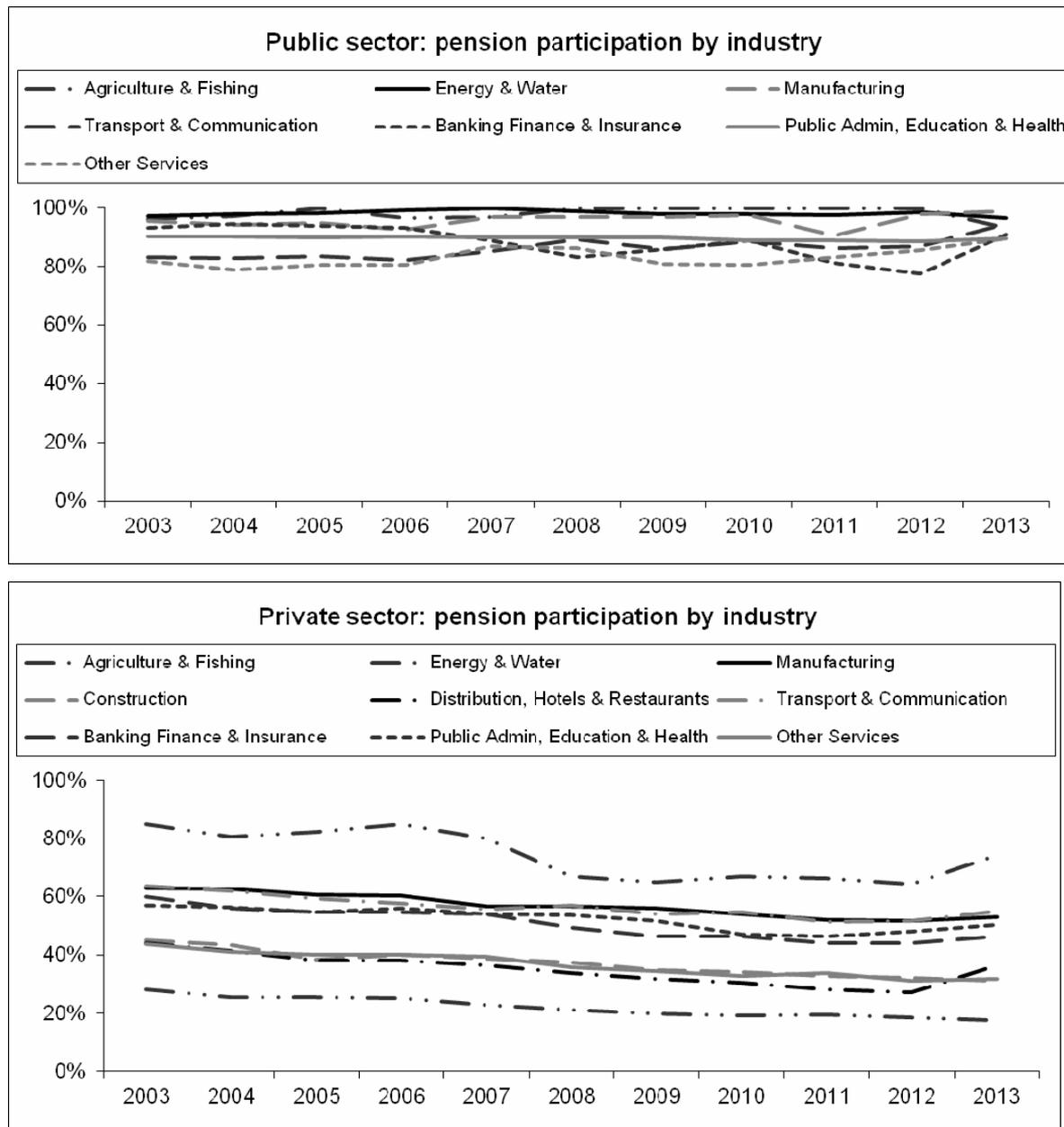
Figure 1.2 shows pension participation by industry in the public and private sector separately.

Overall, pension participation remains highest at 77 per cent in Public Administration, Education & Health and lowest in Agriculture & Fishing at 21 per cent.

The overall downward trend, in pension participation, across all industries is mostly driven by trends in the private sector. However, between 2012 and 2013 most industries in the private sector have seen a slight increase in participation, with Energy & Water seeing the largest, from 64 per cent to 74 per cent.

Participation by industry in the public sector has remained relatively stable, with all industries showing higher participation levels than those seen in the private sector. Transport & Communication and Other Services industries show the largest increases between 2003 and 2013 of 11 percentage points and 8 percentage points respectively. Whereas, between 2012 and 2013, Banking, Finance & Insurance saw a 13 percentage point increase in pension participation.

Figure 1.2 Eligible employees participating in workplace pensions by industry and sector (a. public, b. private)



Source: DWP estimates derived from the ONS ASHE, GB, 2003 to 2013

Notes:

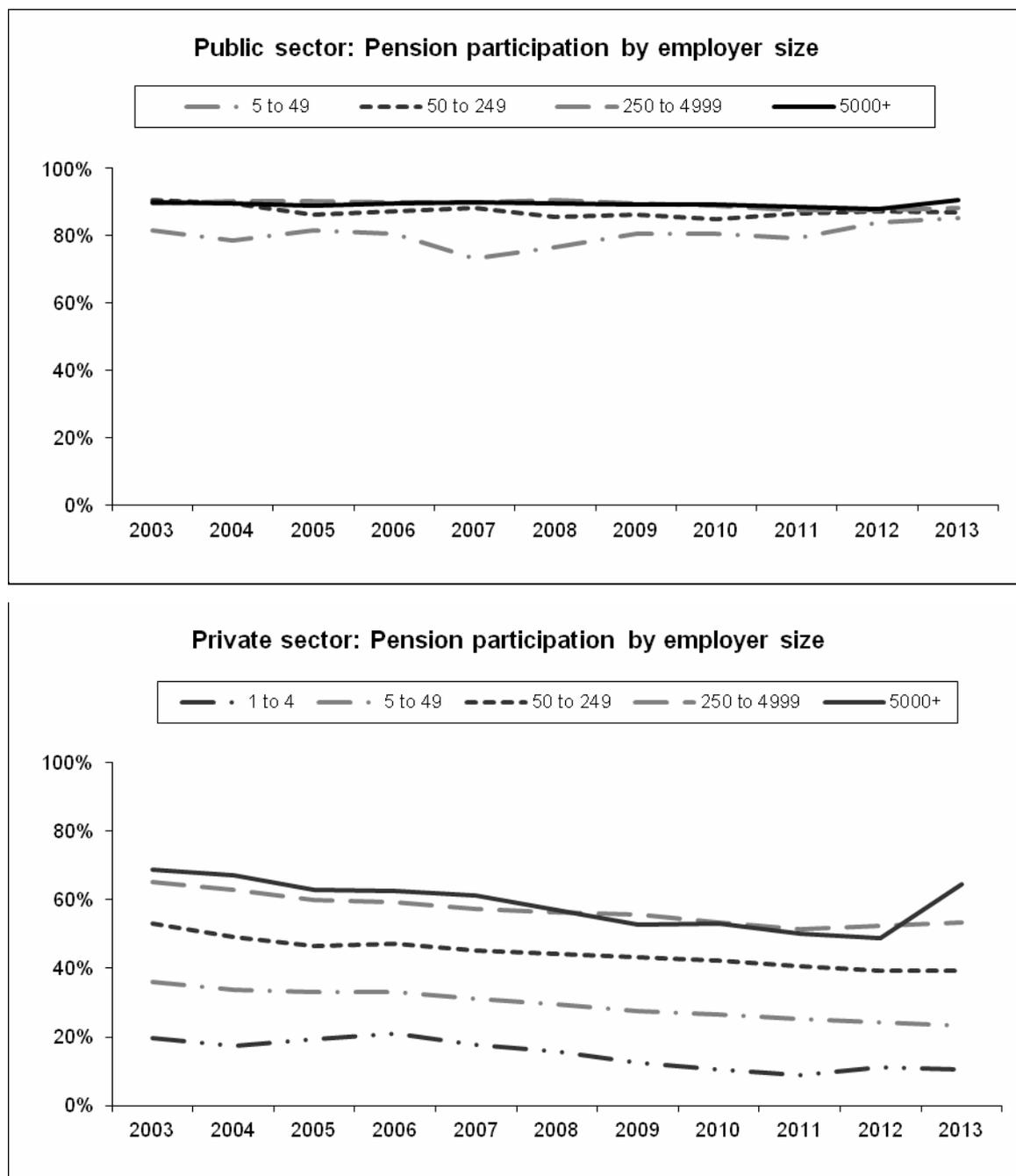
1. Data up to 2008 is based on Standard Industrial Classification (SIC) 2003. From 2008 onwards, SIC 2007 is used, creating a slight break in the series. Therefore, care should be taken when interpreting the full time series.
2. In Figure 1.2a, Construction and Distribution, Hotels & Restaurants are not included owing to the small sample size.

