

Statistical bulletin

# Employee workplace pensions in the UK: 2018 provisional and 2017 revised results

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.



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# 1 . Main points

- Over three-quarters (76%) of UK employees were members of a workplace pension scheme in 2018, up from 73% in 2017; this is a 29 percentage points increase compared with 2012, when automatic enrolment was introduced.
- The number of employees with defined contribution (pension wealth dependent upon factors such as investment performance) workplace pensions has increased considerably in recent years; in 2018 the proportion of employees with workplace pensions of this type (34%) almost equalled that of defined benefit (which guarantee a specific retirement income, 36%).
- Both the public and private sectors saw a rise in the share of employees with a workplace pension between 2017 and 2018, with the private sector seeing the largest growth; 90% of public sector and 72% of private sector employees were participating in an occupational pension in 2018 with the gap between these sectors narrowing.
- In 2018, employees aged outside automatic enrolment age eligibility (less than 22 years or over State Pension age) had low proportions of workplace pension participation (35% or less), whereas approximately 80% of employees within the age boundary criteria were members of their workplace pension scheme.
- Private sector employers with 1 to 99 employees had the largest growth in workplace pension membership between 2017 and 2018, from 51% to 62%; however, this group still had the lowest rate across the public and private sectors.
- The proportion of defined contribution scheme members contributing between 2% and 3% of their earnings rose to 38% in 2018, up from 6% in 2017, while the share contributing less than 2% fell; this is likely to be explained by the phasing of automatic enrolment minimum contribution levels.
- The vast majority (85%) of defined benefit pension members received employer contributions equivalent to 12% or more of their earnings in 2018, while just 8% of defined contribution members received employer contributions of this size: this reflects the legal requirement on employers to ensure defined benefit schemes are funded sufficiently to pay future pensions.

## 2 . Workplace pension scheme membership

In 2018, more than three-quarters (76%) of UK employees were members of a workplace pension scheme (Figure 1). This was an increase of 3 percentage points compared with 2017 (73%) and a 25 percentage points increase when compared with 10 years earlier (2008) when only just over half (51%) of all UK employees were members of a current workplace pension scheme.

### Trends following automatic enrolment

In line with recent years, the level of UK employees participating in a workplace pension scheme has been increasing following the phased implementation of automatic enrolment of workplace pension schemes (beginning in 2012 and completed in 2018). Since the introduction of automatic enrolment in 2012 there has been a 29 percentage points increase in the proportion of UK employees enrolled in a workplace pension, from 47% in 2012 to 76% in 2018.

Although pension membership is at its highest point since the series began, there continues to be differences in the level of membership between the public and private sectors. However, this gap has narrowed considerably in recent years, reflecting increased participation in the private sector.

In 2018:

- in the public sector, 90% of UK employees were members of a workplace pension scheme, an increase of 1 percentage point since the previous year
- in the private sector, 72% of UK employees participated in a workplace pension scheme, a 5 percentage point increase since the previous year

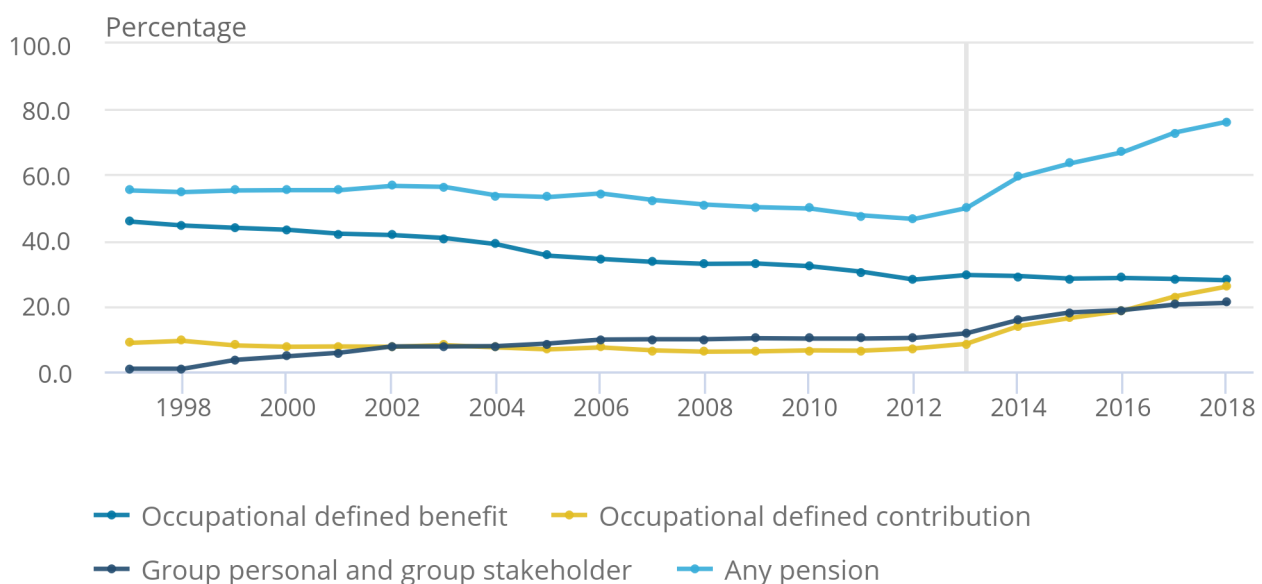
Consistent with the trend of recent years, the majority of the growth in employee pension scheme membership between 2017 and 2018 was due to an increase in private sector employees joining [occupational defined contribution schemes](#).

**Figure 1: Since the introduction of automatic enrolment the percentage of UK employees with a workplace pension continued to increase**

Proportion of employees with workplace pensions: by type of pension, UK, 1997 to 2018

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Proportion of employees with workplace pensions: by type of pension, UK, 1997 to 2018



Source: Office for National Statistics - Annual Survey of Hours and Earnings

**Notes:**

1. Results for 2005 onwards are based on a new questionnaire and may not be comparable with earlier results.
2. The occupational defined contribution category includes employees who have pensions with the National Employment Savings Trust (NEST). The "group personal and group stakeholder" category includes group personal pensions, group stakeholder pensions and group self-invested personal pensions.

The proportion of UK employees with a workplace pension in 2018, by type of pension is illustrated in Figure 2.

In 2018, continuing the longer-term trend of previous years, the number of employees participating in workplace defined contribution (pension wealth dependent upon factors such as investment performance) schemes increased. This type of pension accounted for 34% of all UK employee workplace pensions in 2018, up from 31% in 2017. As a result, the proportion of current workplace defined contribution memberships almost equalled that of [defined benefit](#) (which guarantee a specific retirement income), 36%.

