

Statistical bulletin

Employee workplace pensions in the UK: 2020 provisional and 2019 final results

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



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1 . Main points: April 2020

- In April 2020 nearly eight out of ten UK employees (78%) had a workplace pension compared with less than five out of ten in 2012 when Automatic Enrolment was introduced; however, 2020 was the first year to see unchanged levels of participation since the scheme was introduced.
- Youngest employees outside the Automatic Enrolment age eligibility (aged 16 to 21 years) were far less likely to have a workplace pension (20%); participation was 80% for the next age band (aged 22 to 29 years).
- In 2020, the gender gap in workplace pension participation was negligible, however full-time employees were 1.5 times more likely to have a pension than part-time employees
- Private sector full-time employees earning between £100 to £199 weekly were the least likely to be workplace pension members (41%), likely to be caused by Automatic Enrolment minimum earnings thresholds; participation increased steeply to 65% in the next earnings band, (£200 to £299 a week).
- Public sector full-time employees were substantially more likely to have a workplace pension; for example, 93% of those earning between £100 to £199 a week in the public sector had a workplace pension, compared with 41% of those earning the same in the private sector.

ASHE estimates for 2020 are subject to more uncertainty than usual because of data collection challenges under government-imposed public health restrictions. For more information see the [Measuring the data](#) section.

2 . Workplace pension scheme participation over time

Automatic Enrolment (AE), introduced in October 2012, made it a requirement for employers to provide (and contribute to) a workplace pension for [eligible employees](#) by 1 February 2018. Employees are eligible if they earn more than £10,000 a year, are aged between 22 years and State Pension age (SPa) and are not already enrolled in a qualifying workplace pension.

The proportion of employees with a workplace pension grew substantially from 2013 until 2020 when the participation rate levelled off (Figure 1). In 2020 nearly 8 out of 10 employees (78%) were workplace pension members, compared with less than 5 out of 10 in 2012. The increase in pension membership over this time clearly shows the success of the AE policy in increasing participation in workplace pensions.

In 2020 almost a quarter of employees were without a workplace pension, a higher proportion than just ineligible employees. Latest statistics suggest that [88% of eligible employees were participating in a workplace pension in 2019 \(PDF, 1.25MB\)](#). The fact that there were eligible employees not participating in a workplace pension could be explained by [employees choosing to leave the scheme \(opting out\)](#), although non-compliance (to AE) from employers may also be a factor.

The groups of people who were less likely to have a workplace pension are discussed in more detail in this section, but they mainly reflected the AE eligibility criteria in that they were either young, part-time employees or on low incomes. Those in the private sector were also substantially less likely to participate than in the public sector.

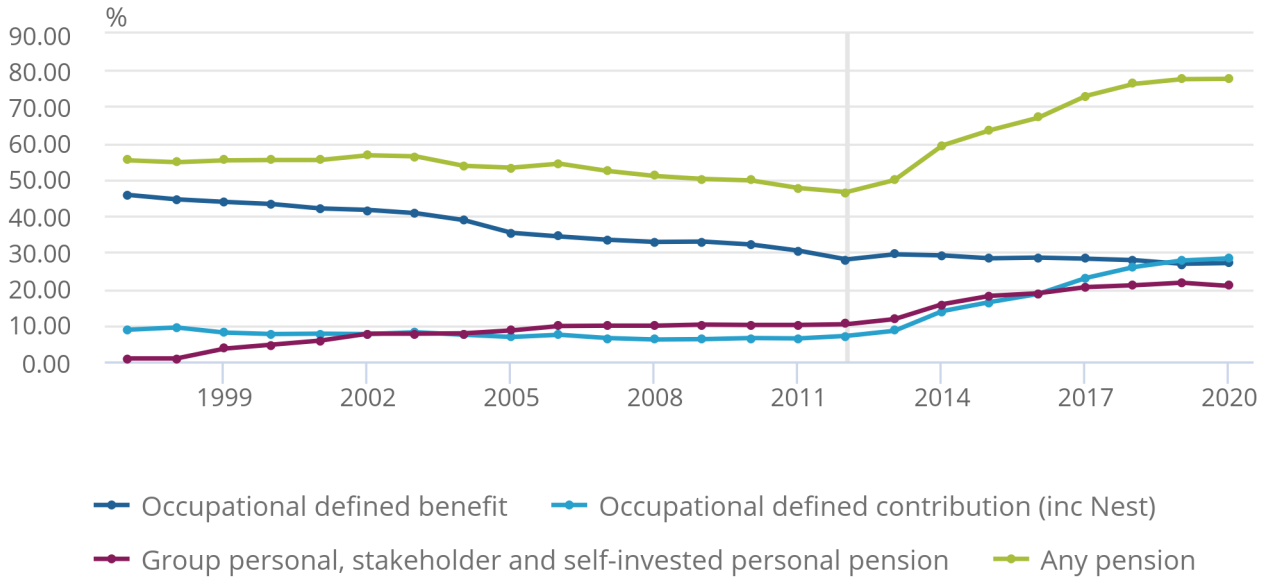
Figure 1: The roll out of Automatic Enrolment increased participation in workplace pensions, however in 2020 participation levelled off

