



Automatic enrolment obliges employers to enrol all workers who satisfy age and earnings criteria into a qualifying workplace pension arrangement and pay at least a minimum level of contributions. Workers are eligible for automatic enrolment if they are at least 22 years old and under State Pension Age (SPa), earning over £10,000 a year and work, or usually work, in the United Kingdom.

## Workers eligible for automatic enrolment



# Three quarters

of all workers are estimated to be eligible for automatic enrolment.

63% of female workers,

67% of workers with a disability  
and

72% of Black and Minority Ethnic  
(BME) workers

Are estimated to be eligible; this is due to underlying labour market factors.

## Eligible target group for automatic enrolment

# 11 million

Workers are estimated to be in the eligible target group<sup>1</sup> for automatic enrolment.

Of these;

# 10 million

Workers are estimated to be newly saving or saving more<sup>2</sup> as a result of automatic enrolment by 2018.

36% of the eligible target group are female

## Extra workplace pension saving per year

# £17 billion

Extra workplace pension saving per year in a workplace pension as a result of automatic enrolment by 2019/20, with

£6 billion in contributions by employers,

£8 billion in contributions by employees  
and

£2 billion of tax relief on employee contributions

This document also outlines analysis of eligibility by age, firm size and industry, as well as the impacts on multiple job holders.

<sup>1</sup> The eligible target group is defined as workers who are aged between 22 and State Pension age, earning over £10,000 in at least one job and either (i) not currently saving in a workplace pension scheme; or (ii) saving in a workplace pension scheme where the employer contributions are less than 3% of the worker's salary, and is not a defined benefit scheme.

<sup>2</sup> Workers who are newly saving or saving more are defined as being workers who are now saving as a result of automatic enrolment and previously were either (i) not saving in a workplace pension scheme; or (ii) saving in a workplace pension scheme where the employer contributions were less than 3% of the worker's salary, and was not a defined benefit scheme.

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## Policy Background

Automatic enrolment mandates employers to provide a workplace pension for their eligible workers. Automatic enrolment commenced in 2012 beginning with the largest employers, with all employers in existence in April 2012 being required to meet their enrolment duties by February 2018.

Workers are eligible for automatic enrolment if they are at least 22 years old and under State Pension age, earning over £10,000 a year in at least one job and work, or usually work, in the United Kingdom. If a worker earns between £5,824 - £10,000, and is aged between 16-75, then they are eligible to opt in to a workplace pension and receive contributions from their employer. To date over 6.7 million workers have been automatically enrolled and almost 257,000 employers have completed their automatic enrolment duty.<sup>3</sup>

In April 2018, contribution rates increase from a minimum of 2% overall (with at least 1% from the employer) to a minimum of 5% overall (with at least 2% from the employer). Minimum contribution rates increase again in April 2019 to a minimum of 8% total (with at least 3% from employers).

## In this document

This document uses newly available data to provide an update of the 2015 analysis of the impact of automatic enrolment on pension saving, the number of workers affected by automatic enrolment and more detailed analysis of the characteristics of this population.<sup>4</sup>

This publication is based on analysis of the Office for National Statistics Annual Survey of Hours and Earnings (ASHE), the Labour Force Survey (LFS) and DWP modelling. DWP has revised its modelling of estimates of the volumes of individuals who will be automatically enrolled into a workplace pension by 2018; see revised methodology (page 11).

In general the analysis focuses on the eligible automatic enrolment population in the private sector; that is those at least 22 years old and under State Pension age, and earning over £10,000 in at least one job.

## Summary of additional available data

All the information underlying the charts and figures featured in this summary are included in accompanying excel tables.

## Notes

All workplace pension saving estimates have been rounded to the nearest £100 million. All participation volume estimates have been rounded to the nearest 100 thousand workers. All percentages have been rounded to the nearest 1 per cent. Analysis of multiple jobholders has been rounded to the nearest 10,000 workers. Analysis of earnings has been rounded to the nearest £1. Numbers have been rounded to prevent spurious accuracy.

Numbers may not always sum due to rounding.

