

2014 Annual Survey of Hours and Earnings: Summary of Pensions Results



Coverage: **UK**

Date: **26 February 2015**

Geographical Area: **Region**

Theme: **Labour Market**

Theme: **Economy**

Key points

- Workplace pension scheme membership has increased to 59% in 2014, from 50% in 2013, driven by increases in membership of occupational defined contribution and group personal and group stakeholder schemes. The increase is likely to be driven by automatic enrolment.
- Occupational defined benefit pensions schemes represented less than half (49%) of total workplace pension membership in 2014, for the first time since the series began in 1997.
- Pension membership increased in all age groups in 2014 compared with 2013, with the largest increase (17 percentage points, to 53%) in the age group 22-29.
- In the private sector, 33% of employees with workplace pensions made contributions of greater than zero but under 2% compared with 11% of employees in 2013. The increase is likely to be driven by automatic enrolment.
- The proportion of employees in the private sector receiving employer contributions of greater than zero and under 4% was 43% in 2014, compared with 22% in 2013. The increase may be explained by new members who have been automatically enrolled into a workplace pension with lower initial employer contributions until the phasing of contributions is completed in 2018.

Background

The Annual Survey of Hours and Earnings is a key source of information on workplace pensions in the UK as it collects information on all types of workplace pension: occupational pension schemes, group personal pensions and group stakeholder pensions. The survey results are used widely in order 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 Background notes section.

Workplace pension reforms

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

Automatic enrolment was introduced for all employees, aged between 22 and the state pension age, who earn more than £8,105 per year (£10,000 from April 2014) and are not participating in a workplace pension scheme.¹

Automatic enrolment is being introduced in stages, based on the size of the employers' PAYE scheme on 1 April 2012. Automatic enrolment started in October 2012 for employers with over 120,000 employees, with staged roll-out to all employers by 2018.²

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

In order to be considered a qualifying pension scheme, schemes will eventually have to make minimum contributions of 8% of an employee's qualifying earnings, of which at least 3% must come from the employer. However, there is a phasing in period, during which lower contributions are allowed. From October 2012 to September 2017 the minimum contribution is 2% of an employee's qualifying earnings of which at least 1% must come from the employer.

The Pensions Act 2008 created the [National Employment Savings Trust](#) (NEST), a new, trust-based Defined Contribution (DC) pension scheme, to assist employers with pension provision. Other separate trust-based arrangements, known as master trusts (see [Glossary \(198.9 Kb Pdf\)](#)), have also been set up to facilitate automatic enrolment. Examples of these include [NOW: Pensions](#) and [The People's Pension](#).

The Pensions Act 2011 introduced: an annual review of the automatic enrolment earnings trigger; an annual review of the upper or lower limits of the qualifying earnings band; and an optional waiting period of up to three months before an employee must be automatically enrolled into a workplace pension.

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

Notes for Workplace pension reforms

1. For more information about automatic enrolment see: Department for Work and Pensions [Automatic Enrolment Evaluation report 2014](#).
2. The reference date for the 2014 data in this bulletin is 9 April. Employers with 250 or more employees should have automatically enrolled their eligible employees when the data was collected. Employers with between 50 and 249 employees are expected to enrol their eligible employees from 1 April 2014, so a limited number may be included in the 2014 data. It is also possible for employers to postpone or bring forward their staging dates. For a timetable of staging dates see: [automatic enrolment timetable of starting dates](#).

Workplace pension scheme membership

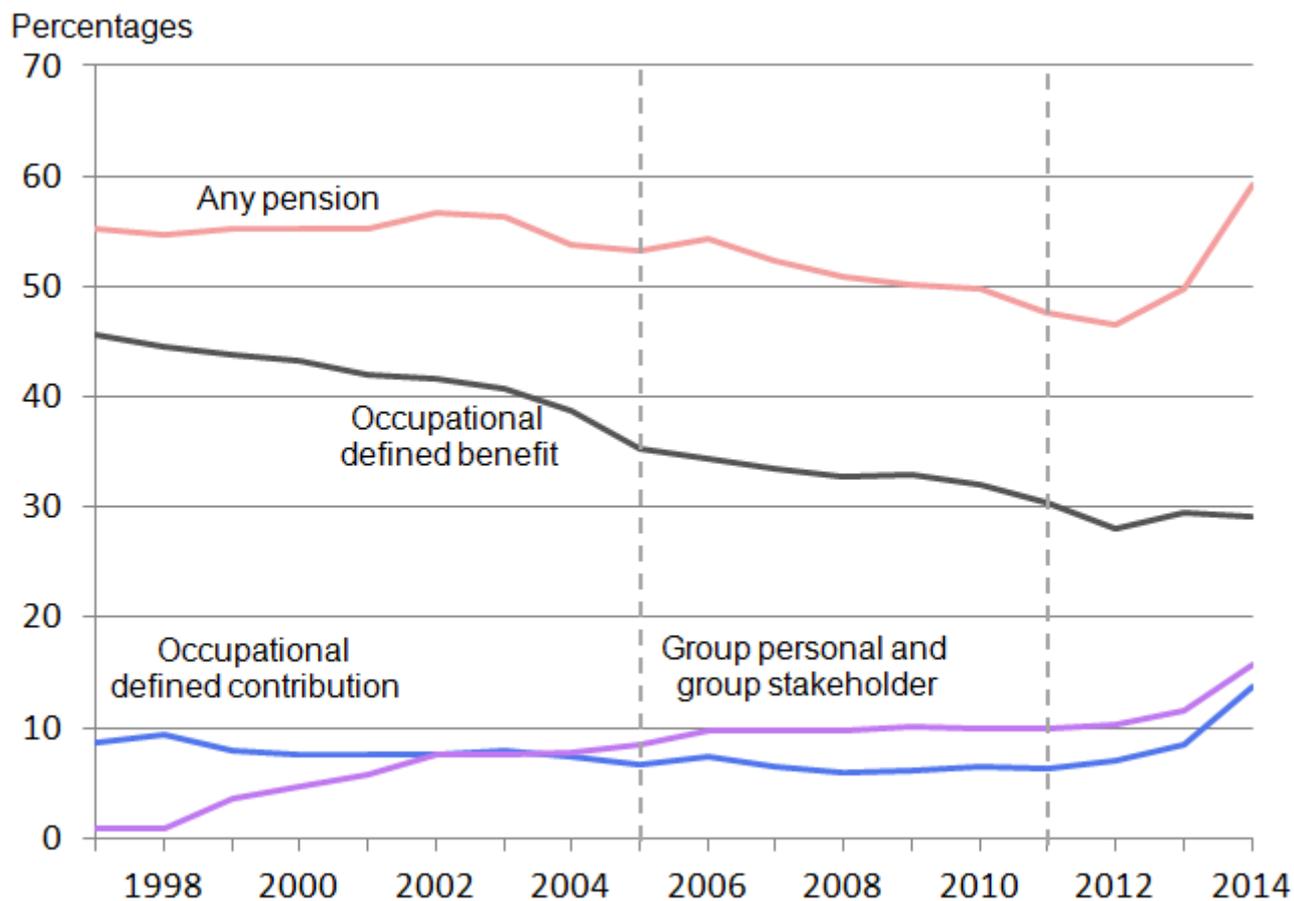
Figure 1 shows pension membership by pension type between 1997 and 2014. In 2014, the proportion of employees¹ who belonged to a workplace pension was 59%, the highest since 1997 when the series began. In 1997, 55% of employees belonged to a workplace pension scheme. In 2012, prior to the implementation of workplace pension reforms, 47% of employees belonged to a workplace pension scheme.