Proportion of employees with workplace pensions by type of pension, UK, 1997 to 2020

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Automatic Enrolment introduced in October 2012

Proportion of employees with workplace pensions by type of pension, UK, 1997 to 2020



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

Workplace pension scheme participation varies by a range of employee characteristics including age, earnings, working pattern, gender and employment sector.

Public and private sector employees

In 2012 large differences existed in workplace pension participation levels between the public and private sectors. In 2012, prior to the introduction of AE, most public sector employees were workplace pension scheme members, (around 8 out of 10), which was not the case in the private sector (around 3 out of 10). By 2020 this gap narrowed considerably. However, even following this considerable narrowing, public sector employees were still more likely (90%) to have a workplace pension than those in the private sector (73%), with the type of pension also principally driven by employment sector ([Pension type by industry and gross weekly earnings bands: Table P2](#)).

Age

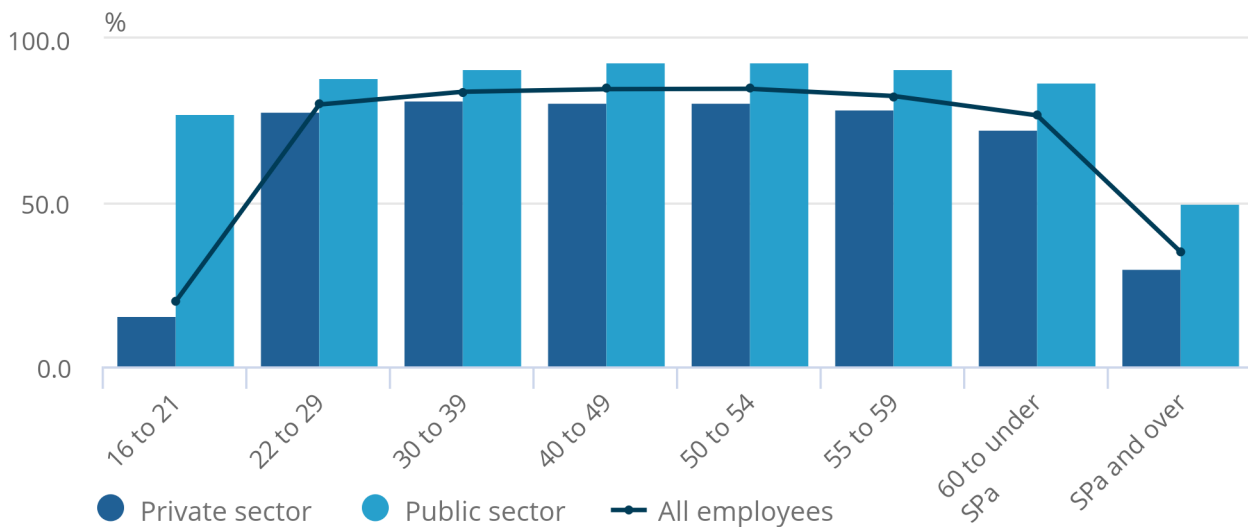
There were large differences in participation between those in and outside the age bands for AE eligibility in 2020 (Figure 2). Only 16% of private sector employees aged less than 22 years (who are ineligible for AE but can chose to opt-in to a workplace pension) were members of a workplace pension, compared with 78% of those aged 22 to 29 years (eligible for AE). However, those aged 16 to 21 years in the public sector were almost five times more likely to have a workplace pension (78%) than those in the private sector (16%). The oldest employees (aged SPa and over) in the public sector were almost twice as likely (50%) to have a workplace pension compared with those in the private sector (30%). Considering those within AE age eligibility, pension participation levels were relatively similar in both the public and private sectors; employees aged 50 to 54 years were most likely to have a workplace pension (85%), although a 12 percentage point gap existed between the private (81%) and public (93%) sectors for this age group.

