

Statistical bulletin

# Funded occupational pension schemes in the UK: October to December 2021

Quarterly estimates of membership, income and expenditure, transactions, assets and liabilities of UK-funded occupational pension schemes from the Financial Survey of Pension Schemes (FSPS). Forms part of the UK National Accounts and Balance of Payments.

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# 1 . Main points

- For the first time in this publication, overseas direct investments and overseas assets by country are published.
- At end-Quarter 4 (Oct to Dec) 2021, 55% of overseas direct investment holdings in long-term debt securities and 54% of overseas equities were from the United States.
- At end-Quarter 4 2021, 75% of direct investment in equities were overseas, whereas 7% of direct investment in central government bonds were overseas.
- Active membership of private sector defined contribution schemes increased by 200,000 members from 30 September to 31 December 2021.
- From the end of September 2021 to the end of December 2021, total gross assets excluding derivatives increased by 4% from £2.7 trillion to £2.8 trillion.

## 2 . Summary

Table 1 provides a summary of UK funded occupational pension schemes (FSPS), split by scheme type for membership, benefits, contributions and the three main asset classes held: pooled investment vehicle (PIV) holdings, direct investments, and insurance policies assets. The table allows for comparison by presenting the first time period of published data from the FSPS for Quarter 3 (July to Sept) 2019, along with the two most recent published time periods Quarter 3 2021 and Quarter 4 (Oct to Dec) 2021.

Table 2 illustrates overall assets, liabilities and derivatives of UK funded occupational pension schemes for the outlined time periods.

Table 1: Summary table by scheme type, UK, Quarter 3 2019 to Quarter 4 2021  
UK, Quarter 3 2019 to Quarter 4 2021

		Private sector DC			Private sector DBH			Public sector DBH		
	Units	Q3 2019	Q3 2021	Q4 2021	Q3 2019	Q3 2021	Q4 2021	Q3 2019	Q3 2021	Q4 2021
<b>Total membership</b>	<b>Million (number of people)</b>	21.68	25.60	26.65	11.55	10.52	10.35	6.69	7.04	6.82
<b>Total contributions</b>	<b>£ Million</b>	5,362	5,812	6,182	7,088	5,622	6,271	2,653	2,950	3,039
<b>Total benefits</b>	<b>£ Million</b>	402	565	589	12,678	12,599	12,659	3,559	3,940	3,954
<b>Total Pooled Investment Vehicles</b>	<b>£ Billion</b>	134	200	223	743	749	756	224	296	309
<b>Total Direct Investments</b>	<b>£ Billion</b>	4	20	19	1,088	1,113	1,136	178	188	197
<b>Total Insurance Policies</b>	<b>£ Billion</b>	1	1	1	96	129	150	2	2	2

Source: Office for National Statistics –Financial Survey of Pension Schemes

### Notes

1. DBH equals defined benefit and hybrid
2. DC equals defined contribution. For definitions, see the full glossary. ,For benefits and contributions, each time period relates to estimates over the quarter (for instance, Quarter 3 2019 is from July to September 2019). ,For membership, pooled investment vehicles, direct investments and insurance policies, each time period relates to estimates at the end of the period (for instance for Quarter3 2019, this is 30 September 2019).

Table 2: Assets and liabilities of UK pension schemes, UK, £ billion, 30 September 2019 to 31 December 2021  
UK, 30 Sept 2019 to 31 Dec 2021

	<b>Q3 2019</b>	<b>Q3 2021</b>	<b>Q4 2021</b>
<b>Gross assets excluding derivatives</b>	2468	2699	2793
<b>Gross liabilities other than pension liabilities, excluding derivatives</b>	193	220	218
<b>Derivatives contracts with a positive (asset) value</b>	..	300	278
<b>Derivatives contracts with a negative (liability) value</b>	..	300	268
<b>Net assets excluding derivatives or 'market value of pension funds'</b>	2275	2479	2574
<b>Gross assets including derivatives contracts with a positive (asset) value</b>	2468	2999	3071

Source: Office for National Statistics –Financial Survey of Pension Schemes

#### Notes

1. .. equals data not available.
2. Components may not equal totals. ,Each time period relates to estimates at the end of the period (for instance for Quarter 3 2019, this is 30 September 2019).