1.2.3 Employer size, by sector

Figure 1.3 shows that workplace pension participation is closely related to employer size with the highest levels, in 2013, observed in largest employers (78 per cent,

overall) and the lowest in micro employers (11 per cent, overall). This variation is partly explained by the higher proportion of employees working for large public sector employers where participation rates are high. Also, in both sectors, it is the large employer size band that has seen the largest increases between 2012 and 2013 (3 percentage points public, 16 percentage points private and 9 percentage points overall), which coincides with the phased implementation of automatic enrolment which began with the largest employers.

Figure 1.3 Eligible employees participating in workplace pensions by employer size and sector (a. public, b. private)



Source: DWP estimates derived from the ONS ASHE, GB, 2003 to 2013

Notes:

1. In Figure 1.3a, micro employers are not included owing to the small sample size.

1.2.4 Occupation, by sector

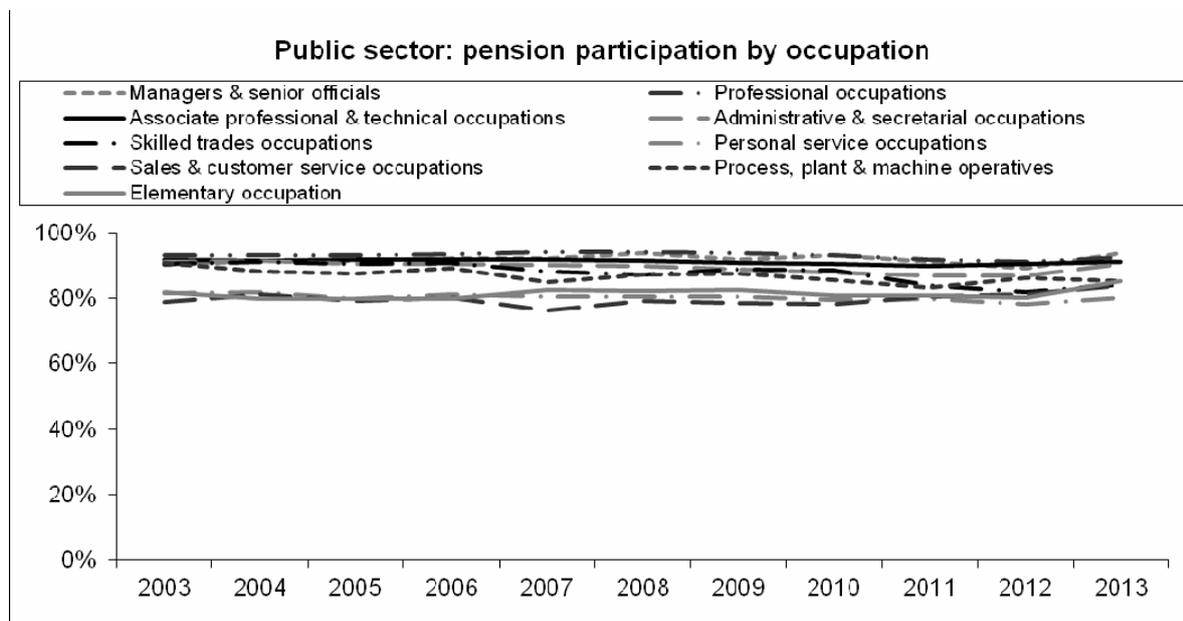
Figure 1.4 shows pension participation levels by occupation in the public and private sector separately.

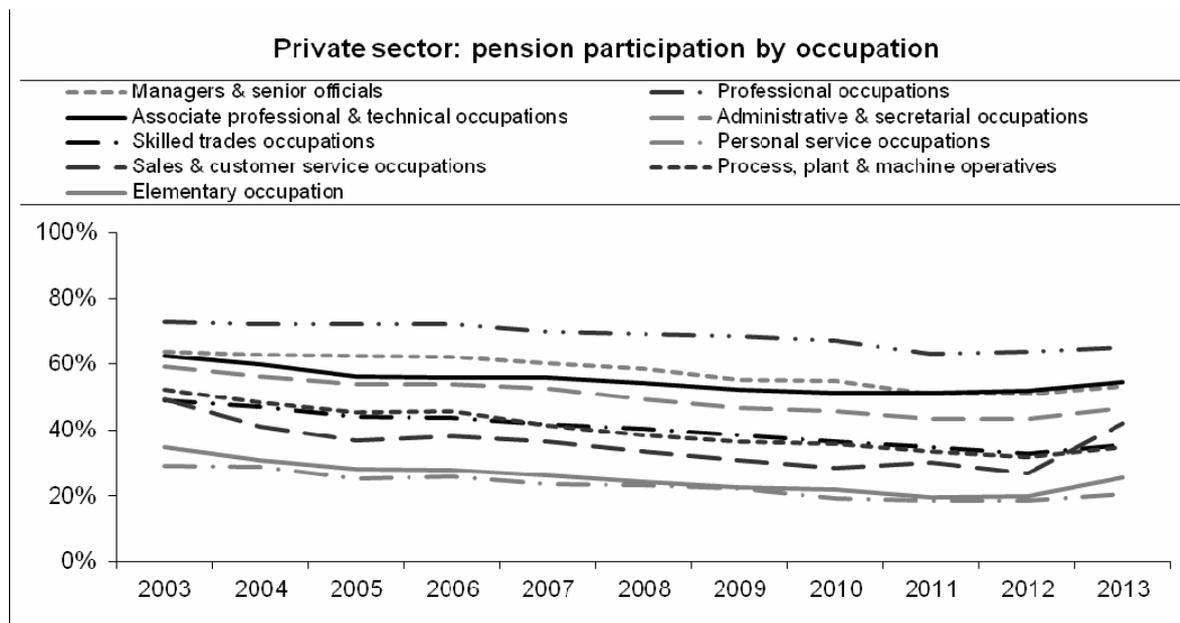
Overall, pension participation remains highest in the Professional occupations at 78 per cent in 2013, compared to lowest in Elementary occupations at 35 per cent.

