

Occupational Pensions Schemes Survey, UK: 2018

The nature of occupational pension provision in the UK providing summary data from the Occupational Pension Schemes Survey on membership of schemes and contributions paid.

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Table of contents

1. Main points
2. User consultation
3. Things you need to know about this release
4. What are the different categories of occupational pension scheme membership?
5. Active membership estimated at 17.3 million in 2018
6. Rise in active membership of private sector schemes in 2018
7. Pensioner members in receipt of occupational pensions estimated at 10.2 million in 2018
8. Increase in preserved pension entitlements (deferred members) in 2018
9. Average contribution rates in private sector occupational pension schemes
10. Quality and methodology

1. Main points

- Total membership of occupational pension schemes in the UK was an estimated 45.6 million in 2018, compared with 41.1 million in 2017 and is the highest level recorded by the Occupational Pension Schemes Survey.
- Active membership of occupational pension schemes was 17.3 million in 2018, split between the private (11.0 million) and public sector (6.3 million).
- Active membership of private sector defined contribution occupational schemes was 9.9 million in 2018, representing an increase of 28.6% on 2017 levels (7.7 million).
- In 2018, for private sector defined contribution schemes, the average total (member plus employer) contribution rate was 5.0%, rising from 3.4% in 2017.

2. User consultation

To ensure these statistics remain fit for purpose, we would like to hear from you about how you use Occupational Pension Schemes Survey data. A [consultation](https://consultations.ons.gov.uk/business-indicators-bop/opss-consultation) (<https://consultations.ons.gov.uk/business-indicators-bop/opss-consultation>) will begin in conjunction with this bulletin, to help us better understand your needs. Please take the time to participate in this process.

3. Things you need to know about this release

Scope of survey

The Occupational Pension Schemes Survey (OPSS) covers both private and public sector occupational pension schemes registered in the UK. Results from the OPSS provide a detailed view of the nature of occupational pension provision in the UK.

OPSS does not cover state pensions or personal pensions, the latter being based on individuals entering into a contract with a pension provider.

The survey collects information about scheme membership, benefits and contributions from a sample of occupational trust-based pension schemes (consisting of two or more members). It also includes those that are winding up

(<https://www.ons.gov.uk/economy/investmentspensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemessurveyopssstatisticalbulletin/2017-09-20>).

OPSS does not cover group personal pension (GPP) arrangements such as stakeholder and self-invested personal pensions, where the contract is facilitated by the employer(s). As part of the 2015 and 2016 OPSS, experimental data from GPP providers were collected but these were not of an appropriate quality to form part of a National Statistics

(<https://www.statisticsauthority.gov.uk/national-statistician/types-of-official-statistics/>).

release. Due to our wider ongoing developments in pension statistics, the collection of GPP data has been temporarily suspended and will be revisited in due course.

Please note that the estimates of pension scheme membership are not counts of individuals as an individual may have more than one type of occupational pension scheme membership (see Section 4).

The OPSS only collects contribution rate information from survey respondents in the private sector. Information on rates in the public sector is already publicly accessible.

Pension reforms

Membership and contribution rates reported in this bulletin will have been influenced by recent [workplace pension reforms \(https://www.statisticsauthority.gov.uk/national-statistician/types-of-official-statistics/\)](https://www.statisticsauthority.gov.uk/national-statistician/types-of-official-statistics/) introduced by the Department for Work and Pensions (DWP). The reforms were introduced in stages between 2012 and 2018 based on the size of the employer's Pay As You Earn (PAYE) scheme (as of 1 April 2012). Minimum contribution levels have also been introduced.

It should be noted that the reforms are not taking place in isolation and other social and economic factors (for example, employment, disposable household income levels, attitudes to saving for retirement) would also affect membership and contribution rates. In June 2019, the DWP published their [report reviewing pension and savings trends \(PDF, 1.36MB\)](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/806513/workplace-pension-participation-and-saving-trends-2008-2018.pdf). (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/806513/workplace-pension-participation-and-saving-trends-2008-2018.pdf)

Further information

Historically, OPSS has always sought to reflect the changing pensions landscape. Some of the time series presented are, therefore, not directly comparable over time. If this is the case, caveats are included in the footnotes associated with the relevant chart or table.

Further information is available in the associated [OPSS datasets \(https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionsavingsandinvestments/datasets/occupationalpensionschemessurvey\)](https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionsavingsandinvestments/datasets/occupationalpensionschemessurvey) or on request. To assist your understanding of these data, pension definitions are published in a [supporting information article \(https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionsavingsandinvestments/datasets/occupationalpensionschemessurvey\)](https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionsavingsandinvestments/datasets/occupationalpensionschemessurvey) with further detail in this [Pension trends glossary \(PDF, 198KB\) \(http://webarchive.nationalarchives.gov.uk/20160105160709/http://ons.gov.uk/ons/rel/pensions/pension-trends/no--1--2005-edition/pension-trends--glossary.pdf\)](http://webarchive.nationalarchives.gov.uk/20160105160709/http://ons.gov.uk/ons/rel/pensions/pension-trends/no--1--2005-edition/pension-trends--glossary.pdf).