Although membership was 59% overall in 2014, there were differences between sectors:

- 87% of public sector employees were members of a workplace pension scheme, up from 85% in 2013; and
- 49% of private sector employees were members of a workplace pension scheme, up from 36% in 2013.

The overall increase in workplace pension membership between 2013 and 2014 is driven by increases in occupational Defined Contribution (DC) pension schemes and group personal² and group stakeholder pension schemes. Membership of occupational Defined Benefit (DB) pension schemes remained constant at 29% between 2013 and 2014. Membership of occupational DC pension schemes increased from 8% in 2013, to 14% of all employees in 2014. Membership of group personal and stakeholder pensions schemes² was 16% in 2014, compared with 12% in 2013.

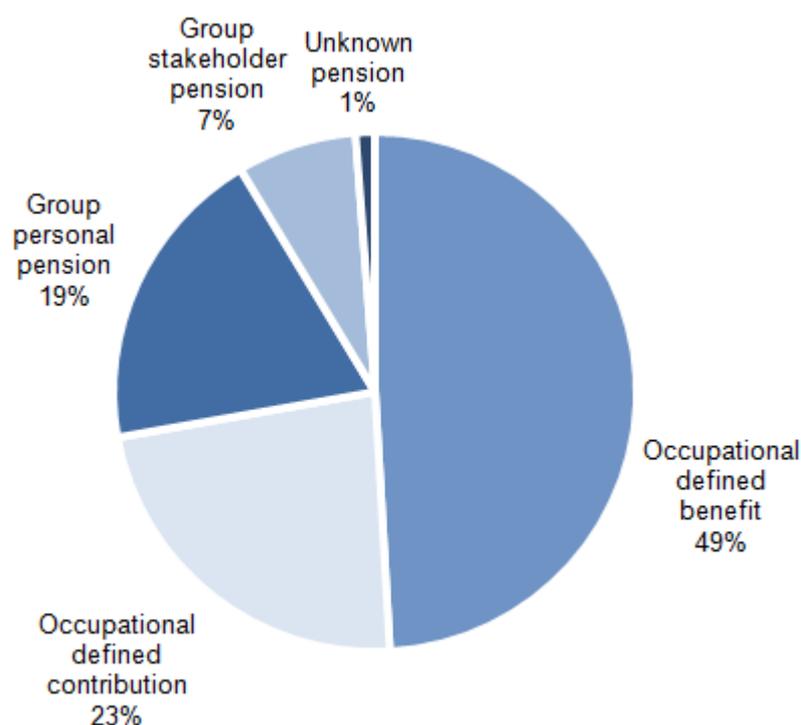
Figure 1: Proportion of employees with workplace pensions: by type of pension, 1997 to 2014



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

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(53 Kb)

Figure 2: Proportion of employees with workplace pensions by type of pension, 2014

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

Notes:

1. The Occupational defined contribution category includes employees who have pensions with the National Employer Savings Trust (NEST).
2. Data for Group Self-Invested Personal Pensions (GSIPP) are included within the category Group Personal Pensions (GPP).
3. Percentages may not sum to 100% due to rounding.

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Figure 2 shows the breakdown of employees with a workplace pension by pension type. Occupational defined benefit remained the largest category of workplace pension in 2014 despite large increases in occupational defined contribution, group personal and group stakeholder pension membership.

In 2014, for the first time since 1997, occupational defined benefit pension schemes represented less than half (49%) of total workplace pension membership in the United Kingdom.

Workplace pension participation differs between the public and private sectors. Table 3 shows that in 2014, 96% of public sector employees with a workplace pension had an occupational defined benefit pension. In the private sector, only 18% of employees with a workplace pension were in a defined

benefit scheme. Conversely, defined contribution pensions (whether occupational, group personal or group stakeholder), were more common in the private sector.

Table 3: Employees with workplace pensions: percentages by type of pension, 2014

	Occupational defined benefit	Occupational defined contribution	Group personal pension	Group stakeholder pension	Unknown pension type
All employees	49.1	23.1	19.2	7.4	1.2
of which					
Public sector	95.6	2.4	0.6	0.4	1.0
Private sector	18.3	37.6	30.8	12.0	1.3

Table source: Office for National Statistics

Table notes:

1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register (see Definitions). 'All employees' includes employees from the public and private sectors plus employees working for organisations classified as non-profit bodies.
2. Percentages may not sum due to rounding
3. Data for Group Self-Invested Personal Pensions (GSIPP) are included within the category Group Personal Pensions (GPP)

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Notes for Workplace pension scheme membership

1. ASHE collects information from employers on employee jobs. Although they are referred to in this bulletin as 'employees', individuals may hold more than one job.
2. Data for Group Self-Invested Personal Pensions (GSIPP) are included within the category Group Personal Pensions (GPP) throughout this bulletin.