<sup>3</sup> <http://www.thepensionsregulator.gov.uk/docs/automatic-enrolment-declaration-of-compliance-monthly-report.pdf>  
July 2012 – end September 2016

<sup>4</sup> <https://www.gov.uk/government/statistics/workplace-pensions-update-of-analysis-on-automatic-enrolment>

# Pensions savings estimates

Estimates of additional annual saving in a workplace pension, in 2019/20, as a result of automatic enrolment: total workplace pension saving and employee contributions.

## Automatic enrolment estimated to result in £17 billion of extra saving a year in workplace pensions by 2019/20

**Table 1a:** Estimates of total additional annual workplace pension contributions per annum (in 2019/20)

Employer size	Total
1 to 4	£1.0bn
5 to 49	£5.2bn
50 to 249	£3.4bn
250 to 499	£1.3bn
500+	£5.9bn
<b>Total</b>	<b>£16.9bn</b>

## Workers are estimated to be contributing £8 billion extra a year by 2019/20

**Table 1b:** Estimates of total additional contributions by employees into a workplace pension per annum (in 2019/20)

Employer size	Total
1 to 4	£0.5bn
5 to 49	£2.5bn
50 to 249	£1.6bn
250 to 499	£0.6bn
500+	£2.8bn
<b>Total</b>	<b>£8.0bn</b>

## Main Findings

**Annual saving in workplace pensions is estimated to increase by £17 billion as a result of automatic enrolment.** Of this, workers are estimated to be saving an additional £8 billion a year in a workplace pension.

## Methodology

This analysis represents estimated annual pension saving in 2019/20; once automatic enrolment has been fully rolled out for all employers and contribution rates have risen to a total of 8% of qualifying earnings. This analysis assumes that both the eligibility criteria and qualifying earnings remain the same.

These estimates are based on DWP modelling and analysis of ASHE. This analysis models the additional workplace pension saving of individuals who would be newly saving or saving more as a result of automatic enrolment.

This analysis assumes the opt-out rate for individuals who will be automatically enrolled into a workplace pension by February 2018 is at 10%, based on evidence from the 2015 Employers' Pension Provision Survey<sup>5</sup> and observed rates to date.

<sup>5</sup> <https://www.gov.uk/government/publications/employers-pension-provision-survey-2015>

# Pensions savings estimates

Estimates of additional saving into workplace pensions, in 2019/20, as a result of automatic enrolment: Employer contributions and tax relief on employee contributions.

## Employers are estimated to be contributing an extra £6 billion a year into workplace pensions by 2019/20

**Table 1c:** Estimates of additional contributions by employers into a workplace pension per annum (in 2019/20)

Employer size	Total
1 to 4	£0.4bn
5 to 49	£2.0bn
50 to 249	£1.3bn
250 to 499	£0.5bn
500+	£2.2bn
<b>Total</b>	<b>£6.4bn</b>

## Additional tax relief on workers' contributions is estimated to be around £2 billion a year by 2019/20

**Table 1d:** Estimates of additional tax relief on contributions by workers into a workplace pension per annum (in 2019/20)

Employer size	Total
1 to 4	£0.2bn
5 to 49	£0.8bn
50 to 249	£0.5bn
250 to 499	£0.2bn
500+	£0.9bn
<b>Total</b>	<b>£2.5bn</b>

## Main Findings

**Employers are estimated to contribute an extra £6 billion per year into workplace pensions once automatic enrolment has been fully rolled out.**

Small and micro employers (those with 1-49 employees) are estimated to be contributing an extra **£2 billion a year**.

Tax relief on the additional pension contributions made by workers as a result of automatic enrolment is estimated to be around **£2 billion a year**.

## Methodology

This analysis represents estimated annual pension saving in 2019/20; once automatic enrolment has been fully rolled out for all employers and contribution rates have risen to a total of 8% of qualifying earnings. This analysis assumes both the eligibility criteria and qualifying earnings remains the same.

These estimates are based on DWP modelling and analysis of ASHE. This analysis models the additional pension saving of individuals who would be newly saving or saving more as a result of automatic enrolment.