4. What are the different categories of occupational pension scheme membership?

Total membership of occupational pension schemes consists of:

- active members

(<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopsstatisticalbulletin/2017-09-20>)

(current employees who would normally contribute)

- pensioner members

(<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopsstatisticalbulletin/2017-09-20>)

(those receiving pension payments)

- members with preserved pension entitlements

(<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopsstatisticalbulletin/2017-09-20>)

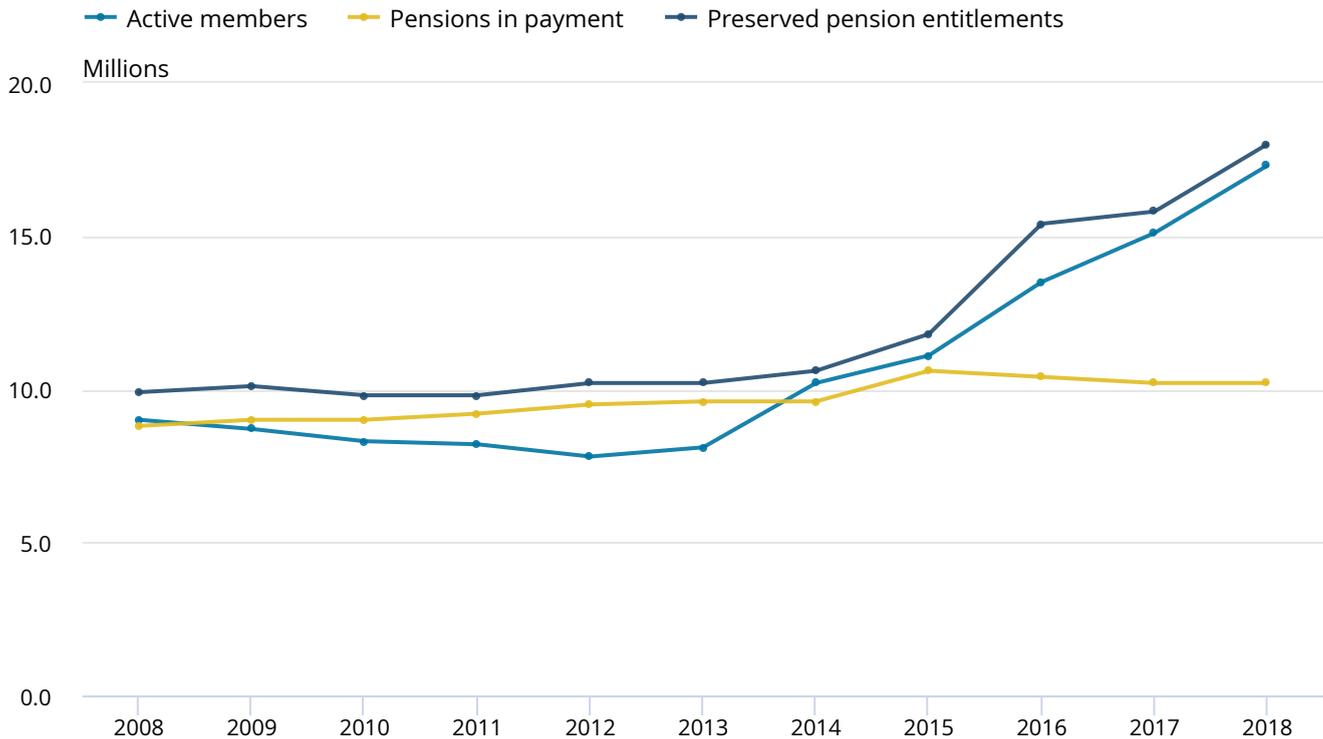
(members who are no longer actively contributing into the scheme but have accrued rights that will come into payment at some point in the future)

Please note that individuals may have more than one of these types of membership. For example, an individual may be in receipt of a pension from a former employer but still working and contributing to a pension. This person would appear in both the pensioner and active member categories. Similarly, an individual might be working and contributing to a scheme while being entitled to a preserved pension from a previous employer's scheme. This person would appear in both the active and preserved member categories. As such, the estimates of membership are not counts of individuals.

Overall estimated membership in 2018 was 45.6 million. Between 2017 and 2018, active (employee) members increased from 15.1 million to 17.3 million, members with preserved pension entitlements increased from 15.8 million to 18.0 million and the estimate of pensioner members is unchanged at 10.2 million (Figure 1).

Figure 1: Total membership of occupational pension schemes has increased since 2008

Membership of occupational pension schemes by membership type, UK, 2008 to 2018

**Source: Office for National Statistics - Occupational Pension Schemes Survey**

5. Active membership estimated at 17.3 million in 2018

The active members of an occupational pension scheme are those who are contributing to the scheme, or having contributions made on their behalf. They are usually current employees of the sponsoring employer. This release includes breakdowns of active membership by sector (public or private)

(<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopssstatisticalbulletin/2017-09-20>), benefit structure (defined benefit

(<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopssstatisticalbulletin/2017-09-20>) or defined contribution

(<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopssstatisticalbulletin/2017-09-20>)) and status (for example, open or closed)

