Research report

Employers' Pension Provision Survey 2011

by John Forth, Lucy Stokes, Alice Fitzpatrick and Catherine Grant

DWP Department for Work and Pensions

Department for Work and Pensions

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Contents

List of tables

List of figures

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Abbreviations and glossary of terms

Active membership	Active members are current employees who belong to an organisation's pension scheme. The schemes may be open or closed to new members. Active members are distinct from current pensioners and deferred members (see below).
Appropriate personal pension (APP)	A personal pension that is contracted-out of the State Second Pension.
Contracted-out Mixed Benefit Schemes (COMBS)	Available from April 1997, these are contracted-out occupational schemes which have separate defined benefit and money-purchase sections and which contract out of both bases. Transfers between sections are possible. Note: this is different from a scheme of one type that permits benefits to be calculated using the other basis ('underpins').
Contracted-out schemes	Before 6 April 2012, it was possible for stakeholder pension schemes, defined-contribution occupational schemes and personal pension arrangements to contract out of the additional State Pension (also called the State Second Pension). Rates of employer and employee National Insurance contributions were reduced in such schemes. At the time of writing, it is still possible for defined-benefit occupational schemes to contract out of the additional State Pension.
Current pensioners	Individuals who now draw a pension from the pension scheme. Mainly former employees, but may also include widows, widowers and other dependents of former active members of the scheme.
Deferred members	Deferred members (also known as deferred pensioners) are members of an occupational pension scheme who have left the scheme, usually because they have joined a new employer, and who are no longer paying contributions into the scheme. Their rights remain in the scheme until they are transferred to another pension scheme or a pension is paid at the normal pension age of the scheme.
Defined benefit (DB) schemes	Occupational schemes specifying the benefits that are paid on retirement (e.g. a fraction of salary for each year of service). Also known as 'salary-related' schemes.
Defined contribution (DC) schemes	Occupational schemes where the amount of pension is determined by contributions paid into the scheme and investment returns. Also known as 'money-purchase' schemes.
DWP	Department for Work and Pensions.

EAS	Survey of employers' attitudes and likely reactions to the workplace pension reforms.
EPP	Employers' Pension Provision survey.
Group personal pension (GPP)	A pension that is provided through a contract between an individual and a pension provider, access to which is facilitated by the employer. Employers typically make contributions to GPPs, but they are not obliged to do so.
Group self-invested personal pension (GSIPP)	A personal pension in which the policy holder rather than the pension company chooses the investments. GSIPPs allow members to invest in a wide range of assets, including commercial property and individual shares.
IDBR	Inter-Departmental Business Register.
National Employment Savings Trust (NEST)	The National Employment Savings Trust is a defined-contribution pension scheme that has been set up by legislation to provide employers with a low-cost means of meeting their duties under the workplace pension reforms.
NIESR	National Institute of Economic and Social Research.
Occupational pension schemes	Pension schemes set up by an employer for the benefit of employees, with the employer making contributions to the scheme and generally meeting administrative costs. The scheme is provided via the employer, but the pension scheme takes the form of a trust arrangement and is legally separate from the employer. Types of occupational scheme include defined benefit, defined contribution and hybrid schemes.
Personal pension (PP)	A pension which is provided through a contract between an individual and a pension provider. The survey only covered employees' personal pensions where the employer made a contribution. This report makes a distinction between personal pensions (PPs), which are arranged by individual employees, and group personal pensions (GPPs), access to which is facilitated by an employer.
S2P	State Second Pension.
SIC(2007)	Standard Industrial Classification (2007 edition).
Stakeholder pension (SHP)	A personal pension scheme which complies with regulations which limit charges and allow individuals flexibility about contributions. Introduced in April 2001. Employers with five or more employees who do not provide an occupational scheme or a GPP with an employer contribution of three per cent or more have a legal obligation to provide access to SHPs, but are not obliged to make contributions.
Top hat schemes	These are occupational pensions where membership is restricted to senior managers and directors.

Reporting conventions

1 Row or column percentages may not sum to 100 due to rounding.

2 All reported items have less than ten per cent non-response, and all estimates have been calculated solely among respondents, unless otherwise stated.

3 Where multiple items appear in a single table, we report the lowest base that applies for any single row.

Symbols that appear in tables

0 Less than 0.5 per cent, including none.

- Estimate not available, or suppressed because based on fewer than 50 observations.

( ) Estimate based on between 50 and 99 observations; particular caution should be exercised over the precision of the estimate.

Note on the precision of estimates

We do not present standard errors as a matter of course in the report, as it would make the discussion unwieldy. However, where explicit comparisons are made between different types of employer or across time, we focus on differences that are statistically significant at the five per cent level or better. The standard errors that apply to the headline estimates of pension provision are also provided in Appendix C of the report.

The 'design factor' for a survey provides a 'rule of thumb' to indicate the likely precision of other estimates by giving an indication of the extent to which the standard error of an estimate is inflated through the use of a complex sample design rather than a simple random sample. The 2011 survey sample has an estimated average design factor of 2.2 when weighted to be representative of all firms. A firm-weighted estimate of 50 per cent, when based on the full sample of 3,093 observations, could therefore be expected (on average) to have a 95 per cent confidence interval of +/- 3.9 percentage points. An otherwise equivalent estimate based on 500 observations could be expected to have a 95 per cent confidence interval of +/- 9.6 percentage points.

When weighted to be representative of all employment, the 2011 survey sample has an estimated average design factor of 1.4. An employment-weighted estimate of 50 per cent, when based on the full sample of 3,093 observations, could therefore be expected (on average) to have a 95 per cent confidence interval of +/- 2.5 percentage points. An otherwise equivalent estimate based on 500 observations could be expected to have a 95 per cent confidence interval of +/- 6.1 percentage points.

The confidence intervals around estimates from the 2011 Employers' Pension Provision (EPP) 2011 survey will typically be slightly smaller than those around estimates from EPP 2009. One reason is that the 2011 survey has a larger sample size. Another is that it devotes a higher proportion of its sample to the smallest and largest firms, which makes the sample better able to capture the variability in pension provision across employers of different sizes.

Summary

Introduction to the report

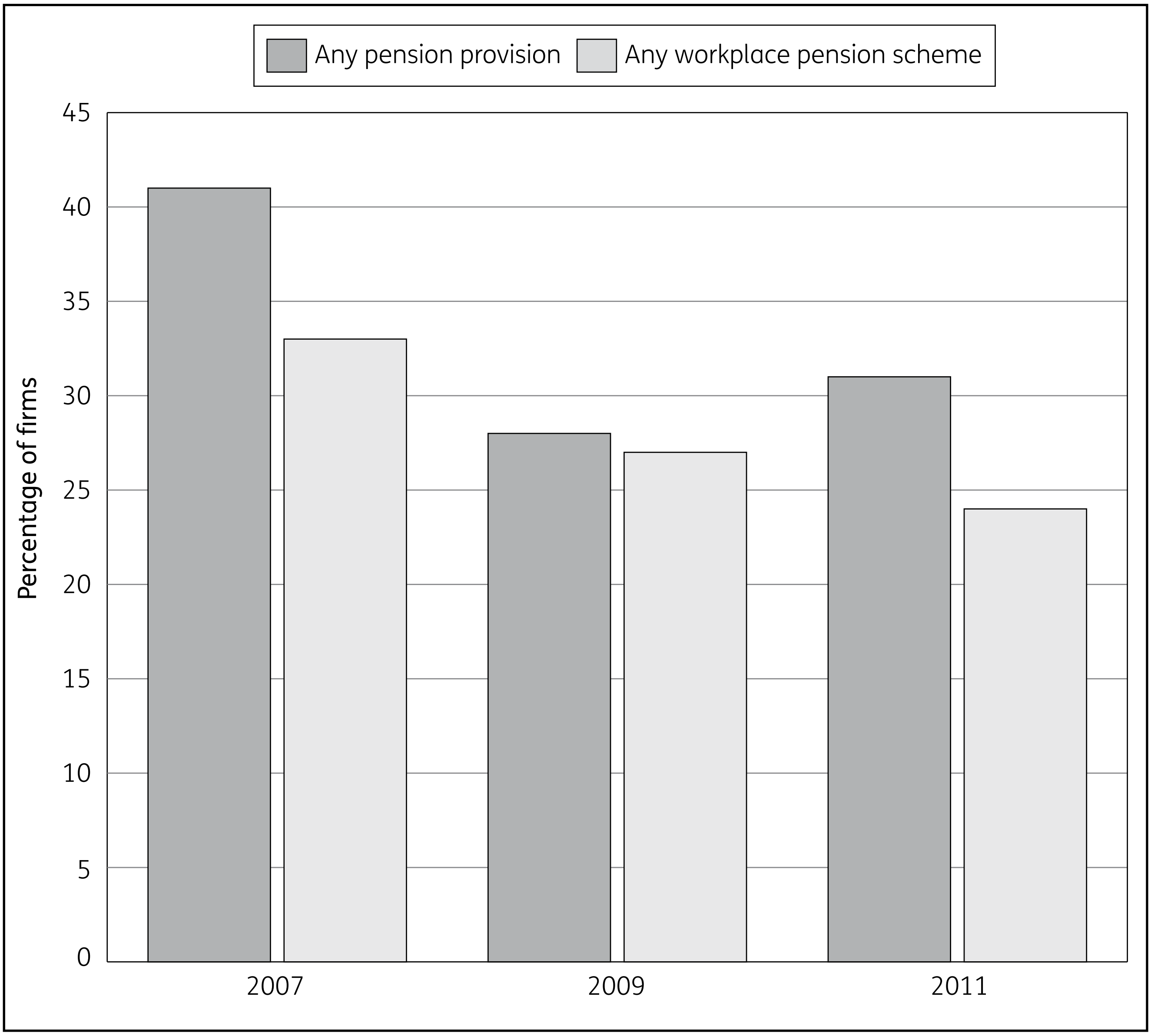
- This report presents findings from the 2011 Employers' Pension Provision survey (EPP 2011). The survey was the ninth in a series, with previous surveys having been conducted in 1994, 1996, 1998, 2000, 2003, 2005, 2007 and 2009.
- The main aim of the report is to describe the extent and nature of pension provision among private sector employers in Britain in 2011. Comparisons are also made with key findings from the 2009 survey and, in some cases, the 2007 survey. In respect of the extent of provision, the report covers the proportions of firms providing pensions and the extent of employee membership of employer pension schemes. In respect of the nature of pension provision, the report covers the types of provision, access and eligibility, and contribution rates.
- The report also outlines the main reasons for non-provision of pensions and examines recent and planned changes in provision. In particular, the report covers the expected impact of the forthcoming workplace pension reforms.
- The EPP 2011 survey was conducted among a representative sample of private sector employers in Great Britain and provided information about their provision, or non-provision, of pension schemes for their employees. The sample was drawn from the Inter-Departmental Business Register (IDBR); small businesses without employees were excluded, as was the public sector. In 2011, the population of all private sector employers in Britain with at least one employee comprised around 1.6 million organisations, which together employed around 20 million employees.
- After a screening exercise to verify eligibility and identify the most appropriate respondent, participating organisations completed an 'interview preparation form' about their pension schemes and also completed a short telephone interview.[1] Some 3,093 organisations provided complete interviews. The response rate at the main interview stage was 52 per cent, compared with a response rate of 53 per cent for the equivalent stage in EPP 2009.
- Most private sector organisations have small workforces. However, in 2011, the six per cent of private sector organisations with more than 20 workers together employed 74 per cent of all private sector employees. In order to provide a balanced representation of pension provision, the report often presents estimates of both the percentage of employers with a particular type of pension provision and the percentage of employees who work in those organisations.
- EPP 2011 was commissioned by the Department for Work and Pensions (DWP) and undertaken by TNS-BMRB Social Research and the National Institute of Economic and Social Research (NIESR).

[1] Only respondents in organisations with 20 or more employees were asked to complete the interview preparation form.

The extent of pension provision in 2011

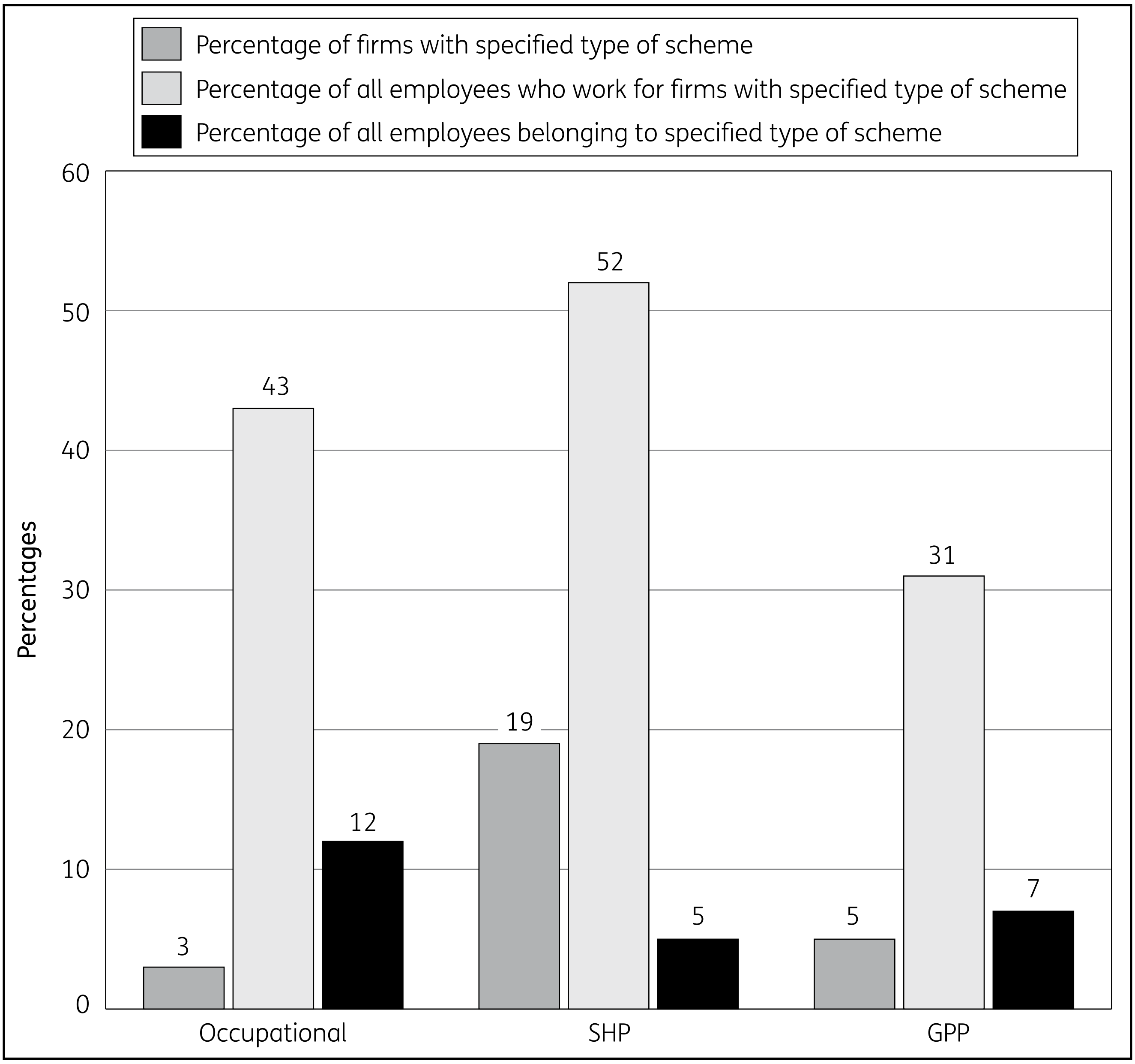
- Around three in ten private sector organisations (31 per cent) made some form of pension provision for their employees in 2011. This provision comprised one or more of the following: an occupational pension scheme, a group personal pension (GPP) scheme, a stakeholder pension (SHP) scheme or an arrangement whereby the employer made contributions to employees' personal pensions (PPs). If one focuses only on workplace-based schemes (excluding contributions to employees' personal pensions) the figure was 24 per cent.
- Larger employers are considerably more likely to provide pensions than smaller ones. Around four-fifths (81 per cent) of all private sector employees worked for a pension-providing employer in 2011. Seventy-nine per cent of all private sector employees worked for an employer who provided a workplace-based scheme.
- The provision of pensions by private sector employers is becoming less common over time. In 2007, around two-fifths (41 per cent) of employers provided some form of pension scheme, with one-third (33 per cent) providing a workplace scheme. These employers accounted for 87 per cent and 86 per cent of private sector employment respectively.

Figure 1 Pension provision by private sector employers, 2007–2011



- Workplace-based SHP schemes continued to be the most common form of provision in 2011. They were provided by 19 per cent of all firms. Five per cent of firms provided GPPs, ten per cent made contributions to employees' PPs and three per cent provided occupational schemes.

Figure 2 Pension provision by type of scheme



- Around one-quarter (26 per cent) of private sector employees were either active members of a workplace-based pension scheme or belonged to arrangements whereby an employer made contributions to their PP. The figure stood at 31 per cent in 2007 and 27 per cent in 2009.

- Twelve per cent of all private sector employees belonged to occupational schemes; seven per cent belonged to GPP schemes; five per cent belonged to SHP schemes; and one per cent had contributions made by their employer to their PP. A further 47 per cent of all private sector employees were eligible to join a workplace-based pension scheme, but had not done so.[2]
- Among the 69 per cent of all private sector firms which did not provide pensions for their employees, the most common reasons given for non-provision were that the organisation was too small, that pension provision was too costly and that staff did not want the firm to provide pensions. There were no notable changes in the reasons given for non-provision compared with 2009.

Size of schemes

- Most occupational schemes had relatively small numbers of active members within the employing organisation. In 2011, over four-fifths (88 per cent) of schemes had fewer than 20 members among the organisation's current workforce and the median scheme had just two members working in the firm. The proportion of very large schemes (those with 1,000 members or more) was very small (one per cent). However, these few large schemes served to raise the average (mean) size of an occupational scheme to 51 members.
- Many stakeholder schemes operate as 'empty shells' – schemes in which no employees are participating. In around half (51 per cent) of firms providing access to a stakeholder scheme, no current employees were participating in the scheme. However, this proportion has fallen since 2009, when it stood at three-fifths (62 per cent). Many of the remaining stakeholder schemes were small. Large schemes with 50 or more members comprised less than one per cent of all schemes. However, these schemes accounted for half of all active members in workplace-based stakeholder schemes.
- The majority of GPP schemes were small, but again most members were in larger schemes. While only three per cent of GPPs had 100 or more members, more than half (54 per cent) of active members belonged to schemes of this size.

Scheme status

- Although the majority of private sector employees work for a pension-providing employer, some may not have access to an employer-provided pension scheme. One reason is that some pension schemes are closed to new members. Around one-fifth (21 per cent) of private sector firms had some form of workplace-based pension provision that was open to new members in 2011. Thus among private sector employers providing some form of workplace-based pension scheme, most (88 per cent) had a scheme that was open to new members.
- Half (50 per cent) of all occupational schemes were open to new members; the remainder were closed to new members. Four-fifths (80 per cent) of closed schemes were accepting contributions whilst the remainder were frozen. The percentage of open schemes had not changed since 2009, when it stood at 48 per cent.
- Almost all (95 per cent) of SHP schemes were open to new members; this compared with seven in ten GPP schemes (70 per cent).

[2] Some 73 per cent of all private sector employees were eligible to join an employer-provided pension scheme in 2011, but 64 per cent of these had not joined.

Eligibility criteria

- Even where employers offer an open scheme, access to the scheme may be restricted to certain groups of employees. Around half (48 per cent) of all open occupational schemes had no eligibility criteria, thereby allowing any employee of the organisation to join. The most common means of restricting eligibility was to use tenure-based criteria, although waiting periods rarely exceeded one year.
- Around half (51 per cent) of stakeholder schemes were open to all employees; the remaining 44 per cent were restricted to certain types of employees, again most commonly on the grounds of job tenure. Less than one in ten (eight per cent) of schemes required employees to wait more than six months before they were eligible to join.
- Around one-quarter (24 per cent) of GPP schemes were open to all employees, while the remaining 46 per cent restricted access to certain groups of employees, most commonly on the grounds of job tenure. In almost half (44 per cent) of open GPP schemes, there was no waiting period before employees were eligible to join. Around one-quarter (24 per cent) of open schemes required employees to wait between one and three months before they were eligible to join.

Employer contributions

- Around one-quarter (24 per cent) of private sector employees belong to a workplace pension scheme that attracts an employer contribution.
- Across all active members of occupational schemes, the average employer contribution received was 13 per cent. This was not a statistically significant decline on the average rate of 15 per cent in 2009.
- In almost three-quarters (73 per cent) of SHP schemes with at least one active member, employers were contributing for at least some employees. The mean contribution rate, averaged across schemes, stood at five per cent of employees' pay; across all members the average contribution was six per cent of pay. The average contribution received by members was also six per cent in 2009.
- In the majority (83 per cent) of GPP schemes, employers were contributing for at least some employees. The mean percentage employer contribution rate, averaged across schemes, was six per cent of employees' pay; across all members the average contribution received was also equal to six per cent of pay. There were no statistically significant changes in the average percentage contribution compared with 2009.

Salary sacrifice arrangements

- Schemes may operate on a salary sacrifice basis, whereby an employee gives up part of their salary in exchange for the employer paying the equivalent amount as a contribution to the pension scheme.
- Around one-seventh (16 per cent) of all open or closed occupational schemes operated salary sacrifice arrangements for at least some members. Such arrangements were more common in larger schemes, with the result that over half (56 per cent) of all active members belonged to a scheme with a salary sacrifice arrangement.
- Around half (53 per cent) of members of SHP schemes belonged to a scheme that operated on a salary sacrifice basis in 2011, this proportion stood at around two-fifths (42 per cent) in 2009.

- Around one-fifth (22 per cent) of GPP schemes operated on a salary sacrifice basis for at least some employees. This was more common among larger schemes, such that almost half (46 per cent) of members were in these schemes. In 2009, three in ten GPP schemes (31 per cent) operated on a salary sacrifice basis; one-third (33 per cent) of members belonged to these schemes.

Expected impact of the forthcoming workplace pension reforms

- EPP 2011 took place in the year before the workplace pension reforms are due to start to be implemented. Under the reforms, employers will be required to automatically enrol all eligible workers into a workplace pension scheme, unless the worker chooses to opt out. Employers will also be required to make a minimum contribution into the scheme.
- Just over half (53 per cent) of employers were aware that the reforms would require them automatically to enrol eligible employees into a qualifying scheme. Around one-quarter (27 per cent) were aware of the requirements regarding minimum contribution rates. Awareness of both aspects was much higher among larger employers.
- All employers, regardless of their awareness of the reforms, were asked to choose from a list of four statements that best described their preparations for the reforms. Around half (51 per cent) had ‘not thought about them at all’. Almost a further two-fifths (37 per cent) had ‘thought about them but not done anything yet’, while just under one in ten (eight per cent) had ‘had informal discussions’. Three per cent had ‘put a plan in place to comply with the reforms’. This proportion was much higher among larger employers – one-quarter (25 per cent) of employees worked in firms that already had a plan in place.
- The vast majority of employers were likely to seek information or advice in relation to at least some aspects of the reforms. Around three-fifths (59 per cent) of firms said they would seek information or advice on the reforms from the Department for Work and Pensions (DWP).
- Almost three-quarters (74 per cent) of firms expected their total pension contributions to increase as a result of the minimum contribution required from employers. All respondents, regardless of whether they thought the reforms would lead to an increase in their total contributions, were asked what actions their organisation would take if the reforms did lead to an increase. Employers stated they were most likely to deal with any increase by absorbing this through a reduction in profits (25 per cent) or as part of other overheads (22 per cent).
- Around one-sixth (15 per cent) of firms said they would wait until the deadline before putting the necessary arrangements in place to comply with the reforms, with almost a further fifth (19 per cent) planning to do so just before the deadline. Around one in ten firms (11 per cent) planned to have the necessary arrangements in place six months or more ahead; this proportion increased to half among firms who currently contributed six per cent or more to their largest workplace scheme.
- Around a third (35 per cent) of employers thought they were likely to adopt a waiting period before enrolling current employees into a pension scheme (where they were not already members of a qualifying scheme). In comparison, almost two-thirds (64 per cent) thought they were likely to adopt a waiting period for new employees.

Enrolment destinations and contribution rates following the workplace pension reforms

- Among employers who already offered a form of workplace pension provision in which at least some employees were participating, the majority (60 per cent) planned to keep all current members (of their largest or only scheme) in their existing scheme. Six per cent planned to enrol all current members into the National Employment Savings Trust (NEST), while three per cent planned to enrol all current members into a new qualifying scheme. A further 12 per cent planned to use a combination of these schemes; around one-fifth (19 per cent) did not know what scheme they were likely to use for current members.
- Only 49 per cent of such pension-providing employers said that they would use their existing scheme for all non-members and new employees; in contrast, NEST was a more popular option with 19 per cent saying that they would enrol all non-members and new employees into such a scheme. Five per cent planned to use a new qualifying scheme for all non-members and new employees. Eight per cent planned to use a combination of schemes; around one-fifth (19 per cent) did not know what scheme they were likely to use.
- Almost half (45 per cent) of firms with no current workplace pension scheme indicated that they would enrol all employees into NEST. A further 11 per cent planned to set up their own qualifying scheme, while five per cent planned to use a combination of both. This left a substantial proportion (39 per cent) that did not know what type of scheme they were likely to use in response to the reforms.
- Almost two-fifths (39 per cent) of employers with an open workplace scheme expected to retain at least one of their schemes after the reforms without using it as a destination for automatic enrolment.
- On the basis of the intentions expressed by employers in the survey, one would currently expect at least ten per cent of private sector employees to be receiving a contribution of over six per cent of salary once the reforms have been implemented. One would expect at least 16 per cent to be receiving a contribution of between 3.1 and 6 per cent, and one would expect at least 40 per cent to be receiving the minimum contribution of three per cent of salary. Each estimate is a lower-bound since employers did not provide an expected contribution rate for around one-third (34 per cent) of all private sector employees. There is thus still a substantial degree of uncertainty in respect of employer contributions.

1 Introduction

1.1 Introduction to the report

This report presents findings from the 2011 Employers' Pension Provision survey (EPP 2011). The survey was conducted among a representative sample of 3,093 private sector employers in Great Britain and provided information about their provision, or non-provision, of pension schemes for their employees. EPP 2011 was the ninth in a series, with previous surveys having been conducted in 1994, 1996, 1998, 2000, 2003, 2005, 2007 and 2009.

The principal aim of the report is to describe the extent and nature of pension provision among private sector employers in Britain in 2011. Comparisons are also made with key findings from the 2009 survey and, in some cases, the 2007 survey. In respect of the extent of provision, the report covers the proportions of firms providing pensions and the extent of employee membership of employer pension schemes. In respect of the nature of pension provision, the report covers the types of provision, access and eligibility, and contribution rates. The report also outlines the main reasons for non-provision of pensions and examines recent and planned changes in provision. In particular, the report covers the expected impact of the forthcoming workplace pension reforms, following the inclusion of a substantial new employer intentions module in the 2011 survey, largely based on the 2007 and 2009 surveys of employers' attitudes and likely reactions to the workplace pension reforms (EAS 2007 and EAS 2009).[3]

This first chapter of the report outlines the background to the study and summarises the methodology of the survey. The chapter also provides an overview of the content of the remainder of the report.

1.2 Background to the survey

The EPP 2011 was commissioned by the Department for Work and Pensions (DWP) and undertaken by TNS-BMRB Social Research and the National Institute of Economic and Social Research (NIESR).

The broad aims of the survey were very similar to those of previous surveys in the series.[4] In addition, the 2011 survey included a substantial new employer intentions module with the aim of exploring employers' awareness of the forthcoming workplace pension reforms and their intentions, including likely enrolment destinations and contribution rates after the reforms have been implemented.

This module was largely based on EAS 2007 and EAS 2009; the surveys have been closely aligned with EPP surveys in the past, but combining the topics covered in a single survey has allowed for greater analysis of employers' intentions and attitudes towards the forthcoming workplace pension reforms by current pension provision.

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3 See, for example:
Forth, J. and Bewley, H. (2010) *Employers' attitudes and likely reactions to the workplace pension reforms 2009: report of a quantitative survey*, DWP Research Report No. 683.

4 See, for example:
Forth, J. and Stokes, L. (2010) *Employers' Pension Provision Survey 2009*, DWP Research Report No. 687.

EPP 2011 took place in the year before the workplace pension reforms are due to start to be implemented. The reforms were set out in the 2008 Pensions Act and will be phased in from 2012 onwards. Under the reforms, employers will be required to automatically enrol all eligible workers, who meet specified age and earnings criteria into a workplace pension scheme, unless the worker chooses to opt-out. In 2011, the level of earnings from which workers would be automatically enrolled was set at £7,475; this stands at £8,105 for the 2012/13 financial year subject to parliamentary approval.[5] For workers who are eligible for automatic enrolment employers may choose either to: enrol them into an existing pension scheme which meets or exceeds the minimum requirements set out in the reforms; set up a new qualifying scheme; enrol them into the National Employment Savings Trust (NEST); or amend their existing pension arrangements to meet the qualifying standards. Employers will then eventually be required to make a minimum contribution of three per cent of an eligible worker's qualifying earnings[6]; although minimum contribution levels are to be phased in from 2012 onwards no employer will pay the full three per cent until October 2018. The Pension Act 2011 requires the government to review the level of earnings that triggers automatic enrolment and the band of qualifying earnings each tax year.

1.3 Survey methods

The methodology of EPP 2011 for most organisations was essentially the same as that for the previous survey in the series, the major change being the inclusion of the new employer intentions module, as described above.

The principal features of the survey methodology for EPP 2011 are described below. Further details on survey methodology are provided in the Technical Appendix to this report (Appendix A).

1.3.1 Sample selection

The population for the survey was defined as all private sector employers in Great Britain, including private companies, sole proprietorships, partnerships, and non-profit making organisations. Small businesses without employees were excluded, along with all public sector organisations. The sample of private sector employers was drawn in January 2011 from the Inter-Departmental Business Register (IDBR). The IDBR is maintained by the Office for National Statistics (ONS) and is widely acknowledged to be the most complete register of businesses available. Organisations were selected at random from the IDBR within specific size bands (e.g. 1-4 employees; 5-12 employees; and so on). Larger organisations were over-sampled relative to smaller organisations since larger businesses are relatively scarce in the economy at large. This over-sampling served to ensure that adequate numbers of large organisations were obtained in the final sample to permit sub-group analysis, and also served to enhance the precision of employment-based estimates, since larger organisations employ a disproportionate share of all employees. This over-sampling is corrected for analysis purposes through the use of weights (see Section 1.3.4).

1.3.2 Advance letter, interview preparation form and questionnaire

As in previous surveys, an advance letter, information sheet and interview preparation form were sent to the organisation in advance of the telephone interview. For the first time, in 2011, the

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5 Department for Work and Pensions (March 2012) *Automatic enrolment earnings thresholds review and revision 2012/13: Government response to the consultation on revision proposals for the automatic enrolment earnings trigger and the qualifying earnings band.*

6 The band of qualifying earnings was set at £5,035 to £33,540 (in 2006/07 terms) in the 2008 Pensions Act. The proposed band for 2012/13 is £5,564 to £42,475.

letter was tailored to the size of the organisation.[7] Respondents working for organisations with 20 or more employees were asked to record some information about their organisation on the interview preparation form. This provided a description of the main types of pension scheme that organisations might provide and also contained some of the most important and detailed questions from the survey, encouraging respondents to refer to documents or their pension specialists in advance of the main interview. Respondents in organisations with 20 or more employees were also given the option of completing the interview preparation form online.

The interview questionnaire consisted of seven main sections:

- Section A: About the organisation.
- Section B: Selection of schemes.
- Section C: Stakeholder pension schemes.
- Section D: Occupational schemes.
- Section E: Group personal pensions.
- Section F: Recent and planned changes to pension schemes and multiple pension membership.
- Section G: Employers intentions module.

1.3.3 Fieldwork and response

The first stage of fieldwork involved matching telephone numbers onto the selected sample. The sample was then screened to identify organisations that were no longer in business or otherwise ineligible for the survey, and to obtain contact names within each of the organisations.

Following the screening process, a total of 6,265 cases were issued to interviewers. During this process a further 281 of these cases were found to be out-of-scope. The final questionnaire was administered among the remaining 5,984 cases, using computer assisted telephone interviewing (CATI) software, with interviews taking place between June and September 2011.

Some 3,094 organisations provided complete interviews. One case was dropped prior to analysis as it was discovered to comprise an interview with a subsidiary of an organisation which appeared elsewhere in the sample. The response rate at the main interview stage was 52 per cent, compared with a response rate of 53 per cent for the equivalent stage in EPP 2009.

1.3.4 Weighting and statistical inference

The unbalanced nature of the achieved sample when compared with the population at large – caused primarily by the purposeful over-sampling of larger organisations (Section 1.3.1), but also by variations in response rates – is corrected during the analysis through the use of weights. These restore the profile of the achieved sample so that it matches that of the population at large in terms of organisation size (number of employees) and industry group. The weighted data is thereby representative of the population of private sector employers in Britain along these dimensions. All estimates presented in this report are weighted in this manner, unless otherwise specified.

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7 A different version of the letter was produced for small employers (1 to 19 employees), medium and large employers (20 to 4,999 employees) and very large employers (5,000 or more employees).

Some further sets of weights are sometimes used in the analysis to determine the percentage of employees who work in particular types of organisation (e.g. those with some pension provision) or to determine the proportion of active members who belong to particular types of pension scheme. When these weights are applied, the different nature of the estimates is clearly identified.

The weighting methodology applied in EPP 2011 was the same as that used in EPP 2009, and the same as that developed for EPP 2007 and EPP 2005 during the course of the primary analysis of the 2007 survey. These weighting procedures were slightly different to those applied in other surveys in the series, as they properly gave slightly more weight to very small organisations (those with only one or two employees). This means that comparisons with figures published in the earlier EPP survey reports (before 2007) should be undertaken with caution. Further details about the weighting are provided in Appendix A.

One further implication of the fact that EPP 2011 (in common with its predecessors) is based on a variable probability design, rather than simple random sampling, is that the statistical precision of survey estimates (typically indicated by the ‘standard error’ of an estimate) cannot be derived from standard textbook formulae, typically being larger than such formulae would suggest. Instead, one must use more sophisticated procedures to estimate the standard error that is associated with any particular estimate from the survey. We do not present standard errors as a matter of course in the report, as it would make the discussion unwieldy. However, the standard errors that apply to the headline estimates of provision are provided in Appendix C.

1.4 The characteristics of private sector organisations

The population of private sector employers in Britain comprised around 1.6 million organisations in 2011, which together employed around 20 million employees.[8] As shown in Table 1.1, many of these organisations were small in size: 74 per cent employed fewer than five employees. Nevertheless, as noted in Section 1.3.1 above, the small number of large organisations employ a disproportionate share of all employees: the six per cent of organisations with more than 20 workers together employed 74 per cent of all employees. The dominance of small organisations in the population of all employers, and the dominance of large organisations in terms of employment, mean that, to provide a balanced representation of pension provision, the report will often present estimates of both the percentage of employers with a particular type of pension provision and the percentage of employees who work in those organisations. This is necessary because larger organisations tend to be more likely than smaller organisations to provide pensions and also tend to operate different types of schemes.

8 Population data obtained from the Inter-Departmental Business Register at the time of sampling (January 2011).

Table 1.1 Population and weighted sample (organisations and employment), by size of organisation

Column percentages

	Organisations		Employment	
Size of organisation	**Population (IDBR)**	**EPP 2011**	**Population (IDBR)**	**EPP 2011**
1-4 employees	74	74	10	11
5-12 employees	16	17	10	10
13-19 employees	4	4	5	5
20-49 employees	4	4	9	9
50-99 employees	1	1	6	7
100-499 employees	1	1	13	12
500-999 employees	0	0	6	6
1,000+ employees	0	0	41	41
Weighted base	*n/a*	*3,093*	*n/a*	*3,093*
Unweighted base	*1,601,162*	*3,093*	*19.9 million*	*3,093*

Base: All private sector organisations.
Note: the profile of the EPP 2011 sample is shown after weighting.

Considering the profile of the population by industry sector, Table 1.2 shows that just three sectors – construction, wholesale and retail, and professional, scientific and technical activities – together account for almost half (47 per cent) of all private sector employers. While wholesale and retail accounts for around a fifth of both private sector employers and private sector employment, construction and professional, scientific and technical activities account for a smaller share of employment. The employment figures instead indicate a more prominent role for organisations in sectors such as accommodation and food service activities (eight per cent of private sector employment), manufacturing (12 per cent) and human health and social work (eight per cent).

Table 1.2 Population and weighted sample (organisations and employment), by industry sector

					Column percentages
		Organisations		**Employment**	
Industry sector: SIC(2007) Section		**Population (IDBR)**	**EPP 2011**	**Population (IDBR)**	**EPP 2011**
A	Agriculture, forestry and fishing	3	4	1	1
B	Mining and quarrying	0	0	0	2
C	Manufacturing	6	7	12	10
D	Electricity, gas, steam and air conditioning supply	0	0	1	0
E	Water supply, sewerage and waste management	0	0	1	1
F	Construction	12	11	6	4
G	Wholesale and retail	17	18	21	19
H	Transportation and storage	3	3	5	8
I	Accommodation and food service	7	7	8	13
J	Information and communication	8	7	5	4
K	Financial and insurance activities	2	1	4	2
L	Real estate activities	3	3	2	6
M	Professional, scientific and technical activities	17	18	8	7
N	Administrative and support service activities	7	7	10	5
O	Public administration and defence	0	0	0	0
P	Education	2	2	4	1
Q	Human health and social work	5	5	8	10
R	Arts, entertainment and recreation	2	2	3	4
S	Other service activities	5	5	2	2
Weighted base		*n/a*	*3,093*	*n/a*	*3,093*
Unweighted base		*1,601,162*	*3,093*	*19.9 million*	*3,093*

Base: All private sector organisations.
Note: the profile of the EPP 2011 sample is shown after weighting.

In addition to providing definitive information on the population covered by the survey – obtained from the sampling frame – Tables 1.1 and 1.2 also show how the profile of the weighted sample for EPP 2011 matches up to that population in terms of organisation size and industry sector. Table 1.1 shows that these weights perform well in enabling the sample to represent the population on the basis of organisation size. Table 1.2 shows some small deviations in the employment-weighted sample for EPP 2011 from the population profile of employment by industry, but it is necessarily difficult to design a weighting scheme which performs well on all dimensions. There will inevitably be some differences, because of the difficulty of constructing a set of weights that simultaneously meets a number of different objectives. However, it can be seen that these differences are relatively minor. The equivalent profiles of the weighted samples for EPP 2007 and EPP 2009 by organisation size are presented in Appendix B for comparison.[9]

The final table in this section (Table 1.3) shows the profile of the population by salary band of employees. As noted in Section 1.2, the threshold for eligibility for automatic enrolment was set at £7,475 for the year 2011/12. In one-quarter (25 per cent) of firms, no employees were earning £7,500 or more, and so no employees would be eligible for automatic enrolment on this criteria. These were mostly small firms, such that only four per cent of employees worked in these organisations. In over half (55 per cent) of firms, more than three-quarters of the workforce would be eligible for the reforms; three-fifths (60 per cent) of employees worked in these firms. Note that eligibility will also depend on age as well as earnings, so that not all of these employees may be eligible for automatic enrolment.

Table 1.3 Weighted sample (organisations and employment), by salary band of employees

		Column percentages
	EPP 2011	
Percentage of employees earning £7,500 or more	**Organisations**	**Employment**
Percentage of employees earning £7,500 or more		
None	25	4
1%-24%	2	4
25%-49%	5	9
50%-74%	13	22
75% or more	55	60
Weighted base	*3,055*	*2,884*
Unweighted base	*2,982*	*2,982*

Base: All private sector organisations.

1.5 Overview of the remainder of the report

The remainder of the report is divided into seven substantive chapters plus five appendices.

Chapter 2 Outlines the broad extent and nature of pension provision among private sector employers in Britain. Also discusses the reasons that organisations gave for not providing pensions.