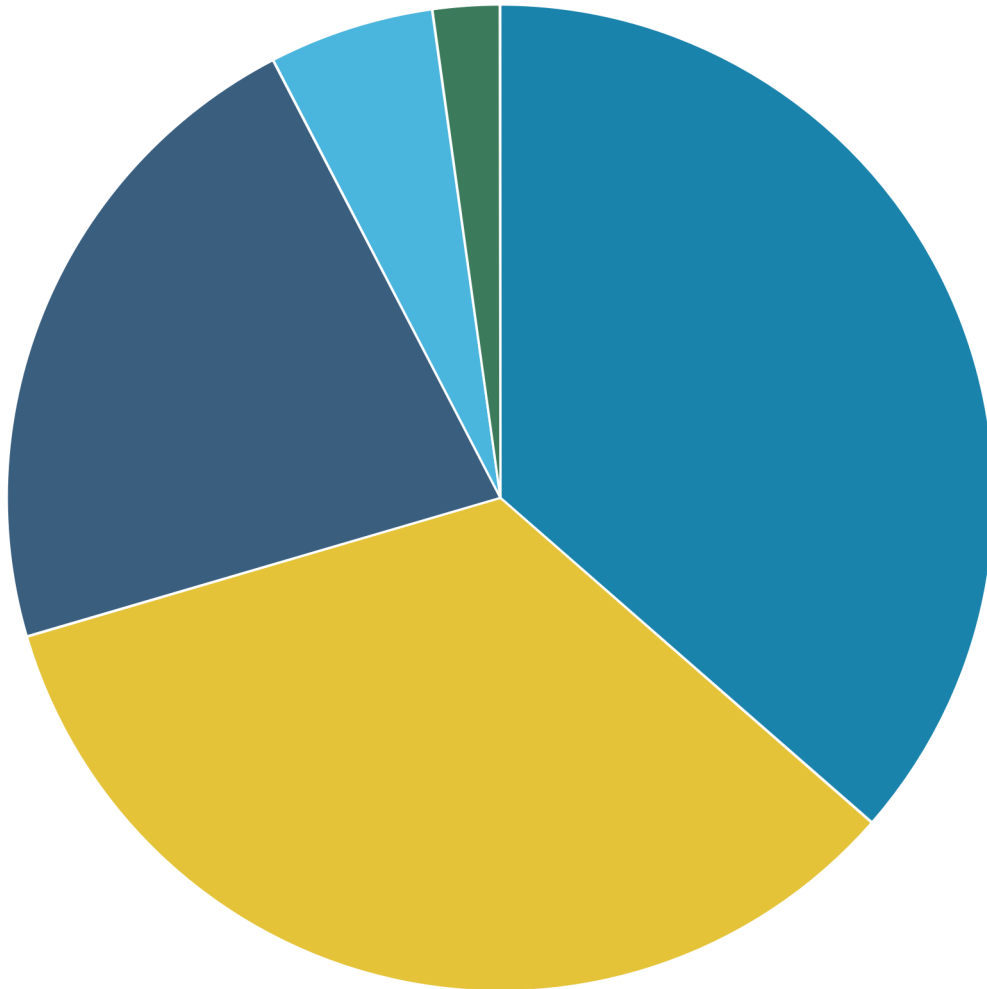
The proportion of UK employees with workplace pensions of all other types remained largely unchanged since 2015 with the third-largest pension type, [group personal pensions \(GPP\) \(including group self-invested personal pensions \(GSIPP\)\)](#) accounting for just over a fifth of all workplace pensions.

**Figure 2: Defined contribution and defined benefit schemes had an almost equal share of workplace occupational pensions**

Type of pension among employees with workplace pensions, UK, 2018

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Type of pension among employees with workplace pensions, UK, 2018



Source: Office for National Statistics – Annual Survey of Hours and Earnings

Notes:

1. Data for group self-invested personal pensions (GSIPP) are included within the category “group personal pensions” (GPP).
2. Percentages may not sum to 100% due to rounding.
3. The occupational defined contribution category includes employees who have pensions with the National Employment Savings Trust (NEST).

Although the participation rate in workplace pension schemes is becoming more similar by sector in 2018, Table 1 shows that the profile of the type of pension within the public and private sectors remains quite different.

Table 1: Public sector workplace pension memberships were almost entirely in occupational defined benefit schemes

Employees with workplace pensions: percentages by type of pension, UK, 2018

#### Percentages

	<b>All employees<sup>1</sup></b>	<b>Public sector</b>	<b>Private sector</b>
Occupational defined benefit	36.4	93.1	11.7
Occupational defined contribution	34.0	4.0	47.8
Group personal pension	21.9	1.6	30.4
Group stakeholder pension	5.4	0.5	7.5
Unknown pension type	2.2	0.8	2.7
Weighted frequency	21,401,000	5,721,000	13,831,000
Unweighted frequency	138,544	36,486	90,538

Source: Office for National Statistics – Annual Survey of Hours and Earnings

#### Notes

1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register (see Glossary). "All employees" includes employees from the public and private sectors, employees working for organisations classified as non-profit bodies and unclassified businesses. [Back to table](#)
2. Data for Group Self-Invested Personal Pensions (GSIPP) are included within the category Group Personal Pensions (GPP). [Back to table](#)
3. Percentages may not sum to 100% due to rounding. [Back to table](#)
4. The occupational defined contribution category includes employees who have pensions with the National Employment Savings Trust (NEST). [Back to table](#)

In 2018, public sector employee pension memberships were predominantly in occupational defined benefit pension schemes (93%), unchanged from 2017. Conversely this pension scheme type was not common amongst private sector pension members with just over one in nine (12%) private sector pension memberships being in occupational defined benefit schemes.

The majority of workplace pensions in the private sector were of occupational defined contribution schemes, which accounted for nearly half of all employee private sector pension memberships (48%) in 2018, an increase of 3 percentage points since 2017.

### **3 . Membership by age, working pattern, sex and earnings**

There are several factors affecting workplace pension scheme participation including age, working pattern, sex and earnings.

#### **Age**

Figure 3 illustrates the proportion of UK employees with a workplace pension by age band.

Employees aged within automatic enrolment age eligibility rules (22 years to State Pension age (SPA)) had the highest levels of occupational pension scheme participation in 2018, with all age groups within the criteria having membership rates almost or above 80%. Employees closest to both ends of the criteria, aged 22 to 29, 30 to 39 and 60 to 64 years saw the largest increases in membership rates since 2017 with increases of 6, 4 and 4 percentage points respectively.

Workplace pension scheme participation for employees aged outside automatic enrolment age eligibility criteria remained low in 2018. With a 1 percentage point decrease since 2017, 18% of employees aged 16 to 21 years were members of a workplace pension in 2018 whereas 35% of employees aged 65 years and over participated in their workplace scheme, a rise of 3 percentage points since 2017.

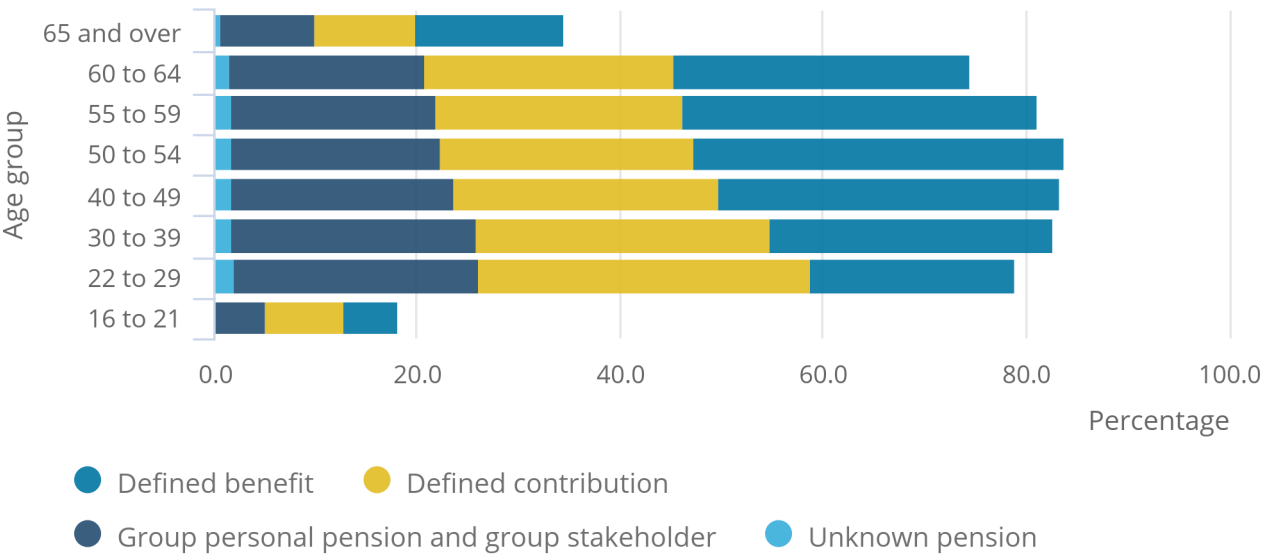
For those employees in the younger age bands, aged 16 to 39 years, the dominant pension type was occupational defined contribution whereas for older age groups, aged 40 years and over, the dominant pension type was occupational defined benefit.