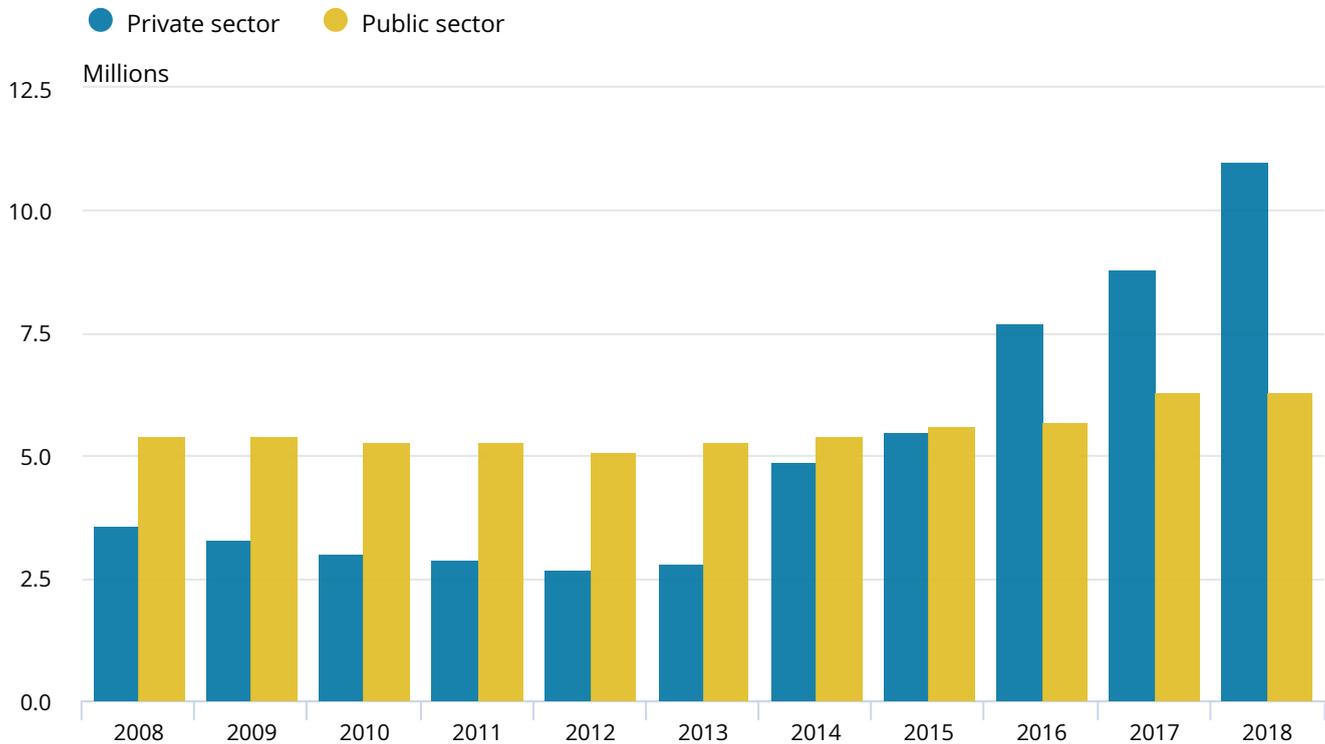
(<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopssstatisticalbulletin/2017-09-20>).

Active membership has increased in six consecutive years and grew from 7.8 million in 2012 (when workplace pension reforms began) to 17.3 million in 2018 (Figure 2). This increase, most evident in the private sector, is likely to be due to the impact of automatic enrolment.

Active membership in the private sector increased from 2.7 million to 11.0 million between 2012 and 2018. Active membership in the public sector increased from 5.1 million to 6.3 million over the same period.

Figure 2: Active members in both private and public sector schemes have increased annually since 2012

Active membership of occupational pension schemes by sector, UK, 2008 to 2018



Source: Office for National Statistics - Occupational Pension Schemes Survey

Workplace pensions consist of occupational and group personal pensions

(<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopssstatisticalbulletin/2017-09-20>).

According to the Annual Survey of Hours and Earnings (ASHE) pensions release, membership of occupational schemes accounted for around 70% of workplace pension membership in 2018.

Between 1991 and 2012, there was a slow but generally steady decrease in active membership. Some of this can be accounted for by the growth in the number of employees contributing to group personal pensions. The ASHE (<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2018provisionaland2017revisedresults>) release estimates that less than 1% of employees had a group personal pension in 1997. By 2018, this had risen to over 20%.

6. Rise in active membership of private sector schemes in 2018

Active membership of private sector defined contribution (DC) schemes, which has remained around 1.0 million since 2008 (Figure 3), rose to 3.2 million in 2014 and had subsequently increased to 9.9 million in 2018. This was caused by the rise in membership of open schemes (those that admitted new members – see Figure 4).

The rise in DC membership over recent years is due primarily to the workplace pension reforms. DC arrangements, particularly group personal pensions and the new DC master trusts have been the most common routes for employers to meet their new obligations under automatic enrolment. This is because, in DC schemes, members bear the risks as there is no guaranteed level of pension payment.

In contrast, in defined benefit (DB) schemes, the employer bears the investment risk and must pay out pensions at an agreed rate, regardless of the returns made on the invested contributions. DB schemes are, therefore, potentially less attractive to employers than providing a DC occupational or group personal pension.

Active membership of private sector DB schemes in 2018 was broadly comparable with 2017, at 1.1 million. The fall in active membership of DB schemes in recent years is linked to the rising costs of providing these pensions.