Figure 2: Only 16% of private sector employees aged between 16 and 21 years had a workplace pension, considerably lower than those aged 22 to 29 years (78%)

Proportion of employees with workplace pensions by age band and sector, UK, 2020

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Proportion of employees with workplace pensions by age band and sector, UK, 2020



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

Notes:

1. “All employees” includes public and private sectors, organisations classified as non-profit bodies and not classified businesses.

Working pattern and gender

When considering working patterns there were substantial differences in participation with nearly 9 out of 10 full-time employees (86%) being members compared with nearly 6 out of ten, (58%), part-time employees (Figure 3).

Overall, there was only a small gap in levels of participation in workplace pensions by gender in 2020, with membership rates marginally higher for males (79%) than for female employees (76%).

For full-time employees the gender gap in workplace pension participation was also marginal with females having a higher proportion (88%) than males (85%). Although women had slightly higher pension participation rates, women working full-time continue to earn less than their male counterparts ([7.4% less in 2020](#)), meaning the amounts they contribute, and therefore the pension value they will accrue, will be lower on average than men.

This, in addition to women being more likely to take time out of the labour market for childcare and other reasons, means the [gender gap in terms of overall pension value](#) is large and is likely to persist while there remains a gender pay gap.

For part-time employees the gender gap in workplace pension participation was more evident; a higher proportion of female employees were pension members, 62% compared with only 46% for males. Additionally, part-time employees were 1.7 times as likely to belong to a pension if they worked in the public sector than the private sector, compared with 1.1 times as likely for full-time employees.

A reason for the continued disparity in pension participation between working patterns and the larger gap between sectors for part-time employees is related to AE eligibility criteria. As AE policy only required employers to automatically enrol employees earning at least £10,000 a year, part-time employees (particularly in the private sector) were less likely to be eligible for AE; [median annual earnings in 2020 were approximately £11,000 for part-time employees and £31,000 for full-time employees](#).

[When considering only employees that were eligible for AE \(ODS, 127KB\)](#) the difference in levels of participation by working pattern were much smaller, 89% of full-time and 83% of part-time AE eligible employees were workplace pension members in 2019.

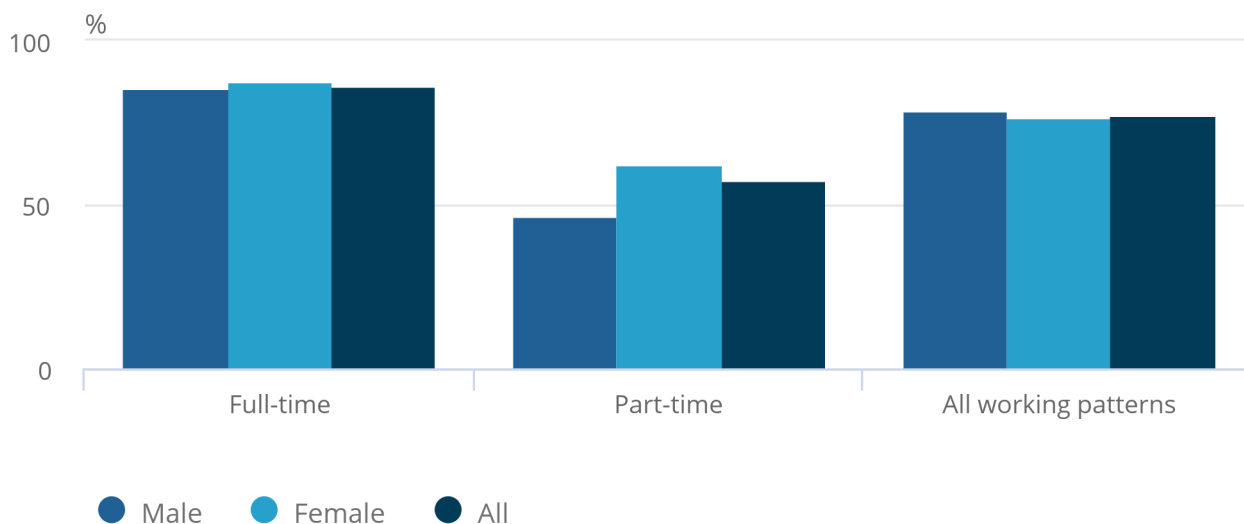
With a higher proportion of female employees working part-time in 2020, [38%, compared with around 13% of males](#), women were less likely to be eligible for AE than men, explaining some of the overall difference in participation by gender. It is important to note that employees earning below the AE eligibility earnings threshold could choose to opt into a workplace pension.