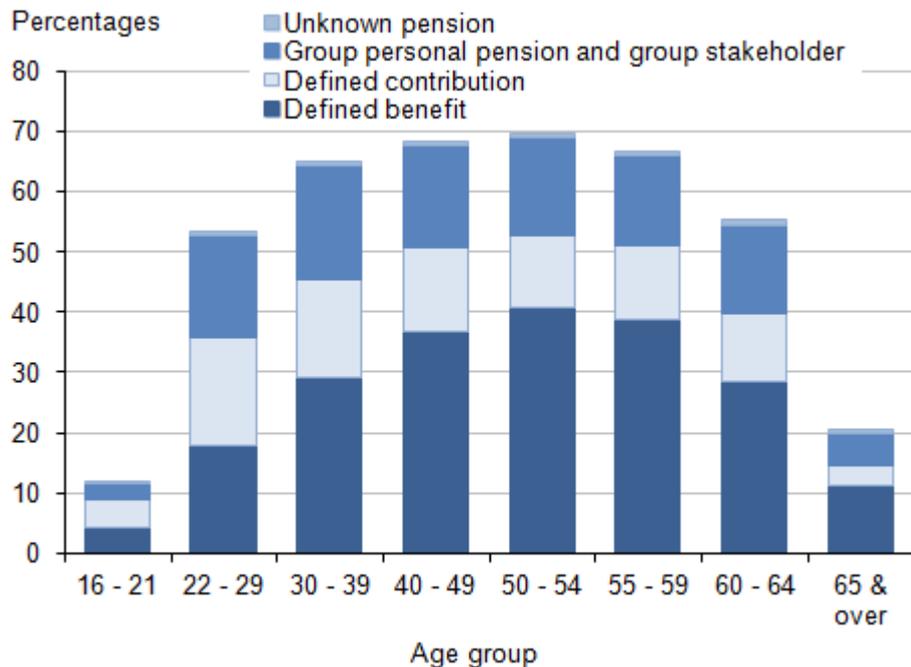
Membership by age, working pattern, gender and earnings

Age is a key factor affecting workplace pension scheme membership. Figure 4 shows the proportion of employees with a workplace pension in 2014:

- employees under 30 are less likely to be members of a workplace pension scheme than employees in all other age groups, except 65 and over;
- membership in the 16-21 age group is particularly low at 12%;

- membership falls in the age groups around state pension age because many employees in these age groups are likely to be no longer contributing to pensions.

Figure 4: Proportion of employees with workplace pensions by age band and type of pension, 2014



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

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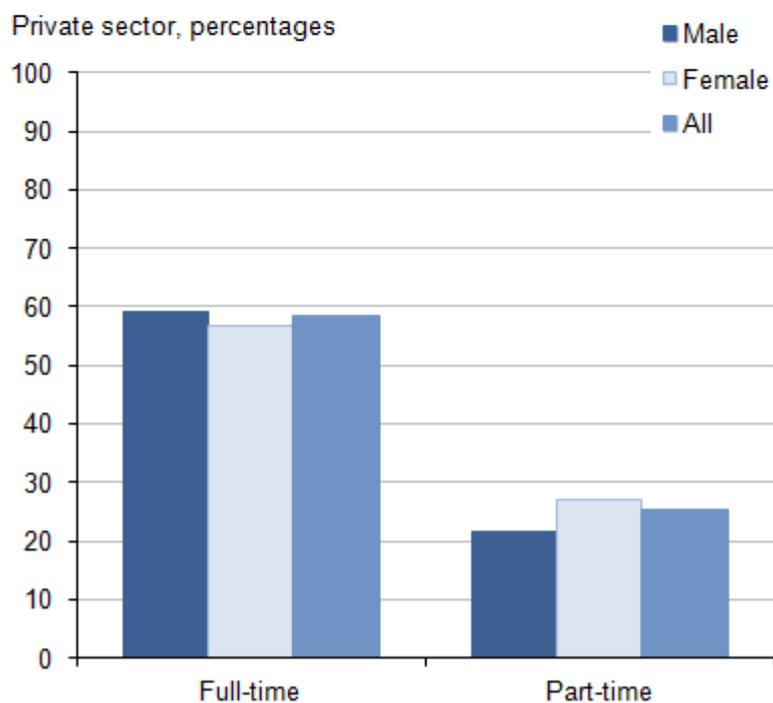
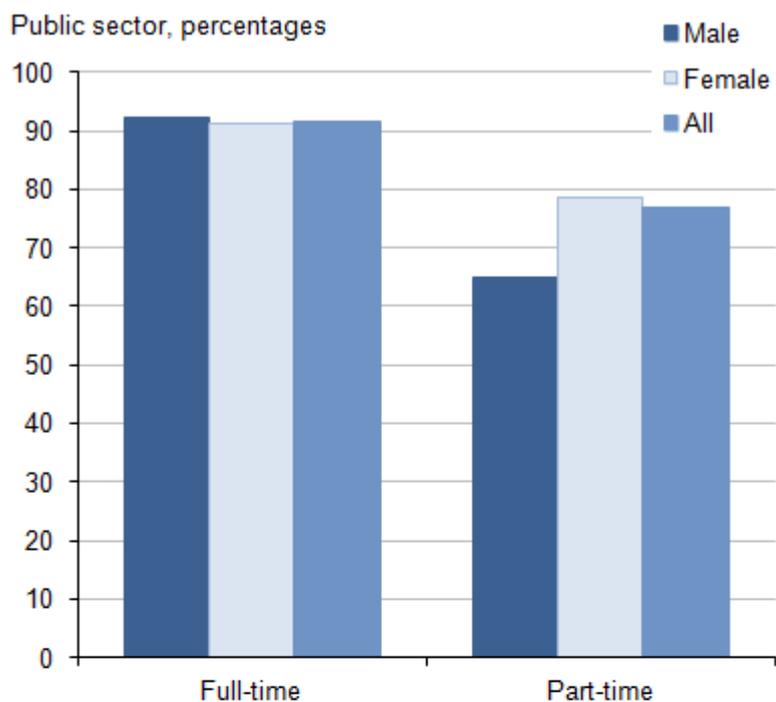
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There are large differences in pension membership between 2013 and 2014:

- increases in pension membership have been seen in all age groups since 2013, with the largest increase in the age group 22-29 at 17 percentage points;
- the increases are driven by increases in occupational defined contribution and group personal and group stakeholder pension schemes;
- increases were also seen in the age group 16-21. This age group is not directly affected by the workplace pension reforms.

Workplace pension participation also varies by working pattern (full-time or part-time) and gender, as shown in Figure 5.

Figure 5: Proportion of employees with workplace pensions: by sector, working pattern and gender, 2014



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

Notes:

1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register.
2. Full-time employees are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week.

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Figure 5 shows that for full-time employees:

- in the public sector, 92% of male and 91% of female employees had a workplace pension;
- in the private sector, the proportion of male employees with a workplace pension was 59%, compared with 57% for female employees.