### 3 . Private Sector Defined Contribution (DC) Schemes

## Membership

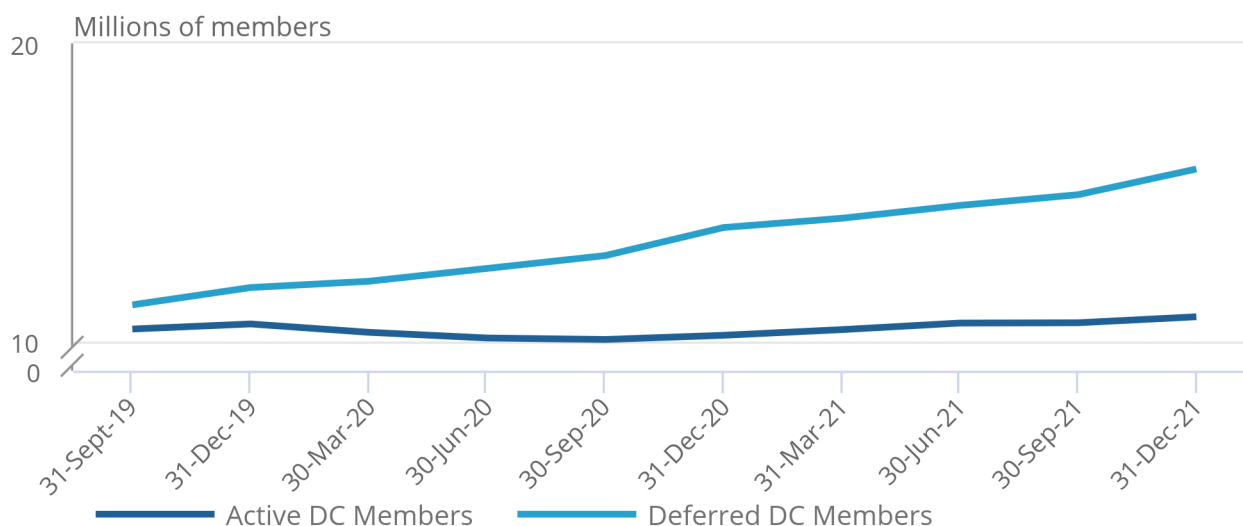
Figure 1 shows active and deferred membership in private sector defined contribution (DC) schemes from the end of September 2019 to the end of December 2021. At the end of December 2019, active membership was at 10.60 million. This was similar to the first half of 2021 where active membership was estimated at 10.63 million. At the end of December 2021, we saw an increase in active defined contribution membership comparable with before the beginning of the coronavirus (COVID-19) pandemic. This 2% (or 200,000) increase reflects what is currently being observed in our [Earnings and employment from Pay As You Earn Real Time Information, UK: June 2022 bulletin](#), where payrolled employees rose by approximately 200,000 from the end of September 2021 to the end of December 2021.

**Figure 1: Membership of private sector defined contribution schemes by membership type**

UK, 30 September 2019 to 31 December 2021

### Figure 1: Membership of private sector defined contribution schemes by membership type

UK, 30 September 2019 to 31 December 2021



Source: Office for National Statistics –Financial Survey of Pension Schemes

**Notes:**

1.DC equals defined contribution.

Private sector DC deferred members have continually increased every quarter over the entire published time series. Each quarter sees fewer new DC pensioner members in comparison with inflows of deferred members, which could occur because of individual changes to employment. Please note that DC pensioner members are those that have purchased an annuity with their pension provider upon becoming a pensioner member.

For a full membership split by type in private sector DC schemes, please see our [accompanying dataset](#).

## Contributions

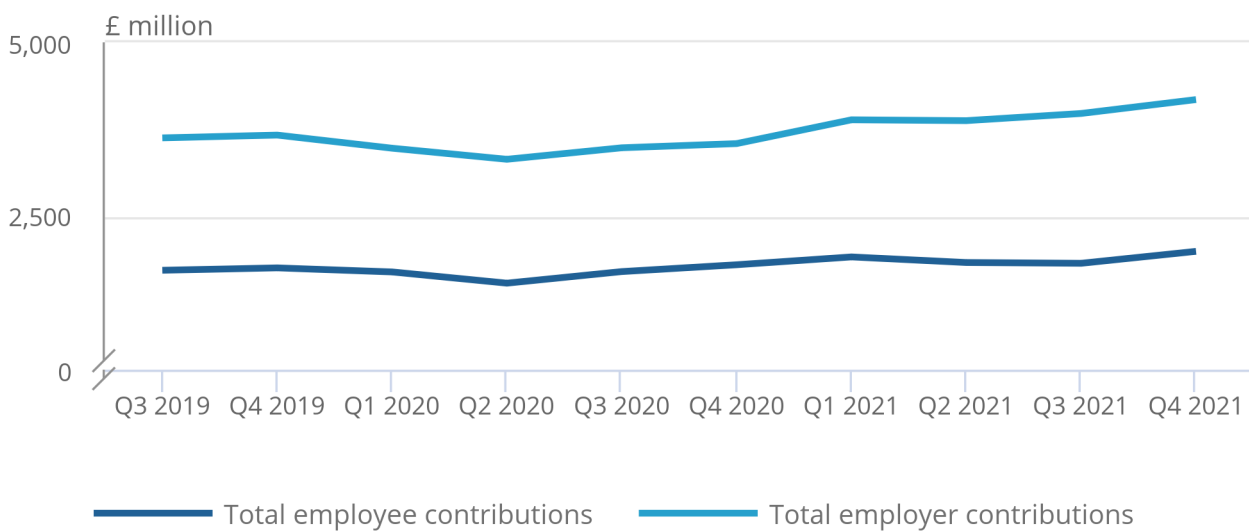
Figure 2 shows that employee and employer contributions for private sector defined contribution schemes increased compared with the previous quarter. Employee contributions increased by 9% to over £2.0 billion. Similarly, employer contributions increased by 5% to over £4.1 billion. As seen in Figure 1, DC active membership increased in the same period, and all other things being equal, more employees in the workforce will increase contributions from both employee and employer.

