

2 July 2008

Coverage
United Kingdom

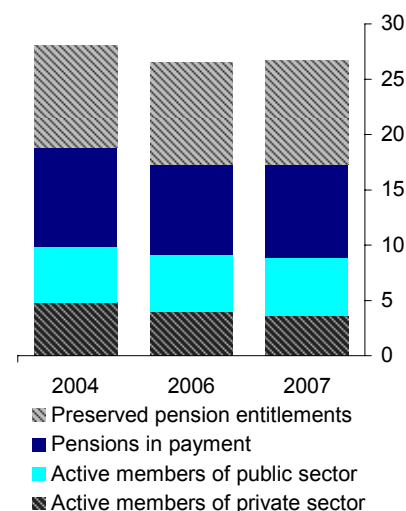
Theme
Social and Welfare



Occupational pension schemes survey 2007

In 2007, the total membership of occupational pension schemes was provisionally estimated to have been 26.7 million, an increase of 0.2 million on the revised 2006 figure. The overall number of active employee members of schemes was 8.8 million, a fall of 0.4 million compared with 2006. There were 3.6 million active employee members within the private sector, a decrease of 0.4 million on 2006, while the public sector accounted for 5.2 million members, an increase of 0.1 million on the 2006 figure.

Number of members of occupational pension schemes (million)



There were 8.5 million pensions in payment in 2007, a rise of 0.3 million since 2006. The private sector accounted for 4.8 million pensions in payment compared with 4.6 million in 2006. There were 9.4 million preserved pension entitlements, a rise of 0.2 million since 2006. The private sector accounted for 6.3 million of preserved pension entitlements, unchanged from the 2006 figure.

Number of members of occupational pension schemes: by membership type and sector¹, 2004 to 2007

United Kingdom		millions			
	2004	2005	2006 ² r	2007	
Active members	9.8		9.2	8.8	
Private sector	4.8	4.7	4.0	3.6	
Public sector	5.0		5.1	5.2	
Pensions in payment	9.0		8.2	8.5	
Private sector	5.6	5.3	4.6	4.8	
Public sector	3.4		3.5	3.7	
Preserved pension entitlements	9.3		9.2	9.4	
Private sector	7.1	6.4	6.3	6.3	
Public sector	2.2		2.9	3.1	
Total	28.1		26.5	26.7	

r = revised

¹ The 2005 survey did not cover the public sector and a total figure is therefore not available.

² The results for 2006 onwards are discontinuous with earlier years and caution should be used when comparing results.

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Scheme numbers

Number of occupational pension schemes: by status

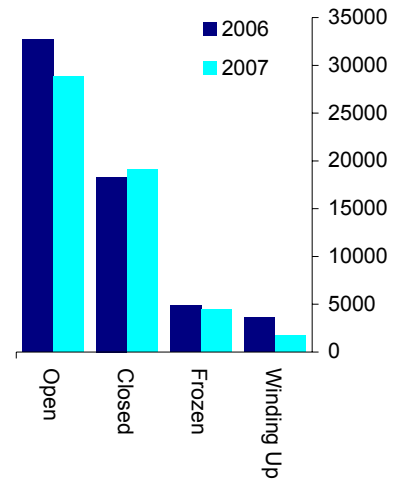
United Kingdom numbers

	Number of schemes				
	Open	Closed	Frozen	Winding up	Total
2006 r	32,729	18,328	4,860	3,585	59,505
2007	28,812	19,109	4,414	1,779	54,114

r = revised

In 2007 the provisional estimate of the total number of schemes was 54,114 which is 5,391 lower than the revised 2006 figure of 59,505. The number of open schemes fell by 3,917 over the period while the number of closed schemes increased by 781.

Number of occupational pension schemes: by status



Number of private sector occupational pension schemes: by status

United Kingdom numbers

	Number of schemes				
	Open	Closed	Frozen	Winding up	Total
2006 r	32,594	18,217	4,793	3,585	59,190
2007	28,679	18,990	4,354	1,779	53,801

r = revised

The total number of private sector schemes in 2007 was 53,801 (there were also 313 public sector schemes). The number of private sector schemes was 5,389 lower than the revised 2006 figure. The number of open schemes reduced by 3,915 between 2006 and 2007, while the number of closed schemes increased by 773.

Scheme membership

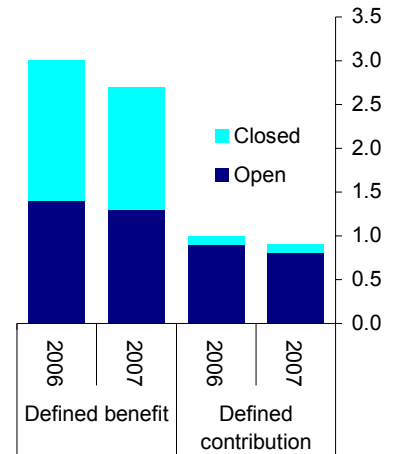
Number of active members of private sector occupational pension schemes: by status and benefit type

United Kingdom millions

	Defined benefit		Defined contribution		Total	
	2006 r	2007	2006 r	2007	2006 r	2007
Open	1.4	1.3	0.9	0.8	2.3	2.0
Closed	1.6	1.4	0.1	0.1	1.7	1.5
Total	3.0	2.7	1.0	0.9	4.0	3.6

r = revised

Number of active members of private sector occupational pension schemes: by status & benefit type (million)



In 2007 around 75 per cent of the active members in private sector schemes were in defined benefit schemes or sections of schemes.

Open schemes accounted for 56 per cent of the total active membership of private sector schemes. Within open schemes, 65 per cent of the active membership was in defined benefit schemes.

Within closed schemes, 93 per cent of the active membership was in defined benefit schemes.