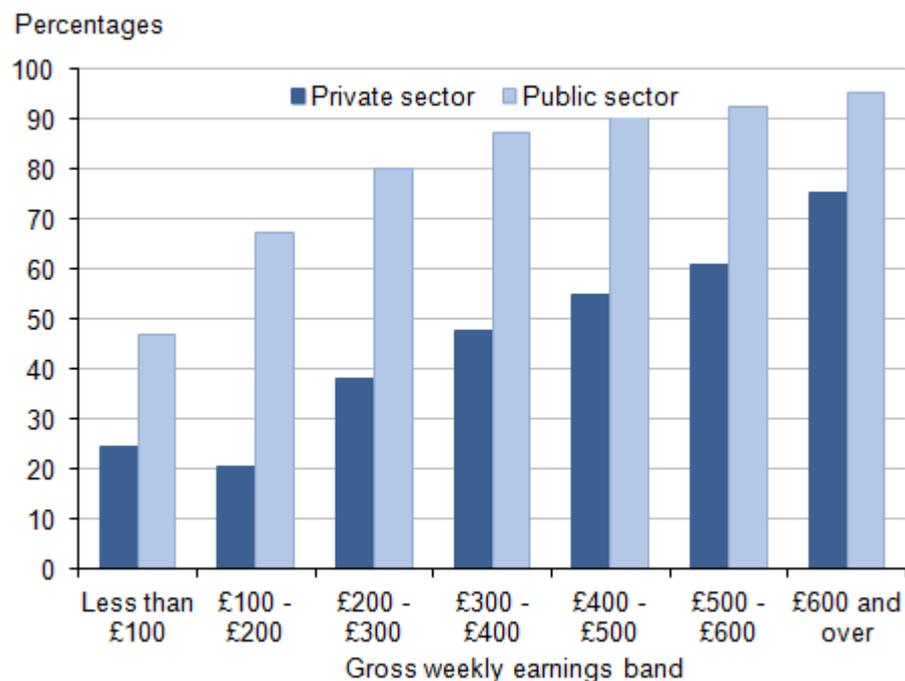
For part-time employees the gap between males and females was greater, with a higher proportion of women belonging to a workplace pension in both sectors:

- in the public sector 79% of part-time female employees were members compared with 65% of part-time male employees;
- in the private sector 27% of part-time female employees were members compared with 22% of part-time male employees.

Compared to 2013, the highest growth in the proportion of employees with workplace pensions was for full-time female employees in the private sector at 17 percentage points. However, increases were also seen for part-time workers in the private sector. Workplace pension membership of part-time male employees saw a 10 percentage point increase from 12% in 2013, to 22% in 2014. For females, the increase was 7 percentage points from 20% in 2013, to 27% in 2014.

Figure 6 shows the proportion of full-time employees with a pension by sector and gross weekly earnings band. There is a strong relationship between earnings and workplace pension scheme membership. This is particularly true in the private sector, where full-time employees with earnings of £600 per week and over are three times more likely to be members of a workplace pension scheme than those earning less than £100 per week.

Figure 6: Proportion of full-time employees with workplace pensions: by sector and gross weekly earnings band, 2014



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

Notes:

1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register.
2. Full-time employees are defined as those who work more than 30 paid hours per week or those in teaching professions working 25 paid hours or more per week.

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There has been an increase in pension membership in every earnings band for full time employees in the private sector in 2014. The largest increases are for those earning between £200 and £500, with all three earnings bands seeing increases of around 20 percentage points since 2013. In the public sector, the largest increases were for those full-time employees earning less than £100 a week, increasing from 26% in 2013, to 47% in 2014.

Notes for Membership by age, working pattern, gender and earnings

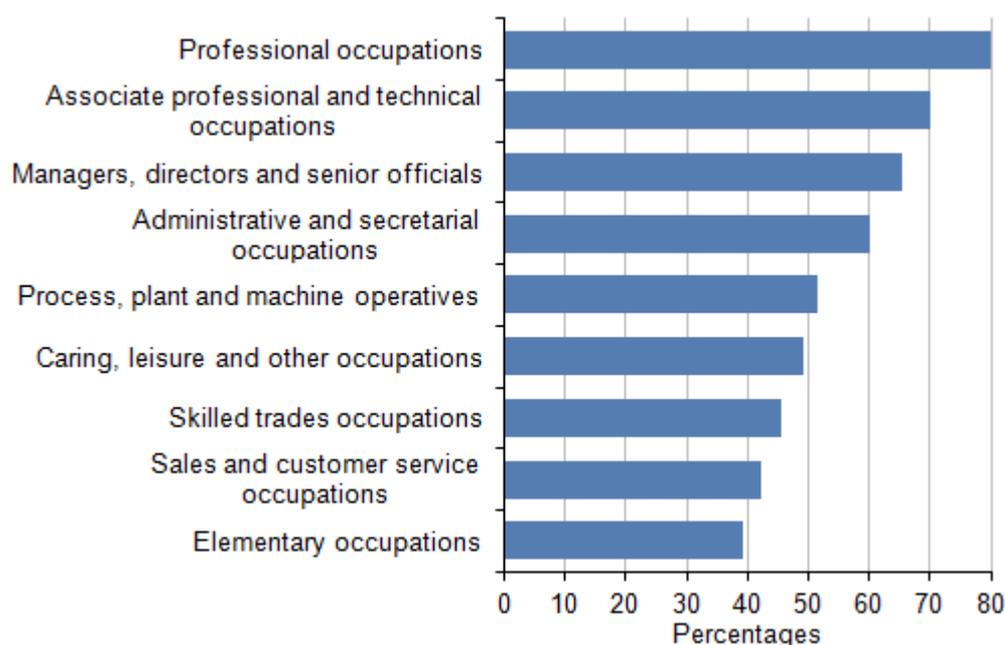
1. ASHE collects information from employers on employee jobs. Although they are referred to in this bulletin as 'employees', individuals may hold more than one job.

Membership by occupation, size of employer and region

Membership of a workplace pension is related to the employee's occupation. Figure 7 shows the proportion of all employees with a workplace pension by occupation in 2014:

- those in professional occupations are most likely to have a pension, 80% in 2014;
- those in elementary occupations are least likely to have a pension, 39% in 2014. Elementary occupations perform mostly routine tasks, often requiring the use of hand-held tools and some physical effort;
- employees in process, plant and machine operative occupations had the largest increase in workplace pension membership from 34% in 2013, to 52% in 2014.