Figure 3: Employees aged outside automatic enrolment age eligibility had low pension membership rates

Proportion of employees with workplace pensions: by age band and type of pension, UK, 2018

Figure 3: Employees aged outside automatic enrolment age eligibility had low pension membership rates

Proportion of employees with workplace pensions: by age band and type of pension, UK, 2018



Source: Office for National Statistics – Annual Survey of Hours and Earnings

Notes:

1. The occupational defined contribution category includes employees who have pensions with the National Employment Savings Trust (NEST). The “group personal and group stakeholder” category includes group personal pensions, group stakeholder pensions and group self-invested personal pensions.

## Working pattern

As illustrated in Figure 4, the proportion of employees enrolled in their workplace pension scheme varies by working pattern (full-time or part-time), sex and sector.

Both working patterns, (full- and part-time) in the public and private sectors saw increases in workplace pension participation between 2017 and 2018, with the largest rises in the private sector, where both working patterns increased by 5 percentage points.

Workplace pension scheme participation of full-time women working in the private sector grew at a faster rate than men between 2017 and 2018, consequently, in 2018, private sector women and men (working full-time) had equal levels of pension membership (82%).

The proportion of full-time private sector employees with a workplace pension continues to remain lower than in the public sector (93%). However, this difference is at its lowest point since the introduction of automatic enrolment.



In both sectors, part-time employees continued to have lower rates of workplace pension membership in 2018 than their full-time colleagues, with women working part-time more likely to be members of a workplace pension than men working part-time.

Comparable with full-time employees, a higher percentage of part-time employees in the public sector were members of their workplace pension than in the private sector:

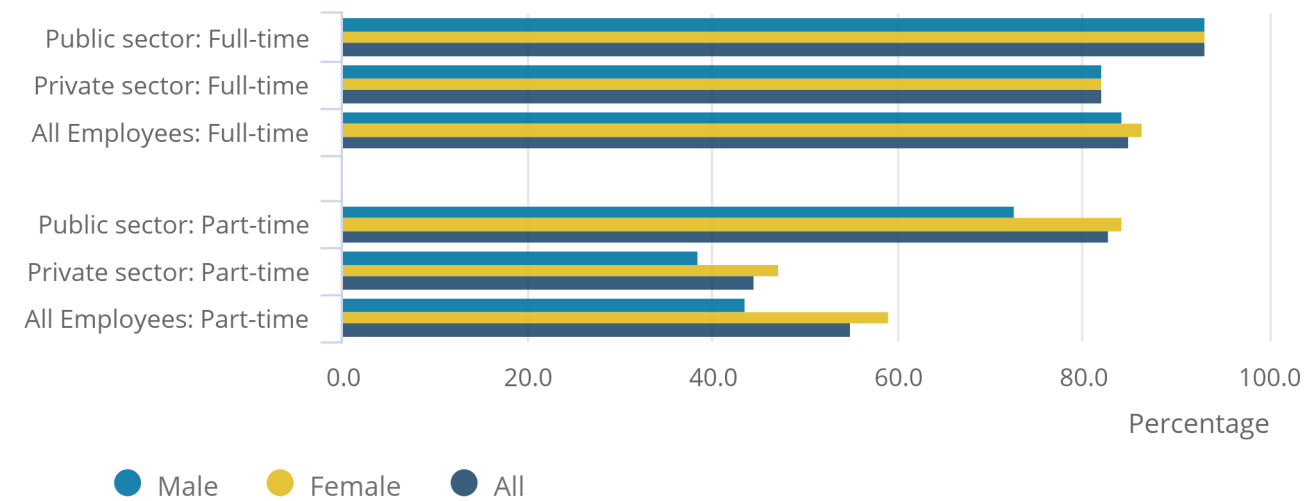
- in the public sector, 84% of females and 73% of males working part-time were members of a workplace pension scheme
- in the private sector, 47% of females and 39% of males working part-time were members of a workplace pension scheme

**Figure 4: Full-time private sector employee pension membership remained lower than that in the public sector**

Proportion of employees with workplace pensions: by sector, working pattern and sex, UK, 2018

Figure 4: Full-time private sector employee pension membership remained lower than that in the public sector

Proportion of employees with workplace pensions: by sector, working pattern and sex, UK, 2018



Source: Office for National Statistics – Annual Survey of Hours and Earnings

Notes:

1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register (see Glossary).
2. “All employees” includes employees from the public and private sectors, employees working for organisations classified as non-profit bodies and businesses that are not classified.
3. Full-time employees are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week.

Earnings

Employee earnings is associated with levels of workplace pension scheme participation. Figure 5 illustrates the proportion of full-time employees with a workplace pension by sector and gross weekly earnings band.

There is a strong relationship between earnings and workplace pension participation in both sectors, with the proportion of workplace membership increasing as earnings increase. This is particularly evident for employees working in the private sector, and less so for their public sector counterparts.

Throughout all earnings bands, public sector full-time employees continued to have a higher rate of participation than the private sector, however, as with working pattern, the difference between these sectors continued to decline in 2018.

In 2018:

- more than four-fifths (83%) of full-time employees, earning £100 to £200 per week in the public sector had a workplace pension, with this proportion rising to over 90% for full-time employees earning at least £300 per week
- 38% of full-time employees earning between £100 to £200 per week in the private sector had a workplace pension, with the proportion doubling (76%) for employees earning £300 to £400 per week

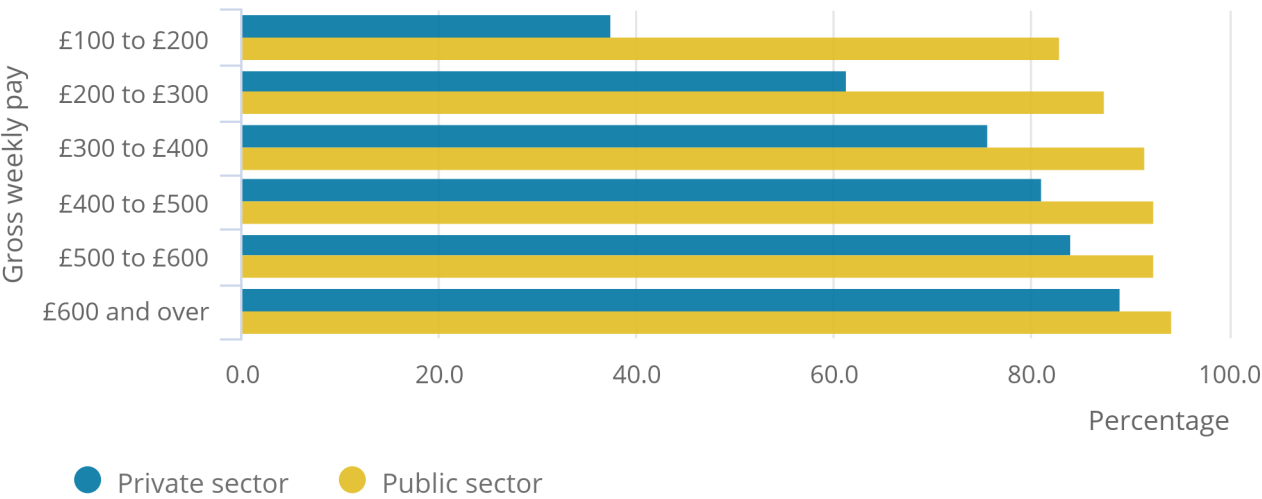
Between 2017 and 2018, the private and public sectors both saw the largest increases in membership rates among lower earners (£100 to £200 per week), with increases of 10 and 4 percentage points respectively. It is worth noting that automatic enrolment eligibility earnings minimum threshold is £10,000 per year, equating to £192 per week.