Chapter 3 Focuses on the availability of occupational pension schemes. Discusses eligibility criteria and waiting periods. Also examines the contributions made into occupational pension schemes.

Chapter 4 As per Chapter 3, in respect of stakeholder pension schemes.

Chapter 5 As per Chapter 3, in respect of group personal pensions.

9 EPP 2011 was the first in the survey series to use the 2007 Standard Industrial Classification (SIC), therefore it is not possible to draw direct comparisons with the industry profiles in EPP 2007 and 2009, which used SIC 2003.

Chapter 6	Assesses the degree of awareness of the workplace pension reforms among employers, the extent of their preparations and their likely responses to any consequent increase in the costs of providing pensions for their employees.
Chapter 7	Examines employers' current expectations in respect of enrolment destinations and contribution rates once the workplace pension reforms are implemented.
Chapter 8	Conclusions.
Appendix A	Technical Appendix.
Appendix B	The characteristics of organisations in 2007, 2009 and 2011.
Appendix C	Standard errors for key estimates.
Appendix D	Tables to accompany figures.
Appendix E	Additional tables.

2 Overview of pension provision in 2011

Purpose

- This chapter outlines the overall extent and nature of pension provision among private sector organisations in Great Britain in 2011. Comparisons are made with the extent and nature of provision in 2009 and 2007.

Key findings

- Around three in ten private sector organisations (31 per cent) made some form of pension provision for their employees in 2011. This provision comprised one or more of the following: an occupational pension scheme, a group personal pension (GPP) scheme, a stakeholder (SHP) scheme or an arrangement whereby the employer made contributions to employees' personal pensions (PP). If one focuses only on workplace-based schemes (thus ignoring contributions to PPs) the figure was 24 per cent.
- Larger employers are considerably more likely to provide pensions than smaller ones. Around four-fifths (81 per cent) of all private sector employees worked for a pension-providing employer in 2011. Seventy-nine per cent of all private sector employees worked for an employer who provided a workplace-based scheme.
- The provision of pensions by private sector employers is becoming less common over time. In 2007, around two-fifths (41 per cent) of employers provided some form of pension scheme, with one-third (33 per cent) providing a workplace scheme. These employers accounted for 87 per cent and 86 per cent of private sector employment respectively.
- Workplace-based SHP schemes continue to be the most common form of provision. They were provided by 19 per cent of all firms in 2011. Five per cent of firms provided GPPs, ten per cent made contributions to employees' PPs and three per cent provided occupational schemes.
- Some pension schemes are closed and others attract no employer contribution. Ten per cent of private sector organisations had an open workplace pension scheme to which they were contributing. These firms employed 62 per cent of all private sector employees.
- Around one-quarter (26 per cent) of private sector employees were either active members of a workplace-based pension scheme or belonged to arrangements whereby an employer made contributions to their PP. Twelve per cent of all private sector employees belonged to occupational schemes; seven per cent belonged to GPP schemes; five per cent belonged to SHP schemes; and one per cent had contributions made by their employer to their PP. A further 47 per cent of all private sector employees were eligible to join a workplace-based pension scheme but had not done so.
- Among the 69 per cent of all private sector firms which did not provide pensions for their employees, the most common reasons given for non-provision were that the organisation was too small, that pension provision was too costly and that staff did not want the firm to provide pensions.

2.1 Introduction

This chapter outlines the broad extent and nature of pension provision by private sector employers in 2011. It also examines the characteristics of those private sector employers which do not provide pensions for their employees and discusses the reasons they gave in 2011 for not doing so. Comparisons are made at various points with the results from previous EPP surveys in 2007 and 2009.

The pension arrangements reported on comprise: **occupational pension schemes; GPPs; SHPs; and, finally, arrangements whereby an employer makes contributions to an employee's PPs**. When discussing occupational schemes, the chapter also distinguishes between defined benefit (DB) schemes, defined contribution (DC) schemes and hybrid schemes.

The chapter further distinguishes between schemes that are open to new members and those that are closed to new members. Finally, as employers are not currently obliged to make contributions to GPPs or SHPs, the chapter also distinguishes in these cases between schemes to which employers make contributions and those to which employers do not (the only contributions then coming from the employee).

The Glossary to this report provides further details of each type of scheme.

2.2 The incidence of pension provision in 2011

Around three in ten private sector organisations (31 per cent) made some form of pension provision for their employees in 2011 (Table 2.1). However, the provision of pensions is considerably more common among larger employers than it is among smaller ones. Table 2.1 shows, for example, that almost nine-tenths (88 per cent) of employers with 50 or more employees made some form of provision, compared with around one-fifth (21 per cent) of those with fewer than five employees. As a consequence, the proportion of all employees who work for pension-providing employers is relatively high, standing at around four-fifths (81 per cent) in 2011. Most employees thus work for a pension-providing employer. Nevertheless, they may not all have access to an employer-provided pension scheme, since some pension schemes are closed to new members and some open schemes have eligibility rules which restrict access to certain types of employee. These issues are examined in later sections of this report.

'Pension provision' here refers to the provision of an occupational pension scheme, a GPP scheme, a workplace-based SHP scheme or the provision of contributions to employees' private PPs. However, an employer who makes contributions to employees' PPs has no role in the establishment or administration of the scheme, or in the enrolment of members. Accordingly, contributions to employees' PPs will not constitute qualifying schemes under the forthcoming workplace pension reforms, irrespective of the level of contributions. Table 2.1 therefore also indicates the provision of 'workplace pension schemes' once these arrangements are ignored (thus focusing solely on the provision of occupational schemes, GPPs and workplace-based SHPs). Under this approach, just under one-quarter (24 per cent) of employers currently have some form of pension provision; these organisations employ 79 per cent of all employees.

Table 2.1 Any pension provision by size of organisation, 2007-2011

Cell percentages

Pension provision	Private sector organisations			Employees working for such organisations		
	2007	2009	2011	2007	2009	2011
Any pension provision[a]	41	28	31	87	82	81
Size of organisation						
1-4 employees	26	15	21	27	17	21
5-9 employees	58	56	42	61	59	44
10-19 employees	84	64	70	84	65	72
20-49 employees	89	79	77	90	80	77
50+ employees	96	95	88	99	98	96
Any workplace pension scheme[b]	33	27	24	86	81	79
Size of organisation						
1-4 employees	16	13	13	19	15	13
5-9 employees	56	54	40	58	57	42
10-19 employees	81	63	66	82	63	68
20-49 employees	88	77	71	89	78	72
50+ employees	95	93	86	99	98	96

Base: All private sector organisations as indicated by row headings.
Notes:
a. 'Any pension provision' refers to the provision of an occupational scheme, a GPP scheme or a workplace-based SHP scheme and to arrangements whereby employers make contributions to employees' personal pensions.
b. 'Any workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme or a workplace-based SHP scheme. It thus excludes contributions to personal pensions.

Pension provision has become less common among private sector employers over the past decade. Over half (52 per cent) of all private sector employers were making some form of provision in 2003.[10] By 2007 this had fallen to around two-fifths (41 per cent) and in 2011 the proportion was less than one-third (31 per cent). Table 2.1 suggests that the figure of 31 per cent in 2011 represented a slight increase from 2009, when EPP estimated that 28 per cent of private sector employers were making some form of provision. However, it will be apparent from tables presented later in this chapter (see Table 2.4 for example) that EPP 2009 appeared to underestimate the proportion of employers who were making contributions to employees' PPs. If one ignores contributions made to PPs and focuses solely on workplace pension schemes, provision decreases monotonically across the last three EPP surveys. The decline of three percentage points between 2009 and 2011 is not statistically significant from zero.[11] Consequently, we cannot be confident that the provision of workplace schemes fell between 2009 and 2011. However, the decline seen since 2007 is much larger (nine percentage points); we can be very confident that provision has fallen over the four years to 2011.

[10] Cebulla, A. and Reyes, De-Beaman, S. (2004) *Employers' Pension Provision Survey 2003*, DWP Research Report No. 207.

[11] Table C.1 indicates the sampling error associated with estimates from the 2011 survey.

We can also be very confident that the percentage of all private sector employees who work in firms that provide workplace schemes has fallen over this four-year period. The workplace pension reforms are thus being introduced at a time when employers' propensity to provide pensions for their employees is in decline.

2.3 Characteristics of pension-providing employers and non-providing employers

It was apparent from Table 2.1 that the incidence of pension provision is more common among larger firms than it is among smaller ones. This implies that those firms which do not provide pensions tend to be smaller than average; Table 2.2 confirms this. Most non-providing employers in 2011 (85 per cent) were organisations with fewer than five employees. Only two per cent of non-providing employers employed 20 or more employees. In contrast, only half (50 per cent) of all pension-providing firms employed fewer than five employees and around one in seven (15 per cent) employed 20 or more. Employers that provided workplace pension schemes were slightly larger again, on average.

The principal compositional differences between non-providing and providing employers in terms of industry sector were: firstly, that a greater proportion of non-providers were operating in 'professional, scientific and technical services' (Section M of the Standard Industrial Classification 2007) (20 per cent of non-providers were in this sector, compared with 14 per cent of providers); and, secondly, that a lesser proportion were operating in 'manufacturing' (Section C) (only five per cent of non-providers were in this sector, compared with 11 per cent of providers).

Table 2.2 Organisation size and industry sector, by extent of provision

Column percentages

	All organisations	No provision	Any provision	Any workplace pension scheme[a]
Size of organisation (employees)				
1-4 employees	74	85	50	39
5-9 employees	12	10	16	20
10-19 employees	8	4	19	23
20-49 employees	4	1	9	11
50-99 employees	1	0	3	4
100-499 employees	1	0	2	3
500-999 employees	0	0	0	0
1,000+ employees	0	0	0	0
Mean number of employees	*12*	*3*	*32*	*40*
Median number of employees	*2*	*2*	*5*	*7*

Continued

Table 2.2 Continued

Column percentages

	All organisations	No provision	Any provision	Any workplace pension scheme[a]
Industry sector: SIC(2007) Section				
A: Agriculture, forestry and fishing	4	5	1	1
B: Mining and quarrying	0	0	0	0
C: Manufacturing	7	5	11	11
D: Electricity, gas, steam and air conditioning supply	0	0	0	0
E: Water supply, sewerage and waste management	0	0	0	0
F: Construction	11	12	9	11
G: Wholesale and retail	18	19	16	11
H: Transportation and storage	3	2	4	5
I: Accommodation and food service	7	6	7	8
J: Information and communication	7	7	9	11
K: Financial and insurance activities	1	1	2	2
L: Real estate activities	3	3	3	3
M: Professional, scientific and technical activities	18	20	14	12
N: Administrative and support service activities	7	7	9	6
O: Public administration and defence	0	0	0	0
P: Education	2	2	1	2
Q: Human health and social work	5	4	7	9
R: Arts, entertainment and recreation	2	2	3	4
S: Other service activities	5	5	5	5
Weighted base	*3,093*	*2,121*	*949*	*739*
Unweighted base	*3,093*	*608*	*2,469*	*2,375*

Base: All private sector organisations with provision specified in column headings.
Note:
a. 'Any workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme or a workplace-based SHP scheme. It thus excludes contributions to PPs.

2.4 Reasons for non-provision

Having identified those firms which were not making any form of provision for their employees, EPP 2011 went on to ask about the reasons for non-provision. Table 2.3 focuses on the main reason given. As one might expect from the profile of non-providing employers discussed in the previous section, the most commonly-cited main reason for non-provision was that the organisation was 'too small' (cited by 35 per cent of non-providers). This has been the most commonly cited reason in each of the last three EPP surveys. The next most commonly-cited reasons in 2011 were that pension provision was too costly (17 per cent) and that staff did not want the firm to provide pensions (eight per cent). The principal difference between smaller and larger organisations in 2011 was that very small firms were more likely than larger firms to give the small size of their organisation as a reason for non-provision, while larger firms were more likely than very small firms to state that staff did not want a pension scheme.

Table 2.3 Main reason for non-provision, by size of organisation

Column percentages

Main reason for non-provision	Size of organisation (employees) 1-4	5-19	20+	All 2011	All 2009	All 2007
Organisation is too small	39	18	2	35	36	38
Only a family business	3	0	0	3	3	4
Organisation has only recently been established/organisation is too new	6	3	3	6	5	4
Haven't got round to it/haven't found the time to set up scheme	3	1	3	3	1	2
Too costly to provide pensions/cannot afford at moment	16	25	19	17	15	17
Pensions are too complicated/too much administration or legislation	2	1	0	2	0	1
Staff don't want pensions/have never asked for a pension scheme	5	22	21	8	13	6
Staff have their own personal pension schemes/arrangements	3	2	0	3	6	7
Mainly part-time or temporary staff	4	8	12	4	4	2
Employees are below National Insurance lower earnings limit	2	2	0	2	0	1
Staff turnover is too high/employees don't stay long enough to make it worthwhile	1	2	10	1	4	3
It is the responsibility of employees, not the employer	3	1	3	3	1	2
It is not company policy to provide pensions	1	2	3	1	2	1
Other reasons not elsewhere specified	14	13	24	14	8	14
Weighted base	*1,727*	*263*	*31*	*2,021*	*1,708*	*1,326*
Unweighted base	*254*	*192*	*116*	*562*	*372*	*348*

Base: All private sector organisations without some form of pension provision.
Note: reasons in italics are response codes created after fieldwork.

2.5 Types of pension provision

Table 2.4 moves on from the simple incidence of pension provision to consider the types of scheme made available by employers. The first three columns of the table show the percentages of firms providing specific types of scheme in 2007, 2009 and 2011.[12] Only three per cent of private sector firms provided occupational pension schemes in 2011, while only five per cent provided GPPs. Around one-fifth (19 per cent) provided workplace-based SHP schemes and ten per cent made contributions to employees' PPs. This latter figure was the only one to have changed to a statistically significant extent since 2009; however, it is judged that EPP 2009 underestimated the incidence of employers' contributions to PPs and, indeed, the estimate for 2011 is broadly in line with that for 2007.[13] The most noticeable change since 2007 is the decline in the provision of workplace-based stakeholder schemes (down eight percentage points from 27 per cent in 2007).

Table 2.5 provides more detail on how the nature of pension provision varies by size of firm, indicating that all types of provision are more common in larger firms. The fact that larger firms employ a disproportionate share of all employees (see Chapter 1) thus explains why the employment-based estimates presented in columns four to six of Table 2.4 are much higher than the firm-based estimates presented in the first three columns.

Table 2.6 goes on to show how pension provision varies by industry sector in 2011. Occupational pension schemes were most common in manufacturing (Section C of the *Standard Industrial Classification 2007*), finance and insurance (Section K) and health and social work (Section Q). GPP schemes were most common in information and communication sectors (Section J). Stakeholder schemes were most prevalent in transport and storage (Section H), accommodation and food service (Section I) and health and social work (Section Q), while contributions to PPs were most common in finance and insurance (Section K) and administrative and support service industries (Section N).

Returning to Table 2.4, the seventh to ninth columns show how the active members of pension scheme identified in EPP were distributed across the different forms of provision. Although occupational schemes are relatively rare, their prevalence among larger employers and the relatively large size of such schemes (discussed in Chapter 3), means that exactly half of all active members were members of an occupational scheme in 2011 (28 per cent of all active members were members of DB schemes; 15 per cent were members of DC schemes; and seven per cent were members of hybrid schemes). A further 26 per cent of all active members were members of a GPP scheme (with three per cent belonging to group self-invested personal pensions (GSIPPs), while 18 per cent were members of an SHP scheme and six per cent had contributions made by their employer to a privately-held PP.

The profile of active members by scheme type did not differ to a statistically significant degree from that found in 2009, with two exceptions: there was a statistically significant increase in the proportion of all active members who belonged to a DC scheme (from eight per cent in 2009 to 15 per cent in 2011); and there was a statistically significant increase in the proportion who had contributions made by their employer to a privately-held PP (from three per cent to six per cent).

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12 Standard errors for each of the 2011 estimates in Table 2.4 are presented in Table C.1.

13 For further discussion of the 2009 estimate of employers' contributions to personal pensions see pp.15-16 of Forth J and Stokes L (2010) *Employer Pension Provision Survey 2009*, DWP Research Report No. 687.

In aggregate, 26 per cent of private sector employees were active members of one of these types of scheme. The apparent fall of one percentage point from 2009 was not a statistically significant change. However, the five percentage point fall from 2007 (when 31 per cent of private sector employees were estimated to be active members) was statistically significant at the five per cent level. We can therefore be confident that membership of employer pension schemes has fallen among private sector employees in Britain over the past four years.

Table 2.4 Overall incidence and type of provision, 2007–2011

Cell percentages

	Private sector organisations			Employees working for private sector organisations			Active members of pension schemes[c]			Active members as % of all private sector employees[c, d]		
Type of pension provision	**2007**	**2009**	**2011**	**2007**	**2009**	**2011**	**2007**	**2009**	**2011**	**2007**	**2009**	**2011**
Any occupational scheme	5	2	3	42	42	43	51	48	50	16	13	12
Defined benefit	2	1	1	30	32	29	30	32	28	9	10	7
Defined contribution	3	1	1	19	14	17	9	8	15	3	2	4
Hybrid	0	0	0	7	7	8	12	8	7	4	2	2
GPP scheme	5	5	5	29	30	31	27	30	26	8	8	7
GSIPP (2009 and 2011 only)	–	1	1	–	6	6	–	2	3	–	1	1
Workplace-based SHP scheme	27	23	19	61	55	52	17	18	18	5	5	5
Contributions to personal pensions	12	5	10	19	12	16	6	3	6	2	1	1
Any pension provision[a]	**41**	**28**	**31**	**87**	**82**	**81**	**100**	**100**	**100**	**31**	**27**	**26**
Any workplace pension scheme[b]	**33**	**27**	**24**	**86**	**81**	**79**						
Weighted base	*2,359*	*2,498*	*3,059*	*2,359*	*2,498*	*3,059*						
Unweighted base	*2,357*	*2,508*	*3,067*	*2,357*	*2,508*	*3,067*						

Base: All private sector organisations.

Table 2.4 Continued

Notes:

a. Figures for 'Any provision' may be lower than the sum of the individual forms of provision as some firms may provide more than one type of scheme.

b. 'Any workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme or a workplace-based SHP scheme. It thus excludes contributions to personal pensions.

c. The figures for active membership of DB, DC and hybrid schemes may not sum to the total active membership of all occupational schemes since the EPP survey collected data on occupational scheme membership for up to eight schemes, but identifies scheme type for the first six schemes only.

d. The figure for 'Any pension provision' takes account of multiple membership, thereby indicating the percentage of all private sector employees who are active members of a pension scheme. The EPP survey data do not allow us to adjust membership data at scheme level to account for this; accordingly the scheme-level figures will slightly overestimate of the percentage of private sector employees who belong to a particular scheme if employees belong to more than one scheme of the same type. The degree of overestimation can be seen to be very small, however, as the sum of the scheme-level totals does not exceed the figure for 'Any pension provision' after rounding.

Table 2.5 Overall incidence and type of provision among organisations in 2011, by size of organisation

Cell percentages

	Number of employees								All
Type of pension provision	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	
Any occupational scheme	1	4	11	8	15	28	48	74	3
Defined benefit	0	2	4	4	7	21	39	50	1
Defined contribution	1	1	3	2	7	8	13	24	1
Hybrid	0	0	1	1	1	1	5	10	0
GPP scheme	2	6	9	17	32	46	52	50	5
GSIPP	1	1	2	0	2	2	8	5	1
Workplace-based SHP scheme	10	33	53	59	57	54	48	55	19
Contribution to personal pensions	9	7	15	18	14	23	24	16	10
Any pension provision[a]	21	42	69	76	83	92	99	100	31
Any workplace pension scheme[b]	13	39	65	71	82	90	98	99	24
Weighted base	*2,285*	*371*	*258*	*114*	*36*	*24*	*3*	*3*	*3,059*
Unweighted base	*362*	*297*	*356*	*384*	*247*	*576*	*318*	*553*	*3,067*

Base: All private sector organisations indicated by column headings

Notes:

a. Figures for 'Any provision' may be lower than the sum of the individual forms of provision as some firms may provide more than one type of scheme.

b. 'Any workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme or a workplace-based SHP scheme. It thus excludes contributions to personal pensions.

Table 2.6 Overall incidence and type of provision among organisations in 2011, by industry sector

Cell percentages

	Industry sector: SIC(2007) Section[c]													All
Type of pension provision	**C**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**S**	
Any occupational scheme	13	4	1	6	0	1	18	(2)	1	1	11	(6)	2	3
Defined benefit	1	0	0	1	0	0	2	(2)	0	0	10	(2)	2	1
Defined contribution	6	2	0	3	0	0	14	(1)	0	0	0	(0)	1	1
Hybrid	1	2	0	1	0	0	0	(0)	0	0	0	(0)	0	0
GPP scheme	8	2	3	5	2	17	10	(2)	2	5	5	(7)	2	5
GSIPP	1	0	0	0	0	14	1	(0)	0	1	0	(0)	0	1
Workplace-based SHP scheme	25	20	12	33	29	17	22	(25)	15	13	31	(26)	23	19
Contribution to personal pensions	15	2	16	12	5	5	26	(7)	9	21	3	(9)	9	10
Any pension provision[a]	51	24	27	41	33	36	62	(31)	23	38	45	(35)	35	31
Any workplace pension scheme[b]	40	23	15	39	30	34	43	(27)	17	18	44	(35)	25	24
Weighted base	*202*	*348*	*563*	*86*	*208*	*228*	*32*	*84*	*555*	*231*	*154*	*74*	*153*	*3,059*
Unweighted base	*431*	*179*	*517*	*118*	*164*	*121*	*111*	*89*	*349*	*319*	*356*	*98*	*104*	*3,067*

Base: All private sector organisations indicated by column headings.

Notes:

a. Figures for 'Any provision' may be lower than the sum of the individual forms of provision as some firms may provide more than one type of scheme.

b. 'Any workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme or a workplace-based SHP scheme. It thus excludes contributions to personal pensions.

c. Sectors A, B, D, E, O and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the 'All sectors' column. See Table 1.2 for full sector labels.

2.6 Characteristics of employers with specific types of scheme

Table 2.7 presents a similar analysis to that provided in Table 2.2, but here the focus is on the profile of firms offering specific types of pension scheme. It is apparent that firms which provide occupational pensions are considerably larger, on average, than those which provide GPPs. These, in turn, tend to be larger than those firms providing stakeholder schemes or those making contributions to employees' PPs. It should be noted, however, that the mean sizes of firms providing occupational or GPP schemes are each pulled upwards by small numbers of very large organisations. If one uses the median as an alternative, the averages are much lower and also much closer together (ten employees for occupational schemes, nine for GPP schemes, seven for SHP schemes and two for contributions to PPs).

Looking at the industry profile of firms providing different types of scheme, one naturally sees some echoes of the patterns shown in Table 2.6. Specifically, firms with occupational schemes were most likely to be located in manufacturing (Section C of the Standard Industrial Classification 2007), while firms with GPP schemes were most likely to be located in information and communication sectors (Section J). Firms with stakeholder schemes were most likely to be located in professional, scientific and technical industries (Section M), while those making contributions to PPs were most likely to be operating in wholesale and retail (Section G).

Table 2.7 Organisation size and industry sector, by type of scheme provided

Column percentages

	Occupational scheme	GPP	SHP	Contributions to PPs
Size of organisation (employees)				
1-4 employees	27	35	38	68
5-9 employees	16	16	21	8
10-19 employees	31	17	24	13
20-49 employees	9	14	12	7
50-99 employees	6	8	4	2
100-499 employees	7	8	2	2
500-999 employees	2	1	0	0
1,000+ employees	2	1	0	0
Mean number of employees	172	85	33	20
Median number of employees	10	9	7	2
Industry sector: SIC(2007) Section				
A: Agriculture, forestry and fishing	0	1	1	1
B: Mining and quarrying	2	1	0	0
C: Manufacturing	29	12	9	10
D: Electricity, gas, steam and air conditioning supply	0	0	0	0
E: Water supply, sewerage and waste management	0	1	0	0
F: Construction	15	5	12	2

Continued

Table 2.7 Continued

Column percentages

	Occupational scheme	GPP	SHP	Contributions to PPs
G: Wholesale and retail	8	13	12	29
H: Transportation and storage	5	3	5	4
I: Accommodation and food service	1	3	10	4
J: Information and communication	1	28	7	4
K: Financial and insurance activities	6	2	1	3
L: Real estate activities	2	1	4	2
M: Professional, scientific and technical activities	3	9	14	17
N: Administrative and support service activities	2	9	5	16
O: Public administration and defence	0	0	0	0
P: Education	1	2	2	1
Q: Human health and social work	18	5	8	2
R: Arts, entertainment and recreation	5	3	3	2
S: Other service activities	4	2	6	4
Weighted base	*94*	*139*	*578*	*303*
Unweighted base	*900*	*965*	*1,512*	*543*

Base: All private sector organisations providing the type of scheme specified in column headings.

2.7 Recent and anticipated changes in pension provision

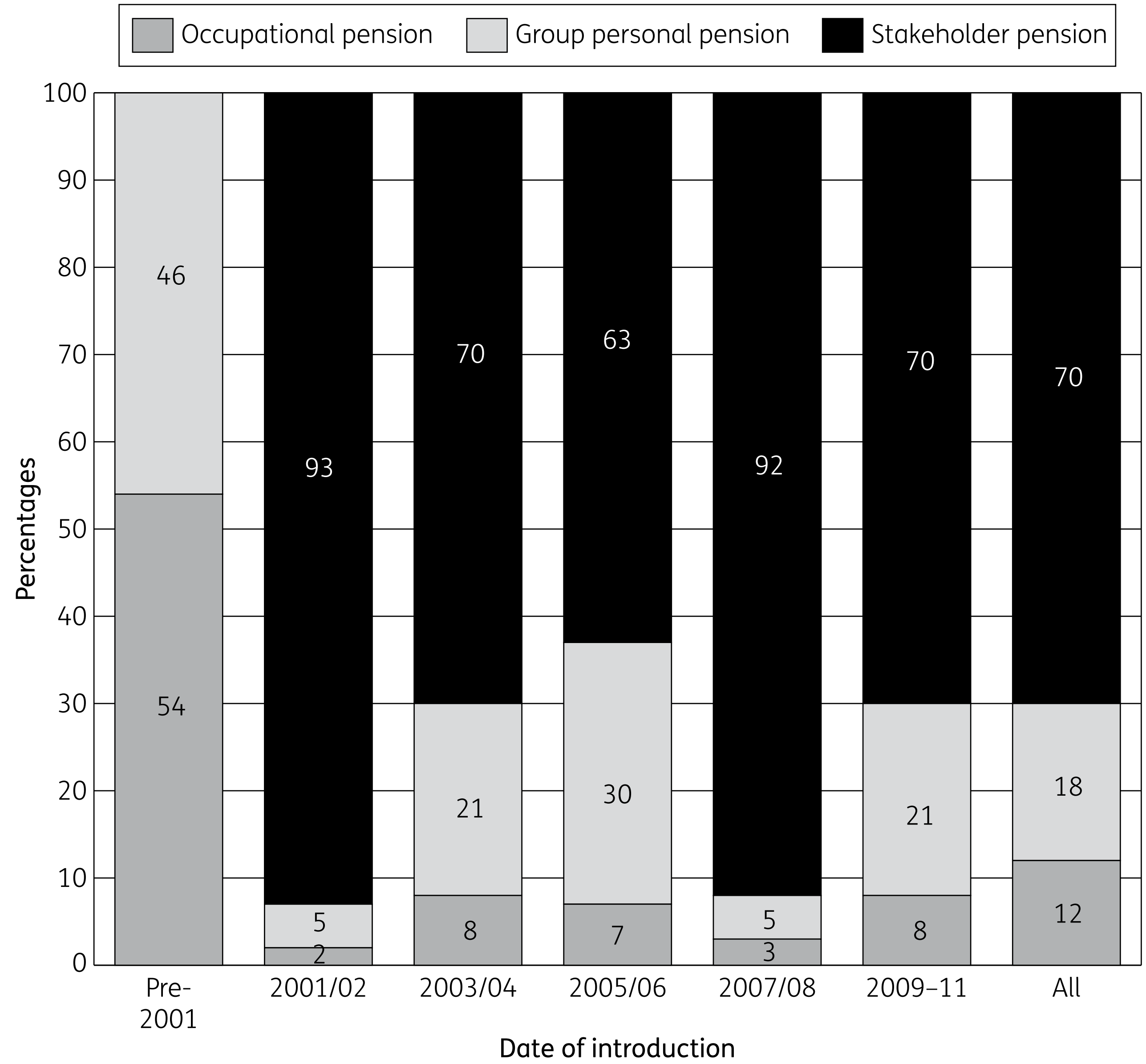
Having discussed the pattern of provision in 2011 and changes that can be observed in aggregate since 2007, the report now goes on briefly to consider recent changes in provision by those firms surveyed in 2011. Section 2.7.1 considers the types of scheme recently introduced by providing firms, whilst Section 2.7.2 discusses changes that firms expect to make in the future.

2.7.1 Introduction of new schemes

EPP 2011 provided information on the year in which each current workplace-based pension scheme was introduced by the organisation.[14] Among those schemes in operation in 2011, 17 per cent had been introduced since 2009. A further 16 per cent had been introduced in 2007/08, 18 per cent in 2005/06, six per cent in 2003/04, 30 per cent in 2001/02 and 13 per cent had been introduced prior to 2001. The relatively large proportion of schemes introduced in 2001/02 is likely to reflect the introduction of legislation in 2001 requiring employers with five or more employees to provide access to an SHP scheme. The majority (70 per cent) of schemes introduced since 2009 were SHPs (Figure 2.1). A further 21 per cent were GPPs and the remaining eight per cent were occupational schemes.

[14] It does so for up to six occupational schemes, six GPP schemes and three SHP schemes.

Figure 2.1 Type of scheme, by date of introduction



Base: Pension schemes provided by organisations in 2011.
Note: 'All' column includes 712 schemes (out of a total of 4,283 schemes) for which the date on introduction was not known.

2.7.2 Planned changes

To provide an insight into likely changes in provision going forward, EPP 2011 asked all those firms with some form of provision whether there were any changes that they had seriously considered making to their provision in the future.[15] Only one in seven pension-providing employers (14 per cent) said that they had seriously considered making changes to their provision. Those providing firms which did report that they had considered making changes to their provision were asked to name up to five of these possible changes. A wide range of actions were mentioned, but most were mentioned by only by a handful of employers. The three most commonly-cited changes were:

15 The time frame was not specified.

to bring provision into line with legislation (20 per cent of those who reported considering changes); to introduce or change to a GPP arrangement or PP plans (16 per cent); and to close their existing scheme(s) and set up new provision (13 per cent). These figures suggest that most of those employers who already provide pensions for their workforce expect to leave their current provision unchanged during the workplace pension reforms. However, this may be because many of them have not yet begun to actively consider the implications of those reforms for their existing provision. Employers' awareness of, and preparations for, the reforms are considered in more detail in Chapter 6.

The small proportion of providing firms with salary-related (i.e. defined benefit) occupational schemes in 2011 were also asked explicitly whether they planned to change their scheme (or schemes) to a money-purchase (defined contribution) scheme at some point over the next five years. Only three per cent expected to do so. These firms were larger than average, however, accounting for 12 per cent of all employment among firms with salary-related schemes.

2.8 Multiple provision

Some organisations provide more than one type of pension provision. This may arise because an organisation has closed one type of scheme to new members and opened another type of scheme to provide for new employees. Alternatively, an organisation may provide different schemes to cater for different grades of employee. Table 2.8 shows that just over one-quarter (26 per cent) of all private sector organisations provided a single type of pension scheme in 2011, while a further five per cent provided more than one type of scheme. Multiple types of pension scheme were thus offered by one-sixth (16 per cent) of all pension-providing employers; the equivalent figure in 2009 was 23 per cent. The provision of more than one type of scheme was more common among larger firms. Accordingly, just over one-third (36 per cent) of employees worked in a firm that provided a single type of scheme but the proportion working in firms with multiple types of provision was somewhat higher (45 per cent).

As noted earlier, the reduction in pension provision between 2007 and 2009 that was apparent in EPP 2009 was due in large part to a lower incidence in 2009 of small firms who contributed to employees' PPs as their sole form of provision. Eight per cent of all firms had PPs as their sole type of provision in 2007; Table 2.8 shows that this fell to just two per cent in 2009 but rose to seven per cent in 2011. This was the most notable change in the pattern of provision at firm-level between 2009 and 2011 and, in the absence of any policy changes which might explain the volatility in the incidence of PP contributions, would seem further to confirm that the 2009 estimate was an unfortunate product of chance.

When considering the employment-based figures in Table 2.8, the most notable change between 2009 and 2011 was an apparent decline in the percentage of employees working in firms that provided only SHP schemes (from 21 per cent in 2009 to 17 per cent in 2011); however, this difference was not statistically significant.

Table 2.8 Combinations of types of pension provision

Column percentages

Type(s) of pension provision	Private sector organisations 2009	Private sector organisations 2011	Employees working for private sector organisations 2009	Employees working for private sector organisations 2011
Single type of provision	22	26	41	36
Occupational	1	2	12	11
Group personal pensions (GPP)	2	2	8	6
Contributions to personal pensions (PP)	2	7	1	2
Stakeholder pensions (SHP)	18	15	21	17
Multiple types of provision	7	5	41	45
Occupational and GPP	0	0	4	6
Occupational and PP	0	0	0	1
Occupational and SHP	1	1	13	14
GPP and PP	0	1	2	4
GPP and SHP	2	1	5	4
Stakeholder and PP	2	2	3	4
Occupational, GPP and PP	0	0	1	1
Occupational, GPP and SHP	0	0	8	8
Occupational, PP and SHP	0	0	1	1
GPP, PP and SHP	0	0	1	1
All four types of scheme	0	0	3	2
No provision	72	69	18	19
Weighted base	*2,498*	*3,071*	*2,512*	*3,083*
Unweighted base	*2,508*	*3,077*	*2,508*	*3,077*

Base: All private sector organisations.

Most of those organisations with a single type of provision operate only one scheme of this type. The total percentage of organisations with multiple schemes is thus similar to the figure suggested by Table 2.8. Overall, 25 per cent of private sector organisations in 2011 could be confirmed as having only one pension scheme and a further five per cent could be confirmed as having more than one scheme; this left one per cent where the number of schemes could not be determined. Arrangements whereby an employer makes contributions to employees' PPs are treated as one scheme in this calculation, even though an employer may be contributing to the PPs of more than one employee. If one focuses solely on workplace pension schemes (thus ignoring contributions to PPs), 19 per cent of all private sector organisations could be confirmed as having a single pension scheme and four per cent could be confirmed as having more than one scheme; again this left one per cent where the number of schemes could not be determined, Among the small minority of employers with more than one workplace scheme, the average number of schemes was two.

2.9 Access and contributions

It was previously noted in the discussion of overall provision that, although most private sector employees work for a pension-providing employer, some may not have access to an employer-provided pension scheme. One reason is that some pension schemes are closed to new members. Table 2.9 builds upon Table 2.4 by focusing only upon open schemes (those that remain open for eligible employees to join).[16] In 2011, two per cent of private sector firms had at least one open occupational scheme and four per cent had at least one open GPP scheme. Most of the latter group made contributions to their GPP scheme. Some 17 per cent of private sector firms had at least one open stakeholder scheme. Overall, around one-fifth (21 per cent) of private sector firms had some form of workplace-based pension provision that was open to new members in 2011. Thus among private sector employers providing some form of workplace-based pension scheme, most (88 per cent) had a scheme that was open to new members.

If one compares with the figures provided in Table 2.4 one can deduce that relatively high proportions of occupational schemes and GPP schemes were closed to new members in 2011 (see Chapters 3 and 5 for more details). The majority of open SHP schemes did not attract any employer contributions (often because no employees had joined them – see Chapter 4). Such patterns were evident in previous years. Indeed, there were no statistically significant changes between 2009 and 2011 in the estimates shown in Table 2.9.

Table 2.10 to Table 2.11 show how the estimates presented in the second column of Table 2.9 vary by size of firm and industry sector. In common with the similar tables discussed earlier in this section, these tables show that there was considerable variability between sub-groups of organisations in the provision of open schemes and in the incidence of employer contributions to such schemes.

Finally, it is possible to use the data provided by respondents on the size of each scheme to estimate the proportion of all employees who belong to a workplace pension scheme that attracts employer contributions. Summing across both open and closed schemes, around one-quarter (24 per cent) of all private sector employees in 2011 belonged to a workplace pension scheme that attracted an employer contribution.

16 Eligibility is discussed in Section 2.10. Standard errors for each of the estimates in Table 2.9 are presented in Table C.2.

Table 2.9 Incidence of open schemes and those attracting employer contributions, 2009 and 2011

Cell percentages

	Private sector organisations		Employees working for private sector organisations	
Type of open scheme	**2009**	**2011**	**2009**	**2011**
Any open occupational scheme	1	2	25	26
Defined benefit	1	1	10	12
Defined contribution	0	0	10	13
Hybrid	0	0	6	4
Open GPP scheme	3	4	27	26
With employer contributions	3	3	26	26
Open SHP scheme	22	17	54	48
With employer contributions	4	6	24	22
Any open workplace pension scheme[a, b]	24	21	78	77
With employer contributions	8	10	62	62
Weighted base	*2,498*	*3,063*	*2,498*	*3,080*
Unweighted base	*2,508*	*3,077*	*2,508*	*3,077*

Base: All private sector organisations.

Notes:

a. The figures for 'Any open workplace pension scheme' may be lower than the sum of the individual forms of provision since some firms may provide open schemes of more than one type.

b. 'Any open workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme or a workplace-based SHP scheme. It thus excludes contributions to PPs.

Table 2.10 Incidence of open schemes and those attracting employer contributions in 2011, by size of organisation

Cell percentages

	Number of employees								All
Type of open scheme	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	
Any open occupational scheme	1	3	6	3	6	11	25	38	2
Defined benefit	0	2	3	1	2	7	14	15	1
Defined contribution	0	0	1	1	3	4	10	20	0
Hybrid	0	0	0	0	0	0	3	6	0
Open GPP scheme	2	5	7	14	29	42	46	36	4
With employer contributions	2	4	71	12	29	42	45	36	3
Open SHP scheme	9	30	49	57	55	52	45	52	17
With employer contributions	4	7	9	12	17	16	22	32	6
Any open workplace pension scheme[a, b]	11	35	58	68	79	87	95	98	21
With employer contributions	6	14	20	27	48	64	85	93	10
Weighted base	*2,285*	*371*	*258*	*114*	*36*	*24*	*3*	*3*	*3,063*
Unweighted base	*362*	*297*	*356*	*384*	*247*	*576*	*318*	*553*	*3,077*

Base: All private sector organisations indicated by column headings.

Notes:

a. The figures for 'Any open workplace pension scheme' may be lower than the sum of the individual forms of provision since some firms may provide open schemes of more than one type.

b. 'Any open workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme or a workplace-based SHP scheme. It thus excludes contributions to PPs.

Table 2.11 Incidence of open schemes and those attracting employer contributions in 2011, by industry sector

														Cell percentages
	Industry sector: SIC(2007) section[c]													**All**
Type of open scheme	**C**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**S**	
Any open occupational scheme	6	3	0	1	0	0	0	(1)	0	1	10	(1)	2	2
Defined benefit	0	0	0	0	0	0	0	(1)	0	0	9	(0)	2	1
Defined contribution	1	1	0	1	0	0	0	(0)	0	0	0	(0)	0	0
Hybrid	1	1	0	0	0	0	0	(0)	0	0	0	(0)	0	0
Open GPP scheme	7	2	2	4	1	15	9	(2)	2	2	4	(6)	2	4
With employer contributions	6	2	2	4	1	15	7	(2)	2	1	4	(5)	2	3
Open SHP scheme	21	20	12	28	29	17	22	(23)	13	10	27	(26)	22	17
With employer contributions	6	3	4	3	17	9	7	(2)	5	2	8	(9)	4	6
Any open workplace pension scheme[a, b]	31	22	14	31	30	32	29	(24)	15	11	40	(31)	24	21
With employer contributions	17	6	7	8	18	25	14	(5)	7	4	23	(14)	6	10
Weighted base	*202*	*348*	*563*	*86*	*208*	*228*	*32*	*84*	*555*	*231*	*154*	*74*	*153*	*3,063*
Unweighted base	*431*	*179*	*517*	*118*	*164*	*121*	*111*	*89*	*349*	*319*	*356*	*98*	*104*	*3,077*

Base: All private sector organisations indicated by column headings.