Figure 3: Full-time employees were 1.5 times more likely to have a pension than part-time employees

Proportion of employees with workplace pensions: by working pattern and gender, UK, 2020

Figure 3: Full-time employees were 1.5 times more likely to have a pension than part-time employees

Proportion of employees with workplace pensions: by working pattern and gender, UK, 2020



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

Notes:

1. Full-time employees are those working; more than 30 paid hours per week or teaching professions working 25 paid hours or more per week.

Earnings (for full-time employees)

For full-time employees, the likelihood of pension participation rose as their level of earnings increased. This relationship was more prominent in the private sector, which makes up the vast majority of total employment, ([83% in 2020](#)). However, this relationship was not seen among employees in the public sector, with those of all earnings levels achieving participation of at least 90%.

Private sector employees in the lowest earnings band, (earning between £100 to £199 weekly) were least likely to be members with only 41% having a pension, although this was a 5 percentage point increase from 2019 and a 33 percentage point increase from 2012. The current annual earnings threshold of £10,000 is equivalent to £192 per week, meaning most employees in the £100 to £199 weekly earnings band were not eligible for automatic enrolment.

Above the AE earnings threshold pension participation increased steeply, (65% in the next earnings band, £200 to £299 a week), and this was an increase from 2019, (59%). Equivalent earners in the public sector were 1.4 times more likely to have a pension.

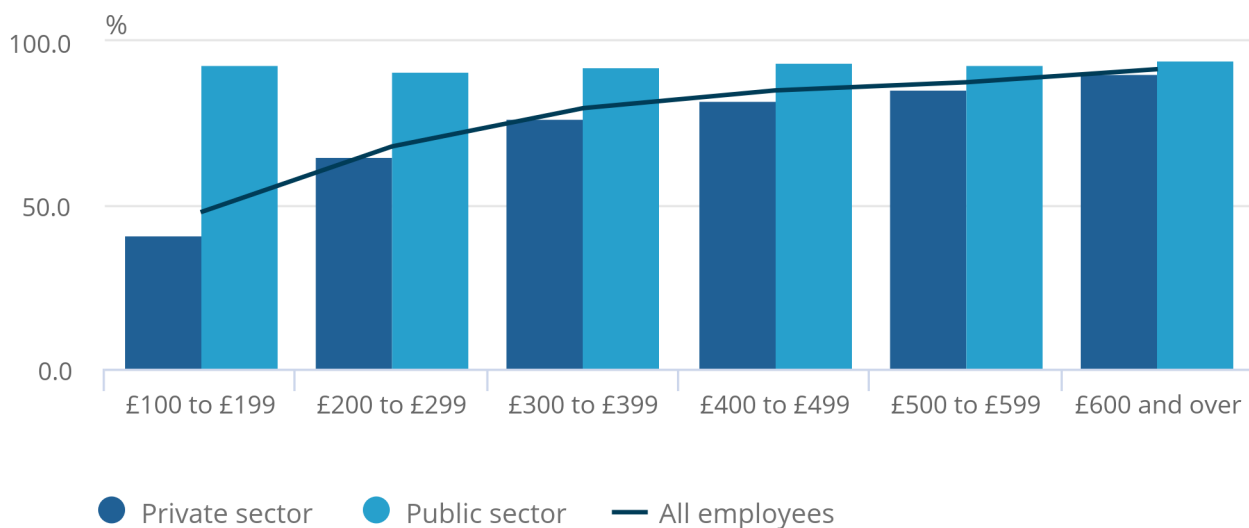
Pension membership in the private sector continued to increase as earning levels rose and were at a similar level to the public sector for the highest earning employees; 90% of those earning at least £600 a week in the private sector had a workplace pension in 2020, compared with 94% in the public sector.