**Figure 5: Pension membership rates increased as earnings increased, particularly in the private sector**

Proportion of full-time employees with workplace pensions: by sector and gross weekly earnings band, UK, 2018

Figure 5: Pension membership rates increased as earnings increased, particularly in the private sector

Proportion of full-time employees with workplace pensions: by sector and gross weekly earnings band, UK, 2018



Source: Office for National Statistics – Annual Survey of Hours and Earnings

Notes:

1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register (see Glossary).
2. Full-time employees are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week.
3. The proportion of employees with a workplace pension where employees earn less than £100 weekly earnings band have been excluded from the figure, however these data are available in the datasets.
4. An employee earning the equivalent of £192 a week would be eligible for automatic enrolment. Employees earning £192 or below would not be eligible but could choose to opt in to a workplace pension.

## 4 . Membership by occupation, size of employer and region

Further influences on levels of employee workplace pension scheme participation include occupation, employer size and region.

## Occupation

The proportion of all employees with a workplace pension in 2017 and 2018 by occupation is illustrated in Figure 6, showing that all occupations have more than half of their employees participating in a workplace pension scheme.

Between 2017 and 2018, there were increases in the percentage of employees with a workplace pension across all occupations. Skilled trades occupations experienced the largest growth, from 68% in 2017 to 74% in 2018, continuing the trend seen in the previous year.

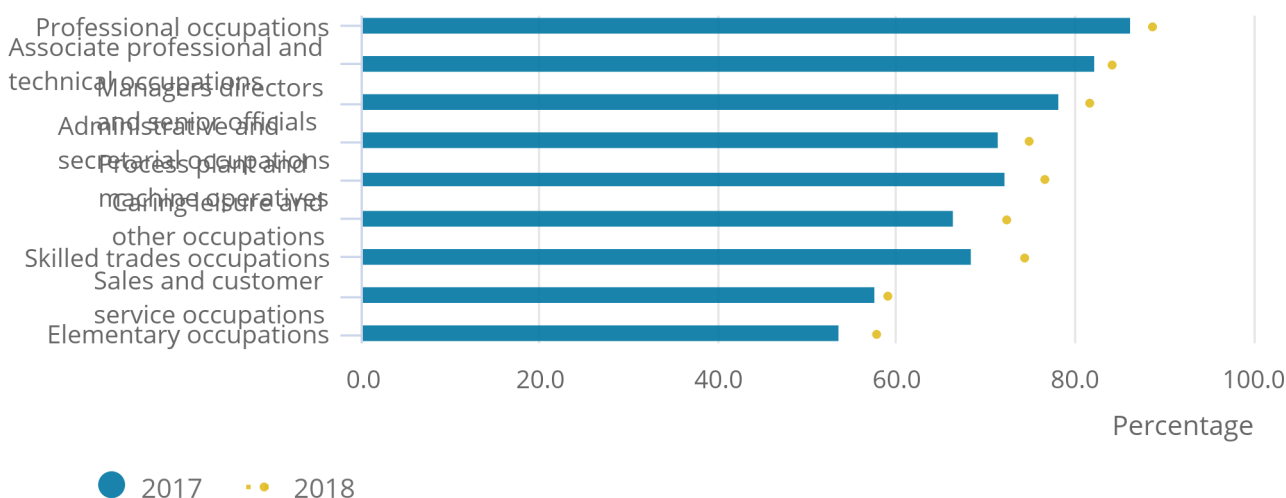
There was no change in the ranking of occupation types in terms of their share of employees with workplace pension membership between 2017 and 2018, with employees in elementary occupations having the lowest rate (58% in 2018) and employees in professional occupations having the highest (89% in 2018).

**Figure 6: Employees in professional occupations had the highest rate of pension membership while those in elementary occupations had the lowest**

Proportion of employees with workplace pensions: by occupation, UK, 2017 and 2018

Figure 6: Employees in professional occupations had the highest rate of pension membership while those in elementary occupations had the lowest

Proportion of employees with workplace pensions: by occupation, UK, 2017 and 2018



Source: Office for National Statistics – Annual Survey of Hours and Earnings

Notes:

1. Occupations as defined by the Standard Occupational Classification (SOC) 2010.

## Size of employer

The proportion of employees with a current workplace pension by sector and size of employer (by number of employees) for 2017 and 2018 is illustrated in Figure 7.

[Staged introduction of automatic enrolment duties](#) allowed phasing by size of employer, however, from 1 February 2018, all employers (including new employers) must immediately fulfil their obligation, although individual employers have [postponement rights](#) (decision to delay automatically enrolling an employee for three months from employer's duties start date).

Smaller and new employers were the last groups to be required to fulfil automatic enrolment legislation. The timing of the introduction of this requirement is likely to be the cause of private sector employers with 1 to 99 employees having the largest rise in the proportion of their employees with membership between 2017 and 2018 (from 51% to 62%). All other employer size bands had little or no change in membership rates.

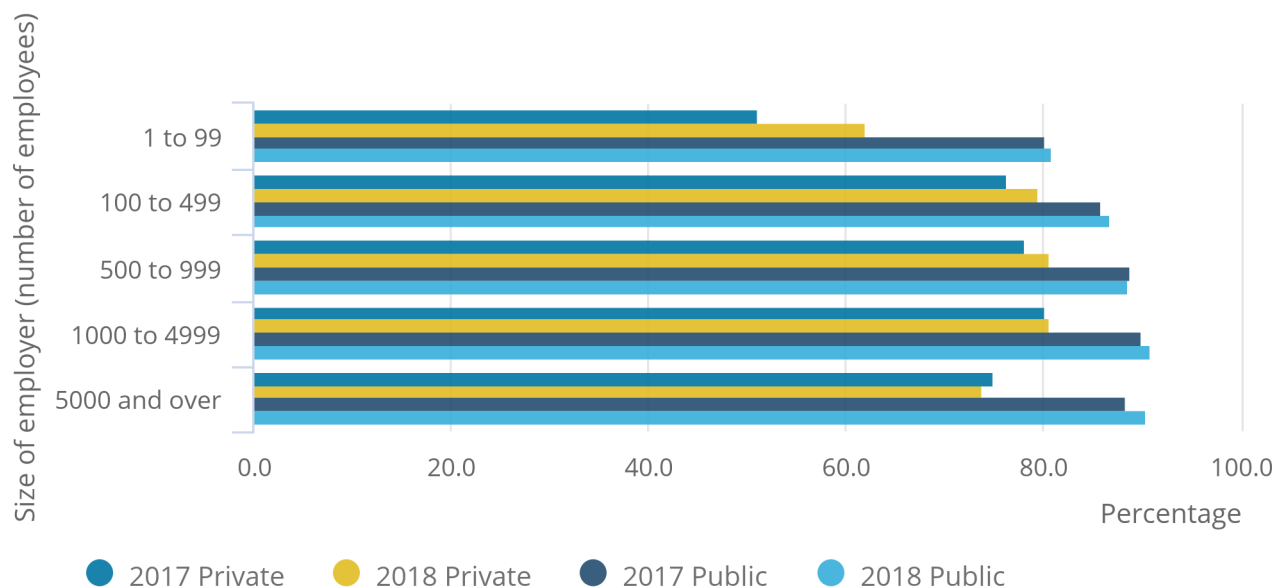
As with working pattern and earnings, there continues to be a disparity in levels of workplace pension membership between the public and private sectors by size of employer, with the gap lessening in 2018.

