



Occupational Pension Schemes Annual Report 2008 published today

Date: 28 October 2009
Coverage: UK Theme: The Economy

The Occupational Pension Schemes Annual Report, containing detailed analysis of the 2008 Occupational Pension Schemes Survey, is published today.

The total membership of occupational pension schemes in 2008 was estimated at 27.7 million, an increase of 1.0 million from 2007, with the largest increase in preserved pension entitlements. Total membership comprises:

- 9.0 million active (employee) members, up from 8.8 million in 2007;
- 8.8 million pensions in payment, up from 8.5 million in 2007; and
- 9.9 million preserved pension entitlements, up from 9.4 million in 2007.

Active membership of private sector defined benefit occupational pension schemes (often referred to as 'final salary' schemes) is little changed in 2008, estimated at 2.6 million compared with 2.7 million in 2007. Active membership of private sector defined contribution schemes is estimated at 1.0 million in 2008 compared with 0.9 million in 2007.

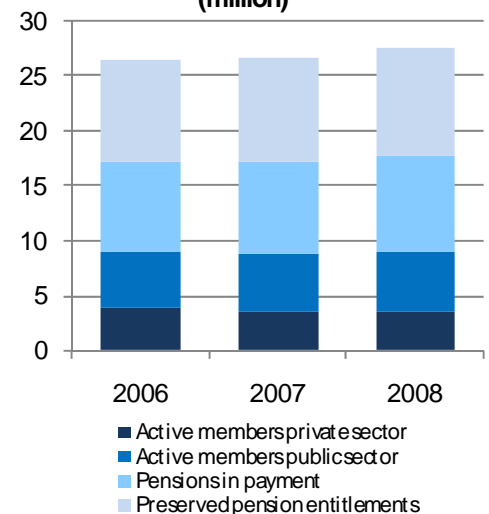
Number of members of occupational pension schemes: by membership type and sector, 2006 to 2008

United Kingdom	millions		
	2006	2007	2008
Active members	9.2	8.8	9.0
Private sector	4.0	3.6	3.6
Public sector	5.1	5.2	5.4
Pensions in payment	8.2	8.5	8.8
Private sector	4.6	4.8	5.0
Public sector	3.5	3.7	3.9
Preserved pension entitlements	9.4	9.4	9.9
Private sector	6.5	6.3	6.7
Public sector	2.9	3.1	3.2
Total	26.7	26.7	27.7

The results for 2006 onwards are discontinuous with earlier years and caution should be used when comparing results.

Components in tables may not sum to totals due to rounding

Number of members of occupational pension schemes (million)

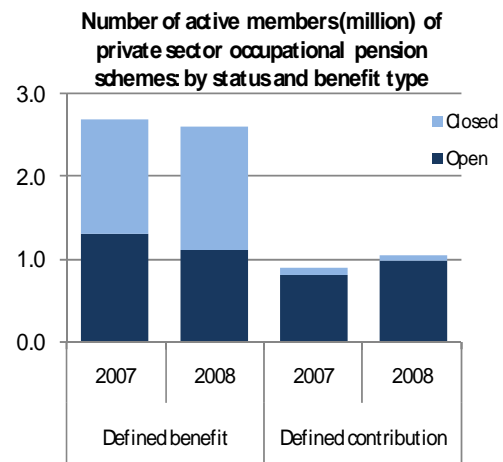


In 2008 28 per cent of the active members in private sector schemes were in defined contribution schemes. Most active members of private sector defined contribution schemes (94 per cent) were in open schemes, compared with only 42 per cent of active members in private sector defined benefit schemes.

Number of active members of private sector occupational pension schemes: by status and benefit type

United Kingdom		millions					
	Defined benefit		Defined contribution		Total		
	2007	2008	2007	2008	2007	2008	
	Open	1.3	1.1	0.8	1.0	2.0	2.1
Closed	1.4	1.5	0.1	0.1	1.5	1.6	
Total	2.7	2.6	0.9	1.0	3.6	3.6	

components in tables may not sum to totals due to rounding



Private sector defined benefit schemes continue to have higher regular contribution rates than defined contribution schemes. The average total contribution rate (member and employer) for open defined benefit schemes in 2008 was 19.7 per cent compared with an average of 9.0 per cent for open defined contribution schemes.

The largest change in private sector contribution rates was for employer contributions to closed defined benefit schemes, which increased from 16.1 per cent in 2007 to 18.1 per cent in 2008. Closed schemes also saw an increase in member contributions: from 4.3 per cent to 4.8 per cent for defined benefit schemes, and from 3.2 per cent to 3.4 per cent for defined contribution schemes. Employer contributions to closed defined contribution schemes remained the same at 7.0 per cent.

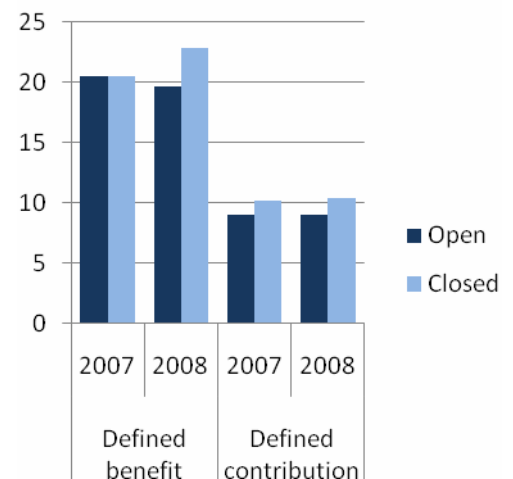
Member and employer weighted-average contribution rates¹ to private sector occupational pension schemes² by benefit type, contributor and status

United Kingdom		percentages					
Benefit type	Member contributions		Employer contributions		Total contributions		
	Open	Closed	Open	Closed	Open	Closed	
Defined benefit schemes							
2007	5.5	4.3	15.0	16.1	20.5	20.5	
2008	5.1	4.8	14.6	18.1	19.7	22.9	
Defined-contribution schemes							
2007	2.6	3.2	6.4	7.0	9.0	10.2	
2008	3.0	3.4	6.0	7.0	9.0	10.4	

¹ Includes schemes where standard contributions were zero.