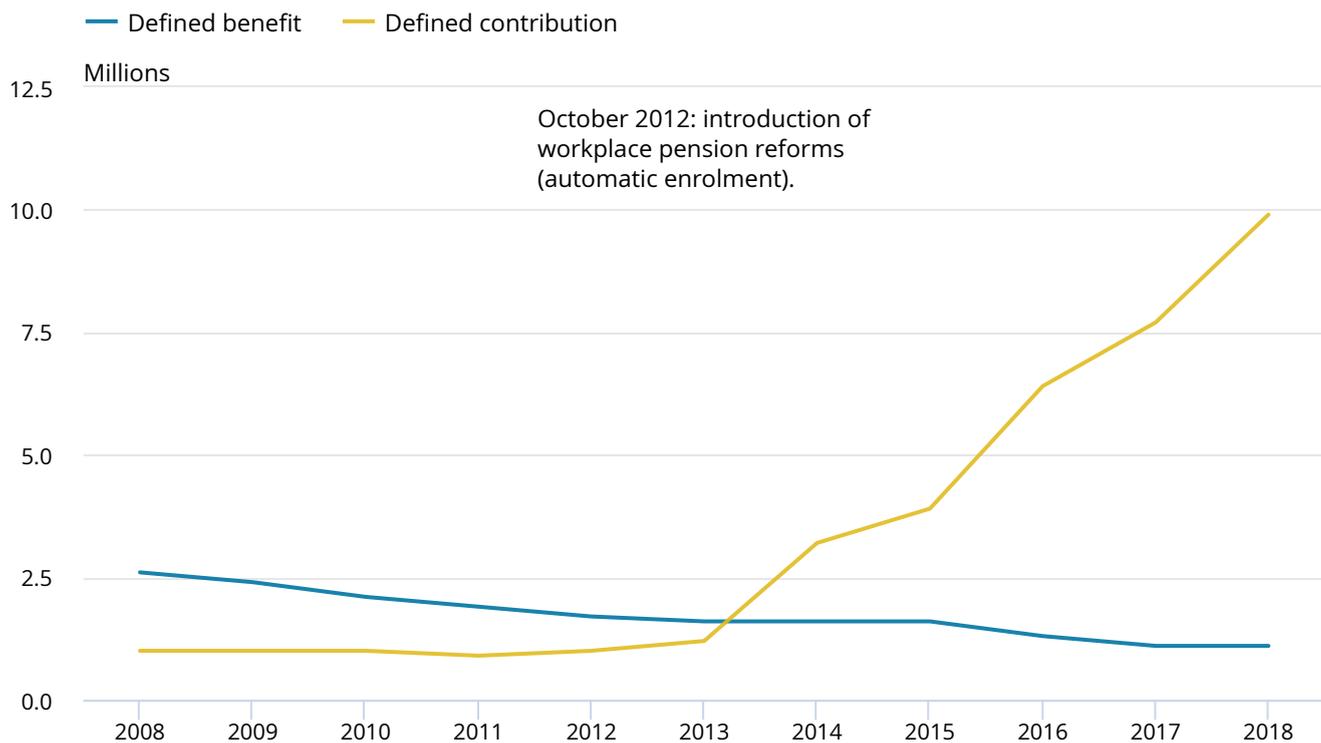
Active membership of private sector DB schemes in 2018 was broadly comparable with 2017, at 1.1 million. The fall in active membership of DB schemes in recent years is linked to the rising costs of providing these pensions. Active membership of open private sector DB schemes was 0.7 million in 2018, compared with 0.5 million in 2017.

Since automatic enrolment (AE) began, various master trust arrangements have become players in the pensions market, with provision typically on a DC basis. Master trusts involve a single provider managing a pension scheme for multiple employers under a single trust arrangement. One example of a master trust is the [National Employment Savings Trust](#)

(NEST) (<http://www.nestpensions.org.uk/>). NEST is a qualifying pension scheme, established under the [Pensions Act 2008](http://www.legislation.gov.uk/ukpga/2008/30/contents) (<http://www.legislation.gov.uk/ukpga/2008/30/contents>), to support the introduction of automatic enrolment.

Figure 3: Defined contribution schemes active membership has increased every year since 2011 while that for defined benefit schemes has decreased since 2008

Active membership of private sector occupational pension scheme by benefit structure, UK, 2008 to 2018