Notes:

a. The figures for 'Any open workplace pension scheme' may be lower than the sum of the individual forms of provision since some firms may provide open schemes of more than one type.

b. 'Any open workplace pension scheme' refers to the provision of an occupational scheme, a GPP scheme or a workplace-based SHP scheme. It thus excludes contributions to PPs.

c. Sectors A, B, D, E, O and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the 'All sectors' column. See Table 1.2 for full sector labels.

2.10 Eligibility

Following on from the previous section's discussion of access, it can be noted that employees working for a firm with an open pension scheme may nevertheless be prevented from becoming an active member of a scheme because they are ineligible to join. The later, scheme-level chapters show that eligibility requirements operated in around half of open DB and open SHP schemes, and in around one-third of open DC and open GPP schemes, with the requirement to have completed a specified period of continuous service being one common means by which firms confer eligibility (see Chapters 3, 4 and 5).

Nevertheless, such eligibility rules typically excluded a relatively small proportion of all employees. The first row of Table 2.12 shows that, in those firms with a workplace pension scheme, some 93 per cent of employees were eligible to join at least one of their employers' schemes. The proportion was higher among larger firms than among smaller ones.

Firms with a workplace pension scheme employed 79 per cent of all employees in the private sector in 2011 (see Table 2.4); accordingly, 73 per cent of all private sector employees were eligible to join a scheme in 2011, while a further six per cent were ineligible, despite working for a firm with a workplace scheme. The lack of provision of a workplace pension by some employers is thus a greater impediment to access on the part of employees than are eligibility restrictions in providing firms.

The lack of provision of a scheme is not, however, the major impediment to **membership**. Having established the extent of eligibility, the survey went on to ask employers what proportion of eligible employees had joined the scheme and what proportion were waiting to join (i.e. were in a qualifying period). The lower panel of Table 2.12 shows that, overall, 35 per cent of all eligible employees had joined a scheme, while two per cent were in a waiting period, leaving 64 per cent who had not joined a scheme.[17] It was noted above that 73 per cent of all private sector employees were eligible to join a scheme in 2011 and so one can deduce that 47 per cent of all private sector employees were eligible to join a scheme but had not done so. Eligible employees are less likely to join a scheme if they work for a small firm than if they work for a large firm, which may suggest that the type of scheme and the generosity of contributions or benefits are relevant.

17 Waiting periods are again explored in more detail in the scheme-level chapters. They were most common in GPP schemes.

Table 2.12 Percentage of employees eligible to join any pension scheme, by size of organisation

Cell percentages

	Number of employees								
Type of open scheme	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All**
Percentage of employees eligible to join any pension scheme	(91)	90	88	92	93	94	95	94	93
Weighted base	*43*	*82*	*186*	*189*	*167*	*326*	*173*	*1,267*	*2,431*
Unweighted base	*61*	*142*	*262*	*302*	*208*	*542*	*310*	*548*	*2,375*
Of those eligible to join, percentage who:									
Have joined a scheme	(50)	30	19	21	34	33	41	39	35
Are waiting to join a scheme (i.e. in a qualifying period)	(0)	1	1	1	2	3	2	1	2
Have neither joined nor are waiting to join a scheme	(50)	69	79	78	64	64	57	60	64
Weighted base	*39*	*77*	*169*	*169*	*148*	*283*	*137*	*979*	*2,001*
Unweighted base	*55*	*132*	*244*	*272*	*187*	*457*	*250*	*412*	*2,009*

Base: All private sector organisations with a workplace pension scheme.

2.11 Categorising employers on the basis of their largest scheme

This chapter concludes by considering the nature of each employer's largest workplace pension scheme. This is a convenient means of categorising employers in later chapters of the report – particularly when considering their preparations for the workplace pension reforms. An employer's largest workplace scheme is defined to be the workplace pension scheme with the largest number of active members currently in employment at the firm. Such schemes account for 84 per cent of all active members.

Table 2.13 shows that three per cent of all employers had an occupational scheme as their largest scheme, while for four per cent it was a GPP scheme and for 16 per cent it was an SHP scheme.[18] However, the larger relative size of occupational schemes – which is partly a function of their over-representation in larger firms (see Figure 2.2) meant that such schemes accounted for the largest share of all active members who belonged to their employer's largest scheme (50 per cent overall).

One important feature of the workplace pension reforms is that, when fully implemented, they will require employers to make a minimum contribution of three per cent of salary for all eligible employees. It is therefore useful to categorise employers according to the current average level of contributions that they make to their largest scheme.[19] Table 2.14 shows that those employers who do currently make a contribution to their largest scheme are typically contributing at least three per cent (six per cent of all employers do so). There are at least as many employers with workplace pension schemes who currently make no contribution to their largest scheme (nine per cent of employers overall). However, those schemes that attract no contributions tend to be small, accounting for only one per cent of all active members. This categorisation will be used frequently in Chapters 6 and 7 when the report considers employers' likely actions in respect of the reforms.

Table 2.13 Scheme type for the largest workplace pension scheme in each organisation in 2011

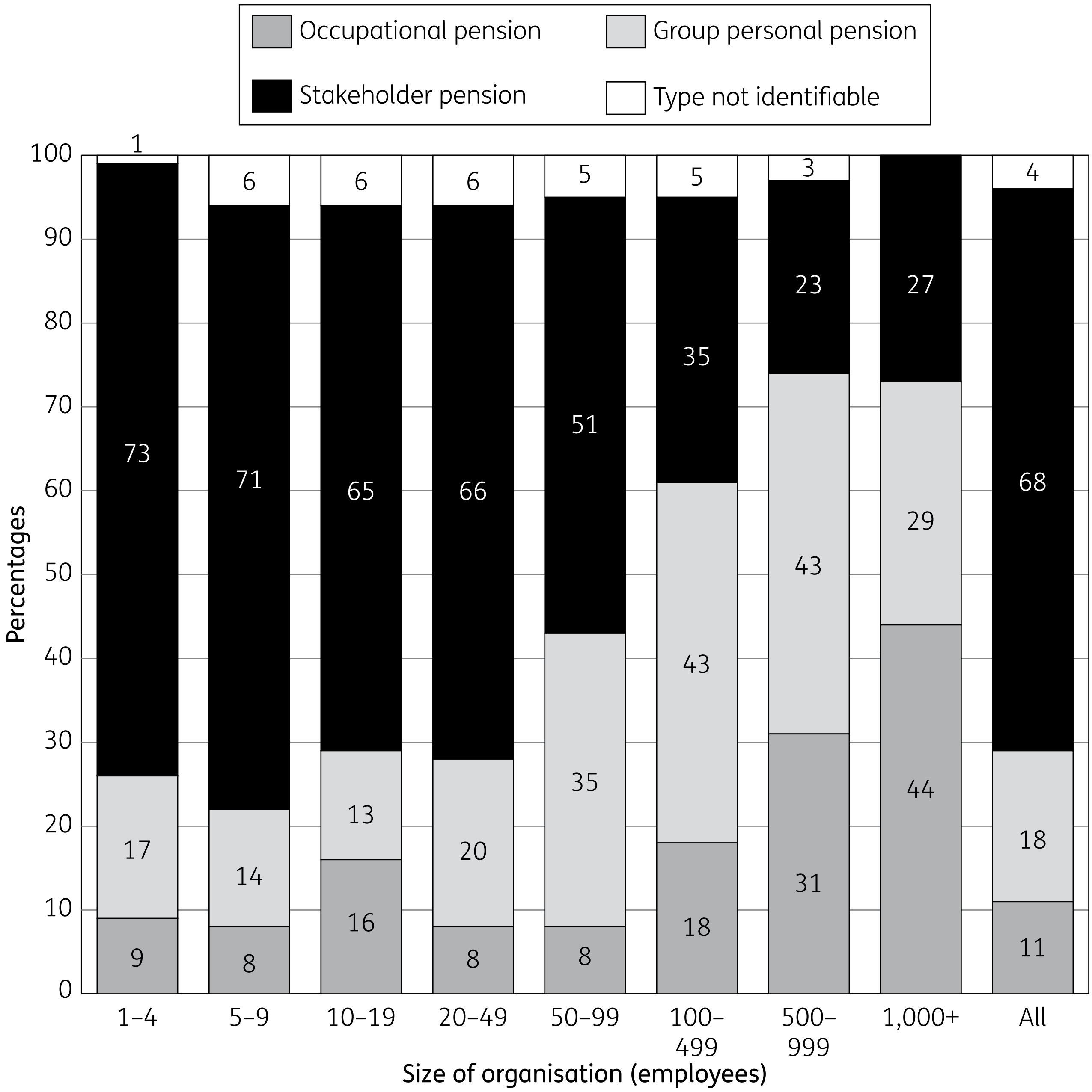
		Column percentages
Type of scheme	**All firms**	**Active members in the largest scheme**
Occupational scheme	3	50
Group personal pension	4	29
Stakeholder scheme	16	22
Type not identifiable	1	0
No workplace scheme	76	-
Weighted base	*3,063*	*1,885*
Unweighted base	*3,077*	*1,885*

Base (column 1): All private sector organisations.
Base (column 2): Active members belonging to the largest scheme in their organisation.

18 Firms with only one scheme necessarily take this as the largest scheme, even if it has no active members (this is the case for some SHP schemes).

19 Our focus on the average contribution to the largest scheme comes with the necessary caveat that employers may be contributing more or less than the average for some members, and may be making different levels of contributions to smaller schemes.

Figure 2.2 Scheme type for the largest workplace pension scheme in 2011, by organisation size



Base: All private sector organisations with a workplace pension scheme.
Note: Estimates for workplaces with 1-4 employees are based on only 61 observations.

Table 2.14 Employers' contribution rate for the largest workplace pension scheme in each organisation in 2011

Column percentages

Type of scheme	All firms	Active members in the largest scheme
6% or more	3	53
3% to 5.9%	3	27
Less than 3%	1	7
Contributes but rate not known	8	12
No contributions	9	1
No workplace scheme	76	–
Weighted base	*3,063*	*1,885*
Unweighted base	*3,075*	*1,885*

Base (column 1): All private sector organisations.
Base (column 2): Active members belonging to the largest scheme in their organisation.

3 Occupational pensions

Purpose

- This chapter examines the characteristics of occupational pension schemes. It focuses first on the basis on which benefits were calculated and then on a variety of issues relating to the membership of such schemes. The chapter also examines the contributions that are paid by employers and employees into occupational pensions and, finally, considers issues surrounding retirement ages.

Key findings

- In 2011, 38 per cent of occupational schemes operated on a defined benefit (DB) basis, 32 per cent operated on a defined contribution (DC) basis and 11 per cent operated on a mixed benefit basis (the remaining 20 per cent were unclassified). The proportion of active members belonging to each of the three different types of occupational scheme (DB, DC and mixed benefit) was stable between 2009 and 2011.
- Half (50 per cent) of all occupational schemes were open to new members; the remainder were closed to new members. Four-fifths (80 per cent) of closed schemes were accepting contributions while the remainder were frozen. The percentage of open schemes had not changed since 2009, when it stood at 48 per cent.
- Around half (48 per cent) of all open occupational schemes had no eligibility criteria, thereby allowing any employee of the organisation to join. The proportion was similar in 2009 (50 per cent). The most common means of restricting eligibility was to use tenure-based criteria, with 34 per cent of open occupational schemes using a waiting period, although waiting periods rarely exceeded one year.
- The rate of employer contributions received by the average active member of an occupational scheme was 13 per cent. This was not a statistically significant decline on the average rate of 15 per cent in 2009.
- Over two-thirds (72 per cent) of occupational schemes were contributory for employees in 2011. The average employee contribution in such schemes was six per cent of gross pay, as it was in 2009.
- Around one-seventh (16 per cent) of all open or closed occupational schemes operated salary sacrifice arrangements for at least some members. Such arrangements were more common in larger schemes, with the result that over half (56 per cent) of all active members belonged to a scheme with a salary sacrifice arrangement.
- The most common normal pension age for members of occupational schemes was 65, followed by 60. Over two-thirds (70 per cent) of active members belonged to a scheme with a normal retirement age of 65, while around one-fifth (21 per cent) belonged to a scheme with a normal retirement age of 60.

3.1 Introduction

The estimates presented in Chapter 2 indicated that three per cent of all private sector organisations included an occupational pension scheme as part of their pension provision for employees in 2011 (Table 2.4). These organisations employed around two-fifths (43 per cent) of all private sector employees. Together, occupational pension schemes accounted for half (50 per cent) of all active members of employer pension schemes.

This chapter further examines the characteristics of occupational pension schemes provided by employers in 2011. It focuses first on the basis on which benefits were calculated and then on a variety of issues relating to the membership of such schemes. The chapter also examines the contributions that are paid by employers and employees into occupational pensions and, finally, considers issues surrounding retirement ages.

Most of the estimates that are presented in the chapter are based on schemes, with each scheme having the same influence on the estimate regardless of its size. However, some estimates are also presented in which the influence of each scheme is in proportion to its active membership. These membership-based estimates give greater weight to larger schemes and are more representative of the situation experienced by the average active member. Some firm-level estimates are also included in the discussion. Comparisons with estimates from EPP 2009 are made at key junctures throughout the chapter.

3.2 Types of occupational scheme

DB schemes were the most common form of occupational pension scheme in 2011: around two-fifths (38 per cent) of all occupational schemes were classified by respondents as DB schemes. A further 32 per cent of schemes were classified as DC schemes, while 11 per cent of schemes used both methods to calculate benefits (hybrid schemes). In the remaining 20 per cent of cases, the respondent did not possess sufficient knowledge to categorise the scheme. In EPP 2009, a higher proportion of schemes were mixed benefit or hybrid schemes (20 per cent) and a lower proportion were unclassifiable (11 per cent). Although these figures indicate some change between 2009 and 2011 in the profile of occupational schemes, it was apparent from Chapter 2 (Table 2.4) that the proportion of active members in the three types of occupational scheme was approximately stable between the two years (see also Section 3.5 below).

In cases where the scheme was classified as using a single method of calculating benefits, the respondent was asked whether the scheme provided any benefits on the opposing basis. Fifteen per cent of DB schemes provided at least some benefits on a DC basis, while six per cent of DC schemes provided at least some benefits on a DB basis.[20] On this basis, a total of 18 per cent of occupational schemes could possibly then be considered as hybrid schemes (23 per cent in 2009). We use responses to the main classificatory question, discussed in the previous paragraph, when classifying schemes throughout this chapter, taking this to indicate the main method of calculating benefits in the scheme (and so class 11 per cent of occupational schemes as hybrid schemes). This approach has also been adopted in the construction of the tables presented in earlier chapters.

20 Respondents were not always well informed. Eleven per cent of respondents reporting on DB schemes could not answer this question, while 14 per cent of those reporting on DC schemes could not answer the equivalent question. The figures cited in the text include these non-respondents in the bases for the estimates.

3.3 Status of occupational schemes

The population of occupational schemes comprises a mixture of open, closed and frozen schemes. Open schemes admit new members and continue to receive contributions from existing members and their employers. Closed schemes do not admit new members, but contributions can continue to be made by existing members and their employers. Frozen schemes are also closed to new members and do not accept any further contributions.[21]

In 2011, half of all occupational schemes (50 per cent) were open to new members (Table 3.1). Around a further two-fifths (41 per cent) of schemes were closed to new members, but still accepting contributions, while the remaining ten per cent were frozen schemes. Accordingly, around one-fifth of closed schemes were frozen. The percentage of open schemes was very similar in 2009, when it stood at 48 per cent.[22]

Comparing between different types of scheme, the proportion of DB schemes that were open to new members stood at around three-fifths (58 per cent) while among DC schemes it was around one-third (35 per cent) – a difference that was statistically significant. Three-fifths (60 per cent) of hybrid schemes were open to new members, but the relatively small number of hybrid schemes means that this estimate is relatively imprecise.

Table 3.1 Status of occupational schemes in 2009 and 2011, by type of scheme

Column percentages

	Type of scheme							
	DB		DC		Mixed		All	
Status of scheme	2009	2011	2009	2011	2009	2011	2009	2011
Open to new members	54	58	41	35	(48)	60	48	50
Closed, but accepting contributions	31	37	42	46	(42)	39	37	41
Frozen	15	6	17	20	(10)	1	14	10
Weighted base	*382*	*593*	*292*	*503*	*196*	*170*	*912*	*1,544*
Unweighted base	*573*	*919*	*242*	*396*	*71*	*128*	*923*	*1,493*

Base: All occupational schemes.
Note: Schemes for which the type is not known (37 in 2009 and 50 in 2011) are not presented separately but are included in the figures for 'All schemes'.

One might expect that older schemes are less likely to remain open than schemes which have been more recently established and, indeed, that broad pattern was evident in 2009. However, EPP 2011 suggested a high rate of closure among relatively new schemes, with less than two-fifths (38 per cent) of those schemes established since 2000 still remaining open to new members (Table 3.2). In contrast, around three-fifths of those schemes which had been set up in the 1980s or 1990s remained open to new members. Further investigation showed that the figure for 2000-2011 was heavily influenced by high rates of closure among smaller new schemes. If one weights Table 3.2 by the number of active members in each scheme, one obtains estimates of 43 per cent for 1980-1989, 77 per cent for 1990-1999 and 73 per cent for 2000-2011.

21 Accordingly, DB schemes are not considered to be frozen if the firm has only suspended its contributions temporarily because the scheme is in surplus (a so-called 'contributions holiday').

22 The figure was also 48 per cent in 2007.

Table 3.2 Status of occupational schemes in 2011, by year scheme established

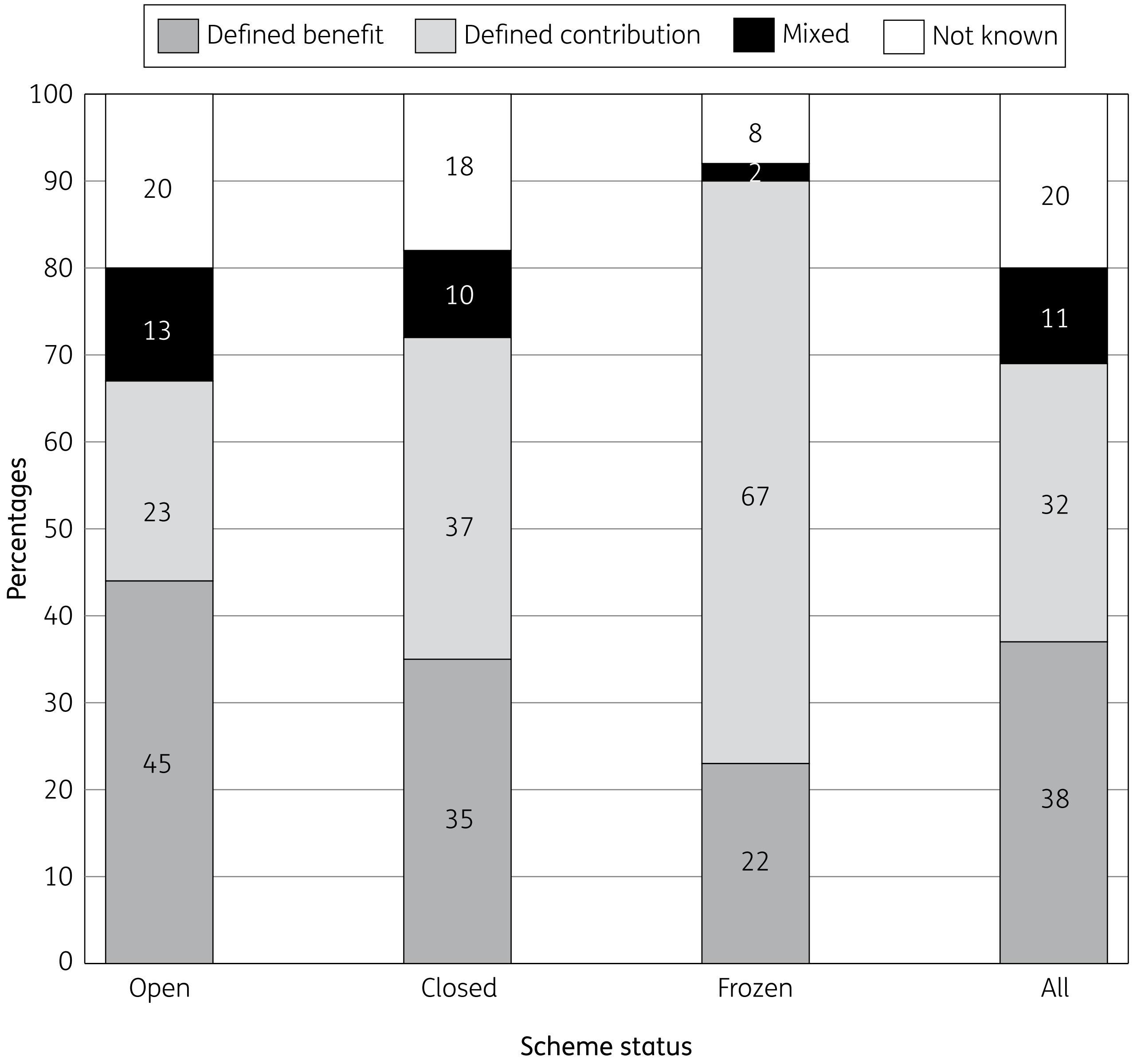
Column percentages

	Year scheme established					
Status of scheme	**Pre-1970**	**1970-79**	**1980-89**	**1990-99**	**2000-11**	**All**
Open to new members	37	18	57	68	38	50
Closed, but receiving contributions	55	74	12	31	60	41
Frozen	8	8	31	1	2	10
Weighted base	*52*	*130*	*324*	*193*	*529*	*1,544*
Unweighted base	*221*	*207*	*161*	*219*	*365*	*1,493*

Base: All occupational schemes.
Note: 320 schemes for which the year of establishment is not known are not presented separately but are included in the figures for 'All schemes'.

Figure 3.1 shows the proportions of open, closed and frozen schemes that operated on a DB, DC or mixed benefit basis. Just under half (45 per cent) of open schemes were DB schemes, just over one-fifth (23 per cent) were DC schemes and around one-tenth (13 per cent) were hybrid schemes. Among closed schemes the proportions were 35 per cent, 37 per cent and ten per cent respectively. It thus appeared that a higher proportion of open schemes operated on a DB basis, while a higher proportion of closed schemes operated on a DC basis, but the differences were not statistically significant.

Figure 3.1 Type of occupational scheme, by scheme status



Base: All occupational schemes.
Note: 33 schemes for which the status of the scheme was not known are not presented separately but are included in the figures for 'All schemes'.

3.4 Size of occupational schemes

Most occupational pension schemes had relatively small numbers of active members within the employing organisation.[23] In 2011, over four-fifths (88 per cent) of schemes had fewer than 20 members among the organisation's current workforce and the median scheme had just two

[23] That is not to say that they are necessarily small in aggregate, as some schemes have members in more than one organisation (so-called multi-employer schemes). Two-fifths (40 per cent) of occupational schemes in 2011 were part of multi-employer schemes, compared with 36 per cent in 2009.

members working in the firm (Table 3.3). The proportion of very large schemes (those with 1,000 members or more) was very small (one per cent). However, these few large schemes served to raise the average (mean) size to 51 members.

DB schemes had a mean size of 72 active members (median 6) while DC schemes had a mean size of 49 active members (median 2). DB schemes were larger, on average, in 2009, having a mean size of 143 members and a median size of 13 members (DC schemes had a mean size of 43 and median size of 2 in 2011). However, the decline in the mean size of DB schemes was just outside the bounds of statistical significance at the five per cent level, which serves to illustrate the imprecision of the estimates of mean size – caused by the highly skewed distribution.[24] Suffice it to say that, in both years, DB schemes tended to be larger than DC schemes on average.

Table 3.3 Numbers of active members in occupational schemes in 2011, by type and status of scheme

Column percentages

Number of active members	Type of scheme			Scheme status		All
	DB	**DC**	**Hybrid**	**Open**	**Closed**	
None	11	22	3	11	12	11
1-4	30	60	88	448	66	56
5-9	20	2	5	16	6	11
10-19	19	4	0	12	6	10
20-49	9	6	0	6	5	5
50-99	4	2	0	2	3	2
100-249	4	1	1	2	2	2
250-499	1	1	0	1	1	1
500-999	1	1	1	1	1	1
1,000+	1	1	1	1	1	1
Mean	72	49	62	64	36	51
Median	6	2	2	3	2	2
Weighted base	*557*	*403*	*168*	*767*	*620*	*1,387*
Unweighted base	*751*	*338*	*118*	*568*	*674*	*1,242*

Base: All open or closed occupational schemes (i.e. excluding frozen schemes).
Note: Schemes for which the type or status is not known are not presented separately, but are included in the figures for 'All schemes'.

Firm size necessarily places a ceiling on active scheme membership, and the prevalence of small schemes partly reflects the fact that most private sector organisations employ only small numbers of workers (see Chapter 1). Indeed, many of the smaller occupational schemes in 2011 were found in small organisations: four-fifths (80 per cent) of those schemes with 1-19 active members were located in organisations which themselves had fewer than 20 employees (Table 3.4). One implication is that the proportion of all employees within a firm that belonged to occupational schemes was sometimes relatively high. In 24 per cent of firms with occupational schemes, at least

[24] It is not possible to determine whether the change in the size of the median DB scheme was statistically significant as it is difficult to estimate the sampling error around the median.

three-quarters of all employees were active members. In a further 19 per cent, at least half were active members, in nine per cent the proportion was over one-quarter and in 49 per cent it was less than one-quarter.

Table 3.4 Size of organisation in 2011, by number of active members in occupational scheme

Column percentages

Size of organisation (number of employees)	Size of scheme (number of active members)					All
	1-19	20-99	100-249	250-499	500+	
1-19	80					69
20-99	14	46				16
100-249	4	30	30			7
250-499	1	8	25	17		2
500+	1	16	46	83	100	6
Weighted base	*1,064*	*103*	*28*	*12*	*23*	*1,230*
Unweighted base	*322*	*252*	*161*	*136*	*303*	*1,174*

Base: All open or closed occupational schemes (i.e. excluding frozen schemes).

It was noted in Chapter 2 that 12 per cent of all private sector employees were active members of occupational schemes in 2011 (see Table 2.4). Table 3.5 and Table 3.6 show how this percentage varied by firm size and industry sector. As in 2009, aggregate membership of occupational schemes was higher among larger firms (this partly reflecting their greater propensity to offer such schemes – see Chapter 2). Aggregate membership of occupational schemes was also relatively high in manufacturing (SIC(2007) Section C) transport and storage (Section H), information and communication (Section J) and finance and insurance (Section K). Similar industry patterns were observed in 2009, but direct comparison is prohibited by the change in the industry classification, with EPP 2009 having utilised SIC(2003) rather than SIC(2007).

Table 3.5 Percentage of employees that are active members of open or closed occupational pension schemes in 2011, by size of organisation

Cell percentages

	Number of employees								
	1-4	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All**
Aggregate percentage of employees that are active members of occupational schemes	1	2	4	3	2	7	16	25	12
Weighted base	*337*	*199*	*275*	*263*	*203*	*360*	*172*	*1,132*	*2,940*
Unweighted base	*362*	*297*	*355*	*381*	*247*	*567*	*313*	*532*	*3,054*

Base: All private sector organisations indicated by column headings.

Table 3.6 Percentage of employees that are active members of open or closed occupational pension schemes, by industry sector

Cell percentages

	Industry sector: SIC(2007) section													
	C	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**S**	**All**
Aggregate percentage of employees that are active members of occupational schemes	22	6	13	23	2	21	34	(16)	6	2	7	(5)	17	12
Weighted base	*295*	*139*	*582*	*222*	*398*	*119*	*60*	*110*	*211*	*134*	*311*	*131*	*67*	*2,940*
Unweighted base	*425*	*179*	*514*	*116*	*163*	*120*	*107*	*84*	*345*	*314*	*353*	*95*	*103*	*3,054*

Base: All private sector organisations indicated by column headings.
Note: Sectors A, B, D, E, O and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the 'All sectors' column. See Table 1.2 for full sector labels.

Table 3.7 shows how the population of active members was distributed across non-frozen schemes of different types in 2009 and 2011. This is contrasted with the distribution of schemes themselves. DB schemes accounted for the majority (57 per cent) of all active members in occupational schemes in 2011, even though they accounted for only a minority (40 per cent) of schemes. This reflects their larger than average size (as shown in Table 3.3). The distribution of active members across different types of scheme in 2011 was more heavily weighted towards members in open DC schemes than had been the case in 2009.[25]

Table 3.7 Type and status of occupational schemes in 2009 and 2011 (schemes and active members)

Column percentages

	Schemes		Active members	
Type of scheme	**2009**	**2011**	**2009**	**2011**
Defined benefit	**42**	**40**	**67**	**57**
Open	26	25	25	33
Closed	15	15	42	23
DC	**31**	**29**	**15**	**28**
Open	15	12	14	23
Closed	16	6	2	5
Hybrid	**23**	**12**	**17**	**15**
Open	12	7	16	11
Closed	11	5	1	3
Type not known	**5**	**19**	**0**	**1**
Open	3	11	0	1
Closed	2	8	0	0
All open schemes	56	55	55	69
All closed schemes	44	45	45	31
Weighted base	*743*	*1,397*	*783*	*1,194*
Unweighted base	*807*	*1,264*	*764*	*1,174*

Base: All open or closed occupational schemes (i.e. excluding frozen schemes).

25 These changes were statistically significant from zero at the five per cent level. The apparent increase in the share of members in open DB schemes was not.

3.5 Membership profile

3.5.1 Active members

In addition to collecting information on the total number of active members in each scheme, the survey also collected information on the number of members that were women and the number that worked part-time hours.[26] Women were reported to comprise a minority of members in 55 per cent of schemes (Table 3.8). This does not necessarily mean that women were under-represented in such schemes, since at least some of these schemes may have operated in organisations with a low share of female employees. However, comparing the gender share of active members in the scheme with the gender share of employees in the organisation, where both were known, one finds that female employees were under-represented among active members in 49 per cent of schemes; there was approximately equal representation of women and men in 33 per cent of schemes, and women were over-represented in 18 per cent of schemes.[27] Focusing on those schemes for which a gender share could be computed, one finds that, in aggregate, around two-fifths (39 per cent) of all active members of occupational schemes were women. The equivalent figure was 36 per cent in 2009 and 39 per cent in 2007.

Repeating the same analysis in respect of part-time workers, employees working part-time hours comprised a minority of all active members in 81 per cent of schemes (Table 3.8). Comparing the proportion of active members in the scheme that worked part-time hours with the proportion of employees in the organisation that worked part-time, where both were known, one finds that part-time employees were under-represented among active members in 63 per cent of schemes; there was approximately equal representation of part-time and full-time employees in 24 per cent of schemes, and part-timers were over-represented in 12 per cent of schemes.[28] Focusing on those schemes for which the share of part-timers could be computed, one in eight active members of occupational schemes (19 per cent) were part-time workers. This figure stood at 13 per cent in 2009 and 19 per cent in 2007.

In 2011, the shares of female members and of part-time members both appeared to be higher in open schemes than in closed schemes. Around two-fifths (42 per cent) of active members in open schemes were women, compared with one-third (33 per cent) in closed schemes. Twenty per cent of active members were part-time workers, compared with 16 per cent in closed schemes. However, only the former difference (in the gender share) was statistically significant.

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26 The number of hours was not defined. Since the information on members' gender was only collected in respect of the three largest occupational schemes, rather than the six largest as in the case of members' hours, this section focuses on the three largest occupational schemes in each firm. However, this subset accounts for 99 per cent of all occupational schemes and 99 per cent of all active members.

27 We compute the ratio of the gender share of active members to the gender share of employees, taking a ratio of less than 0.8 to indicate under-representation of female employees in the scheme, a ratio of 0.8 to 1.2 to indicate approximately equal representation and a ratio of greater than 1.2 to indicate over-representation. These thresholds are necessarily somewhat arbitrary.

28 ibid.

Table 3.8 Profile of active members of occupational schemes in 2011, by type and status of scheme

						Column percentages
Profile of active members	**Type of scheme**			**Scheme status**		
	DB	**DC**	**Hybrid**	**Open**	**Closed**	**All**
Percentage female:						
None	11	37	75	29	54	40
1-24%	8	4	1	3	7	4
25-49%	10	14	4	16	4	11
50-74%	18	16	14	14	15	15
75%+	40	6	3	27	7	18
Not known	13	23	4	12	13	12
Aggregate percentage female	41	39	31	42	33	39
Weighted base	*554*	*402*	*167*	*766*	*616*	*1,382*
Unweighted base	*697*	*330*	*116*	*558*	*619*	*1,177*
Percentage part-time:						
None	39	69	(94)	58	77	66
1-24%	15	10	(2)	9	9	9
25-49%	9	10	(0)	8	4	6
50-74%	13	1	(3)	10	2	7
75%+	23	9	(0)	14	8	12
Aggregate percentage part-time	24	11	15	20	16	19
Weighted base	*475*	*308*	*161*	*664*	*538*	*1,202*
Unweighted base	*590*	*292*	*91*	*494*	*510*	*1,004*

Base: All open or closed occupational schemes (schemes 1-3 only).
Note: Schemes for which the type or status is not known are not presented separately, but are included in the figures for ‘All schemes’.

3.5.2 Profile of all members

The total membership of a pension scheme is comprised not only of active members, but also of deferred members (those who have left the scheme but are yet to receive their pension) and current pensioners. Respondents for 25 per cent of open or closed schemes could not identify the numbers of members in each of these three groups; however, in the remaining 75 per cent of schemes it was possible to determine the share of all members that were active members, deferred members or current pensioners. Among these schemes, active members comprised just 24 per of the total membership in 2011, with deferred members accounting for a further 41 per cent and current pensioners 35 per cent (Table 3.9). DB schemes had a lower share of active members than DC schemes (22 per cent compared with 40 per cent), and a higher share of current pensioners (41 per cent, compared with 12 per cent).[29]

Each of the figures cited above was very similar in 2009. However, the overall share of active members had fallen between 2007 and 2009 (from 30 per cent to 22 per cent), and the share of current pensioners had risen (from 29 per cent to 36 per cent). Both differences were statistically significant at the one per cent level. The situation in 2011 thus suggests some stabilisation when compared with the earlier period.

Table 3.9 Profile of total membership of occupational schemes in 2009 and 2011, by type and status of scheme

Column percentages

Aggregate percentage of members that are...	Type of scheme			Scheme status			
	DB	**DC**	**Hybrid**	**Open**	**Closed**	**All 2011**	**All 2009**
Active members	22	40	(19)	29	17	24	22
Deferred members	38	47	(48)	40	43	41	42
Current pensioners	41	12	(33)	31	40	35	36
Weighted base	*989*	*195*	*301*	*799*	*598*	*1,397*	*781*
Unweighted base	*476*	*250*	*98*	*408*	*437*	*845*	*577*

Base: All open or closed occupational schemes.
Note: Schemes for which the type or status is not known are not presented separately but are included in the figures for 'All schemes'.

3.6 Eligibility for occupational schemes

It was noted above that 50 per cent of all occupational schemes were open to new members in 2011 (Table 3.1). Open pension schemes may nonetheless restrict eligibility for the scheme, such that only certain types of employee may be allowed to become members. Examples of such eligibility rules might be those which restrict membership to employees with a minimum period of job tenure or to managerial employees.

In 2011, around half (48 per cent) of all open occupational schemes had no eligibility criteria, thereby allowing any employee of the organisation to join (Table 3.10). One-third (33 per cent) of all active in open schemes members belonged to schemes that were open to all employees. A comparison of the scheme-based and membership-based figures in Table 3.10 thus indicates that those schemes without eligibility restrictions tended to be smaller than average. As in 2009, those schemes with age-related restrictions were particularly large in comparison with other schemes.

The proportion of schemes that were open to all had not changed to a statistically significant degree since 2009 (when the figure stood at 50 per cent).There was an indication of downward trend, as the figure stood at 57 per cent in 2007. However, the share of all active members which belonged to such schemes (33 per cent in 2011) was slightly higher than the equivalent figure in 2009 (30 per cent), yet similar to the figure of 34 per cent for 2007.

[29] DC schemes tend to buy out pensioners with annuities from insurance companies.

Table 3.10 Eligibility criteria for open occupational schemes in 2009 and 2011 (schemes and active members)

				Column percentages
	All schemes		All active members	
Eligibility criteria	**2009**	**2011**	**2009**	**2011**
All employees eligible to join	50	48	30	33
Senior managers only	13	7	1	0
Minimum age	6	8	27	28
Minimum job tenure	13	25	13	15
Minimum age and tenure	12	9	9	10
Other criteria	5	3	19	12
Weighted base	*491*	*769*	*415*	*822*
Unweighted base	*384*	*577*	*374*	*558*

Base: All open occupational schemes.

For the first time in the 2011 survey, respondents with schemes that had tenure-based restrictions were asked how long employees needed to wait before they were eligible to join the scheme. This is used in Table 3.11 to indicate the length of the waiting period (if any) for all open occupational schemes. In two-thirds (66 per cent) of occupational schemes there was no waiting period. In just under one-tenth (eight per cent) of schemes the waiting period was between one and three months, and in nine per cent of schemes the waiting period was between four and six months. Eighteen per cent of schemes asked employees to wait more than six months before they were eligible to join the scheme.

Table 3.11 Length of waiting period before eligible to join scheme, by type of scheme

				Column percentages
		Type of scheme		
Length of waiting period	**DB**	**DC**	**Hybrid**	**All 2011**
None	67	60	(56)	66
1-3 months	11	6	1	8
4-6 months	10	18	1	9
7-12 months	12	15	1	12
Over 1 year	0	0	42	6
Weighted base	*341*	*168*	*102*	*762*
Unweighted base	*241*	*245*	*(72)*	*573*

Base: All open occupational schemes where eligibility is known.
Note: 15 schemes for which the type is not known are not presented separately, but are included in the figures for 'All schemes'.

Respondents in firms that had any occupational schemes – whether open or closed – were also asked a general question as to whether any of their organisation's schemes had been established solely for senior managers or directors (so-called 'top hat' schemes). This was the case for one-third (33 per cent) of organisations with occupational schemes (one per cent of all organisations) in 2011. Some 41 per cent of organisations with occupational schemes had a 'top hat' scheme in 2009, but the percentage of all firms with such a scheme was also one per cent.

3.7 Contributions to occupational schemes

Employers normally make contributions to their employees' occupational pension schemes, unless the scheme has a funding surplus that is sufficient to allow the organisation to enjoy a 'contributions holiday'. Employees also commonly make contributions to occupational schemes, although this is not a requirement in all schemes. This section considers the levels of employer and employee contributions to occupational schemes in 2010/11, along with any changes since 2009/10.

Most of the questions in EPP 2009 on contributions to occupational schemes were asked only of the three largest occupational schemes present within each firm. However, as noted earlier, this subset accounts for 99 per cent of all occupational schemes and 99 per cent of all active members.

3.7.1 Employer contributions

Employers were asked to state the level of their contributions to their occupational pension schemes in the financial year preceding the survey, i.e. 2010/2011. If the level of contributions varied for different members of the scheme, the respondent was asked to state the average contribution.[30] The respondent was also encouraged to provide the figure as a percentage of an employee's gross pay.

Respondents could provide a percentage figure for only 50 per cent of schemes (65 per cent in 2009), but this lack of knowledge was most common among small schemes; those schemes for which employers could provide a percentage figure accounted for 89 per cent of all active members (84 per cent in 2009). In 2011, respondents were able to indicate the contribution rate as an amount of money for a further 23 per cent of schemes, leaving 27 per cent for which they did not know the contribution rate at all. As in earlier years, respondents were more likely to be able to specify the contribution rate, and to state it as a percentage, in respect of DB schemes than for DC schemes, and were more likely to do so in respect of open schemes than closed schemes.