Participation by occupation in the public sector has remained relatively stable, with Elementary occupations seeing the largest increase, between 2012 and 2013, of 5 percentage points.

There is an overall downward trend, in pension participation in the private sector, across all occupations between 2003 and 2013. However, between 2012 and 2013 all occupations have seen increases in participation, with Sales & customer service occupations seeing the largest increase, from 27 per cent to 42 per cent.

Figure 1.4 Eligible employees participating in workplace pensions by occupation and sector (a. public, b. private)





Source: DWP estimates derived from the ONS ASHE, GB, 2003 to 2013

Notes:

1. Data up to 2011 is based on Standard Occupational Classification (SOC) 2000. From 2011 onwards, SOC 2010 is used, creating a slight break in the series. Therefore, care should be taken when interpreting the full time series.

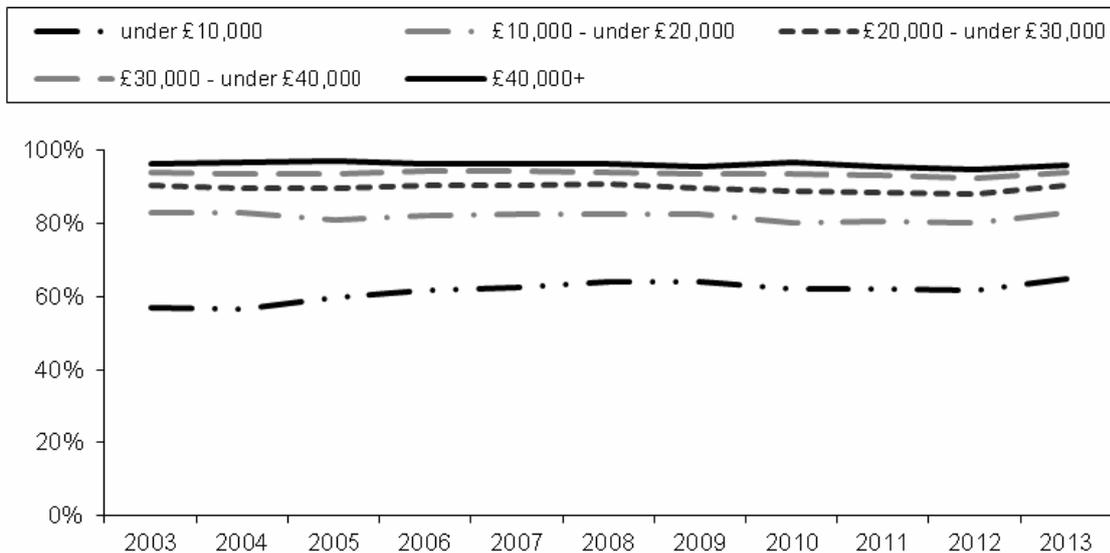
1.2.5 Earnings, by sector

Figure 1.5 shows the close relationship between pension participation and earnings. The highest earners (those earning over £40,000) have the highest participation levels, remaining stable in 2013, with 96 per cent in the public sector and 75 per cent in the private sector participating (81 per cent overall).

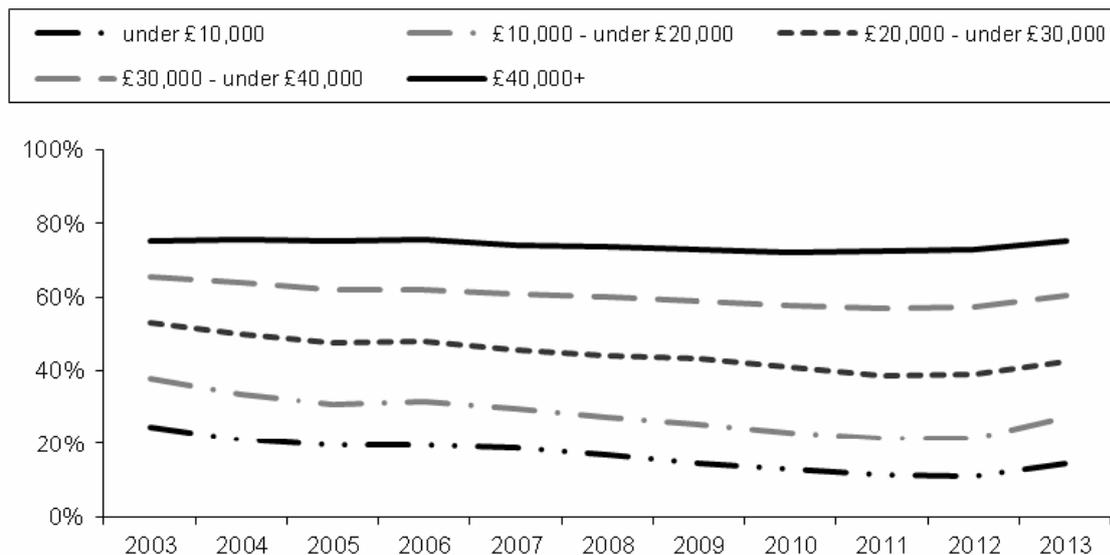
In general, pension participation in the public sector is high or increasing across all earnings groups. However, in the private sector there has been steady decline across all lower earning groups since 2003. For those earning between £10,000 and £20,000, participation has fallen from 38 per cent in 2003 to 27 per cent in 2013, but this is an improvement from when participation was lowest, for this group, in 2011 at 21 per cent.

Figure 1.5 Eligible employees participating in workplace pensions by gross annual earnings and sector (a. public, b. private)

Public sector: pension participation by earnings



Private sector: pension participation by earnings



Source: DWP estimates derived from the ONS ASHE, GB, 2003 to 2013

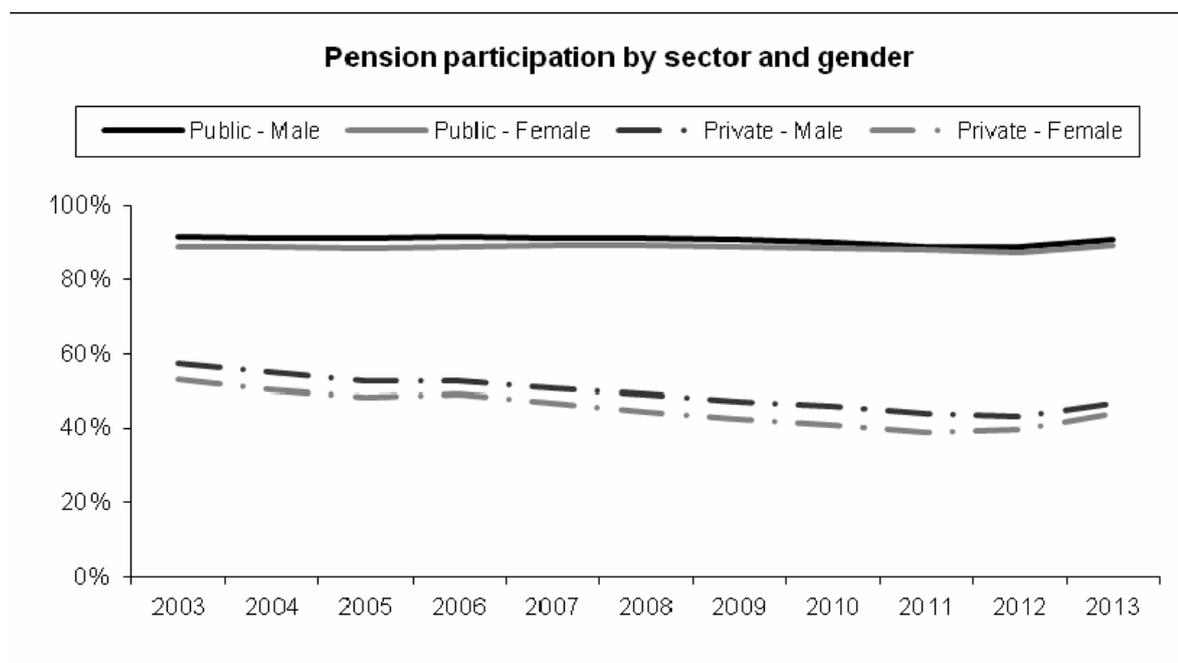
Notes: Gross annual earnings are uprated using Average Weekly Earnings values¹⁰.