### Figure 2: Private sector defined contribution, employee and employer contributions

UK, Quarter 3 (July to Sept) 2019 to Quarter 4 (Oct to Dec) 2021

#### Figure 2: Private sector defined contribution, employee and employer contributions

UK, Quarter 3 (July to Sept) 2019 to Quarter 4 (Oct to Dec) 2021



Source: Office for National Statistics –Financial Survey of Pension Schemes

#### Notes:

1. Employee contributions to defined contribution DC schemes include tax relief at source, that is, amounts claimed by the scheme from HM Revenue and Customs in respect of tax relief on members' pension contributions.

## Assets

At end December-2021, all scheme types included in the Funded occupational pension schemes bulletin had assets of between £2.6 trillion (market value of pension funds) and £3.1 trillion (gross assets including derivatives contracts with a positive asset value) – depending on the measure used. From the end of September 2021 to the end of December 2021, total gross assets excluding derivatives increased by 4% from £2.7 trillion to £2.8 trillion (see Table 2).

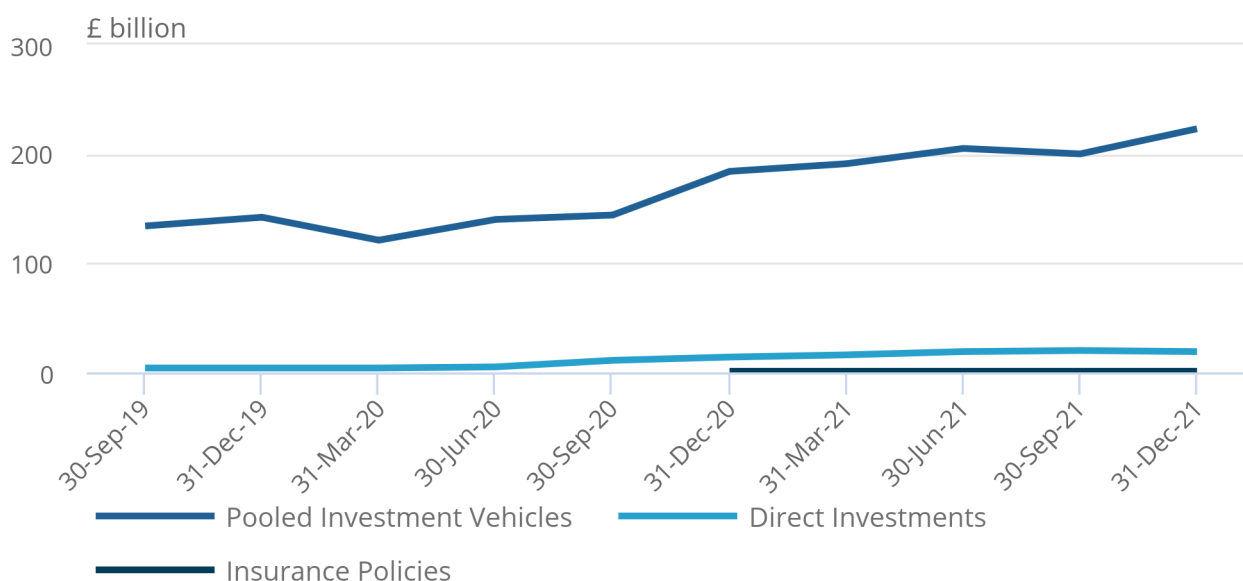
At the end of December 2021, £223.0 billion of private sector DC investments were made using pooled investment vehicle (PIV) holdings, which is an increase of 12% when compared with end-September 2021. In contrast, between 30 June and 30 September 2021, there was a decrease of 2% in the amount of investment in PIV holdings (Figure 3). The Quarter 4 (Oct to Dec) 2021 assets increases occurred during a buoyant period in the financial markets; the [FTSE all-share index](#) rose by 4% while the [S&P Composite 1500](#) rose by 10% over the quarter.

**Figure 3: Breakdown of main asset class type, private sector defined contribution schemes**

UK, 30 September 2019 to 31 December 2021

### Figure 3: Breakdown of main asset class type, private sector defined contribution schemes

UK, 30 September 2019 to 31 December 2021



Source: Office for National Statistics –Financial Survey of Pension Schemes

#### Notes:

1. For definitions of the terms used, please see Glossary section in the UK pension surveys: redevelopment and 2019 results and the FSPS questionnaire by following the following links: [UK pension surveys: redevelopment and 2019 results](#) [FSPS questionnaire](#)

## 4 . Private sector defined benefit and hybrid (DBH) schemes

## Contributions

Over the time series of the funded occupational pension schemes (FSPS) data for private sector defined benefit hybrid (DBH) schemes, employers contributing to private sector DBH schemes accounted for at least 94% of total contributions made (Figure 4).