The full range of responses is presented in Table 3.12. The table also includes the mean and median percentage rates for direct comparison across schemes of different types, although these should be treated somewhat tentatively given that a substantial proportion of schemes are sometimes excluded from the calculation. The table indicates that around two-fifths (42 per cent) of occupational schemes attracted an employer contribution that was known to be at least three per cent of employees' gross pay, and that these schemes together accounted for 86 per cent of all active members. The mean percentage contribution rates varied between DB and DC schemes and between open and closed schemes, but the difference between DB and DC schemes was the only one of these two comparisons that was found to be statistically significant from zero.

The mean contribution rate, when averaged across all schemes, was nine per cent, compared with a mean rate of 16 per cent in 2009. This decline was statistically significant. However, the average active member received a contribution rate of 13 per cent, and the small decline seen

30 In these circumstances employers were also asked to state the minimum and maximum levels of contributions, but here we focus solely on the average contribution rate.

here since 2009 (when the mean rate averaged across all active members was 15 per cent) was not statistically significant from zero. The principal change between 2009 and 2011 was, therefore, that the 2011 survey identified a higher proportion of small schemes offering relatively low rates of employer contributions.[31]

Table 3.12 Employer contributions to occupational schemes in 2011, by type and status of scheme (schemes and active members)

Column percentages

Average contributions in financial year 2010/11	Type of scheme			Scheme status			
	DB	DC	Hybrid	Open	Closed	All schemes	All active members
Percentage of gross pay	**76**	**50**	**23**	**54**	**45**	**50**	**89**
Less than 3%	12	10	0	10	6	8	3
3-4.9%	3	4	2	6	1	4	2
5-5.9%	9	3	13	8	5	6	6
6-9.9%	16	26	1	14	14	14	19
10-14.9%	19	3	4	13	5	9	28
15-19.9%	10	1	1	3	6	4	17
20% or more	8	2	1	1	7	4	14
Amount of money	**7**	**33**	**44**	**17**	**31**	**23**	**1**
Contribution not known	**17**	**17**	**33**	**28**	**24**	**27**	**10**
Weighted base	*555*	*402*	*167*	*767*	*623*	*1,390*	*1,189*
Unweighted base	*705*	*334*	*116*	*565*	*626*	*1,191*	*1,112*
Mean percentage contribution	11	7	(7)	8	11	9	13
Median percentage contribution	9	8	(5)	6	8	8	12
Weighted base	*422*	*200*	*38*	*417*	*282*	*698*	*1,055*
Unweighted base	*584*	*279*	*85*	*475*	*486*	*961*	*932*

Base: All open or closed occupational schemes (i.e. excluding frozen schemes).
Notes: Schemes for which the type or status is not known are not presented separately but are included in the figures for 'All schemes'.

31 The median employer contribution rates in 2009 were eight per cent (when averaged across schemes) and 14 per cent (when averaged across active members).

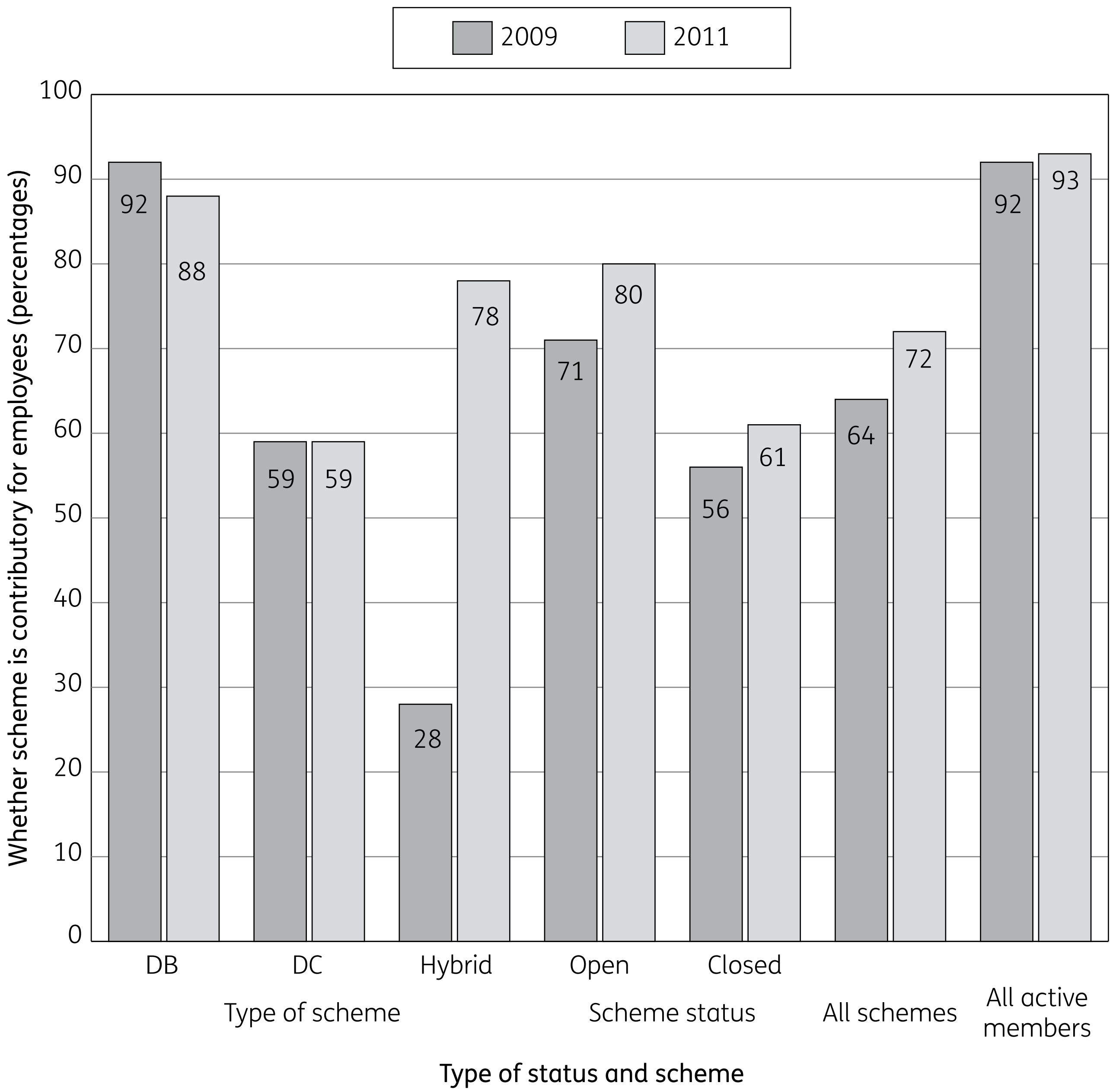
3.7.2 Employee contributions

In some cases, the employer makes the sole contribution to an occupational scheme. However, in most cases, employees also contribute. Almost three-quarters (72 per cent) of occupational schemes were contributory for employees in 2011 (Figure 3.2). This figure was much higher in respect of DB schemes (88 per cent) than in respect of DC schemes (59 per cent) and – relatedly – was also much higher in respect of open schemes (80 per cent) than closed schemes (61 per cent). Schemes with larger numbers of active members were also more likely than smaller schemes to be contributory for employees: the vast majority (93 per cent) of active members belonged to a scheme that was contributory for employees.

A comparison with 2009 suggests that the proportion of contributory schemes may have increased (the figure was 64 per cent in 2009). However, the difference was not statistically significant. The only statistically significant change shown in Figure 3.2 was the substantial increase among hybrid schemes, from 28 per cent in 2009 to 78 per cent in 2011; however the 2009 estimate should be treated with some caution as it is based on only 64 schemes in total.

As was the case for rates of employer contributions, respondents did not always know the average percentage rates at which employees contributed to contributory schemes. Respondents could provide an average percentage rate in respect of only three-fifths (60 per cent) of all schemes. However, they were more likely to know the employee contribution rate for large schemes than for small schemes and, as a consequence, schemes with a known contribution rate accounted for 90 per cent of active members (86 per cent in 2009). Table 3.13 shows the full range of responses. As in the case of employer contributions, rates of employee contributions were more commonly known – and could more commonly be stated as a percentage – in the case of DB schemes. The average scheme attracted an employee contribution of five per cent, but contributions were slightly higher in larger schemes, such that the average contribution was six per cent when averaged across all active members of schemes that attracted an employee contribution (the equivalent figures in 2009 were seven per cent and six per cent respectively).

Figure 3.2 Whether occupational schemes are contributory for employees, by type and status of scheme (schemes and active members) 2009 and 2011



Base: All open or closed occupational schemes (i.e. excluding frozen schemes).
Notes:
1 Schemes for which the type or status is not known are not presented separately but are included in the figures for 'All schemes'.
2 Figures for hybrid schemes are based on only 64 schemes in 2009.

Table 3.13 Employee contributions to occupational schemes in 2011, by type and status of scheme (schemes and active members)

Column percentages

Average contributions in financial year 2010/11	Type of scheme			Scheme status			
	DB	DC	Hybrid	Open	Closed	All schemes	All active members
Percentage of gross pay							
Less than 3%	7	10	(50)	18	3	12	5
3-3.9%	1	1	(1)	4	1	3	7
4-4.9%	2	35	(2)	3	21	10	8
5-5.9%	13	3	(4)	5	13	8	25
6-9.9%	45	5	(3)	26	21	24	39
More than 10%	5	0	(0)	3	1	2	5
Amount of money	4	18	0	6	6	6	0
Contribution not known	23	27	(40)	33	33	33	10
Weighted base	*482*	*237*	*130*	*611*	*359*	*969*	*1,092*
Unweighted base	*626*	*273*	*96*	*495*	*519*	*1,014*	*978*
Mean percentage contribution	6	4	(2)	5	5	5	6
Median percentage contribution	6	4	(0)	5	5	5	6
Weighted base	*350*	*130*	*78*	*369*	*216*	*585*	*980*
Unweighted base	*550*	*232*	*74*	*421*	*446*	*867*	*845*

Base: All open or closed occupational schemes to which employees made contributions (i.e. excluding non-contributory and frozen schemes).
Notes: Schemes for which the type or status is not known are not presented separately, but are included in the figures for 'All schemes'.

3.7.3 Overall level of contributions

The contributions made by both employers and employees can be summed – where they are both known – to identify the total contribution rate for each pension scheme.[32] This calculation was possible for only 41 per cent of schemes but, together, these schemes accounted for 85 per cent of all active members in occupational schemes. Table 3.14 indicates that, among these schemes, just over one-fifth (22 per cent) were receiving a total average contribution of at least 20 per cent of employees' gross pay, while around three in ten (31 per cent) were receiving a total contribution of less than ten per cent of employees' gross pay. The mean contribution, when averaged across

32 Schemes which are non-contributory for employees are accorded an employee contribution rate of zero.

schemes, was 14 per cent (compared with a mean rate of 21 per cent in 2009). However, the scheme average for 2011 was brought down by small schemes. The average active member received a total contribution of 19 per cent, which was identical to the mean for 2009.

Table 3.14 Total contributions to occupational schemes in 2011, by type and status of scheme (schemes and active members)

Column percentages

Average contributions in financial year 2010/11	Type of scheme DB	DC	Hybrid	Scheme status Open	Closed	All schemes	All active members
Percentage of gross pay							
Less than 5%	7	8	2	9	5	8	1
5-5.9%	9	10	0	13	3	9	4
6-9.9%	6	10	68	20	7	14	4
10-14.9%	23	64	8	23	45	32	22
15-19.9%	20	5	17	18	9	14	26
20-24.9%	19	1	4	13	10	12	20
25-29.9%	12	2	2	3	14	7	17
30% or more	5	2	0	1	7	3	5
Mean percentage contribution	16	11	11	12	16	14	19
Median percentage contribution	15	12	8	12	12	12	18
Weighted base	*340*	*161*	*37*	*340*	*236*	*576*	*1,006*
Unweighted base	*550*	*260*	*78*	*446*	*445*	*901*	*877*

Base: All open or closed occupational schemes (i.e. excluding frozen schemes) where percentage contributions rates for employers and employees known.
Notes: Schemes for which the type or status is not known are not presented separately, but are included in the figures for 'All schemes'.

3.8 Salary sacrifice arrangements

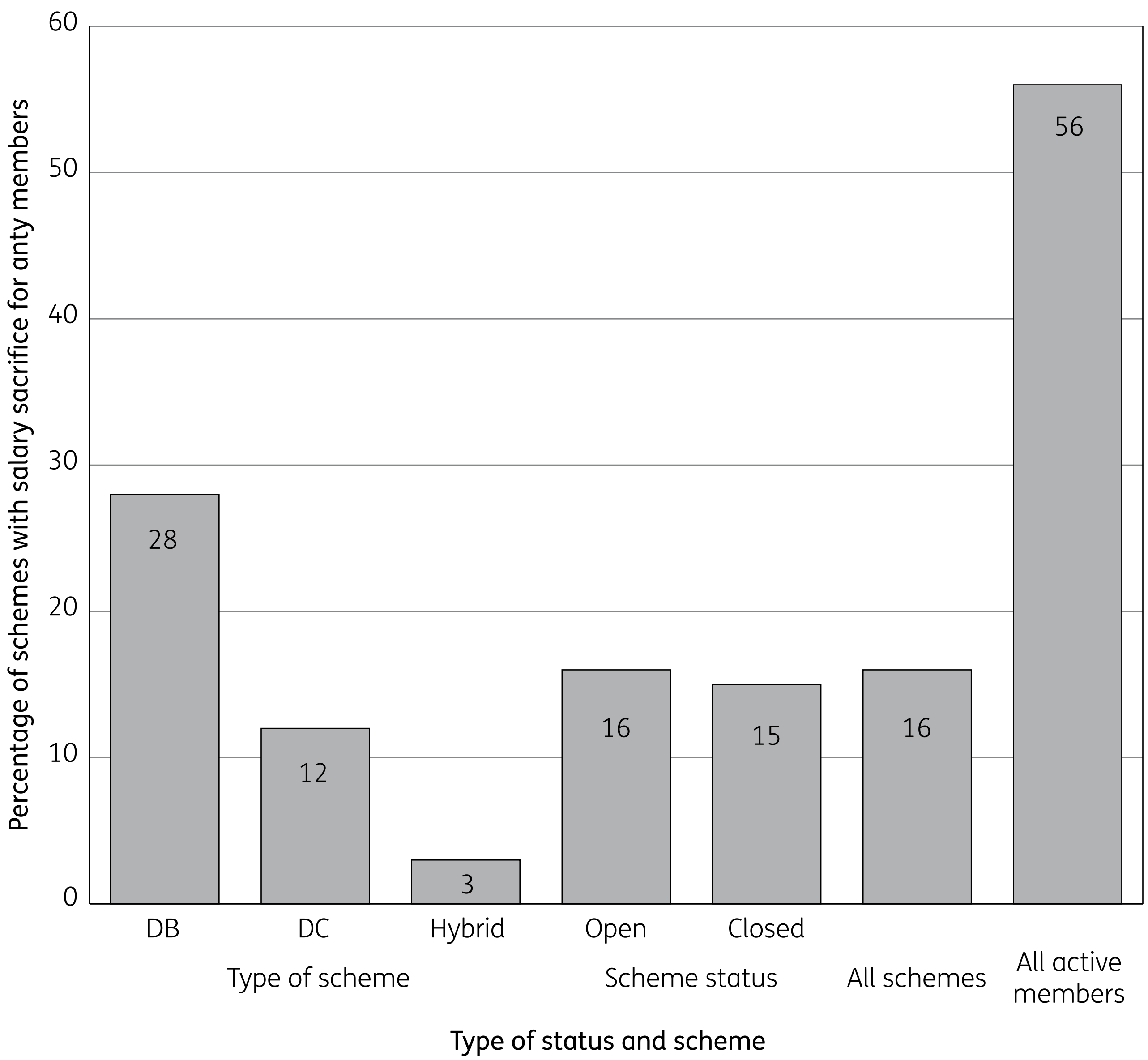
Open or closed occupational schemes may operate a salary sacrifice arrangement, whereby an employee gives up part of their salary in exchange for the employer paying the equivalent amount as a contribution to the pension scheme.[33] Around one-seventh (16 per cent) of all open or closed occupational schemes operated salary sacrifice arrangements for at least some members (Figure 3.3). Such arrangements were more common in larger schemes, with the result that over half (56 per cent) of all active members belonged to a scheme with a salary sacrifice arrangement.[34] Salary

[33] In such cases, no National Insurance contributions are paid by either the employer or employee on that portion of the employees' salary which has been 'sacrificed'. A routing error which meant that the question was inadvertently not asked for some schemes in 2009 means that we do not make comparisons over time.

[34] The arrangement did not necessarily operate for all members in the scheme, however.

sacrifice arrangements were more common among DB schemes than among DC schemes (28 per cent, compared with 12 per cent), but this reflected the greater use of salary sacrifice arrangements among small DB schemes. The proportion of active members who belonged to a scheme with a salary sacrifice arrangement was similar between the two types of scheme (56 per cent for DB schemes and 50 per cent for DC schemes). The incidence of salary sacrifice arrangements is also reported upon in other scheme-level chapters in this report.

Figure 3.3 Salary sacrifice agreements in 2011, by type and status of scheme (schemes and active members)



Base: All open or closed occupational schemes with active members (i.e. excluding frozen schemes).

Notes:

1 Schemes for which the type or status is not known are not presented separately but are included in the figures for 'All schemes'.

2 Figures for 'All active members' indicates the percentage of active members who belong to schemes which operate a salary sacrifice arrangement for at least some (but not necessarily all) members.

3.9 Normal pension age and provision for late retirement

At the time of writing, the State Pension age is 65 for men born before 6 December 1953 and between 60 and 65 for women born before the same date. Under the Pensions Act 2011, however, women's State Pension age will increase to 65 by November 2018 and, from December 2018, the State Pension age for both men and women will increase to reach 66 in October 2020.

Respondents to the EPP survey were asked to indicate the normal ages at which members of each occupational scheme could currently draw an unreduced pension.[35] As in 2009, this was typically either 60 (26 per cent of schemes in 2011) or 65 (46 per cent of schemes) (Table 3.15). Schemes with a normal retirement age of 60 accounted for 21 per cent of active members, while those with a normal retirement age of 65 accounted for 70 per cent of active members. The percentage of active members in schemes with a normal retirement age of 65 appeared to have risen since 2009, when the figure stood at 57 per cent, but the increase was not statistically significant from zero.

35 If the normal retirement age differed by gender, the respondent was asked to record the age which applied for the majority of members.

Table 3.15 Normal pension age in occupational schemes, by type and status of scheme

Column percentages

Normal pension age	Type of scheme: DB	Type of scheme: DC	Type of scheme: Hybrid	Scheme status: Open	Scheme status: Closed	Scheme status: Frozen	All schemes	All active members
50	0	0	1	0	0	0	0	0
55	5	7	8	4	10	0	6	2
60	44	9	5	40	14	12	26	21
61-64	1	0	0	0	1	1	0	2
65	39	46	82	40	45	78	46	70
66	0	0	0	0	0	0	0	0
67	1	0	0	1	0	0	0	0
Not known	9	38	4	15	30	9	21	5
Weighted base	*590*	*502*	*172*	*767*	*623*	*146*	*1,577*	*1,191*
Unweighted base	*851*	*380*	*126*	*565*	*626*	*194*	*1,409*	*1,117*

Base: All occupational schemes (except column for 'All active members' which excludes frozen schemes). Schemes 1-3 only.

Respondents were also asked whether schemes made provision for late retirement among members (that is, retirement beyond the scheme's normal pension age). The arrangements for late retirement were not known in respect of 17 per cent of schemes (Table 3.16). Among the remainder, the majority (80 per cent of all schemes) had provision for late retirement. These schemes tended to be larger than average and, together, accounted for 97 per cent of all active members in occupational pension schemes.[36]

In cases where provision was made for late retirement, respondents were asked whether the organisation would continue to make contributions for employees who chose to work beyond the normal retirement age. This was the case in just under two-thirds (63 per cent) of schemes that made provision for late retirement. In such cases, the organisation typically continued to contribute at the same rate as they had before the employee reached the normal retirement age; this was the case in 91 per cent of schemes that continued to make contributions. In cases where the organisation did not continue to make contributions, the respondent often did not know what happened (32 per cent of cases) but, in cases where they did know, the pension was typically paid from the normal retirement age (50 per cent of such cases) while in a further 18 per cent of cases it was deferred.

Table 3.16 Provision in occupational schemes for late retirement in 2009 and 2011 (schemes and active members)

Column percentages

	All schemes		All active members	
Provision for late retirement	**2009**	**2011**	**2009**	**2011**
Yes	73	80	88	97
No	7	2	9	1
Depends on circumstances	0	0	0	0
Not known	20	17	3	2
Weighted base	*878*	*1,577*	*778*	*1,191*
Unweighted base	*928*	*1,409*	*747*	*1,117*
If yes, does organisation continue to contribute:				
Yes	65	63	86	87
No	26	17	7	10
Not known	9	20	7	3
Weighted base	*641*	*1,263*	*685*	*1,154*
Unweighted base	*706*	*1242*	*616*	*1,010*

Base: All occupational schemes (except column for 'All active members' which excludes frozen schemes). Schemes 1-3 only.
Note: schemes for which the type or status is not known are not presented separately but are included in the figures for 'All schemes' and 'All active members'.

36 Again there appeared to have been an increase since 2009, when 88 per cent of active members were in schemes that had provision for late retirement but, again, the increase was not statistically significant.

4 Stakeholder pensions

Purpose

- This chapter looks at the characteristics of workplace-based stakeholder pension (SHP) schemes, including access, eligibility and employer contributions.

Key findings

- SHPs were the most common form of provision overall in 2011; approximately one-fifth (19 per cent) of firms offered access to a stakeholder scheme. Larger firms were more likely to provide access to a stakeholder scheme than smaller firms; just under half (44 per cent) of firms with five or more employees provided access to such a scheme.
- Many stakeholder schemes operate as 'empty shells', schemes in which no employees are participating. In around half (51 per cent) of firms providing access to a stakeholder scheme, no current employees were participating in the scheme. However, this proportion has fallen since 2009, when it stood at three-fifths (62 per cent).
- Many of the remaining stakeholder schemes were small. Large schemes with 50 or more members comprised less than one per cent of all schemes. However, these schemes accounted for half of all active members in workplace-based stakeholder schemes.
- The vast majority (95 per cent) of schemes were open to new members. Around half (51 per cent) of stakeholder schemes were open to all employees; the remaining 44 per cent were restricted to certain types of employees, most commonly on the grounds of job tenure. Less than one in ten (eight per cent) of schemes required employees to wait more than six months before they were eligible to join.
- In almost three-quarters (73 per cent) of schemes with at least one active member, employers were contributing for at least some employees. The mean contribution rate, averaged across schemes, stood at five per cent of employees' pay; across all members the average contribution was six per cent of pay. The average contribution received by members was also six per cent in 2009.
- Around half (53 per cent) of members belonged to a scheme that operated on a salary sacrifice basis in 2011, this proportion stood at around two-fifths (42 per cent) in 2009.

4.1 Introduction

Stakeholder pensions were introduced in April 2001. They are money-purchase arrangements that are intended to offer an alternative to personal pensions (PPs) for employees without access to occupational pension schemes, as well as the self-employed and those not in paid employment. SHP schemes have a number of key features, and must meet certain minimum standards set by government concerning management charges and contributions.[37]

Employers with five or more employees are legally required to offer their employees access to an SHP if they do not provide access to an occupational scheme or a group personal pension (GPP) with

[37] Financial Services Authority (2007) Stakeholder pensions and decision trees, FSA factsheet, London: Financial Services Authority.

an employer contribution of at least three per cent. While they must provide access to a stakeholder scheme, they are not obliged to make contributions. Firms with less than five employees may still choose to offer access to a stakeholder scheme, as may firms who also offer other forms of pension provision. As in Chapter 2, such employer-provided SHPs are referred to here as 'workplace-based SHPs'.[38]

This chapter begins by exploring access to SHPs at firm level. Where such schemes are provided, it then looks at the types of employees eligible to join such schemes, and the length of time, if any, employees must wait before they are eligible to join. The size of schemes is considered, along with the distribution of members across schemes. Employers may or may not contribute towards stakeholder schemes; both the prevalence and level of contributions are explored. Finally, the chapter considers the use of salary sacrifice arrangements. Throughout the chapter, comparisons with 2009 are drawn at key points.

4.2 Provision of workplace-based stakeholder pension schemes

In 2011, just under one-fifth (19 per cent) of firms were providing access to a workplace-based SHP scheme. However, this figure reflects the lower levels of provision by smaller firms. Firms with fewer than five employees are not legally required to offer access to an SHP if they do not make any other form of provision, and only ten per cent chose to do so (Table 4.1). Among firms with five or more employees, just under half (44 per cent) provided access to a workplace-based SHP scheme.

While 19 per cent of firms offered access to an SHP scheme, many such schemes exist as 'empty shells'. In nine per cent of all firms (51 per cent of those firms offering an SHP) a stakeholder scheme was provided but no employees were participating in it. Firms with five or more employees who do not provide access to an occupational scheme or a GPP with an employer contribution of at least three per cent are legally required to offer access to a stakeholder scheme, but they are not required to contribute towards it. Overall, in seven per cent of firms, access to a stakeholder scheme was provided, at least some employees were participating in the scheme, and the employer also made contributions to the scheme. A further three per cent of firms had stakeholder schemes to which at least some of their employees belonged, but to which the employer did not make any contributions.

38 Employees may also join a stakeholder scheme independently. In such cases, employers may arrange for an employee's contribution to their pension to be deducted directly from their pay. Employers can also choose to make contributions towards these private stakeholder schemes. In 2009, one per cent of firms arranged payroll deductions on behalf of their employees into such schemes; private SHPs were not covered in the 2011 survey.

Table 4.1 Access and contributions to workplace-based stakeholder pensions, by size of organisation

Column percentages

Access to SHPs	Size of organisation (employees) 1-4	5-9	10-19	20-49	50-99	100-499	500-999	1,000+	All 5+	All
Workplace-based SHP scheme	10	33	53	59	57	54	48	55	44	19
Membership and contributions										
No active members	3	20	35	39	32	23	14	11	28	9
Active members and employer contributes	5	9	12	13	18	17	23	35	11	7
Active members but employer does not contribute	2	3	5	6	6	13	9	8	5	3
Weighted base	*2,262*	*363*	*243*	*110*	*35*	*23*	*3*	*3*	*781*	*3,043*
Unweighted base	*359*	*290*	*338*	*371*	*243*	*553*	*312*	*538*	*2,645*	*3,004*

Base: All private sector organisations.
Note: Estimates may not sum to column totals due to rounding.

These patterns are largely similar to those observed in 2009. Table 4.2 shows access to SHP schemes in 2009 and 2011, both in terms of the percentage of firms offering a stakeholder scheme (for all firms and firms with five or more employees), and the percentage of employees working in these organisations.

The proportion of firms offering access to a stakeholder scheme stood at 23 per cent in 2009; however, the decline to 19 per cent in 2011 is not statistically significant. It is largely driven by a fall in the percentage of firms who offered a stakeholder scheme, but in which no employees were participating, which fell from 14 per cent in 2009 to nine per cent in 2011; this difference is statistically significant. This continues a general downward trend observed since 2007, when 27 per cent of firms provided access to a stakeholder scheme, and 17 per cent of firms offered a scheme, but no employees were participating in it.

As larger firms are more likely to offer SHP schemes, the proportion of employees working in firms that offered stakeholder schemes is higher than the proportion of firms offering such schemes. Just over half (51 per cent) of employees worked in firms that provided access to an SHP scheme in 2011. The equivalent figure stood at 54 per cent in 2009 (and at 61 per cent in 2007).

Table 4.2 Access and contributions to workplace-based stakeholder pensions, 2009 and 2011

Column percentages

	Private sector organisations				**Employees working for such organisations**	
	2009		**2011**		**2009**	**2011**
Access to SHPs	**All**	**All 5+**	**All**	**All 5+**		
Workplace-based SHP scheme	23	52	19	44	54	51
Membership and contributions						
No active members	14	34	9	28	19	18
Active members and employer contributes	6	11	7	11	25	25
Active members but employer does not contribute	3	6	3	5	10	8
Weighted base	*2,487*	*653*	*3,043*	*781*	*2,449*	*2,965*
Unweighted base	*2,445*	*2260*	*3,004*	*2,645*	*2,445*	*3,004*

Base: All private sector organisations.

Table 4.3 shows how access to SHP schemes varied by industry. The transportation and storage sector (SIC (2007) Section H), the human health and social work sector (Section Q), and the accommodation and food service sector (Section I) were the industries with the highest proportions of firms providing access to an SHP scheme. Around three in ten firms in these industries were providing access to an SHP scheme. In contrast, firms in the wholesale and retail sector (Section G) and the administrative and support service activities sector (Section N) were less likely to offer such schemes (12 per cent and 13 per cent respectively).

Table 4.3 Access and contributions to workplace-based stakeholder pensions, by industry sector

Column percentages

	Industry sector													
Access to SHPs	**C**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**S**	**All**
Workplace-based SHP scheme	27	20	12	32	29	17	21	(22)	15	13	30	(26)	22	19
Membership and contributions														
No active members	14	15	6	22	11	4	14	(17)	6	6	18	(14)	6	9
Active members and employer contributes	7	3	5	8	17	9	7	(2)	6	6	11	(9)	4	7
Active members but employer does not contribute	5	2	1	2	1	4	1	(3)	3	1	1	(3)	12	3
Weighted base	*180*	*345*	*560*	*84*	*206*	*228*	*31*	*80*	*553*	*226*	*151*	*74*	*151*	*3,043*
Unweighted base	*419*	*173*	*505*	*117*	*160*	*120*	*108*	*86*	*337*	*308*	*340*	*95*	*102*	*3,004*

Base: All private sector organisations.
Note: Sectors A, B, D, E, O and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the 'All' column. See Table 1.2 for full sector labels.

While the transportation and storage sector (Section H) had the highest proportion of firms offering access to a stakeholder scheme, only eight per cent of firms in this sector provided a stakeholder scheme in which some employees were participating and to which the employer contributed. The accommodation and food service sector (Section I) had the highest proportion of stakeholder schemes where the employer was contributing (17 per cent), followed by the human health and social work sector (Section Q) at 11 per cent. Very few firms in the construction sector (Section F) , real estate activities (Section L), and other service activities (Section S) provided stakeholder schemes in which some employees were participating and to which employers were contributing.

In 2009, the manufacturing sector (SIC (2003) Section C), the health and social work sector (Section N) and the financial intermediation sector (Section J) were the industries with the highest proportions of firms offering access to a stakeholder scheme. However, the 2011 survey was the first in the series to use the SIC 2007, therefore direct comparisons with 2009, which used SIC 2003, cannot be made by industry.

4.3 Size of workplace-based stakeholder pension schemes

In around half (51 per cent) of firms providing access to at least one SHP scheme, no current employees were participating in the scheme(s) (Table 4.4). This is a fall since 2009, when the equivalent figure was 62 per cent. It was more common for smaller firms to have stakeholder schemes with no members; in 62 per cent of firms with five to nine employees that offered access to at least one stakeholder scheme, there were no active members of the scheme. For firms with 1,000 or more employees, the equivalent figure was 21 per cent.

In two-fifths of firms offering access to a stakeholder scheme, between one and four employees were participating in the scheme. Larger firms, as expected, were likely to have a greater number of employees participating in the scheme. In half of firms with 1,000 or more employees and at least one stakeholder scheme, more than 100 employees were active members of the scheme.

The second part of Table 4.4 shows the percentage of the workforce who were participating in the workplace-based stakeholder scheme(s). In almost one-quarter (23 per cent) of firms, at least 75 per cent of the workforce were active members of workplace-based stakeholder schemes. At least half of the workforce were active members of the workplace-based stakeholder scheme in a further six per cent of firms; in 20 per cent of firms, some, but less than half, of the workforce were active members.

Table 4.4 Size of workplace-based stakeholder schemes, by size of organisation

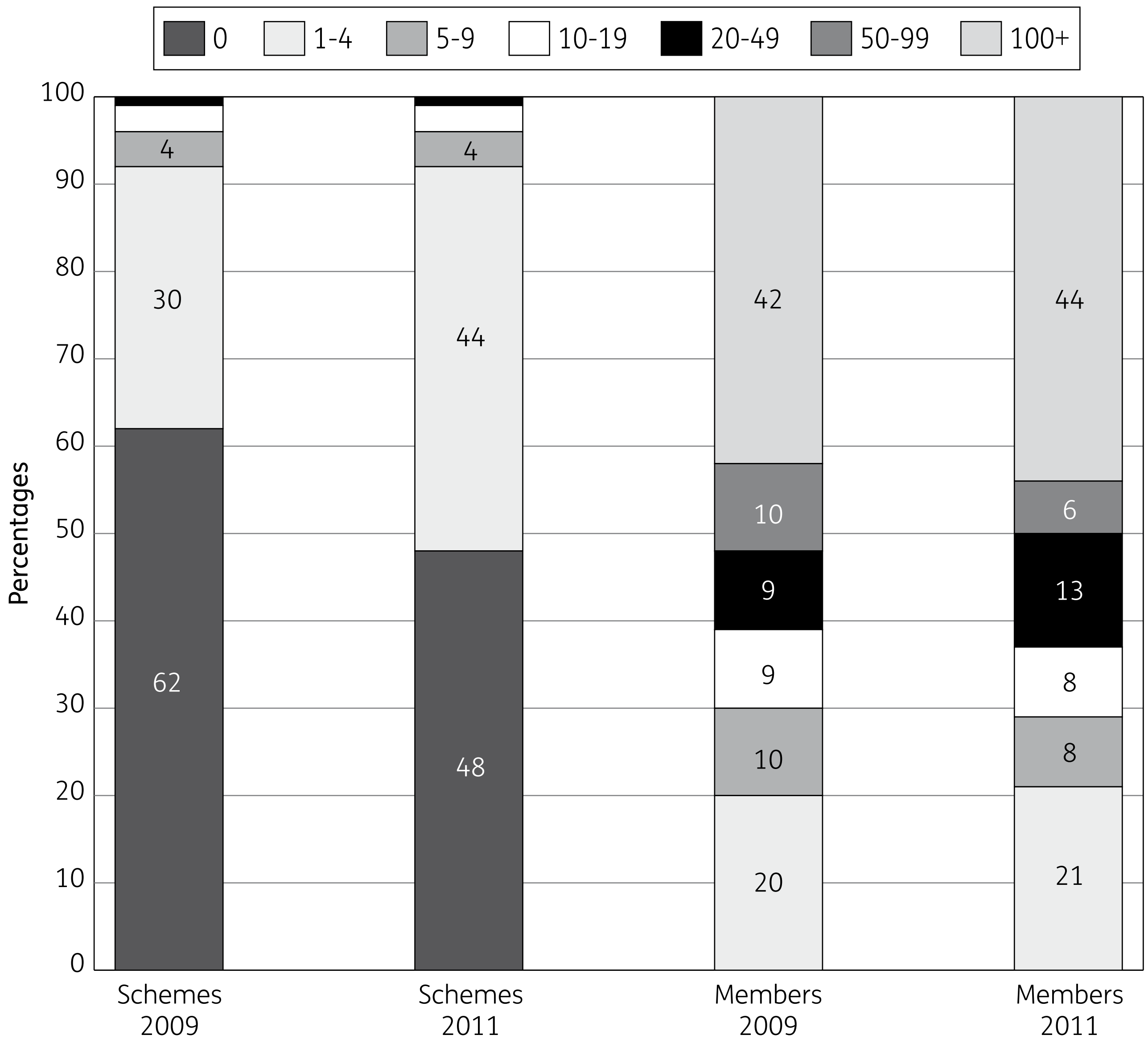
Column percentages

	Size of organisation (employees) 2011								
Size of scheme	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All 2011**	**All 2009**
Number of active members in workplace-based SHP(s)									
0	62	66	67	59	45	31	21	51	62
1-4	30	21	13	14	18	19	9	40	30
5-9	8	7	10	7	10	6	5	5	4
10-19		6	5	4	5	4	6	2	2
20-49			5	12	12	6	6	1	1
50-99				5	6	11	4	0	0
100+					3	23	50	0	0
Percentage of workforce in workplace-based SHPs									
0	62	66	67	59	45	31	21	51	62
1-24%	13	15	21	23	43	53	49	11	10
25-49%	11	10	6	8	8	7	26	9	6
50-74%	10	4	2	5	2	7	3	6	8
75%+	4	4	4	6	2	2	1	23	14
Weighted base	*117*	*134*	*67*	*20*	*12*	*1*	*2*	*571*	*576*
Unweighted base	*113*	*208*	*239*	*131*	*286*	*154*	*276*	*1,455*	*1,378*

Base: All organisations offering access to at least one SHP scheme, where number of members known.
Note: estimates are not shown for the category of firms with 1-4 employees as this category included fewer than 50 observations. These firms are, however, included in the 'All firms' estimates.

Most stakeholder schemes are thus small. This means that when exploring the proportion of schemes to which particular characteristics apply, it will tend to be the smaller schemes that dominate the results. However, these schemes account for a small share of active members. While schemes with 50 or more members accounted for less than one per cent of all schemes, half of active members participated in these schemes. Over two-fifths (44 per cent) of active members were in schemes with 100 or more active members. In some cases, it is useful to observe the proportion of members in schemes with particular characteristics. In the remainder of this chapter, some estimates are therefore presented in terms of both the proportion of schemes and the proportion of members in such schemes to which particular characteristics apply. As Figure 4.1 shows, the distribution of and active members by scheme size had changed little between 2009 and 2011. The distribution of schemes by size is also broadly similar, although we see a fall in schemes with no active members and an increase in schemes with between one and four members.

Figure 4.1 Size of workplace-based stakeholder schemes (schemes and active members)



Base: All stakeholder pension schemes.

4.4 Access to, and eligibility for, workplace-based stakeholder pension schemes

One possible reason for a scheme to have relatively few active members is that it is either closed to new members or that the firm has eligibility rules which prevent some current employees from joining the scheme. Firms providing access to a workplace-based stakeholder scheme were asked whether each of their schemes were open to new members, and if so, whether there were any restrictions on the types of employees who were eligible to join.

The vast majority (95 per cent) of stakeholder schemes were open to new members. Around half (51 per cent) of stakeholder schemes were open to all employees (Table 4.5). The remaining 44 per cent of schemes were open, but restricted to particular types of employees. In these cases, schemes were mostly restricted to employees who had worked at the organisation for a minimum length of time; almost three in ten (28 per cent) of schemes restricted eligibility on the basis of job tenure. A further 11 per cent of schemes restricted access on the basis of both job tenure and age. Broadly similar patterns were observed in 2009 (Table 4.5, final column), although tenure was less commonly mentioned in 2009 (cited by 25 per cent of respondents, compared with 39 per cent in 2011).

Schemes with no members were the least likely to have eligibility criteria in place; around three-fifths (61 per cent) of these schemes were open to all employees in the organisation. So it does not appear to be the case that empty shell schemes had greater restrictions on which employees could join. One-quarter of schemes with between five and 99 members were open to all employees in the organisation, compared with just under half (44 per cent) of those with between one and four members. However, almost half (48 per cent) of the largest schemes (with 100 or more members) were open to all employees in the organisation.

Table 4.5 Eligibility criteria for workplace-based stakeholder schemes, by size of scheme

Column percentages

	Size of scheme (number of active members) 2011						
Eligibility criteria	**0**	**1-4**	**5-9**	**10-99**	**100+**	**All 2011**	**All 2009**
Open							
All employees eligible to join	61	44	(36)	12	48	51	57
Senior managers only	0	0	(0)	0	0	0	0
Minimum age	6	1	(3)	3	7	3	9
Minimum job tenure	25	29	(42)	59	21	28	20
Minimum age and tenure	7	15	(3)	22	15	11	5
Other criteria	1	1	(1)	3	7	1	1
Closed	**1**	**10**	**(15)**	**2**	**2**	**5**	**8**
Weighted base	*731*	*641*	*64*	*56*	*4*	*1,497*	*1,462*
Unweighted base	*717*	*278*	*95*	*246*	*174*	*1,510*	*1,422*

Base: All stakeholder pension schemes.