## Figure 7: Private sector employers with 1 to 99 employees had the lowest percentage of employees with workplace pensions

Proportion of employees with workplace pensions: by sector and size of employer, UK, 2017 and 2018

### Figure 7: Private sector employers with 1 to 99 employees had the lowest percentage of employees with workplace pensions

Proportion of employees with workplace pensions: by sector and size of employer, UK, 2017 and 2018



Source: Office for National Statistics – Annual Survey of Hours and Earnings

#### Notes:

1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register (see Glossary).

## Region

There is minimal effect on employee participation in a workplace pension scheme by the regional location of the employer (Figure 8). As with the pattern of other factors reported, public sector employers in all regions had higher levels of employee workplace pension membership than in the private sector, however, the difference between the two sectors continued to reduce (for almost all regions) in 2018.

In 2018:

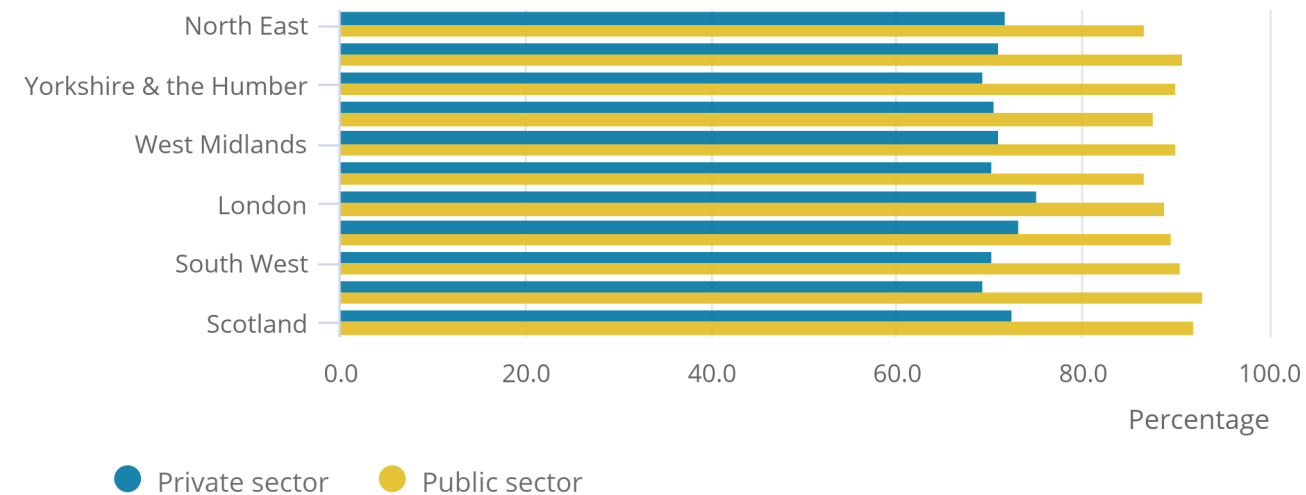
- public sector employers had their least employee pension scheme membership (of 87%) in the North East and East of England regions, whereas the private sector membership was at its minimum in Yorkshire and The Humber, and Wales, both having 69% of their employees with an occupational pension
- public sector employers had their maximum employee workplace pension membership in Wales (93%), whereas the region with the highest membership in the private sector was London (75%)

**Figure 8: Private sector employers had the lowest proportion of employee pension members in Wales, and Yorkshire and The Humber**

Proportion of employees with workplace pensions: by sector and region, UK, 2018

**Figure 8: Private sector employers had the lowest proportion of employee pension members in Wales, and Yorkshire and The Humber**

Proportion of employees with workplace pensions: by sector and region, UK, 2018



Source: Office for National Statistics – Annual Survey of Hours and Earnings

Notes:

- 1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register (see Glossary).

## 5 . Contributions to workplace pensions

Figures 9 to 16 show trends in workplace pension contributions by employees and employers by sector and pension type.

Contribution rates by age, occupation, industry and employer size are [available in the datasets](#) published as part of this release along with revised data for 2017.

There are inherent differences between defined benefit and defined contribution pensions, which can influence the level of contributions paid by both employers and employees. Hence, employer and employee contribution rates tend to be higher in the public sector where pensions are predominantly defined benefit in type (Table 1); reflecting the legal requirement on employers to ensure defined benefit schemes are funded sufficiently to pay future pensions. In the private sector, as approximately only one in nine memberships are for defined benefit pensions, contribution rates tend to be lower.



Automatic enrolment regulations include minimum levels for employer and employee contributions that have been phased from inception (October 2012) to 6 April 2019 (see Workplace pension reforms section) and apply to qualifying earnings.

As part of the phasing from 6 April 2018, compliant schemes have minimum contributions of 5% of an employee's [qualifying earnings](#) (earnings between lower earnings limit and upper earnings limit, for the tax year ending 2019 the lower limit equivalent to £116 per week and upper limit £892 per week). Of this minimum level (5%) at least 2% must come from the employer and the state usually contributes 0.6% in tax relief. Consequently, any automatically-enrolled members will be starting on the appropriate minimum resulting in an increase to the proportion of employee and employer contribution rates at those minimums.

It is worth noting that the contribution rates collected within the Annual Survey of Hours and Earnings (ASHE) are different to the automatic enrolment minimum contribution legal definitions as ASHE contribution rates are pension contributions as a percentage of pensionable earnings and not as a percentage of qualifying earnings. Consequently, the ASHE contribution rates provided are not directly comparable with the automatic enrolment minimum contribution rates.

## **Contributions by employees and employers by sector and pension type**

Figure 9 illustrates the proportion of employees in each employee contribution rate band by sector in 2018.

The proportion of public sector employees in each contribution band remained largely unchanged between 2017 and 2018, with nearly half (49%) of all public sector employees with a workplace pension contributing 7% or more of their pensionable earnings to their workplace pension, whilst only 8% of employees contributed less than 5%.

Conversely, the majority of private sector pension members contributed at a much lower rate. More than four-fifths (81%) of private sector employees with a workplace pension contributed less than 5% of their pensionable earnings in 2018.

It is likely that the change in automatic enrolment minimum contribution legislation in April 2018 prompted the increased percentage of private sector pension members contributing 2% but less than 3% (of their pensionable earnings) between 2017 (9%) and 2018 (35%). Conversely, the percentage of private sector pension members contributing at prior to April 2018 automatic enrolment minimum levels (greater than 0% and less than 2%), decreased between 2017 (48%) and 2018 (17%). It is worth noting that employers can contribute more than their minimum regulations, the employee is legally obligated to pay the residual needed to fulfil overall minimum regulations.