¹⁰ ONS Average Weekly Earnings Statistics, EARN01 (KAC3) series: <http://www.ons.gov.uk/ons/rel/awe/average-weekly-earnings/index.html>

1.2.6 Gender, by sector

Figure 1.6 shows pension participation levels by gender and sector¹¹. In 2013, the gap between male and female participation, within sector, has continued to narrow, with 44 per cent of women compared with 47 per cent of men participating in a pension in the private sector. Whereas, in the public sector, 89 per cent of women compared with 91 per cent of men are participating in a pension.

Figure 1.6 Eligible employees participating in workplace pensions by gender and sector



Source: DWP estimates derived from the ONS ASHE, GB only, 2003 to 2013

1.2.7 Age, by sector

Figure 1.7 shows pension participation of eligible employees by age bands. In general, participation in workplace pensions increases with age, and in 2013 the largest increases have been seen in the lower age groups.

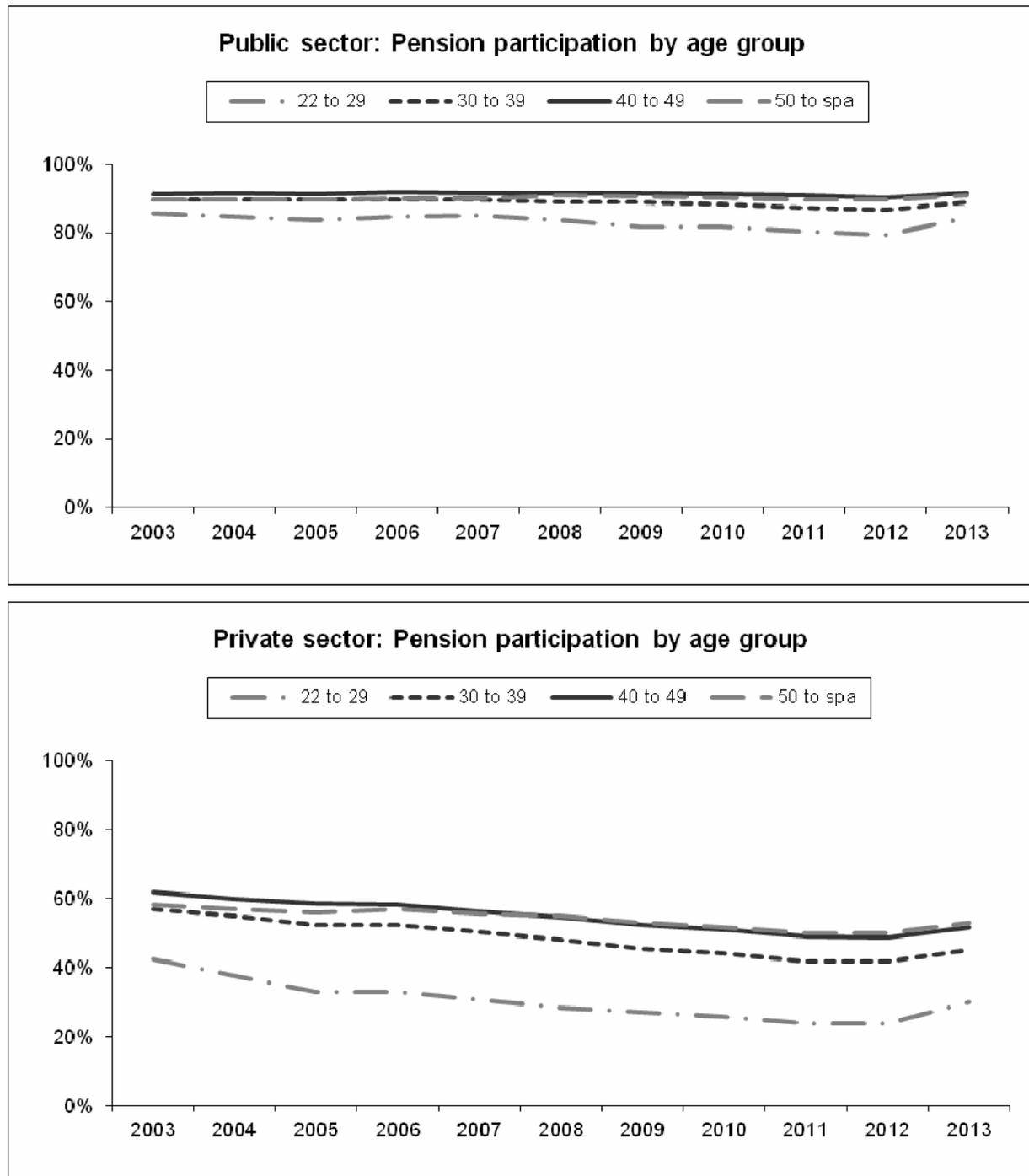
Pension participation in the public sector has remained stable, with the largest increases being eligible employees in the 22 to 29 year old age group, which has increased from 79 per cent in 2012 to 84 per cent in 2013. Participation for the other age groups is 89 per cent of those aged 30 to 39 and 91 per cent for both the 40 to 49 year olds and 50 to State Pension age groups.

In the private sector, since 2003, pension participation has been falling across all age bands. However, in 2013, all age groups showed an increase compared with 2012,

¹¹ The gender and age breakdown was also published as part of the equalities report to accompany the DWP annual report and accounts; <https://www.gov.uk/government/publications/dwp-equality-information-2014-customer-data>

with the largest, of 6 percentage points, seen in the 22 to 29 year old group increasing from 24 per cent to 30 per cent. Participation for the other age groups increased by 4 percentage points to 45 per cent for those aged 30 to 39 and 3 percentage points to 52 per cent and 53 per cent for the 40 to 49 year olds and 50 to State Pension age groups respectively.