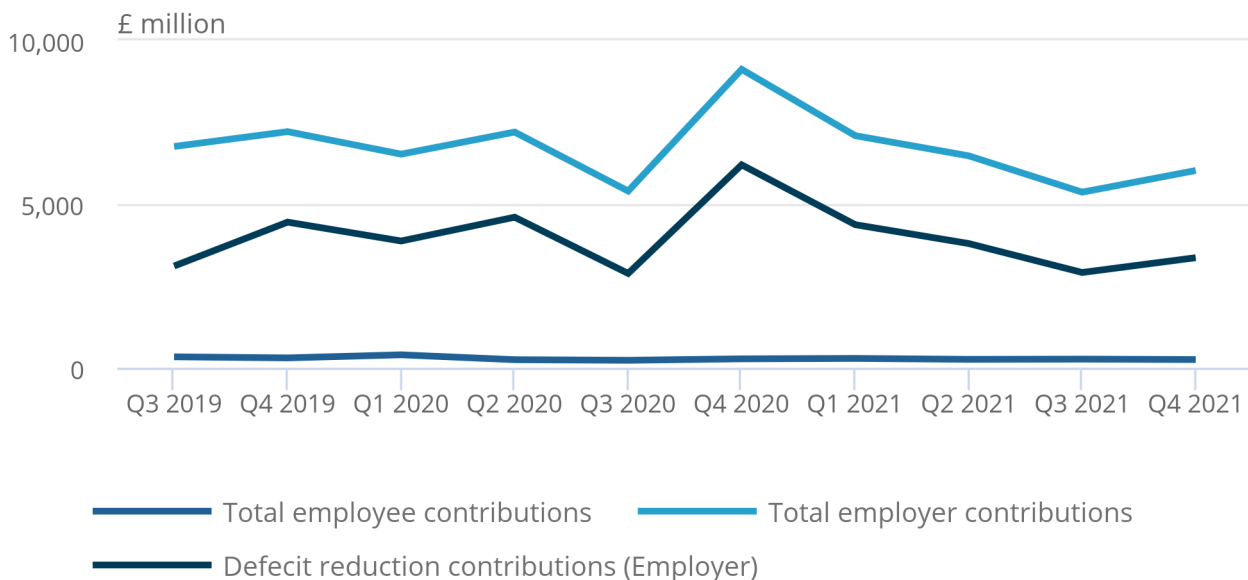
In Quarter 4 (Oct to Dec) 2021, of total employer contributions, £3.36 billion (56%) were deficit reduction contributions (DRCs). There was an increase in DRCs from Quarter 3 (July to Sept) to Quarter 4 in 2019, 2020 and 2021 reflecting the way these types of payments are made within the annual cycle of a pension scheme. Here, schemes may undertake funding assessments and DRCs at year end to address any new or ongoing underfunding.

**Figure 4: Private sector defined benefit and hybrid, employee and employer contributions**

UK, Quarter 3 (July to Sept) 2019 to Quarter 4 (Oct to Dec) 2021

### Figure 4: Private sector defined benefit and hybrid, employee and employer contributions and employer contributions

UK, Quarter 3 (July to Sept) 2019 to Quarter 4 (Oct to Dec) 2021



Source: Office for National Statistics –Financial Survey of Pension Schemes



## Assets

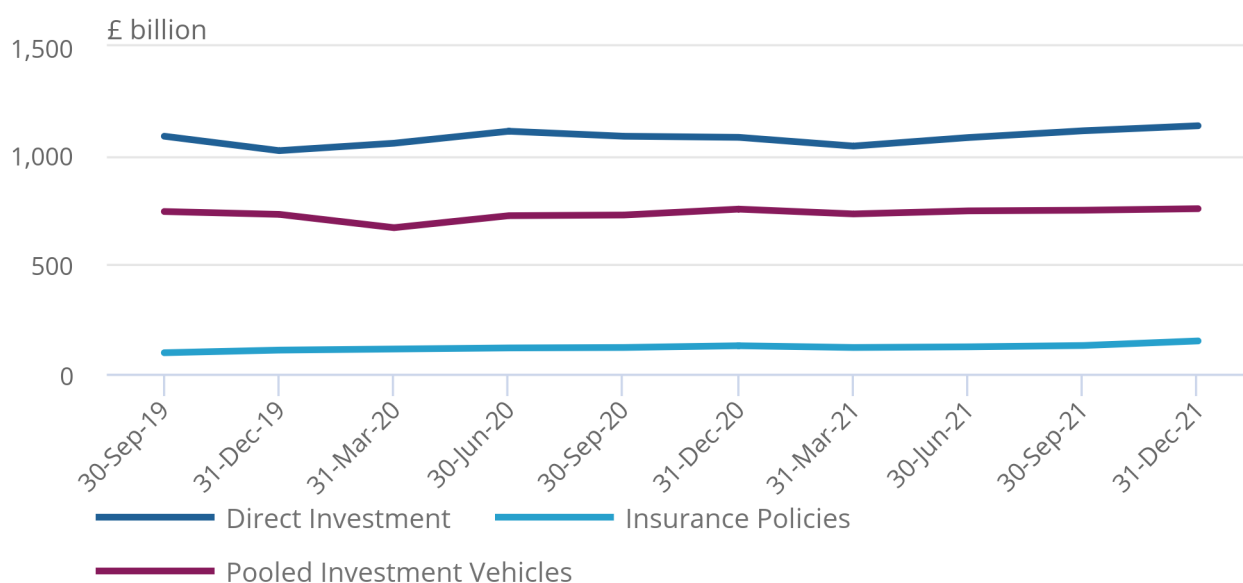
The composition of investment strategies by private sector employee DBH schemes has remained consistent over the FSPS time series. As can be seen in Figure 5, at the end of December 2021, £1,136 billion (56%) of private sector DBH schemes' investments were direct investments. However, insurance policies assets had increased by 16% to £150 billion by end-December 2021, continuing the increasing trend of private sector DBH schemes securing their members' benefits.