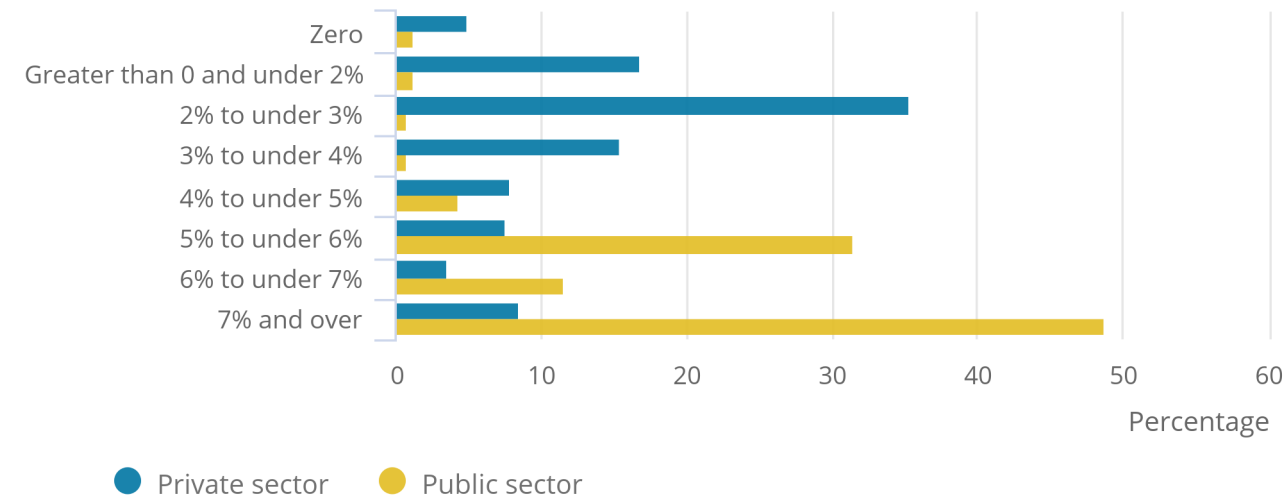
Unlike the public sector, only a small proportion (9%) of private sector pension members contributed 7% or more of their pensionable earnings in 2018.

**Figure 9: More than four-fifths of private sector pension members contributed less than 5% of their pensionable earnings**

Employees with workplace pensions: percentages by banded rate of employee contribution and sector, UK, 2018

Figure 9: More than four-fifths of private sector pension members contributed less than 5% of their pensionable earnings

Employees with workplace pensions: percentages by banded rate of employee contribution and sector, UK, 2018



Source: Office for National Statistics – Annual Survey of Hours and Earnings

Notes:

1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register (see Glossary).
2. Employee/employer contribution estimates exclude employees whose pay was affected by absence.
3. Contribution rates are not calculated as a percentage of qualifying earnings but as a percentage of pensionable earnings, hence the ASHE contribution rates are not directly comparable with the automatic enrolment minimum contribution legal definitions.

Figures 10 to 12 illustrate the proportion of employees in each employee contribution rate band for employees with workplace pensions by pension type (occupational defined benefit, occupational defined contribution and group personal and stakeholder pension), in 2017 and 2018.

Similar to recent years, 85% of employees with occupational defined benefit pensions contributed at least 5% of their pensionable earnings into their pension in 2018, while 2% did not contribute (zero contributions).

Among employees with occupational defined contribution, or group personal and group stakeholder pensions there were large increases in the proportion of employees contributing from 2% to less than 3% between 2017 and 2018 (32 and 23 percentage points respectively). The proportion of defined contribution scheme members contributing between 2% and 3% of their earnings rose to 38% in 2018, up from 6% in 2017. In contrast, the proportion of employees contributing less than 2% but greater than 0% fell between 2017 and 2018 for these types of pensions (37 and 27 percentage points respectively).

It is likely that these movements are explained by changes to minimum contribution level automatic enrolment regulations required from 6 April 2018, where 5% of qualifying earnings must be contributed, of which 2% must come from the employer.

### **Figure 10: Almost half of all employees (with defined benefit pensions) contributed at least 7% into their workplace pension**

**Employees with defined benefit workplace pensions: percentages by banded rate of employee contribution, UK, 2017 and 2018**

#### **Notes:**

1. Employee/employer contribution estimates exclude employees whose pay was affected by absence.
2. Contribution rates are not calculated as a percentage of qualifying earnings but as a percentage of pensionable earnings, hence the ASHE contribution rates are not directly comparable with the automatic enrolment minimum contribution legal definitions.

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### **Figure 11: In 2018 the proportion of employees with defined contribution pensions making contributions between 2% and 3% of their pensionable earnings increased, the proportion making contributions less than 2% decreased**

**Employees with defined contribution workplace pensions: percentages by banded rate of employee contribution, UK, 2017 and 2018**

#### **Notes:**

1. The occupational defined contribution category includes employees who have pensions with the National Employment Savings Trust (NEST). The “group personal and group stakeholder” category includes group personal pensions, group stakeholder pensions and group self-invested personal pensions.
2. Employee/employer contribution estimates exclude employees whose pay was affected by absence.
3. Contribution rates are not calculated as a percentage of qualifying earnings but as a percentage of pensionable earnings, hence the ASHE contribution rates are not directly comparable with the automatic enrolment minimum contribution legal definitions.

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**Figure 12: The proportion of group personal and stakeholder workplace pension members contributing between 2% and 3% rose considerably, the proportion contributing less than 2% decreased**

**Employees with group personal and stakeholder workplace pensions: percentages by banded rate of employee contribution, UK, 2017 and 2018**

**Notes:**

1. The occupational defined contribution category includes employees who have pensions with the National Employment Savings Trust (NEST). The “group personal and group stakeholder” category includes group personal pensions, group stakeholder pensions and group self-invested personal pensions.
2. Employee/employer contribution estimates exclude employees whose pay was affected by absence.
3. Contribution rates are not calculated as a percentage of qualifying earnings but as a percentage of pensionable earnings, hence the ASHE contribution rates are not directly comparable with the automatic enrolment minimum contribution legal definitions.

[Download this chart](#)

Figure 13 illustrates the proportion of employees in each employer contribution rate band for all employees with a workplace pension in the public and private sectors in 2018.

As with employee contributions for public sector pension members, the proportion of public sector employees in each employer contribution band remained largely unchanged between 2017 and 2018. Almost all (95%) employees in the public sector participating in a workplace pension scheme received employer contributions of 12% or more of their pensionable earnings. This compares with only 10% of private sector pension members receiving contributions from their employers at this level.

Among members of private sector pensions the proportion receiving employer contributions of between 2% and under 4% (of their pensionable earnings) grew by 16 percentage points from 14% in 2017 to 30% in 2018. Conversely, the proportion receiving employer contributions less than 2% but greater than 0% decreased from 44% in 2017 to 29% in 2018.

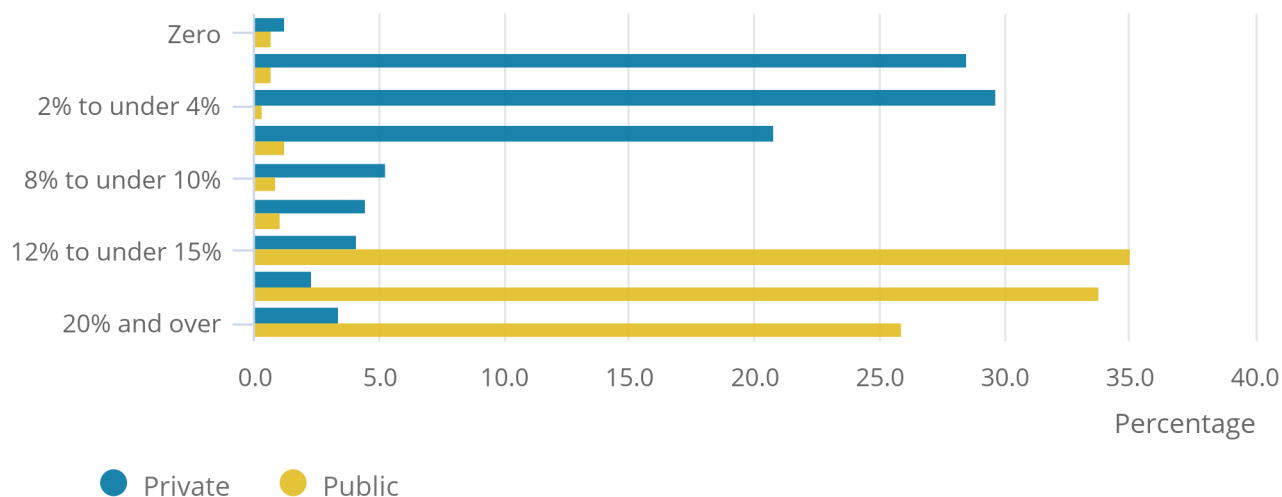
These changes may be explained by changes to minimum contribution level (of qualifying earnings) automatic enrolment criteria implemented in April 2018.