Figure 1.7 Eligible employees participating in workplace pensions by age band and sector (a. public, b. private)



Source: DWP estimates derived from the ONS ASHE, GB, 2003 to 2013

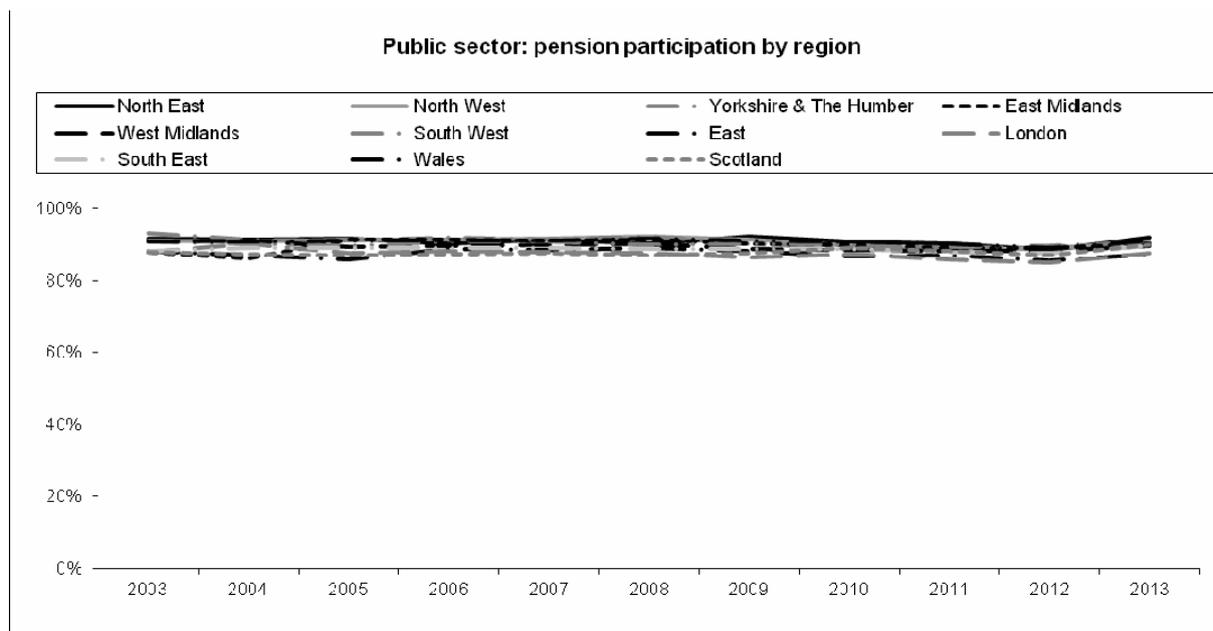
1.2.8 Region, by sector

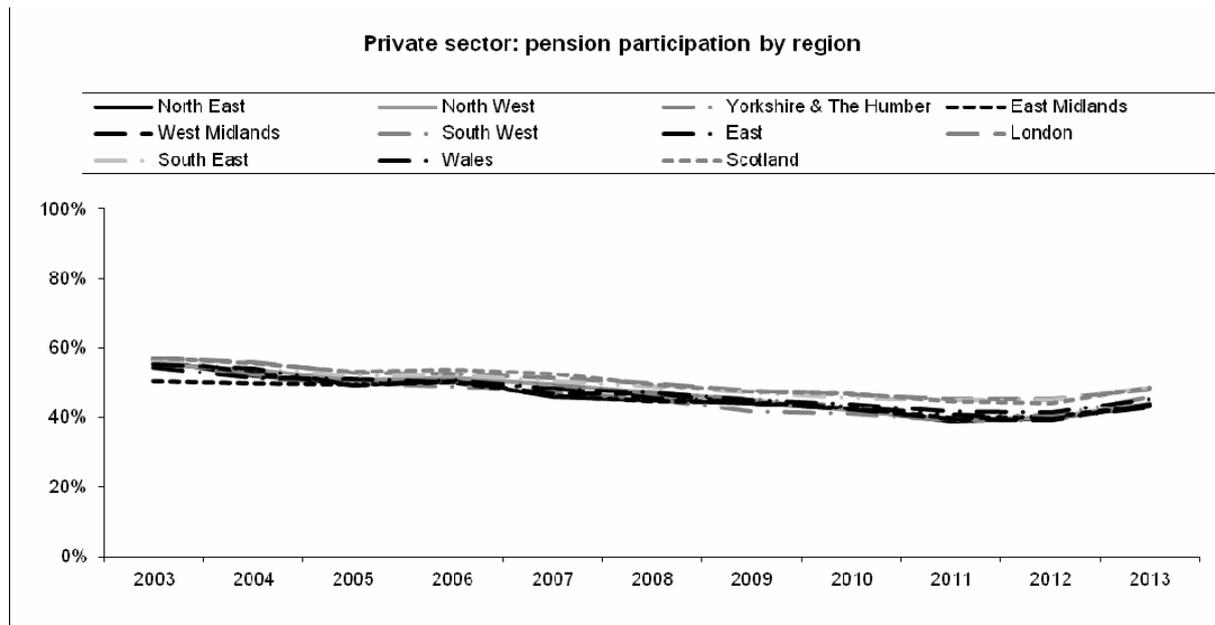
Figure 1.8 shows pension participation of eligible employees by region and sector and this is the first time these trends have been included within the automatic enrolment evaluation analysis.

Overall, all regions have seen an increase in pension participation between 2012 and 2013. In general, there is little regional variation in pension participation trends within sector, but the large difference between the public and private sector participation levels is apparent. In 2013, within the public sector, the region with the highest levels of eligible employees participating in a workplace pension was the North East, with 92 per cent compared with the lowest, of 87 per cent, in the East.

In the private sector, the region with the highest levels of eligible employees participating in a workplace pension was the South East with 49 per cent, compared with the lowest, of 43 per cent, in Wales.

Figure 1.8 Eligible employees participating in workplace pensions by region and sector (a. public, b. private)





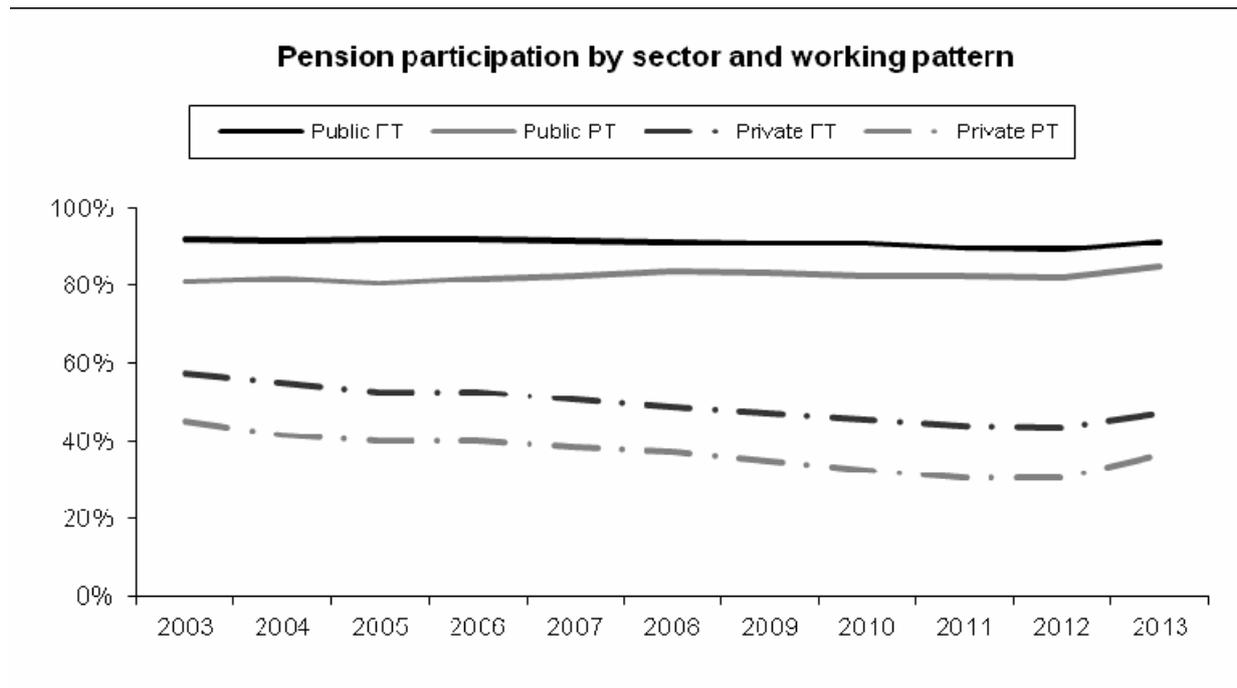
Source: DWP estimates derived from the ONS ASHE, GB, 2003 to 2013

1.2.9 Working pattern, by sector

Figure 1.9 shows pension participation of eligible employees by working pattern and sector. This is the first time these trends have been included within the automatic enrolment evaluation analysis and again shows the differences between sector, with higher pension participation and part time working occurring in the public sector.