Figure 7: Proportion of employees with workplace pensions: by occupation, 2014



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

Notes:

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

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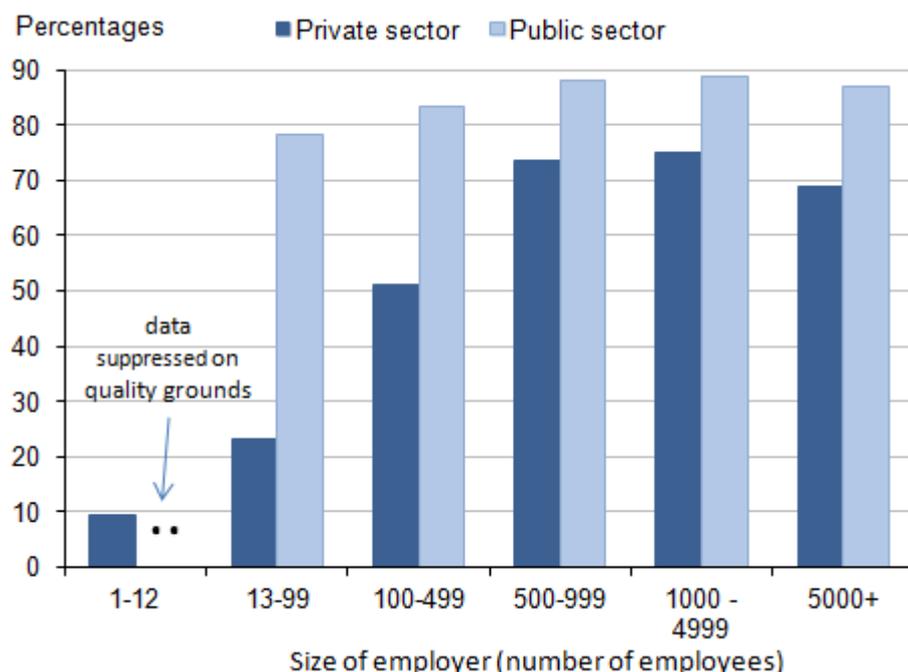
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Figure 8 shows the proportion of employees with a pension by size of employer (measured by number of employees) in 2014. In general, the larger the employer the higher the proportion of employees with a workplace pension.

The largest increases in employee pension membership in 2014 were in the larger employers as may have been expected due to the staged introduction of automatic enrolment:

- in the private sector, compared with 2013, there were increases of around 30 percentage points for employers with 500-999 and 1000-4999 employees, to 74% and 75% respectively;
- in the public sector, employers with 500-999 employees saw the largest increases in workplace pension membership from 81% in 2013, to 88% in 2014.

Figure 8: Proportion of employees with workplace pensions: by sector and size of employer, 2014



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

Notes:

1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register (see Definitions).
2. The proportion of public sector employees where employer size is between 1 and 12 employees has been suppressed on quality grounds.

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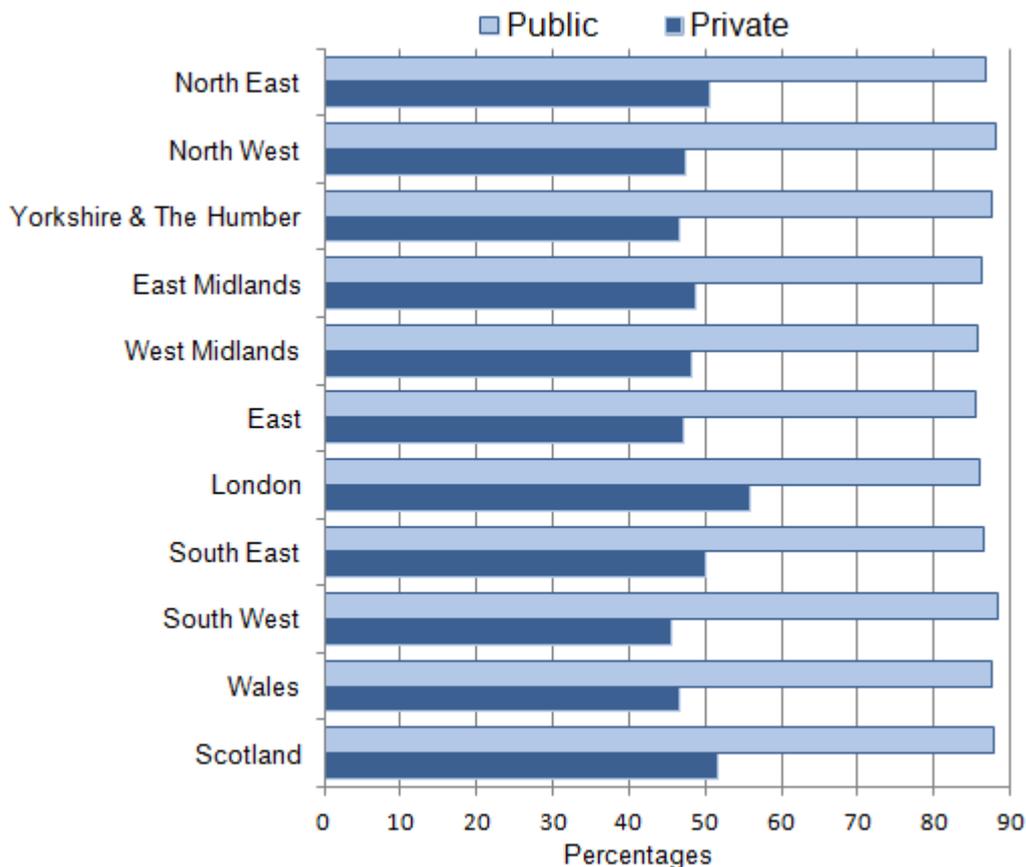
There is a weak relationship between the region where the employer is located and the proportion of employees with a workplace pension (Figure 9). In the private sector, there are some larger differences:

- membership was highest in the London (56%);
- membership was lowest in the South West (46%).

In the private sector, each region saw a greater than 10 percentage point increase in pension membership in 2014 compared with 2013. However, there was some variation between regions:

- the North East saw the largest increase in private pension membership from 33% in 2013 to 51% in 2014;
- membership in the South West had the smallest increase of 11 percentage points to 46% in 2014, and thus became the region with lowest private pension membership. Wales was lowest in 2013.

Figure 9: Proportion of employees with workplace pensions: by sector and region, 2014



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

Notes:

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

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Notes for Membership by occupation, size of employer and region

1. ASHE collects information from employers on employee jobs, although they are referred to in this bulletin as 'employees', individuals may hold more than one job.