# Participation Estimates

Estimates of those eligible for automatic enrolment, and estimates of those who will be newly saving or saving more as a result of automatic enrolment (after accounting for opt-out).

## 11 million workers are estimated to be in the eligible target group for automatic enrolment

**Table 2a:** Estimates of automatic enrolment and Participation

<b>Eligible target group for automatic enrolment</b>	<b>11.2 million</b>
<i>Of which women</i>	<i>4.0 million</i>
After accounting for opt-out	
<b>Newly saving or saving more</b>	<b>10.1 million</b>
<i>Of which women</i>	<i>3.6 million</i>

## The majority of the eligible target group is male



## Over half of the eligible target group is aged under 40

**Table 2b:** Age breakdown of eligible target group

<b>Age group</b>	<b>% of eligible target group</b>
<b>22-29</b>	27%
<b>30-39</b>	26%
<b>40-49</b>	25%
<b>50-59</b>	17%
<b>60-SPa</b>	4%

## Main Findings

**The eligible target population is estimated at 11 million workers.**

**Of these 10 million workers are estimated to be newly saving or saving more as a result of automatic enrolment.**

These estimates have increased since the 2015 analysis of the impact of automatic enrolment due to changes in DWP modelling to incorporate more recent data. See revised methodology section (page 11) for further information.

**36% of the eligible target group is female**, reflecting underlying labour market factors (such as earnings, working patterns and participation rates).

## Methodology

These estimates are a forward look to the end of staging for automatic enrolment in 2018 (once all employers have enrolled their workers) and are based on DWP modelling.

Estimates are based on the eligible target population. This covers workers who are at least 22 years old and under State Pension age, earning over £10,000 and either (i) not saving in a workplace pension scheme; or (ii) saving in a workplace pension scheme where the employer contributions are less than 3% of the workers salary, and is not a defined benefit scheme.

This analysis accounts for the impact of the National Minimum Wage and the introduction of the National Living Wage from April 2016.

The opt-out rate is assumed to be 10% for both male and female workers, and across all age groups.

# Analysis of the eligibility of workers for automatic enrolment

Not all workers are eligible for automatic enrolment. This is primarily for two reasons: they are not earning over the earnings trigger (£10,000) in any job; they are aged under 22 or over State Pension age (SPa).

## Over three-quarters of all workers are eligible for automatic enrolment

Table 3a: Age and earnings breakdown of all workers

Age	Earning below £10,000	Earning £10,000 +	Total
18-21	5%	4%	9%
22-64	13%	76%	89%
65+	1%	1%	2%
<b>Total</b>	<b>19%</b>	<b>81%</b>	<b>100%</b>

## Female workers are less likely to meet both the age and earnings criteria

Table 3b: Age and earnings breakdown of female workers

Age	Earning below £10,000	Earning £10,000 +	Total
18-21	7%	4%	10%
22-64	22%	65%	87%
65+	2%	1%	3%
<b>Total</b>	<b>31%</b>	<b>69%</b>	<b>100%</b>

## Main Findings

**76% of workers meet both the earnings and age eligibility criteria for automatic enrolment.** 19% are not eligible because they do not meet the earnings criteria - of these over half (10% out of the 19%) earn over £5,824 and have the right to opt-in to a workplace pension with contributions from their employer. 5% of workers earn over the earnings threshold but are not eligible because they do not meet the age criteria. Of these 6% meet neither the age nor the earnings criteria.

**Of these 65% of female workers meet the eligibility criteria for automatic enrolment.** 31% are not eligible because they do not meet the earnings criteria; of these over half (16% out of 31%) earn more than £5,824 and have the right to opt-in to a workplace pension and receive contributions from their employer. 5% of workers earn over the earnings threshold but are not eligible because they do not meet the age criteria. Of these 9% meet neither the age nor earnings criteria.

## Methodology

These estimates are based on analysis of the 2015 Annual Survey of Hours and Earnings.