**Figure 5: Breakdown of main asset class type, private sector defined benefit and hybrid schemes**

UK, 30 September 2019 to 31 December 2021

### Figure 5: Breakdown of main asset class type, private sector defined benefit and hybrid schemes

UK, 30 September 2019 to 31 December 2021



Source: Office for National Statistics –Financial Survey of Pension Schemes

#### Notes:

1. For definitions for pooled investment vehicles, direct investments and insurance, see the full [Glossary](#).

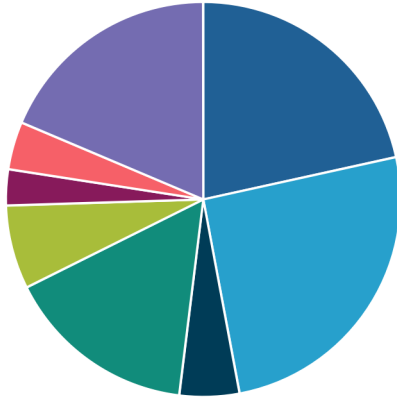
In Quarter 4 2021, private sector DBH Schemes held £756 billion in pooled investment vehicle (PIV) holdings (Figure 6). The investments of private sector DBH schemes, at the end of December 2021, were mainly in fixed interest (26%) and equity (22%), closely followed by other (or unknown) investments (19%) and mixed assets (16%).

## Figure 6: Asset classes held in pooled vehicles by private sector defined benefit and hybrid schemes

UK, 31 December 2021

### Figure 6: Asset classes held in pooled vehicles by private sector defined benefit and hybrid schemes

UK, 31 December 2021



Source: Office for National Statistics –Financial Survey of Pension Schemes

#### Notes:

1. Components do not sum to total because of rounding.
2. "Other" includes commodity, energy, with profits funds and unknown elements.

Please note, a breakdown for investments in financial instruments using PIV holdings is available for all scheme types in the reference table (dataset).

## 5 . Public sector defined benefit and hybrid (DBH) schemes

## Assets

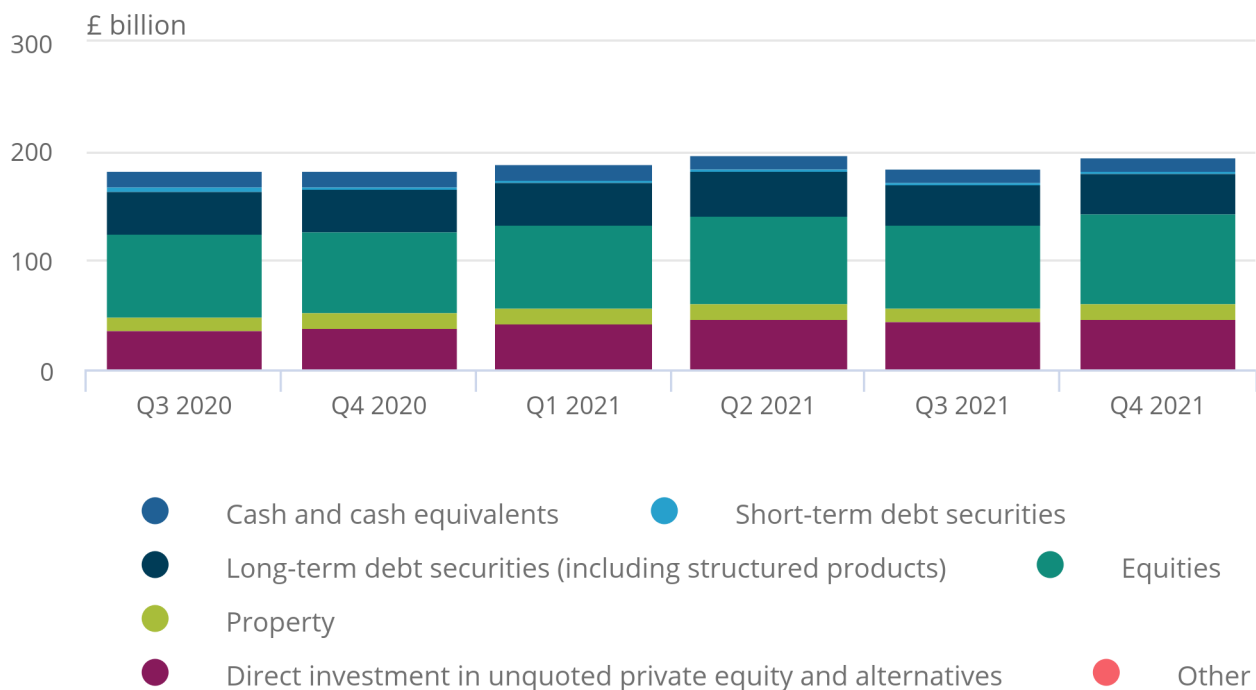
Figure 7 displays the composition of total direct investments held by public sector defined benefit hybrid (DBH) schemes. At the end of December 2021, less than one-quarter of public sector DBH schemes' direct investments were in long-term debt securities (including structured products). Equities accounted for 42% of the total and unquoted private equity and alternatives for 23%, suggesting more “growth-orientated” investment strategies.