**Figure 13: The majority of public sector pension members received employer contributions of at least 12%**

Employees with workplace pensions: percentages by banded rate of employer contribution and sector, UK, 2018

## Figure 13: The majority of public sector pension members received employer contributions of at least 12%

Employees with workplace pensions: percentages by banded rate of employer contribution and sector, UK, 2018



Source: Office for National Statistics – Annual Survey of Hours and Earnings

### Notes:

1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register (see Glossary).
2. Employee/employer contribution estimates exclude employees whose pay was affected by absence.
3. Contribution rates are not calculated as a percentage of qualifying earnings but as a percentage of pensionable earnings, hence the ASHE contribution rates are not directly comparable with the automatic enrolment minimum contribution legal definitions.

Figures 14 to 16 illustrate the proportion of employees in each employer contribution rate band, for all employees participating in a workplace pension scheme, by pension type (occupational defined benefit, occupational defined contribution and group personal and stakeholder pension) in 2017 and 2018.

Among occupational defined benefit pension members, 85% received contributions of 12% or more of their pensionable earnings from their employer in 2018, compared with 8% of occupational defined contribution members and 7% of group personal or stakeholder pension members receiving contributions of this size. A further 11% of occupational defined benefit pension members received contributions of less than 8% of their pensionable earnings from their employer in 2018, compared with over 80% for both occupational defined contribution members and group personal or stakeholder pension members.

Between 2017 and 2018, there were some large changes in employer contribution rates for pensions that were occupational defined contribution and group personal or group stakeholder, primarily reflecting automatic enrolment phasing minimum contribution requirements, applicable to qualifying earnings.

In 2017, more than half (54%) of occupational defined contribution members received employer contributions of greater than 0% and less than 2% of their pensionable earnings, a proportion which fell to 36% in 2018. Consequently, in 2018, the proportion receiving contributions of from 2% to less than 4% from their employer, rose to 29%, up from 10% in 2017. Similar movements were seen for group personal or group stakeholder members, [see datasets for more detailed information](#).

**Figure 14: A majority of employees with defined benefit pensions received employer contributions of at least 12% into their workplace pension in 2018, unchanged from 2017**

**Employees with defined benefit workplace pensions: by banded rate of employer contribution, UK, 2017 and 2018**

**Notes:**

1. Employee/employer contribution estimates exclude employees whose pay was affected by absence.
2. Contribution rates are not calculated as a percentage of qualifying earnings but as a percentage of pensionable earnings, hence the ASHE contribution rates are not directly comparable with the automatic enrolment minimum contribution legal definitions.

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**Figure 15: In 2018, the proportion of employees with defined contribution pensions receiving employer contributions of less than 2% was lower than in 2017, whereas a greater proportion received between 2% and 4%**

**Employees with defined contribution workplace pensions: by banded rate of employer contribution, UK, 2017 and 2018**

**Notes:**

1. The occupational defined contribution category includes employees who have pensions with the National Employment Savings Trust (NEST). The “group personal and group stakeholder” category includes group personal pensions, group stakeholder pensions and group self-invested personal pensions.
2. Employee/employer contribution estimates exclude employees whose pay was affected by absence.
3. Contribution rates are not calculated as a percentage of qualifying earnings but as a percentage of pensionable earnings, hence the ASHE contribution rates are not directly comparable with the automatic enrolment minimum contribution legal definitions.

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## Figure 16: The proportion of group personal and stakeholder workplace pension members receiving employer contributions between 2% and 4% rose considerably

Employees with group personal and stakeholder workplace pensions: by banded rate of employer contribution, UK, 2017 and 2018

### Notes:

1. The occupational defined contribution category includes employees who have pensions with the National Employment Savings Trust (NEST). The “group personal and group stakeholder” category includes group personal pensions, group stakeholder pensions and group self-invested personal pensions.
2. Employee/employer contribution estimates exclude employees whose pay was affected by absence.
3. Contribution rates are not calculated as a percentage of qualifying earnings but as a percentage of pensionable earnings, hence the ASHE contribution rates are not directly comparable with the automatic enrolment minimum contribution legal definitions.

[Download this chart](#)

## 6 . Workplace pension reforms

The [Pensions Act 2008](#) put in place a framework for workplace pension reform designed to increase private pension saving in the UK. This framework was amended slightly by the [Pensions Act 2011](#) and [2014](#). One of the main reforms was that, from October 2012, all eligible employees are to be automatically enrolled into a qualifying workplace pension scheme.

Automatic enrolment applies to eligible employees who are not already participating in a qualifying workplace pension scheme. When automatic enrolment was introduced in October 2012, eligible employees were those earning more than £8,105 per year (£10,000 since April 2014). Eligible employees are those aged between 22 years and State Pension age.

Automatic enrolment has been introduced in stages, based on the size of the employers' PAYE scheme on 1 April 2012. Automatic enrolment started in October 2012 for employers with over 120,000 employees, with staged roll-out to all employers by 2018 ([automatic enrolment timetable of starting dates](#)).

Under automatic enrolment, employers select a pension scheme for their employees. Employers have a duty to enrol all eligible employees into a pension scheme meeting the qualifying requirements set out within the Pensions Act 2008 and Pensions Act 2011 and to make contributions to this scheme on their employees' behalf. Workers are able to opt out of their employer's scheme if they wish but, if they are still eligible, they will be re-enrolled after a three-year period.

In order to be considered a qualifying pension scheme, schemes will have to receive minimum contributions of an employee's qualifying earnings. As with the implementation of automatic enrolment, minimum contribution levels will be phased-in with initial contributions (from October 2012 to 5 April 2018) being 2% of an employee's qualifying earnings of which at least 1% must come from the employer. From 6 April 2018, the minimum contribution was 5% of an employee's qualifying earnings of which at least 2% must come from the employer. The final increment of the contribution level phasing period began 6 April 2019 where schemes will have to receive minimum contributions of 8% of an employee's qualifying earnings of which at least 3% must come from the employer.

The Pensions Act 2008 created the NEST, a new, trust-based defined contribution pension scheme, to assist employers with pension provision. Other separate trust-based arrangements, known as master trusts (see [Glossary \(PDF, 199KB\)](#) and Glossary section), have also been set up to facilitate automatic enrolment.

These reforms represented a major change in the UK private pension system, aiming to extend coverage to the millions of employees without a private pension, in particular those in the target market of moderate to low earners.

## **7 . Glossary**

### **Automatic enrolment**

Under reforms brought in by the Pensions Act 2008, with updates in the Pensions Acts 2011 and 2014, automatic enrolment was introduced in October 2012 stating employers must enrol all eligible employees (who are not already participating in a qualifying workplace pension scheme) into a qualifying workplace private pension.

Staged automatic enrolment is based on the size of the employer's Pay As You Earn (PAYE) scheme and began in October 2012 with larger employers. It was rolled out to all employers by 2018. Workers can opt out but will be re-enrolled every three years. Between October 2012 and April 2018, the minimum contribution was 2% of an employee's qualifying earnings of which at least 1% must come from the employer. From 6 April 2018, the minimum contribution rose to 5% of which the employer must contribute at least 2%. On 6 April 2019, the contribution rate rose again to a total of 8% of which the employer must contribute at least 3%. (See also the workplace pension reforms section, [Automatic enrolment evaluation report 2018](#)).