This analysis does not reflect what workplace pension provision an individual either has or is offered by an employer; it only reflects the age and earnings characteristics of individuals. For example, this analysis does not account for employers who offer workers that are not eligible for Automatic Enrolment a workplace pension. Workers may already be in a qualifying pension scheme and so not in the target group for Automatic Enrolment.

Further breakdowns of age and earnings can be found in the supplementary tables.

# Demographic analysis of workers

This analysis looks at the eligibility for automatic enrolment for Black and Minority Ethnic (BME) workers and workers with a disability.

## Almost three quarters of BME workers are eligible for automatic enrolment

**Table 4a:** Age and earnings breakdown of BME workers

Age	Earning below £10,000	Earning £10,000 +	Total
18-21	6%	2%	8%
22-64	19%	72%	91%
65+	0%	1%	1%
<b>Total</b>	<b>25%</b>	<b>75%</b>	<b>100%</b>

## Two thirds of workers with a disability are eligible for automatic enrolment

**Table 4b:** Age and earnings breakdown of workers with a disability

Age	Earning below £10,000	Earning £10,000 +	Total
18-21	4%	3%	7%
22-64	22%	66%	88%
65+	3%	2%	5%
<b>Total</b>	<b>29%</b>	<b>71%</b>	<b>100%</b>

## Main Findings

### 72% of BME workers meet the eligibility criteria for automatic enrolment.

25% are not eligible because they do not meet the earnings criteria; of these over half (15% out of the 25%) earn over £5,824, and have the right to opt-in to a workplace pension with contributions from their employer. 3% of workers earn over the earnings threshold but are not eligible because they do not meet the age criteria. 6% do not meet either the age or earnings criteria.

### 66% of workers with a disability meet the eligibility criteria for automatic enrolment.

29% are not eligible because they do not meet the earnings criteria; of these over half earn (16% out of 29%) over £5,824 and have the right to opt-in to a workplace pension and receive contributions from their employer. 5% of workers earn over the earnings threshold but are not eligible because they do not meet the age criteria. 7% of workers with a disability meet neither the age nor the earnings criteria.

## Methodology

These estimates are based on analysis of the Labour Force Survey from June 2015 to July 2016. This analysis does not reflect what workplace pension provision an individual either has or is offered by an employer; it only reflects the age and earnings characteristics of individuals. For example, this analysis does not account for employers who offer workers that are not eligible for automatic enrolment a workplace pension. Workers may already be in a qualifying pension scheme and so not in the target group for automatic enrolment.

Further breakdowns of age and earnings can be found in the supplementary tables.

## Analysis of workers with multiple jobs

Automatic enrolment eligibility is assessed at a worker level rather than at an individual level. As such, an individual with multiple jobs which, when combined, would meet the earnings criteria, may be ineligible for automatic enrolment.

**330,000 multiple jobholders were estimated to be eligible for automatic enrolment in 2015/16 as they earned over £10,000 in at least one job. The majority of whom were female.**

**Table 5a:** Estimated earnings of multiple jobholders

	<b>Earnings</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Eligible for Automatic Enrolment	<b>Earn more than £10,000 in each job</b>	<b>90,000</b>	<b>90,000</b>	<b>90,000</b>
	<i>of which female</i>	<i>50,000</i>	<i>60,000</i>	<i>60,000</i>
Able to Opt-In	<b>Earn more than £10,000 in only one job</b>	<b>250,000</b>	<b>260,000</b>	<b>240,000</b>
	<i>of which female</i>	<i>160,000</i>	<i>160,000</i>	<i>170,000</i>
Able to Opt-In	<b>Earn more than £10,000 only when both jobs are combined and earn over £5,824 from one job</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>
	<i>of which female</i>	<i>60,000</i>	<i>50,000</i>	<i>60,000</i>
Able to Opt-In	<b>Earn less than £10,000 when both jobs are combined and earn over £5,824 from one job</b>	<b>20,000</b>	<b>30,000</b>	<b>20,000</b>
	<i>of which female</i>	<i>20,000</i>	<i>20,000</i>	<i>20,000</i>
Cannot Opt-In	<b>Earn more than £5,824 only when both jobs are combined</b>	<b>30,000</b>	<b>40,000</b>	<b>30,000</b>
	<i>of which female</i>	<i>30,000</i>	<i>30,000</i>	<i>30,000</i>
Cannot Opt-In	<b>Earn less than £5,824 when both jobs are combined</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
	<i>of which female</i>	<i>20,000</i>	<i>20,000</i>	<i>10,000</i>
	<b>Total<sup>6</sup></b>	<b>490,000</b>	<b>500,000</b>	<b>470,000</b>
	<i>of which female</i>	<i>340,000</i>	<i>350,000</i>	<i>340,000</i>