**Figure 7: Composition of direct investments of public sector employee schemes**

UK, 31 December 2021

### Figure 7: Composition of direct investments of public sector employee schemes

UK, 31 December 2021



Source: Office for National Statistics –Financial Survey of Pension Schemes

**Notes:**

1. Direct investments are defined in the full [Glossary](<https://www.ons.gov.uk/economy/investmentpensionsandtrusts/bulletins/fundedoccupationalpensionschemesintheuk/octobertodecember2021#glossary>).
2. Long-term debt securities include structured products.

## 6 . Overseas assets

The two new sections on the funded occupational pension schemes (FSPS) [reference table](#) present the total overseas value of direct investment assets by asset type, along with overseas assets by country for short-term and long-term debt securities, equities, and pooled investment vehicles.

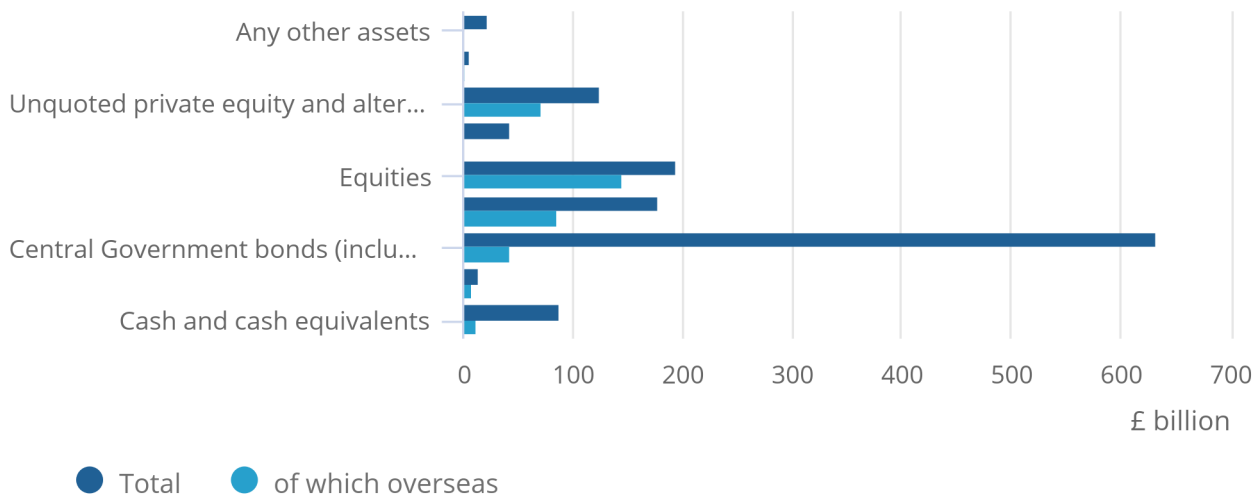
Figure 8 illustrates the total and overseas direct investments by asset type for end-December 2021. Here, equities hold the highest proportion of overseas direct investments relative to its total (75%), followed by unquoted private equity and alternatives (57%) and short-term debt securities (57%). Of the largest direct investment asset holding (central government bonds), 93% are UK government gilts and 7% are overseas. As can be seen in the [reference table](#), the compositions of overseas assets have remained relatively stable throughout the timeseries of the FSPS. Although, there was increased direct investment in overseas central government bonds at the end of December 2021 compared with the end of September 2021 (increasing from £36 billion to £42 billion).

**Figure 8: Total direct investment assets and of which overseas**

UK, 31 December 2021

Figure 8: Total direct investment assets and of which overseas

UK, 31 December 2021



Source: Office for National Statistics –Financial Survey of Pension Schemes

Notes:

1. Direct investments are defined in the full [Glossary](#).
2. Long-term debt securities include structured products.

Figures 9 and 10 show the composition of direct investment overseas long-term debt securities and equities assets by country at end-December 2021. Here, the top nine countries and “other” are included. For overseas direct investment in long-term debt securities and equities, 55% and 54%, respectively, were in the United States. For equities, there were significant Japanese holdings (7%).