### **Contributions**

Payments into a pension by employees (and other individuals) or by employers.

### **Defined benefit scheme**

An occupational pension scheme in which the rules specify the rate of benefits to be paid. The most common defined benefit scheme is a salary-related scheme in which the benefits are based on the number of years of pensionable service, the accrual rate and either the final salary, the average of selected years' salaries or the best year's salary within a specified period before retirement.

### **Defined contribution scheme**

A pension scheme in which the benefits are determined by the contributions paid into the scheme, the investment return on those contributions and the type of annuity (if any) purchased upon retirement. It is also known as a money purchase scheme. Defined contribution pensions may be occupational, personal or stakeholder pensions.

### **Group personal pension (GPP)**

An arrangement made for the employees of a particular employer or group of employers to participate in a personal pension on a group basis. This is a collecting arrangement only; the contract is between the individual and the pension provider, normally an insurance company. GPPs are a form of workplace pension.



## **Group self-invested personal pension (GSIPP)**

An arrangement made for the employees of a particular employer, or group of employers, to participate in a personal pension on a group basis. The GSIPP is similar to the group personal pension except that it is the policyholder rather than the pension provider who chooses the investments. GSIPPs are a form of workplace pension.

## **Group stakeholder pension**

An arrangement made for the employees of a particular employer or group of employers to participate in a stakeholder pension on a group basis. This is a collecting arrangement only; the contract is between the individual and the pension provider, normally an insurance company. Group stakeholder pensions are a form of workplace pension.

## **Inter-Departmental Business Register**

Introduced in 1994, the Inter-Departmental Business Register (IDBR) is the sampling frame for surveys of businesses carried out by the Office for National Statistics (ONS) and by other government departments. It is also an important data source for analysis of business activity.

## **Master trust**

A multi-employer trust-based pension scheme, which is promoted to and used by a range of unconnected employers.

## **Occupational pension scheme**

An arrangement (other than accident or permanent health insurance) organised by an employer (or on behalf of a group of employers) to provide benefits for employees on their retirement and for their dependants on their death. In the private sector, occupational schemes are trust-based. Occupational pension schemes are a form of workplace pension.

## **Opt-out**

Where a jobholder has been automatically enrolled, they can choose to “opt out” of a pension scheme. This has the effect of undoing active membership, as if the worker had never been a member of a scheme on that occasion. It can only happen within a specific time period, known as the “opt-out period”.

## **Opt-out period**

A jobholder who officially becomes a member of a pension scheme under the automatic enrolment provisions has a period of one calendar month during which they can opt out and get a full refund of any contributions made. This “opt-out period” starts from whichever date is the later of the date active membership was achieved or the date they received a letter from their employer with their enrolment information. After this opt-out period a jobholder can still choose to leave the scheme at any time, but will not usually get a refund of contributions, which will be held in their pension until they retire.

## **Pension scheme**

A legal arrangement offering benefits to members upon retirement. Schemes are provided by employers and are differentiated by a wide range of rules governing membership eligibility, contributions, benefits and taxation. Pension schemes in the private sector have trustees. Personal pensions and stakeholder pensions offered by insurance companies may also be referred to as schemes, but technically they are individual accounts rather than schemes.

## **Personal pension**

An arrangement where the contract to provide contributions in return for retirement benefits is between an individual and an insurance company. Such plans may be taken out by individuals on their own initiative, for example, to provide a primary source of retirement income for the self-employed, or to provide a secondary income to employees who are members of occupational schemes. These would not be covered in the Annual Survey of Hours and Earnings (ASHE) results. Alternatively, they may be facilitated by an employer. These pensions are covered by ASHE and include group personal pensions and group stakeholder pensions. Personal pensions are a form of defined contribution pension.

## **Phasing**

The government has set a minimum amount of money that has to be put into the pension by an employer and in total (that is, employer's and worker's contribution). From automatic enrolment inception (October 2012) the total minimum contribution was 2% of the worker's salary of which the employer must contribute at least 1% and 0.2% comes from the state in tax relief. From 6 April 2018, the minimum contribution rose to 5% of which the employer must contribute at least 2% and the state contributes 0.6% in tax relief. From 6 April 2019, the contribution rate rose again to a total of 8% of which the employer must contribute at least 3% and the state contributes 1% through tax relief.

## **Private sector schemes**

Schemes covering the part of the economy consisting of individuals, firms and other institutions. In ASHE, the public and private sectors are classified using the legal status from the Inter-Departmental Business Register. The private sector comprises businesses whose legal status is defined as "Company", "Sole proprietor" or "Partnership".

## **Public sector schemes**

Schemes covering the part of the economy that is state-provided, including central and local government, schooling, health and social services, policing and the armed forces. In ASHE, the public and private sectors are classified using the legal status from the Inter-Departmental Business Register. The public sector comprises those whose legal status is defined as "Public corporation", "Central government" or "Local authority".

## **Re-enrolment**

Every three years, staff who were automatically enrolled but opted out of or ceased active membership of a pension scheme more than 12 months before an employer's re-enrolment date must be automatically re-enrolled into the scheme. Again, they have the choice to opt out. This prompts them to revisit their initial decision to opt out.

## Stakeholder pension

Available since 2001, a flexible, portable, personal pension arrangement (provided by insurance companies) with capped management charges, that must meet the conditions set out in the Welfare Reform and Pensions Act 1999 and be registered with The Pensions Regulator. They can be taken out by an individual or facilitated by an employer. Stakeholder pensions are a form of defined contribution pension.

## Standard Occupational Classification (SOC)

The [classificatory system used in the UK to place individuals into occupational groups](#).

## Trust-based pensions

Pension schemes set up under trust law by one or more employers for the benefit of workers. In a trust-based scheme a board of trustees is set up to run the scheme. Trustees are accountable for making decisions about the way the scheme is run, although they may delegate some of the everyday tasks to a third party. See also Occupational pension scheme and Master trust.

## Workplace pension

A workplace pension is a pension that is provided or facilitated by a workplace, principally for employees. It includes both occupational pension schemes and all forms of group personal and group stakeholder pensions.

## 8 . Measuring these data

The Annual Survey of Hours and Earnings (ASHE) is an important source of information on workplace pensions in the UK as it collects information on all types of workplace pension: occupational pension schemes, group personal pensions and group stakeholder pensions.

The occupational defined contribution category includes employees who have pensions with the National Employment Savings Trust (NEST). Data for group self-invested personal pensions (GSIPP) are a type of group personal pension (GPP), data for GSIPP are included within the category GPP throughout this bulletin. The survey results are used widely to analyse pension participation and to monitor the impacts of pension reforms.

ASHE collects information on employee membership of the current employer's workplace pension scheme. This does not include preserved rights in any former employer's pension scheme or pensions paid by former employers.

ASHE collects information from employers on employee jobs, although they are referred to in this bulletin as "employees". For further information on ASHE please see the [ASHE Quality and Methodology Information report](#).

The main content of this bulletin relates to 2018 and has a reference date of the week containing 18 April 2018. Comparisons with 2017 relate to revised data, [tables for which are published as part of this release](#).

The [Annual Survey of Hours and Earnings \(ASHE\) Quality and Methodology Information report](#) contains 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

Further background information is available from the [ASHE methodology and guidance](#).

## 9 . More about pensions

Further statistics on [workplace pensions](#), including [Automatic enrolment evaluation report 2018](#), [pensions](#), [savings and investments](#) and [pension wealth](#) in the UK are available.

The full [Employee earnings in the UK: 2018](#) is also available.