² Excludes any contributions that are a lump sum. Excludes schemes with fewer than 12 members. Components in tables may not sum to totals due to rounding

Member and employer weighted-average contribution rates (percentages)



BACKGROUND NOTES

1. More detailed information on the 2008 occupational pension schemes survey appears in the *Occupational Pension Schemes Annual Report*. This is also published on 28 October 2009 and available from the National Statistics website, at <http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1721&Pos=1&ColRank=1&Rank=422>

The results published in this Annual Report include comparisons with results in earlier surveys carried out by the Government Actuary's Department and other data sources. It also includes details on how the survey was carried out and a glossary of terms.

Past GAD publications (2000, 2004 and 2005) are also available at:

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1721&Pos=1&ColRank=1&Rank=422>

Methodology and quality information

2. **Link to Summary Quality Report:** A link to the Summary Quality Report for occupational pension schemes survey will be available through the website at <http://www.ons.gov.uk/about-statistics/methodology-and-quality/quality/index.html>
This report will describe, in detail, the intended uses of the statistics presented in this publication, their general quality and the methods used to produce them. Chapter 9 of The OPSS 2008 Annual Report published on 28 October 2009 contains full details on the methodology of the OPSS.
3. The 2008 Annual Report does not include information on scheme numbers. Figures for scheme numbers have always been weaker than other OPSS estimates, and the text in the 2006 and 2007 annual reports advised readers to treat these figures with caution. During work on the 2008 survey, we were alerted to the fact that the survey design as it stands is not sufficient to produce robust estimates of scheme numbers. We have decided not to publish scheme numbers until a methodology review has taken place. However, the survey continues to provide robust estimates of scheme membership, pension contributions and members' benefits.

Relevance to users:

4. The survey includes only schemes that are registered in the UK. Where membership figures are given, these relate only to members based in the UK. The 2008 survey had a sample of 1429 private sector schemes and 239 public sector schemes.
5. The survey does not cover personal pensions, where individuals enter into a contract with a pension provider (usually an insurance company). This exclusion also extends to group personal pensions (GPPs) and stakeholder pensions.
6. To maintain consistency of coverage with earlier surveys, figures for the Building and Civil Engineering Retirement Pension Benefit Scheme (closed to further accruals from April 2001) have been excluded from the 2008 survey results.

7. Definitions:

Occupational Pension Scheme: An arrangement (other than accident or permanent health insurance) organised by an employer (or on behalf of a group of employers) to provide benefits for employees on their retirement and for their dependants on their death.

Public sector schemes: The part of the economy that is state-provided, including central and local government, schooling, health and social services, policing and the armed forces.

Private sector schemes: The part of the economy consisting of individuals, firms and other institutions. The private sector includes state-owned enterprises and other public corporations with outputs paid for by individuals directly rather than through taxation.

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

Defined Contribution Scheme: A pension scheme in which the benefits are determined by the contributions paid into the scheme, the investment return on those contributions, and the type of annuity purchased upon retirement. It is also known as a money purchase scheme.

Scheme status: An occupational pension scheme may be open, closed, frozen or winding up. An open scheme admits new members. A closed scheme does not admit new members but may continue to receive contributions from or on behalf of existing members who continue to accrue pension entitlements. In a frozen scheme, benefits continue to be payable to existing members but no new members are admitted, and no further benefits accrue to existing members. Members can make no more contributions but further employer contributions may, and perhaps must be made, for example to correct a deficit. A scheme that is winding up is in the process of termination, either by buying annuities for the beneficiaries or by transferring assets and liabilities to another scheme.

Member: A member is a person who has been admitted to membership of a pension scheme and is entitled to benefits under the scheme, whether now or in the future. Active members are current employees who would normally contribute to the pension scheme. Pensioner members are members who are receiving pension payments from the scheme, and their dependents and pension credit members. Most members with preserved pension entitlements ('deferred members') are former employees who have preserved their pension entitlements within a scheme but are not yet receiving pension payments. Individuals may have more than one of the above types of membership. For instance, they may be a member of their current employer's pension scheme as well as having preserved entitlements in a previous employer's scheme. Hence, all estimates of membership include an element of double counting and are not counts of individuals.

8. ONS conducts the Occupational Pension Schemes Survey from a sample of occupational pension schemes in both the public and private sectors. The survey presents a range of statistics, including the extent to which employees in the UK are covered by occupational pension schemes, the nature of the benefits provided and contributions paid. Data are produced on the membership of occupational pension schemes by type of member and type of scheme.

9. The estimates for occupational pension schemes as a whole are produced on the basis of sample numbers. This is done by “rating-up” the data from responses, by reference to a sampling fraction and response rate, with different size bands rated up individually.
10. The schemes in the survey are selected at random within membership size bands from the Pension Schemes Registry - a list of all occupational (and personal) pension schemes in the UK with two or more members - maintained by the Pensions Regulator.

Accuracy

11. **Response rates:** Response rate by number (count) of schemes 2007 and 2008

Response Rates (per cent)			
	Private sector	Public sector	Total
2007	82	94	84
2008	85	93	87

Publication policy

12. Details of the policy governing the release of new data are available from the press office. Also available is a list of the names of those given pre-publication access to the contents of this release.
13. **National Statistics** are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. © Crown copyright 2009.

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