Contributions to workplace pensions

The Annual Survey of Hours and Earnings (ASHE) also collects information on workplace pension contribution rates. Employee and employer contribution rate bands are shown by sector (Figures 10 and 11) and by pension type (Figures 12 and 13).

Contribution rates by age, occupation, industry and employer size, along with contracting out status for defined benefit schemes, are available in the reference tables published as part of this release.

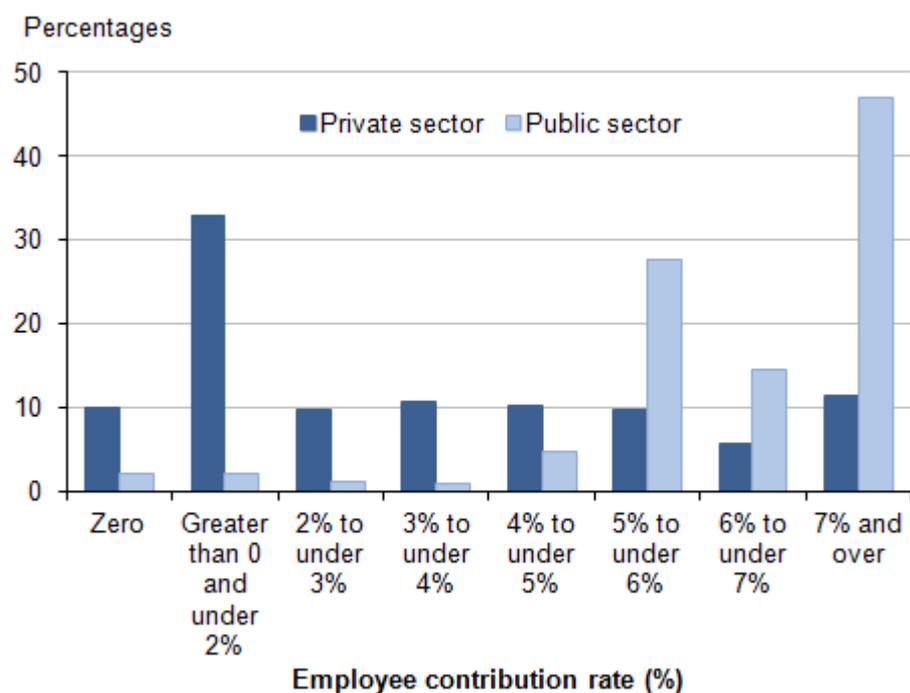
The minimum contribution rates required in order that a pension scheme may qualify for automatic enrolment are discussed in the section **workplace pension reforms**.

Contribution rates for employees and employers tend to be higher in the public sector as the majority of pension schemes are defined benefit in type. In the private sector, where contribution rates tend to be lower, defined benefit pensions are less common.

Figure 10 shows the proportion of employees¹ in each employee contribution rate band for employees with workplace pensions in the public and private sectors in 2014:

- 61% of employees in the public sector and 17% in the private sector contributed 6% or more of pensionable earnings;
- 2% of employees in the public sector and 10% in the private sector did not contribute to their pension (zero contributions). In 2013, 14% of private sector employees did not contribute to their workplace pension;
- in the private sector, 33% of employees with workplace pensions made contributions of greater than zero but under 2%, compared with 11% in 2013. The increase in the proportion of employees in this contribution band is likely to be driven by employees who have been automatically enrolled into their workplace pension scheme.

Figure 10: Employees with workplace pensions: percentages by banded rate of employee contribution and sector, 2014



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

Notes:

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

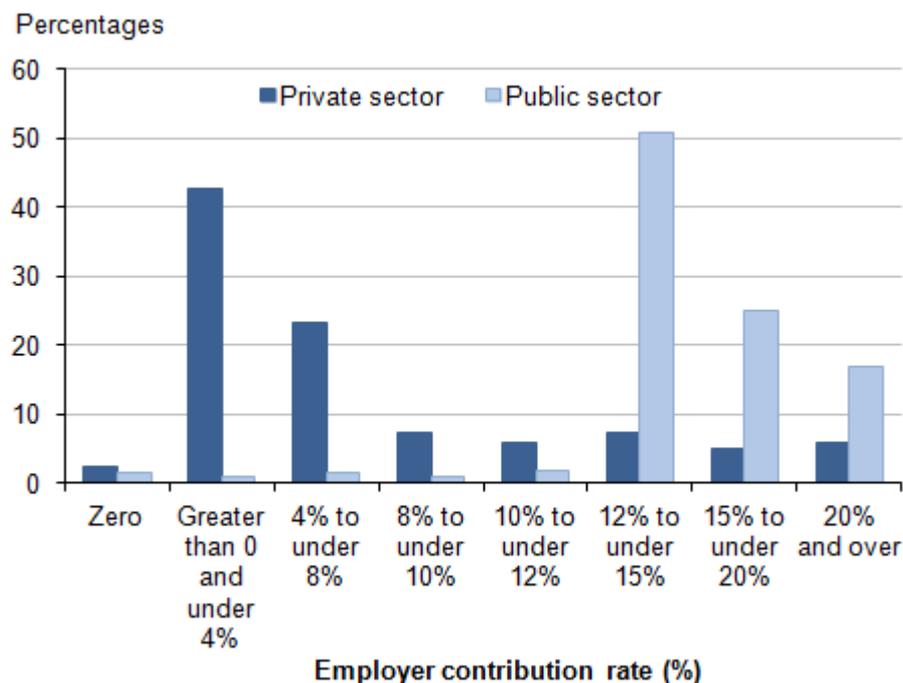
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Figure 11 shows the proportion of employees in each employer contribution rate band for all employees with workplace pensions in the public and private sectors in 2014:

- half (51%) of employees in the public sector and 7% of those in the private sector received employer contributions of between 12% and 15% of employees' pensionable earnings;
- 68% of employees in the private sector received employer contributions of less than 8% of employees' pensionable earnings, compared with 4% in the public sector;
- the proportion of employees in the private sector receiving employer contributions of greater than zero and under 4% was 43% in 2014, compared with 22% in 2013. The increase may be explained by new members who have been automatically enrolled into a workplace pension with low initial employer contributions until the phasing of contributions is completed in 2018.