Overall, pension participation is higher for those working full time at 58 per cent compared to 56 per cent of part time employees. In the private sector, 47 per cent of full time employees participate in a workplace pension, compared with 37 per cent of part time employees which has increased by 6 percentage points between 2012 and 2013.

Figure 1.9 Eligible employees participating in workplace pensions by working pattern and sector



Source: DWP estimates derived from the ONS ASHE, GB, 2003 to 2013

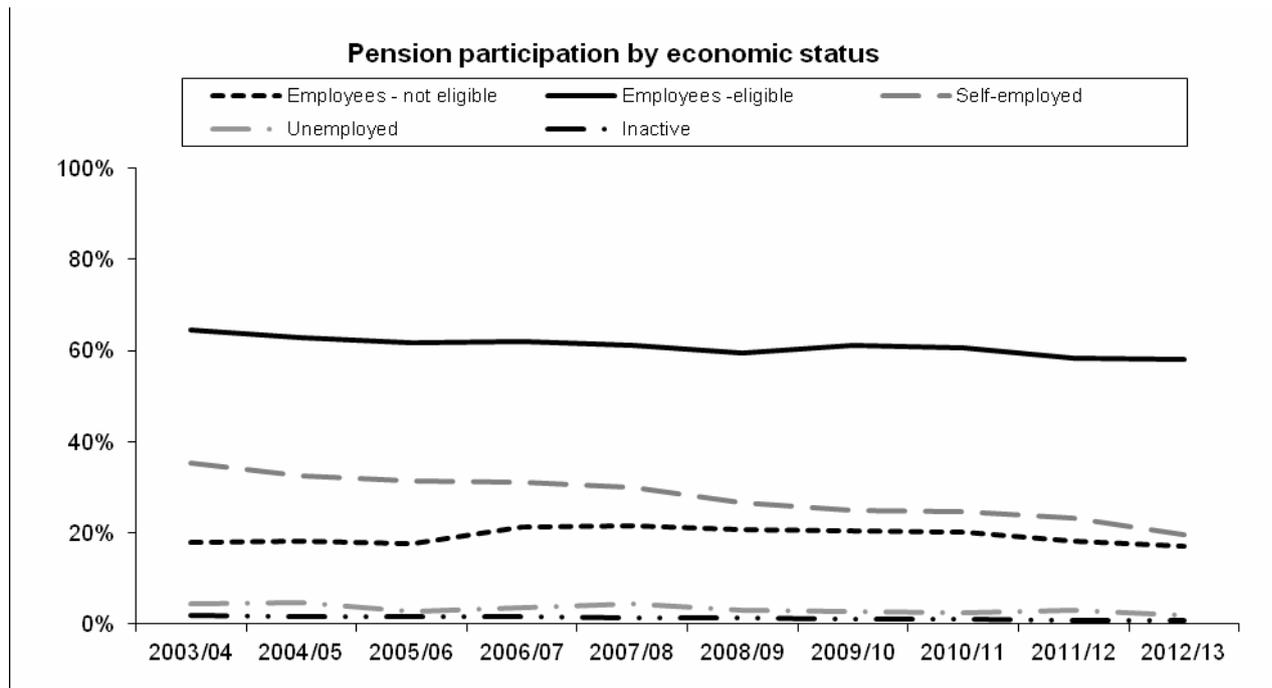
1.2.10 Economic Status

Figure 1.10 updates the trends in pension participation by eligible employees compared with other economic status groups. This analysis is from the DWP Family Resources Survey¹². Following continued decline, participation by eligible employees appears to have stabilised in 2012/13 at 58 per cent.

Participation has continued to fall, albeit slightly, for all other groups, with the non eligible group falling from 18 per cent in 2011/12 to 17 per cent in 2012/13 and the self-employed group declining to 20 per cent in 2012/13.

Figure 1.10 Participation in all pensions, by economic status

¹² The FRS data is collected throughout the 2012/13 financial year (see footnote 8) and not collected with reference to an April reference date like the ASHE data and therefore any potential impact of automatic enrolment may be lessened.

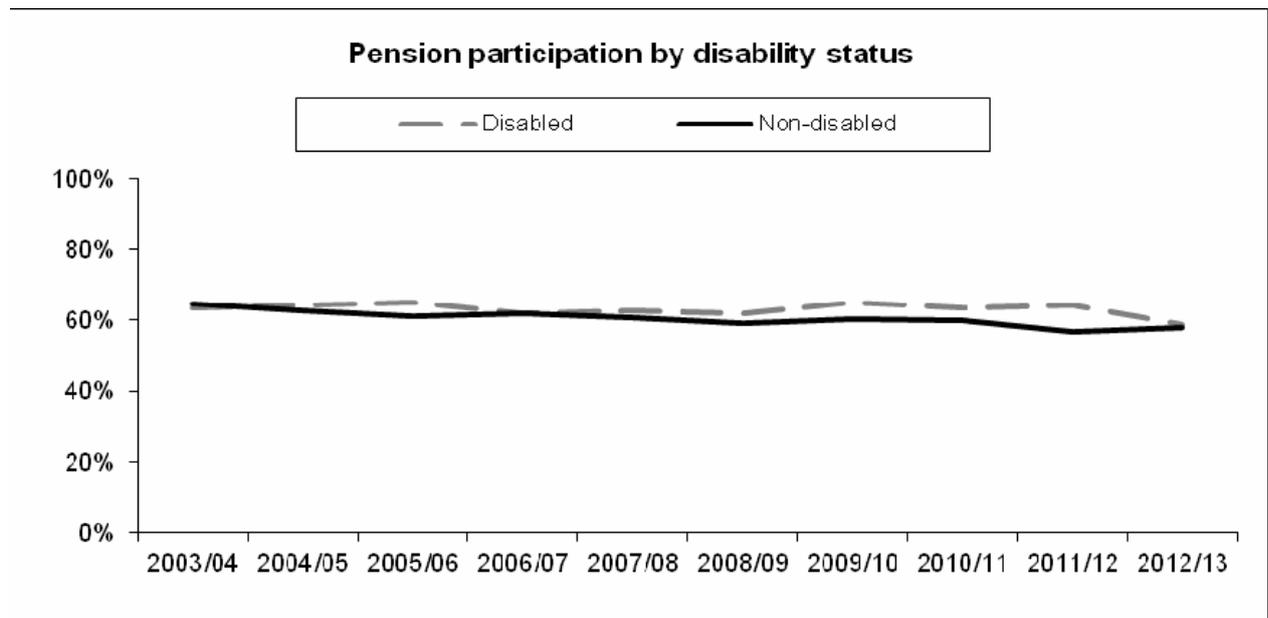


Source: Modelled analysis derived from the Family Resources Survey, UK, 2003/04 to 2012/13

1.2.11 Disability

The trends in participation for disabled and non-disabled eligible employees have remained relatively stable and similar for both groups. Participation of disabled eligible employees has declined from 64 per cent in 2011/12 to 59 per cent in 2012/13. This compares to a very small increase in participation of non-disabled eligible employees from 57 per cent in 2011/12 to 58 per cent in 2012/13.