Source: Office for National Statistics - Occupational Pension Schemes Survey

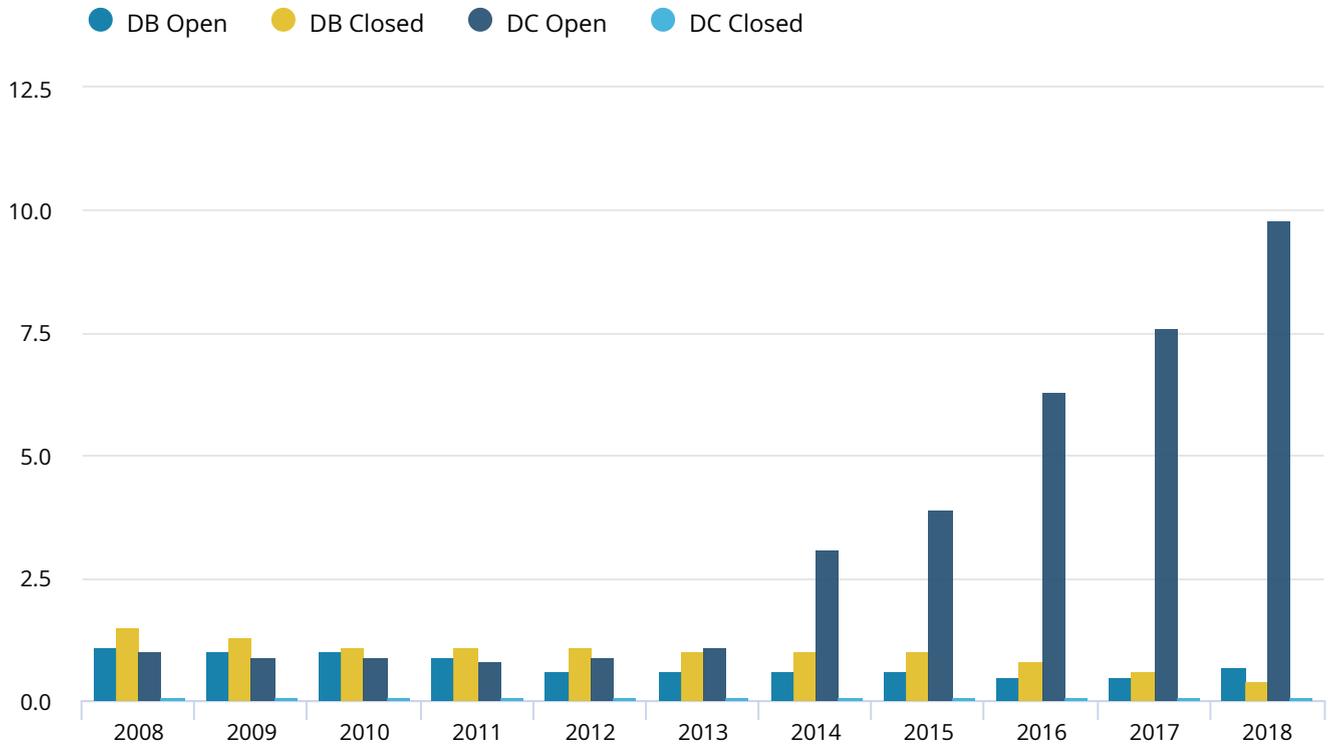
Some schemes have more than one section, offering benefits on a different basis to different groups of members

(<https://www.ons.gov.uk/economy/investmentspensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopssstatisticalbulletin/2017-09-20>). In

2018, in the private sector, 0.7 million or 63.6% of DB (active) members were in sections of schemes that remained open to new members, compared with 9.8 million or 99% of DC (active) members (Figure 4).

Figure 4: Membership of open defined benefit schemes increased between 2017 and 2018 while that for open defined contribution schemes has increased each year since 2011

Active membership of private sector occupational pension scheme by status and benefit structure, UK, 2008 to 2018



Source: Office for National Statistics - Occupational Pension Schemes Survey

Notes:

1. DB - Defined Benefit.
2. DC - Defined Contribution.

7. Pensioner members in receipt of occupational pensions estimated at 10.2 million in 2018

Pensioner members are those who are in receipt of pension payments. This section estimates the number of pensions in payment from UK occupational pension schemes in 2018. It includes pensions in payment to dependants, pension credit members (<https://www.ons.gov.uk/economy/investmentspensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemessurveyopssstatisticalbulletin/2017-09-20>) and those who are still working for the same employer (for example, where they are partially retired).

These estimates do not represent the total number of pensioners in the UK receiving benefits from occupational pension schemes because an individual pensioner may be in receipt of more than one pension. The estimates do not include annuities (or other retirement products), purchased by members of defined contribution (DC) occupational pension schemes upon retirement.

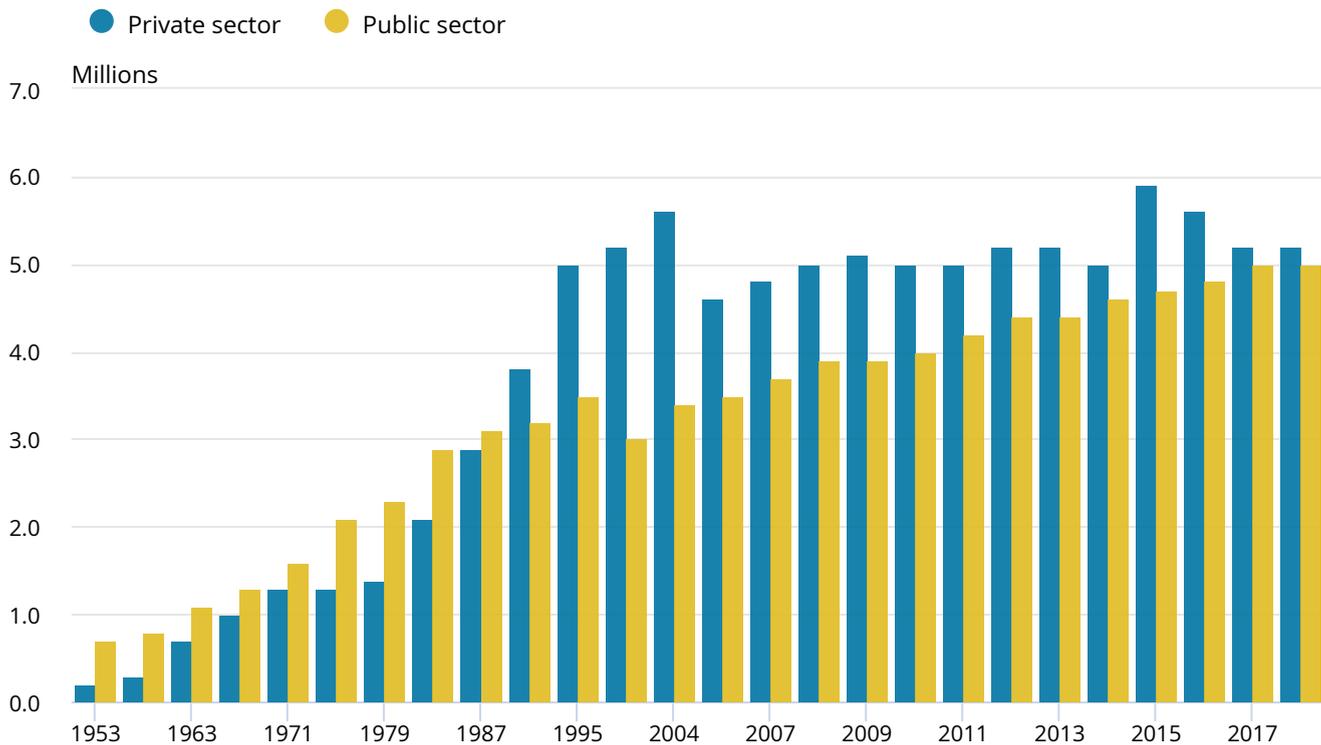
While it is not a direct comparison (for reasons mentioned previously and, for example, that people move between sectors or change employers), the increase in active membership in the 1950s and 1960s ([Table 2 in the datasets](#) (<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionsavingsandinvestments/datasets/occupationalpensionschemessurvey>)) should be broadly reflected in the current pensions in payment figures (Figure 5), as that cohort of employees retire.