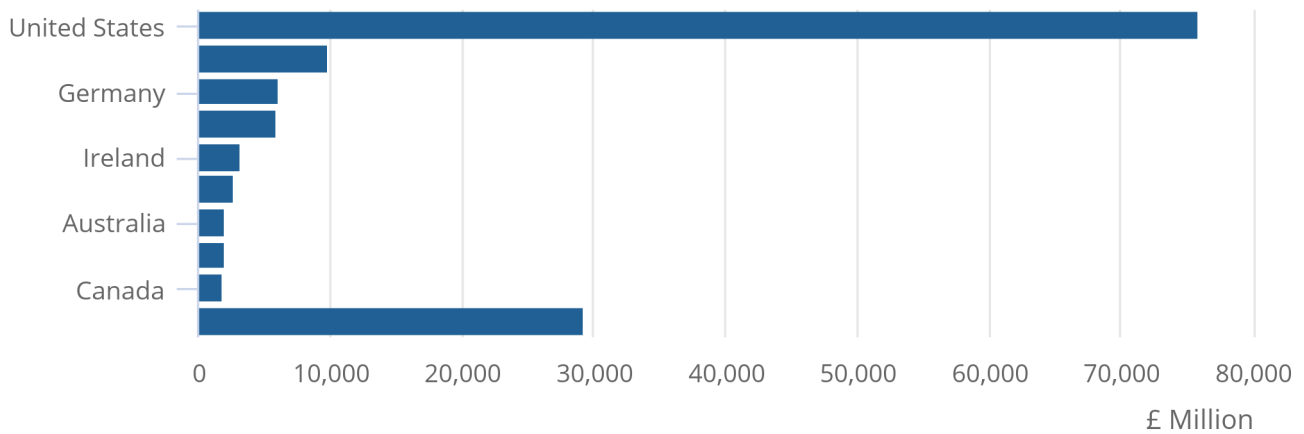
For both asset types, the investment in Russian Federation long-term debt securities and equities is also listed within the reference table (dataset). Both make up a small percentage of total investment (£493 million for long-term debt securities, £452 million for equities). As can be seen in the [reference table](#), investment in Russian Federation long-term debt securities fell from £832 million to £493 million from end-December 2020 to end-December 2021.

**Figure 9: Composition of assets in direct investment overseas long-term debt securities by country**

UK, the end of December 2021

Figure 9: Composition of assets in direct investment overseas long-term debt securities by country

UK, the end of December 2021



Source: Office for National Statistics –Financial Survey of Pension Schemes

**Notes:**

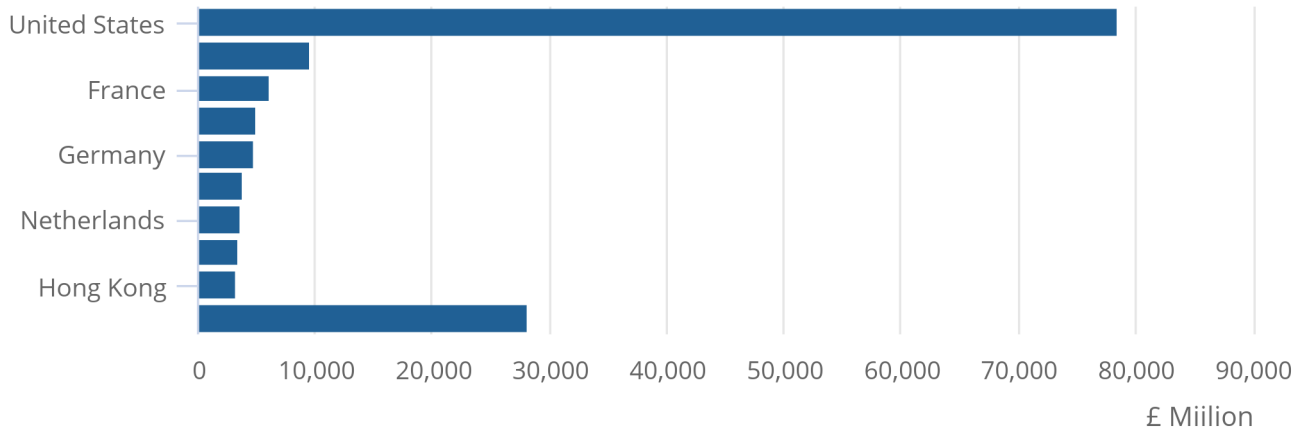
1. Long-term debt securities include central government bonds and corporate bonds.

## Figure 10: Composition of assets in direct investment overseas equities by country

UK, the end of December 2021

### Figure 10: Composition of assets in direct investment overseas equities by country

UK, the end of December 2021



Source: Office for National Statistics –Financial Survey of Pension Schemes

Please note that a country split of assets invested using pooled vehicles is not available. A full value breakdown by country for end-December 2019, 2020, and 2021 is available from the [reference table](#) for the direct investment assets previously stated.

## 7 . Funded occupational pension schemes data

[Funded occupational pension schemes in the UK](#)

Dataset | Released 23 June 2022

Provisional data on membership, contributions, benefits, and balances of funded occupational pension schemes in the UK: October to December 2021.

## 8 . Glossary

### Active members

Members of pension schemes who are current employees and are either contributing to the scheme themselves or having contributions made on their behalf (for instance by their employer).

## Cash and cash equivalence

As per the guidance on the funded occupational pension schemes (FSPS) questionnaire, reporting within cash and cash equivalents includes the following categories: cash and deposits, reverse repurchase agreements, short-term loans, and long-term loans.