For the first time in the 2011 survey, respondents were also asked how long, if at all, employees needed to wait before they were eligible to join the scheme. In almost three-fifths (59 per cent) of schemes there was no waiting period (Table 4.6). In one-fifth (20 per cent) of schemes the waiting period was between one and three months, and in 14 per cent of schemes the waiting period was between four and six months. Eight per cent of schemes asked employees to wait more than six months before they were eligible to join the scheme.

Table 4.6 Length of waiting period before eligible to join scheme, by size of scheme

Column percentages

	Size of scheme (number of active members) 2011					All
Length of waiting period	**0**	**1-4**	**5-9**	**10-99**	**100+**	**2011**
None	68	52	(48)	18	64	59
1-3 months	16	22	(33)	43	28	20
4-6 months	10	18	(14)	23	3	14
7-12 months	6	8	(3)	13	2	7
Over 1 year	0	0	(2)	3	3	1
Weighted base	*285*	*228*	*55*	*55*	*1*	*557*
Unweighted base	*692*	*244*	*87*	*229*	*167*	*1,419*

Base: All open stakeholder pension schemes where eligibility is known.

4.5 Employer contributions to workplace-based stakeholder pension schemes

As noted in Section 4.1, employers were contributing for at least some employees in around three-quarters (73 per cent) of stakeholder schemes with at least one active member. In 2009 this applied to 65 per cent of schemes.

In around four-fifths (83 per cent) of schemes where employers were contributing for at least some employees, employers were contributing for between one and four employees (Table 4.7). This reflects the small size of most stakeholder schemes. In schemes with at least 100 members, where employers were also contributing for at least some employees, almost one in ten (eight per cent) were contributing for at least 1,000 members.

In terms of the proportion of active members receiving employer contributions; in almost all schemes (99 per cent) where employers were contributing for at least some employees, employers were contributing for at least three-quarters of active members.

Table 4.7 Active members receiving employer contributions, by size of workplace-based stakeholder scheme

Column percentages

Receipt of employer contributions	Size of scheme (number of active members) 2011 1-4	5-9	100+	All 2011	All 2009
Number of active members that receive contributions					
1-4	100	1	0	83	74
5-9		50	0	8	14
10-19		25	0	5	7
20-49		20	0	3	3
50-99		4	2	1	2
100-499			58	0	1
500-999			32	0	0
1,000+			8	0	0
Per cent of active members that receive contributions					
1-24%	0	1	0	0	0
25-49%	0	0	0	0	1
50-74%	1	1	2	1	1
75%+	99	98	98	99	98
Weighted base	*475*	*92*	*3*	*571*	*365*
Unweighted base	*136*	*246*	*166*	*548*	*508*

Base: All SHP schemes where employer contributes for at least some employees.

Table 4.8 shows the level of employer contributions to stakeholder schemes. Where organisations contributed towards the scheme, respondents were asked about the average employer contribution made in the financial year 2010/11 (first two columns of Table 4.8), as well as the minimum and maximum contribution rates made for any individual member. In some schemes, contribution rates may be the same for all scheme members, while in others, different contribution rates may apply for different members. We focus here on average employer contributions.

In around one-quarter (27 per cent) of stakeholder schemes with at least one active member, the employer was not contributing to the scheme. However, less than one in ten members (eight per cent) were in schemes to which their employer was not contributing. For around one-third (32 per cent) of schemes, and for ten per cent of members, the rate or amount of employer contribution was not known. In around one in ten (nine per cent) of schemes, the employer contribution was expressed as an amount of money. Contributions were more frequently expressed as a percentage of pay than as an amount of money.

In two per cent of schemes with active members (and for four per cent of active members), the average employer contribution was less than three per cent. In around three in ten (29 per cent) of schemes with active members, employers were contributing an average amount equivalent to between three and ten per cent of employees' pay. Around two-thirds (68 per cent) of all members were in schemes with this level of contribution. An average employer contribution of more than ten per cent was made in one per cent of schemes with active members; and for five per cent of active members.

The mean percentage contribution when averaged across all schemes was equal to five per cent of employees pay; the median contribution was also five per cent of pay. The mean contribution, when averaged across all active members, was six per cent. In other words, across all members of stakeholder schemes which attracted employer contributions, the average contribution received was equal to six per cent.

Table 4.8 Average employer contributions to workplace-based stakeholder schemes (schemes and active members)

Column percentages

	Average 2010/11		Average previous financial year 2009/10		Average 2008/09	
Employer contribution	**All schemes**	**All members**	**All schemes**	**All members**	**All schemes**	**All members**
No contribution	27	8	26	8	35	10
Percentage of pay	33	77	32	74	27	59
Less than 3%	2	4	2	4	4	6
3-3.9%	10	9	5	8	7	10
4-4.9%	1	6	1	5	2	7
5-5.9%	14	37	19	38	6	14
6-9.9%	4	17	5	16	5	18
More than 10%	1	5	0	4	4	4
Amount of money	9	4	0	0	14	9
Contribution not known	32	10	42	18	25	22
Where some contribution:						
Mean percentage of pay	5	6	5	6	11	6
Median percentage of pay	5	5	5	5	5	5
Weighted base	*783*	*775*	*720*	*750*	*567*	*759*
Unweighted base	*847*	*788*	*808*	*752*	*801*	*754*

Base: All SHP schemes with at least one active member.

4.5.1 Changes since 2009/10

In addition to the employer contributions made in 2010/11, respondents were also asked about the contributions made in the previous financial year, 2009/10 (see middle two columns of Table 4.8). In around two-fifths (42 per cent) of schemes with at least one active member, the employer contribution in this year was not known. Around one-fifth (18 per cent) of members belonged to such schemes. It is perhaps not surprising that respondents were less likely to know the contribution made in this year, given this related to contributions made two years prior to the survey and therefore more likely to be subject to recollection problems. Where employers reported the contribution as a percentage of pay, the distribution of employer contributions was broadly similar in both years. The average employer contribution was the same in both years.

The final two columns of Table 4.8 show employer contributions for 2008/09, as reported in EPP 2009 (so the contributions made in the year prior to the survey). In one-quarter of schemes with at least one active member in 2009, the amount or rate at which the employer contributed was not known. In 2009, the mean employer contribution, averaged across schemes, appears higher at 11 per cent. However, this is driven by small schemes; when averaged across members, the average contribution remains the same throughout this period (six per cent). The mean may also be subject to more extreme values; again, the median contribution remains the same (five per cent) in all three years.

4.6 Salary sacrifice arrangements

Pension contribution arrangements may operate on a salary sacrifice basis, whereby an agreement is made between an employer and employee in which the employee gives up part of their salary in exchange for the employer paying the equivalent amount as a contribution to the pension scheme. No National Insurance contributions are paid either by the employer or the employee on the salary given up by the employee.

Around two-fifths (38 per cent) of schemes with at least one active member operated on a salary sacrifice basis in 2011 (Table 4.9). This represents an increase since 2009, when this applied for only 16 per cent of schemes. This is driven partly by an increase in the prevalence of such arrangements among the very smallest schemes (this stood at 12 per cent for schemes with between one and four members in 2009), but also by an increase among the largest schemes (34 per cent among schemes with 100 or more members in 2009). Overall, around half (53 per cent) of members belonged to a scheme that operated on a salary sacrifice basis in 2011, this proportion stood at around two-fifths (42 per cent) in 2009.

Salary sacrifice arrangements were most common for the largest schemes; 56 per cent of schemes with 100 or more members operated on a salary sacrifice basis in 2011. For a substantial proportion (17 per cent) of schemes, the respondent did not know whether the scheme operated on a salary sacrifice basis; this was more common among smaller schemes.

Table 4.9 Whether workplace-based stakeholder scheme operates on salary sacrifice basis, by size of scheme

Column percentages

	Size of scheme (number of active members)				All	All
Salary sacrifice	**1-4**	**5-9**	**10-99**	**100+**	**2011**	**2009**
Yes	40	(23)	29	56	38	16
No	41	(64)	66	44	44	71
Don't know	19	(13)	4	0	17	13
Weighted base	*699*	*64*	*56*	*4*	*823*	*550*
Unweighted base	*285*	*96*	*246*	*174*	*801*	*764*

Base: All SHP schemes with at least one active member and where membership is known.

5 Group personal pensions

Purpose

- This chapter explores the characteristics of group personal pension (GPP) schemes, including group self-invested personal pensions (GSIPPs). It looks first at the prevalence of these arrangements and at scheme size. Eligibility and average employer contributions are then investigated.

Key findings

- Five per cent of firms had arranged a GPP or GSIPP for at least some of their employees in 2011; this proportion was unchanged from 2009. Around three in ten employees (31 per cent) worked in organisations that provided a GPP scheme.
- The majority of GPP schemes were small, but most members were in larger schemes. While only three per cent of GPPs had 100 or more members, more than half (54 per cent) of active members belonged to schemes of this size.
- Three in ten GPP schemes (30 per cent) were closed to new members. This compared with around one-quarter (26 per cent) of schemes in 2009. Around one-quarter (24 per cent) of GPP schemes in 2011 were open to all employees, while the remaining 46 per cent restricted access to certain groups of employees, most commonly on the grounds of job tenure. In almost half (44 per cent) of open GPP schemes, there was no waiting period before employees were eligible to join. One-quarter (24 per cent) of open schemes required employees to wait between one and three months before they were eligible to join.
- In the majority (83 per cent) of GPP schemes, employers were contributing for at least some employees. The mean percentage employer contribution rate, averaged across schemes, was six per cent of employees' pay; across all members the average contribution received was also equal to six per cent of pay. There were no statistically significant changes in the average percentage contribution compared with 2009.
- Around one-fifth (22 per cent) of GPP schemes operated on a salary sacrifice basis for at least some employees. This was more common among larger schemes, such that almost half (46 per cent) of members were in these schemes. In 2009, around three in ten GPP schemes (31 per cent) operated on a salary sacrifice basis; one-third (33 per cent) of members belonged to these schemes.

5.1 Introduction

A GPP is a collection of personal pensions (PPs), arranged by the employer for a group of employees. For the employee, a GPP may be attractive as the employer may be able to obtain more favourable terms for a group of employees than an individual could alone. For the employer, such schemes can be less expensive to administer than some other types of pension schemes. Employers may choose to contribute towards a GPP scheme but they are not required to do so.

A GSIPP is a form of GPP scheme which allows members to invest in a wide range of assets, including commercial property and individual shares.

This chapter begins by considering the proportion of firms providing access to a GPP or GSIPP and the proportion of employees who work in such organisations. It then investigates whether these schemes were open to all employees or if only certain types of employees were eligible to participate; it also considers the duration of any waiting period before employees were eligible to join. The extent and level of employer contributions are then explored. Finally, the chapter considers the prevalence of salary sacrifice arrangements. Comparisons with 2009 are made at key points throughout the chapter.

Firms were asked about a total of up to eight GPP schemes. Full details were collected for the three largest schemes, with a reduced set of questions for the fourth to sixth largest schemes. Only the size of the scheme was collected for the seventh and eighth largest schemes. All eight schemes were included in the analysis of overall membership by scheme type in Chapter 2. But in this chapter we use data only for the first six schemes to be as consistent as possible throughout the chapter.[39]

5.2 Provision of GPPs and GSIPPs

As shown in Chapter 2, five per cent of firms had arranged a GPP (or GSIPP) for at least some of their employees in 2011 (Table 2.4). Larger firms were generally more likely to provide a GPP scheme; just under half (47 per cent) of firms with 100 or more employees provided a GPP, compared with three per cent of firms with less than ten employees. The greater prevalence of GPPs in larger firms is reflected in the proportion of employees working in organisations with access to a GPP; this applied for three in ten employees (31 per cent) (Table 2.4). The percentage of firms providing GPPs, and the percentage of employees working in those firms, has remained stable since 2007.

There were some variations by industry in the proportion of firms offering access to a GPP (Table 2.6). GPPs were most frequently found in the information and communication sector (SIC(2007) Section J), where around one-sixth (17 per cent) of firms provided a GPP. This was followed by the finance and insurance activities sector (Section K) where GPPs were provided by one in ten firms. Direct comparisons with earlier years of the pattern of provision of GPP schemes by industry are not possible as the 2011 survey was the first to use SIC 2007.

One per cent of firms had a GSIPP arrangement; six per cent of employees worked in firms where a GSIPP was available. These proportions remained unchanged from 2009 (the first year in which GSIPPs were covered in the EPP survey). GSIPPs accounted for just over one in ten (13 per cent) of GPP schemes. The small number of GSIPP schemes in the survey (less than 100 schemes) limits separate analysis of this group. In the remainder of this chapter therefore, we do not distinguish GSIPPs from GPPs; the phrase ‘GPPs’ refers to all GPP schemes, including GSIPPs.

5.3 Size of GPP schemes

The upper panel of Table 5.1 shows the number of employees participating in GPP schemes, where firms offered access to at least one scheme of this type. In this chapter, the number of employees participating in a GPP is also referred to as the number of active members. In around three-fifths (61 per cent) of firms providing a GPP, less than five employees were participating in the scheme. In a further 13 per cent of firms providing GPPs, between five and nine employees were active members. One hundred or more employees were participating in GPPs in three per cent of organisations providing this type of provision. This proportion rose to around two-thirds (65 per cent) among firms with 500 or more employees.

[39] Note that there were very few GPP schemes which were the seventh or eighth GPP scheme in the organisation; these accounted for just 0.05 per cent of all GPP schemes.

The lower panel of Table 5.1 shows the number of employees participating in GPPs as a percentage of the workforce. In around two-fifths (39 per cent) of firms providing access to a GPP scheme(s), at least three-quarters of the workforce were members. This applied for around one-third (34 per cent) of firms in 2009, although this difference was not statistically significant. In larger firms the proportion of the workforce participating in the GPP(s) tended to be smaller. In firms with 500 or more employees, more than half the workforce were participating in the GPP(s) in 18 per cent of firms offering access to a GPP, while in firms with fewer than 50 employees the equivalent figure was 67 per cent.

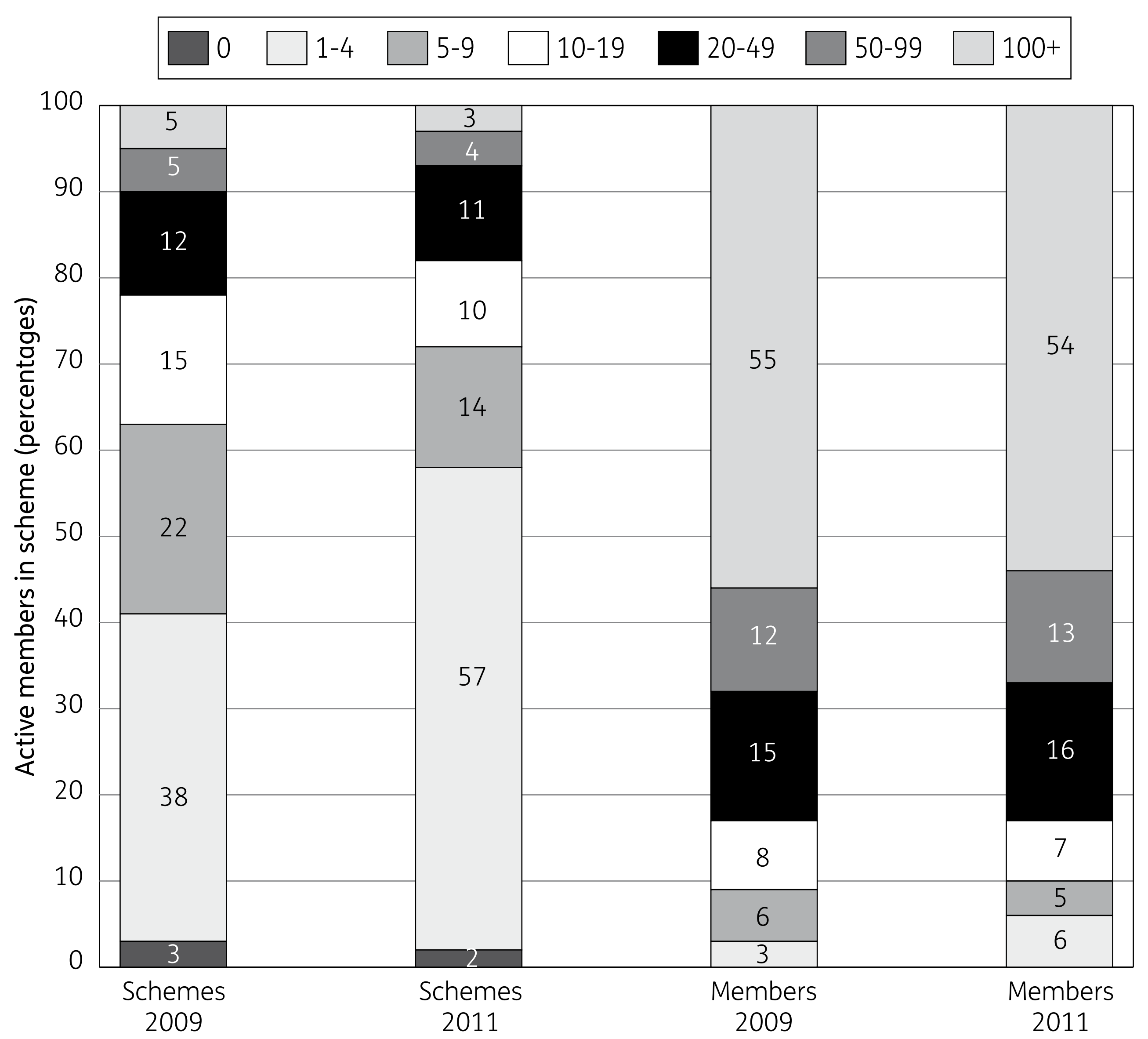
Table 5.1 Size of GPP schemes, by size of organisation

						Column percentages
	Size of organisation (employees) 2011				**All**	**All**
Size of scheme	**1-49**	**50-99**	**109-499**	**500+**	**2011**	**2009**
Number of employees participating in GPP(s)						
0	1	(0)	0	1	1	2
1-4	72	(9)	6	6	60	47
5-9	14	(11)	5	4	13	20
10-19	9	(16)	16	5	10	13
20-49	4	(47)	28	10	10	10
50-99		(18)	27	10	4	4
100+			17	65	3	4
Per cent of workforce in GPP(s)						
0	1	(0)	0	1	1	2
1-24%	16	(35)	56	62	21	17
25-49%	16	(19)	23	20	17	24
50-74%	23	(27)	10	13	22	22
75%+	45	(19)	11	5	39	34
Weighted base	*111*	*11*	*11*	*3*	*135*	*124*
Unweighted base	*163*	*94*	*267*	*412*	*936*	*748*

Base: All firms offering access to at least one GPP scheme (1-6 schemes).

Moving on to consider individual schemes, one finds that most GPP schemes were small in 2011; in just under three-fifths (57 per cent) of GPPs, between one and four employees were participating (Figure 5.1). In a further 14 per cent of schemes, between five and nine employees were members. In common with the situation for stakeholder schemes, while the majority of GPP schemes were small, the larger schemes accounted for the greatest proportion of members. While three per cent of GPPs had 100 or more members, more than half (54 per cent) of active members of GPPs belonged to schemes of this size. In 2009, a smaller proportion of GPP schemes had between one and four members (38 per cent), while around a fifth (22 per cent) had between five and nine members (Figure 5.1). However, the distribution of active members by scheme size was very similar in 2009 and 2011.

Figure 5.1 Size of GPP schemes (schemes and active members)



Base: All group personal pension schemes (1-6) where number of active members known.

5.4 Access to, and eligibility for, GPPs[40]

Three in ten GPP schemes were closed to new members in 2011 (Table 5.2). This applied for around a quarter (26 per cent) of GPP schemes in 2009, although this difference is not statistically significant. Around a third (34 per cent) of schemes in smaller firms (with less than 50 employees) were closed to new members, as were those in the largest firms (with 1,000 or more employees). Schemes in firms with between 50 and 999 employees were less likely to be closed to new members.

[40] Note that the questions on eligibility and whether schemes were open to new members were only asked for up to three GPP schemes in each firm. In this section therefore, the phrase 'all GPPs' actually refers to those GPPs that were among the three largest in any firm. However, this subset accounts for 99.1 per cent of all GPP schemes and 99.7 per cent of all active members of GPPs.

Where GPP schemes were open to new members, respondents were asked whether all employees in the organisation were eligible to join the scheme, or whether access was restricted to certain types of employees only. Around one-quarter (24 per cent) of GPP schemes were open to all employees. A further third of schemes restricted access to employees who had completed a minimum length of service at the firm. Two per cent restricted access to employees above a minimum age, while six per cent restricted access on both grounds of age and job tenure. Two per cent of schemes were restricted to senior management only. Overall, these patterns were broadly similar to those found in 2009, with no statistically significant changes in the proportion of schemes using these various eligibility criteria.

Table 5.2 Eligibility criteria for GPPs, by size of organisation

Column percentages

	Size of organisation (employees) 2011					All	All
Eligibility criteria	**1-49**	**50-99**	**109-499**	**500-999**	**1,000+**	**2011**	**2009**
Open							
All employees eligible to join	27	9	18	19	17	24	20
Senior managers only	1	3	7	2	2	2	3
Minimum age	2	2	2	3	6	2	2
Minimum job tenure	29	53	48	50	23	33	38
Minimum age and tenure	5	16	9	7	7	6	9
Other criteria	2	3	5	8	11	2	2
Closed	**34**	**14**	**11**	**12**	**34**	**30**	**26**
Weighted base	*877*	*106*	*104*	*16*	*15*	*1,119*	*862*
Unweighted base	*190*	*107*	*313*	*180*	*311*	*1,101*	*856*

Base: All GPP schemes (1-3).

For the first time in the 2011 survey, as for stakeholder and occupational schemes, respondents were also asked how long, if at all, employees needed to wait before they were eligible to join the GPP scheme. In almost half (44 per cent) of open GPP schemes, there was no waiting period before employees were eligible to join (Table 5.3). In around a further quarter (24 per cent) of open schemes, employees were required to wait up to three months before they were eligible to join, while almost a further fifth (17 per cent) were required to wait between four and six months. In 15 per cent of schemes, employees were required to wait more than six months before they were eligible to join. The largest firms (1,000 or more employees) were the least likely to have a waiting period in place; just under half (46 per cent) of open schemes in firms of this size had a waiting period. Firms with between 50 and 999 employees were more likely to make use of waiting periods (71 per cent); where they did so, these were most commonly between one and three months.

Table 5.3 Length of waiting period before eligible to join scheme, by size of organisation

Column percentages

	Size of organisation (employees) 2011					All
Length of waiting period	**1-49**	**50-99**	**109-499**	**500-999**	**1,000+**	**2011**
None	49	(20)	37	35	54	44
1-3 months	18	(42)	36	50	33	24
4-6 months	17	(22)	13	12	8	17
7-12 months	13	(12)	12	3	4	12
Over 1 year	3	(3)	2	0	1	3
Weighted base	*564*	*89*	*92*	*14*	*10*	*769*
Unweighted base	*142*	*88*	*264*	*158*	*237*	*889*

Base: All GPPs open to new members where eligibility is known.

5.5 Employer contributions to GPPs

Employers may currently offer a GPP scheme without contributing towards it, but in the majority of GPP schemes (83 per cent), employers were making contributions for at least some members. This represented a fall since 2009, when the equivalent figure was 95 per cent.[41] This change was driven by smaller schemes – just two per cent of members were in schemes to which the employer was not contributing in 2011, which did not represent a statistically significant change from 2009, when this applied for three per cent of members.

In just over half (53 per cent) of schemes, employers were contributing for between one and four employees. Between five and nine members were receiving contributions in a further 15 per cent of schemes. Overall, employers were contributing for 100 or more employees in three per cent of contributory schemes; however, this proportion rose to almost three-fifths (57 per cent) among schemes in firms with 500 or more employees.

In almost all GPPs (97 per cent) where employers were contributing for at least some employees, they were contributing for at least three-quarters of active members (Table 5.4). In almost all of these schemes, employers were contributing for all members, such that in 96 per cent of schemes where the employer was contributing for at least some employees, they were contributing for all members.

In 2009, two-fifths of schemes were contributing for between one and four members, while around one-fifth (22 per cent) were contributing for between five and nine members. These changes were statistically significant at the ten per cent level, and largely reflect the changes in scheme size that we observed in Figure 5.1 (i.e. an increase in the proportion of schemes with between one and four members, and a decrease in the proportion of schemes with between five and nine members). It remained the case that in almost all schemes where the employer was contributing for at least some employees, they were contributing for all members of the scheme.

[41] Note that in 2007 the equivalent figure was 88 per cent.

Table 5.4 GPP members receiving employer contributions, by size of organisation

Column percentages

Receipt of employer contributions	Size of organisation (employees) 2011 1-49	50-499	500+	All 2011	All 2009
Number of GPP members that receive contributions					
1-4	67	11	9	53	40
5-9	17	8	6	15	22
10-19	11	18	7	12	15
20-49	6	37	12	13	13
50-99		17	9	4	5
100+		8	57	3	5
Per cent of GPP members that receive contributions					
1-24%	0	0	0	0	2
25-49%	0	0	1	0	1
50-74%	3	1	2	2	0
75%+	97	99	97	97	97
Weighted base	690	201	27	918	780
Unweighted base	160	403	479	1,042	796

Base: All GPPs (1-6) where employer contributes for at least some employees.

Table 5.5 shows average employer contributions to GPPs. While respondents were asked whether the firm made contributions for all GPP schemes (up to the sixth largest scheme), they were only asked for the actual amount or percentage contributed in their three largest GPP schemes. Employers did not contribute to the GPP in 17 per cent of these schemes; two per cent of members belonged to such schemes.[42]

In around one in ten schemes (nine per cent), the amount or percentage contributed was not known. This was more common among smaller schemes; six per cent of members belonged to such schemes.

Just over one in ten schemes (13 per cent) reported the contribution as an amount of money. Again, this was more common for smaller schemes; two per cent of members belonged to such schemes.

Contributions were more frequently expressed as a percentage of pay. In three per cent of schemes the average employer contribution was less than three per cent of employees' pay; three per cent of members belonged to such schemes. In just over half of schemes (55 per cent), the average employer contribution was between three and ten per cent of pay. Around four-fifths (81 per cent) of members were in such schemes. Four per cent of schemes made an average employer contribution of more than ten per cent; six per cent of members belonged to such schemes.

The mean employer contribution rate, averaged across schemes, was equal to six per cent of employees' pay; the median contribution rate stood at five per cent of pay. Averaged across active members, the mean and median contribution rates were both equal to six per cent of employees' pay.

42 This is based on the three largest GPP schemes. Based on all six schemes, employers were not contributing to the GPP in 16 per cent of schemes.

Table 5.5 Average employer contributions to GPPs (schemes and active members)

Column percentages

Employer contribution	Average 2010/11 All schemes	Average 2010/11 All members	Average previous financial year 2009/10 All schemes	Average previous financial year 2009/10 All members	Average 2008/09 All schemes	Average 2008/09 All members
No contribution	17	2	16	2	5	3
Percentage of pay	61	90	58	79	71	81
Less than 3%	3	3	3	3	3	2
3-3.9%	10	10	9	9	20	27
4-4.9%	7	10	8	9	4	8
5-5.9%	12	21	11	19	16	14
6-9.9%	26	41	24	33	18	21
More than 10%	4	6	4	6	10	8
Amount of money	13	2	13	2	8	5
Contribution not known	9	6	13	17	17	11
Mean percentage of pay	6	6	6	6	7	6
Median percentage of pay	5	6	5	6	5	5
Weighted base	*1,111*	*1,080*	*944*	*977*	*871*	*851*
Unweighted base	*1,100*	*1,062*	*982*	*945*	*861*	*837*

Base: All GPPs (1-3), excluding schemes where it was not known whether the organisation contributed.

5.5.1 Changes since 2009/10

Firms were also asked about the rate at which they contributed to the GPP in the previous financial year, 2009/10 (columns three and four of Table 5.5). Overall the distribution of employer contributions was similar in 2009/10 to that for 2010/11, with the main difference being that employers were typically less likely to know what the contribution rate had been in the prior period. This is perhaps not surprising, given respondents would be more likely to suffer from recollection problems in reporting contributions made two years prior to the survey. However, the average percentage contribution rates (where they were known) remained the same in both years.

The final two columns of Table 5.5 show average employer contributions in 2008/09, as reported in EPP 2009 (so the contributions made in the year prior to the survey). Employers were not contributing to GPPs in five per cent of schemes; three per cent of members belonged to such schemes. As noted above, the proportion of GPP schemes to which employers were contributing was higher in 2009 compared with 2011 (although the proportion of members in contributory GPP schemes did not change to a statistically significant extent) . At the same time, the proportion of GPP schemes where the contribution was not known was also higher in 2009; in almost one-fifth (17 per cent) of schemes respondents did not know the amount or percentage that the employer contributed. There were no statistically significant changes in the average percentage contribution; in 2008/09 the mean percentage contribution, averaged across schemes, was equal to seven per cent of pay; while across all members, the average contribution received was equivalent to six per cent of pay.

5.6 Salary sacrifice arrangements

If a GPP scheme contained at least one active member, employers were asked whether the scheme operated on a salary sacrifice basis.

Around one-fifth (22 per cent) of GPP schemes operated on a salary sacrifice basis in 2011 (Table 5.6). Larger schemes were more likely to have a salary sacrifice arrangement, this applied for over two-fifths (43 per cent) of schemes with 50 or more members, compared with around one-fifth (19 per cent) of schemes with less than 20 members. Overall, almost half (46 per cent) of active members were in schemes that operated on a salary sacrifice basis.

In 2009, three in ten schemes (31 per cent) operated on a salary sacrifice basis. This was driven by a higher proportion of smaller schemes making use of this arrangement. One-third (33 per cent) of members were in schemes operating on a salary sacrifice basis in 2009.

Table 5.6 Whether scheme operates on salary sacrifice basis, by size of scheme

Column percentages

	Size of scheme (number of members)				All	All
Salary sacrifice	**1-19**	**20-49**	**50-99**	**100+**	**2011**	**2009**
Yes	19	31	45	42	22	31
No	81	69	55	58	78	69
Weighted base	*834*	*117*	*39*	*32*	*1,022*	*759*
Unweighted base	*366*	*173*	*141*	*383*	*1,063*	*828*

Base: All GPP schemes (1-6) with at least one active member, and where number of participating employees known.

6 Expected impact of the workplace pension reforms

Purpose

- This chapter explores the expected impact of the workplace pension reforms. It considers employers' awareness and preparations for the reforms, desire for and sources of information and advice, and potential responses to any increase in costs. It also covers likely use of early automatic enrolment and waiting periods.

Key findings

- Employers were asked firstly whether they were aware that the reforms would require them to automatically enrol all eligible employees into a qualifying scheme, and secondly whether they were aware of the minimum contribution requirements. Just over half (53 per cent) of employers were aware of the requirement to automatically enrol eligible employees, while around one-quarter (27 per cent) were aware of the requirements regarding minimum contribution rates. Awareness of both aspects was much higher among larger employers.
- All employers, regardless of their awareness of the reforms, were asked to choose from a list of four statements that which best described their preparations for the reforms. Around half (51 per cent) had "not thought about them at all". Around a further two-fifths (37 per cent) had "thought about them but not done anything yet", while just under one in ten (eight per cent) had "had informal discussions". Three per cent had "put a plan in place to comply with the reforms". This proportion was much higher among larger employers - one-quarter (25 per cent) of employees worked in firms that had a plan in place.
- The vast majority of employers were likely to seek information or advice in relation to at least some aspects of the reforms. Advice on understanding the legislation was a key issue for firms regardless of current provision offered, this was cited by around four-fifths (83 per cent) of respondents. Around three-fifths (59 per cent) of firms said they would seek information or advice on the reforms from the Department for Work and Pensions (DWP).
- Almost three-quarters (74 per cent) of firms expected their total pension contributions to increase as a result of the minimum contribution required from employers. Employers stated they were most likely to deal with any increase by absorbing this through a reduction in profits (25 per cent) or as part of other overheads (22 per cent).
- Around one-sixth (15 per cent) of firms said they would wait until the deadline before putting the necessary arrangements in place to comply with the reforms, with almost a further fifth (19 per cent) planning to do so just before the deadline. Around one in ten firms (11 per cent) planned to have the necessary arrangements in place six months or more ahead; this proportion increased to half among firms who currently contributed six per cent or more to their largest workplace scheme.
- Around a third (35 per cent) of employers thought they were likely to adopt a waiting period before enrolling current employees into a pension scheme (where they were not already members of a qualifying scheme). In comparison, almost two-thirds (64 per cent) thought they were likely to adopt a waiting period for new employees.

6.1 Introduction

As noted in Section 1.2, the workplace pension reforms will require all employers to automatically enrol all eligible employees into a qualifying pension scheme. Employees will be able to opt out of the scheme if they wish to do so. Both employers and employees will be required to make minimum contributions to the scheme. The reforms will be implemented in stages between 2012 and 2018. Larger employers will be the first employers required to comply with the reforms.

This chapter explores the expected impact of the workplace pension reforms. It first considers employers' awareness and preparations for the reforms.[43] The chapter then explores how far in advance of their staging date firms were likely to have the required arrangements in place. Each employer will have a staging date, which is the date from which they must comply with the reforms.

It can be expected that firms will be likely to seek information or advice in relation to at least some aspects of the reforms. The types of issues employers were likely to seek information or advice on and the likely sources of this are explored. The chapter then examines whether employers thought the reforms would lead to a planned increase in their total pension contributions and the strategies they might adopt to deal with an increase. It also explores the planned use of early automatic enrolment by firms, whereby employers can apply for an earlier staging date if their allocated staging date does not fall at a convenient time for their business.

Finally, the chapter considers the likely use of waiting periods by employers both for current employees who are not already members of a qualifying pension scheme, as well as for new employees joining after the initial arrangements are in place.

6.2 Awareness of the reforms

Employers were asked about their awareness of the workplace pension reforms prior to the survey. They were asked firstly whether they were aware that employers will be required to automatically enrol all eligible employees into a qualifying pension scheme, and secondly, whether they were aware of the requirements regarding minimum contribution rates.

Just over half (53 per cent) of employers were aware that they would be required to automatically enrol eligible employees into a qualifying scheme (Table 6.1). This proportion was much higher among larger firms, with virtually all (98 per cent) of employers aware of this requirement among firms with 500 or more employees. As larger firms will be required to comply with the reforms before smaller employers; it is to be expected that their awareness is higher at this stage. As awareness was greater among larger firms, most employees (83 per cent) worked in firms where their employer was aware of the requirement.

Fewer employers were aware that the reforms will require a minimum level of contributions; just over one-quarter (27 per cent) of employers were aware of this aspect of the reforms. Again, awareness was more common among larger employers, such that more than two-thirds (69 per cent) of employees worked in firms where the employer was aware of this requirement.

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[43] Note that The Pensions Regulator carries out a regular survey of employers' awareness of the reforms; see for example:
Coleman, L. (2011). *Employers' awareness, understanding and activity relating to workplace pensions reform, 2011, Report to The Pensions Regulator*. BMG Research.

Table 6.1 Awareness of the workplace pension reforms, by size of organisation

Column percentages

	Size of organisation (employees)									
	1-4	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All firms**	**Employees working in such firms**
Aware of automatic enrolment:										
Yes	50	59	57	71	86	92	99	98	53	83
No	50	41	43	29	14	8	1	2	47	17
Aware of contribution requirements:										
Yes	22	36	36	50	59	69	91	92	27	69
No	78	64	64	50	41	31	9	8	73	31
Weighted base	*2,283*	*369*	*258*	*114*	*36*	*24*	*3*	*3*	*3,089*	*3,091*
Unweighted base	*361*	*295*	*356*	*384*	*246*	*576*	*318*	*553*	*3,089*	*3,089*

Base: All private sector employers.

In 2009, around two-fifths (44 per cent) of employers had some awareness of the workplace pension reforms. However, the questions regarding awareness of the reforms in EAS 2009 are not directly comparable with those in the Employer Intentions Module of EPP 2011[44].

6.3 Preparation for the reforms

Employers were asked to choose from a list of four statements that best described their preparations for the reforms (Table 6.2). Around half (51 per cent) of firms had not thought about the reforms at all. This was much more prevalent among smaller firms; just over half (56 per cent) of firms with less than five employees had not thought about the reforms at all, while this applied for just one per cent of firms with 500 or more employees. In 2009, around three-fifths (61 per cent) of firms had not thought about the reforms at all.[45]

Almost two-fifths (37 per cent) of firms had thought about the reforms but not done anything about them at the time of interview. Around one in ten (eight per cent) had had informal discussions, while three per cent had put a plan in place to comply with the reforms. Larger firms were more likely to have put a plan in place, this applied for almost two-fifths (37 per cent) of firms with 1,000 or more employees. One-quarter of employees worked in a firm that had a plan in place to comply with the reforms; one-sixth (16 per cent) worked in a firm that had not thought about the reforms at all. As smaller employers will not be required to comply with the reforms for several years, one would not necessarily expect them to have made plans at this stage.

44 In 2009, respondents were asked how much they had heard about the reforms before they were sent any information about the survey; and were able to respond on a four point scale: a lot, a fair amount, a little, or nothing at all. The question did not distinguish between awareness of the requirements in relation to automatic enrolment or minimum contribution requirements.

45 The list of statements employers were asked to choose from was slightly different in 2009, when it also included the options, ‘Had formal discussions’ and ‘Sought advice from external sources’.

Table 6.2 Preparations for the workplace pension reforms, by size of organisation

Column percentages

	Size of organisation (employees)									
Preparation for the reforms	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All firms**	**Employees working in such firms**
Not thought about them at all	56	40	43	26	16	5	1	1	51	16
Thought about them but not done anything yet	36	43	38	42	45	43	18	13	37	26
Had informal discussions	6	12	14	25	26	38	59	49	8	32
Put a plan in place to comply with the reforms	2	4	4	7	13	14	21	37	3	25
Weighted base	*2,238*	*365*	*254*	*112*	*36*	*23*	*3*	*3*	*3,034*	*3,050*
Unweighted base	*352*	*291*	*350*	*379*	*242*	*563*	*313*	*541*	*3,031*	*3,031*

Base: All private sector employers.

Table 6.3 Preparations for the workplace pension reforms, by type of current provision

Column percentages

	Current contribution rate to largest workplace scheme						
Preparation for the reforms	**6% or more**	**3 to 5.9%**	**Less than 3%**	**Contributes but % not known**	**No contribution**	**No workplace scheme**	**All**
Not thought about them at all	48	16	18	56	25	55	51
Thought about them but not done anything yet	26	48	36	27	58	36	37
Had informal discussions	15	18	21	11	15	7	8
Put a plan in place to comply with the reforms	12	17	25	6	2	2	3
Weighted base	*85*	*78*	*34*	*251*	*282*	*2,275*	*3,034*
Unweighted base	*666*	*565*	*220*	*401*	*476*	*687*	*3,031*

Base: All private sector employers.
Note: The estimates presented in the 'All' column include a small number of employers for whom it was not possible to ascertain whether they had a workplace scheme, or if they did, whether they made contributions to it.

Table 6.3 shows preparations for the reforms by type of current provision, in terms of the current average employer contribution rate in their largest workplace scheme (as described in Section 2.11). Note that in part these findings also reflect firm size; larger firms were more likely to contribute at least three per cent or more to their largest workplace scheme. Just over half (55 per cent) of firms with no workplace pension scheme had not thought about the reforms at all. This proportion was similar (56 per cent) among firms who were currently contributing but did not know the percentage contributed. Firms who were currently contributing between three and six per cent were the least likely to have not thought about the reforms at all (16 per cent); a similar proportion of firms contributing less than three per cent had also not thought about the reforms at all (18 per cent).

Firms currently contributing less than three per cent to their largest scheme were the most likely to have put a plan in place to comply with the reforms; one-quarter of these firms had done so. This applied for just two per cent of firms with no workplace scheme, and also for two per cent of firms who were not currently contributing to their largest scheme.

The pension reforms will be introduced from 2012 . Each employer will have a staging date, which is the date from which they must comply with the reforms (with staging taking place between October 2012 and February 2018). But employers may choose to make sure the required pension arrangements are in place ahead of this deadline.