Figure 1.11 Participation in all pensions, by disability



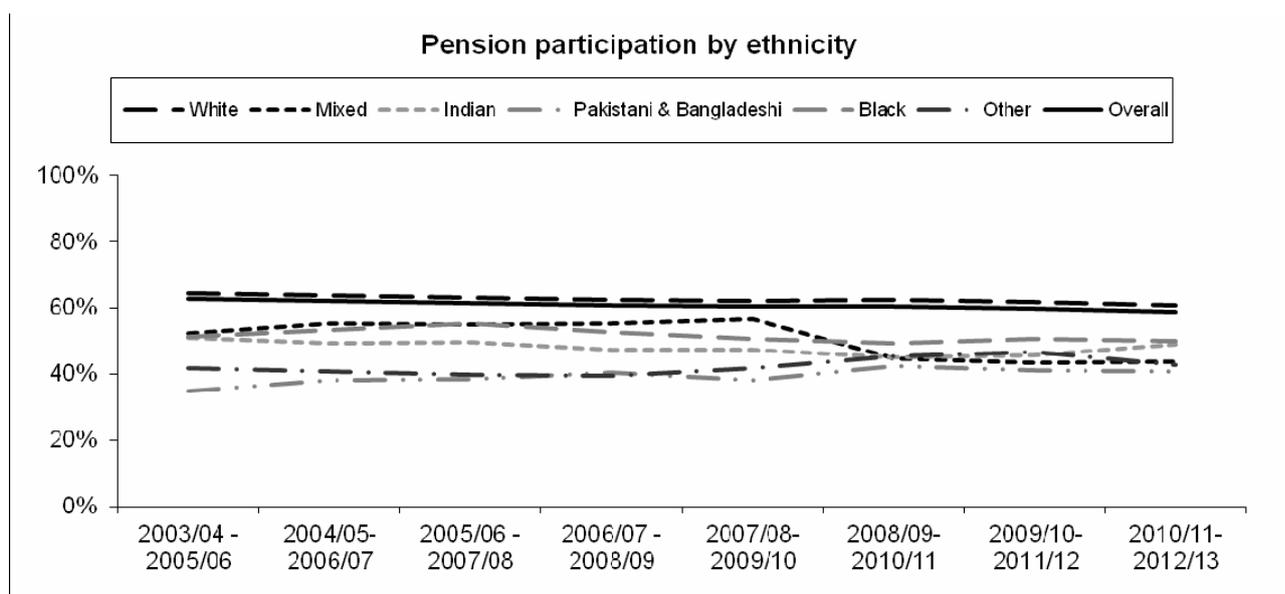
Source: Modelled analysis derived from the Family Resources Survey, UK, 2003/04 to 2012/13

Note: The impairment types used to define disability status have been changed in the 2012/13 survey to reflect new harmonised standards and therefore caution is needed where making comparisons over time.

1.2.12 Ethnicity

Figure 1.12 shows trends in pension participation by ethnic group. The White ethnic group still has the highest participation rate of 61 per cent and remains above the average participation rate of 59 per cent across all groups. While participation remains broadly stable for the Mixed, Black and Pakistani & Bangladeshi ethnic groups, there has been a decline of 4 percentage points for the Other ethnic groups (from 47 per cent in 2009/10-2011/12 to 43 per cent in 2010/11-2012/13) and an increase in the Indian ethnic group from 46 per cent to 49 per cent for the same time period.

Figure 1.12 Participation in all pensions, by ethnic group



Source: Modelled analysis derived from the Family Resources Survey, UK, 2003/04 to 2012/13

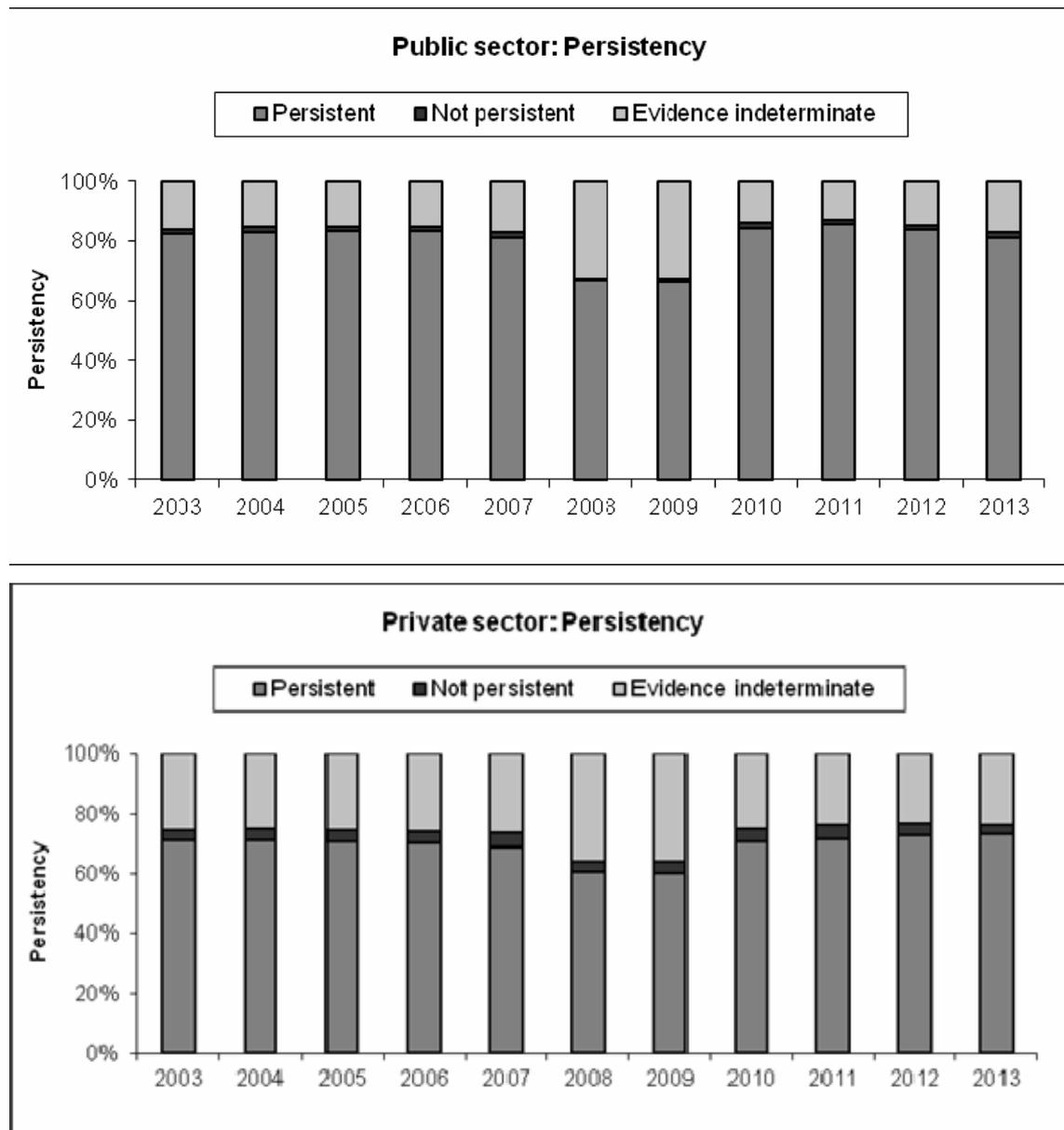
Note:

1. Ethnicity analysis used a three year rolling average in order to account for volatility in single year results which are caused by small sample sizes and clustering effects.
2. Other ethnic groups includes Chinese.