Figure 4: There was a strong link between pension participation and earnings among full-time employees in the private sector; this relationship was not present in the public sector

Proportion of full-time employees with workplace pensions by gross weekly earnings band by sector, UK, 2020

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Proportion of full-time employees with workplace pensions by gross weekly earnings band by sector, UK, 2020



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

Notes:

1. Full-time employees are those working; more than 30 paid hours per week or teaching professions working 25 paid hours or more per week.
2. “All employees” includes public and private sectors, organisations classified as non-profit bodies and not classified businesses.

Membership rates and employer and employee workplace pension contribution rates by characteristics such as pension type, employer size, occupation and region are available in the [datasets](#).

3 . Employee workplace pensions data

[Pension type by age group and gross weekly earnings bands: Table P1](#)

Dataset | Released 1 April 2021

Annual estimates of the proportion of UK employees in each pension type and contracted-out status (prior to 2016), by age group and gross weekly earnings bands.

[Pension type by industry and gross weekly earnings bands: Table P2](#)

Dataset | Released 1 April 2021

Annual estimates of the proportion of UK employees in each pension type and contracted-out status (prior to 2016), by Standard Industrial Classification (SIC) (including public and private sector breakdown) and gross weekly earnings bands.

[Employee contribution bands by age group and pension type: Table P5](#)

Dataset | Released 1 April 2021

Annual estimates of the proportion of UK employees in employee contribution bands, by age group and by contracted-out status (prior to 2016) and pension type.

[Employer contribution bands by age group and pension type: Table P9](#)

Dataset | Released 1 April 2021

Annual estimates of the proportion of UK employees in employer contribution bands, by age group and by contracted-out status (prior to 2016) and pension type.

[Annual Survey of Hours and Earnings: summary of pension results](#)

Dataset | Released 1 April 2021

Membership and contributions to workplace pension arrangements for UK employees, by type, age, industry, public and private sector, occupation, and size of company.

View all data used in this statistical bulletin on the [Related data page](#).

4 . Glossary

Defined benefit scheme

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

Defined contribution scheme

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

Group personal pension (GPP)

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

Group self-invested personal pension (GSIPP)

A group self-invested personal pension (GSIPP) is an arrangement made for the employees of a particular employer, or group of employers, to participate in a personal pension on a group basis. The GSIPP is similar to the group personal pension except that it is the policy holder rather than the pension provider who chooses the investments. GSIPPs are a form of workplace pension.

Group stakeholder pension (GSP)

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

Personal pension

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

Inter-Departmental Business Register (IDBR)

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

Standard Occupational Classification (SOC)

The [Standard Occupational Classification \(SOC\)](#) is a classificatory system used in the UK to place individuals into occupational groups.

5 . Measuring the data

The Annual Survey of Hours and Earnings (ASHE) is a survey of employers and based on information gathered from a sample of 1% of employees in the UK.

All estimates for 2020 are provisional and relate to the pay period that includes 22 April 2020, at which time [approximately 8.8 million employees were furloughed](#) under the Coronavirus Job Retention Scheme (CJRS).

Further information on achieved sample size (because of challenges to data collection) and revised exclusion criteria (relating to employees loss of pay because of absence from work and the inclusion of whether employees were furloughed) can be found within the [Employee Earnings in the UK: 2020 \(Measuring the data\)](#).

Estimates from the 2019 ASHE survey have been subject to small revisions since the provisional estimates were published on 4 March 2020.

The ASHE is an important source of information on workplace pensions in the UK, collecting information on all types of workplace pension: occupational pension schemes, group personal pensions (GPPs) and group stakeholder pensions (GSPs). As ASHE only covers workplace pensions, which are those that are either provided or facilitated by employers; it does not cover individual personal or stakeholder pensions, where individuals enter into a contract with an insurance company that is not facilitated by an employer.

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

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

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

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

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

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

6 . Related links

[Employee earnings in the UK: 2020](#)

Bulletin | 3 November 2020

Measures of employee earnings, using data from the Annual Survey for Hours and Earnings (ASHE).

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

Bulletin | 29 June 2020

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

[Pensions in the national accounts, a fuller picture of the UK's funded and unfunded pension obligations: 2018](#)

Bulletin | 8 February 2021

End-2018 estimates of the total entitlement of households in the UK and abroad to pensions provided by UK government, pension funds and insurance companies.

[Funded occupational pension schemes in the UK: July 2020 to September 2020](#)

Bulletin | 29 March 2021

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