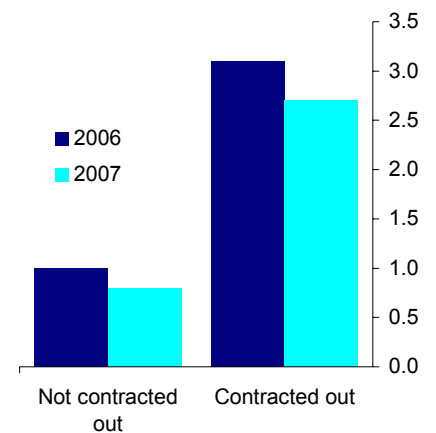
Number of active members of private sector occupational pension schemes: by contracting out status

United Kingdom millions

	Not contracted out		Contracted out		Total	
	2006 r	2007	2006 r	2007	2006 r	2007
Total	1.0	0.8	3.1	2.7	4.0	3.6

r = revised

Number of active members of private sector occupational pension schemes: by contracting out status (million)



The proportion of active members in the private sector who were in a contracted-out scheme in 2007 was 75 per cent.

Contribution rates to private sector schemes

Member and employer weighted-average contribution rates² to private sector occupational pension schemes¹ by benefit type, contributor and status

United Kingdom percentages

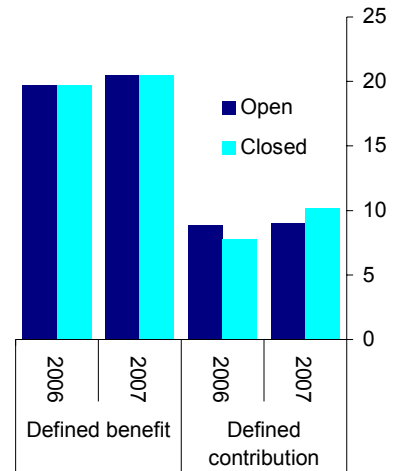
Benefit type	Member contributions		Employer contributions		Total contributions	
	Open	Closed	Open	Closed	Open	Closed
Defined benefit schemes						
2006 r	4.9	4.5	14.8	15.1	19.7	19.7
2007	5.5	4.3	15.0	16.1	20.5	20.5
Defined-contribution schemes						
2006 r	3.0	2.5	5.9	5.4	8.9	7.8
2007	2.6	3.2	6.4	7.0	9.0	10.2

r = revised

¹ Includes schemes where standard contributions were zero.

² Excludes any contributions that are a lump sum.

Member and employer weighted-average contribution rates (percentages)



In 2007, contribution rates to both open and closed defined benefit schemes was 20.5 per cent. Employer contribution rates to open defined benefit schemes increased from 14.8 per cent to 15.0 per cent, while contribution rates to employer closed defined benefit schemes rose from 15.1 per cent to 16.1 per cent. Member contributions rates to open defined benefits schemes increased from 4.9 per cent to 5.5 per cent while member contributions to closed defined benefits schemes decreased from 4.5 per cent to 4.3 per cent.

Contribution rates to open private sector defined contribution schemes rose from 8.9 per cent to 9.0 per cent in 2007, while contribution rates to closed schemes increased from 7.8 per cent to 10.2 per cent. The most notable movement, within defined contribution, was the rise from 5.4 per cent in 2006 to 7.0 per cent in 2007 in employer closed schemes.

Revisions

The revisions policy for the Occupational Pensions Schemes Survey is to revise data for the previous survey year. This allows ONS to take into account late information or late returns from respondents. The 2006 dataset has been revised on this basis, but also reflects the decision to improve aspects of the results methodology.

The combined effect of late information and improved methodology on the revision to 2006 scheme numbers and membership data is displayed below:

Scheme Numbers		
	2006¹	2006 revised²
Total scheme numbers	66,710	59,505
Open schemes	37,540	32,729
Closed schemes	20,080	18,328
Frozen schemes	5,280	4,860
Winding up schemes	3,820	3,585

Membership		(millions)
	2006¹	2006 revised²
Active members	9.6	9.2
Pensioner members	8.5	8.2
Preserved pensioner members	9.4	9.2
Total members	27.5	26.5

¹ As published in Occupational Pension Schemes Annual Report No 14.

² Results may not sum to totals shown due to rounding and non-response.

BACKGROUND NOTES

Basic quality information

1. **Link to Summary Quality Report:** A link to the Summary Quality Report for occupational pension schemes survey will be available in the next release. 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.

Relevance to users:

2. 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 2007 survey had a sample of 1300 private sector schemes and 200 public sector schemes.
3. 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). Although GPPs can be sponsored by employers, with the employers facilitating membership and payment of contributions for the members, the legal contract is between the individual and the pension provider. Stakeholder pensions are almost always another form of contract-based personal pension, and are therefore also excluded from the survey.
4. 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 2007 survey results. This scheme has a total membership of approximately 450,000.

5. **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.

Group Personal Pension: An arrangement made for the employees of a particular employer to participate in a personal pension scheme on a group basis. This is a collecting arrangement, not a separate pension scheme.

Defined Benefit Scheme (DB): 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 (DC): 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 rights. 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.

6. 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.
7. The estimates for the whole population of occupational pension schemes 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.
8. 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.
9. More detailed information on the 2007 occupational pension schemes survey will appear in the *Occupational Pension Schemes Annual Report*. This will be available from the National Statistics website later in 2008, at

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1721>

The results published in this Annual Report will include comparisons with results in earlier surveys carried out by the Government Actuary's Department and other data sources. It will also include 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>

Accuracy

10. **Response rates:** Response rate by number (count) of schemes 2006 and 2007

Response Rates (per cent)			
	Private sector	Public sector	Total
2006	79	90	82
2007	82	89	83

Publication policy

11. 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.
12. **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 2008.