1.3 Persistency of saving

In this report and the evaluation reports, persistency of saving is defined as saving into a pension in three out of a period of four years. In Figure 1.13, the estimates shown are based on the number of years an eligible saver has been saving in a four year period. For example, the 2013 estimate is based on the number of years saving between 2010 and 2013.

Figure 1.13 Persistency of eligible employees participating in workplace pensions and sector (a. public, b. private)



Source: DWP estimates derived from the ONS un-weighted longitudinal ASHE, GB, 2003 to 2013

Notes:

1. The fall in persistency in 2008 and 2009 is the effect of the ASHE sample cut in the 2007 and 2008 surveys, which resulted in employees moving into the evidence indeterminate group in the persistency measure due to a lack of data.
2. An eligible employee can disappear from the cohort either through stopping saving, leaving the labour market, staying with or moving to an employer who does not return the ASHE questionnaire.

The latest analysis shows that overall eligible employees are continuing to save persistently, at 77 per cent. This has remained broadly consistent over the period shown (see note in chart about 2008 and 2009). The proportion of eligible savers not

saving persistently was 2 per cent in 2013, and for the remaining 21 per cent there is an indeterminate amount of evidence to judge either way.

In the public sector, persistency of saving by eligible employees remains high at 81 per cent in 2013, a decline of 3 percentage points from 2012. Whereas, in the private sector, the persistency of saving for eligible employees remains stable at 73 per cent.

2 Increasing the amount of savings

2.1 Introduction

This chapter updates the baseline indicators designed to monitor trends in workplace pension saving showing recent trends in the amount being saved.

2.2 Trends in pension saving

Table 2.1 shows trends in the amount being saved in workplace pensions by eligible employees, by sector, using the 2013 Annual Survey of Hours and Earnings data.

The annual total amount saved across both sectors stands at £77.6 billion in 2013 which is an increase of £4.3 billion from 2012. The amount saved and this increase is split roughly half and half between the public and private sector, with the amount saved, in 2013, in the public sector increasing by £2 billion to £37.9 billion and in the private sector increasing £2.3 billion to £39.7 billion.

Across both sectors contributions by employees accounted for 29 per cent of saving, with employer contributions accounting for 61 per cent and tax relief the remaining 10 per cent.

In terms of the amount saved per eligible saver this has been gradually increasing, since 2006, in the public sector. However, there has been a slight decline in the amount saved per eligible saver, in the private sector, in 2013. This is likely to be a result of the increased number of savers in the private sector (see **section 1.2.1**) but contributions currently being at the minimum level prior to increasing as a result of phasing¹³.

¹³ The Government has set a minimum amount of money that has to be put into the pension by an employer and in total (i.e. employer and worker's contribution). This starts low and increases gradually over a number of years. The total minimum contribution will remain 2% of the worker's salary of which the employer must contribute at least 1% until 30th September 2017. From October 2017, the minimum contribution rises to 5% of which the employer must contribute at least 2%, and then rises again to a total of 8% of which the employer must contribute at least 3% from 1st October 2018.

Table 2.1 Total pension saving of eligible savers into workplace pensions per year by employer and employee contributions and sector

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public sector									
Total saved (£ billions)	38.4	31.7	33.4	34.9	35.8	38.5	36.9	35.9	37.9
Employee contributions	10.8	8.3	8.6	9.1	9.0	9.9	9.5	9.9	11.2
Employer contributions	24.4	21.0	22.4	23.2	24.3	25.9	24.6	23.1	23.1
Tax relief	3.0	2.4	2.4	2.5	2.5	2.8	2.8	3.0	3.6
<i>Per eligible saver (£s)</i>	<i>7,941</i>	<i>6,592</i>	<i>6,805</i>	<i>7,077</i>	<i>7,007</i>	<i>7,170</i>	<i>7,105</i>	<i>7,453</i>	<i>7,582</i>
Private sector									
Total saved (£ billions)	44.0	41.3	41.3	41.6	38.6	37.7	36.4	37.4	39.7
Employee contributions	11.1	10.3	10.3	10.8	10.2	10.0	9.5	9.9	11.3
Employer contributions	29.6	27.8	27.6	27.4	25.3	24.5	23.8	24.2	24.5
Tax relief	3.4	3.2	3.2	3.4	3.1	3.1	3.1	3.3	3.9
<i>Per eligible saver (£s)</i>	<i>6,157</i>	<i>5,746</i>	<i>5,799</i>	<i>6,043</i>	<i>6,095</i>	<i>6,287</i>	<i>6,282</i>	<i>6,323</i>	<i>5,965</i>
All employees									
Total saved (£ billions)	82.4	73.1	74.7	76.3	74.4	76.2	73.3	73.3	77.6
Employee contributions	21.9	18.6	18.8	19.9	19.2	19.9	19.0	19.7	22.5
Employer contributions	54.0	48.8	50.2	50.5	49.5	50.5	48.5	47.3	47.6
Tax relief	6.4	5.6	5.7	5.9	5.7	5.8	5.8	6.2	7.5
<i>Per eligible saver (£s)</i>	<i>6,878</i>	<i>6,085</i>	<i>6,210</i>	<i>6,465</i>	<i>6,501</i>	<i>6,704</i>	<i>6,670</i>	<i>6,831</i>	<i>6,659</i>

Source: DWP estimates derived from the ONS ASHE, GB, 2005 to 2013

Notes:

1. Contribution information is only collected from 2005 onwards.
2. Annual earnings are uprated using Average Weekly Earnings values.

Notes for accompanying Excel tables

The data behind each of the charts can be found in the following tables

- The analysis includes members of all workplace pension schemes - occupational pension schemes, group personal pensions (GPPs) and group stakeholder pensions (GSHPs).
- All analysis is based on eligible employees, and uprated using Average Weekly Earnings values. Gross annual earnings are derived using weekly pay, and no filter has been included for loss of pay in the pay period.
- Previous years' data have been adjusted to account for the annual revisions to the earnings thresholds used to determine automatic enrolment eligibility and the State Pension age (SPa) for women.
- Data up to 2011 is based on Standard Occupational Classification (SOC) 2000. From 2011 onwards, SOC 2010 is used, creating a slight break in the series. Therefore, care should be taken when interpreting the full time series.
- Data up to 2008 is based on Standard Industrial Classification (SIC) 2003. From 2008 onwards, SIC 2007 is used, creating a slight break in the series. Therefore, care should be taken when interpreting the full time series.
- Rounding has been applied and suppression where the sample size is small.

Contact Details

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