Two per cent of firms said that they already had the necessary arrangements in place (Table 6.4). One in ten firms (11 per cent) planned to have the necessary arrangements in place six months or more ahead of their staging date, while around one-fifth (18 per cent) planned to do so between three and six months before. Around one-sixth (15 per cent) planned to do this one month, or one or two months, before the deadline. Almost a further fifth (19 per cent) said they would have the necessary arrangements in place just before the deadline, while around one-sixth (15 per cent) of firms said they would have the necessary arrangements in place on the deadline. A substantial proportion, 15 per cent, did not know when they would do so.

Staging dates vary by firm size, with larger employers due to comply with the reforms first. Smaller firms were less likely to know when they would have the required arrangements in place, this applied for 15 per cent of firms with less than 20 employees, compared with six per cent of firms with 500 or more employees (Table 6.4). Almost one-fifth (19 per cent) of firms with 100 or more employees thought they were likely to comply six months or more ahead of the deadline, compared with around one in ten firms (11 per cent) with fewer than 100 employees. Larger firms were more likely to say they would put the required arrangements in place on the deadline, such that around one-quarter (26 per cent) of employees worked in these firms. Smaller firms were more likely to say they would do so just before the deadline.

Differences by firm size may in part reflect differences in existing provision. Among those firms who were currently contributing at least six per cent to their largest scheme, half planned to have the required arrangements in place six months or more ahead of the deadline, with a further ten per cent stating that they already had these arrangements in place (Table 6.5). In comparison, around one in ten (nine per cent) of those who had no current workplace scheme planned to comply six months or more ahead of the deadline. Around one-third (36 per cent) of this group planned to comply on or just before the deadline. A substantial proportion (17 per cent) of this group did not know when they would have the necessary arrangements in place, this proportion was similar (16 per cent) among those firms unable to say how much they currently contributed to their largest scheme.

Table 6.4 Likely actions in comparison to staging date, by size of organisation

Column percentages

	Size of organisation (employees)									
Likely actions in comparison to staging date	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All firms**	**Employees working in such firms**
Already in place	2	1	2	2	5	5	6	4	2	3
6 months or more before	11	8	10	12	13	19	21	19	11	13
3 to 6 months before	17	19	20	23	27	23	26	22	18	19
1 to 2 months before	7	6	9	9	9	9	6	4	7	8
1 month before	8	8	11	7	4	5	10	3	8	6
Just before	20	24	15	14	14	15	8	17	19	15
On the deadline	15	17	16	17	17	16	19	23	15	26
Just after the deadline	1	2	1	3	2	0	0	0	1	1
Will not comply/reforms not applicable	4	4	2	0	1	1	0	0	4	1
Don't know	16	11	15	12	7	8	5	7	15	9
Weighted base	*2,285*	*371*	*258*	*114*	*36*	*24*	*3*	*3*	*3,093*	*3,093*
Unweighted base	*362*	*297*	*356*	*384*	*247*	*576*	*318*	*553*	*3,093*	*3,093*

Base: All private sector employers.

Table 6.5 Likely actions in comparison to staging date, by type of current provision

Column percentages

	Current contribution rate to largest workplace scheme						
Likely actions in comparison to staging date	**6% or more**	**3 to 5.9%**	**Less than 3%**	**Contributes but % not known**	**No contribution**	**No workplace scheme**	**All**
Already in place	10	8	0	3	0	2	2
6 months or more before	50	17	20	5	21	9	11
3 to 6 months before	10	19	23	12	26	17	18
1 to 2 months before	2	22	13	8	6	6	7
1 month before	5	2	4	10	10	8	8
Just before	5	13	13	26	16	20	19
On the deadline	8	12	21	19	15	16	15
Just after the deadline	5	0	0	0	1	1	1
Will not comply/reforms not applicable	2	0	0	1	0	5	4
Don't know	3	8	7	16	5	17	15
Weighted base	*86*	*80*	*35*	*252*	*286*	*2,324*	*3,093*
Unweighted base	*679*	*574*	*228*	*408*	*484*	*702*	*3,093*

Base: All private sector employers.
Note: The estimates presented in the 'All' column include a small number of employers for whom it was not possible to ascertain whether they had a workplace scheme, or if they did, whether they made contributions to it.

6.4 Information and advice from intermediaries

One would expect that most employers will seek information or advice about some aspect of the reforms. Indeed, less than one in ten (seven per cent) of respondents to EPP 2011 said that they would not seek any information or advice regarding the reforms (Table 6.6). It should be noted that employers were not asked to consider whether they wanted to pay for this information or advice.

More than four-fifths (83 per cent) of firms said that they would seek information or advice in understanding the legislation. Similar proportions reported that they would look for information or advice on choosing which type of scheme to use (79 per cent) and to understand the financial impact on the firm (77 per cent). Seven in ten (70 per cent) said they would seek information or advice on choosing a pension provider. Around one-sixth (15 per cent) said that they would be likely to seek information or advice with regard to reviewing their current pension provision. Four per cent indicated they would be likely to seek information or advice about other aspects of the reforms.

These responses varied according to the current provision offered by the firm (Table 6.6). Around a third (35 per cent) of those who were currently contributing six per cent or more to their largest scheme said they would seek information or advice on choosing which type of scheme to use, compared with around two-thirds (65 per cent) of those who were making contributions of up to six per cent. This proportion was much higher among firms where the employer did not currently contribute to the largest workplace scheme (92 per cent) and also among those who did not currently have a scheme (80 per cent) or did not know the size of the contribution (83 per cent). Firms contributing six per cent or more were also less likely to think they would seek information or advice about understanding the financial impact on the firm. This may be because such employers expect the reforms to have less of an impact as they already meet minimum contribution requirements (at least for members of their largest scheme). In fact, firms who were contributing six per cent or more were generally less likely to say that they would seek information or advice on most aspects, except in relation to understanding the legislation, which was cited by the majority of respondents, regardless of the type of current provision offered.

Respondents who had indicated that they would seek information or advice were asked about the sources they would use (Table 6.7). The most commonly reported source of information or advice was an accountant, cited by around four-fifths (83 per cent) of firms. Around two-thirds (63 per cent) said they would seek information or advice from an Independent Financial Advisor, and almost three-fifths (59 per cent) from the DWP.[46] Around a third (34 per cent) said they would seek information or advice from The Pensions Regulator, around a quarter would do so from a trade industry body (25 per cent) or a business forum (23 per cent). Around one-sixth would use an employee benefits consultant (15 per cent) or a lawyer or legal advisor (14 per cent). Four per cent said they would use some other source and one per cent said they would not use any of the specified sources.

Around three-fifths (62 per cent) of those with no workplace scheme, or a non-contributory scheme (60 per cent), indicated they would seek information or advice from the Department for Work and Pensions. This applied for a similar proportion (58 per cent) of those contributing between three and six per cent, but stood at just three in ten (29 per cent) among those firms currently contributing at least six per cent to their largest workplace scheme.

46 This figure may reflect the fact that the campaign aimed at employers is still in its early stages.

Table 6.6 Issues on which information or advice is likely to be sought, by type of current provision

Column percentages

	Current contribution rate to largest workplace scheme						
	6% or more	**3 to 5.9%**	**Less than 3%**	**Contributes but % not known**	**No contribution**	**No workplace scheme**	**All**
Understanding the legislation	91	87	88	75	92	83	83
Choosing type of scheme to use	35	66	65	83	92	80	79
Understanding the financial impact on the firm	37	79	71	82	76	79	77
Choosing a pension provider	26	46	47	62	67	75	70
Reviewing your current pension provision	38	78	88	67	58	0	15
Any other aspect	2	3	2	2	2	4	4
Will not seek advice	4	6	3	2	2	8	7
Weighted base	*84*	*80*	*35*	*251*	*283*	*2,273*	*3,036*
Unweighted base	*675*	*568*	*227*	*404*	*479*	*693*	*3,064*

Base: All private sector employers.
Note: The estimates presented in the 'All' column include a small number of employers for whom it was not possible to ascertain whether they had a workplace scheme, or if they did, whether they made contributions to it.

Table 6.7 Likely sources of information or advice, by type of current provision

Column percentages

	Current contribution rate to largest workplace scheme						
	6% or more	**3 to 5.9%**	**Less than 3%**	**Contributes but % not known**	**No contribution**	**No workplace scheme**	**All**
Accountant	65	66	52	79	77	86	83
Independent Financial Advisor	74	60	83	73	71	61	63
Department for Work and Pensions	29	58	45	49	60	62	59
The Pensions Regulator	24	46	35	28	35	35	34
Trade industry body	7	37	16	17	23	27	25
Business forum	4	33	15	14	15	26	23
Employee Benefits Consultant	7	9	11	13	14	17	15
Lawyer/legal advisor	10	21	17	17	14	12	14
Somewhere else	3	4	2	4	3	4	4
None of these	5	2	0	0	0	1	1
Weighted base	*82*	*74*	*34*	*247*	*281*	*2,129*	*2,879*
Unweighted base	*599*	*532*	*217*	*384*	*470*	*662*	*2,882*

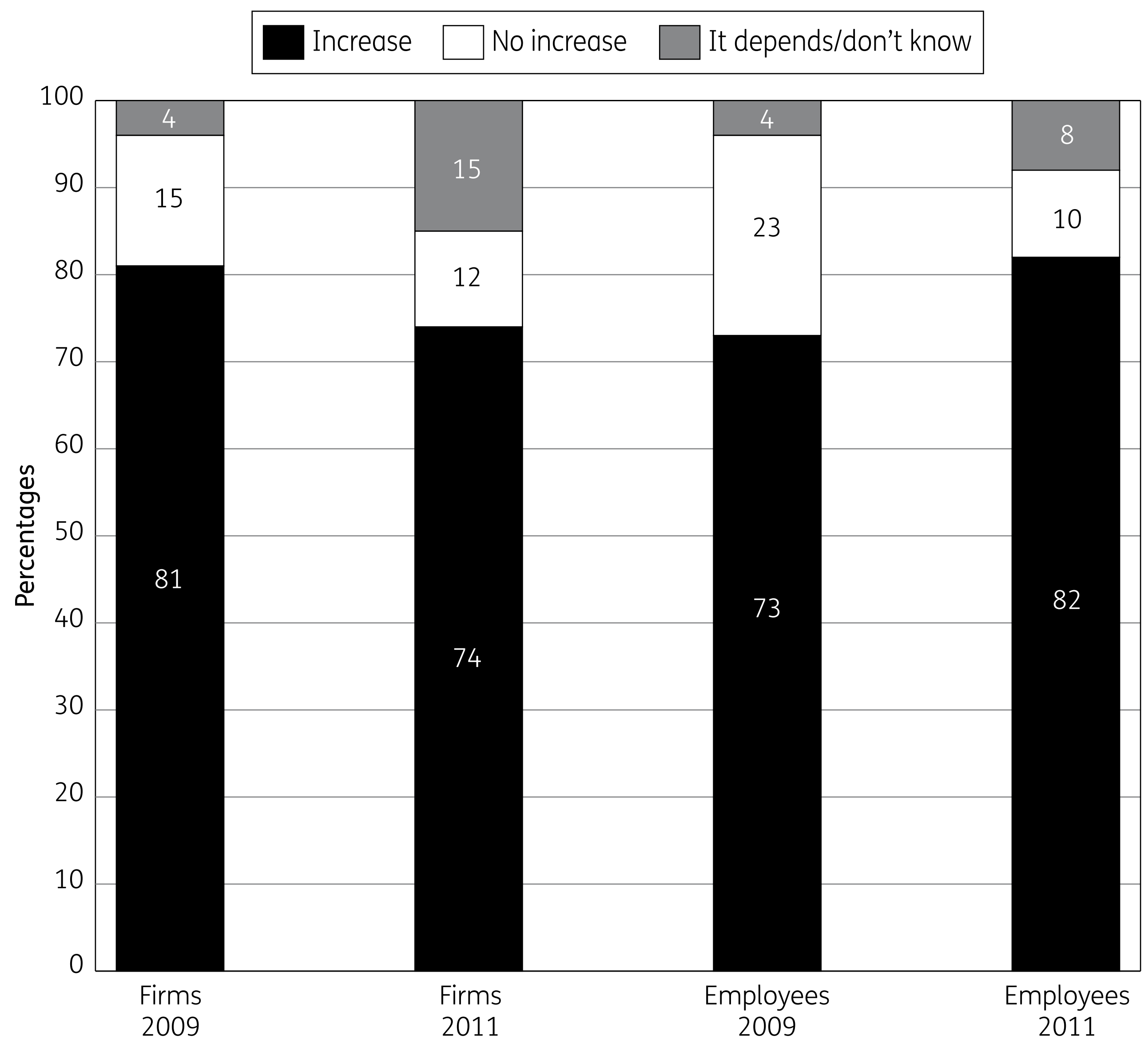
Base: All private sector employers who indicated they were likely to seek information or advice about the pension reforms.
Note: The estimates presented in the 'All' column include a small number of employers for whom it was not possible to ascertain whether they had a workplace scheme, or if they did, whether they made contributions to it.

6.5 Responses to increased costs of the reforms

Employers were asked whether contributing a minimum of three per cent for all eligible employees who do not opt out of the scheme would mean an increase in the total pension contributions that their organisation would have to make. Around three-quarters (74 per cent) of firms thought that their total pension contributions would increase as a result (Figure 6.1). Just over one in ten (12 per cent) thought that their total pension contributions would not increase, while the remaining sixth (15 per cent) said that they did not know or that it would depend. In 2009, around four-fifths (81 per cent) of firms thought their total pension contributions would increase; around one-sixth (15 per cent) thought they would not increase, while four per cent stated that they did not know or that it would depend.

Smaller firms were more likely to be unsure as to whether their total pension contributions would increase; less than one in ten (eight per cent) of employees worked in these firms (Figure 6.1). Around four-fifths (82 per cent) of employees worked in organisations where the employer thought total pension contributions were likely to increase as a result of the reforms.

Figure 6.1 Likely impact of a three per cent contribution rate on total pension contributions, 2009 and 2011 (firms and employment)



Base: All private sector employers.

Among employers currently contributing at least six per cent to their largest workplace scheme, only around two-fifths (39 per cent) thought their total pension contributions would increase as a result of the minimum three per cent contribution required under the reforms (Table 6.8). This applied for almost two-thirds (65 per cent) of firms contributing between three and six per cent to their largest scheme. Respondents who were already contributing at least three per cent may expect total contributions to increase if not all existing members are receiving this level of contribution, or if not all employees who will be eligible under the reforms are currently members of this scheme.

Not surprisingly, the proportion of employers who thought total pension contributions would increase was higher among those currently contributing less than three per cent (80 per cent), those not contributing to their scheme (89 per cent) and those without a workplace scheme (72 per cent). Almost a fifth (18 per cent) of those with no existing workplace scheme were unsure as to whether or not their total pension contributions would increase. Respondents may not expect total pension contributions to increase if they do not expect to have any eligible employees, or if they expect them to opt out of the scheme.

All respondents, regardless of whether they thought the reforms would lead to an increase in their total pension contributions, were asked what actions their organisation would take if the reforms **did** lead to an increase in total pension contributions.

Just over half (52 per cent) of employers said they would absorb any increase through a reduction in profits, while a similar proportion (56 per cent) said they would absorb this as part of other overheads (Table 6.9). Around two-fifths said they would absorb any increase through lower wage increases (42 per cent) or through increasing prices (37 per cent). Around one-quarter (24 per cent) said they would re-structure or reduce their workforce. Almost one in ten (nine per cent) said they would change their existing scheme; around one in twenty (four per cent) said they would reduce contribution levels for existing members. Four per cent said they would take none of these actions. Table 6.9 shows responses by type of current provision, based on the current contribution rate to the largest scheme. Some firms indicated that they may respond to any increase in total contributions by reducing contribution levels for existing members, even though they currently make an average contribution of less than three per cent to their largest scheme (or none at all); these firms may contribute at higher rates for other members or other schemes (see footnote in Section 2.11). Note also that the figures reported in the table for the proportions of employers planning to reduce contribution levels for existing members or change their existing scheme include those employers with no workplace scheme, for whom these options are not applicable. When calculated only among those employers with a workplace scheme, around one-sixth (17 per cent) indicated they would reduce contribution levels while almost two-thirds (38 per cent) reported they would change their existing scheme.

Where employers gave more than one response (68 per cent did so), they were asked which of these would be their most likely course of action. These responses are given in Table 6.10.

One-quarter (25 per cent) of firms said their most likely response would be to absorb the increase through a reduction in profits, while just over one-fifth (22 per cent) said they would absorb this as part of other overheads (Table 6.10). Around one-sixth said they would absorb the increase through lower wage increases (17 per cent) or through increasing prices (15 per cent). Around one in ten (12 per cent) said their most likely action would be to re-structure or reduce the existing workforce. Very few firms indicated that they would change their existing scheme or reduce contribution levels for existing members as their most likely response (two per cent and one per cent respectively).[47]

Employers who were already contributing six per cent or more to their largest scheme were much more likely than other firms to say that their most likely course of action would be to absorb any increase through a reduction in profits; this applied for almost three-fifths (57 per cent) of this group (Table 6.10). One in twenty (five per cent) of those firms already contributing three per cent or more said they would increase prices, compared with around one-sixth (17 per cent) of those contributing less than three per cent, or not at all (16 per cent). Firms already contributing at least three per cent or more were also less likely to say their most likely response would be to absorb the increase through lower wage increases.

47 These proportions stood at eight per cent and three per cent respectively when calculated solely among those employers with a workplace scheme.

Table 6.8 Likely impact of a three per cent contribution rate on total pension contributions, by type of current provision

Column percentages

	Current contribution rate to largest workplace scheme						
	6% or more	**3 to 5.9%**	**Less than 3%**	**Contributes but % not known**	**No contribution**	**No workplace scheme**	**All**
Increase	39	65	80	79	89	72	74
No increase	55	33	13	17	5	9	12
It depends/Don't know	6	2	7	3	6	18	15
Weighted base	*86*	*80*	*35*	*252*	*286*	*2,324*	*3,093*
Unweighted base	*679*	*574*	*228*	*408*	*484*	*702*	*3,093*

Base: All private sector employers.
Note: The estimates presented in the 'All' column include a small number of employers for whom it was not possible to ascertain whether they had a workplace scheme, or if they did, whether they made contributions to it.

Table 6.9 Strategies in response to increase in total pension contributions, by type of current provision

Column percentages

	Current contribution rate to largest workplace scheme						
Strategies in response to increase in contributions	**6% or more**	**3 to 5.9%**	**Less than 3%**	**Contributes but % not known**	**No contribution**	**No workplace scheme**	**All**
Absorb through reduction in profits	79	65	61	41	55	51	52
Absorb as part of other overheads	79	77	64	41	47	58	56
Absorb through lower wage increases	27	52	50	52	46	40	42
Increase prices	51	23	31	42	38	36	37
Re-structure or reduce workforce	7	32	21	30	27	23	24
Change existing scheme	11	35	31	51	36	0	9
Reduce contribution levels for existing members	9	14	18	16	20	0	4
Not relevant as proposals would not mean increase	4	1	0	0	0	0	0
Other	0	1	1	0	2	0	0
None of these	5	5	3	1	6	4	4
Weighted base	*83*	*78*	*34*	*246*	*268*	*2,227*	*2,965*
Unweighted base	*625*	*524*	*211*	*368*	*432*	*654*	*2,829*

Base: All private sector employers (whether they expected an increase or not).

Notes:

a. Respondents could give more than one response.

b. The estimates presented in the 'All' column include a small number of employers for whom it was not possible to ascertain whether they had a workplace scheme, or if they did, whether they made contributions to it.

Table 6.10 Most likely strategy in response to increase in total pension contributions, by type of current provision

Column percentages

	Current contribution rate to largest workplace scheme						
Strategies in response to increase in contributions	**6% or more**	**3 to 5.9%**	**Less than 3%**	**Contributes but % not known**	**No contribution**	**No workplace scheme**	**All**
Absorb through reduction in profits	57	20	23	16	25	25	25
Absorb as part of other overheads	20	28	25	14	14	24	22
Absorb through lower wage increases	8	10	17	17	21	18	17
Increase prices	2	8	17	12	16	16	15
Re-structure or reduce workforce	3	24	5	18	12	12	12
Change existing scheme	1	3	2	18	4	0	2
Reduce contribution levels for existing members	1	1	6	4	3	0	1
Not relevant as proposals would not mean increase	4	1	0	0	0	0	0
Other	0	0	1	0	0	0	0
None of these	5	6	3	1	6	5	5
Weighted base	*83*	*78*	*34*	*246*	*268*	*2,227*	*2,965*
Unweighted base	*625*	*524*	*211*	*368*	*432*	*654*	*2,829*

Base: All private sector employers (whether they expected an increase or not).

Notes:

a. Where more than one response was given, this table refers to the most likely strategy that the organisation would take (around one-third (32 per cent) of firms gave a single response only).

b. The estimates presented in the 'All' column include a small number of employers for whom it was not possible to ascertain whether they had a workplace scheme, or if they did, whether they made contributions to it.

6.6 Early automatic enrolment

Employers will be allocated a specific staging date but they can apply for an earlier date if their allocated date does not fall at a convenient time for their business. Respondents were asked how likely they thought their firm was to apply for an earlier staging date for automatic enrolment.

Almost half (49 per cent) of firms said they were not at all likely to apply for an earlier staging date, with almost a further two-fifths (37 per cent) saying they were not very likely to do so (Table 6.11). One in ten firms said they were quite likely to apply for an early staging date, with just five per cent indicating that they were very likely to do so.

There was limited variation in responses by firm size (Table 6.11). A slightly higher proportion of the largest firms said they were not at all likely to apply for an earlier staging date for automatic enrolment; almost three-fifths (58 per cent) of firms with 1,000 or more employees said they were not at all likely to apply for an early staging date, compared with around half (49 per cent) of firms with fewer than 1,000 employees. Larger firms will, of course, have earlier staging dates than smaller firms in any case.

More differences were apparent depending on the type of provision currently offered by the firm (Table 6.12). Firms with no workplace scheme, and those making no contributions, were the most likely to say that they were "not at all likely" to apply for early automatic enrolment (51 per cent and 57 per cent respectively). Firms that currently contributed at least three per cent to their largest scheme were the most likely to say they were "quite likely" to apply for early automatic enrolment; this applied for around a third (31 per cent) of those contributing between three and six per cent and approaching half (45 per cent) of those contributing six per cent or more.

Table 6.11 Likelihood of applying for early staging date for automatic enrolment, by size of organisation

Column percentages

	Size of organisation (employees)								
Likelihood of applying for early staging date	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All firms**
Very likely	5	6	4	3	5	7	3	3	5
Quite likely	10	9	8	12	6	9	8	9	10
Not very likely	37	34	40	39	44	40	40	30	37
Not at all likely	48	51	49	46	46	44	49	58	49
Weighted base	*2,147*	*361*	*245*	*109*	*35*	*23*	*3*	*3*	*2,926*
Unweighted base	*341*	*286*	*339*	*370*	*237*	*538*	*301*	*534*	*2,946*

Base: All private sector employers.

Table 6.12 Likelihood of applying for early staging date for automatic enrolment, by type of current provision

Column percentages

	Current contribution rate to largest workplace scheme						
Likelihood of applying for early staging date	**6% or more**	**3 to 5.9%**	**Less than 3%**	**Contributes but % not known**	**No contribution**	**No workplace scheme**	**All**
Very likely	3	5	9	2	6	4	5
Quite likely	45	31	9	21	6	7	10
Not very likely	18	35	38	41	31	38	37
Not at all likely	34	29	45	36	57	51	49
Weighted base	*79*	*78*	*34*	*240*	*278*	*2,191*	*2,926*
Unweighted base	*647*	*551*	*219*	*385*	*463*	*665*	*2,946*

Base: All private sector employers.
Note: The estimates presented in the 'All' column include a small number of employers for whom it was not possible to ascertain whether they had a workplace scheme, or if they did, whether they made contributions to it.

6.7 Waiting periods

Employers can choose to delay enrolling current employees into a pension scheme by a period of up to three months following the initial deadline; they can also choose to delay enrolling new employees for up to three months after they join the organisation.

Employers were asked whether they would be likely to adopt such a waiting period for any existing employees before automatically enrolling them into a scheme.[48] Around one-third (34 per cent) of respondents thought they were not at all likely to make use of a waiting period for current employees, and a further three in ten (31 per cent) thought they were not very likely to do so (Table 6.13). Around one-sixth (15 per cent) thought they were very likely to adopt a waiting period, while the remaining fifth thought that they were quite likely to do so. Larger firms were more likely to adopt a waiting period, such that while 15 per cent of firms said they were very likely to adopt a waiting period for current employees, three in ten employees (29 per cent) worked in these firms.

There was some variation in the likelihood of adopting a waiting period for existing employees according to the type of provision currently offered by the firm (Table 6.13). Almost three-fifths (58 per cent) of firms who currently contributed six per cent or more to their largest scheme said they were not at all likely to adopt a waiting period. This applied for just over one-quarter (27 per cent) of firms not contributing to their largest scheme, and for around a third of remaining employers (34 per cent among those with no workplace scheme and 32 per cent among those contributing less than six per cent).

Employers were also asked whether they were likely to make use of waiting periods for new employees who join the organisation after the initial arrangements are in place. A much higher proportion of employers thought they were likely to adopt a waiting period for new employees than for current employees. Overall, just under half (44 per cent) said they were very likely to adopt a waiting period for new employees (Table 6.14). This proportion rose to around seven in ten among schemes where no contribution was currently made (71 per cent) and in firms where the largest current scheme attracted a contribution of less than three per cent (72 per cent).

[48] Note that legislation uses the term ‘postponement’, rather than waiting period.

Table 6.13 Likelihood of adopting a waiting period for current employees, by type of current provision

Column percentages

	Current contribution rate to largest workplace scheme						
Likelihood of adopting a waiting period	**6% or more**	**3 to 5.9%**	**Less than 3%**	**Contributes but % not known**	**No contribution**	**No workplace scheme**	**All**
Very likely	6	12	16	26	19	14	15
Quite likely	9	35	19	15	23	20	20
Not very likely	26	20	33	24	30	32	31
Not at all likely	58	32	32	35	27	34	34
Weighted base	*79*	*76*	*34*	*236*	*276*	*2,166*	*2,896*
Unweighted base	*658*	*544*	*212*	*374*	*448*	*638*	*2,888*

Base: All private sector employers.
Note: The estimates presented in the 'All' column include a small number of employers for whom it was not possible to ascertain whether they had a workplace scheme, or if they did, whether they made contributions to it.

Table 6.14 Likelihood of adopting a waiting period for new employees, by type of current provision

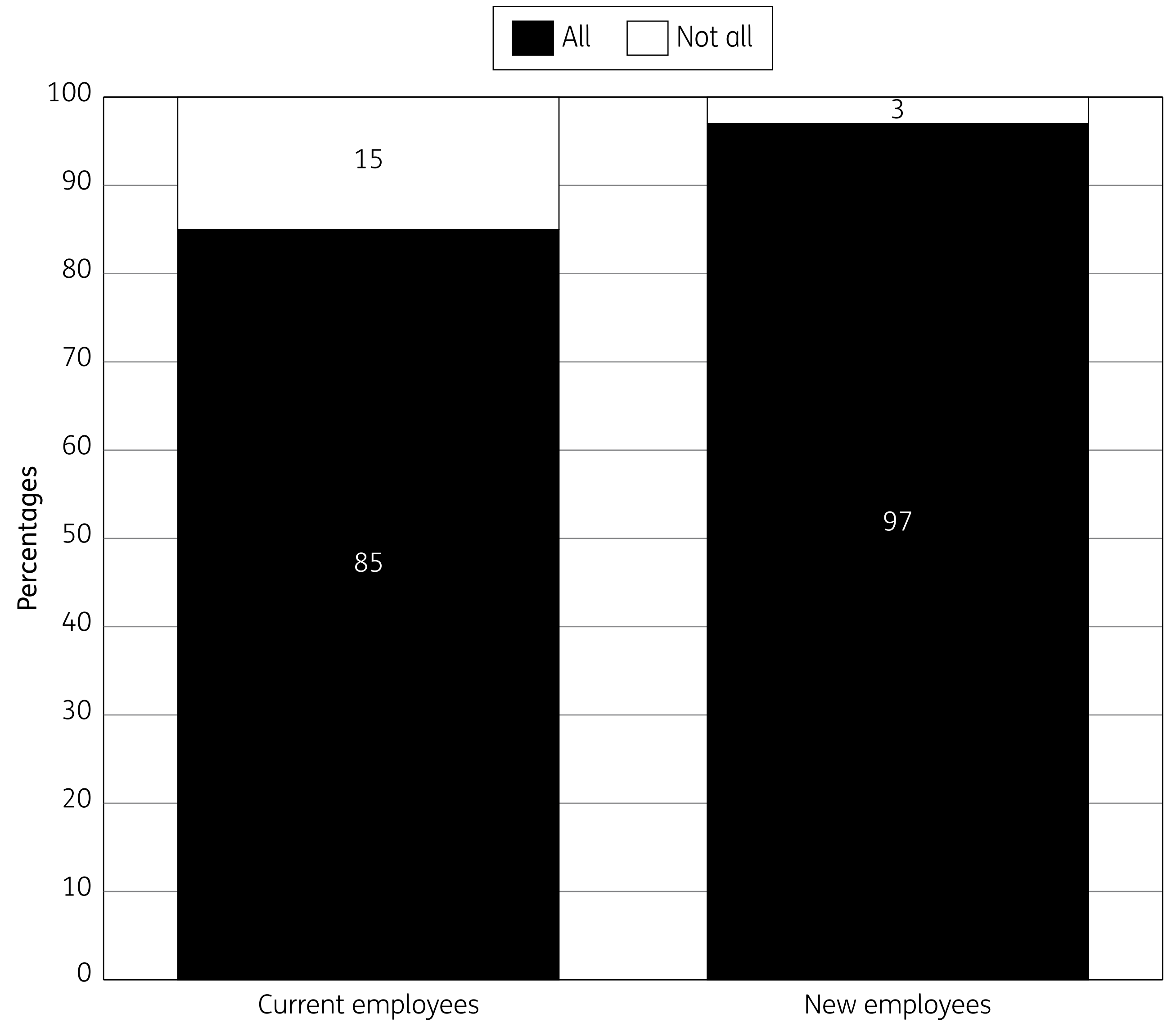
Column percentages

	Current contribution rate to largest workplace scheme						
Likelihood of adopting a waiting period	**6% or more**	**3 to 5.9%**	**Less than 3%**	**Contributes but % not known**	**No contribution**	**No workplace scheme**	**All**
Very likely	35	42	72	34	71	42	44
Quite likely	9	18	17	19	15	20	19
Not very likely	10	7	6	15	4	14	13
Not at all likely	46	34	5	31	10	24	24
Weighted base	*83*	*79*	*35*	*227*	*278*	*2,216*	*2,949*
Unweighted base	*661*	*557*	*223*	*380*	*466*	*661*	*2,964*

Base: All private sector employers.
Note: The estimates presented in the 'All' column include a small number of employers for whom it was not possible to ascertain whether they had a workplace scheme, or if they did, whether they made contributions to it.

Where employers indicated that they were very likely or quite likely to adopt a waiting period for either current or new employees (or both), they were asked whether this would apply to all employees, or just to certain types of employees (such as senior management, employees in a particular subsidiary of the organisation, or those over or under a certain age, for example). Over four-fifths (85 per cent) of respondents who thought their firm was likely to adopt a waiting period for current employees indicated that this would apply to all current employees who were not members of a pension scheme (Figure 6.2). Where employers were quite likely or very likely to adopt a waiting period for new employees joining the organisation, almost all (97 per cent) said they would do so for all new employees. The remaining three per cent would restrict this to certain types of new employees.

Figure 6.2 Whether waiting period would apply to all employees, current and new employees



Base: All private sector employers very likely or quite likely to adopt a waiting period.

Employers who were quite likely or very likely to adopt a waiting period (for current and/or new employees) were also asked the expected duration of this period, which can last up to a maximum of three months. Among employers likely to adopt a waiting period for existing employees, the vast majority (89 per cent) of firms intended to use the same waiting period for all employees, while the remaining one in ten intended to use different lengths of waiting period for different types of employees (Table 6.15). Overall, around two-thirds (65 per cent) of firms who were likely to use a waiting period intended to make this up to three months, the maximum duration permitted. Around one fifth (17 per cent) intended to use a waiting period of up to one month; four per cent intended to use a waiting period of up to two months. The remaining four per cent stated that this would be of some other duration.

Larger firms were more likely to make use of longer waiting periods, where they said they were likely to adopt one (Table 6.15). Around four-fifths (81 per cent) of firms with 1,000 or more employees said the waiting period would be up to three months, compared with around three-fifths (62 per cent) of firms with less than five employees. Just over one-fifth (21 per cent) of firms with less than five employees thought the waiting period would be up to one month, compared with two per cent of firms with 1,000 or more employees.

Where firms indicated that they were likely to adopt a waiting period for new employees, the majority stated they would adopt the maximum waiting period of up to three months. This applied to over three-quarters (77 per cent) of firms who thought they were likely to adopt a waiting period for new employees (Table 6.16). A further one in ten thought they would use a waiting period of up to one or two months. Less than one in ten (eight per cent) planned to vary the waiting period for different types of employees. Smaller firms were slightly more likely to use shorter waiting periods, although the differences in expected duration of waiting period by firm size were less extensive than for current employees.

In summary, firms were more likely to adopt waiting periods for new employees than for current employees, and the expected duration of any such waiting period was likely to be longer for new employees. This was particularly the case in larger firms.

Table 6.15 Likely duration of waiting period, current employees, by size of organisation

Column percentages

	Size of organisation (employees)								
Likely duration of waiting period	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All firms**
Up to one month	21	(10)	9	13	12	5	8	2	17
Up to two months	3	(5)	7	5	1	7	2	4	4
Up to three months	62	(67)	76	63	75	72	78	81	65
Other	2	(8)	4	7	3	4	3	4	4
Different for different employees	11	(11)	4	12	9	12	9	9	11
Weighted base	*614*	*113*	*84*	*39*	*15*	*11*	*1*	*1*	*877*
Unweighted base	*115*	*95*	*122*	*139*	*108*	*240*	*121*	*244*	*1,184*

Base: All private sector employers very likely or quite likely to adopt a waiting period.

Table 6.16 Likely duration of waiting period, new employees, by size of organisation

Column percentages

	Size of organisation (employees)								
Likely duration of waiting period	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All firms**
Up to one month	5	5	3	6	1	4	4	2	4
Up to two months	8	5	3	2	1	5	3	4	6
Up to three months	76	77	87	77	87	83	77	85	77
Other	3	6	3	5	5	3	3	3	3
Different for different employees	9	8	4	11	6	6	14	6	8
Weighted base	*1,177*	*248*	*186*	*92*	*31*	*19*	*2*	*2*	*1,756*
Unweighted base	*219*	*207*	*273*	*312*	*205*	*421*	*202*	*343*	*2,182*

Base: All private sector employers very likely or quite likely to adopt a waiting period.

7 Likely enrolment destinations and contribution rates after the reforms

Purpose

- This chapter outlines how employers expect to react to the workplace pension reforms in two specific respects. First, it discusses the types of pension schemes they intend to provide for their employees after the reforms are implemented. Second, it discusses the rate at which they expect to contribute to these schemes. It also covers some related issues, such as the expected prevalence of non-auto enrolment schemes post-reform, and the likelihood that employers will phase-in their contributions.

Key findings

- Among employers who already offered a form of workplace pension provision in which at least some employees were participating, the majority (60 per cent) planned to keep all current members (of their largest or only scheme) in their existing scheme. Six per cent planned to enrol all current members into National Employment Savings Trust (NEST).
- Only 49 per cent of such pension-providing firms said that they would use their existing scheme for all non-members and new employees; in contrast, NEST was a more popular option with 19 per cent saying that they would enrol all non-members and new employees into such a scheme.
- Almost half (45 per cent) of firms with no current workplace pension scheme indicated that they would enrol all employees into NEST. Around a further two-fifths (39 per cent) did not know what type of scheme they were likely to use in response to the reforms.
- Almost two-fifths (39 per cent) of firms with an open workplace scheme expected to retain at least one of their schemes after the reforms without using it as a destination for automatic enrolment.
- On the basis of the intentions expressed by employers in the survey, one would currently expect at least 10 per cent of private sector employees to be receiving a contribution of over six per cent of salary once the reforms have been implemented. One would expect at least 16 per cent to be receiving a contribution of between 3.1 and six per cent, and one would expect at least 40 per cent to be receiving the minimum contribution of three per cent of salary. Each estimate is a lower-bound since employers did not provide an expected contribution rate for around one-third (34 per cent) of all private sector employees. There is thus still a substantial degree of uncertainty in respect of employer contributions.

7.1 Introduction

This chapter looks at the types of pensions that employers are likely to provide once the workplace pension reforms are introduced. The chapter focuses on two specific elements of provision: first, the type of scheme into which employees are likely to be enrolled; and second, the size of the contribution employers are likely to make to those schemes.

The chapter outlines the intentions of those employers that already have a workplace pension scheme (‘pension-providing firms’), considering their intentions both in respect of those employees who are already members of an existing scheme and in respect of non-members and new employees. The chapter also looks at the intentions of employers who do not currently provide a workplace pension scheme (‘non-providing firms’). Chapter 2 shows that current members account for 26 per cent of all private sector employees, while non-members in providing firms account for a further 53 per cent. Employees in non-providing firms account for 21 per cent of all private sector employees.

It should be noted at the outset that employers’ intentions, as expressed in the survey, were not always based on extensive prior reflection. Employers were informed about the main features of the workplace pension reforms during the survey contact phase (Section A.5 in Appendix A provides further details). However, Chapter 6 showed that around half (51 per cent) of all employers had not given the reforms any thought prior to the survey and that only three per cent had a firm plan in place at the time of the survey interview. Nevertheless, the survey responses provide the best available indication of how employers are likely to respond when the reforms are implemented.

7.2 The expectations of pension-providing firms in respect of enrolment destinations

To meet the requirements of the workplace pension reforms, employers may automatically enrol eligible employees into an existing scheme, set up a new qualifying scheme, or use NEST.

Among employers who already offered a form of workplace pension provision in which at least some employees were participating, the majority (60 per cent) planned to keep all current members (of their largest or only scheme) in their existing scheme (Table 7.1). Six per cent planned to enrol all current members into NEST, while three per cent planned to enrol all current members into a new qualifying scheme. A further 12 per cent planned to use a combination of these schemes. Around one fifth (19 per cent) did not know what scheme they were likely to use for current members.

In firms where the current largest scheme was a stakeholder scheme, around half (49 per cent) planned to retain all current members in this scheme. This proportion was higher where the largest scheme was an occupational scheme (69 per cent) or a group personal pension (GPP) scheme (76 per cent). Firms whose current largest scheme was a stakeholder scheme were the most likely to enrol current members into a combination of different schemes (17 per cent gave this response); they were also the most likely not to know where they would enrol current members (26 per cent).

Table 7.1 Likely enrolment destination for current members of largest scheme, by current provision (providing firms)

Column percentages

	Current provision (largest scheme)				
Likely destination	**Occupational scheme**	**GPP scheme**	**SHP scheme**	**All firms**	**Current members**
Retain all in existing scheme	69	76	49	60	84
All into NEST	4	5	8	6	1
All into new qualifying scheme	4	7	1	3	3
Enrol into a combination of these schemes	6	6	17	12	5
Don't know	17	7	26	19	6
Weighted base	*65*	*127*	*253*	*446*	*1,682*
Unweighted base	*519*	*745*	*536*	*1,800*	*1,800*

Base: All pension-providing firms with some active members in largest workplace scheme.

Employers were more likely to say that they would retain all of their current members in their existing scheme if that scheme was larger than the average. Accordingly, those schemes in which all current members could expect to be retained accounted for 84 per cent of all active members that belonged to their employers' largest scheme. There was also a positive correlation with firms size, such that 77 per cent of providing firms with 1,000 or more employees said that they would retain all of the current members in their largest existing scheme, compared with 59 per cent of providing firms with 1-99 employees (Table 7.2). These smaller employers were the most likely to be unsure as to the enrolment destination for current members (19 per cent did not know where they would enrol their current members once the reforms have been implemented).