While changes to methodology mean that comparisons over time should be treated with caution, the total number of occupational pensions in payment has risen, from 0.9 million in 1953 to 10.2 million in 2018. Estimates of pensions in payment in both the public and private sectors were unchanged from 2017 levels, reaching 5.0 million and 5.2 million respectively.

The trend in the number of private sector pensions in payment, while generally linked to the number of active and deferred members reaching retirement age and the numbers of pensioner members passing away, may also have been influenced in recent years by the [pension flexibilities \(https://www.gov.uk/government/publications/pension-flexibility-new-options-from-6-april-2015/pension-flexibility-new-options-from-6-april-2015\)](https://www.gov.uk/government/publications/pension-flexibility-new-options-from-6-april-2015/pension-flexibility-new-options-from-6-april-2015) introduced in 2015. These reforms primarily changed how DC members could access their pension, but also affected the number of DB members likely to transfer their entitlements to a DC arrangement in order to exploit the new flexibilities. This may have been a contributing factor to the recent fall in the estimate of DB pensions in payment – from a peak of 5.8 million in 2015 to 5.1 million in 2018.

Figure 5: Overall increase in pensions in payment between 1953 and 2018

Number of pensions in payment for occupational pension schemes by sector, UK, 1953 to 2018



Source: Office for National Statistics - Occupational Pension Schemes Survey

Notes:

1. This is not a continuous time series.
2. Due to changes in the definition of the private and public sectors, estimates for 2000 and onwards differ from earlier years.
3. The 2005 survey did not cover the public sector and is therefore not included.
4. Changes to methodology for 2006 onwards mean that comparisons with earlier years should be treated with caution.
5. Changes to the part of the questionnaire used to estimate pensions in payment in 2008 mean that comparisons with 2007 and earlier should be treated with caution.

8. Increase in preserved pension entitlements (deferred members) in 2018

When active employee members cease working for the scheme's sponsoring employer, they usually have a choice of what to do with the benefits accrued in the scheme. The default position for members is generally a preserved pension entitlement, where the rights remain in the scheme and a pension comes into payment at normal pension age. However, a short service refund may (depending on scheme rules) be offered for members with less than two years' service in a defined benefit (DB) scheme and fewer than 30 days service in a defined contribution (DC) scheme.

These estimates do not represent the number of individuals with preserved pension entitlements but show the number of preserved pensions. The estimates also include dependants and pension credit members

(<https://www.ons.gov.uk/economy/investmentspensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopsstatisticalbulletin/2017-09-20>) who have a preserved pension entitlement