### Main Findings

**Around half a million multiple jobholders meet the age criteria for automatic enrolment. Of these 330,000 earn over £10,000 in at least one job and are therefore eligible for automatic enrolment.**

A further 90,000 workers earn over £5,824 and are eligible to opt-in to a workplace pension and receive contributions from their employer.

### Methodology

These estimates are based on analysis of ASHE. Profiles of multiple jobholders were created using personal identifiers in the data set. This allowed for analysis of the characteristics of multiple jobholders. This analysis only covers individuals who are at least 22 years old and under SPa.

<sup>6</sup> Total number of multiple jobholders does not equal the sum of the categories shown due to rounding.

Individuals who earn more than £10,000 when both jobs are combined and earn less than £5,824 in each jobs, are also included in the total, further breakdowns can be found in the supplementary tables.

## Analysis of Earnings by firm size

Given that automatic enrolment has an earnings threshold it is important to understand the earnings distributions of workers.

### Workers are more likely to earn over £10,000 if they work for a larger employer

**Table 6a:** Earnings distribution by firm size for workers aged between 22 and SPa

Employer size	Below £5,824	£5,824 - £9,999	£10,000 - £19,999	£20,000 - £29,999	£30,000 - £39,999	£40,000 - £49,999	£50,000 - £59,999	£60,000+	Total
1-4	15%	27%	32%	16%	6%	2%	1%	1%	100%
5-9	10%	14%	32%	26%	10%	3%	1%	3%	100%
10-49	5%	9%	30%	28%	15%	7%	3%	4%	100%
50-249	4%	5%	27%	28%	16%	8%	4%	6%	100%
250+	4%	7%	26%	24%	16%	9%	5%	9%	100%
<b>Total</b>	<b>5%</b>	<b>9%</b>	<b>28%</b>	<b>25%</b>	<b>15%</b>	<b>8%</b>	<b>4%</b>	<b>7%</b>	<b>100%</b>

### Main Findings

**42% of workers, aged at least 22 and under SPa, and employed by micro employers (1-4 employees) earn below the earning trigger.** For those working for an employer with 5-9 employees, 24% earn below the earnings trigger. Workers are more likely to earn over the earnings trigger if they are working for a medium or large employer. 14% of all workers between the ages of 22 and SPa earn below £10,000.

### Methodology

This analysis is based on ASHE 2015 data, covering the earnings of those who meet the age criteria for automatic enrolment.

All percentages reflect the proportion of earnings within the firm size, rather than across the whole population.

# Analysis of Earnings by industrial sector

Given that automatic enrolment has an earnings threshold it is important to understand the earnings distributions of workers.

## Most industries have at least 70% of workers earning over the earnings threshold.

### Main Findings

**In the majority of industries at least 70% of employees aged between 22 and SPa earn over £10,000.**

**In the Manufacturing sector 97% of employees earn over £10,000 and in the Wholesale, Retail and Motor repair services sector 80% of employees earn over £10,000.**

In the Household Activities sector 63% of employees earn less than £10,000 a year, however this sector is comparatively small.

Overall, across all of the industries, the majority of workers (86%) earn over £10,000.

### Methodology

This analysis is based on ASHE 2015 data, covering the earnings of those who meet the age criteria for Automatic Enrolment.

All percentages reflect the proportion of earnings within the industrial sector, rather than across all industries, and so does not account for the size of the particular industry in relation to others.