Table 7.2 Likely enrolment destination for current members of largest scheme, by size of organisation (providing firms)

					Column percentages
	Size of organisation (employees)				
Likely destination	**1-99**	**100-499**	**500-999**	**1,000+**	**All firms**
Retain all in existing scheme	59	67	66	77	60
All into NEST	6	3	7	1	6
All into new qualifying scheme	3	4	6	7	3
Enrol into a combination of these schemes	12	13	13	6	12
Don't know	19	13	8	8	19
Weighted base	*424*	*17*	*3*	*2*	*446*
Unweighted base	*586*	*442*	*281*	*491*	*1,800*

Base: All pension-providing firms with some active members in largest workplace scheme.

Employers currently providing a workplace pension scheme were also asked about their intentions for employees who were not currently members of their existing scheme and for new employees. Table 7.3 and Table 7.4 present this information for those providing firms which had at least some active members in a workplace pension scheme (i.e. the same base as for Table 7.1 and Table 7.2). The tables show that these employers are less likely to enrol non-members and new employees into their existing scheme than they are to retain current members in this scheme. Only 49 per cent of pension-providing firms said that they would use their existing scheme for all non-members and new employees; in contrast, NEST was a more popular option with 19 per cent saying that they would enrol all non-members and new employees into such a scheme.

Table 7.3 Likely enrolment destination for non-members and new employees, by current provision (providing firms with active members)

					Column percentages
	Current provision (largest scheme)				
Likely destination	**Occupational scheme**	**GPP scheme**	**SHP scheme**	**All firms**	**Non-members**
Enrol all non-members and new employees in existing scheme	45	64	42	49	39
All into NEST	17	7	25	19	13
All into new qualifying scheme	2	10	4	5	11
Enrol into a combination of these schemes	10	11	5	8	19
Don't know	26	8	24	19	18
Weighted base	*65*	*127*	*266*	*459*	*1,128*
Unweighted base	*519*	*745*	*537*	*1,801*	*1,713*

Base: All pension-providing firms with some active members in largest workplace scheme.

Firms were most likely to say that they would enrol all non-members and new employees into their existing scheme if that scheme was a GPP (64 per cent of firms with a GPP scheme gave this response) (Table 7.3). The variations by firm size were not substantial except that, again, smaller firms were more likely than larger firms to be unsure about the likely enrolment destinations (Table 7.4).

Table 7.4 Likely enrolment destination for non-members and new employees, by size of organisation (providing firms with active members)

Column percentages

	Size of organisation (employees)				
Likely destination	**1-99**	**100-499**	**500-999**	**1,000+**	**All firms**
Retain all in existing scheme	49	55	52	54	49
All into NEST	19	7	12	6	19
All into new qualifying scheme	5	7	12	12	5
Enrol into a combination of these schemes	7	14	12	13	8
Don't know	20	16	12	15	19
Weighted base	*437*	*17*	*3*	*2*	*459*
Unweighted base	*587*	*442*	*281*	*491*	*1,801*

Base: All pension-providing firms with some active members in largest workplace scheme.

Table 7.5 outlines the intentions of providing firms with no current active members. In almost all cases, their current provision comprised an empty stakeholder pension (SHP) scheme. Just ten per cent said that they expected to enrol all employees into their existing scheme, with the more common response being that they would enrol such employees into NEST (42 per cent gave this response). However, there was a relatively high level of uncertainty among this group of pension-providing firms, with 31 per cent saying that they did not know where they would enrol employees. Smaller firms (those with 1-19 employees) were slightly more likely than larger firms (those with 20 or more employees) to say that they would enrol all employees into NEST, and they were slightly less likely to be unsure about the likely destination; the pattern of responses was otherwise very similar between smaller and larger firms.

Table 7.5 Likely enrolment destination for non-members and new employees, by current provision (providing firms without active members)

Column percentages

	Size of organisation (employees)			
Likely destination	**1-19**	**20+**	**All firms**	**Employees**
Enrol all non-members and new employees in existing scheme	10	10	10	10
All into NEST	43	36	42	36
All into new qualifying scheme	8	7	8	10
Enrol into a combination of these schemes	9	7	9	8
Don't know	30	40	31	36
Weighted base	*200*	*43*	*242*	*283*
Unweighted base	*176*	*205*	*381*	*381*

Base: All pension-providing firms without any active members in their workplace pension scheme(s).

7.3 The expectations of non-providing firms in respect of enrolment destinations

Having examined the intentions of providing firms with respect to likely enrolment destinations, the report now moves on to consider the intentions of firms that were not providing a workplace pension at the time of the EPP 2011 survey interview.

Almost half (45 per cent) of firms with no current workplace pension scheme indicated that they would enrol all employees into NEST (Table 7.6). A further 11 per cent planned to set up their own qualifying scheme, while five per cent planned to use a combination of both. Employers with 20 or more employees were more likely to be planning to use a combination of schemes; the figure stood at 13 per cent among this group of employees compared with five per cent among those with fewer than five employees.

A substantial proportion (39 per cent) of employers with no current workplace pension provision did not know what type of scheme they were likely to use in response to the reforms. The proportion did not vary to any notable degree by size of organisation, with the consequence that 39 per cent of all employees in non-providing firms worked for a firm that did not yet know where they were likely to enrol employees after the reforms have been implemented.

Table 7.6 Likely enrolment destinations for non-providing firms, by size of organisation

Column percentages

	Size of organisation				
	1-4	5-19	20+	All firms	Employees
Enrol all into new qualifying scheme	11	11	10	11	11
Enrol all into NEST	45	45	40	45	42
Enrol some into NEST and some into own scheme	5	4	13	5	8
Don't know	39	39	36	39	39
Weighted base	*1,996*	*315*	*43*	*2,354*	*662*
Unweighted base	*301*	*249*	*168*	*718*	*718*

Base: All private sector employers without a workplace pension scheme.

7.4 Post-reform prevalence of schemes that will not use automatic enrolment

To further assess the likely mix of schemes after the reforms have been implemented, firms with at least one open workplace pension scheme were asked whether they intended to keep any of those schemes open to new members without using them as a destination for automatic enrolment. Those with more than one open scheme were not asked which scheme(s) they intended to keep open for this purpose but, as the majority of pension-providing firms have only one scheme (see Table 2.8), categorising firms by their largest scheme gives a reasonable guide.

Table 7.7 shows that almost two-fifths (39 per cent) of firms with an open workplace scheme expected to retain at least one of their schemes after the reforms without using it as a destination for automatic enrolment. This expectation was most common among firms whose largest current scheme was a GPP scheme (52 per cent); it was least common among firms whose largest current scheme was an occupational scheme (21 per cent). A further 47 per cent of all pension-providing firms did not expect to retain a non-auto enrolment scheme after the reforms have been implemented, while 14 per cent did not know whether this was likely to be the case or not.

Table 7.7 Likelihood that pension-providing firms will retain a scheme not using automatic enrolment, by type of current provision

Column percentages

	Current provision (largest scheme)			
	Occupational scheme	**GPP scheme**	**SHP scheme**	**All firms**
Yes	21	52	38	39
No	69	40	47	47
Don't know	9	8	15	14
Weighted base	*54*	*112*	*459*	*654*
Unweighted base	*535*	*761*	*900*	*2,283*

Base: All private sector employers with an open workplace pension scheme.

7.5 The expectations of pension-providing firms in respect of contribution rates

Having considered likely enrolment destinations, the chapter now goes on to consider likely contribution rates by employers after the reforms have been implemented.

Employers who planned to keep at least some current members in their existing largest scheme were asked whether they were likely to change the rate at which they contributed for these employees post-reform. Over half (55 per cent) said that they were likely to maintain their current contributions, while arouund a further third (34 per cent) said that they were likely to increase their contributions (Table 7.8).[49] Around one-quarter (26 per cent) of all active members who belonged to their firm's largest workplace scheme worked in firms which said that they would increase the contribution rate, while around three-fifths (62 per cent) worked in firms which said they would maintain it.

Those firms that were currently contributing at least six per cent to their largest scheme were most likely to say that they would simply maintain their existing rate (84 per cent gave this response). Almost half (47 per cent) of those firms contributing less than six per cent said that they would increase their current contribution rate.

[49] The proportion of employers saying that they were likely to reduce their contributions is lower than the figure suggested by Table 6.9. One possible reason may be that Table 6.9 includes hypothetical responses for those employers who did not expect a rise in their total contributions. Another is that Table 7.8 is focused only on contributions for employees who will remain in the largest scheme.

Table 7.8 Whether contribution rate for members remaining in largest workplace scheme is likely to change post-reform, by current contribution rate

						Column percentages
	Current contribution (largest scheme)					
	6% or more	**3%-5.9%**	**Less than 3%**	**Don't know %**	**All firms**	**Active members**
Increase	8	47	47	37	34	26
Continue at current rate	84	50	50	42	55	62
Reduce	1	0	0	12	6	3
Don't know	6	3	3	8	6	9
Weighted base	*79*	*70*	*22*	*141*	*318*	*1,499*
Unweighted base	*568*	*460*	*152*	*233*	*1,430*	*1,430*

Base: All private sector employers with a workplace pension scheme who expect to retain some current members in their largest scheme.

Pension-providing firms were asked whether they would offer the same contribution rate to all employees (whether current members, non-members or new employees) once the reforms are in place. The majority (65 per cent) of employers thought they would offer the same contribution rate to all employees once the reforms are in place (Table 7.9). A further 22 per cent said they would contribute at different rates for different employees, and the remaining 14 per cent did not know whether they would contribute at the same rate for all employees or not. Those firms who did not know the current percentage rate of contributions to their largest scheme were the least likely to say that they would offer the same rate for all (50 per cent) and the most likely to say that they did not know whether they would apply equal or unequal rates (23 per cent).

In cases where the employer expected to contribute at different rates, the most common means of applying rates was on the basis of an employee's grade; around two-thirds (67 per cent) of employers who expected to use different rates gave this response.

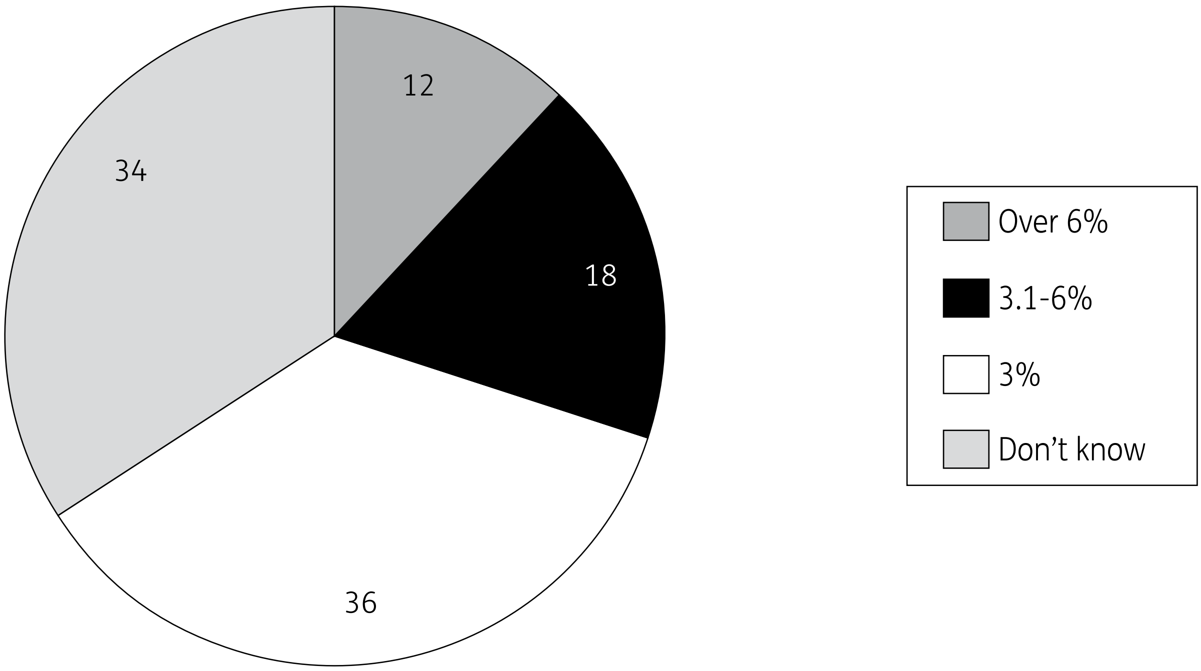
Table 7.9 Whether employer will offer same contribution rate to all eligible employees post-reform, by current provision

							Column percentages
	Current contribution (largest scheme)						
	6% or more	**3.0%-5.9%**	**Less than 3%**	**Don't know %**	**None**	**All firms**	**Employees**
Same rate for all	70	74	75	50	72	65	44
Different rates	22	21	20	28	17	22	40
Don't know	8	5	5	23	11	14	16
Weighted base	*86*	*80*	*35*	*252*	*286*	*739*	*2,431*
Unweighted base	*679*	*574*	*228*	*408*	*484*	*2375*	*2,375*

Base: All private sector employers with a workplace pension scheme.

Finally, pension-providing firms were asked to specify whether, after the reforms have been implemented, they expected to contribute at the minimum rate of three per cent, at a rate of between three and six per cent, or at a rate of more than six per cent. If the employer's contribution rate was expected to vary between different types of employee, the employer was asked to estimate the proportion of eligible employees to which each rate would apply. The results are summarised in Figure 7.1. Overall, 12 per cent of employees in providing firms are expected to receive a contribution of more than six per cent of salary, with a further 18 per cent receiving a contribution of 3.1-6.0 per cent and 36 per cent receiving the minimum contribution of three per cent of salary. Employers did not give an expected contribution rate for the remaining third.

Figure 7.1 Proportion of employees in providing firms likely to receive the specified contribution rate



Base: All employees working for private sector employers with a workplace pension scheme.

7.6 The expectations of non-providing firms in respect of contribution rates

Firms without a workplace pension scheme were asked equivalent questions to those asked of pension-providing firms, as summarised in the previous section. They were first asked whether they expected to offer the same contribution rate to all eligible employees once the reforms have been implemented. They were then asked what their expected contribution rate would be.

Non-providing firms did not differ greatly from providing firms in the extent to which they expected to provide equal or unequal rates. Overall, around three-fifths (61 per cent) of non-providing firms expected to offer the same contribution rate to all eligible employees, while 17 per cent expected to offer different rates and 22 per cent did not know what they would be likely to do (Table 7.10). Again, in cases where the employer expected to contribute at different rates, the most common means of applying rates was on the basis of an employee's grade; almost three-quarters (73 per cent) of non-providing firms who expected to use different rates gave this response.

Table 7.10 Whether non-providing firms will offer same contribution rate to all eligible employees post-reform

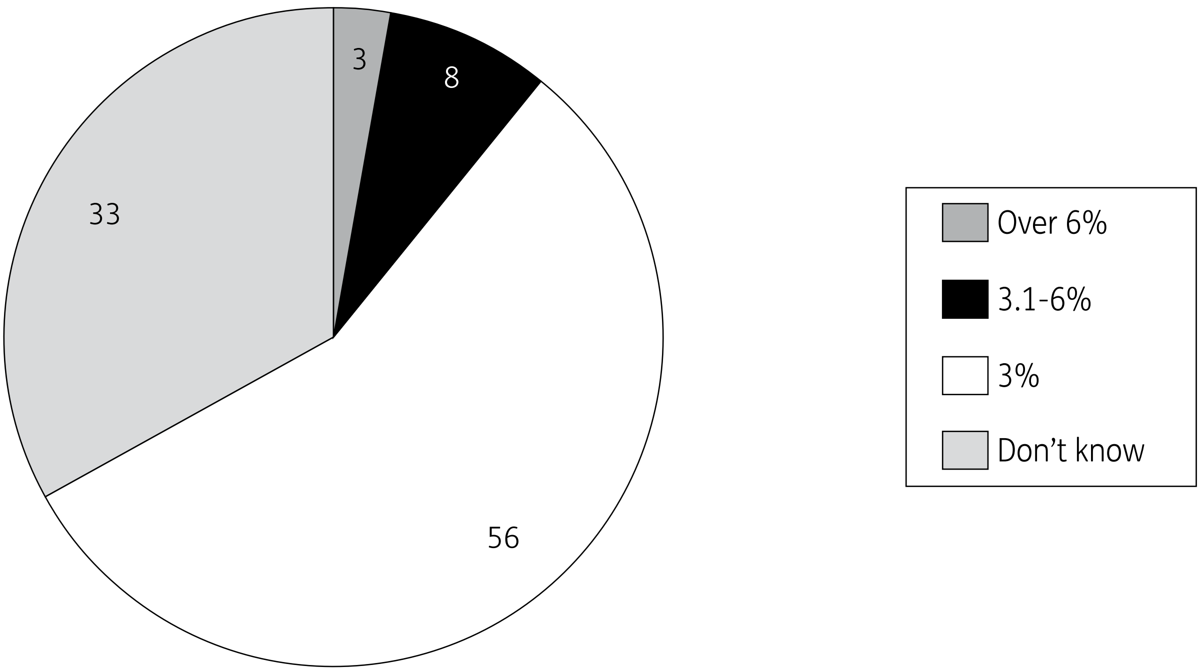
Column percentages

	All firms	Employees
Same rate for all	61	60
Different rate	17	19
Don't know	22	21
Weighted base	*2,354*	*662*
Unweighted base	*718*	*718*

Base: All private sector employers without a workplace pension scheme.

Non-providing firms differed markedly from providing firms, however, in terms of what they expected to contribute for eligible employees once the reforms have been implemented. Unsurprisingly, their contributions are expected to be lower. Overall, just three per cent of employees in non-providing firms are expected to receive a contribution of more than six per cent of salary, with a further eight per cent receiving a contribution of 3.1-6.0 per cent and 56 per cent receiving the minimum contribution of three per cent of salary (Figure 7.2). Employers did not give an expected contribution rate for the remaining third.

Figure 7.2 Proportion of employees in non-providing firms likely to receive the specified contribution rate

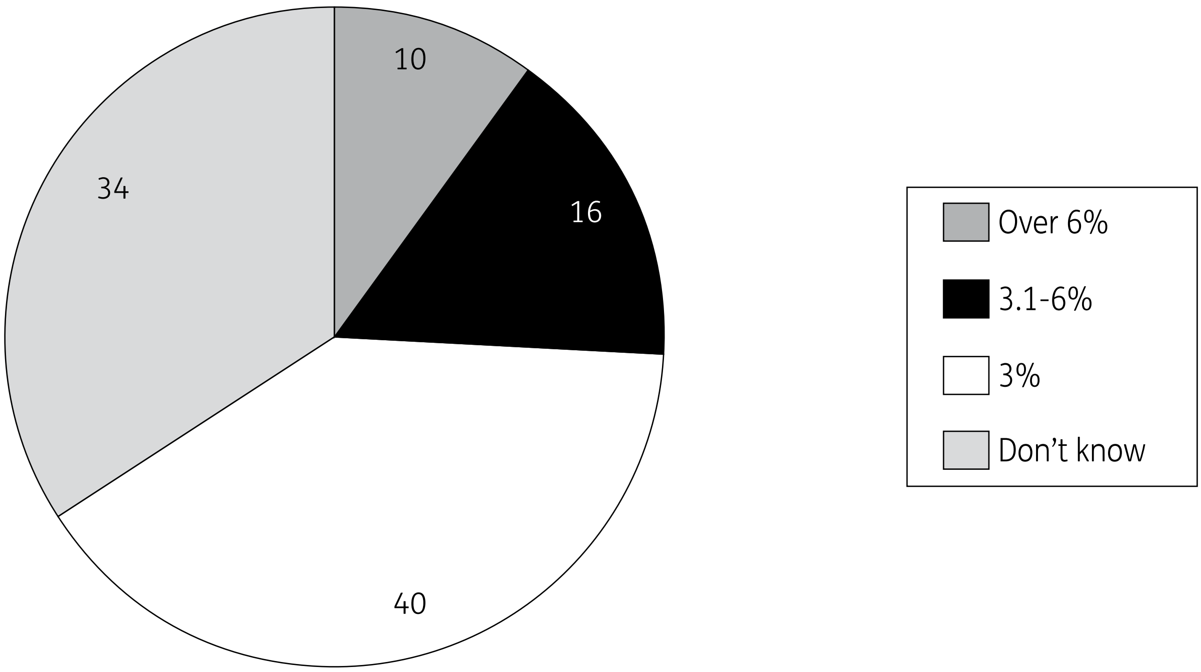


Base: All employees working for private sector employers with a workplace pension scheme.

7.7 Summary of likely contribution rates

It is possible to use our knowledge (from Chapter 2) of the proportions of all employees who work in providing and non-providing firms to combine the data presented in Figure 7.1 and Figure 7.2. This enables us to arrive at overall estimates of the proportions of employees who can be expected to receive different levels of contributions once the reforms have been implemented. These estimates are shown in Figure 7.3. On the basis of the intentions expressed in EPP 2011, one would currently expect at least 10 per cent of private sector employees to be receiving a contribution of over six per cent of salary once the reforms have been implemented. One would expect at least 16 per cent to be receiving a contribution of between 3.1 and six per cent, and one would expect at least 40 per cent to be receiving the minimum contribution of three per cent of salary. Each estimate is a lower-bound since employers did not provide an expected contribution rate for around one-third (34 per cent) of all private sector employees. There is thus still a substantial degree of uncertainty in respect of employer contributions.

Figure 7.3 Proportion of employees likely to receive the specified contribution rate



Base: All private sector employees.

7.8 Phasing-in the level of contributions

To help employers adjust to the new requirements, they will have the opportunity to phase in contributions, starting with a minimum contribution of one per cent and then increasing to two per cent and then three per cent over time. Employers were asked how they thought they would be to take advantage of this opportunity to phase in the level of contributions over time. Overall, around one-third (36 per cent) of firms thought that they would be “very likely” to phase in contributions and a further fifth (20 per cent) thought that they would be “quite likely” to do so (Table 7.11). Some 12 per cent thought that it was “not very likely” and 20 per cent thought it was “not at all likely”; the remaining eight per cent did not know how likely they would be to phase in contributions.

Firms that were currently contributing at least three per cent to their largest workplace pension scheme were less likely than firms with less generous provision to say that they would be “very likely” to phase in contributions.

Table 7.11 Whether employer is likely to phase in contributions over time, by current provision

Column percentages

	Current contribution rate to largest workplace scheme							
	6% or more	**3 to 5.9%**	**Less than 3%**	**Don't know %**	**None**	**No provision**	**All firms**	**Employees**
Very likely	14	13	47	45	45	36	36	40
Quite likely	43	18	8	18	22	21	20	20
Not very likely	16	19	15	19	8	12	12	11
Not at all likely	21	49	25	8	20	23	22	18
Don't know	7	12	5	10	5	9	8	11
Weighted base	*86*	*80*	*35*	*252*	*286*	*2,324*	*3,093*	*3,093*
Unweighted base	*679*	*574*	*228*	*408*	*484*	*702*	*3,093*	*3,093*

Base: All private sector employers.

8 Conclusions

8.1 Introduction

This report presents findings from the 2011 Employers' Pension Provision Survey (EPP 2011). The survey was conducted among a representative sample of 3,093 private sector employers in Great Britain and provided information about their provision, or non-provision, of pension schemes for their employees. EPP 2011 was the ninth in a series, with previous surveys having been conducted in 1994, 1996, 1998, 2000, 2003, 2005, 2007 and 2009. This final chapter of the report draws together some of the main findings from the survey.

EPP 2011 took place in the year before the workplace pension reforms are due to take effect. It therefore plays an important role in benchmarking the state of pension provision among private sector employers before the introduction of the reforms. It also provides information about employers' intentions with regard to the forthcoming reforms.

8.2 Overall provision

Around three in ten private sector organisations (31 per cent) made some form of pension provision for their employees in 2011. If one focuses on workplace-based schemes (excluding contributions to employees' personal pensions (PPs)), around one-quarter (24 per cent) of firms offered some form of provision.

As in previous years, pension provision is much more common among larger employers. So most private sector employees work for a pension-providing employer; around four-fifths (81 per cent) did so in 2011. This figure stood at 79 per cent if only workplace-based schemes are counted.

The 2011 survey shows a continued decline in the provision of pensions by private sector employers; in 2007, around two-fifths (41 per cent) of private sector employers provided some form of pension scheme, and one-third (33 per cent) provided a workplace-based scheme.

8.3 Types of provision

EPP 2011 found that workplace-based stakeholder pension (SHP) schemes continued to be the most common form of provision; provided by 19 per cent of private sector firms. Five per cent of firms provided group personal pension (GPP) schemes (with one per cent of firms offering a group self-invested personal pension (GSIPP) scheme), ten per cent made contributions to employees' PPs and three per cent provided occupational schemes. Most pension-providing firms (84 per cent) offered just one type of scheme.

Although occupational schemes are relatively rare, their prevalence among larger employers and the relatively large size of such schemes, means that exactly half of all active members were members of an occupational scheme in 2011 (28 per cent of all active members were members of defined benefit (DB) schemes; 15 per cent were members of defined contribution (DC) schemes; and seven per cent were members of hybrid schemes). A further 26 per cent of all active members were members of a GPP scheme (with three per cent belonging to GSIPPs), while 18 per cent were members of an SHP scheme and six per cent had contributions made by their employer to a privately-held PP.

Overall, the 2011 survey estimated that just over one-quarter (26 per cent) of private sector employees were active members of workplace-based pension schemes (compared with 27 per cent in 2009). Twelve per cent of all private sector employees belonged to occupational schemes. A further seven per cent belonged to GPP schemes, five per cent belonged to SHP schemes and one per cent belonged to arrangements whereby an employer made contributions to their PP. The profile of active members by scheme type was very similar to that observed in 2009.

8.4 Access and eligibility

Although 81 per cent of private sector employees worked in a firm with a pension scheme in 2011, it should not be inferred that all of these employees had access to an employer-provided pension scheme since some schemes are closed to new members or place restrictions on eligibility.

Around one-fifth (21 per cent) of all private sector firms had some form of pension provision that was open to new members in 2011. Almost all (95 per cent) of SHP schemes were open to new members, compared with seven in ten GPP schemes (70 per cent). Half of all occupational schemes were open to new members.

Turning to consider the eligibility rules governing open schemes, around half (48 per cent) of all open occupational schemes had no eligibility criteria, thereby allowing any employee of the organisation to join. Around half (51 per cent) of SHP schemes and around one-quarter (24 per cent) of GPP schemes were open to all employees in the organisation. Where access was restricted to certain types of employees, this was most commonly on the basis of minimum job tenure.

Most employees in firms with a workplace-based scheme are eligible to join the scheme, however, the majority of eligible employees do not join their employer's scheme.

8.5 Contributions

It is likely that differential take-up of the various types of employer-provided pension scheme not only reflects differences in the degree of access to schemes, but also variations in the generosity of retirement benefits. In comparing levels of employer contributions to different types of scheme, it is first important to note that a substantial proportion of pension-providing employers do not make any financial contribution to their scheme(s). In 2011, just one in ten private sector organisations had an open pension scheme that attracted employer contributions.

In 2011, the rate of employer contributions received by the average active member of an occupational scheme was 13 per cent. Employers were contributing in around three-quarters (73 per cent) of SHP schemes with at least one active member, and in such schemes, the average active member received a contribution equal to six per cent of their pay. In the majority (83 per cent) of GPP schemes, employers were contributing for at least some employees; again the average active member received a contribution equal to six per cent of pay. There were no statistically significant changes in the contribution received by the average active member compared with 2009.

In cases where employers were making contributions, it was thus the case that the contributions made for the average active member were in excess of the three per cent minimum contribution that will be required under the workplace pension reforms. In a small proportion of cases, employers were contributing less than three per cent. However, as noted above, the majority of employers made no pension contributions at all.

8.6 Expected impact of the forthcoming workplace pension reforms

Many employers were still unaware of the key aspects of the reforms in 2011. Just over half (53 per cent) of employers were aware that the reforms would require them automatically to enrol eligible employees into a qualifying scheme. Fewer employers (27 per cent) were aware of the requirements regarding minimum contribution rates. However, awareness of both aspects was greater among larger employers, who will be the first to be required to implement the reforms. Indeed, larger employers were the most likely to have already put a plan in place to comply with the reforms; one-quarter (25 per cent) of employees worked in a firm that already had a plan in place.

It can be expected that firms will be likely to seek information or advice in relation to at least some aspects of the reforms. The type of information or advice sought varied by the type of provision currently offered by the organisation. However, regardless of the type of provision currently offered, understanding the legislation was a key issue for most firms. Around three-fifths (59 per cent) of firms said they would seek information or advice on the reforms from the Department for Work and Pensions.

The majority of firms (74 per cent) expected their total pension contributions to increase as a result of the minimum three per cent contribution required from employers. Most employers indicated they would use multiple strategies to deal with any increase; they were most likely to report that they would absorb any increase through a reduction in profits or other overheads.

Around one in ten firms (11 per cent) planned to have the necessary arrangements in place to comply with the reforms six months or more ahead of the deadline. Around one-sixth (15 per cent) of firms said they would wait until the deadline before putting the necessary arrangements in place, with almost a further fifth (19 per cent) planning to do so just before the deadline.

Firms were more likely to adopt waiting periods for new employees than for current employees, and the expected duration of any such waiting period was likely to be longer for new employees. This was particularly the case in larger firms.

8.7 Enrolment destinations and contribution rates

Among employers who already offered a form of workplace pension provision in which at least some employees were participating, the majority (60 per cent) planned to keep all current members (of their largest or only scheme) in their existing scheme. Six per cent planned to enrol all current members into National Employment Savings Trust (NEST). However, only 49 per cent of pension-providing firms said that they would use their existing scheme for all non-members and new employees; in contrast, NEST was a more popular option, with 19 per cent saying that they would enrol all non-members and new employees into such a scheme.

NEST was a particularly popular option for firms with no current workplace provision. Almost half (45 per cent) of such firms indicated that they would enrol all employees into NEST. Nevertheless, a substantial proportion (39 per cent) did not know what type of scheme they were likely to use in response to the reforms.

On the basis of the intentions expressed by employers in the survey, one would currently expect at least 10 per cent of private sector employees to be receiving a contribution of over six per cent of salary once the reforms have been implemented. One would expect at least 16 per cent to be receiving a contribution of between 3.1 and six per cent, and one would expect at least 40 per cent to be receiving the minimum contribution of three per cent of salary. Each estimate is a lower-bound since employers did not provide an expected contribution rate for around one-third (34 per cent) of all private sector employees. There is thus still a substantial degree of uncertainty in respect of employer contributions.

Appendix A
Technical report on survey methodology

A.1 Introduction

In 2011, The Department for Work and Pensions (DWP) commissioned TNS-BMRB Social Research and the National Institute of Economic and Social Research (NIESR) to undertake the Employers' Pension Provision Survey 2011 (EPP 2011), the ninth in a series of biennial surveys dating back to 1994. The survey collected quantitative information on the current nature and extent of non-State Pension provision within private sector employing organisations in Great Britain in 2011. In addition the 2011 survey included a substantial new employer intentions module which was largely based on the 2007 and 2009 Surveys of employers' attitudes and likely reactions to the workplace pension reforms (EAS 2007 and EAS 2009). The surveys have been closely aligned in the past but, conducting them as a single survey has allowed for greater analysis of employers intentions and attitudes towards the forthcoming workplace pension reforms by current pension provision.

The main aims of the survey were:

- to provide an up-to-date picture of the provision of pensions by private sector employers, for comparison with findings from previous EPP surveys;
- to provide an indication of the extent of non-provision among such organisations and to establish the main reasons for non-provision;
- to obtain data on recent changes to the type and extent of pension provision made;
- to measure employers' awareness of and attitudes towards the workplace pension reforms;
- to assess employers' intentions in respect of enrolment destinations and contribution rates after the reforms have been implemented.

A.2 Overview of survey method

The survey interviewed a representative sample of 3,094 private sector employers in Great Britain. The sample for the survey was obtained from the Inter-Departmental Business Register (IDBR). After an initial screening stage to collect the contact details of the most suitable person to complete the survey, employers were sent a letter by the Department for Work and Pensions, inviting organisations to participate in the survey. They were also sent an information sheet summarising the workplace pension reforms and an interview preparation sheet,.

The survey was conducted using Computer Assisted Telephone Interviewing (CATI) and achieved an effective response rate of 52 per cent.[50] Conducting the interview by telephone ensured methodological consistency with the past. Telephone interviewing also offers a number of advantages, namely that it benefits from higher response rates than self-completion methodologies and the quality of data collected is more reliable as the telephone interviewer can help respondents with any queries they may have during the interview.

50 The response rate for EPP 2009 was 53 per cent.

The interview was conducted electronically with all questions and routing programmed automatically, meaning interviewers were free to concentrate on the respondents' answers and record data accurately, a prime consideration for this particular survey where complex and detailed information was collected.

Finally, telephone fieldwork encouraged participation while also allowing the respondent to participate at a time that suited them, an essential requirement of this survey where the respondents – busy professionals – needed some encouragement to take part and the flexibility of being able to take part at a time suited to them. Respondents were able to schedule appointment times for the interviewer to call, ensuring the sample and the interviewer's time was used most efficiently and respondents were more committed to taking part. On some occasions these appointments were broken due to the busy nature of the organisations surveyed. A simple electronic process, however, allowed the interviewers to re-schedule an appointment and then move on to the next interview.

A.3 Sample selection

The survey is intended to provide estimates of pension provision that are representative of private sector employers in Great Britain in 2011. For the 2011 survey, as for the previous surveys, the sample was obtained from the Inter Departmental Business Register (IDBR). The IDBR is a government database maintained by the Office for National Statistics (ONS) which is based on Value Added Tax (VAT) and Pay As You Earn (PAYE) records. It was preferred over alternative sampling frames due to its greater coverage, particularly of smaller companies, and the amount of detail that could be obtained from the frame such as number of employees, legal status and industry sector (Standard Industry Classification 2007 – SIC(2007)). The main drawback with the IDBR for this particular survey was that only a small proportion of records had telephone numbers. Therefore, telephone numbers had to be obtained after the sample was drawn through a tracing exercise.

The population for the survey was defined as all private sector employers in Great Britain including private companies, sole proprietorships, partnerships, and non-profit making organisations. All public sector employers such as central government, local government and other public bodies such as health authorities and universities were excluded from the survey. Since the survey was only concerned with the attitudes of private sector employers who employed at least one employee, extremely small businesses that consisted only of owner-proprietors or owning partners (i.e. with no employees) were also excluded from the survey.

As in previous years, the sample design placed a great emphasis on large organisations. Although such organisations are relatively few in number, they account for a large proportion of the total labour force and so are important in terms of providing estimates for pension provision among private sector employees. To achieve a degree of over sampling among larger organisations the IDBR was first stratified by size band. Within each size band the file was further stratified by number of employees, SIC07 division, legal status and alphabetically by postcode.

Table A.1 shows the sample fractions applied for each size band and the percentage of the universe sampled within each size band. To achieve the required initial sample in each size band, a different sampling fraction was applied to each. The resulting sample (shown in Table A.2) was more heavily weighted towards the smallest and largest firms than in 2009, with the aim of increasing the precision of the survey estimates.

Table A.1 Structure of sample selected from the IDBR and sampling fractions, by size of organisation

Number of employees	Number of cases selected from IDBR	Percentage of universe sampled	Sample 1 in N
1	4,286	0.67%	148.56
2	4,286	1.42%	70.38
3	4,286	2.89%	34.63
4	4,286	4.32%	23.14
5-12	4,278	1.63%	61.38
13-19	2,377	4.01%	24.91
20-49	2,251	3.87%	25.83
50-99	1,917	10.34%	9.67
100-249	1,917	18.92%	5.29
250-499	1,906	58.06%	1.72
500-999	1,508	91.84%	1.09
1,000-4,999	1,348	100.00%	1.00
5,000 or more	340	100.00%	1.00
Total	**34,986**		

Prior to the telephone number look-up, a number of records were excluded from the sample. In the education sector it was felt the majority of employees would be covered by a public-sector pension scheme. Thus, all organisations with the following SIC(2007) codes were excluded from the sample at this stage.

- 85200 (Primary education)
- 85310 (General secondary education)
- 85320 (Technical and vocational secondary education)
- 85410 (Post-secondary non-tertiary education)
- 85420 (Tertiary education)
- 85421 (First-degree level higher education)
- 85422 (Post-graduate level higher education)

This represented a total of 500 organisations. A further 954 cases were selected at random, from firms with fewer than 1,000 employees, for the pilot and were removed at this stage.

Table A.2 shows how the initial sample of 33,532 was broken down by size band both pre- and post-tracing for telephone numbers. Telephone numbers were obtained for 54 per cent of the sample selected (an improvement on the rate of 50 per cent in 2009). Telephone number tracing was achieved through a variety of methods and sources. These included both electronic tracing and, where this failed to generate a number, manual tracing of numbers[51]. Additionally, where a telephone number already existed from the IDBR this was used if the tracing process failed to generate a number[52].

51 Not all of the sample was sent for manual look-up as at this stage as more sample was available than required.

52 Of the 34,986 cases selected from the IDBR, 6,092 contained a telephone number (although not necessarily a valid number).

Finally, once the tracing process was exhausted, the small number of large companies (those with 1,000 or more employees) where a number had not already been obtained were re-examined to try to obtain a contact number through company websites. The success rate in obtaining numbers for small employers was lower than for larger employers, but this had been anticipated in advance and had been taken into account when specifying the initial sample sizes by size band.

Table A.2 Pre- and post-trace sample by size band

	Initial sample from IDBR		Final sample after telephone matching		Percentage of sample selected with telephone number
Number of employees	**Number of units**	**%**	**Number of units**	**%**	**%**
1	4,156	12.39%	950	5.27%	22.86%
2	4,152	12.38%	1,110	6.16%	26.73%
3	4,153	12.39%	1,609	8.92%	38.74%
4	4,151	12.38%	1,833	10.17%	44.16%
5-12	4,126	12.30%	2,230	12.37%	54.05%
13-19	2,290	6.83%	1,590	8.82%	69.43%
20-49	2,158	6.44%	1,610	8.93%	74.61%
50-99	1,810	5.40%	1,454	8.06%	80.33%
100-249	1,789	5.34%	1,381	7.66%	77.19%
250-499	1,761	5.25%	1,531	8.49%	86.94%
500-999	1,408	4.20%	1,250	6.93%	88.78%
1,000-4,999	1,258	3.75%	1,164	6.46%	92.53%
5,000 or more	320	0.95%	320	1.77%	100.00%
Total	**33,532**	**100.00%**	**18,032**	**100.00%**	**53.78%**

After the telephone number lookup a comprehensive check for duplicate records was done across the entire sample. This was initially based on full postcode and telephone number. Where duplicate postcodes or duplicate telephone numbers were identified, all the records were manually checked. Where it was established that duplicate records did exist in the sample they were removed.

Once the process of eliminating ineligible and duplicate records was completed a final sample for the initial screening stage was drawn. The sample was randomly allocated to batches and was loaded into the screener batch by batch. This allowed the amount of sample loaded and the response rate to be monitored throughout the screener stage. In total 10,739 records were loaded into the screener (detailed in Table A.3).

At the initial screening stage a number of businesses (2,048) were identified as being out of scope either because they had gone out of business, they were a public-sector organisation, they had no employees, or the telephone number was unobtainable or incorrect. Of the remaining records in scope, contact names were obtained and contact details confirmed for 72 per cent of the sample (7,700 records).