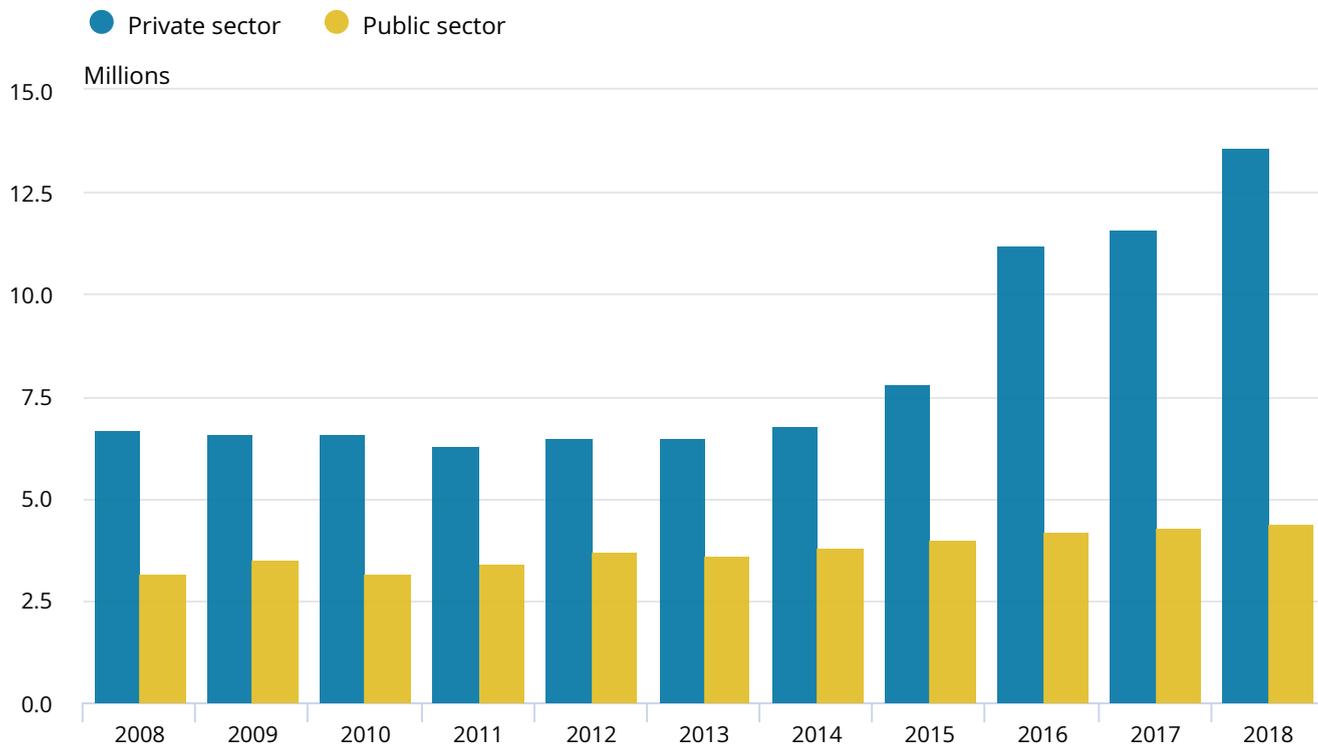
(<https://www.ons.gov.uk/economy/investmentspensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopsstatisticalbulletin/2017-09-20>) and those still working for the employer (this may occur when an employer stops provision or changes to a different type).

The total number of preserved pension entitlements increased from 15.8 million in 2017 to 18.0 million in 2018 (Figure 6). The increase occurred mainly in the private sector (from 11.6 million to 13.6 million) with a smaller increase in the public sector (from 4.3 million to 4.4 million).

Changes in preserved pension entitlements may be affected by automatic enrolment. For example, if employers close existing schemes and move all their eligible employees to a new scheme based on the automatic enrolment qualifying criteria, these employees will appear in the estimates of both active and preserved members. This may, therefore, have had a bearing on the increase in numbers of preserved pension entitlements.

Figure 6: The total number of preserved pension entitlements increased between 2017 and 2018

Number of preserved pension entitlements in occupational pension, UK, 2008 to 2018



Source: Office for National Statistics - Occupational Pension Schemes Survey

9. Average contribution rates in private sector occupational pension schemes

Contribution rate questions are only asked of Occupational Pension Scheme Survey (OPSS) respondents in the private sector. Information on rates in the public sector is not collected as it is already publicly accessible, for example, from individual scheme resource accounts.

Most member (employee) and employer contributions are made as a percentage of salary, excluding bonuses. However, fixed amount payments can be made as part of the schedule of normal (or regular) contributions.

On the other hand, when schemes make “special” cash payments (for example, to address a deficit in a defined benefit (DB) scheme’s liabilities), these payments are not considered normal contributions and information on such payments is not collected by the survey. However, in cases where the scheme has set out a “recovery plan” with the regulator (<http://www.thepensionsregulator.gov.uk/trustees/db-recovery-plans.aspx>), they may then consider these regular contributions as “normal”. This would affect the level of DB employer contribution rates being reported.

By law, under automatic enrolment, minimum pension contributions are required to increase over time on set dates. Table 1 shows the minimum contributions that employers who set up a defined contribution (DC) scheme for automatic enrolment must pay, and the date when they must increase. Minimum levels for contributions were initially set in October 2012 with subsequent contribution increases phased in with effect from 6 April 2018 and 6 April 2019.

Table 1: Automatic enrolment - phased minimum contribution rates

Date effective	Employer minimum contribution	Staff contribution	Total minimum contribution
6 April 2019 onwards	3%	5%	8%
Previous rates, from 6 April 2018 to 5 April 2019	2%	3%	5%
Historic rates, up until 5 April 2018	1%	1%	2%

Source: The Pensions Regulator

Estimates for 2018 broadly show an increase in contribution rates when compared with 2017. The only exception to this being employer contribution rates in DB schemes, where the average contribution rate was unchanged in 2018, remaining at 19.2%. As in previous years, private sector DB schemes had higher contribution rates than DC schemes in 2018 (Figure 7).

For private DB schemes, the average total contribution rate was 25.6% of pensionable earnings, split between members (6.4%) and employers (19.2%).

For private DC schemes, the average total contribution rate was 5.0% of pensionable earnings, split between members (2.7%) and employers (2.4%). This was the first time since the start of this time series in 2010 that the average contribution of members exceeded that of employers and this is likely to be due to the impact of the pension reforms.