## Deferred members

Members of pension schemes who have accrued rights to pensions that will come into payment in future but who are no longer actively contributing (or having contributions paid on their behalf) into the scheme. Also known as members with preserved pension entitlements.

## Deficit reduction contributions (DRCs)

These are additional payments made by the sponsoring employer to reduce the shortfall of funding in a defined benefit and hybrid pension scheme. These payments to the pension scheme are additional to the regular ongoing funding contributions.

## Defined benefit (DB)

These pension schemes are ones in which the rules of the scheme specify the rate of benefits to be paid. A common DB scheme is a final salary scheme in which the benefits are based on the number of years of pensionable service, the accrual rate and the final salary. An alternative DB arrangement is the final salary scheme is the Career Average Revalued Earnings (CARE) scheme.

## Defined contribution (DC)

These pension schemes are ones in which the benefits are determined by the contributions paid, the investment return on those contributions (less charges) and the type of annuity purchased upon retirement, if any. It is also known as a money purchase pension.

## Government managed pension schemes

Schemes [classified](#) as having the “pension manager” in the government sector (S.13) of the national accounts. In such cases, the government sector (central and local government) is judged to be ultimately responsible for the schemes’ pension obligations (the “pension manager”) even if the government sector is not responsible for scheme administration (the “pension administrator”).

## Pensioner members

Members of pension schemes who are receiving pensions or income withdrawals; sometimes known as beneficiaries.

A [full glossary](#) of terms is available.

# 9 . Measuring the data

## Weighting and estimation

Information on the sampling and weighting and estimation methods for the funded occupational pension [schemes](#) (FSPS) can be found in Section 5 of [UK pension surveys: redevelopment and 2019 results](#).

## Revisions

A [National Accounts Revisions Policy](#) is available to assist users with their understanding of the cycle and frequency of data revisions. You are strongly advised to read this policy before using these data for research or policy-related purposes. Please note that all four quarters of 2019 will now not be subject to revisions. Data has been revised, partly because of late survey returns, and partly because of disaggregate data revisions. Please note that all four quarters of 2019 will now not be subject to revisions.

## Survey coverage

The Office for National Statistics (ONS) replaced the MQ5 Pension Funds Survey (PFS) with the Financial Survey of Pension Schemes (FSPS) from Quarter 2 (Apr to June) 2019. The FSPS is a quarterly survey that collects data on membership, income and expenditure, transactions, assets and liabilities of UK funded occupational pension schemes.

In practice, this means that all occupational schemes for private sector employees are in the survey, but the survey does not include all occupational schemes for public sector employees: funded schemes for public sector employees such as the Local Government Pension Scheme (LGPS) are included, but unfunded schemes such as those for civil servants, teachers and NHS staff are not.

## Breakdowns

We present results for pension schemes for private sector employees (including those covered by the Pension Protection Fund) versus those for public sector employees; and by defined benefit including hybrid pensions versus defined contribution pensions. We use the term “schemes for public sector employees” throughout the article but strictly speaking, these are government managed pension schemes (see [Glossary](#)).

There are no defined contribution occupational pension schemes for public sector employees, so there are three categories: public sector employee schemes, which are defined benefit and hybrid schemes, and private sector employee schemes, which may be further divided into defined benefit and hybrid and defined contribution schemes. See [Glossary](#) for the FSPS definitions of these categories.

Quarter 1 equals January to March; Quarter 2 equals April to June; Quarter 3 equals July to September; Quarter 4 equals October to December.

## Response rates

The response rate for Quarter 4 (July to Sept) 2021 for the FSPS, at the time of closedown, was 83%. Please note that even though the response date has passed, it is possible for there to be revisions to submissions for previous quarter, and for late submissions to be provided. However, all four quarters of 2019 will not be subject to revisions.



## 10 . Related links

[Funded occupational pension schemes in the UK](#) QMI (Quality and Methodology Information) - Office for National Statistics

QMI | Released 25 March 2022

Quality and Methodology Information for the funded occupational pension schemes in the UK using data from the Financial Survey of Pension Schemes (FSPS), detailing the strengths and limitations of the data, methods used and data uses and users.

[UK pension surveys: redevelopment and 2019 results](#)

Article | Released 29 June 2020

Results from the new Financial Survey of Pension Schemes, which collects data from occupational pension schemes in the UK from April 2019. Results include employer and employee contributions, benefits, transfers, assets and liabilities.

[MQ5: Investment by insurance companies, pension funds and trusts: October to December 2018](#)

Bulletin | 21 March 2019

Investment choices of financial institutions based on financial transactions (investments and disinvestments), including balance sheet data for short-term assets and liabilities, and income and expenditure data.

[Financial Survey of Pension Schemes](#)

Survey | Updated 23 June 2021

A quarterly survey that gathers information about income and expenditure, transactions, assets and liabilities of UK-funded occupational pension schemes.

[Employee workplace pensions in the UK](#)

Bulletin | Annual

Membership and contributions to workplace pension arrangements for UK employees by type, age, industry, public and private sector, occupation, and size of company. Compiled from the Annual Survey of Hours and Earnings.