**Table 6b:** Earnings distribution by industry for workers aged between 22 and SPa

Industry <sup>78</sup>	Earning below £10,000	Earning £10,000 +	Total
Wholesale, Retail and Motor repair services	20%	80%	100%
Manufacturing	3%	97%	100%
Administration support and Public administration and support	21%	79%	100%
Professional and technical services	8%	92%	100%
Health and social work activities	26%	74%	100%
Accommodation and food services	34%	66%	100%
Transportation and storage	5%	95%	100%
Information and communication	5%	95%	100%
Construction	7%	93%	100%
Financial services	4%	96%	100%
Electricity, gas and water	2%	98%	100%
Leisure and recreation activities	26%	74%	100%
Other services and Extraterritorial activities	25%	75%	100%
Real estate activities	13%	87%	100%
Education	20%	80%	100%
Agriculture, forestry and fishing	12%	88%	100%
Household Activities	63%	37%	100%
Mining and Quarrying	0%	100%	100%
<b>Total</b>	<b>14%</b>	<b>86%</b>	<b>100%</b>

<sup>7</sup> Industry classifications based on the Office for National Statistics' 2007 Standard Industry Classifications, see: <https://www.ons.gov.uk/methodology/classificationsandstandards/ukstand>

<sup>8</sup> Industries in the table are ordered by number of workers employed, aged between 22 and SPa, from highest to lowest.

## Revised Methodology

This publication is based on analysis of the Office for National Statistics Annual Survey of Hours and Earnings (ASHE), the Labour Force Survey (LFS) and DWP modelling. DWP has revised its modelling of estimates of the volumes of individuals who will be automatically enrolled into a workplace pension by 2018 and the resulting changes in workplace pension saving. This new method is outlined in further detail below:

- The estimated volumes of employees who will be automatically enrolled now uses the latest Pay-As-You-Earn (PAYE) data from The Pensions Regulator's 2016 revised employer staging profile<sup>9</sup> and findings from the Annual Survey of Hours and Earnings (ASHE). As a result, additional hiring by, and therefore growth of, employers since 2012 is now accounted for, as well as the births of larger employers, implying more enrolments per new born employer. This has resulted in higher estimates of the number of workers in the eligible target group than the 2015 publication.
- Estimates of employer and individual contributions to workplace pensions as a result of Automatic Enrolment have also been revised to incorporate evidence from the 2015 Employer Pension Provision survey that some employers are already contributing at least 3 per cent of workers' qualifying earnings. This has resulted in a higher estimate of the level of pension saving.
- This analysis assumes an opt-out rate of 10%, rather than considering low and high ranges, based on evidence from the 2015 Employers' Pension Provision Survey and observed opt-out rates to date. This has resulted in a higher estimate of the number of workers newly saving and saving more.

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<sup>9</sup> <http://www.thepensionsregulator.gov.uk/docs/automatic-enrolment-commentary-analysis-2016.pdf>

# About these statistics

## Useful links

More information can be found about automatic enrolment at: <http://www.thepensionsregulator.gov.uk/automatic-enrolment.aspx> or <https://www.gov.uk/workplace-pensions>

Other official statistics and analysis relating to automatic enrolment can be found at: <https://www.gov.uk/government/collections/workplace-pension-participation-and-savings-trends>

## Other National and Official Statistics

Details of other National and Official Statistics produced by the Department for Work and Pensions can be found on the DWP website at the following links:

- A list of Tabulation Tools: <https://www.gov.uk/government/organisations/department-for-work-pensions/series/dwp-statistics-tabulation-tool>;
- A schedule of statistical releases over the next 12 months and a list of the most recent releases: <https://www.gov.uk/government/organisations/department-for-work-pensions/about/statistics>;
- In accordance with the Code of Practice for Official Statistics, all DWP National Statistics are announced at: <https://www.gov.uk/government/statistics/announcements>

In addition, users can find links to DWP additional statistical analyses that have not been included in our standard publications at: <https://www.gov.uk/government/organisations/department-for-work-pensions/series/ad-hoc-statistical-publications-list>

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