Figure 11: Employees with workplace pensions: percentages by banded rate of employer contribution and sector, 2014



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

Notes:

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

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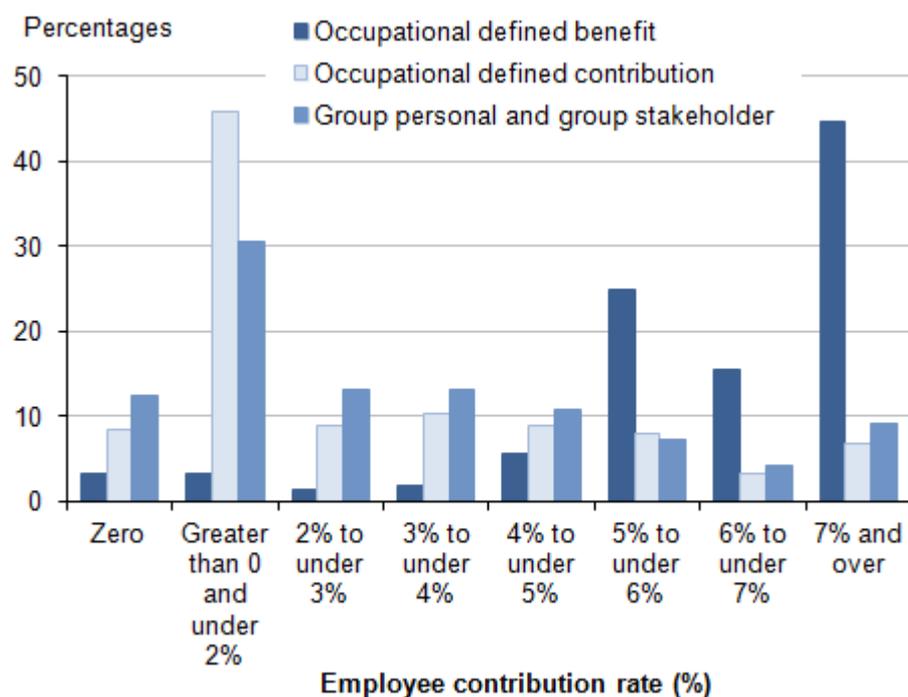
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Contribution rates for both employees and employers tend to be higher for defined benefit pension schemes.

Figure 12 shows the proportion of employees in each employee contribution rate band for employees with workplace pensions by pension type, in 2014:

- 85% of employees in occupational defined benefit schemes contributed over 5% of their pensionable earnings, compared with 18% of those in defined contribution schemes and 20% of those with group personal and group stakeholder pensions¹;
- 46% of employees with defined contribution pensions schemes contributed greater than zero but under 2% of pensionable earnings in 2014, compared with 17% of employees in 2013;
- 31% of employees with a group personal or group stakeholder pension contributed greater than zero but under 2% of pensionable earnings in 2014, compared with 9% of employees in 2013.

Figure 12: Employees with workplace pensions: percentages by banded rate of employer contribution and pension type, 2014



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

Notes:

1. The public and private sectors are classified using the legal status from the Inter-Departmental Business Register
2. The Occupational defined contribution category includes employees who have pensions with the National Employer Savings Trust (NEST). The Group personal and group stakeholder category includes group personal pensions, group stakeholder pensions and group self-invested personal pensions.

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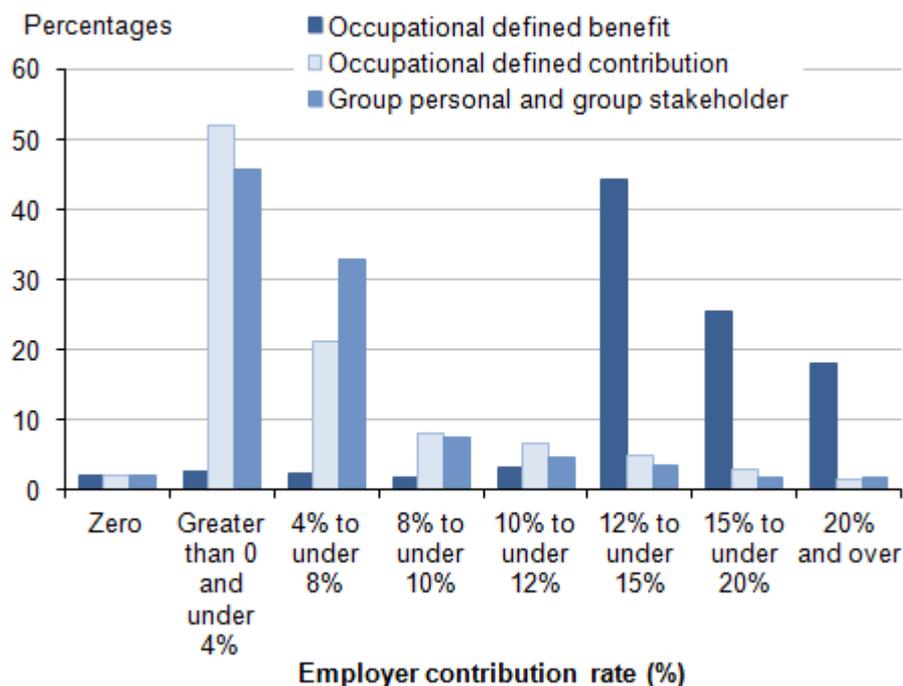
(48 Kb)

Figure 13 shows the proportion of employees in each employer contribution rate band, for all employees with workplace pensions, by pension type. In 2014:

- 44% of employees with occupational defined benefit workplace pension schemes received contributions of 15% or more of their pensionable earnings, compared with 5% of those with defined contribution pensions and 3% of those with group personal or stakeholder pensions;
- 81% of employees with group personal or stakeholder pensions received contributions of less than 8% of their pensionable earnings, compared with 75% of those with occupational defined contribution pension and 7% of those with defined benefit pensions;
- 52% of those with occupational defined contribution pension schemes received contributions of greater than zero but under 4% of pensionable earnings compared with 46% of those with group personal or stakeholder and 3% of those with occupational defined contribution pension schemes;

- in 2013, 24% of those with occupational defined contribution pension schemes received contributions of greater than zero but under 4% of pensionable earnings increasing to 52% in 2014.

Figure 13: Employees with workplace pensions: by banded rate of employer contribution; and pension type, 2014



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

Notes:

- The public and private sectors are classified using the legal status from the Inter-Departmental Business Register.
- The Occupational defined contribution category includes employees who have pensions with the National Employer Savings Trust (NEST). The Group personal and group stakeholder category includes group personal pensions, group stakeholder pensions and group self-invested personal pensions.