This sample of 7,700 records was again stratified by size band and within each size band further stratified by number of employees, SIC(2007) division, legal status and alphabetically by postcode. The sample was again randomly allocated to batches for the main stage and was loaded batch by batch. In total 6,265 records were selected for the main stage and were mailed a letter, an information sheet and an interview preparation sheet[53]. The distribution of the sample selected for the main stage according to size band is detailed in Table A.3

Table A.3 Selected screener stage and main stage sample by size band

	Final sample loaded into screener		Successful screener outcome		Loaded main stage sample	
Number of employees	**Number**	**% of employers contacted**	**Number**	**% of employers contacted**	**Number**	**% of employers contacted**
1	729	6.79%	303	3.9	223	3.56%
2	547	5.09%	277	3.6	216	3.45%
3	587	5.47%	338	4.4	218	3.48%
4	688	6.41%	452	5.9	217	3.46%
5-12	1,026	9.55%	732	9.5	557	8.89%
13-19	914	8.51%	684	8.9	561	8.95%
20-49	883	8.22%	683	8.9	529	8.44%
50-99	877	8.17%	671	8.7	538	8.59%
100-249	836	7.78%	674	8.8	600	9.58%
250-499	904	8.42%	714	9.3	674	10.76%
500-999	1,274	11.86%	987	12.8	776	12.39%
1,000-4,999	1,160	10.80%	889	11.5	862	13.76%
5,000 or more	314	2.92%	296	3.8	294	4.69%
Total	**10,739**	**100.00%**	**7,700**	**3.9**	**6,265**	**100.00%**

A.4 Fieldwork

The survey fieldwork was conducted between 1 June 2011 and 23 September 2011. Fieldwork involved three main stages.

Stage One: The screener stage of the survey involved contacting sampled organisations to identify the most appropriate person to interview, an essential stage to ensure the survey was conducted with the person who was most capable of answering the questions asked during the interview. The correct person was identified by asking to speak to the person responsible for making the decisions about pension provision in the organisation. If the eligible person was not available their name and contact details were collected from someone else in the organisation.

This stage also checked that the organisation had more than one employee and was still trading.

Stage Two: Despatching an advance letter, an information sheet about the workplace pension reforms and, to organisations with 20 or more employees, a paper 'interview preparation form'. The option to complete the preparation form online (an innovation for EPP 2011) was also offered at this stage to employers with 20 or more employees. A total of 257 employers (11 per cent of employers with 20 or more employees) completed the interview preparation sheet online prior to taking part in the survey.

Stage Three: The main interview with the person identified at stage one.

53 An interview preparation sheet was only sent to organisations with 20 or more employees.

A.5 Advanced letter, information sheet, interview preparation form and website

As in previous years, an advance letter, information sheet and interview preparation form were sent to the person identified at stage one of the fieldwork before they took part in the main interview at stage three.

For the first time, in 2011, the letter was tailored to the size of the organisation, with a different version of the letter being produced for:

- small employers (1-19 employees)
- medium and large employers (20 to 4,999 employees)
- very large employers (census – 5,000+ employees)

The letter was despatched on DWP headed paper; this helped to reassure respondents of the genuine nature of the research and therefore encourage response. The letter explained the purpose of the research in terms of collecting information to help inform key government policies on future pension arrangements. The letter also explained that organisations had been randomly selected to participate in the research and that an interviewer would be in touch in the future. Contact details were provided for a member of the research team at TNS-BMRB so that any organisation could get in touch if they had any queries about the research.

Before taking part in the survey, respondents working for organisations with 20 or more employees were asked to record some information about their organisation on an interview preparation form to use as a guide during the interview. The preparation form provided a description of the main types of pension schemes the organisation might provide and contained some of the key factual questions asked during the survey. This allowed respondents to gather the more complex and detailed information required before taking part in the survey, as they would be unlikely to be able to answer the questions accurately in a telephone interview without having been able to reference the information requested beforehand.

Respondents working for organisations with 20 or more employees were also given the option of completing the interview preparation form online, before taking part in the telephone interview. The online information was then pulled into the telephone interview meaning that the questions were not re-asked during the survey.

As in EAS 2009, alongside the letter employers were sent an information sheet which provided employers with background information on the Government's proposals for workplace pension reform.

To help encourage response, a website was created for respondents to access: http://www.surveyofpensions.org/. The website was mentioned in the advance letter and respondents were encouraged to access the site if they wanted more detailed information on the survey. The website also contained some extracts from previous reports so respondents could understand the nature of the survey and how the results would be used. Via the website respondents were able to access the online version of the interview preparation form and were also able to download a copy of the letter, the information sheet and the paper interview preparation form.

A.6 Questionnaire

The questionnaire consisted of eight main sections:

Section A: About the organisation

This section collected a range of information about the organisation, including the type of organisation and its workforce composition;

Section B: Selection of schemes

This section collected information on the types of pension schemes and arrangements the organisation had in place and also included some questions for firms that did not provide pensions for their employees;

Section C: Stakeholder pension schemes

This section collected detailed information on any stakeholder schemes the organisation had in place, including details on contributions;

Section D: Occupational schemes

This section collected information on the type, size and valuation of occupational pension schemes, information on contributions and other topical issues;

Section E: Group personal pensions

This section collected information on group personal pension arrangements, including contributions;

Section F: Recent and planned changes to pension schemes and multiple pension membership

This section collected information about any changes to pension provision the organisation had recently made or any changes planned for the future. It also looked at multiple pension membership.

Section G: Employers intention module

This section looked at the extent of awareness of the forthcoming workplace pension reforms among employers and explored their attitudes and likely responses in relation to key aspects of the policy.

The survey was conducted using computer assisted telephone interviewing (CATI) software. The same version of the questionnaire was used for all organisations with the relevant routing built into the CATI script. Section C was repeated for each SHP scheme the organisation had in place, up to a maximum of three schemes. Sections D and E were repeated for each occupational or GPP scheme the organisation had in place, up to a maximum of eight schemes of each type. For Sections D and E, to limit the burden on respondents only the three largest schemes based on the number of active members were asked about in full detail. Where organisations had more than three schemes they were only asked a reduced subset of questions for schemes 4-6. This subset of questions included key questions to allow classification of the type of provision and the extent of provision made across the workforce. Very basic information was also collected for schemes 7 and 8 but this was limited to the number of employees participating in the scheme. Where organisations had a number of pension schemes in place or a particularly complicated set of arrangements, filtering the questionnaire in this way and asking a reduced set of questions for some provision ensured the burden on respondents was kept to a minimum.

A.7 Response rate

Table A.4 shows that from the initial issued sample of 6,265 a total of 281 cases (four per cent) were established as being out of scope for various reasons. From the remaining sample a total of 3,094 interviews were achieved, representing a response rate of 52 per cent. The main reasons for non-response were refusal (25 per cent) and respondents being unavailable to do the survey during the fieldwork period (14 per cent). General call backs have been grouped into this category, as the respondent was only available to take part in the survey after the fieldwork period had ended.

Table A.4 Response rate for main stage sample

	Screened Sample	
	N	**%**
Total Issued sample	**6.265**	**100.0**
Out of scope:		
Number incorrect/unobtainable	11	0.18%
Fax/computer line	2	0.03%
Duplicate record	42	0.67%
Ineligible company[1]	226	3.61%
Total out of scope	**281**	**4.49%**
Total eligible sample	**5,984**	**100.0**
Unproductive outcomes:		
Abandoned/incomplete interviews	92	1.54%
No reply/engaged	254	4.24%
40+ unsuccessful calls (with contact)	199	3.33%
Refused	1486	24.83%
Away during fieldwork period	859	14.35
Total unproductive	**2,890**	**48.30%**
Total interviews	**3,094**	**51.70%**

[1] Reasons for ineligibility included companies with no employees, companies that had closed down or moved, and companies that categorised themselves as being in the public sector.

Table A.5 shows response rate broken down by size band. This shows that there were few obvious non-response biases. Among smaller companies the main reasons for companies being ineligible were primarily because it was established they had no employees or the company had gone out of business. For larger companies very few were recorded as being out of scope, a small proportion had closed down and a small number of duplicate numbers were identified during fieldwork.

Table A.5 Main stage response rates by size band

Number of employees	Issued sample	Out of scope		Total in scope	Total non-effective	Achieved interviews[1]	Response rate
	N	n	%	n	n	n	%
1	223	64	22.8	159	65	79	50%
2	216	25	8.9	191	76	105	55%
3	218	26	9.3	192	82	102	53%
4	217	18	6.4	199	81	109	55%
5-12	557	32	11.4	525	190	311	59%
13-19	561	21	7.5	540	168	332	61%
20-49	529	19	6.8	510	221	265	52%
50-99	538	8	2.8	530	218	278	52%
100-249	600	9	3.2	591	265	288	49%
250-499	674	11	3.9	663	309	299	45%
500-999	776	18	6.4	758	370	360	47%
1,000-4,999	862	21	7.5	841	405	400	48%
5,000 or over	294	9	3.2	285	119	166	58%
Total	**6,265**	**281**	**100**	**5,984**	**2,569**	**3,094**	**52%**

[1] It should be noted that the response analysis has been done on the basis of the number of employees as taken from the IDBR. Since the analysis in the rest of the report uses the number of employees given in the interview the number of interviews achieved in each size band will not match the tables in the main part of the report.

A.8 Data preparation and data output

The CATI questionnaire incorporated a number of checks to try and resolve any discrepancies during the interview. Post-interview editing was generally limited to correcting any filtering inconsistencies that occurred as a result of any responses in ‘other’ category being back-coded into an existing pre-code. Other post-interview edits: (a) imputed a small number of missing responses on employment size and legal status values through reference to the IDBR; and (b) enforced consistency between data items in cases where it was not practical to resolve discrepancies in the interview (e.g. if the reported number of active members exceeded the total number of employees in the firm).

All verbatim answers at ‘other–specify’ and open-ended questions were inspected by coders. This resulted in some additional codes being added to the code frames of some questions. In all questions, the aim was to reduce the proportion of answers left in ‘other’ to below ten per cent.

The final SPSS file produced was at the level of the company or organisation and consisted of 3,093 records. This is one less than the number of achieved interviews – one case was dropped prior to analysis as it was discovered to comprise an interview with a subsidiary of an organisation which appeared elsewhere in the sample.

A.9 Weighting

The aim of weighting is to compensate for differences in the probability of selection of each organisation and to ensure that the survey estimates are representative of the population as a whole. The weighting procedures used in EPP 2011 were the same as those developed for EPP 2007 and EPP 2009.

The weights were derived in two stages. First, a design weight was applied to compensate for differences in the probability of selection within different size bands. This weight applied was simply the inverse of the selection fraction shown in column 3 of Table A.1 above. Second, once these differences in the probability of selection had been compensated for, the achieved sample was weighted to the IDBR population by means of a rim weighting procedure. The matrices that were used to derive the rim weights were based on the known distribution of the IDBR population by size of organisation and SIC(2007) division.

Given the fact that employers with one to five employees comprise such a significant proportion of the population (74 per cent) the decision was taken to weight these employers to individual size bands rather than to bands, to improve the accuracy of the weighting.

Table A.6 Universe proportion by weighting categories

Size band	Universe distribution
1	39.77%
2	18.84%
3	9.27%
4	6.19%
5-12	16.40%
13-19	3.70%
20-49	3.63%
50-99	1.16%
100-249	0.63%
250+	0.41%
Total	**100**

Due to the under-representation in the selected sample of small employers from some industry groups, a small number of cases received very large weights in the rim weighting procedure. To reduce the influence of a very small number of cases on individual estimates, very large weights were capped (fixed) at a maximum value. Once the rim weights had been derived the final organisational weight was then re-scaled to ensure that the weighted sample size was the same as the unweighted sample size (n=3,093).

The weight for employees was derived by multiplying the organisational weight by the number of employees. This weight was also re-scaled to ensure that the weighted sample size was the same as the unweighted sample size (n=3,093).

A.10 The precision of survey estimates

The standard errors that apply to the headline estimates of pension provision are also provided in Appendix C of the report. The 'design factor' for a survey provides a 'rule of thumb' to indicate the likely precision of other estimates by giving an indication of the extent to which the standard error of an estimate is inflated through the use of a complex sample design rather than a simple random sample. The 2011 survey sample has an estimated average design factor of 2.2 when weighted to be representative of all firms. A firm-weighted estimate of 50 per cent, when based on the full sample of 3,093 observations, could therefore be expected (on average) to have a 95 per cent confidence interval of +/- 3.9 percentage points. An otherwise equivalent estimate based on 500 observations could be expected to have a 95 per cent confidence interval of +/- 9.6 percentage points.

When weighted to be representative of all employment, the 2011 survey sample has an estimated average design factor of 1.4. An employment-weighted estimate of 50 per cent, when based on the full sample of 3,093 observations, could therefore be expected (on average) to have a 95 per cent confidence interval of +/- 2.5 percentage points. An otherwise equivalent estimate based on 500 observations could be expected to have a 95 per cent confidence interval of +/- 6.1 percentage points.

The confidence intervals around estimates from EPP 2011 will typically be slightly smaller than those around estimates from EPP 2009. One reason is that the 2011 survey has a larger sample size. Another is that it devotes a higher proportion of its sample to the smallest and largest firms, which makes the sample better able to capture the variability in pension provision across employers of different sizes.

Appendix B Population profiles, 2007–11

Table B.1 Profile of organisations and employment, by size of organisation, 2007–2011

Column percentages

	Organisations			Employment		
Size of organisation	**2007**	**2009**	**2011**	**2007**	**2009**	**2011**
1-4 employees	71	73	74	10	12	11
5-12 employees	18	17	17	11	10	10
13-19 employees	4	4	4	5	5	5
20-49 employees	5	4	4	10	9	9
50-99 employees	1	1	1	7	6	7
100-499 employees	1	1	1	14	14	12
500-999 employees	0	0	0	4	4	6
1,000+ employees	0	0	0	40	40	41
Weighted base	*2,360*	*2,519*	*3,093*	*2,360*	*2,519*	*3,093*
Unweighted base	*2,360*	*2,519*	*3,093*	*2,360*	*2,519*	*3,093*

Base: All private sector organisations.

Appendix C Standard errors for key estimates

The standard error of a survey estimate is a measure of the statistical precision of that estimate. There is a 95 per cent probability that the true value lies within a range that extends two standard errors either side of the survey estimate.

Table C.1 Overall incidence and type of provision, 2011

Cell percentages

Type of provision	Private sector organisations	Employees working for private sector organisations	Active members of pension schemes	Active members as % of all private sector employees
Any occupational scheme	3.1 (0.5)	43.3 (2.7)	50.3 (3.1)	12.5 (1.3)
Defined benefit	1.1 (0.2)	29.1 (2.4)	28.3 (3.6)	7.3 (1.1)
Defined contribution	1.1 (0.3)	17.1 (2.3)	14.7 (2.1)	3.6 (0.6)
Hybrid	0.3 (0.1)	7.8 (1.5)	6.6 (1.2)	1.9 (0.4)
GPP scheme	4.5 (1.1)	31.4 (2.7)	26.0 (1.9)	6.9 (0.5)
GSIPP	1.3 (1.0)	5.8 (1.6)	2.5 (0.7)	0.9 (0.3)
Workplace-based SHP scheme	18.9 (2.0)	51.8 (2.4)	18.2 (1.6)	5.5 (0.7)
Contributions to personal pensions	9.9 (1.8)	16.2 (1.7)	5.9 (0.8)	1.4 (0.2)
Any provision	30.9 (2.7)	80.9 (1.3)	100.0 (0.0)	25.5 (1.3)
Any workplace pension scheme	24.1 (2.3)	78.9 (1.4)		

Base: All private sector organisations.
Notes:
a. Standard errors are in parentheses and take account of the complex design of the survey sample.
b. All figures in the table have been rounded to one decimal place; in Table 2.4 all estimates are rounded to integers.

Table C.2 Incidence of open schemes and those attracting employer contributions, 2011

Cell percentages

Type of provision	Private sector organisations	Employees working for private sector organisations
Any open occupational scheme	1.6 (0.3)	26.5 (2.5)
Defined benefit	0.7 (0.2)	11.7 (2.1)
Defined contribution	0.3 (0.1)	12.8 (2.0)
Hybrid	0.2 (0.1)	4.4 (1.1)
Open GPP scheme	**3.6 (1.0)**	**26.1 (2.1)**
With employer contributions	3.4 (1.0)	25.7 (2.1)
Open SHP scheme	**17.4 (1.9)**	**48.1 (2.4)**
With employer contributions	5.5 (1.3)	22.0 (2.8)
Any open workplace pension scheme	**21.3 (2.2)**	**76.7 (1.4)**
With employer contributions	10.2 (1.7)	61.8 (2.0)

Base: All private sector organisations.
Notes:
a. Standard errors are in parentheses and take account of the complex design of the survey sample.
b. All figures in the table have been rounded to one decimal place; in Table 2.9 all estimates are rounded to integers.

Appendix D
Tables to accompany figures

Table D.1 Type of scheme, by date of introduction

							Column percentages
	Date of introduction						
Type of scheme	**Pre-2001**	**2001/02**	**2003/04**	**2005/06**	**2007/08**	**2009–11**	**All**
Occupational	54	2	8	7	3	8	12
GPP	46	5	21	30	5	21	18
SHP	0	93	70	63	92	70	70
Weighted base	*478*	*1,111*	*220*	*682*	*586*	*630*	*4,281*
Unweighted base	*1,215*	*1,001*	*298*	*397*	*300*	*360*	*4,283*

Base: pension schemes provided by organisations in 2011.
Note: 'All' column includes 712 schemes for which the date on introduction was not known.

Table D.2 Scheme type for the largest workplace pension scheme in 2011, by organisation size

Column percentages

Type of scheme	1-4	5-9	10-19	20-49	50-99	100-499	500-999	1,000+	All
Occupational scheme	(9)	8	16	8	8	18	31	44	11
Group personal pension	(17)	14	13	20	35	43	43	29	18
Stakeholder scheme	(73)	71	65	66	51	35	23	27	68
Type not identifiable	(1)	6	6	6	5	5	3	0	4
Weighted base	*288*	*145*	*168*	*80*	*30*	*22*	*3*	*3*	*739*
Unweighted base	*61*	*142*	*262*	*302*	*208*	*542*	*310*	*548*	*2,375*

Base: All private sector organisations with a workplace pension scheme.

Table D.3 Type of occupational scheme, by scheme status

Column percentages

Type of scheme	Scheme status Open	Closed	Frozen	All
Defined benefit	45	35	22	38
Defined contribution	23	37	67	32
Mixed	13	10	2	11
Not known	20	18	8	20
Weighted base	*769*	*627*	*148*	*1,586*
Unweighted base	*581*	*683*	*229*	*1,526*

Base: All occupational schemes.
Note: 33 schemes for which the status of the scheme was not known are not presented separately but are included in the figures for 'All schemes'.

Table D4 Whether occupational schemes are contributory for employees, by type and status of scheme (schemes and active members) 2009 and 2011

Column percentages

Contributory for employees	Type of scheme DB	DC	Hybrid	Scheme status Open	Closed	All schemes	All active members
2009:							
Yes	92	59	(28)	71	56	64	92
No	8	41	(72)	9	44	36	8
Weighted base	*308*	*231*	*166*	*406*	*322*	*730*	*785*
Unweighted base	*511*	*200*	*64*	*383*	*415*	*798*	*755*
2011:							
Yes	88	59	78	80	61	72	93
No	12	41	22	20	39	28	7
Weighted base	*553*	*403*	*168*	*763*	*596*	*1,359*	*1,177*
Unweighted base	*761*	*340*	*117*	*576*	*676*	*1,252*	*1,165*

Base: All open or closed occupational schemes (i.e. excluding frozen schemes).
Notes:
1. Schemes for which the type or status is not known are not presented separately but are included in the figures for 'All schemes'.
2. Figures for hybrid schemes are based on only 64 schemes in 2009.

Table D.5 Salary sacrifice agreements in 2011, by type and status of scheme (schemes and active members)

Column percentages

Salary sacrifice for any members	Type of scheme			Scheme status		All schemes	All active members
	DB	DC	Hybrid	Open	Closed		
Yes	28	12	3	16	15	16	56
No	72	88	97	84	85	84	44
Weighted base	*488*	*301*	*162*	*674*	*533*	*1,206*	*1,192*
Unweighted base	*691*	*331*	*109*	*557*	*607*	*1,164*	*1,164*

Base: All open or closed occupational schemes (i.e. excluding frozen schemes).
Notes:
1. Schemes for which the type or status is not known are not presented separately but are included in the figures for 'All schemes'.

The figure for 'All active members' indicates the percentage of active members who belong to schemes which operate a salary sacrifice arrangement for at least some (but not necessarily all) members.

Table D.6 Size of workplace-based stakeholder schemes (schemes and active members)

Column percentages

Number of active members in workplace-based SHP(s)	2009		2011	
	Proportion of schemes	Proportion of active members	Proportion of schemes	Proportion of active members
0	62	-	48	-
1-4	30	20	44	21
5-9	4	10	4	8
10-19	2	9	2	8
20-49	1	9	1	13
50-99	0	10	0	6
100+	0	42	0	44
Weighted base	*1,463*	*764*	*1,573*	*801*
Unweighted base	*1,341*	*764*	*1,529*	*801*

Base: All stakeholder pension schemes.

Table D.7 Size of GPP schemes (schemes and active members)

				Column percentages
	2009		**2011**	
Number of members in GPP(s)	**Proportion of schemes**	**Proportion of active members**	**Proportion of schemes**	**Proportion of active members**
0	3	-	2	-
1-4	38	3	57	6
5-9	22	6	14	5
10-19	15	8	10	7
20-49	12	15	11	16
50-99	5	12	4	13
100+	5	55	3	54
Weighted base	*866*	*852*	*1,098*	*1,085*
Unweighted base	*861*	*852*	*1,099*	*1,085*

Base: All GPP schemes (1-6) where number of active members known.

Table D.8 Likely impact of a three per cent contribution rate on total pension contributions, 2009 and 2011 (firms and employment)

				Column percentages
	Firms		**Employees**	
Likely impact	**2009**	**2011**	**2009**	**2011**
Increase	81	74	73	82
No increase	15	12	23	10
It depends/Don't know	4	15	4	8
Weighted base	*2,550*	*3,093*	*2,550*	*3,093*
Unweighted base	*2,550*	*3,093*	*2,550*	*3,093*

Base: All private sector employers.

Table D.9 Whether waiting period would apply to all employees, current and new employees

Column percentages

Whether waiting period would apply to all	Current employees	New employees
All	85	97
Not all	15	3
Weighted base	*946*	*1,844*
Unweighted base	*1,236*	*2,235*

Base: All private sector employers very likely or quite likely to adopt a waiting period.

Appendix E
Additional tables

Table E.1 Vesting periods for open occupational schemes in 2011, by size of scheme

Column percentages

Vesting period	Number of active members 0-99	100-499	500+	All schemes	All active members
No vesting period	50	71	67	51	55
Two years or less	6	17	28	7	36
More than two years	2	2	3	2	4
Vesting period, length unknown	8	3	0	7	1
Not known whether any vesting period	34	7	3	32	5
Weighted base	*1,291*	*41*	*23*	*1,355*	*1,196*
Unweighted base	*626*	*305*	*308*	*1,239*	*1,196*

Base: All occupational schemes with at least one active member.

Table E.2 Information and advice provided to occupational scheme members in 2011, by type of scheme

Column percentages

Information and advice provided	Type of open scheme DB	DC	Hybrid	All schemes	All active members
Paper-based information	74	84	58	73	88
1-2-1 information session	39	69	69	49	45
1-2-1 information from an IFA	34	50	40	35	11
Electronic information	40	21	6	26	74
Do not provide any information	4	0	1	9	2
Weighted base	*505*	*402*	*164*	*1,324*	*1,142*
Unweighted base	*681*	*342*	*112*	*1,173*	*1,106*

Base: All occupational schemes with at least one active member.
Notes: Multiple responses were permitted.

Table E.3 Types of information and advice provided to employees about the workplace-based stakeholder scheme, by size of scheme

Column percentages, multiple response

Types of information and advice	Size of scheme (number of active members) 2011 1-4	5-9	10-99	100+	All 2011
Paper based information	67	(85)	77	91	70
1-2-1 advice from an IFA	47	(60)	56	17	49
1-2-1 information session	37	(66)	67	30	42
Electronic information	5	(13)	34	57	8
Do not provide information or advice	21	(1)	1	3	18
Weighted base	*651*	*64*	*56*	*4*	*775*
Unweighted base	*273*	*92*	*244*	*173*	*782*

Base: All stakeholder pension schemes with at least one active member, excluding schemes where membership is not known.
Notes: Multiple responses were permitted.

Table E.4 Types of information and advice provided to employees about the GPP scheme, by size of scheme

Column percentages, multiple response

Types of information and advice	Size of scheme (number of active members) 2011 1-19	20-49	50-99	100+	All 2011
Paper based information	75	83	81	84	77
1-2-1 advice from an IFA	69	69	68	57	69
1-2-1 information session	56	56	62	56	56
Electronic information	30	33	39	60	32
Do not provide information or advice	4	3	1	3	3
Weighted base	*862*	*118*	*39*	*32*	*1,051*
Unweighted base	*359*	*170*	*142*	*381*	*1,052*

Base: All GPPs where at least some employees were participating in the scheme, excluding schemes where membership is not known.
Notes: Multiple responses were permitted.

Table E.5 Mechanisms for encouraging increased employee contributions to workplace pension schemes, by type of scheme

Column percentages, multiple response

	Type of scheme 2011		
Method of encouragement	**Occupational**	**SHP**	**GPP**
Paper based communication i.e. wageslips, letters	24	49	29
1-2-1 advice	24	34	38
A system of escalating contributions	7	22	11
Electronic communication linked to anniversary/specific date	9	26	9
Group presentations	10	20	7
Annual review with IFA	0	0	1
Done by the pension provider	0	0	3
System of AVCs in place	0	0	0
Other	6	2	6
None	58	38	43
Weighted base	*1,346*	*809*	*1,063*
Unweighted base	*1,174*	*788*	*1,050*

Base: All SHP and GPP schemes with at least one active member, excluding schemes where membership is not known.
Notes: Multiple responses were permitted.

Table E.6: Issues on which advice is likely to be sought, by size of organisation

Column percentages

Type of scheme	1-4	5-9	10-19	20-49	50-99	100-499	500-999	1,000+	All
Understanding the legislation	82	80	90	87	89	85	83	72	83
Choosing type of scheme to use	79	80	85	78	73	60	57	41	79
Understanding the financial impact on the firm	76	79	83	71	81	65	59	65	77
Choosing a pension provider	71	71	71	67	61	47	41	31	70
Reviewing your current pension provision	7	27	47	47	60	62	68	57	15
Any other aspect	4	5	3	3	5	4	7	8	4
Will not seek advice	7	8	3	4	3	7	7	7	7
Weighted base	*2,240*	*365*	*252*	*113*	*36*	*24*	*3*	*3*	*3,036*
Unweighted base	*355*	*295*	*354*	*382*	*243*	*571*	*316*	*548*	*3,064*

Base: All private sector employers.

Table E.7 Issues on which advice is likely to be sought, by industry sector

Column percentages

Issues on which advice is likely to be sought	Industry sector: SIC(2007) Section													
	C	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**S**	**All**
Understanding the legislation	86	69	86	94	91	88	87	(78)	76	84	88	(94)	81	83
Choosing type of scheme to use	83	68	83	91	86	71	81	(73)	76	83	85	(90)	84	79
Understanding the financial impact on the firm	78	63	81	87	90	61	85	(75)	69	87	81	(90)	92	77
Choosing a pension provider	76	56	80	54	83	65	78	(68)	68	66	65	(84)	79	70
Reviewing your current pension provision	25	10	11	27	11	17	32	(15)	13	11	25	(31)	23	15
Any other aspect	10	3	1	22	1	0	5	(0)	3	13	8	(5)	2	4
Will not seek advice	1	20	8	2	3	0	9	(17)	10	1	6	(0)	1	7
Weighted base	*201*	*344*	*547*	*83*	*207*	*228*	*31*	*81*	*555*	*229*	*152*	*74*	*153*	*3,036*
Unweighted base	*429*	*176*	*514*	*117*	*163*	*121*	*109*	*88*	*347*	*315*	*349*	*97*	*103*	*3,064*

Base: All private sector employers.
Note: Sectors A, B, D, E, O and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the 'All sectors' column. See Table 1.2 for full sector labels.

Table E.8 Likely sources of advice, by size of organisation

Column percentages

	Size of organisation (employees)								
Likely sources of advice	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All**
Accountant	86	76	79	72	64	48	32	23	83
Independent Financial Advisor	62	65	66	63	69	68	54	39	63
Department for Work and Pensions	58	65	58	61	61	55	52	55	59
The Pensions Regulator	32	38	39	42	48	44	50	47	34
Trade industry body	25	29	20	26	27	24	25	23	25
Business forum	24	22	14	20	20	15	26	24	23
Employee benefits consultant	16	12	15	14	22	20	38	44	15
Lawyer/legal advisor	11	22	18	22	27	38	54	56	14
Somewhere else	3	5	5	5	5	6	2	4	4
None of these	1	1	1	3	2	1	0	2	1
Weighted base	*2,115*	*342*	*251*	*108*	*35*	*22*	*3*	*3*	*2,879*
Unweighted base	*342*	*280*	*341*	*365*	*234*	*527*	*292*	*501*	*2,882*

Base: All private sector employers.

Table E.9 Likely sources of advice, by industry sector

Column percentages

	Industry sector: SIC(2007) Section													
Issues on which advice is likely to be sought	**C**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**S**	**All**
Accountant	74	80	92	75	88	90	(36)	(82)	79	81	74	(66)	(88)	83
Independent Financial Advisor	66	64	55	68	64	74	(85)	(95)	64	69	43	(68)	(70)	63
Department for Work and Pensions	52	41	69	53	48	52	(28)	(77)	50	61	82	(74)	(78)	59
The Pensions Regulator	32	21	37	37	40	19	(38)	(57)	32	36	59	(30)	(61)	34
Trade industry body	17	21	24	30	15	28	(49)	(10)	29	35	18	(22)	(39)	25
Business forum	11	18	23	7	20	36	(31)	(5)	32	18	14	(12)	(36)	23
Employee benefits consultant	17	10	18	11	15	4	(11)	(34)	18	8	10	(13)	(30)	15
Lawyer/legal advisor	16	8	10	7	15	4	(19)	(16)	17	19	16	(23)	(27)	14
Somewhere else	6	1	1	2	4	1	(4)	(0)	3	14	9	(4)	(5)	4
None of these	0	8	0	0	1	0	(0)	(0)	0	0	2	(1)	(1)	1
Weighted base	*199*	*279*	*519*	*85*	*202*	*228*	*29*	*70*	*497*	*228*	*144*	*74*	*151*	*2,879*
Unweighted base	*400*	*168*	*485*	*104*	*158*	*113*	*91*	*79*	*325*	*311*	*332*	*94*	*93*	*2,882*

Base: All private sector employers.
Note: Sectors A, B, D, E, O and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the 'All sectors' column. See Table 1.2 for full sector labels.

Table E.10 Most likely strategy in response to increase in total pension contributions, by size of organisation

Column percentages

	Size of organisation (employees)								
Most likely strategy	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All**
Absorb through reduction in profits	26	24	19	20	21	18	12	19	25
Absorb as part of other overheads	23	20	19	19	25	27	25	25	22
Absorb through lower wage increases	16	19	19	20	24	23	24	23	17
Increase prices	15	16	21	19	10	11	12	7	15
Re-structure or reduce existing workforce	12	14	15	14	12	7	4	3	12
Change existing scheme	2	2	2	2	2	3	8	6	2
Reduce contribution levels for existing members	0	3	2	3	1	5	8	9	1
Not relevant as proposals would not mean increase	0	1	0	1	1	4	0	2	0
Other	0	1	0	0	0	0	1	2	0
None of these	5	2	3	1	4	3	5	3	5
Weighted base	*2,219*	*360*	*224*	*102*	*34*	*21*	*3*	*2*	*2,965*
Unweighted base	*345*	*285*	*326*	*341*	*231*	*519*	*297*	*485*	*2,829*

Base: All private sector employers (whether they expected an increase or not).
Note: where more than one response was given, this table refers to the most likely strategy that the organisation would take (around one-third (32 per cent) of firms gave a single response only).

Table E.11 Most likely strategy in response to increase in total pension contributions, by industry sector

Column percentages

	Industry sector: SIC(2007) Section													
Most likely strategy	**C**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**S**	**All**
Absorb through reduction in profits	30	23	24	38	10	61	22	(44)	24	30	14	(10)	(9)	25
Absorb as part of other overheads	17	11	25	31	22	22	51	(32)	24	24	33	(15)	(18)	22
Absorb through lower wage increases	12	22	18	13	13	4	8	(15)	23	10	18	(43)	(8)	17
Increase prices	28	24	23	10	21	1	6	(0)	6	10	17	(15)	(25)	15
Re-structure or reduce existing workforce	5	9	7	4	14	9	13	(6)	13	19	8	(12)	(38)	12
Change existing scheme	1	1	0	0	16	0	0	(2)	2	1	2	(0)	(1)	2
Reduce contribution levels for existing members	1	0	1	2	3	0	0	(0)	0	1	1	(1)	(2)	1
Not relevant as proposals would not mean increase	0	0	0	0	0	0	0	(1)	0	2	2	(0)	(0)	0
Other	0	0	1	0	0	0	0	(0)	0	0	0	(3)	(0)	0
None of these	6	9	1	3	0	4	0	(0)	7	4	5	(0)	(0)	5
Weighted base	*190*	*339*	*540*	*77*	*193*	*227*	*29*	*83*	*537*	*230*	*145*	*63*	*142*	*2,965*
Unweighted base	*400*	*164*	*464*	*107*	*142*	*115*	*101*	*84*	*328*	*292*	*324*	*87*	*96*	*2,829*

Base: All private sector employers (whether they expected an increase or not)

Notes:

a. Where more than one response was given, this table refers to the most likely strategy that the organisation would take (around one-third (32 per cent) of firms gave a single response only).

b. Sectors A, B, D, E, O and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the ‘All sectors’ column. See Table 1.2 for full sector labels.

Table E.12 Likelihood of applying for early staging date for auto-enrolment, by industry sector

Column percentages

	Industry sector: SIC(2007) Section													
Likelihood of applying for early staging date	**C**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**S**	**All**
Very likely	12	13	4	10	5	4	5	(0)	0	1	4	(0)	(8)	5
Quite likely	7	4	4	5	28	16	4	(4)	7	27	8	(2)	(21)	10
Not very likely	23	36	45	51	22	28	52	(61)	37	35	35	(44)	(24)	37
Not at all likely	58	48	47	35	45	51	40	(35)	55	37	53	(53)	(47)	49
Weighted base	*196*	*339*	*527*	*84*	*204*	*223*	*31*	*81*	*510*	*222*	*151*	*74*	*118*	*2,926*
Unweighted base	*413*	*173*	*493*	*116*	*160*	*116*	*101*	*83*	*329*	*302*	*343*	*91*	*96*	*2,946*

Base: All private sector employers.
Note: Sectors A, B, D, E, O and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the 'All sectors' column. See Table 1.2 for full sector labels.

Table E.13 Likelihood of adopting a waiting period for current employees, by size of organisation

Column percentages

	Size of organisation (employees)								
Likelihood of adopting a waiting period	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All**
Very likely	13	21	18	17	29	30	27	27	15
Quite likely	19	20	26	25	19	23	14	28	20
Not very likely	30	37	28	39	32	26	31	20	31
Not at all likely	38	22	28	19	19	21	28	25	34
Weighted base	*2,157*	*333*	*240*	*105*	*34*	*22*	*3*	*3*	*2,896*
Unweighted base	*335*	*270*	*332*	*348*	*234*	*537*	*298*	*534*	*2,888*

Base: All private sector employers.

Table E.14 Likelihood of adopting a waiting period for current employees, by industry sector

Column percentages

	Industry sector: SIC(2007) Section													
Likelihood of adopting a waiting period	**C**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**S**	**All**
Very likely	12	6	17	17	50	3	17	(8)	16	18	19	(10)	(5)	15
Quite likely	18	28	13	56	25	9	12	(23)	9	26	19	(50)	(26)	20
Not very likely	32	18	35	23	15	30	38	(51)	29	40	48	(18)	(16)	31
Not at all likely	38	47	35	4	10	58	33	(18)	46	15	14	(22)	(53)	34
Weighted base	*178*	*333*	*523*	*81*	*186*	*220*	*30*	*65*	*547*	*225*	*142*	*73*	*147*	*2,896*
Unweighted base	*407*	*166*	*484*	*110*	*150*	*111*	*108*	*84*	*324*	*294*	*332*	*93*	*98*	*2,888*

Base: All private sector employers.
Note: Sectors A, B, D, E, O and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the 'All sectors' column. See Table 1.2 for full sector labels.

Table E.15 Likelihood of adopting a waiting period for new employees, by size of organisation

Column percentages

	Size of organisation (employees)								
Likelihood of adopting a waiting period	**1-4**	**5-9**	**10-19**	**20-49**	**50-99**	**100-499**	**500-999**	**1,000+**	**All**
Very likely	38	58	57	69	69	62	46	51	44
Quite likely	19	17	26	18	23	22	22	19	19
Not very likely	14	14	7	5	5	8	14	14	13
Not at all likely	28	12	10	7	2	8	18	17	24
Weighted base	*2,194*	*343*	*238*	*109*	*35*	*23*	*3*	*3*	*2,949*
Unweighted base	*348*	*278*	*341*	*366*	*240*	*555*	*302*	*534*	*2,964*

Base: All private sector employers.

Table E.16 Likelihood of adopting a waiting period for new employees, by industry sector

Column percentages

	Industry sector: SIC(2007) Section													
Likelihood of adopting a waiting period	**C**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**S**	**All**
Very likely	41	42	47	75	63	21	62	(42)	43	49	45	(31)	(33)	44
Quite likely	18	19	26	20	6	4	5	(16)	17	13	36	(57)	(11)	19
Not very likely	24	9	12	0	6	28	30	(18)	7	17	8	(3)	(20)	13
Not at all likely	17	29	15	5	25	48	4	(25)	32	21	11	(9)	(35)	24
Weighted base	*180*	*334*	*544*	*80*	*197*	*228*	*29*	*83*	*549*	*228*	*149*	*72*	*136*	*2,949*
Unweighted base	*410*	*169*	*499*	*113*	*154*	*118*	*106*	*85*	*341*	*305*	*339*	*93*	*99*	*2,964*

Base: All private sector employers.
Note: Sectors A, B, D, E, O and P are not presented as they each contain fewer than 50 observations, but these sectors are included in the 'All sectors' column. See Table 1.2 for full sector labels.

Table E.17 Likely enrolment destination for current members of largest scheme, by industry sector (providing firms)

Column percentages

	Industry sector: SIC(2007) Section												
Likely destination	**C**	**F**	**G**	**H**	**I**	**J**	**K**	**L**	**M**	**N**	**Q**	**R**	**All**
Retain all in existing scheme	70	(64)	61	(27)	(89)	(85)	(89)	(51)	29	40	59	(58)	60
All into NEST	9	(4)	14	(11)	(2)	(12)	(0)	(0)	2	6	4	(4)	6
All into new qualifying scheme	6	(7)	1	(1)	(0)	(0)	(1)	(3)	1	19	1	(6)	3
Enrol into a combination of these schemes	5	(10)	8	(40)	(4)	(2)	(0)	(7)	35	6	18	(15)	12
Don't know	11	(16)	16	(22)	(5)	(1)	(11)	(39)	33	28	19	(17)	19
Weighted base	*51*	*29*	*39*	*18*	*40*	*68*	*8*	*10*	*61*	*29*	*38*	*16*	*446*
Unweighted base	*312*	*92*	*283*	*70*	*74*	*80*	*81*	*58*	*205*	*149*	*219*	*59*	*1800*

Base: All pension-providing firms with some active members in largest workplace scheme.
Note: Sectors A, B, D, E, O, P and S are not presented as they each contain fewer than 50 observations, but these sectors are included in the 'All sectors' column. See Table 1.2 for full sector labels.

This report presents findings from the 2011 Employers' Pension Provision Survey, the ninth in the series. The findings are based on a survey carried out among a nationally representative sample of around 3,000 private sector employers.

The report describes the extent and nature of pension provision among private sector employers in Great Britain in 2011, covering proportions of firms providing pensions and the extent of employee membership of employer pension schemes. In respect of the nature of pension provision, the report covers the types of provision, joining mechanisms and contribution rates.

In addition, the 2011 Employers' Pension Provision Survey includes a substantial new module, to measure employers' plans around key elements of the workplace pension reforms, including the use of the National Employment Savings Trust.

The report also outlines the main reasons for provision or non-provision of pensions and examines recent and planned changes in provision. Comparisons are also made with findings from the 2007 and 2009 surveys.

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