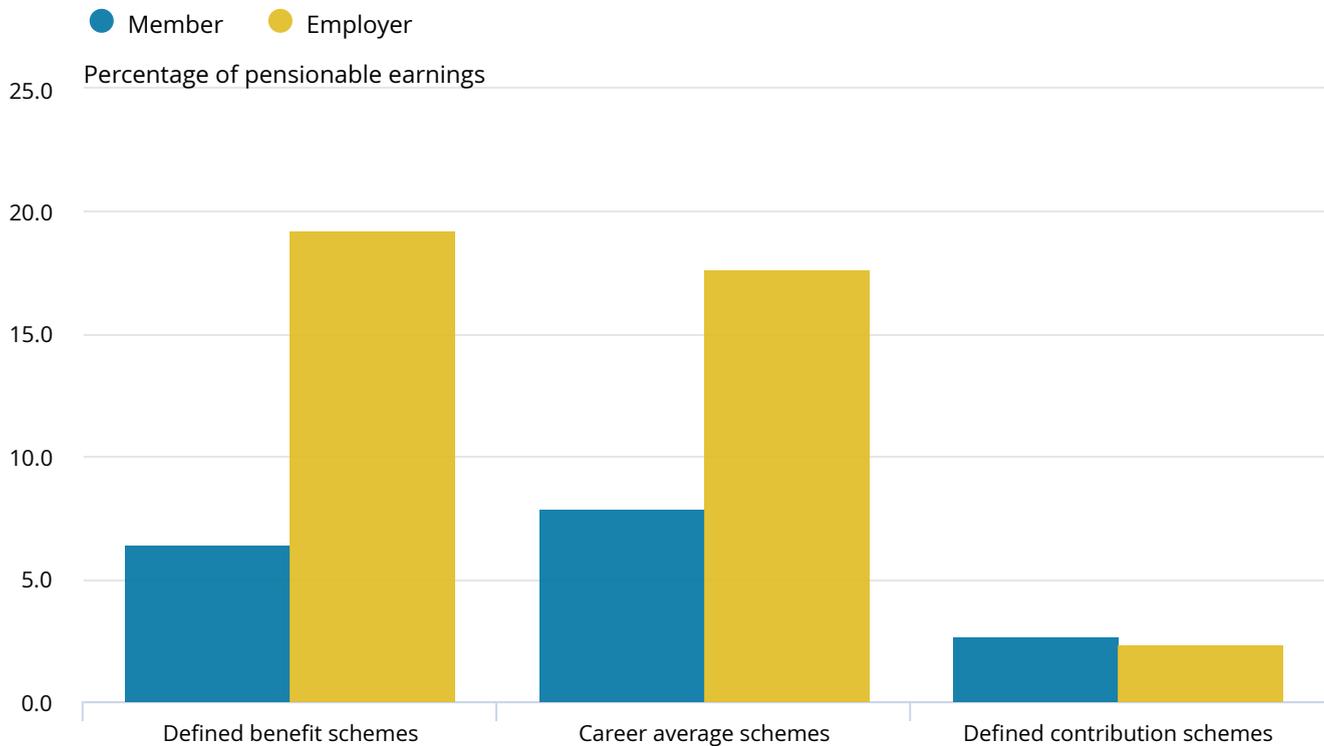
In private sector career average schemes

(<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/articles/backgroundinformationontheoccupationalpensionschemesurveyopssstatisticalbulletin/2017-09-20>)

(revalued in line with prices), the average employer contribution rate in 2018 was 17.7% compared with 19.2% for all DB schemes. In contrast, average member contribution rates in career average schemes (7.9%) were higher than the average rate for all DB schemes (6.4%).

Figure 7: Member and employer average contribution rates in defined contribution schemes lower than those in defined benefit schemes

Weighted-average contribution rates to private sector occupational pension schemes by benefit structure and contributor, UK, 2018



Source: Office for National Statistics - Occupational Pension Schemes Survey

Notes:

1. Estimates for Defined benefit schemes include all Career average schemes.
2. Includes schemes where standard contributions were zero.
3. Excludes normal contributions paid as fixed amounts.
4. Includes rates for open, closed and frozen schemes.
5. Excludes schemes with fewer than 12 members.
6. Estimates for Defined benefit schemes include Career average schemes.
7. Career average schemes estimated here refer only to those revalued in line with prices (see [Pension Trends glossary](http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/rel/pensions/pension-trends/no--1--2005-edition/pension-trends--glossary.pdf) (<http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/rel/pensions/pension-trends/no--1--2005-edition/pension-trends--glossary.pdf>)).

8. Weighted-average contribution rates across all schemes were calculated based on the estimates for numbers of active members contributing at each rate. For example, if a scheme had a group of 50 active members contributing at 4% and another group of 100 active members contributing at 6 %, then the scheme's weighted-average contribution rate would be 5.3%.

10. Quality and methodology

The Occupational Pension Schemes Survey (OPSS) [Quality and Methodology Information report](#)

(<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionsavingsandinvestments/methodologies/occupationalpensionschemessurveyqmi>)

contains important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

Standard errors for the main membership and contribution rate estimates are available in the [associated datasets](#)

(<http://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionsavingsandinvestments/datasets/occupationalpensionschemessurveystandarderrors>), along with response rates.

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