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Notes for Contributions to workplace pensions

- Data for Group Self-Invested Personal Pensions (GSIPP) are included within the category Group Personal Pensions (GPP) throughout this bulletin.

Definitions

Automatic enrolment: Under reforms brought in by the Pensions Acts 2008, with updates in the Pensions Acts 2011 and 2014, employers must enrol all eligible employees into a qualifying private pension. Workers can opt out but will be re-enrolled every three years and need to opt out each time. Automatic enrolment has a staged implementation to 2018 and started with the larger employers in 2012. (See also the section **Workplace pension reforms**, [Pension Trends, Chapter 6: Private Pensions, 2013 edition](#), [Department of Work and Pensions: Automatic Enrolment Evaluation Report 2014](#)).

Contracted out: This refers to a statutory arrangement under which pension schemes that meet certain conditions may contract out of the State Second Pension (S2P), formerly the State Earnings-Related Pension Scheme (SERPS). The members' and employers' National Insurance contributions are reduced or partially rebated. Members of a contracted out pension scheme obtain rights in the scheme in place of rights to an additional state pension. Contracting out through defined contribution schemes (occupational defined contribution, personal and stakeholder pensions) was abolished from 6 April 2012. Anyone contracted out of a defined contribution scheme at that time was automatically contracted back into the State Second Pension. Contracting out through an occupational defined benefit scheme continued although this will be affected by proposed changes to the State Pension (see [Department for Work and Pensions: The single-tier pension: a simple foundation for saving](#) and the [Pensions Act 2014](#)).

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

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

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

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

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

Group stakeholder pension: An arrangement made for the employees of a particular employer or group of employers to participate in a stakeholder pension on a group basis. This is a collecting

arrangement only; the contract is between the individual and the pension provider, normally an insurance company. Group stakeholder pensions are a form of workplace pension.

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

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

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

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

Private sector schemes: Schemes covering the part of the economy consisting of individuals, firms and other institutions. In ASHE, the public and private sectors are classified using the legal status from the Inter-Departmental Business Register. 'Private sector' is comprised of businesses whose legal status is defined as "Company", "Sole Proprietor" or "Partnership". All employees' categories include employees from the public and private sectors plus employees working for organisations classified as non-profit bodies.

Public sector schemes: Schemes covering the part of the economy that is state-provided, including central and local government, schooling, health and social services, policing and the armed forces. In ASHE, the public and private sectors are classified using the legal status from the Inter-Departmental Business Register. Public sector is comprised of those whose legal status is defined as "Public Corporation", "Central Government" or "Local Authority". 'All employees' categories include employees from the public and private sectors plus employees working for organisations classified as non-profit bodies.

Stakeholder pension: Available since 2001, a flexible, portable, personal pension arrangement (provided by insurance companies) with capped management charges, that must meet the conditions set out in the Welfare Reform and Pensions Act 1999 and be registered with The

Pensions Regulator. They can be taken out by an individual or facilitated by an employer. Stakeholder pensions are a form of defined contribution pension.

Standard Occupational Classification (SOC): The classificatory system used in the UK to place individuals into occupational groups. More information is available from the [Current standard classifications](#) section of the Office for National Statistics (ONS) website.

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

Background notes

1. Detailed tables on pensions from the 2014 Annual Survey of Hours and Earnings (ASHE) are published as part of this release: [Annual Survey of Hours and Earnings, Pension Tables 2014 Provisional Results](#).
2. In addition to information on pensions, ASHE also provides information about the levels, distribution and make-up of earnings and hours worked for employees in all industries and occupations: [Annual Survey of Hours and Earnings, 2014 Provisional Results](#).
3. ASHE is based on a 1% sample of employee jobs taken from HM Revenue & Customs (HMRC) PAYE records. Information is obtained from employers and treated confidentially. ASHE does not cover the self-employed nor does it cover employees not paid during the reference period. In 2014, information related to the pay period which included 9 April.
4. In 2013 HM Revenue and Customs (HMRC) changed the criteria which determine how businesses are obliged to report employees' earnings via their Pay as You Earn (PAYE) schemes. Until this change, businesses were required to operate PAYE only for employees whose earnings were above the Lower Earnings Limit (LEL) for National Insurance contributions, currently £111 per week, and they did not report all new jobs until the end of the tax year. The new rules require employers to report the details of all of their employee jobs via their PAYE schemes, whatever their earnings, provided that they have at least one employee earning above the LEL. In addition, employers must report for all jobs in 'real-time', meaning that they cannot wait until the end of the tax year. This new system is known as 'Real-Time Information' (RTI). In theory, it is possible that the move to RTI results in a coverage change for the ASHE sample.

It should be noted that 2014 is not the first year in which the ASHE sample includes the types of jobs that are affected by RTI. This is because many employers, particularly large businesses, which account for a large proportion of the labour market, chose to report many or all such jobs on their PAYE schemes in previous years.

It is not possible precisely to quantify the impact of this change since it is not possible to identify the specific jobs that are included in the ASHE sample as a direct result of the move to RTI.

However, compositional differences between 2013 and 2014 are not unusual when considered in historical context. This is because, as noted above, many of the RTI-type jobs were already being reported by employers in previous years, meaning that the composition of the sample was not substantially distorted as a result of RTI.

Consequently, ONS judges that the impact of the move to RTI on the estimates for ASHE in 2014 is negligible. It is possible that, at some lower levels of disaggregation, there may be a more pronounced effect, perhaps because RTI has resulted in different behavioural changes for employers in particular regions or in particular sectors.

5. Statistics contained in this bulletin for 2013 relate to revised 2013 data, tables of which are published as part of this release: [Annual Survey of Hours and Earnings, Pension Tables 2013 Revised Results](#).
6. **Methodology and quality information:** Information is available from the [Annual Survey of Hours and Earnings Guidance and Methodology section](#) of the ONS website.
7. **Relevance to users:** ASHE is a key source of information on workplace pension provision in the UK as it collects information on group personal and group stakeholder pensions as well as occupational pension schemes. The survey results are used widely in order to analyse pension participation and monitor the impacts of pension reforms.

As ASHE is a survey of employers, it 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.

ASHE collects information on only the current employer's pension scheme. Employees may hold preserved rights in former employers' pension schemes or be in receipt of a pension from a former employer. This information is not captured by the survey.

In ASHE, employees are defined as making contributions to a workplace pension if they have made a contribution, or had a contribution made on their behalf, in the survey pay period.

8. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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